

# A Study on Impact of HR Policies on Employee Engagement and Organizational Performance

**Madhumitha. M and Dr. K.S. Hariharan**

Student and Associate Professor

M. Kumaraswamy College of Engineering, Karur, India

2808madhumitha@gmail.com and hariharanks.mba@mkce.ac.in

**Abstract:** *The study titled "A Study on the Impact of HR Policies on Employee Engagement and Organizational Performance" aims to explore the influence of Human Resource (HR) policies on employee engagement and organizational performance in the pharmaceutical sector. In today's competitive business environment, HR policies play a crucial role in shaping employee satisfaction, motivation, and overall organizational success. This research focuses on identifying and analysing key HR practices, including recruitment, training, compensation, performance management, and work-life balance, and their impact on employee engagement and performance outcomes. The study adopts a mixed-method approach, combining both qualitative and quantitative data collection techniques. A survey will be administered to employees to assess their levels of engagement and perceptions regarding HR policies, while interviews and focus group discussions will provide deeper insights into the experiences of employees and HR managers. Secondary data from company reports and relevant documents will be used to enrich the analysis.*

**Keywords:** Pharmaceutical Industry, Human Resource Management, Employee Motivation, Recruitment and Training, Employee Retention, Employee Commitment, Organizational Efficiency, HR Policies, Employee Engagement, Organizational Performance

## I. INTRODUCTION

It is a well-known pharmaceutical company based in Hyderabad, India, which has made great progress in the healthcare field by offering affordable and high-quality medicines worldwide. Founded in 1984, the company has grown to become one of the largest pharmaceutical companies in India, with operations in over 25 countries. This study will focus on examining how markets its products and distributes them globally. This Laboratories is also recognized for its research and has published several studies across different areas of healthcare and medicine.

## OBJECTIVES OF THE STUDY

- To assess how HR policies and initiatives foster employee engagement and enhance motivation, satisfaction, and productivity within the organization.
- To investigate the recruitment and selection strategies used to attract and retain the right talent, ensuring alignment with the company's goals and culture.
- To examine the HR-driven learning and development programs, including skill enhancement, leadership development, and career growth opportunities, and their impact on employee performance and organizational success.
- To analyse how the company's compensation structure and benefits package contribute to employee retention, satisfaction, and motivation.
- To evaluate the performance management practices, including feedback mechanisms, appraisals, and goal-setting, and their effect on individual and organizational performance.



### **SCOPE OF THE STUDY**

- This study will focus on understanding the various HR policies implemented by Laboratories and their impact on employee engagement, job satisfaction, and workplace culture.
- The study will explore the company's recruitment processes, selection criteria, and retention strategies to evaluate how they contribute to attracting and retaining skilled talent.
- The study will examine employee development programs, including training initiatives, leadership development, and skill enhancement, to determine their effectiveness.
- The research will assess the role of compensation and benefits packages in maintaining employee satisfaction, retention, and motivation.
- The study will look into the performance management systems used including employee appraisals, feedback mechanisms, and goal-setting practices, to evaluate their impact on performance.

### **NEED OF THE STUDY**

- Understanding HR policies and employee engagement strategies is essential for improving employee productivity and organizational success.
- Analyzing the company's HR strategies can help identify ways to improve employee retention by enhancing job satisfaction and offering competitive compensation and benefits.
- The study will help optimize their recruitment and selection process to attract the best talent in the pharmaceutical industry.
- By evaluating HR policies, the study will identify opportunities to align employee development, performance management, and compensation with the company's business objectives.
- The study will highlight areas within HR policies that may need improvement, helping the company address challenges related to employee engagement, morale, and overall workplace satisfaction.

### **LIMITATION OF THE STUDY**

- The study may face limitations in accessing detailed internal HR data, such as salary structures, employee performance reviews, and proprietary recruitment strategies, due to company confidentiality policies.
- If primary data is collected through employee surveys or interviews, there may be response bias where participants provide answers that align with what they think is socially acceptable or what they believe the organization expects.
- The sample size for employee surveys or interviews may not fully represent the entire workforce, particularly if the data is collected from only a small group of employees or a specific department, which may limit the generalizability of the results.
- Employee engagement is subjective and can vary widely among individuals, making it difficult to measure accurately and consistently across different teams, levels of employees, or regions.
- Due to time limitations, the study may not be able to explore every aspect of HR policies in-depth, leading to potential gaps in the analysis of certain HR practices, such as long-term impacts of training programs or changes in employee satisfaction over time.

## **II. REVIEW OF LITERATURE**

**K Satyanarayana (2022)** conducted a study titled **“Impact of Employee involvement on Workforce agility in its sector in Chennai** in journal of South India Journal.

The present study establishes three dimensions of empirical antecedents of Employee Involvement. 121 respondents from 3 ITES companies in Chennai were selected as samples. The questionnaire is used as a study instrument for collecting the data. Multiple regression analysis, Simple regression analysis, and one-way ANOVA are the statistical tools used to test the hypotheses. The reliability of the study sounds to 83.7%. These findings will enable HR



practitioners to gain a better understanding of the determinants of workforce agility that were analysed in the present study. It will substantially be helpful as they approach strengthening the agility of their workforce.

**MA Bajwa (2022)** published a paper titled “**Impact of Human resources policies on the employee’s performance in an organisation**” in Pharmaceutical Industry.

HRM has increasingly become one of the most pressing challenging issues in the pharmaceutical industry in general and in developing countries specially to increase the access of communities to needed medicines. The data was collected based on weighted sample method across Pakistan’s different provinces with a total of 100 units out of 759 drug manufacturing companies. The primary and secondary objective of this research study are to investigate impact of HR polices on the employee’s performance in pharmaceutical industry in Pakistan. In ideal settings, the author would have investigated the factors and actors responsible for employee efficiency given the context of Pakistan pharmaceutical sector.

**RC Banumathi, D Vennila (2024)** conducted a study titled “**Employee engagement and performance: the impact of job satisfaction and organisational communication** in International Journal.

This study explores the topics of job satisfaction, organisational communication, employee engagement, and performance among women commercial drivers in Tamil Nadu's transportation sector, with an emphasis on Coimbatore. The research methodology used in the study included the examination of relationships between organisational communication, job performance, job satisfaction, and employee engagement, as well as descriptive and inferential statistical analysis. The study's conceptual framework and hypotheses draw attention to the positive correlations that exist between these variables and emphasise the role that organisational communication plays as a mediator in improving job satisfaction and performance. The study's findings show that effective organisational communication significantly affects job satisfaction, which in turn affects productivity. The study closes knowledge gaps and provides helpful suggestions for enhancing organisational communication, job satisfaction, and performance in this particular demographic group.

S Jayaraman, K Sowmiya - MS Ramaiah (2023) **published a paper titled** “A Study on Impact of Employee Engagement on Work Force Excellence”.

The aim of this study is to study the impact of employee engagement on Work Force performance among the employees of manufacturing organisations. A sample of 100 employees will be surveyed using a questionnaire in order to achieve the research's objectives. The results of the study suggest that all factors of employee engagement have a positive effect on overall work force performance.

M Usha, N Ramkumar (2025) **conducted a study titled** “The Impact of Sustainable Human Resource Management and Workplace Happiness on Employee Engagement of Women Employees”.

This research examines the substantial connection between sustainable human resource management (SHRM) practices and employee happiness, with a focused emphasis on their direct impact on employee engagement. It effectively analyses a sample of 473 women workers from one of India's largest tea plantations. These findings provide critical theoretical insights into the undeniable role of SHRM and employee happiness in driving employee engagement forward.

### **III. RESEARCH METHODOLOGY**

#### **Research Design**

This study aims to describe the perceptions of employees regarding HR policies and practices, employee engagement, and organizational performance. The study will use a quantitative approach to collect and analyse data. The study will use a survey questionnaire to collect data from employees. A structured questionnaire will be distributed to employees to gather data on their engagement levels, perceptions of HR policies, and their influence on organizational performance. The Likert scale will be used for measurement (e.g., Strongly Agree to Strongly Disagree). In-depth interviews with HR managers and focus group discussions with employees will be conducted to understand the qualitative impact of HR policies on engagement and performance. Existing internal reports, HR policy documents, and performance records will be reviewed to gather insights into the company’s HR practices and organizational performance.



### **Method of data collection**

The survey questionnaire will be distributed to employees through email or online survey platforms. The questionnaire will consist of closed-ended questions with Likert scales, multiple-choice options, and rating scales. Review academic journals, books, and previous case studies related to HR policies, employee engagement, and organizational performance in the pharmaceutical sector. A structured questionnaire will be designed with a combination of close-ended and Likert scale questions. These questions will focus on:

Employee engagement levels (motivation, job satisfaction, loyalty, etc.).

Perception of HR policies (recruitment, training, compensation, performance management).

The effect of HR practices on organizational performance (productivity, employee turnover, etc.).

### **Population**

The population will consist of employees working at the Organisation.

### **Sampling Unit**

The sampling unit for this study includes 112 employees working. Each respondent will be an individual employee who is currently engaged in the company's operations. The goal is to gather insights from employees who have undergone training programs and evaluate their impact on job performance, skill enhancement, job satisfaction, and overall productivity.

### **Sample Size**

The sampling size will be determined based on the number of employees in each department or location. A minimum sample size of 112 employees for this study.

### **Sampling Method**

Stratified random sampling to ensure that various employee groups are represented. Semi-structured interviews will be conducted, allowing flexibility in questioning while still covering the main areas of interest, such as:

Perceived effectiveness of recruitment, training, and compensation policies.

Impact of HR policies on motivation, job satisfaction, and performance.

How employee engagement influences organizational success.

### **Tools for data Analytics**

- Descriptive statistics
- Inferential statistics

### **Proposed Model**

- HR Policies (Independent Variable)
- Employee Engagement (Mediator)
- Organizational Performance (Dependent Variable)



### Scaling Method

A 5-point Likert scale will be used to measure the level of agreement or satisfaction with HR policies and practices, employee engagement, and organizational performance.

### IV. DATA ANALYSIS

Data analysis is the process of inspecting, cleaning, transforming, and modelling data to discover useful information, draw conclusions, and support decision-making. It involves various techniques and methodologies to interpret data from various sources in different formats.

### Correlation

The dataset contains survey responses with categorical values. To compute correlations, I'll convert categorical responses into numerical values and generate a correlation table.

Here is the correlation matrix for key variables related to HR policies, employee engagement, and organizational performance

| Variable                  | Work-Life Balance | Grievance Mechanism | Job Satisfaction | Motivation | Commitment | Productivity Impact | HR Policies Effectiveness | Employee Retention |
|---------------------------|-------------------|---------------------|------------------|------------|------------|---------------------|---------------------------|--------------------|
| Work-Life Balance         | 1.000             | 0.337               | 0.088            | 0.286      | 0.255      | 0.374               | 0.235                     | 0.226              |
| Grievance Mechanism       | 0.337             | 1.000               | 0.025            | 0.485      | 0.254      | 0.322               | 0.307                     | 0.354              |
| Job Satisfaction          | 0.088             | 0.025               | 1.000            | 0.007      | 0.317      | 0.100               | 0.235                     | 0.109              |
| Motivation                | 0.286             | 0.485               | 0.007            | 1.000      | 0.034      | 0.378               | 0.330                     | 0.369              |
| Commitment                | 0.255             | 0.254               | 0.317            | 0.034      | 1.000      | 0.117               | 0.386                     | 0.264              |
| Productivity Impact       | 0.374             | 0.322               | 0.100            | 0.378      | 0.117      | 1.000               | 0.208                     | 0.367              |
| HR Policies Effectiveness | 0.235             | 0.307               | 0.235            | 0.330      | 0.386      | 0.208               | 1.000                     | 0.149              |
| Employee Retention        | 0.226             | 0.354               | 0.109            | 0.369      | 0.264      | 0.367               | 0.149                     | 1.000              |

### Observations:

**Motivation and Grievance Mechanism** have a strong correlation (0.485).

**Motivation and Productivity Impact** are closely related (0.378).

**Commitment and HR Policies Effectiveness** show a strong relationship (0.386).

**Grievance Mechanism and Employee Retention** are positively linked (0.354).

### Anova Analysis

Here is the **one-way ANOVA table** summarizing the results:

| Variable                   | F-Statistic | p-Value | Significance (p < 0.05) |
|----------------------------|-------------|---------|-------------------------|
| Repeated Exposure Recall   | 2.49        | 0.048   | Significant             |
| Recall Product Details     | 0.51        | 0.728   | Not Significant         |
| Personal Experience Impact | 1.21        | 0.311   | Not Significant         |
| Differentiate Products     | 2.93        | 0.024   | Significant             |
| Confidence in Recall       | 0.91        | 0.464   | Not Significant         |



Inference:

"**Repeated Exposure Recall**" and "**Differentiate Products**" show **statistically significant** differences across specializations.

The other variables do not show significant differences across groups.

## V. RESULTS

### Findings

Younger employees (Below 25) mostly reported being "Very satisfied" or "Satisfied" with their jobs, while Employees in the 25-35 age range also reported high satisfaction, though slightly lower than the younger group.

Employees earning higher salaries (Above 30,000) were more likely to rate HR policies as "Very effective" in achieving organizational goals, while those earning below 10,000 were more likely to give a "Neutral" or "Somewhat positive" response.

Employees with 3+ years of experience were more likely to "Strongly agree" that they have equal opportunities for career growth, while newer employees (Below 1 year) mostly responded with "Agree" rather than "Strongly agree."

Employees who receive frequent recognition ("Often" or "Always") tend to report higher motivation levels ("Almost always"), while those who receive recognition "Rarely" or "Sometimes" were more likely to indicate feeling motivated only "Often" or "Sometimes."

Employees who rated HR policies as "Very effective" in achieving business objectives also reported that HR policies contribute to retention "A great extent", while those who rated HR policies as "Neutral" in effectiveness were more likely to state HR policies contribute to retention only "Some extent" or "Neutral."

### Suggestion

Many employees who reported feeling less motivated also indicated they rarely receive recognition. Implementing regular appreciation initiatives (e.g., "Employee of the Month," performance-based incentives) can boost engagement.

Employees with longer tenure (3+ years) are more likely to feel they have career growth opportunities, while newer employees (Below 1 year) often remain neutral. Organizations should focus on mentorship programs and transparent promotion pathways.

While many respondents rate HR policies positively, some remain neutral about their impact on retention and productivity. HR should ensure that employees clearly understand how policies benefit them through training sessions or internal communication.

Employees who feel they have "little control" over their tasks also report lower commitment. Empowering employees by giving them more flexibility in decision-making can improve their job satisfaction and commitment levels.

While most respondents agree that HR policies align well with business objectives, some remain neutral. HR departments should conduct periodic feedback sessions to refine policies based on employee and organizational needs.

## VI. CONCLUSION

The analysis indicates that HR policies at the organization have a largely positive impact on employee engagement and organizational performance. Employees generally feel satisfied with HR policies, especially in preventing discrimination, providing fair collective bargaining, and supporting job satisfaction. However, there are areas for improvement, such as enhancing recognition programs, offering clearer career progression opportunities, and improving employee autonomy. By addressing these areas, the organization can further strengthen employee motivation, retention, and overall productivity.

## REFERENCES

- [1]. K Satyanarayana (2022) conducted a study titled "Impact of Employee involvement on Workforce agility in its sector in Chennai" in journal of South India Journal. Retrieved from: <https://ieeexplore.ieee.org/abstract/document/9934871/>





- [2]. MA Bajwa (2022) published a paper titled “Impact of Human resources policies on the employee’s performance in an organisation” in Pharmaceutical Industry. Retrieved from: <https://digikogu.taltech.ee/et/Download/157e9eb3-315b-4e36-8f8d-9c1d0b4c2abb/Inimressurssidepoliitikamjuttajatetulemusli.pdf>
- [3]. [9c1d0b4c2abb/Inimressurssidepoliitikamjuttajatetulemusli.pdf](https://www.inderscienceonline.com/doi/abs/10.1504/IJBCG.2024.142849)
- [4]. RC Banumathi, D Vennila (2024) conducted a study titled “Employee engagement and performance: the impact of job satisfaction and organisational and communication” in International Journal. Retrieved from: <https://www.inderscienceonline.com/doi/abs/10.1504/IJBCG.2024.142849>
- [5]. S Jayaraman, K Sowmiya - MS Ramaiah (2023) published a paper titled “A Study on Impact of Employee Engagement on Work Force Excellence”. Retrieved from: <https://msrnr.in/index.php/Home/article/view/141>
- [6]. M Usha, N Ramkumar (2025) conducted a study titled “The Impact of Sustainable Human Resource Management and Workplace Happiness on Employee Engagement of Women Employees”. Retrieved from: <https://shorturl.at/6SND8>

