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Artificial intelligence in human resource management and employee well-being

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Abstract
Artificial intelligence is just at the cusp of transforming Human Resource Management as we know it, with its direct implication now being on employee well-being. The paper undertakes a structured review of academic studies and industrial reports published between 2017 and 2025 to understand how AI is affecting HR functions and the psychosocial health of employees. The results suggest that AI helps in improving efficiency, agility, and personalized wellness intervention in HR; however, at the same time, it raises concerns about surveillance, job insecurity, and fairness. Drawing from socio-technical systems, social exchange, and conservation of resources theories, we propose a conceptual framework wherein the adoption of AI affects HR processes and employee well-being through mediators such as transparency, job security, and personalization, which, in turn, are moderated by the organizational context. The practical implications stress ethical AI adoption, transparent governance, and human oversight. The research gaps point at the need for longitudinal, cross-sector, and employee voice-centered studies. It comes to the conclusion that for AI to be an enhancement to rather than a threat to the human side of HR, it needs to strike a balance between efficiency and employee trust and well-being.

Keywords: Artificial intelligence, human resource management, employee well-being, ethics, organizational performance, digital HR

Introduction
Artificial Intelligence (AI) is rapidly transforming Human Resource Management (HRM), with implications being borne upon employee well-being and, therefore, deserves more attention. The State of the Global Workplace Report by Gallup (2024) [11] reveals that only 23% of employees throughout the world are engaged in their work, whilst 44% claim they experience daily stress. The International Labour Organization (ILO, 2023) also underscores the fact that digitalization and the adoption of AI offer both opportunities as well as threats to worker well-being, especially in developing economies. Similarly, in India, NASSCOM (2023) posits that 62% of IT organizations have implemented AI-driven HR tools, with job security and morale concerns staying present. These points put forth a timely conversation on AI's ability to enhance HR efficiencies, alongside the preservation of employees' well-being. While global reports (Deloitte, 2024; SHRM, 2023) [1, 28] show a rise in AI use across HR functions, there are still worries about inconsistent implementation and the risk of damaging employee trust. It is important to examine the balance between efficiency and employee well-being.

Problem Statement
While AI has made HRM more efficient, concerns persist about employee stress, trust, and job security. These conflicting results highlight the need for a thorough review of how AI affects HR processes and employee well-being.

The objectives of this study are
- To look at how companies are using Artificial Intelligence in Human Resource Management practices.

- To study the effects of AI adoption on employee well-being, including both advantages and challenges.
- To create a framework that connects AI, HR processes, and employee well-being.
- To highlight research gaps and offer suggestions for future studies.

Literature Review

AI and HR Efficiency

Artificial Intelligence (AI) has significantly enhanced efficiency in Human Resource Management (HRM), reshaping recruitment, onboarding, performance management, and workforce planning. Murugesan *et al.* (2023) [22] show that AI adoption in health monitoring, payroll automation, and feedback improves agility and responsiveness in Indian organizations. Sundari *et al*. (2024) [29] report a 30% increase in operational efficiency where AI replaced routine HR tasks, allowing professionals to focus on strategic initiatives. Similarly, Nawaz *et al*. (2024) [25] find that AI-driven accuracy and automation reduce time and cost inefficiencies in IT firms. Globally, Deloitte (2024) [1] highlights that over 65% of organizations are piloting AI applications in HR, particularly in recruitment and onboarding. NASSCOM (2020) conducted a survey of Indian companies. It found that while large firms quickly looked into AI-driven efficiencies, smaller organizations struggled with significant barriers to adoption. Veshne and Jamnani (2024) [31], through bibliometric analysis, confirm that there has been a growing reliance on AI in HR over the past decade. However, they warn against focusing too much on efficiency without proper ethical safeguards.

AI and Employee Well-Being

Beyond efficiency, AI increasingly supports employee well-being through personalization and real-time interventions. Bentley (2024) documents how AI-powered wellness programs, including chatbots, wearables, and predictive health analytics, enhance employee engagement and reduce absenteeism by promoting proactive health management. García-Madurga *et al*. (2024) [13], in a systematic review of 31 studies, show AI's role in stress detection and emotional support but warn of potential surveillance that may undermine trust. At the organizational level, Dutta and Mishra (2023) [8] find that AI chatbots enable hyper-personalized psychological support, though employees express concerns over data privacy and the lack of human empathy. Evidence from Asia provides similar insights: Aulia and Lin (2024) [2] report that AI digital assistants improve task-technology fit and remote collaboration, positively influencing well-being and engagement, while Herlina and Iskandar (2025) [16] demonstrate that in Jakarta, AI combined with sustainable HRM practices strengthens decision-making, engagement, and retention. Together, these studies underscore AI's promise in personalizing well-being but also stress the importance of transparent governance and human oversight.

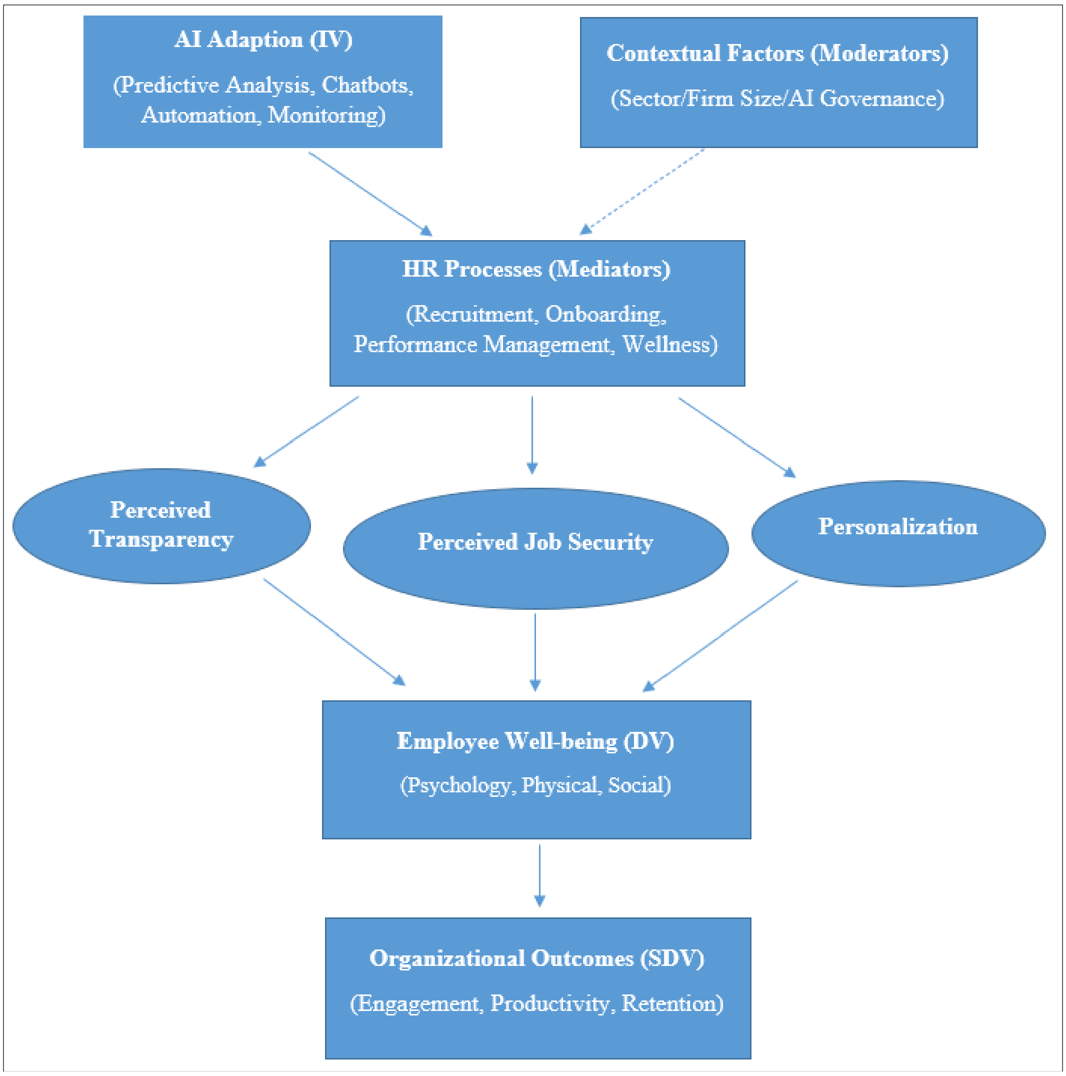
Ethical and Psychological Concerns: Despite its benefits, AI adoption raises significant ethical and psychological challenges that may threaten employee well-being. Thakur (2025) [30] finds that AI-enabled HR in Indian universities creates stress, surveillance concerns, and transparency issues, with private institutions reporting greater benefits than public ones. Similarly, Fedorova *et al*. (2019) [10] report that while digital HR increased efficiency in Russian organizations, it also generated employee stress, job insecurity, and health risks. Kaaria (2024) [19] highlights that STARA technologies (Smart Technologies, AI, Robotics, Algorithms) not only increase efficiency but also heighten risks of job loss, mental health decline, and disengagement. Ho and Kuvaas (2019) [17] provide evidence of a “well-being paradox,” where HRM practices improve well-being at moderate levels but harm it when excessive, suggesting that AI-driven HR may cross this threshold if unchecked. Gupta (2024) [14] adds that AI amplifies risks of algorithmic bias, privacy violations, and erosion of organizational culture, arguing for human-centered adoption. These findings collectively emphasize that ethical governance is crucial if AI is to support, rather than undermine, employee well-being.

Reviews and Conceptual Contributions

Several reviews and conceptual studies provide frameworks to understand AI's role in HRM and well-being. David (2017) [6] critiques traditional HRM's overemphasis on performance, advocating for approaches that integrate well-being as a central outcome. Peccei and van de Voorde (2019) [27], reviewing 46 studies, find mostly positive links between HRM, well-being, and performance but call for more longitudinal and multi-level designs. Budhwar *et al.* (2022) [4] extend the discussion to international HRM, highlighting AI's ethical challenges and proposing context-sensitive frameworks. Hemalatha and Barani Kumari (2020) [15] present a conceptual model linking AI technologies such as machine learning, robotics, and big data to improved HR precision and personalization. Kasih *et al.* (2022) [20] emphasize human-centric AI strategies, including empowerment, reskilling, and inclusive leadership. Djaber and Hamza (2024) [7] connect AI capabilities with Green HRM, showing potential for sustainability, while Kess-Momoh *et al.* (2024) [21] highlight digital transformation, inclusive leadership, and mental health as critical pillars of 21st-century strategic HRM. Collectively, these works enrich theoretical understanding while underscoring gaps around ethics, sustainability, and employee voice. Similarly, Zhang *et al*. (2020) [33] present a model of mediated moderation. They demonstrate how HRM practices influence employee well-being through complex pathways. This supports the need for frameworks that account for both mediators and moderators, as proposed in this study.

The literature shows that AI offers chances for efficiency and personalization, but it also brings up issues related to ethics, trust, and security. These insights emphasize the need for a framework to explain the processes and factors that influence these results.

Conceptual Framework



Note: AI adoption is the independent variable. Employee well-being is the main dependent variable. HR processes, transparency, personalization, and job security serve as mediators. Sector, firm size, and AI governance are moderators

Fig 1: Conceptual framework showing AI adoption, mediators, moderators, and outcomes in HRM-well-being relationships

The conceptual model positions AI Adoption (predictive analytics, chatbots, automation, and monitoring) as the independent variable that drives transformations in Human Resource practices. These changes operate through key mediators, including HR Processes (recruitment, onboarding, performance management, and wellness), Perceived Transparency, Personalization, and Perceived Job Security. Together, these mechanisms influence the central dependent variable - Employee Well-Being (psychological, physical, and social). In turn, employee well-being shapes organizational outcomes such as engagement, productivity, and retention.

The model also introduces Organizational Context Moderators (sector, firm size, and AI governance), which determine the strength and direction of these relationships. For instance, organizations with robust AI governance and resources may enhance trust and well-being, whereas smaller firms or poorly governed AI use may heighten stress, insecurity, or ethical concerns.

Methodology: Set as a secondary design, a literature review consisted of the collection of academic literature from peer-reviewed journals between 2017 and 2025. The study also considered industry or government reports that include Gallup State of the Global Workplace Reports, Deloitte's Global Human Capital Trends (2024), NASSCOM AI Adoption Index (2023), SHRM Workplace Tech Reports, and reports by the International Labor Organization (ILO) related to digitalization and work. The sources were chosen on the basis of relevance to AI in HRM and employee well-being, credibility of the stance of the publisher, and publications within the last 10 years. A thematic analysis was applied to synthesize results, which allowed for contrasting academic theories with evidence from the real world.

Findings

The review of secondary data reveal that HRM activities have increasingly come to be performed through AI, while it is used in recruitment, performance management, and employee wellness programs. Studies in the literature, such as Murugesan *et al.* (2023) [22], argue that the digitalization of enterprises through AI improves agility, whereas García-Madurga *et al.* (2024) [13] see AI as offering potential for interventions toward well-being in real-time. This view is supported by Deloitte (2024) [1] in its latest Global Human Capital Trends report, which shows that 65 percent of organizations are now piloting AI in an HR function, with the highest used cases in recruitment and onboarding. However, despite these technological developments, well-being challenges remain in the workplace. According to the State of the Global Workplace report published by Gallup (2024) [11], only 23 percent of employees worldwide are engaged, and stress levels continue to stay high, raising questions about the effectiveness of these AI-enabled wellness tools in actually changing workplace realities. Nawaz *et al*. (2024) [25] support this finding in their assessment of AI-enabled gains in efficiency across the Indian IT sector, but a NASSCOM survey from 2023 reveals that adoption is uneven, with smaller organizations still facing barriers. Also, ethical issues foreground NASSCOM, with Thakur (2025) [30] warning.

Discussion

The findings display the dualistic influence AI bears in HRM. AI can increase efficiency, agility, and personalized support for HR, thus conforming with the basic premise of Socio-Technical Systems Theory that stresses interplay between human and technological subsystems. On the contrary, threats related to surveillance, bias, and job insecurity lower trust among workers, going in favor of Social Exchange Theory that emphasizes the importance of fairness and reciproity in any organizational relationship. Conservation of Resources (COR) Theory further explains how AI can create scenarios wherein resources are replenished (time, personalization) or depleted (job security, autonomy), consequently influencing well-being with mixed outcomes.

Global reports reflect these scholarly findings. Deloitte (2024) [1] indicates increasing AI use in hiring and onboarding, but Gallup (2024, 2025) [11, 12] identifies ongoing disengagement and stress. SHRM (2023) [28] indicates a worldwide trust deficit, and NASSCOM (2022, 2023) identifies uneven Indian adoption, particularly of SMEs. These indicators indicate that efficiency by itself does not ensure enhanced well-being - governance, transparency, and ethical design are critical.

In practice, HR managers must provide human-in-the-loop monitoring, be open about the use of AI, upskill employees to mitigate job insecurity, and combine AI wellness solutions with human guidance. It is only then that AI can become less a source of stress but more an actual facilitator of employee engagement and sustainability.

Theoretical Implications

This review adds to theory by combining three important perspectives to explain how AI affects HRM and employee well-being. Socio-Technical Systems (STS) Theory points out the need to balance technological efficiency with human values. The findings show that AI improves HR agility but can also create stress if human concerns are ignored. Social Exchange Theory (SET) explains that employees respond positively to AI when there is transparency and fairness. However, their response is negative when they feel surveilled or insecure about their jobs. Finally, Conservation of Resources (COR) Theory helps us understand how AI can both save resources-like time and personalized wellness-and take them away, such as job autonomy and security.

By bringing together these perspectives, the framework shows that AI's impact on well-being is not straightforward. It depends on factors like transparency, personalization, and job security, as well as influences like sector, company size, and governance. This combined model improves HRM and well-being research by linking efficiency-focused and human-centered views.

Practical Implications

The findings provide several useful insights for HR managers and organizations. First, AI adoption should take a human-in-the-loop approach, where technology supports human judgment rather than replacing it. This is particularly important in sensitive areas like recruitment and well-being programs. Second, organizations need to invest in training employees to lessen job insecurity and help them adjust to AI-driven processes. Third, clear communication about how AI tools are used and how employee data is protected is crucial for building trust.

For HR leaders, integrating AI should go hand in hand with human support systems. For example, they can pair AI-powered wellness chatbots with access to human counselors. On a policy level, organizations should create internal AI ethics committees and offer employees ways to appeal when AI-based decisions impact their careers or well-being. Together, these practices can make sure that AI not only boosts efficiency but also enhances engagement, trust, and retention.

Ethics & Policy

- **For Organizations:** Establish transparent AI governance frameworks, conduct regular algorithm audits, seek informed employee consent for data use, ensure human-in-the-loop oversight, and create appeal channels for employees.
- **For Policymakers & Industry Bodies:** Align workplace AI policies with global standards such as the EU AI Act (2024), OECD AI Principles, and ISO/IEC AI Standards. Mandate AI impact assessments before adoption and encourage industry-wide ethical codes (e.g., NASSCOM in India).
- **For Employees:** Provide AI awareness and digital literacy training, involve employees in AI governance committees, and safeguard their right to challenge or appeal AI-driven HR decisions.

Limitations

This study is a secondary structured review. It relies on the quality and scope of published studies and reports from 2017 to 2025. Limitations include possible publication bias, the inclusion of only English-language sources, and the high number of cross-sectional studies in the literature. Future primary empirical work, including longitudinal and experimental studies, is needed to establish causality. Additionally, industry reports from Deloitte (2024) [1] and SHRM (2023) [28] offer insights. However, these reports may show the views of organizations instead of the real experiences of employees.

Conclusion

The review literature shows that AI has also presented enormous opportunities for efficiency, flexibility, and customized wellness in HRM. Yet, issues still persist wherein there is stress, disengagement, privacy, and irregular applications. The framework brings into sharp focus the issues of transparency, personalization, and job security (given how organizational context affects all three) or really lack thereof. In practice, HR should operate AI with safeguards in place for ethics and human intervention to ensure that positive results are achieved. Future research must adopt long-term and cross-industry approaches to testing causal relationships while also investigating employee experiences. Only when technology efficiency is matched by employee trust and well-being can AI afford to support the human side of Human Resource Management. The future of HR is hybrid: human judgment intertwined with AI insights. For this future to be realized, organizations must strive to find an equilibrium between efficiency and empathy. They must make every effort for fair, transparent, and trustful, and trustworthy, abundant, and ethical use of technology. Future research should investigate the effects of generative AI tools like ChatGPT and AI-assisted tools, as well as should also analyze cross-cultural considerations and long-tern impacts on employee well-being. Only through these collective efforts will AI truly enhance the human side of HR, and not diminish it.

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