

ARTIFICIAL INTELLIGENCE (AI) AND HUMAN RESOURCE MANAGEMENT (HRM) IN THE DIGITAL AGE

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ABSTRACT

This paper examines the transformative role of Artificial Intelligence (AI) in Human Resource Management (HRM) in the digital age. It explores how AI technology is reshaping core practices such as recruitment, performance evaluation, and employee engagement, while also presenting challenges related to ethics, workforce adaptation, and the preservation of human-centered values. This analysis underscores that AI is not simply a technological tool, but a strategic force forcing organizations to reconsider traditional approaches to human resource management. Ultimately, this study argues that effective integration of AI into HRM requires balancing technological innovation with ethical responsibility and organizational sustainability.

Keywords: Artificial Intelligence, Human Resource Management, Digital Transformation

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1. Introduction

The development of technology and digital transformation is changing almost all processes and operations in human resource management. With the arrival of digital platforms in the late 20th century, the process shifted to electronic recruitment, where job advertisements, resume databases, and online applications became common (Yarmathi, 2025). Currently, the emergence of artificial intelligence (AI) is revolutionizing things, offering organizations the ability to automate routine tasks in recruitment, improve decision-making, and create personalized candidate experiences. AI is not just an operational tool, but also a source of strategic strength, promising efficiency, personalization, and better decision-making. In this context, it is important to study and understand how digital platforms and ecosystems, as emphasized by Gawer (2021), have become the dominant organizational form in the digital age, influencing how value is created and captured.

The relationship between artificial intelligence (AI) and Human Resource Management (HRM). AI in HRM especially in recruitment refers to using advanced technologies like machine learning, natural language processing (NLP), predictive analytics, and chatbots to find, filter, assess, analyze, and engage candidates in the recruitment process within human resources. These

tools can analyze very large amounts of data, identify hidden talents in candidates, and provide predictive insights about candidate suitability, overcoming the limitations of traditional recruitment approaches. AI itself is not just a professional aid in recruitment within human resources, but can also be a strategic strength, promising efficiency, personalization, and better decision-making. In this context, it is important to study and understand how digital platforms and ecosystems, as emphasized by Gawer (2021).

HCM itself has undergone several changes from various administrative functions focused on routine tasks that become strategic partners in organizing, and HR today is no longer limited to managing employee salaries and employee administration, but can also include developing strategies that are attractive to the company, retaining and developing existing or needed talent to achieve a goal, and in this digital era AI has a great impact on recruitment performance and becomes a way or new tool that promises further changes in how organizations manage their human resources, but the relationship between AI and HCM itself also has or raises challenges and ethical statements that need to be addressed or in other words every change has risks and challenges that will not run smoothly or according to expectations without handling or providing solutions to existing problems or challenges. Although AI can improve human resource management (HRM), how it affects HRM plans, employee experience, and all ethical issues is still somewhat complicated and needs to be studied further. If AI is used inappropriately, the impact can be unfair, for example, it can eliminate the human element, or even cause people to lose their jobs! This will make employees disappointed and the company will get worse. That's why I wrote this paper to try to answer some questions: For example, how is AI used in important parts of HRM, such as recruiting, training, and how do they do their jobs? What are the advantages and disadvantages of using AI in HRM, according to HRM professionals? What skills do HRM professionals need to really do their jobs in this new AI world? And, most importantly, how can companies ensure AI is used in a good and fair way for everyone? I think this research is quite important. This can provide a better understanding to people in the field of HRM and academics about what AI can do in HCM, along with its risks. Hopefully, this can help companies develop ethical, effective, and employee-centered AI plans. You know, preparing the workforce for the future. If we can understand how AI is transforming HCM, companies can maximize it without causing unnecessary problems.

2. Literature Review

Therefore, when we really want to understand how AI affects HCM, and want to really help us decipher the meaning of the terms there. In Human Resource Management (HCM) Kucharčíková, Tokarčíková, & Blašková (2015) Defines HCM as how companies strategically manage their most important assets - their employees. The point is to find people, choose the right ones, train them to help them grow, manage their performance, and try to retain them. And modern HCM itself is basically about enabling employees to provide the best value for the company while making them happy.

The digital era is basically when digital technology is everywhere. I'm talking about the internet, cloud, mobile phones, and AI (Gawer, 2021). So today the digital era is changing the way businesses operate, the way they communicate, and the way they interact or communicate with customers. And what does it have to do with human resources (HCM)? So in this digital era it offers us some new opportunities to be more effective and efficient, make things more personal, and make better decisions thanks to technology in today's digital era.

Artificial intelligence (AI) in HRM means the use of computer programs and algorithms to act like how the human brain works, for example in how we learn about something, solve problems, and make choices (Martinez et al, 2024) AI can help handle tasks in HRM that are rather tedious,

such as reviewing resumes or arranging interviews but remember before there was AI traditional human resource performance was done manually. Furthermore, AI can check HRM data and show us what is happening, employment trends, employee performance, the type of training they need.

There is a lot of research that discusses how AI is used in various HRMs. Consider: AI can automatically review resumes to try to eliminate bias and speed up the process (Martinez et al, 2024). In addition, companies use chatbots to answer questions and arrange interviews to be more effective and efficient. However, we must ensure that these bots treat people fairly and do not exacerbate bias. We can also use AI as, for example, managing employee performance by providing personalized feedback and identifying areas for improvement. Research on the feelings of young workers at the time (Tvaronavičienė et al, 2021) provides a better understanding of how this technology makes them happy or unhappy at work.

AI-based talent management strategy in HR: An analytical study, this study explores AI-based managerial strategies, analyzing their effectiveness, advantages and challenges (Rajan, 2024). And research on exploring and overcoming the challenges of AI in HRM: Insights and evidence from the UAE workforce (Upadhyay D, 2025) provides knowledge for us also about the challenges of AI in human resource management, why? Because one of the main ethical challenges in the use of AI in human resource management is the risk of bias in the algorithm, bias in AI can lead to unfair recruitment practices or biased employee evaluations, and AI relies on large amounts of data, where there is data privacy and security including sensitive personal information about employees. This raises concerns about how the data is collected, stored and used. And the integrity of artificial intelligence (AI) into recruitment has been widely discussed in contemporary HR literature, covering various perspectives such as efficiency, fairness, diversity and the future of work (Yalamarthy, 2025).

3. Methodology

In this paper, I looked at a number of research papers to find out how AI is changing or transforming human resource management (HRM). It's like a detective looking for clues, only the clues are research articles. This is because AI allows us to really dig into what's happening and see the trends. By reviewing various sources of journals, books, industry reports, and even news articles, I tried to provide a good and comprehensive overview of what AI is doing in HRM and what the challenges and risks are. And this essay collects information by searching for online information using keywords such as, the relationship of AI with HRM, the impact of AI in HRM, Exploring and overcoming the challenges of AI in HRM, AI-based management strategy, and others. Resources collected include research studies, reports on various companies, articles explaining and industry summaries.

4. Results and Discussion

This section will present the results or some key findings from this literature analysis, which will then be discussed to identify their implications and significance in the context of Human Capital Management or human resources (HRM).

Findings about AI in recruitment, With the help of AI, performance in human resource management becomes more efficient and faster, such as the process of entering many CVs from existing employees into the system and then automatically directly selecting candidates. But is the choice that AI chooses really from the right candidate or not?, many articles discuss this, about how AI can create bias in recruitment because of the data that AI itself learns. So if AI only looks at data from certain people without further analysis, it can lead to errors and injustice in recruitment.

Findings about AI in training, In today's digital era which is increasingly developing with sophisticated technologies, many companies use AI for training that is more suitable for employees or candidates, and there are some people who argue that things like this can reduce human interaction, and question that computers can activate people's enthusiasm.

Findings on issues and ethics, there are several concerns about the integration of AI in human resource management. Algorithmic bias, AI models trained on biased data can lead to discriminatory recruitment decisions, and data privacy and security, AI-based HRM systems handle large amounts of sensitive employee data, raising privacy issues (Rajan, 2024). Employee trust issues, AI may be seen as reducing interaction between humans, leading to skepticism and balancing AI in decision making, with AI complementing rather than replacing human judgment.

And at its core, AI is just a tool that helps in the human resource management process, especially in recruitment for new candidate candidates in the company, with AI making the process more efficient and faster on the condition that there is a deeper analysis and that means you have to be really careful about the tool and use it correctly, plus with human supervision that is really real. And what's the relationship with other research?, other people also see the potential, but also see the dangers. Gawer (2021) discusses the importance of studying and understanding how this digital system works, by studying all of that not only depends on problem solving by AI but really understanding what should and should not be done. Tvaronavičienė et al (2025) also emphasize how important it is to respect employees, and that should not be lost in human resource management. And why all this is happening, maybe because artificial intelligence (AI) is only famous at this time, like the beginning of the internet, everyone hopes that the internet can solve existing problems but now it can cause some problems

5. Conclusion

The rapid development of digital technology, especially artificial intelligence (AI) has fundamentally transformed Human Capital Management (HCM). Based on the literature reviewed, AI offers significant benefits in improving efficiency, accuracy, and decision-making within HR functions such as recruitment, training, and performance management. Automated resume screening, personalized learning systems, and predictive analytics demonstrate how AI can enhance organizational effectiveness and help companies identify and develop talent more strategically.

However, this transformation also brings important challenges. Issues such as algorithmic bias, data privacy, lack of transparency, and reduced human interaction highlight the need for careful implementation. AI cannot replace the human element in HRM instead, it should complement human judgment to ensure fairness, empathy, and ethical decision-making. The success of AI in HCM depends not only on the technology itself but also on how HR professionals adapt, develop new skills, and maintain responsible oversight.

Therefore, organizations must balance innovation with responsibility. By integrating AI thoughtfully and ethically supported by human supervision, companies can maximize the benefits of digital transformation while minimizing risks. Understanding both the opportunities and limitations of AI is essential for building a future-ready workforce and ensuring that technology strengthens, rather than weakens, the role of humans in Human Resource Management.

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