



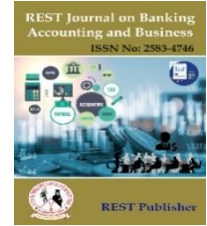
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# **The Role of Artificial Intelligence in Human Resource Management and Business Management in Today's Scenario**

**Kanchan S Dewal**

*G H Raisonni Skill Tech University, Nagpur, India*

Corresponding Author Email: [kanchan.dewal@raisonni.net](mailto:kanchan.dewal@raisonni.net)

**Abstract:** Artificial Intelligence (AI) has emerged as a transformative technology reshaping organizational structures, decision-making processes, and human resource practices across the globe. In recent years, AI-driven applications have expanded rapidly within Human Resource Management (HRM) and business management, influencing how organizations recruit, develop, engage, and retain employees while also redefining managerial roles and strategic processes. This research paper aims to examine the contemporary role of AI in HRM and business management within today's dynamic business environment. Drawing upon an extensive review of academic literature, industry reports, and practitioner insights, the paper explores key applications of AI, its benefits, ethical and operational challenges, and its implications for managers and organizations. The study further proposes a conceptual framework for responsible and effective AI integration that balances technological efficiency with human judgment and ethical governance. The paper concludes that AI, when implemented strategically and ethically, can serve as a powerful enabler of organizational performance, innovation, and sustainable competitive advantage.

## **1. INTRODUCTION**

The business environment in the twenty-first century is characterized by volatility, uncertainty, complexity, and ambiguity. Technological advancements, particularly in digital technologies, have compelled organizations to rethink traditional management practices. Among these advancements, Artificial Intelligence has emerged as a critical driver of organizational transformation. AI refers to the capability of machines and computer systems to perform tasks that typically require human intelligence, such as learning, reasoning, pattern recognition, and decision-making.

Human Resource Management has traditionally been regarded as an administrative support function focused on payroll, compliance, and employee records. However, increasing recognition of human capital as a strategic asset has elevated the role of HRM in shaping organizational success. Similarly, business management functions such as planning, organizing, leading, and controlling have become increasingly data-driven and technology-enabled. AI offers significant opportunities to enhance accuracy, speed, and strategic alignment in both HR and managerial processes.

Despite its transformative potential, AI adoption is accompanied by challenges related to ethics, privacy, bias, transparency, and workforce displacement. These issues raise important questions regarding accountability and the future role of managers. This paper seeks to provide a comprehensive understanding of AI's role in HRM and business management in today's scenario, highlighting both its potential and its limitations.

**Objectives of The Study:** The primary objective of this study is to examine the role of Artificial Intelligence in Human Resource Management and business management in the contemporary organizational context. The study also seeks to analyze key application areas, evaluate the benefits of AI adoption, identify challenges and ethical concerns, and propose a framework for responsible AI integration.

**Research Methodology:** This research adopts a conceptual and descriptive research design based on secondary data. Relevant academic journal articles, books, industry reports, and white papers published between 2020 and 2025 were reviewed. The study focuses on synthesizing existing theoretical and empirical insights to develop a holistic understanding of AI's impact on HRM and business management. No primary data were collected.

## 2. LITERATURE REVIEW

The literature on AI in management suggests that AI represents a paradigm shift rather than an incremental technological change. Early studies focused on automation and expert systems, while recent research emphasizes machine learning, predictive analytics, and generative AI. Scholars argue that AI has evolved from task automation to cognitive augmentation, enabling managers to handle complexity and uncertainty more effectively.

In the context of HRM, research highlights that AI applications span the entire employee lifecycle. Studies demonstrate that AI enhances recruitment efficiency, improves learning personalization, supports performance management, and enables predictive workforce planning. However, the literature also emphasizes the risks of algorithmic bias and the importance of ethical governance.

## 3. APPLICATIONS OF AI IN HUMAN RESOURCE MANAGEMENT

One of the most prominent applications of AI in HRM is recruitment and selection. AI-powered tools are used to source talent, screen resumes, assess candidate-job fit, and conduct preliminary interviews. These systems reduce time-to-hire and administrative workload while improving consistency in candidate evaluation. However, concerns regarding discriminatory outcomes and transparency persist.

AI also plays a critical role in learning and development by enabling personalized and adaptive learning experiences. AI systems analyze employee skills and learning needs to recommend customized training programs. Generative AI further enhances content creation by developing training modules, assessments, and simulations.

Performance management has been transformed by AI-enabled systems that provide continuous feedback and predictive insights. Rather than relying on periodic appraisals, organizations can now monitor performance in real time and identify development needs proactively.

Workforce planning and HR analytics represent strategic applications of AI. Predictive models help organizations forecast attrition, plan succession, and align workforce capabilities with business strategy. AI-powered virtual assistants further enhance employee experience by providing instant responses to HR-related queries.

## 4. ROLE OF AI IN BUSINESS MANAGEMENT

Beyond HRM, AI significantly influences business management functions. In strategic management, AI supports scenario analysis, competitive intelligence, and long-term planning. Managers use AI-driven insights to evaluate strategic alternatives and predict market trends.

AI also enhances operational management through process optimization, supply chain management, and quality control. In financial management, AI improves budgeting accuracy, fraud detection, and financial forecasting. Marketing and customer management benefit from AI-driven personalization and demand prediction.

AI adoption also alters managerial roles by shifting managers from information processors to strategic interpreters of AI-generated insights. This requires new competencies such as data literacy, ethical reasoning, and change leadership.

**Benefits of AI Adoption:** The benefits of AI adoption in HRM and business management include increased efficiency, improved decision-making quality, cost savings, enhanced employee engagement, and greater organizational agility. By automating routine tasks, AI enables HR professionals and managers to focus on strategic and value-adding activities.

## 5. CHALLENGES AND ETHICAL CONSIDERATIONS

Despite its advantages, AI adoption presents significant challenges. Algorithmic bias poses risks to fairness and equity in HR decisions. Data privacy and security are critical concerns due to the sensitive nature of employee information. Transparency and explainability are essential to ensure trust and accountability.

AI-driven automation also raises concerns about job displacement and skill obsolescence. Organizations must invest in reskilling and continuous learning to mitigate these risks and support inclusive workforce transformation.

**Proposed Conceptual Framework:** Based on the literature, this paper proposes an AI-infused HR and business management framework that integrates technological capability, human judgment, process redesign, and ethical governance. The framework emphasizes that AI should augment rather than replace human decision-making.

**Managerial Implications:** Managers and HR leaders must develop AI literacy and adopt proactive change management strategies. Leadership commitment is essential to ensure ethical AI deployment and employee acceptance.

**Future Scope of Research:** Future research should focus on longitudinal studies examining the long-term impact of AI on employee outcomes and organizational performance. Comparative studies across industries and regions would further enhance understanding.

## 6. CONCLUSION

Artificial Intelligence is profoundly reshaping Human Resource Management and business management in today's scenario. While AI offers significant opportunities for efficiency and strategic value, its success depends on ethical governance, human oversight, and continuous skill development. Organizations that balance technological innovation with human-centric values will be better positioned for sustainable success.

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