AI-Driven Work Environments for Sustainable Retention of Indian Employees: A Critical Review on the Role of Psychological Contracts and Job Satisfaction Policies

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Abstract: In light of the rapid digital revolution taking place in the modern workplace, this article examines and discusses the evolving nature of the employee-employer relationship from an Indian perspective, paying special attention to how artificial intelligence (AI) is affecting workers' job happiness and the psychological relationship they carry with their employer. The data is retrieved from 321 Indian employees through a digital survey, and then statistical analysis is carried out to understand the psychological basis and impacts of their behaviour in relation to integrating AI at work. Therefore, the evidence suggests that AI adoption is positively correlated with job satisfaction levels; however, when transformational leadership tendencies are connected with psychological contracts, this positive correlation is diminished.

Keywords: Digital transformation, AI, job satisfaction, psychological contract

Introduction

Fair distribution of society resources and equitable forecasting are both made possible by the job link, which is now an important part of modern human trends (Blau, 2017). Emerging from the aforementioned three industrial revolutions, practices in corporate and scientific research on human capital and job-related connections have concentrated on the significance of a probable relationship with work status.

Both this new release and the preceding discussion have become essential drivers of performance enhancement and the development of long-term competitive advantages for for-profit businesses (Acemoglu & Pischke, 1999; Becker & Huselid, 2006). Leadership theories, organisational behaviour theories, psychological contracts theories, and employee job satisfaction theories are just a few examples of the many levels of thinking that have gone into improving the likely conditions and their interaction between these two parties (Judge et al., 2001). But new digital trends are causing a flurry of activity in the management and HRM fields, as well as in the ways in which these fields interact with AI, which is both more adaptable and more important in today's fast-paced environment.

Thus, the vogue industrial 4.0 market represents a sea change in the manufacturing sector, built on top of three industrial revolutions: devices, information technology, and the importance of data as a catalyst (Malik et al., 2021). Completeness and harmony in the integration of state-of-the-art hardware and software.

Hence, the demand for talented workers has been transformed by the expansion of network capabilities, which has also improved and redefined the HRM process. This has brought attention to the crucial necessity of digitalisation (Prikshat et al., 2023). Marketing, supply chain management, accounting, the hotel industry, and education are just a few of the many business and management sectors that could benefit from artificial intelligence (AI), so there is a constant need for more literature in the assessment segment to support this claim.
In this way, the technologies have significantly and predominately engaged the subjects and their conversation. Aside from its primary use in the early 1980s, AI has been mostly limited in its adaption because to ethical concerns and technical constraints. Consequently, advancements in communication and electronic device technology and their applications started to pick up speed around 2010 because of growing trend of big data analytics (Brynjolfsson & McIntyre, 2014). As a result, the discussion of interacting with AI has positive outcomes, and it has also become an

ethical amplifier. According to Holmström (2022), the previous research gave a light on evidence of the positive effects of AI on the inventive capacity, competitiveness, and skilled performance of both organisations and their employees. Because of this, a growing body of research on the emotional fallout of AI adaptation—which includes and emphasises employment instability has uncovered the specific characteristics that impact and influence employees' propensity for anxiety (Ford, 2016). Therefore, the results of AI implementation with specific restrictions in psychometrics are also enthusiastically and thoroughly examined in this work. This study is closely related with AI, and its effects on interactional employment will play a crucial role in future upgradation.

Using theories of psychological contracts and surveys of industrial workers in India, this study will examine the effects of AI on workplace relationships in depth. All the while, taking into account the wide variety of industries and their preferences will mirror the wide range of employee attitudes. The assessment component of transformative leadership will be more applicable for quantifying the variance in employee responses to AI adaptation across different industries. This study uses a computerised questionnaire to get varied responses from Indian industry personnel and proposes four hypotheses. Analytical findings point to an optimistic and positive effect of AI on the experiences of competent workers.

Literature Review

AI in Business Management

According to Kaplan and Haenlein (2019), the definition of artificial intelligence (AI) has evolved to refer to a system that is able to gather information from the outside world, incorporate it through the process of learning, and use its understanding to address and discover solutions to problems. In the modern day, artificial intelligence has a variety of applications that have an impact on human society. The application of these technologies and techniques has been observed in a variety of disciplines. In detailed analysis of the data revealed what customer likes and dislikes and predict the trends of the future. Machine learning made it possible to automate repetitive tasks in the workplace, while the data-driven expert system improved decision-making and problem-solving (Marr, 2019). All of these improvements were made possible by the expert system. Businesses are able to reduce risks through the utilisation of digital technology, which have positive effects. During the year 2018, Davenport and Westerman discussed the negative issues and leadership departures that were linked with organisations such as General Electric and Lego during the process of their transition.

The adaption of artificial intelligence as a driver for digital transformation may raise similar difficulties that need to be addressed and managed. According to Brynjolfsson and McIntyre (2014), artificial intelligence in business organisations has the potential to improve automation by possibly replacing and modifying some activities with robots or machines. This could result in modifications to both procedures and structures.

According to Prentice et al. (2023), the application of artificial intelligence has the potential to improve person performance and engagement. However, individuals may experience concerns over duties, skill requirements, work content, and the environment in which they work. Researchers conducted an analysis of relevant AI-HRM literature in order to determine the positive effects that the usage of AI in organisations can have. These positive effects include performance at both the organisational and individual levels, efficiency, procedures, innovative behaviours, and talent discovery (Prikshat et al., 2023). The application of artificial intelligence (AI) in a variety of management fields, such as marketing, supply chain, accounting, hospitality, and education, is receiving an increasing amount of evidence in the form of literature reviews. According to sociologists, artificial intelligence has the potential to take on social responsibilities and demonstrate engaging behaviours with employees, while simultaneously reducing monotonous chores and hazardous acts in order to enhance the employee experience in the workplace.

Nevertheless, the use of AI in a manner that is not ethical may result in unfavourable outcomes, such as increased unemployment, breaches in information security, and increased wealth concentration. According to Khogali and Mekid (2023). In the context of human society, it is important to conduct full-fledged investigation into the benefits and drawbacks of artificial intelligence technology. Several top industries, including transportation, healthcare, education, and the environment, have seen the development of new markets and job opportunities as a result of the development of artificial intelligence technologies. The rapid breakthroughs in artificial intelligence are expected to continue, according to experts. Automation and artificial intelligence are re defining how we live and are widely considered as transformative forces across a wide range of industries. This is coming about as a result of humanity's continual pursuit of greater technological improvement. The purpose of this study is to present an analysis of the feasible effects that automation and artificial intelligence may have on businesses and employment opportunities. The reason for conducting this research is to investigate a number of key implications of artificial intelligence (AI) on

human civilisation. These affects include job displacement, employee well-being, employment dehumanisation, fear regarding AI, and examples of improvements in autonomous technology, such as the difficulties involved with autonomous automobiles. For the purpose of making a contribution to transdisciplinary or interdisciplinary efforts, particularly in the theoretical progression of artificial intelligence technology, a diverse approach consisting of narrative review and thematic analysis was utilised. At the moment, artificial intelligence does not have the capability to replace human workers, even tho technology improvements make some people feel uneasy (Author, 2015). Despite the fact that people embrace the ease that AI help provides, workers are worried about the possibility that AI would replace them in their jobs. The training provided by the organisation is an essential component in reducing feelings of anxiety. In the year 2022, Presbitero and Teng-Calleja The magnitude of its effects on persons is difficult to fathom due to the presence of constraints. The perceptions of employees regarding artificial intelligence (AI) and its ensuing effects on employment attitudes and career habits are the subject of this study. When seen through the lens of career self-management, the authors investigate the characteristics that are linked with employee perspectives on artificial intelligence (AI) and probable job exploration behaviours. The approach, the methods, and the design The authors conducted an analysis of numerous hypotheses by making use of the data obtained from the employee survey (N = 345 contact centre agents). In terms of the most recent research, artificial intelligence has developed a number of applications, although a restricted number.

In the context of commercial organisations, an investigation into the applications of artificial intelligence in human resource management (Budhwar et al., 2022).

Hypothesis

AI and Employee's Job Satisfaction

The term "job satisfaction" (JS) refers to an metric that employees sets out in relation to their employment, which is founded on their own personal experiences. According to Locke (1969), it incorporates each of the following three dimensions: cognitive, emotional, and behavioural. A number of studies helps to bring lime light on the effect that AI has on the level of job satisfaction. Rhee and Jin (2021) found that individuals who had heightened perceptions reported significant fear regarding the possibility that their roles could be replaced by artificial intelligence. This, in turn, led to a decrease in their job satisfaction due to greater job insecurity. Kapur (2022) comes to the conclusion that artificial intelligence improves hoe workers work, which in turn leads to increased job satisfaction. Rather than focussing on the influence of artificial intelligence (AI) on job satisfaction, scholars have been focussing on the use of AI to evaluate employee job satisfaction (Çavuş et al., 2023). This ongoing decrease in mental involvement has the potential to transform people into "professional zombies." The fact that different generations have different preferences and requirements for their employment has become an important issue for organisations to address. Although generational differences have been investigated in Western countries, there is a dearth of evidence concerning generational cohorts and the levels of happiness they experience in various aspects of their lives, including their careers, their lives, and their jobs. An investigation into the level of employee involvement in the health sector was carried out by researchers situated in India. The findings suggested that the usage of AI has a positive impact on employee engagement, but it also results in an increase in the amount of work that has to be done, which creates ambiguity regarding the impact that AI implementation has on job satisfaction (Wang et al., 2021). In spite of this, the ethical considerations that are associated with this matter are still being discussed. The purpose of this study is to investigate the impact that responsibility signals for artificial intelligence have on the attitudes of healthcare practitioners towards AI, their level of satisfaction with AI, and their intents to employ AI, as well as the underlying mechanisms that are involved. From the findings of our study, we have determined that the five most important indicators of artificial intelligence duty for healthcare practitioners are non-maleficence, fairness, explain ability, beneficence, and autonomy. The findings indicate that these five signals significantly increase the engagement of healthcare practitioners. This engagement, in turn, fosters more positive attitudes, higher levels of satisfaction, and stronger intentions to use artificial intelligence technology. Additionally, the concept of "tech-no-overload" acts as a primary "techno-stressor," which moderates the mediating effect of involvement on the relationship between AI justice and behavioral outcomes, as well as attitudes. The importance of the justice signal will decrease if healthcare professionals view artificial intelligence technology as an added burden. This techno-overload will subsequently affect their attitudes, levels of satisfaction, and intentions regarding the use of AI technology. The "citation" is "Inf Syst Front," the "language" is "en," and the "source" is "DOI.org (Crossref)." According to Bharadwaj (2000), the introduction of new technologies may result in a variety of changes, such as revisions to duties or substitutes, as well as transformations in processes and structures. According to Jiang and Lavaysse (2018), employees may suffer feelings of insecurity and anxiety inside their organisations, which can lead to decreased job satisfaction and higher intentions to leave their jobs. Additionally, employees may experience feelings of uncertainty and control, which are associated

with psychological strain, job satisfaction, and intentions to leave their jobs. Information was gathered by self-reporting from staff members working in a psychiatric unit that was undergoing restructuring. Based on the findings, it was found that uncertainty had both a direct and an indirect influence, which was demonstrated by the sensation of being out of control. Consequently, the following hypothesis was proposed as a result of this project:

H1(a): The use of AI diminishes job security in India.

Noy and Zhang (2023) investigated the impact of ChatGPT on 444 employees, concluding that training might diminish employee resistance, enhance writing and productivity, and elevate job satisfaction. Consequently, the hypothesis is as follows:

H1(b): The use of AI enhances job satisfaction in India.

AI and Psychological Contract

According to Robinson et al. (1994), the psychological contract (PC) is a term that refers to the mutual expectations and obligations that both parties in an employment relationship are expected to uphold. The psychological contract may have a greater influence on the employment relationship than the formal contract. It includes elements such as job security, satisfaction, career advancement, fairness, and loyalty (Rousseau, 1995). This is especially true when considering the agreements that are made between employees and the organisation. An agreement that is mutually agreed upon by both an employer and an employee is known as a contract. It is possible for the contract to include written provisions (for example, a letter of job offers or a union agreement).

The introduction of artificial intelligence may lead employees to feel anxious about their job security and foster mistrust between AI and human workers. It may also increase expectations among employees. Therefore, organizations need to provide support to help employees adapt to this new environment (Arslan et al., 2019). These transformations were taking place at both the micro and macro levels in India as a direct result of the adoption of artificial intelligence. The employment structure showed a decline in demand for workers with low levels of expertise, while demand for individuals with medium and high levels of expertise increased (Ma et al., 2022). The limited understanding of how artificial intelligence is applied in employment relations hinders the ability to offer further recommendations for business operations in India. As a result, the following hypothesis served as the guiding principle for our research:

H2(a): Computer usage in India has a positive correlation with the adoption of artificial intelligence. The inability to effectively utilise artificial intelligence in the process of fostering equitable and transparent management decisions is hampered by the lack of alignment that exists between AI and the organisational environment. It's possible that people will continue to have doubts about the capabilities of artificial intelligence (Kong et al., 2021), which can be helpful for both employees and supervisors. The approach, the methods, and the design There were 432 people working in full-service hotels in India who participated in the survey that was used to collect the data. Due to the presence of underlying suspicions, structural equation modelling (SEM) may result in the formation of certain assumptions.

H2(b): The adoption of AI is positively correlated with PC usage in India.

Leadership

Researchers have developed a complete framework for leadership by classifying leadership styles into distinct categories. These styles include transactional leadership, transformational leadership, and ethical leadership strategies. Following the year 2010, leadership research entered a new phase in order to align with the trends of digital transformation According to Yela Aranega et al. (2023), leadership plays a crucial role in achieving transformational goals in the digital era. Both the willingness to take risks and the motivation behind those risks have a direct and significant impact on this process. Their capabilities are the most advanced, which allows them to have a significant influence on the Kinder Leadership style. This style is characterized by qualities such as kindness, caring, sensitivity, and graciousness toward colleagues. Research findings indicate that the effectiveness of digital transformation relies not just on technological advancements, but also on leaders' ability to effectively manage interactions within the workforce. They argue that the ability of leaders to effectively manage a variety of technology implementations will eventually have an effect on the process of digital transformation as well as the results that it produces (Gilli et al., 2023). The purpose of this research is to shed light on the correlation between the size of a company and the impact that digital transformation has on leadership. Arrangement, Methodology, and Approach a research project that spans international borders and involves experts from multinational corporations (MNCs). According to Bass and Riggio (2006), transformational leadership (TL), which is characterised by the characteristics of adaptation, flexibility, and inspiration, has significant consequences for businesses of varying sizes and industries, particularly with regard to the

performance and conduct of their employees. According to the findings of a study conducted by Shal et al. (2024), which involved fifty librarians from four Arab nations, transformational leadership fosters the cultivation of skills and mind-sets that are essential for the adaptation of artificial intelligence (AI). The study also explored attitudes, beliefs, and understanding of AI technologies. The second study used the Multi-Factor Leadership Questionnaire (MLQ 5×). According to Yang et al. (2023), discussions surrounding AI applications in management and employment relations are still in their early stages in India. Furthermore, while research has been conducted on the impact of transformative leadership on job satisfaction and psychological contracts, no direct association has been established between this phenomenon and the integration of artificial intelligence (Scuotto et al., 2022). The theory proposed by this project is as follows:

H3: Leadership strongly moderates the favourable impact of AI adoption on job satisfaction, with the degree of this effect differing across industries.

H4: Leadership considerably moderates the favourable effect of AI adoption on the PC, with the degree of impact differing among industries.

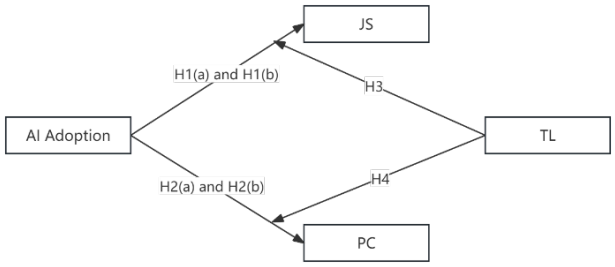

Fig. 1. Research model

Research Methodology

Sample

In India, the aim of this program was to investigate the impact that implementing AI will have on the psychological contract and the level of job satisfaction experienced by employees. For the purpose of illustrating the consequences of AI adoption on job relationships through the use of data, the survey utilised quantitative research findings. There is still debate on the ethical issues, despite the fact that previous research (I. A. Wong et al., 2023; S. I. Wong & Berntzen, 2019) has revealed them The purpose of this study is to examine how responsibility signals for artificial intelligence affect healthcare practitioners' attitudes toward AI, their level of satisfaction with AI, and their intentions to use AI, along with the underlying mechanisms involved in these relationships. According to our research findings, the five key indicators of artificial intelligence accountability for healthcare practitioners are autonomy, beneficence, explainability, fairness, and non-maleficence. According to the findings, these five signals significantly improve the involvement of healthcare practitioners, which in turn leads to more beneficial attitudes, higher levels of satisfaction, and increased intentions to make use of artificial intelligence system technology. Furthermore, the concept of "techno-overload" serves as a primary "techno-stressor" that influences the role of participation as a mediator in the relationship between AI justice and behavioral and attitudinal outcomes. Techno-overload occurs when healthcare practitioners perceive artificial intelligence technology as an additional burden. This perception reduces the significance of the justice signal, which subsequently impacts their attitudes, levels of satisfaction, and intentions regarding the use of AI technology. The data for this investigation was gathered using a questionnaire and was later analyzed using SPSS version 29.0. The target population consists of employees currently working in India.

The questionnaire was divided into five sections, each of which had basic information as well as Likert scales with five points for each of the four variables. A number of factors, including advantages (Martela & Ryan, 2016), automation (Chen et al., 2015), and equity (Newman et al., 2020), served as the basis for the adoption of artificial intelligence. JS was constituted of thirteen different elements, some of which were the overload scale (Tarafdar et al., 2007), job engagement (Rich et al., 2010), and personal satisfaction (Liu et al., 2007). To examine the effects of stress caused by information and computer technology (ICT), this paper utilizes concepts from both sociotechnical theory and role theory. According to the first version of the PC scale (Dabos & Rousseau, 2004), research directors were designated as primary actors for the institution. The scale also included 23 elements that were relevant to the employer.

A revision was made to the paper in order to incorporate the 21 subjects that are relevant to this study. Bass and Avolio (1995) developed a model that consists of 26 different components, and Transformational Leadership (TL) made reference to this model. These ten items, which were mostly connected with innovation and well-being, were kept by this effort.

Data Collection Method:

Through the use of Survey Monkey, the questionnaire was reworked to be presented in an online style, and it was implemented in both the English and Indian languages. There were five hundred employees in India who were sent an email and a WeChat message with a link to a questionnaire. A total of 434 responses were recorded, which is equivalent to 86.80% of the total. The analysis will be valid for a total of four hundred two responses. In accordance with the Global Industry Classification Standard, the responses were classified into ten different industries. Due to the fact that the sample size of six different industries was below forty, it was not sufficient to meet the analytical standards. In order to conduct research for this project, a total of 321 responses, which constitute 64.2% of the total, were collected from four different industries: consumer staples, industrial manufacturing, information technology, and services. Table 1 displays the results of the analysis of the demographic information we collected.

Table 1. Demographic analysis (N=321)

	Category	n	%
Gender	Male	155	48.3
	Female	156	48.6
Age	18-23	10	3.1
	24-33	255	79.4
	34-43	55	17.1
	44 and above	1	0.3
Education	Junior College	63	19.6
	Bachelor	230	71.7
	Master	25	7.8
	Above Master	3	0.9
Industry	Services	93	29.0
	Information technology	111	34.6
	Industrial Manufacturing	61	19.0
	Consumer Staples	56	17.4

79.4% of people were born in the 1990s, making up a noticeable amount. Eighty-four percent of the sample consisted of individuals who had already earned a bachelor's degree or higher. 2.73 was the average number of functions that were utilised by each individual participant. In accordance with the findings of the McKinsey survey (2022), this value is lower than 3.8.

Result Analysis

Reliability and Validity

Table 2 presents the reliability results, showing Cronbach's α scores above 0.8 ($\alpha > 0.7$) for the four scales, indicating acceptable internal consistency. Additionally, the Corrected Item-Total Correlation (CITC) coefficient for each item exceeded 0.4 (>0.3). Table 3 presents the outcomes of validity testing for the four variables. The KMO score for AI adoption was .876 (>0.7, $p < 0.01$). The KMO values for the remaining three variables demonstrated structural validity (>0.9, $p<0.01$). This questionnaire is suitable for analysis.

Table 02: Reliability test results, Mean and SD for items.

Variable	Items	Mean	SD	CITC coefficient	α coefficient after deleting that item	Cronbach α coefficient
AI adoption	AI 1	3.27	1.276	0.471	0.864	0.865
	AI 2	3.23	1.234	0.561	0.855	
	AI 3	3.37	1.071	0.621	0.849	
	AI 4	3.6	1.128	0.623	0.848	
	AI 5	3.46	1.134	0.691	0.842	
	AI 6	3.43	1.13	0.592	0.851	
	AI 7	3.74	1.098	0.649	0.846	
	AI 8	3.63	1.065	0.592	0.851	
	AI 9	3.5	1.087	0.594	0.851	
JS	JS 1	3.667	1.051	0.63	0.827	0.846
	JS 2	3.604	1.059	0.686	0.823	
	JS 3	3.592	1.083	0.658	0.825	
	JS 4	3.701	1.111	0.596	0.829	
	JS 5	3.81	1.03	0.598	0.829	
	JS 6	3.651	1.068	0.665	0.824	
	JS 7	3.903	1.025	0.633	0.827	
	JS 8	3.794	0.985	0.659	0.826	
	JS 9	3.508	1.121	0.511	0.835	
	JS 10	2.209	1.071	-0.753	0.906	
	JS 11	3.483	1.173	0.588	0.829	
	JS 12	3.635	1.078	0.671	0.824	
	JS 13	3.636	1.126	0.61	0.828	
PC	PC 1	3.65	1.007	0.682	0.947	0.95
	PC 2	3.58	1.022	0.665	0.947	
	PC 3	3.63	1.125	0.644	0.948	
	PC 4	3.68	0.985	0.601	0.948	
	PC 5	3.59	1.054	0.652	0.947	
	PC 6	3.79	1.049	0.647	0.948	
	PC 7	3.72	0.999	0.735	0.946	
	PC 8	3.49	1.093	0.649	0.947	
	PC 9	3.75	1.029	0.695	0.947	
	PC 10	3.73	0.96	0.656	0.947	
	PC 11	3.56	1.011	0.695	0.947	
	PC 12	3.85	0.978	0.712	0.947	
	PC 13	3.57	1.044	0.666	0.947	
	PC 14	3.64	1.046	0.618	0.949	
	PC 15	3.64	1.096	0.672	0.947	

	PC 16	3.72	1.027	0.694	0.947	
	PC 17	3.58	1.081	0.681	0.947	
	PC 18	3.8	1.047	0.662	0.947	
	PC 19	3.65	1.045	0.663	0.947	
	PC 20	3.64	1.015	0.681	0.947	
	PC 21	3.65	1.094	0.702	0.947	
TL	TL 1	3.7	0.981	0.685	0.869	0.885
	TL 2	3.67	1.039	0.627	0.873	
	TL 3	3.68	1.12	0.667	0.87	
	TL 4	3.75	1.006	0.637	0.873	
	TL 5	3.72	0.999	0.661	0.871	
	TL 6	3.82	1.04	0.691	0.869	
	TL 7	3.75	0.993	0.7	0.868	
	TL 8	3.62	1.123	0.654	0.871	
	TL 9	3.75	1.084	0.72	0.866	
	TL 10	1.35	0.476	-0.071	0.903	

Note: SD= Standard Deviation

Table 03: Validity test for variables

Variable	KMO	Approx Chi-Square	Df	P
AI adoption	.876	1153.786	36	.000<.001
JS	.939	2005.802	78	.000<.001
PC	.965	3745.400	210	.000<.001
TL	.916	1402.677	45	.000<.001

Hypothesis Testing Analysis Results:

Table 04: Mean, SD and Correlation analysis for four variables (N=321)

	Mean	SD	AI adoption	JS	PC	TL
AI adoption	3.471	.790	1			
JS	3.546	.638	.764**	1		
PC	3.662	.733	.720**	.832**	1	
TL	3.480	.703	.689**	.782**	.851**	1

Note: ***p < 0.001, **p < 0.01, *p < 0.05, n.s. denotes not significant.

Table 04 shows the correlation relationship between the four variables. The results confirm that AI adoption is positively correlated with JS (r =0.764, p <0.01), PC (r=0.720, p<0.01), and TL (r=0.689, p <0.01).

Table 05: Linear regression analysis (N=321)

	Non-standardized coefficient		Standardized coefficient	p
	B	SE	β	
Constant	1.404	.104		0.000
AI adoption	.617	.029	.764	0.000
R^2	.764			
Ad R^2	.583			
F	445.883			

Note: Dependent variable: JS

Table 05 suggests that AI Adoption has a significant explanatory power of 76.4% in relation to the variation in JS. Furthermore, it indicates that it has positive effects on JS (B=0.617, p<0.01). Thus, H1 (a) is not supported, H1 (b) is supported.

Table 06: Linear regression analysis (N=321)

	Non-standardized coefficient		Standardized coefficient	p
	B	SE	β	
Constant	1.343	.129		0.000
AI adoption	.668	.036	.720	0.000
R_2	.518			
Ad R^2	.516			
F	342.466			

Note: Dependent variable: PC

Table 06 shows a significant and beneficial correlation between AI adoption and PC (51.8%, B=0.668, p<0.01). Therefore, H2 (a) is supported, H2 (b) is not supported. Table 7 shows the comparison of the four industries in AI- JS and AI-PC. Consumer Staples is significant in both sets of relationships, but explains less relative to other industries.

Table 07: Four Industry Regression Comparisons (AI-JS, AI-PC)

	AI-JS		AI-PC	
	B	**R^2**	**B**	**R^2**
Industry 1	.617	.605	.601	.420
Industry 2	.652	.598	.747	.612
Industry 3	.611	.591	.732	.667
Industry 4	.509	.505	.503	.350

Note: Service=Industry 1 (n=93), information technology=Industry 2 (n=111), industrial manufacturing=Industry 3 (61), and consumer staples=Industry 4 (n=56)

To test the moderating effects of TL between AI-JS and AI-PC, this project introduced PROCESS from Hayes. The results of the integration of the four industries are shown in Table 08.

Table 08: The moderator role of TL on AI-JS and AI-PC among 4 target industries

	AI*TL on JS					AI*TL on PC				
	B	**t**	**p**	**R^2**	**F**	**B**	**t**	**p**	**R^2**	**F**
Industry 1	-.065	-1.320	.000	.746	87.319	-.110	-2.252	.000	.738	83.479
Industry 2	-.006	-.085	.000	.730	96.576	-.005	-.079	.000	.808	149.823
Industry 3	-.043	-.462	.000	.735	52.717	.142	2.108	.000	.854	111.684
Industry 4	-.083	-.899	.000	.642	31.056	.055	.495	.000	.633	29.974

The results show that the 2 models are statistically significant in the four industries. However, the result rejected H3. TL weakened the positive relationship between AI-JS. H4 was rejected in two industries, being accepted in industrial manufacturing (B = 0.142, p<0.01) and consumer staples (B = 0.055, p <0.01).

Discussion

This study aims to investigate the impact of AI adoption on employment relationships across four industries, utilising the theories of job satisfaction and psychological contract from the employees' perspectives in India.

Findings

The results of this survey indicated that the use of AI contributes to increased job satisfaction and enhances the psychological contract. This finding supports previous studies that have shown these factors lead to improved employee and organizational performance (Samson & Swink, 2023). (Davenport, 2018; Grewal et al., 2021; Holmstrom, 2022) Existing research indicates that there is a strong association between artificial intelligence and performance measures. Nevertheless, it has not adequately addressed the shifts that have occurred in the psychology of workers, notably with relation to acceptance and the feeling of insecurity in the workplace. Specifically, Rhee and Jin (2021) and I. A. Wong and colleagues (2023).

It seems that the implementation of artificial intelligence in workplaces not only enhances performance but also fosters equitable management by mitigating the effects of human biases. On the other hand, the transfer can result in some job insecurity. According to Ahn and Chen (2022), for employees who are less adaptive to change, it is vital for the organisation to provide support in order to promote acceptance. On the other hand, employees who have heightened awareness may suffer negative sensations, which may lead to an increased desire to quit the company (Zhong et al., 2022). There is a possibility that people will react differently according to their own unique traits; nonetheless, the overall influence on the business will continue to be quite good.

The findings of our research reveal an unanticipated facet of the influence that transformational leadership has in the field of artificial intelligence adoption. Although transformational leadership is recognized for its ability to create a supportive workplace environment that improves communication and capabilities, it has been found to have an unexpectedly negative impact on the positive effects of artificial intelligence on job satisfaction and the psychological contract within the service and information technology industries. The results of our analysis indicate that transformational leadership positively influences the adoption of artificial intelligence ($R^2 = 0.475$, $B = 0.774$, $p < 0.01$), psychological contract fulfillment ($R^2 = 0.742$, $B = 0.888$, $p < 0.01$), and job satisfaction ($R^2 = 0.612$, $B = 0.711$, $p < 0.01$).

For the purpose of this study, transformational leadership was added because of its ability to mitigate unfavourable employee responses and encourage constructive behaviours throughout technological transitions, while also representing leadership dynamics that are specific to the industry (Erdogan & Bauer, 2015). Although transformational leadership served as a moderating variable that diminished the impact of some positive effects, it primarily contributed to a favorable influence on the adoption of artificial intelligence and employee responses. However, due to insufficient data, it is not possible to determine the exact reasons for the reduction in positive impact.

Limitations

There is a possibility that the observed decline in the influence of transformative leadership is due to biases in the design of the scale and the selection of the questions, which may have resulted in the omission of important variables.

Due to the fact that the study is a cross-sectional analysis, it is unable to provide the insights that can be derived from longitudinal research. This type of research is able to more effectively capture the long-term effects of changes in both technological and organisational aspects that take place over time. Our findings, which were obtained through random sampling, may not thoroughly reflect organisational characteristics like as size or specific regional contexts, despite the fact that they are statistically significant. In spite of the fact that they provide a detailed description of the consequences of AI adoption on Indian personnel, they do not investigate the complex and long-term dynamics involved.

Future Research

During the course of this research, the rapidly accelerating incorporation of artificial intelligence into digital transformation was taken into consideration. In recent years, artificial intelligence has become increasingly disruptive, causing societal conventions and organisational cultures to be disrupted. The aim of our research is to validate the role of artificial intelligence in enhancing employment relationships by testing various models. Despite this, the development of artificial intelligence has sparked ethical debates. This is because academics view AI as a form of quasi-employee, while public opinion remains divided regarding the potential misuse of AI or its ability to replace jobs. In light of these developments, this paper offers three recommendations for future research directions:

The ethical implications of employing AI: Artificial intelligence poses complex challenges for future work relationships. Both individuals and organizations depend on AI to enhance efficiency and reduce costs. However, this raises concerns over job security, skill requirements, and possibly feelings of anti-technology sentiment (Autor, 2015). These challenges might become much more severe as a result of the concentration of wealth that AI brings about. The goal of ethical research is to accelerate the development of artificial intelligence while ensuring the maintenance of social order. nshsks

Concerns about artificial intelligence (AI) causing unemployment are frequent; however, current data suggest that AI will transform rather than eliminate jobs, which would necessitate the development of new skills and alter the dynamics of collaborative work. While the particular methods and impacts of the skills reorganisation program that the Indian government is currently executing from basic to higher education are still in the process of being developed, the initiative is currently being implemented. Literacy in digital media is a significant obstacle, particularly for persons who have a limited understanding of technology applications.

The development of leadership: While our study carefully employed transformational leadership as a moderating variable, the onset of the digital revolution has fostered the emergence of new leadership styles. Evaluating digital leadership, a relatively new concept in the context of digital transformation, is an important area for future research. This concept faces challenges in unfamiliar circumstances and has not yet been fully defined.

Managerial Implications

It is necessary to do research into the uses of artificial intelligence since, at the organisational level, AI enhances performance, streamlines operations, and plays a role in talent management. Recognising that artificial intelligence is currently unable to mimic human contact and empathy, organisations need to find a way to reconcile the benefits of technology with the welfare of their employees.

Leaders in the digital age face challenges that have never been seen before, and they are required to not only supervise but also motivate and be of assistance to their employees during times of transition. Positive leadership can reduce opposition to artificial intelligence, which in turn can boost loyalty and productivity. People can adapt and enhance their skills to meet constantly changing demands. In successfully navigating an AI-driven workplace, having confidence in the organization and maintaining a positive attitude toward change are both crucial elements. This study examines the relationship between an employer and an employee, with a specific focus on the psychological contract and job satisfaction as indicators of the impact that organizational climate has on individuals. Although the aim of this inquiry is not to specifically investigate the impact of artificial intelligence on organizational performance or strategy, it does offer insights into how individuals and communities are responding to the increasing presence of AI in the workplace.

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Dr. J K Raju: Supervision, writing of the manuscript and Lead the entire research work.

Ms. Shivalika N: Data Collection, Data Analysis and Hypothesis statement.

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