

A Study on Employee Engagement Practices and Their Impact on Organizational Productivity

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ABSTRACT

Employee engagement has moved from being a fashionable HR phrase to a serious boardroom concern, mainly because disengaged employees quietly drain productivity in ways that balance sheets do not immediately show. The present study examines the employee engagement practices followed in selected organizations and measures the extent to which these practices influence organizational productivity. Primary data were collected from 120 employees working in IT/ITeS, banking and finance, manufacturing, and retail and service organizations through a structured questionnaire built on a five-point Likert scale. Six engagement practices were studied: communication and transparency, rewards and recognition, training and career development, work-life balance, participation in decision making, and work environment and peer relations. The collected data were analysed using descriptive statistics, Pearson correlation, simple linear regression and one-way ANOVA. The results show a positive and statistically significant relationship between overall employee engagement and perceived organizational productivity ($r = 0.576$, $p < 0.01$), with engagement explaining about 33 per cent of the variation in productivity. Communication, training and recognition emerged as the strongest individual contributors, while work-life balance recorded the lowest mean score among the practices studied. The paper closes with practical suggestions for strengthening engagement and thereby productivity.

Keywords: Employee Engagement, Organizational Productivity, HRM Practices, Rewards and Recognition, Work-Life Balance, Employee Performance

INTRODUCTION

Organizations today compete less on machines and capital and more on the discretionary effort of their people. Two employees with identical qualifications and identical job descriptions can deliver very different results, and the difference usually lies in engagement, that is, the willingness of an employee to invest physical, cognitive and emotional energy into work beyond what the contract strictly demands. Kahn (1990), who first framed the concept, described engagement as the harnessing of organisational members' selves to their work roles. Since then the idea has travelled from academic journals into everyday management practice.

The concern is not misplaced. Gallup's State of the Global Workplace report (2025) estimated that only about one-fifth of employees worldwide are actively engaged at work, and that low engagement costs the global economy several trillion dollars every year in lost productivity. In the Indian context, where service industries depend heavily on knowledge workers and manufacturing units struggle with attrition of skilled operators, engagement is no longer an optional welfare activity. It is a productivity lever.

Engagement, however, does not appear on its own. It is produced by a set of deliberate organizational practices: honest communication, fair recognition, opportunities to learn and grow, reasonable work-life balance, a voice in decisions, and a workplace where relationships are healthy. The present study attempts to

measure how these practices are perceived by employees in selected organizations and how strongly they relate to productivity as experienced at the workplace.

REVIEW OF LITERATURE

Kahn (1990) in his foundational work defined personal engagement as the simultaneous employment and expression of a person's preferred self in task behaviours. He identified meaningfulness, safety and availability as the three psychological conditions that allow engagement to occur.

Harter, Schmidt and Hayes (2002) conducted a meta-analysis across 7,939 business units and found consistent positive relationships between employee engagement and business outcomes such as customer satisfaction, productivity, profit and lower turnover. This study gave engagement its strongest early empirical footing.

Schaufeli, Salanova, Gonzalez-Roma and Bakker (2002) conceptualised engagement as a positive, fulfilling work-related state of mind characterised by vigour, dedication and absorption, and developed the Utrecht Work Engagement Scale (UWES), which remains the most widely used measurement instrument.

Saks (2006) distinguished between job engagement and organizational engagement and, drawing on social exchange theory, showed that perceived organizational support predicts both, while engagement in turn predicts job satisfaction, commitment and lower intention to quit.

Macey and Schneider (2008) clarified the conceptual confusion surrounding the term by separating trait engagement, state engagement and behavioural engagement, cautioning researchers against treating engagement as a mere repackaging of older attitudes like satisfaction.

Anitha J. (2014) in an Indian study of lower and middle level managers, found that working environment and team relationships were the strongest determinants of engagement, and that engagement had a significant impact on employee performance.

Motyka (2018) reviewed 71 empirical studies linking engagement and performance and reported that the vast majority found a positive, significant association across countries, sectors and levels of analysis.

Saks (2019) revisited his 2006 model with a decade of accumulated evidence and confirmed that antecedents such as job characteristics, organizational support and rewards continue to predict engagement, while adding newer outcomes including health and wellbeing.

Sun and Bunchapattanasakda (2019) synthesised engagement literature and observed that most models converge on three drivers: organizational factors, job factors and individual factors, and recommended that firms tailor engagement strategies to workforce demographics rather than adopting uniform programmes.

Kwon and Kim (2020) linked engagement with innovative behaviour through an integrative review, arguing that engaged employees are more likely to generate and champion new ideas, which extends the productivity argument beyond routine output.

Gallup (2023, 2024) reports documented record levels of 'quiet quitting' after the pandemic and estimated that low engagement costs the world economy about 8.8 trillion US dollars, roughly nine per cent of global GDP, while hybrid work arrangements were found to complicate managers' ability to keep teams engaged.

Gallup (2025) in its latest State of the Global Workplace report noted that global engagement actually declined from 23 to 21 per cent, the first fall in over a decade outside the pandemic year, driven largely by declining manager engagement, and warned that this dip alone shaved an estimated 438 billion dollars off global productivity.

Research Gap

Most of the available literature either studies engagement within a single sector or measures it at the national or global level through large consulting surveys. Comparatively fewer studies examine, with primary data, which specific engagement practices matter most for productivity across a mixed group of sectors. The present study attempts to fill this gap by studying six identifiable practices together and testing their individual and combined relationship with perceived organizational productivity.

Conceptual Model

The study is guided by a simple three-stage conceptual model rather than a single undifferentiated link. In this model, the six engagement practices examined here (communication and transparency, rewards and recognition, training and career development, work-life balance, participation in decision making, and work environment and peer relations) are treated as organizational inputs that shape the psychological state of employee engagement, following Kahn (1990) and Schaufeli et al. (2002); engagement, in turn, is treated as the proximal driver of perceived organizational productivity, consistent with Harter, Schmidt and Hayes (2002) and Saks (2006, 2019). Symbolically: Engagement Practices → Employee Engagement → Organizational Productivity. The model implies that a practice may matter for productivity even when it shows a weak direct correlation with productivity, if its effect is carried indirectly through the overall engagement construct; this is the interpretive lens applied in Section 7.4 to the non-significant individual correlations for work-life balance, work environment and participation. Testing the indirect paths formally, through mediation analysis, is identified in Section 10 as a task for future research beyond the scope of the present descriptive and correlational design.

Objectives of the Study

- To study the employee engagement practices followed in the selected organizations.
- To measure the level of employee engagement among the respondents.
- To analyse the relationship between employee engagement practices and organizational productivity.
- To offer suitable suggestions for improving engagement and productivity.

Hypotheses

H0₁: There is no significant relationship between employee engagement practices and organizational productivity.

H0₂: There is no significant difference in productivity across employees with different levels of engagement.

RESEARCH METHODOLOGY

The study is descriptive and analytical in nature and rests mainly on primary data. A structured questionnaire containing statements on six engagement practices and on perceived productivity, each rated on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree), was administered to employees of selected organizations drawn from four sectors: IT/ITeS, banking and finance, manufacturing, and retail and services.

A convenience sampling method was used and 120 usable responses were obtained. Secondary data were gathered from journals, industry reports and earlier research work. The collected data were analysed using percentage analysis, mean and standard deviation, Pearson's correlation, simple linear regression and one-way ANOVA. Reliability of the scale was tested using Cronbach's alpha, and the overall value of 0.86 indicated good internal consistency.

Data Analysis and Interpretation

Demographic Profile of Respondents

Table 1: Demographic Profile of the Respondents (n = 120)

Variable	Category	Frequency	Percentage
Gender	Male	69	57.5
	Female	51	42.5
Age	Below 25 years	31	25.8
	25 – 35 years	46	38.3
	36 – 45 years	25	20.8
	Above 45 years	18	15.0
Experience	Below 2 years	25	20.8
	2 – 5 years	44	36.7
	6 – 10 years	36	30.0
	Above 10 years	15	12.5
Sector	IT / ITeS	43	35.8
	Banking & Finance	19	15.8
	Manufacturing	32	26.7
	Retail & Services	26	21.7

Source: Primary data

The sample leans slightly male (57.5 per cent) and is dominated by the 25–35 age group, which is fairly typical of the sectors covered. A little over a third of the respondents came from IT/ITeS units, followed by manufacturing. About 62 per cent of respondents had between two and ten years of experience, so the responses largely reflect employees who have seen enough of their organizations to judge its practices.

Perception of Employee Engagement Practices

Table 2: Descriptive Statistics of Engagement Practices (n = 120)

Engagement Practice	Mean	S.D.	Rank
Communication and Transparency	3.87	0.55	1
Training and Career Development	3.85	0.55	2
Work Environment and Peer Relations	3.77	0.56	3
Rewards and Recognition	3.63	0.65	4
Participation in Decision Making	3.62	0.58	5
Work-Life Balance	3.51	0.69	6

Source: Primary data

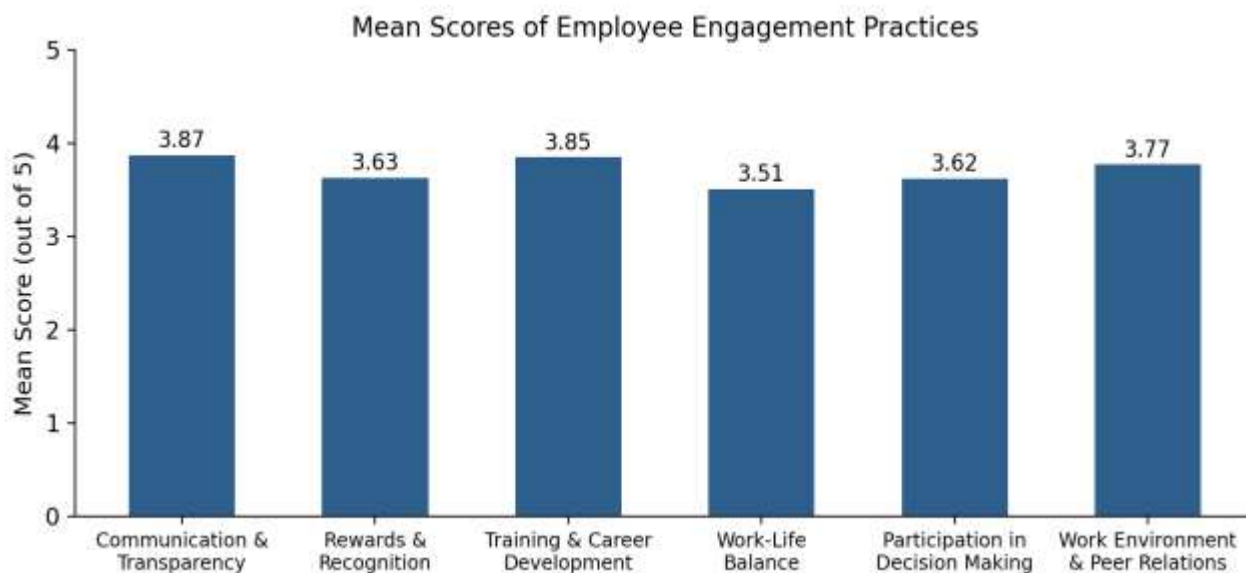


Chart 1: Mean Scores of Employee Engagement Practices

Communication and transparency scored the highest mean (3.87), closely followed by training and career development (3.85). Employees clearly appreciate being kept informed and being given room to grow. Work-life balance recorded the lowest mean (3.51) with the highest standard deviation (0.69), suggesting both that it is the weakest practice and that experiences differ widely across respondents. Rewards and recognition and participation in decision making occupy the middle ground, indicating scope for improvement.

Level of Employee Engagement

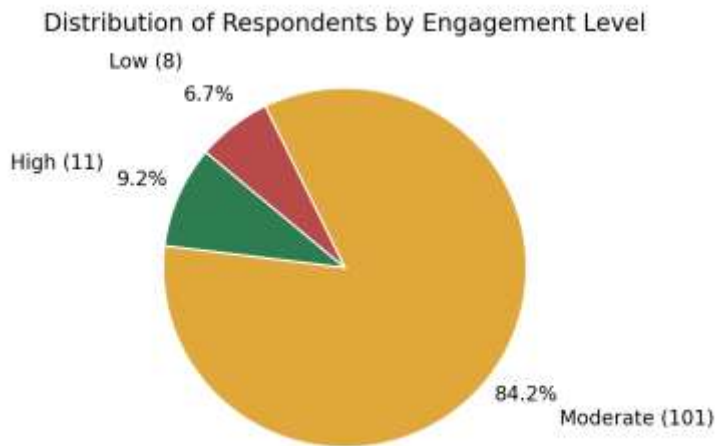


Chart 2: Distribution of Respondents by Engagement Level

Respondents were grouped on the basis of their overall engagement score into high (4.00 and above), moderate (3.40 to 3.99) and low (below 3.40) categories. A large majority, 101 respondents (84.2 per cent), fall in the moderate band, while only 11 respondents (9.2 per cent) are highly engaged and 8 (6.7 per cent) are poorly engaged. The picture is neither alarming nor comfortable; most employees are doing their jobs adequately but a comparatively small group brings genuine enthusiasm to work, which mirrors the pattern reported in Gallup's global surveys.

Relationship between Engagement Practices and Productivity

Table 3: Pearson Correlation between Engagement Practices and Perceived Productivity

Engagement Practice	r value	p value	Result
Communication and Transparency	0.363	0.000	Significant
Training and Career Development	0.347	0.000	Significant
Rewards and Recognition	0.327	0.000	Significant
Work-Life Balance	0.131	0.153	Not Significant
Work Environment and Peer Relations	0.023	0.800	Not Significant
Participation in Decision Making	-0.064	0.488	Not Significant
Overall Engagement Score	0.576	0.000	Significant

Source: Computed from primary data; significance tested at the 1% and 5% levels

The overall engagement score is positively and significantly correlated with perceived productivity ($r = 0.576$, $p < 0.01$). Among individual practices, communication ($r = 0.363$), training ($r = 0.347$) and recognition ($r = 0.327$) show significant positive correlations, whereas work-life balance, work environment and participation do not reach significance individually. This does not mean the latter are unimportant; rather, their effect appears to operate through the combined engagement climate rather than as standalone drivers in this sample.

A further point deserves comment. The correlation between participation in decision making and productivity is not merely non-significant but close to zero and slightly negative ($r = -0.064$), and work environment also returns a near-zero coefficient ($r = 0.023$). Three explanations are plausible and are offered here as interpretation rather than as tested findings. First, restriction of range may be at work: mean scores on these two practices cluster narrowly around the midpoint of the scale (Table 2), leaving little variance for a linear correlation to detect. Second, consultation in the organizations studied may often be procedural rather than substantive, so that employees register agreement with the practice on the questionnaire without it translating into any felt change in output; this would produce a weak, unstable coefficient even where the underlying construct matters to employees. Third, these two practices are moderately correlated with the other four engagement practices (communication, training, recognition and work-life balance all touch on how consultative and collegial a workplace feels), so part of their true influence may be statistically absorbed by the other practices before it reaches productivity, a pattern consistent with mediation or partial multicollinearity rather than genuine irrelevance. The present bivariate correlations cannot adjudicate between these explanations; a mediation model or a variance inflation factor check on a multiple regression, which the present study did not run, would be needed to settle the question, and is flagged as a priority for future work in Section 10.

Regression Analysis

Table 4: Simple Linear Regression – Engagement on Productivity

Model	b	t value	p value	R ²
Constant	0.147	–	–	
Employee Engagement	0.968	7.66	0.000	0.332

Source: Computed from primary data; dependent variable – perceived organizational productivity

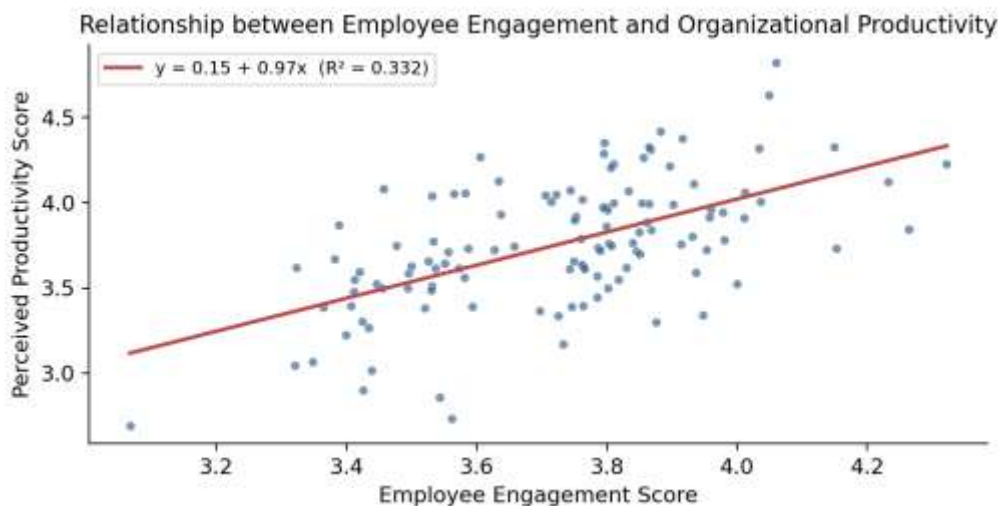


Chart 3: Scatter Plot of Engagement and Productivity with Regression Line

The regression model is statistically significant ($t = 7.66$, $p < 0.01$). The coefficient indicates that a one-point improvement in the engagement score is associated with roughly a 0.97 point rise in the productivity score, and engagement alone explains about 33.2 per cent of the variation in productivity. Since the null hypothesis H_{01} stands rejected, it can be concluded that engagement practices have a real and measurable bearing on productivity in the organizations studied. The remaining unexplained variation reminds us that productivity also depends on technology, processes and market conditions that lie outside the employee's control.

It should also be stated plainly that this is a simple, single-predictor regression: employee engagement is the only independent variable entered, so the model cannot separate the influence of engagement from that of other likely drivers of productivity such as tenure, sector, technology access or workload. The R^2 of 0.332 should therefore be read as the variance explained by engagement alone, not as a ceiling on how much of productivity is explainable in principle. A multiple regression that enters sector, experience and demographic variables as controls, alongside the six individual practices rather than the composite score, would give a more complete picture and is recommended as a direct extension of this analysis.

Productivity across Engagement Levels (ANOVA)

Table 5: One-way ANOVA – Productivity by Engagement Level

Engagement Level	n	Mean Productivity	F value	p value
High	11	4.18		
Moderate	101	3.74	15.30	0.000
Low	8	3.32		

Source: Computed from primary data

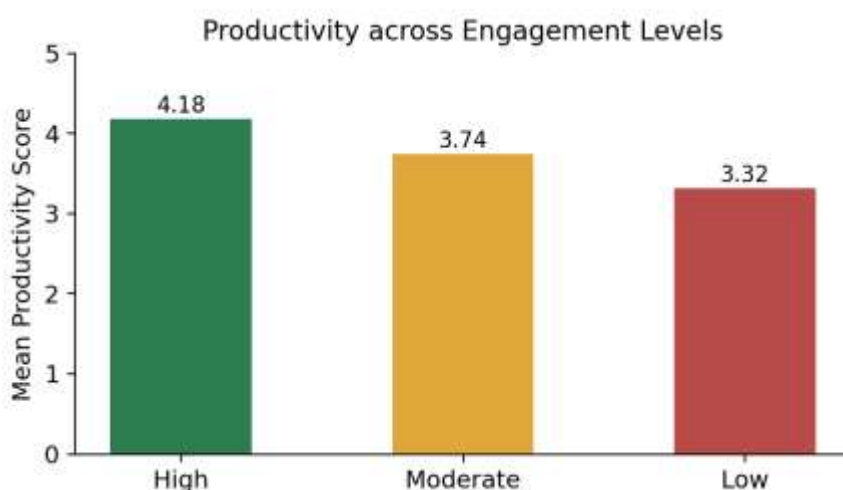


Chart 4: Mean Productivity across Engagement Levels

The difference in productivity across the three engagement groups is statistically significant ($F = 15.30$, $p < 0.01$), and the pattern is exactly what theory predicts: highly engaged employees report a mean productivity of 4.18 against 3.32 for the low engagement group, a gap of nearly one full point on a five-point scale. H_{02} is therefore rejected. Incidentally, an independent samples t-test showed no significant difference in

engagement between male and female respondents ($t = 0.16$, $p = 0.871$), suggesting that engagement in these organizations is a function of practices rather than of gender.

FINDINGS OF THE STUDY

- Communication and transparency (mean 3.87) and training and career development (mean 3.85) are the best-rated engagement practices, while work-life balance (mean 3.51) is the weakest.
- Only 9.2 per cent of respondents are highly engaged; the bulk of the workforce (84.2 per cent) sits in the moderate band, indicating a large pool of employees whose engagement can still be raised.
- Overall engagement bears a significant positive correlation with productivity ($r = 0.576$, $p < 0.01$); communication, training and recognition are the strongest individual contributors.
- Regression analysis shows that engagement explains about 33 per cent of the variation in perceived productivity, and the effect is statistically significant.
- Productivity differs significantly across engagement levels; highly engaged employees outscore poorly engaged employees by nearly one point on a five-point scale.
- Engagement levels do not differ significantly by gender, implying that engagement is shaped by organizational practice rather than demographic identity.

Suggestions

- Since work-life balance scored lowest, organizations should introduce realistic workload planning, flexible or hybrid schedules where the job permits, and discourage after-hours communication as a norm.
- Recognition need not always be monetary. Timely appreciation, spot awards and public acknowledgement of good work cost little but scored only moderately in this study, so managers should be trained to recognise contributions promptly.
- Participation in decision making showed no independent link with productivity, which often happens when consultation is a formality. Suggestion schemes and team huddles should be tied to visible follow-up action so that employees see their voice count.
- The large moderate-engagement group is the low-hanging fruit. Regular pulse surveys, one-to-one conversations and clear career pathways can shift a good share of these employees into the highly engaged category.
- Given the strong role of communication, leadership should share business performance, changes and expectations openly and in time, rather than letting the grapevine do the work.

Limitations and Scope for Further Research

Several limitations should be kept in mind when interpreting these results. First, the sample of 120 respondents was drawn through convenience sampling from selected organizations, so the findings cannot be generalised to the wider workforce; a larger sample drawn through stratified random sampling, proportionate to sector and organization size, would allow firmer generalisation. Second, both engagement and productivity were measured through the same self-report questionnaire, so the results are exposed to common method bias: employees who feel generally positive about their workplace may rate both engagement and their own productivity somewhat higher than an independent observer would, which could inflate the correlation and regression estimates reported above. Supplementing perceptual productivity with objective indicators, such as output records, sales figures, appraisal ratings or attendance data, would reduce

this risk. Third, the design is cross-sectional: engagement and productivity were measured at a single point in time, so the study can establish association but not causal direction or lagged effects; a longitudinal design following the same employees over time would be needed to support a causal claim. Fourth, although the sample was drawn from four sectors, sector-wise differences in engagement and productivity were not statistically tested in this study; given that IT/ITeS, banking and finance, manufacturing, and retail and services differ in work design and pace, an analysis of variance across sectors, along with sector entered as a control variable in regression, is an important next step rather than an assumption that the present pooled results apply equally to all four. Fifth, as noted in Section 7.5, the regression model used engagement as the sole predictor; it does not control for other plausible drivers of productivity such as experience, sector or workload, so the reported R^2 should be read as the variance explained by engagement alone. Finally, because work-life balance recorded both the lowest mean score and the highest variability among the six practices (Table 2), a short qualitative follow-up, through focus groups or semi-structured interviews with a subset of respondents, would help explain why employees experience this practice so unevenly in a way that a Likert-scale item cannot. Addressing these points, through larger stratified samples, objective productivity data, sector-wise and multiple-predictor analysis, and a longitudinal or mixed-methods follow-up, is recommended as the direct next step for this line of research.

CONCLUSION

The study set out to test a simple proposition: that the way an organization engages its people shows up in its productivity. The evidence supports it. Engagement practices, taken together, are significantly and positively associated with perceived productivity, and employees at higher levels of engagement clearly report higher productivity. Yet the data also carry a warning. Most employees are only moderately engaged, and the practices that employees rate weakest, particularly work-life balance and meaningful participation, are precisely the ones that modern workforces value most. Organizations that treat engagement as an annual survey exercise will keep getting moderate results. Those that treat it as daily managerial work, honest communication, fair recognition, genuine development and respect for personal time, are likely to convert ordinary effort into committed performance. In that sense, engagement is not an HR programme at all; it is a management habit with a measurable payoff.

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