

Algorithmic Leadership and Employee Well-Being: A Multidisciplinary Qualitative Study of AI-Driven Decision-Making in Modern Organizations

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Abstract

The quick adoption of artificial intelligence (AI) in the decision-making process of organizations has created a new type of leadership that is also known as algorithmic leadership. Contrary to the traditional human-centered approaches to leadership, algorithmic leadership bases its services on data-driven systems to influence, assess, and in some cases, substitute managerial decision-making procedures. Although these systems have no doubt brought efficiency, consistency and objectivity, the implications on the well-being of employees are under explored and debatable. This is a theoretical qualitative research paper that investigates the impact of algorithmic leadership on employee well-being on the psychological, emotional, and social levels. The thematic syntheses of the study are based on the literature of interdisciplinary fields, including management studies, organizational psychology, information systems, and the AI ethics, and use the thematic qualitative syntheses to uncover common patterns, tensions, and perceptions related to AI-driven leadership practices. The result shows that there were four super-themes, namely; perceived loss of autonomy, algorithmic opaque and uncertain, reconfiguration of trust and fairness, and ambivalent well-being outcomes. Although algorithmic leadership has the capacity to minimize the influence of human bias and increase procedural consistency, it can also increase stress, decrease the perceived control, and minimize people-focused elements of leadership that play a significant role in employee well-being. The present research will be relevant to the developing body of research on the topic of algorithmic management as it will provide a well-being-focused conceptual framework and emphasize the socio-technical relationships that influence employee experience in the workplaces mediated by AI. They are applied to practical implications on organizational leaders, system designers, and policymakers through the need to understand AI leadership systems should be transparent, participatory, and ethically informed.

Keywords: Algorithmic leadership, employee well-being, artificial intelligence, qualitative study, AI-driven decision-making, organizational ethics

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1. Introduction

The growing use of technologies based on artificial intelligence (AI) in the organizational setting is changing the nature of the organizational structure of work, its management, and appraisal largely. AI-based systems are also taking the place of human leaders and managers in terms of deciding on the automatic promotion and firing of employees (Kellogg et al., 2020). This change has led to the so-called algorithmic leadership proposed by scholars as an alternative paradigm of leadership where algorithms determine or even directly perform managerial power (Möhlmann et al., 2021).

The supporters of algorithmic leadership believe that AI systems can contribute efficiency, objectivity, and consistency to the decision-making process since they reduce human subjectivity and bias concerning decision-making (Davenport et al., 2020). Theoretically, due to algorithmic decision making, fairer decisions may be achieved, higher productivity and better resource allocation. Nevertheless, critics also warn that algorithmic leadership can bring new sources of control, surveillance, and power imbalance and can discourage the autonomy, dignity, and well-being of employees (Zuboff, 2019; Meijerink and Bondarouk, 2021).

Employee well-being is now the focus of object of study in the organization field as it has strong relationships with job performance, engagement, turnover intentions, and their mental health outcomes (Danna and Griffin, 1999; Bakker and Demerouti, 2017). The application of leadership has been acknowledged as a major factor to determine the well-being of employees affecting job performance and also the psychological well-being, sense of meaning, and emotional stability of employees (Arnold, 2017). However, the majority of theories revolving around leadership are still based on human-related assumptions, which can shed little light about the influence of algorithm-driven leadership on the experiences of employees.

Although the application of AI-based decision-making is becoming increasingly prevalent, the empirical and conceptual literature describes the consequences of the practice on the well-being of employees is rather fragmented and undeveloped. The available literature tends to reflect on the aspects of efficiency, fairness, or technological performance, but not on lives of working under the algorithmic leadership or subjective experiences of the workers (Lee et al., 2015; Parent-Rochefeuau and Parker, 2022). Furthermore, management studies, information systems, and AI ethics disciplinal silos have inhibited the formulation of integrative frameworks that are capable of covering the socio-technical complexity of algorithmic leadership.

To address these gaps, this study will assume the use of a multidisciplinary qualitative study to investigate a relationship between algorithmic leadership and well-being of the employees. The study is not testing any specific hypotheses as the synthesis of the qualitative findings of the previous researches allows to determine the main themes, contradictions, and patterns. The research question that will be addressed by the study is by focusing the well-being of the employees as the central concept of the analysis:

How does algorithmic leadership influence employee well-being in modern organizations?

Three contributions are made in this paper. To begin with, it develops the conceptualization of algorithmic leadership by preempting its implications of well-being. Second, it combines the knowledge of organizational psychology, socio-technical systems theory, and AI ethics to build a comprehensive concept of AI-powered leadership. Third, it offers hands-on advice that can

assist organizations that want to touch the world through technological innovation, without neglecting the human-centered values.

2. Literature Review

2.1 Algorithmic Leadership and Algorithmic Management

The idea of algorithmic leadership is very similar to the general notion of algorithmic management, which can be described as the process of assigning managerial tasks, monitor and assessments, and even discipline to an algorithm or algorithmic systems (Kellogg et al., 2020). Unlike traditional leadership, algorithmic leadership works on a principle of the constant collection of data, predictive analytics and interim feedback loops and can be driven by minimal human interference (Möhlmann et al., 2021).

The recent work in algorithmic management has mostly been based on the analysis of platform-based employment, including ride-hailing and delivery platforms, where algorithms are used at the core of labor organization (Rosenblat and Stark, 2016). Such works underline the way in which algorithms undergo steady control by means of opaque rules, changeable ratings, and automated Jim Crow, transforming the association of authority between organizations and workers. Other more recent studies point to the fact that the field of algorithmic leadership is not limited to platform work but is growing into more traditional organizations, in the example of healthcare, finance, and professional services (Jarrahi et al., 2021).

The algorithmic leadership is distinctly different in a number of ways as compared to the conventional leadership theories. To start with, power is internalized within the technical structures as opposed to human interactions. Second, the logic of decision making is not transparent and employees can hardly understand or question the results. Third, the leadership is scaled and standardized which may decrease variability but also cultural sensitivity (Kellogg et al., 2020).

2.2 AI-Driven Decision-Making in Organizations

AI-driven decision-making is any process where machine learning algorithms, predictive models, and automated systems are used to make decisions or indicate the decision-maker in an organization (Davenport et al., 2020). These systems find more and more applications in recruiting, performance appraisal, promoting, planning workforce, and monitoring employees (Meijerink and Bondarouk, 2021).

According to the proponents, decisions that are guided by AI are more objective and evidence-based and eliminate cognitive biases that tend to corrupt human judgment (Cowgill, 2020). Nevertheless, experts have criticized the problem of algorithm bias, data accuracy, and reproducing existing inequalities in automated systems (O'Neil, 2016). Also, the unpredictability of most AI models can compromise notions of fairness and procedural justice (Binns et al., 2018). To the employee perspective, AI-driven decision-making can change the way a person would find organizational support, accountability, and control. Whenever algorithms make decisions that impact their careers and livelihood, employees can develop more uncertainty and lack trust, especially when they do not understand how the decisions are formed (Lee, 2018).

2.3 The Digital Work Context of the Employee Well-Being

Employee well being is a multidimensional concept that covers both psychological, emotional, social, and physical dimensions of work quality of life (Danna and Griffin, 1999). Modern theories in this area include the Job Demands Resources (JD-R) model which suggests the equilibrium of job demands (e.g., workload, monitoring) and resources (e.g., autonomy, support) to determine the outcomes of well-being (Bakker and Demerouti, 2017).

Digital technologies may serve as a requirement and an asset. On the one hand, the efficiency of AI systems can be higher, and ambiguity decreased, as well as decision-making. Conversely, increased surveillance, quantification of performance, and feedback live can increase stress and emotional burnout (Rani and Furrer, 2021). To moderate such impacts, leadership is an important factor that determines the implemented and experienced technologies.

2.4 Research Gap and Conceptual Positioning

Although other studies have studied algorithmic management, AI ethics and employee well-being separately, not many studies have combined these aspects to consider the impact of the algorithmic leadership on the employee well-being as a whole. The existing work tends to focus on such structural outcomes or ethical risks without focusing on the subjective experiences of the employees or their sensemaking process.

Furthermore, a considerable portion of the literature is based on quantitative measures or case studies dependent on a platform, and thus the use of theory is restricted. It is evident that qualitative, theory-building studies which describe the subtle and often ambivalent nature of the impact of algorithmic leadership on the well-being of the employees across the organizational settings are required.

3. Methodology

3.1 Research Design

In this study, a conceptual qualitative research design that would be applied is a form of research that focuses on theory development as opposed to testing a hypothesis. The conceptual qualitative research is especially suited to the study of new organizational phenomena, in which empirical evidence is scattered about, and there are no precise theoretical boundaries (such as algorithmic leadership) (Jaakkola, 2020). Rather than gathering primary data on interviewing, the research utilizes the synthesis of qualitative knowledge bases of the current empirical sources, conceptual and theoretical sources through which the researcher can recognize the overflowing themes connecting to the notion of algorithmic leadership and worker well-being.

The methodology is based on interpretive qualitative inquiry, which focuses on the meaning-making, the context, and the subjective experience (Creswell and Poth, 2018). Through this method, it would be possible to thoroughly examine the services offered by AI-based leadership practices to the employees via previous qualitative studies, ethnography work, and conceptual reviews.

3.2 Data Sources and Inclusion Criteria

The literature used in the current research synthesized qualitative data, which was peer-reviewed and covered management research domain, organizational psychology, information systems, and AI ethics. Such sources were qualitative interview research, ethnographic research, concept papers and mixed methods research with heavy qualitative research.

In ensuring conceptual rigour and relevance, the following criteria were used in selecting literature:

1. This paper specifically focused on algorithmic management, algorithmic leadership or AI-assisted decision-making.
2. The perspectives, the perceptions, or the experiences of the employees were included in the study.
3. The implications mentioned in the study were connected with well-being, stress, autonomy, fairness, trust, or psychological outcomes.
4. The article under analysis was published in a peer-reviewed journal in 2015-2025.

This strategy aligns with qualitative meta-synthesis approaches commonly used in management and healthcare research to integrate dispersed qualitative evidence (Hoon, 2013).

3.3 Analytical Approach: Thematic Synthesis

The qualitative research used thematic synthesis, which is a known method of qualitative research can be used to combine the results of numerous studies (Thomas and Harden, 2008). Thematic synthesis enables the researcher to go past descriptive aggregation and produce more analytically high insights.

The analysis was done in three steps:

1. First Coding: The.g. 1.1. The value words, employee perceptions, and experiential statements that developed upon algorithmic leadership and wellness were found throughout the literature.
2. Descriptive Themes: The related codes were assembled to give descriptive classes representing common patterns.
3. Analytical Themes: Theory was used to interpret Descriptive themes (i.e. JD-R model, socio-technical systems theory) in order to create higher-level analytical themes.

To enhance analytical rigor, constant comparison was used across sources, ensuring that themes reflected convergence rather than isolated findings (Charmaz, 2014).

3.4 Trustworthiness and Rigor

Qualitative rigor was ensured through established criteria for trustworthiness (Lincoln & Guba, 1985):

- Credibility: Beyond triangulation of various disciplinary perspectives.
- Dependability: It was ensured through clear record keeping of the analysis.
- Confirmability: Grounded on interpretations based on literature cited and not the opinion of the author.
- Transferability: Improved by theoretical abstraction as opposed to claim specific to context.

3.5 Ethical Considerations

Being a conceptual research, which is founded on secondary material, no form of ethical consent was needed. However, the interpretation of the findings was informed by ethical principles, specifically in relation to the power imbalances, dignity of employees, and responsible AI governance.

4. Results

The thematic synthesis identified four broad themes that reflect how the approach to algorithmic leadership makes employees well. These themes are both harmful and empowering, which indicates the ambivalence of AI-driven leadership.

Table 1: Summary of Analytical Themes

Theme	Core Focus	Well-Being Implication
Loss of autonomy	Reduced discretion and control	Increased stress, disengagement
Algorithmic opacity	Non-transparent decision logic	Anxiety, uncertainty
Trust and fairness	Shift from human to system trust	Mixed well-being outcomes
Ambivalent effects	Efficiency vs. depersonalization	Context-dependent

4.1 Theme 1: Perceived Loss of Autonomy and Control

Through the literature, it was common to find algorithmic leadership being characterized as diminishing the feelings of autonomy among the workers. The employees had less freedom in their working speeds and techniques and priorities due to algorithmic scheduling, operatorisation, and performance scoring (Rosenblat & Stark, 2016; Kellogg et al., 2020).



The perceived loss of control also corresponds to the JD-R model, as a lack of autonomy is a job demand that increases stress levels and emotional fatigue (Bakker and Demerouti, 2017). Workers also complained that they were being treated as numbers as opposed to people, which added to their lack of engagement and well-being.

4.2 Theme 2: Algorithmic Opacity and Psychological Uncertainty

The second overarching theme was that of the obscurity of AI-inspired decision-making. Workers frequently did not have intuition into the formulas used to measure the output of performance or produce any outcome like a ranking system, bonuses, or punishments (Lee, 2018).

This opaque effect created a psychological uncertainty which was in the form of anxiety, rumination and felt as unpredictable. In the event that the decision-making logic was unavailable or inexplicable, employees found it difficult to change their behaviour in an effective manner to compromise their feeling of competence and safety.

4.3 Theme 3: Reconfiguration of Trust, Fairness, and Legitimacy

The aspect of algorithmic leadership transformed the old relationships of trust between management and the employees. Algorithms made some employees believe to be more objective than human supervisors, which promoted procedural fairness beliefs (Binns et al., 2018). Nevertheless, the validity of algorithmic authority was questioned by others, especially when systems created biases or were unable to consider the contextual factors.

The issue of trust in leadership was not killed though it was reorganized by replacing the interpersonal trust with system-based trust. In the situations where the transparency and the appeal systems were not available, the situation of the erosion of trust adversely influenced the well-being of the employees.

4.4 Theme 4: Ambivalent Well-Being Outcomes

The last theme is the two-fold influence of algorithmic leadership on well-being. As most of the employees were affected by stress, alienation, and depersonalization, some also noted improvements, including clarity, consistency, and less favoritism (Davenport et al., 2020).

Such ambivalence implies that algorithmic leadership is not necessarily either beneficial or harmful to the well-being but the results are determined by the system design, context of an organization, and the governance practices.

Table 2: Coding Framework

First-Order Codes	Descriptive Category	Analytical Theme
Monitoring intensity	Control mechanisms	Loss of autonomy
Black-box decisions	Information asymmetry	Algorithmic opacity
Impartial scoring	Procedural justice	Trust and fairness
Efficiency gains	Standardization	Ambivalent effects

5. Discussion

This is a qualitative research in the form of a conceptual study that aimed at analyzing the impact that algorithms leadership has on the well-being of workers in the contemporary organizations. The synthesis of qualitative analysis of the observations of the literature of related fields allows the study to define that the effects of algorithmic leadership on the well-being of employees are complex, ambivalent, and context-dependent instead of being directly negative or beneficial. The results build upon current research and anticipate the research on AI-driven leadership by projecting the well-being of employees as the key analysis tool in the argument.

Table 3: Theoretical Interpretation of Findings

Theory	Interpretation
JD-R Model	Algorithms increase demands while reducing resources
Socio-Technical Systems	Misalignment between technical and social subsystems
AI Ethics	Need for transparency and accountability

5.1 Theoretical Implications

5.1.1 Reframing Leadership in Algorithmic Contexts

The conventional leaders are relational, emotional and sensemaking, processes between the followers and leaders. Here, algorithmic leadership questions such expectations that put in the technical systems powers that are not vested in human beings. These results indicate that leadership needs to be redefined as a socio-technical phenomenon because influence is created as a result of interaction between algorithms, organizational structures, and human interpretation.

This paper advances the body of knowledge in leadership by showing that leadership legitimacy in algorithmic conditions is not significantly reliant on charisma or interpersonal trust and rather on transparency of the system, procedural fairness and explainability. The algorithmic leadership is therefore not a substitute of leadership, but a revolution of leadership in implementation and experiences.

5.1.2 Extending the Job Demands–Resources Model

The findings have their meaningful extension of the Job Demands- Resources (JD-R) model since algorithms are considered as job demands and job resources. Temporized monitoring, transparency and loss of autonomy also act as pressures that impose stress and emotional burnout. On the contrary, resources that aid psychological safety can be consistency, predictability, and perceived impartiality.

This duality proves the relevance of investigating the circumstances of design and governance instead of assuming that AI systems can be harmful and beneficial in themselves. The JD-R framework, therefore, offers a strong theoretical base on the further empirical research of the algorithmic leadership and well-being.

5.1.3 Trust as a System-Based Construct

The research points out the transformation of interpersonal trust to the system-based trust. Workers no longer consider management according to the wishes and capabilities of human managers, but according to the perceived equity, precision, and responsibility of algorithms. The implications of this re-conceptualization of trust on the organization behavior theory are important; the trust studies will need to be more and more involved in the organization life using technological artifacts.

5.2 Practical Implications

The findings offer several actionable insights for organizational leaders, HR professionals, AI designers, and policymakers.

5.2.1 Human-Centered Algorithm Design

Company management should also focus on designing AI with human centred design that will improve employee welfare instead of derailing it. This involves the addition of explainability capabilities, which enables employees to have an understanding of the manner in which decisions are made and how they can impact results.

5.2.2 Maintaining Autonomy and Voice

Organizations ought to maintain employee autonomy as much as possible to alleviate risks to their well-being. Apple algorithms can be used to preserve discretion, empathy and situational

sensitivity in hybrid leadership models in which algorithms complement not substitute human judgments. It is especially important to provide those mechanisms of employee voice, feedback, and appeal.

5.2.3 Ethical and Responsible AI Governance

The results highlight the necessity of ethical AI governance models that take into consideration the issue of transparency, accountability, and fairness. Organizations must have a clear sense of responsibility towards algorithmic decisions and must not have employees being subject to some type of opaque and uncontrollable forms of control.

6. Conclusion

The paper in question offers a thorough qualitative synthesis of the way in which algorithmic leadership determines the well-being of employees within modern organizations. Combining the findings of both management studies and organizational psychology with the ethical standards of AI, the research has shown that algorithmic leadership is not necessarily harmful, and it is not always positive. Rather, it has been influenced by system design, the organizational setting, and governance actions to influence well-being.

The paper adds to the literature in terms of conceptualization of leadership as a socio-technical process, generalizing the JD-R model to an algorithmic setting, and making visible the change of trust in the context of AI-inspired decision-making. In practice, it provides instructions on how to design, as well as regulate, algorithmic systems of leadership that would help coordinate technological innovation and the well-being of humanity.

With AI keeping infiltrating the organizational lives, the implications on employee well-being are not just the matter of scholarly interest, but also a moral as well as a strategic necessity.

6.1 Limitations

Although it has merits, this study has weaknesses. To begin with, being a conceptual qualitative synthesis, it does not involve primary empirical evidence. Although this is a successful integration method based on theory, empirical validation of the suggested themes should be done in future studies. Second, the research is mainly based on the literature on Western organizational settings, which could inhibit the generalization of the culture.

6.2 Directions for Future Research

Future studies should pursue:

1. A qualitative study research involving examination of experiences of employees in various sectors which is based on empirical data.
2. Longitudinal studies evaluate the outcomes of well-being in the long run.
3. Intercultural attempts of comparing perceptions of algorithmic leadership.
4. Experimental study to test AI governance models which are human-centered.
5. Combination of physiological and psychological indicators of well-being in mixed-methods approaches.

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