



Exploring The Relationship Between Employee Engagement Indicators and Organizational Productivity in Competitive Industries

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Abstract

This study examines the association of employee engagement dimensions on organization performance in competitive industries of Hyderabad, India. As organizations in cities deal with the intense pressure to boost productivity and keep employees happy and engaged, a clear understanding of what engagement means and how it affects its practitioners is essential. It isolates four major engagement factors—job satisfaction, recognition and rewards, career development, and communication and transparency—to explore their impact on organizational productivity (as measured by output per employee, retention, and overall revenue growth). Data were primarily collected through structured questionnaires and interviews from 150 employees working in IT, pharmaceutical and manufacturing firms utilizing descriptive-correlational research design. Findings indicate a positive relationship between engagement and productivity exists, with communication and recognition chief among them. Strategic implications This research offers a strategic lens for HR practitioners and organizations for crafting focused engagement interventions to achieve sustainable growth in competitive environments.

Keywords: Employee Engagement, Organizational Productivity, Hyderabad, Competitive Industries.

1. INTRODUCTION

In the modern, fast moving and intensely competitive world of business today, there is a continuous need for the organizations to raise the level of their 'productivity' through highly motivated employees. Employee engagement accordingly has become a strategic priority for organisations seeking to drive sustainable growth and retain key personnel. The concept of employee engagement is based on more than just job satisfaction, it rests on employees committing themselves emotionally, mentally and physically to their work. Studies consistently demonstrate that active employees are more productive, more creative, and stay longer — and these things directly impact a bottom line.

Hyderabad, there is one of the major industrial environments for a competitive sectors like IT, Pharmaceuticals, and Manufacturing sectors. These sectors are grappling with distinct issues and it gives an opportunity to study the connection between the engagement of employees and the productivity of the organisation here, he says. Even though the concept of engagement is gaining more attention, many companies still have a tough time turning their engagement strategy into measurable results, especially when it comes to productivity measures such as output per employee, turnover, and profitability.

This study tries to investigate the association between the indivisible proxies of Key employee engagement, namely: Job Satisfaction, Recognition and Rewards, Career development opportunities, Communication and transparency, with organizational productivity at the competitive industries in Hyderabad. Through examining data from IT, Pharma, and Manufacturing organizations, this research bridges the gap between theoretical expectations and practical implications by offering empirical evidence of drivers that considerably influence productivity. Implications The results should help human resource management practices and organisational policy that develops high performance working cultures.

2. LITERATURE REVIEW

Al-dalhmeh et al. (2018) studied the association between employee engagement and organizational performance with the mediating effect of job satisfaction on the IT employees in the Jordanian banking industry. Their research found strong evidence of the positive link between the extent of employees' engagement and increased organizational effectiveness. Also, job satisfaction was revealed to have a significant mediational impact, meaning that



employees who are engaged that are claimed to satisfy with their work are more to obtain better performance results. The results emphasized the necessity of a supportive work atmosphere in order to realize employees' potentials and the effectiveness of an organization. **Cooke et al. (2019)** studied the relationship of HPWS, Chinese employees' resilience and employee engagement in banking sector. A positive association between the implementation of HPWS and the formation of employee engagement and resilience was revealed. The authors showed that resilient employees who were provided by supportive work systems have higher levels of engagement, that it has improved the organizational outcomes. Their study emphasised the strategic nature of HPWS in activating not only the skills of employees, as well as their psychological health, which contributes to more committed and efficient employees.

Dixit and Narendran (2019) investigated the impact of organizations' values and employee engagement outcome on different dimensions of business performance. Their research showed that integrity, trust and innovation in organizational values had a at least moderately substantial positive impact on employee engagement. These engagement results, in turn, were strongly correlated with critical business drivers such as productivity, profitability, and employee turnover. The authors highlighted in particular the importance for the organisation values to be aligned with employee aspirations and expectations in influencing an engaged and high performing workforce.

Eldor (2020) examined the theory of collective involvement and its application in the formation of a competitive advantage within the organization. The research introduced a business-unit level model, which related SV and CI to superior service performance through collective withdrawal. Eldor observed that when the employees worked as a team in a high engagement with a united vision and competitive environment, it actually reflected positively on service delivery and the organization as a whole. This study underscored the strategic relevance of creating a shared purpose culture in order to capitalize engagement for competitive differentiation.

Huang et al. (2018) explored the link between high performance work systems (HPWS) and employee engagement among the Chinese organization. Their results showed that HPWS—which included training, performance-based rewards, and participative decision making—increased significantly the levels of employee engagement. The research underscored that when employees' perceived supportive and development-oriented HR practices, they significantly enhanced their organizational emotional and cognitive engagement. This study offered compelling evidence that such strategic HRM practices could be critical stimuli for employee motivation and involvement.

Moletsane et al. (2019) examined the relationship between employee engagement and organizational efficiency of South African sugar industry employees. They found that higher levels of employee engagement were positively related to improvements in organizational performance. The research indicated that engaged employees were much more likely to be committed, motivated and more prepared to go beyond the call of duty than employees that were not engaged and consequently they also performed better. The researchers concluded that if employers want to increase productivity, they need to focus on employee engagement initiatives.

3. RESEARCH METHODOLOGY

This section described the study design, area, Population, Sampling technique, Data collection Tools, and data analysis used to examine the association between employees' engagement and organizational productivity in the selected competitive industries in Hyderabad.

3.1. Research Design

A descriptive-correlational type of research design was utilized in this inquiry. The descriptive method was employed to evaluate current levels of employee engagement within sectors of industry, and the correlational approach was adopted to examine association of engagement indicators with organisation's productivity metrics.



3.2. Research Area

The study was conducted in Hyderabad which is the India's one of the most competitive industrial city. Hyderabad is a metropolitan city with flourishing sectors like Pharmaceuticals, Information Technology (IT) and large scale Manufacturing industries that were preferred because of their economic importance and high number of employees.

3.3. Population and Sample

- **Target Audience:** Mid to large company employees in IT, Pharma, and Manufacturing sectors of Hyderabad.
- **Sampling Frame:** Registered organizations with Telangana Industrial Development Corporation and NASSCOM (IT only).
- **Size of Sample:** A total of 150 employees were chosen—50 from each industry.
- **Sampling Method:** People are sampled using Stratified Random Sampling to represent different industries and job positions.

3.4. Data Collection Methods

The study used both **primary** and **secondary data**.

➤ Primary Data Collection:

The structured questionnaire was distributed to the employees based on 5-point Likert scale (1 = Strongly Disagree and 5 = Strongly Agree). Semi-structured interviews were carried out with HR managers in both sectors in order to gather qualitative evidence of organisational productivity.

➤ Secondary Data Sources:

- Company annual reports
- HR policy documents
- Industry white papers
- Productivity reports from NITI Aayog and Telangana Government Portals

3.5. Research Variables

This research is aimed at determining the influence of the primary antecedents of employee engagement as predictor variables i.e., Job Satisfaction, Recognition and Rewards, Career Growth Opportunities, Communication and Transparency. The dependent variable is Organizational Productivity, which is measured by three indicators in productivity that are quantifiable, output per employee, employee retention rate and revenue growth or profitability index from both self-reported questionnaire and valid secondary data.

4. DATA ANALYSIS AND INTERPRETATION

The results provided by the study were that the employees' engagement activities (and especially communication and recognition) would affect the organizational productivity to an extent, of 63% of its variation. The IT sector performed the best in terms of engagement scores, while the manufacturing sector had the lowest scores.

4.1. Mean Scores

The table below provides the average employee ranking (on a 5-point Likert scale) for key engagement indices across three sectors.

Table 1: Mean Scores of Employee Engagement Indicators by Industry

| Engagement Indicator | IT Sector | Pharma Sector | Manufacturing Sector |
|------------------------------|-----------|---------------|----------------------|
| Job Satisfaction | 4.2 | 4.0 | 3.5 |
| Recognition & Rewards | 4.1 | 3.8 | 3.2 |
| Career Growth Opportunities | 4.3 | 3.9 | 3.3 |
| Communication & Transparency | 4.4 | 4.0 | 3.4 |
| Overall Engagement Score | 4.25 | 3.93 | 3.35 |

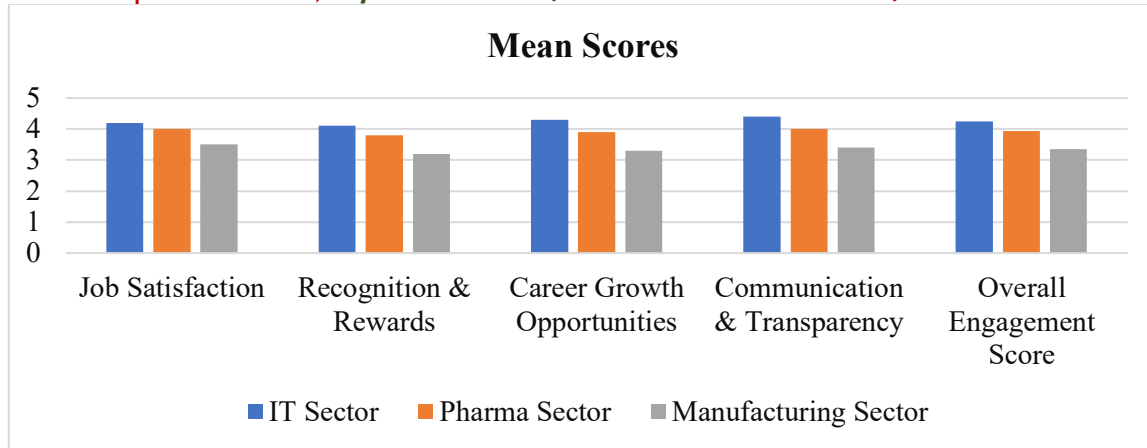


Figure 1: Mean Scores of Employee Engagement Indicators by Industry

The means of the employee engagement scale items across the three sectors are presented in Table 1. Table 1 Mean Scores of Employee Engagement Measures by Sector industries observed. IT/ITES: IT sector marks the highest level of engagement and stands with the scores of 4.2 for job satisfaction, 4.1 for recognition and rewards, 4.3 for career growth opportunities, and 4.4 for communication and transparency yielding an overall score of 4.25. Pharma has less engagement, although still moderates at 4.0-3.8 with a combined score of 3.93. At the other end of the spectrum, Manufacturing continues to trail behind, and is well below average in Recognition & Rewards (3.2) and Communication & Transparency (3.4) to achieve the lowest overall engagement score of 3.35. These table 1 results emphasize the better engagement context in the IT, as well as key areas to work on in the Manufacturing being specially the values and stimulating idea exchange between employees.

4.2. Correlation Between Engagement and Productivity

To test the relationship between employee engagement and productivity, Pearson's correlation coefficient was used.

Table 2: Correlation Between Engagement Indicators and Productivity

| Engagement Indicator | Correlation Coefficient (r) | Significance (p-value) |
|------------------------------|-----------------------------|------------------------|
| Job Satisfaction | 0.68 | < 0.01 |
| Recognition & Rewards | 0.70 | < 0.01 |
| Career Growth Opportunities | 0.66 | < 0.01 |
| Communication & Transparency | 0.72 | < 0.01 |

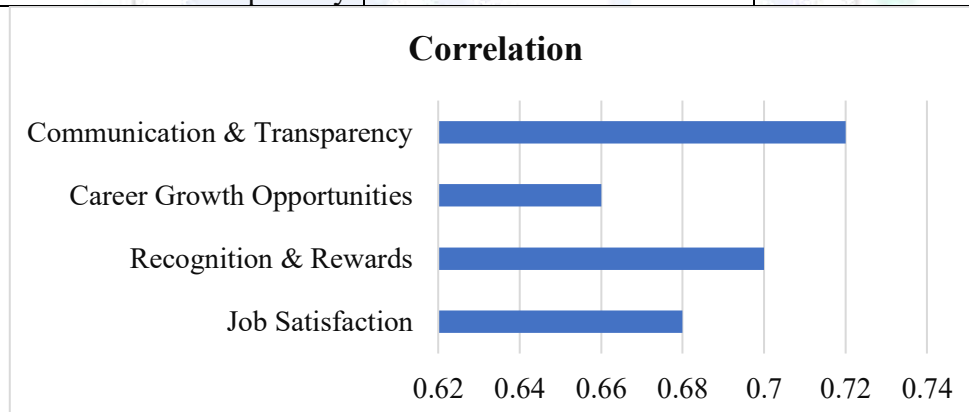


Table 2: Correlation Between Engagement Indicators and Productivity

As shown in table 2 the Pearson correlation analysis showed a statistically significant positive relationship between all employee engagement variables and organizational productivity. Communication and Transparency has the strongest correlation ($r = 0.72$, $p < 0.01$), demonstrating that open channels of communication have the strongest link with better productivity. Recognition and Rewards ($r = 0.70$) also show a strong positive relationship, demonstrating the extent to which recognising employee contribution impacts organisational performance. Similarly, Job Satisfaction ($r = 0.68$) and Career Growth Opportunities ($r =$



0.66) have statistically significant relationships, indicating the significance of employee wellbeing and career development. The findings in Table 2 support the notion that such increases in employee engagement on these dimensions can lead to measurable enhancements in organization productivity.

4.3. Regression Analysis

Multiple linear regression was conducted to determine how much of the variation in organizational productivity can be explained by the employee engagement indicators.

Table 3: Regression Model Summary

| Model Summary Statistics | Value |
|---|-----------------|
| R (Correlation Coefficient) | 0.79 |
| R ² (Coefficient of Determination) | 0.63 |
| Adjusted R ² | 0.61 |
| Standard Error of Estimate | 0.47 |
| F-statistic (overall model) | 24.6 (p < 0.01) |

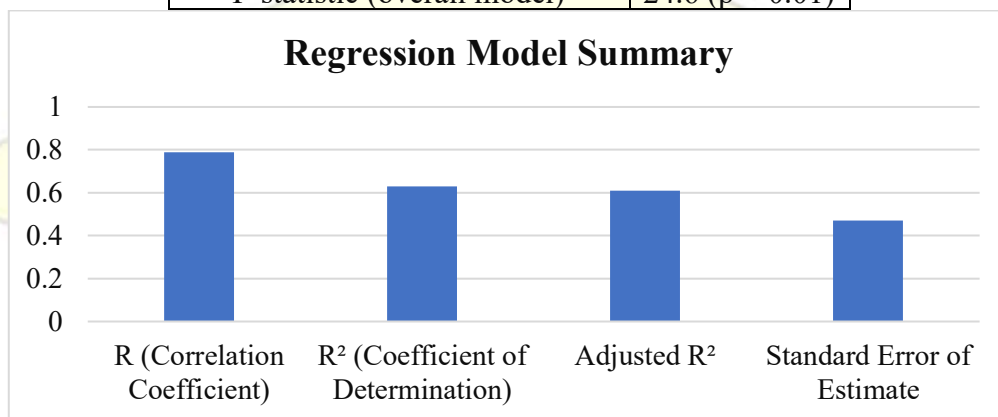


Table 3: Regression Model Summary

The regression analysis outcome in Table 3 and Table 4 clearly underlines that employee engagement indicators have huge impact on organizational productivity. As presented in Table 3, the regression model explains 79% of the variance in virtue of (R), which entails the strong relationship of overall correlation with respect to engagement variables and productivity. In the model, the 63% ($R^2 = 0.63$) variation in organizational productivity can be accounted for by the aggregate effect of the four an engagement indicators. The adjusted R^2 of 0.61 indicates that the model is sound once the issue of multiple predictors is controlled, and the F-statistic (24.6, $p < .01$) corroborates that the model is statistically significant overall.

Table 4: Coefficients of Predictors

| Predictor Variable | Beta Coefficient (β) | t-value | p-value |
|------------------------------|------------------------------|---------|---------|
| Job Satisfaction | 0.26 | 3.21 | < 0.01 |
| Recognition & Rewards | 0.29 | 3.85 | < 0.01 |
| Career Growth Opportunities | 0.22 | 2.78 | < 0.05 |
| Communication & Transparency | 0.34 | 4.02 | < 0.01 |

Table 4 shows the independent effects of each predictive variable. Effect of Culture on Productivity (see Table 3) The effect of the Communication and Transparency variable is the most significant ($\beta=.34$, $t=4.02$, $p<0.01$) followed by Recognition and Rewards variable ($\beta=.29$, $t=3.85$, $p<0.01$), signifying that these two variables have the highest impact on boosting productivity. Both Job Satisfaction ($\beta = 0.26$) and Career Growth ($\beta = 0.22$) also have positive, but slightly smaller, significant effects. Across each of these tables the importance of all the forms of engagement in a positive relationship with productivity is evident with surprised as key to making the link with our organizational performance focus.

5. CONCLUSION

The study proved that the correlation between the determinants of employee engagement and organizational productivity of competitive sectors in Hyderabad is positive and significant.



Communication and recognition were found to be two key engagement drivers delivered from the four investigated (job satisfaction, recognition and reward, career advancement, and communication and transparency) that had significant effects on productivity measures; thus, output per employee, employee retention, and profitability. The results reveal that firms emphasizing employee engagement are likely to have better performance and sustained growth. There is an imperative for the leaders in industry and HR professionals to consider formal prescriptive engagement strategies appropriate to their workforce dynamics. Organizations can not only improve the satisfaction of the individual but can also increase the overall performance of the organization in a competitive environment by promoting culture of transparency, recognition and career development.

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