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Keywords: E-Commerce, Generative AI, Employee Well-Being

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Employee Perceptions of Generative AI Adoption and Its Influence on Employee Well-Being and Organizational Culture in the E-Commerce Retail Sector

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Abstract

This cross-sectional study examines how Generative AI (GenAI) is influencing employee well-being and organizational culture. This study is set in Pakistan's e-commerce retail sector, and the analysis covers the digital transformation era in the industry. By applying the Job Demands–Resources(JD-R) theory as a primary conceptual framework, the research analyzes how GenAI functions as a critical job resource that can improve productivity & reduce stress while having potential to introduce new technical challenges and demands. 385 respondents from Pakistani retail organizations participated in this study. The findings reveal that GenAI adoption has a positive impact on both employee well-being and organizational culture. Furthermore, the study identifies Organizational Culture is a mediator with approximately 41% of the total effect of GenAI adoption on well-being transmitted through a supportive and innovation-oriented culture. These results suggest that GenAI employee outcomes is dependent on an organizational environment that encourages adaptive behavior and continuous development.

Keywords: *E-Commerce, Generative AI, Employee Well-Being*

Introduction

The fast growth of AI, especially GenAI, is changing e-commerce and retail by improving daily operations and helping businesses had better connect with customers (Regnerus, & Miller, 2025; Israfilzade, 2025). Generative AI tools like large language models help with content creation, customer support, and forecasting, which leads to personalized experiences including flexible pricing, efficient inventory control, and increased revenue Since 2022, the use of Generative AI in retail has grown quickly worldwide. It could create huge value up to $390 billion and make customer support roles 14–34% more productive (Mayer et al., 2025; Regnerus, & Miller, 2025).

In Pakistan, the E-commerce retail sector has grown rapidly from 2020 to 2025 due to online connectivity mobile shopping trends like Daraz and Telemart (Nucamp, 2025; 6Wresearch, 2025). The National Artificial Intelligence Policy 2025 (approved by the Federal Cabinet in July 2025) has supported AI adoption through commitments to infrastructure (e.g., enhanced power allocation for data centers), human capital development, and digital transformation in sectors including retail and SMEs (Ministry of Information Technology & Telecommunication, 2025).

In Pakistan, retailers use GenAI for chatbots, product descriptions, and personalization to improve customer experience (Hak MRS Solution, 2025; Akademos Research, 2025). Adoption of GenAI in Pakistani retail varies due to capability shortages & limited infrastructure, and most important factor i.e. workplace resistance (Satija & Singla, 2025; Ahmed et al., 2025). While GenAI offers operational

benefits, its integration profoundly affects employees and organizational culture. On the positive side, it automates routine tasks and value addition work. Leading to job satisfaction workplace efficiency are improved (Trinh et al., 2025; Workday Blog, 2025; Gillespie et al., 2025).

Negatively, it raises concerns about job insecurity with studies indicating 14–17% risk in service & retail sector. It can also contribute to increased stress, anxiety, reduced human interaction, and emergence of upsetting behavior in workplaces (World Economic Forum, 2025; Mantello et al., 2023; Gillespie et al., 2025). Organizational culture may evolve toward agility and data-driven collaboration. However, traditional settings may resist these changes (Thilagavathy & Venkatasamy, 2023; OECD, 2025).

In Pakistan, here the workforce is young and retail sector, which is largely informal, these effects interact with general gaps impacts intersect with generational differences, enhanced cultural hierarchies, and pressing reskilling requirements (Soomro et al., 2025). Despite global insights into GenAI's workforce effects (Brynjolfsson et al., 2023; Trinh et al., 2025), Research in Pakistan's e-commerce largely focuses on AI use & benefits for customers but area like job satisfaction, burnout, job security and organizational culture was not explored (e.g., innovation vs. resistance) over the 2020–2025 evolution (Ahmed et al., 2025; Satija & Singla, 2025). Local factors like power distance and collectivism can reduce the benefits of AI (Batra, 2020; Qlantic Journal, 2024)

Literature review

Evolution of Generative AI Integration in Retail/E-Commerce (2020–2025)

From 2020 to 2025, the focus moved from general AI and Industry 4.0 to more specific Generative AI tools like including chatbots, personalized recommendations & automated content creation. This shift was driven by rapid e-commerce growth after COVID-19 and the rise of tools such as ChatGPT after 2022. Around the world, Generative AI is now helping retailers by personalizing shopping experiences, adjusting prices in real time, and automating customer service. (Regnerus, & Miller, 2025; Israfilzade, 2025). In retail, GenAI helps frontline employees to de perfom better. This support makes their work easier and raises productivity by about 14% in customer service (Brynjolfsson et al., 2023, as cited in multiple sources; Regnerus, & Miller, 2025).

In Pakistan, E-commerce platforms like Daraz & Telemart use AI to work more efficiently. Generative AI supports Urdu-speaking chatbots, demand forecasting, and fraud detection, helping the market grow. However, AI adoption is still slower than in many countries because of weak infrastructure, lack of knowledge and expertise (Satija & Singla, 2025). Broader AI integration in Pakistani retail/SMEs emphasizes organizational leadership to adopt new technological challenges (Ahmed et al., 2025; OECD, 2025).

Impact on Employee Well-Being

Although by adopting GenAI, there are many benefits but there are still disadvantages like job insecurity, burnout, and less human interaction (Trinh et al., 2025; World Economic Forum, 2025). Automating routine tasks focus on meaningful work, which increases job satisfaction. Research shows productivity can improve by 14–34%, especially for less-experienced workers, helping them busy in their tasks. (Brynjolfsson et al., 2023).

However, concerns include perceived fear of job loss (14–17% risk in services/retail), increased workload for some, and ethical issues like workplace surveillance (Mantello et al., 2023; Gillespie et al., 2025). In workplaces, more than half of employees improved better performance, due to technology but the effects on human interaction & adherence to rules are mixed. Because 40% feel job insecurity. In Pakistan gaps remains, but SME studies suggest AI adoption requires employee capacity building to reduce the negative effects on mental and physical health of employees (e.g., in export manufacturing; recent 2025 works).

Job Demands–Resources (JD-R) Theory

The Job Demands–Resources (JD-R) theory provides the main grounds for evaluating how Generative AI (GenAI) influences productivity of employees. According to this theory, workplace is categorized

into job demands & resources (Bakker & Demerouti, 2017). In the Pakistani E-commerce, GenAI adoption is necessary to enhances productivity and mitigates stress level (Shopify Pakistan, 2025; Soomro et al., 2025). By providing employees with tools to handle complex tasks more efficiently, GenAI helps balance the high-pressure demands typical of the retail sector (World Economic Forum, 2025). However, without adequate training the technology can create stress for employees (Thilagavathy & Venkatasamy, 2023).

Organizational Culture

Organizational culture, the collective values and norms within a workplace serves as the key factor environmental factor for technological success. Studies show that GenAI adoption flourshies in cultures that emphasize innovation & digital agility (OECD, 2025). In Pakistan, the shift toward digital transformation requires moving away from traditional rigid hierarchies toward more flexible "adhocracy" cultures (Jabbar et al., 2024). Research on Pakistani SMEs indicate that a supportive organizational culture minimizes employee resistance to AI, creating an environment where technology is a tool of assist rather than replace employees (Ahmed et al., 2025).

Mediation Logic

This study's mediation framework suggests that GenAI adoption does not influence well-being directly. This change acts as a bridge, & employee satisfaction & well-being In the Pakistani context, organizational culture is a mediator between strategic technology orientation & organizational performance (Ahmed et al., 2025). Thus, the positive impact of GenAI on the mental health and job security perceptions of retail employees is realized through the creation of a more supportive and innovative workplace culture (Satija & Singla, 2025).

Gaps and Pakistan-Specific Insights (2020–2025)

Few studies isolate GenAI in Pakistan's e-commerce retail for well-being/culture; most cover broader AI/digital shifts (e.g., in SMEs or IT). Gaps include longitudinal employee data, generational effects, and policy impacts (National AI Policy). Future research should address local contexts like informal retail dominance and young workforce (various 2025 Pakistan-focused papers).

Table 1:

Reference	Method & Technique	Key Gap Identified	Limitation Addressed by Your Study
Trinh et al. (2025)	Empirical survey + thematic analysis of GenAI/hybrid work effects	Dual GenAI impacts on employee/customer experience underexplored in retail/services; limited regional cultural data	Provides Pakistan e-commerce retail focus with well-being (emotional/social/cognitive) and local moderators (hierarchy/generation)
Regnerus, & Miller (2025)	Industry report + case synthesis of GenAI retail use cases	Employee-side well-being/culture secondary to operational/productivity benefits in retail	Employee-centric quantitative analysis of GenAI evolution (2020–2025) in Pakistan retail, linking to well-being/culture
Brynjolfsson et al. (2023/2025 updates)	Field experiments + difference-in-differences on productivity	Uneven long-term well-being/culture effects; limited retail-specific evolution data	Tracks 2020–2025 changes in Pakistan e-commerce retail, with mediation (well-being → culture)

Reference	Method & Technique	Key Gap Identified	Limitation Addressed by Your Study
OECD (2025)	Policy review + framework analysis of firm AI adoption	Culture/leadership mediation underexplored in developing countries	Tests mediation model in Pakistan context with Lahore primary data
Gillespie et al., (2025)	Global survey + descriptive/cross-tabulation	Mixed trust/performance impacts; retail underrepresented in well-being data	Lahore-specific insights on positive/negative effects (productivity vs. insecurity) in e-commerce retail
Satija & Singla (2025)	Literature/bibliometric review + co-occurrence analysis	Barriers to AI in e-commerce SMEs; limited employee well-being/culture outcomes	Targets e-commerce employees (beyond SMEs), post-2023 policy effects with GenAI focus
Bankins (2024)	Multilevel systematic review + inductive thematic coding (PRISMA)	Fairness/well-being/culture gaps at individual/group levels in developing economies	Fills Pakistan gap with GenAI-specific, mediated/moderated paths (SPSS/PROCESS)
Murire (2024)	Systematic literature review + bibliometric/thematic synthesis	Non-Western culture shifts (agility/resistance) post-GenAI boom underexplored	Pakistan e-commerce retail insights on innovation/resistance culture with generational lens
World Economic Forum (2025)	Global report + descriptive analysis (Future of Jobs)	Displacement risks in services/retail; limited non-displacement well-being/culture focus	Examines enhancement/adaptation aspects in Pakistan's growing e-commerce sector
Ahmed et al. (2025)	Empirical survey + regression in Pakistani sectors	Culture mediates performance; limited GenAI/retail extension	Extends to GenAI in e-commerce retail with well-being mediator
Israfilzade (2025)	Thematic review of GenAI e-commerce trends	Limited Pakistan-specific employee effects (well-being/culture)	Localized Lahore study with primary employee data on integration impacts
Nucamp (2025)	Descriptive guide/report on AI in Pakistan retail	Adoption trends but no deep well-being/culture empirical analysis	Quantitative model tests 2020–2025 evolution and dual impacts
Batool et al. (2025)	Mixed-methods (stats + qualitative surveys) in Pakistan	Job displacement/reskilling gaps; limited retail well-being/culture	Addresses well-being (stress/satisfaction) and culture with generational moderation in retail
Mayer (2025)	Report + case analysis on workplace superagency	Maturity gaps in AI empowerment; retail e-commerce underrepresented	Employee empowerment focus in Pakistan retail with well-being/culture outcomes

Theoretical Framework

This study is based on the Job Demands–Resources (JD-R) theory, which explains how workplace resources and demands influence employee well-being. In Pakistan's e-commerce retail sector, Generative AI adoption functions as a job resource by automating routine tasks and improving work efficiency. However, its effect on employee well-being depends on organizational culture, which influences how employees interpret and adjust to technology-driven changes a supportive & innovation-oriented culture can boost job satisfaction, reduce burnout, and improve perceived job security, thereby improving overall employee well-being. Therefore, this framework proposes that Generative AI adoption affects employee well-being both directly and indirectly through organizational culture.

Conceptual Framework

Figure 1

Conceptual framework illustrating the direct (H1, H2, H3) and mediating (H4) effects of organizational culture on the relationship between Generative AI adoption and employee well-being.

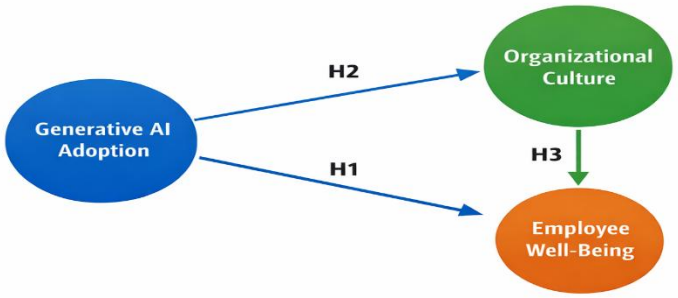

Table 2

Hypothesis No.	Independent Variable (IV)	Mediator (M)	Dependent Variable (DV)	Hypothesis Statement
H1	Generative AI Adoption	—	Employee Well-Being	Generative AI adoption has a significant effect on employee well-being in Pakistan's e-commerce retail sector.
H2	Generative AI Adoption	—	Organizational Culture	Generative AI adoption has a significant effect on organizational culture in Pakistan's e-commerce retail sector.
H3	Organizational Culture	—	Employee Well-Being	Organizational culture has a significant effect on employee well-being in Pakistan's e-commerce retail sector.

Hypothesis No.	Independent Variable (IV)	Mediator (M)	Dependent Variable (DV)	Hypothesis Statement
H4	Generative AI Adoption	Organizational Culture	Employee Well-Being	Organizational culture mediates the relationship between Generative AI adoption and employee well-being in Pakistan's e-commerce retail sector.

The table presents hypotheses examining the direct effect of Generative AI adoption on employee well-being and organizational culture in Pakistan's e-commerce retail sector. It also tests whether organizational culture acts as a mediating mechanism through which Generative AI influences employee well-being using SPSS-based mediation analysis.

Table 3

Category	Details
Research Design	Quantitative, Cross-sectional
Industry Sector	E-Commerce & Organized Retail (Pakistan)
Target Population	Frontline, Middle, and Senior Management Employees
Target Companies	Daraz (E-commerce), Imtiaz Super Market (Retail), Telemart (Tech-Retail), Chase Up (Retail)
Sampling Technique	Purposive / Convenience Sampling
Total Population (N)	Estimated ~35,000+ (Total workforce of target companies)
Final Sample Size (n)	385 Respondents (Rounded for 5% Margin of Error)
Data Collection Tool	Structured Online Questionnaire (Google Forms/LinkedIn)

Data was collected from employees of four major Pakistani retail organizations, including a leading pure-play e-commerce platform and three large-scale hybrid grocery/apparel retailers. To maintain confidentiality, these organizations are referred to as Company A, B, C, and D in the analysis. Although the study references the period 2020–2025, the research design is cross-sectional. The period reflects that Generative AI adoption boosted in Pakistan's e-commerce sector & the study explores employees' current perceptions formed during this period rather than changes over time.

Table 4

Company Name	Industry Type	Est. Employee Count	Suggested Respondents
DP	Pure E-Commerce	~3,500	115
IM	Hybrid (Retail/Online)	~14,000	120
CU	Retail/Clothing	~2,500	75
TM	E-commerce	~1,500	75
Total			385

Table 5

Technique	Purpose	Relevant Hypotheses
Reliability Analysis (Cronbach's Alpha)	To ensure your survey questions consistently measure the variables.	All variables
Descriptive Statistics	To summarize demographic data (age, gender, role) and GenAI usage trends.	General Context
Pearson Correlation	To check the initial strength and direction of relationships between AI adoption, culture, and well-being.	H1, H2, H3
Simple Linear Regression	To test the direct impact of GenAI adoption on well-being and culture.	H1, H2
Mediation Analysis (Process Macro)	To test if Organizational Culture acts as a bridge between AI adoption and Well-Being.	H4

Table 6

Reliability analysis

Variable	No. of Items	Cronbach's Alpha (α)	Interpretation
Generative AI Adoption (IV)	6	0.860	Excellent Reliability
Organizational Culture (M)	6	0.859	Excellent Reliability
Employee Well-Being (DV)	8	0.880	Excellent Reliability

The reliability analysis shows that all constructs demonstrate excellent internal consistency. Generative AI Adoption (IV) has 6 items with a Cronbach's alpha of 0.860, Organizational Culture (M) has 6 items with α = 0.859, and Employee Well-Being (DV) has 8 items with α = 0.880, indicating strong reliability across all variables.

Descriptive Statistics

The study surveyed 385 participants, with distributions across gender, age, and job level (role) as detailed below:

Table 7

Variable	Category	Frequency	Percentage (%)
Gender	Male	229	59.5%
	Female	156	40.5%
Age	25-34	150	39.0%
	Below 25	116	30.1%
	35-44	76	19.7%
	45-54	30	7.8%
	55+	13	3.4%
Job Level	Frontline	192	49.9%
	Middle	133	34.5%
	Senior	60	15.6%

Table 8

GenAI Usage Trends

Item	Mean Score	Std. Deviation
GAI1	3.75	0.84
GAI2	3.83	0.79
GAI3	3.75	0.80
GAI4	3.71	0.79
GAI5	3.77	0.80
GAI6	3.81	0.77
Overall Average	3.77	0.61

GenAI use was measured through six items on a 5-point scale, with average scores ranging from 3.71 to 3.83—above the midpoint of 3.0. This indicates that employees generally use and view GenAI positively. The overall mean score of 3.77 suggests widespread adoption and favorable perceptions of GenAI in the workplace.

Pearson Correlation Results

The table below summarizes the correlation coefficients and their significance levels.

Table 9

Variables	GenAI Adoption (GAI)	Organizational Culture (OC)	Employee Well-being (EWB)
GenAI Adoption (GAI)	1	0.467**	0.477**
Organizational Culture (OC)	0.467**	1	0.552**
Employee Well-being (EWB)	0.477**	0.552**	1
Sig. (2-tailed)	—	0.000	0.000

N = 385, Correlation is significant at the 0.01 level (2-tailed)

Pearson correlation analysis (N = 385) revealed significant positive relationships among GenAI adoption, organizational culture, and employee well-being ($p < 0.01$). Higher GenAI adoption was associated with a stronger organizational culture and better employee well-being, while organizational culture also showed a strong link with employee well-being. These findings suggest that supportive workplace culture enhances the positive impact of technology adoption and provides a strong foundation for further analysis.

Simple Linear Regression

GenAI Adoption → Organizational Culture (OC)

This model tests how GenAI adoption predicts organizational culture.

Table 10:

Metric	Value
R-Squared (R^2)	0.218
Unstandardized Beta (β)	0.479
t-statistic	10.332
p-value	< 0.001
F-statistic	106.759

GenAI adoption significantly predicts organizational culture ($F(1, 383) = 106.76$, $p < 0.001$). It explains 21.8% of the variance in organizational culture, with a 1-unit increase in GenAI adoption leading to a 0.479-unit increase in culture scores.

GenAI Adoption → Employee Well-being (EWB)

Table 11

Metric	Value
R-Squared (R^2)	0.228
Unstandardized Beta (β)	0.440
t-statistic	10.621
p-value	< 0.001
F-statistic	112.809

GenAI adoption has a significant positive effect on employee well-being ($F(1, 383) = 112.81$, $p < 0.001$), explaining 22.8% of the variation, where a 1-unit increase in adoption raises well-being by 0.440 units; overall, both models are significant, showing GenAI positively impacts both organizational culture and well-being, with a slightly stronger effect on well-being.

Simple Linear Regression

Simple linear regression analysis was conducted to test the direct impact of GenAI Adoption on Organizational culture and Employee Well-being (Dependent Variables).

Regression analysis

This model examines how using GenAI affects culture of an organization. GenAI adoption positively and significantly predicts both organizational culture and employee well-being.

Mediation Analysis Results

The analysis separates the total effect into direct and indirect effects, and uses bootstrapping (5,000 samples) to test whether the indirect effect is statistically significant.

Table 12:

Path	Description	Coefficient (β)	SE	t	p-value
Path a	GAI Adoption → Org. Culture	0.4791	0.046	10.332	< .001
Path b	Org. Culture → Well-Being	0.3778	0.041	9.156	< .001
Path c'	Direct Effect: GAI → Well-Being	0.2588	0.042	6.121	< .001
Path c	Total Effect: GAI → Well-Being	0.4398	0.041	10.621	< .001

The mediation analysis shows that GenAI improves organizational culture, which in turn improves employee well-being, with both direct and indirect effects significant; meaning organizational culture partially explains this positive relationship.

Indirect Effect and Significance (Bootstrapping)

Table 13

Effect	Boot Coefficient	Boot SE	LL 95% CI	UL 95% CI
Indirect Effect (ab)	0.1808	0.025	0.1334	0.2308

GenAI positively affects employee well-being directly and indirectly via organizational culture organization (effect = 0.1808), with statistically reliable results, as the confidence interval excludes zero GenAI positively affects employee well-being directly and indirectly via organizational culture (effect = 0.1808), with a significant confidence interval (0.1334–0.2308). This indicates partial mediation, where culture explains about 41% of the total effect, suggesting that combining GenAI with a supportive culture enhances outcomes.

Limitations.

The study used cross-sectional data collected at one point in time rather than longitudinal data. It focused on E-commerce retail not other industries.

Managerial Recommendations

The study suggests that by fostering an innovation-focused culture, which accounts for 41% of AI's impact on well-being moving from strict policies to flexible, digitally agile practice, Companies should implement comprehensive reskilling programs to leverage AI-driven productivity gains of 14% to 34% and address employee concerns about job security, framing GenAI as a resource for enhancement rather than replacement. Moreover, manages should use GenAI for the solution of problems.

Conclusion

The study suggests that organizational culture & employee wellbeing are positively affected by Generative AI adoption. The study shows that using GenAI helps improve employee well-being (22.8%) and organizational culture (21.8%). It also finds that organizational culture partly explains how GenAI improves employee outcomes. AI tools like Urdu-speaking chatbots and demand forecasting can increase productivity by 14%–34%. However, companies also need to handle risks like employees feeling insecure about their jobs and having less human interaction. Local factors like culture (for example, respect for hierarchy) and the National AI Policy 2025 affect how young workers use and accept technology.

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