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The Ethical Use of Artificial Intelligence for Employee Supervision and Its Effect on Organizational Culture

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Abstract

Organizations often struggle with implementing Artificial Intelligence effectively and ethically, which is crucial for maintaining employee trust, productivity, and overall organizational well-being. This qualitative, descriptive phenomenological study addressed the critical issue of ethically utilizing AI technologies for employee supervision and their impact on organizational culture. Anchored in the Technology Acceptance Model and the Control Theory of Privacy, the research explored three key areas: the internal use of AI for employee supervision, the ethical considerations of AI application, and the broader organizational impacts of these practices. Data were collected through semistructured interviews with purposively selected participants, each having over 12 months of experience using AI for employee surveillance. Thematic analysis uncovered that AI significantly enhances productivity through detailed activity tracking, performance reporting, and identifying improvement areas, providing managers with actionable insights for decision-making and employee development. However, the findings also revealed critical ethical concerns, including privacy, transparency, and fairness challenges in AI deployment. Participants emphasized that clear communication, ongoing education, and consistent monitoring practices are essential to fostering a culture of trust and inclusivity. This study offers a valuable framework for organizations seeking to balance the technological advantages of AI with the ethical responsibilities of its use. The conclusions contribute to the growing discourse on ethical AI implementation, providing practical strategies to enhance managerial efficiency, safeguard employee morale, and positively influence organizational culture. The research holds significant implications for business leaders, policymakers, and researchers striving to align technological innovation with ethical practices in the workplace.

Keywords

Artificial Intelligence in Workforce Management, Ethical Employee Supervision, AI Monitoring Ethics, Organizational Culture and AI, Technology Acceptance Model (TAM), Control Theory of Privacy

1. Introduction

The advent of artificial intelligence (AI) has profoundly reshaped workplaces, introducing technologies that promise efficiency but also raising ethical dilemmas, particularly in employee supervision. Organizations worldwide are increasingly adopting AI to monitor performance, manage tasks, and enhance productivity. However, this rise brings a critical question: How can AI be employed ethically to supervise employees while fostering a positive organizational culture? The need for ethical AI deployment is particularly pressing as unchecked AI use can lead to privacy violations, reduced trust, and diminished employee morale (Charlwood & Guenole, 2022; Glikson & Woolley, 2020).

The study is rooted in the Technology Acceptance Model (TAM), which explains how individuals accept and use technology, and the Control Theory of Privacy, which emphasizes individuals' need to regulate their personal boundaries in response to technological intrusions (Wu et al., 2022). These frameworks guided the exploration of how AI impacts trust, transparency, and fairness within organizations.

Despite the growing body of literature on AI and its organizational implications, a significant gap remains in understanding its ethical application in employee monitoring. This study addresses this gap by examining the perspectives of senior business managers and business owners' firsthand experience with AI in supervision. By employing a qualitative, descriptive phenomenological approach, this research captures the lived experiences of participants, shedding light on best practices and challenges in ethical AI use.

Ultimately, the findings aim to inform organizations on strategies to harness AI ethically, ensuring it aligns with their goals of fostering trust, transparency, and a positive work culture (Rozman et al., 2022). This research holds particular relevance for decision-makers striving to balance technological advancement with ethical considerations.

2. Background

The rapid integration of artificial intelligence (AI) into the workplace has brought about transformative changes, offering enhanced productivity, efficiency, and data-driven decision-making. However, these advancements are accompanied by significant ethical concerns, particularly in employee supervision. Organizations are increasingly turning to AI to monitor performance, track activities, and manage workflows, yet the ethical implications of such practices remain a contentious

issue. While AI offers substantial benefits, such as real-time feedback and identifying improvement areas, it raises questions about privacy, fairness, and trust (Glikson & Woolley, 2020; Sanyaolu & Atsaboghena, 2022). These ethical dilemmas form the foundation of the study, which seeks to explore the nuanced impact of AI on organizational culture.

Concerns regarding transparency and accountability underpin the ethical use of AI in employee supervision. Existing literature highlights that opaque AI systems can erode employee trust, reducing morale and potential conflicts within organizations (Charlwood & Guenole, 2022; Rozman et al., 2022). Furthermore, AI's ability to collect and process vast amounts of personal data intensifies privacy concerns, emphasizing the need for organizations to establish clear boundaries and communicate their AI practices effectively. The study's focus on ethical AI use aligns with the Technology Acceptance Model (TAM) principles, which suggests that transparency and perceived usefulness play critical roles in technology acceptance (Agrawal et al., 2019). Similarly, the Control Theory of Privacy highlights the importance of balancing technological surveillance with employees' needs for personal boundaries (Wu et al., 2022).

Despite its growing prevalence, the ethical application of AI in employee supervision remains underexplored, particularly regarding its effects on organizational culture. Prior studies have focused on AI's technical capabilities and efficiency, often neglecting its implementation's human and ethical dimensions (Bai et al., 2020; Mikalef & Gupta, 2021). This gap in research underscores the importance of understanding how AI can foster a culture of trust, collaboration, and fairness within organizations. Without thoroughly exploring these ethical dimensions, organizations risk compromising their culture, negatively impacting employee engagement and overall performance.

The study contributes valuable insights into ethical AI practices by addressing these critical concerns. It offers guidance for organizations seeking to leverage AI's potential while mitigating risks to employee morale and organizational culture. Additionally, this research provides a roadmap for developing policies and practices that balance technological innovation with ethical responsibilities. The findings are expected to inform best practices, ensuring that AI technologies are implemented in ways that align with ethical standards, organizational values, and the overarching goal of building a more equitable and trusting workplace environment.

3. Conceptual Framework

This study was grounded in two key theoretical models: the Technology Acceptance Model (TAM) and the Control Theory of Privacy Model. The TAM provided a lens for understanding how employees and managers perceive, accept, and adapt to AI technologies in the workplace. Central to TAM is the idea that perceived usefulness and ease of use significantly influence technology adoption. In the context of employee supervision, this model helped illuminate how transpar-

ency and ethical usage shaped employee buy-in and organizational trust. The Control Theory of Privacy, on the other hand, framed the ethical concerns that arise when AI is used to monitor workplace behavior. This theory posits that individuals seek to regulate the boundaries of their personal information and autonomy, especially in environments where surveillance is present. Together, these frameworks offered a strong foundation for analyzing the delicate balance organizations must maintain between leveraging AI for efficiency and preserving employee rights and morale. The integration of both theories allowed the study to not only explore technological adoption but also the subtle emotional and ethical responses that shape organizational culture in the age of AI.

4. Method

The research methodology for this study was carefully designed to explore the ethical use of artificial intelligence (AI) technologies in employee supervision and its impact on organizational culture. A qualitative, descriptive phenomenological approach was employed to deeply understand participants' lived experiences and perceptions. This methodology was selected because it aligns with the study's aim to uncover the nuanced, subjective interpretations of AI's role in workplace supervision. The phenomenological approach allows researchers to delve into participants' real-world experiences, providing insights that are particularly valuable in exploring ethically complex and culturally sensitive topics (Aspers & Corte, 2019; Englander, 2016).

Data were collected through semistructured interviews, a method well-suited for capturing detailed narratives while maintaining the flexibility to probe deeper into relevant themes. This approach facilitated rich, qualitative data collection, enabling the study to identify emergent themes related to transparency, privacy, fairness, and organizational trust. The sample consisted of eight senior business managers and business owners who met specific inclusion criteria: participants had to be adults with a minimum of 12 months of experience using AI for employee supervision (see Table 1). Purposive and snowball sampling methods were employed to ensure a diverse yet relevant pool of participants, consistent with best practices for qualitative research (Campbell et al., 2020; Kirchherr & Charles, 2018).

Table 1. Demographics.

Participant	Participant Demographics			
	Age	Gender	Position	AI Use (Years)
P1	41 - 50	Male	Senior Manager	4
P2	41 - 50	Male	Business Owner	2
P3	51 - 60	Female	Senior Manager	5
P4	41 - 50	Female	Business Owner	4
P5	41 - 50	Male	Senior Manager	4
P6	31 - 40	Female	Business Owner	5
P7	41 - 50	Female	Senior Manager	3
P8	41 - 50	Female	Senior Manager	5

Interviews were conducted via Microsoft Teams to accommodate participants from different geographic locations, ensuring convenience and accessibility. Each interview lasted approximately 45 to 60 minutes and was recorded and transcribed verbatim. The interview questions for each Research Question (RQ) were:

RQ1: How do business owners and senior managers describe the internal use of AI to supervise their employees?

1) What is your experience using artificial intelligence for workforce management?

2) How do you use AI internally within your organization to supervise employees?

RQ2: How do business owners and senior managers describe the ethical use of AI for employee supervision?

1) What is the ethical use of artificial intelligence for employee supervision?

2) How do you perceive employees' privacy concerns by monitoring them using AI?

3) How do you describe transparency, or a lack of transparency, regarding your use of AI for employee supervision?

4) What discussions, if any, have you had with employees regarding monitoring them electronically through AI?

RQ3: How do business owners and senior managers describe the effect on organizational culture of the ethical use of AI for employee supervision?

1) What is the effect, if any, of ethically using AI for employee supervision on organizational culture?

2) How does the ethical use of AI for employee surveillance promote or hinder a culture of trust within the organization?

This rigorous data collection process ensured accuracy and completeness, contributing to the study's trustworthiness. Reflexivity was maintained throughout the process, with the researcher documenting personal biases and reflections in a journal to minimize their influence on data interpretation (Nowell et al., 2017).

Data were analyzed using Braun and Clarke's (2006) thematic analysis framework, which involved six steps: familiarization with the data, generation of initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the report. This systematic approach enabled the identification of key themes and subthemes, such as monitoring productivity, ethical transparency, and the impact of AI on organizational trust. Data saturation occurred by the eighth interview, indicating no new themes or insights emerged from additional data. While the original estimated sample size was 15 - 20 participants, the depth and richness of the data collected from eight participants proved sufficient for thematic analysis, a hallmark of qualitative research rigor (Sundler et al., 2019).

The use of qualitative software facilitated the organization and coding of data, enhancing the efficiency and transparency of the analysis. The themes were cross-referenced with the study's theoretical frameworks—the Technology Acceptance Model (TAM) and the Control Theory of Privacy—to ensure alignment and the-

oretical depth (Agrawal et al., 2019; Wu et al., 2022). This integration highlighted how AI's ethical implementation can influence employee perceptions and organizational culture, adding a theoretical dimension to the findings.

Overall, this rigorous methodological design ensured the credibility and dependability of the findings. As a result, the study offers valuable insights into the ethical challenges and opportunities associated with AI in workforce supervision, addressing a significant gap in the existing literature.

5. Results

The results of this qualitative, descriptive phenomenological study offer a nuanced exploration of how organizations use artificial intelligence (AI) technologies ethically for employee supervision and the resulting impact on organizational culture. Through semistructured interviews with senior business managers and business owners, this research illuminated the multifaceted dynamics of AI integration in the workplace. Key themes emerged, including monitoring productivity, ethical considerations, the impact on organizational culture, and trust-building mechanisms. The findings highlight the opportunities and challenges associated with leveraging AI for workforce management, offering critical insights for practitioners and policymakers.

5.1. Findings for Research Question 1

RQ1: How do business owners and senior managers describe the internal use of AI to supervise their employees?

RQ1 Theme 1: Tracking Employee Activity

Participants consistently described AI's pivotal role in monitoring various aspects of employee activity, such as login/logout times, application usage, and internet browsing habits. AI systems provide managers with detailed data, enabling them to ensure adherence to work schedules and identify non-work-related activities. For instance, participants noted that AI tools were instrumental in maintaining accountability, especially in remote work settings where traditional supervision methods were limited. This capability was particularly valuable during the transition to remote work in response to global events like the COVID-19 pandemic. Moreover, participants highlighted that AI tools enabled real-time adjustments to workflows, which reduced inefficiencies and promoted continuous operational improvements.

While many participants lauded the precision and reliability of AI in tracking activity, they also acknowledged potential risks, such as over-surveillance and its potential to foster feelings of micromanagement among employees. These findings align with prior research emphasizing the balance needed between monitoring productivity and respecting employees' autonomy (Charlwood & Guenole, 2022; Sanyaolu & Atsaboghena, 2022).

RQ1 Theme 2: Generating Reports

Another significant advantage of AI identified by participants was its capacity

to generate detailed performance reports. These reports offered critical insights into employee productivity trends, task completion rates, and overall efficiency. For example, participants shared that AI-generated reports allowed them to identify high-performing employees, highlight those requiring additional support, and optimize resource allocation based on data-driven insights.

Such reports also proved instrumental in informing strategic decision-making processes. Managers utilize AI data to design workflows, allocate resources efficiently, and tailor employee development programs. The precision and clarity of AI-generated reports helped eliminate bias, which participants noted was a recurring issue in traditional supervisory methods. The ability to rely on objective, data-backed metrics instead of subjective evaluations was frequently cited as a game-changer in employee performance assessments. Participants also shared that these data reports enhanced cross-departmental collaborations by highlighting overlapping skill sets and project opportunities.

RQ1 Theme 3: Identifying Areas for Improvement

Participants also highlighted AI's ability to pinpoint specific areas where employees could improve. By providing real-time feedback and actionable insights, AI systems enabled managers to design customized training programs to address individual skill gaps. For example, AI identified patterns such as frequent errors in task execution or inefficiencies in time management, which managers then addressed through targeted interventions.

This focus on development over punishment fostered a culture of continuous improvement and collaboration. Employees were more receptive to feedback when they understood it stemmed from objective analysis rather than managerial subjectivity. The ability of AI to offer a data-driven approach to employee growth was consistently praised, as it empowered both managers and employees to work together toward shared goals. In several cases, participants shared anecdotal evidence of employees expressing greater job satisfaction due to the clarity and fairness of feedback facilitated by AI.

5.2. Findings for Research Question 2

RQ2: How do business owners and senior managers describe the ethical use of AI for employee supervision?

RQ2 Theme 1: Transparency

Transparency emerged as a critical factor in the ethical use of AI. Participants underscored the importance of clear communication regarding AI monitoring practices, including the collected data, its use, and why it mattered. For instance, participants shared that holding team meetings, distributing informational newsletters, and conducting workshops on AI practices significantly reduced employee resistance.

Transparency fostered trust and helped employees view AI as a tool for empowerment rather than surveillance. Organizations that made their AI usage policies accessible and explicit reported fewer concerns about privacy and misuse. Partic-

ipants observed that when employees understood the benefits of AI, they were more likely to embrace its implementation as a step toward professional growth. Participants also stressed that transparency fostered a sense of shared accountability between employees and leadership, bridging the gap between technological oversight and human connection.

RQ2 Theme 2: Privacy

Privacy was a major concern among participants. Ethical AI usage requires carefully balancing gathering necessary data and respecting employee boundaries. Participants emphasized the importance of focusing solely on work-related activities while excluding personal data from monitoring. Several organizations engaged employees in discussions about what could and could not be monitored, creating a collaborative atmosphere that alleviated concerns about overreach.

Participants frequently cited privacy as a non-negotiable element of ethical AI usage, with many sharing that establishing clear boundaries built trust and promoted acceptance. These findings resonate with the broader literature on privacy management, underscoring the significance of clear and consistent guidelines in fostering organizational trust (Wu et al., 2022). Moreover, participants noted that addressing privacy concerns preemptively reduced the likelihood of conflict or dissatisfaction arising later during AI implementation.

RQ2 Theme 3: Fairness

Ensuring fairness in AI implementation was another recurring theme. Participants highlighted the importance of consistent monitoring practices across all employees to avoid perceptions of bias. Organizations that employed uniform AI standards reported higher employee satisfaction and trust levels. Accountability measures such as clear guidelines, regular audits, and safeguards against misuse were essential to maintaining ethical practices. Participants emphasized that fairness was about applying AI uniformly and ensuring employees understood how and why decisions were made. This transparency in decision-making strengthened the perception of AI as a fair and impartial tool. Additionally, several participants reported that fair implementation practices fostered improved workplace morale, as employees felt their contributions were evaluated equitably.

5.3. Findings for Research Question 3

RQ3: How do business owners and senior managers describe the effect on organizational culture of the ethical use of AI for employee supervision?

5.3 RQ3 Theme 1: Initial Resistance and Adaptation

Participants detailed the initial resistance employees exhibited toward AI monitoring. Concerns about privacy invasion and micromanagement led to heightened anxiety and skepticism among employees. Managers reported that some employees expressed discomfort with constant monitoring, fearing it signified a lack of trust. However, resistance gradually diminished as organizations implemented transparency measures and demonstrated the benefits of AI. Participants noted that ongoing education and clear communication were pivotal in this adaptation

process. Over time, employees began to recognize AI as a means to streamline workflows, reduce unnecessary tasks, and provide opportunities for professional growth. This gradual adaptation was highlighted as a testament to the importance of intentional and inclusive AI integration.

RQ3 Theme 2: Trust Issues

Trust was identified as both a challenge and an opportunity in implementing AI. Participants acknowledged that initial distrust stemmed from employees' concerns about data misuse and surveillance. Organizations employed strategies such as open forums, regular Q&A sessions, and transparent data-sharing practices to rebuild trust. Participants emphasized that demonstrating the tangible benefits of AI—such as reducing repetitive tasks and providing development opportunities—helped shift employee perceptions. When employees saw that AI added value to their roles without compromising their autonomy, trust began to rebuild organically. In some cases, employees who initially opposed AI integration became vocal advocates for its continued use after experiencing its benefits firsthand.

5.4. Thematic Insights

Participants consistently highlighted the dual role of AI as both a productivity enhancer and a potential source of tension. While AI significantly improved managerial efficiency and provided actionable insights, its success depended on ethical implementation practices. For instance, 6 of the 8 participants reported that transparency initiatives reduced employee resistance, while 5 emphasized that clear privacy guidelines were crucial in building trust.

Participants also noted that the cultural adaptation to AI varied across industries, with tech-savvy sectors exhibiting quicker acceptance. These insights underscore the importance of tailoring AI implementation strategies to organizational contexts and workforce dynamics. The results further suggest that a strong emphasis on education, collaboration, and fairness can maximize the benefits of AI while minimizing potential disruptions.

5.5. Summary of Results

The findings of this study underscore AI's transformative potential in workforce management while emphasizing its ethical responsibilities. By enhancing productivity, providing actionable insights, and fostering employee development, AI emerges as a powerful tool for modern organizations. However, its success hinges on transparency, privacy, fairness, and trust-building measures.

This research highlights the delicate balance organizations must strike between leveraging AI's capabilities and maintaining ethical practices. Organizations can create a culture of trust and empowerment by addressing initial resistance, fostering collaboration, and prioritizing transparency. These findings offer actionable insights for leaders aiming to harness AI's benefits while cultivating a positive and inclusive workplace environment.

6. Discussion

The discussion of this study's findings highlights the critical role of ethical considerations in deploying AI technologies for employee supervision and the resultant impacts on organizational culture. The findings of this research have provided nuanced insights into how senior business managers and business owners perceive and navigate the ethical dimensions of AI in their workforce management practices. The findings align with and expand upon existing literature while offering fresh perspectives on a rapidly evolving technological landscape.

6.1. Monitoring Productivity

The use of AI to monitor productivity emerged as a central theme, providing organizations with tools to track employee activities, generate detailed performance reports, and identify areas for improvement. Participants consistently underscored the value of these capabilities in optimizing performance and ensuring accountability. These findings are consistent with Mikalef and Gupta (2021), who noted that AI enhances productivity by offering real-time monitoring and feedback. However, the study also revealed a tension between these technological benefits and ethical concerns, such as the potential for over-surveillance and the erosion of employee trust. This duality reinforces prior research by Charlwood and Guenole (2022), emphasizing the need for balanced implementation strategies.

The discussions among participants highlighted a critical balance: leveraging AI's capabilities without undermining employee morale or creating an overly invasive work environment. Participants noted that clear communication about the purpose of monitoring, coupled with respectful boundaries, was essential in mitigating resistance. This supports findings from Sanyaolu and Atsaboghena (2022), who emphasized transparency as a cornerstone for effective AI implementation.

6.2. Ethical Considerations: Transparency, Privacy, and Fairness

Transparency emerged as a pivotal factor in addressing ethical concerns. Participants emphasized the importance of educating employees about AI technologies, their intended uses, and the safeguards to protect their privacy. These practices align with the recommendations of Rozman et al. (2022), who argued that transparency fosters trust and enhances organizational culture. Privacy concerns, particularly regarding the extent and type of monitoring, were also central to the discussions. Participants highlighted that respecting privacy boundaries and engaging in open dialogues about monitoring practices were essential to maintaining employee trust.

The study also revealed that fairness in monitoring practices significantly influenced employee perceptions. Consistent application of AI monitoring standards and accountability measures were cited as key strategies for maintaining a sense of equity within the organization. These findings support Nazareno and Schiff's (2021) assertion that fairness is critical to ethical AI use, as it directly impacts employee trust and engagement.

6.3. Organizational Culture

The effect of ethical AI use on organizational culture was another critical focus of the discussion. Participants observed that the initial introduction of AI often led to resistance, stemming from concerns about privacy and the potential for micromanagement. However, as organizations invested in transparency and employee education, resistance waned, and acceptance grew. These findings mirror the adaptation curve described by Wilkens (2020), where initial skepticism gives way to gradual acceptance as the benefits of AI become apparent.

Trust was a recurring theme in these discussions, with participants highlighting its centrality in fostering a positive organizational culture. The study underscored the importance of transparency and open communication in rebuilding trust after introducing AI monitoring systems. This aligns with the findings of Glikson and Woolley (2020), who noted that trust is a fundamental enabler of successful AI adoption in organizational contexts.

Moreover, the study shed light on the broader implications of ethical AI use for organizational culture. Participants noted that AI technologies enhanced productivity when implemented ethically and contributed to a culture of accountability and continuous improvement. These observations extend the findings of Brendel et al. (2021), who argued that ethical AI practices could transform organizational dynamics by fostering collaboration and mutual respect.

6.4. Practical Challenges

While the findings of this study align with much of the existing literature, they also reveal certain practical challenges that organizations face when implementing AI for employee supervision. One notable challenge was the potential for AI technologies to perpetuate biases despite efforts to ensure fairness and transparency inadvertently. Participants acknowledged that AI offered unparalleled precision and efficiency but was not immune to the biases embedded in its design or deployment. This finding resonates with the concerns raised by Aloisi and Gramano (2019) regarding the ethical complexities of algorithmic decision-making.

Another challenge identified was the potential for employee disengagement if AI systems were perceived as overly intrusive or lacking human oversight. Several participants expressed concern that over-monitoring could lead to increased anxiety or reduced job satisfaction, especially if employees felt their autonomy was compromised. This echoes the insights of Siegel et al. (2022), who highlighted the psychological impact of excessive monitoring on employee well-being.

6.5. Limitations of the Study

As a qualitative, descriptive phenomenological study, this research was designed to capture lived experiences of senior managers and business owners using AI for employee supervision. However, several limitations should be acknowledged. First, the sample size was small (n = 8) and sector specific, limiting the generalizability of findings across different industries, organizational sizes, and employee

levels. Although the depth of participant narratives yielded valuable insights, broader representation would strengthen the applicability of the results. Second, the study relied on a single data collection method, semistructured interviews. While phenomenology is well-suited to uncovering in-depth personal experiences, a mixed methods approach incorporating surveys or usage metrics in addition to interviews would enhance methodological rigor and provide a more holistic view. Finally, there is potential for self-report bias, as participants may have portrayed their AI practices more favorably due to social desirability or professional pride. These responses may not fully reflect actual behaviors or organizational practices. Future could address this limitation by triangulating interview data with observational or archival sources.

6.6. Implications

The implications of this study on the ethical use of artificial intelligence (AI) for employee supervision extend across multiple dimensions, providing valuable insights for organizational leaders, practitioners, and researchers. The findings emphasize that ethical AI deployment is not merely a technological endeavor but a critical cultural and managerial challenge.

One key implication is that organizations need to prioritize transparency when implementing AI technologies. Participants consistently highlighted that clear communication about the purpose and processes of AI monitoring fosters trust and mitigates employee resistance. This aligns with Rozman et al. (2022), who argued that transparency is central to maintaining a positive organizational culture. Organizations adopting AI for supervision must establish ongoing education initiatives to ensure employees understand AI systems' benefits and limitations.

The study also underscores the importance of respecting privacy boundaries. Ethical monitoring requires organizations to delineate what will and will not be monitored, creating a framework that safeguards employee trust. This implication reinforces the Control Theory of Privacy, which posits that individuals actively negotiate their privacy based on contextual factors (Petronio, 2012). Managers must engage in open discussions to address concerns and reinforce fairness, fostering an equitable work environment.

At the strategic level, the findings suggest that organizations must balance automation with human oversight to prevent disengagement. AI tools should be implemented to enhance, rather than replace, managerial relationships with employees. This echoes the findings by Siegel et al. (2022), who identified the psychological risks of over-reliance on monitoring technologies.

From a research perspective, the study contributes to the broader discourse on AI ethics and organizational culture, offering a foundation for future investigations. By addressing ethical challenges proactively, organizations can use AI to optimize productivity and cultivate environments where trust, accountability, and respect thrive. These implications can transform how organizations perceive and integrate AI in workforce management.

6.7. Recommendations for Future Research

While this study provided valuable insights into the ethical use of AI in employee supervision, several areas warrant further exploration. First, future research could expand the sample size and diversity, particularly by incorporating employees' perspectives to provide a more balanced view of the effects of AI monitoring. Additionally, a longitudinal study examining how trust and organizational culture evolve over time in response to AI implementation could offer a deeper understanding of long-term outcomes. Researchers may also consider examining the role of industry specific variables, as ethical standards and AI integration practices likely vary between sectors such as healthcare, finance, and technology. Moreover, as AI systems continue to evolve with advanced capabilities like predictive analytics and emotion recognition, future work should evaluate the ethical boundaries of these emerging tools and their impact on employee autonomy.

Finally, comparative studies between organizations with strong ethical governance structures and those with less formalized practices could highlight the organizational policies that most effectively support ethical AI adoption and foster a positive work culture.

6.8. Conclusion

This study explored the ethical use of artificial intelligence (AI) technologies for employee supervision and their impact on organizational culture, providing valuable insights for business leaders and researchers. Grounded in the Technology Acceptance Model and Control Theory of Privacy, the research revealed that AI monitoring offers significant benefits, such as enhancing productivity through real-time tracking and generating actionable performance insights. However, it also underscored ethical challenges, including privacy concerns, transparency deficits, and trust issues, that organizations must address to maintain positive workplace dynamics.

Key findings emphasized the critical role of transparent communication, ongoing employee education, and consistent monitoring practices in fostering trust and minimizing resistance. Participants reported that when AI tools were implemented ethically, they contributed to improved organizational culture by supporting fairness, accountability, and employee development. Yet, the study highlighted that initial employee resistance and trust erosion require careful management to achieve successful adoption.

This study contributes to the growing knowledge of the intersection of AI, ethics, and organizational culture. By providing an in-depth exploration of senior managers' and business owners' experiences, it offers practical insights into how organizations can navigate the ethical complexities of AI adoption. The findings underscore the importance of transparency, privacy, and fairness as guiding principles for ethical AI use, offering a roadmap for organizations seeking to integrate AI technologies responsibly. The study findings suggest the transformative potential of AI technologies when implemented ethically and with a focus on fostering

trust and collaboration. By addressing AI's ethical and cultural challenges, organizations can enhance productivity and create environments where employees feel valued, respected, and engaged.

In summary, this research offers a roadmap for organizations aiming to leverage AI responsibly by bridging theoretical insights with practical applications. While the findings align with existing literature, they also extend current understanding by highlighting specific strategies for ethical implementation. Ultimately, this study demonstrates that ethical AI use can drive productivity and trust, laying the groundwork for future research and practice in this evolving field.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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