

Effect of BFSI Industry on Organizational Cynicism, Employee Performance and Turnover Intentions

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BFSI encompasses three interconnected sectors: Banking, Financial Services, and Insurance which forms a crucial part of India's multibillion-dollar economy. Despite their collective importance, each sector within BFSI has unique characteristics. This necessitates separate investigations into employee performance, workplace cynicism, and turnover intentions across the three sectors. This research focuses to address the impact of the BFSI industry on workplace cynicism, performance of employees and their turnover intentions. The participants of the research were employees belonging to the BFSI industry, totaling 105 individuals, who filled standardized questionnaires that had a good level of reliability and validity. The statistical outcome from one way ANOVA, indicates that working in companies under BFSI sector has no significant impact on EP ($F = 2.10$; NS) but hold a significant consequence on TI ($F = 7.42$; $p < .001$) and OC ($F = 4.15$; $p < .02$). It can be concluded that the BFSI industry partially impacts the cynical behavior of employees and their decisions to leave the organizations. The results indicated that banking sector employees show partial cynical behavior towards their organization but has higher intentions to leave an organization. On the other hand, financial services employees show higher cynical behavior comparatively but prefer to stay in the company. Insurance sector employees prefer to stay in their organizations and showcase lesser amounts of cynical behavior at work. There is not much effect on the performance level of the employees from all the three sectors of the industry.

Keywords: Employee performance, Organizational Cynicism, Turnover Intention, banking, insurance, financial services.

A strong human resource department plays a pivotal role in gaining a competitive edge in the employment business (Devi et. al., 2012). For any organization, it is its human capital, not the assets, and other material which makes it functional. However, many organizations strive to hold on to their best employees due to which employee retention is a major concern in today's highly skilled work environment. Employees with higher propensity to quit an organization can be linked to prevalence of cynicism in the organization, as they believe that the management is not interested in creating a

caring work environment towards them and uses them merely to take advantage in the market (Eaton, 2000).

Social exchange theory and equity theory are two most supporting theoretical pieces of evidence to understand cynicism and intention to leave, as they explained how well inputs correspond to outcomes (Adams, 1965). Dissatisfaction and determination to leave the company of the engaging employees can grow higher if they believe that their efforts are not being compensated in proportion to their outputs and are not being given equal consideration in

comparison to those of their coworkers (Emerson, 1976). This indicates that if an employee must bear significant costs, such as making extra efforts but receiving few rewards, this might lead to job discontent and absenteeism.

Another substantial antecedent of turnover intentions in the banking industry is job satisfaction where intrinsic motivation and job happiness mediates the relationship of cynicism and intentions to leave an organization (Khan et al., 2014). Cynicism, on the other hand, can amplify unfavorable results for both employers and employees and repercussions such as employee conflicts and role overload might occur in organizations when excess responsibilities are handed over to few employees (Abraham, 2000; Andersson, 1996). This can further lead to inefficient workforce and lower levels of employee performance which is known to be amongst the highest valued outcomes in the organizations (Diaz-Vilela, et al., 2015)

Employee performance has been noted as one of the major factors in companies' efforts to boost efficiency and obtain a market edge. Additionally, it focuses on employees' behavior which in turn might help or hinder the progress of the company in relation to its stated goals and objectives (Singh, 2016). Promoting individual performance and employee retention should be considered by organizations in a way that it does not lead to cynicism at workplace as cynicism at work is associated with lower levels of work performances (Aishwarya, et al., 2021) and emotional, cognitive, and behavioral cynicism acts as poor indicators of workplace performance (Soomro, et al., 2022).

Banking is widely regarded as a difficult and taxing field due to the high volume of work, stringent deadlines, constant interaction with customers, limited available

time, competing priorities, mountain of paperwork, and intense emphasis on quality of service. Employees dealing with customer satisfaction are often disgruntled and look forward to leaving their current positions. The current research focuses on determining the effect of the BFSI industry on organizational cynicism, workers' decisions about whether to leave an organization, as well as their performance in the sectors.

Research Objective:

To determine the effect of the BFSI industry on organizational cynicism, employee performance and turnover intentions.

Hypothesis

There would be no significant impact of the BFSI industry on employee performance, turnover intentions, and organizational cynicism (H_0).

Method

Research design

The study incorporates a 'cross sectional research design' as it focuses on understanding and comparing the impact of three different sectors i.e. banking financial services and insurance on prevalence of cynicism, turnover intentions and performance of employees in these sectors.

Participants

A total sample of 105 employees were recruited through convenience sampling method, a non-probability sampling method that focuses on generating a sample convenient to approach.

		N	%
Sector	Banking	36	34.29%
	Financial Services	39	37.14%
	Insurance	30	28.57%
Gender	Male	78	74.29%

Age (years)	Female	27	25.71%
	20-40	62	59.05%
	40-60	42	40.00%
	60-80	1	0.95%

The inclusion and exclusion criteria based on which the data was collected are as follows: participants belonging to any one of the sectors of BFSI industry and falling under the age criteria mentioned above were included. However, individuals facing challenges with English language or those with disabilities were excluded from the research.

Measures

Data collection incorporated standardized questionnaires. Organizational Cynicism Scale (Brandes et al, 1999) has 13 items to be responded to and the scores ranging from 65-13 where a high score signifies employees being cynical at work and low scores indicates vice versa. The scale possesses a reliability of 0.89. Turnover Intention scale (Roodt, 2004) consisting of 6 items with a mid-point of 18 indicating desire to stay if the scores are less than 18 and desire to leave if the scores are higher. The scale has a Cronbach alpha of 0.91. Individual work performance questionnaire (Koopmans et al., 2015) with Cronbach alpha of 0.85 has 18 items to be responded to with a score range of 0-72. All the questionnaires were based on a 5-point Likert Scale.

Procedure

This study forms part of the researcher's thesis project. Data collection proceeded as follows:

- The researcher obtained approval from an organization representing all three BFSI sectors via online communication. Upon receiving permission, employees were assembled in a common area in

three separate groups and were briefed on the study's objectives and assured that their data would be used solely for research purposes.

- Questionnaires and consent forms were distributed to employees, and their questions were addressed. Initially, 120 responses were gathered and scored. Due to incomplete responses in some questionnaires, the final sample for analysis comprised 105 responses.

Analysis

Jamovi (2.3.28) was used to analyze the results of the research. Descriptive statistics of the data calculated was computed wherein mean, standard deviation and standard error values were incorporated. The hypotheses were examined using a combination of one-way ANOVA and post hoc tests to ascertain meaningful distinctions among groups.

Results and Interpretation

The current research aims to understand the impact of the BFSI industry on the cynicism, performance, and turnover intention levels of the employees. To accomplish the testing of the hypothesis, descriptive statistics (Table 1), One way ANOVA (Table 2, 3a, & 4a) and Tukey's post hoc tests (Table 3b, 4b) were administered using statistical software. The following are the results of the current research.

Table 1. Summary of the Descriptives

Variables	Groups	N	Mean	SD	SE
EP	1	36	38.80	9.41	1.57
	2	39	43.80	11.26	1.80
	3	30	41.10	10.93	1.99
TI	1	36	18.40	3.23	0.53
	2	39	15.40	3.91	0.63
	3	30	15.70	3.58	0.65
OC	1	36	43.20	12.05	2.00
	2	39	48.90	8.66	1.38
	3	30	41.70	13.09	2.39

Note: EP= Employee Performance; TI= Turnover Intentions; OC= Organizational Cynicism; Banking= 1, Financial Services= 2, Insurance =3; SD= Standard Deviation; SE= Standard error.

Table 1 indicates the mean and standard deviation values of the variables based on the three sectors. It can be indicated from the mean values that there is not much difference between the groups based on cynical behavior, employee performance and employees' decision to leave the organizations.

Table 2. Summary table of One-way ANOVA on Employee Performance

Variables	SS	df	MS	F	p
Groups	468.00	2.00	234.00	2.10	0.13
Residuals	11387.00	102.00	112.00		

Note: *not significant at 0.01 level; SS= sum of squares; df=degree of freedom; MS= Mean of squares; F=frequency, p= significant value

According to the presented data in Table 2, there is no statistically notable impact ($p=0.13$) on employee performance across the BFSI sectors.

Table 3(b) Summary table of Tukey's Post Hoc test on Turnover Intentions.

Groups		Groups	Mean Difference	SE	df	t	p_{tukey}	Cohen's d
1	-	2	2.95	0.83	102.00	3.55	0.01	0.82
	-	3	2.69	0.89	102.00	3.03	0.01	0.75
2	-	3	-0.26	0.87	102.00	-0.29	0.95	-0.07

Note. Comparisons are based on estimated marginal means

Table 3(a) indicates that there exists a significant impact of the BFSI industry in terms of Turnover Intentions at 0.01 significance level ($p < .001$). Table 3(b) infers that there exists a positive significant difference between banking and financial services sector ($p < 0.01$) and banking and insurance sector ($p < 0.01$) which indicates



Figure 1: Summary of mean and SD scores of employee performance.

Table 3(a) Summary table of One-way ANOVA on Turnover Intentions.

Variables	SS	df	MS	F	p
Groups	192.00	2.00	95.90	7.42	<.001
Residuals	1318.00	102.00	12.90		

Note: *significant at 0.05 level; **significant at 0.01 level; SS= Sum of Squares, df= degree of freedom; MS= Mean of Squares; p= Significant value

that banking sector employees are more prone to take decisions towards leaving their organizations. However, when compared between the financial services and insurance sector the significance levels are low hence indicating that both employees of the financial and insurance sector prefer to stay in the organizations for a long term.

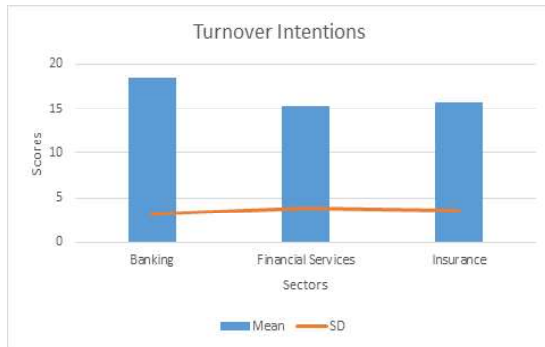


Figure 2: summary of mean and SD of turnover intentions of employees.

Table 4(a) Summary table of One-Way ANOVA on organizational cynicism

Variables	SS	df	MS	F	p
Groups	1048.00	2.00	524.00	4.15	0.02
Residuals	12897.00	102.00	126.00		

Note: *significant at 0.01 level; SS= Sum of Squares; df= degree of freedom; MS= Mean of Squares; p= Significant value

Table 4(b) Summary table of Tukey's Post Hoc test on Organizational Cynicism

Groups		Groups	Mean Difference	SE	df	t	p _{tukey}	Cohen's d
1	-	2	-5.78	2.60	102.00	-2.22	0.07	-0.51
	-	3	1.43	2.78	102.00	0.52	0.86	0.13
2	-	3	7.22	2.73	102.00	2.64	0.03	0.64

Note. Comparisons are based on estimated marginal means

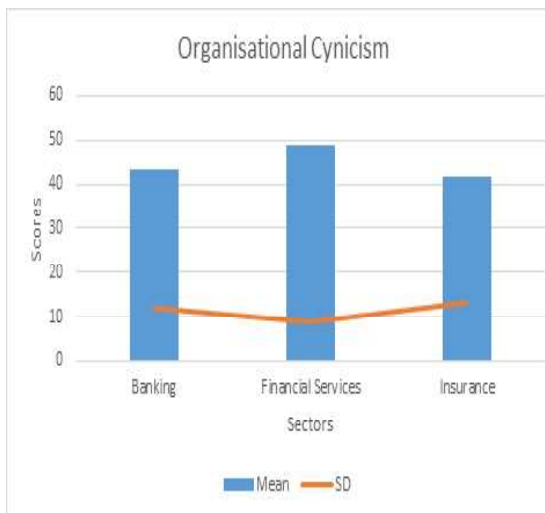


Figure 3: summary of mean and SD of organizational cynicism.

Table 4(a) indicates that there exists a significant impact of the BFSI industry in terms of Organizational Cynicism at 0.01 significance level ($p < .02$). Table 4(b) infers that there is a negative insignificant difference between banking and financial

services sector ($p > 0.07$) and positive insignificant difference between banking and insurance sector ($p > 0.86$). On the other hand, it can be observed that there exists a significant difference between employees of the financial sector and insurance sector ($p < 0.03$). Hence, it can be deduced that organizational cynicism is comparatively higher in banking and financial service than the insurance sector.

Discussion

The research investigated the BFSI industry's influence on three key employee factors: workplace cynicism, employee performance, and intention to leave. The analysis revealed that the BFSI sector doesn't substantially affect employee performance. However, it does impact turnover intentions and cynical attitudes at work to some extent. This outcome partially refutes the hypothesis (H_0), which posited that the BFSI industry would have no significant effect on these three employee aspects.

Banking and financial services sector employees are more prone to show cynical behavior at work in comparison to employees of the insurance sector. On the other hand, banking employees possess a greater desire to leave their organizations as compared to the other sectors. Hence, it can be deduced that the employees of the banking sector might not hold positive belief in the integrity and working of their organization which leads to higher turnover intentions. A notion from the literature of organizational behavior infers that employees with lower emotional attachment to their organization are more prone in leaving their organizations and vice versa. The current results are associated with past findings that indicated that the more the degree of organizational cynicism, the greater the degree of perceived job insecurity and the greater the degree of desire to leave the organization (Cinar et al., 2014).

Conclusion

This research examines the comprehensive impact of the BFSI sector on employee performance, workplace cynicism, and turnover intentions. Results indicate that cynical attitudes toward the company don't necessarily correlate with intentions to leave, and vice versa. Factors such as job security, compensation, and employee engagement initiatives may explain this disconnect. High performance levels likely stem from strong career aspirations and opportunities for personal growth. However, turnover decisions—influenced by factors like lack of motivation, insufficient managerial support, and inadequate training—can negatively affect performance. To address these issues, organizations should:

- Enhance employee engagement to reduce cynicism and improve performance.
- Reflect on how organizational practices contribute to workplace cynicism.

- Implement authentic measures to boost retention and engagement (Holmes et al., 2006).

These strategies could potentially enhance both employee satisfaction and productivity. While this study provides valuable insights, it has limitations, particularly in accounting for job function variations within the BFSI industry. Future researchers could conduct more detailed investigations into this area, expanding on the current findings.

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