

5**Leadership Excellence in AI Era: Ethical considerations in Human Resource Management****Sanjive Saxena***

Faculty Jagan Institute of Management Studies, Rohini Sector-5, Near Rithala Metro Station, New Delhi.

*Corresponding Author: sanjive.saxena@gmail.com

Abstract

The leaders today are faced with the complex issue of maintaining leadership excellence, strong ethical culture at the workplace and above all the constant pressure to meet business objectives in terms of meeting productivity and profitability requirements. However, there is a limited understanding of the means and mechanisms of how to balance between the competing requirements of AI tools adoption, dynamic business requirements, ethical workplace culture and the need for maintaining and demonstrating leadership excellence. The authors propose a conceptual framework to provide the theoretical understanding on the relationship between business environment, AI adoption, Ethical workplace culture, management or human resources and the leadership excellence needed to lead the business units in complex and hyper connected business environment. In particular, the author propose that a strong ethical workplace culture is affected by highly dynamic business environment at the adoption of AI technology. The findings indicate that leadership excellence is a dynamic function which is impacted by business environment, AI adoption and strong ethical workplace culture.

Keywords: *Business Environment, Ethical Workplace Culture, Frame Work. Human Resource, Leadership Excellence.*

Introduction

Today, academicians and researchers are embroiled in seeking answer to the moot question; What drives leadership excellence in today's highly competitive, digitally connected and extremely contextualized customer-centric business world? (Syamsir, S., Saputra, N., & Mulia, R. A. (2025). In seeking answer to the question, two distinct factors (external and internal) are (Mahapatra, G., et. al (2025) business environment leading to adoption of Artificial intelligence (AI) for business processes automation and strong ethical considerations.

Technological advancement is significantly impacting business operations (Kawsar, S. H., 2022). In fact, the impact of AI adoption is so enthralling that we are witnessing improved productivity and optimization of processes through automation (Islam, R., & Moushi, O. M. (2025, June). For example, AI adoption is restructuring workforce operations through automation of workflows and generating context specific outputs thereby assisting business leaders to take decisions. In other words, transitioning towards **leadership excellence**.

However, despite aiding leaders in taking data driven decisions, AI is also providing insights to adopt of unethical practices to gain competitive advantage (Méndez-Suárez, M., de Obesso, M. D. L. M., Márquez, O. C., & Palacios, C. M. (2023).

These highly volatile, complex and data driven external business conditions, necessitates the need for an having a strong and effective Human Resource Leadership (Kessi, A. M. P., Pananrang, A. D., Muchsidin, F. F., Rizal, M., & Ramlah, R. (2025) based on fair practices and ethical considerations.

This article deals with various aspects of Human Resource Management and its Leadership in an AI Era under the domain of ethical considerations.

Literature Review

Organizations are run by people who actually do the work needed for achieving the business objectives. With technological advancements altering business landscape, the concept of “Human Capital” is too witnessing an impact of AI revolution (Taleb TST, Hashim N, Ahmad S, Abu Bakar LJ (2025). With AI being labelled as the catalyst for disruptive workflow of business processes human capital (or human resources) of business units are in constant apprehension of what next scenario (Dokthaisong, B., & Pinyonattagarn, D. (2021). For example, fear of job losses, redesigning of work force attributes, thrust on increasing productivity and above all the constant quest to stay relevant to the highly disruptive business landscape (Rachid, O. U. S. K. O. U., & Houda, C. H. A. M. M. A. A. (2024). Now a days, in these turbulent times, the demand for strong, emphatic and effective leadership has gained traction (Kessi, A. M. P., Pananrang, A. D., Muchsidin, F. F., Rizal, M., & Ramlah, R. (2025). In addition to being the talk of the global business world in the current context, emphatic leadership, ensures that Human Capital, is assured that in these turbulent times powered by AI revolution, the management is standing and backing them in every possible manner. In other words, leadership in the Human Resource function demands setting up of the direction and that the workforce needs to be sensitized about the process of walking in this direction with AI throwing up challenges (Alwali, J., & Alwali, W. (2025).

AI has unleashed a revolution in Human Resource domain. Further, the integration of computation intelligence, is unfurling new avenues in the HR domain,

thereby posing challenges to leaders of the business units (Strohmeier, S., & Piazza, F. (2015). For example, AI and computational intelligence are being used in making data driven decisions, covering the crucial aspects of work force such as sentimental analysis of employee, job satisfaction or dissatisfaction, work environment issues and challenges and the like. As AI continues to generate new insights, through data generation and decision making, thereby assisting leaders to develop methodologies for remaining competitive in a hyper competitive world. In other word, the issue of sustaining the market dynamics. However, equally compelling unethical considerations have begun to unfold (Ossiannilsson, E. (2025). Leaders have been reported to tweak AI to carry on unethical practices in the market and that the trend is rapidly increasing (Kandasamy, U. C. (2024).

Summary Findings

Leadership	Ethical Considerations	AI integration and Human Resource Management	Source
Establishment and promotion of Ethical culture based on moral and ethical values based on business environment in the context of technological advancements	Formulation of ethical processes based on policies, guidelines and other forms of Exogenous variables and endogenous variables	Trained Human resource workforce on the ethical usage and management of AI technology for carrying out routine tasks	Bhanumathi, P. (2025). Jundon, S. C., Niyomves, B., Kaewlamai, S., & Pawala, T. (2025) Altassan, M. A. (2025)
Implementation of ethical processes targeted towards maintenance of balance between ethical values, business objectives, cost considerations with the aid of technology	Implementation of changes, modifications in the processes based on event driven and or changing market dynamics and communication of those changes to human resource workforce	Trained human resource management on the detection of unethical usage of AI within the context of business objectives, ethical values, changing market dynamics and recommendations for modifications and improvements in AI workflows	(Polat, M., Karataş, İ. H., & Varol, N. (2025) Mahade, A., Elmahi, A., Alomari, K. M., & Abdalla, A. A. (2025). Pham, N. T., Lu, J., Ogbonnaya, C., Tuan, T. H., Degbey, W. Y., & Laker, B. (2026)
Management of Human resource in the context of ethical values and balance between business objectives with the help of technology	Decisions based on technology generated Data in the context ethical issues and concerns affecting business operations and human resource management	Constantly training the human resource personals in the management of day to day tasks to optimize productivity through adoption of AI technology	Azhar, Z., Iqbal, T., & Imran, M. (2025). Nawaz, N., Arunachalam, H., Pathi, B. K., & Gajenderan, V. (2024). Nishad Nawaz, Hemalatha Arunachalam, Barani Kumari Pathi, Vijayakumar Gajenderan (2024)

The Research Gap

For business leaders, human resource function is responsible for delivering business value through functional processes thereby achieving business objectives. However, there has been concern in the form of an existence of a gap between what is envisaged by business leaders as a superior performance by human capital (or workforce) and the attainment results, goals, objectives which are set to accomplish strategic advantages (Wood, S. (1999). Thus, while business units have projected themselves as the contributor to society while employees are symbols of generating this contributing by giving the best, yet there exists a reality that business exists only when they are profitable and to be remain profitable the concepts of ethical and unethical practices invariably dominate the discussions amongst business leaders and practitioners (Pinnington, A., Macklin, R., & Campbell, T. (2007).

However, in the current business environment, the concept of ethics is gaining traction due to large scale substantive benefits in terms of market standings, increased business revenue and other forms of positives for the business units (Buckley, M. R., et. al (2001).

The advent of AI technology has forced business leaders to shift the focus towards restructuring business operations by injecting AI into core business workflows. This results in reduction of Human resource workforce (as the routine and repetitive tasks are performed by AI agents) while significantly enhancing profit margins (Didea, I., & Ilie, D. M. (2024). Researchers, (Khalid, F., Srivastava, M., & Toumi, F. (2025). in their study concluded, AI is the reality today and the focus is now shifted to the degree and depth of AI adoption. A strongly coupled and cohesive adoption of AI into core business workflows results in increased productivity and profitability business operations, and this provides ample scope for resorting to unethical practices in the realm of HR domain.

Researchers (Kessi, A. M. P., (2025) in their study concluded leadership excellence is achieved by the existence of a strong ethical culture which is reflected in style of working through adoption of data driven decision making AI tools which are aligned to highly complex, competitive, hyper connected and integrated business environment across varied platforms.

Thus, there exists a research gap in the form of an existence of a contextual AI driven tools and technologies catering to existing business environment.

Conceptual Model

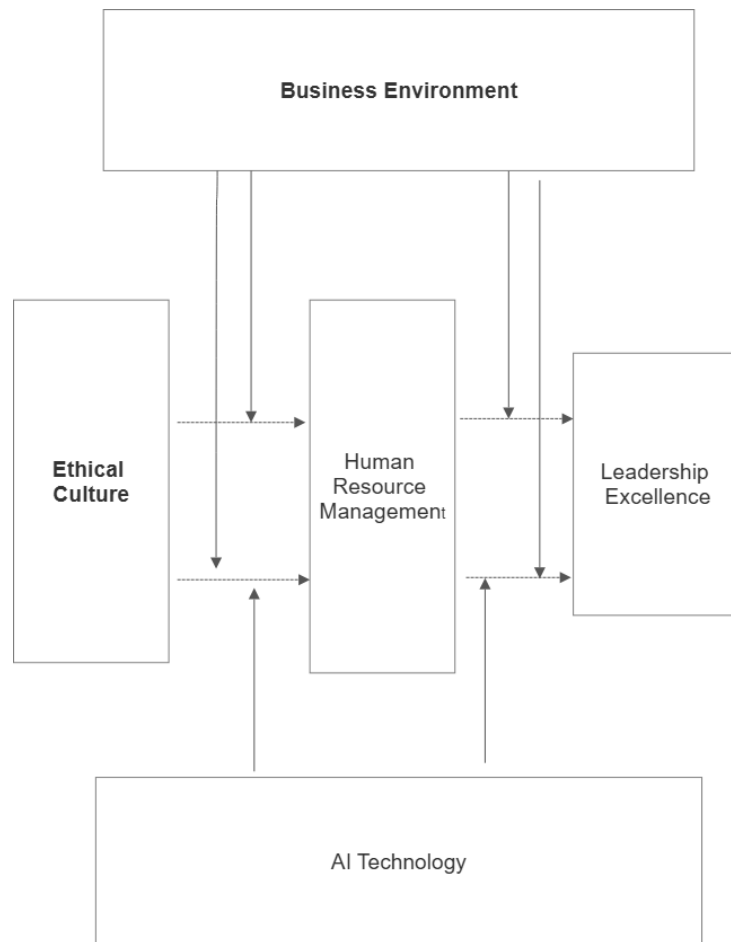


Figure 1: Depicts the proposed conceptual model

Measurement and Control Variables

For a researcher, of the critical issues is to validate empirically the propositions in the research process. However, the objective of the paper being confined to provide theoretical insights, the authors have deliberately refrained from empirical validations of the research model. However, variables presented in the conceptual framework can be measured

The following variables are used in the framework

- Personality traits (Kyambade, M., & Namatovu, A. (2025). Leaders are responsible for leading the business to un-precedented heights through the identification, developmental and implementation of ethical standards which

values transparency and integrity. By focussing on developing a system which strong ethical standards, leaders integrate the various components of the organizational system of ethical workplace culture (Lapatoura, C. (2025).

- Ethical behaviour (Abdulkareem, A. K., (2025). In the context of leadership excellence, ethical behaviour plays a crucial role in impacting the team cohesion. Organizational integrity and its performance amongst the various interfacing issues of the business unit. Also, as business units function within varied cultural and institutional contexts, leaders excellence must necessarily include the aspects of taking into consideration the varied relationships between these contexts (Din, Q. M. U., et. al. (2025)
- Ethical leadership (Lasthuizen, K., van Eeden Jones, I., & Vivier, E. (2025). Ethical leadership and a strong ethical culture significantly impact the effective functioning of the organizational workflow of human resource processes. Hence, one of the component of leadership excellence comprises of development of ethical competencies through various forms of training, fostering the development of trust so as to create a collaborative positive workplace environment which will lead to the overall growth of the organization (Lertsukkheerat, T., et. al (2025).
- Ethical work climate (Musah, A., et. al (2025). A strong employee engagement at the workplace necessarily aids the development of the strong ethical workplace culture. Hence leadership excellence comprise of addressing this crucial issue and taking measures to develop means and mechanisms to strengthen them from time to time (Dartey-Baah, K., Issahaku, L., & Akwetey-Siaw, B. (2025)

Research Propositions

- RP₁: A strong ethical culture and AI technology adoption has a positive impact on leadership excellence
- RP₂: Leadership in AI Technology adoption positively reduces ethical risks in Human resource management
- RP₃: The effect of AI adoption in ethical leadership is responsible for sustaining HR management practices

Discussion and Implications

Most of the business leaders struggle between meeting the business objectives and the adherence to high ethical standards which they themselves are responsible for development, maintenance and optimization standards from time. However, with the adoption of AI technology and its power to unleash trends and patterns in the vicinity of the business optimization context, the pressure to focus on the profits at the cost of adoption of unethical practices may surface.

The author has identified the variables which may aid in the prevention of unethical practices. However, since the framework is generic, it can be customized to meet the business priorities along with the identified new variables of interest.

Contribution to Practice

The aim of this study is to assist the leaders in the development of leadership excellence along with continuous refinement, development and implementation of strong ethical workplace practices. In addition to these, the adoption of AI technology in the context of the prevailing business environment needs to be taken into consideration so as to leave out any scope for creep of unethical practices.

By suitable customizing the framework relevant to the business domain, appropriate workflow ethics and the identification of new variables of interest can be incorporated to study the impact on the development of leadership excellence.

Limitations and Future Research Directions

In this study, the author provided a generic framework for the development of leadership excellence in promoting the development and maintenance of ethical workplace culture. The framework also depicts the relationship between the AI adoption, business environment as the moderating variables in the development of workforce practices who operates between the ethical culture and leadership excellence.

Being a generic framework, it can be customized to the specific business units with the variable aptly suited for their usage in the business domain context. However, many new insights could be generated in the context of business domain. For example, we have argued that a strong AI adoption and ethical culture positively impacts leadership. While this may be true in most of the business units, it may not be true in some of the business environment where the motive is to earn profit at any cost. This will impact the ethical work culture as well as leadership style functioning of the leaders leading to decrease in productivity.

Conclusion

Today, adoption of AI technology is unleashing immense benefits which includes restructuring of business processes. This often results in cost optimization and reduction of timelines as the core processes are handled by automation. And, to achieve these astounding results, business leaders resort to adoption of unethical practices such as reduction of workforce and deterioration of quality of product and or the services thereby failing to society for which business units are

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