

FACTORS DRIVING EMPLOYEE HAPPINESS IN THE AGE OF DIGITAL TRANSFORMATION: A CONCEPTUAL FRAMEWORK USING JD-R AND SDT

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Abstract: In the era of digital transformation, employee happiness has become a critical yet underexplored dimension of organisational success. While digital technologies enhance flexibility, efficiency, and connectivity, they also generate challenges such as technostress, digital overload, and blurred work–life boundaries. This conceptual study proposes an integrative framework to explain employee happiness in digitally transformed workplaces by drawing on the Job Demands–Resources (JD-R) model and Self-Determination Theory (SDT). The framework highlights the combined influence of organisational factors, individual capabilities, and technological conditions in shaping happiness. By extending well-being theories to digital contexts, the study offers valuable insights for designing human-centric digital workplaces that sustain employee happiness and engagement.

Keywords : Employee Happiness, Digital, SDT, JD-R

1.0 Introduction

Employee happiness has emerged as a critical driver of organisational success in the 21st century. In today's rapidly changing workplace environment, the focus on employee well-being extends beyond conventional measures of success such as productivity or profitability (Thompson & Bruk-Lee, 2021). As workplace values continue to evolve, employee happiness is increasingly recognised as a cornerstone of organisational priorities. The pivotal role of employee satisfaction in enhancing productivity, fostering innovation, and strengthening organisational vitality has encouraged scholars to investigate the various factors shaping workplace happiness (Singh & Aggarwal, 2018).

Alongside these developments, digital transformation is redefining the structure, delivery, and experience of work. Technologies such as artificial intelligence (AI), remote working platforms, digital collaboration tools, and data-driven decision-making systems are transforming the way employees interact, perform, and experience their roles (Meyer et al., 2024; De Souza Santos & Ralph, 2022). While such advancements have created opportunities for flexibility, autonomy, and efficiency, they have also generated challenges, including digital overload, blurred work-life boundaries, and the constant pressure of reskilling. Researchers highlight concerns such as hyperconnectivity, diminished separation between professional and personal domains, heightened cognitive demands, and digital fatigue, all of which can undermine employee well-being (Caviccholi et al., 2025). For instance, the erosion of temporal and spatial boundaries between work and personal life often increases stress and disrupts mental recovery. As a result, leaders and organisations are beginning to recognise the cultivation of employee happiness as a strategic driver of sustainable success.

Most existing studies on employee happiness, however, have been situated within traditional workplace contexts. For example, Salas-Vallina and Fernandez (2017) demonstrated that inspirational leadership has a positive influence on employee happiness. Similarly, organisational culture has been shown to play a central role in shaping workplace happiness, with positive cultural environments enhancing desirable outcomes (Espasandín-Bustelo et al., 2020). In addition, perceived organisational support has been found to strengthen employee trust and autonomy, thereby enabling greater freedom of expression and job satisfaction (Akgunduz et al., 2022). Other studies have examined traditional determinants of happiness such as affective commitment (Srivastava et al., 2022), emotional wages (Ravina-Ripoll et al., 2024), and corporate social responsibility (Kocollari et al., 2024).

Despite this growing body of work, limited research has explored how digital transformation reshapes employees' perceptions of happiness, particularly in service-driven sectors where human-technology interaction is pervasive. To address this gap, the present study integrates organisational, individual, and technological dimensions to propose a conceptual framework for understanding the modern factors associated with digital transformation that influence employee happiness in service-driven industries.

2.0 Theoretical lens.

2.1 Job Demands-Resources (JD-R) Model: The JD-R model, developed by Demerouti et al. (2001), is the most commonly used framework to explain well-being, engagement and stress. This model divides the model into two parts: one is job demand, and the second is job resource. Job demand refers to the efforts required for a job, and job resources facilitate the performance of the task or job. We extend the JD-R model to this study because job demand is not only physical or cognitive, but also digital in nature (e.g., techno-stressors, constant connectivity, surveillance). Conversely, **digital resources, including flexibility, supportive tools, AI assistance, and digital leadership, shape** well-being and happiness. Thus, JD-R is directly suitable for theorising how digital workplace challenges (demands) and technology-enabled supports (resources) interact to shape employee happiness.

2.2 Self-Determination Theory (SDT) : This theory, introduced by Ryan & Deci (2000), posits that employee well-being and happiness depend on three psychological needs: autonomy, competence, and relatedness. Employees are more motivated when they are allowed to feel independent (autonomy), capable (competence), and connected with others (relatedness) in the workplace. In a digital workplace, we utilise the self-determination theory as happiness rises when digital work contexts satisfy **autonomy** (flexibility/control), **competence** (digital literacy/upskilling), and **relatedness** (high-quality virtual collaboration).

3.0 Factors related to Employee happiness

3.1 Organisational factors:

- Digital leadership: In technology-driven workplaces, effective leadership requires empathy, trust-building, and inclusivity. Leaders who demonstrate digital leadership help employees adopt new tools, reduce resistance to change, and foster a sense of psychological safety, thereby enhancing overall happiness (Avolio et al., 2014; Cortellazzo et al., 2019)
- Organisational support : employees feel happier and more engaged when they perceive strong organisational support, particularly in terms of access to digital resources and continuous learning opportunities. Providing training, digital upskilling, and IT support reduces uncertainty and empowers employees to perform effectively in tech-enabled environments (Eisenberger et al., 1986; Saks, 2006)
- Recognition & Rewards : Fair and timely recognition through digital platforms (such as intranets, apps, or virtual town halls) reinforces positive behaviour and motivates employees. Such acknowledgement fosters happiness by satisfying employees' need for appreciation and validation in virtual settings (Bakker & Demerouti, 2017; Brun & Dugas, 2008).
- Work-life integration policies : Flexible scheduling, hybrid work arrangements, and mental health support are critical in mitigating digital overload and blurred boundaries. Work-life integration policies

contribute directly to happiness by maintaining balance and reducing burnout (Allen et al., 2013; Kossek et al., 2014).

3.2 Personal factors

- **Digital Literacy & Competence** : Employees with higher digital literacy feel more confident and less stressed when navigating tools, which promotes happiness by reducing feelings of inadequacy (van Laar et al., 2017; Ghobakhloo, 2020).
- **Autonomy & Flexibility** : Remote and hybrid setups provide employees with greater autonomy in structuring their work. Autonomy fulfils a core psychological need as per Self-Determination Theory, strongly predicting happiness (Deci & Ryan, 2000; Gagné & Deci, 2005).
- **Resilience & Adaptability**: The digital age brings constant change. Employees who are resilient and adaptable cope better with change, transforming potential stressors into opportunities (Lengnick-Hall et al., 2011; Fletcher & Sarkar, 2013).

3.3 Technological factors

User-Friendly Tools : When digital platforms are intuitive and supportive, they reduce cognitive load and prevent frustration, freeing employees to focus on meaningful work (Davis, 1989; Tarafdar et al., 2019).

AI-Enabled Support: AI-driven tools optimise tasks and enhance efficiency. When employees perceive AI as augmenting (not replacing) their value, it fosters positive emotions and job satisfaction (Raisch & Krakowski, 2021; Jaiswal et al., 2022).

Data Security & Privacy : Ensuring strong data privacy and transparent policies builds trust, which enhances psychological safety and happiness (Dinev & Hart, 2006; Bélanger & Crossler, 2011).

Collaboration Platforms: Effective collaboration tools allow employees to remain connected and share knowledge, fostering relatedness and teamwork essential for happiness (Meske & Junglas, 2021; Leonardi, 2021)

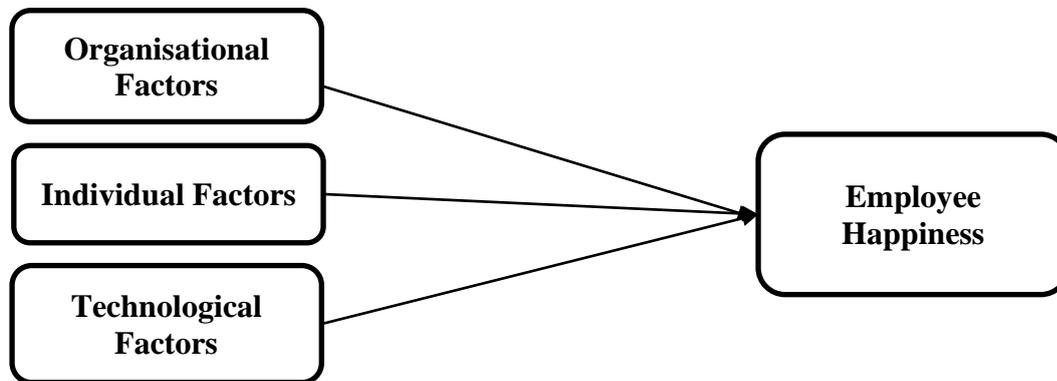


Figure 1: Factors related to Employee Happiness

4.0 Significance of the study

This study is significant as it highlights how employee happiness, a vital element of organisational success, is being reshaped in the digital era. By integrating organisational, personal, and technological factors, the proposed framework provides a comprehensive understanding of the drivers of happiness in technology-driven workplaces. For **organisations**, the study offers insights into designing human-centric digital policies, promoting digital leadership, and creating supportive environments that balance flexibility with employee well-being. For **employees**, it emphasises the importance of digital literacy, resilience, and boundary management in

sustaining happiness at work. For **researchers**, the framework opens up avenues for the empirical validation of new digital-era constructs, extending existing theories such as JD-R and SDT to modern work contexts. Thus, the study contributes to both theory and practice by guiding organisations on how to leverage digital transformation while safeguarding employee happiness.

5.0 Conclusion

This study underscores that employee happiness in the digital era is influenced by a complex interplay of organisational, personal, and technological factors. While conventional drivers such as leadership, recognition, and organisational support remain important, digital transformation has introduced new dimensions, including technostress, digital literacy, AI-enabled support, and data privacy concerns. By employing the Job Demands-Resources (JD-R) model and Self-Determination Theory (SDT) as guiding lenses, this paper advances the understanding of how digital demands and resources shape employee happiness and how fundamental psychological needs for autonomy, competence, and relatedness can be fulfilled in technology-mediated workplaces.

Despite its contributions, this study is conceptual in nature and therefore does not empirically test the proposed framework. Future research could operationalise the identified factors and validate them across different sectors, geographical contexts, and occupational groups. Longitudinal studies would be particularly useful to capture how employee happiness evolves as digital transformation accelerates, while cross-sectoral comparisons could highlight variations between service-oriented and manufacturing industries. Additionally, further inquiry could explore how emerging technologies such as generative AI, blockchain, and advanced analytics alter perceptions of happiness and well-being at work.

In conclusion, this study provides both theoretical and practical value by integrating organisational, personal, and technological perspectives into a holistic framework of employee happiness in the digital age. For scholars, it opens new pathways for examining workplace well-being in digitally transformed environments. For practitioners, it emphasises that aligning digital innovation with employee-centric strategies is essential for cultivating sustainable engagement, resilience, and long-term organisational success. By recognising happiness as a strategic driver, organisations can ensure that technological progress enhances rather than diminishes the human experience of work.

6.0 References

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