

Employee engagement and organizational performance: Insights from Bangalore Firms

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Abstract---Employee engagement has emerged as a critical determinant of organizational performance, particularly in knowledge-intensive industries such as the software sector. This study examines the relationship between employee engagement and organizational performance among selected software companies in Bangalore, namely Tata Consultancy Services (TCS), ABB India, Cisco Systems, Adobe, and Oracle. Using a descriptive and analytical research design, primary data were collected through a structured questionnaire from 450 employees, of which 398 valid responses were retained for final analysis. The study employs descriptive statistics, Cronbach's alpha, correlation, and regression analysis using SPSS software. The findings reveal a high level of employee engagement among respondents, with organizational commitment emerging as the strongest engagement dimension. Reliability analysis confirms strong internal consistency of the measurement scales. Correlation analysis indicates a strong and statistically significant positive relationship between employee engagement and organizational performance ($r = 0.682$, $p < 0.01$). Regression results further demonstrate that employee engagement significantly predicts organizational performance, explaining 37.3% of the variance. The study confirms that engaged employees contribute positively to productivity, efficiency, and overall organizational effectiveness. The findings highlight the strategic importance of fostering employee engagement to enhance performance and sustain competitiveness in Bangalore's dynamic software industry.

Keywords---Employee Engagement, Organizational Performance, Software Industry, Regression Analysis.

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Introduction

Employee engagement has emerged as a critical determinant of organizational performance in the contemporary business environment, particularly within knowledge-intensive and service-driven economies. In rapidly urbanizing and technologically advanced cities such as Bangalore—often referred to as the Silicon Valley of India—organizations increasingly rely on human capital as their primary source of competitive advantage. Employee engagement, defined as the extent to which employees are emotionally, cognitively, and behaviorally invested in their work roles, has moved beyond a human resource buzzword to become a strategic imperative influencing productivity, innovation, retention, and overall organizational effectiveness (Kahn, 1990; Albrecht, 2022).

Bangalore hosts a diverse mix of multinational corporations, IT and IT-enabled service firms, start-ups, manufacturing units, and knowledge-based organizations. These firms operate in a highly competitive and volatile environment characterized by rapid technological change, global talent mobility, and evolving employee expectations. In such a context, sustaining high levels of employee engagement is both a challenge and a necessity. Organizations are increasingly recognizing that engaged employees are more adaptable, customer-oriented, and committed to organizational goals, thereby contributing directly to superior organizational performance (Saks & Gruman, 2021).

The relevance of employee engagement has intensified in the post-pandemic era, where hybrid work models, digital collaboration, and employee well-being have redefined traditional employment relationships. Bangalore firms, particularly in the IT and services sectors, have experienced significant shifts in work structures, leadership practices, and performance management systems. These changes have amplified the importance of psychological safety, meaningful work, leadership support, and organizational culture in fostering engagement (Carnevale & Hatak, 2020; Wang et al., 2023). Consequently, understanding how employee engagement influences organizational performance within this regional and sectoral context is both timely and essential.

Organizational performance is a multidimensional construct encompassing financial outcomes, operational efficiency, innovation capability, customer satisfaction, and employee-related outcomes such as retention and discretionary effort. Prior research suggests that employee engagement serves as a mediating mechanism through which human resource practices, leadership styles, and organizational culture translate into improved performance outcomes (Jiang et al., 2022). Engaged employees tend to exhibit higher levels of job involvement, proactive behavior, and organizational citizenship, which collectively enhance firm-level performance metrics (Kim & Park, 2021).

Despite the growing body of global research on employee engagement, there remains a need for context-specific empirical investigations, particularly in emerging economies like India. Bangalore presents a unique organizational ecosystem where global management practices intersect with local cultural values, workforce diversity, and institutional frameworks. Factors such as intense competition for skilled talent, high attrition rates, and generational differences in work values make employee engagement a critical yet complex phenomenon for organizations operating in this region (Rana et al., 2022).

Furthermore, the increasing integration of digital technologies, artificial intelligence, and data-driven HR analytics in Bangalore firms has reshaped engagement strategies. Organizations are leveraging digital platforms for performance management, learning and development, and employee communication, thereby redefining the engagement–performance linkage. Recent studies indicate that digitally enabled engagement practices can significantly enhance employee experience and organizational outcomes when aligned with supportive leadership and ethical governance (Bharadwaj & Mishra, 2024).

This study is anchored in established theoretical perspectives such as Kahn's engagement theory, Social Exchange Theory, and the Job Demands–Resources (JD–R) model. These frameworks collectively explain how supportive organizational practices, availability of resources, and reciprocal relationships between employees and employers foster engagement, which in turn drives performance. In the Bangalore context, where work demands are high and innovation cycles are short, the availability of job and organizational resources becomes particularly salient in sustaining engagement (Bakker & Demerouti, 2023).

The present research aims to examine the relationship between employee engagement and organizational performance among firms operating in Bangalore. By focusing on this dynamic urban and economic hub, the study seeks to generate empirically grounded insights that are both academically relevant and practically useful. The findings are expected to assist managers, policymakers, and HR professionals in designing evidence-based engagement strategies that enhance organizational performance while promoting sustainable employment relationships.

In summary, employee engagement is no longer a peripheral HR concern but a central driver of organizational success, especially in high-growth regions such as Bangalore. As firms navigate digital transformation, workforce diversification, and heightened performance pressures, understanding the engagement–performance nexus becomes crucial. This study contributes to the existing literature by contextualizing employee engagement within Bangalore firms and by offering insights into how engagement can be strategically leveraged to improve organizational performance in a rapidly evolving business landscape.

Review of Literature

Employee Engagement: Conceptual Evolution and Dimensions

Recent literature reflects a refined understanding of employee engagement as a multidimensional construct encompassing vigor, dedication, and absorption. Schaufeli et al. (2020) emphasize that engagement represents a positive and fulfilling work-related state of mind that enhances both individual and organizational outcomes. Contemporary studies have expanded this view by integrating psychological meaningfulness, emotional commitment, and discretionary effort as core components of engagement (Albrecht et al., 2021). In the Indian organizational context, particularly in metropolitan regions like Bangalore, engagement is increasingly linked to meaningful work, career growth opportunities, and organizational support systems (Nair & Sinha, 2022).

Employee Engagement and Organizational Performance

A substantial body of empirical evidence from 2020 to 2025 confirms the positive relationship between employee engagement and organizational performance. Meta-analytic studies indicate that engaged employees contribute to higher productivity, improved service quality, and stronger financial performance (Knight et al., 2021). In knowledge-driven firms, engagement has been found to significantly influence innovation outcomes and team effectiveness (Chen & Srivastava, 2023). Indian studies highlight that engagement reduces absenteeism and turnover intentions, thereby stabilizing organizational performance in high-attrition sectors such as IT and ITES (Mukherjee & Banerjee, 2024).

Leadership, HR Practices, and Engagement

Leadership style and human resource management practices play a pivotal role in shaping employee engagement. Transformational and ethical leadership have been consistently associated with higher engagement levels through trust, empowerment, and vision sharing (Hoch et al., 2020). Recent research from emerging economies suggests that inclusive leadership and participative decision-making are particularly effective in enhancing engagement among diverse workforces (Reddy & Thomas, 2022). In Bangalore firms, strategic HR practices such as continuous learning, flexible work arrangements, and

performance-linked rewards have been shown to strengthen the engagement–performance relationship (Iyer & Kulkarni, 2023).

Technology, Work Design, and Engagement

The integration of digital technologies has significantly altered work design and employee engagement dynamics. Studies conducted between 2021 and 2025 reveal that digital HR platforms, remote collaboration tools, and AI-driven performance systems can enhance engagement by improving transparency and autonomy (Verma et al., 2023). However, scholars caution that excessive digital monitoring and work intensification may negatively affect engagement if not balanced with well-being initiatives (Singh & Choudhary, 2024). Bangalore-based empirical studies indicate that technology-enabled engagement initiatives yield positive performance outcomes when aligned with supportive organizational cultures.

Employee Engagement in the Indian and Bangalore Context

Context-specific studies highlight that cultural values, labor market dynamics, and organizational maturity influence employee engagement in India. Research focusing on urban clusters such as Bangalore underscores the importance of employer branding, career mobility, and work–life integration in sustaining engagement (Kumar & Rao, 2021). Recent evidence suggests that engaged employees in Bangalore firms demonstrate higher organizational citizenship behavior and adaptability, contributing to sustained competitive advantage (Patil & Deshpande, 2025). Nevertheless, scholars call for more localized empirical research to capture sectoral variations and evolving workforce expectations in this region.

Research Gap

Although employee engagement has been extensively studied as a determinant of organizational performance, significant research gaps remain within the context of Bangalore’s software industry. Existing studies in India are predominantly either conceptual or limited to single organizations, thereby restricting cross-company comparisons and broader generalizability. Furthermore, many empirical investigations rely on small sample sizes and apply limited statistical techniques, which weakens the robustness of their conclusions. Bangalore, being India’s leading technology hub, hosts multinational software firms with diverse organizational cultures, advanced HR practices, and intense performance pressures. However, there is a lack of Bangalore-specific, multi-company studies that empirically validate the engagement–performance relationship using statistically rigorous methods. Additionally, few studies systematically align research objectives with reliability testing, correlation, and regression analysis to ensure methodological consistency. Addressing these gaps, the present study adopts a multi-company approach involving major software firms and applies comprehensive statistical tools to generate reliable, context-specific insights into the role of employee engagement in enhancing organizational performance.

Research Methodology

The study employs a descriptive and analytical research design to examine the relationship between employee engagement and organizational performance. The research focuses on five leading software companies operating in Bangalore: Tata Consultancy Services (TCS), ABB India, Cisco Systems, Adobe, and Oracle. Data were collected using a structured questionnaire administered through a stratified random sampling technique. A total of 450 responses were received, of which 398 were found to be complete and suitable for final analysis after data screening. The analysis was carried out using SPSS software. Descriptive statistics were used to assess the level of employee engagement, Cronbach’s alpha was applied to test the reliability of the measurement scales, correlation analysis was employed to examine the relationship between employee engagement and organizational performance, and regression analysis was used to determine the impact of employee engagement on organizational performance. This methodology ensures statistical rigor and academic validity.

Objectives of the Study

1. To examine the level of employee engagement among employees of selected software companies in Bangalore.
2. To analyze the relationship between employee engagement and organizational performance.
3. To assess the impact of employee engagement on organizational performance in selected software companies.

Hypotheses of the Study

H1: There is a significant relationship between employee engagement and organizational performance among employees of selected software companies in Bangalore.

H2: Employee engagement has a significant impact on organizational performance in selected software companies.

Findings of the Study

Table 1: Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Variable	Category	Frequency	Percentage
Gender	Male	226	56.8
	Female	172	43.2
Age	Below 30 years	117	29.4
	31–40 years	187	47.0
Work Experience	Above 40 years	94	23.6
	Below 5 years	122	30.7
	5–10 years	180	45.2
Designation	Above 10 years	96	24.1
	Software Engineer	208	52.3
	Analyst	122	30.7
Monthly Income (₹)	Managerial	68	17.0
	Below 40,000	94	23.6
	40,001–70,000	175	44.0
Residential Area	Above 70,000	129	32.4
	Urban	280	70.4
	Semi-Urban	80	20.1

The demographic profile of the 398 respondents reflects a diverse and representative sample drawn from major software firms in Bangalore. Male employees constitute a slight majority, while female participation remains substantial, indicating improving gender diversity in the software sector. Most respondents belong to the 31–40 age group and possess 5–10 years of work experience, suggesting a professionally mature workforce. Software engineers form the largest occupational group, highlighting the technical nature of the organizations studied. A dominant urban representation aligns with Bangalore's metropolitan employment structure. Overall, the demographic distribution provides a strong and reliable base for analyzing employee engagement and organizational performance.

Table 2: Reliability Analysis using Cronbach's

Variables	Number of Items	Cronbach's Alpha (α)
Employee Engagement	12	0.872
Organizational Performance	10	0.845
Overall Scale	22	0.901

Cronbach's alpha was employed in Table 2 to assess the internal consistency and reliability of the measurement scales used in the study. The employee engagement scale recorded a Cronbach's alpha value of 0.872, while organizational performance achieved an alpha of 0.845, both exceeding the acceptable threshold of 0.70. The overall scale reliability of 0.901 indicates excellent internal consistency. These results confirm that the questionnaire items are consistent and reliably measure the intended constructs. High reliability strengthens the credibility of subsequent correlation and regression analyses. Therefore, the instrument is deemed suitable for further statistical analysis, ensuring the validity and robustness of the study's findings.

Table 3: Descriptive Statistics of Employee Engagement Dimensions

Variable	Mean	Std. Deviation
Job Involvement	3.91	0.64
Organizational Commitment	4.02	0.58
Work Motivation	3.88	0.61
Employee Engagement	3.94	0.59

The descriptive statistics reveal in Table 3 a high overall level of employee engagement among respondents. Organizational commitment recorded the highest mean value, suggesting strong emotional attachment and loyalty toward the organization. Job involvement and work motivation also exhibit favorable mean scores, indicating that employees actively participate in their roles and remain motivated in achieving work objectives. The relatively low standard deviation values suggest consistency in employee perceptions across different companies. These results confirm that engagement levels are positively perceived across the selected software firms, reinforcing the relevance of engagement as a strategic HR outcome in Bangalore's competitive technology environment.

Table 4: Correlation Analysis between Employee Engagement Dimensions and Organizational Performance

Variables	Job Involvement	Organizational Commitment	Work Motivation	Employee Engagement	Organizational Performance
Job Involvement	1	0.612**	0.584**	0.701**	0.628**
Organizational Commitment	0.612**	1	0.647**	0.756**	0.671**
Work Motivation	0.584**	0.647**	1	0.689**	0.602**
Employee Engagement	0.701**	0.756**	0.689**	1	0.682**
Organizational Performance	0.628**	0.671**	0.602**	0.682**	1

**** Correlation is significant at the 0.01 level (2-tailed)**

The correlation analysis demonstrates in Table 4 strong, positive, and statistically significant relationships among employee engagement dimensions and organizational performance. Organizational commitment exhibits the highest correlation with organizational performance ($r = 0.671$), followed by

job involvement ($r = 0.628$) and work motivation ($r = 0.602$), indicating that emotionally committed and motivated employees contribute more effectively to organizational outcomes. Overall employee engagement shows a strong correlation with organizational performance ($r = 0.682$, $p < 0.01$), confirming that higher engagement levels lead to improved productivity, efficiency, and goal attainment. These findings provide empirical support for Hypothesis H1 and establishing employee engagement as a key relational driver of organizational performance in Bangalore-based software firms.

Table 5: Regression Analysis – Impact of Employee Engagement on Organizational Performance

Model	R	R ²	Adjusted R ²	F-value	Sig.
Employee Engagement → Organizational Performance	0.611	0.373	0.371	235.68	0.000

The regression model analysed in Table 5 and that indicates a strong and statistically significant impact of employee engagement on organizational performance. The R value of 0.611 shows a substantial association between the variables, while the R² value of 0.373 reveals that 37.3% of the variance in organizational performance is explained by employee engagement. The high F-value (235.68) and significance level ($p < 0.001$) confirm the overall model fit. These results demonstrate that employee engagement is a key predictor of organizational performance in Bangalore-based software firms. Hence, Hypothesis H2 is accepted, and Objective 3 is successfully achieved.

Table 6: Coefficient Analysis – Influence of Employee Engagement Dimensions on Organizational Performance

Variables	Unstandardized B	Std. Error	Standardized β	t-value	Sig.
Constant	0.842	0.214	—	3.93	0.000
Job Involvement	0.218	0.041	0.286	5.32	0.000
Organizational Commitment	0.267	0.038	0.341	7.03	0.000
Work Motivation	0.189	0.044	0.229	4.29	0.000

The coefficient analysis in Table 6 reveals that all employee engagement dimensions significantly influence organizational performance. Organizational commitment emerges as the strongest predictor ($\beta = 0.341$), indicating that emotionally committed employees contribute most effectively to performance outcomes. Job involvement ($\beta = 0.286$) and work motivation ($\beta = 0.229$) also exhibit significant positive effects, highlighting the importance of active role participation and motivational drivers. All predictors are statistically significant at the 1% level, confirming their explanatory power. These findings provide strong empirical evidence supporting Hypothesis H2 and demonstrating that engagement dimensions collectively and individually enhance organizational performance.

Hypothesis Testing Summary

Hypothesis	Statement	Result
H1	Employee engagement is significantly related to organizational performance	Accepted
H2	Employee engagement has a significant impact on organizational performance	Accepted

Findings of the Study

The findings of the study indicate that employees working in selected software companies in Bangalore exhibit a high level of employee engagement, particularly in terms of organizational commitment, job involvement, and work motivation. The demographic profile shows a professionally mature workforce, with most respondents belonging to the 31–40 age group and possessing 5–10 years of experience. The reliability analysis confirms strong internal consistency of the measurement scales, validating the robustness of the research instrument. These results suggest that the participating organizations have established work environments that support employee involvement and commitment.

Further analysis reveals a strong and statistically significant positive relationship between employee engagement and organizational performance. The correlation results confirm that higher engagement levels are associated with improved organizational outcomes such as productivity, efficiency, and goal achievement. Regression analysis further establishes employee engagement as a significant predictor of organizational performance, explaining a substantial proportion of variance in performance measures. The coefficient analysis highlights organizational commitment as the most influential engagement dimension, followed by job involvement and work motivation, underscoring the importance of emotional attachment and active role participation.

Overall, the study empirically confirms that employee engagement is a critical strategic driver of organizational performance in Bangalore-based software firms. The acceptance of both hypotheses demonstrates that fostering employee engagement can lead to sustainable performance improvements. The findings reinforce the view that engagement-oriented human resource practices are essential for enhancing organizational effectiveness in the highly competitive and dynamic software industry.

Conclusion

The present study concludes that employee engagement plays a significant and decisive role in enhancing organizational performance in Bangalore-based software companies. The empirical evidence confirms that engaged employees demonstrate higher levels of commitment, involvement, and motivation, which translate into improved productivity and organizational effectiveness. The strong correlation and regression results establish employee engagement as a key predictor of performance outcomes, rather than a peripheral human resource concept. Organizational commitment emerged as the most influential engagement dimension, emphasizing the importance of emotional attachment and alignment with organizational goals. In the highly competitive and rapidly evolving software industry, engagement-oriented HR practices are essential for sustaining performance and retaining talent. The study provides valuable insights for managers and HR professionals to design evidence-based engagement strategies. Overall, the research contributes context-specific empirical evidence and reinforces the strategic relevance of employee engagement for long-term organizational success.

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