

A Study on Impact of Artificial Intelligence on Employee Well-Being

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ABSTRACT

Artificial Intelligence (AI) is revolutionizing the corporate landscape, particularly in Human Resource (HR) management. This study aims to explore the influence of AI adoption on employee well-being, focusing on parameters such as job satisfaction, stress, and work-life balance. Primary data were collected from 84 respondents using a structured questionnaire. Analytical tools including percentage analysis, ANOVA, Chi-square, and regression were employed. The findings suggest that while AI improves efficiency and reduces administrative workload, it also raises concerns regarding job security and data privacy. The study concludes that organizations must maintain a balance between technological efficiency and human empathy to ensure sustainable employee well-being.

Keywords: Artificial Intelligence, Employee Well-Being, Human Resource Management, Job Security, Data Privacy, Stress, Organizational Efficiency.

INTRODUCTION

Artificial Intelligence (AI) has become a driving force behind digital transformation in organizations, significantly altering traditional Human Resource Management (HRM) practices. From recruitment and selection to onboarding, payroll management, and performance evaluation, AI applications are increasingly being integrated into daily HR operations. The automation of repetitive and time-consuming administrative tasks allows HR professionals to focus on strategic activities such as employee engagement, talent retention, and well-being initiatives. AI-driven tools, including predictive analytics, chatbots, and sentiment analysis platforms, not only enhance decision-making accuracy but also help organizations make data-informed policies to improve efficiency and employee satisfaction. However, the rapid adoption of AI has also introduced new challenges that affect the psychological and emotional well-being of employees. Concerns related to **job insecurity, data privacy, surveillance, and reduced human interaction** often create stress and distrust among workers. While AI contributes to productivity and organizational growth, its increasing presence in HR processes can diminish the human touch that employees value. Therefore, it is essential to understand the dual impact of AI — its ability to both improve efficiency and potentially harm employee morale and trust. This study aims to explore how AI influences employee well-being in terms of **stress, job satisfaction, trust, and work-life balance**, and how organizations can strike a balance between technological advancement and human empathy in managing their workforce.

The growing reliance on Artificial Intelligence within HRM reflects a major shift toward data-driven decision-making and strategic talent management. As organizations strive for competitive advantage, AI technologies enable real-time insights into employee behaviour, performance trends, and engagement levels. However, these same technologies also raise critical ethical and psychological concerns. The lack of transparency in

algorithmic decision-making, potential bias in AI-based recruitment tools, and continuous performance monitoring can contribute to employee anxiety and a perceived loss of autonomy. Moreover, the transition to AI-driven HR systems often requires substantial reskilling and adaptation from employees and HR professionals alike. Without proper training and communication, this transition may create a divide between technologically adept employees and those struggling to adjust. Hence, the success of AI integration in HRM not only depends on the sophistication of the technology itself but also on the organization's commitment to promoting digital trust, inclusivity, and emotional well-being. This makes it imperative for employers to design human-centred AI strategies that uphold ethical standards while supporting a positive and psychologically safe work environment.

OBJECTIVES:

PRIMARY OBJECTIVE:

- To evaluate the impact of AI adoption in HR processes on employee well-being (stress, satisfaction, and work-life balance)

SECONDARY OBJECTIVE:

- To assess whether AI reduces HR professional's administrative workload, allowing more focus on wellness initiatives.
- To study employee perceptions of AI in HR (Trust, Data Privacy, Job Security, Fairness)
- To identify the balance between efficiency and empathy in HR functions.

NEED OF THE STUDY:

In today's rapidly evolving business environment, organizations are increasingly adopting Artificial Intelligence (AI) to streamline Human Resource (HR) operations and enhance productivity. While AI offers significant advantages in terms of automation, data-driven decision-making, and efficiency, its influence on **employee well-being** remains a critical and less-explored area. Employee well-being is central to organizational success, as it directly affects motivation, performance, and retention. The introduction of AI-driven HR tools has transformed traditional work processes, but it also raises new challenges such as **job insecurity, privacy concerns, and emotional detachment** from human interaction. These factors can significantly impact employees' mental health, satisfaction, and trust in the workplace. Thus, there is a **need** to systematically examine how AI integration affects employees' psychological and emotional well-being, especially in the Indian context where technological adoption is accelerating. Understanding this relationship will help HR professionals and management leaders **create balanced strategies** that combine technological efficiency with empathy, ensuring that AI enhances rather than hinders, employee happiness and organizational culture.

As AI continues to redefine the dynamics of the modern workplace, organizations are recognizing that technological transformation must go hand in hand with human-centered management practices. The growing use of AI in recruitment, performance appraisal, and employee monitoring has introduced a new dimension of efficiency but has also led to ethical and psychological dilemmas. Employees often fear that excessive reliance on algorithms may compromise fairness and transparency in decision-making, leading to feelings of distrust and alienation. Moreover, constant technological changes demand continuous learning and adaptability, which can become a source of stress if adequate support systems are not in place. Therefore, it becomes essential for organizations to adopt a responsible and inclusive approach to AI implementation—one that emphasizes

transparency, employee participation, and psychological safety. A well-balanced integration of AI and human empathy can not only enhance productivity but also promote long-term employee well-being, job satisfaction, and organizational commitment.

RESEARCH METHODOLOGY:

The present study adopts a **descriptive research design** to analyse and understand the impact of Artificial Intelligence (AI) adoption in Human Resource (HR) processes on employee well-being. The study relies on both **primary and secondary data sources** to ensure the accuracy and reliability of findings. The **primary data** were collected through a structured questionnaire survey administered to **84 respondents** working in various organizations that have integrated AI into their HR functions. The **secondary data** were gathered from academic journals, research reports, and credible online publications that discuss AI applications and their effects on employee well-being. To analyse the collected data, statistical tools such as **percentage analysis, One-Way ANOVA, Chi-Square, and Regression analysis** were employed to identify relationships and trends among key variables. However, the study has certain **limitations**, including a relatively small sample size, short data collection duration, limited industry representation, and differences in the level of AI adoption across organizations. Despite these constraints, the methodology provides a strong foundation for examining the influence of AI on employee well-being in the contemporary workplace.

POPULATION AND SAMPLE:

The **population** for this study consists of employees working in organizations that have adopted or are in the process of adopting **Artificial Intelligence (AI)** tools in their **Human Resource (HR)** operations. This includes professionals from both public and private sector organizations across various industries such as information technology, banking, education, and manufacturing. These employees were selected because they directly experience the influence of AI-based systems on their daily work activities and overall well-being. For the purpose of this research, a **sample size of 84 respondents** was chosen using a **convenience sampling method**. The respondents were selected from different organizational levels, including entry-level staff, middle management, and HR professionals, to obtain a comprehensive understanding of employee perceptions. The sample adequately represents a mix of **age groups, gender, and years of work experience**, ensuring diversity in viewpoints. This sample size was found to be sufficient for statistical analysis using tools such as percentage analysis, ANOVA, Chi-square, and regression, which provided meaningful insights into the relationship between AI adoption and employee well-being.

DATA AND SOURCE OF DATA:

The study is based on both **primary and secondary data**. The **primary data** were collected through a structured questionnaire distributed to **84 employees** working in various sectors such as IT, education, banking, and manufacturing where Artificial Intelligence (AI) has been adopted in HR functions. The questionnaire focused on aspects like job satisfaction, stress, work-life balance, and data privacy concerns.

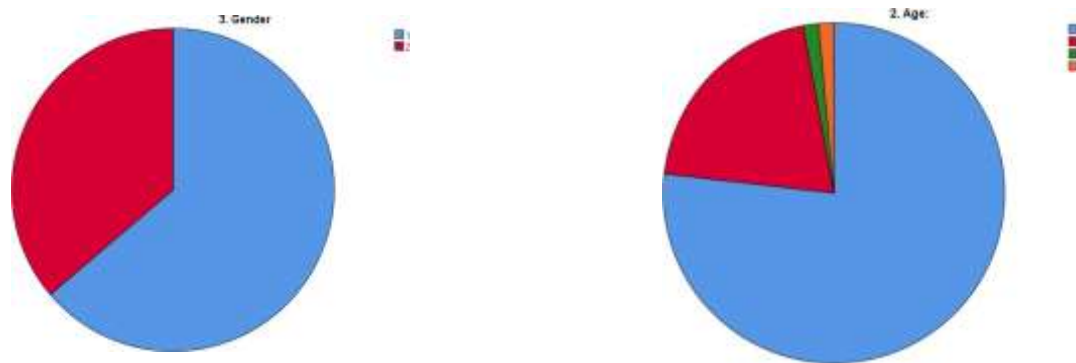
The **secondary data** were gathered from research journals, articles, reports, and credible online sources such as the *Indian Journal of Positive Psychology (2025)*, *IIM MSME Reports (2025)*, and *SSRN publications*. These sources helped in building the theoretical framework and supporting the analysis.

STATISTICAL TOOL AND ANALYSIS:

Percentage Analysis:

It is Used to understand the demographic distribution of respondents such as gender, age, and years of experience.

Inference: 60% of the respondents were female and 40% male. Most respondents (70%) were between **19–25 years**, and about **85–90%** had less than **five years of experience**, indicating a young and early-career workforce.



One-Way ANOVA:

Applied to test the differences between **years of experience** and **continuous upskilling**.

Hypothesis:

H_0 – There is no significant difference between years of experience and continuous upskilling.

H_1 – There is a significant difference between years of experience and continuous upskilling.

ANOVA					
5. Years of Experience:					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.012	1	6.012	12.514	.001
Within Groups	32.190	67	.480		
Total	38.203	68			

Inference:

The significance value was **0.005** and the P-value **0.001**, which is less than 0.05. Therefore, the **null hypothesis is rejected**, indicating a **significant difference** between years of experience and continuous upskilling.

Chi-Square Test:

Used to determine the association between **job efficiency** and **sufficient AI training**. **Hypothesis:**

Null Hypothesis (H_0) – There is no significant association between improve in job efficiency and sufficient training.

Alternate Hypothesis (H_1) – There is a significant association between improve in job efficiency and sufficient training.

Test Statistics		
	2. Do you believe AI will improve your job efficiency?	3. My organization provides sufficient training to adapt to new technologies.
Chi-Square	89.478 ^a	17.304 ^a
df	2	2
Asymp. Sig.	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 23.0.

Inference:

The significance value was **0.005** and the P-value **0.000**, which is less than 0.05. Hence, the **null hypothesis is rejected**, confirming a **significant association** between job efficiency and adequate AI training.

Regression Analysis:

Used to identify the key factors influencing employee well-being due to AI adoption.

Null Hypothesis (H0): There is no significant increase between Job Satisfaction and time spend on repetitive and strategic Task.

Alternate Hypothesis (H1): There is a significant increase between Job Satisfaction and time spend on repetitive and strategic Task.

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	1.244	.241		5.164
	4. AI has helped me to focus on more creative and strategic tasks.	.037	.096	.040	.385
	2. AI has reduced the time I spend on repetitive tasks.	.561	.095	.611	5.917

a. Dependent Variable: 3. AI adoption has increased my job satisfaction

Inference:

The significance value 0.005 and the P value is 0.000, so Alternate hypothesis is accepted, it confirming that there is a significant increase between Job Satisfaction and Task.

FINDINGS:

The findings of the study reveal that the majority of respondents are young and early in their careers, indicating that they are generally more adaptable and open to the adoption of Artificial Intelligence (AI) in Human Resource (HR) processes. The results also show that AI has significantly improved HR efficiency by automating routine tasks and enhancing decision-making accuracy. However, alongside these benefits, employees have expressed growing concerns regarding data privacy and job stability, reflecting the psychological impact of technological transformation in the workplace. The study further highlights that

continuous upskilling and professional development are essential for employees to effectively adapt to AI-integrated systems and maintain their relevance in a technology-driven environment. Additionally, it was observed that proper training and awareness programs play a vital role in improving job efficiency, building employee confidence, and enhancing overall satisfaction levels in organizations adopting AI-driven HR practices.

SUGGESTIONS:

Based on the findings of the study, several suggestions are proposed to ensure that the implementation of Artificial Intelligence (AI) in Human Resource Management (HRM) contributes positively to employee well-being. Organizations should first strengthen data privacy and security frameworks to build employee trust and reduce anxiety related to information misuse. Regular training and skill development programs must be conducted to help employees adapt to AI-driven systems and remain confident in their roles. It is equally important to maintain a human touch in HR operations, ensuring that empathy and personal interaction are not lost amid technological automation. Companies should focus on cost-effective AI adoption strategies, especially for small and medium enterprises (SMEs), to promote inclusivity and balanced growth. Moreover, ethical and transparent AI practices must be implemented to prevent bias and enhance fairness in decision-making processes. Encouraging collaboration between HR and IT teams can further ensure that AI tools are user-friendly and aligned with employee needs. Finally, organizations should regularly monitor employee feedback to identify challenges, make necessary improvements, and foster a positive perception of AI adoption across the workforce.

CONCLUSION:

Artificial Intelligence (AI) has a significant yet complex impact on employee well-being. While AI-driven tools have improved efficiency, accuracy, and decision-making within Human Resource Management (HRM), they also present challenges related to job security, data privacy, and emotional connection in the workplace. The study highlights that employees generally perceive AI positively when it simplifies tasks and supports work-life balance, but concerns arise when technological changes occur without proper communication or training. Therefore, organizations must adopt a **balanced approach**—combining technological advancement with empathy, transparency, and continuous employee support. When implemented responsibly, AI can become a powerful enabler of both organizational growth and employee happiness, leading to a more sustainable and human-centered workplace.

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[7] **Indian Journal of Positive Psychology (2025)** reported that AI adoption enhances work-life balance for some employees but increases anxiety for others fearing job loss.

[8] **IIM MSME Report (2025)** emphasized that AI adoption in small businesses requires balancing productivity with employee trust and training.

[10] **SSRN Study (2024)** linked emotional intelligence to employee adaptability in AI-based workplaces.