



To cite this article: K. Ganesh and Dr. S. Sudhamathi (2026). RETHINKING EMPLOYEE WELL-BEING IN THE DIGITAL BANKING ERA: A CONCEPTUAL ANALYSIS OF DIGITAL TRANSFORMATION AND QUALITY OF WORK LIFE, International Journal of Research in Commerce and Management Studies (IJRCMS) 8 (4): 369-376 Article No. 826 Sub Id 1381

RETHINKING EMPLOYEE WELL-BEING IN THE DIGITAL BANKING ERA: A CONCEPTUAL ANALYSIS OF DIGITAL TRANSFORMATION AND QUALITY OF WORK LIFE

K. Ganesh¹ and Dr. S. Sudhamathi²

¹Research Scholar (Full-Time),
Alagappa Institute of Management, Alagappa University, Karaikudi-3

²Associate Professor,
Alagappa Institute of Management, Alagappa University, Karaikudi-3

DOI: <https://doi.org/10.38193/IJRCMS.2026.8429>

ABSTRACT

With the introduction of AI, RPA, cloud-based core banking systems and digital communication channels that are always on, the nature of banking work has changed dramatically, and so too has the job of banking workers. Although digital transformation is highly touted as a benefit to the organization, creating more efficient processes and improved customer experiences, its impact on employee well-being and quality of work life (QWL) is under-researched and somewhat disjointed. This paper provides a conceptual analysis combining literature from organizational behavior, human resource management and information systems research in order to consider the impact of digital transformation on aspects of QWL, such as job design, work-life balance, psychological safety, the relevance of skills and social connectedness in the workplace. The paper adopts, integrates, and extends the concepts of Job Demands-Resources (JD-R) model, Walton's QWL framework, and Technology Acceptance Theory to propose an integrative conceptual model, in which digital transformation is seen as a double-edged phenomenon with both job resources (efficiency, flexibility, skill building) and job demands (technostress, surveillance, work intensification, role ambiguity). The paper suggests that the net impact on well-being depends on the digital maturity of the organization, the leadership support, change management processes, and the design of digital systems of people. Theoretical and managerial implications are discussed and a research agenda for studying the proposed relationships is presented in order to validate them from an empirical perspective. The paper argues that digital transformation in banking cannot be measured just by efficiency measures but has to be rethought within a well-being-based framework, equating QWL with a strategic goal not a by-product of technological implementation.

KEYWORDS: digital transformation; quality of work life; employee well-being; technostress; digital banking; Job Demands-Resources model; human resource management

1. INTRODUCTION

The banking sector has experienced one of the greatest transformations in any service industry in the last 10 years. The advent of mobile banking apps, artificial intelligence (AI) chatbots, robotic process automation (RPA) for back-office tasks, cloud-native core banking platforms, and data-driven decision-making systems have revolutionized financial services organizations' operations and competitive landscape. The adoption of digital technology in every aspect of an organization and its operations to completely transform its business and value proposition — called digital transformation — is no longer a strategic choice for banks, but an imperative in response to competitive pressures, evolving customer demands and digitization requirements from regulators. Although there is a significant literature discussing the advantages of digital banking for customers, far less literature has explored how this transformation affects the internal employee experience. Bankers, from those in front line relationships to those working in back offices, are having to learn new digital technologies, continuously update their skills and knowledge, deal with a greater degree of scrutiny of their performance as it's made visible on data dashboards and take on new roles as a result of workforce restructuring due to automation. Therefore, an important question that has not received sufficient attention in digital transformation is whether it improves or diminishes the quality of the working life of employees in the organization. Quality of work life (QWL) is a multi-dimensional concept that reflects how well employees are able to meet important personal needs as a result of their work experiences, including issues of fair compensation, safe working conditions, opportunities for growth, social acceptance, work-life balance, and meaningful work. Employee well-being is related but more general, and has to do with how well employees are doing in their overall psychological, physical and social health and functioning in relation to their work. Although the concept and terminology of digital transformation research and well-being research appear to be similar, the two streams of research have largely grown parallel, with very little theoretical incorporation of the concept specifically in the banking context. The present paper aims to fill this gap by providing a conceptual analysis which combines existing organizational behavior theory and new digital transformation literature to explain under which conditions and how digitalization impacts QWL in banking institutions. The paper does not present results of new empirical studies, but it attempts to sum up the theoretical and empirical data that have been previously published in order to develop a conceptual model, which is integrative, and also to formulate propositions for further investigations. The purpose of this paper is threefold: first, to present the main theoretical lenses that help to comprehend digital transformation and QWL; second, to propose a theoretical conceptual framework that integrates the specific mechanisms of digital transformation with the specific dimensions of QWL; and third, to provide theoretical and practical implications for the organizations in the banking sector who wish to embark on digital transformation without endangering their employees' well-being.

2. LITERATURE REVIEW

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3. CONCEPTUAL FRAMEWORK

Building on the JD-R model and Walton's QWL dimensions, this paper proposes an integrative framework in which digital transformation mechanisms are classified as generating either job

resources or job demands, which in turn influence specific dimensions of QWL. Table 1 summarizes the core mechanisms considered in this analysis.

Table 1. Digital Transformation Mechanisms and Their Association with QWL Dimensions

Digital Transformation Mechanism	Primary Job Resource Effect	Primary Job Demand Effect
Robotic process automation of routine tasks	Reduced monotony; time for higher-value work	Job insecurity; fear of redundancy
AI-driven decision support and analytics	Improved decision quality; skill development	Techno-complexity; deskilling concerns
Remote and hybrid digital work platforms	Flexibility; improved work-life balance	Techno-invasion; blurred work-home boundaries
Real-time performance dashboards	Clarity of goals; timely feedback	Perceived surveillance; performance anxiety
Continuous digital reskilling requirements	Growth and employability	Techno-overload; learning fatigue
Digital customer channels (chatbots, apps)	Reduced repetitive customer queries	Emotional labor on complex escalations only

The framework proposes that the relationship between digital transformation and QWL is not direct but is moderated by three organizational-level conditions: (1) digital maturity and change management quality, referring to the extent to which organizations implement technology through structured, participatory change processes rather than top-down mandates; (2) leadership and managerial support, referring to whether supervisors actively buffer employees from excessive digital demands and model healthy technology use; and (3) human-centered design of digital systems, referring to whether new tools are designed with employee usability and cognitive load in mind rather than solely for efficiency or compliance objectives. Where these moderating conditions are strong, digital transformation mechanisms are theorized to primarily manifest as job resources, enhancing QWL. Where these conditions are weak or absent, the same mechanisms are theorized to manifest predominantly as job demands, eroding QWL and increasing burnout risk.

A second proposition concerns individual differences. Employees with higher digital self-efficacy and stronger perceived organizational support are theorized to experience the same technological change with greater resilience, consistent with the broader resource-based logic of the JD-R model, in which personal resources buffer the impact of job demands on strain outcomes. This suggests that

interventions aimed at building digital confidence and psychological resources may be at least as important as the design of the technology itself.

4. DISCUSSION

4.1 The Double-Edged Nature of Digital Transformation

The conceptual analysis indicates that the digital transformation in banking is not a necessarily positive or negative experience for employees. Automating transactional and low-value tasks seems to be correlated to increases in job meaningfulness and decreases in monotony, which aligns with the focus of job characteristics theory on task variety and meaning. The same automation projects often come at the time of restructuring and cutting jobs, however, leading to job insecurity even for workers whose jobs are not directly cut, which can erode the benefits of the automation projects, via the anticipation of anxiety and lessening of trust in the organization. Likewise, the flexibility of the digital work arrangements can positively impact the work-life balance aspect of QWL by minimizing travel requirements and allowing flexibility in scheduling. However, the same technologies that make it possible to be flexible, also make it possible to turn flexible into techno-invasion, the blurring of boundaries between work and personal life due to the expectations of being constantly connected. This paradox suggests that the benefits of a particular technology depend more on the norms and expectations of the organization with which it is associated rather than on the technology itself. Algorithmic management and surveillance play a crucial role in this process.

4.2 The role of algorithmic management and surveillance

is key in this process. One of the hallmark aspects of digital transformation in the banking industry is the heightened need for algorithmic performance monitoring, such as live transaction monitoring, automated compliance audits and dashboard productivity metrics. These tools offer the quick rise and fall of feedback and role clarity to employees, but there is a well-established research base on EPM that indicates that such constant, algorithmic surveillance can decrease perceived autonomy and psychological safety, which are important factors of well-being. The conceptual model presented here proposes that the well-being significance of such systems is greatly contingent on their developmental framing and developmental application (in support of employee growth) or their punitive framing and developmental application (in support of sanction and control). As work and its nature change, so will the skills required to succeed in various occupations.

4.3 Skill obsolescence, reskilling and meaningful work

The need to continually reskill is both a challenge and an opportunity. Partially, opportunities for skill development are a proven resource of growth and security, which is a key part of QWL. Conversely, when reskilling is forced quickly with little time and organization, it can cause learning fatigue and techno-overload, especially for workers who have been in the traditional banking industry for a longer period of time who may think there is a disconnect between what they know and what is needed for

digital activities. This can have implications for how employees experience organizational justice, as they might feel that the school's responsibility to provide support for reskilling is being taken from the organization to the individual. A well-being-centered approach to digital transformation is essential. The need of the hour is to adopt a well-being-centered approach towards digital transformation. The conversation implies that HR organizations aiming at digital transformation should not wait until the end of an employee QWL process to factor in the impact of employee QWL – rather, consider it a key design element when planning and executing any technology initiative to meet efficiency, security, and customer expectations. This reframing reflects the recent trend in human resource management literature to also consider the human dimension of technology decisions as rigorously as financial and operational dimensions, with the call for ‘responsible digitalization’ approaches.

5. IMPLICATIONS

5.1 Theoretical Implications

This paper makes three contributions to theory. Firstly, it expands the JD-R model into a specific context of digital banking, pointing to the demands and resources identified in the digital banking sector that have not been addressed sufficiently in the past. It extends the JD-R model into the digital banking sector, and identifies demands and resources that are relevant to digital banking, but have not been addressed in the past. Second, it presents Walton's QWL framework that is considered a legacy model as a tool for diagnosis of current conditions of digital work, thus showing its relevance when it is combined with literature that reflects the new digital era. Third, it introduces organizational digital maturity and human-centered design as boundary conditions that shape the nature of how digital transformation mechanisms operate, either as resources or demands, providing a contingency account of the mixed results found in the breadth of empirical research.

5.2 Practical and Managerial Implications

- Conduct well-being impact assessments alongside technical and financial feasibility assessments before major digital rollouts, evaluating anticipated effects on workload, autonomy, and role clarity.
- Invest in structured, phased change management and participatory implementation processes that involve employees in the design and piloting of new digital tools rather than presenting them as fixed mandates.
- Establish clear organizational norms around digital availability, such as defined boundaries on after-hours communication, to protect the work-life balance dimension of QWL.
- Frame performance dashboards and monitoring systems developmentally, emphasizing coaching and feedback rather than surveillance and sanction, and involve employees in defining the metrics used to evaluate them.
- Provide adequate time, coaching support, and psychological safety during reskilling initiatives,

recognizing that the pace of mandated learning is itself a determinant of whether reskilling is experienced as a resource or a demand.

- Build manager capability to buffer digital demands, since supervisory support is theorized to moderate the translation of digital transformation mechanisms into employee strain.

6. Limitations and Future Research Directions

This is a concept paper and should not be considered as empirical evidence for the proposed relationships, and should be viewed as a starting point for generating hypotheses about the relationships. The framework aggregates literature from a Western and general service sector background, with potential cultural and regulatory differences in banking systems around the world influencing the strength or direction of the proposed relationships, and the need to be explored empirically in a comparative manner. Future studies are recommended in a few directions: (1) longitudinal, multi-wave studies examining pre- and post-algorithmization of a specific bank, examining indicators of QWL before and after; (2) multi-level studies examining how pre-algorithmisation of a specific bank impacts the indicators of QWL at the individual level, and how team-level or branch-level leadership fits as a moderator; (3) comparative studies across banking segments (retail, corporate, investment banking) as there are likely differences in nature and intensity of digital demands; and (4) mixed methods studies that include employee surveys with qualitative accounts of the lived experience of algorithmic management in banking, which remains under-explored, compared to platform-based gig work contexts. Further investigation could also involve testing the hypothesized moderating effects of digital maturity and human-centered design on the relationship between social goals and customer satisfaction in a more empirical manner by using validated organizational-level measures, not yet available in a standardized way for the banking sector.

7. CONCLUSION

Digital transformation is changing the very character of the banking business, and as such it has implications for the well-being of its employees, positive as well as negative. This paper has suggested that the effects of digitalization on well-being are contingent on the type and amount of job resources and job demands created by the use of digital technologies and the organizational conditions in which they are used – digital maturity, leadership support, and human-centered design – that will influence whether these technologies are perceived as facilitating or threatening quality of work life. This paper provides a conceptual basis for empirical studies in the future and provides a practically oriented perspective for banking organizations to follow when aiming for a digital transformation in a responsible manner. In sum, it will take a proactive approach to employee well-being, viewing it as a constraint to innovation, to see digital transformation succeed in any bank.

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