

Building Organizational Resilience for Employee Mental Health and Well-Being: Evidence from the Indian Banking Sector

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Abstract

The rapid evolution of the banking sector has increased employees' exposure to occupational stress and psychological strain, making mental well-being a critical concern. This study investigates how organizational resilience culture contributes to employee mental health (EMH) and overall well-being (WB) through the mediating roles of employee engagement (EE) and perceived organizational support (POS), while accounting for the negative influence of work stress (WS). Data were collected from 350 banking employees across five leading public and private sector banks in Kerala, India. A structural path model using AMOS 26.0 was employed to validate the hypothesized relationships. Results confirmed that resilient culture significantly enhances EMH both directly and indirectly via EE and POS, whereas WS negatively predicts well-being. The findings underscore the strategic importance of cultivating resilience-based HR practices and leadership models to strengthen mental health and organizational sustainability.

Keywords: Resilient culture, Employee mental health, Well-being, Employee engagement, perceived organizational support, Banking sector, Path analysis

1. Introduction

Employee well-being and mental health have emerged as critical determinants of sustainable organizational performance. The banking industry, in particular, is characterized by long working hours, high customer expectations, digital transformation pressures, and performance-oriented culture—all of which contribute to emotional exhaustion and decreased productivity (Kaur & Randhawa, 2020).

In recent years, organizations have begun integrating resilience culture—defined as the collective capability to adapt, recover, and grow stronger during adversity—into their human

resource strategies (Luthans et al., 2007). Resilience culture fosters psychological safety, optimism, and adaptability, enabling employees to maintain mental stability even under stress. This study explores how a resilient work culture promotes employee mental health (EMH) and well-being (WB) through mediating mechanisms such as employee engagement (EE) and perceived organizational support (POS). The study further examines the detrimental role of work stress (WS) in this framework.

2. Literature Review

2.1 Resilient Culture and Employee Well-Being: Resilient organizational cultures encourage flexibility, collective problem-solving, and emotional stability. Cooper and Cartwright (1994) established that healthy organizational climates directly enhance employee well-being. Luthans et al. (2007) introduced *Psychological Capital (PsyCap)* as an essential resource promoting resilience and optimism, both of which mitigate workplace stress.

2.2 Employee Engagement as a Mediator: Bakker and Demerouti (2008) proposed the Job Demands–Resources (JD-R) model, illustrating how job resources foster engagement, thereby enhancing well-being. Saks (2006) further confirmed engagement as a psychological state that bridges organizational culture and individual mental health.

2.3 Perceived Organizational Support and Mental Health: Eisenberger et al. (1986) argued that employees who perceive strong organizational support develop emotional security and higher commitment levels. Podsakoff et al. (2000) found that support systems significantly reduce stress-related symptoms and absenteeism.

2.4 Work Stress and Employee Mental Health: High work stress has consistently been linked to burnout, depression, and reduced productivity (Robertson & Cooper, 2011). In the Indian banking context, Kaur and Randhawa (2020) observed that unaddressed stress leads to employee disengagement and turnover intention.

2.5 Resilience, Engagement, and Mental Health: Sharma and Singh (2022) found resilience culture to be a significant predictor of engagement and psychological well-being. Similarly, Diener et al. (2018) highlighted that subjective well-being contributes to mental stability, satisfaction, and better organizational performance.

3. Conceptual Framework and Hypotheses

Based on the literature, the following hypotheses were formulated:

- H1: Resilient culture positively influences employee engagement.

- H2: Employee engagement positively influences employee mental health.
- H3: Perceived organizational support positively influences employee mental health.
- H4: Work stress negatively influences employee mental health.
- H5: Resilient culture positively influences perceived organizational support.
- H6: Resilient culture negatively influences work stress.

The conceptual path model is structured as:

Resilient Culture → (EE, POS, WS) → EMH & Well-Being.

4. Methodology

4.1 Research Design and Sample: A quantitative, cross-sectional design was employed. The population comprised employees from five major banks—State Bank of India, HDFC, ICICI, Canara, and Federal Bank—across districts of Kerala, including Ernakulam, Thrissur, Kozhikode, and Thiruvananthapuram.

A sample of 350 respondents was collected using stratified random sampling to ensure proportional representation of gender, age, and job level.

4.2 Instruments: All constructs were measured using validated scales on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree):

- Resilient Culture: Mallak (1998)
- Employee Engagement: Utrecht Work Engagement Scale (Schaufeli et al., 2002)
- Perceived Organizational Support: Eisenberger et al. (1986)
- Work Stress: Cohen's Perceived Stress Scale (1983)
- Employee Mental Health: Warwick–Edinburgh Mental Well-being Scale (WEMWBS)

4.3 Data Analysis Techniques: Data were analyzed using SPSS 25 for preliminary statistics and AMOS 26 for path analysis.

- Reliability tests (Cronbach's $\alpha \geq 0.85$)
- Confirmatory factor analysis (CFA)
- Path model evaluation (fit indices)

Goodness of Fit Results (Sample):

Index	Value	Threshold
CMIN/DF	2.18	< 3.00
GFI	0.926	> 0.90

CFI	0.951	> 0.90
RMSEA	0.044	< 0.08

The model achieved strong validity and acceptable fit.

5. Results

All hypothesized paths were statistically significant:

• RC → EE	• ($\beta = 0.58$	• ($p < 0.001$)
• EE → EMH	•	• ($p < 0.01$)
• POS → EMH	• ($\beta = 0.47$	• ($p < 0.01$)
• WS → EMH	• ($\beta = -0.28$	• ($p < 0.05$)
• RC → POS	• ($\beta = 0.44$	• ($p < 0.01$)
• RC → WS	• ($\beta = -0.30$	• ($p < 0.05$)

Indirect effects through EE and POS enhanced the overall predictive power of resilience culture on EMH.

6. Discussion

The findings confirm that cultivating a resilient organizational culture improves employees' psychological well-being by increasing engagement and perceived support while reducing stress. This aligns with Bakker and Demerouti's JD-R framework, which postulates that job resources (like supportive culture) mitigate the negative effects of job demands. Banks that implement proactive resilience programs—such as stress management workshops, flexible work systems, and empathy-driven leadership—report higher engagement and lower turnover intentions. These insights have practical implications for HR practitioners and policy designers aiming to embed mental health support into organizational strategies.

7. Conclusion

This study highlights the crucial role of resilient culture as a foundation for employee mental health and well-being in the banking sector. By reinforcing engagement, fostering support, and reducing stress, banks can achieve a psychologically sustainable work environment. The validated path model can serve as a framework for further longitudinal and cross-sectoral research.

8. Limitations and Future Research

The cross-sectional design limits causal inference. Future studies should use longitudinal designs and extend the model to other high-stress industries like healthcare and IT. Incorporating qualitative interviews may also deepen understanding of resilience-building practices.

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