

## Impact on Employee Performance and Engagement in Indian IT Industry

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**Abstract:** In recent years, these factors such as continuous advancement in technology and growth in the hybrid model of work, the rise in clients' expectations and the pressure to transform and grow have changed the dynamics of workplaces and the expectations of the employees. Employee performance can be described as the productivity with which employees are able to complete their work and is a key factor in the performance of organizations. Ever, developed global IT industry has gone through structural changes in the ways of working, especially in the new-normal digitally enabled world. In the Indian IT context where employee turnover rate and rate of skill depreciation are significantly high, it is especially crucial to look at the interaction of performance and engagement. There are various characteristics that affect performance or participation within this sector. Some of the factors are the organizational culture and leadership style, access to learning resources, work and family demands, and possibility to advance in the company as well as the level of flexibility at the workplace. The article reviewed focuses on the different variables that affect employee performance and motivation in this contingency of employment. HRM implications for strategy and organizational policy are then examined and recommendations on how employees' experience can be improved in the current Indian IT environment are presented.

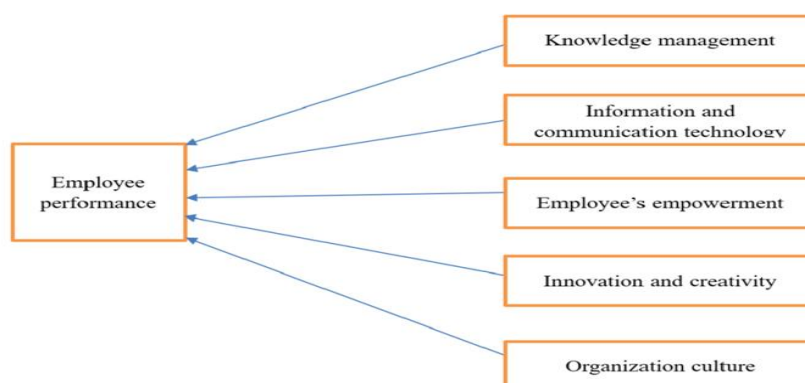
**Keywords:** Employee Performance, Employee Engagement, Organizational Culture, Leadership Style, Work-Life Balance, Technological Adaptation, Job Satisfaction, Employee Retention and Career Development.

### INTRODUCTION

India has quickly become one of the largest players in the IT sector, offering services like software services, digital transformation and technology solutions. They have 5 million employees while has a projection of reaching \$350 billion by 2026 and thus is a significant part in India's economy and employment. Nevertheless, the industry struggles with the problem of maintaining the high employee performance and motivation rates in today's cut-throat, constantly evolving environment. On the other hand,

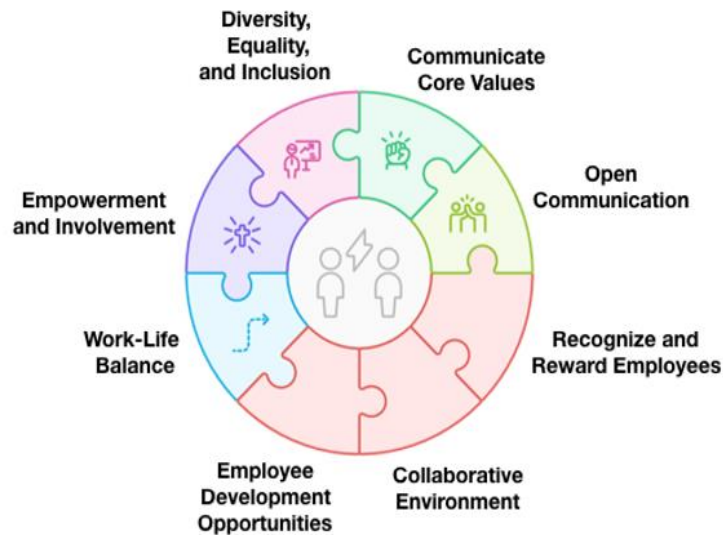
gifted or bored employees are likely to suffer from burnout and show lowered performance and truancy levels. This study seeks to analyze the core drivers impacting employee performance and engagement in the Indian IT industry, with a focus on both organizational practices and individual perceptions. By identifying key enablers and barriers, the research aims to offer practical insights for IT companies, HR professionals, and policymakers to design evidence-based interventions that enhance employee experience, retain talent, and improve organizational outcomes in the digital age

Chart: 1



In a similar vein, employee engagement, defined as the level of employee-affective and cognitive connection with organizational and work-related aims, has emerged as another critical concept examining the psychological connection between the employee and the organization, as well as its objectives. The COVID-19 forced shift to remote and hybrid work arrangements advanced the change to higher level expectations of employees for more voice, meaning, and psychological security. Also, the generation Y and Z entrants, who make up a significant part of the IT staff, expect to do meaningful work, to be promoted, and to have a supportive supervisor in contrast to bonuses or other tangible rewards. According to the previous studies, committed employees show increased performance rates, less desire to leave, and better organizational alignment.

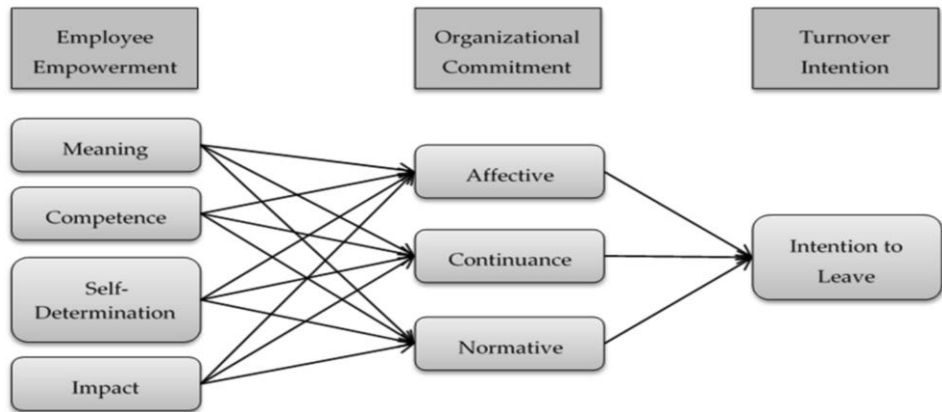
**Chart: 2**



**Research background**

In agile development environments common in IT projects, feedback is crucial for iterative improvement and client satisfaction. Open channels of communication also promote innovation, as employees feel safe to share ideas or concerns without fear of judgment. Organizations that cultivate a culture of active listening and constructive feedback are better positioned to address employee needs, reduce turnover, and improve overall engagement. Poor communication, on the other hand, can lead to misalignment, low morale, and underperformance. Today, many progressive organisations in India including IT companies have initially built a culture that promotes psychological safety, diversity and inclusion, work-life balance for the employees. Not only do such cultures make an organization perform better but also retain talent, foster creativity, and help the employer stand out in the marketplace of talent. The analysis is based on the organizational behavior theories and literature to present the effects of leadership, organizational culture, remote work, technology, and the role of the HR on employees. The results show that focusing on the cultivation of the employee-centric culture, understanding the workers’ needs, and providing opportunities for training and development lead to higher levels of engagement and performance among the companies. The study also strongly aligns motivation, work-life balance and clear promotion paths as essential in maintaining productivity.

**Chart: 3**



**1. Leadership Style:** Leadership encourage creativity, motivation and the provision of support from leaders lead to increased productivity as compared to other leadership styles such as the transactional and autocratic leadership

styles. IT employees face difficult, interdependent, and challenging tasks, which mean that both communication and empathic, visionary managers are valued. An understanding leadership culture enhances reliability and

dependability of subordinate, the psychological climate encouragement of openness and positive expectations boosts receipt of actionable and accountable idea. While strong leadership implies enhanced participation of subordinates, levels of stress in the workplace, and staff turnover, weak leadership, on the other side, lead to such consequences. There is great power cohesion of authority and wars in hierarchal systems in India for those leaders who are easily approachable by their team generally tend to achieve strong team cohesion and goals. Good managers also train their employees, support lifelong learning, and give feedbacks; which are crucial for developing and enhancing skill and productivity in the dynamic technological context.

**2. Organizational Culture:** Organizational culture influences the way employees, including those of a hospital, see themselves, other people and the organization goals and objectives. This is a culture that practices open-mindedness, acceptability and embracing of new ideas, rewarding of employee innovations and non-discrimination allows employees to step up in providing more and more than the ordinary. Thus, It is also in the context of the Indian IT industry where the majority of the client servicing teams are typically spread across different time zones and come from different cultural backgrounds that the ideal of polite mutual respect is helpful to reduce conflicts. When employees' organisational inclusion is a high status, they will study higher job satisfaction, lower turnover intentions, and greater performance. On the other hand, unhealthy or even cut throat corporate culture generates anxiety, interpersonal rivalry, and apathy.

**3. Human Resource (HR) Practices:** Employees' performance is well supported by advanced and standardized human resource management practices in IT firms. Some of the essential talent management activities include employee recruitment, employee orientation, and training. The role of IT professionals in the Indian industry is also obscure as technology continues to change, requiring constant upskill and reskill. Organizations that invest in the learning and development of their employees are capable of having a competent, flexible and confidence working force. Performance appraisal that is free from bias, along with feedback that is constructive, is beneficial for reinforcing trust and encouraging employee performance. Furthermore, the other factors like salary package, medical cover and flexible working conditions are also important to retain stars. Such HR practices can help to ensure that working conditions and requirements meet current staff demands and help organizational objectives become reality. On the other hand, ineffective and bureaucratic HR management systems lower employee's morale, decrease opportunities for growth and prompt talent flight mainly among young workers from the millennial and Gen Z brackets.

**4. Technology Infrastructure:** Technology infrastructure is a foundational element in enabling employee performance in the IT sector. It includes access to high-speed internet, up-to-date hardware and software, reliable IT support, and secure digital platforms. In the Indian IT

industry, where much of the work revolves around software development, data analysis, and cloud computing, inadequate or outdated infrastructure can lead to workflow disruptions, lower productivity, and frustration among employees. With the rise of hybrid and remote work models, seamless connectivity and collaboration tools like project management platforms, communication apps, and virtual private networks (VPNs) have become essential. Organizations that invest in advanced tech infrastructure empower employees to work efficiently, innovate, and respond quickly to client needs. Conversely, poor infrastructure leads to delays, errors, and higher stress levels—especially during critical project cycles. Hence, a well-maintained and scalable IT backbone is key to sustaining high performance and operational continuity.

**5. Communication and Feedback Mechanisms:** Effective communication is central to high employee performance, particularly in the Indian IT industry where teams are often geographically dispersed and function in matrix structures. Clear, transparent, and timely communication helps in setting expectations, reducing misunderstandings, and facilitating collaboration. Regular feedback loops—both formal (through appraisals) and informal (through peer or manager check-ins)—allow employees to understand their strengths, improve on weaknesses, and align better with organizational goals.

**6. Work-Life Balance and Flexibility:** Work-life balance is a growing priority for IT professionals in India, especially in the wake of remote work and heightened stress levels during the pandemic. Long hours, client time zone differences, and tight project deadlines have historically challenged the well-being of IT employees. Companies that offer flexible work schedules, remote/hybrid options, mental health support, and leave policies that accommodate personal needs tend to experience better employee performance. A healthy balance allows employees to recharge, stay motivated, and bring their best selves to work. Research shows that employees with better work-life integration are more focused, creative, and resilient—traits that are vital for IT roles requiring problem-solving and sustained attention. On the contrary, persistent imbalance can lead to burnout, reduced productivity, and disengagement. Thus, forward-thinking IT firms are increasingly designing work models and wellness programs that prioritize individual well-being as a driver of sustained high performance.

## RESEARCH GAP

Although, a lot of headways have been made in the Indian business environment especially in the information technology sector, which has contributed immensely to the nation's economy, often basic issues like examining the relationship between leadership behaviour, organisational culture, human resource management practices, employee engagement and commitment have received very little attention, especially when undertaken as a single research study. Most of the research works available in the literature either targets specific factors, such as job satisfaction, or employee performances in various industries or sectors. However, there is a lack of comprehension of how these

organizational factors interact in relation to engagement of employees in the complex and competitive IT sector of India where the primary issues include high turnover rate, flexibility between work and personal responsibilities, and fluctuating demand of tasks. Furthermore, most of the existing literature fails to capture contextual factors that are germane to context of operating in Indian IT firms; esp in the current post COVID-19, blended work environment. It is also possible to review these factors building upon their influence on not only personal outcomes but on long-term organizational engagement as well. This study tries to fill these gaps by providing a comprehensive view of the factors that may influence the levels of motivation and commitment of employees, drawing on the data pertinent to the Indian IT industry.

### **Importance of the Study**

This study definitely has a number of implications that are quite beneficial to both the academic and the practical aspects. It adds value to the existing knowledge for scholars since the concept of integrating leadership, work culture as well as HR practices towards determination of employee motivation and commitment in Indian IT sector is still relatively unutilised. From a managerial perspective, therefore, this study is meaningful in the way it offers insights that could improve outcomes on matters of engagement, turnover, and performance in IT organizations. Even though the information technology sector of India is competitive and employees are often contracting quickly, it is more important than ever to know the internal factors affecting the company's performance. The findings can be useful to policy-makers and HR professionals to design metrics-driven people-focused approach that would positively impact the workplaces' culture and ensure long-term employee engagement. Also,

the research capabilities may assist the IT companies to understand post COVID-19 work arrangements, such as hybrid work environment, and digital work interactions that have the greatest impact as defined by the workforce. In sum, this study can be strategically used to foster the optimisation of management of human resources in an organisation.

### **Statement of the Problem**

Organisations are faced with critical problems like high turnover, low employee morale, and fluctuating organisational performance despite efforts on training and establishment of infrastructure. This is exacerbated by misfit of leadership strategies, culture, and processes that are supportive of human capital. Although most IT firms pay much attention to service delivery through new technologies, they do not quite capture the social-psychological aspects of high performance. In addition, the various hybrid and remote work have also introduced new challenges in understanding motivation and commitment in the workplace. Such a state of affairs questioning organizational intent and the actual perception of the employees gives rise to the following pertinent question: what can IT firms do to better set up their internal environment to increase productivity and employees' motivation? However, developing strategies to manage workplace relationships and productivity without a synthesis of these parameters as leadership style, work culture and other HR practices is a futile effort that leads to local maxima at best. For this reason, this study aims at establishing these factors with the view of coming up with relevant recommendations which would be of importance in improving the employees' results within the current IT company in India.

## **FINDINGS AND RESULTS**

The article seeks to examine how employee motivation and commitment are essential for success of firms in the Indian IT industry since its employees decide how the firm can respond to the increasing technological advancements, high turnover rate and global clients' demands. Leadership, organizational culture, and HRM practices were all major determinants of motivation and commitment which are central to productivity RM practices were found to have an interdependence relationship. According to the selected article, leadership behavior defines how the employee perceives his or her behaviour at the workplace. Leaders who transform via inspirational communication focused on vision, feeling with followers and inspiring people's potential have a higher level of intrinsic motivation. It is apparent that compliance is most likely to occur in an organization with leaders who offer directions, seek employee contributions, and promote creative solutions. On the other hand, too much assertiveness or apathy and negligence of the leaders negatively causes disengagement and high turnovers. Organization culture determines the conduct of the employees by encouraging or prohibiting their actions as well as determining their emotional commitment towards their duty. Each of these is explained further as follows: Culture of transparency, collaboration, and recognition; Psychological safety: It refers to the feeling that employees have of being valued and belonging to the organization so that they feel encouraged to work towards the goals of the organization. For example, India has a very large and diverse workforce of IT employees who have benefited by embracing integrated and inclusive work environment, which leads to motivation and a sense of commitment towards the organizations in the long run. Human resource practices serve as the implementing mechanism for motivational and commitment processes. These are recruitment transparency, fair evaluation of performers, regular training, and effective rewarding schemes. When they experience establishment culture that presents growth opportunities, measurable and observable performance, and organizational work-life balance, they become committed and motivated. Effective HR interventions are those that put attention not only to compensation improvements throughout the organization but to the employees' needs as well. Collectively, they contribute to the creation of an environment that embraces the employee, the process and output, and purpose. Companies that incorporate people at the core of the leadership, organizational culture, and HR management frameworks create better employees' satisfaction, turnover, and innovation—paramount values in the continuously altering Indian IT environment.

**Table 1: Factors influencing employee performance - Results of Kendall's W Test**

Factors	Mean Rank	Chi-square value	p-value
Leadership Style	4.65	135.128	<0.001**
Work Culture	5.39		
HR Practices	5.21		
Workload Management	5.96		
Technology and Tools	5.82		
Job Design and Clarity	4.42		
Work-Life Balance	5.31		
Motivation and Engagement	5.08		
Emotional Intelligence	5.54		
Skills and Competence	5.21		

The results of Kendall’s W test, as presented in Table 1, indicate a statistically significant level of agreement among respondents regarding the ranking of factors influencing employee performance in the study region. The test yielded a Chi-square value of 135.128 with a p-value of <0.001, which is highly significant at the 0.01 level. This clearly rejects the null hypothesis that there is no significant association between the identified factors and employee performance. Among the factors assessed, Workload Management (mean rank = 5.96) and Technology and Tools (mean rank = 5.82) emerged as the most influential, suggesting that employees view efficient task allocation and access to proper technological resources as critical to their performance. Emotional Intelligence (5.54) and Work Culture (5.39) also ranked highly, reflecting the importance of interpersonal dynamics and organizational environment. Conversely, Job Design and Clarity (4.42) and Leadership Style (4.65) received relatively lower mean ranks, implying that although important; these are perceived as less immediately impactful compared to operational and emotional factors. The high level of agreement among respondents underscores the multifaceted nature of employee performance and highlights the need for a balanced approach that addresses both structural and psychological dimensions within the Indian IT industry.

**Table 2: Results of the chi-square test for association between the level of impact on engagement in Indian IT Industry**

Gender	Level of impact			Total
	Low level	Moderate level	High level	
Male	30	63	45	138
	21.7%	45.7%	32.6%	100.0%
Female	22	62	28	112
	19.6%	55.4%	25.0%	100.0%
Total	52	125	73	250
	20.8%	50.0%	29.2%	100.0%
<b>Chi-square value</b>	10.725			
<b>Difference</b>	2			
<b>p-value</b>	0.021			

The chi-square test for association between gender and the level of impact on engagement in the Indian IT industry reveals a chi-square value of 10.725 with 2 degrees of freedom and a p-value of 0.021. Since the p-value is less than the commonly used significance level of 0.05, we reject the null hypothesis and conclude that there is a statistically significant association between gender and the perceived level of impact on engagement. This suggests that male and female employees in the Indian IT industry experience engagement impacts differently. Specifically, females reported a higher proportion of moderate-level impact (55.4%) compared to males (45.7%), while males experienced a higher proportion of high-level impact (32.6%) than females (25%). These differences indicate that gender plays a role in how engagement is perceived or affected within the industry.

### **Implications for the Study**

The findings of this study have significant implications for human resource management, organizational leadership, and strategic policy-making within the Indian IT industry. The clear association between multiple organizational factors—such as workload management, technology infrastructure, emotional intelligence, and work culture—and employee performance underlines the importance of adopting a holistic approach to workforce management. Companies cannot afford to focus solely on compensation or productivity metrics; instead, they must consider the broader organizational environment that shapes employee behavior and motivation. From a theoretical standpoint, the study contributes to existing literature by reinforcing the

relevance of contextualized leadership styles and culturally adapted HR practices in shaping engagement and commitment. Practically, these insights can guide IT firms in designing integrated performance enhancement strategies that align operational needs with employee well-being. Furthermore, the significant influence of emotional and psychological factors—such as work-life balance and emotional intelligence—suggests that Indian IT firms need to look beyond technical skills and focus more on creating emotionally intelligent workplaces. The study also offers direction for further research on sector-specific performance models, especially in post-pandemic and hybrid work settings, where new challenges are reshaping traditional notions of motivation, engagement, and

organizational loyalty.

### **Recommendations and Suggestions**

Based on the study's findings, several recommendations are proposed to enhance employee performance and engagement in the Indian IT sector. First, organizations should prioritize workload management by implementing agile project methodologies, realistic deadline setting, and task redistribution during peak periods. This will help reduce stress and increase efficiency. Second, investment in up-to-date technology and collaborative tools is essential to empower employees in hybrid and remote work environments. Third, HR departments should adopt holistic performance management systems that integrate emotional intelligence training, mentorship programs, and ongoing feedback mechanisms. This would create a supportive ecosystem that encourages personal and professional growth. Fourth, leadership development programs should focus on nurturing transformational and empathetic leaders who can foster trust, motivate diverse teams, and promote an inclusive work culture. Additionally, flexible work arrangements, mental wellness support, and clear job roles should be emphasized to support work-life balance and reduce attrition. Organizations are also encouraged to conduct regular climate surveys and engagement audits to keep track of employee sentiment and adapt strategies accordingly. Finally, collaboration between academia and industry should be strengthened to conduct longitudinal studies that examine the evolving impact of organizational factors on employee performance in the digital age.

### **CONCLUSION**

The study aimed to investigate the major organizational factors that affect the performance and engagement of employees in the context of the Indian IT sector. Analyzing the weight of evidence, and integrating it with theory, it was possible to find out that there are far more factors that influence the employee performance than reasonable expectation of their technical skills. Some of the important factors include; workload management, technology, work culture, HR practices, emotional Intelligence and work-life balance have a key role to play on the employee's performance and their commitment to the organization. Kendall's W test further affirmed a high degree of agreement among the respondents on the importance of such factors and hence rejected the null hypothesis of no correlation. Specifically, the workload distribution and availability of tools and technologies was identified as the key or vital element, which can be attributed to the nature of work in IT industry. In the same vein, the concepts of emotional intelligence as well as work culture also highlighted that technical competencies lost much of its flavor as active values that support performance; rather focus has now shifted towards the aspects of soft skills and psychological safety. Leadership temperament and career definition were rated relatively lower. However, they are equally fundamental in the creation of the organizational climate. It also highlights the need for change in management organisational model in Indian IT firms to be more focused on employee, their mental health, leadership and creating employees as professionals. The conclusions and recommendations of the study provide a roadmap that

practitioners in the industry can rely on to realign internal approaches as organizations reinvent work and its locations in the aftermath of the pandemic. It is important for the IT organizations to focus not only on the technology delivery but on the people management as well.

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