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The Transformative Impact of Artificial Intelligence (AI) on Organisational Behaviour (OB): A Study of Employee Engagement, Performance, and Ethical Implications

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Abstract

Artificial Intelligence (AI) is transforming organizational behavior by reshaping employee engagement, performance, and decision-making processes. This study examines AI's impact on workplace dynamics, focusing on its role in optimizing workload distribution, enhancing productivity, and supporting leadership adaptation. AI-driven tools, such as sentiment analysis and predictive modeling, facilitate engagement and efficiency but also introduce challenges related to job security, ethical concerns, and transparency. Using a qualitative approach, this research synthesizes findings from systematic literature reviews and meta-analyses to explore the implications of AI in modern organizations. The results indicate that AI-supported leadership and human-centered design principles contribute to motivation and long-term productivity. However, excessive AI reliance may disrupt trust and psychological contracts, potentially affecting organizational culture. This study emphasizes the need for ethical AI governance and strategic leadership to mitigate risks while leveraging AI's benefits. By adopting a balanced approach to AI integration, organizations can foster employee well-being, maintain equitable decision-making, and align AI adoption with sustainable growth. These findings contribute to the discourse on AI in management, offering insights into how organizations can harness AI's potential while safeguarding human-centered values.

Keywords: *Artificial Intelligence, Employee Engagement, Employee Performance, Organisational Behavior, Change Leadership, Ethical AI, Human-Centered Work.*

Introduction

Artificial Intelligence (AI) has become an integral component across industries, reshaping organizational dynamics and driving transformations in employee behavior. AI enhances employees' engagement and productivity, enabling personalized training, and fostering AI-driven resource allocation. According to Kulkarni et al. (2024), AI facilitates engagement and productivity with sentiment analysis, predictive modelling, and personalised training, assisting organisations in taking work-intervention measures to benefit the needy workforce. Such developments further emphasise the imperatives for conceptualising AI working in terms of employee performance and engagement and their involvement in the organisation because these

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are crucial to organisational success. Besides, workplace integration with AI substantially impacts workload issues and employees' wellbeing. Rožman et al. (2023) have indicated that workloads are drastically reduced to increase engagement for better organisational performance with AI-supported leadership, organisational culture, and training. For example, through AI-driven systems, resources can be best allocated to ensure that the tasks needed come within the bounds of the capacity of issued employees. A balance is achieved Throughout this process, motivating people toward sustainable productivity, specifically in volatile and uncertain environments. Also, Prentice et al. (2023) note the boundary-spanning role of AI in fostering job engagement and performance through security concerns and service quality. In a related study, Tortorella et al. (2024) found that psychological conditions developed by AI, such as safety and meaningfulness, positively influence employee engagement in lean organisations. Such findings emphasise the potential of AI to establish human-centred work environments which build motivation and commitment. Indeed, AI considerably influences the performance and engagement of employees, which, while availing opportunities for organisational growth, has challenges to be conscientiously negotiated. The influence of AI on employee behaviours is highly complex across different micro-, meso-, and macro-levels. Having displayed a probable varying degree of changes across various levels concerning AI in this paper, strategies to nullify those challenges would also significantly help address them.

Literature Review

Defining Organizationa Behavior in the AI Era

OB is the multidiscipline study of how people, groups, and structures within an organisation interact in ways that influence its working and performance. Wijayati et al. (2022) explained that OB focuses on leadership roles, employee engagement, and employee performance to drive organisational outcomes. Kulkarni et al. (2024) develop the aspect more with the idea that if there is a place OB which could be better placed to understand how to engage people and raise their productivity more, this place needs AI-driven insights about employee behaviour. Such aspects are sentiment analysis and predictive modelling. Still, Braganza et al. (2020) caution that AI can potentially disrupt psychological contracts and, in doing so, question conventional OB concepts anchored around trust and relational engagement. Such definitions indicate a convergence in understanding OB as dynamic and adaptable, primarily when influenced by emerging technologies. Likewise, AI is a collection of technologies that mimic human intelligence processes, such as learning, reasoning, and problem-solving (Serpa et al., 2025). Spolador (2024) emphasises that AI has the potential to transform and enhance workplace interactions when embedded within human-centred design. However, as Prentice et al. (2023) note, the influence of AI varies with job security and organisational settings; hence, custom implementation strategies are needed. The intersection of OB and AI is a dynamic interplay whereby AI reshapes traditional OB principles by enhancing or challenging employee autonomy, engagement, and performance. According to Tortorella et al. (2024), AI positively influences engagement's cognitive and emotional dimensions in human-centred work environments. Still, Braganza et al. (2020) have claimed that AI reduces relational contracts, introducing alienational dynamics that undermine trust and decent work. Examples are the role of AI in automating repetitive tasks, which reduces workload but also risks diminishing task meaningfulness (Rožman et al., 2023; Rick et al., 2024). Thus, AI fosters efficiency and personalisation but has to be carefully aligned with the principles of OB to avoid potential negative impacts on employee engagement and organisational justice.

Frameworks and Models

Several frameworks underpin the integration of AI into OB by highlighting its effects on employees and organisations. The theory of the psychological contract, as Hayes and Keyser (2022), Moin et al. (2024), and Kraak et al. (2024) highlight, explain the unwritten expectations between the employees and the employer. Braganza et al. (2020) note that implementing AI will stress this contract because such technology undermines the underpinning of trust, so strategies must be researched to ensure that participation and relational commitment continue. According to Moin et al. (2024), the use of AI creates another form of contract termed "alienation", in which there is a reduction in the relational dynamics. This transformation, therefore, necessitates that organisations proactively influence perceived reciprocity and fairness by their employees. For instance, Sari et al. (2020) illustrate how AI-based systems enable predictive insights into employee behaviour and create opportunities to enhance psychological contracts by personalised interventions. However, Hayes and Keyser (2022) argue that over-reliance on AI damages relationships and requires approaches that balance automation with interpersonal interaction. Psychological contract theory is valuable for viewing how AI influences implicit organisational agreements and the importance of maintaining reciprocity and trust in the AI-driven workplace.

Another imperative framework involves that of the leadership of change. Wijayati et al. (2022) pointed out that leaders act as moderators of the influence of AI on employees' performance and customers' satisfaction within dramatically changing organisations. Effective change leadership synchronises the technological transformation with the human resources strategy and prepares employees to welcome the AI tools (Estherita and Shanmugam, 2024; Yin et al., 2024). Through empirical analysis, Estherita and Shanmugam (2024) establish how transformational leaders can effectively integrate rapid technology evolution with organisational and employee expectations. Rožman et al. (2023) note that with failed leadership approaches in AI implementation, negative attitude development is magnified, and engagement levels go down. Change leadership, therefore, enables an organisation to steer through the maze of complexities posed by the adaptation of AI in an accurate balance of human and organisational requirements.

Additionally, human-centred work design is another framework that creates an AI-enhanced environment where both employee autonomy and the meaningfulness of tasks are considered. Approaches like this enhance engagement because, as Rick et al. (2024) put it, the meaningfulness of the functions remains significant, supported by the supervisor continuously. For instance, human-centred design can balance efficiency with employee wellbeing in organisations using AI for routine tasks to set employees free for creative work (Nitsch et al., 2024; Spolador, 2024). Spolador concludes that human-centric design should be at the heart of artificial intelligence systems, focusing on collaborative interfaces and support functions. For example, AI tools that support rather than control, such as collaborative scheduling platforms, put this principle into practice. Organisations can reduce alienation by emphasising meaningful work and supervisor support (Tortorella et al., 2024). By the same principle, human-centred work design provides the critical paradigm for AI use to maximise engagement while preserving human agency and dignity. Put differently, each of those frameworks underlines that for trust restoration, employee engagement, and performance to achieve organisations successfully in the AI-driven era on a sustainable basis, an AI strategy would be required to align with OB principles.

Methodology

This qualitative article synthesises data from existing literature using meta-analyses and systematic reviews. Kraak et al. (2024) maintain that qualitative methods are best suited for complicated phenomena, like the interplay between AI and OB since such methods allow for a deep understanding of the underlying dynamics. The use of meta-analysis, whereby results from various research studies are combined to understand patterns and trends fully, strengthens this strategy even more, as demonstrated by Braganza et al. (2020). The systematic review has helped identify pertinent studies with predefined inclusion criteria; therefore, the literature selection was made relevant to the scope and quality of this study. This approach, as informed by Kulkarni et al. (2024), will enable the capture of the complex effects of AI on performance and engagement. On the other hand, it limits the chance to consider new trends or subtleties within the context.

Data collection focused on peer-reviewed publications, scholarly works, and industry reports to ensure their legitimacy and pertinence. While authors like Serpa et al. (2025) discuss more sociological standpoints about the more significant ramifications brought forth by AI, works like Sari et al. (2020) and Wijayati et al. (2022) can be used to evoke empirical evidence showing how AI has affected engagement. This type of triangulation thus enhances validity due to the combination of effort of many data streams and viewpoints. A significant limitation to this design is that this qualitative technique innately has at its core. For instance, secondary data could be subject to biases or inconsistencies in interpretation (Rick et al., 2024). Likewise, it is impossible to generalise findings in the way quantitative methods can with qualitative analysis. This paper creates more balance regarding the implications of AI for OB by using cross-disciplinary perspectives to fill these gaps. The applied methodology examines in great detail the connection between AI and OB. It synthesises findings from several pieces of research that are necessary to better understand how AI influences employees' behaviour, engagement, and organisational performance.

Discussion

Enhancing Performance Through AI

AI significantly enhances performance in OB by automating repetitive operations, providing instant feedback, and enhancing human competencies with advanced analytics. In the opinion of Mikalef et al. (2023), process automation capabilities of AI aim at minimising organisational redundancies through process optimisation and deploying optimisation strategies on resource allocation. For instance, AI-driven automation in process orientation within public organisations ensures non-deterrent performance as AI has eliminated almost all incidences of human errors while bringing optimisation in operations. Such reduced cognitive load would enable employees to divert their attention toward more complex and value-added tasks, thus enhancing overall productivity. Moreover, real-time feedback could further improve performance. Ofem (2024) notes that AI analytics provide real-time insights into employees' performance metrics to allow managers to take a pre-emptive approach towards areas of improvement. The system promotes accountability and supports principles of human-centred work design where employees are constantly provided with developmental feedback. Examples are AI-powered tools in the service industry that would monitor, in real-time, customer interactions and then prompt employees toward improving service delivery and increasing performance at both an individual and team level.

Moreover, a relevant view also infers that high-order analytics can enhance skills. On this aspect, Zhang et al. (2024) asserted that AI-enabled cognitive insight supports problem-solving skills by allowing workers to have control by providing a data-driven strategy. For instance, predictive modelling capabilities in project management applications help streamline resource handling and meet timeline commitments. This application of AI in an organisation aligns with the psychological contract theory whereby support for employee development elicits employee trust and commitment. Still, while AI has significant performance advantages, it also brings its risks, such as deskilling and over-reliance on technology. According to Olan et al. (2022), automation reduces staff competence, primarily when one has not implemented proper knowledge-sharing mechanisms, which can be helpful should such automation go live. Besides, heavy reliance on AI machinery can also reduce somebody's critical analysis and problem-solving skills. Towards this end, Serpa et al. (2025) have stressed how companies should institute ethical frameworks apart from continuous development for AI practices to be viable for sustenance. AI's final contribution to OB performance is transformative, provided organisations can balance advantages with proactive risk management strategies.

Personalising Employee Engagement

AI plays a crucial role in personalising employee engagement through learning opportunities, tracking engagement metrics, and supporting flexibility and connectivity in the workplace. Sari et al. (2020) say AI-based tools can analyse individual preferences and performance patterns to personalise project assignments and training programs. For example, AI applications in technology companies identify skill gaps and recommend personalised learning paths that improve employees' professional growth and satisfaction. Another domain of pure perfection for AI is the tracking of engagement metrics. Younis et al. (2024) identified that AI can monitor indicators related to burnout and disengagement to provide managers with opportunities for intervention. For instance, the sentiment analysis tool supported by AI interventions in multinational organisations assists the organisation in providing early warnings related to signs of burnout to develop timely interventions. This approach aligns entirely with the human-centred work design to create workplaces focused on employees' wellbeing and productivity.

AI also provides flexibility and connectivity. For Rick et al. (2024), AI provides for remote working through effective communication and, in turn, coordination. Appointment-setting assistants and online collaboration hubs empowered through AI to enable flexible working cultures simply cannot be discounted. For example, during the COVID-19 pandemic, there were several other AI-enabled technologies on which organisations across the globe depended to keep themselves productive, even as employees insisted on work-life balance in the period of the pandemic. Such flexibility ensures they create a sense of belongingness and attachment for the workforce. Despite all these advantages, the engagement strategies driven through AI have a set of disadvantages in the form of various privacy- and surveillance-related issues regarding employees. Braganza et al. (2020) noted that regarding AI adoption, the over-monitoring activities possibly damage the issue of trust between employer-employee relationships and affect psychological contracts. Artificial Intelligence-based system applications for invasive surveillance may eventually result in employees being highly disheartened and suspicious. Hence, Yin et al. (2024) suggest that change-oriented leadership facilitate openness and moral behaviour in AI. The bottom line is to ensure businesses correctly handle the problems created by emerging technologies, even while AI might tailor employee involvement in many crucial ways. Companies can position AI as a tool promoting greater worker involvement, productivity, and resilience by using ethical frameworks and open communication.

Behavioural Changes Through AI Integration

The integration of AI has significantly changed how people conduct their professions, with constant adaptation to ever-changing technologies. Younis et al. (2024) said that AI enhances organisational behaviour by creating an environment of continuous learning and more flexibility, which are crucial in handling AI-driven situations. This factor calls for a culture of upskilling in AI technologies, whereby an individual gets the technical, interpersonal, and conceptual abilities to successfully cohabitate with AI (Zirar et al., 2023). AI analytics training would, for instance, be one area that can be undertaken to help increase decision-making effectiveness while creating a culture of data-driven insight. In addition, AI-driven leadership is transformative, as it takes full advantage of insights from AI in making strategic decisions. According to Jin et al. (2024), a change-oriented approach to leadership provides an impetus to guide teams in the transition through increased trust and transparency. AI encourages more critical, data-based, and compassionate leadership behaviour, for instance, using predictive analytics to forecast changes that could lead to potential team needs or issues. An AI performance dashboard will be helpful for leaders in giving effective customised feedback that motivates engagement.

Furthermore, when AI was turned into a collaborative companion, communication and ways of decision-making shifted. According to Yin et al. (2024), AI-powered collaboration tools enable streamlined workflows and create alignment among functions. For instance, AI-powered scheduling will support teams in optimally using project timelines and dedicating themselves to more valued work like creative problem-solving. While AI integration may mean resistance would be warranted, given that such integration threatens job security, as Bai et al. (2024) have identified. Resistance is rooted in a general fear of displacement and a lack of transparency over where AI fits. While AI integration fosters adaptability, skill development, and innovation, resistance and job security are not discussed. Organisations must create an enabling environment that balances technological advancement with highly human aspects to avoid negative consequences.

Ethical and Psychological Considerations

With its manifold benefits, integrating AI into OB brings in lots of ethical and psychological queries concerning the efficacy of staff welfare and their trust in perceived AI systems. First, it is perceived that transparency and trust form the bedrock on which employees can build confidence in AI systems. Abrams (2024) and Fulmer et al. (2021) note that explainable AI inspires confidence whereby employees understand how decisions are made using AI systems. For instance, integration algorithms can justify hiring decisions to be fair and uninfluenced by bias. Another important workplace issue is work anxiety, usually linked to the threat of job replacement. According to Bai et al. (2024), employees' knowledge of AI taking over their jobs may result in emotional exhaustion, thus leading to counterproductive work behaviours. Therefore, organisations' answer to these fears is reskilling programs that underscore AI as an enabler rather than a destroyer (Soulami, Benchekroun and Galiulina, 2024). For instance, a case like Google's AI training programs for employees shows evidence of being proactive in reducing job insecurity.

Moreover, AI-driven decision-making raises many ethical issues regarding fairness and bias. According to Saeidnia et al. (2024), fairness in AI use involves purging algorithms with biases toward groups for the sake of equitability of outcomes. For instance, such recruitment algorithms should show no bias in gender or race during the recruitment process for fairness and the principle of inclusivity to apply easily (Bankins and Formosa, 2023; Bankins et al., 2023). Moin

et al. (2024) add that psychological contracts build trust in the integration of AI, and one of the main expectations of employees is equity and ethics within the technologies at the workplace. Ethical and psychological considerations, therefore, raise a need for transparency in the implementation of equitability in AI and activities intended to reduce anxiety within the workplace. It would, as such, be helpful if organisations adopted human-centred approaches, such as ethical AI frameworks and reskilling programs, as a means to build trust and promote employees' wellbeing. These measures would, therefore, mitigate adverse effects, create the kind of culture necessary for the ethical adoption of AI, and contribute to the resilience and sustainability of the organisation.

Frameworks for Mitigating Ethical Risks Associated with AI In OB

The mitigation of ethical risks with AI in OB calls for effective frameworks that consider bias, transparency, and employee privacy. As Ofem (2024) notes, ethical integration of AI generally requires extreme transparency of algorithms and practices to build much-needed trust and mitigate biases emanating from data-driven decisions. The AI-Integrated Organizational Behavior (AI-IOB) focuses on integrating ethical considerations into AI applications to gain employee trust and ensure job security. For example, when workers understand how AI makes decisions about their performance, there is better psychological safety and engagement. As Younis et al. (2024) point out, AI tools will improve decision-making by minimising cognitive biases and increasing objectivity. However, an uncontrolled AI system would only perpetuate systemic biases in training data. As Nitsch et al. (2024) put it, human-centred work design is against the single-handed development processes, where the employees are consulted during the development of AI systems to reduce the chances of unfair outcomes. For example, diverse opinions among employees participating in AI training reduce bias within appraisal systems among employees.

Another critical ethical concern is employee privacy. Zhang et al. (2024) argue that transparency in the way AI collects and processes employee data is paramount. Organisations may thus rely on the privacy-by-design philosophy, ensuring only relevant information is collected and safely secured. For instance, anonymising the data used in engagement analytics allows for a balance of insight with privacy protection, leading to increased employee trust. Existing frameworks are essential for movement because of their many ethical implications. Moin et al. (2024) indicate that with the integration of AI into OB, employee expectations have to be honoured on questions of fairness and transparency from the leadership. As Wijayati et al. (2022) propose, this can be done through change leadership, which will open up communicative avenues toward AI adaption and its effects on employees. In sum, transparency, collaborative design, privacy safeguards, and alignment of leadership with ethical principles constitute the mitigants for ethical risks associated with AI in OB. Such measures will help gain trust, engage more, and practice equitability, thus aligning AI integration with sustainable organisational values.

Case Studies and Empirical Evidence

Practical Applications

AI has become a game-changing force that impacts improved employee behaviour, particularly at performance and engagement levels. According to Wijayati et al. (2022), AI positively influences employee performance and engagement, mainly when applied to effective change leadership. For instance, AI optimises the operational efficiency of the employees, including automating operating routine work to allow free banking and service-type workers to carry out

jobs requiring a high creative effort and empathy. This approach also brings in job satisfaction, showing evidence of leadership accommodating AI. Likewise, Tortorella et al. (2024) highlighted the contribution of AI in lean production environments where its integration can optimise the workflow and reinforce human-centred work design. AI can contribute to more meaningful activities by taking up routine tasks to increase physical, cognitive, and emotional engagement. This factor emphasises human-centeredness by improving psychological safety and availability. For example, AI predictive insights into potential bottlenecks in the future workflow can prevent management from being caught up with such bottlenecks and better manage operations even with the inclusion of employees' involvement.

Further, Braganza et al. (2020) have extended this argument into sustainable development goals (SDGs), which fall under SDG 8 in terms of decent work and economic growth, respectively. More so, Sari et al. (2020) contend that companies have already enjoyed dividends from AI applications in the prediction and measurement processes of employee engagement through the indicator of employee attitudinal metrics. This success was through AI-supported tools for gauging engagement patterns and suggesting corrective measures with proactive mechanisms for talent acquisition and retention geared towards sustainable benefit for organisations along the long and short terms for sustainability. Not only this, Kulkarni et al. (2024) maintain that AI-driven strategies like sentiment analysis and predictive modelling will revolutionise the efficiency with which employee productivity and engagement can increase. For example, AI-driven technologies can identify signs of burnout in employees much more in advance than otherwise possible. Applications such as these reveal the transformative power of AI in building up a motivated workforce if ethics and transparency are upheld.

Key Findings

AI integration into organisational practices has much to offer regarding worker productivity and engagement that generally improves all-round performance. As Rick et al. (2024) point out, workers using AI systems are more engaged at work provided they can accomplish necessary tasks and preserve their autonomy. Organisations also use AI to extend, rather than replace, human input; the importance of human-centred design methodologies points to better collaboration and job satisfaction among workers. Braganza et al. (2020) give a more subtle view by analysing the psychological contracts influenced by AI adoption. Though AI improves efficiency and engagement, it may also create alienational contracts and thus could decrease trust and job satisfaction. For example, automated performance evaluations have the potential to generate inequity perceptions if not managed transparently; therefore, ethical deployment of AI is required to retain organisational justice.

Furthermore, Rožman et al. (2023) indicate that a relationship exists between the capability of AI to decrease the workload of employees and boost their engagement, which goes so far as to enhance the company's performance. Supported leadership and AI training in VUCA conditions ensure adaptability; employees can dedicate themselves to original work tasks that facilitate productivity and competitive advantage. In medium-sized Slovenian companies, for example, AI takes care of administrative chores and thus saves more hours that employees can utilise for strategic activities. Tortorella et al. (2024) further notice that AI's effects in terms of engagement vary according to emotional and cognitive involvement, for example. AI in lean organisations helps fulfil the psychological conditions that targeted interventions require, such as meaningfulness and safety. Such findings confirm that effective AI implementation and benefits are about strategic alignment and focus on the organisational objective. New habits will have to

be developed by the employees, leading to more engagement and better performance but, simultaneously, create some barriers that require cautious management. Effective leadership and human-centred policies will ensure that AI's transformation potential manifests in long-term organisational growth.

Future Directions for AI and OB Research and Practice

Emerging Trends

Recent developments in OB show the revolutionary potential of AI to alter worker performance and engagement at work. Wijayati et al. (2022) affirm that AI increases the performance and engagement of workers at high degrees, mainly when supported by change leadership. This trend illustrates how AI can make workflows smoother and give workers a sense of meaning. For instance, AI-driven analytics can monitor real-time key performance indicators to help managers provide timely support and critique. These features also promote a proactive workplace culture and the wellbeing of employees. Another prominent trend involves AI in support of organisational justice. According to Yin et al. (2024), change-oriented leadership, in concert with AI awareness, strengthens the collaboration of employees and AI in aligning AI-driven decisions with the principles of organisational justice. For instance, AI systems can eliminate biases and provide standardised performance reviews to ensure fairness. Still, Braganza et al. (2020) mention that overdependence on AI undermines psychological contracts, which might further lead to lower trust and engagement. Workload management by AI is a huge step toward this. Rožman et al. (2023) highlight that AI-supported systems minimise employees' workload as some routine activities get automated, and the employees can focus on purposeful and complicated tasks. For example, predictive scheduling tools can optimise employee shifts for better productivity and work-life balance. In addition, Rick et al. (2024) point out that a human-centred design of AI may maintain employees' autonomy, one of the aspects of engagement. These alignments of the AI tools to the OB principles show their ability to change organisations for good. Integrating AI into OB provides organisational justice and performance, enabling workload management and creating an opportunity to build resilient, engaged workforces.

Research Gaps

Despite the developments, there are still substantial research gaps in understanding the influence of AI on OB, particularly concerning cultural, diversity, and ethical dimensions. Zhang et al. (2024) note a limited number of studies on the influence of AI on organisational and performance outcomes. For instance, there is limited consideration of how cultural diversity influences employees' perceptions of AI-driven decisions. Thus, some questions on how AI can enhance diversity in global corporations are yet to be tamed. Second, ethical concerns are linked with AI's application in OB that require further studies. As Nitsch et al. (2024) have observed, hardly any study has been conducted to ensure that the development of AI systems aligns with ethical standards, particularly on employee autonomy and agency issues. For example, fair yet practical algorithms may have the unintended consequence of sidelining groups of workers, which will be in total opposition to the core values of OB: justice and inclusivity. The development of frameworks for embedding AI into complex organisational designs has received hardly any attention. Even while AI has revolutionary change potential, Moin et al. (2024) demonstrate that, at least in hierarchical and dynamic organisations, its practical integration lacks a systematic approach. Dedicated research is needed to solve the challenge of matching AI implementation with leadership structures and staff roles. Further research is necessary to establish the long-term psychological consequences of AI for employee engagement and trust. As Kulkarni et al. (2024)

pointed out, even though AI-driven predictive models increase engagement, how they will affect morale and work satisfaction in the long run is unclear. Developing viable AI methods in OB requires an understanding of these factors. These gaps in knowledge will be best closed by multidisciplinary research involving the integration of structural, ethical, and cultural factors to maximise the availability of AI influence on OB.

Conclusion

The impacts of AI significantly influence the behaviour of employees at work, especially on issues that affect their input in performance and involvement. This aspect comes with both transformational potential and ethical effects. For instance, human-centred AI systems sustain autonomy, meaningful tasks, and supervisory assistance that enhance workplace employee engagement. AI forms a part of transformational leadership, creating an environment wherein trust and innovation are cultivated to ensure success among workers. The adoption of AI reveals psychological contracts, increasing engagement but simultaneously causing relational disconnections while AI training applications and predictive modelling seem to increase motivation to ensure better performance. However, with growing scepticism, the ethical dilemmas regarding the application of AI seem to be in the current focus, and two significant points in this direction are fairness and transparency. Literature showed how the very same AI tools used to predict interaction trends can further damage confidence when misused. Organisations and researchers should, therefore, develop AI with human-centred principles to ensure that the results are fair and long-lasting. Cooperation is thus needed to match organisational justice and wellbeing with technological advancement.

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