

## Examining the mediating role of employee well-being between job characteristics and job performance: An indian banking sector perspective

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**ABSTRACT:** This study investigates the mediating role of employee well-being in the relationship between job characteristics and employee performance within the Indian banking sector. Drawing on the Job Characteristics Model and the Job Demands-Resources theory, the research aims to fill an important gap in the literature by examining how specific job attributes-skill variety, task significance, task identity, autonomy, and feedback-affect employee well-being and, in turn, their performance. A quantitative approach was utilized, whereby data was gathered from 631 employees in 15 Indian commercial banks. Structural equation modeling results show that, although most of the job characteristics affect performance both directly and indirectly via well-being, autonomy and feedback have limited or nonsignificant effects in the given context. These results emphasize that well-being plays a critical role in performance and therefore should be encouraged through strategic job design. The paper, therefore, presents actionable insights for policymakers and practitioners while deepening the growing body of research in emerging economies.

**KEYWORDS:** Job characteristics; Employee Well-being; Employee Performance, Banking Industry.

## INTRODUCTION:

The banking sector is a cornerstone of economic development, characterized by high competition and dynamic operational environments. Within this context, employee well-being (EWB) significantly influences job performance (JP) and overall organizational success. According to the Job Characteristics (JC) Model by (Carvalho & Chambel, 2014), specific JC skill variety, task identity, task significance, autonomy, and feedback-are strongly influential in terms of employee attitudes, motivation, and productivity. This research explores these dynamics in the Indian banking sector, offering insights into the mediating role of EWB in the link between JC and JP.

Well-being of employees has been referred to as a multidimensional construct, covering physical, psychological, and social features of health; this is aside from the mere absence of disease according to the World Health Organization 1946. Improved well-being has been related to greater employee engagement and reduced turnover, and increased organizational innovation; for this reason, well-being has also been identified as an important strategic priority for businesses (Guest, 2017). Moreover, the Job Demands-Resources theory mentions how positive attributes in a job could enhance motivational state while decreasing its related stress and create a route for better performance (Singh et al., 2016).

Understanding the JC and their impact on the well-being and performance of employees becomes very crucial in the Indian banking industry, which is characterized by high work pressure and continuously changing technological demands. This study, therefore, based on this relationship, will highlight practical implications for human resource practitioners and policymakers in designing roles for optimizing employee potential while fostering a healthy and productive work environment.

However, given the special socio-cultural and operational setup, particularly in Indian banking, this paper tries to fill this research gap through the JC that affect EWB and, consequently, performance. The findings are expected to add more light to the question of how strategic job design drives individual and organizational success. The research model is presented in Fig. 1.

**H1:** Job characteristics positively influence job performance.

**H1a:** Skill variety positively impacts job performance.

**H1b:** Task significance positively impacts job performance.

**H1c:** Task identity positively impacts job performance.

**H1d:** Autonomy positively impacts job performance.

**H1e:** Feedback positively impacts job performance.

**H2:** Employee well-being positively influences job performance.

**H3:** Employee well-being mediates the relationship between job characteristics and job performance.

## LITERATURE REVIEW:

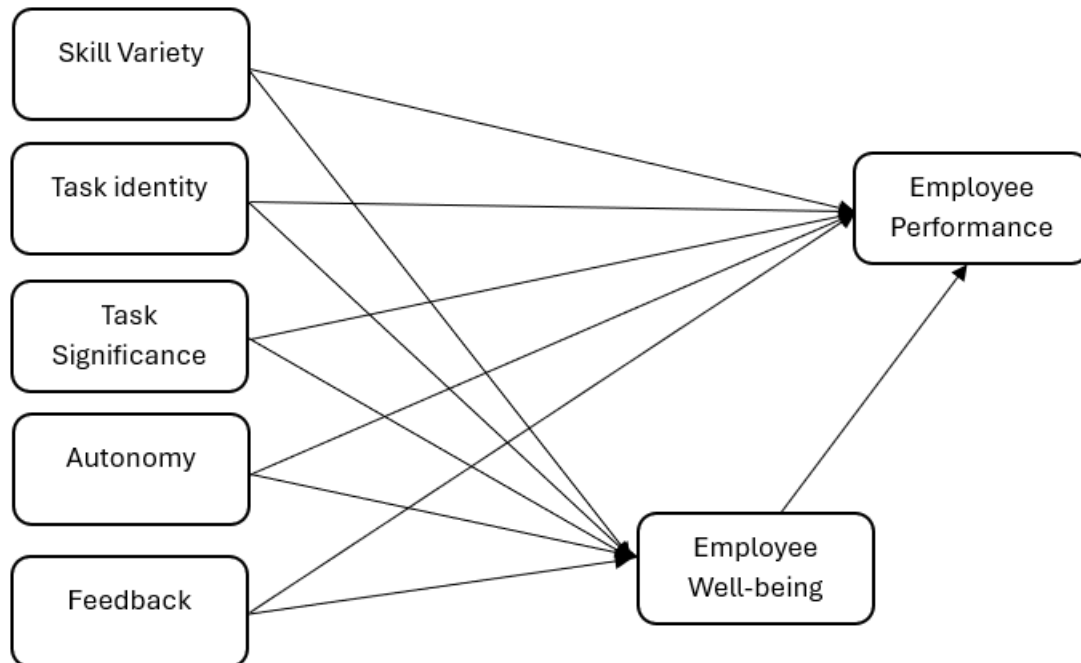
The relationship of job characteristics with EWB and JP has been one of the most focused aspects of organizational research. This literature review shall look at existing studies that give insight into these relationships in the context of the banking sector in India. Consistently, autonomy, skills variety, and feedback have been found to relate positively to improved JP. In summary, the model of (Cooper et al., 2019) on JC makes a case for enriched job design to result in higher intrinsic motivations and performance outcome. Empirical

evidence supports this notion that people who perceive a meaningful and engaging role exhibit better task performance and organizational citizenship behavior.

There is an increasing belief that employee well-being, or the physical, mental, and social quality of life, is a significant mediator between JC and JP. As stated by Guest, good quality work environment nurtures well-being, leading to an increase in job satisfaction and engagement. (Johari et al., 2019) extended the JD-R theory further by illustrating how job resources, including supportive management and clear feedback loops, nurture well-being and reduce stress.

The banking industry provides an ideal platform to extend knowledge with regard to job characteristics and well-being, being heavy in workload with a high level of regulation. A study by (Rai & Maheshwari, 2020), in Indian public sector banks, portrayed that job enrichment has emerged as an imperative intervention for employee work engagement. In this line, Rai's 2020 study discloses that task variety and task autonomy are a couple of key predictors of work engagement and work satisfaction among banking professionals.

The Indian context epitomizes this high-pressure environment in banking; therefore, an in-depth look is required concerning well-being issues related to performance. For instance, (Jena, 2022), discussed and researched the application of technology in various banks in India, underpinning how different characteristics of one's job help increase their morale through more autonomous features when it pertains to decision making, hence productive performance (Ghosh et al., 2015). Such work justifies giving prime importance to HR policies focused on employee well-being as crucial in the continuance of peak performance through a competitive line of business operation.



*Figure 1: Research Model*

The relationship between JC, EWB, and JP has been a popular subject in organizational studies, given its importance in many fields of activity, including the banking sector. Task significance, feedback, and autonomy are some of the important job characteristics that determine the employees' view of their jobs, thus influencing performance. The basic model by Hackman and Oldham stresses how enriched job design acts as a driver for motivation and

performance. Further, organizations with facilitative job structures have better productivity levels.

The mediational aspect, in such cases, includes employee well-being. As (Guest, 2017), physical, psychological, and social well-being provides more scope for engagement and satisfaction of employees from the job. The banking industry remains one of the most stressful yet rewarding fields; therefore, this warrants some nicely calculated moves in terms of strategic placement to guarantee wellness at work. In addition, as explained by (Jena, 2022), job autonomy and feedback loops have been recognized as imperative elements toward maintaining employee morale and performance consequences among Indian banks. These findings underline the need for policies that combine job characteristics with employee well-being in the interest of long-term organizational success.

Although there is supporting evidence on how JC can influence employee wellbeing and performance, there are still significant gaps in the literature. Most are focused on Western contexts, with limited attention being given to emerging economies such as India where the cultural and organizational contexts remain considerably different from the West. Besides, most studies related to the banking sector themselves focus on either the issues of technological adoption or operational challenges and have failed to capture the fine link between job design and wellbeing (Roopa et al., 2023). The designs are cross-sectional and, therefore, have limitations with regard to causal inferences. This study is well placed to fill the above gaps in reviewing the mediating role of employee well-being in the Indian banking sector with context-specific insights.

## **METHODS:**

The quantitative research methodology has been selected for this present study, intending to identify the mediating role of employees' well-being in the relationship between job characteristics and job performance among the Indian banking sector. Therefore, the sampling size for the current study contains 631 respondents, which is drawn from convenience and purposive techniques concerning 15 different Indian commercial banks. A six-month timeline, from April 2023 to October 2023, was conducted for data collection through direct surveys and online questionnaires.

The questionnaires were distributed through the human resource departments of these selected banks, which also arranged for developing and administering questionnaires via their internal systems. These questionnaires included scales to measure job characteristics, employee well-being, and JP that had been validated from prior studies (Hung et al., 2025). A total of 631 usable responses were obtained after an elimination process that considered incomplete or duplicate responses.

Data collection was analyzed in three steps: checking the reliability of the scales for coherence in measurement, assessing the structural model to establish the underlying dimensions of the constructs, and testing research hypotheses by evaluating the relationships proposed in the conceptual model through the use of SEM. The strict methodological framework ascertains the reliability and validity of this study's findings, offering robust insights into the research questions.

## **RESULTS:**

This section presents the results of the PLS-SEM analysis done by means of SmartPLS 4. First, the results regarding the measurement model assessment are presented, in terms of its reliability and validity. Then, the structural model is used in order to verify the hypothesized relationships among the variables. Figure 2 depicts the research model, including the outer loadings, R-square values, and path coefficients.

The measurement model assessment results show satisfactory reliability and validity for all constructs. The Cronbach's alpha values are greater than the threshold of 0.7 for all constructs, thus showing high internal consistency. The CR values are also above 0.7, hence satisfying construct reliability. The AVE for all constructs is greater than 0.5, thus indicating convergent validity. In fact, the outer loadings for most items are greater than 0.7, showing that there is strong indicator reliability, while a few items, like AUT8 and AUT9, have a bit lower loadings that may need further investigation. These results affirm the robustness of the measurement model for subsequent structural model analysis (Hair et al., 2019). Results are presented in Table 1.

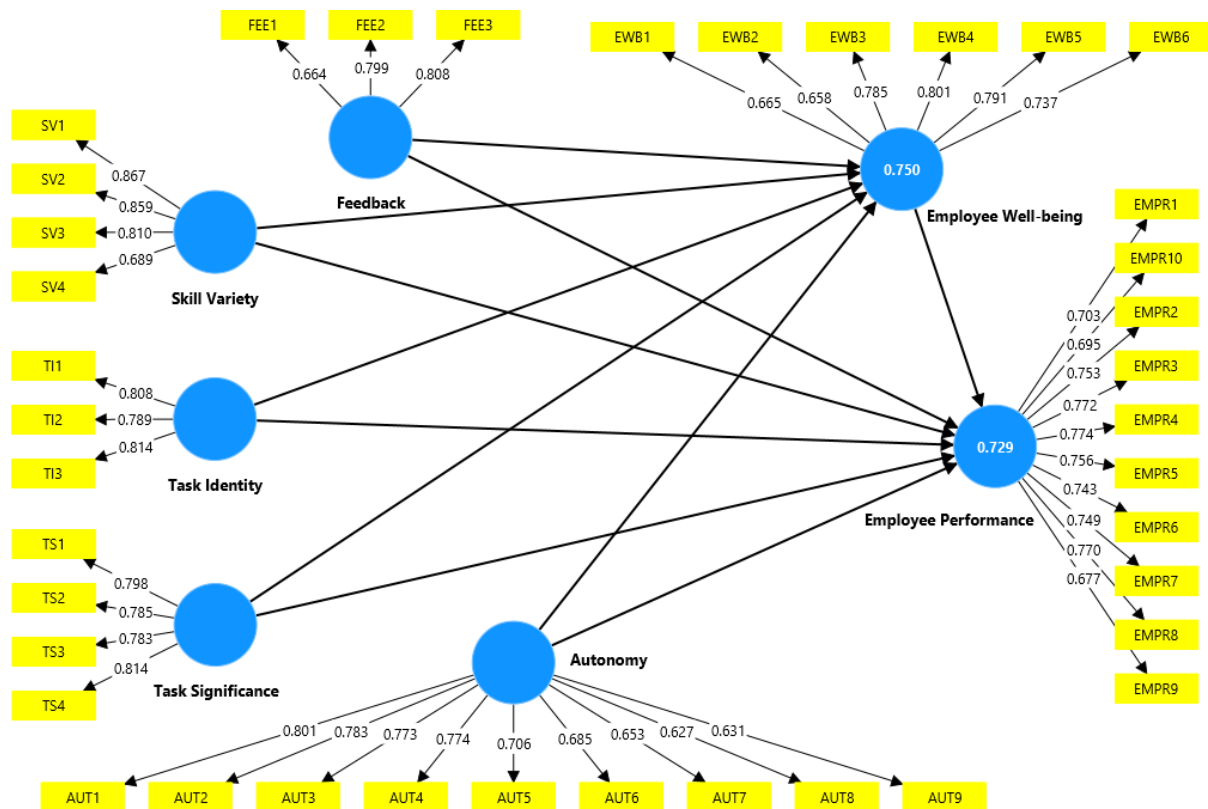


Figure 2: Structural Research Model

Table 1: Internal Consistency - Reliability and Convergent Validity

Constructs	Items	Outer loadings	Cronbach's alpha	CR	AVE
Autonomy	AUT1	0.801	0.881	0.889	0.515
	AUT2	0.783			
	AUT3	0.773			
	AUT4	0.774			

	AUT5	0.706			
	AUT6	0.685			
	AUT7	0.653			
	AUT8	0.627			
	AUT9	0.631			
Employee Performance	EMPR1	0.703	0.908	0.909	0.548
	EMPR10	0.695			
	EMPR2	0.753			
	EMPR3	0.772			
	EMPR4	0.774			
	EMPR5	0.756			
	EMPR6	0.743			
	EMPR7	0.749			
	EMPR8	0.77			
	EMPR9	0.677			
Employee Well-being	EWB1	0.665	0.836	0.845	0.551
	EWB2	0.658			
	EWB3	0.785			
	EWB4	0.801			
	EWB5	0.791			
	EWB6	0.737			
Feedback	FEE1	0.664	0.73	0.743	0.577
	FEE2	0.799			
	FEE3	0.808			
Skill Variety	SV1	0.867	0.821	0.829	0.655
	SV2	0.859			
	SV3	0.81			
	SV4	0.689			
Task identity	TI1	0.808	0.727	0.73	0.646
	TI2	0.789			
	TI3	0.814			
Task Significance	TS1	0.798	0.806	0.806	0.632
	TS2	0.785			
	TS3	0.783			
	TS4	0.814			

As shown in Table 2, the HTMT analysis indeed proves the discriminant validity of the constructs. All HTMT values are below the generally accepted threshold of 0.85, meaning that the constructs vary sufficiently from each other (Henseler et al., 2016). This ensures that the measurement model makes a proper distinction between related but conceptually distinctive constructs, thus giving support to the validity of the structural model. Because the VIF for all

items is well below the standard cut-off point of 5, no multicollinearity exists in the model. Furthermore, the SRMR values, calculated at 0.058 for the saturated model and 0.058 for the estimated model, are below the threshold of less than 0.08, which indicates a very good fit of the model to the data.

*Table 2: HTMT - Discriminant validity*

Constructs	(1)	(2)	(3)	(4)	(5)	(6)
Employee Performance (1)	0.829					
Employee Well-being (2)	0.678	0.819				
Feedback (3)	0.559	0.576	0.541			
Skill Variety (4)	0.752	0.775	0.78	0.468		
Task Identity (5)	0.819	0.611	0.805	0.445	0.614	
Task Significance (6)	0.798	0.774	0.806	0.54	0.825	0.733

The R-square values in Table 3 were 72.9% and 75%, respectively, explaining Employee Performance and Employee Well-being. The adjusted R-square values also remained high: 72.6% explained and 74.8% explained, considering the number of predictors in the model to explain these two constructs.

*Table 3: R-square values*

Endogenous Construct	R-square	R-square adjusted
Employee Performance	0.729	0.726
Employee Well-being	0.75	0.748

Results in Table 4 present that most of the hypotheses are supported. For the direct effects, Skill Variety, Task Significance, Task Identity, Feedback, and Employee Well-being significantly influence Employee Performance at  $p < 0.05$ , while the effect of Autonomy is insignificant at  $p = 0.084$ . The indirect effects for the specific hypothesized relationships reveal that Employee Well-being significantly mediates the relationship between Skill Variety, Task Significance, Task Identity, and Autonomy with Employee Performance at  $p < 0.05$ , hence supporting Hypothesis H3. Nevertheless, the indirect effect of Employee Well-being for Feedback is insignificant, with a p-value of 0.273. These findings verify that Employee Well-being indeed plays a crucial role as a mediator in enhancing Employee Performance.

*Table 4: Hypotheses Results*

Hypotheses	Constructs	Beta	T statistics	P values
<b>Direct Effects</b>				
H1a	Skill Variety -> Employee Performance	0.164	4.303	0
H1b	Task Significance -> Employee Performance	0.22	5.073	0
H1c	Task Identity -> Employee Performance	0.103	2.647	0.008

H1d	Autonomy -> Employee Performance	0.103	1.73	0.084
H1e	Feedback -> Employee Performance	0.093	3.741	0
H2	Employee Well-being -> Employee Performance	0.479	8.508	0
<b>Specific Indirect Effects</b>				
H3	Employee Well-being mediates the relationship between job characteristics and job performance			
Skill Variety -> Employee Well-being -> Employee Performance		0.052	3.154	0.002
Task Significance -> Employee Well-being -> Employee Performance		0.093	4.109	0
Task Identity -> Employee Well-being -> Employee Performance		0.054	2.845	0.004
Autonomy -> Employee Well-being -> Employee Performance		0.257	5.925	0
Feedback -> Employee Well-being -> Employee Performance		0.013	1.096	0.273

The data strongly supports all the hypotheses except H1d and mediation between feedback and job performance by employee well-being, as the significant path coefficients and p-values indicate.

## DISCUSSION:

These results of the present study throw important light on how JC, EWB, and employee performance all relate to each other in the Indian banking sector. The results indicate that the JC, like Skill Variety, Task Significance, Task Identity, and Feedback, have a significant effect on Employee Performance; hence, Hypotheses H1a, H1b, H1c, and H1e are supported. The findings here are therefore consistent with previous studies that considered a well-designed job as the starting point for improving motivation and performance (Bashar et al., 2023). Curiously, there is no significant effect of Autonomy on Employee Performance, which infers autonomy may have lesser effects in structured and heavily regulated sectors like banking.

EWB, therefore, turned out to indicate a significant effect on Employee Performance (H2), finding its place at the heart of determinants regarding job performance (Ghosh et al., 2015). This is consonant with prior research that generally indicates that well-being employees are able to be more dedicated, motivated, and productive of better quality work (Guest, 2017). Conclusively, these findings demonstrate the need to create an enabling work environment that develops employee well-being and, in turn, facilitates employee performance.

The mediation analysis further revealed that Employee Well-being mediates the relationship between Skill Variety, Task Significance, Task Identity, and Autonomy with Employee Performance (H3). This infers that the influence of job characteristics on performance is partly explained by their influence on well-being (Johari et al., 2019). For instance, those conditions of a job that enhance engagement and satisfaction enable the workers to realize better performance outcomes. On the other hand, the mediation influence of the



Employee Well-being on Feedback became non-significant, which evidenced the plausibility that possibly the Feedback acts through other dimensions that act promptly for impacting task performance (Teetzen et al., 2022), thus bypassing employee well-being to do so through channels such as task clarity and immediate motivation.

The above findings generally underscore the holism in job design, taking into account both direct and indirect effects of this aspect on organizational performance. Indian banking institutions should value those job characteristics that will directly improve performances while at the same time offering employees a ground to sustain productivity on an ongoing basis as an intermediary result. Other intermediary factors that would have a closer bearing on the relation could be organizational culture, styles of leadership, among others, on which further study could be sought.

## CONCLUSION:

The study has permanently established the mediating role of Employee Well-being in the relationship of Job Characteristics and Employee Performance in the Indian banking sector. The results also confirmed that Skill Variety, Task Significance, Task Identity, and Feedback significantly influence Employee Performance, but Autonomy did not show a significant direct effect. Employee Well-being also emerged as an important mediator in strengthening the relationship between certain job characteristics, such as Skill Variety, Task Significance, Task Identity, and Autonomy, with Employee Performance. However, the mediating role of Employee Well-being was found to be nonsignificant for Feedback, which may indicate that further investigation could be necessary to explore other ways through which Feedback exerts its influence.

These findings point to the need for job design to focus on employees' well-being as part of efforts toward performance improvement. Banking organizations should consider an integrative approach to job design that incorporates both well-being and performance-enhancing elements. With regard to sustaining productivity and organizational success within a highly competitive industry, banks have to take care of the needs of their employees and provide an enabling work environment.

Future studies can extend this research by investigating other mediators and contextual factors, including organizational culture and leadership styles, to give a broader understanding of how the job characteristics influence performance. These can help policymakers and practitioners in developing employee-centered strategies that contribute toward organizational excellence.

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