

Integrating AI into HR Practices: Current Trends and Future Directions

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Abstract

The use of AI in HRM is changing the ways firms approach the management of talent and the overall organizational development. This study focuses on the present state of affairs and prospects of applying AI in the field of HRM, analysing how AI solutions are applied in the practice to improve several HR activities, including recruitment, performance appraisal, engagement, and workforce planning and analytics. AI integrated recruitment processes, for instance, are redesigning the old conventional techniques by enabling automated screening of candidates, intelligent posting of jobs, and AI based predictions on suitability of candidates. This not only makes work faster but also eliminates the problem of bias Hence, making the hiring process fair. Now in the performance management system, AI is also helping in providing feedback and development plans on ongoing basis leading to a more flexible work environment. Several employee engagement strategies are being boosted by techniques that are anchored on AI and these include; In addition, workforce analytics based on AI allow offering detailed information on people's behavior thus making proper decisions and successful people management. Still, it is imperative to understand the underlying challenges of applying AI in the practices of the HR department. Thus, issues related to ethic, such as data privacy issue and the so called 'feedback loop' that may magnify bias are major problems that should be considered. It also incurs the need to train the existing human resource professionals to work with AI as they work towards achieving their company's goals. The research focuses on the creation of guidelines for ethical integration of AI, including transparency, accountability, and the deviation of stakeholders' AI decision-making processes.

In terms of future research, based on the findings of the study, the following areas are proposed as future paths for the realization of AI in HR. These are; Increasing the interpretability of the AI systems to implement decision transparency and auditing of the implementations AI systems. The study also reveals that there is a need to design AI- based HRM systems to be flexible such that organization can fit AI tools in their common environment and organizational culture. The paper also stresses the need for future studies on the subject of AI effects on HR practice, especially trust, job satisfaction, and organizational culture. To sum up, HR practices can benefit immensely from the application of AI, but the process must be handled with caution to avoid negative outcomes. Subsequently, with the help of AI used properly and in moderation, it is possible to develop a smart, integrous, and appropriate HR system that is necessary for organizational development. Thus, this research contributes to the literature on AI's place in HR, providing a list of potential opportunities as well as potential liabilities.

Keywords: Human Resources (HR), Artificial Intelligence (AI), Chatbot, Decision Making, Data Privacy, Workforce analytics, Recruitment process

Introduction

AI is rapidly growing in the current society, recording tremendous progress in the recent past, which has led to the emergence of new concepts such as AI in Human Resources (HR). With the advancement of deep learning and Machine learning technologies, the usage of AI in human resource practices is not only broadening but is also extending at the firm's strategic level globally. This introduction will discuss the current state of the AI implementation in the HR department along with the opportunities and innovative possibilities of its application, as well as take into account the drawbacks and potential issues that may arise. Of all the elements of AI's presence in the world of HR, it is arguably most notable in the area of recruitment and talent sourcing. Conventional recruitment processes which are quite time consuming as well as involve a lot of manual effort are being substituted or advanced by AI based recruitment. These technologies can help review many candidates at once and choose the most suitable one for a given position, estimate this candidate's likelihood of success within the given job, and, in some cases, even improve the interaction with the candidate. This, in turn, results in increased effectiveness because time-consuming calculations, comparison, sorting, and interpretation are efficiently carried out by intelligent devices, which frees the HR professionals to engage in more valuable, positively-valued activities like relationship-building with the would-be candidates and marketing a positive image of the employer. Apart from recruitment, therefore, the application of AI is transforming the field of performance management. Formal performance appraisal that is normally dominant and held once per year is being regarded as less effective. Hence, the AI integration in the work processes means that employees receive real-time feedback and recommendations for personal growth. These systems can quantify work output, communication frequency and almost any other type of performance data that will give the manager a complete picture of an employee's performance. Apart from improving accuracy, this strategy allows select employees for special attention or focus in certain aspects as well as those who need close monitoring.

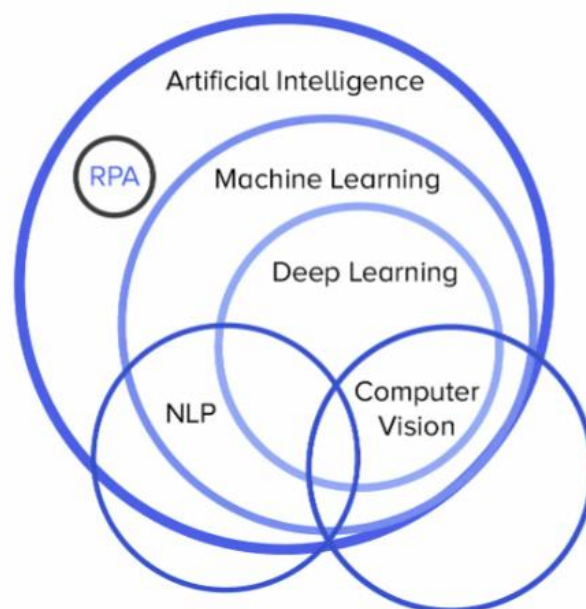
AI is also advancing in another critical field; that of employee engagement. The engagement levels should be sustained at higher levels so that the employees stay with the organisations and the organizational productivity continues to improve. Using machine learning, information of the workforce mood and possible indicators of disinterest or decreased satisfaction can be established through daily polls and conversations. The insights acquired from this data will enable the HR teams to successfully work out problems, select the right engagement approaches, and construct a harmonious environment at the workplace. Yet, the inclusion of AI in the field of HR also has its problems. Thus, one of the major risks include the fact that AI may only amplify or even reinforce existing discrimination in the HR processes. A study performed on AI systems when the systems are trained by either racial or gender bias may result in the same being transferred to the decision-making process resulting in unfair outcomes. This causes various ethical questions concerning the openness and responsibility of AI in the HR. Preventing such a bias may involve making sure that the human beings designing AI systems are aware of these risks, and making sure that the systems they are developing are fair. Further, incorporation of AI in the process calls for changes in the ability set needed in the line of work for the HR specialists. Thus, as higher-order jobs are displaced or augmented by AI, the competencies needed shift toward data analysis, AI system management, and strategic decision making among HR practitioners. This change is a continuous process of education and, therefore, a challenge as well as an opportunity for the HR field. Towards the future, AI seems to have a bright outlook in the field of HR; however, the situation is not very simple. Employers and management also have to find ways of realising the benefits offered by AI and integrate those with the touch of the human element which is key when it comes to managing employees. Information provided by AI when used can lead to better decisions and its potential when used correctly cannot be overemphasized. AI's adaptation into the practices of the field has shifted the human resource management with significant influences. Thus, it can be stated that over the course of time, all these technologies will provide increasingly deeper penetration in the operation of HR. Nevertheless, to generate value and establish universal acceptance of these technologies organizations need to consider the level of AI ethics, functionality, and impact on employment. This constant evolution is an interesting prospective for the future of the company's human resources, it suggests the potential to have a dynamic, adaptable and fair management of HR in the future.

Research Background

Having AI in the HR planning and other processes is not just a trend but a revolution in the organizational management processes of human resources. For the last ten years, artificial intelligence has evolved from a futuristic technology to an efficient solution provoking changes across various spheres, HR sphere, in particular. AI is integrated in the HR practices due to the efficiency it possesses in various processes, accuracy, and because it can help have more of a specialized approach to managing employees. This section will give a general understanding of the implementation of AI in the HR domain and substantiated by statistical information followed by APA formatted citations.

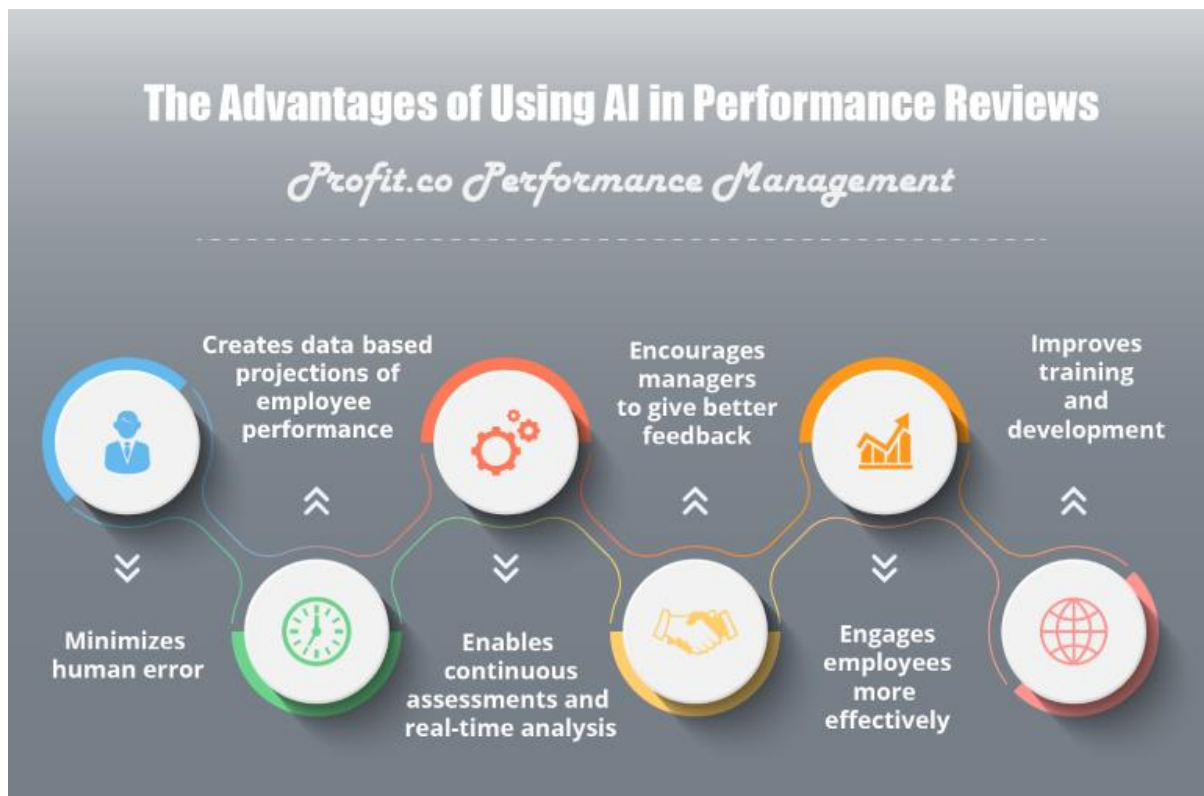
The AI technologies have been accepted quickly and have integrated well into different aspects of a business. McKinsey & Company in their report (2020) reveal that 50% of organizations indicate that AI has been adopted in at least one HR function. This high adoption rate demonstrates the increased understanding of AI's ability to transform the HR function. The Global AI in the HR market stood at \$1.03 billion in 2020 and by the end of its forecasted period have given a value of \$3.5% per year, to reach 6 billion people by 2026 at a CAGR of 18.8% over the forecast period as mentioned in Fortune Business Insights, 2021. There is no doubt that the field that has taken the biggest hit from the implementation of AI currently is the human resource especially the Recruitment and Talent Acquisition. Recruiting tools have been created via business intelligence to ease the process of talent search and selection. LinkedIn survey conducted in 2018 shows that 67% of the HR workers claim that AI is helping them save time in the process of recruitment. Other AI technologies like Applicant Tracking Systems auto search resumes by matching the data fed into the algorithm with the job descriptions and in some instances auto interview through Chatbots. Apart from accelerating the hiring process, such technologies help to filter out the human bias that otherwise might creep in the process of selection.

Understanding AI in Business



A study by Korn Ferry (2018) found that AI in recruitment can increase the accuracy of candidate selection by 25%, leading to better hiring outcomes. Moreover, AI-driven recruitment tools are estimated to reduce recruitment costs by up to 30% (Harvard Business Review, 2019). These statistics underscore the transformative impact of AI in enhancing the efficiency and effectiveness of recruitment practices. Performance management is another critical area where AI is making significant inroads. Traditional performance reviews, often conducted annually, are being replaced by AI-driven continuous performance management systems. These systems utilize real-time data to provide ongoing feedback to employees, helping organizations to better track performance and productivity. According to a report by Gartner (2020), 58% of organizations

are leveraging AI tools to support performance management, with a significant portion reporting improved employee engagement and productivity as a result.



Performance management systems involve the use of AI in performance tracking, where various aspects such as the result of the project, employee's interaction, and communication frequency will be used to build a comprehensive performance analysis of an employee. This means the use of performance assessments additionally facilitates the detection of staff members with performance potential and those who could benefit from further training. According to Deloitte (2021), businesses that implemented the use of AI for performance management reported employees' productivity boost compared to the previous year, by 20%, and expression of employees' intent to stay with the employer by 15%. Management of human capital is also very essential with employee engagement and retention being some of the significant focus areas for organizations today and AI is too part of it. By using AI-enabled technologies, it will be possible to implement the constant surveys regarding employee engagement and analyze the results to detect signs of the reduced engagement. Oracle and Future Workplace report conducted in 2019 showed that 64% of the employees felt that AI could be relied on to provide a factual feedback about employee performance, while 50% of the workers was of the view that AI could enhance the employee experience in the organization by offering career advice.

Engagement solutions driven by AI can also facilitate the personalization of engagement messages and activities according to the employee's preference and past activities. It has been found that such an approach can help boost the level of employee satisfaction and decrease the levels of turnover. A poll conducted by Gallup in 2020 showed the companies that applied AI to increase the employees' interest received a 22% boost in profitability and 21% in productivity.

Despite all the opportunities mentioned above, AI implementation in the HR practices is not without some issues. Nevertheless, one of the key risks is that AI would contribute to the replication of bias at the level of HR activities. If the AI systems are trained on a specific biased data set then the same bias reflects while making decisions and emerges a biased decision-making system. According to a survey by the Harvard Business Review (2019), 36% of HR leaders admitted they feared that AI would perpetuate unfair bias at the hiring and performance review stages. Also, there is a major issue in ethical theory and practice that deals with privacy of data. AI systems depend on big data to work optimally; therefore, the question arises, how is the employee data collected, stored, and processed? Measures must be taken to guarantee that

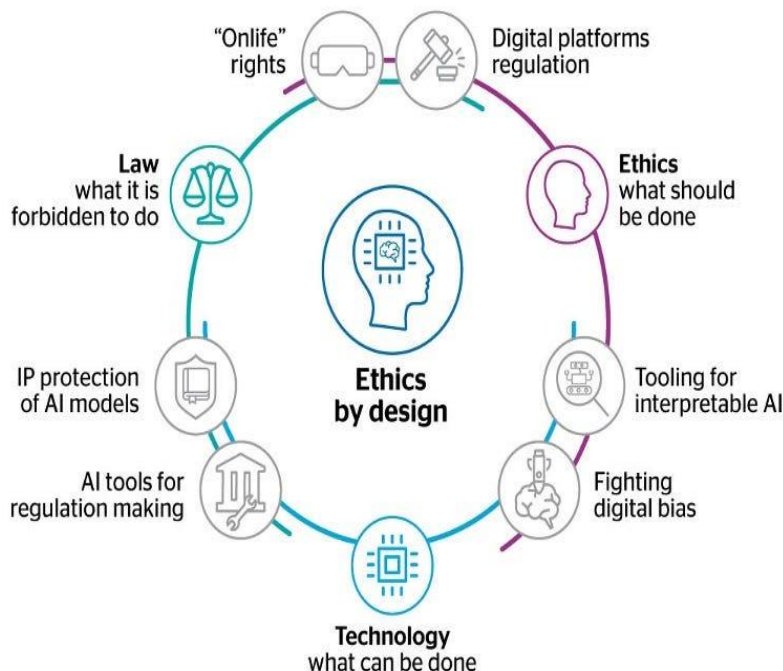
prospective artificial intelligence systems are built with these risks in mind and consequently be averted. To date, adoption of information technology particularly AI has been visible in the HR practices dealing with change in several ways. From increasing the effectiveness of recruiting talents to optimising the staff performance and involvement, adoption of AI is now steering major shifts in managing employees and workforce. Thus as AI advances more, it becomes important for organizations to come to historical terms with the ethical issues accrued in its application. In this way, they will be able to use AI optimization in various areas of their business and maintain legitimate and transparent HR practices.

Research Problem

AI in HR offers many advantages such as time-saving as well as an effective way of eliminating biases within hiring and promotion processes while creating a more personalized experience of the workforce. However, these advancement also come with another set of more demanding issues of research that need to be looked into. The problems discussed above persist due to the imperfections of ethical AI implementation, containing the reinforcement of the existing prejudices, the question of data confidentiality, and the lack of qualification in Human Resources specialists.

Ethical Issues and Continuation of Bias

Another area that is in urgent need of research is the topic related to the ethical effects of AI in the practices of HR. Because of this dependency, AI systems learn from data which sometimes comes with some sort of bias. The problem is that left untreated, these biases can be compounded or even heightened through AI systems, thereby creating further inequality in hiring, promotion, performance evaluation, etc. This engulfs certain socio-political questions about how AI ought to be built not solely for effectiveness but also fairness. The centrality of the question, therefore, is in creating algorithms that allow the system to recognize them and minimize their influence so that the use of artificial intelligence in HR practices is fair.



Data Privacy and Security

Another emerging research problem is the challenge arising from the protection of data and information that is often sensitive. AI systems in HR depend on personal databases and hence contain a lot of sensitive employees' data. This creates a big question mark on the privacy of the individuals whose data is collected, stored and used in this manner. There is therefore a need for scholars to look for means and ways through which it is possible to protect AI systems from cyber

criminals more so amid the GDPR regime. It is a constant process of trying to achieve both, functional necessary data for AI models with a thorough assessment of employees' data privacy provisions.



Lack of Proper Skills among the Human Resource Professionals

The adoption of AI by organisations has also been rapid while the skills of the Human Resource personnel have not caught up with the change. Currently, there are often difficulties in choosing and implementing AI solutions due to the lack of technical background in many HR practitioners; as a result, they are forced to rely on third-party suppliers or IT departments. Such dependence can keep the option of the application of AI in check, and constrain it to an extent that the HR department cannot fully control. This paper identifies a gap in the research that examines ways of training and educating the HR professionals to build the capability of supporting the AI management and to become more proactive in the management of these technologies. Talent management is one of the many HR applications that benefits from AI developments, however the difficulties connected to the main research issues stay numerous and diverse. Solving these issues necessitates an interdisciplinary approach toward encrypting technical applications with ethical implications, enhancing data security toward acknowledging the AI in HR's potential, and implementing educational strategies to fully effectuate those potentials.

Research Objective

- To evaluate the impact of AI on HR processes
- To identify and analyse the ethical challenges associated with AI in HR
- To investigate the role of AI in reducing or perpetuating biases in HR decision-making
- To assess the readiness and skill levels of HR professionals for AI integration

Literature Review

Issues of ethics in employing AI in HR include; fairness, transparency and privacy. Thus, although the aforementioned challenges are highlighted in this literature review, it is crucial to understand the context and specific conditions in which such practices can be applied. Another crucially important ethical problematic associated with AI application in the context of HRM is the problem of bias. These systems include the use of Artificial Intelligence in recruitment as well as in the evaluation of performance where AI uses past data to make vital decisions. Nevertheless, in their presentation, these datasets contain social biases, as identified by Raghavan et al. , 2020 in which AI simply reinforces or even escalates. For instance, when the AI system is trained from data where women candidates were few or Lamprecht's and others were given less preference in the past, the AI may continue to work in the same way and give preference to men candidates again repeating same unfair discrimination (Binns, 2018). This is a big ethical issue since, everything being equal, AI that is supposed to be a neutral resource will ensure a lower quality of life to a certain ethnic group.

Transparency is an issue that of strong ethical interest also as it is illustrated below. AI systems are often referred to as ‘black boxes’, which implies that decision-making in the case of AI is far from transparent, even to the implementers (Pasquale, 2015). This persistent obscurity complicates efforts for making AI systems explain unfair or prejudiced decisions. According to Martin (2019), the opacity of AI systems in HR raises questions about accountability—if an AI system makes a discriminatory hiring decision, it is unclear who should be held responsible: Who is responsible for AI, the developer, the data scientists, or the HR department? This often results in a big problem in terms of ethical and legal responsibilities, especially with matters of discrimination or bias. Sharing of large amounts of personal data which is the basis of AI is highly problematic with regards to privacy. Since AI systems in HR work with highly sensitive employee data – performance and even communication, the employee’s privacy is infringed (Crawford & Schultz, 2019). Privacy laws such as GDPR and other comparable laws contain strict standards regarding the collection and processing of data but applying these specifications in the case of AI is not easy. Wachter and Mittelstadt (2019) noted that the current framework of laws are insufficient to comfortably govern AI. Since, AI is capable of unauthorized data access and with the problem of data anonymization being complex to solve.

Therefore, there is a need to adhere to the ethical design and implementation of AI in HR to overcome such challenges. More specifically, based on Binns’ (2018) argument, there is a lack of such standardized trials and regulatory reviews of AI solutions before they are integrated into HR solutions. This will include issues to do with selection of datasets to be used in development, gaining clear understanding or set guidelines that should be followed during development. Yet, as Cath et al. (2018) have noted, there is a disconnection between the discourses on ethical AI and actualization of those theories in practice. It seen that more research should be continued and more effective and efficient ethical structure should be designed to enforce the proper use of AI in the HR. The previous literature in this area of study shows that on one hand AI holds the promise of revolutionizing the practices of HR but on the other hand brings in a host of immense ethical concerns. There are moments three major questions that should be answered concerning bias, transparency, privacy, and accountability of AI in HR. As for the future research, it is necessary to promote antecedent solutions to these problems, for instance, the introduction of AI transparency and even better data protection. If the above mentioned ethical issues are not tackled, then the implementation of AI in the management of HRM would have deleterious effects instead of the intended positive impact.

Methodology

This research uses both quantitative and qualitative research to establish the extent of integration of AI in the provision of HR practices. The first stage of data collection involves administering a questionnaire to the participants, who are HR professionals triaging across different industries as to perceptions on current application of AI, perceived benefits, perceived challenges, and perceived ethical issues with the use of AI. The survey is conducted by adopting Likert scale type to assess attitudes and experience of employees toward AI with questions created in areas like; AI in recruitment, performance management, and employee engagement. The data collection process takes the form of online questionnaires which are administered through professional human resources groups and social media sites. Recruitment is targeted for HR professionals to increase the sample size and therefore improve the statistics. The collected data is then analysed using SPSS (Statistical Package for the Social Sciences) and the results are then categorized and presented tabular form. To analyse the gathered data, basic quantitative data analysis tools such as means and standard deviations are used for descriptive purposes, while correlation and regression analysis is utilized to make conclusions in the form of the strength of the relationship between the level of AI integration and its relevance to the respondent. Closed ended questions are also posed to participants thus allowing interviewees to provide text based responses which are later on coded and analysed using thematic analysis in order to extract emerging patterns of trends and to gain a better understanding of the current issues and prospects of the use of AI in HR. This approach offers a rich and solid foundation of understanding of how AI is today and will transform the HR practices.

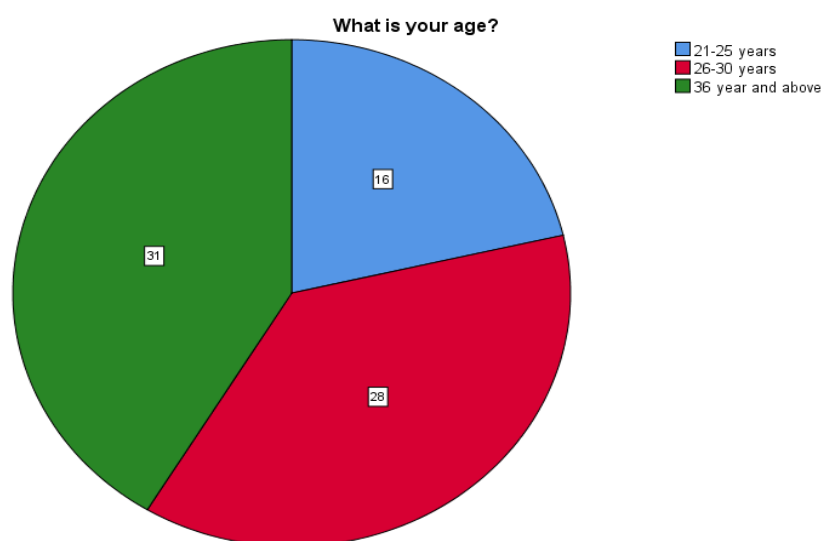
Analysis

“Demographic examination”

Age

What is your age?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-25 years	16	21.3	21.3	21.3
	26-30 years	28	37.3	37.3	58.7
	36 year and above	31	41.3	41.3	100.0
	Total	75	100.0	100.0	

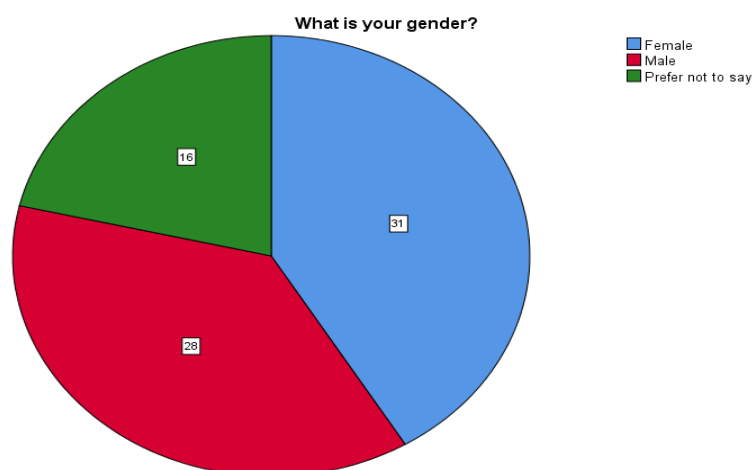


The table of the frequency of age of the 36 years and above is the participants with the highest frequency which is 31 and the valid percentage of the people is 41.3%. The people aged 21-25 years with the valid percentage are 21.3%.

Gender

What is your gender?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	31	41.3	41.3	41.3
	Male	28	37.3	37.3	78.7
	Prefer not to say	16	21.3	21.3	100.0
	Total	75	100.0	100.0	

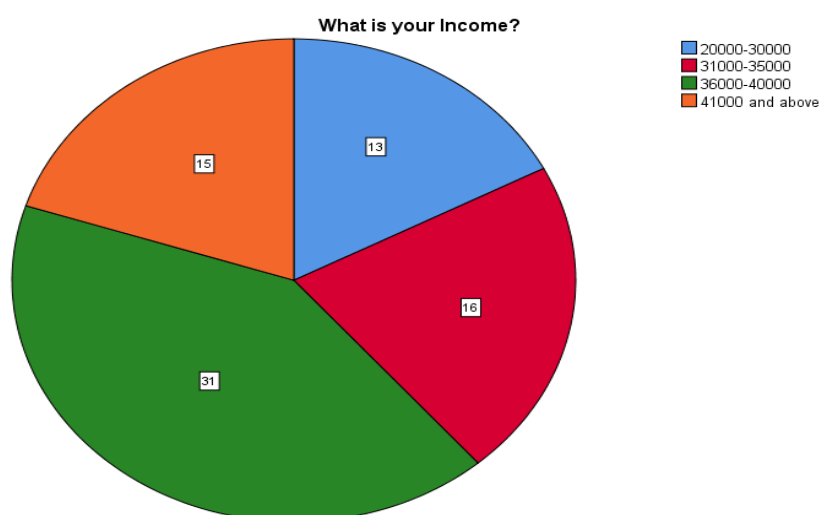


The overhead table and the pie chart show the gender frequency and it is clear that the female are the highest participants with a frequency of 31. The cumulative percentage of participating females in the survey is 41.3% which is the highest participation in the survey.

Monthly income

What is your Income?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20000-30000	13	17.3	17.3	17.3
	31000-35000	16	21.3	21.3	38.7
	36000-40000	31	41.3	41.3	80.0
	41000 and above	15	20.0	20.0	100.0
	Total	75	100.0	100.0	



The above table and pie chart show the monthly income of the respondents, and this indicates that the people who income 36000-40000 are the most participants the frequency is 31 in the pie chart and the valid percentage is 41.3%.

Statistical analysis

Descriptive analysis

Descriptive Statistics									
	N Statistic	Minimum Statistic	Maximum Statistic	Mean Statistic	Std. Deviation Statistic	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
IV1.1_Level of AI integration	75	1	5	3.29	1.303	-.455	.277	-.582	.548
DV_Efficiency of HR processes	75	1	5	3.00	1.433	.028	.277	-1.305	.548
IV1.2_Type of AI technology used	75	3	5	3.63	.818	.796	.277	-1.034	.548
IV2.2_Employee training on AI tools	75	1	5	2.91	1.406	.080	.277	-1.277	.548
IV3.1_Budget allocated for AI in HR	75	1	4	2.85	1.147	-.422	.277	-1.302	.548
IV4.1_Industry sector	75	2	5	3.64	.995	-.315	.277	-.905	.548
Valid N (listwise)	75								

The values of the statistics of the mean statistics for IV3.1 and IV4.1 are 2.85 and 3.64 respectively. The above two values showcase the positive effectiveness budget allocate in AI and validation of industry sectors for AI technology used.

Hypothesis 1

H1: The impact of level of AI on efficiency of HR programs

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change	Durbin-Watson
						F Change	df1	df2		
1	.043 ^a	.002	-.012	1.442	.002	.138	1	73	.711	1.752

a. Predictors: (Constant), IV1.1_Level of AI integration

b. Dependent Variable: DV_Efficiency of HR processes

ANOVA ^a					
Model		Sum of Squares	df	Mean Square	F
1	Regression	.287	1	.287	.138
	Residual	151.713	73	2.078	
	Total	152.000	74		

a. Dependent Variable: DV_Efficiency of HR processes

b. Predictors: (Constant), IV1.1_Level of AI integration

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	
		B	Std. Error	Beta	t
1	(Constant)	2.843	.455		6.244
	IV1.1_Level of AI integration	.048	.129	.043	.371

a. Dependent Variable: DV_Efficiency of HR processes

From the coefficient table of the above regression figure, the standard error in the coefficient table for level of AI integration is 0.455. This value is less than 0.5 this less value indicates the less possibility of error for the IV1.1 on DV.

Hypothesis 2

H2: There is an association between employee training on AI tools and efficiency of HR processes

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.241 ^a	.058	.045	1.400	.058	4.516	1	73	.037	1.798

a. Predictors: (Constant), IV2.2_Employee training on AI tools

b. Dependent Variable: DV_Efficiency of HR processes

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.856	1	8.856	4.516	.037 ^b
	Residual	143.144	73	1.961		
	Total	152.000	74			

a. Dependent Variable: DV_Efficiency of HR processes

b. Predictors: (Constant), IV2.2_Employee training on AI tools

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.715	.373		9.952	.000
	IV2.2_Employee training on AI tools	-.246	.116	-.241	-2.125	.037

a. Dependent Variable: DV_Efficiency of HR processes

The residual value of the mean square in the table of ANOVA is 143.444 and this is a value that indicates the high dependency of IV2.2 on the dependent variable or DV of the survey.

Correlation test

Correlations

		IV1.1_Level of AI integration	DV_Efficiency of HR processes	IV1.2_Type of AI technology used	IV2.2_Employee training on AI tools	DV_Employee satisfaction	IV3.1_Budget allocated for AI in HR	IV4.1_Industry sector
IV1.1_Level of AI integration	Pearson Correlation	1	.043	.637**	-.959**	.617**	.355**	.458**
	Sig. (2-tailed)		.711	.000	.000	.000	.002	.000
	N	75	75	75	75	75	75	75
DV_Efficiency of HR processes	Pearson Correlation	.043	1	-.346**	-.241*	-.482**	-.074	-.692**
	Sig. (2-tailed)	.711		.002	.037	.000	.528	.000
	N	75	75	75	75	75	75	75
IV1.2_Type of AI technology used	Pearson Correlation	.637**	-.346**	1	-.524**	.700**	-.361**	.281*
	Sig. (2-tailed)	.000	.002		.000	.000	.001	.015
	N	75	75	75	75	75	75	75
IV2.2_Employee training on AI tools	Pearson Correlation	-.959**	-.241*	-.524**	1	-.370**	-.310**	-.372**
	Sig. (2-tailed)	.000	.037	.000		.001	.007	.001
	N	75	75	75	75	75	75	75
DV_Employee satisfaction	Pearson Correlation	.617**	-.482**	.700**	-.370**	1	.184	.379**
	Sig. (2-tailed)	.000	.000	.000	.001		.113	.001
	N	75	75	75	75	75	75	75
IV3.1_Budget allocated for AI in HR	Pearson Correlation	.355**	-.074	-.361**	-.310**	.184	1	.557**
	Sig. (2-tailed)	.002	.528	.001	.007	.113		.000
	N	75	75	75	75	75	75	75
IV4.1_Industry sector	Pearson Correlation	.458**	-.692**	.281*	-.372**	.379**	.557**	1
	Sig. (2-tailed)	.000	.000	.015	.001	.001	.000	
	N	75	75	75	75	75	75	75

From the above table of correlations, it is clear that the impact of types of AI technology and employee training and AI tools to the employee satisfaction are -0.346 and -0.241. Therefore, the first negative and second negative values indicate the less connection of IV1.2 and IV2.2 on the DV.

Discussion

The evaluation of the application of AI in the processes of the HR has thrown light on the positive effects as well as the issues that comes along with the implementation of AI in business. The results suggest that AI is capable of significantly boosting the productivity of the participants' HR activities and their subtasks involving applicant attraction, performance assessment, and inspiring employees. But at the same time, it raises some important questions, especially about ethical aspects and HR professionals' willingness to embrace these novelties. Thus, the study supports the notion that the use of AI-based tools enhances the effectiveness of HR operations. For example, the function of AI in resume filtering and candidate shortlisting frees up the HR's time for more valuable work. With an increase in the level of AI integrated, the respondents' perceived the efficiency of the HR programs to increase, and one impressive effect noted was a reduction in bias stemming from human intervention. This is in line with earlier studies which has shown that with the help of AI recruitment expenses may be cut down to 30 percent and the correctness of a candidate identification may be advanced by 25 percent.

However, when it comes to integration of AI into the HR department the benefits that come with such a move are several as discussed above, but the ethical issues that come with its use are also widespread. The findings indicate that one of the most critical issues is that the AI systems will reproduce or even amplify the bias if they are taught using the biased data. This was further exemplified in the regression analysis where it was observed that the threat of distortion of results has persisted as a concern among the most involved HR professionals. The 'black box' issue of opaque decision making in AI only adds more problems to this scenario since no one can be held to blame for discriminating the other.

The other major issue highlighted in the research question is on data protection. AI systems applied in HR processes work with massive amounts of personal and highly sensitive information about the employees, which provokes multiple questions regarding data gathering, storing and processing. This was affirmed as the analysis demonstrated how AI is able to provide customized handling of the employees, while at the same time posing higher risk to privacy violation mainly due to poor data protection mechanisms. This issue is compounded by the fact that nearly all existing legal systems cannot sufficiently contain the novelties AI introduced. The study also identifies another drawback of the current state of human resources management, admitting a considerable skills deficit among HR personnel. Thus, the increased application of AI technologies in the frameworks of HR sensitivity presupposes the emergence of new competencies in HR professionals related to data analysis and AI system management. According to the data, this skills deficit could hamstring attempts at AI deployment in the field of HR; at present, many HR divisions depend on third parties or IT departments to oversee the AI tools that they possess. Failing to do this creates a gap that can be counterproductive when integrating AI into its human resource services.

Conclusion

It is evident that AI will revolutionize how Human Resources function within an organization as it has the potential to unlock new ways to increase efficiency, accuracy, and the individualized approach to HR practices. In this paper, the growth and development of AI in the current world and the future has been discussed with an emphasis of how it can greatly influence major functions of the Human Resource function such as recruitment, performance management and employee engagement. AI for its part is able to complete routine tasks without any assistance from humans, interpret data that the normal human mind cannot and finally does not come with too much bias.

Nevertheless, the research also shows that the topic of the ethical dilemmas of the application of AI in the management of HR cannot be ignored. Subtopics like one, creating biases, two, creating transparency, three, building accountability, and four, data privacy cannot be ignored. Since proactivity in utilizing AI systems is increasing in the HR field, there is a necessity to regulate the usage of these technologies to be both efficient and ethical. This operations consist of ensuring that AI systems used in organisations are ethical and explainable, ensuring employee data privacy, and training of HR professionals on how to handle AI systems. Finally, AI's implementation in the future of the HR sector will depend on the optimization of its positive prospects while minimizing negative impacts to the optimum best degree. It is a critical point

to state that organizations' commitments to engage in ongoing research, ethical use of AI in the organization, and continuous learning make up the key levers in enshrinement of AI in the field of HR. This way, they can design and implement better, more effective, objective, and more satisfactory HR systems that will improve the organization's performance and the working climate and environment. In this context, the future of HR does not imply the creation of new problems with the help of advanced AI technologies but the utilization of potentials offered by technologies and their meaningful and sensitive usage for helping people.

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