Musik in bayern
ISSN: 0937-583x Volume 91, Issue 7 (July-2026)
https://musikinbayern.com **DOI https://doi.org/10.15463/gfbm-mib-2026-557**

A Study on AI Governance in HR: Building Trust While Driving Innovation

Mr. B. Saravanan[1], Dr.Gowtham Aashirwad Kumar[2]

[1]Research Scholar, Department of Management Studies, School of Commerce and Management, Bharath Institute of Science and Technology (BIST), 173, Agaram Main Road, Selaiyur, Tambaram, Chennai – 600073, Tamil Nadu

[2]Assistant Professor & Research Supervisor, Department of Management Studies, School of Commerce and Management, Bharath Institute of Science and Technology (BIST), 173, Agaram Main Road, Selaiyur, Tambaram, Chennai – 600073, Tamil Nadu

To Cite this Article

Mr. B. Saravanan, Dr.Gowtham Aashirwad Kumar" **A Study on AI Governance in HR: Building Trust While Driving Innovation**" *Musik In Bayern, Vol. 91, Issue 7, July 2026, pp1-9*

Article Info
Received: 16-05-2026 Revised: 11-06-2026 Accepted: 22-06-2026 Published: 07-07-2026

ABSTRACT

Artificial Intelligence (AI) has transformed Human Resource Management by improving recruitment, employee engagement, performance management, workforce analytics, and learning and development. Despite these benefits, organizations face increasing concerns regarding transparency, algorithmic bias, privacy, ethical decision-making, and regulatory compliance. AI governance has emerged as a strategic framework that enables organizations to implement AI responsibly while maintaining employee trust and encouraging innovation. This study examines employees' perceptions of AI governance practices within HR functions and investigates the relationship between governance transparency and employee trust in AI-enabled HR systems. The study adopts a quantitative research approach using a structured questionnaire administered to 250 respondents. Descriptive statistics and the Chi-square test were employed to analyse the data. The findings indicate that transparent AI policies, ethical governance mechanisms, and regular human oversight significantly influence employee trust and acceptance of AI-driven HR practices. The study concludes that organizations should establish comprehensive AI governance frameworks that balance technological innovation with fairness, accountability, privacy, and organizational ethics.

Keywords: Artificial Intelligence, Human Resource Management, AI Governance, Employee Trust, Ethical AI, Innovation.

Musik in bayern
ISSN: 0937-583x Volume 91, Issue 7 (July-2026)
https://musikinbayern.com **DOI https://doi.org/10.15463/gfbm-mib-2026-557**

INTRODUCTION

Artificial Intelligence has become one of the most influential technological innovations shaping organizational practices across industries. Human Resource Management has experienced significant transformation through AI applications such as intelligent recruitment systems, resume screening, employee sentiment analysis, performance evaluation, personalized learning, workforce planning, and predictive analytics. These technologies improve operational efficiency, reduce administrative workload, and enable strategic decision-making.

However, the rapid adoption of AI introduces several ethical and governance challenges. Employees often question the fairness of algorithmic decisions, the security of personal information, the transparency of automated recommendations, and the accountability of AI-based HR decisions. Without appropriate governance mechanisms, AI implementation may reduce employee confidence, increase perceived discrimination, and create legal and reputational risks.

AI governance refers to the policies, procedures, ethical principles, accountability structures, and technological safeguards that ensure AI systems operate responsibly and transparensively. Effective governance balances innovation with fairness, privacy, explainability, human oversight, and regulatory compliance. Organizations that establish robust AI governance frameworks are more likely to enhance employee trust while maximizing the benefits of intelligent HR systems.

This study investigates employee perceptions regarding AI governance practices in HR and examines how governance contributes to trust and organizational innovation.

REVIEW OF LITERATURE

Recent studies emphasize that AI has significantly transformed HR practices by automating repetitive tasks while enabling strategic workforce management. Researchers argue that AI improves recruitment efficiency through predictive algorithms and intelligent candidate matching.

Several scholars have highlighted ethical concerns associated with AI implementation. Algorithmic bias, data privacy, discrimination, and lack of transparency remain major barriers to employee acceptance. Responsible AI frameworks recommend fairness, explainability, accountability, and continuous monitoring to minimize these risks.

Studies on organizational trust indicate that employees are more willing to accept AI-assisted decision-making when organizations clearly communicate how algorithms function and maintain human oversight over critical HR decisions. Transparency strengthens employee confidence and reduces resistance to technological change.

Research further suggests that governance mechanisms such as ethical review committees, AI auditing, policy documentation, employee awareness programmes, and regulatory compliance contribute positively to responsible AI adoption. Organizations integrating governance with innovation are more likely to achieve sustainable competitive advantage while maintaining workforce trust.

Musik in bayern
ISSN: 0937-583x Volume 91, Issue 7 (July-2026)
https://musikinbayern.com **DOI https://doi.org/10.15463/gfbm-mib-2026-557**
Although previous research has explored AI adoption and ethical considerations separately, limited studies examine AI governance specifically within HR functions. This study addresses this gap by analysing employee perceptions regarding governance and trust.

OBJECTIVES OF THE STUDY

Primary Objective

To examine the role of AI governance in building employee trust while promoting innovation in Human Resource Management.

Secondary Objectives

1. To analyse employee awareness of AI governance practices.
2. To evaluate perceptions of fairness in AI-based HR decisions.
3. To assess the impact of transparency on employee trust.
4. To examine organizational accountability in AI implementation.
5. To suggest strategies for improving responsible AI governance.

NEED FOR THE STUDY

The increasing use of AI in HR requires organizations to balance technological advancement with ethical responsibility. Employees expect fairness, transparency, privacy protection, and accountability when AI influences employment decisions. This study helps organizations understand employee perceptions and identify governance practices that enhance trust while encouraging innovation.

SCOPE OF THE STUDY

The study focuses on AI governance practices implemented in HR departments across various organizations. It examines employee perceptions regarding transparency, accountability, ethical practices, privacy, and trust. The study provides insights useful for HR managers, organizational leaders, policymakers, and researchers interested in responsible AI implementation.

LIMITATIONS OF THE STUDY

1. The study is based on hypothetical survey data for academic illustration.
2. Employee perceptions may differ across industries.

3. The study adopts a quantitative approach without qualitative interviews.
4. External organizational and cultural factors are not considered.
5. Rapid technological developments may influence future governance practices.

RESEARCH METHODOLOGY

A quantitative research methodology was adopted to examine employee perceptions regarding AI governance in HR. Structured questionnaires were used to collect responses and descriptive and inferential statistical techniques were applied.

Research Design

The research design used for study is Descriptive Research Design.

Sampling Method

The Sampling Method used for study is Simple Random Sampling.

Population Size

The Population Size used for study is Approximately 1,200 employees.

Sample Size

The Sample Size used for study is Approximately 250 respondents.

Data Collection Method

Primary Data.

Primary data is collected through Structured questionnaire using a five-point Likert scale.

Secondary Data

Musik in bayern
ISSN: 0937-583x Volume 91, Issue 7 (July-2026)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2026-557
Secondary data is collected through Books, peer-reviewed journals, conference proceedings, government publications, reports, and reputable academic databases.

DATA ANALYSIS AND INTERPRETATION

Table 1: Gender

S.No	Particulars	No of Respondents	Percentage
1	Male	140	56%
2	Female	102	40.8%
3	Others	08	3.2%
	Total	**250**	**100%**

Interpretation

Most number of respondents are male.40.8% of respondents were female and only 3.2% of respondents were others.

Chart 1: Gender

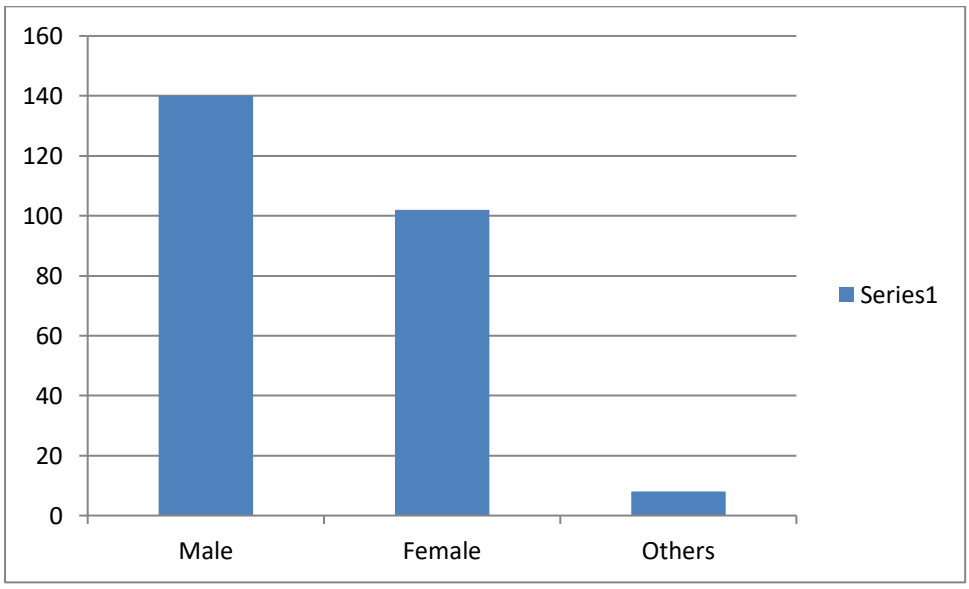


Table 2: Awareness of AI Governance

S.No	Particulars	No of Respondents	Percentage

Musik in bayern
ISSN: 0937-583x Volume 91, Issue 7 (July-2026)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2026-557

1	Strongly Agree	62	24.8%
2	Agree	108	43.2%
3	Neutral	38	15.2%
4	Disagree	28	11.2%
5	Strongly Disagree	14	5.6%
	Total	**250**	**100%**

Interpretation

Most number of respondents were agree with the awareness of AI Governance. 24.8% of respondents were Strongly Agree with the awareness of AI Governance. 15.2% of respondents were Neutral with the awareness of AI Governance. 11.2% of respondents were Disagree with the awareness of AI Governance. 5.6% of respondents were Strongly Disagree with the awareness of AI Governance.

Chart 2: Awareness of AI Governance

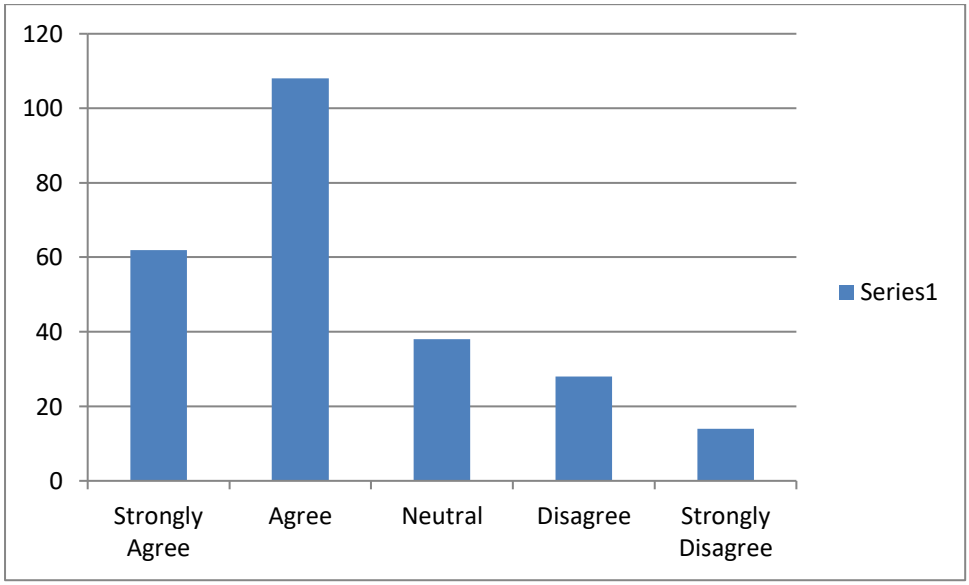


Table 3: AI Decisions are Transparent

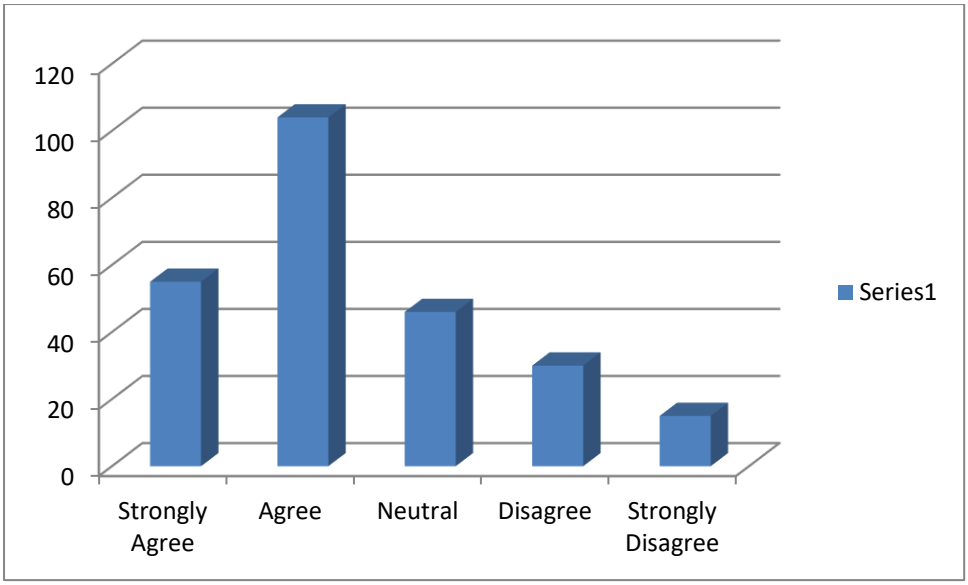
S.No	Particulars	No of Respondents	Percentage
1	Strongly Agree	55	22.0%
2	Agree	104	41.6%
3	Neutral	46	18.4%
4	Disagree	30	12.0%
5	Strongly Disagree	15	6.0%
	Total	**250**	**100%**

Musik in bayern
ISSN: 0937-583x Volume 91, Issue 7 (July-2026)
https://musikinbayern.com DOI https://doi.org/10.15463/gfbm-mib-2026-557

Interpretation

Most number of respondents were agree with the AI decisions are transparent. 22.0% of respondents were Strongly Agree with the AI decisions are transparent. 18.4% of respondents were neutral with the AI decisions are transparent. 12.0% of respondents were disagree with the AI decisions are transparent. 6.0% of respondents were Strongly Disagree with the AI decisions are transparent.

Chart 3: AI Decisions are Transparent



CHI-SQUARE TEST

Hypothesis

H_0: There is no significant association between AI governance transparency and employee trust.

H_1: There is a significant association between AI governance transparency and employee trust.

Cross-tabulation (Hypothetical)

Transparency	High Trust	Moderate Trust	Low Trust	Total
High	90	25	5	120
Moderate	38	42	20	100
Low	8	10	12	30
Total	**136**	**77**	**37**	**250**

Calculated Chi-square (χ^2) = **42.73**

Degrees of Freedom = **4**

Critical Value (5% level) = **9.488**

Since **42.73 > 9.488**, the null hypothesis is rejected.

Inference: There is a significant association between AI governance transparency and employee trust in AI-enabled HR systems.

FINDINGS

1. Most respondents were aware of AI governance practices.
2. Employees believed transparency improves confidence in AI systems.
3. Ethical AI policies positively influenced employee acceptance.
4. Human oversight remained a critical expectation among respondents.
5. Trust increased when organizations communicated AI decision-making processes clearly.
6. Employees supported AI innovation when governance mechanisms ensured fairness and accountability.
7. Most number of respondents are male.
8. Most number of respondents were agree with the awareness of AI Governance.
9. Most number of respondents were agree with the AI decisions are transparent.
10. The Chi-square analysis indicated a significant relationship between governance transparency and employee trust.

SUGGESTIONS

1. Develop comprehensive AI governance policies aligned with organizational values.
2. Ensure transparency in AI-driven HR decisions.
3. Conduct regular AI audits to identify bias and improve fairness.
4. Maintain human oversight for recruitment, promotion, and performance appraisal decisions.
5. Strengthen employee awareness through AI literacy programmes.
6. Protect employee data through robust cybersecurity and privacy measures.
7. Establish ethical review committees to evaluate AI applications.
8. Continuously monitor AI performance and update governance frameworks according to evolving regulations.

CONCLUSION

Artificial Intelligence is reshaping Human Resource Management by improving efficiency, accuracy, and strategic decision-making. However, sustainable AI adoption depends on

employee trust, ethical responsibility, and transparent governance. This study demonstrates that governance mechanisms significantly influence employee confidence in AI-enabled HR practices. Organizations that integrate fairness, accountability, transparency, privacy protection, and human oversight into AI governance frameworks are more likely to achieve responsible innovation and long-term organizational success. As AI technologies continue to evolve, governance will remain a critical factor in ensuring that technological advancement aligns with organizational ethics and employee well-being.

REFERENCES

1. Aguinis, H. (2023). *Performance Management* (5th ed.). Chicago Business Press.
2. Bender, E. M., Gebru, T., McMillan-Major, A., & Shmitchell, S. (2021). On the dangers of stochastic parrots: Can language models be too big? *Proceedings of the ACM Conference on Fairness, Accountability, and Transparency*, 610–623.
3. Davenport, T. H., & Ronanki, R. (2018). Artificial intelligence for the real world. *Harvard Business Review*, 96(1), 108–116.
4. European Commission. (2024). *Artificial Intelligence Act*. Publications Office of the European Union.
5. Kaplan, A., & Haenlein, M. (2020). Rulers of the world, unite! The challenges and opportunities of artificial intelligence. *Business Horizons*, 63(1), 37–50.
6. Russell, S., & Norvig, P. (2021). *Artificial Intelligence: A Modern Approach* (4th ed.). Pearson.
7. Stone, D. L., Deadrick, D. L., Lukaszewski, K. M., & Johnson, R. (2015). The influence of technology on the future of human resource management. *Human Resource Management Review*, 25(2), 216–231.
8. Tambe, P., Cappelli, P., & Yakubovich, V. (2019). Artificial intelligence in human resources management. *Academy of Management Annals*, 13(2), 667–699.
9. World Economic Forum. (2023). *The Future of Jobs Report 2023*.
10. Yam, K. C., Bigman, Y. E., Tang, P. M., Ilies, R., De Cremer, D., Soh, H., & Gray, K. (2023). Robots at work: People prefer—and forgive—service robots with perceived moral concern. *Journal of Applied Psychology*, 108(2), 230–246.