

The Implications of AI in HRM – A Literature Review

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ABSTRACT

India is emerging as a beacon of growth for major global tech firms, as highlighted in the “Navigating the Storm” report by the World Bank in 2022.(times of India).In the modern business environment Artificial intelligence plays a vital role in all the industries for their development.AI has become an constitutive part of human resource management. Many companies are endeavor to remain efficient and competitive, so they are recently turning to AI-driven solutions to maximize their resources.AI in human resource management helps the organization to save money and time, allows them to focus on other strategic human resource management. The major advantage of using AI for recruitment, on boarding, performance management reduces the time for the HR department. There are some challenges for using AI in HRM as it requires high cost of implementing and maintaining AI technology and data privacy and cyber security. Researchers have explored in the areas of AI in HRM functions through Recruitment and selection process. Research gap has found in performance management, career development, training and development, employee retention of human resource management functions in AI. The study focus on the implications of artificial intelligence in human resource management.

Keywords: Artificial Intelligence, Human Resource Management, Applications of AI, Challenges of AI.

INTRODUCTION

The word Artificial intelligence was invented by John McCarthy. He is considered as the father of AI. Many definition for AI have surfaced over the last decades, John McCarthy proposed one of the most widely cited “It is the science and engineering of making intelligent machines, especially intelligent computer programs”. Artificial intelligence has different types such as Weak AI, Strong AI, General AI. The common examples of AI which we use now a days are ChatGPT, Google Translate, Netflix, Tesla etc.AI is a prominent and promising technology that plays an important role in different sectors such as business, Robotics, social activities, educational sector ,governmental operations all over world.AI technology is transforming industries and shaping the way organizations operate and interact their environment. The research in the field of AI is multidisciplinary which may led to the emergence of various definition of its term.AI refers to the intelligence like human which revealed by machine such as computer and robots to execute task and make decision.

Human resource management is developed from Personnel management which is erstwhile management system which is used to manage employees. Human resource management involves human resource planning to align with organizational needs, adapt to changes, and ensure the right quantity and quality of employees for sustainable development and success. Human resource management has the objectives such as Societal objectives, Organizational objectives, Functional objectives, Personal objectives. The main aim of the HR program is determined at the organization level as a component of the strategic planning process. Human Resource management is to manage the people in an organization to achieve their mission and reinforce corporate culture. AI makes HR Functions such as recruiting, training, payroll and performance management to develop easily.AI can help HR managers to concentrate on the strategic work. The technology development and AI in human resource management will help to reduce the evaluation cost and would provide better decision.

FUNCTIONS OF AI IN HUMAN RESOURCE MANAGEMENT

AI is implemented in following functions of HRM

RECRUITMENT& SELECTION

TRAINING

EMPLOYEE RETENTION

PERFORMANCE MANAGEMENT

COMPENSATION MANAGEMENT

RECRUITMENT& SELECTION

Many organization started using digital platform in the process of Screening. AI helps the HR manager to recruit and examine the employees applicant quickly and more effectively. AI also helps to scan high

volume of resumes and evaluates within a short period of time. AI in recruitment helps to reduce the time and cost for the organization. Through chatbots, NLP, and deep learning algorithms AI give assistance to tackle many problems.

TRAINING

AI enhance the phase of training where the employees are evaluated by the algorithms and would find the pros and cons of the workers. AI instructor can also become an all rounder, which can able to do specific tasks such as assessing the employees and create a high quality reports on learner and provide the valuable feedback.

EMPLOYEE RETENTION

It is important for every organization to retain their employees for long period of time. When employees leave from the organization their skills, experience and knowledge would also go away and can create a negative impact on the productivity and performance of the organization. AI can identify employees by analyzing the data on factors as job satisfaction, career improvement and engagement which would assist the organization to retain employees.

PERFORMANCE MANAGEMENT

Many organizations automated their performance review which helps them to focus on factual information. The real time analysis helps the manager to extract insights and provide the employees with the timely feedback and can immediately recognize the areas of improvement and boost business productivity. AI in Performance management also reduce the need for time consuming and repetitive actions and automate all possible tasks.

COMPENSATION MANAGEMENT

AI in Compensation management can analyze more number of data to recognize the patterns, trends and anomalies. Fair pay is ensured as the risk of errors in compensation decision is reduced. For evaluating AI would also consider the important factors such as the employee specific skill sets, experience and the salary for their role so compensation are managed. Analyzing of the data helps the employers to create equal, explainable and competitive salaries.

CHALLENGES OF AI IN HRM

“Every coin has two sides “as we have seen how AI In HRM would be greater advantage it also has some flaws.

Some of the following challenges of AI in HRM are HR professionals should endeavor to gain a deeper knowledge of AI algorithms to make decision. AI algorithms are trained on data which are taken from the past, they may have the existing potential to both maintain and to turn up existing biases which can make the outcome unfair and discriminatory.

(Supriya paigude, et,al).

Cyber security risks and data breaches may happen. High cost associated with implementing and maintaining AI technology. Real-time and accurate data is some time critical for the outcomes.

AI in recruitment process sometimes can reject too many resumes even if they lack on one skills or if any gap represents life events.

LITERATURE REVIEW

N.Abdulla, (2024) states that AI enhances HRM practices and organizational performance. Challenges and implications of AI in HRM are discussed. AI enhances HRM practices by boosting organizational performance through strategic approaches. It offers positive influences, challenges, and potential future integration of human and AI approaches in HRM. Positive influence of AI on HRM practices and organizational performance. Challenges and implications of using AI in HRM.

Herman Aguinis et al, (2024) examines that HR professionals are doing more work and their jobs increasingly day by day so it provided eight guidelines for creating high quality and effective prompts to examine the usefulness in general across eight critical HRM recommendations. The researcher concluded with a list of do's and don'ts and these can be implemented by the trained HR professionals, and they mentioned that these tools will be useful tool to overcome their job burnout and allocate time for strategic and long-term issues.

Limin Han, (2024) examines that AI in HRM enhances recruitment, training, performance management, and benefits through data-driven decision-making, automation, and personalization, fostering

innovation and efficiency in human resource management .Efficient HRM through AI and big data integration. Researcher found that the Challenges include data quality and privacy protection.

Smita Pangarkar et al,(2023) emphasizes that AI in HR automates tasks, enhances decision-making, and boosts employee retention through predictive analytics, natural language processing, and chat bots, revolutionizing talent management and development in the industry. AI can automate tasks, improve decision-making, and enhance employee engagement and retention in HR industry. Researcher concludes that Machine learning and deep learning techniques can be used for talent management and employee development AI can enhance employee retention in HR industry.

Yu Sun, (2024) explores that AI optimizes human resource recruitment by mining candidate data, enabling big data analysis for accurate talent matching, reducing costs, enhancing efficiency, and ensuring integrity through face recognition and verification. Rational use of AI in recruitment management for efficiency improvement.

Alsaif & Aksoy, (2023) states that AI is crucial in HRM, aiding in streamlining activities such as recruitment, on boarding, and performance management. HR departments benefit from AI by automating selection processes, tracking employee performance, and ensuring goal achievement. The researcher highlights the moderating effects of transaction costs on the influence of technical complexity and organizations' technological competency in AI adoption within HRM .AI technologies offer new approaches to employee management and organizational performance, presenting various prospects for human resource management.

JoannaTabor-Błażewicz,(2023)examines that benefits, challenges, and practical recommendations of AI adoption in HRM .Researcher highlights that employee interest and knowledge gap in AI implementation. Attitudes and knowledge of HR professionals on artificial intelligence. Researcher states that training for HR personnel and clear managerial vision.

Nikita saklani et al, (2023) throws the light on AI in HR automates tasks, enhances recruitment processes, predicts staff turnover, and lightens workloads. It enables efficient operations and strategic focus, benefiting organizations by streamlining resources and talent acquisition. AI is indispensable in HR for recruitment, performance analysis, data collection. AI lightens workload, improves recruitment, and enhances performance analysis. Organizations benefit from AI in human resources management for efficiency and accuracy in decision making.

Nimit J Ganatra, (2023) aims to analyze the implications of AI adoption in various HR functions such as recruitment, training, performance management, and employee engagement. It explores how AI technologies influence aspects of the employee experience like job satisfaction, well-being, and work-life balance. The paper synthesizes existing literature to highlight the benefits, challenges, and ethical considerations associated with integrating AI in HR practices.

Rajani meshram ,(2023) states that AI in HRM streamlines recruitment, selection, and workforce planning, enhancing efficiency and user experience. It's pivotal for automating processes and adapting to technological advancements in organizations. Researcher concludes that positive correlation between AI recruitment and selection, improved candidate sourcing, improved workforce planning, and lower uncertainty. Businesses are interested in using AI solutions for candidate selection.

Saurabh pratap Singh Rathore, (2023) examines that the bibliometric research for taking a look at the role of AI in HRM practices, research area was concerned to Indian human resource companies which have AI tools to manage their HR practices like Recruitment, selection and updating training process. Researcher stated on the work advances on qualitative understanding of AI's growth in the HR sector. Researcher had concluded that Artificial intelligence (AI) has not only changed HR's function in the hiring process but also made it much more efficient.

Sakshi Rastogi et al,(2023) states that AI in HR promotes sustainable practices, reduces costs, enhances reputation, and requires skilled professionals. Challenges include cost, security, job displacement, and the need for reskilling. The main key findings and recommendations of the researcher is to implement AI in green HR and AI's potential for sustainable workplaces and future research. Cost savings, improved employee health, enhanced corporate reputation will also be considered for the effectiveness of the organization.

METHODOLOGY

The qualitative data is used for the literature review on the implications of AI in Human Resource Management. The information has collected from the journals, blogs and E-Resources.

CONCLUSION

Adapting Artificial Intelligence (AI) in Human Resources Management (HRM) procedures would significantly enhance HRM practices and boost organizational productivity and effectiveness. Organizations must utilize AI technology wisely, ensuring transparency in alignment with organizational standards. Human resource recruitment managers are encouraged to embrace innovation, explore new models of applying artificial intelligence in recruitment management, and continuously improve their skills. It is crucial to analyze and calibrate the AI algorithms being used to overcome challenges effectively. While the current impact of AI on HRM may be limited, the technology is expected to evolve and progress over time, potentially laying the foundation for autonomous human resources in the future. Businesses across various sectors are advised to integrate digital and artificial intelligence solutions to streamline operations, with AI being a crucial tool in human resources for tasks like recruitment, performance analysis, and real-time data provision. Utilizing artificial intelligence technology in human resource recruitment management is crucial for enhancing efficiency and effectiveness in the recruitment process. To optimize enterprise recruitment management, it is essential to develop a strategic plan that includes the rational use of artificial intelligence, accurate recruitment management planning, and leveraging big data for support. The integration of artificial intelligence technology with human resource recruitment management can significantly contribute to the sustainable development of enterprises by selecting the most suitable talents, ensuring smooth recruitment processes, maintaining data security, and enhancing the quality of recruited talents. The integration of artificial intelligence technology with human resource recruitment management can significantly contribute to the sustainable development of enterprises by selecting the most suitable talents, ensuring smooth recruitment processes, maintaining data security, and enhancing the quality of recruited talents.

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