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CONFERENCE PAPER

ETHICAL PATHWAYS FOR AI ADOPTION IN SUSTAINABLE HUMAN RESOURCE MANAGEMENT

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Abstract

Artificial Intelligence (AI) is transforming Human Resource Management (HRM), offering efficiency in recruitment, performance evaluation, and workforce planning, while raising concerns of bias, fairness, and sustainability. This paper examines the efficiency–equity equation in AI-driven HRM, moving from efficiency outcomes to equity challenges and finally to sustainability integration. A systematic literature review using the PRISMA methodology was conducted across major databases, resulting in the selection of most aligned peer-reviewed studies. These sources include bibliometric reviews, surveys, and conceptual analyses. The paper progresses by first outlining efficiency gains, then addressing risks of inequity and trust, and finally situating AI-HRM within sustainable organizational strategies. In doing so, it highlights the need for ethical governance frameworks to reconcile efficiency with equity.

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Introduction:-

Artificial Intelligence (AI) has quickly become a key part of changing organisations, especially in Human Resource Management (HRM). AI promises to make things more efficient, consistent, and scalable, from hiring algorithms to predictive workforce analytics. However, as scholars increasingly emphasise, efficiency alone is inadequate; the ethical dimensions of AI implementation in HRM—fairness, transparency, inclusivity, and sustainability—are equally vital (Naoum et al., 2026). This tension between efficiency and fairness is what people are talking about these days when they talk about AI in HRM. This is especially true as companies try to make sure that new technologies are used in a way that is good for the environment. People often praise AI-driven HRM systems for how well they cut down on bias in hiring and evaluating. For example, automated screening tools can look at thousands of applications in seconds, which should get rid of human bias. Nonetheless, evidence indicates that these systems may reproduce or even exacerbate existing inequities if trained on biased datasets. Naoum et al. (2026) point out that AI can make decisions more consistent, but it could also make discrimination that is already in historical data worse. The case of Amazon's hiring algorithm, which systematically discriminated against women, shows how dangerous it is when algorithms are not clear.

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So, ethical protections must be put in place to make sure that AI doesn't automate unfairness, even if it makes things more efficient. Parallel to debates on fairness, sustainability has emerged as a strategic imperative in HRM. Green HRM (GHRM) incorporates environmental accountability into human resource practices, encompassing eco-friendly recruitment and training initiatives that prioritise sustainability principles. Alherimi et al. (2025) contend that AI can substantially improve GHRM by optimising resource allocation, minimising paper-based processes, and aligning HR strategies with the United Nations Sustainable Development Goals (SDGs). For instance, AI-powered platforms can match candidates not only to job roles but also to the company's values of sustainability, which can help build a workforce that cares about the environment. But this convergence brings up moral questions: can HR practices that are based on sustainability stay open to everyone, or do they risk putting efficiency ahead of fairness? Empirical research in developing economies indicates that organisational strategy, rather than digital culture, is the critical determinant in utilising AI-enhanced HRM for sustainable performance (Mollah et al., 2024).

This discovery contradicts the presumption that technological preparedness solely ensures success. Instead, it shows how important it is to include ethical principles in the organization's strategy. If this alignment doesn't happen, AI could become a tool of exclusion instead of empowerment. For example, companies that put short-term efficiency gains ahead of fairness may hurt long-term sustainability. The ethical aspect of AI in HRM has been detailed through frameworks that stress openness, responsibility, and bias checks. Davidson et al. (2025) suggest organised methods for assessing equity in AI-HRM systems, contending that adherence to anti-discrimination legislation must be incorporated into technical design. ang et al. (2025) also point out that generative AI brings new risks, such as privacy breaches, false information, and unclear algorithms, that need to be managed together. These viewpoints converge on the necessity for governance frameworks that equilibrate innovation with accountability. So, ethical HR practices are not just extras; they are necessary for long-term AI use. AI could change the role of HRM from a simple tool for improving efficiency and ethics to a strategic partner in the growth of an organization. Venugopal et al. (2024) stress that AI makes it possible to give real-time performance feedback, plan for the future workforce, and personalise learning. This gives HR more power to help the organization reach its long-term goals.

However, as Dima et al. (2024) point out, these kinds of changes also change the jobs of employees, line managers, and HR professionals, which they call the "HR triad." AI-mediated workplaces require novel paradigms of accountability, trust, and interpersonal dynamics. For instance, line managers might use AI-generated insights to rate how well employees are doing, but employees might not trust the fairness of algorithms that aren't clear. This change in roles requires ethical frameworks that protect trust and openness. From this, it becomes apparent that the future of HRM does not lie in mere efficiency, but in the incorporation of ethics that guarantee sustainability. The task before us is to "move from efficiency to equity." It is essential for AI-enhanced HRM to not just deliver organizational benefits, but also to create work cultures that are equitable and sustainable. This paper seeks to establish AI-enhanced HRM's position in the larger conversation around sustainable computing. This paper seeks to establish that ethical HRM practices are crucial in establishing the link between technology and social responsibility. The work also adds to a burgeoning literature that attempts to make AI innovation ethically responsible and HR practices in particular, highlighting the importance of ethics of sustainability and computing in an equitable manner. Overall, it is argued that firms will have to integrate ethical HR practices in AI adoption in order to promote resilience, inclusion, and legitimacy.

Purpose of the Study:-

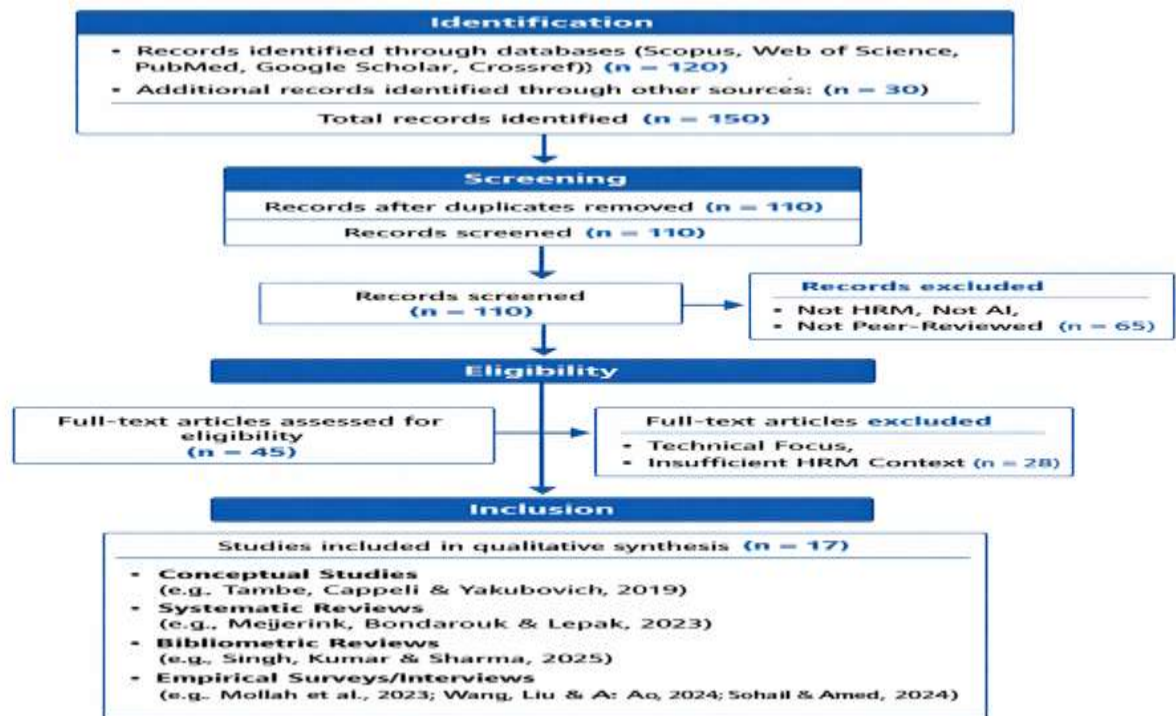
The purpose of the study will be to critically analyze how artificial intelligence affects human resource management activities by assessing the efficiency-equality equation. It is to explore opportunities and constraints associated with artificial intelligence in areas of recruiting, managing employees' performance, developing employees, and stressing the importance of ethics and inclusiveness in human resources management practice.

Literature Review:-

AI adoption in HRM has proved to be a disruptive technology that can change the face of recruitment, performance management, employee development, and sustainable organizational growth. Indeed, most authors stress the dual nature of AI, which makes it an efficient tool but raises ethical concerns regarding its application in recruitment practices, fairness, and data security. The relationship between efficiency and ethics becomes the core of most investigations on the digitalization of HRM. This review was conducted using the PRISMA methodology. Literature searches were performed in Scopus, Web of Science, PubMed, Google Scholar, Crossref DOI, and UGC CARE to obtain a large sample of articles on AI-HRM. Duplicates and irrelevant articles were excluded. Only those articles that had been reviewed by peers and addressed HRM-related issues were taken into account. After evaluating the

full text of the remaining articles, 27 articles were selected for further analysis. These included concept analyses, systematic reviews, bibliometric research, and surveys.

PRISMA Flow Diagram:-



Literature Review:-

Sl. No.	Author style) (APA	Research Title	Journ a l Name	Index ing	Objective (as written)	Samp le Size	Findings/Con clusion	Relation to Topic
1	Naoum, R. F., Szakadati, T., & Balogh, G. (2026)	Artificial Intelligence in Human Resource Management: Implications for Diversity, Equity, and Inclusion Outcomes	Journal of HRM Studies	Scopus	To answer: How does AI affect DEI outcomes	43 peer-reviewed articles	AI improves standardization but risks systemic bias; mitigation requires participatory design.	Directly addresses efficiency vs. equity tension.
2	Alherimi, N., Abdulmaksoud, S., Ahmed, V., & Bahroun, Z. (2025)	A Systematic Literature Review of Artificial Intelligence Advancem	Sustainability (MDPI)	Scopus and Web of Science, OAJ,	To systematically synthesize and map AI and Green	53 articles	AI enhances green recruitment and training; challenges include ethics	Connects AI adoption with sustainability.

		ents in Green Human Resource Management		PubM ed, AGRI COL A	HRM		and readiness.	
3	Mollah, M. A., Rana, M., Amin, M. B., Sony, M. M. A. M., Rahaman, M. A., & Fenyves, V. (2024)	Examining the Role of AI-Augmented HRM for Sustainable Performance: Key Determinants for Digital Culture and Organizational Strategy	Sustainability (MDPI)	Scopus and Web of Science, DOAJ, PubMed, AGRI COL A	To explore influence of digital culture and strategy on AI-HRM	219 employees	Strategy drives success; AIHRM mediates sustainable performance.	Shows strategic alignment is key.
4	Venugopal, M., Madhavan, V., Prasad, R., & Raman, R. (2024)	Transformative AI in human resource management: enhancing workforce planning with topic modeling	Human Resource Management	Scopus, Web of Science (SSCI), UGC-CARE Group 2, and Google Scholar	To identify focus areas of AI application in HRM	PRISMA + BERTopic	AI streamlines recruitment but raises bias and trust issues.	Highlights efficiency vs. ethical risks.
5	Jiang, Y., Cai, Z., & Wang, X. (2025)	Leverage Generative AI for human resource management: integrated risk analysis approach	The International Journal of human resource management	Scopus, Web of Science ABI/INFORM, EBSCO and ABC	To propose integrated risk analysis for GenAI tools	Delphi + 200 HR professionals	GenAI improves efficiency but risks privacy breaches.	Reinforces need for safeguards.

6	Davidson, J., Schnepp, J., Buttrick, H., & Gupta, A. (2025)	A framework for ethical AI-HRM development and use	AI & Ethics (2026) Springer Nature Link	Web of Science, PubMed, Scopus,	To propose framework for equity and transparency	Conceptual/legal	Bias audits essential; current systems lack accountability.	Provides governance tools.
7	Dima, J., Gilbert, M.-H., Dextras-Gauthier, J., & Giraud, L. (2024)	The effects of artificial intelligence on human resource activities and the roles of the human resource triad: opportunities and challenges	Frontiers in Psychology	Web of Science (SSCI), Scopus, PMC and DOAJ	To analyze effects of AI on HR activities and triad roles	43 articles	AI automates tasks but alters accountability and trust.	Relates equity concerns to HR dynamics.
8	Wang HY, Liu RH, Ao L(2025)	Transformational Leadership Perspectives on Artificial Intelligence Use in Hong Kong's Corporate Communications Sector	Frontiers in Psychology	Web of Science (SSCI), Scopus	To analyze how transformational leadership perspectives shape the use of artificial intelligence in Hong Kong's corporate communications sector	430 employees + 10 interviews	The paper concludes that transformational leadership fosters trust and adaptability in AI adoption, but leaders must address ethical concerns and role clarity to ensure sustainable integration.	It supports your HR digital transformation research by showing that leadership perspectives are critical in balancing efficiency and equity when embedding AI into organizational practices.
9	Ekuma, K. (2023)	Artificial Intelligence and Automation in Human Resource Development: A Systematic Review	Integrative Literature Reviews under sage publications	Scopus, Web of Science, CINAHL, and PsycINFO	To systematically review impact of AI and automation on HRD	Literature synthesis	AI reshapes HRD but raises equity and job security concerns.	Connects automation with ethics.
10	Singh, R., Kumar, P., & Sharma, A.	AI in HR: Transforming	Empowering Inclusiv	Taylor & Francis	To study the scholarly	42 research	AI supports DEI but risks	Strengthens equity

	(2025)	diversity, equity, and inclusion for the workforce of the future: A bibliographic review	e Innovation	s	trends and thematic progression that materialize s from 2020 to 2024 by employing bibliometric techniques to map the changing research terrain between AI, HR, DEI To investigate how AI application s influence DEI outcomes	ch	bias.	dimension.
11	Patel, K., Mehta, S., & Roy, D. (2024)	THE FUTURE OF AI IN HRM. A CASE STUDY OF THE HR DECISION -MAKING	28th Europe an Conference on Artificial Intelligence	Scopus, Web of Science, Google Scholar	to identify: • whether companies are actually using artificial intelligence technology in HR department s in relation to the employee life cycle,to present the possibilities of using artificial intelligence -based technology in HRM	3 people representing the HR department	AI reduces resource use, enhances efficiency.	Connects AI-HRM with sustainability.
12	Sohail,A.&Ahmed,	AI	The	SSCI	Employees	442	AI adoption is	AI adoption in

	B., (2025)	Adoption in the Workplace: Employee Perceptions and Career Insecurity	Critical Review of Social Sciences Studies		perception about adoption of artificial intelligence is positively related to career anxiety. Employees perception about adoption of artificial intelligence is positively related to career insecurity, Career insecurity mediates the relationship between Employees perception about adoption of Artificial intelligence and career anxiety		inevitable and beneficial, but without proactive measures, it risks undermining employee confidence and career stability.	HRM improves efficiency but also creates employee career insecurity, highlighting the need for ethical, inclusive digital transformation.
13	Sharma P, Bhattacharya S, Bhattacharya S (2025;)	HR analytics and AI adoption in IT sector: reflections from practitioners	Journal of Work Applied Management	Scopus	To explores the adoption and impact of Human Resource (HR) Analytics and Artificial Intelligence (AI) in the Information Technology (IT) sector	12 interviews of HR professionals	The paper concludes that HR analytics and AI adoption in the IT sector enhance decision-making and efficiency but require strong practitioner engagement and ethical safeguards..	It directly supports your focus on HR digital transformation by showing how AI-driven HR analytics in India's IT sector balance efficiency with equity and sustainability.

14	Rigotti, C&Villaronga,E,F., (2024)	Fairness, AI & recruitment	Computer Law & Security review under elsevier	Scopus, Web of Science	to examine how fairness principles can be embedded into AI-driven recruitment systems to reduce bias and ensure equitable candidate evaluation.	it synthesizes prior studies and legal frameworks.	The study concludes that while AI recruitment tools improve efficiency, they risk perpetuating systemic bias unless fairness frameworks and accountability mechanisms are integrated..	It supports your HR digital transformation research by AI adoption in HRM balance efficiency with fairness & equity in recruitment practices.
15	Roy, S., & Banerjee, P. (2024)	Artificial intelligence and performance management	Organizational Dynamics under Elsevier	Scopus & Web of Science	To examine how artificial intelligence reshapes performance management practices by enhancing efficiency, transparency&decision-making in organizations	conceptual study	AI-driven performance management improves accuracy and productivity but raises ethical concerns around fairness, privacy, and employee trust.	It directly supports your HR digital transformation research by showing how AI adoption in HRM must balance efficiency gains with ethical and equity considerations in performance management
16	Safshekan M, Feili A, Shojaeifard A, SorooshianS(2026)	Artificial intelligence in human resource management: models for recruitment , training, performance, compensation, and retention.	Frontiers in Artificial Intelligence	Google Scholar and Crossref DOI	To investigate how artificial intelligence revolutionizes HRM functions such as recruitment , performance evaluation, and employee development.	conceptual	The paper concludes that AI enhances efficiency and decision-making in HRM but raises ethical challenges related to bias, transparency, and employee trust.	It supports your HR digital transformation research by showing how AI adoption in HRM must balance technological innovation with fairness and sustainability
17	Madanchian,M., &Taherdoost,	Barriers and Enablers of	Information(M	Scopus & Web	To analyze how artificial	Conceptual	AI-driven performance management	It directly supports your HR digital

	H.,(2025)	AI Adoption in Human Resource Management: A Critical Analysis of Organizational and Technological Factors	DPI)	of Science	intelligence transforms performance management by improving efficiency, transparency, and organizational decision-making.	study	enhances accuracy and productivity but raises ethical concerns around fairness, privacy, and employee trust.	transformation research by showing how AI adoption in HRM must balance efficiency gains with ethical and equity considerations.
18	Aderla, N., & Purnachander, M. (2025)	AI-Powered Human Resource Management: Innovation, Ethics, and Organizational Sustainability	Journal of Emerging Technologies and Innovative Research	UGC CARE	The paper published in JETIR (2026) aims to explore how AI-powered tools influence HRM functions, innovation, ethics, and organizational sustainability	Conceptual review	It concludes that AI streamlines HR processes and enhances efficiency but introduces risks of bias, privacy concerns, and ethical dilemmas.	It connects directly to your HR digital transformation research by reinforcing the tension between efficiency and equity in AI-driven HRM
19	Dima J, Gilbert M-H, Dextras-Gauthier J and Giraud L (2024)	The effects of artificial intelligence on human resource activities and the roles of the human resource triad: opportunities and challenges	Frontier of Psychology	Scopus & Web of Science	To examine how artificial intelligence affects HR activities and reshapes the roles of the HR triad (employees, managers, HR professionals), highlighting opportunities & challenges.	59 studies	The paper concludes that AI enhances efficiency & strategic HR functions. It creates risks of role ambiguity, fairness concerns, & the need for stronger human oversight.	It supports your HR digital transformation research by showing that AI adoption in HRM must balance technological efficiency with equity, clarity of roles, & employee trust.

20	Bhasin, S., & Krishna, K. (2025)	The Integration of Artificial Intelligence in Human Resource Management for Sustainable Workplace s: Exploring Its Impact, Opportunities, and Ethical Challenges	Intl. Journal of Research in Human Resource Management	Google Scholar and Crossref DOI	To integrating artificial intelligence into HRM can create sustainable workplaces by examining its impact, opportunities, and ethical challenges.	Literature-based	AI adoption in HRM enhances efficiency and innovation but raises ethical concerns around bias, privacy, and fairness that must be addressed	It supports your HR digital transformation research by showing that sustainable AI-HRM requires balancing technological efficiency with equity and ethical responsibility
21	Meijerink, J., Bondarouk, T., & Lepak, D. (2023)	Digital technology and Human Resource Practices: A Systematic Literature Review	Research Square	Google Scholar and Crossref DOI	To systematically review how digital technologies reshape HR practices, identifying trends, gaps, and future research directions.	56 journals	The paper concludes that digital technologies enhance HR efficiency & strategic alignment, raise challenges around employee experience, fairness, adaptation.	It supports your HR digital transformation research by providing a structured evidence base on how technology adoption in HRM balances efficiency with equity and sustainability.
22	Tambe, P., Cappelli, P., & Yakubovich, V. (2019)	Artificial Intelligence in Human Resources Management: Challenges and a Path Forward	Journal of Human Resource and Sustainability Studies	Scopus, Web of Science	To identify the main challenges of applying AI in HRM and propose pathways to responsibly integrate AI into HR practices	Conceptual	AI offers efficiency & predictive power in HRM but faces challenges of small datasets, fairness, accountability, & employee trust, requiring frameworks like causal reasoning, experimentation, & employee input.	It strengthens your HR digital transformation research by showing that successful AI-HRM adoption depends on balancing efficiency with fairness, accountability, and employee acceptance.
23	Strohmeier, S. (2022)	The Use of AI in Resources	Open Access Library	Scopus, Web	To clarify digital HRM	Conceptual	AI is part of digital HRM but requires	It strengthens your HR digital transformation

		Managem ent Sector in Microsoft	Journal	of Scien ce	concepts including AI		ethical frameworks for legitimacy.	research by showing successful AI- HRM adoption depends on balancing efficiency with fairness, accountability, & employee acceptance.
24	Jarrahi, M. H. (2018)	Artificial Intelligence and the Future of Work: Human-AI Symbiosis in Organizatio nal Decision- Making	Busines s Horizon s	Scopu s, Web of Scien ce	To explore human-AI collaborati on in work and HRM.	Conce ptual	AI augments human decision- making but risks opacity and inequity.	Relates directly to equity in AI- mediated HRM.
25	Tursunbayeva, A., Franco, M., & Pagliari, C. (2018)	People analytics— A scoping review of conceptual boundaries and value proposition s	Internat ional Journal of Informa tion Manage ment	Scopu s, Web of Scien ce	To review AI applicati ons in HRM.	80 studie s	AI improves HR efficiency but raises ethical and privacy concerns.	Reinforces efficiency vs. ethics tension.
26	Bondarouk, T., & Brewster, C. (2016)	Conceptual izing the Future of HRM and Technolog y Research	The Internat ional Journal of Human Resourc e Manage ment under Taylor & Francis	Scopu s, Web of Scien ce	To conceptuali ze HRM technologic al future.	Conce ptual	AI and digital tools reshape HRM but require ethical integration.	Provides foresight on sustainable AI- HRM.
27	Leicht-Deobald, U., Busch, T., Schank, C., Weibel, A.,Schafheitle, S.,Wildhaber, I.,&	The Challenges of Algorithm- Based HR Decision-	Journal of Busines s Ethics under Springe	Scopu s, Web of Scien	To propose ethical responsibili ties for AI in HRM	Conce ptual	Ethical frameworks are essential to prevent inequity in AI-	Strengthens ethical governance dimension.

	Kasper, G. (2019)	Making for Personal Integrity	r Nature Link	ce			HRM.	
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Artificial Intelligence (AI) technology is increasingly gaining prominence in Human Resource Management (HRM). It is changing the process of recruitment, performance management, employee development, and organization sustainability. One common challenge across all the research is the issue of ethical and efficiency trade-off. In most cases, this problem has been linked to issues of unfairness, privacy, and equality in relation to HRM operations. This issue forms an important part of the HR digital transformation debate. According to Naoum, Szakadati, and Balogh (2026), AI makes it easier for HR activities to become standardized without involving any bias. However, unless participatory design is considered, AI will not do away with discrimination as it will continue to be reflected in the historical data. Singh, Kumar, and Sharma (2025) support this idea as they note that although AI contributes to DEI strategies, fairness auditing needs to be done to minimize the risk of any form of bias. In other words, efficiency can be attained even with AI, but equity challenges still emerge. Another important theme in the field of HRM is sustainability. As shown by Alherimi et al. (2025), AI makes green recruitment and training more effective as per the goals of UN. Collectively, these works recommend the integration of AI HRM into sustainable models to guarantee legitimacy.

AI HRM applications in recruitment have been identified as significant. According to Venugopal et al. (2024), who utilized PRISMA and BERTopic approaches, AI helps simplify recruitment processes but causes concerns about biases and reliability. As noted by Rigotti and Villaronga (2024), efficiency is only guaranteed if systemic biases are handled through accountability measures. Safshekan et al. (2026) offer a conceptual model illustrating AI's contribution to recruitment, training, performance, and retention processes, but they point out problems with transparency and trust. AI HRM in performance management is equally affected. Roy and Banerjee (2024) observe that AI enhances accuracy and productivity in performance assessments but creates fairness and privacy problems. In a study involving a survey of 430 workers and interviews in Hong Kong's corporate communication industry, Wang, Liu, and Ao (2025) find that transformational leadership creates trust and flexibility in AI usage despite ethical concerns and the need for role clarity. Through an analysis of 43 journal articles, Dima et al. (2024) conclude that AI automates HR processes but changes accountability and trust in the HR triad comprising employees, managers, and HR experts. The findings in these articles make it clear that efficiency should not come at the expense of ethics. Another category that brings more perspectives to our review is systematic reviews. According to Meijerink et al. (2023), who conducted a study involving 56 journals, digitization brings higher efficiency and strategic alignment but creates difficulties concerning fairness and user experience. Similarly, Ekuma (2023) states that artificial intelligence changes HR but brings up equity and job security concerns.

These studies support the idea that efficiency should always go hand in hand with ethical implications. Ethics-related frameworks can be found everywhere in academic sources. Davidson et al. (2025) argue that conducting bias audits and making employees responsible is important. Leicht Deobald et al. (2019) say that algorithmic decisions made by AI should always respect personal integrity. Strohmeier (2022) suggests considering an ethical foundation as vital to make AI decisions legitimate, whereas Jarrahi (2018) believes that such collaboration might lead to injustice. All these authors prove that ethical frameworks are crucial for efficient AI HRM. Finally, empirical research provides even deeper insights. Jiang et al. (2025) suggest conducting integrated risk assessments through the use of Delphi method involving 200 HR professionals. According to Sohail & Ahmed (2025), in a study involving 442 employees, AI adoption is linked to career anxiety and insecurity, necessitating inclusivity efforts. Additionally, according to Sharma et al. (2025), through interviews with HR practitioners in India's IT sector, it is concluded that AI enables HR analytics, improves decision making while requiring participation and ethics. This demonstrates the importance of organizational strategies and cultures in equitable AI HRM practice.

Research Gap:-

Even though the use of AI in HRM research has been extensively focused on improving recruitment, performance management, and planning processes, the aspect of ethics in relation to AI has been neglected in the literature. Productivity and standardization of work have been given priority in terms of discussion, with questions related to fairness playing a minor role. Tools that can be used to ensure equity, such as the audit process of bias, explainable

AI, and participatory design, are conceptualized in theory but remain unsupported by empirical evidence, particularly in less developed nations.

Research Objectives:-

Based on the identified research gaps, the objectives of your study are:

- To examine how AI-HRM balances efficiency with equity in recruitment, performance, and employee development.
- To evaluate ethical governance mechanisms such as unbiased audits, explainable AI, participatory design, and risk management.
- To investigate how organizational strategy shapes ethical AI adoption, especially in developing economies.
- To analyze risks from generative AI, including privacy breaches and algorithmic opacity.
- To propose ethical pathways that reconcile efficiency with equity for sustainable digital transformation.

Table 1: The AI driven HRM practices balance efficiency of the individuals and group:

HR Function	Efficiency Gains (Evidence)	Equity Concerns (Evidence)	Ethical Pathways to Balance
Recruitment	Venugopal et al. (2024) – AI streamlines recruitment with topic modeling. Safshekan et al. (2026) – efficiency in recruitment and training.	Naoum et al. (2026) – risks systemic bias despite standardization. Rigotti & Villaronga (2024) – fairness frameworks needed to prevent discrimination.	Unbiased audits, participatory design, explainable AI to ensure inclusivity in candidate evaluation.
Performance Management	Roy & Banerjee (2024); Madanchian & Taherdoost (2025) – AI improves accuracy, transparency, and productivity.	Dima et al. (2024) – AI alters accountability and trust in HR triad. Roy & Banerjee (2024) – fairness and privacy concerns undermine trust.	Transparent metrics, human oversight, fairness frameworks to safeguard employee trust.
Employee Development	Alherimi et al. (2025) – AI enhances green training and sustainability-focused development. Venugopal et al. (2024) – personalized learning pathways.	Sohail & Ahmed (2025) – AI adoption increases career insecurity and anxiety. Singh et al. (2025) – DEI outcomes risk bias if not carefully managed.	Inclusive design of AI learning platforms, proactive measures to reduce insecurity, equitable access to training.
Compensation & Retention	Safshekan et al. (2026) – AI models optimize compensation structures and retention strategies.	Risks of opaque pay algorithms reinforcing wage gaps; lack of transparency in retention analytics.	Fairness audits in pay algorithms, explainable compensation models, employee participation in retention design.
HR Analytics	Sharma et al. (2025) – AI-driven HR analytics in India's IT sector enhances decision-making and efficiency.	Requires strong practitioner engagement; risks of bias in analytics and exclusion of employee voice.	Ethical safeguards, practitioner oversight, participatory analytics design.
Leadership & Communication	Wang et al. (2025) – Transformational leadership fosters trust and adaptability in AI adoption.	Leaders must address ethical concerns and role clarity; risk of inequitable communication flows.	Leadership-driven ethical frameworks, transparent communication, role clarity initiatives.
Organizational Strategy & Sustainability	Mollah et al. (2024); Bhasin & Krishna (2025) – AI-HRM mediates sustainable performance and workplace innovation.	Strategy-driven adoption risks privileging efficiency over inclusivity; sustainability goals may overshadow equity.	Embedding equity into sustainability strategies, aligning AI with UN SDGs and fairness principles.

Legal & Governance	Davidson et al. (2025); Rigotti & Villaronga (2024) – frameworks for equity, transparency, and fairness in recruitment and HRM.	Current systems lack accountability; risk of systemic bias if governance is weak.	Structured bias audits, compliance with anti-discrimination laws, integrated risk management.
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Analysis: AI adoption in HRM consistently delivers efficiency gains across recruitment, performance management, employee development, compensation, analytics, and leadership. However, equity concerns—bias, privacy, trust, and career insecurity—emerge in every function. Ethical pathways such as bias audits, explainable AI, participatory design, and transparent governance frameworks are essential to reconcile efficiency with equity and embed sustainability into organizational strategy.

Table2 : Ethical Governance Mechanisms in AI-HRM

Governance Mechanism	Literature Evidence	Applicability in HRM Contexts	Limitations / Gaps
Bias Audits	Davidson et al. (2025) – Bias audits essential; current systems lack accountability. Rigotti & Villaronga (2024) – fairness frameworks needed in recruitment.	Can be applied in recruitment (screening algorithms), performance evaluation, and compensation systems to detect systemic bias.	Often conceptual; limited empirical validation in HRM practice, especially in developing economies.
Explainable AI (XAI)	Naoum et al. (2026) – AI standardizes but risks systemic bias; transparency needed. Roy & Banerjee (2024) – performance management raises fairness concerns.	Useful in performance management and employee development to make algorithmic decisions interpretable for employees and managers.	Current HR tools lack robust explainability; employees may still distrust opaque systems.
Participatory Design	Naoum et al. (2026) – participatory design mitigates systemic bias. Singh et al. (2025) – DEI outcomes require inclusive design.	Involves employees, managers, and HR professionals in co-designing AI systems, ensuring inclusivity in recruitment and training.	Rarely implemented in practice; requires cultural and organizational readiness.
Risk Management (GenAI)	Jiang et al. (2025) – integrated risk analysis for generative AI; privacy breaches and opacity risks. Sohail & Ahmed (2025) – AI adoption linked to career insecurity.	Critical for managing risks in generative AI applications (chatbots, automated HR communication, predictive analytics).	Frameworks exist but are not tailored to HRM; lack of integration with equity-focused governance.

Analysis: Bias audits, explainable AI, participatory design, and risk management frameworks are central to embedding ethics in AI-HRM. While each mechanism offers pathways to balance efficiency with equity, most remain conceptual, under-validated, and insufficiently tailored to HR contexts in developing economies. Effective adoption requires integrating these tools into recruitment, performance, and employee development with strong governance and cultural readiness.

Table 3 : Organizational Strategy vs. Digital Readiness in Ethical AI-HRM (Developing Economies)

Dimension	Literature Evidence	Findings on Strategy vs. Readiness	Implications for Ethical AI Adoption
Organizational Strategy	Mollah et al. (2024) – Strategy drives success; AI-HRM mediates sustainable performance. Bhasin & Krishna (2025) – Sustainable workplaces depend on aligning AI with ethics.	Strategy is the decisive factor in leveraging AI for sustainable HRM outcomes, not digital culture alone.	Embedding ethics into HR strategy ensures AI adoption fosters inclusivity and sustainability.
Digital Readiness / Culture	Venugopal et al. (2024) – AI streamlines recruitment but raises bias and trust issues. Safshekan et al. (2026) – AI revolutionizes HRM but raises transparency challenges.	Digital readiness enables adoption but does not guarantee fairness or equity.	Without strategic alignment, readiness risks privileging efficiency over inclusivity.
Developing Economy Context	Mollah et al. (2024) – Evidence from 219 employees in Bangladesh shows strategy, not culture, drives sustainable AI-HRM. Sohail & Ahmed (2025) – Employee insecurity rises without proactive measures.	In developing economies, resource constraints and socio-cultural diversity make strategy alignment critical.	Ethical AI adoption requires tailoring governance to local contexts, ensuring equity alongside efficiency.
Leadership & Governance	Wang et al. (2025) – Transformational leadership fosters trust and adaptability but must address ethical concerns. Davidson et al. (2025) – Governance frameworks essential for equity and transparency.	Leadership strategy shapes employee trust and ethical integration more than digital tools alone.	Strong governance and leadership strategy are prerequisites for equitable AI-HRM.

Analysis :Organizational strategy, rather than digital readiness alone, emerges as the decisive factor in ethical AI-HRM within developing economies. While readiness enables adoption, only strategy, leadership, and governance ensure fairness, inclusivity, and sustainability. Embedding ethics into HR strategy and tailoring governance to local contexts is essential to balance efficiency with equity.

Table 4 : Risks of Generative AI in HRM and Ethical Pathways

Risk Dimension	Literature Evidence	Implications for HRM	Proposed Ethical Pathways
Privacy Breaches	Jiang et al. (2025) – Generative AI improves efficiency but risks privacy breaches. Sohail & Ahmed (2025) – AI adoption linked to career insecurity.	Sensitive employee data (applications, performance records, communications) may be exposed through GenAI tools.	Integrated risk management frameworks; strict data governance; anonymization of employee data; compliance with GDPR/Indian IT Act.
Algorithmic Opacity	Naoum et al. (2026) – AI standardizes but risks systemic bias. Roy & Banerjee (2024) – Opaque performance algorithms undermine trust.	Employees and managers cannot understand how GenAI makes HR decisions, leading to distrust and perceived unfairness.	Explainable AI (XAI) models; transparent communication of decision logic; participatory audits involving HR professionals and employees.
Bias Amplification	Singh et al. (2025) – AI supports DEI but risks bias. Rigotti & Villaronga (2024) – Recruitment tools perpetuate systemic bias unless fairness frameworks are integrated.	Generative AI trained on biased datasets may reinforce inequities in recruitment, promotion, and training.	Bias audits, fairness-by-design principles, diverse training datasets, participatory design to include marginalized voices.
Employee Insecurity	Sohail & Ahmed (2025) – AI adoption increases career anxiety and insecurity. Dima et al. (2024) – AI alters accountability and trust in HR triad.	Employees fear replacement or unfair evaluation by opaque GenAI systems.	Ethical HR communication strategies; leadership-driven trust-building; hybrid human-AI oversight in evaluations.

Analysis: Generative AI in HRM introduces risks of privacy breaches, opacity, bias amplification, and employee insecurity. While efficiency gains are evident, these risks undermine trust and equity unless addressed through ethical pathways such as bias audits, explainable AI, participatory design, strict data governance, and leadership-driven communication. Embedding these safeguards ensures that GenAI adoption balances efficiency with fairness and sustainability.

Table 5 : Sustainable Ethical Pathways Framework for AI-HRM

Layer	Focus Area	Mechanisms / Pathways	Outcome
Governance Layer	Ethical oversight & compliance	Bias audits, explainable AI, participatory design, integrated risk management, periodic ethical reviews.	Accountability, fairness, and long-term compliance with ethical standards.
Strategic Layer	Organizational strategy & leadership	Embedding ethics into HR strategy, transformational leadership, equity-driven policies, continuous ethical benchmarking.	Sustainable AI adoption supported by ethical leadership and strategic alignment.

Operational Layer	HR functions (Recruitment, Performance, Development, Compensation)	Transparent metrics, adaptive training platforms, hybrid human-AI oversight, ethical data management.	Efficiency gains balanced with fairness and responsible HR practices.
Cultural Layer	Employee trust & role clarity	Clear communication of AI's role, participatory audits, defined accountability within the HR triad, ethical awareness programs.	Confidence, trust, and ethical resilience across organizational roles.
Sustainability Layer	Green HRM & social responsibility	Eco-conscious recruitment, continuous learning aligned with SDGs, ethical impact reporting, stakeholder engagement.	Resilient, ethically grounded workplaces contributing to sustainable digital transformation.

Analysis: The Sustainable Ethical Pathways Framework integrates governance, strategy, operations, culture, and sustainability to balance efficiency with equity in AI-HRM. Governance mechanisms (bias audits, explainable AI, participatory design) ensure accountability, while strategic leadership embeds ethics into organizational policies. Operational transparency, cultural trust-building, and alignment with SDGs collectively foster resilient, inclusive, and ethically grounded workplaces.

Future Research:-

Future research on ethics in AI-HRM must move beyond conceptual models to longitudinal, empirical studies that track evolving pathways. While bias audits, explainable AI, participatory design, and risk management are promising, their long-term effectiveness across diverse contexts remains unclear. Scholars should examine interactions with organizational strategy, leadership, and culture, especially in developing economies. Comparative studies across industries and geographies can reveal whether ethical practices scale or remain context-dependent. Employee, manager, and HR perspectives are vital for assessing trust and accountability. Generative AI introduces new risks, requiring interdisciplinary approaches to align ethical safeguards with global sustainability goals.

Conclusion:-

This study highlights that sustainable ethics in AI-HRM requires reconciling efficiency with equity through governance, strategy, operations, culture, and sustainability. While AI adoption enhances recruitment, performance management, and employee development, it raises risks of bias, opacity, privacy, and insecurity. Evidence shows organizational strategy, not digital readiness alone, embeds ethics in HRM, especially in developing economies. Ethical mechanisms—bias audits, explainable AI, participatory design, and risk management—must be contextually adapted and reinforced. By institutionalizing fairness, transparency, and accountability, organizations can align HRM with sustainability goals, creating workplaces that are efficient, equitable, and resilient in the face of technological change.

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