Creativity, Innovation and Entrepreneurship, Vol. 166, 2025, 51–58
https://doi.org/10.54941/ahfe1006110

AI-Driven Talent Management: Transforming Workforce Strategies in the Digital Age

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ABSTRACT

Artificial Intelligence (AI) integration into human resource management has completely revolutionized traditional human resource management practises. The ever-growing use of AI-driven solutions has forced organisations to adopt new strategies that affect key workforce management elements, including recruitment procedures, employee performance evaluation, and employee engagement. This paper assesses how AI has transformed the traditional HR process, the benefits and challenges, and the future trends that will influence work for force strategies further in the digital period. The research has highlighted efficiency improvements, bias reduction, and the ability to make data-driven decisions while also addressing ethical concerns, data privacy issues, and implementation barriers by the examination of current applications of AI in HR. This paper recommends that organizations seek effective AI-based solutions to improve their HR operations.

Keywords: Artificial intelligence, Talent management, HR technology, Workforce analytics, AI-driven recruitment

INTRODUCTION

As a result of rapid developments of AI technologies, transformative changes have occurred in many fields, including human resource management. AI is now a valuable resource for talent management, automating work, amplifying decision-making, and boosting workforce efficiency (Chaudhary et al., 2023). Nowadays, organisations use more and more AI tools to optimize recruitment, perform employee performance analyses, and assess engagement strategies (Meshram, 2023). These technologies promise to make HR processes more efficient and produce rich insights that help HR professionals make better decisions (Chukwuka and Dibie, 2024).

Although AI's many potential benefits in talent management are considerable, substantial challenges still need to be addressed, such as ethical issues, data security issues, and implementation issues (Bodie et al., 2022). AI, if not carefully implemented, can constitute a hidden perpetration of hiring bias or cannot take human contextual factors into account in human resources functions. Thus, this work aims to analyze the role of AI in talent management, evaluate its advantages and disadvantages, and discover the future trends that will define the evolution of AI-powered HR processes.

RESEARCH OBJECTIVES

1. To assess the influence of AI on traditional talent management strategies, focusing on its role in enhancing recruitment, performance evaluation, and employee engagement.
2. To examine the advantages and challenges of incorporating AI into talent management, including efficiency gains, bias reduction, ethical considerations, and implementation obstacles.
3. To identify emerging trends and best practices in AI-driven talent management, offering strategic recommendations for organizations seeking to optimize HR processes through AI technologies.

AI IN TALENT MANAGEMENT

AI-Driven Recruitment

Recruitment is one of the key activities among the HR department and AI, thus transforming the recruitment process (Meshram, 2023). Most recruitment procedures are included in the man-input screening of resumes, multi-round interviews, and artificial solution/decision-making (Faqihi and Miah, 2023). According to Ljungholm (2023), recruitment assistance, derived from machine learning algorithms and natural language processing (NLP) technologies, has automated these steps and enabled the HR function to screen candidates more efficiently and effectively (Rathore, 2023).

Based on AI, Applicant Tracking Systems (ATS) can process resumes, detect the best candidates, and match them with the job description via skills and experience. Furthermore, AI chatbots allow screening in the early stage through interaction with the candidates, the answers to the most common questions, and the judgment of their suitability for a given position through the use of automatic questionnaires. Recruitment timelines have been significantly reduced due to these innovations and, therefore, an overall improvement in the efficiency of hiring processes (Meshram, 2023).

However, AI-driven recruitment tools are not without challenges. Bias in training data can lead to the development of discriminatory hiring algorithms when AI models are trained on human biases found in transmitting a copy. Organizations will continue to refine AI models further and introduce fairness audit tools for unethical hiring (Gupta et al., 2024).

Performance Evaluation

Performance evaluation is also an important field for which AI has a tremendous influence. Traditional performance management systems are based on periodically scheduled reviews, often subject to individual opinion vagaries (Luhana, Memon, and Keerio, 2023). Accordingly, computer-based performance appraisal systems instead use real-time intelligence-based data analysis to give continuous feedback and unbiased ratings of employee behaviors.

Artificial intelligence-based tools use behavioural data, productivity measures, and peer assessment information to provide insights into employee performance (Oladele, 2024). These systems allow organizations

to individualize career development plans, pinpoint skill deficiencies, and utilize data-driven approaches to performance enhancement. AI also feds succession planning in forecasting high-performing employees and advises specific training programs.

While all of these advantages exist, evaluating performance using AI has raised concerns regarding transparency and privacy. There may be resistance to adoption due to concerns among employees about being monitored for work habits by AI. Organizations will need to ethically utilize AI-driven performance management technology by promoting transparency and providing employees with an apparent reason why AI-based assessments are used in decision-making (Alabi, 2024).

Employee Engagement and Retention

Employee engagement is essential for workforce productivity and retention. AI-enhanced analytics drive key inputs to estimating employee sentiment, detecting engagement trends, and generating individualized interventions (Sucipto, 2024). Using data analyses such as employee comments, communication styles, and behaviours, AI can inform HR staff of overall job satisfaction and identify potential issues to address proactively before they become more severe.

AI-based engagement platforms employ sentiment analysis to decode the emotions of employees' survey answers, emails, and office chatter (Gaani and Chhibber, 2022). For example, job satisfaction and job retention are also improved in line with the usual benefits of personalized career development opportunities recommended by an AI-driven recommendation engine.

Although AI is also a tool supporting employee engagement tactics, its application in workplace interaction surveillance poses ethical issues (Bankins, 2021). Employees may be put off by the implication that their communications are being decoded, making it more important than ever to have policies governing how AI will be implemented in HR.

BENEFITS OF AI IN TALENT MANAGEMENT

The introduction of AI in talent management has resulted in remarkable benefits to human resource activities. The efficiency improvement is one of the striking advantages of AI. By automating routine HR tasks, AI enables working professionals to use their time and energy to develop more strategically (Rathore, 2023). In particular, recruitment processes include AI-based applicant tracking systems, which screen resumes, schedule interviews, match candidates to skills, and experience the interfaces. This automation saves time-consuming, manual effort and speeds up the hiring process, thus increasing the productivity of the Human Resources department (Sundari et al., 2024).

One of the main advantages of AI in talent management is that it is susceptible to reducing bias in selection and performance assessment. Conventional hiring procedures can be subject to unintentional (unconscious) bias, resulting in discrimination in hiring (Vivek, 2023). When appropriately designed and controlled, AI-based algorithms facilitate the standardization of

candidate testing and reduce the influence of human error in the evaluation process. Using data-driven information, AI can enable fairer, more neutral selection processes and unbiased selection of candidates by measuring their qualifications instead of relying on external biases.

AI offers organizations highly analytical solutions and actionable insights that improve workforce planning and decision processes. AI-enhanced HR applications process significant volumes of employee data to help reveal some trends, forecast workforce demands, and provide recommendations for retaining employees and increasing employee engagement. These ideas enable HR practitioners to design specific talent acquisition, training, and performing management strategies. Additionally, Basnet (2024) noted that predictive analytics allows organizations to predict turnover rates and take preemptive actions to prevent attrition of high performers, which could lead to a more stable and satisfied workforce.

Besides, intelligent automation through AI helps HR organizations realize cost reduction through optimizing HR processes. Automating recruitment processes reduces the need to manually screen for large numbers of candidates manually, thereby minimizing the time necessary to fill job open positions (Shanmugam, 2024). Performance evaluation systems powered by AI automate feedback processes, thus reducing the administrative effort of managers and Human Resources staff (Thangavel and Velayudhan, 2024). Through increased efficiency and decreased operational costs, AI enables organizations to utilize their resources better, paving the way for better financial sustainability.

CHALLENGES OF AI IN TALENT MANAGEMENT

Although AI benefits, it comes with some significant challenges the organization must overcome. Among the leading worries is the ethical issue of using AI in decision-making. Although AI can mitigate bias, it can also acquire and transmit biases inherent in training data (Abaas and Robbins, 2024). If improperly controlled, AI algorithms can lead to discriminatory results, such as unfair hiring/evaluative practices. Organizations must conduct strict fairness auditing and continuously fine-tune AI models to guarantee fair and unbiased decision-making.

According to Alhitmi et al. (2024), privacy and data security are, in fact, essential considerations when embedding AI into talent management. AI-powered HR systems process vast amounts of sensitive employee information, making them potential targets for cyber threats (Manoharan, 2024). Organizations need to implement strong security controls, including encryption and access control, to prevent employee data from being breached and to prevent unauthorized access to it.

Another major challenge is the complexity of AI implementation. The barriers to organizations adopting AI, particularly those related to infrastructure limitations and the cost of new technologies, are a point of discussion for many organizations. AI systems need powerful computation, robust data management platforms, and trained people to function today. In particular, small businesses may have difficulty buying and/or subscribing to

AI-enhanced HR tools. In addition, some employees and human resource officers may be against the application of AI due to concerns about AI being automated (i.e., jobs) or because of the uncertainty in the use of AI decision-making. To address these challenges, organizations should invest in comprehensive training programs that equip employees with the necessary skills to work alongside AI technologies (Singh et al., 2024).

Furthermore, the automatic nature of AI may result in a missing aspect of the human touch in talent management. Employee engagement, career development, and organizational culture are personal HR experiences that demand emotional intelligence and interpersonal communication (Kheterpal, Chadha, and Shabi, 2024). Excessive reliance on AI could cause a desensitization of HR relationships, i.e., employees can feel estranged from their work environment. To solve this problem, organizations must adopt a hybrid strategy, integrating AI-based cognition with human judgment, so that HR processes continue to balance technological optimization and human compassion.

Future Trends and Best Practices

With the further development of AI, some trends and best practices are being formed to guide the future of AI-based talent management. Among the most encouraging developments is the tendency to apply AI-based predictive analytics to greater degrees (Basnet, 2024). Organizations are using AI to predict workforce dynamics, identify skill shortages, and improve strategies around talent acquisition. Using predictive analytics, HR professionals can contribute to informed decisions on hiring demand regarding workforce planning and employee development, resulting in more strategic talent management (Anderson, 2024).

A second trend is personalizing employee development programs using AI-enabled learning platforms. Due to the application of artificial intelligence algorithms to personal employee performance assessments, learning styles, and career goals, the system advises individually tailored training and career development activities (Benabou, Touhami, and Demraoui, 2024). In this methodology, employees' engagement is improved by offering a unique progression of support routes for each purpose, reducing turnover and career satisfaction.

Hybrid AI-based human resource models are also no longer unusual in talent management. Instead of substituting human HR staff, AI is being employed to enhance their performance. Insights from AI strengthen the ability of HR departments to achieve data-driven decisions, and human intelligence and empathy guarantee the humanness of the interaction between employees (Vaddepalli, 2023). Through this balanced approach, the advantages of AI are realized, all without compromising the fundamental human aspect of HR/personnel functions.

Finally, with the growing proliferation of AI adoption in HR, regulatory frameworks and moral precepts will matter more and more. It is anticipated that governments and industry will develop policies that guarantee fair and open application of AI to talent management (Rani and Kajla, 2023).

Organizations need to be kept abreast of changing AI regulations and put in place compliance measures to enable the responsible development of AI.

CONCLUSION

AI is changing how talent is managed by facilitating recruitment, improving performance assessment, and increasing employee engagement. Although AI boasts engaging advantages such as high efficiency and reduction of bias, the possible implications of ethics, security of data, and human supervision need to be managed wisely. Using AI responsibly and adhering to good practices, organizations can design effective workforce strategies and capitalize on the power of AI to deliver for HR in the long run. Ongoing AI advances will continue to transform the HR space, with HR focused on predictive analytics, personalized learning, and the responsible development of AI.

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