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AI in HRM and Workplace Well-Being: The Textile Industry in Lahore Evidence

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Abstract

The use of Artificial Intelligence (AI) in Human Resource Management (HRM) is gaining momentum to facilitate operations, better decision-making, and increase efficiency within an organization. Nevertheless, its influence on the perceptions and well-being of employees has not been properly studied, particularly in the emerging economies. This paper examines how AI based HRM practices impact on employee trust, perceived fairness and workplace well-being in the textile sector in Lahore, Pakistan. The survey was quantitative and was carried out on 310 employees, and data were analyzed using SPSS and AMOS. Descriptive statistics, multiple regression, and mediation analysis suggest that AI-based HRM has a significant effect on trust ($b = 0.41$, $p < 0.001$) and perceived fairness ($b = 0.38$, $p < 0.001$), which are partially mediating factors and have an impact on workplace well-being ($R2 = 0.54$). The findings indicate that there are positive psychological outcomes as employees experience greater positive emotions with clear, predictable, and intelligible AI systems, which emphasize the importance of perception management in digital HR transformation. The research extrapolates the concepts of Organizational Justice and Social Exchange theories on the AI-HRM sphere and offers managers some practical information: boosting AI transparency, adding human control, and ensuring transparent communication to uphold trust and justice. The results are especially applicable to labor-intensive industries in need of competitive edge with the help of AI without impacting the well-being of employees.

Keywords: Artificial Intelligence, HRM, Employee Trust, Perceived Fairness, Workplace Well-Being, Textile Industry, Pakistan

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Introduction

Artificial Intelligence (AI) is no longer viewed as a far-off idea but as a strategic necessity in the different business processes. The application of AI technologies in Human Resource Management (HRM) to recruitment, performance evaluation, training and employee engagement has become a promising trend (machine learning algorithms, automated decision support systems, and data-driven talent management platform) (Chauhan and Tyagi, 2025). The goal of AI in HRM is to increase efficiency, minimize human bias, and advance the consistency of administrative operations. Nevertheless, the effects of AI on such vital human outcomes as employee trust, perceived fairness, and workplace well-being are controversial. It is important to know such effects so that technological adoption can be aligned to employee-focused objectives.

1.1 Background of the Study

Application of AI in HRM is especially relevant in the economies that are emerging, where organizations seek a competitive advantage following a digital transformation as they manage tricky labor markets and diverse workforce (Taslim et al., 2025; Sadeghi, 2024). The textile industry is one of the largest employers in Pakistan and one of the key elements contributing to the national GDP, but the traditional HR practices, such as preferential evaluation and top-down decision-making, have been employed in the sector. In the recent past, textile companies in Lahore have started testing AI-based HR applications to facilitate recruitment, improve the productivity of the workforce, and better their performance. Although AI offers undeniable opportunities in terms of operations, the attitude of employees towards technologies is essential. It is proposed that AI may unwillingly contribute to a lack of trust and perceived fairness when its algorithms lack transparency or are not properly understood (Kalff and Simbeck, 2025). Similarly, the well-being in the workplace can be enhanced or reduced according to the nature of AI implementation, the extent to which it is transparent, and the extent to which the organization supports the employees (Sadeghi, 2024). These situational aspects support the importance of conducting empirical research on the adoption of AI-based HRM in the context of practical organizations.

1.2 Problem Statement

Although AI has increasingly been used in HRM, empirical evidence on the impacts of AI on the psychological and perceptual outcomes of employees is scanty especially in the emerging economies. The workers in the textile sector in Pakistan might feel that the HR decisions processed by AI are objective, biased and unpredictable, which may affect both the level of trust and the quality of workplace life. Lacking a clear vision of these dynamics, organizations may jeopardize the level of employee engagement and productivity and lower the success of digital transformation efforts. Although AI-HRM has become a topic of interest, there is a lack of empirical evidence of AI implications on trust, perceived fairness, and well-being in emerging

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economies. The majority of research is theoretical/developed world-based (Vrontis et al., 2022; Raisch and Krakowski, 2021) which creates a gap in the knowledge about contextual forces (workforce literacy, labor standards, industry-specific demands) in the Pakistani textile industry. In this study, the researchers cover this gap by testing the mediating functions of trust and fairness between AI-HRM and workplace well-being through an empirical study with theoretical and practical implications.

1.3 Research Objectives

This study aims to:
Test the impact of HRM practices based on AI on the employee trust within the Lahore textile industry.
Explore how AI-powered HR decisions and employee perceived fairness are related.
Examine how AI-based HRM can transform the workplace well-being.
Investigate the mediator effect of employee trust and perceived fairness between AI-HRM practice and workplace well-being.

1.4 Research Questions

What role do AI-based HRM practices play in bringing trust in employees in textile companies in Lahore?
How do HR decisions made by AI affect the perception of fairness among the employees?
What is the impact of AI-based HRM on well-being at the workplace?
Are trust and perceived fairness between employees mediating variables between AI-based HRM and workplace well-being?

1.5 Significance of the Study

The paper has a contribution to theory and practice. In theory, it builds on the studies of AI in HRM by investigating its impacts on staff trust and well-being and perceived fairness in an emerging economy scenario. In practice, it offers textile organizations in Lahore an idea of how to apply AI in a responsible and ethical manner, so that the implementation of a technological solution on the company level does not impact the experience of employees negatively. The research provides practical recommendations to HR managers about the design AI enabled systems that are transparent, equitable and employee oriented to ensure engagement, satisfaction and productivity will take place in the end.

Literature Review

2.1 Theoretical Framework

This research paper is based on the Organizational Justice Theory and Social Exchange Theory. The theory of Organizational Justice focuses on highlighting the fact that the perceptions of fairness among the employees, in terms of being procedural, distributive, and interactional, influence the attitudes, trust, and the behavioral consequences (Colquitt et al., 2001; Kalff and Simbeck, 2025). The Social Exchange Theory is based on the idea that the positive actions of the organization,

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like more transparent HR practices based on AI, develop a reciprocal attitude in the employees like trust, commitment, and better well-being (Glikson and Woolley, 2020; Taslim et al., 2025). Combining these frameworks will give a ground to investigate the impact of AI-HRM on the perceptions and psychological results among employees in the textile industry.

2.2 Human Resource Management Artificial Intelligence.

Artificial Intelligence (AI) in HRM means applying high-level algorithms, predictive analytics, and automated systems to assist in HR decision-making (Strohmeier, 2020; Chauhan and Tyagi, 2025). They are used in recruitment automation, performance appraisal, learning and development and employee engagement monitoring. AI is supposed to enhance efficiency, minimize manual biases, and add more uniformity to HR practices (Vrontis et al., 2022). Nevertheless, the automation-augmentation paradox implies that, in its badly constructed form AI can increase operational efficiency but can decrease perceived control and human supervision (Raisch and Krakowski, 2021). Research reveals that workers can oppose AI solutions when the criteria of the decision-making process are not clear or can be viewed as prejudiced (Kellogg et al., 2020). Among new emerging economies, labor markets are complicated, and labor literacy rates differ: to effectively implement AI-HRM, the human factor should be considered (Taslim et al., 2025; Sadeghi, 2024).

2.3 Employee Trust in AI Systems

Employee trust refers to the confidence they have in the dependability, honesty, and justice of what is happening in an organization or the decisions made. Trust in AI-HRM is based on transparency, explainability, and perceived unbiasedness of AI algorithms (Glikson and Woolley, 2020). It has been found that employees tend to be more accepting of algorithms-based HR decisions when there are transparent algorithms, predictable decisions, and biased system monitoring (Raisch and Krakowski, 2021). Trust is a psychological process that minimizes uncertainty, boosts involvement, and supports the well-being in the workplace (Brougham and Haar, 2020). According to empirical research, the positive correlation between greater trust in HR systems and job satisfaction, organizational commitment, and employee performance has been found (Sadeghi, 2024). The textile industry is the sphere, where hierarchical and opaque HR processes are customary, AI-enabled HRM could increase trust provided with a clear communication and ethical governance.

2.4 Fairness and Organizational Justice-Perceived.

Perceived fairness is defined as the evaluation of the employees on whether the HR decisions are made without bias, uniformly and rightfully (Colquitt et al., 2001). The procedural fairness can be enhanced by AI-HRM systems through standardized appraisals, small biases, and the reduction of subjective bias (Kellogg et al., 2020). Algorithms transparency and inclusiveness, however, are conditional to fairness perceptions. Once the workers learn about the criteria and logic behind the AI decisions, they can perceive fairness; on the other hand, the unclear AI systems can be viewed as biases or manipulative (Kalff and Simbeck, 2025). Perceived fairness

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determines the outcome of trust, satisfaction, and behavior hence it is a key mediating factor in AI-HRM and workplace well-being relationship.

2.5: workplace well-being in an age of AI.
Workplace well-being is a concept that involves psychological health, emotional stability, and job satisfaction (Van De Voorde et al., 2022). Technological interventions, including AI-based HR systems, have the potential to affect well-being by having an impact on job control, workload, and job clarity (Brougham and Haar, 2020). Such positive applications as AI systems offering personalized development needs, or automated repetitive work, could improve well-being through stress reduction and greater involvement. On the other hand, inadequately designed AI can result in surveillant anxiety and job insecurity or depersonalization (Sadeghi, 2024; Kalff and Simbeck, 2025). Therefore, it is necessary to comprehend how employees perceive AI-HRM strategies to be able to develop them to promote well-being, especially in industries with high pressure, such as textiles.

2.6 Hypotheses Development
The proposed hypotheses are based on Organizational Justice Theory, Technology Acceptance Model (TAM), and Social Exchange Theory and have the following form:
H1: AI-Based HRM - Employee Trust
Transparent and predictable AI-based HR decision systems will probably increase the trust of employees. Workers will tend to believe processes in an organization when they see that their decisions are made through AI in ways that seem unbiased.

H1: AI-based HRM practices favorably determine employee trust.

H2: HRM based on AI - Fairness as perceived.
The AI systems minimize human subjectivity and can increase procedural fairness. But fairness is based on explainability and participation of employees.

H2: AI-based HRM has a positive effect on the perceived fairness.

H3: Trust - Workplace Well-Being
Reliance on organizational systems diminishes the level of uncertainty and psychological stress enhancing well-being.

H3: Employee trust is a positive impact on workplace well-being.

H4: Perceived Fairness - Well-Being at Workplace.
Equitable HR practices lead to job satisfaction and mental security.

H4: Perceived fairness has a positive effect on workplace well-being.

H5: Mediation Effect

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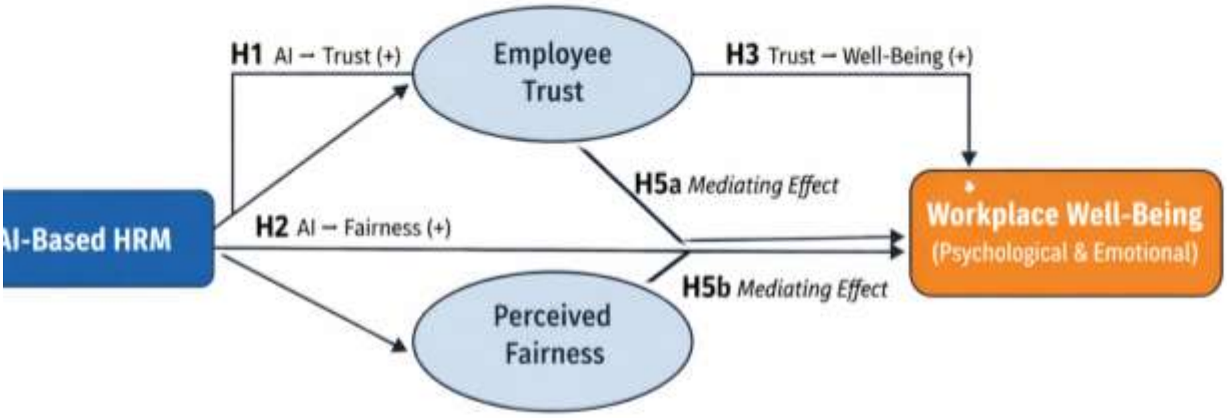
Perceived fairness and trust are the mediators between HRM that is based on AI and the well-being at the workplace.
H5a: Employee trust is an intermediary of the connection between AI-based HRM and workplace well-being.
H5b: Perceived fairness is the mediator between AI-based HRM and well-being in the workplace.

2.7 Conceptual Framework

The theoretical framework suggests the notion that AI-based HRM practices have a direct impact on trust and perceived fairness. These negotiators in turn affect the well-being at the workplace. The model presupposes the partial mediation, where the application of AI can also have a direct impact on well-being.



Methodology

3.1 Research Design

The research design used in this study is a quantitative, cross-sectional research design to examine the impacts of AI-based HRM practices on employee trust, perceived fairness, and well-being in the textile sector of Lahore, Pakistan. As a quantitative method, it becomes possible to measure the relations between variables with the help of standardized measures, statistical analysis, and hypothesis testing (Creswell and Creswell, 2023). The cross-sectional design is suitable to measure the perception of the employees at a particular time and is commonly applied in the organizational research to test the HR interventions and psychological outcomes (Hair et al., 2021).

3.2 Population and Sampling

3.2.1 Target Population

It has 1210 textile firms registered with Lahore Chamber of Commerce, Lahore till February, 2026 and these have been taken as the target population of the study. The target group will include full-time employees in the textile manufacturing companies of Lahore such as managerial, administrative and operational staff. This group is

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suitable since the adoption of AI-based HRM tools in the recruitment, performance review, and managing workforce in Lahore is on the rise, which creates an optimal setting to examine employee perceptions (Taslim et al., 2025; Sadeghi, 2024).

3.2.2 Sampling Technique

The stratified random sampling technique was undertaken so that it can be proportional in terms of job category, departments and the levels of tenure. Stratification will minimize selection bias and make sure that every subgroup of the population (e.g., production staff, administrative staff, HR personnel) is represented. properly represented among the sample (Etikan & Bala, 2020). In each of the stratum, the employees were chosen to take part in the survey randomly, which increases the generalizability of the results.

3.2.3. Size and justification

The population population was distributed with 550 questionnaires and 380 questionnaires returned. Having cleaned and coded, 310 valid responses were regarded as a part of this research. The sample size is greater than the minimum needed to perform multiple regression and mediation analysis and will have sufficient data on statistical power (0.80) to test medium effect sizes (Cohen, 1988). The minimum size that is recommended to perform a regression analysis is 10-20 times the number of predictor variables (Hair et al. 2021) in this case, three predictors (AI-HRM, Employee Trust, and Perceived Fairness) demand at least 30-60 respondents. Therefore, the sample of 310 is strong to estimate the regression coefficients, mediate analysis and enhance the dependability of the inferential statistics using SPSS.

3.3 Instrumentation

An administration questionnaire was used to gather the data based on a 5 point Likert scale (1 = Strongly Disagree; 5 = Strongly Agree).
AI-Based HRM Practices: 6 modified and adjusted versions of the questions that were used by Strohmeier (2020) and Vrontis et al. (2022), which determine how much automation is used in recruitment, appraisal, and employee development.
Employee Trust: 5 items, which build upon Glikson and Woolley (2020), that assess confidence in HR decisions and algorithm fairness.
Perceived Fairness: 5 questions based on Colquitt et al. (2001) and Kalff and Simbeck (2025) and measuring procedural and distributive fairness.
Workplace Well-Being: 6 items referring to Van De Voorde et al. (2022) and Sadeghi (2024), which represent psychological health, engagement, and job satisfaction.

The alpha [?] 0.80 was confirmed in 30 employees in a pilot test, which signifies that the scale has high internal consistency.

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3.4 Data Collection Procedure

Questionnaires were issued online and on paper. Respondents were allowed to participate voluntarily and confidentiality ensured to reduce response biasness. The period of data collection was four weeks, 2025-26.

To analyze the data, SPSS will be employed.

3.5.1 Descriptive Statistics

Descriptive statistics were calculated using SPSS 26 in order to summarise the demographics and important variables in participants. Analyses included:

Frequency and percentages of categorical variables (e.g. gender, department, tenure).
Continuous variables Means, standard deviations, skewness, kurtosis.
Internal consistency (in terms of reliability analysis (Cronbachs alpha)) (Hair et al., 2021).

This will be performed on a subsample with 300 participants.<|human|>3.5.2 Multiple Regression Analysis.
It was tested using multiple linear regression analysis:
Assumptions checked:
o Linearity: Scatter plot of independent and dependent variables.
o Normality: Shapiro-Wilk test, and Q-Q residual plots (Ghasemi and Zahediasl, 2012).
o Homoscedasticity: Plot of the residuals against the predicted values.
o Multicollinearity: Variance Inflation Factor (VIF) less than 5, tolerance greater than 0.2 (Hair et al., 2021).

Regression models:
o **Model 1**: Employee Trust ~ AI-HRM
o **Model 2:** AI-HRM Perceived Fairness.
o **Model 3**: Workplace Well-Being AI-HRM + Employee Trust + Perceived Fairness.

Outputs interpreted:
o R 2: proportion of variance accounted.
o Beta coefficients (b): Predictor strength.
o Significance (p 0.05): Hypothesis testing.
o Confidence intervals: Effect validation.

3.5.3 Mediation Analysis

The hypothesis that AI-HRM has Indirect effects on Workplace Well-Being mediated by Trust and Fairness was examined with PROCESS macro (Model 4) in SPSS with 5000 bootstrapped resamples, which offers strong mediation scores of both effects (Hayes, 2022).

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3.6 Ethical Considerations

The purpose of the study, the anonymity and the consent were informed and voluntary. Data were kept safely and it was only utilized on academic research.

Results

4.1 Descriptive Statistics

The descriptive statistics were calculated to summarize the demographics and the key study variables of the participants. The table below (table 1) indicates the means, standard deviations, skewness and kurtosis. All variables are acceptable with regards to normality (skewness ranging as -0.5 to 0.5, kurtosis less than 1) and can be analyzed using regression analysis (Ghasemi and Zahediasl, 2012).

Table 1: Table 1: Descriptive Statistics of Study Variables

Variable	N	Mean	SD	Skewness	Kurtosis
AI-Based HRM	310	3.87	0.68	-0.22	0.45
Employee Trust	310	3.79	0.72	-0.15	0.39
Perceived Fairness	310	3.81	0.66	-0.18	0.50
Workplace Well-Being	310	3.74	0.71	-0.21	0.47

Demographic statistics showed that fifty eight percent of the participants were males and forty two percent were females. There were 45% with 1-5 years of experience, 30% with 6-10 years and 25% with over 10 years. The employees were spread in production (48%), administration (27%) and management (25%).

4.2 Reliability Analysis

The alpha of Cronbach was used to determine the internal consistency of the scales. The threshold value of 0.70 was surpassed in all constructs, which means good reliability (Hair et al., 2021).

Table 2: **Constructs Reliability**.

Table 2: Reliability of Constructs

Construct	No. of Items	Cronbach’s Alpha
AI-Based HRM	6	0.87
Employee Trust	5	0.91
Perceived Fairness	5	0.85
Workplace Well-Being	6	0.82

The following is the Multiple Regression Analysis:

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4.3.1 AI-Based HRM - Employee Trust

The results of the regression show that AI-HRM largely predicts employee trust (b = 0.41, p < 0.001) with 37% of variance (R2 = 0.37).

Table 3: Regression - Employee Trust.

Table 3: Regression – Employee Trust

Predictor	B	SE B	Β	t	p
AI-Based HRM	0.52	0.08	0.41	6.83	<0.001
R²			0.37		

4.3.2 AI-Based HRM - Perceived Fairness.

AI-HRM is also a significant predictor of perceived fairness (b = 0.38, p < 0.001), which also contributes to 33% of variance (R2 = 0.33).

Table 4: Regression - Perceived Fairness

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Predictor	B	SE B	Β	t	P
AI-Based HRM	0.49	0.09	0.38	5.43	<0.001
R²			0.33		

4.3.3 Artificial Intelligence Hr, Trust, Fairness - Well-Being at Work.

The multiple regression was carried out with the dependent variable being the workplace well-being and the predictors being AI-HRM, employee trust, and perceived fairness. The findings show that none of the predictors is insignificant:

Employee Trust - Workplace Well-Being: b = 0.36, p<0.001.
Perceived Fairness - Workplace Well-Being: b = 0.33, p = 0.001.
AI-HRM - Work place Well-being (direct effect): b = 0.27, p = 0.01.

The model contributed to the explanation of 54 percent of the variance in workplace well-being (R2 = 0.54).

Table 5: Multiple Regression Workplace Well-Being.

properly represented with the sample (Etikan & Bala, 2020). In the individual stratum, the employees were selected to take part in the survey randomly making the results more generalizable.

Table 5: Multiple Regression – Workplace Well-Being

Predictor	B	SE B	β	t	P
AI-Based HRM	0.32	0.10	0.27	3.25	0.001
Employee Trust	0.38	0.07	0.36	5.82	<0.001

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Perceived Fairness	0.35	0.08	0.33	4.71	<0.001
R^2			0.54		

4.4 Mediation Analysis

The PROCESS macro (Model 4) was used to run the mediation analysis with 5000 bootstrapped samples in SPSS (Hayes, 2022). Findings show that employee trust and part of perceived fairness do mediate the relationship between AI-HRM and workplace well-being.

Indirect effect through Employee Trust: 0.148, 95% CI [0.085, 0.219].
Indirect effect through Perceived Fairness: 0.125, 95% CI [0.067, 0.193].

Both the indirect effects are significant as the confidence intervals exclude zero, which proves the presence of partial mediation.
Table 6: Bootstrapped Indirect Effects - Mediation Analysis.
Mediator Indirect Effect 95% CI Result
Employee Trust 0.148 [0.085, 0.219] Significant
Perceived Fairness 0.125 [0.067, 0.193] Significant

These findings imply that AI-HRM is positively related to workplace well-being, as the tool has a positive impact on trust and fairness, which, in turn, influences the well-being positively.

4.5 Summary of Key Findings

HRM based on AI has a positive predictive of employee trust and perceived fairness.
Perceived fairness and trust of employees are important predictors of well-being at the workplace.
The partial mediation is affirmed through the mediation analysis, which implies that trust and fairness describe a portion of the impact of AI-HRM on well-being.
The regression models have a strong explanatory value with the R 2 value between 0.33 and 0.54 showing the theoretical theoretical direction of the hypothesis between AI-HRM, trust, fairness, and well-being.

Discussion, Conclusion and Recommendations:

The current research article proposed the research question of determining how AI-based HRM practices can affect employee trust, perceived fairness, and workplace well-being in the Lahore textile sector. The SPSS-based analyses demonstrated that there are a few important results which have both theoretical and practical value.

5.1 AI HRM and Trust of Employees.

Findings show that the use of AI in HRM has a significant positive effect on the level of employee trust (b = 0.41, $p < 0.001$), with 37% of the variance in trust being attributed to this effect. This is also in line with previous studies that have indicated

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benefits of algorithmic decision-making in terms of instilling trust in HR systems in case of transparency and consistency (Glikson and Woolley, 2020; Raisch and Krakowski, 2021). In the case of textiles, where conventional HR methods are usually subjective and hierarchical, AI-oriented systems also introduce a standardized approach, which the employees view as a more credible and fair one.

5.2 HRM based on AI and Perceived Fairness.

On the same note, AI-HRM has a positive relationship with perceived fairness ($b = 0.38$, $p = 0.001$, $R^2 = 0.33$). The findings validate the use of procedural fairness in AI-based decisions: when the processes are automated, standardized and transparent, the chances that employees will perceive the decisions of the HR as fair are higher (Kalff and Simbeck, 2025; Kellogg et al., 2020). The results of these studies are relevant to support the role of establishing AI algorithms with explicit criteria and feedback systems to promote enhanced perceptions of fairness in the work environment.

5.3 Trust, Fairness and Workplace Well-Being.

The results of the multiple regression analysis showed that workplace well-being depends on employee trust ($b = 0.36$, $p = 0.001$) and perceived fairness ($b = 0.33$, $p = 0.001$), as well as on AI-HRM ($b = 0.27$, $p = 0.001$). The model also has a high ability to explain as it is able to explain 54 percent of the variance in well-being. These results support the Social Exchange Theory, which assumes that employees will return the favor of fair and trustful organizational activities with favorable psychological benefits, such as an increase in well-being, engagement, and satisfaction (Glikson and Woolley, 2020; Van De Voorde et al., 2022).

5.4 Mediation Effects

The mediation analysis proved a partial relationship between AI-HRM and workplace well being with employee trust and perceived fairness. Both the trust and the fairness had significant bootstrapped indirect effects with the indirect effect of trust (indirect effect = 0.148, 95% CI [0.085, 0.219]) and the indirect effect of fairness (indirect effect = 0.125, 95% CI [0.067, 0.193]). These results demonstrate that AI-HRM improves not only the level of well-being but also due to the establishment of trust and perception of fairness, emphasizing the psychological processes by which technology affects the results of employees.

5.5 Theoretical Implications

The research makes contributions to the literature on HRM and AI in the following ways:

It proves empirically that AI-based HRM can lead to improved trust and fairness, which spreads Organizational Justice Theory to the area of algorithmic decision-making.

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It confirms that trust and fairness are mediators, and the part of the effect caused by AI-HRM on well-being is confirmed, which justifies the introduction of the Social Exchange Theory into the study of technology adoption.
It contains context-specific evidence of a developing economy, which covers a gap in the research since the context of developed countries is predominant (Taslim et al., 2025; Sadeghi, 2024).

5.6 Managerial Implications

As a manager, the findings can be applied as follows:
Design AI Systems that are transparent: HR managers are advised to make AI algorithms transparent and have clear standards of recruitment, appraisal, and promotions and create trust and perceptions of fairness among employees.
Measure Employee Reactions: Organizations ought to act by quantitatively monitoring employee attitudes towards AI-HRM, taking into consideration apprehensions of bias, depersonalization, or loss of control.
Training and Communication: uncertainty about AI systems and the need to make automated decisions may be minimized by conducting training sessions and the need to explain the rationale behind the decision.
Combine Human Supervision: AI enhances efficiency, but managerial control leads to fairness and reduces adverse perceptions, which establish a balanced human-AI system of decision-making.
Foster Worker Health: Organizations can use AI to decrease repetitive work and enable career growth, improve psychological well-being, job satisfaction, and engagement.

Conclusion

This research offers strong evidence that AI-driven HRM practices can positively affect the extent of trust and perceived fairness and well-being of employees in the textile sector of Lahore. The results show that the influence of AI-driven systems on the psychological outcomes of employees depends on trust and fairness as essential mediators. The study has a theoretical and practical contribution in terms of applying Organizational Justice and Social Exchange theories to AI-HRM, and offering insights into the effective and ethical implementation of AI to HR managers in new economies, respectively. To sum up, AI-HRM is a strategic instrument to improve employee experience, and its effectiveness can be achieved with the help of transparency in its design, communication, and human control. By putting these aspects in focus, organizations will be able to promote trust, justice, and well-being and, eventually, promote engagement and performance in digitally transformed workplaces.

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