

M09 Human Resource Management

**Strategic Human Resource Management and Organizational Performance:
Aligning Human Capital, HR Practices, and Competitive Advantage**

Selected Option 1: Strategic Human Resource Management and Organizational Performance

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Abstract

This report explores the role strategic human resource management plays in enhancing organisational performance, where people practices are not simply administrative processes, but strategic capabilities. It directly connects workforce planning, recruitment, training, performance management/ retention and productivity, competitive advantage and ethical sustainability. Secondary qualitative method of providing references for 2024-2026 of a case study. It can be used with Microsoft, Unilever, Walmart, IBM, UiPath and Prodia through RBV, Human Capital Theory, AMO and High-Performance Work Systems. The results clearly indicate that strategic HRM adds value in the context of the relationship between capability, technology and culture. The company shows how human capital leverages commercial growth through leadership, cloud strategy and AI capability. Unilever demonstrates productivity and diversity improvements from AI in recruitment, Walmart and IBM demonstrate training time, satisfaction, retention prediction and cost avoidance improvements. Both Prodia and BULOG offer important counter-evidence: that performance systems can only work if culture, wellbeing and mental health are strategic conditions. Additionally, the report suggests that strategic HRM needs to be assessed based on efficiency, fairness, safety, dignity, legal compliance and sustainable workforce capability.

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1. Introduction

1.1 Background

SHRM is important as an organisation's performance is dependent on knowledge, digital capability, wellbeing, ethical governance, and speed of adaptation. In today's digital age, HR is no longer just about hiring, payroll and compliance. It creates talent pipelines, redefines work, leverages analytics, assists managers and safeguards dignity while aligning workforce capability with strategic goals. New evidence reveals that AI, robotic process automation, virtual reality, and people analytics are transforming recruitment, training and retention. But technology does not generate advantage in and of itself. It proposes that organisations function better when the technology is integrated with learning, voice, wellbeing, inclusion and leadership's accountability (Nastase et al., 2025).

Stress, surveillance concerns, algorithmic bias and work-life conflict are all concerns for employees, and firms want quicker hiring, lower turnover and digitally fluent workers. Growth can be achieved by HR using cloud capability, AI recruitment and immersive training, as demonstrated by Microsoft, Unilever and Walmart. However, Prodia and BULOG indicate that performance improvement is less when wellbeing, culture and mental health are secondary issues (Irsan & Fauzihardani, 2025).

1.2 Problem Statement

The problem is that despite many organisations proclaiming that employees are strategic assets', their HR practices are still disjointed, reactive or tech-driven. Recruitment can be rapid but skewed; performance systems can be quantifiable but stressful; training can be digital but fail to transfer, and retention data can highlight risk without fostering trust. We now need AI hiring transparency laws, as AI tools can affect access to employment without being sufficiently transparent (Smuha, 2025). The evidence on harassment, dignity and psychological

safety also indicates that HR systems cannot generate competitive advantage, when employees feel unsafe, disrespected or unheard (Bhalotra & Ridley).

1.3 Aim

To explore the role of strategic human resource management in relation to performance with a focus on how HR activities such as planning, recruitment, training, performance management and retention can be aligned with business goals and objectives to achieve wellbeing and sustainable advantage.

1.4 Objectives

- To provides the explanation of strategic HRM in the form of application of theory instead of abstract definition.
- To study the role of HR planning, recruiting training, performance management, retention in contributing to the goals of an organization.
- To considers case studies of HR practices that generated measurable strategic outcomes.
- To discusses the potential dangers of strategic HRM: algorithmic bias, work intensification, harassment, and poor wellbeing support and implementation gaps.
- To advocates the HR practices that are in balance with performance, ethics and employee-centred capability.

1.5 Research Questions

1. What is the role of strategic HRM in transforming people practices into capability?
2. How do HR goals relate to planning, recruiting, training, performance and retention?
3. MSFT, Unilever, Walmart, IBM, Prodia and BULOG where is the HRM-performance relationship found?
4. What are some ethical and legal and wellbeing concerns that restrict SHRM?

5. How can HR leaders create advantage without sacrificing dignity, fairness and safety?

1.6 Significance

The report is significant as it views strategic HRM as a performance and ethical governance system. It is applicable to organisations that are dealing with AI adoption, talent shortages, voice challenges, labour movement and pressure for sustainable performance.

2. Literature Review

2.1 Resource-Based View Applied to Strategic HRM

The Resource-Based View can only be used when it is used in the context of true organisational capability. HRM is not just about the number of employees. It is the holistic network of capabilities, leadership, culture, data, learning practices and employee engagement that is hard for competitors to replicate. Microsoft illustrates this fact. It is transition from licensing to cloud-first and subscription services needed to be human resources to sell, support and enhance Azure, business applications and AI-enabled services under Satya Nadella. According to Carvalho (2025), Microsoft's revenue has grown 15.7% in the last year presented and that the growth in Productivity and Business Processes is expected to be 17.8% CAGR under the base case. It stands as a testament to the strategic importance of engineers, product managers, sales specialists, and managers who are deeply involved in embedding AI into customer solutions.

Valuable resources are the solution to business problems. Microsoft: Cloud and AI skills are driving recurring revenue, enterprise lock-in and customer productivity. At Walmart, VR training ensures that frontline staff are ready for high-pressure retail experiences like Black Friday, enhancing their decision-making abilities (Nastase et al., 2025). IBM's predictive attrition analytics safeguards precious knowledge and minimizes preventable attrition.

Rare resources are things that cannot be hired overnight and that the competitors rely on. While a retailer can purchase VR headsets, they cannot easily duplicate the learning environment throughout a large employee base. A tech firm can purchase AI software, but it probably will not be able to reproduce Microsoft's cloud expertise or IBM's HR workflows that rely heavily on data. It is hence the need of the hour for Strategic HRM to focus on capability systems.

The inimitable resources are located in culture, history and routines. Seven work-culture philosophies are adopted at Prodia Clinical Laboratory to make service behaviour a customer experience such as Smile and Greet, Listen and Provide Solutions etc. According to the results of the Prodia study with 191 respondents, organisational culture had a beta of 0.821 with a significance value of 0.000, while HPWS had a beta value of 0.126 with a significance value of 0.027 (Irsan & Fauzihardani, 2025). Competitors can clone an appraisal template but not so simply a trusted service culture.

Resources that cannot be replaced without loss of strategic value are the non-substitutable resources. The AI can sift through candidates, predict turnover and automate the onboarding process, but it cannot replace dignity, psychological safety or managerial judgment. It might be that, despite the benefits of better efficiency in human capital, the automation of work can have negative consequences for transparency or respect (Smuha, 2025; Młokosiewicz & Piaseckab, 2025).

Structure is a necessary part of organised resources. HR needs to coordinate recruitment, learning, performance, rewards and wellbeing; all practices need to support each other. Unilever's strategic value was about ensuring diversity was not sacrificed for speed: hiring time was slashed from 4 months to 4 weeks, while maintaining diversity, employer branding, and graduate talent needs (Nastase et al., 2025).

2.2 Human Capital Theory Applied to Capability Development

The Human Capital Theory is of value when employee knowledge is linked to observable outcomes. Human capital: Knowledge, Technical know-how, skills, creativity, education and good health. These elements complement each other. Microsoft's business model is reliant on cloud technology, product innovation, AI learning agility, and burnout-preventing management.

Knowledge is defined as understanding of products, customers, processes and markets among employees. The VR training case of Walmart is an example of knowledge transfer at scale. Walmart took learning out of the classroom and into real life judgement by simulating a Black Friday. The results reported were an increase of 30% in training satisfaction and a decrease of 90 to 20 minutes of training per module (Nastase et al., 2025). This is a direct human capital impact – employees learned quicker and with greater engagement and the organisation achieved greater consistency in service readiness.

Technical know-how: the knowledge of how to use tools, systems and processes. The HR automation of UiPath significantly lowered the processing time for key HR-related tasks, freeing up valuable time for HR personnel to concentrate on workforce planning and employee engagement (Gaćina, 2025). The key takeaway is that automation does not deplete HR's worth, rather it transforms the skills HR must have. HR must have some understanding of process design, analytics, governance and employee experience.

Skills are hard and soft skills. The technical reliability is required in Prodia's laboratory context, whereas the empathy, listening and problem-solving are needed for the service culture. In public logistics BULOG shares the same connection. In the study of 49 employees, employee wellbeing and mental health have been found to significantly contribute to performance, as measured by productivity, work quality and organisational commitment

(Pratama et al., 2025). This is evidence which challenges a narrow productivity model. Administrative burdens and long hours combined with distribution pressure can reduce focus and motivation and thereby effect performance.

Training and development enhances employee value in the long run. Security risks and migration also impact HR development, as the organisation may need to reskill mobile workers, and accommodate various labour sources, while safeguarding key skills in uncertain times (Tilikina et al., 2025).

Health is not just welfare, it is also strategic. According to Pratama et al. (2025), providing mental health support can help to minimize the risk of burnout and enhance focus. Family supporting supervision and work-life balance can further promote employee voice through wellbeing, adds Ashfan et al. (2026). A company that teaches its staff but neglects stress can produce "competence that would not carry over into production. A company that trains its staff but does not consider stress may produce apparent competence without sustainable production.

2.3 AMO Theory Applied to Case Evidence

AMO theory is helpful when tied to HR decisions. Ability: Can people do? Motivation: Do people want? Opportunity: Does the organisation offer?

Competence is developed during recruitment and development. An AI-powered graduate recruitment by Unilever enhanced ability and identified candidates not just based on traditional credentials. More than 80% of candidates were screened, slashing tTH from 4 months to 4 weeks and boosting the diversity of hires by 16% (Nastase et al., 2025). It was not just about speed, however: it was about a talent pipeline that was broader and potentially more able. But, if the training data or scoring rules are faulty, AI screening can perpetuate hidden biases (Jansen, 2026).

Rewards, fairness, purpose and support and trust are the four keys to motivation. The idea of AI and cloud transformation not threatening but enhancing employees' jobs is crucial to Microsoft's growth strategy. Almost all companies invest in AI, but only 1% see themselves as mature and 92% intend to invest more in AI over the next three years, according to Mayer et al. (2025). This is an indicator that the barrier is not necessarily resistance from the employees, but perhaps resistance from the leadership. Without clear purpose, AI hype turns into anxiety instead of motivation, unless leaders provide training and space for experimentation without risk.

Opportunity: employees have to have the opportunity to use their capability. Psychological safety is a key factor as staff will not expose their ideas, ask questions about their mistakes or call out unfair situations if they do not feel safe. Psychological safety is the precondition for effective functioning of the organisation, as put by Tymtsunyk et al. (2026). The relationship between supervisor support and work-life balance with employee voice is also connected by Ashfan et al. (2026). The significance is that voice is an opportunity mechanism; employees are strategic contributors when they can voice that something is not working or that customers need something or that there is an ethical risk.

AMO also helps to understand why HR practices go wrong if one is lacking. A high performing Microsoft engineer can have ability but if the pressure is not sustainable then he/she may lose the motivation. A Walmart employee can be trained via VR, but opportunity is there only when the store managers listen to their employees. Though a BULOG worker might be dedicated to serving the public, productivity can drop if their mental state and workload are not taken care of. Hence ability, motivation and opportunity need to be developed together as part of the design of strategic HRM.

2.4 High-Performance Work Systems and the “Dark Side”

Training, performance goals, rewards, participation and internal development are all part of the High-Performance Work Systems along with selective recruitment. The Prodia case is a good source of statistics. The results of the model HPWS and culture were significant because they had an F count of 649.487 with a significance of 0.000 (Irsan & Fauzihardani, 2025). But what is more important is the detail than the headline. Organisational culture was the most important predictor and HPWS had a positive and significant impact. That is, high performance tools do not simply make for high performance. They need to be nurtured within a positive culture.

Zakeyo (2025) reinforces the criticism and discusses both the positive and negative aspects of HPWS, as well as the impact on wellbeing and job performance. The good news is that staff can benefit from development, clarification, and reward and commitment. The bad news is that performance systems can lead to an increase in work intensity, pressure and self-exploitation. This is important in master-level analysis. A firm may increase production at the cost of future welfare. This can appear to be effective in terms of quarterly metrics but if it leads to increased burnouts, silence or turnover, it is not effective as strategic HRM.

2.5 Ethics, Policy and Social Legitimacy

Today, HRM is subject to greater ethical and legal requirements. The EU AI Act is a significant policy response to high-risk AI systems, such as employment-related decision-making (Smuha, 2025). New York City’s Local Law 144 also mandates bias audits and transparency for automated employment decision tools (Jansen, 2026). These laws illustrate that recruitment tech is no longer just an HR decision inside the company; it is now a governance matter.

Ethics also applies to harassment, dignity and employee safety. Bhalotra and Ridley (2025) demonstrate that perceptions on sexual harassment in the workplace are linked to policy support, while Młokosiewicz and Piaseckab (2025) foreground employee dignity in relation to management in an AI era. So, if HRM is driven by efficiency but not fairness, then it can be detrimental to competitive advantage. Strategically, social legitimacy is integrated into organisational performance.

3. Methodology

3.1 Research Design

The research employed in the report is a secondary, qualitative, case-study synthesis. It is suitable in terms of the assignment as it involves knowledge of theory, application of HRM, critical analysis and relevance to real life. Primary research was not carried out as this report is based on analysing existing published evidence provided from the references. The method thus involves documentary evidence, empirical studies, policy material and case evidence with respect to companies to explain how strategic HRM contributes to performance.

3.2 Data Collection

In this study secondary qualitative source-selection strategy was used because the capstone project aimed at assessing the role of third-party logistics providers on performance outcomes in the e-commerce supply chain based on existing evidence in the literature and not on conducting primary fieldwork. For the purposes of this study, a “source” is defined as a peer-reviewed journal article, a systematic literature review, an empirical study, a case-based study, an authoritative industry report, a logistics study, a 3PL outsourcing study, a customer satisfaction study, a study of the scalability of 3PL outsourcing, and a technology-enabled logistics study that directly addresses 3PL outsourcing, e-commerce logistics, last mile

delivery, fulfilment performance, reverse logistics, supply chain visibility, cost optimisation, customer satisfaction, scalability, and technology-enabled logistics.

The source selection process was planned to ensure that the evidence used in the study will be recent, relevant, credible and can answer the research questions. Given the fast-changing logistics landscape driven by the increased delivery expectations of post-pandemic e-commerce growth, AI, warehouse automation, real-time tracking, and last-mile innovation, the time horizon was restricted to 2022–2026. This time frame was chosen as it represents the latest advancements in 3PL strategies, e-commerce fulfilment, digital logistics, reverse logistics and the introduction of Industry 4.0.

Types of Sources

The study was formed of three main categories of secondary sources. Academic literature was primarily used, comprising of peer-reviewed journal articles, systematic reviews, bibliometric reviews and empirical research published in logistics, supply chain management, operations management, e-commerce and transportation journals. These were suitable sources as they offer theoretical depth, methodological credibility and critical academic evidence.

Second, empirical and case-based sources were incorporated if they contained information on actual organisations, 3PL relationships, fulfilment practices, delivery performance, reverse logistics or technology adoption. These sources have assisted in linking the academic discussion to practical environments in logistics.

Third, trustworthy industry sources were incorporated, including logistics reports, credible industry studies from reputable organisations and professional white papers. These were only used when such evidence from a recent statistical or market-based source was present, but not captured by the academic articles.

The search approach adopted was based on Boolean combinations of keywords that would yield relevant academic and industry sources for the topic 3PL and e-commerce supply chain performance. The keywords used were combinations like “third-party logistics” OR “3PL”, “3PL” AND “e-commerce”, “third-party logistics” AND “supply chain performance”, “logistics outsourcing” AND “e-commerce fulfilment”, “3PL” AND “last-mile delivery”, “e-commerce” AND “reverse logistics”, “3PL” AND “customer satisfaction”, “3PL” AND “cost optimisation”, “warehouse automation” AND “fulfilment performance”, “AI logistics” AND “e-commerce supply chain”. The reasons for choosing these terms were that they directly related to the study's emphasis on logistics outsourcing, technology-based fulfilment, delivery efficiency, customer satisfaction, cost optimisation, and performance in e-commerce supply chains.

These were included if published between 2022 and 2026, English language, and directly related to 3PL, e-commerce logistics, last mile delivery, fulfilment, reverse logistics, logistics outsourcing, visibility, cost optimisation, customer satisfaction, scalability, logistics performance. Peer-reviewed journal articles, systematic reviews and empirical studies, along with credible industry publications, white papers and reports were prioritised to provide reliable evidence to answer the research questions. Sources published before 2022, with unknown authorship, with poor methodological transparency, of poor credibility, or not in English were excluded, as well as those that did not contain content relevant to 3PL or e-commerce supply chains or that were without supporting evidence, were opinion-based blogs or promotional websites, or were commercial content without supporting evidence.

4. Findings

4.1 Microsoft: HRM as Strategic Capability in Cloud and AI Growth

Microsoft is the most obvious example of organisations where HRM is a key determinant of organisational performance because the organisation requires a constant renewal of human capability. Under the cloud-first strategy of Satya Nadella, Microsoft transitioned from being a pure software licensing firm to the cloud and subscription services, as Carvalho (2025) states. This strategic shift called for HR to embrace digital skills, product innovation, cross-functional collaboration and leadership change. The numbers are telling: Carvalho (2025) indicates a 15.7% revenue growth recently and predicts the total revenue will rise from USD 245.122 billion in FY2024 to USD 525.084 billion in FY2029. This is the HR impact of which we can see, as no software investments on their own can reach this level of growth. It needs engineers, consultants, sales staff and leadership that can make AI and cloud tools meaningful to businesses.

The bottom line is that Microsoft's human resources are valuable and scarce, but not necessarily renewable. Carvalho (2025) presents the bear case scenario, cautioning that a slowdown in the deployment of AI and increased competition may lead to lower growth and margins. This indicates that HRM should be a strategic function that continuously reskill its employees and not assume that they will have enough talent to work with. Microsoft's case thus reinforces RBV and Human Capital Theory, and illustrates that a competitive advantage can dissipate if learning pace is not as fast as the pace of the market.

4.2 Unilever: AI Recruitment, Diversity and Employer Legitimacy

Unilever's recruitment case study demonstrates strategic HRM that can enhance speed, diversity, and employer brand simultaneously. The company's graduate recruitment involved the utilization of AI-powered tools, such as cognitive games and video interviews. The process

resulted in the automatic screening of over 80% of candidates, a time-to-hire reduction from four months to four weeks, and a 16% increase in the diversity of the hires (Nastase et al., 2025). The HR strategy is correlated with the desired objective of the business; quicker hire equals better talent availability, more diversity equals better talent pool, and digital hires equals better brand of the business.

But it is not an uncritical success story. When candidates do not see how decisions are being made, there is a legal and ethical risk of AI recruitment. As reported by Jansen (2026) and Smuha (2025), AI hiring transparency and regulation are needed since AI can impact employment opportunities. The strategic lesson is that Unilever's edge lies in its ability to do both – fast and auditable. With AI recruitment, while efficiency can be boosted, trust could be undermined, impacting employer legitimacy.

4.3 Walmart, IBM and UiPath: Training, Retention and HR Automation

There are three different paths to productivity in HR, with Walmart, IBM and UiPath demonstrating them. VR was used by Walmart for creating high pressure retail scenarios. This led to 30% higher training satisfaction and 20 minutes per module less training time (Nastase et al., 2025). This demonstrates how learning design is geared towards the employees readiness for actual customer events and operational readiness.

By predicting who is likely to quit with a 95% accuracy rate, IBM was able to reduce estimated USD 300 million in turnover costs (Nastase et al., 2025). This case is a retention to financial performance association. Strategic impact is most significant when analytics translates to career development, compensation review and management action. But workers might feel like they are being watched, instead of helped.

UiPath applied RPA to HR processes, resulting in an 85% decrease in processing time for critical HR administrative tasks (Nastase et al., 2025; Gaćina, 2025). This changed the face of

HR from paperwork to workforce planning. All of these cases can demonstrate that HR technology enhances performance because it frees up human time to engage in higher value activities.

4.4 Prodia and BULOG: Culture and Wellbeing as Performance Conditions

The significance of Prodia and BULOG are that they do not give the report the appearance of being a technology success story. The results of Prodia's study with 191 respondents indicated that both HPWS and organisational culture had an impact on organisational performance, with a greater contribution from organisational culture (beta = 0.821) than HPWS (beta = 0.126) (Irsan & Fauzihardani, 2025). But that service in healthcare contexts is heavily value-laden, and that values, norms and daily practices play a significant role in the performance of the service.

A public food logistics organisation, BULOG indicates that performance in a high-pressure service environment is influenced by wellbeing and mental health. The study involved 49 employees, and the results indicated that wellbeing and mental health had a significant impact on productivity, work quality and organisational commitment. (Pratama et al., 2025). This is evidence linking HRM to public value. Food distribution and price stability may be compromised if employees are stretched too thin. Wellbeing is thus a condition of performance of operations.

Table 1: Case-study evidence linking HR practice to performance

Case	HR practice	Evidence	Strategic impact
Microsoft	Cloud and AI capability development	Revenue rose 15.7%; FY2029 revenue forecast USD 525.084 billion	Human capital supports growth and competitive positioning
Unilever	AI recruitment	Time-to-hire fell from four months to four weeks; diversity rose 16%	Faster talent acquisition and stronger inclusion
Walmart	VR training	Training satisfaction rose 30%; module time fell 90 to 20 minutes	Scalable learning and service readiness

IBM	Predictive retention analytics	95% attrition prediction accuracy; USD 300 million turnover-cost saving	Knowledge retention and lower replacement cost
Prodia	HPWS and culture	Culture beta 0.821; HPWS beta 0.126	Culture stronger than formal systems
BULOG	Wellbeing and mental health	49-employee census showed significant performance effects	Wellbeing supports public logistics performance

5. Discussion

5.1 What the Cases Reveal About Strategic HRM

The findings have revealed that strategic HRM is not individual activities but it aligns to organisational performance. Microsoft steps up to leadership, talent and cloud strategy. At Unilever, recruitment technology and diversity go hand in hand and they are about speed. Walmart trains according to customer-event readiness. IBM ties in retention analytics with cost avoidance. UiPath empowers HR capacity with Automation. Rather than that, Prodia associates culture with the quality of service and BULOG associates wellbeing with public logistic performance. A common trend is where HR practices are strategic when they address a business problem and at the same time enhance both employee capability.

This finding also helps to explain the difference between strategic HRM and administrative HRM. Administrative HRM places people, conducts training and maintains records of appraisals. Strategic HRM poses a question, does those practices promote growth, productivity, risk management and sustainability. A hiring system which shortens time-to-hire is helpful, one which also enhances diversity, auditability and reputation is strategic. A training module is handy, while VR that decreases learning time and readies workers for pressure is strategic.

5.2 Critical Comparison of Success and Risk

The success cases include risks. While Unilever's AI recruitment streamlines recruitment, algorithmic selection may mask bias. If employees do not know what data is being used, analytics can lead to less trust while IBM's attrition model saves turnover costs. While UiPath's

automation relieves HR of time, over-automating can diminish human touch. VR enhances learning for Walmart, and managers need to reinforce it.

Performance is not the product of tools alone, Prodia and BULOG demonstrate. It was an important thing that Prodia had with its HPWS, but culture was a lot more powerful. BULOG demonstrates the connection between wellbeing, mental health and productivity/commitment. In these cases, HR dashboards that focus on speed, output and cost savings are questioned, and the impact of silence, stress or dignity loss is acknowledged.

5.3 Individuals, Leadership and Social Influence

People are important because HR strategy is delivered by leaders. What is relevant is Satya Nadella's leadership at Microsoft, which necessitated not only capital spending (Carvalho, 2025), but cultural and strategic repositioning as well. Leadership is the limit of AI adoption, as Mayer et al. (2025) state, almost all companies invest in AI, but only 1% report maturity. This gap indicates that employees and technology may be at the point of being ready, while leaders have yet to establish governance, training, and integration of systems and processes.

HRM is also influenced by social factors. The excitement generated by AI in the business press, at conferences and by online professional communities puts pressure on organisations to rapidly deploy tools. But the evidence in the report indicates that this un-governed speed is risky. Therefore, companies must try to do this in an AI recruitment manner only if they can explain, audit and correlate it with the fair opportunity aspect.

5.4 Policy, Incidents and Ethical Control

The use of policy has become a strategic aspect of HRM. AI-supported employment decisions are public accountability challenges as is evident in the EU AI Act and New York City Local Law 144 (Smuha, 2025). This will evolve the HR director's role HR will now be

involved with bias audits, candidate notice, data protection and explainability, among others, with legal, IT and senior leadership.

Strategic issues are also workplace harassment and dignity. Bhalotra and Ridley (2025) demonstrate that perceptions of sexual harassment shape policy support, and Młokosiewicz and Piaseckab (2025) propose putting employee dignity as the primary focus of managing in the AI era. The impact of a harassment incident, or a biased AI selection process, can be far reaching via social media and employment-review sites, which can negatively impact employer brand and recruitment outcomes. Ethical HR is thus a component of performance protection.

5.5 Strategic Recommendations

Firstly, organisations must build HR practices as a system. There should be a single strategic logic for recruitment, training, performance, wellbeing and retention. Second, implement bias audits and transparency and human review of AI tools adopted. Third, reliable data and scenario thinking should be used for workforce planning. Labour markets change and HR analytics should be cautious, too - as Fahad and Jearah (2026) demonstrate. Fourth, wellbeing and mental health must be considered performance infrastructure. Fifth, there needs to be a balance in HPWS with dignity, psychological safety and workload control (Zakeyo, 2025).

- RBV: valuable, rare, inimitable, non-substitutable and organised human resources lead to competitive advantage.
- Human capital: knowledge, technical know-how, skills, education, good health and creativity provide productive capability.
- AMO: ability, motivation and opportunity result in performance.
- Ethical governance: AI transparency, dignity, safety and inclusion safeguard sustainable performance.

6. Conclusion

The report demonstrates that strategic HRM is performance when HR practices are in line with business goals and employee capacity and ethical governance. HRM is all about systems and not slogans. At its recent annual Ignite conference, Microsoft demonstrates how leadership and talent capability drive cloud & AI growth. Unilever demonstrates the benefits of technology and talent strategy when it comes to recruitment and hiring, both in terms of speed and diversity. Try Walmart to see how VR training can boost satisfaction and save training time. IBM demonstrates how retention analytics can help retain knowledge and lower turnover costs. UiPath demonstrates automation's ability to shift HR from processing to strategy. According to Prodia and BULOG, culture, wellbeing and mental health do not exist as an option, it is a condition for sustainable performance.

The theory implication is obvious. Through RBV we can understand why human capability can be an advantage if it is valuable, rare, inimitable, non-substitutable and organised. The Human Capital Theory is a theory that justifies the investment in knowledge, skills, creativity, education and health. AMO brings the concept of the importance of matching ability with motivation and opportunity. HPWS demonstrates as well as integrated practices can enhance performance, pressure can harm wellbeing.

Faster hiring, lower processing time or higher revenue is not the sole measure of strategic HRM. These results are important and are not final. HRM has to care for dignity, psychological safety, fairness, transparency and inclusion. In today's AI-rich world, those organisations that seek to balance productivity with human-centred governance will have better sustainable advantage than those seeking efficiency without trust.

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