

Navigating Digital Shift: Impact on Employee Well-Being and Sustainable HR Practices

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ABSTRACT

The COVID-19 pandemic has become a new necessity in an organization, which has led to the emergence of the phenomenon of digitalization and has given the opportunity to connect and continue business remotely. Its application in human resource management (HRM) has been shown to have been a factor of efficiency in regard to e-recruitment, automation, and e-based decision-making, but it has raised psychosocial issues for employees. The paper examines how digitalization affects the welfare of employees and sustainable HR practices with specific attention to the socio-behavioural dimension of technological change. The research combines the interdisciplinary information of technological sociology, organizational psychology, and HRM to create a comprehensive view of the area by systematizing the review of the literature conducted in the PRISMA method. The data show that the HR application of AI in employee engagement, productivity, and sustainability improves the operations on the basis of personalization and predictive analytics but also introduces a threat of technostress, anxiety, and digital exhaustion simultaneously. The paper introduces a research gap, which is also of critical importance in relation to preventive actions on technostress and ethical and psychological impacts of digitalization. It points at the necessity to promote the idea of digital leadership, IT consciousness and work-life balance in the quest to improve well-being in organizations in a sustainable way. Overall, the paper has positioned digitalization within the context of socio-technical and behavioural trends that characterize the evolving landscape of employee welfare and sustainability of the company. The findings offer both theoretical and practical data on the ways how HR professionals may develop socially responsible, inclusive, and humanistic digital strategies.

Keywords: Digitalization, Employee Well-Being, Sustainable HR Practices, Technostress, AI-Driven HRM

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1. Introduction

Digitalization has assumed a fast-tracked form of becoming a distinguishing force that is already continuing to shape the working process, experience of employees, and the dynamics of the workplace in general. The other manner in which it became prominent was in the COVID-19 pandemic in which companies heavily depended on digital capabilities to keep remote work, communication and usual business activities going on. As the digital tools began infiltrating all the levels of the human resource management (HRM), the

organizations had also learned the strategic advantages and the challenges that might be encountered by the technologically inspired work environments. The papers indicate that the digital transformation has an impact on continuity of operations, innovation, as well as changes the human behavior, organizational culture, and organizational structure itself (Kniffin et al., 2021; Chiappetta et al., 2020). As the digitalization contact grows, it now matters to consider what lies beyond its advantages in operations and find out what it entails in

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the well-being of the employees and to sustainability in the HR field.

Digital technologies combined with artificial intelligence (AI) and automation have changed the traditional HR functions significantly. The features of the data-driven decision-making, predictive analytics, robotized hiring, and AI-assisted performance evaluation are also accepted by the modern HR systems (Ergasheva et al., 2024; Ganatra and Pandya, 2023). These developments have ensured work accuracy, speediness and have been helpful in making working experiences enjoyable. The digital HRM framework is already being considered the strategic business asset enhancing the rates of engagement, simplified communication, and active development of human resources (Karwehl and Kauffeld, 2021; Abbas et al., 2020). It is also found that these digital interventions can ensure positive psychological states, organizational commitment improvement, and the establishment of the environment that fosters sustainability in work behavior (Cachat-Rosset et al., 2021; Lockwood et al., 2017).

However, despite the increase in the capacity of the organization due to digitalization, it also has several psychosocial and behavioural problems. All this makes the employees nervous, insecure, and stressed as they are always under pressure to upgrade their digital capabilities, acquire new systems, and process information streams. This has become a so-called technostress, which is fueled by complexities of technologies, increase and overload, and fear of losing a job to automation driven by AI (Tarafdar and Gordon, 2007; Sozinova et al., 2024). Scientists suppose that technostress reduces efficiency, worsens the psychological mood and disturbs the work-life balance (La Torre et al., 2020). Global labour organisations similarly express worries regarding the same concerns but emphasise the fact that digital transformation has the potential to deepen inequality, skills, and socio-economic insecurity unless addressed with a responsible attitude (ILO et al., 2021).

Sustainability of the organization is also digitized. The Hr practices are sustainable in terms of the long term human development, ethical decision making, inclusion, and in the provision of supportive working environments. The more the digital technologies are the core of the HR functions, the more interdependent the correlation between the well-being of the employees and the sustainability of the organization is. It has been proven that through the appropriate digital training, IT awareness, and organizational encouragement, employees can survive all the changes and adjust to technological changes better (Hutton et al., 2015; Abbas et al., 2020). Instead, the lack of digital literacy or

improperly implemented AI technologies will demoralize, destroy trust, and hamper achieving sustainable performance outcomes (Carillo et al., 2021; Bahamondes-Rosado et al., 2023).

In addition to that, digital HRM is not limited to technological systems, but it affects the organizational culture and relationship. The physical places of work (including remote and hybrid workplaces) have altered work-collaboration patterns, team cohesion, and managerial supervision. Organizational psychology states that organizational culture founded upon belongingness, fairness, autonomy, and psychological safety is crucial to mediate employee wellness in the digital world (Chiappetta et al., 2020; Cachat-Rosset et al., 2021). The HR leaders should, therefore, find a means of devising digital systems that strengthen and not weaken human relationships, trust and equitable work practices. Digital leadership, knowledge sharing, and supportive communication also has been found to reduce the prevalence of digital fatigue and elevate the degree of collective adaptability in the event of a state of technological change (Strakova et al., 2022; Karwehl and Kauffeld, 2021).

There has been growing body of research but there are also few important gaps to consider. Scholars state that the preventative measures of technostress have not been properly examined even though the negative health and performance outcomes are well-determined (La Torre et al., 2020; Bahamondes-Rosado et al., 2023). Furthermore, it is necessary to examine the effect of AI-based HR systems on organizational culture, equity, and sustainability on the long-term level. It is essential in the development of the future human resource policies and practices as digitalization is not only a resource in employment but a possible stressor. As it was stated in the Job Demands resources framework, the balance between technological demands and adequate organizational and social resources is necessary to achieve optimal well-being and sustainable results (Lockwood et al., 2017).

In that regard, the present study conducts a systematic review of the existing literature relying on the PRISMA model to analyse the impact of digitalization on employee well-being and sustainable Hr practices. It will be supposed to overview previous knowledge, outline the issues which are of the greatest importance, and indicate the actions that may be taken to facilitate responsible and human-oriented digital transformation. The research can as well assist in the more extended comprehension of digitalization and its impact on modern workplaces in addition to provide viable suggestions to organizations, which have chosen to be long-term viable and integrate the knowledge of

organizational psychology, technological sociology, and sustainable HRM. Fig 1 is a conceptual framework that will be applied in this paper.

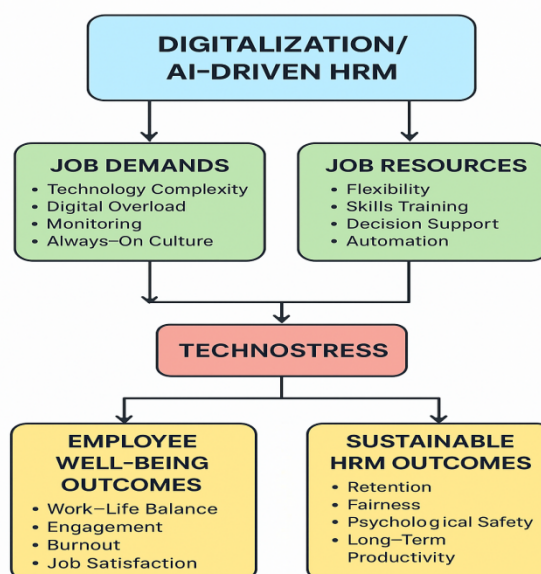


Figure 1. Conceptual Framework of Digitalization, Job Demands-Resources, Technostress, and HRM Outcomes

2. Methodology

The research approach will be a systematic literature review (SLR) design, to investigate the effectiveness of digitalization on the well-being of employees and sustainable human resource management (HRM) practices. The methodology will rely on the PRISMA (Preferred Reporting Items of the systematic review and meta-analysis) framework that offers a systematic and transparent procedure of locating, choosing, and assessing the pertinent research. The systematic information of this approach guarantees that the review gathers the current knowledge in a comprehensive manner and reduces the bias and increases the credibility of the results (Bahamondes-Rosado et al., 2023).

2.1 Research Design

The research methodology is a combination of the structured evidence synthesis process and content analysis, which are qualitative in nature. The review analyses the interdisciplinary literature in the digital HRM, technological stress, organizational psychology, technological sociology, workforce health, and sustainability in HR practices. As pointed out in literature, the digital transformation cannot be examined within the technical prism, instead, it requires the socio-behavioural approach due to its effects on the organizational culture, motivation, and employee identity (Cachat-Rosset et al., 2021; Chiappetta et al.,

2020). In this way, the current study assumes a design which implies the behavioural, social, and managerial sides of digitalization.

2.2 Data Sources and Search Strategy

The search of the literature was carried out according to the peer-reviewed articles and conference papers, and institutional research reports published in 2007-2024. Databases that were used included Google Scholar, Scopus, Web of Science, ScienceDirect, and Emerald Insight. The search strings were the keywords digitalization, employee well-being, AI-based HRM, technostress, sustainable HR practices, and organizational sustainability. A broad yet narrow search coverage was achieved through Boolean operators that were used to search these terms together.

Due to the increase in the digital transformation during the COVID-19 pandemic, the emphasis was on the papers dealing with the topics of remote work, digital fatigue, and virtual HR practices (Kniffin et al., 2021). The sources that touched on AI implementation, predictive analytics, and the development of digital competence in the HR were taken into account as well since it was directly connected with the current research in the field of HRM (Ganatra and Pandya, 2023; Karwehl and Kauffeld, 2021).

2.3 Inclusion and Exclusion Criteria

The articles were selected according to the following criteria:

Relevance: Articles that relate to the effects of digitalization on the well-being of employees, technostress, HR digital transformation, organizational support, or sustainability.

1. **Context: Scope:** In an organizational or workplace or HRM context in which the study is conducted.
2. **Quality of the Methodology:** Research with clear-cut methodologies.
3. **Language:** English only articles published in journals.
4. **The types of publication** include empirical research, conceptual and systematic reviews.

Articles that do not pertain to HRM or focus on technological equipment and engineering design or irrelevant psychological constructs were filtered out. Articles that were out of the scope of digital HR

environments were removed both conceptually and practically (Abbas et al., 2020; Carillo et al., 2021).

2.4 Screening and Selection Process

PRISMA screening process consisted of three steps: Recruiting and screening and eligibility assessing. During the initial searching, 412 documents were found. There were 298 papers left as a result of elimination of duplicates. Title and Abstract screening weeded off 182 out of line studies. All the reviews were further reduced to 69 that were failing either of the methodological or conceptual criteria. Lastly, 47 articles were synthesized. The various areas of digitalization such as AI-based HR practices, work stressors, remote working, organizational sustainability, digital skills, and socio-behavioural forces were discussed in these papers (La Torre et al., 2020; Strakova et al., 2022; Hutton et al., 2015). Figure 2 illustrates PRISMA flow diagram; it is a summary of identification, screening, eligibility, and inclusion of the review.

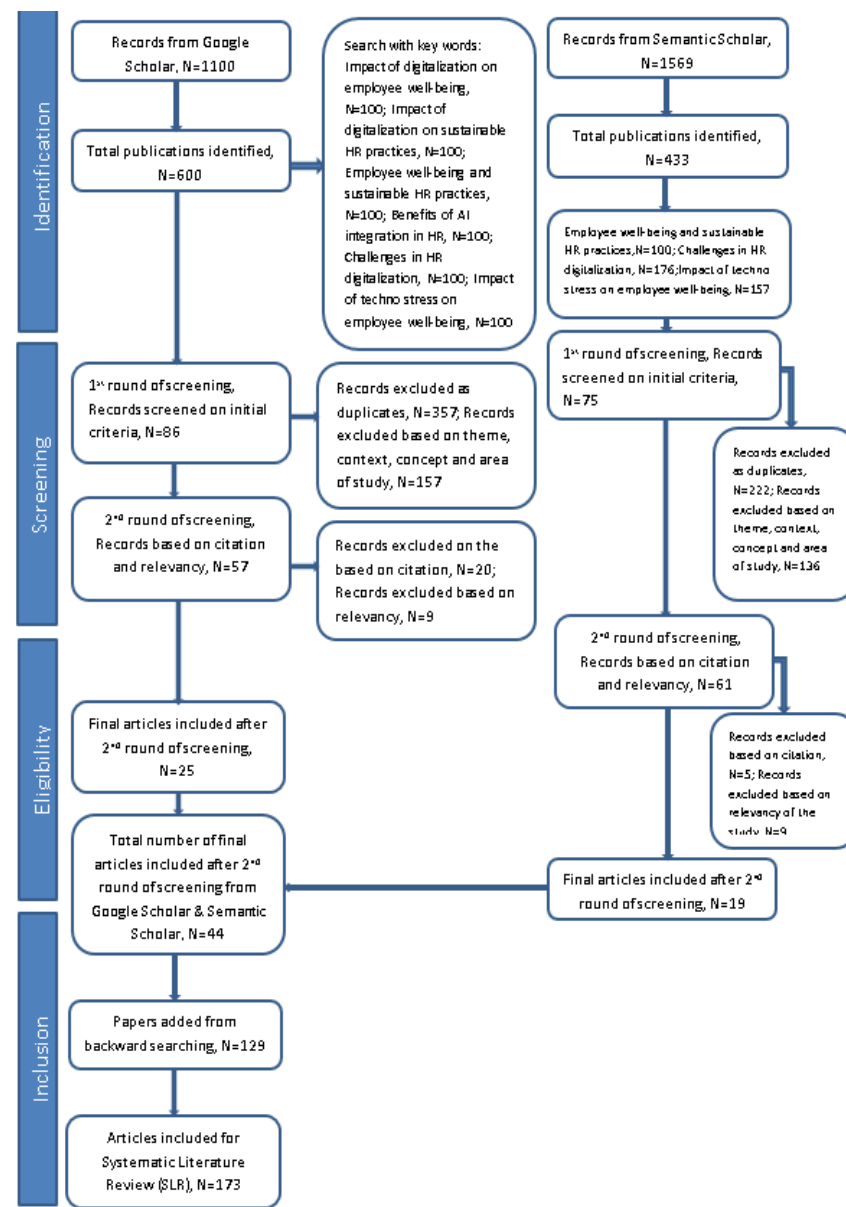


Figure 2. PRISMA Flow Diagram for Study Selection

2.5 Data Extraction and Coding Procedure

The data were coded in each study by means of thematic coding methodology. Key themes included:

1. Digitalization and change of HRM.
2. Techno’s stress and psychosocial risk.
3. Digital readiness and organizational facilitation.
4. Worker’s engagement and welfare.
5. Sustainable HR practices
6. The AI implementation and the ethical issues.

Digital requirements (information overload, complex system) and organizational resources (training, support, autonomy) guided the coding process since the Job Demands Resources model explains the impact of these issues on employee well-being (Lockwood et al., 2017).

This theoretical prism allowed grouping stressors and resources in digital spaces.

2.6 Quality Assessment

The evaluation of quality of the studies that were incorporated in the final synthesis was evaluated on the basis of the articulateness of methods, soundness of findings and theoretical basis. Rigor of methodology and topicality to digital research on HRM were also the features of good research (Ergasheva et al., 2024; Chiappetta et al., 2020). The policy reports were also part of the global institutions such as the ILO and the OECD due to lack of credible information regarding the socio-economic effects of digital transformation (ILO et al., 2021).

2.7 Analytical Framework

Its production was an interpretive course which was focused on social and behavioural components of digitalization. The online HRM was more of an emerging socio-technical system and not just an administrative novelty that is influencing employee identity, well-being, and sustainability of the organization (Sozinova et al., 2024; Cachat-Rosset et al., 2021). The conversation was also geared towards the interpretation of the impacts of AI and digital tools on the workplace, the mediation of the relationships, and the transformation of the psychological experiences of the staff.

3. Results

The systematic review of the selected articles revealed that several interconnected themes demonstrate the impact of digitalization on the welfare of employees and sustainable human resources. The findings signify empowering quality of digital technologies and the challenges, which organizations encounter in the process of integrating AI-based HRM systems into their operation. Overall, the results can be categorized into four overall themes (1) the impact of digitalization on employee welfare, (2) the effect of digital tools on sustainable HR practices, (3) the role of AI on employee experience and productivity and (4) the problems that technostress and digital overload can cause. Table 1 indicates the distribution of the four key themes that were identified during the synthesis.

Table 1. Frequency Distribution of Themes Identified Across the 47 Studies

Theme Category	Number of Studies (n)	Percentage (%)	Description
Digitalization & Employee Well-Being	14	29.8%	Studies focusing on well-being, burnout, autonomy, work-life balance.
Technostress & Digital Overload	13	27.7%	Studies analyzing digital fatigue, anxiety, insecurity, overload.
AI-Driven HR Practices & Employee Experience	11	23.4%	Studies examining AI in recruitment, evaluation, analytics.
Digitalization & Sustainable HR Practices	9	19.1%	Studies linking HR digitalization with sustainability goals.

The thematic map that was created after analysing the studies is presented in Figure 3; it demonstrates the four most common clusters, and the further results are formed

by them: employee well-being, sustainable HR practices, AI-driven HR experiences, and technostress

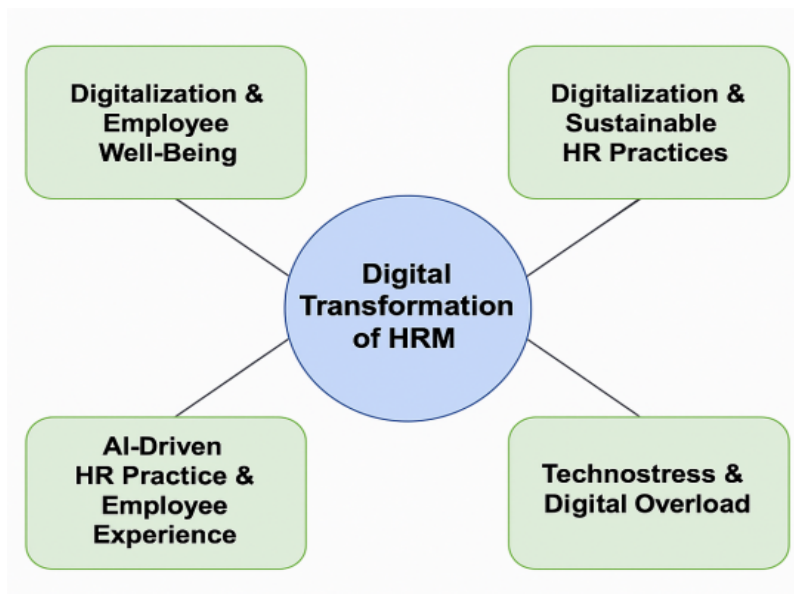


Figure 3. Thematic Map of Findings from the Studies

3.1 Digitalization and Employee Well-Being

It is constantly mentioned in the reviewed literature that the influence of digitalization on the well-being of employees is two-fold. On the one hand, online technologies will guarantee flexibility, convenience, and organizational resources access to facilitate work-life balance. There is a better connectivity among employees besides real time communication and ability to handle tasks in a more efficient way. Digital platforms also provide the opportunity of personalizing learning, having immediate feedback or having greater autonomy in task completion.

On the other hand, the increased dependence on the digital systems is a factor that causes psychological strains, information overload, and mounting work demands. The reports of exhaustion among the employees are also frequent due to the 24-hour accessibility, the speed of the communication, and the protracted screen time. The conditions of remote work make the influence of professional and personal areas more significant and lead to emotional exhaustion and reduced chances of rest. The results indicate that although the efficiency is increased, the concept of digitalization results in an increase in cognitive load, which consequently influences the mental well-being.

The other notable trend that has been realized is the rise in digital anxiety. The employees are concerned with the capacity to remain abreast with the new technologies, be digitally fit and survive with complex systems. One of the greatest stressors in the industries where AI is advancing at a rapid rate is fear of loss of a job. The failure to handle them in an active manner will translate to the occurrence of these anxieties, which culminates in poor job satisfaction and commitment to the organization.

3.2 Digitalization and Sustainable HR Practices

It is mentioned in the review that there is strong evidence that digital HR practices can positively influence the sustainability of an organization provided they are used wisely. Digital HR systems ensure sustainability through reduction of manual work, improvement of accuracy and encouragement of decision making based on information. With automation, the HR departments are able to focus on strategic efforts, such that they are able to allocate resources to strategic functions to ensure that they handle talent effectively, performance and employee developments.

Digital platforms may also contribute to sustainability as it will contribute to reducing paper-based interactions, reducing the number of wastes in the administration, and reducing overall carbon footprint of the organization. Furthermore, digital HRM causes higher sustainability since people have equal access to and are provided with

opportunities such as remote working solutions, online training, and unbiased AI-based recruitment.

The outcomes however highly depend on the ability of the organization to create favorable environments. Digital systems can be used to frustrate employees and create resistance in organizations in the absence of proper training, digital literacy and communication structures. The results show that sustainable HRM implies the integration of both the technological efficiency and human based support systems such as mentoring, coaching and open digital governance.

3.3 AI-Driven HR Practices and Employee Experience

The recent application of AI to HRM has made it a revolution factor in organizations. It has been demonstrated in the literature that AI-based tools can enhance the experience of employees by offering personalized interventions, projective analytics, and administration. The recruitment systems based on AI contribute to the objective decisions, reduced the biases, and the favourable and prompt quality of the talent acquisition. Similarly, AI-driven performance management systems provide real-time feedback and personalized learning streams and have the ability to detect areas of skill deficiency at an early stage.

Predictive analytics may empower the organizations to know what their employees need beforehand, identifying the potential threat of burnout and designing the intervention that will make the former feel well and remain. The employees will have increased transparency, consistency, and clarity of the HR processes. Another opinion is that AI will make the process of engagement possible by personalizing the professional development plan, aligning roles with competencies, and creating a sense of growth and meaning.

Despite these benefits, there are employee concerns regarding surveillance, data loss and privacy, and still. When the employees are of the opinion that the AI systems are intrusive or unfair, the level of trust will be at a low resulting in low levels of satisfaction and engagement. Thus, to make the AI use effective, one will need ethical use of the AI, transparency, and integration of the personnel in the digital transitions.

3.4 Challenges Associated with Technostress and Digital Overload

One of the critical problems in the reviewed studies was the technological stress. Stress among the employees is caused by the high rates of the technological changes, the high levels of the complexity of the digital tools and the need to constantly change. Following dimensions

were selected; techno-overload (excess information), techno-complexity (problem with using digital system), techno-insecurity (fear of being replaced), and techno-anxiety (fear of making mistakes and technological breakdowns).

Such stressors cause low productivity, frustration, withdrawal behaviour and emotional exhaustion in some cases. Remote work conditions complicate such problems and cause human support to decrease as well as make people more dependent on technology. The digital tools which are expected to foster collaboration inadvertently may lead to the urge to act now and hence, increase the workload.

The findings also indicate that technostress has no systematic preventive interventions that are implemented to control the condition. Although there are organizations offering digital training and IT services, there are not many organizations that set up full practice, maybe digital detox, setting boundaries, or psychological interventions. The disparity in preventive practices is one of the key areas that an organization can develop and research further.

4. Discussion

The outcomes of this review suggest that the digitalization concept has become an urgent aspect of the modern organizational functioning, and its effects are far beyond the technological comfort. Its results suggest that digital systems, employee welfare, and sustainable HR practices are linked together in a complex way. This interplay describes a stronger transformation where digitalization redefines the formations of work, reconfigures social relations and alters perspective of organization. It should be noted that these multidimensional changes are justified in the context of the idea of digital transformation as a socio-technical process, which not only determines the outcomes of the organization but also the behavior of people, their identity, and emotional experience.

Among the key themes that have emerged due to the results is that the digitalization has transformed the HR practices into administrative processes to strategic functions with effects on the welfare of employees. Digital HR interventions examples include e-recruitment, self-service portals, AI-based performance systems and virtual learning platforms which have enabled organizations to optimize operations in addition to offering personalized services to employees. Studies have reported that more developed HR analytics enhances the ability of the organization to determine the requirements of the employees, the future problems, and the arrangements of the timely intervention to accommodate the performance and well-being

(Mysirlaki and Paraskeva, 2020). Digitalization thus aids in proactive and reactive HRM system that can be used to develop long term sustainability.

Despite such opportunities, the digital transformation process poses new psychosocial threats that are to be considered attentively. The emerging trend of telecommuting, the possibility to be always connected, and a technological element of surveillance has changed the experience of employees. These shifting work places devalue the traditional notion of the work boundaries, social interaction, and psychological restitution. Digitalization, in its turn, can be proposed to draw employees to the sense of always-on-pressure that makes them less autonomous and removes the possibility of non-employment altogether (Waizenegger et al., 2020). Such pressures enhance the emotional fatigue and can lead to burnout when the pressures are applied over inappropriate personal and company resources to meet the demands of technology.

Moreover, the notion of AI-based HR procedures implementation also makes the existence of transparency, fairness, and trust at the workplace questionable. The employees are likely to complain that they are not sure how the algorithms are used in performance appraisal, recruitment, and promotions. When digital systems are ambiguous or seen as intrusion by the employees, then it is problematic. According to the researchers, an ethical system of governance should incorporate AI to evade the feeling of being surveilled and to inculcate fairness, responsibility, and substantive human control (Wilson and Daugherty, 2018). Sustainable HRM thus is not only based on the efficiency of the technology, but also on the ethical alignment as well as trust-building mechanisms that contribute to the creation of psychological safety.

The discussion also demonstrates that the organizational culture plays a significant role in leveling the digitalization influence on the staff. A culture of continuous learning that encourages experimentation, on-line training and continuous upskilling can be useful in enhancing employee adaptability and resilience. Work-based digital competencies allow employees to deal with the technological change issue with confidence, as well as reduce the feeling of insecurity and techno-anxiety. The scholars state that the programs dedicated to the development of digital skills positively affect the level of employee engagement, as it contributes to the feeling of control and technical skills in the environment mediated by technologies (Hakkinen et al., 2022). Knowingly or unknowingly, organizations that have a poorly structured supporting system may raise the levels of stress, frustration, resistance among the employees.

Remote work is a good illustration of the impact of organizational culture on digital experiences. On the one hand, team work can be made more adaptable, and geographically dispersed teams can collaborate with the help of virtual communication tools, however, on the other hand, they can destroy the interpersonal relationships that are established through the physical workplaces and reduce the emotional sustenance. Obstacles to team bonding and knowledge sharing include poor communication, seclusion and less informal contacts. It is stated in the research that virtual teams must be planned, coordination strategies must be clear, and leaders must facilitate them to be productive and healthy (Purvanova, 2014). Otherwise, without these systems, online teamwork may become fractured and emotionally heavy.

A second aspect of the discussion is the new sense of sustainable Hr practices being aligned with the broader environmental and social agenda. Digitalization can also aid in being sustainable in regards to the wastage of papers, the greater consumption of resources, and green HR practices. Businesses are increasingly tolerant of virtual training, paperless record keeping and working at home so as to minimize environmental impact. Sustainability is not only promotion of environmental benefits, however. Social outcomes that are needed in sustainable HRM are equity, well-being, inclusiveness and meaningful work. Implementation of the digital solutions which do not consider psychosocial risks may compromise the long-term sustainability due to the reduced morale of employees and their trust towards the organization.

The results have indicated that the preventive methods of addressing technostress are yet to be developed at the organizational level. The existing interventions are primarily focused on technical troubleshooting or introductory courses of IT but not the emotional, cognitive and social aspects of digitalization. Scholars argue that effective preventive strategies of technostress must be holistic which includes boundary-setting, digital well-being interventions and promotion of mindful technology use (Syvänen et al., 2016). These strategies consider that not only the work of the tasks is influenced by digitalization, but cognitive load, identity designed, and social connectedness.

The most important implication of this discussion is that the organizations should adopt humanistic digital strategies. This includes the development of technologies that enhance the human capacity, education to build capacity and trust, and leadership that is oriented to empathy, communication, and psychological security. The digital transformation is impossible to be sustainable unless the staff regards technology as an

enabler rather than as a threat. This is a perception that should be built by creating transparency, participation and shared ownership of digital decisions.

Finally, the organizational resilience can be developed with the assistance of digitalization. The employees can be empowered with the help of the digital tools, encouraging innovation and enhancing creative problem-solving with the relevant support systems. The more companies prepare to adapt to the changing environment, the more they are likely to change according to the requirements of the time, as long as they take their digital readiness, emotional support, and flexible HR policies. By doing so, the digital transformation is able to be sustainable, inclusive and pegged on the well-being of the staff.

5. Conclusion

The introduction to the current literature demonstrates that digitalization is an insurmountable force, which is reshaping the contemporary organizational framework, management of work place and human resource. The use of AI-supported recruitment, online education platforms, and predictive analytics in all studies have demonstrated that it has much potential to enhance efficiency, strengthen engagement, and result in the organization development in a sustainable manner. Digitalization assists in making superior decisions, practicing in a manner that is green, and promoting creative approaches to managing employees. Meanwhile, the outcomes also show that such technological advancements create great risks to the health of the workers. These tendencies as technostress, digital anxiety, information overload, fear of job insecurity can be observed and have a negative effect on the psychological state of the employees themselves and their general satisfaction with the work.

The literature highlights how the digital transformation is not to be done through technological means, but that it must exist in terms of having organizational cultures that are supportive, having appropriate digital training, appropriate communication, and leadership that are concerned about the welfare of their employees. To strike the right balance between the advantages of automation and technological efficiency, and high human-centered orientation is the issue that sustainable HR practices are to solve. Organizations that invest in digital literacy, IT awareness and empowerment of workers will be at an advantage to minimize stressors and enhance flexibility.

Lastly, it can be stated that the concept of digitalization can be perceived as a socio-technical process i.e. the process, which requires being fine-tuned to make technology, human needs and organizational values

meet. Proactive and inclusion strategies can assist organizations in seizing the digitalization to become healthier, more resilient, and provide long-term sustainability in the world that is increasingly digital.

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