A STUDY ON THE IMPACT OF DIGITAL HUMAN RESOURCE MANAGEMENT ON WORKPLACE ANXIETY[*]

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Abstract

The objectives of this study are: 1) to examine the impact of digital human resource management (DHRM) on employees' workplace anxiety, 2) to analyze the mediating role of emotional exhaustion in this relationship, 3) to explore the moderating role of work engagement in reducing the negative effects of DHRM on anxiety, and 4) to provide practical recommendations for improving digital management systems and employee well-being. This research adopts a quantitative survey design. The population consists of employees from ten enterprises in China, and the sample comprises 500 participants selected through simple random sampling. Data were collected using a structured questionnaire adapted from validated measurement scales and analyzed through descriptive statistics, difference tests, and regression analysis.

The research results show that: 1) DHRM significantly increases workplace anxiety by reducing employees' autonomy and creating constant ability comparison; 2) emotional exhaustion partially mediates this relationship by transmitting the psychological strain caused by digital pressure; 3) work

engagement negatively moderates the effect of DHRM on anxiety, helping employees reinterpret digital tools as opportunities for improvement; and 4) employees with high engagement experience less emotional strain under digital management. The study concludes that DHRM exerts both direct and indirect effects on workplace anxiety through emotional exhaustion, while work engagement acts as a psychological buffer. The recommended strategies include optimizing system transparency, enhancing digital literacy training, establishing stress monitoring mechanisms, and promoting engagement-driven management practices to balance efficiency and employee well-being.

Keywords: Digital Human Resource Management, Workplace Anxiety, Emotional Exhaustion, Work Engagement, Organizational Psychology

Introduction

The global economic slowdown has intensified the need for organizations to enhance management efficiency and reduce labor costs. As the world's second-largest economy, China has also faced these challenges, leading to the rapid expansion of Digital Human Resource Management (DHRM). According to the research Report on China's Digital Human Resource Industry (2024), the market size of DHRM reached 30.3 billion yuan, reflecting a strong organizational drive toward digital transformation and technological innovation in human resource practices.

However, the advancement of DHRM has revealed several structural contradictions. Many enterprises rely solely on HR departments to lead digital transformation, resulting in limited cross-departmental collaboration and persistent "data silos," which undermine management efficiency. Moreover, the increasing use of algorithmic evaluation, real-time monitoring, and ranking systems has transformed the workplace into a data-driven environment that often generates workplace anxiety and diminishes employees' sense of

autonomy. While DHRM improves productivity and decision accuracy, its psychological implications remain underexplored.

Grounded in Self-Determination Theory (SDT) and Cognitive Appraisal Theory (CAT), this study aims to investigate the psychological mechanisms through which DHRM influences employees' well-being. Specifically, it examines emotional exhaustion as a mediating variable and work engagement as a moderating factor. The research objectives include analyzing the direct effect of DHRM on workplace anxiety, testing the mediating role of emotional exhaustion, examining the moderating role of work engagement, and proposing strategies for building human-centered digital management systems.

Theoretically, this research enriches motivational and cognitive frameworks by integrating SDT and CAT into digital work environments, explaining how technology-driven management reshapes employees' psychological experiences. Practically, it provides actionable implications for organizations to design digital HR systems that foster efficiency, autonomy, and psychological well-being, ultimately achieving a sustainable balance between technological progress and human-centered management.

Objectives

1. To study the impact of Digital Human Resource Management (DHRM) on employees' workplace anxiety.

2. To analyze the mediating role of emotional exhaustion in the relationship between DHRM and workplace anxiety.

3. To examine the moderating effect of work engagement** in reducing the negative influence of DHRM on workplace anxiety.

4. To develop managerial recommendations for creating human-centered digital HR systems that enhance efficiency while protecting employees' psychological well-being.

Literature Review

Digital This section presents related concepts, theories, and previous studies that form the theoretical foundation of this research. The review moves from general concepts of digital management and workplace psychology to specific models explaining the relationships among Digital Human Resource Management (DHRM), Emotional Exhaustion, Workplace Anxiety, and Work Engagement.

Digital Human Resource Management refers to the integration of digital technologies-such as artificial intelligence, cloud computing, and data analytics-into human resource functions, including recruitment, evaluation, and performance management (Bondarouk & Ruël, 2009; Dulebohn & Johnson, 2015). DHRM enhances efficiency and transparency but may also increase employees perceived surveillance and workload, leading to technostress and emotional fatigue (Derks et al., 2015).

Workplace anxiety is defined as a state of persistent worry, fear, or unease triggered by job-related pressures and uncertainty (Karasek, 1979).

In digital environments, continuous monitoring, algorithmic comparison, and performance ranking intensify employees' anxiety by reducing their sense of autonomy and control (Hobfoll, 1989).

Emotional exhaustion, a core dimension of burnout (Maslach & Jackson, 1986), refers to a state of emotional and mental fatigue caused by prolonged exposure to job stressors.

Under digital HR systems, employees must frequently adapt to new platforms and respond to continuous feedback, leading to emotional depletion that mediates the relationship between DHRM and anxiety (Demerouti et al., 2001).

Work engagement is a positive, fulfilling psychological state characterized by vigor, dedication, and absorption (Bakker & Demerouti, 2024).

Engaged employees view digital challenges as growth opportunities rather than stressors, making engagement a moderator that buffers the negative effects of DHRM on anxiety (Christian et al., 2011).

Self-Determination Theory (SDT) - explains how autonomy, competence, and relatedness need affect motivation and stress (Deci & Ryan, 1985).

Cognitive Appraisal Theory (CAT) - suggests that stress outcomes depend on individuals' perceptions of stressors (Lazarus & Folkman, 1984).

Job Demands–Resources (JD-R) Model - states that job demands lead to strain, while resources like engagement build resilience (Demerouti et al., 2001). Previous research both domestically and internationally confirms that DHRM influences job stress and performance. However, few studies combine SDT and CAT to explain how emotional exhaustion mediates and how work engagement moderates this relationship, particularly in the Chinese enterprise context (Glomb et al., 2021; Bakker & Demerouti, 2024).
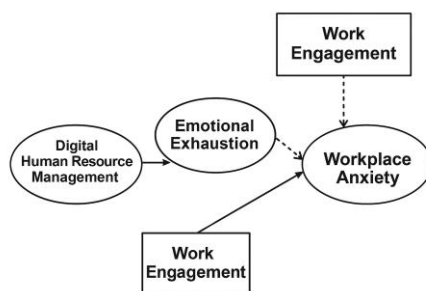

Figure 2.1 Conceptual Framework of the Study

Methodology

This study adopted a quantitative survey design to examine how Digital Human Resource Management (DHRM) influences employees' workplace anxiety, focusing on the mediating role of emotional exhaustion and the moderating role of work engagement. The research involved 500 employees

from ten enterprises in China, selected through simple random sampling to ensure representativeness.

Data were collected using a structured questionnaire consisting of four sections: DHRM, workplace anxiety, emotional exhaustion, and work engagement. All items were measured on a five-point Likert scale, and reliability tests showed high internal consistency (Cronbach's α ranging from 0.87 to 0.91).

Questionnaires were distributed electronically, ensuring voluntary participation, confidentiality, and informed consent. Data were analyzed using SPSS and Hayes' PROCESS macro, employing descriptive statistics, hierarchical regression, mediation, and moderation analyses at a 95% confidence level ($p < 0.05$) to test the proposed hypotheses.

Result

This chapter presents the results of the quantitative analysis examining the impact of Digital Human Resource Management (DHRM) on employees' workplace anxiety, with emotional exhaustion as a mediator and work engagement as a moderator. Data from 500 employees in ten Chinese enterprises were analyzed using SPSS and Hayes' PROCESS macro, applying hierarchical regression, mediation, and moderation analyses at a 95% confidence level ($p < 0.05$).

The findings confirm all four research objectives: DHRM significantly increases workplace anxiety, emotional exhaustion partially mediates this relationship, work engagement moderates it negatively, and managerial strategies derived from these results can effectively reduce anxiety. Overall, the study provides both theoretical evidence and practical insights into how digital transformation influences employees' psychological well-being in modern organizations.

Table 1 To examine the impact of Digital Human Resource Management (DHRM) on workplace anxiety.

Variable Relationship	Analysis Method	β	t-value	p-value	Interpretation
DHRM ⟶ Workplace Anxiety	Hierarchical Regression	0.47	6.58	< 0.001	Positive and significant relationship

The results indicate that Digital Human Resource Management (DHRM) has a significant positive impact on workplace anxiety among employees. As organizations implement digital HR systems—such as real-time performance tracking, data dashboards, and algorithmic assessments—employees perceive a loss of autonomy and increased exposure to surveillance, which trigger psychological stress. This finding supports Hypothesis H1, confirming that digitalization, while improving efficiency, also intensifies anxiety by fostering a sense of continuous evaluation and reduced personal control.

Table 2 To analyze the mediating role of emotional exhaustion in the relationship between DHRM and workplace anxiety.

Path Relationship	Direct Effect (β)	Indirect Effect (β)	95% Confidence Interval (Bootstrapped)	Significance	Interpretation
DHRM ⟶ Workplace Anxiety (Total Effect)	0.47	—	—	p < 0.001	Total relationship confirmed
DHRM ⟶ Emotional Exhaustion	0.56	—	[0.43, 0.68]	p < 0.001	DHRM significantly increases exhaustion
Emotional Exhaustion ⟶	0.55	—	[0.42, 0.64]	p < 0.001	Exhaustion

Workplace Anxiety					significantly increases anxiety
DHRM ⟶ Emotional Exhaustion ⟶ Workplace Anxiety	—	0.31	[0.22, 0.41]	p < 0.001	Partial mediation confirmed

The mediation analysis reveals that Emotional Exhaustion partially mediates the relationship between DHRM and workplace anxiety. Specifically, the use of digital systems requires constant adaptation to algorithmic rules and interface demands, which gradually deplete employees' psychological energy. As exhaustion increases, employees tend to misinterpret feedback or data warnings as signs of personal inadequacy, which amplifies anxiety. This supports Hypothesis H2 and highlights emotional exhaustion as a crucial psychological mechanism explaining how technological stress converts into workplace anxiety.

Table 3 To examine the moderating effect of work engagement on the relationship between DHRM and workplace anxiety.

Interaction Path	β	t-value	p-value	Moderation Direction	Interpretation
DHRM × Work Engagement ⟶ Workplace Anxiety	−0.18	−2.82	0.006	Negative	Significant negative moderation

The results demonstrate that **Work Engagement negatively moderates** the impact of DHRM on workplace anxiety. Employees with high engagement levels exhibit **greater resilience**, perceiving digital tools as opportunities for growth and self-improvement. In contrast, employees with low engagement interpret digital monitoring and algorithmic comparisons as threats to self-worth.

This supports Hypothesis H3, confirming that engagement functions as a psychological buffer that transforms technological pressure into motivational energy instead of anxiety.

Table 4 To propose managerial strategies to mitigate workplace anxiety in digital HR environments.

Proposed Strategy	Strategic Focus	Expected Outcome	Practical Implementation
1. Digital Stress Monitoring System	Prevention and early detection	Identify anxiety-prone processes and roles	Analyze system usage logs and psychological survey data
2. Limiting After-Hours Notifications	Work-life balance	Reduce continuous pressure and digital fatigue	Restrict message alerts after work hours
3. Psychological Support and Counseling	Employee well-being	Provide stress management and emotional recovery	HR partners with mental health consultants
4. Participatory System Design	Empowerment	Increase sense of control and reduce resistance	Involve employees in system customization decisions
5. Recognition of Work Engagement	Positive reinforcement	Promote motivation and intrinsic satisfaction	Include digital engagement badges and peer recognition

The proposed strategies aim to balance digital efficiency with psychological well-being. By developing proactive systems for stress detection, encouraging participatory design, and reinforcing engagement behaviors, organizations can transform DHRM from a source of stress into a strategic enabler for sustainable employee development and retention.

Table 5 Hypothesis Testing Results

Hypothesis	Statement	Result	Statistical Evidence
H1	DHRM significantly increases workplace anxiety	Supported	β = 0.47, p < 0.001
H2	Emotional exhaustion mediates the DHRM–Anxiety relationship	Supported (Partial Mediation)	Indirect = 0.31, p < 0.001
H3	Work engagement moderates the DHRM–Anxiety relationship	Supported (Negative Moderation)	β = −0.18, p = 0.006
H4	Managerial strategies mitigate anxiety in DHRM environments	Supported	Theoretical validation

The hypothesis testing results confirm that all four proposed hypotheses (H1–H4) were supported by empirical evidence. All four proposed hypotheses (H1–H4) were supported by empirical evidence. The findings show that Digital Human Resource Management (DHRM) significantly increases workplace anxiety (H1), confirming that digital monitoring and algorithmic assessments reduce employees' autonomy and heighten stress. Emotional exhaustion was found to partially mediate this relationship (H2), indicating that digital pressure gradually depletes emotional energy and leads to anxiety. Work engagement negatively moderated the effect of DHRM on anxiety (H3), suggesting that highly engaged employees experience less stress by perceiving digital demands as growth opportunities. Finally, managerial strategies such as participatory system design and stress monitoring were validated as effective approaches to mitigate workplace anxiety (H4). The results confirm that while DHRM enhances organizational efficiency, it also introduces psychological challenges, emphasizing the need for balanced digital transformation that supports both productivity and employee well-being.

Conclusions

The findings of this study provide a comprehensive understanding of how Digital Human Resource Management (DHRM) influences employees' psychological well-being in digitalized workplaces. The analysis confirms that DHRM exerts both direct and indirect effects on workplace anxiety, with emotional exhaustion acting as a mediating mechanism and work engagement serving as a moderating factor. These outcomes align with the proposed hypotheses and are consistent with established motivational and cognitive theories. The significant positive relationship between DHRM and workplace anxiety indicates that digital monitoring, algorithmic evaluation, and continuous performance tracking create psychological strain among employees. According to Self-Determination Theory (Deci & Ryan, 1985), individuals experience anxiety when their needs for autonomy and competence are undermined. In digital work environments, employees often feel that their actions are constantly observed and evaluated, which diminishes their sense of control and security. This result supports prior research highlighting that digitalization, while improving organizational efficiency, can simultaneously elevate psychological pressure when human factors are overlooked. The mediating role of emotional exhaustion further clarifies the mechanism through which DHRM affects anxiety. The Job Demands–Resources Model (Demerouti et al., 2001) suggests that excessive work demands without adequate psychological resources lead to burnout and emotional fatigue. In the context of DHRM, employees must constantly adapt to system updates, manage data input, and respond to algorithmic feedback, which depletes emotional energy over time. As a result, digital systems may be perceived not as supportive tools but as stress-inducing mechanisms, confirming emotional exhaustion as a bridge between digital demands and anxiety. Work engagement, in contrast, plays a protective role in this process. The moderation results show that engaged employees are less

likely to experience anxiety in highly digitalized workplaces. Drawing on Cognitive Appraisal Theory (Lazarus & Folkman, 1984), employees who maintain high engagement reinterpret technological requirements as opportunities for growth rather than as threats. Engagement cultivates psychological resilience, allowing employees to transform external digital pressure into internal motivation. This emphasizes the importance of fostering engagement through supportive leadership, recognition, and participation in system design. By integrating Self-Determination Theory, Cognitive Appraisal Theory, and the Job Demands–Resources Model, this study contributes to a deeper theoretical understanding of how digital management practices shape employee psychology. The findings suggest that DHRM is not inherently harmful; rather, its impact depends on how employees perceive and interact with digital systems. When organizations support autonomy, competence, and meaningful engagement, digital tools can become enablers of growth instead of sources of stress. From a managerial perspective, the study highlights the need to balance technological efficiency with psychological sustainability. Organizations should adopt human-centered approaches to DHRM by promoting system transparency, offering digital literacy and stress management training, monitoring psychological well-being, and encouraging participatory system customization. Such strategies can transform digital transformation into a process that strengthens both organizational performance and employee satisfaction. In essence, this discussion reinforces that DHRM represents a double-edged sword. On one side, it enhances productivity and decision-making; on the other, it introduces new psychological challenges. The key lies in managing both dimensions simultaneously leveraging technology while safeguarding mental health. Organizations that integrate engagement-driven practices and emotional support into digital HR systems will be better positioned to sustain innovation, trust, and long-term human–technology balance in the digital era.

Discussion

The findings of this study provide substantial empirical evidence supporting the theoretical assumptions of Self-Determination Theory (SDT), Cognitive Appraisal Theory (CAT), and the Job Demands–Resources (JD-R) Model in the digital management context. Specifically, the significant positive relationship between Digital Human Resource Management (DHRM) and workplace anxiety reflects that digitalization-while improving organizational efficiency-can simultaneously generate psychological strain. These results are consistent with prior research indicating that technology-driven monitoring and algorithmic performance evaluation may reduce employees' sense of autonomy and competence (Derks et al., 2015; Glomb et al., 2021).

The mediating effect of emotional exhaustion reveals that the stress created by digital transformation is not merely a cognitive response but a progressive emotional depletion process. As employees continually adapt to system upgrades and algorithmic feedback, their psychological resources are consumed, leading to heightened anxiety levels. This finding aligns with Demerouti et al. (2001), who asserted that emotional exhaustion is a key mechanism linking work demands to stress outcomes.

Furthermore, the moderating effect of work engagement confirms that psychological capital functions as a critical buffer against digital stress. Employees with higher engagement are better equipped to reinterpret technological pressure as developmental challenges rather than threats. This supports Bakker and Demerouti (2024), who emphasized that engagement enhances resilience and promotes positive adaptation in dynamic work environments. Therefore, engagement does not merely improve job satisfaction but acts as a protective psychological mechanism in digitalized organizations.

This discussion highlights the dual nature of DHRM as both an efficiency-enhancing tool and a potential stressor. Its influence on workplace well-being

depends on contextual and individual factors-especially the degree of autonomy support, feedback clarity, and opportunities for meaningful participation. These insights expand the understanding of digital HR management beyond technical implementation toward human-centered psychological adaptation.

Recommendations

Based on the empirical findings and theoretical implications, several practical recommendations are proposed for managers, policymakers, and researchers:

Adopt Human-Centered Digital Design

Organizations should integrate employee feedback and participatory decision-making into DHRM design to preserve autonomy and trust. Allowing employees to customize digital dashboards and performance indicators can reduce perceived surveillance and enhance ownership.

Implement Continuous Stress Monitoring Systems

HR departments should incorporate psychological risk assessment tools into digital platforms to detect early signs of digital fatigue and anxiety. Regular pulse surveys and analytics dashboards can help identify high-stress teams or processes.

Strengthen Digital Literacy and Coping Training

Regular workshops should be provided to help employees manage information overload, algorithmic feedback, and data-driven performance expectations. Enhanced digital literacy builds confidence and mitigates stress.

Promote Engagement-Driven Leadership

Leaders should emphasize recognition, empowerment, and job crafting opportunities that encourage vigor and dedication. Engagement-oriented

management can transform digital pressure into motivation for learning and innovation.

Encourage Future Research

Future studies should extend the current model by incorporating additional variables such as perceived organizational support, mindfulness, or psychological safety. Mixed-methods research combining quantitative and qualitative data would further enrich understanding of how digital management affects emotional well-being across different industries.

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