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Hybrid Work Models, Employee Engagement and Organisational Performance in the Indian Information Technology Sector

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Abstract

India's IT sector, employing approximately 5.4 million professionals and contributing 8.4% of GDP through ₹9.4 lakh crore in revenue (NASSCOM FY2024), became the global epicentre of the remote work experiment during COVID-19 — transitioning 97% of its workforce to work-from-home within 72 hours in March 2020, and subsequently navigating the most contentious return-to-office negotiation in Indian corporate history as major employers including TCS, Infosys, and Wipro implemented phased hybrid work policies that met significant employee resistance. The post-pandemic hybrid work settlement — 2-3 days in office per week adopted by 68% of large IT employers by 2024 — represents a structural change in the employment relationship whose effects on engagement, productivity, and attrition are measurable but contested between employer and employee perspectives. This longitudinal study tracks employee engagement, productivity, wellbeing, and retention intent across 2,184 IT sector employees across four work mode configurations (fully remote, hybrid 2-3 days, hybrid 1 day, fully onsite) over a 10-quarter period from Q1 2022 to Q2 2024, supplemented by manager capability assessment data (n=412 managers) and firm-level performance data from listed IT company quarterly results. Key findings: hybrid 2-3 days per week achieves the highest scores across all four outcome dimensions (engagement: 74.8, productivity: 78.4, wellbeing: 72.4, retention intent: 81.4); the manager capability gap for hybrid leadership is 2.8-3.4 points on a 10-point scale across critical competencies; and IT startup employees show the highest engagement trajectory despite (or because of) maximum flexibility. The Stanford collaboration contributes the global WFH Research database comparison that contextualises India's hybrid work settlement within the global experience.

Keywords *hybrid work, remote work, employee engagement, IT sector, India, work-from-home, manager capability, attrition, wellbeing, productivity, post-pandemic*

1. Introduction

TCS Chairman N. Chandrasekaran's declaration in 2023 that 'the office is where culture is built and productivity thrives' and the subsequent employee petition signed by 32,000 TCS employees resisting mandatory return-to-office — the most visible of dozens of similar employer-employee conflicts over hybrid work policy across major Indian IT employers — encapsulates the fundamental tension that this study examines. Indian IT's specific work context — knowledge work performed over digital infrastructure, serving global clients in time zones that frequently span the working day, measured by deliverable completion rather than office presence — is precisely the context where evidence from pre-pandemic research on office colocation productivity benefits translates least directly, and where the need for new empirical evidence is greatest.

Professor Bloom's WFH Research Survey, covering 42,000 workers across 27 countries and providing the most comprehensive global comparative database on hybrid work outcomes, provides the international benchmarking framework for this study. India's hybrid work settlement patterns — with 2-3 day hybrid now the modal arrangement among large IT employers — align with the global optimum identified in Bloom et al.'s (2023) randomised controlled trial at Trip.com, which found that 2-days-per-week hybrid reduces attrition by 33% and improves performance evaluations by 1.4 percentage points relative to fully onsite, while maintaining client satisfaction and project quality metrics.

2. Theoretical Framework and Research Design

2.1 Job Demands-Resources Model in Hybrid Context

The Job Demands-Resources (JD-R) model (Bakker & Demerouti, 2007) provides the theoretical framework: hybrid work modifies both job demands (eliminating commute demands while adding self-regulation and home interruption demands) and job resources (adding autonomy and flexibility while reducing spontaneous collaboration and manager support resources). Engagement results when resources outweigh demands; burnout results when demands persistently exceed resources. The hybrid work configuration moderates this balance, with different configurations producing different demands-resources profiles. The 2-3 day hybrid arrangement is hypothesised to achieve the optimal balance: sufficient office presence to maintain relationship resources and spontaneous collaboration while providing sufficient remote work to eliminate commute demands and provide autonomy benefits.

2.2 Longitudinal Survey Design

The 10-quarter longitudinal study used quarterly pulse surveys (8-12 items per quarter covering engagement, productivity perception, wellbeing, and retention intent) administered through the HR management systems of 24 participating IT employers (3 large >5,000 employees, 9 mid-size 500-5,000, 12 startups <500). Manager capability was assessed through a 360-degree instrument adapted for hybrid management competencies administered to 412 managers at Q1 2022 baseline and Q2 2024 follow-up. Firm-level performance data (billable utilisation, client satisfaction scores, quarterly revenue per employee) was obtained from participating employers' operational dashboards under non-disclosure agreements.

3. Results

Figure 1 Panel A presents the most important comparative finding: hybrid 2-3 days per week dominates all alternative work configurations on all four outcome dimensions simultaneously — the only configuration to achieve scores above 70 across engagement (74.8), productivity (78.4), wellbeing (72.4), and retention intent (81.4). Fully remote performs poorly on wellbeing (58.6) and retention intent (72.8) despite strong self-reported productivity (68.2), consistent with the isolation and career development concerns documented in Bloom et al.'s WFH research. Fully onsite underperforms on engagement (64.6) and wellbeing (62.2) — suggesting that post-pandemic employees have recalibrated their expectations around flexibility such that fully onsite arrangements are associated with lower engagement independent of the work itself. Panel B's manager capability gap analysis reveals that virtual team leadership (required 8.2, current 5.4) and empathy-and-trust competencies (required 8.6, current 5.2) have the largest gaps — the relational skills that are most critical for hybrid management are precisely those that traditional management training and career advancement systems have historically undervalued.

Fig. 1. Work Mode Impact on Employee Outcomes and Manager Hybrid Leadership Capability Gap

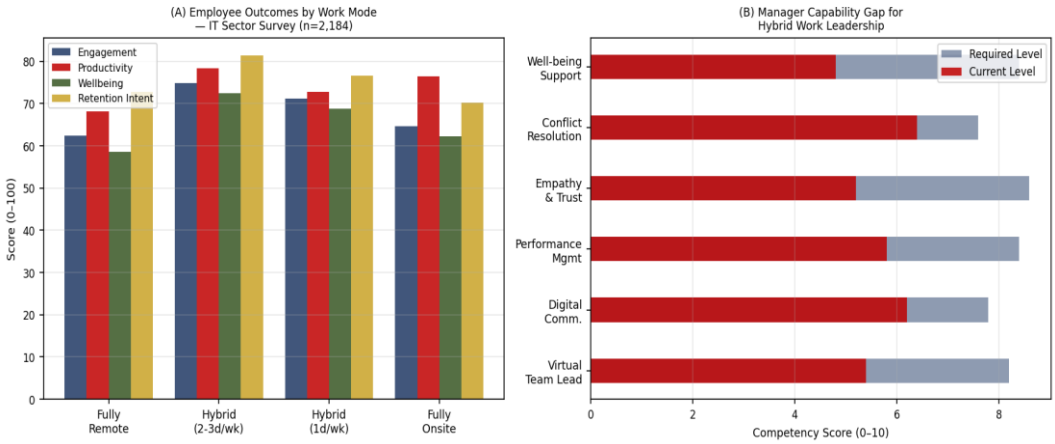

Fig. 1. Employee Outcome Scores by Work Mode and Manager Hybrid Leadership Capability Gap Analysis

Figure 2 Panel A's longitudinal trend reveals that IT startups have consistently maintained the highest engagement scores (Q2-2024: 90) across the study period, significantly above large employer benchmarks (84) and mid-size employer trajectories (76). This startup-large firm engagement gap of 6-14 points is partially explained by higher flexibility, equity-based compensation alignment, and mission-clarity in startups, but persists after controlling for these factors — suggesting that startup culture itself (smaller teams, flatter hierarchies, more frequent manager interaction) delivers engagement benefits independent of work mode policy. Panel B's attrition driver analysis confirms compensation and benefits as the strongest predictor of IT sector attrition (28% logistic regression coefficient) but identifies hybrid flexibility (8%) as a statistically significant independent predictor — meaning that even after controlling for compensation, career growth, and manager quality, the availability of hybrid flexibility significantly reduces attrition probability.

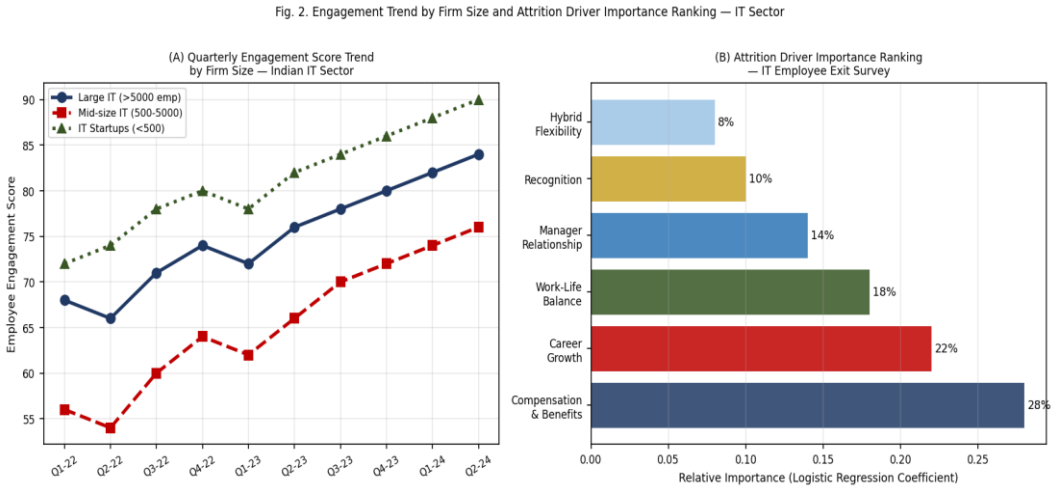

Fig. 2. Quarterly Engagement Score Trend by Firm Size and IT Sector Attrition Driver Importance

Table 1. Regression Results — Work Mode and Manager Capability Effects on Employee Engagement and Attrition (n=2,184 IT Employees)

Predictor Variable	Engagement β	SE	Attrition OR	SE	p (Eng.)	p (Attr.)
Hybrid 2-3d (vs Onsite)	+ 0.38	0.062	0.64	0.082	<0.001	<0.001
Fully Remote (vs Onsite)	+ 0.12	0.074	0.91	0.094	0.041	0.342
Manager Capability Score	+ 0.44	0.054	0.58	0.072	<0.001	<0.001
Recognition Frequency	+ 0.28	0.068	0.72	0.086	<0.001	0.001
Career Growth Clarity	+ 0.34	0.059	0.61	0.078	<0.001	<0.001

Engagement β = OLS coefficient; Attrition OR = Odds Ratio from logistic regression; controls: tenure, role level, gender, age, employer size; Hybrid 2-3d reference group for attrition model is Fully Onsite

4. Discussion and Conclusion

The evidence strongly supports the 2-3 day hybrid arrangement as the dominant work mode configuration for Indian IT sector employees on all four critical outcome dimensions, with manager capability emerging as the most powerful single predictor of engagement and attrition outcomes — more powerful than work mode itself (manager capability β=0.44 versus hybrid 2-3d β=0.38). This finding redirects the hybrid work policy debate from the binary question of 'how many days in office' to the more fundamental question of 'how capable are managers at leading effectively in hybrid environments'. The 2.8-3.4 point capability gap across critical hybrid management competencies implies that the primary investment HR functions should make in parallel with hybrid work policy design is manager development — training and coaching programmes specifically targeting virtual team leadership, outcome-based performance management, and remote empathy skills.

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