

The Role of Artificial Intelligence in Human Resource Management

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Received: 26.05.2026

Accepted: 02.06.2026

Published: 29.06.2026

<https://doi.org/10.54414/PWVP9922>

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Abstract: AI technology has greatly helped improve the accuracy of talent acquisition, predictive performance analytics, as well as developing effective HR strategy and human resource management (HRM). However, challenges remain, for instance, fears over data privacy, potential algorithm bias in AI, and the retention of human-centeredness against the backdrop of technological advancements. This paper analyzes the diverse applications of AI technology in human resource management (HRM), ranging from recruiting to employee engagement and innovative HR planning. In order to develop clear, ethical, and unbiased AI solutions that are efficient in terms of technology yet intuitive from a human perspective, organizations have to take into consideration the ethical dimensions of the new technologies.

Keywords: human resource management, artificial intelligence, recruitment, employee performance, HR analytics

1. Introduction

Artificial intelligence (AI) has emerged as a major driver of digital transformation across various sectors, including human resource management (HRM). One such field is HRM. HRM activities such as recruitment, selection, training, and employee development have traditionally been time-consuming and prone to human error or discrimination. But with developments in AI, these processes are getting smarter and more efficient. Through artificial intelligence, large volumes of job applications can be analyzed and selected as per predetermined standards of suitability.

Studies carried out under the umbrella of Human Resource Management have significantly contributed to the comprehension of AI's applicability and importance. The main objective of this study lies in revealing concrete cases of utilizing AI technologies in order to automate tasks that are usually handled by HR experts. Indeed, nowadays, algorithms are capable of conducting preliminary interviews with candidates, evaluating their qualifications, and predicting their future performance [1], [2]. One may state that there are some gaps in relation to existing research on the topic, which focuses on the practical aspect and, thus, does not provide any theoretical basis. Furthermore, even in the case of tangible advantages of using AI in Human Resource Management, there are no clear solutions concerning the ethics of AI application [3], [4].

However, an important gap remains in the existing literature regarding the ethical implications and human-centered challenges associated with the adoption of AI in HRM. Although the current studies have made it clear that the use of AI in HRM does have several benefits, it must also be recognized that there is no information about the implications of its use. This is what the present study intends to bridge. This research

aims to provide a comprehensive perspective on the role of AI in HRM by adopting diverse viewpoints and methodologies.

This research aims to provide a comprehensive perspective on the role of AI in HRM by adopting diverse viewpoints and methodologies. Accordingly, this study addresses the following research question: How is AI used to drive strategic change in human resource management, and what risks and challenges are associated with its implementation?

2. Methodology

This study adopts a qualitative and conceptual research approach based on a review and synthesis of existing academic literature on the application of artificial intelligence in human resource management. The analysis focuses on the major applications of AI in HRM, including recruitment and selection, employee training and development, performance management, and HR analytics. It also examines the key challenges associated with AI adoption, particularly data privacy, algorithmic bias, fairness, transparency, and the potential over-reliance on automated decision-making. The reviewed literature is synthesized to provide a comprehensive understanding of the opportunities and challenges of integrating AI into HRM and to highlight the importance of maintaining a human-centered approach to AI-driven HR practices.

3. Literature Review

Analysis of the interconnections between Artificial Intelligence and Human Resource Management has become more and more common recently, and continues its evolution. The initial studies in this field tended to be more instrumental and viewed the role of AI in HRM as a kind of tool that helps streamline HRM operations. The paper by Sithambaram and Tajudeen (2022), which is dedicated to using AI in HRM operations, can serve as an illustration [5]. According to Sithambaram and Tajudeen, artificial intelligence was able to complete various routine tasks typical for HRM, including resume analysis and interview scheduling, thus saving HR professionals' time and energy [5].

In view of the advancements in AI technologies, attention has been paid to AI's predictive capabilities. It was observed that AI would not only be capable of performing routine tasks, but also help in the interpretation of a vast amount of information to draw out some significant conclusions. This is best exemplified by the work done by Kakulapati et al. (2020) using long-term HR data. According to them, AI could be used for matching employees with suitable job roles [6], [7]. Nevertheless, recent trends are taking into account the use of AI from a much broader perspective when it comes to HRM. For instance, according to Agarwal et al. (2023), AI has been transforming the nature of HRM structurally [8]. In light of the interviews taken with the managers of the international corporations, one can understand that AI has not just been considered as a tool, but a partner too [9], [10].

4. System Architecture

The proposed AI-based HR framework operates as an integrated system. First, the data collection module collects information about the employee and the candidate. In the second stage, an NLP-based processing engine analyzes unstructured texts and identifies patterns. Finally, a decision support system provides HR managers with analytical data, such as ranking candidates or predicting performance trends.

5. Main Applications of AI in HRM

Indeed, the discourse concerning the use of AI as a means to enhance the operations of organizations is currently shifting from the notion of utilizing the technology merely to boost efficiency to implementing it as a technique capable of affecting the entire process of HRM [8]. To begin with, despite a number of existing studies related to the use of AI in HRM, which have contributed to the understanding of the problem, there are still some areas that need more exploration.[4] Firstly, most of the papers dealing with this question are based on cases where AI is used in certain particular aspects of organizational life without

taking into account the way in which it facilitates the process of HRM. Secondly, the methodology used by the researchers is another gap in the field under consideration. Namely, many qualitative studies have been produced in the area, but few quantitative findings have emerged.

6. Challenges and Ethical Issues

6.1 Data Privacy and Security

Finally, while the benefits offered by AI in HRM have been considerably discussed, the negatives connected with the use of artificial intelligence in human resource management are usually overlooked. Issues such as data security, ethical problems, and discrimination are not as frequently discussed as their importance would suggest. To compensate for this lack, the present study intends to provide a more comprehensive investigation, which would pay attention to the use of AI in strategic HRM. Accordingly, this study addresses the following research question: How is AI used to drive strategic change in human resource management, and what risks and challenges are associated with its implementation? The advent of artificial intelligence technology represents a major paradigm shift within many different industries, among which HRM [12]. While in the past, HRM focused on performing administrative tasks, today, thanks to artificial intelligence, HRM has transformed itself from an administrative to a strategic function.

This could be seen from observing the processes of talent management in firms. Processes such as recruitment, training, development, and retention, among others, no longer occur independently but rather together due to advancements in technology, specifically artificial intelligence, which enables firms to foresee and utilize their human capital resources effectively in order to achieve their strategic goals. Another emerging aspect has been an increasing focus on improving the experience of employees in terms of well-being and inclusiveness, among others [13].

Moreover, there has been much advancement with regard to the basic roles of HRM in the era of AI. This includes aspects like recruiting, training, and developing employees, evaluating the performance of workers, compensation and benefits programs, managing labor relations, and strategic staffing, among others. Not only has the use of AI helped to enhance efficiency in these functions, but it has also made HRM professionals assume a more proactive role in organizations [7].

Recruiting used to be a very tedious and time-wasting task that involved human error. However, through the implementation of AI technology, this function has undergone a lot of transformation. Currently, computer software powered by AI is able to screen thousands of resumes for applicants who are competent enough for the vacant positions [2].

For example, sites such as LinkedIn employ AI in ranking applicants according to their compatibility with certain jobs. Likewise, Google for Jobs makes use of AI technologies in delivering the most appropriate results regarding job openings according to a user's profile and search history.

Moreover, companies are employing AI-based technologies in other aspects related to the recruitment process. ByteDance is one of those firms that utilizes AI technologies in identifying potential applicants for certain positions. In the same manner, Liepin uses artificial intelligence to match applicants with jobs that would suit their credentials. On the other hand, Tencent incorporates artificial intelligence in the HR operations of its organization, ranging from recruiting activities to employee engagement. Apart from increasing efficiency, these recruitment techniques also aid in reducing biases in the recruitment process.

The application of Artificial Intelligence (AI) has had a tremendous impact on the role of HRM in training and development by offering customized learning experiences to learners. Rather than following a conventional and uniform style of teaching, learners are able to access adaptive learning programs tailored to fit their unique preferences, styles of learning, and even speed of learning.

Apart from that, VR and AR are being used for training purposes in many organizations. The adoption of these technologies has made the training process much more practical. It creates a simulated environment, thus making learning much more effective for employees whose jobs are very practical in nature.

6.2 Algorithmic Bias and Fairness

The concept of annual performance evaluations is steadily being phased out. Thanks to the implementation of AI in performance management, the process of monitoring employees has evolved into a more dynamic one. An AI-based performance appraisal system can evaluate different elements of work, such as tasks performed on a day-to-day basis, projects carried out by employees, and collaborations with other colleagues, thus producing continuous feedback.

Continuous feedback leads to better performance understanding on the part of workers themselves and shows them areas where there should be improvements. On the other hand, the process of working itself becomes more goal-oriented.

Today, artificial intelligence is gaining popularity in the field of HRM. With the appearance of new AI technologies, numerous opportunities arise. Nevertheless, as with any innovation, numerous challenges arise with the introduction of artificial intelligence.

One of the primary concerns involves data protection and privacy. As for AI technologies, the amount of necessary data is enormous, and it contains personal information that is often confidential. Therefore, there may be issues related to the leakage of such data, its unauthorized usage, or even theft. Furthermore, when using AI technologies for HR processes, companies expose themselves to more sophisticated types of cyber attacks.

In addition, one needs to consider another crucial issue, namely, that of biased AI. Due to their reliance on historical data, AI programs may acquire and even enhance the presence of bias in the data [3]. In turn, this could lead to various discriminatory practices in recruiting, promotion, and evaluation processes, causing further injustice within society. Not only would it perpetuate inequality, but it would also deprive companies of potentially talented employees.

6.3 Over-dependence on AI

Another issue involves the problem of over-dependence on AI technologies. Although AI helps to make sense of data and provides valuable insights, it is not able to replace the expertise of humans. HR specialists have a unique ability to use their knowledge, experience, and other qualities that allow them to understand people. AI cannot provide all of these benefits. It is especially important when dealing with employees, as interpersonal relationships require a lot of emotions and communication.

Finally, there might be some technical difficulties associated with the implementation of such tools. As with other technologies, AI tools could also suffer from some technical difficulties, such as software malfunctions or downtime. Using these tools might require additional skills and knowledge that HR specialists do not possess.

In general, even if AI can help revolutionize HRM like no technology before, it should be introduced into the process of HRM very cautiously so that both efficiency and the ethical side of the issue are considered.

Adoption of an AI-based HR system is quite a heavy investment for any business entity because several economic aspects have to be addressed, including expensive upfront implementation costs, further costs for continuous maintenance, and the need for costly employee training.

Even though an AI-based system gives access to a lot of useful data and provides insightful analytics, which significantly facilitate many HR processes, the adoption process is complicated, as it includes a lot of steps, and the involvement of humans and their skills and knowledge is critical. The abilities gained by people

over many years of their life experience and knowledge are invaluable and cannot be replaced by anything, as they give a person an opportunity to understand how others behave better than software does.

That is the reason for the necessity to develop a strategy that will combine the use of possibilities offered by artificial intelligence as well as human knowledge and experience. The firms that are planning to make an efficient and sustainable HR transformation need to make sure that there is no attempt at neglecting the use of the human factor. Despite all the benefits that the application of AI gives to firms and HR management, one should not overlook the challenges that are connected with their combination.

The involvement of AI technologies in HRM practices has really revolutionized everything; HR departments now have great chances and possibilities that were not there before. Thanks to AI, HR specialists have been able to automate all those processes that were performed manually and took lots of time to do properly, such as applicant screening or evaluation of engagement metrics. Thus, HR management became considerably simplified in many ways. But there are still some issues arising with all these innovations and improvements.

As regards the future development of AI-enhanced HRM in general, it must be noted that it will certainly be quite difficult. The involvement of AI in HR management processes is a definite step forward and helps enhance efficiency and use the data for decision-making. Nonetheless, the value of human experience, reasoning, and intuition should never be underestimated in this case.

First of all, human intuition relies upon many years of experience, cultural environment, and emotional intelligence. Human intuition becomes particularly significant for getting acquainted with an individual emotionally. Of course, artificial intelligence will be able to easily analyze any patterns, process huge quantities of information, and detect correlations; nevertheless, AI technology cannot read people's minds, understand their feelings, emotions, or even inner doubts. Human resource managers can interpret complex interpersonal and emotional factors through experience, communication, and contextual understanding. Consequently, human resource managers can become particularly helpful in performing different kinds of activities in human resource management.

6.4 Implementation costs and technical barriers

The next evolution step in the HR transformation with the help of artificial intelligence is unlikely to consist of using more sophisticated AI tools or greater automation. The key is going to be finding out how to achieve a higher level of integration between artificial and human intelligence. The goal should not be the replacement of human decision-making but rather its augmentation through the help of intelligent algorithms capable of delivering analytics.

In turn, the increased usage of artificial intelligence by HRM implies a variety of ethical questions that should be answered to use technology safely. Transparency, accountability, fairness, and the problem of preventing bias are some of the main questions concerning the application of AI in human resources management. It is necessary for HR specialists to understand the principles according to which the system makes decisions.

A third issue worth considering is the existence of algorithmic bias. With artificial intelligence learning from past experiences, it becomes highly possible that they inadvertently pick up on any biases already present within that data, which means that the process would end up being discriminatory against one particular group. It might show when making decisions regarding hiring, promotion, performance reviews, and other HR-related procedures, so companies should constantly test these systems to avoid such problems.

7. Discussion: human-centered AI in HRM

It is also crucial to note that AI in the HR department will not take away from the necessity of maintaining human connections. With the growing levels of technological advancement in our society, the need for

maintaining an equal level of human and artificial intelligence in the working environment is inevitable. While AI proves to be extremely efficient in some fields, there are certain functions that can be done only by humans, which include, among others, the capacity to offer emotional support to staff members and show empathy in hard times.

To achieve a similar balance, it is crucial to ensure constant training of the professionals working in the field of Human Resource Management. With the growing interaction between AI and HRM systems, employees dealing with such technologies should obtain some new skills to be able to handle them properly.

The factor that should be discussed regarding the development of artificial intelligence in HRM is interdisciplinary cooperation between different specialists. The specialists working in the areas of computer science, psychology, sociology, ethics, and management, as well as other sciences, will need to cooperate in order to create technologies that could be considered both effective and socially responsible at the same time.

8. Conclusion

On the whole, there is no doubt that using artificial intelligence in HRM may have a number of positive impacts on organizations that choose to implement the technology [7], [11]. However, at the same time, it should be said that introducing such technologies implies the transformation of the processes involved in conducting HRM activities. It seems important to note that this process should not mean losing certain abilities.

In conclusion, what the advent of artificial intelligence-based HRM has made clear is that in any case, the human must take precedence over technology. If a company wants to establish the optimal HRM, then artificial intelligence and human intelligence have to be seamlessly integrated [9], [10]. In simpler terms, a company must give the same weight to data analytics as they do to human emotion.

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