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Effect of artificial intelligence on HRM practices: An analytical study on the Indian corporate sector

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Abstract

Technology has always been a factor in attaining corporate outcomes via enhanced efficiency and optimization. Artificial intelligence is poised to transform human interaction with technology for the greater benefit. Computing Intelligence Methods are a subset of AI Methods that have been used in Human Resource Management for an extended period. Since its start, several proposals for using these technologies in HRM have surfaced. Despite widespread adoption of this approach globally, Indian organizations have been sluggish in its implementation, particularly evident within the HR department. It is evident that Indians, along with enterprises in general, have increasingly embraced AI technology in recent years. The extensive use of artificial intelligence has resulted in significant advancements in production and administration. In the realm of human support management and company growth, artificial intelligence (AI) presents every imaginable and complex scenario.

The objective of our paper is to provide an exhaustive examination of the difficulties and possibilities now confronting this business. The topic covers challenging factors like human involvement, skill set enhancement, precision, and reliability. Options include competence acquisition, cost reduction, and strategy planning for an established organization. The anticipated final outcome of this work is to provide a complete dataset on younger generations of humans.

Keywords: Efficiency, technology, reliability, cost reduction

1. Introductions

In computer science, Artificial Intelligence (AI), sometimes called machine intelligence, is intelligence demonstrated by machines, in contrast to the natural intelligence displayed by humans and other animals. Computer science defines AI research as the study of "intelligent agents": any device that perceives its environment and takes actions that maximize its chance of successfully achieving its goals. Kaplan and Haenlein define AI as "a system's ability to correctly interpret external data, to learn from such data, and to use those learnings to achieve specific goals and tasks through flexible adaptation". Colloquially, the term "artificial intelligence" is applied when a machine mimics "cognitive" functions that humans associate with other human minds, such as "learning" and "problem solving".

What role might AI play in HR's overall business strategy? The use of machine learning will help the business speed up its operations. Thinking of AI and human work together as a team is the best long-term strategy. Information technology is the primary service AI will impact by taking a fact-based approach to.

To begin, we may discuss the shift in focus toward automation in customer-facing professions like help workstations, chatbots, client service, & assistance center. Reconfiguring the professional's connection to the end user increases their availability while decreasing the number of time-consuming actions required. When we consider sourcing or purchasing roles, AI will rapidly combine all intelligent data and provide better dashboards. For now, on, staff will have to add the machine's aid and method operating in to their everyday task. While AI could eventually surpass them in certain capacities. Skilled workers will be in charge of the technology's management. Humans will be freed up to focus on value creation and specialty work as a result of AI's increasing prevalence in the workplace. Machines have surpassed certain human resources in both price and efficiency. Companies will be able to adjust and broaden their portfolios as a result.

There wasn't enough brains or skill to hire anybody. The typical employee stays with a company for around 1.5 years, according to the US Department of Labor. The replacement

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cost for lost employees is three times as high, at \$21.5 BNN. The inability to objectively assess a candidate's hard and soft abilities as well as their fit with the company's culture are to blame. Thanks to AI and ML, HR may be transformed into a digital, efficient, and effective department. Utilizing AI the processing of natural language as well as learning algorithms, the engine gathers both organized and unorganized information from the applicant's CV and the appropriate job description, runs a benchmark against your current employee base of people possessing comparable profiles, validates the profile towards the job opening by analysing interview transcripts, and presents an intelligent assessment of this applicant's profile. Engineers in artificial intelligence must be truth-agnostic. It can easily integrate with your current HCM systems via open APIs, get the necessary data for analysis, and then provide the results in an approachable style.

2. Literature review

Rap and Geetha: This research article aims to examine the role that AI plays in the selection process. The survey also sheds information on the practices used by businesses in AI while searching for new employees. All information for this research came from secondary sources, such as conceptual articles, reviewed by experts publications, novels, and websites. The whole of the work is based on secondary sources, such as the Internet, journals, reports, professional publications, and books. To sum up AI's function, we can say that it is the synergy between people and machines that ensures the continued accuracy and accessibility of data while saving money and time for businesses throughout the recruiting process as a whole.

Ian Bailie: This paper discusses major corporations' use of AI, delves into the foundations of the technology, and investigates its applications in human resources. Those interested in exploring the possibilities of artificial intelligence in HR may find this resource useful. It looks at both professional and academic literature to build a picture regarding artificial intelligence and its uses in business, with a concentration on human resources. The study also incorporates original data from surveys, interviews, and the Cognition X catalogue of AI-powered HR tools.

Abhilasha Singh & Apurva Shaurya: Demonstrated that the main advantages of AI were the elimination of repetitive jobs and accelerated quality. Similarly, to that, the biggest problems were a lack of training and technological readiness. Due to restrictions, AI is less able to be implemented in the overall hiring process and can produce results that are problematic in terms of their authenticity. AI is expected to take the position of administrative chores in both the hiring process and hiring activities, interfering with aspects that are relevant to certain jobs and recruitment outcomes. The traditional hiring procedure would be extended by AI, which is capable of providing candidates for jobs with a wider range of possibilities.

Ginu George & Mary Rani Thomas stated that AI is replacing many HR functions, but this does not imply that HR positions are being replaced by AI, which is untrue. For HR professionals, there is a ton of administrative work that is important and repetitious, like posting jobs, sourcing candidates, screening them, organizing meetings and interviews, creating timesheets, documenting and verifying accounts, and tracking other expenses. Of course, if this can be totally automated through AI, it will be to the HRs' great

advantage as it will free them up from these menial jobs and allow them to spend more time on strategic thinking, creativity, relationship-building, emotional intelligence, and better problem-solving.

Xiaoyu Huang *et al.* concluded that the next generation of HRM, known as personalized HRM, is characterized by the use of advanced HR analytics and AI to maximize both the quality and ROI of HRM. By establishing a conceptual framework for personalized HRM and exploring its theoretical and managerial consequences, this research enriches the strategic HRM literature overall. A two-level causal conceptual framework that explains the causal mechanisms connecting personalized HRM and a firm's financial success has been introduced. We have proposed and explained why personalized HRM outperforms traditional HRM approaches in terms of improving employee ability and motivation, productivity, the HR climate, flexibility, the ROI of HRM, and subsequently, the firm's financial performance. Our arguments are based on the theories of individual differences and person-organization fit.

Andy Charlwood & Nigel Guenole emphasized that the next generation of HRM, known as personalized HRM, is characterized by the use of advanced HR analytics and AI to maximize both the quality and ROI of HRM. By establishing a conceptual framework for personalized HRM and exploring its theoretical and managerial consequences, this research enriches the strategic HRM literature overall. A two-level causal conceptual framework that explains the causal mechanisms connecting personalized HRM and a firm's financial success has been introduced.

3. Objectives

- To learn how artificial intelligence is used in modern HRM.
- Recognize the value in embracing AI and its applications.
- To name a few of AI's practical applications in the workplace.
- Investigate the types of competencies needed to effectively integrate human resource management with man-machine cooperation.

4. Plan for research

This study employs a quantitative approach to research. The scale was developed in accordance with the goals of our study, and the information's findings is secondary information now under investigation by several studies conducted by various firms.

5. Data sources

Secondary sources include printed works like academic journals and essays.

6. Digitalization in HRM

The use of cutting-edge technology to transform conventional HR operations is known as digitalization. To automate HR procedures and workflows, digital HR makes use of the cloud and software as a service (SaaS). HR is being revolutionized by the cloud, which is reducing HR procedures and enabling HR and People teams to concentrate on people. Businesses purchase SaaS and cloud technology on a rolling subscription basis. By using a digitalized strategy, they can avoid making a one-time fixed

investment in on-premise equipment. Instead, the cost is spread out over time and based on the demands and growth of the organization. Due to the fact that all of an organization's People data is kept in one location for analysis and reporting, digitalized HR also gives businesses the ability to make intelligent, data-based decisions. An organization must prioritize digitizing its HR services. It is a crucial and strategic process that tries to maximize the workforce in order to achieve organizational objectives. With technological advancements, shifting consumer behaviour patterns, and the globalization of markets, HR functions, and processes have been altering. One such development, digitization, has recently changed HR practices by offering higher production and efficiency at reduced prices.

7. Artificial Intelligence and HR functions

Personalized employee experiences: IBM officials in their study discussed how AI can effectively be woven into an employee's onboarding program. New employees who typically want to meet people and acquire information typically may not know where to go. They may ask their desk neighbour. But what if she works in a different department? "What if Joe had been welcomed with new hire information on his mobile device that was tailored to his first assignment?" IBM officials wrote in the report on transforming HR with AI. IBM is looking to create a system that will answer a new employee's most pressing or job critical questions to help get them up to speed fast.

Cognitive-supporting decision-making: IBM officials, who naturally are promoting their own AI capabilities through IBM Watson, also demonstrated ways cognitive engines could help employees arrive at key day-to-day decisions in the workplace. Usually, HR team members would have to handle these tasks:

- **Vacation requests:** Employees that want to put in for vacation days are informed that it is unlikely to be approved as many others have already booked vacation in that time frame.
- **Determining your mood:** An employee takes a client call. After the call, the employee receives feedback that he seems anxious and should take a break before his meeting.
- **Team training:** When an organization wants to take a more systematic approach to employee training, team managers are provided a list of training opportunities for team members.
- **Hiring processes:** A hiring manager is presented with information that the company's recruitment approach falls short because it interviews too few candidates. Cognitive solutions can help organizations tap into multiple data sources and reveal new insights to help companies develop candidate profiles, among other things.

Automation of 'repetitive, low-value add tasks': AI presents an opportunity for HR to automate "repetitive, low-value add tasks" and increase the focus on more strategic work. HR spending time processing the steps of onboarding a new employee (Allocating space, provisioning a laptop, etc.), saving time in those arenas can help HR teams pivot to making sure they focus on "value-add work like mentoring and continuous feedback."

Smarter people analytics

For years, companies have been collecting data on their customers to gain insights to predict future behavior. HR teams have a lot of catching up to do in leveraging these people analytics. Determining what data to track, analyze, manage and protect will enable AI to play a larger role within HR. "In the never-ending war for talent, companies will look to find innovative ways to attract top talent. Technologies that enhance the candidate experience and meet the candidate's digital expectations will help distinguish companies from one another."

Litigation strategy

Employment-related lawsuits tend to be fact-driven, which makes gathering documents and other information critical. However, only 5 percent of respondents to Littler's survey are using advanced analytics to guide their litigation strategy. Employers may not be aware of the benefits to using analytics in this context, Crews said. "The ability to leverage data early in a case, to tease out insights before you ever take a deposition or begin evaluating the credibility of witnesses, is revolutionary."

Pay equity

Data analytics can also be used to assess pay equity. Legislation in this area is changing rapidly at the state and local level. For example, at least 12 jurisdictions have passed laws prohibiting employers from asking job applicants about their prior compensation.

Recruiting

We make many decisions on gut feel. One study showed that most hiring managers make a decision on a candidate within the first 60 seconds of meeting a candidate, often based on look, handshake, attire, or speech. Does we really know what characteristics, experiences, education, and personality traits guarantee success in a given role? No we don't. Managers and HR professionals use billions of dollars of assessment, tests, simulations, and games to hire people – yet many tell me they still get 30-40% of their candidates wrong.

Fraud and compliance

The opportunities are massive. One study found that employees who steal or commit crimes are "contagious" to their peers (People who work with them pick up bad habits). AI can look at organizational network data (Email traffic, sentiment of comments) and identify areas of stress, areas of possibly ethical lapses, and many other forms of compliance risk, and they point out the "red areas" to HR or compliance officers so they can intervene before bad behaviour occurs.

Employee development and learning

We really don't know how to "train" people perfectly. The global L&D industry is over \$200 billion and most learning professionals tell us that at least half this is wasted (forgotten, inappropriately applied, or just wasting peoples' time). But we don't know which half this is!

Well-being and employee engagement

AI is now being used to identify behaviors that cause poor work performance. In safety AI can identify behaviors and experiences that lead to accidents. A new breed of survey

tools can identify patterns of stress and bad behavior and alert HR or line managers. Employee self-service and candidate management: A new breed of intelligent chatbots can make interactions intelligent and easy.

Management and leadership

We operate like Zen masters. We read books, we go to workshops, we copy the bosses we admire, and we glorify the successful leaders of the day. Do we really know the science of leadership? I'd suggest it's a fleeting topic. This year we are focused on purpose, mission, and followership. Only a few years ago it was "servant leadership" and when I was young it was "execution and financial acumen." Most studies find that there are dozens of management and leadership traits that define success, and each of us brings a slightly different and unique combination of them.

8. Perils of the human resources department

The HR department has enormous challenges. Since a whole new set of abilities will be required, the industry as a whole must help and support people while the company makes the transition to the new technology.

Overreliance on a handful of keywords: The present reliance of AI on a small set of keywords is problematic. It searches through stacks of applications for key keywords that indicate the most qualified individuals. Those well-versed in AI, however, may simply fool it by include these search terms in their job applications and seeming qualified for positions for which they are not truly qualified.

Fewer people: Needed Just as this argument is a positive, it is also a drawback for AI. A resume is not always sufficient

evidence of a candidate's suitability for a position. When searching for the ideal employee, a machine could occasionally not be able to keep up with the company's priorities.

Needs a higher level of skill

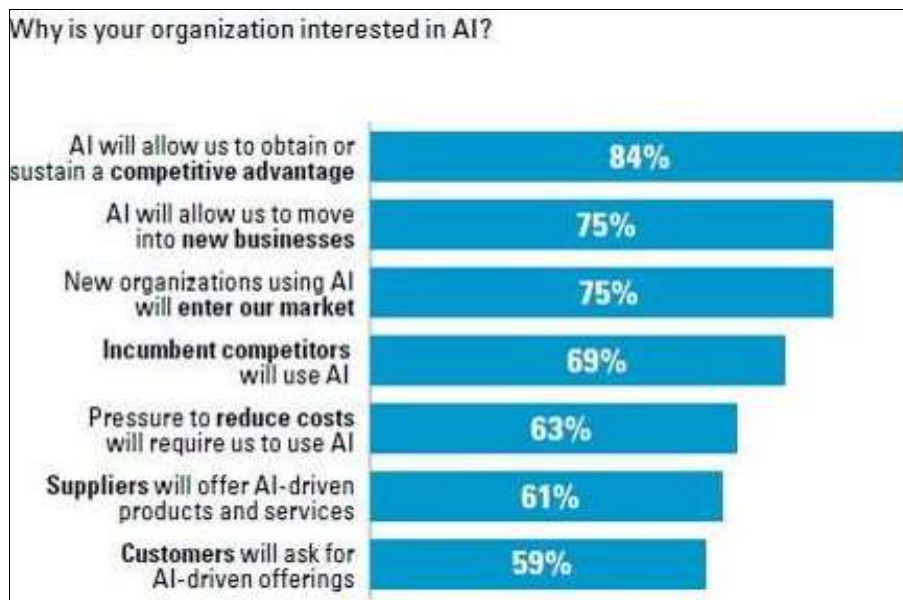
The 2018 World Human Resources Trends Report found that just 31% of respondents were prepared to deal with artificial intelligence. Implementing such technology into your HR department demands your personnel to increase their level of expertise and not everybody is ready to do it. Not all businesses are willing to invest the time and money required to upgrade their employees' abilities.

9. Analysis of data

The study findings indicate the transformation of HR function by the adoption of AI technologies is an emergent field of focus. Despite the benefits of AI adoption, there is a huge variance in terms of adoption of AI. Though AI adoption is key aspect of technology adoption in organizations, there is lack of technology adoption model-based research, related to adoption of AI across all domains of HR.

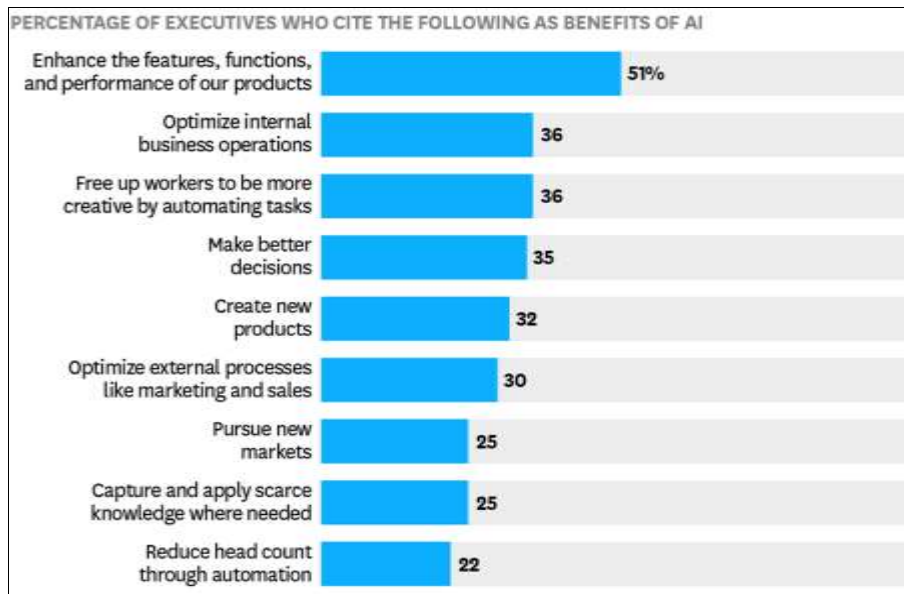
Some of the qualities and criteria that were considered during the research are listed below.

The use of AI tools/applications has led to questions related to the authenticity of people/talent decisions made basis AI algorithms and logic. Especially in the talent acquisition domain, the fairness and objectivity of hiring decisions based on the logic of an AI based algorithm or an AI based decision rule is questioned, as to whether these decisions are objective.



Source: Primary data

Fig 9.1: Justifications for using AI



Source: Primary data

Fig 9.2: Uses artificial intelligence in business

10. Conclusion

As can be seen from the information provided above, AI is already being used in the realms of both hiring and forecasting. It has been noted that AI is gradually replacing human involvement in recruitment's mundane duties. AI is expected to aid with the hiring process by doing tasks such as reviewing resumes, sending out automated correspondence, and assisting with reference verification. Above all, Computers were shown to thrive better than HR personnel by lowering the turnover rate and enhancing talent retention. The extent to which AI can handle more complicated HR challenges remains to be established, despite evidence that it can handle simpler tasks.

AI in HRM, being a rapidly developing area, there is substantial literature and research in the form of white papers and industry reports, which may lead to a lack of requisite bibliographic control.

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