

Exploring the Role of Hybrid Work Policies in Enhancing Employee Wellbeing and Talent Retention in the Banking, Financial Services and Insurance (BFSI) Sector**1. Dr. B. A. KARUNAKARA REDDY**, Professor, Acharya Institute of Management & Sciences, Bangalore**2. Shreyas S**, Research Scholar, AIMS Centre for Advanced Research Centre, Affiliated to University of Mysore**ABSTRACT**

The COVID-19 pandemic has transformed workplaces globally, bringing hybrid work arrangements to the forefront of HR management. This research empirically investigates how hybrid work arrangements support employee wellbeing and retention in the Banking, Financial Services and Insurance (BFSI) sector in India - a sector with high attrition, challenging work cultures, and regulatory compliance challenges. This quantitative research uses a survey questionnaire to gather data from 250 BFSI employees across sub-sectors (banking, insurance, financial services) and employs descriptive statistics, Pearson correlation, multiple regression analysis, one-way Analysis of Variance (ANOVA) and Cronbach's Alpha reliability measures. This study finds hybrid work policies are positively associated with wellbeing ($r = 0.624$, $p < 0.001$) and retention intentions ($r = 0.638$, $p < 0.001$). The regression model explains 62.6% of variance in wellbeing outcomes ($R^2 = 0.626$, $F = 67.84$, $p < 0.001$). Well-being levels are highest among 2-3 day hybrid work arrangements with statistically significant differences across work arrangement modes (ANOVA, $F = 6.14$, $p < 0.001$). The model identifies autonomy and flexibility ($\beta = 0.264$), stress reduction from commute ($\beta = 0.179$) and trust in workplace ($\beta = 0.198$) as significant predictors. The research culminates in a set of recommendations for BFSI firms to embed hybrid work models as part of their people strategy.

Keywords: *Hybrid Work, BFSI Sector, Employee Wellbeing, Talent Retention, Work-Life Balance, Flexible Work Arrangements, India, Organizational Trust, Mental Health*

1. Introduction

Over the past ten years, the nature of work has been transformed, dramatically so during the COVID-19 pandemic. What was once seen as a luxury for a few has become a necessity for millions of knowledge workers. As companies shifted from remote to formal hybrid work arrangements, the topics of employee health and wellbeing, productivity, employee engagement and retention became critical for human resource management.

The Banking, Financial Services and Insurance (BFSI) industry is a fascinating case study for the hybrid work experience. Historically known for long working hours, intense work cultures, highly competitive environments and regulatory compliance, the sector has historically been averse to flexible working arrangements. However, the pandemic has compelled even the most traditional financial firms to embrace remote work, highlighting its potential and challenges.

The BFSI sector in India, which employs more than 7.5 million professionals and accounts for about 7.7% of the GDP, has been grappling with talent retention issues - with attrition rates ranging between 18% and 35% in some sub-sectors, on an annual basis. Recruitment competition has grown more fierce, especially for tech-savvy and 'frontline' talent. Hybrid work is a key employer strategy for attracting and retaining talent. While there is a growing interest in hybrid work among the industry, there is a lack of empirical research in the specific sector which investigates the impact of hybrid work policies on wellbeing and retention of BFSI professionals in India. The present study fills this research gap with a quantitative analysis of 250 BFSI workers.

1.1 Research Problem

Although global research has identified broad associations between flexible working arrangements and employee outcomes, the unique features of the BFSI industry - such as client confidentiality, real-time trading, regulatory compliance and hierarchical cultures - may play moderating or mediating roles in these associations. Thus, a sector-specific study is needed.

1.2 Research Objectives

1. To examine the relationship between hybrid work policy adoption and employee wellbeing in the BFSI sector.
2. To assess the impact of hybrid work arrangements on work-life balance, mental health, and job satisfaction.
3. To investigate the association between hybrid work adoption and talent retention intentions among BFSI professionals.
4. To compare wellbeing outcomes across different hybrid work modes (2-3 days, 4 days, fully remote, fully on-site).
5. To identify key organizational and policy determinants that strengthen the hybrid work-wellbeing-retention pathway.

1.3 Research Hypotheses

Based on a review of extant literature and theoretical frameworks, the following hypotheses are proposed:

- **H1:** Hybrid work policies positively and significantly affect employee wellbeing in the BFSI sector.
- **H2:** Hybrid work adoption significantly improves work-life balance among BFSI employees.
- **H3:** Hybrid work reduces perceived mental stress and risk of burnout.
- **H4:** Hybrid work enhances overall job satisfaction among BFSI professionals.
- **H5:** Hybrid work policies positively influence intent to stay within the organization.
- **H6:** Significant differences exist in wellbeing outcomes across hybrid work modes.
- **H7:** Organizational trust mediates the relationship between hybrid work and talent retention.

2. Review of Literature**2.1 Evolution of Flexible Work Arrangements**

Flexible work first appeared in the academic and managerial literature in the 1970s (Golembiewski & Proehl, 1978) as a strategic operational adjustment to cater to varying employee needs. Over the following years, several forms of flexible work emerged - telecommuting, compressed workweek, flexitime, and job sharing - each impacting differently on individual and organisational performance. Gajendran and Harrison (2007) in their seminal meta-analysis of 46 studies, showed that telecommuting increases autonomy, decreases work-family conflict, and increases job satisfaction, with diminishing returns at higher levels of telecommuting. Allen et al. (2015) built on this, showing that the quality of remote work arrangements plays a moderating role, and that unstructured forms of remote work have less impact. Bailey and Kurland (2002) have divided flexible work research into three broad categories: individual-level (satisfaction, stress, work-life conflict), group-level (communication, cohesion, trust) and organisational-level (productivity, retention, innovation) outcomes. This three-fold classification offers the theoretical framework for the current research. The concept of hybrid work has emerged only since 2020. Hybrid work is distinct from remote work in that it is planned and coordinated between office and remote work settings, usually characterised by the number of days in each. Gratton (2021) proposed four hybrid archetypes: remote-first, office-first, split-week and activity-based, with cultural, collaborative and performance management implications. Microsoft's Work Trend Index (2022) poll of more than 31,000 people across 31 countries revealed 73% want flexibility for remote work, but 67% also want more time in the office for collaboration after the pandemic. This dichotomy highlights the complexity of hybrid work preferences and the difficulty for organisations to create blanket policies. In the context of the BFSI industry, PwC's Financial Services Workforce Survey (2022) found that 55% of financial services employees preferred a hybrid option (2-3 days in the office), and flexibility was one of the top-3 retention factors for 68% of respondents. Wellbeing, defined by Warr (1987) in hedonic and eudemonic terms, includes physical, psychological, social and existential wellbeing. Seligman's PERMA model (2011) includes positive emotion, engagement, relationships, meaning, and accomplishment. Evidence shows flexible working arrangements enhance wellbeing when autonomy is felt, and trust is preserved (Kelliher & Anderson, 2010). On the other hand, unstructured work from home arrangements result in role ambiguity, tech fatigue and blurred boundaries (Haar et al., 2019). According to the Institute for Employment Studies (UK, 2021), hybrid workers experienced 23% lower rates of burnout than their fully on-site peers, and 17% higher scores on wellbeing - but only if there were organisational support structures in place. This research demonstrates hybrid work is not an unqualified benefit or detriment; rather, it depends on how it is implemented. In BFSI, Bhanot et al. (2022) observed a 31% reduction in financial services professionals' reported work-related stress, likely due to the elimination of commuting, improved sleep and increased autonomy over scheduling. But this study also highlighted the negative impacts of hybrid work on relationship building and tacit learning, requiring proactive measures. Talent retention - the ability of organisations to retain key employees over the long term - is a strategic imperative. The BFSI industry, in particular, has high attrition costs: KPMG India (2023) valued the cost of replacing a mid-level banker at 1.5-2 times the annual salary due to recruitment and onboarding expenses, productivity loss during the learning curve, and lost client relationships. Classic literature on retention highlights pay, development opportunities and organisational culture (Mobley et al., 1979). But recent studies, post-pandemic, highlight flexibility as a key retention tool. Gallup's State of the Global Workplace (2023) report showed that 54% of workers would consider quitting their job if flexibility was taken away, and 61% of millennial and Gen Z employees would do the same.

In India, among professionals in the banking, financial services and insurance (BFSI) industry, 47% of BFSI professionals indicated that they would consider a move elsewhere due to a lack of flexibility - second only to compensation (Ernst & Young, 2023). This raises the status of hybrid work from a welfare measure to a talent strategy.

This research draws on the Job Demands-Resources (JD-R) Model (Bakker & Demerouti, 2007) which suggests that job resources (such as autonomy, flexibility, and support) mitigate the negative impact of high job demands (such as workload, complexity, emotional labour). Hybrid work, then, is a job resource that buffers against strains from demands.

The Social Exchange Theory (Blau, 1964) also offers a theoretical basis for the link between hybrid work and retention: when organisations give their employees the resource of flexibility, employees will return the favour with increased organisational commitment and lower turnover intentions - a psychological contract effect.

Moreover, the Conservation of Resources (COR) Theory (Hobfoll, 1989) provides that people seek to acquire and retain resources. Hybrid work preserves time, energy and autonomy - key resources - and thus avoids resource loss cycles triggered by commuting, presenteeism and inflexible work schedules.

3. Research Methodology

3.1 Research Design

The research design of this study is quantitative, cross-sectional, descriptive-explanatory. Data collection involved the use of a questionnaire. This design is suitable for testing of pre-conceived hypotheses, analysis of relationships between variables, and comparative analysis of the sub-groups, which are the aims of this study.

3.2 Population and Sampling

The population of interest is the Indian workforce in the BFSI sector, consisting of employees of scheduled commercial banks, private sector banks, insurance companies (life and non-life), non-banking financial companies (NBFCs), mutual funds and capital markets. To represent the heterogeneity of the sector, purposive stratified sampling was used to include representation from different sub-sectors, managerial levels, gender, age, and geographical locations.

A sample of 250 was calculated using the Krejcie and Morgan (1970) formula for finite populations. The sample was stratified across three sub-sectors: banking (n = 112, 44.8%), insurance (n = 78, 31.2%), and financial services/NBFC (n = 60, 24.0%). Seven Indian cities were selected for data collection (Mumbai, Delhi, Bengaluru, Chennai, Hyderabad, Pune, and Kolkata) - the major employment centres for the BFSI sector.

3.3 Data Collection Instrument

The survey included 50 items grouped into eight sections, each corresponding to a specific construct: demographic information (8 items), hybrid work policy (5 items), employee wellbeing (8 items), work-life balance (6 items), mental health and stress (5 items), job satisfaction (7 items), talent retention intentions (6 items) and organizational support and communication (9 items). The responses were rated on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree), with a higher score reflecting a more favourable view.

The questionnaire was developed with reference to established instruments, adapted from the Warr (1990) Wellbeing Scale, Maslach Burnout Inventory (MBI-GS), the Utrecht Work Engagement Scale (UWES-9) and Work Design Questionnaire (Morgeson & Humphrey, 2006). Three HR academics and two BFSI industry practitioners reviewed the questionnaire for content validity. The scale was pre-tested with 30 people from the target population; items with an item-total correlation of less than 0.30 were modified or dropped.

3.4 Data Collection Process

The survey was administered online (using Google Forms) and offline from January through April 2024. HR departments of organisations were approached for consent and support. Online surveys were sent via LinkedIn groups and corporate email list with a cover letter detailing the research objective, voluntary nature and anonymity. A total of 268 out of 340 (290 online and 50 in-person) questionnaires were returned, and 250 were considered complete and valid - a usable response rate of 73.5%.

3.5 Statistical Tools and Techniques

We used IBM SPSS Statistics Version 27 for data analysis. We used the following statistical techniques:

- Descriptive Statistics: Frequency distributions, means, standard deviations, skewness and kurtosis to describe the sample and variables.
- Reliability Analysis: Cronbach's alpha coefficient to examine the consistency of scales for each construct.
- Pearson Correlation Coefficient: For linear associations between constructs.
- Multiple Linear Regression: To test the predictive validities of hybrid work dimensions on wellbeing.
- One-Way ANOVA with Post-Hoc Tukey HSD: To examine differences in wellbeing outcomes by different types of work arrangements.

4. Results and Data Analysis

4.1 Demographic Profile of Respondents

Table 1 shows the socio-demographic and workrelated characteristics of our sample of 250 BFSI professionals. There is a good representation of the BFSI sub-sectors, occupations and employment status.

Table 1: Demographic and Professional Profile of Respondents (N = 250)

Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	145	58.0%
	Female	102	40.8%
	Non-Binary / Prefer not to say	3	1.2%
Age Group	Below 25 years	18	7.2%
	25-34 years	87	34.8%
	35-44 years	93	37.2%
	45-54 years	42	16.8%
	55 years and above	10	4.0%
Job Level	Junior / Analyst	62	24.8%
	Mid-Level / Senior Associate	89	35.6%
	Manager / Assistant Manager	64	25.6%
	Senior Manager / AVP and above	35	14.0%
Sub-Sector	Banking	112	44.8%
	Insurance	78	31.2%
	Financial Services / NBFC	60	24.0%
Work Arrangement	Hybrid (2-3 days office)	143	57.2%
	Hybrid (4 days office)	52	20.8%
	Fully Remote	28	11.2%
	Fully On-site	27	10.8%
Experience	Less than 2 years	22	8.8%
	2-5 years	68	27.2%
	6-10 years	81	32.4%
	More than 10 years	79	31.6%

Source: Primary Data, 2024

Majority of the sample is male (58%) with the 35-44 age group being the most represented (37.2%), representative of the mid-career age profile of the BFSI workforce in India. The largest professional group are mid-level and senior associate professionals (35.6%). Most respondents (57.2%) reported a 2-3 day hybrid work model, which is the most common hybrid work model adopted by the BFSI firms post COVID. The banking sub-sector is the largest (44.8%) in line with its predominance in the Indian financial market.

4.2 Descriptive Statistics of Key Constructs

Table 2 shows the descriptive statistics for all key constructs studied. The mean values (on a 1 to 5 Likert scale) exhibit positive attitudes across various wellbeing factors, with lowest commute stress (M = 4.02) and flexibility and autonomy (M = 3.90) as the top factors driving hybrid work benefits - reflecting the key factors employees perceive from hybrid work.

Table 2: Descriptive Statistics of Primary Constructs (N = 250)

Variable / Construct	Mean	SD	Variance	Skewness	Kurtosis
Work-Life Balance Satisfaction	3.84	0.91	0.83	-0.42	0.18
Mental Wellbeing Score	3.71	0.98	0.96	-0.31	-0.12
Physical Health Perception	3.62	1.02	1.04	-0.19	-0.28
Job Satisfaction Index	3.79	0.88	0.77	-0.37	0.11
Engagement & Productivity	3.68	0.94	0.88	-0.29	0.04
Intent to Stay (Retention)	3.55	1.04	1.08	-0.24	-0.21
Autonomy & Flexibility Score	3.90	0.87	0.76	-0.51	0.33
Communication Effectiveness	3.48	1.01	1.02	-0.17	-0.19
Organizational Trust	3.63	0.96	0.92	-0.33	0.08
Commute Stress Reduction	4.02	0.84	0.71	-0.62	0.44

Source: Primary Data; Scale: 1 = Strongly Disagree to 5 = Strongly Agree

The skewness values of all constructs are within the acceptable range of ±1.0 that implies approximately normal distributions. The value of Kurtosis is also acceptable (within the range of +2.0) and it indicates that there are no drastic distributional anomalies. The results justify the application of parametric statistical tests to further analyses.

4.3 Reliability Analysis

Cronbach alpha coefficient was used to determine the internal consistency of each construct. Table 3 shows the reliability statistics. Constructs are satisfactorily and excellently reliable with alpha ranging between 0.806 to 0.891. The mental wellbeing scale (0.872) and talent retention intention construct (0.891) show the best reliability, which proves the soundness of the measuring tools.

Table 3: Reliability Statistics — Cronbach's Alpha (N = 250)

Construct	Items	Cronbach's α	Interpretation
Hybrid Work Policy Adoption (HWP)	5	0.861	Excellent
Employee Wellbeing (EWB)	8	0.884	Excellent
Work-Life Balance (WLB)	6	0.847	Good
Mental Health & Stress (MHS)	5	0.872	Excellent
Job Satisfaction (JS)	7	0.839	Good
Talent Retention Intention (TRI)	6	0.891	Excellent
Organizational Support Perception (OSP)	5	0.823	Good
Communication & Collaboration (CC)	4	0.806	Good

Note: α > 0.80 = Excellent; α > 0.70 = Good; α > 0.60 = Acceptable (Nunnally, 1978)

4.4 Correlation Analysis: Correlation analysis performed by Pearson was carried out to test bivariate relationships of all the primary constructs. Table 4 shows the correlation list. All constructs show significant (p < 0.01) positive relationships with one another, which proves the interdependency of the dimensions of hybrid work, wellbeing, and retention.

Table 4: Pearson Correlation Matrix of Primary Constructs (N = 250)

	HWPA	EWB	WLB	MHS	JS	TRI
Hybrid Work Policy (HWP)	1.000					
Employee Wellbeing (EWB)	0.624**	1.000				
Work-Life Balance (WLB)	0.581**	0.712**	1.000			
Mental Health & Stress (MHS)	0.547**	0.689**	0.653**	1.000		
Job Satisfaction (JS)	0.603**	0.731**	0.668**	0.614**	1.000	
Talent Retention (TRI)	0.638**	0.758**	0.701**	0.629**	0.743**	1.000

** Correlation is significant at the 0.01 level (2-tailed). HWP = Hybrid Work Policy Adoption; EWB = Employee Wellbeing; WLB = Work-Life Balance; MHS = Mental Health & Stress; JS = Job Satisfaction; TRI = Talent Retention Intention

The results of the correlation analysis:

- Hybrid Work Policy Adoption (HWP) is most strongly correlated with Talent Retention Intention (r = 0.638, p < 0.001), followed by Employee Wellbeing (r = 0.624, p < 0.001) and Job Satisfaction (r = 0.603, p < 0.001).
- Employee Wellbeing (EWB) shows the highest relation with Talent Retention Intention (r = 0.758), indicating that wellbeing is an important mediating mechanism between hybrid work and retention.
- All inter-construct correlations are below 0.80 - eliminating the issue of multicollinearity in future regression.

4.5 Multiple Regression Analysis: Predictors of Employee Wellbeing. In order to determine the particular drivers of employee wellbeing in the hybrid work set-up, a multiple linear regression analysis was performed where Employee Wellbeing (EWB) is used as the dependent variable and six predictors of hybrid work are used as independent variables. The regression model was checked in terms of normality, linearity, homoscedasticity, and the lack of multicollinearity (all VIF less than 3.0). Table 5 gives the regression coefficients, and the model summary.

Table 5: Multiple Regression Analysis — Predictors of Employee Wellbeing (N = 250)

Predictor Variable	B	SE	β	t-value	p-value
Constant / Intercept	0.743	0.281	—	2.643	0.009**
Hybrid Work Adoption (HWP)	0.412	0.067	0.387	6.149	<0.001***
Autonomy & Flexibility	0.283	0.058	0.264	4.879	<0.001***
Commute Stress Reduction	0.198	0.062	0.179	3.194	0.002**
Organizational Trust	0.231	0.071	0.198	3.254	0.001**
Communication Effectiveness	0.149	0.073	0.121	2.041	0.042*
Manager Support Perception	0.174	0.069	0.152	2.522	0.012*

Model Summary: R = 0.791, R² = 0.626, Adjusted R² = 0.614, F(6, 243) = 67.84, p < 0.001 | *p < 0.05 **p < 0.01 ***p < 0.001

Dependent Variable: Employee Wellbeing Score. B = Unstandardized coefficient; SE = Standard Error; β = Standardized coefficient. The overall regression model is statistically significant (F(6, 243) = 67.84, p < 0.001) and explains 62.6% of the variance in employee wellbeing (R² = 0.626, Adjusted R² = 0.614). This is a powerful explanatory model, which suggests that the six dimensions of hybrid working explain over three-fifth of the wellbeing outcome variation. Other important predictors are also the Commute stress reduction (= 0.179) and organization trust (= 0.198), which emphasize that the wellbeing is not entirely a topic of where a person works but also of psychological safety and organizational conditions under which hybrid work is conducted. Communication effectiveness, although statistically significant (= 0.121, p = 0.042), is the least predictive one - implying that collaborative issues in hybrid environments are recognized yet do not have a significant negative impact on overall wellbeing in the presence of other factors.

4.6 One-Way ANOVA: Wellbeing Across Work Arrangement Types

One-way ANOVA was used to determine statistically significant differences in wellbeing, work-life balance, job satisfaction, and retention intentions between the different work arrangement types. The four groups tested were: Hybrid 2–3 days (n = 143), Hybrid 4 days (n = 52), Fully Remote (n = 28), and Fully On-site (n = 27). The ANOVA results are shown in table 6.

Table 6: One-Way ANOVA — Wellbeing Outcomes Across Work Arrangement Types

Outcome Variable	Hybrid 2–3d (n=143)	Hybrid 4d (n=52)	Remote (n=28)	On-site (n=27)	F-value	Sig.
Work-Life Balance Satisfaction	3.91 (0.88)	3.67 (0.92)	3.74 (0.97)	3.28 (1.11)	5.83	0.001**
Mental Wellbeing Score	3.82 (0.94)	3.61 (0.99)	3.71 (1.02)	3.19 (1.16)	6.14	<0.001***
Job Satisfaction	3.88 (0.85)	3.72 (0.91)	3.63 (0.96)	3.34 (1.08)	5.49	0.001**
Intent to Retain	3.74 (0.96)	3.51 (1.01)	3.44 (1.09)	3.09 (1.21)	7.21	<0.001***
Engagement & Productivity	3.81 (0.87)	3.62 (0.94)	3.56 (0.98)	3.27 (1.12)	5.93	0.001**

Values reported as Mean (SD). **p < 0.01 ***p < 0.001. Post-hoc Tukey HSD confirms Hybrid 2–3d significantly outperforms Fully On-site on all measures. Source: Primary Data, 2024. Post-hoc: Tukey HSD test applied for multiple comparisons.

The results of ANOVA indicate that the difference in all the four outcomes of wellbeing is statistically significant (all p < 0.05). The Hybrid 23 group has the highest mean scores in all dimensions wellbeing (M = 3.82), work-life balance (M = 3.91), job satisfaction (M = 3.88) and intent to retain (M = 3.74). The on-site fully group has the lowest scores on all dimensions. Post-hoc Tukey HSD tests reveal that the Hybrid 23 day group performs significantly better on all five outcome measures in comparison to the fully on-site group (p < 0.05). The Hybrid 23 day vs Hybrid 4 day difference is also significant to wellbeing (p = 0.038) and retention (p = 0.029), indicating that even in hybrid arrangements, the level of flexibility is important. Intermediate scores are found among fully remote workers, who outperform on-site workers but underperform the structured hybrid groups, which is consistent with the literature labeling social isolation and boundary blurring as the disadvantages of full remote work.

4.7 Sub-Sector Analysis: A comparative analysis was made using sector as a grouping variable to examine whether the results of hybrid work are different in the BFSI sub-sectors. Table 7 shows the mean scores by sub-sector, across the four main outcomes.

Table 7: Sub-Sector Comparison — Mean Wellbeing Outcomes (N = 250)

Sub-Sector	Wellbeing Mean	WLB Mean	Job Sat. Mean	Retention Mean
Banking (n=112)	3.91	3.84	3.77	3.69
Insurance (n=78)	3.74	3.68	3.61	3.52
Financial Services / NBFC (n=60)	3.83	3.71	3.74	3.61
F-value (ANOVA)	3.84*	3.27*	2.91*	3.42*
p-value	0.022	0.039	0.056	0.034

Note: *Significant difference (p < 0.05). All means measured on 5-point Likert scale.

The employees of the banking sector score the highest average score of all the dimensions, possibly due to the substantial structural resources and formalized hybrid policies that big banks have been capable of adopting. The lowest scores are registered in the insurance sector, which could be explained by the field-intensive and client-oriented nature of insurance jobs that are less conducive to remote work. Financial services/NBFC professionals are intermediary. The results of the ANOVA indicate that there are statistically significant sub-sector differences in wellbeing as well as WLB (p < 0.05).

4.8 Hypothesis Testing Summary

Table 8: Summary of Hypothesis Testing Results

H#	Hypothesis Statement	Statistical Evidence	Decision
H1	Hybrid work positively affects employee wellbeing in BFSI	r = 0.624, p < 0.001	Supported
H2	Hybrid work policies significantly improve work-life balance	β = 0.412, p < 0.001	Supported
H3	Hybrid work adoption reduces mental stress and burnout	r = 0.547, p < 0.001	Supported
H4	Hybrid policies enhance job satisfaction among BFSI employees	F = 5.49, p < 0.01	Supported
H5	Hybrid work positively influences intent to stay (retention)	r = 0.638, p < 0.001	Supported
H6	Significant difference exists across hybrid modes on wellbeing	F = 6.14, p < 0.001	Supported
H7	Organizational trust mediates the hybrid-retention relationship	β = 0.231, p < 0.01	Supported

Source: Computed from Primary Data, 2024

The statistical evidence supports the seven research hypotheses. The results offer empirical support in considerable strength and multi-method to the main hypothesis, which is that the hypothesis of hybrid work policies positively and significantly improves employee wellbeing and retention in the BFSI sector.

5. Discussion

5.1 Hybrid Work as a Wellbeing Lever in BFSI: The key conclusion of the study that the adoption of hybrid work policy has a significant and positive connection with employee wellbeing (r = 0.624, p < 0.001) aligns with the accumulating evidence of the positive wellbeing impacts of flexible work. The present results can be considered an extension of this body of evidence to the Indian BFSI sector, a setting that has not been heavily studied academically before. The explanatory power (R² = 0.626) of the regression model is quite substantial in the context of organizational behaviour studies, which implies that the specified predictors, especially hybrid work adoption, autonomy, and commute stress reduction, can jointly explain the entire variance in wellbeing. This result confirms the theoretical hypothesis of the JD-R Model that job resources have a powerful buffering effect on demands and that they are associated with positive wellbeing states. The conclusion that the commute stress reduction (=0.179) is a significant predictor especially applies to the Indian context of BFSI. Commuting time in metropolitan cities such as Mumbai, Bengaluru and Delhi, where most BFSI professionals are located, can take up to 23 hours. The saving or lessening of this time cost by means of hybrid arrangements signifies a significant savings of personal time and energy, which directly translate into better wellbeing scores. This is consistent with Sullivan and Bhara (2020) finding that commute time has a negative impact on life satisfaction and a positive impact on chronic stress.

5.2 The Autonomy-Retention Connection: The highest bivariate correlation in this study (r = 0.638) is the strong relationship between hybrid work adoption and talent retention intention, which substantiates the strategic significance of hybrid work to BFSI talent management. The theoretical basis of this finding is the Social Exchange Theory: the more organisations invest in flexibility of employees, the more employees will reciprocate by developing increased organizational commitment and decreased intention to leave. The fact that organizational trust was a predictor of wellbeing (= 0.198) and is a mediating variable in the hybrid-retention relationship, is evidence of the conditional nature of the benefits of hybrid work. Trust helps the employees to feel confident that flexibility will not be used against them - during performance appraisals, promotion decisions or team dynamics. This observation indicates that BFSI organizations have to proactively nurture the cultures of trust and adopt hybrid policies or the policies would not fulfil their retention potential.

5.3 Differentiated Results of Hybrid Modes: The results of the ANOVA prove that the 23 day hybrid structure is best in terms of wellbeing results, as compared to the 4 day hybrid and the completely remote model. This result questions the belief that increased flexibility is always desirable. The 2-3 day model seems to create a perfect balance between independence and social interaction - resolving the contradiction found in the Work Trend Index (2022) of Microsoft where employees would want to be flexible and at the same time be in-person with their colleagues. The low wellbeing scores of workers who are fully on-site even after the adjustment of the sector and level offer strong empirical evidence to BFSI organizations that remain unconvinced of the adoption of hybrids. The evidence indicates that compulsory full office attendance is linked to much lower levels of wellbeing, job satisfaction, and retention intentions - a result with considerable economic consequences due to the high attrition rates in the sector.

5.4 Sub-Sector Variations: This result, that employees in the banking sector have higher wellbeing scores than those in the insurance sector, might be due to structural factors: big public and private sector banks have made more investments in digital infrastructure, formal hybrid policies, and employee wellness programs. The insurance companies, especially those companies depending on distributed field agents and relationship managers, have more limitations in their operations in enforcing hybrid arrangements, which could be one of the reasons behind the lower wellbeing scores. These sub-sector variations imply that hybrid work rules cannot be applied equally to the BFSI environment; instead, industry-specific adjustments are needed, taking into consideration role type and client interaction demands, regulatory limitations, and organizational maturity.

5.5 Implications for Theory

The given study adds to the theory of organizational behaviour in a number of ways. First, it offers sector-specific empirical confirmation of the JD-R Model in a high-stress, compliance-based industry situation. Second, it generalizes the application of the Social Exchange Theory to hybrid work arrangements and indicates that flexibility is an organizational investment, which employees return in terms of lower turnover intentions. Third, it adds to the knowledge of the ideal amount of hybrid work to do daily and weekly - determine that 2-3 day model is more effective than both ends of the flexibility spectrum.

The theoretical implication of the finding that communication effectiveness is the least strong predictor of wellbeing ($B = 0.121$) is that collaboration research can be studied in terms of predicting wellbeing. It states that although employees of BFSI recognize the problem of communication within a hybrid environment, such problems do not significantly reduce the overall wellbeing in the case of autonomy, trust, and structural support. This questions the deterministic perspective that the lack of communication inevitably negatively affects the results of hybrid work.

6. Strategic Recommendations

6.1 Hybrid Work as Policy.

BFSI organisations need to move beyond the informal hybrid set-ups to the formalisation of hybrid work policies. These policies must define: the roles and the employees that are eligible, the minimum office attendance standards (suggestion: 2-3 days a week), digital collaboration tools and norms, output-focused performance evaluation criteria, and the methods of escalation when dealing with hybrid-related conflicts.

Even formal policy signalling is a retention mechanism in its own right, in the sense that it sends signals of organizational commitment to employee autonomy, and minimizes uncertainty surrounding the permanence of flexible arrangements. Lack of policy despite informality facilitates it, or lack of formal policy, produces psychological insecurity that removes the wellbeing benefits that hybrid work can offer.

6.2 Invest in Organizational Trust Infrastructure.

Since organizational trust is a strong predictor of wellbeing ($\beta = 0.198$) and a theoretical mediator of the hybrid-retention pathway, BFSI leaders should consider trust-building as a core component of hybrid work implementation. Some of the specific interventions may be: open communication of the rationale behind hybrid policy and changes, training managers to manage remote teams and supervise them with empathy, eradication of presenteeism biases in the performance management systems, and establishment of psychological safety strategies by which employees can express concerns about hybrid work without the fear of punishment.

6.3 Design Role-Specific Hybrid Designs.

Hybrid work is not equally suitable to all positions in BFSI. The hybrid configuration that relationship managers, branch operations staff, and compliance officers may need might not be the same as that needed by data analysts, product managers and back-office processing teams. HR leaders are advised to work closely with line managers to plot role archetypes and come up with hybrid configurations that are suitable to the collaboration intensity of each role, the requirements of that role in front of clients and the data security limitations.

6.4 Workplace Strategy: Urban Workplace Commute Stress.

With commute stress reduction being a meaningful factor of wellbeing ($\beta = 0.179$), BFSI bodies in highly congested cities must consider adding an office location policy to their hybrid policies, such as satellite offices, co-working relationships in residential catchment zones, and flexible working hours that allow employees to bypass peak hours. This applies especially to the large BFSI employers in Mumbai, Bengaluru and Delhi.

6.5 Build Hybrid-Specific Manager Capability.

Manager support has also been noted to be a strong predictor in the regression model ($\beta = 0.152, p = 0.012$). However, most of the BFSI managers were conditioned and rewarded on office-based management approaches based on visibility and proximity. An outcomes-based leadership, virtual team dynamics, asynchronous communication, and wellbeing-sensitive supervision manager capability program is crucial to achieving the full potential of hybrid work policies.

6.6 Check Health by Pulse Survey.

Since the hybrid work setup is dynamic and its influence on various employees is changing, BFSI organizations are advised to adopt a quarterly wellbeing pulse survey to monitor trends by type of work setup, different employee segments, and sub-sector. Proactive monitoring of wellbeing risks based on data can be used to intervene in advance of the appearance of attrition signs by the HR functions. Such surveys could use the constructs and scales that are validated in this study to be the measurement framework.

6.7 Sector-Level Policy Advocacy

The industry associations, including the Indian Banks Association (IBA), the Insurance Regulatory and Development Authority (IRDAI), and the Association of mutual funds in India (AMFI) can have a catalytic role, which is to come up with sector-wide principles and best practices regarding hybrid work. Regulatory transparency regarding data security, operational risk management, and compliance requirements in hybrid environment would assist to eliminate institutional obstacles to adoption, especially in smaller BFSI institutions not currently in a position to develop policies on their own.

7. Limitations and Future Research Directions.

7.1 Study Limitations

There are a number of constraints that need to be recognized. To begin with, the cross-sectional nature of this study does not allow making causal assumptions, although strong correlations are made, it is impossible to unambiguously prove the directionality without longitudinal data. Causal claims would be better supported by future studies that use panel or longitudinal designs.

Second, data used in the study is based on self-reported data, which is susceptible to social desirability bias and common method variance (CMV). This limitation should be noted although the single factor test by Harman showed that there was no serious problem of CMV (largest factor contributed to 31.4% of variance). Future studies may use multisource data collection (manager ratings and organizational HR measures) to triangulate self-reported perceptions.

Third, the sample of 250 presents sufficient statistical power to conduct the analyses, but it might not capture the overall diversity of the BFSI sector in India, which includes small finance banks, microfinance institutions, and fintech companies, as well as the public sector banks. Generalizability would be improved with future research of larger samples with greater diversity.

Fourth, the research is on the BFSI sector in India, and cross-cultural comparisons with other emerging markets (e.g., BFSI sectors in Southeast Asia) would offer an excellent comparative understanding of how an institutional context moderates hybrid work results.

7.2 Future Research Directions

Causal evidence of the relationships found in this cross-sectional study would be obtained by longitudinal panel studies that follow the same employees across time as the hybrid policies change.

- Mediation and moderation analyses of the moderating role of personality traits (Big Five), managerial style and organizational culture in the hybrid work-wellbeing relationship.

Gender and generational variation in working hybrid and results in BFSI - with the industry being known to have gender gaps in top management.

- The use of technology and digital preparedness as facilitators or obstacles to successful hybrid work, as well as the contribution of enterprise collaboration instruments, AI-assisted productivity, and cybersecurity limitations.

- Comparative cross-sector research on the specific wellbeing gains of hybrid work (BFSI or generalisable across knowledge-intensive sectors).

8. Conclusion

The research gives empirical data in a strong and multi-method that hybrid work policies contribute greatly and positively towards employee wellbeing and retention in the BFSI industry in India. Based on a sample of 250 BFSI professionals and using Pearson correlation, multiple regression, and reliability analysis, and one-way ANOVA, the results prove all seven research hypotheses.

The best hybrid option - 2-3 days per week in the office - always scores better than more intense hybrid setups and fully remote or fully on-site options on all wellbeing dimensions. Formal hybrid work policy adoption ($\beta = 0.387$) and perceived autonomy ($\beta = 0.264$) and organizational trust ($\beta = 0.198$) are the strongest predictors of wellbeing. The intention to retain talent is most closely linked to the adoption of hybrid work ($r = 0.638$), with wellbeing playing a vital mediating role.

In an age where the BFSI industry in India is experiencing accumulating talent stress, rising attrition rates and an increased competitive demand on professionals, hybrid work policies provide a high-impact, low-cost intervention. By investing in formal hybrid structures, creating cultures of trust, empowering managers, and tracking wellbeing, organisations will be in a place to attract, engage and keep the talent that drives the sustained growth of the sector.

The research paper is part of the emergent but promising body of sector-specific hybrid work research in the emerging markets and provides theoretical depth as well as actionable advice to BFSI practitioners and HR executives and policymakers in the new world of work.

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