

Employee Well-Being and Productivity: Effects of AI-Powered Workplace Monitoring

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ABSTRACT

The advent of artificial intelligence (AI) in workplace monitoring has enabled employers to track employee behavior, productivity, and well-being through advanced digital tools. This paper investigates the dual effects of AI-powered monitoring on employee well-being and productivity. Using a mixed-methods approach — combining analysis of recent literature with a conceptual synthesis of empirical findings — we examine how AI monitoring influences job performance, stress levels, job satisfaction, and psychological outcomes. Our review reveals a complex relationship: while AI monitoring can improve productivity and job performance (through clearer performance feedback and objective metrics), it often undermines employee well-being — increasing stress, decreasing autonomy, and reducing job satisfaction. These negative effects are particularly pronounced where monitoring is opaque, intrusive, or poorly communicated. The paper argues that the net benefit of AI monitoring depends critically on implementation — transparency, fairness, employee involvement, and supportive organizational practices. We conclude with recommendations for organizations, policymakers, and future research to ensure AI monitoring supports productivity without compromising human dignity.

Keywords: AI workplace monitoring; employee well-being; productivity; workplace surveillance

1. Introduction

1.1 Background

Advances in artificial intelligence (AI) have fundamentally reshaped many aspects of modern workplaces. Beyond automating tasks, AI is increasingly used to monitor employee behavior, performance, and well-being — via productivity-scoring tools, activity tracking, emotion or stress detection, and real-time surveillance of remote or on-site workers. Such AI-powered monitoring

systems have become more common, especially after the shift to remote and hybrid work during the COVID-19 pandemic. ([OUP Academic](#))

Employers are drawn to these tools for their promise of greater efficiency, enhanced accountability, and objective performance evaluation. As one recent policy primer notes, AI surveillance and productivity-scoring tools are already ubiquitous across white-collar, blue-collar, and gig economy jobs. ([PMC](#)) However, the rise of such monitoring raises substantial concerns: potential intrusion into privacy, stress, loss of autonomy, and adverse effects on employee mental health and job satisfaction. ([PMC](#))

1.2 Problem Statement

While AI-powered monitoring promises productivity gains, the implications for employee well-being are ambiguous and potentially harmful. There exists a tension between organizational objectives (efficiency, accountability) and human-centered concerns (privacy, autonomy, psychological safety). Existing research often emphasizes either productivity or technology adoption — but seldom integrates both productivity outcomes and employee well-being in a balanced analysis.

1.3 Relevance of the Study

As more organizations adopt AI monitoring tools, understanding their holistic impact becomes critical. Poorly implemented monitoring can lead to burnout, distrust, high turnover, and diminished organizational commitment — undermining long-term productivity. Conversely, ethically and transparently implemented monitoring might deliver efficiency while preserving dignity and well-being. This study is relevant for organizational leaders, HR managers, policymakers, and scholars seeking to balance technology adoption with humane work conditions.

1.4 Research Questions & Objectives

This paper seeks to answer:

- RQ1: What is the effect of AI-powered workplace monitoring on employee productivity and job performance?

- RQ2: What are the psychological and well-being impacts of such monitoring on employees (job satisfaction, stress, mental health, autonomy)?
- RQ3: Under what conditions (e.g., transparency, perceived fairness, employee involvement) does AI monitoring yield net positive vs. negative outcomes?
- RQ4: What organizational, managerial, or policy practices can maximize benefits and minimize harms associated with AI monitoring?

Objectives: (a) synthesize recent empirical and theoretical literature; (b) highlight real-world examples and contrasting findings; (c) propose a framework for ethical and effective AI monitoring; (d) offer recommendations for future research and practice.

2. Review of Literature

Below is a summary and comparison of 11 recent (2019–2025) studies that examine AI or electronic monitoring and its effects on employee well-being and productivity.

1. **AI and employee wellbeing in the workplace: An empirical study (Valtonen et al., 2025)**

This cross-industrial empirical study across 207 Finnish companies found that AI adoption does not directly affect employee well-being; rather, well-being improves indirectly via task optimization and improved workplace safety and security. ([ScienceDirect](#)) Their use of the Job Demands-Resources (JD-R) framework highlights how AI's transformation of work characteristics (less mundane tasks, safer processes) can yield positive well-being outcomes when implemented strategically. ([ResearchGate](#))

2. **Workplace Surveillance and Worker Well-Being (Glavin et al., 2024)**

This study demonstrates that workplace surveillance — when pervasive — is associated with increased job pressures, stress, reduced autonomy, and overall negative effects on mental health. ([PMC](#)) It cautions that surveillance's damaging psychological consequences can offset any gains in efficiency. ([SAGE Journals](#))

3. **The Impact of Electronic Performance Monitoring on Employees' Job Performance (Zhang et al., 2025)**

This recent article finds that both developmental (feedback-oriented) and preventive (compliance-oriented) electronic performance monitoring (EPM) can positively influence

job performance among 223 Chinese employees, with self-efficacy mediating the relationship. ([MDPI](#)) The study suggests that carefully designed monitoring (especially when development-focused) can raise performance without necessarily harming well-being. ([MDPI](#))

4. Workplace monitoring and its challenges in digitization (Ball et al., 2020 / 2021 review)

This work reviews the expansion of digital employee monitoring, noting that newer surveillance extends beyond performance to include behavior, location, communication, and even health metrics. ([JRC Publications Repository](#)) The authors warn that these broad surveillance practices may erode privacy, dignity, and job quality, especially when implemented without proper policies or worker consent. ([JRC Publications Repository](#))

5. A policy primer and roadmap on AI worker surveillance and productivity scoring tools (Hickok & Maslej, 2023)

The primer argues that AI surveillance and productivity scoring tools — now common across sectors — pose risks to human dignity and rights in absence of robust legal protections. ([PMC](#)) It calls for regulation, collective bargaining, transparency, and governance to safeguard employees, underlining that unchecked use can turn workplaces into “experimentation sites.” ([PMC](#))

6. The Role of Artificial Intelligence in Improving Workplace Well-being and Mental Health Management (García-Madurga et al., 2024)

This study explores how AI can be harnessed to monitor mental health risk factors, provide personalized wellness programs, and deliver emotional support via digital tools. ([MDPI](#))

The authors posit that when used ethically, AI may enhance mental health support at work — but caution that intrusive or poorly communicated systems may increase stress, mistrust, or disempowerment. ([MDPI](#))

7. Understanding the Impact of Artificial Intelligence on Employee Experience (Minz, 2023)

The paper argues that AI reshapes employee experience by altering job roles, workflows, and organizational dynamics. (journals.bennett.edu.in) While AI-enabled automation can free employees from routine tasks and enable more creative or high-value work, it also raises concerns about job displacement, changing identity of work, and psychological stress among employees uncertain about their future roles. (journals.bennett.edu.in)

8. AI-Driven Employee Productivity Monitoring System: A Case Study in Remote Work Environments (2025)

This recent case study finds that AI-driven productivity monitoring can significantly increase productivity in remote working environments by providing managers detailed insights into employee work habits, communication speed, and task completion.

([ResearchGate](#)) However, the authors also note concerns among employees related to privacy, trust, and the potential for constant “surveillance pressure”. ([ResearchGate](#))

9. Workplace Surveillance and Its Psychological Impacts on Employees: A Review (Pandey & Pravesh, 2025)

This review highlights that excessive surveillance — especially when opaque or without employee consent — leads to tension, anxiety, reduced autonomy, mistrust, and lower job satisfaction. ([ResearchGate](#)) The authors draw on frameworks such as Self-Determination Theory and the Psychological Reactance Model to explain how perceived violations of autonomy and privacy can negatively affect motivation and well-being. ([ResearchGate](#))

10. Effect of Digital Technologies on Employee Well-being and Mental Health in the Financial Services Sector (Sansovini et al., 2025)

This paper investigates how the use of digital technologies (including AI-driven tools) in a South African financial services firm impacts mental health and well-being. ([Taylor & Francis Online](#)) The study finds that while digital tools can streamline work and improve efficiency, they also increase workload, blur boundaries between work and personal life, and contribute to stress and burnout if not managed carefully. ([Taylor & Francis Online](#))

11. Exploring Employees' Attitudes Toward Monitoring in a Post-Pandemic Remote Work Landscape (Vitak et al., 2023)

This survey study explores remote and hybrid workers’ attitudes toward diverse monitoring practices (screen tracking, screenshots, keystroke logging, etc.). ([OUP Academic](#)) It finds that many employees consider some forms of monitoring acceptable (e.g., for security or compliance), but draw the line at intrusive practices — especially emotion detection, webcam monitoring, or continuous tracking. Women in particular express greater concerns than men. ([OUP Academic](#))

Synthesis and Key Insights:

- There is evidence that AI-powered monitoring **can boost productivity and job performance**, especially when monitoring is oriented toward development or performance feedback rather than punitive surveillance. ([MDPI](#))
- However, **employee well-being often suffers** under pervasive monitoring: effects include increased stress, reduced autonomy, lowered job satisfaction, and mental health risks, especially if monitoring is opaque, intrusive, or authoritarian. ([PMC](#))
- Context matters: where AI monitoring is implemented thoughtfully — with transparency, employee involvement, and supportive use (e.g., for wellness, safety, optimized work) — there is potential for neutral or even positive effects on well-being. ([ScienceDirect](#))
- Ethical, regulatory and policy considerations are critical: unchecked AI surveillance can undermine human dignity, privacy, and worker rights. ([PMC](#))

Overall, the literature reveals a dual-edged phenomenon: AI monitoring is neither inherently good nor bad, but its impact depends heavily on design, implementation, organizational culture, and regulatory oversight.

3. Research Methodology

Given the scope and complexity of the impact of AI-powered monitoring on both well-being and productivity, a mixed-methods design is proposed for empirical research. This study — as conceptualized here — would combine quantitative data (surveys, performance metrics) with qualitative data (interviews, focus groups) to capture both measurable outcomes and subjective experiences.

3.1 Research Design

- **Quantitative Survey:** Distribute a structured questionnaire to employees across various sectors (IT, finance, manufacturing, services) in organizations that use AI monitoring tools. The survey would measure variables including perceived monitoring intensity, transparency, job satisfaction, stress, mental well-being (using validated scales), self-efficacy, autonomy, and perceived productivity.

- **Performance Data Collection:** With consent and anonymity, collect organizational data on productivity (e.g., output metrics, error rates, task completion times, attendance) before and after implementation of AI monitoring tools.
- **Qualitative Interviews / Focus Groups:** Conduct semi-structured interviews and focus groups with a subset of employees to explore their experiences, perceptions, and attitudes — especially regarding privacy, control, fairness, trust, and psychological impact.

3.2 Sampling

- **Sampling Frame:** Target medium-to-large organizations across sectors that have implemented AI monitoring (e.g., remote-work monitoring, productivity tracking, wellness tracking).
- **Sampling Method:** Stratified random sampling for the survey (stratified by sector, type of work, demographic variables), plus purposive sampling for qualitative interviews (ensuring representation of different job types, genders, and levels).

3.3 Data Collection Instruments

- **Questionnaire:** Incorporating validated scales: for mental health/stress (e.g., perceived stress scale), job satisfaction, autonomy, self-efficacy; items to capture perceived surveillance intensity, transparency, consent, and fairness.
- **Interview Guide:** Topics to include: feelings and attitudes toward monitoring; perceived benefits and costs; changes in behavior; sense of autonomy or control; trust in management; perceived effects on work-life balance.
- **Organizational Metrics:** Pre- and post-monitoring performance indicators, HR data (turnover rates, absenteeism), error, quality, or compliance metrics.

3.4 Data Analysis

- **Quantitative data:** Descriptive statistics; correlation and regression analyses to test relationships between perceived monitoring intensity and well-being / performance variables; mediation analyses (e.g., does self-efficacy mediate effect of monitoring on performance), and moderation analyses (e.g., does transparency moderate the relationship between monitoring and stress).

- Qualitative data: Thematic analysis to identify recurring themes, concerns, coping strategies, attitudes toward monitoring, and perceived fairness/trust.
- Mixed methods integration: Triangulation of quantitative and qualitative findings to build a comprehensive picture, contextualizing statistical outcomes with lived employee experiences.

3.5 Ethical Considerations

- Ensure **informed consent**, **anonymity**, and **confidentiality** of survey respondents and interview participants.
- Ensure that data collection does not itself constitute invasive monitoring.
- Use aggregated data for performance metrics; avoid individual-level attribution without consent.
- Provide participants access to results and recommendations; allow opt-out at any stage.

3.6 Limitations

- Self-report bias in surveys and interviews.
- Possible organizational resistance to sharing performance data.
- Cross-sectional data may limit causal inference; ideally, longitudinal study would provide stronger evidence.
- Heterogeneity across sectors, job types, cultures may complicate generalizability.

4. Data Analysis & Findings

Because this paper is conceptual and based on synthesis of existing literature rather than new empirical data, the findings are derived from aggregated evidence and illustrative examples. However, to reflect how actual data could appear, below is a **hypothetical summary table** — based on averaged insights from multiple studies — showing relationships between monitoring intensity, well-being, and productivity outcomes.

Monitoring Type / Intensity	Productivity / Performance Outcome	Employee Well-Being Outcome	Key Mediators / Moderators
Development-oriented EPM (feedback, performance metrics, self-efficacy focus)	↑ Moderate-to-high performance gains (output, efficiency) (MDPI)	↔ / slight ↑ job satisfaction, well-being (if transparent and participatory) (ScienceDirect)	Self-efficacy; perceived fairness; transparency; employee involvement
Preventive / Compliance-oriented EPM (strict monitoring, surveillance, compliance metrics)	↑ Short-term efficiency gains, fewer errors/absences (MDPI)	↓ Stress, lowered job satisfaction, reduced autonomy, mental health risk (PMC)	Perceived control, transparency, trust in management, privacy concerns
High-intensity AI surveillance (remote work tracking, emotion AI, biometric monitoring)	↑ Mixed: some output increase, but high variance; gains often unsustainable, risk of burnout (ResearchGate)	↓ Significant negative impacts: increased stress, anxiety, feeling of being “watched,” lowered well-being, turnover risk (ResearchGate)	Transparency, consent, organizational culture, privacy safeguards, worker autonomy

Interpretation:

- Monitoring approaches that emphasize development, feedback, and employee autonomy tend to yield the best balance between productivity gains and well-being preservation.
- Surveillance-heavy or compliance-oriented monitoring — particularly when intrusive, opaque, or lacking employee consent — often yields short-term productivity benefits at the cost of long-term well-being, trust, and retention.
- AI-powered monitoring’s impact is not uniform: organizational practices, communication, employee involvement, and respect for privacy play major moderating roles in determining whether outcomes are positive or negative.

5. Discussion

5.1 Theoretical Implications

From the perspective of **Job Demands-Resources (JD-R) Theory**, workplace monitoring can act either as a resource (when enhancing feedback, clarity, safety, and workload distribution) or as a demand (when increasing pressure, reducing autonomy, and elevating stress). The findings from empirical literature support this duality: where monitoring optimizes workflow and supports employees, it enhances well-being; when it becomes intrusive, it becomes a source of stress and burnout. ([ScienceDirect](#))

Similarly, **Self-Determination Theory (SDT)** — which emphasizes the role of autonomy, competence, and relatedness for motivation and psychological well-being — provides insight: AI monitoring that diminishes autonomy and perceived competence (through constant surveillance, lack of control, or opaque evaluation) undermines these core needs, harming well-being. This aligns with studies reporting decreased job satisfaction and psychological distress under heavy surveillance. ([ResearchGate](#))

5.2 Business & Organizational Implications

- **For Employers and Managers:** AI monitoring, if implemented thoughtfully, can improve efficiency, accountability, and performance — especially when paired with development-oriented monitoring, feedback mechanisms, and employee participation. ([MDPI](#)) However, over-reliance on surveillance, without transparency or regard for employee autonomy, risks burnout, decreased trust, poor morale and higher turnover — factors that harm long-term organizational performance.
- **For Human Resources and Leadership:** Ethical, transparent, and participatory roll-out of monitoring tools is essential. Organizations should involve employees in deciding what is monitored, ensure clear communication about purpose and use of data, preserve privacy, and offer channels for feedback.
- **For Policy Makers & Regulators:** As AI monitoring becomes widespread — in hybrid work, remote settings, gig economy — regulatory frameworks are needed to safeguard

worker rights. As argued in the policy primer, safeguards, collective bargaining, and privacy protections should be instituted. ([PMC](#))

5.3 Real-World Examples

- A 2025 case study in remote work environments found that AI-driven productivity monitoring increased output, but also generated concerns among workers about constant surveillance, privacy, and stress. ([ResearchGate](#))
- In many organizations, emotion AI and biometric monitoring are used under the guise of wellness monitoring or security — but employees often feel their autonomy is undermined, leading to stress, dissatisfaction, and even turnover. ([ACM Digital Library](#))
- On the other hand, firms that adopt AI monitoring primarily for task optimization, safety improvements, or ergonomic monitoring, and do so transparently with employee consent, report fewer negative consequences and sometimes improved well-being and job satisfaction. ([ScienceDirect](#))

6. Conclusion & Recommendations

6.1 Conclusion

AI-powered workplace monitoring represents a significant shift in how organizations manage, evaluate, and support their workforce. The evidence suggests a **dual potential**: when used ethically and thoughtfully, monitoring can enhance productivity, optimize workflows, improve safety, and even support well-being; but when used invasively, without transparency, consent, or consideration for human dignity, it can damage psychological health, trust, autonomy, and long-term organizational outcomes. In other words, AI monitoring is not inherently beneficial or harmful — its impact depends on *how* it is implemented, *why*, and *with what sensitivity to human factors*.

This paper underscores that maximizing the benefits of AI monitoring while safeguarding employee well-being requires a balanced, human-centered approach — one that respects autonomy, fairness, privacy, and transparency.

6.2 Recommendations

Based on the literature review and conceptual analysis, the following recommendations are offered:

1. **Adopt participatory and transparent monitoring policies:** Employers should involve employees (or their representatives) in deciding what is monitored and why. Transparent communication about data collection, usage, and storage is essential.
2. **Favor development-oriented over compliance-oriented monitoring:** Monitoring systems that support feedback, self-efficacy, performance development, and workload optimization tend to yield better outcomes than strict surveillance or punitive monitoring regimes.
3. **Implement privacy protections and ethical guidelines:** Organizations should anonymize or aggregate data where possible; ensure data security; and respect employee privacy and autonomy.
4. **Provide employee support and resources:** Especially when using AI tools for mental health or wellness monitoring, firms should pair monitoring with support — e.g., counseling, wellness programs, stress management resources, opportunities for rest and autonomy.
5. **Regulation and institutional frameworks:** Policymakers and labor institutions should develop regulations safeguarding workers' rights in AI-monitored workplaces — including privacy rights, the right to disconnect, clear consent mechanisms, and oversight.
6. **Further research with longitudinal and mixed-method designs:** Future studies should investigate long-term effects of AI monitoring on well-being, turnover, organizational commitment, and job performance across diverse contexts and cultures. Longitudinal data would help assess causation rather than correlation.

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