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Master in Business Administration (MBA)

Postgraduate Dissertation

Artificial Intelligence and Machine Learning in the Workplace:
Analyzing the Positive and Negative Impacts on Global Employee
Experience and Productivity

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Patras, Greece, May 2026

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Abstract

The statement of the problem is that Artificial Intelligence (AI) and Machine Learning (ML) are rapidly transforming the workplace, significantly impacting employee experiences and productivity worldwide. While these technologies offer numerous benefits, including operational efficiency, enhanced decision-making, and innovative capabilities, they also have many challenges such as job displacement, ethical concerns, and shifts in workplace dynamics. This dissertation aims to investigate the dual impact of AI and ML on employees, assessing both the positive and negative consequences to provide a balanced understanding of their role in modern business environments.

Keywords

Artificial Intelligence (AI), Machine Learning (ML), transformation of workplace, productivity, ethics.

Τεχνητή νοημοσύνη και μηχανική μάθηση στον χώρο εργασίας:
Ανάλυση των θετικών και αρνητικών επιπτώσεων στην Παγκόσμια
εργασιακή εμπειρία και παραγωγικότητα.

Φραγκιαδάκης Εμμανουήλ

Περίληψη

Η Τεχνητή Νοημοσύνη (TN) και η Μηχανική Μάθηση (MM) μετασχηματίζουν ραγδαία τον χώρο εργασίας, επηρεάζοντας σημαντικά την εμπειρία και την παραγωγικότητα των εργαζομένων παγκοσμίως. Ενώ αυτές οι τεχνολογίες προσφέρουν πολλά οφέλη, όπως η επιχειρησιακή αποτελεσματικότητα, η βελτιωμένη λήψη αποφάσεων και καινοτομίες, αντιμετωπίζουν επίσης πολλές προκλήσεις, όπως η μετατόπιση θέσεων εργασίας, οι ηθικές ανησυχίες και οι μεταβολές στη δυναμική του χώρου εργασίας. Αυτή η διατριβή στοχεύει στη διερεύνηση της διπλής επίδρασης της TN και της MM στους εργαζομένους, αξιολογώντας τόσο τις θετικές όσο και τις αρνητικές συνέπειες, ώστε να παρέχει μια ισορροπημένη κατανόηση του ρόλου τους στα σύγχρονα επιχειρηματικά περιβάλλοντα.

Λέξεις – Κλειδιά

Τεχνητή Νοημοσύνη (TN), Μηχανική Μάθηση (MM), μετασχηματισμός του χώρου εργασίας, παραγωγικότητα, ηθική.

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1. Chapter 1: Introduction

1.1 Definition and Significance of the Topic

Artificial intelligence (AI) and machine learning (ML) are changing the way organizations work. In earlier discussions, AI was often described as the ability of machines to imitate human thinking. Today, AI and ML systems can also learn from data, identify patterns, support decisions, and make predictions. For this reason, they are no longer only technical tools. They are becoming part of daily work across many industries.

In business administration, the use of AI and ML creates both opportunities and risks. These technologies can support decision-making, talent management, customer service, and supply chain operations (Ravirajan & Sundarajan, 2025). Machine learning, as part of AI, allows systems to improve through data without being programmed for every single task (Maria-Purwinahyu, 2025). This changes the relationship between people and technology at work, because value is increasingly created through cooperation between employees and algorithmic systems. At the same time, AI adoption has raised important questions about productivity, creativity, and job displacement (Anurag et al., 2023).

However, AI should not be seen only as a positive development. Issues such as algorithmic bias, deskilling, workplace surveillance, and lower employee engagement show that its impact is mixed. A balanced and evidence-based approach is needed in order to understand both the benefits and the risks for employee experience (Santhosh et al., 2023).

At the macroeconomic level, AI and ML are not only tools for efficiency. They are also changing the structure of the labor market (OECD, 2023). As jobs change, organizations and governments need to rethink training, upskilling, and fair access to new career opportunities (Geetha & Gomathy, 2025). This is especially important in sectors such as finance, healthcare, and logistics, where AI adoption is moving faster than many support systems. AI is also important for organizational psychology and human resource management, since AI-based tools can support performance monitoring, burnout prediction, and employee well-being initiatives (Agarwal, 2025).

1.2 Aim and Objectives

The aim of this dissertation is to examine the positive and negative effects of AI and ML on employee experience and organizational productivity. The study focuses on different workplace contexts and uses a literature-based approach to understand how these technologies support organizations, but also how they may create new risks (Agarwal, 2025; Santhosh et al., 2023). Rather than treating AI as one simple tool, the dissertation considers it as a group of systems that can affect employees and organizations in different ways (Kaaria, 2024; Adhikari, 2024).

More specifically, the dissertation examines how AI can improve coordination, reduce routine work, and support decision-making. It also considers effects at the employee level, such as cognitive workload, job satisfaction, career development, technostress, and resistance to change. Ravirajan and Sundarajan (2025) show that AI tools can reduce operational inefficiencies. At the same time, Badhurunnisa and Dass (2023) warn that algorithmic management may reduce autonomy and increase feelings of surveillance. For this reason, the study also explores employees' psychological and behavioral responses to AI adoption (Pancholi & Raji, 2025; Wong, 2024).

Another objective is to examine how AI is changing human resource management. This includes recruitment, performance evaluation, employee engagement, and training. The dissertation also looks at how AI adoption differs between sectors and regions, depending on organizational culture, regulation, and economic maturity. These differences are important because a single AI implementation model may not work in every context (Calugan & Tanyag, 2025).

The dissertation aims to offer practical recommendations for policymakers, business leaders, and HR professionals. The main goal is to support responsible AI adoption that improves productivity while also protecting dignity, autonomy, fairness, and employee well-being (Jadhav & Banubakode, 2024; Geetha & Gomathy, 2025).

1.3 Research Questions (Theoretical Focus)

Clear research questions are necessary for an academically focused study. In this dissertation, the research questions are based on gaps in the literature and on current changes in workplace practice. AI and ML are affecting work processes, labor relations, job security, performance evaluation, and employee well-being. Because these changes are complex, the study focuses on the relationship between efficiency gains and human-centered workplace needs.

AI is already changing feedback systems, performance appraisal, and employee development in HR environments (Agarwal, 2025). This creates a need to reconsider existing management theories and practices (Geetha & Gomathy, 2025; Kaaria, 2024). The study asks whether AI mainly improves existing systems or creates new forms of value creation and labor governance. It also examines issues such as trust, autonomy, psychological safety, and job insecurity, which are often less visible in discussions about productivity (Adhikari, 2024; Jadhav & Banubakode, 2024).

These questions are also connected with wider labor market issues. AI may create new jobs, but it may also make some jobs more insecure. The dissertation considers whether technological change supports inclusive labor markets or increases existing inequalities. It also examines how perceptions of fairness, transparency, and accountability affect employees' acceptance of AI systems. Pancholi and Raji (2025) suggest that trust in AI may be as important as the technical quality of the system itself.

Finally, the research questions include a long-term perspective. AI adoption is not a one-time event, but an ongoing process that changes skills, expectations, and career paths. The study therefore considers organizational learning, adaptive leadership, and responsible governance as important factors in understanding AI at work.

1.4 Methodological Approach (Literature-Based Review)

This dissertation uses a literature-based research approach. It reviews and discusses existing academic and institutional sources on AI, machine learning, and the workplace. This method is appropriate because the topic is broad, fast-changing, and connected with many issues, including automation, job redesign, emotional labor, and digital well-being. The review draws on peer-reviewed articles, academic databases, and institutional reports in order to build a theoretically informed understanding of the topic.

The literature search was conducted using Google Scholar, CrossRef, OECD iLibrary, and selected academic databases such as Scopus and Web of Science, where access was available. The search focused mainly on publications from 2023 to 2025, as the use of AI and ML in the workplace is a rapidly developing topic. The keywords used included “artificial intelligence and workplace,” “machine learning and productivity,” “AI and employee experience,” “AI in human resource management,” “AI and job displacement,” “automation anxiety,” “AI and employee well-being,” “workplace surveillance,” “technostress,” “AI and work-life balance,” and “AI and employee development.”

The selection process followed a staged approach. First, sources were identified through keyword searches. Second, titles and abstracts were screened to exclude publications that were not directly related to workplace contexts, employee experience, productivity, HRM, or labor market effects. Third, the remaining sources were reviewed in full in order to assess their relevance to the research questions. Priority was given to peer-reviewed articles, conference papers, institutional reports, and recent studies with clear links to AI adoption in organizational settings. Sources were excluded when they were purely technical, unrelated to workplace issues, lacked sufficient bibliographic information, or duplicated findings already covered by other studies.

The final sources were organized thematically into categories such as automation and productivity, AI-supported decision-making, HRM and employee development, job displacement, workplace surveillance, technostress, work-life balance, and ethical governance. This thematic organization allowed the dissertation to compare both the positive and negative effects of AI and ML on employee experience and productivity.

Table 0: Indicative table**Illustrative table of search combinations:**

("artificial intelligence" OR "machine learning") AND ("employee experience" OR "employee well-being")

("AI adoption" OR "algorithmic management") AND ("productivity" OR "workplace efficiency")

("AI in HR" OR "AI in human resource management") AND ("recruitment" OR "performance evaluation" OR "employee engagement")

("automation" OR "AI") AND ("job displacement" OR "job insecurity" OR "automation anxiety")

("AI surveillance" OR "workplace monitoring") AND ("privacy" OR "employee autonomy" OR "technostress")

Key Words:

artificial intelligence and workplace

machine learning and workplace

AI and employee experience

AI and productivity

AI and human resource management

AI and HRM

AI and job displacement

AI and automation anxiety

AI and employee well-being

AI and workplace surveillance

AI and technostress

AI and work-life balance

AI and personalized learning

AI and employee development

AI and recruitment

algorithmic management and employees

AI adoption and organizations

AI and future of work

A literature-based approach is useful because existing empirical research on AI in organizations is still fragmented. Many studies focus on specific sectors or countries, which makes general conclusions difficult. For this reason, the dissertation brings together sources

from different contexts and compares their findings. The review focuses mainly on studies published between 2023 and 2025 that examine AI in organizational settings (Calugan & Tanyag, 2025; Jadhav & Banubakode, 2024).

The review pays attention on how different studies define and measure key ideas such as employee experience, job displacement, AI adoption, productivity, and well-being. This is important because different definitions can lead to different conclusions (Santhosh et al., 2023; Bisht & Sharma, 2025). The dissertation also examines whether authors treat AI as a neutral technical tool or as part of a wider social and organizational system.

The review also considers which regions and sectors are most represented in the literature. Some industries and high-income countries receive more attention, while developing economies and informal work settings are less visible. This matters because AI adoption may affect workers differently depending on resources, regulation, and digital readiness (Maria-Purwinahyu, 2025; OECD, 2023).

A limitation of literature-based research is that it depends on the quality of existing sources. Some studies use similar assumptions or refer to the same body of work, which may create repetition in the literature. To reduce this problem, the dissertation considers both quantitative and qualitative studies and compares findings from different disciplinary perspectives (Adhikari, 2024; Wong, 2024).

1.5 Structure of the Dissertation

Chapter 1 introduces the topic and explains why AI and ML are important for contemporary workplaces. It defines the research aim, objectives, and research questions, and explains the choice of a literature-based methodology.

Chapter 2 presents the theoretical framework and literature review. It explains the relationship between AI and ML, outlines historical and current trends in workplace adoption, and discusses theories of employee experience and productivity. It also reviews key studies and identifies gaps in the literature.

Chapter 3 discusses the positive impacts of AI and ML in the workplace. It focuses on automation and operational efficiency, improved decision-making, personalized learning and career development, and work-life balance.

Chapter 4 examines the negative impacts of AI and ML. It discusses job displacement, automation anxiety, data privacy, workplace surveillance, reduced human interaction, creativity concerns, cognitive overload, and burnout.

Chapter 5 provides a critical discussion of the findings. It compares the benefits and risks of AI, connects theoretical and empirical insights, and explains the relevance of the topic to contemporary work environments.

Chapter 6 presents the main conclusions and recommendations. It summarizes the key findings and discusses implications for organizations, policymakers, and future research.

2. Chapter 2: Theoretical Framework and Literature Review

2.1 Introduction to Artificial Intelligence and Machine Learning

Artificial intelligence (AI) and machine learning (ML) have developed from abstract computing concepts into practical tools used in business operations. Earlier AI systems often relied on fixed rules, while current systems can learn from large datasets and support more complex decisions. This development has changed how organizations manage labor, resources, and work processes. Recent AI adoption has been driven by the growth of data, improved algorithms, and stronger computing power (Calugan & Tanyag, 2025).

AI and ML are often used as similar terms, but they are not the same. AI is the broader field that aims to create systems able to perform tasks associated with human intelligence, such as learning, problem solving, and decision support (Santhosh et al., 2023). ML is a part of AI that focuses on systems learning from data without being explicitly programmed for every task. This distinction is important because ML allows systems to improve through feedback and repeated use.

AI is also becoming important in human resource management. AI-enabled systems can support recruitment, employee sentiment analysis, training, and performance evaluation (T et al., 2023). For example, natural language processing tools can help screen candidates and reduce the time needed for hiring (Mahmood & Khan, 2025). These changes can improve efficiency, but they also change how workforce management is organized.

From a labor market perspective, AI has two main effects: it can replace some tasks, but it can also support new types of work. Routine manual, clerical, and cognitive tasks may be more vulnerable to automation, while new jobs may appear in areas such as data analysis, AI monitoring, and digital coordination (Maria-Purwinahyu, 2025). OECD case studies show that some jobs face high automation risk, while many more are likely to change rather than disappear completely (OECD, 2023).

The psychological and social effects of AI adoption are also important. AI-supported well-being tools may help identify burnout risks and support employees (Kaaria, 2024). However, monitoring systems can also create anxiety, reduce autonomy, and raise questions about privacy and transparency (Badhurunnisa & Dass, 2023). This shows that AI is not neutral in practice; its effects depend on how it is designed and used.

AI is also changing the logic of management. Algorithmic systems can assign tasks, track performance, and support decision-making in real time. Robotic Process Automation and workflow tools may improve productivity in administrative tasks (Ravirajan & Sundarajan, 2025). At the same time, they can make employees feel that their work is being measured mainly through data.

Public attitudes toward workplace AI are mixed. Many employees welcome tools that reduce routine work and support productivity. Others worry about job loss, reduced control, and technological uncertainty. Adhikari (2024) shows that workers in sectors such as transportation, retail, and manufacturing often feel more threatened by automation. Wong (2024) also notes that young people may reconsider career choices because of AI-related uncertainty.

A useful way to understand AI at work is through the idea of augmented intelligence. This view presents AI as a partner that supports human judgment rather than replacing it. In areas such as auditing or medical diagnostics, cooperation between people and machines can reduce errors and improve decisions (Venkateshwaran et al., 2025). This suggests that the strongest results come from balanced use of AI and human expertise.

2.2 Historical Development and Current Trends in the Workplace

The development of AI and ML in the workplace is part of a longer history of technological change. Workplaces have always been affected by new technologies, from industrial mechanization to digital automation. AI is the latest stage in this process, but it is different because it can support not only physical tasks but also analysis, prediction, and decision-making. Rule-based systems first supported back-office automation, while more recent ML systems can work with unstructured data and adapt through feedback (Calugan & Tanyag, 2025).

Today, AI is used in many sectors, including healthcare, education, agriculture, finance, and logistics. It is no longer limited to large technology companies. Some reports suggest that AI will create new roles while also removing or changing others. This means that the main challenge is not only job loss, but also the changing skills required in the labor market (Maria-Purwinahyu, 2025).

At the organizational level, AI has made decision-making more data-driven and predictive. Companies use AI tools for strategic planning, resource allocation, and performance tracking. Anurag et al. (2023) suggest that AI can improve organizational agility by helping firms respond faster to changing conditions. However, this also changes management roles, especially when algorithmic systems take over tasks previously performed by middle managers.

AI has also changed the boundaries of work. Remote work platforms, smart scheduling tools, and AI-supported collaboration systems allow teams to work across locations and time zones. These tools can improve coordination and reduce communication problems (Mahmood & Khan, 2025). At the same time, performance monitoring systems may create concerns about surveillance, especially when they track behavior continuously (Kaaria, 2024; Wong, 2024).

Governments and institutions are still trying to keep up with the speed of AI development. Some frameworks, such as the EU AI Act and Singapore's Model AI Governance Framework, aim to guide ethical use, but implementation is still uneven (Adhikari, 2024). This creates risks, especially in countries or sectors with weaker regulation. Bias in training data can also lead to unfair outcomes in hiring, promotion, and pay decisions (Jadhav & Banubakode, 2024).

2.3 Theoretical Approaches to Employee Experience and Productivity

Understanding employee experience and productivity in AI-supported workplaces requires ideas from organizational behavior, psychology, human resource management, and sociotechnical systems theory. Traditional models of productivity focused mainly on tasks, motivation, and measurable output. AI changes these models because it affects autonomy, feedback, task design, and the relationship between employees and management.

Productivity is no longer only the result of individual effort. In many AI-supported workplaces, productivity comes from cooperation between people and machines. Bisht and Sharma (2025) argue that AI can reduce cognitive workload, improve decision accuracy, and shorten task completion times. Mahmood and Khan (2025) also link AI workflow tools with productivity gains in knowledge-based industries.

Human Capital Theory is also relevant. Traditionally, this theory explains productivity through education, training, and work experience. In AI-enabled workplaces, employees also need digital skills and the ability to work with intelligent systems. Lamba and Chouhan (2025) argue that training must include both technical skills and employee readiness for change. Ravirajan and Sundarajan (2025) also show that workers with both domain knowledge and AI literacy may have stronger career outcomes.

Sociotechnical systems theory offers another useful perspective. It argues that good performance depends on the fit between social systems and technical systems. In AI workplaces, this means that technology must be aligned with teamwork, communication, and organizational culture. Santhosh et al. (2023) show that advanced AI tools may still create problems if management structures and work practices are not adapted to them.

Motivation theory is also useful for understanding AI-based performance systems. According to Vroom's expectancy theory, employees are more motivated when they believe that effort leads to performance and that performance leads to fair rewards. AI can support this if performance metrics are clear and transparent. Agarwal (2025) finds that transparent AI-supported evaluation systems can improve perceptions of fairness and productivity.

However, AI can also create technostress. Employees may feel anxious, overloaded, or controlled when they must interact with many digital systems or when they are constantly monitored. Kaaria (2024) notes that repeated AI feedback and strong monitoring can contribute to emotional exhaustion. Adhikari (2024) also argues that AI can improve productivity up to a point, but excessive reliance on it may reduce motivation and well-being.

Critical theories of power and surveillance are also relevant. AI-based monitoring tools can make employees feel constantly visible and judged. This may increase short-term productivity, but it may also reduce trust, creativity, and authenticity at work. These concerns are especially important in platform and gig work, where algorithms often assign work and evaluate performance.

2.4 Review of Key International Studies and Industry Practices

International studies help explain how AI affects labor markets, organizations, and employees. The recent literature shows that AI does not simply add new tools to the workplace. It can also change how organizations define productivity, manage workers, and understand employee agency. The evidence can be grouped into three broad areas: labor market change, organizational change, and psychological effects on employees.

At the labor market level, the OECD (2023) shows that some jobs are at high risk of automation while many others will experience major task changes. Maria-Purwinahyu (2025) adds that job displacement can happen alongside job creation. This means that organizations and governments need retraining programs and fair transition policies.

At the organizational level, Anurag, Vyas, and Lilhore (2023) argue that AI can change managerial structures by automating tasks such as KPI tracking, predictive modelling, and resource allocation. Agarwal (2025) examines AI in HR and shows that it can support employee well-being when systems are transparent and include human involvement. Kaaria (2024), however, warns that opaque AI systems can increase technostress and reduce psychological safety.

Other studies focus on inequality and career uncertainty. Jadhav and Banubakode (2024) suggest that workers in routine and low-digital-skill roles are more exposed to automation risks. Wong (2024) shows that future workers may change their career plans because of AI-related uncertainty. Badhurunnisa and Dass (2023) also identify organizational resistance, skill gaps, and ethical ambiguity as barriers to effective AI implementation.

Pancholi and Raji (2025) examine how employees feel about AI at work. Their findings suggest that employees respond more positively when AI is seen as a useful support tool. They respond more negatively when AI is seen as a threat to job stability. This shows that employee perceptions are central to successful AI adoption.

Table 1: Summary of Key International Studies and Workplace AI Applications

Author(s)	Year	Focus Area	Key Insight
OECD	2023	Job Automation Risk	14–32% of jobs at risk due to AI-driven task restructuring.
Maria-Purwinahyu	2025	Labor Market Dynamics	Job creation accompanies displacement in AI-led transformations.
Anurag, Vyas & Lilhore	2023	Organizational Structures	AI replaces middle management through real-time decision systems.
Calugan & Tanyag	2025	Sectoral AI Adoption	AI adopted widely beyond IT—healthcare, education, agriculture.
Agarwal	2025	Employee Well-Being via HR Tech	Transparent AI in HR improves retention and wellness.
Kaaria	2024	Tech Stress and Ethics	Lack of AI ethics linked to technostress and low psychological safety.
Jadhav & Banubakode	2024	Employment Inequality	Automation disproportionately affects low-skill, routinized roles.
Wong	2024	Career Path Reorientation	Students adjust career choices anticipating AI disruption.
Badhurunnisa & Dass	2023	Implementation Challenges	Organizational inertia and ethical gaps hinder effective AI deployment.
Pancholi & Raji	2025	AI and Workplace Happiness	Perceived AI usefulness increases satisfaction if not seen as a job threat.

2.5 Critical Evaluation of the Existing Literature

The current literature on AI, ML, and work is rich, but it also has important weaknesses. Many studies discuss both the opportunities and the risks of AI, yet they differ in scope, method, and context. Some research focuses mainly on large economic effects, while giving less attention to the everyday experiences of employees inside organizations.

A common strength in the literature is that many authors avoid treating AI as either entirely good or entirely harmful. However, many studies are cross-sectional, which means that they show a situation at one point in time but do not explain how employees

adapt over longer periods. This limits our understanding of resistance, skill development, and changes in well-being over time.

Some studies also offer useful conceptual insights. For example, Agarwal (2025) shifts the discussion from job displacement to the possible role of AI in employee well-being. This is important, but some claims still need stronger empirical support. OECD research (2023) is valuable because it compares countries, but it mainly focuses on higher-income economies with stronger digital infrastructure.

Badhurunnisa and Dass (2023) provide a balanced view of AI implementation by identifying both opportunities and challenges. Their work is useful because it highlights organizational resistance, ethical uncertainty, and skill gaps. However, the simple division between challenges and opportunities may hide the fact that AI often creates mixed outcomes at the same time.

2.6 Identification of Research Gaps and Limitations

Although many recent studies examine AI and work, important gaps remain. The literature has improved our understanding of AI's effects on organizations, jobs, and employees, but it is still fragmented. Many studies focus more on technical implementation than on the social, emotional, and ethical dimensions of AI at work.

For example, Agarwal (2025) discusses the potential of AI-supported HR tools for employee well-being, but questions about digital fatigue, surveillance anxiety, and loss of autonomy remain under-examined. Another gap is that many studies focus on technologically advanced countries and sectors. OECD (2023) and similar reports often give less attention to developing economies and workplaces with lower digital readiness. There is also a lack of longitudinal research on how employees adapt to AI over time.

Studies by Santhosh et al. (2023) and Calugan and Tanyag (2025) provide useful analysis, but they mainly offer cross-sectional evidence. This makes it harder to understand long-term changes. Another limitation is that many studies use either a technical or an economic perspective, without fully combining technology, behavior, ethics, and organizational culture.

Anurag et al. (2023), for example, discuss productivity improvements but do not fully explain why organizations respond to AI in different ways. There is also limited empirical

evidence on subjective employee outcomes such as morale, fairness, identity, and trust. Kaaria (2024) and Pancholi and Raji (2025) examine happiness and well-being, but more diverse samples and stronger measurement approaches are needed.

Causality is another problem. Many studies connect AI use with workplace outcomes without fully controlling for leadership style, organizational culture, or regulation. Geetha and Gomathy (2025) discuss the potential of AI, but it is often difficult to separate the direct effect of AI from other organizational changes happening at the same time. Future research should use stronger designs to identify AI's specific contribution.

3. Chapter 3: Positive Impacts of AI & ML in the Workplace

3.1 Automation and Operational Efficiency

Artificial intelligence (AI) is increasingly used to automate workplace tasks. In many organizations, AI tools help with scheduling, data processing, quality control, customer service, and routine administrative work. This can reduce the time employees spend on repetitive tasks and allow them to focus on work that requires judgment, creativity, and problem solving.

AI automation can also support cognitive tasks, not only mechanical tasks. Santhosh et al. (2023) note that AI systems are now used in rule-based decisions that were previously handled by administrative or middle-management staff. In HR, AI can support applicant screening, performance evaluation, and training recommendations (T et al., 2023). These systems can improve speed and consistency, but they still need human oversight.

AI-powered automation can reduce operational costs by limiting duplicated work, improving resource use, and reducing human error. Karangutkar (2023) argues that automated systems can support leaner operations. OECD (2023) also connects AI adoption with changes in productivity and task organization across economies. These benefits depend on good data, careful system design, and responsible implementation.

For this reason, automation should not be treated as a simple technical upgrade. Jadhav and Banubakode (2024) emphasize the need for data governance and ethical control. Ravirajan and Sundarajan (2025) also show that AI tools work better when they are integrated into a human-centered organization that explains the purpose of the system and allows employees to challenge or correct results.

Table 2. Key Contributions of AI to Workplace Automation and Operational Efficiency

Aspect	AI Contribution	Source
Workflow Optimization	Real-time task scheduling and adaptive operations	Anurag et al., 2023
Cognitive Task Automation	AI replaces rule-based decision-making	Santhosh et al., 2023
Data-Driven Operations	Predictive analytics and real-time data processing	Calugan & Tanyag, 2025
Cost Efficiency	Reduction in human error and resource redundancy	Karangutkar, 2023; OECD, 2023
Strategic HR Automation	AI-driven hiring, training, and performance assessments	T et al., 2023
Governance Needs	Importance of ethical frameworks and data integrity	Jadhav & Banubakode, 2024; Maria-Purwinahyu, 2025
Human-Centric Integration	Balancing efficiency with engagement and sustainability	Ravirajan & Sundarajan, 2025

3.2 Enhanced Decision-Making and Strategic Insights

AI and ML can improve decision-making by helping organizations analyze large amounts of information. Traditional decision-making often depends on historical reports and human interpretation. AI-based systems can process data faster, identify patterns, and support predictive analysis. This helps managers make decisions with more evidence, especially in complex and fast-changing environments (Anurag et al., 2023).

AI can also support workforce and talent decisions. By analyzing employee behavior, performance data, and organizational network information, AI systems can help with promotion planning, team design, training investment, and retention risks (Calugan & Tanyag, 2025). In sectors such as logistics, healthcare, and manufacturing, AI decision-support systems can also reduce delays and improve coordination (Mahmood & Khan, 2025).

However, AI-based decision-making has limitations. Algorithms depend on the data used to train and operate them. If the data contains bias, the system may produce unfair or inaccurate recommendations. For this reason, organizations need validation, auditing,

transparency, and human review. AI should support human decision-making rather than replace ethical and contextual judgment (Jadhav and Banubakode, 2024).

3.3 Personalized Learning and Career Development

AI and ML can support employee learning and career development. In many workplaces, training has traditionally been delivered through the same courses for all employees. AI makes it possible to create more personalized learning paths by analyzing each employee's role, skills, performance needs, and career goals.

One important advantage is skill-gap analysis. AI systems can compare the skills required for a position with the skills an employee already has. This can help organizations recommend specific courses, mentoring opportunities, or practical tasks that match the employee's needs. AI can also support career planning by identifying possible internal career paths and showing which skills are needed for future roles (Calugan & Tanyag, 2025).

Personalized learning can also improve motivation. When employees receive training that is relevant to their work and career plans, they are more likely to see development as useful. AI-supported platforms can provide regular feedback on progress and training needs. However, this feedback must be used carefully. If employees feel that every action is monitored, the same system that is meant to support development may create stress or distrust.

For personalized learning to be effective, organizations must be transparent about how employee data is used. Employees should know what data is collected, how recommendations are produced, and whether AI outputs affect promotions or evaluations. Human managers should remain involved because career development includes personal goals, values, and circumstances that may not be visible in data.

3.4 Work-Life Balance and Flexibility via AI Tools

AI tools can improve work-life balance by helping organizations manage time, workload, and communication more effectively. Intelligent scheduling assistants, workload management systems, and AI-supported collaboration platforms can make work more flexible and easier to organize. These tools are especially useful in hybrid and remote work settings (Hao et al., 2023).

AI can also help identify early signs of overload. By looking at workload patterns, communication volume, or productivity indicators, some systems can warn managers when

employees may be under too much pressure. Agarwal (2025) argues that AI-supported HR tools can contribute to well-being when they are used to support employees rather than control them.

AI-supported communication tools can also improve cooperation among distributed teams. They can summarize meetings, organize messages, translate content, or help prioritize tasks. AI analytics may also support more flexible performance management, where employees are evaluated more on results than on physical presence or visibility (Mahmood & Khan, 2025).

At the same time, AI-supported flexibility creates risks. If the tools are not governed properly, they may increase digital surveillance, constant availability, and pressure to respond outside working hours. Clear rules are needed about working time, monitoring, data use, and employee privacy. The positive effect of AI on work-life balance depends on whether the technology is used to reduce unnecessary workload or simply to intensify work.

Table 3. AI Tools Enhancing Work-Life Balance: Key Dimensions

Dimension	AI Contribution Example	Source
Smart Scheduling	Adaptive calendars and workload balancing	Agarwal (2025)
Well-being Monitoring	Detection of burnout signs via behavioral data	Kaaria (2024)
Asynchronous Collaboration	Cloud-based AI-supported communication platforms	Calugan & Tanyag (2025)
Flexible Performance Metrics	Outcome-based appraisals using AI analytics	Mahmood & Khan (2025)
Boundary Risks	Potential digital overreach without regulation	Badhurunnisa & Dass (2023)

4. Chapter 4: Negative Impacts of AI & ML in the Workplace

4.1 Job Displacement and Automation Anxiety

The rapid use of AI and ML in organizations has raised concerns about job loss and anxiety caused by automation. Earlier waves of technology mainly affected repetitive physical work. Today, AI is also entering administrative, analytical, and supervisory tasks that were once seen as safer from automation. This makes many employees worry about the future of their roles, especially in routine-based industries (Santhosh et al., 2023; Maria-Purwinahyu, 2025; Wong, 2024).

The risk of displacement is not the same for all workers. Employees in low-skilled, semi-skilled, or routine roles are often more exposed because algorithms can perform repeated decision tasks quickly and consistently. At the same time, AI can create new jobs in digital supervision, data analysis, and AI-supported services. The problem is that workers who lose tasks or jobs may not automatically have the skills needed for the new roles.

Automation anxiety also affects employee well-being, morale, and commitment. When organizations do not explain their AI plans clearly, employees may feel uncertain and stressed. Younger workers and new labor market entrants may also change their career expectations because they see some occupations as less stable. This shows that AI affects not only current jobs but also future career planning.

AI-based management systems can also change the relationship between employers and employees. When performance is measured mainly through data, employees may feel that their value is reduced to measurable output. If organizations present AI mainly as a cost-cutting tool, employees may become defensive rather than innovative. Human-centered transition plans are therefore necessary to reduce alienation and build trust (Santhosh et al., 2023).

4.2 Data Privacy and Workplace Surveillance

The growing use of AI in the workplace has increased concerns about data privacy and employee monitoring. AI surveillance systems are often introduced to improve productivity and transparency, but they can also reduce autonomy and psychological safety. These systems may track keystrokes, biometric data, productivity dashboards, facial recognition,

or sentiment indicators. As a result, ordinary workplace behavior can become continuous data for analysis (Badhurunnisa & Dass, 2023).

AI surveillance can also create an imbalance of information between employers and employees. Managers may receive detailed data about workers, while employees may not understand how the system evaluates them. This can reduce trust and make employees feel less in control of their work. Kaaria (2024) connects constant monitoring with stress, emotional exhaustion, and lower confidence in leadership.

Another concern is how employee data is stored, accessed, and used. HR analytics systems can collect sensitive information about performance, behavior, communication, and work patterns. If governance is weak, this data may be misused or used for unfair profiling. Continuous monitoring can also change behavior, as employees may focus on meeting measurable targets rather than doing meaningful work (Santhosh et al., 2023).

4.3 Reduction in Human Interaction and Creativity

AI can also reduce human interaction and creativity when it is used too heavily in daily work. Many organizations use AI for data processing, employee monitoring, and content generation. These tools can improve speed, but they may also reduce direct communication between colleagues and managers. When workplace interactions are turned into data points, employees may feel that efficiency is valued more than cooperation, trust, and creativity (Vishwanath and Vaddepalli, 2023).

Algorithmic systems can also make management feel less personal. Instead of receiving feedback from a supervisor, employees may be evaluated through dashboards, scores, and automated recommendations. This can make professional value seem dependent on measurable outputs rather than contextual knowledge or interpersonal contributions. If the criteria are unclear, employees may lose trust in the evaluation process (T et al., 2023; Dass, 2023).

There are also risks for creativity. If employees rely too much on AI-generated suggestions, they may become less willing to explore original ideas or take intellectual risks. In creative and knowledge-based work, human discussion, disagreement, and informal exchange are

important sources of innovation. AI can support these processes, but it should not replace them. Organizations need to use AI in ways that protect collaboration and independent thinking (Calugan & Tanyag, 2025).

4.4 Cognitive Overload and Employee Burnout

Although AI tools are often presented as a way to reduce workload, they can also create cognitive overload. Employees may have to manage constant notifications, automated feedback, predictive recommendations, and new digital interfaces. This can increase technostress, especially when workers are expected to adapt quickly while maintaining high productivity and accuracy (Kaaria, 2024).

AI-assisted workflows can make decision-making faster, but they can also make work feel more intense. Employees may have less time for reflection because operational cycles become shorter and feedback is continuous (Santhosh et al., 2023). If organizations do not protect recovery time and psychological well-being, burnout may increase. Long-term overload can also reduce creativity, engagement, and employee retention (Mahmood and Khan, 2025; Pancholi and Raji, 2025).

5. Chapter 5: Critical Discussion

5.1 Comparative Analysis of Benefits and Risks

This chapter compares the benefits and risks of AI and ML in the workplace. The literature shows that AI can improve productivity, speed, and decision-making, but it can also create ethical, psychological, and socioeconomic problems. For this reason, AI should not be discussed only as a positive innovation or only as a threat. Its real impact depends on organizational strategy, employee readiness, governance, and the way technology is introduced (Calugan and Tanyag, 2025).

Several studies highlight the positive role of AI. Anurag et al. (2023) argue that AI can improve data analysis, reduce delays, and increase operational agility. Ravirajan and Sundararajan (2025) suggest that AI infrastructure can improve productivity and support employees through predictive tools. Mahmood and Khan (2025) connect AI-based HR tools with better recruitment, engagement, and workforce planning. Lamba and Chouhan (2025) show that AI can support personalized learning and career development.

At the same time, studies by Jadhav and Banubakode (2024) and Maria-Purwinahyu (2025) show that AI and automation can increase inequality in employment. Some workers may benefit from new opportunities, while others may face job insecurity or the need for retraining. AI can therefore create value and risk at the same time.

Other studies focus on workplace risks. Kaaria (2024) and Badhurunnisa and Dass (2023) warn that algorithmic monitoring can harm mental health and reduce trust when it lacks transparency. Vishwanath and Vaddepalli (2023) and Pancholi and Raji (2025) show that employees may see AI either as a support tool or as a mechanism of control and replacement. OECD (2023) also argues that AI should not be judged only through productivity indicators. Sustainable AI adoption requires social protection, ethical governance, and workforce resilience.

Table 3. Comparative Analysis of the Benefits and Risks of AI and ML in the Workplace

Dimension	Positive Organizational Outcomes	Negative Workplace Consequences	Supporting Literature
Operational Efficiency	Automation accelerates workflows, reduces human error, and improves process optimization	Excessive automation may intensify employee dependency on digital systems and reduce occupational stability	Anurag et al. (2023); Santhosh et al. (2023); Karangutkar (2023)
Decision-Making	AI enhances predictive analytics, strategic planning, and data-driven managerial accuracy	Algorithmic bias and lack of transparency may distort organizational judgments and reduce accountability	Calugan & Tanyag (2025); Maria-Purwinahyu (2025); OECD (2023)
Employee Development	Personalized learning systems support upskilling and adaptive career progression	Unequal access to technological literacy may widen workforce inequalities	Lamba & Chouhan (2025); Agarwal (2025); Geetha & Gomathy (2025)
Workplace Flexibility	AI-enabled tools facilitate hybrid work models and flexible scheduling practices	Constant connectivity may blur work-life boundaries and increase digital fatigue	Mahmood & Khan (2025); Kaaria (2024); Badhurunnisa & Dass (2023)
Human Resource Management	AI improves recruitment efficiency, talent	Algorithmic recruitment systems may reinforce discriminatory patterns	Venkateshwaran (2025); T et al. (2023); Jadhav &

	analytics, and workforce planning	and reduce fairness perceptions	Banubakode (2024)
Employee Well-Being	Predictive systems may assist burnout prevention and wellness monitoring	Surveillance mechanisms contribute to technostress, anxiety, and emotional exhaustion	Agarwal (2025); Kaaria (2024); Pancholi & Raji (2025)
Labour Market Transformation	AI creates new technology-oriented occupations and innovation opportunities	Job displacement disproportionately affects routine-intensive and low-skilled employment sectors	Maria-Purwinahyu (2025); Adhikari (2024); OECD (2023)

5.2 Integration of Theoretical and Empirical Insights

Modern debates about AI and ML require both theory and empirical evidence. AI should not be examined only as a technical issue because it affects management, psychology, economics, and sociology at the same time. Sociotechnical systems theory is especially useful because it explains how technical systems and social environments influence each other. Santhosh et al. (2023) suggest that AI works better when digital tools fit existing communication and work practices. Calugan and Tanyag (2025) also stress the importance of organizational readiness, leadership flexibility, and employee involvement.

Human capital theory is also important. It explains productivity through education, training, and professional development. In AI-enabled workplaces, employees need both job-specific knowledge and digital literacy. Lamba and Chouhan (2025) show that companies that invest in reskilling are more adaptable and better able to retain employees. However, Jadhav and Banubakode (2024) warn that low-skilled workers may be left behind if they do not receive training opportunities.

Psychological theories also help explain employee reactions to AI. Vroom's expectancy theory suggests that motivation depends on perceived fairness, rewards, and confidence in

organizational processes. Agarwal (2025) shows that transparent AI-based performance evaluation can support satisfaction. In contrast, Kaaria (2024) finds that excessive monitoring can create stress and emotional exhaustion. Pancholi and Raji (2025) show that employees respond more positively when they see AI as a support tool rather than as a threat.

Overall, theory and evidence show that AI creates different outcomes depending on the context. OECD (2023) case studies indicate that AI can improve efficiency and decision-making, but may also increase surveillance, inequality, and job insecurity. AI should therefore be understood as a sociotechnical phenomenon whose effects depend on governance and organizational practice.

5.3 Relevance to Contemporary Work Environments

AI and ML are now part of many workplace functions, including communication, recruitment, productivity measurement, performance evaluation, and strategic planning. Recent research shows that AI is not only a useful tool, but also a force that changes labor relations, professional expectations, and organizational culture. Calugan and Tanyag (2025) note that organizations increasingly use predictive analytics and decision models to improve responsiveness and efficiency. Anurag et al. (2023) also emphasize the value of fast data processing in competitive sectors.

AI is also relevant to hybrid and remote work. Intelligent HR systems can support workload management, burnout prediction, training advice, and flexible work arrangements (Agarwal, 2025). At the same time, AI changes expectations for both employees and employers, since work is increasingly measured and coordinated through digital systems.

Recent studies also show that AI must be discussed together with surveillance, job insecurity, and control. AI can create new forms of workplace monitoring. Kaaria (2024) links high levels of digital surveillance with stress and reduced autonomy. Wong (2024) finds that young people may reconsider career paths because of automation risks, while Maria-Purwinahyu (2025) shows that workers with low digital literacy may face more difficulty adapting.

The relevance of AI in modern workplaces comes from this dual role. It can improve efficiency, but it also changes organizational models. OECD (2023) case studies show that AI works best when governance systems and employee needs are considered. Badhurunnisa and Dass (2023) warn that organizations may face resistance and loss of trust if they ignore well-being. Pancholi and Raji (2025) also show that transparency is central to successful AI integration.

Table 4. Relevance of AI and ML in Contemporary Work Environments

Dimension	Relevance in Modern Workplaces	Supporting Literature
Hybrid Work Management	AI supports remote collaboration, workflow coordination, and digital communication	Mahmood & Khan (2025); Calugan & Tanyag (2025)
Employee Well-Being	Predictive systems assist workload balancing and burnout monitoring	Agarwal (2025); Kaaria (2024)
Organizational Efficiency	Intelligent systems improve adaptability, speed, and operational responsiveness	Anurag et al. (2023); OECD (2023)
Labour Market Transformation	AI influences career planning, employability, and workforce restructuring	Wong (2024); Maria-Purwinahyu (2025)
Employee Perceptions	Acceptance of AI depends on fairness, transparency, and trust	Pancholi & Raji (2025)

5.4 Open Questions and Areas for Further Exploration

The literature on AI and ML in organizational studies leaves several questions open. Existing research recognizes that AI can improve efficiency, automate repetitive work, and support strategic decisions. However, it is still unclear whether these changes are sustainable over time, especially if employees become increasingly dependent on algorithms (Anurag et al., 2023; OECD, 2023). Future research should examine whether AI use reduces independence and decision-making confidence.

Another open question concerns job security. Some authors argue that AI will both remove and create jobs (Maria-Purwinahyu, 2025; Jadhav & Banubakode, 2024), but more evidence

is needed to show which workers are most affected and whether retraining programs are enough. Future research should also examine automation anxiety across different age groups, education levels, and organizational contexts (Karangutkar, 2023; Adhikari, 2024).

Ethical issues also require further study. AI monitoring makes it easier for organizations to collect and analyze employee behavior, but the limits of privacy protection remain unclear (Badhurunnisa & Dass, 2023; Mahmood & Khan, 2025). Researchers should examine whether continuous digital control increases frustration, exhaustion, or weaker interpersonal relationships. More work is also needed on accountability for opaque HR algorithms (Vishwanath and Vaddepalli, 2023).

A final area for future research is the link between AI and employee well-being. Some studies suggest that AI improves work experience, while others show that it increases stress and pressure (Agarwal, 2025; Kaaria, 2024). Future empirical research should examine whether employee satisfaction depends more on the level of technology itself or on the organizational support provided during digital transformation.

6. Chapter 6: Conclusions and Recommendations

6.1 Summary of Key Insights

This dissertation has shown that AI and ML are reshaping the contemporary workplace. These technologies can support organizations by improving efficiency, increasing analytical accuracy, reducing routine workload, transforming HR processes, supporting personalized learning, and enabling flexible work arrangements. Evidence from academic studies and institutional reports, including Anurag et al. (2023) and OECD (2023), shows that AI can bring clear organizational benefits when it is implemented carefully.

At the same time, effective AI implementation requires a balance between technological efficiency and people-centered management. Organizations that gain long-term value from AI usually combine the technology with ethical governance, training, transparent communication, and reskilling. Employees may see AI either as a useful support tool or as a source of stress and instability (Pancholi & Raji, 2025). For this reason, sustainable digital transformation cannot rely only on automation and data systems. It must also protect engagement, trust, and well-being.

6.2 Contribution to Theory and Practice

This dissertation contributes to theory by connecting debates about productivity, employment risk, employee experience, and ethical governance. It shows that AI affects several parts of organizational life at the same time, including management structures, interpersonal relations, professional identity, and employee adaptability. It also connects workplace productivity with psychological issues such as stress, cognitive overload, and technology anxiety.

In practice, the study suggests three main actions for organizations: provide employee training, communicate clearly about AI adoption, and create ethical implementation procedures. The main argument is that automation alone cannot sustain productivity in the long term. HR departments can use these findings when designing AI-supported recruitment, performance monitoring, and workforce analytics. Policymakers and

organizations can also use the findings to support fair AI governance and continuous employee development.

6.3 Implications for Organizations and Policymakers

AI now affects recruitment, productivity measurement, monitoring, and strategic decision-making in many workplaces. This dissertation argues that organizations that introduce AI quickly without ethical planning may face resistance, low trust, and employee stress. Technological change is therefore not only about efficiency. It also affects culture, morale, and workplace relationships. Based on the findings, organizations should build people-centered AI deployment models, monitor algorithmic fairness, and invest in employee reskilling.

6.4 Managerial Recommendations

A) Creation of a clear AI governance process before implementation.

One practical recommendation is that organizations should not introduce AI tools without a clear internal process. AI should not be treated only as an IT purchase. It affects people, work routines, performance evaluation, data privacy, and trust. For this reason, managers need to decide from the beginning why the organization wants to use AI, what problem it is trying to solve, and what risks may appear.

A useful first step is to create a small AI governance group. This group could include managers from HR, IT, Legal and/or Compliance, Data Protection, and the departments where the AI tool will be used. Its role would be to review each important AI application before it is introduced. For example, if an organization wants to use AI in recruitment, performance monitoring, or workload management, the group should examine what data will be collected, how the system will make recommendations, and who will be responsible for checking the results.

The organization should also start with pilot projects instead of applying AI across the whole company immediately. A pilot allows managers to test whether the tool actually improves work. It also gives employees time to understand the system and express concerns. During this stage, managers should measure both business results and employee reactions. Useful indicators may include time saved, error reduction, faster hiring, improved scheduling, employee satisfaction, complaints, or perceived fairness.

Human review should remain part of the process, especially in sensitive decisions such as hiring, promotion, performance evaluation, or dismissal. AI can support managers with useful information, but it should not replace human judgment. This is important because some workplace decisions require context, empathy, and ethical understanding. A clear governance process can therefore help organizations gain the benefits of AI while reducing risks related to bias, surveillance, and loss of trust.

B) Link AI adoption with employee training and change management

A second recommendation is that AI adoption should be connected with training and change management. Many organizations focus on the technology itself, but employees are the ones who must use it in daily work. If workers do not understand the purpose of AI, they may see it as a threat rather than as a support tool. This can increase resistance, stress, and fear of job loss.

Managers should begin with a simple skills audit. This means identifying which jobs will be affected by AI and what new skills employees will need. Some employees may need basic AI literacy, while others may need training in data interpretation, digital collaboration, or the ethical use of AI. HR departments can then design training programs based on different roles. For example, HR staff may need training on AI-supported recruitment and bias, while line managers may need training on how to use AI-generated performance data responsibly.

Communication is also important. Employees should know why AI is being introduced, what it will change, what data will be collected, and whether AI outputs will affect evaluation or promotion decisions. This communication should not be limited to one official

announcement. Managers should organize meetings, workshops, and feedback sessions where employees can ask questions and discuss concerns.

Training should also be linked to career development. Employees are more likely to accept AI when they see that it can help them improve their skills and remain employable. Organizations can support this by offering internal mobility opportunities, mentoring, short certifications, and protected time for learning. In this way, AI adoption becomes part of a broader human capital strategy. The aim is not only to make work faster, but also to help employees adapt, develop, and feel included in the digital transformation of the organization.

6.5 Suggestions for Future Research

Most current research on AI and ML in the workplace is still descriptive. More work is needed on the long-term organizational, psychological, and socioeconomic effects of AI. Badhurunnisa and Dass (2023) note that AI can improve efficiency but also increase monitoring and job insecurity. Anurag et al. (2023) show that AI changes work processes, but more evidence is needed on creativity and emotional intelligence. Wong (2024) also shows that different generations may understand automation risks differently.

Future research should include cross-industry longitudinal studies, cross-national comparisons, studies of intergenerational differences, and research on how AI shapes long-term employee capabilities. Interdisciplinary research is also needed on ethical governance and algorithmic accountability. One important research agenda is to examine how labor law, ethical audits, and organizational governance affect employee trust during AI adoption.

Further research should also examine the link between AI monitoring and mental health (Kaaria, 2024), the effects of AI on diversity and equal career opportunities, and whether HR analytics reduces or increases workplace inequality (Mahmood & Khan, 2025). Finally, research should explore sustainable models that combine technological innovation with employee empowerment, ethical leadership, and inclusive workforce development.

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