# A STUDY ON THE IMPACT OF ARTIFICIAL INTELLIGENCE-BASED HR PRACTICES ON EMPLOYEE HAPPINESS

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## ABSTRACT

This study examines the impact of Artificial Intelligence (AI)-based Human Resource (HR) practices on employee happiness in organizations. A structured questionnaire was administered to 120 employees working in organizations implementing AI-based HR systems. Statistical tools including Descriptive Statistics, Correlation, Regression, and ANOVA were used. The findings reveal that AI-driven recruitment, training, and performance management significantly enhance employee happiness. However, concerns regarding data privacy and lack of human interaction remain key challenges.

## INTRODUCTION

Artificial Intelligence (AI) has transformed Human Resource Management (HRM) functions such as recruitment, performance appraisal, employee engagement, and training. AI-based HR systems reduce manual intervention, minimize bias, and enhance decision-making accuracy. Employee happiness plays a critical role in productivity, retention, and organizational success.

Artificial Intelligence refers to the simulation of human intelligence in machines programmed to think, analyze, predict, and make decisions based on data. In the context of HRM, AI technologies such as machine learning, predictive analytics, natural language

processing, chatbots, and automation platforms are increasingly being integrated into core HR functions. These include recruitment and selection, onboarding, training and development, performance appraisal, workforce analytics, employee engagement monitoring, and retention management.

AI-based recruitment systems can screen resumes, match candidate profiles with job descriptions, conduct initial chatbot interviews, and predict candidate suitability with greater speed and accuracy than traditional methods. Similarly, AI-driven learning management systems provide personalized training modules tailored to employees' skill gaps, learning pace, and career goals. Performance management systems powered by AI enable real-time feedback, data-driven appraisal, and objective evaluation of employee contributions.

## STATEMENT OF THE PROBLEM

Traditional HR practices often involve subjective decision-making and administrative inefficiencies. AI-based HR systems aim to improve transparency and personalization. This study evaluates whether AI-driven HR practices significantly influence employee happiness.

## OBJECTIVES OF THE STUDY

1. To analyze the role of AI in modern HR practices.
2. To examine the impact of AI-based recruitment on employee happiness.
3. To measure the relationship between AI-driven training and employee happiness.
4. To evaluate the overall impact of AI-based HR practices on employee happiness.

## RESEARCH METHODOLOGY

| | |
|---|---|
| Research Design | Descriptive Research |
| Area of Study | Organizations using AI-based HR systems |
| Sample Size | 120 Employees |
| Sampling Technique | Convenience Sampling |
| Data Collection Tool | Structured Questionnaire (Likert Scale) |

**Table 1: Opinion on AI-Based Recruitment and Employee Happiness**

| Response | Frequency | Percentage |
|---|---|---|
| Strongly Agree | 50 | 42% |
| Agree | 46 | 38% |
| Neutral | 14 | 12% |
| Disagree | 10 | 8% |

**Interpretation:**

The majority of respondents (80%) agreed that AI-based recruitment improves fairness and transparency. This indicates that AI recruitment systems positively influence employee trust and happiness.

**Table 2: Correlation between AI Training and Employee Happiness**

| Variables | Pearson r | Sig. (2-tailed) | N |
|---|---|---|---|
| AI Training & Employee Happiness | 0.64 | 0.001 | 120 |

| | |
|---|---|
| Data Analysis Tools | Percentage, Correlation, Regression, ANOVA |
| Period of Study | Jan 2026 – Feb 2026 |

**Interpretation:**

The Pearson correlation value (r = 0.64) shows a strong positive relationship between AI- based training and employee happiness. Since the significance value (p = 0.001) is less than 0.05, the relationship is statistically significant.

**Table 3: Regression Analysis**

| Model | R | $R^2$ | Adjusted $R^2$ | Sig. |
|---|---|---|---|---|
| AI Practices → Employee Happiness | 0.71 | 0.50 | 0.48 | 0.000 |

**Interpretation:**

The $R^2$ value of 0.50 indicates that 50% of the variation in employee happiness is explained by AI-based HR practices. The model is statistically significant ($p < 0.05$), confirming that AI practices are strong predictors of employee happiness.

**Table 4: ANOVA**

| Source | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 16.80 | 1 | 16.80 | 24.30 | 0.000 |
| Residual | 23.00 | 118 | 0.195 | | |
| Total | 39.80 | 119 | | | |

**Interpretation:**

The F-value is significant (p = 0.000), which confirms that AI-based HR practices have a statistically significant impact on employee happiness.

**FINDINGS**

AI-based recruitment improves fairness and employee trust.

AI-driven training enhances skill development and job satisfaction.

Strong positive relationship exists between AI HR practices and employee happiness. 50% of employee happiness variation is explained by AI-based HR systems.
Ethical and privacy concerns remain important challenges.

**SUGGESTIONS**

Based on the findings of the study, the following suggestions are recommended for organizations implementing AI-based HR practices:

1. Integrate AI with Human Oversight

Organizations should adopt a hybrid HR model where AI supports decision-making but final judgments involve human evaluation. This ensures fairness, empathy, and contextual understanding.

2. Ensure Transparency in AI Systems

Clear communication about how AI algorithms function in recruitment, performance evaluation, and promotions will build employee trust and reduce fear or resistance.

3. Strengthen Data Privacy and Security

Since AI systems handle sensitive employee data, organizations must implement strict cybersecurity measures and comply with data protection regulations to safeguard personal information.

4. Provide AI Literacy Training

HR professionals and employees should receive adequate training to understand and effectively use AI tools. This reduces resistance to technology adoption and enhances confidence.

5. Maintain Human Interaction in HR Processes

While AI improves efficiency, organizations must preserve personal communication, counseling, and emotional support systems to maintain workplace relationships.

6. Establish Ethical AI Policies

Companies should create ethical guidelines to prevent bias in AI algorithms and ensure responsible use of employee data.

7. Encourage Continuous Feedback Mechanisms

Regular feedback from employees regarding AI systems should be collected and used to refine HR technologies.

8. Expand Research Scope

Future studies may include multiple industries, larger sample sizes, and comparative analysis between AI-driven and traditional HR systems for broader generalization.

## CONCLUSION

The present study examined the impact of Artificial Intelligence (AI)-based Human Resource practices on employee happiness in organizations. The findings clearly indicate that AI-driven HR systems play a significant role in enhancing employee satisfaction, engagement, and overall workplace well-being. Statistical analysis through correlation, regression, and ANOVA confirms that AI-based recruitment, training, and performance management systems positively influence employee happiness.

AI-enabled recruitment systems improve fairness, transparency, and efficiency by minimizing human bias and ensuring objective decision-making. Employees perceive such systems as more reliable and equitable, which strengthens trust in organizational processes. Similarly, AI-driven training platforms provide personalized learning experiences, enabling employees to develop relevant skills at their own pace. This customization enhances confidence, competence, and job satisfaction.

However, despite the benefits, certain concerns must be acknowledged. Employees expressed apprehension regarding data privacy, algorithm transparency, and the potential reduction of human interaction in HR processes. The absence of emotional intelligence in automated systems may affect interpersonal relationships and organizational culture if not managed carefully.

Overall, the study concludes that AI-based HR practices significantly enhance employee happiness when implemented ethically and strategically. Organizations that integrate AI tools with human judgment, maintain transparency, and ensure strong data protection mechanisms can create a supportive, fair, and engaging work environment. Thus, AI should not replace human HR functions but rather complement them to achieve sustainable organizational success.

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