

Reimagining the Workplace After the Pandemic: The Influence of Post-COVID HR Practices on Engagement among Mid-Level BFSI Professionals in India

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Abstract: The COVID-19 pandemic has dramatically changed the way organisations plan and execute human resource (HR) practices, pushing the organisation to look at flexible working, employee wellbeing support, digital HR systems and performance management by outcome. This study focusses on the impact of the above post-pandemic HR practices on employee engagement among the middle-level employees in the Banking, Financial Services and Insurance (BFSI) industry in India which is a critical yet under-researched segment of the workforce. This study is quantitative and cross sectional, based on Social Exchange Theory, Job Demands–Resources model, and Psychological Contract Theory. Primary data were collected from 325 mid-level employees from public and private sector banks, insurance companies, NBFCs and FinTech companies with the help of a structured questionnaire based on prevalidated engagement scales. The reliability was established (Cronbach's alpha = 0.91 for the composite HR practices scale). All six HR-practice dimensions were positively and significantly correlated with engagement, with flexible work arrangements ($\beta = 0.29$) and employee well-being ($\beta = 0.24$) being the most powerful predictors of engagement. Collectively the six dimensions explained 61.7% of the variance in engagement ($R^2 = 0.617$, $p < 0.001$). A significant difference was found in the engagement levels between BFSI organisation types using One-way ANOVA, which were higher in FinTech and private banks. The results can be applied to post-pandemic scenario of BFSI and bring practical insights in designing employee-centric HR strategies.

Keywords: Post-COVID HR practices, employee engagement, BFSI sector, mid-level professionals, flexible work, digital HR, employee well-being.

1. INTRODUCTION

The impact of the COVID-19 pandemic has forced organisations globally to challenge and rethink long-held perceptions of the location, timing and methods in which tasks are completed. In a couple of weeks, the offices that had to use to work had to shift to remote and hybrid environments, and human resources (HR) teams were forced to keep employees engaged and productive in the face of unprecedented uncertainty. When the initial crisis passed, many of these emergency arrangements that involved flexible working, virtual interaction, extended health and human resource provisions were transformed into lasting provisions of organisational life. Many of these emergency arrangements involving flexible scheduling, virtual collaboration, extended health and human resource provisions hardened into enduring elements of organisational life as the acute crisis passed.

The Banking, Financial Services and Insurance (BFSI) industry provides a valuable example of how this shift is being embraced in India. The industry is playing a pivotal role in the national economy, comprising public and private banks, insurance and non-banking financial companies (NBFCs) and an ever-growing number of FinTech companies. It's at the same time well-regulated, fiercely competitive, and experiencing massive technology shifts due to digital banking, artificial intelligence and customer expectations. It's challenging but crucial to maintain a positive, productive work force in this type of climate.

There is a need for more mid-level professionals somewhere in the BFSI organisations, like branch managers, relationship managers, credit officers, compliance officers, operations leads and senior analysts. While they can be seen as the link between strategy and implementation, managing teams and maintaining customer relationships, they are somewhat under-researched in engagement research which typically involves frontline workers or senior leaders. Participation is

thus not just a personal achievement, but an indicator of organisational performance, service quality and retention. In this context, the current study explores the impact of post-COVID HR practices on engagement among the mid-level employees in BFSI sector in India, to guide engagement theory and HR practices in the changed world of work.

2. REVIEW OF LITERATURE

Employee engagement has always been known to affect the efficiency of the organisation. Kahn (1990) defined engagement as the commitment of organizational members to their work roles, manifested in both physical, cognitive and emotional ways. On the basis of this work engagement was then operationalised by Schaufeli et al. (2002) in positive, fulfilling state of work (vigour, dedication, absorption) and a widely used measurement basis was established by the Utrecht Work Engagement Scale.

We use 3 theories to understand the link between HR practices and engagement. Social Exchange Theory (Blau, 1964) suggests that when there is an exchange of support in the organisation, there will be reciprocal obligations, which in turn will lead to increased organisational involvement. The Job Demands–Resources model (Bakker & Demerouti, 2017) suggests that HR practices act as buffers between job demands and motivation, as they are considered as job resources. The Psychological Contract Theory by Rousseau (1989) proposes that when organisations meet the unspoken expectations, including new expectations around flexibility and wellbeing, in the context of COVID, employees will return this commitment by committing to their organisations and showing discretionary effort.

Research in the field is looking at one-off HR interventions as a correlation to engagement. Results have been found to be associated with autonomy, decreased work–life conflict and improved attitudes (Gajendran and Harrison, 2007), depending on the quality of implementation. Employee well-being and mental health are becoming a big focus on investing in these as drivers of engagement and retention, and digital HR transformation is changing the employee experience by improving the delivery of HR services (Marler & Fisher, 2013). Each of the three areas—performance management, learning and development, and diversity, equity and inclusion (DEI)—has been linked to higher engagement, albeit in an environment that predated the pandemic and the sector of business finance services (BFSI).

In spite of this extensive body of literature, previous evidence is largely pre-pandemic, focuses on traditional HR practices, and is based on industries like IT, manufacturing, and healthcare. Research is sparse in the Indian BFSI context regarding the post-pandemic transformation of HR practices, the unique experiences of mid-level employees and the HR practices in BFSIs in particular. The foregoing omissions call for the present study.

3. RESEARCH GAP

Through a literature synthesis, there are a number of gaps identified, which are resolved by this study. First, the majority of engagement research has been completed prior to the onset of COVID-19 and focuses on more traditional HR levers like compensation, appraisal, and job design; the engagement impacts of emergent practices (like hybrid work, mental-health support, digital HR platforms and technology-enabled talent management, etc.) are not yet fully explored. Second, the sectoral evidence base is biased in favor of IT, manufacturing, healthcare and education, and there is less focus on BFSI in India, a highly-regulated, technology-intensive sector that has different dynamics in its employment.

Third, mid-level staff are rarely recognised as a separate analytical group, even though they occupy a unique place between leadership and operations. Fourth, few studies incorporate multiple post-COVID HR dimensions and the interaction of these multiple dimensions in the assessment of engagement, especially those which are quantitative in nature. Lastly, the possibility of variation across BFSI sub-sectors – public banks, private banks, insurers, NBFCs and FinTech – had not been analysed and studied systematically. The aim of the present study is to address these gaps with a multi-dimensional and quantitative research approach that is holistic.

4. OBJECTIVES OF THE STUDY

Consistent with the identified gaps, the study pursues three objectives:

1. To assess the level of adoption of post-COVID HR practices and the level of employee engagement among mid-level professionals in selected BFSI organisations.
2. To examine the relationship and influence of post-COVID HR practices on employee engagement among mid-level professionals.
3. To analyse differences in employee engagement across types of BFSI organisations and the moderating role of organisational type.

5. HYPOTHESES OF THE STUDY

The following null hypotheses were formulated for empirical testing:

1. H₀₁: Mid-level professionals' engagement with their employers is not significantly related to the six dimensions of post-COVID HR practices (flexible work, well-being, digital HR, performance management, learning and development, and DEI).
2. H₀₂: There is no significant difference among the employee engagement of mid-level professionals at the company before and after the COVID-19 pandemic with HR practices.
3. H₀₃: No significant difference between the employee engagement levels of the employees working in different types of BFSI organisations.
4. H₀₄: There is no significant interaction between organisational type and the relationship between post-COVID HR practices and employee engagement.

6. RESEARCH METHODOLOGY

6.1 Nature and Design of the Study

The study is designed quantitative, descriptive and analytical with cross sectional survey. The descriptive element describes the procedures followed for adoption of practices after COVID-19 and the extent of engagement and the analytical element analyzes the relationships, influence and group differences by using inferential statistics. The study is empirical and oriented towards application of the primary data collected directly from the mid-level professionals to gain actionable insights for HR practitioners in the post-pandemic BFSI world.

6.2 Population and Sampling

The population consists of mid-level professionals like assistant manager, deputy manager, manager, senior manager, and equivalent who can be found in different sectoral organisations such as public sector banks, private sector banks, insurance companies, NBFCs, and FinTech in India and estimated at around 6600 professionals according to the sectoral employment data and industry reports. Stratified proportional random sampling was applied, each sub-sector of BFSI was treated as a stratum and the respondents were drawn randomly within strata to obtain adequate representation.

The sample size was calculated based on the Cochran's (1977) formula. With $Z = 1.96$, $p = 0.5$, $q = 0.5$ and $e = 0.05$, the initial sample size $n_0 = 384$. A finite population correction ($N = 6,600$) gives an adjusted size of ~ 355 . The total of 380 questionnaires were administered, with a 10% non-response allowance, leaving 325 usable responses. The proportional distribution of the sample by sub-sectors is shown in Table 1.

Table 1. Sampling Frame — BFSI Sub-Sector Representation

BFSI Sub-Sector	Estimated Mid-Level Population	Proposed Sample	% Share
Public sector banks	2,000	90	27.7
Private sector banks	1,800	80	24.6
Insurance companies	1,200	60	18.5
NBFCs & financial services	1,000	50	15.4
FinTech organisations	600	45	13.8
Total	6,600	325	100.0

Source: Compiled by the researcher based on industry reports, annual reports and sectoral employment statistics.

6.3 Data Collection Instrument

The primary data collection was done using the structured questionnaire which was done online and offline to ensure the maximum reach and quality of answers. The instrument was divided into four sections: A – Demographic profile; B – HR-practice dimension statements post-COVID; C – Employee engagement – emotional, cognitive and behavioural; D – Open-ended comments. The items on HR practices and engagement were selected from validated scales such as Utrecht Work Engagement Scale (UWES-9), and adapted Gallup Q12 items, rated on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). The Secondary data were collected from RBI publication, IRDAI publications, literature from peer-reviewed and organizational reports.

6.4 Variables and Statistical Tools

The six post-COVID HR practices flexible work arrangements (FWA), employee well-being (EWB), digital HR transformation (DHT), performance management systems (PMS), learning, development and reskilling (LDR), and diversity, equity and inclusion (DEI) served as independent variables. Three components of employee engagement (EE): emotional, cognitive and behavioural, were the dependent variable. Organisational type was modeled as a moderator and as a control were demographic attributes. Data were analysed by IBM SPSS Statistics for reliability (Cronbach's alpha); descriptive statistics for level of adoption and engagement; Pearson correlation and multiple regression for relationships and influence; and one-way ANOVA for group differences across organisation types.

7. CONCEPTUAL FRAMEWORK

The theory emphasized is the conceptual framework which combines Social Exchange Theory, Job Demands-Resources model and Psychological Contract Theory. It suggests that six dimensions of HR-practice post-COVID can be seen as job resources and indicators of organisational support that invite mid-level professionals to respond to them in a reciprocal manner. Engagement is defined in terms of emotional, cognitive and behavioural aspects. The relationships are moderated by organisational type and controlled by demographic characteristics. The hypothesised relationships are summarised in figure 1.

Figure 1. Conceptual Framework — Post-COVID HR Practices and Employee Engagement

Independent Variables (HR Practices)	Link	Dependent Variable
Flexible work arrangements (FWA)	H ₀₁ / H ₀₂	Employee Engagement: emotional, cognitive and behavioural dimensions
Employee well-being & mental health (EWB)	H ₀₁	↑
Digital HR transformation (DHT)	H ₀₁	↑
Performance management systems (PMS)	H ₀₁	↑
Learning, development & reskilling (LDR)	H ₀₁	↑
Diversity, equity & inclusion (DEI)	H ₀₁	↑
Organisational type (public/private bank, insurer, NBFC, FinTech)	H ₀₄	Moderating variable

Source: Developed by the researcher. Controls: age, gender, qualification, designation, experience and work mode.

8. DATA ANALYSIS AND INTERPRETATION

8.1 Respondent Profile and Reliability

Of the 325 respondents, 58.2% were male and 41.8% female; 46.5% were aged 30–40 years; and 63.7% held postgraduate qualifications. In terms of designation, managers and senior managers together constituted 61.2% of the sample. Reliability analysis confirmed strong internal consistency across all scales, with Cronbach's alpha values exceeding the 0.70 threshold (Table 2).

Table 2. Reliability Statistics (Cronbach's Alpha)

Construct	Items	Cronbach's α
Flexible work arrangements	5	0.88
Employee well-being	5	0.90
Digital HR transformation	5	0.86
Performance management systems	5	0.84
Learning, development & reskilling	5	0.87
Diversity, equity & inclusion	5	0.85
Employee engagement	9	0.92

Source: Primary data (N = 325).

8.2 Levels of HR Practices and Engagement

Mean scores indicated moderate-to-high adoption of post-COVID HR practices and a comparably high level of engagement. Flexible work arrangements recorded the highest mean ($M = 4.02$), reflecting the durability of hybrid models in BFSI, while DEI initiatives recorded the lowest ($M = 3.46$). The overall engagement mean was 3.91, suggesting that mid-level professionals remained substantially engaged in the post-pandemic period.

Table 3. Descriptive Statistics for Study Variables

Variable	Mean	SD
Flexible work arrangements (FWA)	4.02	0.61
Employee well-being (EWB)	3.84	0.68
Digital HR transformation (DHT)	3.79	0.64
Performance management systems (PMS)	3.71	0.70
Learning, development & reskilling (LDR)	3.63	0.72
Diversity, equity & inclusion (DEI)	3.46	0.75
Employee engagement (EE)	3.91	0.59

Source: Primary data (N = 325).

8.3 Relationship between HR Practices and Engagement (H_{01})

Pearson correlation was used to check for the relationship between all six HR-practice dimensions and employee engagement (Table 4), and found that the six dimensions are all positively and significantly related on the 0.01 level. Flexible work arrangements ($r = 0.62$) and employee well-being ($r = 0.58$) were the strongest associations followed by digital HR transformation ($r = 0.54$). The rejection of H_{01} , thus, indicates that the various dimensions of the HR practices have significant relationship with engagement.

Table 4. Correlation between HR Practices and Employee Engagement

HR Practice Dimension	r with EE	p
Flexible work arrangements (FWA)	0.62	**
Employee well-being (EWB)	0.58	**
Digital HR transformation (DHT)	0.54	**
Performance management systems (PMS)	0.49	**
Learning, development & reskilling (LDR)	0.47	**
Diversity, equity & inclusion (DEI)	0.41	**

*Source: Primary data (N = 325). **Correlation significant at the 0.01 level (two-tailed).*

8.4 Influence of HR Practices on Engagement (H_{02})

The six HR-practice dimensions were used as predictors of employee engagement in a multiple linear regression. The model was significant ($F(6, 318) = 85.4$, $p < 0.001$) and explained 61.7% of the variance in engagement ($R^2 = 0.617$, adjusted $R^2 = 0.610$). Flexible work arrangements ($\beta = 0.29$) and employee well-being ($\beta = 0.24$) were the strongest predictors, while digital HR transformation was next ($\beta = 0.18$). All predictors except for DEI were significant at $p < 0.01$, with DEI being the only predictor that remained significant at $p < 0.05$. Thus, H_{02} is rejected.

Table 5. Multiple Regression — HR Practices Predicting Employee Engagement

Predictor	β	t	p	VIF
Flexible work arrangements	0.29	6.18	***	1.74
Employee well-being	0.24	5.02	***	1.81
Digital HR transformation	0.18	3.91	***	1.66
Performance management systems	0.14	3.05	**	1.59
Learning, development & reskilling	0.12	2.61	**	1.52
Diversity, equity & inclusion	0.09	2.04	*	1.47

Source: Primary data (N = 325). Model $R^2 = 0.617$; $F(6, 318) = 85.4$, $p < 0.001$. * $p < 0.05$, ** $p < 0.01$, * $p < 0.001$.**

8.5 Differences across Organisation Types (H_{03} and H_{04})

One-way ANOVA was used to compare engagement of respondents from the five different types of BFSI organisations. Overall results were significant ($F(4, 320) = 9.83$, $p < 0.001$), meaning there were differences between types of organisations in terms of engagement. FinTech firms ($M = 4.12$) and private banks ($M = 4.01$) had the highest mean engagement scores while public sector banks had the lowest ($M = 3.68$). Thus, the hypothesis H_{03} is therefore rejected. Organisational type was found to have a significant moderating effect on the HR-practice–engagement relationship ($\Delta R^2 = 0.031$, $p < 0.01$), as this was stronger in private banks and FinTech firms; thus, H_{04} is also rejected.

Table 6. Mean Engagement by BFSI Organisation Type

Organisation Type	Mean EE	SD	n
FinTech organisations	4.12	0.52	45
Private sector banks	4.01	0.55	80
Insurance companies	3.88	0.57	60
NBFCs & financial services	3.83	0.60	50
Public sector banks	3.68	0.61	90

Source: Primary data (N = 325). ANOVA: $F(4, 320) = 9.83$, $p < 0.001$.

8.6 Summary of Hypothesis Testing

Hypothesis	Statement (Null)	Decision
H_{01}	No relationship between HR-practice dimensions and engagement	Rejected
H_{02}	HR practices do not influence engagement	Rejected
H_{03}	No difference in engagement across organisation types	Rejected
H_{04}	Organisational type does not moderate the relationship	Rejected

Source: Compiled from the analysis above.

9. FINDINGS AND DISCUSSION

Four main findings result. Secondly, the COVID-related HR practices are disseminated across BFSI organisations and positively correlated with engagement, providing further evidence that adopting HR practices that are supportive of the people leads to a contributing commitment as per Social Exchange Theory. Second, flexible work arrangements and employee well-being are the most significant drivers of engagement because they symbolize a continuity in terms of the importance of autonomy and care provided in the post-pandemic psychological contract in the mid-level professional world.

Third, the six HR-practice dimensions account for a large proportion of the variance in engagement, highlighting the fact that engagement is a result of a package of practices, not a single practice. Third, HR–engagement is not consistent

throughout the sub-sectors of BFSI, with FinTech firms and private banks having more positive relationships than PSOs, and organisational types influencing the nature of the relationship between HR and engagement. This is a sub-sectoral variation that highlights the need for context in bridging HR practices and engagement results and fills a gap in the previous research.

10. CONCLUSION

This study tried to understand how the HR Practices after COVID-19 have affected the engagement of mid-level employees in BFSI industry of India. The evidence confirms that each of the five areas of flexible work, well-being support, digital HR, performance management, learning and development, and DEI initiatives has a meaningful relationship to engagement, with flexible work and well-being being the top two. Engagement differs markedly across organisation types and the organisational context was a moderating influence, indicating that the effect of HR practices is dependent on the structures and culture in which they are applied. The study not only brings a combination of three well-known theoretical frameworks to the study of the post-pandemic era, but also examines them in a workforce and sector that was not previously studied. The study adds empirical evidence and conceptual clarity to the literature on post-pandemic engagement by combining three existing frameworks and testing them with the workforce and sector that has so far not been studied.

11. SUGGESTIONS AND IMPLICATIONS

- Based on the findings, the following practical suggestions are made:
- Institutionalise flexible and hybrid work models for BFSI organisations as these proved to be the most effective engagement driver, but more as a choice than a fluke.
- Long-term efforts on employee health and mental-health care are justified, especially for mid-level employees, who bear the brunt of the pressure from both the leadership and operations teams.
- Digital HR transformation must be about the employee experience – make it easier for employees to use HR services than to navigate the technology.
- For public sector banks, which had the lowest level of engagement, it would be beneficial to look at engagement levels for the private or FinTech banks and adapt performance management and development practices to such changes.
- HR strategies should be context and culture specific as organisational context affects outcomes. HR strategies should not be taken as a one-size-fits-all solution across the BFSI landscape as organisational context moderates outcomes.

12. LIMITATIONS AND SCOPE FOR FUTURE RESEARCH

There are some limitations to the study. It is the cross-sectional design that makes it impossible to determine the direction of causality. Self-reported questionnaire data have an element of perceptual and social-desirability bias. These findings are for selected BFSI organisations in India and do not necessarily reflect findings across other industries, regions or workforce segments as frontline and senior staff were not included. The study also focused on a specific range of HR practices and engagement dimensions, as opposed to the many dimensions of organisational and environmental factors that may impact on engagement.

This study could benefit from further studies using longitudinal designs to follow engagement processes as they evolve over time as post-pandemic practices develop, the expansion of the model using structural equation modelling to account for mediating processes, and the use of qualitative research in the lived experience of the mid-level professionals. Comparative analysis and study of the robustness and transferability of these findings across sectors and countries would further be tested.

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