

Digital HRM and Psychological Capital as Drivers of Resilience: A Study of Public and Private Sector Banks in Kerala

Malavika B^{1*} | Dr. Jipin V Jimmy²

¹MBA Student, Mittal School of Business, Lovely Professional University, Phagwara, Punjab.

²Assistant Professor, Department of Commerce, B.C.M. College Kottayam (Autonomous), Kerala.

*Corresponding Author: malavikab034@gmail.com

Citation: Malavika, B. & Jimmy, J. (2026). Digital HRM and Psychological Capital as Drivers of Resilience: A Study of Public and Private Sector Banks in Kerala. *International Journal of Advanced Research in Commerce, Management & Social Science*, 09(03(III)), 81–90. [https://doi.org/10.62823/ijarcms/9.3\(III\).9455](https://doi.org/10.62823/ijarcms/9.3(III).9455)

Abstract

The digital human resource management (HRM) practices have significantly reshaped organizational and employee resilience particularly in the Indian banking sector. The present study evaluates the role of digital HRM practices in the context of rapidly changing digital transformation to build resilient employees and organization with a special focus on the mediating role of psychological capital. A quantitative and descriptive research design was adopted by collecting data from 342 employees of public and private banks in Kerala through a structured questionnaire. Data collected were analyzed using statistical techniques including correlation analysis and structural equation modeling to test the hypothesis and the mediation effect. The results revealed that there is strong positive correlation among variables. Moreover, digital HRM practices have significant positive effects on organizational and employee resilience and psychological capital has a mediating role between digital HRM practices and employee and organizational resilience. Organizational and employee resilience is directly improved by enhancing the digital HRM practices and it indirectly improves the psychological capital of the employees. The study contributes to the existing literature by integrating the digital HRM practices, psychological capital and employee and organizational resilience into an empirical framework. The study concludes that digital HRM practices and psychological capital positively contributes to the organizational and employee resilience of an organization.

Keywords: Digital HRM Practices, Organizational Resilience, Employee Resilience, Psychological Capital.

Introduction

The accelerating wave of digital transformation has fundamentally reshaped how the organizations design work, manage people and sustain performance in volatile environments (Vial, 2019). As banking services migrate to mobile platforms, analytics-driven decision making and artificial intelligence (AI) -enabled processes, human resource management (HRM) is no longer confined to administrative efficiency, it is increasingly expected to build an agile, technology-ready and psychologically robust workforce (Strohmeier, 2020). In this context, HRM itself is undergoing digital transformation, with technology-enabled systems becoming central to how employees are hired, developed, supported and engaged.

Digital HRM practices refer to the deployment of integrated, technology-driven solutions – such as cloud based human capital management systems, self-services HR portals, AI-enabled recruitment tools, e-learning platforms and data-driven performance management to transform traditional HR processes into more agile, personalised and strategic practices (Bondarouk, 2016). These practices leverage social, mobile, analytics and cloud technologies to automate routine transactions, provide real

time people analytics and enhance the employee experience through seamless digital interactions across the employee lifecycle (Marler, 2017). For service-intensive sectors like banking, digital HRM enables HR to support geographically dispersed employees, manage large-scale upskilling, and align talent capabilities with rapidly evolving digital business models (Parry, 2019).

At the same time, organizations are operating in a context marked by economic uncertainty, technological disruption, regulatory shifts and unexpected crises, making a *crucial* strategic capability. Organizational resilience is commonly understood as an organization's ability to anticipate, prepare for, respond to and adapt to incremental change and sudden disruptions, while maintaining continuous operations and safeguarding long-term viability (Duchek, 2020). Within this broader capability, employee resilience- employee's capacity to bounce back from setbacks, adapt to change and sustain performance under pressure – emerges as a crucial micro-foundation of organizational resilience, particularly when work processes and roles are being reconfigured by digital technologies (World Economic Forum, 2023). HR systems and practices therefore play a pivotal role in embedding resilience by shaping skills, mindsets and work environments that enable employees to cope constructively with ongoing change (Lengnick-Hall, 2011).

Psychological capital has been identified with positive organizational behaviour literature as a key psychological resource that helps individuals navigate such demanding contexts (Luthans, 2007). Psychological capital is typically conceptualized as a higher-order construct encompassing four components: hope, self-efficacy, resilience, and optimism (Luthans F. A., 2007). Empirical work suggests higher psychological capital is associated with favourable attitudes, enhanced well-being, stronger coping, and improved job performance, and that it can be developed through targeted organisational interventions (Avey, 2011). In digitally transforming workplaces, psychological capital has also been shown to buffer the negative effects of technostress and to support adaptive responses to AI and Automation (Tarafdar, 2009).

Bringing these streams together, digital HRM practices can be viewed as a contextual resource that shapes both organisational and employee resilience, partly by cultivating employee's psychological capital. For instance, AI- supported learning platforms and personalized development paths can strengthen employee self-efficacy, while transparent data-driven performance management and digital communication tools can nurture optimism and perceived support during change (Minbaeva, 2021). Similarly digital HR practices that emphasise continuous learning, empowerment and employee voice can create a psychologically safe climate in which employees are more willing to experiment, adapt and recover from errors- behaviours that underlie both individual and collective resilience. In the Indian banking sector, where employees are simultaneously facing heightened service expectations, automation of routine services and new technology interfaces, the way digital HRM is designed and experienced may significantly influence how resilient both employees and institutions become (Reserve Bank of India, 2023).

Against this backdrop, the present study seeks to examine the effect of digital HRM practices on organizational and employee resilience in the Indian banking sector, with a particular focus on the mediating role of psychological capital (Newman, 2014). Specifically, it proposes that well-designed digital HRM practices enhance organizational and employee resilience directly, and indirectly by building higher levels of hope, efficacy, resilience, and optimism among banking employees. By empirically testing these relationships within the Indian banking context, the study aims to contribute to emerging scholarship on digital HR and resilience, extend the application of Psychological Capital theory to technology-intensive service settings, and provide evidence-based insights for bank leaders and HR practitioners seeking to sustain performance and well-being in an era of continuous digital disruption.

Background of the Study

The Indian banking industry has experienced a digitization craze over the last ten years, which has been determined by the development of mobile and internet banks, the emergence of fintech collaboration, and the use of digital remittances systems like the UPI (Reserve Bank of India, 2023). Banks have spent millions on analytics, artificial intelligence (AI) based credit scores, chatbots and digital onboarding experiences in customer services, and have entirely changed not only customer touchpoints but also internal operations and decision-making structures (Verma, 2021). All this has transformed the core of banking operations, whereby the traditional paper-intensive, branch-based banking has been replaced by the technology-enabled, data-intensive service provision and making data competence and digital dexterity the core of competitive advantage (Bharadwaj, 2013).

At the same time, the Indian banks are subjected to high regulatory supervision and changing policy priorities such as financial stability, financial inclusion, consumer protection and cyber security (Reserve Bank of India, 2023). Digitalisation has been highlighted by the Reserve Bank of India (RBI) with the attraction of attention to workforce implications, which states that automation and AI are replacing mid-level and clerical jobs, transforming job models, and job hierarchy and HR issues are becoming more concerned with talent utilization and capacity development (World Economic Forum, 2023).

In the market level, the traditional banks are under the pressure of agile fintechs and big-tech-allied financial solutions that compete with them by providing better digital experiences, faster innovation rates, and personalised products (Lee, 2018). Such a mixture of regulatory stress and turmoil in the banking market increases the pressure on banks to change at a fast pace whilst ensuring operational predictability and trust. There is also a fundamental shift in the Indian banking workforce that is being brought about by digitalisation. RBI and sector reports indicate that there is a turnover in the composition of the workforce, as there are fewer support and clerical jobs and an upsurge in professional and technical jobs, which is an indication of automation of routine functions and higher demand of digital and analytical skills (McKinsey & Company, 2021). Banks are experiencing high turnover rates in some of their segments and have a sharp digital talent gap, which requires them to invest in reskilling, upskilling and relocation of current staff on a large scale (Deloitte, 2023). The conventional classroom learning and linear career structures are proving to be not quite sufficient, and HR is trying blended learning models, internal talent markets, and new performance models in accordance with digital ambitions. To most staff members, such changes are associated with job insecurity, role ambiguity, learning processes that are ongoing, and exposure to complex technologies that may cause stress and resistance unless addressed effectively (Tarafdar M. T.-N.-N., 2007).

Resilience in this kind of environment is a very crucial ability of the organisations and the employees alike. The concept of organisational resilience in the banking industry includes the capacity to ensure the continuity of services, asset protection as well as reputation, and the recovery of normal operations in response to cyber incidents, system failures, regulatory shocks, market volatility or epidemic outbreaks (Duchek, Organizational resilience: A capability-based conceptualization, 2020). Frontline adaptability, in its turn, is supported by the resilience of employees, who have to learn new systems faster, deal with online customer service, manage the workload, and overcome technological disruptions or service failures. Findings of strategic HRM research have shown that HR practices with flexibility, employee engagement and learning can be critical in enhancing organisational resilience when combined with adaptive leadership and favourable culture (Lengnick-Hall, Developing a capacity for organizational resilience, 2011). In the case of a bank it is not a choice to integrate resilience but it is closely interconnected with risk management, customer confidence and regulatory expectations.

To overcome these challenges, banks are increasingly integrating digital technologies into their HR architectures, which creates a unique design of digital HRM practices. Cloud-based HR suites, AI-based recruitment screening, online onboarding tools, self-service leave and benefits portals, e-performance management dashboards and AI-based learning recommendation engines have been implemented by many Indian banks (Strohmeier, Digital human resource management, 2020). The tools are supposed to enhance efficiency, standardise the HR processes in the context of large branch networks and offer real-time workforce analytics and scaled personalised employee experiences. To illustrate, AI-based HR chatbots have the potential to support 24/7 around-the-clock services in case of simple questions, leaving HR specialists with strategic efforts like workforce planning and change management (Upadhyay, 2018). Such digital HRM practices can facilitate resilience when strategically aligned and thus provide them with quicker information exchange, more responsive talent redeployment, more focused development interventions, and closer employee connectivity in disruptive times.

But the efficiency and flexibility achieved through the same digitalisation can also cause technostress, mental load and emotional distress in employees, especially in cases where the new systems are implemented too fast or without sufficient support. Most recent studies of private sector banks in Mumbai, such as that of technostress as a major occupational risk in the AI-based banking setting, and psychological capital as a valuable coping factor that alleviates the adverse effects of the stress on the well-being of employees (Tarafdar M. C.-F., The technostress trifecta, 2019). Wider literature on Psychological Capital adds that when employees have greater degrees of hope, efficacy, resilience and optimism, they become more capable of interpreting change as an opportunity, continue to learn new technology and recover setbacks in the implementation process (Avey, Meta-analysis of

psychological capital, 2011). With the digital HRM practices tailored e-learning, coaching as a form of digital performance feedback, transparency in communication of change and rewards on adaptive behaviours can actively build Psychological Capital, by supporting mastery experiences, clarity of goals and positive expectations (Minbaeva, 2021). Within a banking context, this may imply that digital HRM can indeed be seen as both a technical infrastructure and a psychological and social system that influences the way the employees experience and react to the digital transformation. Digital HRM practices that are developed through a human-centric prism can be made to improve Psychological Capital of the employees, thus raising their ability to cope with technostress, maintain engagement and contribute to organisational resilience amidst continuous technological and regulatory change (Deloitte, 2023). On the other hand, the mechanistic approach to the implementation of the digital HRM, i.e., focusing on control and efficiency with insufficient support can destroy the Psychological Cap and disrupt the resilience efforts. Although these dynamics are central, an empirical body of work between digital HRM practices and psychological capital and resilience in the Indian banking sector is limited, and digitalisation there has been fast and has been a policy (Bondarouk T. P., 2018). This research falls into this gap since it aims at offering a subtle, industry-specific insight into how digital HRM practices affect organisational and employee resilience via the mediating role of psychological capital in Indian banks.

Review of Literature

The synthesised literature in the review provided supports the point with a robust and expanding body of evidence on the association between digital HRM and HRM practices and the overall digital transformation efforts with the organisational resilience and performance outcomes. The available research regarding digital HRM practices reveals that AI can help in efficiency, fairness, and online learning platforms and data driven performance management with the capacity to create core resilience abilities like anticipation, coping and adaptation (Azra Ahmić, 2023). Similar studies on strategic HRM in the digital age state that new technology, Industry 4.0 and 5.0, and technology-sourced HR strategies envisage the redefinition of human capital together and lead to sustainable competitive advantage and organisational resilience (Andreea Adomnitei, 2023). Other contributions trace the development of digital HRM as a research area, whereby the trends in digitalisation of HR, the use of technology in HR and the alignment of digital HR with organisational performance are documented, thus, highlighting the fact that digital HR is increasingly considered to be a strategic, as opposed to an administrative, activity (Md. Nazmus Sakib, pp. 1-25). The HRM changes in times of crisis, including the COVID 19 pandemic, further support the fact that remote-based work, automation, and dependence on digital technologies have increased the adoption of digital HR practices and made resilience one of the main results of organisations in the context of developing countries (Tamanna Binte Zaman, 2022).

A second research strand focuses on the human and psychological aspects of resilience in the digital age, and as such, leadership, psychological capital and employee resilience are stressed as both the mediators and possible outcomes of digital HR intervention. Digital HRM and employee resilience can be discussed in systematic reviews where psychological mechanisms are identified that allow digital HR practices to determine the ability of employees to recover after failure, both positively by increasing their confidence and flexibility and negatively through potential failure in case of improper management of digitalisation (Santy Berliana Naibaho, 2023). The focus on receptive and digital leadership highlights the role of open, supportive, and proactive leaders in the face of AI and digital disruption as contributors of organisational resilience through the role of positive role models in the development of adaptive behaviours, facilitation of learning, and maintenance of employee engagement in crises situations (Hershey H. Friedman, 2023). Empirical research on public services and other industries has demonstrated that digital competence and digital leadership affect employee resilience and HR performance positively with employee resilience mediating the connection between digital capabilities and performance effects (N. Natasha, 2023). Other studies also find that strategic HR practices are associated with organisational resilience via employee psychological capital, and that digital transformation can be used to promote resilience by way of organisational learning and innovation, which further supports the perception that resilience is co-created by way of technology, organisational HR practices, leadership, and psychological resources (Martín-Rojas¹, 2023).

Research Gap

The current literature has focused largely on digital HRM practices and resilience as distinct concepts with little information available on how they directly correlate with one another. The mediation aspect of psychological capital in the relationship between digital HRM practices and organizational and

employee resilience has not been well theorized and empirically validated. Moreover, empirical studies in the Indian banking industry are limited, specifically those that examine the extent to which the current digital transformation is influencing individual- and organization-level resiliency, which highlights the relevance of a vast knowledge gap in the literature.

Objective of the Study

To examine the effect of digital HRM practices on organisational and employee resilience in the Indian banking sector, with a focus on the role of psychological capital.

Hypothesis

- H₁:** Digital HRM practices positively influence employee resilience
- H₂:** Digital HRM practices positively influence organisational resilience
- H₃:** Digital HRM practices positively influence psychological capital
- H₄:** Psychological capital positively influences employee resilience
- H₅:** Psychological capital positively influences organisational resilience
- H₆:** Psychological capital mediates the relationship

Conceptual Definitions

Digital HRM practices, organisational and employee resilience, and psychological capital are closely intertwined in the story of how Indian banks are navigating rapid digital transformation. Digital HRM can be understood as the socio-technical result of using digitisation and digitalisation to redesign HR strategies and processes—rather than merely automating paper routines—so that HR value creation is directly based on digital technologies (Strohmeier, 2020). Organisational resilience is a meta-capability that enables firms to anticipate, cope with and adapt to disruptions while sustaining performance (Duchek, 2020). Employee resilience reflects the capacity of individual employees to adapt positively and recover from work-related adversity, using available resources to maintain functioning (Näswall, 2015). Psychological capital, finally, is a positive psychological state characterised by hope, efficacy, resilience and optimism that predicts performance and satisfaction (Luthans, 2007).

In Indian banks, this story begins when HR functions adopt e-recruitment platforms that use AI to screen candidates, digital onboarding portals that familiarise new hires with products and compliance norms, and learning management systems that deliver mandatory KYC, AML and cybersecurity modules (Verma, Digital transformation in the Indian banking sector, 2018). Day to day, a new relationship manager might log into an HR dashboard to track completion of e-learning, receive nudges about upcoming regulatory updates, and view performance metrics linked to customer satisfaction and cross-selling. These digital HRM practices change the texture of work: rather than relying on ad hoc, branch-level mentoring, employees receive structured, just-in-time learning and transparent feedback about how their behaviours map onto organisational goals (Bondarouk T. &., 2016). At the same time, advanced analytics and AI-based HR systems continuously monitor workloads, leave patterns and performance, which can either feel like supportive guidance or invasive surveillance, depending on how they are implemented (Kellogg, 2020).

When designed with a developmental logic, these systems start to build psychological capital. Visible progress bars and competency maps nurture hope by showing employees that there is a route from their current role to more complex, digitally enriched positions. Fair, analytics-based appraisal that recognises effort during system migrations or product launches strengthens optimism that the organisation will reward adaptation, while opportunities to reflect on past disruptions—such as core-banking upgrades or pandemic-induced remote work—and see how performance was restored reinforce resilience. Empirical work in Indian banks shows that employees with higher psychological capital report greater engagement and can better withstand AI-related technostress (Avey, 2011). In this way, digital HRM practices gradually cultivate the inner resources—hope, efficacy, resilience, optimism—that form psychological capital.

As psychological capital grows, employees begin to experience digital change differently. Instead of perceiving a new AI-based lending tool or HR chatbot as a threat, they see it as a challenge they can master. Their coping repertoire widens, they use LMS resources proactively, seek feedback through digital channels, and share tips with colleagues on dealing with system glitches or algorithmic decisions. This translates into stronger employee resilience: they adapt faster to new workflows, recover

more quickly from service failures, and maintain customer focus even when digital channels are unstable or regulatory instructions change at short notice (Kumar, 2016). Studies of technological innovation in Indian banking highlight that such supportive structures and readiness critically shape whether digitalisation enhances or undermines performance and well-being (Vives, 2019) Psychological capital thus mediates the relationship between digital HRM and employee resilience: digital HR systems create experiences that build Psychological Capital, and Psychological Capital, in turn, enables employees to convert digital demands into adaptive, energised behaviour (F., 2008).

Banks that have invested in digital HRM can quickly map skill inventories, reassign staff between physical branches and digital channels, and launch targeted reskilling when new cybersecurity norms or RBI guidelines emerge, thereby enhancing anticipation and coping capabilities (Verma, 2018). During crises—such as payment-system outages or data breaches—HR analytics help identify where stress and overload are concentrated, while high-Psychological Capital employees are more willing to participate in recovery efforts, experiment with temporary workarounds and support anxious customers (Lengnick-Hall, 2011). Over time, lessons from these are captured in digital learning content and revised HR policies, feeding the adaptation stage of organisational resilience. In this narrative, digital HRM practices set the structural and informational stage; psychological capital shapes how employees inhabit that stage; and the resulting employee resilience provides the human energy and flexibility through which Indian banks build and sustain organisational resilience under conditions of relentless digital, regulatory and competitive pressure.

Research Methodology

In this study a quantitative and descriptive research design was used. 342 samples were collected using stratified random sampling through a structured questionnaire from the employees of the public and private sector banks in Kerala. The data collected was analysed using SPSS software. All constructs showed Cronbach's alpha above 0.7 indicating high degree of internal consistency and measurement reliability. The standardised factor loading and average variance extracted are greater than 0.5 indicating adequate convergent validity.

167 employees were males and 175 were females. 214 employees represented the public sector banks and 128 employees represented the private sector banks. 117 employees were working in rural areas, 157 in semi-urban areas and 68 in urban areas.

The study further reveals that digital HRM practices are better practiced in private sector banks. Psychological capital is the same in both public and private sector banks. Employee resilience and organisational resilience are significantly better among private sector employees. Employee resilience and organisational resilience are not significant based on the gender of the employees and place of work of the employees.

Variables	DHRM	PsyCap	ER	OR
DHRM	1.00			
PsyCap	0.62**	1.00		
ER	0.58**	0.65**	1.00	
OR	0.55**	0.60**	0.68**	1.00

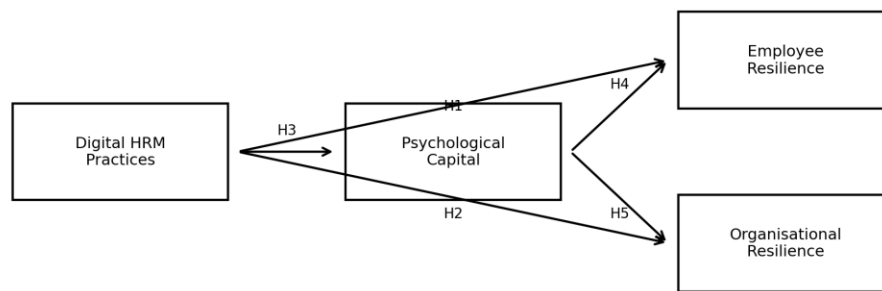
The correlation analysis shows a significant positive relationship among all variables. Digital HRM practices have a high degree of positive correlation with psychological capital ($r = 0.62$, $P < 0.001$) followed by employee resilience ($r = 0.58$, $p < 0.001$) and organisational resilience ($r = 0.55$, $p < 0.001$). Improvements in Digital HRM practices would improve the psychological capital, employee resilience and organizational resilience.

Psychological capital has a high degree of positive correlation with employee resilience ($r = 0.65$, $p < 0.001$) and organisational resilience ($r = 0.60$, $p < 0.001$). Employees with higher levels of motivation can better adapt to disruptions and overcome job stress to maintain high performance. Employees with higher levels of hope, efficacy, resilience and optimism can withstand even in adverse situations.

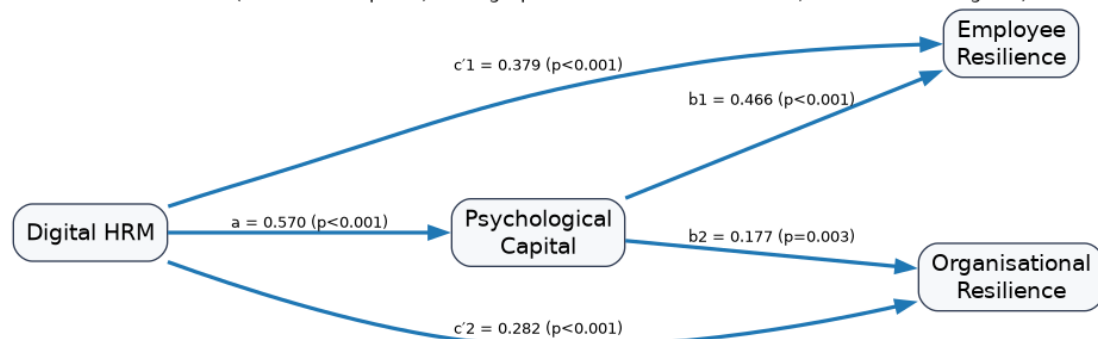
In Kerala's banking industry, digital HRM practices plays a vital role as it helps to build optimism which in turn will lead the organization and employees to remain resilient under pressure. Also when the employees remain active to cope, adapt and recover, the organization will also recover well from the situation to remain steady even in adverse situations.

In this conceptual model, digital HRM practices are the predictor and employee resilience and organizational resilience are the outcomes. Psychological capital mediates between the predictor and the outcomes. In this mediation model, it is evaluated whether the psychological capital transmits the effect of digital HRM practices to employee resilience and organizational resilience. The model also evaluates the direct effect of digital HRM practices on psychological capital and also the direct effect of psychological capital on employee resilience and organizational resilience. The model therefore tests both the direct and the indirect effects via psychological capital.

Figure 1. Conceptual framework



Mediation SEM (standardized paths; demographics controlled in estimation, omitted from diagram)



The structural equation modeling was employed to test the proposed hypotheses using maximum likelihood estimation. It also shows the good fit for the data explaining the adequacy of the proposed theoretical framework. The model fit indices meet the recommended threshold levels (Hair et al., 2010). The GFI, AGFI and CFI are greater than 0.9 indicating an exact fit. The Standardized Root Mean Square Residual (SRMR = 0.04) and Root Mean Square Error of Approximation (RMSEA=0.05) are below the threshold limit of 0.08 indicating good model fit which further confirms the adequacy of the observed data.

The path indicates that higher level of digital HRM practices are associated with higher level of psychological capital ($a=0.570$, $p<0.001$) and employees with higher level of psychological capital have higher level of employee resilience ($b1=0.466$, $p<0.001$) and organizational resilience ($b2=0.177$). Digital HRM practices have a direct effect on employee resilience ($c1=0.379$, $p<0.001$) and organizational resilience ($c2=0.282$, $p<0.001$). From path a and path b, it is clear that digital HRM practices have direct effect on psychological capital and psychological capital has direct effect on employee resilience and organizational resilience. From the c path, it shows the significant direct effect of digital on employee resilience and organizational resilience. It also explains the mediating effect of psychological capital. Though the model is derived from the theory, it is evident from the observational data and the model is supported. Significant indirect effects indicate the partial mediation of digital HRM - Employee and organizational model by psychological capital.

The coefficient of determination R^2 explains the explanatory power of the structural equation modeling. The coefficient of determination of digital HRM practices on employee resilience ($R^2 = 0.434$) indicating 43.4% variation in the employee resilience is explained by the independent variable Digital HRM practices. In the same way 17.4% variation in organizational resilience is explained by the Digital HRM practices.

Mediation analysis using Bootstrapping procedure with 5000 resamples indicates that the indirect effect of digital HRM practices on employee resilience through psychological capital ($\beta = 0.264$, 95% CI [0.197, 0.336]) and on organizational resilience ($\beta = 0.103$, 95% CI [0.021, 0.192]) are positive and significant. Absence of zero within the confidence interval supports the mediation effect. The direct effect digital HRM practices on employee resilience ($\beta = 0.383$, 95% CI [0.289, 0.473]) and organizational resilience ($\beta = 0.283$, 95% CI [0.144, 0.419]) indicating the direct effect of digital HRM practices on employee and organizational resilience beyond the mediating mechanism. That is, digital HRM practices enhance employee resilience and organizational resilience not only directly but also indirectly by strengthening the psychological resources of the organization.

Hypothesis	Relationship	β	p-value	Result
H1	DHRM $\rightarrow$ ER	0.379	<0.001	Supported
H2	DHRM $\rightarrow$ OR	0.282	<0.001	Supported
H3	DHRM $\rightarrow$ PsyCap	0.570	<0.001	Supported
H4	PsyCap $\rightarrow$ ER	0.466	<0.001	Supported
H5	PsyCap $\rightarrow$ OR	0.177	<0.001	Supported

Findings

The study shows that stronger digital HRM practices such as e-recruitment, e training, online performance management and self-service HR portals are associated with employees who can adapt to change, recover from setbacks and maintain performance under pressure, reflecting higher employee resilience. Also, digital HR systems are linked to organizational resilience, as the bank's capability to anticipate obstacles, withstand shocks, and adapt through resilient structures, clear processes and learning routines, in aligning with Duchek's anticipation of coping – adaption skill. Significant relationship paths from Digital HRM to psychological capital suggest that these practices help employees build hope, self-efficacy, optimism, and resilience which together build psychological capital. As a result higher psychological capital is correlated with greater employee resilience and with stronger perceptions that the organization as a whole can handle crisis and continuous digital change, indicating that individual psychological resources contribute to the development of collective resilience capabilities. As a direct relationships between digital HRM and both organizational and employee resilience remain significant even when the indirect effects are considered, psychological capital acts as a partial mediator, which means that Digital HRM practices enhances resilience not only by improving systems and processes, but also by developing the psychological strengths that employees make effective use of both systems in bank.

The study finds that Digital HRM Practices are significantly associated with both psychological capital and resilience at employee and organizational level, indicating that digitalization of HR in Indian Banks is functioning as a strategic, capability building system rather than a purely administrative tool. Employees who understand digital HRM as accessible, transparent and development-oriented reports higher levels of hope, self-efficacy, optimism and consistency. In turn, higher psychological capital is linked to stronger employee resilience seen in greater adaptability, persistence and effective coping with change as well as to higher perceptions of organizational resilience, understood as the bank's capacity to anticipate, absorb and adapt to disruptions. Digital HRM also shows significant direct effect on employees and organizational resilience suggesting that technology-enabled HR processes improve information flow, coordination, learning and responsiveness, reinforcing resilience even beyond their psychological effect. Overall, the findings demonstrate that in the Indian Banking sector, resilience is not an automatic by-product of digitization but emerges when advanced HR technologies are intentionally aligned with the development of employee's psychological capital and with resilience-oriented HRM philosophies.

Suggestions

As the digital HRM practices significantly elevates psychological capital and resilience, bank management should design and implement Digital HRM systems that go beyond automation to actively support learning, feedback and employee development. User-friendly e-learning platforms, digital

coaching and just-in-time microlearning modules can provide skill building experience and pathways to goal attainment, thereby strengthening employee self-efficacy and hope, which are core components of psychological capital and key drives of resilience. Digital performance management and recognition tools should be designed to deliver constructive, timely feedback and to celebrate progress, fostering optimism and reinforcing employee's belief that effort leads to improvement even under uncertainty. To translate individual psychological resources into organizational resilience, banks should leverage HR analytics and digital communication channels to support the prediction, coping and adaption stages of resilience, quoting the example of using real-time data to identify stress-hotspots, offering targeted digital well-being initiatives, and capturing lessons learned after disruptions. Managers should also invest in change communication and digital literacy initiatives so that employees view HR digitalization as supportive rather than threatening, which can reduce technostress and further strengthen psychological capital and resilience. In the Indian banking context, where the regulatory changes, fintech competition and customer digital migration are intense, such evidence-based development of digital HRM and psychological capital can help sustain a resilient, future ready workforce.

Scope for Further Research

Though the current study is conducted by giving insights into digital HRM practices, psychological capital, employee and organizational resilience in the banking sector, several other areas for future research still remain open. Future research can include how the digital HRM practices and psychological capital evolve over time and will contribute to the sustained organisational and employee resilience in the future. The study can be further extended to other regions, industries and cross-boarders to validate the model. The mediating variable psychological capital can be replaced with other prominent variables such as organisational culture, employee engagement etc. Further the study can make use of mixed method approaches by combining quantitative and qualitative insights to enhance the validity of the findings. The role of artificial intelligence, machine learning, analytics etc can also be considered in the context of HRM practices. Long term outcomes of the digital HRM practices will also contribute to the theoretical framework and practical contributions of the present study.

Conclusion

With a focus on the mediating function of psychological capital, this study aimed to investigate how digital HRM practices affect organizational and employee resilience in the Indian banking industry. The empirical evidence is a great support to the proposed conceptual framework. Workers will have a better chance to be hopeful, confident, optimistic, and able to recover the setbacks when banks invest in the development-oriented digital HR systems which are easy to use and organizations build stronger shock-absorbing, shock-anticipating, and shock-adapting capabilities. Digital HRM has become a key predecessor of psychological capital and resilience. Resilience is co-produced, since the mediation confirmation shows that it is partial. Although psychological capital is an essential way through which DHRM is converted to resilience, digital HR architectures have a direct influence on resilience through enabling agile, data-driven, and coordinated responses to disruption, such as expedited redeployment, targeted training, and timely communication. It develops the research on psychological capital by applying PsyCap to a digitally transformed HR context, contributes to the existing body of literature on digital HRM by showing that DHRM must be understood as a resiliency-promoting capability, in addition to an efficiency instrument. In practice, the findings emphasize the fact that Indian banks in the context of high-speed changes in technologies, regulation, and technostress cannot afford just to rely on people or technology but actually, they need to consciously build digital HRM practices that build psychological capital of employees and deploy it into strong behaviors and practices across different levels of an organization. The paper presents an evidence-based argument that resiliency in the digital age is determined by the quality of the fit between the HR technologies and the internal psychological resources of the workforce through the integration of digital HRM, psychological capital, and resilience as a single empirical framework specific to the Indian banking sector.

References

1. Andreea Adomnitei, A. (2023). Strategic Human Resource Management in the Digital Era: Technology, 1-20.
2. Avey, J. B. (2011). Meta-analysis of psychological capital. *Human Resource Development Quarterly*, 127–152.

3. Avey, J. B. (2011). Meta-analysis of the impact of positive psychological capital on employee attitudes, behaviors, and performance. *Human Resource Development Quarterly*, 127–152.
4. Azra Ahmić, M. (2023). Digital human resource management influence on organizational resilience. *Organization Management Journal*, 1-15.
5. Bharadwaj, A. E. (2013). Digital business strategy: Toward a next generation of insights. *MIS Quarterly*, 471–482.
6. Bondarouk, T. &. (2016). Conceptualising the future of HRM and technology research. *International Journal of Human Resource Management*, 2652–2671.
7. Bondarouk, T. P. (2018). Electronic HRM: Four decades of research. *Human Resource Management Review*, 98–113.
8. Deloitte. (2023). *Global Human Capital Trends*.
9. F., A. J. (2008). Experimental analysis of a web-based training intervention to develop positive psychological capital. *Academy of Management Learning & Education*, 209–221.
10. Hershey H. Friedman, N. H. (2023). The Receptive and Resilient Leader: Thriving in an Era of AI and Digital Disruption. 1-15.
11. Kumar, V. D. (2016). Digital transformation of banking services. *Journal of Service Management*, 321–349.
12. Lengnick-Hall, C. A.-H. (2011). Developing a capacity for organizational resilience. *Human Resource Management Review*, 243–255.
13. Luthans, F. A. (2007). Positive psychological capital: Measurement and relationship with performance. *Personnel Psychology*, 541–572.
14. Marler, J. H. (2017). An evidence-based review of HR analytics. *International Journal of Human Resource Management*, 3–26.
15. Martín-Rojas¹, J. A. (2023). Digital transformation influence on organisational resilience through organisational. 1-20.
16. McKinsey & Company. (2021). *The Future of Work in India*.
17. Md. Nazmus Sakib, M. S. (n.d.). Mapping the evolution of digital human resource management: A systematic review and bibliometric analysis.
18. Minbaeva, D. (2021). Disrupted HR? The role of digital technologies. *Human Resource Management Review*, 100820.
19. Newman, A. U. (2014). Psychological capital: A review and synthesis. *Journal of Organizational Behavior*, 120–138.
20. Parry, E. &. (2019). The impact of emerging technologies on work. *Human Resource Management Journal*, 1-17.
21. Strohmeier, S. (2020). Digital human resource management. *German Journal of Human Resource Management*, 345–365.
22. Strohmeier, S. (2020). Digital human resource management: A conceptual clarification. *German Journal of Human Resource Management*, 345–365.
23. Tamanna Binte Zaman, M. C. (2022). Changes of HRM Practices around the World in the Context of COVID-19. 1-20.
24. Tarafdar, M. C.-F. (2019). The technostress trifecta. *Journal of Information Technology*, 6–42.
25. Tarafdar, M. T.-N.-N. (2007). The impact of technostress on role stress and productivity. *Journal of Management Information Systems*, 301–328.
26. Vial, G. (2019). Understanding digital transformation: A review and a research agenda. *Journal of Strategic Information Systems*, 118-144.
27. Vives, X. (2019). Digital disruption in banking. *Annual Review of Financial Economics*, 243–272.
28. World Economic Forum. (2023). Global Risks Report. *World Economic Forum*, 1–98.

