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A REVIEW ON FAIRNESS, RELEVANCE AND IMPACT OF AI DRIVEN PERFORMANCE APPRAISAL IN MULTINATIONAL CORPORATIONS IN INDIA

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ABSTRACT

In the last decade especially, AI has been integrated into conceptual areas of human resource management, including performance appraisal which resulted into new efficiencies, objectivities, and accuracies.But implementing AI-based performance management systems is not without its problems. Thus, in this paper, a critical literature analysis of the various issues and risks relating to AI use in performance appraisal systems has been discussed. These are concerns such as the promotional and risk of bias inherent in algorithms,the opaqueness of processes involved, concern for privacy violation, and challenges relating to employee adoption. Among the pros of AI pointed out in the review, enhanced objectivity and efficiency of performance evaluations can be noted, besides numerous cons, with such severe drawbacks being bias and ethical questions which leave the questions of fairness and trust in AI as severe as ever. However, problems associated with understanding the AI models, technical framework, and preparedness of employees has posed difficulties in implementation of the AI across organizations. This paper also examines the limitations of the extant literature and highlights the need for strong governance architecture, ethically sound AI and change management efforts that can remedy these issues. Since artificial intelligence (AI) has become more prevalent in HRM, especially in recruitment and

performance appraisals, the doubts arise about how employees respond to AI involvement in these processes. While existing research often treats AI as a technical tool, this study also views AI as a social actor which interacts with employees. The present paper aims to give a precise approach of the research by identifying the challenges in AI-driven performance appraisal and make suggestions for future research.

KEYWORDS: Algorithmic HRM, Technostress, Hybrid Governance, Expatriate performance management (EPM)

INTRODUCTION

Artificial Intelligence (AI) has emerged as one of the most significant technological developments influencing contemporary business organizations. The increasing availability of digital data, advanced algorithms, cloud computing and intelligent systems has enabled organizations to incorporate AI into various business functions. Human Resource Management(HRM),which traditionally relies heavily on human judgment and administrative processes, is also undergoing significant changes through the adoption of AI-based technologies. AI is increasingly being used to support recruitment and selection, employee on boarding, training and development, performance management, workforce planning, employee engagement and HR analytics. Recent research indicates that AI is becoming an important area of research in HRM, while also raising questions concerning transparency, fairness, data management and human oversight

The adoption of AI in HR practices refers to the process through which organizations introduce and integrate AI-enabled technologies into their human resource activities to support or automate HR-related tasks and decision-making. AI can assist HR professionals in processing large volumes of employee and applicant data, identifying patterns, automating routine activities and providing analytical insights. For example, AI-based systems may be used for screening applications during recruitment, recommending training programmes, analyzing employee feedback and supporting workforce planning. Recent systematic research has identified applications of AI across major HR functions, including human resource planning, recruitment and selection, training and development, compensation management and performance management.

However, the adoption of AI in HR is not determined only by the availability of technology. Organizations need appropriate technological infrastructure, quality data, financial resources, managerial support, skilled employees and organizational readiness. AI implementation may

also create challenges related to employee acceptance, resistance to technological change, privacy, algorithmic bias, transparency and accountability. Therefore, understanding the factors that influence an organization's readiness and willingness to adopt AI is essential for successful implementation

The growing importance of AI in HRM has created a need to understand not only what AI can do in HR, but also why and under what conditions organizations adopt it. A recent systematic review specifically examining factors influencing AI adoption in HRM found that adoption is multidimensional, involving organizational and strategic, technological and operational, human-centric, environmental and economic considerations

Despite the growing literature on AI and HRM, there remains a need for organization-specific empirical research examining AI adoption within the HR practices of multinational companies. Much of the existing literature discusses the potential applications, benefits and challenges of AI in HRM at a general level, while studies specifically examining the adoption process within multinational company, particularly from the perspective of technological readiness, organizational factors and employee readiness, remain important. Current reviews also identify continuing research needs concerning organizational implementation, human–AI interaction and context-specific adoption.

Since the HR practices consist of various managerial and operative functions but use of artificial intelligence in all Hr dimensions will not be easy to study therefore one of the significant factors of organizational productivity which can be easily quantified has been proposed to be undertaken in this study that is performance appraisal system in MNCs in India.The study will focus on the extent and nature of AI adoption and examine how organizational factors, technological readiness and employee readiness influence such adoption. It will also identify the major challenges associated with implementing AI in HR practices and the organizational conditions that may facilitate effective adoption. The study is expected to contribute to the growing literature on AI-enabled HR performance appraisal systems and provide insights for organizations seeking to integrate AI into their human resource practices in a responsible and effective manner.

REVIEW OF LITERATURE

Alzeiby,Islam, Shaik and Yaqub (2025)examined AI adoption in enterprises in relation to strategic HRM practices, employee engagement and employee experience.The study found that strategic intent and strategic HRM practices play mediating roles between AI adoption in HR and employee engagement and experience. The study therefore suggests that AI adoption

should be aligned with organizational strategy and HR practices rather than treated as an isolated technological initiative.The study by Aish & Noor (2025) conducted a systematic literature review examining factors influencing AI adoption categorized adoption determinants into technological, organizational, environmental and human dimensions. Factors such as organizational resources,expertise,organizational readiness and human capabilities were identified as important considerations. The study supports the argument that employee capabilities and organizational preparedness should be considered alongside technological characteristics when examining AI adoption. **Tehrani et al.(2024)** specifically examined AI readiness in multinational corporations through interviews with managers from 52 MNCs in Southeast Asia, primarily India. The study conceptualized AI readiness as a multidimensional construct comprising informational, environmental, infrastructural, participant, process, customer, data and technological readiness. The results indicate that organizations need more than access to AI technology, they require appropriate infrastructure, data, processes, people and organizational mechanisms to become AI-ready. **Pedrami and Vaezi (2025)** conducted a meta-synthesis and systematic review specifically on factors influencing AI adoption in HRM. Their review of research published between 2015 and 2023 identified five broad groups of factors: organizational and strategic factors, technological and operational factors, human-centric factors, challenges and opportunities, and environmental and economic factors. The study emphasizes that successful AI adoption in HRM requires simultaneous attention to technological, organizational and human-resource dimensions. Further, **Malik, Budhwar and Kazmi (2023)** conducted a systematic review of 67 studies on AI-assisted HRM and developed an extended strategic framework for understanding the adoption and implementation of AI in HRM. Their review examined both organizational and employee-centric outcomes and highlighted the importance of managerial capabilities, employee competencies and strategic choices in implementing AI-based HR practices. The study emphasized that AI adoption should be considered as a strategic organizational process rather than simply as the introduction of a new technology.

The rapid rise of artificial intelligence (AI) is reshaping human resource management. AI refers to systems that can accumulate and learn from experience and perform cognitive tasks, often mimicking human reasoning and social behavior**(Pan and Froese**,**2023)**.With this capacity,AI has a great influence on employee experience in HRM practices such as recruitment **(Lambrecht and Tucker 2019; Suen et.al. 2019)** and performance appraisals (Lee 2018; Newlands 2021; Newman et.al.2020).Although scholars widely recognize the importance of AI in HRM (Budhwar et al.2023 Tambe et.al.2019)research on its impact

remains inconsistent (Pan and Froese,2023).Some studies highlight benefits such as greater efficiency (Suen et al.2019), enhanced employee experience (Malik et al.2023), and lower turnover(Malik et al.2022). Others raise concerns about fairness (Lambrecht and Tucker2019; Lee2018; Newman et al.2020) and deteriorating work conditions (Newlands 2021).These conflicting findings may stem from a common assumption: that AI is a neutral, standalone tool. In reality, AI interacts with people in complex ways, forming sociotechnical entanglements (Makarius et al.2020). Overlooking this social dimension may limit our understanding of AI's true impact on HRM. (Yuan Pan et al.2025**)** study found that certain characteristics of the AI rater and the decision-making power distribution in AI appraisal procedures have a significant impact on employees' performance appraisal satisfaction.

As artificial intelligence (AI) becomes more common in HRM, especially in performance appraisals, questions arise about how employees respond to AI involvement in these processes. While existing research often treats AI as a technical tool, this study also views AI as a social actor that interacts with employees. It was found that certain characteristics of the AI rater and the decision-making power distribution in AI appraisal procedures have a significant impact on employees' performance appraisal satisfaction.

According to **Ali Ahsan et al. (2026)** AI-driven HRM positively predicts innovation through metacognitive strategies, but only when employees demonstrate high levels of tacit knowledge awareness. When awareness is low, AI-HRM digitization fails to enhance innovation, which reveals the limitations of digital HRM effectiveness. These findings underscore that tacit knowledge awareness fundamentally conditions how AI-driven HRM digitization supports or undermines innovation, which advances theory by extending self-determination perspectives to technology-mediated HRM. Thus, this study discusses the theoretical and practical implications for designing AI-enabled HRM systems that balance algorithmic control with employee autonomy.

The rapid digitalization of the workplace is reconfiguring the foundations of human resource management.**Zhisheng Chen (2026)**. He conceptualizes algorithmic HRM as a business process technology that transforms traditional people management practices through automation, predictive analytics, and workflow redesign. By comparing algorithmic and conventional HRM processes across six core domains of workforce planning, recruitment, training, performance management, compensation, and employee relations.The study demonstrates how algorithms shift HRM from intuition-driven decisions to data-based and adaptive systems. While these transformations offer efficiency gains, personalization, and new avenues for strategic value creation, they also raise critical concerns about transparency,

fairness, privacy, and employee autonomy. It argues that algorithmic HRM represents both a technological and organizational frontier in the future of work, demanding hybrid governance approaches, ethical safeguards, and the cultivation of human capabilities that algorithms cannot replace. In doing so, it highlights implications for managers, workers, and policymakers navigating the challenges of an algorithmically mediated employment landscape.

Comparison of Conventional vs. Algorithmic HRM Across Six Core Domains

HRM Domain	Conventional HRM	Algorithmic HRM
Workforce Planning	Manual head-count forecasting, historical trend analysis, and static budget estimates.	Predictive and normative analytics forecasting talent needs, skill gaps, and labor shifts in real time.
Recruitment	Resume screening by hand, subjective interviews, and manual candidate outreach.	AI-powered Applicant Tracking Systems (ATS), automated parsing, and video/behavioral analytics.
Training & Development	Generalized classroom sessions, annual compliance modules, and fixed training catalogs.	Adaptive Learning Management Systems (LMS) with personalized skill pathways and AI recommendations.
Performance Management	Periodic, subjective supervisor reviews and annual or semi-annual appraisals.	Continuous digital workplace monitoring, cloud appraisal tools, and real-time pulse analytics.
Compensation & Rewards	Fixed pay scales, manual bonus calculations, and periodic market benchmarking.	Dynamic, data-driven reward models linked to automated productivity tracking and algorithmic equity metrics.
Employee Relations	Face-to-face conflict resolution, manual grievance handling, and HR representative mediation.	AI chatbots, sentiment analysis of digital communications and automated pulse surveys.

Navigating an algorithmically mediated workplace requires hybrid governance approaches**,** such as algorithmic auditing, white-box transparency models, human-algorithm co-governance, and upskilling HR leaders to oversee tech integration safely.

Pan, Y., Froese, F. J., & Xue, S. (2026) examine how AI's characteristics and its role in appraisal procedures influence employee satisfaction with performance appraisals and found that certain characteristics of the AI rater and the decision-making power distribution in AI appraisal procedures have a significant impact on employees' performance appraisal satisfaction. Similarly **Ali, A., Cichoń, D., & Abbas, A.(2026**) revealed that AI-driven HRM positively predicts innovation through metacognitive strategies, but only when employees demonstrate high levels of tacit knowledge awareness. When awareness is low, AI-HRM

digitization fails to enhance innovation which shows the limitations of digital HRM effectiveness.These findings underscore that internalized knowledge awareness fundamentally conditions how AI-driven HRM digitization supports or undermines innovation, which advances theory by extending self-determination perspectives to technology-mediated HRM. It advocates that while designing AI-enabled HRM systems, there is need to balance algorithmic control with employee autonomy.

When conventional HRM processes are compared with algorithmic HRM processes across six core domains of workforce planning, recruitment, training, performance management, compensation and employee relations. The effects of AI in employee evaluations and whether these effects differ based on employee demographics explored. The results provide evidence of costs and benefits related to the use of AI in performance evaluations which differentially affects employees of different demographics (**Brown,J.L.,Burke,J.,&Sauciuc,A.K.2026)**.

While reviewing the role of machine learning (ML) done by **Sakib, M. N., & Islam, S.(2026)** in driving the impact of accelerating human resource management (HRM) functionalities findings show that HRM is affected to a good extent by ML, bringing transformation in it by enhancing efficiency, predictive capabilities, and also by automating the processes, especially employee turnover prediction, training, and recruitment. In addition, the use of ML in HRM has issues such as ethical complexities, transparency, and use in situations of algorithmic decision-making, underlining the importance of having clear frameworks for ethical and sustainable use.

Elabed, S., Alyaarbi, A., Ahmed, V., & Bahroun, Z. (2026) employee perceptions of performance appraisal systems to identify key factors shaping these employee perceptions of performance appraisal systems and their effects on organizational outcomes. The review identifies key perception-shaping factors: organizational culture, justice (distributive, procedural, interactional), appraisal accuracy, feedback quality, and transparency. Positive perceptions, particularly fairness and actionable feedback, correlate with improved motivation, satisfaction, commitment, and performance. Conversely, perceptions of bias or poor communication lead to disengagement and higher turnover intentions. The review also reveals sectoral and regional differences in how appraisals are perceived. Findings underscore the need for appraisal systems that align with employee expectations and organizational values. The study offers theoretical contributions to HR literature and practical guidance for policymakers and HR professionals. **Anshima, Bhardwaj, B., & Sharma, D. (2026)** propose that effective revenue growth, employee productivity, employee engagement and effectiveness in recruitment are the major outcomes of AI-HRM. Systematic literature review

compiles findings from 43 peer-reviewed articles published between 2016 and 2024 to critically assess AI's dual role in HRM as both a potential promoter of fairness and a source of embedded bias (**Naoum, R. F., Szakadáti, T., & Balogh, G. (2026)**.This review highlights four main themes of AI's ability to improve standardization, objectivity, and accessibility in HR processes, risks related to algorithms and data that could perpetuate systemic bias and lessen accountability the human, data, and algorithmic origins of these issues and strategies for mitigation including participatory design, explainability, human oversight, and ethical governance. Despite growing interest in AI integration within HRM, previous studies have mostly treated fairness and effectiveness as separate issues, providing limited insight into how AI simultaneously impacts DEI outcomes. Additionally, the current literature often neglects the practical difficulties of implementing ethical principles, leaving HR professionals with scattered guidance. This review addresses these gaps by providing a timely, interdisciplinary overview that connects academic discussions with the urgent need for ethically responsible AI use in real-world HR environments.

(**Amanullah, M., Ahmed, M. F., Tumpa, K. K., Khatun, M., Paul, R. K., & Tarafdar, P. (2026)** portrays that different contemporary AI technologies, including machine learning, deep learning, natural language processing, generative AI and big data analytics, have reshaped the decision pattern of core HR functions. Data reveals that HRM has now improved predictive and personalization capabilities through advanced neural networks, explainable AI tools and applicant tracking systems. However, this AI-HR integration presents multidimensional challenges, including organizational resistance, algorithmic bias, transparency and data integration.

Further exploring the merits and demerits of AI in human resource management **Ketchiwou, G. F., & Ngulube,P.(2026).** reveal several advantages to using AI for HRM functions like cost-saving benefits,accuracy, transparency and consistency, real-time information, employee engagement and workplace relationships, ease of use and time-saving benefits but it comes with some challenges of cost, limited computing power, capacity, and IT infrastructure; lack of transparency, explainability issues, bias, lack of fairness and inclusivity, lack of information security and privacy, integration challenge, AI Hallucination, inconsistent and incorrect advice, inability to perform reasoned or strategic tasks, contextual inflexibility, ethical concerns, job monotony, insecurity, anxiety and job stress, resistance towards AI, limited expertise, lack of human connection and collaboration, lack of human control, and lack of communication.

Artificial intelligence is increasingly embedded in human resource management, yet its implications for employee autonomy depend not only on technological capability but also on how algorithmic systems are governed.(**Patnaik,T.,Gnankob,R.I.,& Nanda,N.S.2026).** It was examined how algorithmic transparency, perceived algorithmic fairness, and human-in-the-loop oversight shape employee autonomy through trust in AI, psychological safety, and technostress and found that all these significantly strengthened employee trust in AI. Algorithmic transparency also enhanced psychological safety, while human-in-the-loop oversight reduced technostress. Trust in AI and psychological safety positively influenced employee autonomy, whereas technostress negatively influenced autonomy. The findings demonstrate that employee autonomy in AI-enabled workplaces is shaped through relational, psychological, and resource-preservation mechanisms. Responsible AI-enabled HRM therefore requires more than technical efficiency, transparent decision processes, fairness safeguards, meaningful human oversight, and psychologically safe opportunities to question algorithmic decisions are important for preserving employee agency.

Paramita,D.,Okwir,S.,&Nuur,C.(2024) With the recent proliferation of AI, organisations are transforming not only their organisational design but also the input and output operational processes of the hiring process. The study revealed four aggregate dimensions describing AI's transformative role in talent acquisition process. The results provide a cautionary perspective, advising against an excessive emphasis on operational performance driven solely by algorithmic management.

Bandara, R. J., Biswas, K., Akter, S., Shafique, S., & Rahman, M. (2025).AI and machine learning algorithms are revolutionising the modern workplace by transforming HR functions to deliver superior outcomes for both employees and organisations. However, research shows that these algorithms often fail to deliver optimal HR solutions, primarily due to inherent biases. Developing capabilities to overcome algorithmic biases is critical for firms, as these biases present significant challenges to fairness and inclusivity in HR decision-making, ultimately impacting the effectiveness of HR practices.

The key findings reveal three critical dimensions of HR algorithmic bias management capability:data bias, model bias, and deployment bias management capabilities, which significantly influence AI-enabled high-performanceHR practices and, in turn, positively impact strategic HRM effectiveness.

Sharma, G. S., Raja Praveen, K. N., & Upadhyay, A. (2024).AI-powered systems had been an increasing number of carried out to various factors of human aid (HR) control in multinational corporations (MNCs).AI-powered device in HR control can provide useful

insights concerning verbal exchange, talent-set improvement, performance review, and greater.The literature examined highlights the ability of AI-powered systems to offer organizations more desirable perception and actionable effects, however also discusses how bias and other dangers may also stand up.

Chukwuka,E.J.,Dibie,K.E.(2024).aims to create a realistic understanding of the favorable and unfavorable experiences that employees have as a result of adopting AI or resorting to the old manual HR methods. It was found that Artificial Intelligence has a positive and significant influence on HR function of employee performance evaluation. The study recommends a more robust top-level AI design and implementation within the entrepreneurial ecosystem and a robust application of Artificial Intelligence on HR function of employee performance evaluation.

Durairaj, S.,&Vetrivel,V.(2024). The function of AI technologies in IT firms' performance evaluation processes where AI-powered tools are being used to streamline processes and enhance decision-making making them more objective oriented. **Roppelt, J., Greimel, N., Kanbach, D. K., Stubner, S., & Maran, T. (2024).** explore how multi-national corporations (MNCs) can effectively adopt artificial intelligence (AI) into their talent acquisition (TA) practices. While the potential of AI to address emerging challenges, such as talent shortages and applicant surges in specific regions, has been anecdotally highlighted, there is limited empirical evidence regarding its effective deployment and adoption in TA. **Bankar, S., & Shukla, K. (2023).**shows that a digital performance management system leads to openness and honesty with time, effort and sincerity.**Qin, S. (Marco), Jia, N., Luo, X., Liao, C., & Huang, Z. (2023).**Human managers are increasingly challenged by artificial intelligence (AI) technologies in performing managerial functions because employees considered AI to be both fairer and more accurate in evaluating their performance than the average human manager. **Tambe, P., Cappelli, P., & Yakubovich, V.(2023).**Artificial intelligence (AI) can bring both opportunities and challenges to human resource management (HRM). While scholars have been examining the impact of AI on workplace outcomes more closely over the past two decades, the literature falls short in providing a holistic scholarly review of this body of research. Such a review is needed in order to: (a) guide future research on the effects of AI on the workplace; and (b) help managers make proper use of AI technology to improve workplace and organizational outcomes.

This systematic review to explore the relationship between AI and workplace outcomes. The review researches the AI-workplace outcomes nexus by drawing on the major functions of HRM and the process framework of 'antecedents, phenomenon, outcomes' at multiple levels

of analysis **Tambe, P., Cappelli, P., & Yakubovich, V. (2023).** Artificial Intelligence has the potential to change the future of human resource management (HRM). Scholars from different disciplines have contributed to the field of AI in HRM but with rather insufficient cross-fertilization, thus leading to a fragmented body of knowledge. In response, we conducted a systematic, interdisciplinary review of 184 articles to provide a comprehensive overview. We grouped prior research into four categories based on discipline: management and economics, computer science, engineering and operations, and others. The findings reveal that studies in different disciplines had different research foci and utilized different methods. While studies in the technical disciplines tended to focus on the development of AI for specific HRM functions, studies from the other disciplines tended to focus on the consequences of AI on HRM, jobs, and labour markets. Most studies in all categories were relatively weak in theoretical development. We therefore offer recommendations for interdisciplinary collaborations, propose a unified definition of AI, and provide implications for research and practice.

Artificial intelligence (AI) affects human resource management and in so doing, it is transforming the nature of work, workers and workplaces. While AI-assisted HRM is increasingly considered a strategy for improving organizational productivity, the academic literature has not yet offered a strategic framework to guide HR managers in adopting and implementing it.

In the context of rapid advancements in artificial intelligence (AI), its pervasive impact across industries extends to Human Resource Management, redefining workforce management paradigms.Rooted in the recognition that conventional HRM approaches can be time-intensive and biased, AI's integration promises to enhance decision-making efficiency and accuracy.According to **Prikshat, V., Islam, M., Patel, P., Malik, A., Budhwar, P., & Gupta, S. (2023).** AI-Augmented HRM has assumed strategic importance for achieving HRM domain-level outcomes and organisational outcomes for a sustainable competitive advantage.Thre is minimal research evidence that links HRM(AI) and organisational-level outcomes. we propose a multilevel framework that offers a platform for future researchers to draw linkage among diverse variables starting from the contextual level to HRM and organisational level outcomes that eventually enhance operational and financial organisational performance.

Qin, S. (Marco), Jia, N., Luo, X., Liao, C., & Huang, Z. (2023). Human managers are increasingly challenged by artificial intelligence (AI) technologies in performing managerial functions. The field experiments done by Quin et al.(2023) that used AI vis-à-vis human

managers to perform structured, data-intensive evaluations of employee performance.It was found that fairness and accuracy in performance evaluation is done by AI resulting in human managers to treat employees fairly and make good interpersonal relationships with employees.While measuring the performance,**Nayem, Z., & Uddin, M. A. (2024)** opines that the appraisal of employees' performance at present is inconclusive and inexhaustive. To accurately assess and predict an employee's performance, numerous external factors related to an employee's life have been taken into account in this work. Moreover research using artificial intelligence (AI) applications in HRM functional areas has gained much traction and a steep surge over the last three years.**Prikshat, V., Islam, M., Patel, P., Malik, A., Budhwar, P., & Gupta, S. (2023)** proposed a multilevel framework that offers a platform for future researchers to draw linkage among diverse variables starting from the contextual level to HRM and organisational level outcomes that eventually enhance operational and financial organisational performance.**Basu, S., Majumdar, B., Mukherjee, K., Munjal, S., & Palaksha, C. (2023).** Artificial intelligence (AI) systems and applications based on them are fast pervading the various functions of an organization. While AI systems enhance organizational performance, thereby catching the attention of the decision makers, they nonetheless pose threats of job losses for human resources. This in turn pose challenges to human resource managers, tasked with governing the AI adoption processes. However, these challenges afford opportunities to critically examine the various facets of AI systems as they interface with human resources. To that end, we systematically review the literature at the intersection of AI and human resource management (HRM). Using the configurational approach, we identify the evolution of different theme based causal configurations in conceptual and empirical research and the outcomes of AI-HRM interaction. We observe incremental mutations in thematic causal configurations as the literature evolves and also provide thematic configuration based explanations to beneficial and reactionary outcomes in the AI-HRM interaction process.

The dramatic increase in the use of Artificial Intelligence (AI) in workplaces around the world has tremendous potential to increase business profitability (**Varma, A., Dawkins, C., & Chaudhuri, K. 2023**).While AI has numerous useful applications and can help speed up business processes or transform systems, its use in human resources (HR) processes and systems presents a complex series of ethical considerations that require organizational leaders to tread with caution. It is need of the hour that HR managers must be ethically sensitive and accountable. They have responsibility to carefully monitor AI programs to ensure that these systems do what they are purported to do and protect the dignity of the worker through

transparency regarding the data being collected and privacy regarding its usage.The HR manager must closely monitor the fairness and equity impacts of AI such that its use is procedurally and distributivity just.

França, T. J. F., São Mamede, H., Barroso, J., & Santos, V. (2023). emphasise the need for HR managers to be proactive in embracing technology and bridging the technological, human, societal, and governmental gaps.**Li, P., Bastone, A., Mohamad, T. A., & Schiavone, F. (2023).**explored the impact of the implementation of artificial intelligence (AI) in the healthcare sector on overall human resource (HR) practices and organizational performance resulted in a very positive and significant outcome on the part of productivity. **Chowdhury, S., Dey, P., Joel-Edgar, S., Bhattacharya, S., Rodríguez-Espíndola, O., Abadie, A., & Truong, L.(2023)** findings show that organisations need to look beyond technical resources, and put their emphasis on developing non-technical ones such as human skills and competencies, leadership, team co-ordination, organisational culture and innovation mindset, governance strategy and AI-employee integration strategies,to benefit from AI adoption.**DeNisi, A., Murphy, K., Varma, A., & Budhwar, P. (2021)**specifically address four challenges of (i) can performance really be managed? (ii) if so, how do we go about doing this? (iii) the need to balance consistency across locations with the need to accommodate unique realities of individual locations, and (iv) addressing the different employee profiles - i.e., expatriates vs. host country nationals.It was resulted that global organizations need to pay more attention to (i) performance context (ii) ratee reactions, and (iii) rater motivation, as these are integral to successful performance management. On the other hand,they might re-consider and re-visit the amount of time and energy spent on factors such as (i) appraisal forms and (ii) rater training, as these may not be serving any useful purpose.**Singh, M., Kothari, D. P., & Singh, S. (2026)** conclude that the sustainable AI-enabled HRM involves the combination of technological capabilities with human judgment, ethical governance, employees' well-being as well as organizational objectives.**Bader, A. K., Bader, B., Froese, F. J., & Sekiguchi, T. (2021).**Due to the high costs and strategic importance of expatriate assignments, expatriate performance management (EPM) plays an increasingly important role for multinational enterprises (MNEs). Results from surveying 132 Anglo-Saxon, Germanic, and Japanese MNEs reveal prominent differences (divergence) at the EPM strategic level such that Japanese MNEs tend to pursue more ethnocentric staffing strategies and design EPM systems specifically tailored to expatriates.

Morley, M. J., Murphy, K. R., Cleveland, J. N., Heraty, N., & McCarthy, J. (2021). Context is a central construct in the study of performance appraisal (PA) systems, but to date

studies linking the distal context within which organizations operate to PA have been limited in two ways. we hypothesize the links between the "big three" facets of distal context (i.e., culture, legal/political, and economic) and the processes and purposes of PA systems. Using data from 472 multinational enterprises (MNEs) in 22 countries, it shows that all three facets of the distal context of the host country influence decisions about the conduct of PA systems. It is found that MNEs are more likely to develop hybridized PA systems that depart from host country norms. **Thillaivasan, D., & Wickramasinghe, C. N. (2020)** aims to conceptualize the novel impact of the digital transformation in terms of AI and automation on organizational performance by scrutinizing the impact of AI on two key elements, to transform the leadership and human capital, that are used by all organizations in their performance measurement approaches and models. The investigation also revealed that AI and automation will also have significant implications on the configuration of the future organization.The user interface with AI driven performance appraisal and impulse decision by HR manger about employees output can be avoided. The adoption AI in performance management are relevant to UTAUT2 theory too. The task-related cues enhance the platform's usability and functional efficiency, ensuring smooth navigation and user convenience. Social cues, including reviews, ratings, and social proof, contribute to trust and community perception, thereby influencing spontaneous decisions.

There is a substantial gap between the promise and reality of artificial intelligence in human resource management (**Cappelli, P., Tambe, P., & Yakubovich, V.(2019).**They identified four challenges in using data science techniques for HR tasks.The complexity of HR phenomena, constraints imposed by small data sets, accountability questions associated with fairness and other ethical and legal constraints, and possible adverse employee reactions to management decisions via data-based algorithms. It then proposes practical responses to these challenges based on three overlapping principles—causal reasoning, randomization and experiments, and employee contribution—that would be both economically efficient and socially appropriate for using data science in the management of employees.

Employee engagement is critical for the sustenance of organizations. **Dutta, D., Mishra, S. K., & Tyagi, D. (2023)** highlighted that the employer-employee interaction is an essential mechanism that enhances employee engagement. The communicative and interactional features of AI applications in HRM allow for a personalized and individualized approach to employees.

In recent times, leading information technology (IT) multinational enterprises claim to have abandoned many traditional features of their performance management systems

(PMSs).Employees perceived the present purposes of PMS marginally more favorably than those in the past; Employees mentioned goal setting and continuous feedback as the most positive features of the current PMSs, and transparency, 360° feedback, and adherence to timelines as improvement areas(**Tripathi, R., Thite, M., Varma, A., & Mahapatra, G. 2021)**.

RESEARCH GAPS: There arevarious gaps found in the currend review of literature.The AI-driven performance appraisal systems are required to be explored and added in future studies :

1. Limited Research on AI Adoption Readiness: There are few studies that concern organisational preparedness in terms of infrastructure, training of the workforce and performance management.

2. Ethical and Algorithmic Bias: While the concepts of bias and fairness have being discussed, there are little studies which analyze to combat algorithmic discrimination and design equitable AI-based value judgement of the employees.

3. Impact on Employee Perception and trust: The earlier literature has addressed insignificant attention to the social and psychological aspect of performance appraisal systems, such as trust, fairness, equity and job satisfaction with the use of AI systems.

4. Integration of Human-AI Collaboration: There is limited consideration given to the integration of techniques that utilize AI while maintaining human supervision aimed at ensuring trust , openness, and acceptance.

5. Data Privacy and Security Consideration: Concerning privacy, the role of guidelines and best practice consistent with ERPs data protection regulation is still largely unchecked and unregulated.

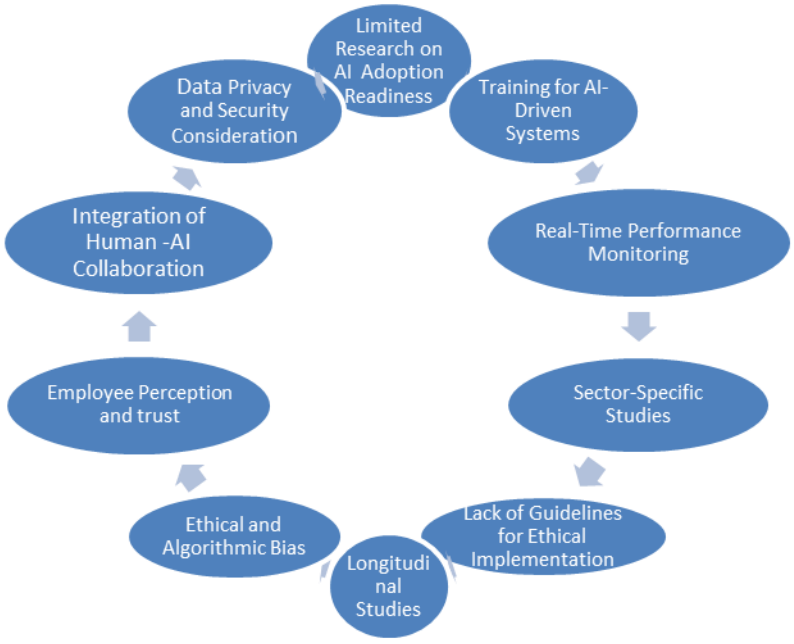
6. Sector-Specific Studies: The majority of the studies are done at the macro theoretical context of organizations without looking at distinct industry issues like adoption of AI in SME's, public sector, and the specific regions.

7. Real-Time Performance Monitoring: The literature has not explored in detail the consequences of the constant AI-based monitoring on productivity, self-organizing, and work–life balance.

8. Employee Training for AI-Driven Systems: The framework of possessing skill and training to engage in performance appraisal systems that include use of AI is hardly addressed in research studies.

9. Longitudinal Studies: The majority of the research reviewed offers only a snapshot view in the short term. Currently, there is little research that addresses the effects of using AI-driven appraisals in organizations over a long-term period, bearing in mind the overall productivity of the organization.

10. Lack of guidelines Framework for Ethical Implementation: Although the current research focuses on the potential ethical problems, there is no multi-faceted guidelines about how to establish such AI-dependent systems legally and clearly.



CONCLUSION

The quintessence of the discussion and analysis is that the AI driven HR practices for performance appraisal of the employees in MNcs should be transparent, trustworthy, and human-centered AI systems which may be effective in real world HR environment. More over it is pertinent to remind multinational corporations (and all other corporations) that culture and context matter, but these must be addressed in concert with the need to treat all employees fairly and consistently. There is need to explore the potential role of host country nationals in the performance management process for multinational enterprises.

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