

“Human Capital and Machine Management in Transition: Strategic Priorities For 2026 and Beyond”

Tsvi. N. Reiss*

Department of Business and Social Science, Walden University, Israel.

Corresponding Author: Tsvi. N. Reiss Postdoc, Department of Business and Social Science, Walden University, Israel.

Received: 📅 2026 May 01

Accepted: 📅 2026 May 26

Published: 📅 2026 Jun 04

Abstract

The rapid convergence of technology, changing sociodemographic trends, and increasing economic instability have made traditional human capital management (HCM) models increasingly outdated. By 2026, Human Capital Management (HCM) is anticipated to move away from conventional administrative staffing structures toward a more strategic method of aligning human and AI collaborative teams. As the contemporary workplace continues to transform, organizations encounter the challenge of merging human talent with cutting-edge technology while grappling with a significant preparedness gap. This study emphasizes the absence of a cohesive conceptual framework to facilitate this transition, leaving organizations susceptible to systemic risks such as job burnout, regulatory breaches, and diminished competitive edge. This qualitative research uses content analysis to explore the changing landscape over the next decade. The focus is on the growing global skills gap, the seamless integration of automated systems, and the complexities of managing a diverse, multigenerational workforce. The study serves as a crucial link between theoretical ideas and practical applications in the evolving field of human capital management. It builds a strong conceptual framework that combines the complex relationships between artificial intelligence, psychological well-being, and workforce diversity. For organizational leaders, the research delivers vital strategic insights necessary to address the escalating skills gap and the regulatory changes anticipated in the business environment of 2026. It provides a strategic roadmap that guides leaders in transitioning from conventional oversight to a comprehensive management approach of hybrid ecosystems.

Keywords: Human AI Collaboration, Strategic HCM, Organizational Resilience, Digital Transformation, Future of Work, Workplace Well Being and Skills Gap

1. Introduction

The modern workplace is changing rapidly, presenting new challenges for managers seeking to manage human resources effectively. The shift to a new approach to labor suggests that managing human capital is moving from simple operational tasks to a strategic effort that combines human skills with AI technologies. The main challenge is not just in recruiting but also in sourcing and developing the specific skills and competencies needed to succeed in a collaborative environment where humans and machines work together. The widespread use of communication tools like smartphones and email has blurred the lines between work and personal life, allowing employees and managers to stay connected to work beyond normal hours. By 2026, the role of HR will shift from just staffing to building collaborative teams that blend human and AI efforts. This shifting landscape requires organizations to focus on critical issues such as employee diversity and inclusion, as disrespectful behavior can lead to disengagement and negative feelings among

team members. To address these issues, organizations must recognize that employees seek acknowledgment and a sense of belonging. By using a strength-based approach, they can tackle inclusion challenges and foster a culture centered on employee development. This involves aligning hiring practices with clear, objective standards, which helps reduce bias and boost employee engagement, ultimately lowering turnover. As employees increasingly value financial stability, flexibility, autonomy, and positive work environments, organizations need to adapt to these changing expectations. Additionally, the rise of artificial intelligence is changing the workplace and impacting different industries. While some see this as a chance for growth, others view it as a possible threat to jobs. Companies face increasing pressure to equip employees with the skills needed to keep pace with technological advancements. New job roles will require strong interpersonal skills, proficiency in human interaction, and the ability to learn quickly.

1.1. Research Goals

The aim of this study is threefold: to examine the evolving landscape of human capital management over the next decade. First, I will analyze the major challenges organizations are likely to face, including the growing skills gap, the seamless integration of AI technologies, and the rich diversity across generations, cultures, and genders. I will also examine key issues, including employee retention and engagement, the increasing complexity of legal and regulatory compliance, and urgent concerns about burnout and mental health. Finally, I will explore the complexities of workforce planning in an era of uncertainty. Secondly, provide a comprehensive overview of how these challenges directly impact organizational performance, highlighting both risks and opportunities. Lastly, uncover innovative best practices and strategies that forward-thinking organizations are adapting to navigate these hurdles and drive success in an ever-evolving workplace. To better understand and tackle the future of human capital management!

1.2. Problem Statement

The rapid acceleration of technological integration, shifting sociodemographic paradigms, and increasing macroeconomic volatility have made traditional human capital management (HCM) frameworks increasingly outdated. The main future challenge for organizations and human capital is the difficulty of finding and retaining talent. Labor surveys indicate that in 2023, 75% of employers in the United States reported difficulty finding candidates, while some segments of the job-seeking population lack access to the roles they want. Researchers believe the problem lies in diversifying the selection of human capital and providing tailored support (1).

Despite the widespread academic discussion of the future of work, there remains a significant gap between theory and practice regarding how organizations should address the combined pressures of a growing skills gap, the ethical and operational integration of Artificial Intelligence, and the management of a highly diverse workforce. Currently, organizational strategies often focus on reactive solutions rather than a proactive synthesis of emergent trends. This lack of a unified conceptual framework leaves firms vulnerable to systemic risks, including occupational burnout, regulatory non-compliance, and diminished competitive advantage. Without a rigorous content analysis of current scholarly literature to clarify these evolving interpretations, organizations remain ill-equipped to address the complexities of the 2026 global business environment. Consequently, there is an urgent need to synthesize existing knowledge into a robust strategic roadmap that ensures organizational resilience and long-term effectiveness in a dynamic global market.

1.3. Study Questions

Q1- What are the current skill gaps within the workforce, and how do they affect business operations?

Q2- How has remote and hybrid work transformed employee engagement and productivity?

Q3-What strategies can HCM implement to support employee mental well-being and burnout?

Q4- How do workforce diversity differences affect workplace dynamics, and what approaches can bridge these gaps?

Q5-How can HCM effectively leverage advanced technologies such as AI, IoT, quantum computing, digitization, automation, and human capital?

1.4. Significance of the Study

The importance of this study lies in its ability to connect theory with practice in human capital management. By offering a thorough synthesis of the changing HCM landscape, the research provides a dual-value contribution: **Theoretical Contribution:** This study improves academic knowledge by clarifying the various interpretations of future work trends. It creates a strong conceptual framework that groups the intersection of AI integration, psychosocial health, and workforce diversity, serving as a base for future long-term research. **Practical Contribution:** For practitioners and executive leaders, this study offers strategic insight into the complexities of the 2026 business landscape. The findings provide actionable guidance to address the skills gap and navigate regulatory volatility, thereby helping organizations develop a sustainable competitive edge and institutional resilience. Ultimately, this research acts as a guide for navigating the socio-technical changes of the next decade, ensuring that human capital stays a key factor in organizational effectiveness.

2. Literature Review

2.1. Business Environment Modifications

Effectively managing a Human Capital Management (HCM) system is crucial for organizations pursuing long-term competitiveness. The primary objectives include upholding high professional standards and maximizing the use of organizational knowledge, tools, and processes to cultivate essential skill sets. This encompasses five key components: talent acquisition, compensation and benefits design, training and development programs, employee performance evaluation, and strong staff relationships [2-6]. In today's rapidly changing business landscape, stakeholders must grasp the dynamics of change, often encapsulated by the VUCA framework: volatility, uncertainty, complexity, and ambiguity. These disruptions pose significant challenges to HCM amid paradigm shifts, necessitating a proactive approach (Sana & Braime, 2022). Concurrently, technological advancements necessitate a realignment of workforce strategies to integrate advanced human skills, thereby unlocking the full potential of existing capabilities and maintaining a competitive edge. A vital question for organizations is how to navigate the complexities of today's global environment. They encounter significant challenges in HCM, such as understanding the effects of environmental changes on operations and establishing effective early-warning coordination to reduce disruptions to productivity, financial resources, and overall market competitiveness. Human Resources must skillfully manage behavioral shifts and changing social trends while considering how these factors evolve within a complex global context sensitive to cultural differences (see Table

1).Moreover, it is vital to establish systems that facilitate employee development and adapt to workforce changes. This involves promoting mobility between roles and locations, tailoring policies to suit local cultural norms, and addressing associated ethical issues. Given that the workforce needs to evolve rapidly and organizations often struggle to keep up with this pace of change, capability gaps form; currently, 64% of managers rely on this system to redesign their organizations' workforce. In addressing the challenge of Human Capital Planning under uncertainty, Jaillet (2022) and his colleagues propose strategies to mitigate these issues,

emphasizing the importance of safeguarding productivity, budgets, and organizational control. After defining the organization's strategic goals, it is crucial to align human resources accordingly. This process begins with assessing the organization's critical deficiencies and immediate needs, as well as its succession planning. Based on this assessment, strategies should be developed to address these gaps through recruitment, transfers, promotions, retraining, partnerships, outsourcing, and future forecasting and evaluation—all of which are essential for ensuring service continuity and effective budget planning [2-7].

Challenge	Impact on the Organization
Environmental Fast Changes and Uncertainty.	<i>Competitive position, Costs, Quality, Special Capabilities (Strategic plan), Demographic trends.</i>
Organizational Multiculturality, Human Capital, Diversity, and Gender, Age, Development of skills, training.	<i>Organizational Multiculturality, Human Capital, Diversity, and Gender, Age, Development of skills, training.</i>
Globalization	<i>Managing a complex global system - a global perspective, global Recruitment. Remote Work and Virtual Recruitment</i>
Skills Gape	<i>Developing personnel staffing Criteria Plans. Retention, Mental health, Burnout. Changes in the HCM mindset regarding systems and employee promotion.</i>
Regulation and Legislative Compliance	<i>Domestic and Global Regions</i>
Technology	<i>Renewal of Job Competencies, Skills, and Positioning. Automatic systems. AI integration, Digitization, and Information Systems.</i>

Table 1: Human Capital Challenges in Businesses

2.2. Human Capital Diversity Challenge

A diverse workforce includes people from different genders, cultures, races, ages, and ethnicities. These differences can impact organizational performance both positively and negatively. Research shows that the benefits generally outweigh the drawbacks, leading to a more productive and balanced organization [4-13].

PwC (2025) defines diversity as covering both visible and invisible differences among people, including age, opinions, life experiences, preferences, education, social backgrounds, and gender. This variety encourages multiple perspectives, offers more solutions to challenges, and promotes innovation. As a result, organizations strive to promote social justice and fairness in the workplace, provide equal opportunities, and build diverse talent pools. The literature emphasizes a growing focus on managerial roles in recruiting diverse talent and understanding the importance of drawing from multiple backgrounds. The literature describes the workplace as comprising diverse employees, highlighting both similarities and differences among organizational members in terms of age, gender, culture, disability, and physical abilities. This diversity is important given the challenges of survival, profitability, and fierce market competition. also stress that workforce

diversity impacts engagement, employee retention, job satisfaction, performance, commitment, and productivity. Since diversity is a core part of organizational culture and climate, it plays a crucial role in fostering understanding of its connection with organizational loyalty, which, in turn, depends on the level of organizational support. To receive accurate pictures, management should focus on four key HR areas: Hiring equity- the inflow, Advancement and pay-the fairness, Retention and turnover-The outflow, and Belonging -the experience. Cornell University's ILR School, along with the Center for Advanced Human Resource Studies (CAHRS), is focusing its main research for 2025–2026 and introduced the World-Class HR Business Partner (HRBP) Framework, which defines strategic human capital management through four key "levers." These include Organizational Effectiveness, which ensures that the right individuals occupy the right roles at optimal costs to execute future strategies; Employee Value Proposition (EVP), which creates a rewarding environment for growth and meaning; Business Acumen, where HR leaders connect people data such as turnover and skills directly to financial outcomes; and Change Management, which applies the "SEE" model to help organizations navigate ongoing technological disruptions effectively. In summary, recent research indicates that fostering an inclusive environment confers numerous benefits for organizations. This strategic

approach encompasses not only diversity but also equality and inclusion. Integrating these elements is essential for driving innovation and achieving success in today's dynamic environment [9-15].

2.3. Globalization

The influence of globalization greatly affects organizational human capital management (HCM) activities, requiring a shift toward a global perspective, cultural flexibility, and effective management (4-18). As defined by [19], globalization refers to the worldwide spread of economic innovations and the changes they entail. Driven by globalization, there has been a clear increase in the integration of international markets and industries, expanding opportunities for companies competing globally. In recent years, organizations have grown to value the professionalism of the human resources function, recognizing its potential role in strategic decision-making. As a result, a new approach has emerged, positioning HCM as vital for managing the organization's human capital and leveraging it as a competitive edge. This shift requires a clearer understanding of strategic roles, emphasizing how HCM contributes as companies increasingly operate globally, often conducting most of their activities outside their home countries, even if their headquarters stay in the same place. Globalization drives Human Resource Management Systems (HRMS) to evolve from simple local record-keeping tools into complex transnational platforms. These systems now need to automate multi-currency payrolls, handle differing tax withholding rules, and comply with local labor laws. They emphasize data sovereignty, ensuring employee information can move across borders while complying with privacy regulations, such as the EU's GDPR. Modern HRMS structures must balance global standardization of performance metrics with localization of benefits, immigration tracking, and skills-based talent mapping to effectively manage a truly borderless workforce. According to [19], globalization introduces several complexities for HCM, including workforce diversity, aligning human resources with organizational goals, enhancing employee engagement and development, and ensuring legal and ethical compliance all while managing diverse workplace cultures. They recommend focusing on key areas, including understanding different employee cultures, acquiring new professional skills, adopting an entrepreneurial mindset, resolving workplace conflicts, retaining talent, and embracing technological change. and Innovare Group (2025) also assert that globalization has spurred the development of human capital policies to meet the diverse needs of the workforce, foster a cross-border organizational culture aligned with new international standards, and account for the cultural nuances of a global workforce. In summary, globalization has transformed Human Capital Management from a localized administrative task into a global strategic driver, especially in recruitment. It has removed geographical boundaries, enabling companies to access a worldwide talent pool and specialized skills, particularly from emerging markets such as Sub-Saharan Africa and South Asia, thereby helping address global skill shortages [16-19].

2.4. Skills Gap

In 2026, the global workforce faces a "dual-speed" skills crisis: technology advances faster than training can keep up, while "human-only" soft skills become more valuable but harder to find. About 87% of employers worldwide are currently facing or expect to face a significant skills gap. The gap is divided into two primary categories: advanced digital capabilities and high-level interpersonal skills. While many workers use basic AI, there is a massive shortage of "AI generalists" who can direct agentic AI (autonomous systems) and quality-check AI outputs. Beyond data collection, companies lack "data translators" who can turn complex datasets into strategic business decisions. With roughly 4 million unfilled cybersecurity jobs globally, the gap in protecting digital assets is a top operational risk. The "Human" Soft Skill Crisis highlights that 56% of leaders believe weak soft skills are a significant factor in entry-level unpreparedness, with notable shortages in Emotional Intelligence (EQ), a crucial skill for managing diverse teams. Essential skills like adaptability, agility, and complex problem-solving are critical for navigating rapid market changes. Unaddressed skill gaps can lead to productivity bottlenecks, stifled innovation, increased operating costs, and employee burnout, ultimately resulting in high turnover rates. To tackle these issues, organizations are shifting towards proactive solutions such as skills-based hiring, which emphasizes demonstrated capabilities over formal degrees, and AI-driven personalization of employee development. Continuous upskilling, through micro-learning integrated into daily tasks, is gaining traction. presents MIT research findings showing that 55% of workers say they need more training and 75% believe that organizational training will keep them in the company, depending on the organization's continued learning offerings. Leading companies are redefining their approaches. For instance, Goldman Sachs utilizes an online platform for skill-based recruitment. Procter & Gamble has developed an eight-week AI upskilling program in collaboration with Harvard Business School and Boston Consulting Group to equip executives to lead AI and digital transformations effectively. In the manufacturing and engineering sectors, perceptions are changing. Companies like Tesla and Boeing place greater emphasis on practical skills than on educational credentials, aligning their hiring practices with strategic goals. Hyundai is putting renewed emphasis on specific production skills, creating competition for roles essential to their operations. Henkel's Digital Upskilling initiative, developed with Accenture and Cornerstone, shows a strong commitment to preparing its workforce for digital demands, with over 215,000 training courses completed by early 2021. This shared focus on skills development is crucial to addressing the challenges organizations face today. and four colleagues at Oxford University conducted a study to predict the skills needed in organizations by 2030. The innovation in this process was the use of machine-learning algorithms, a predictive approach that involved economists from the US and the UK. The findings showed that only 1/10 of existing skills will grow in demand, and, depending on which investments proceed, most will likely disappear in the US and UK, compared to 1/5 in the rest of the world, a

researcher at MIT, shared insights at a conference on digital technology and strategy, using Johnson & Johnson as an example to show how AI analyzes data on each employee in a company. This process measures their skills and identifies areas for improvement. In 2020, it helped HR recognize skills across 4000 units within the organization. The process has three main stages, during which 41 specific capabilities were identified for future growth, including mastering data, robotics, and automation (in the first stage). The second stage, skill evidence, involves choosing sources that provide employee data, such as recruitment records, learning modules, and project platforms. The final stage, skill assessment, evaluates the technical expertise required for the 41 roles on a scale of 0 to 5, including a self-assessment questionnaire in which employees rate their own abilities. The main advantage of this comprehensive approach is its ability to identify weaknesses and areas for development. The prevailing conclusion was that the grid career has replaced the traditional career ladder [20-24].

2.5. Regulation and Legislative Compliance

In human capital management (HCM), regulatory and legislative compliance presents a complex, constantly evolving challenge. Laws evolve faster than organizations can update their systems, making it essential for management to understand the factors affecting HCM systems to recognize both the challenges and opportunities they face. The discourse surrounding compliance presents two opposing viewpoints: the Constraints View, which highlights the limitations imposed by regulatory demands, and the Opportunities View, which emphasizes the opportunities they create. The latter suggests that regulatory compliance can enhance stakeholder wealth and foster career growth. For example, argue that compliance improves human resource management standards and system effectiveness while addressing operational challenges. Despite the potential benefits, the literature highlights key compliance challenges: organizations often face significant operational and strategic hurdles that extend beyond the financial risks associated with non-compliance. Severe data privacy violations can lead to penalties of up to \$4 million or 4% of annual revenue. In human capital management (HCM) scholarship, shifting from a defensive posture to a proactive “Opportunities View” reveals that regulatory compliance can be a primary driver of organizational excellence. Rather than viewing mandates solely as restrictive costs, the literature suggests that a compliance-first strategy offers a structured pathway to optimize internal standards and generate long-term stakeholder wealth. By leveraging compliance as a catalyst for transformation, organizations can unlock several strategic advantages: Operational Excellence and Data Integrity: Adhering to rigorous standards such as the GDPR or SOC 2 requires dismantling data silos. This integration provides management with a “single version of truth,” enabling more accurate workforce analytics and better-informed strategic decisions. Enhanced Employer Branding and Talent Retention: Organizations that exceed baseline legal requirements, particularly in pay transparency,

diversity, and workplace safety, often earn greater employee trust. A transparent compliance culture acts as a powerful recruitment tool, signaling a commitment to fairness and ethical governance that resonates with modern talent [13].

Risk-Informed Innovation: A strong compliance framework creates a “safe sandbox” for innovation. When an organization clearly understands legal boundaries, such as those outlined in the EU AI Act regarding automated hiring, it can adopt cutting-edge technologies like AI with more confidence and less liability. **Standardization and Scalability:** For firms looking to expand, a compliance-first approach creates a replicable blueprint for growth. By aligning with international frameworks, organizations can enter new markets with pre-vetted processes, reducing the “friction of entry” associated with local labor laws. **Strategic Human Capital Deployment:** Automating routine compliance tasks with modern HCM software solutions allows HR professionals to shift their focus from administrative gatekeeping to high-value initiatives such as leadership development, culture building, and employee experience design. Ultimately, the literature posits that by viewing regulation as a framework for continuous improvement rather than a hurdle, management can transform a perceived burden into a significant competitive advantage. To operationalize the “Opportunities View,” the literature identifies a suite of technological and strategic solutions designed to bridge the “compliance gap” while simultaneously driving HCM efficiency. By moving beyond legacy frameworks, organizations can utilize specialized tools to transform regulatory pressure into a streamlined competitive advantage.

2.6. Advanced Technological Solutions:

The primary defense against systemic fragility is the adoption of Cloud-Based Regulatory Engines. Unlike legacy on-premises software, cloud-native platforms like Workday or SAP SuccessFactors automatically deliver real-time updates to tax laws and labor regulations across multiple jurisdictions, effectively linating Technical Debt. Furthermore, AI-Driven Auditing Tools are increasingly used to scan vast datasets for anomalies, such as pay inequities or misclassified contractors, allowing for proactive correction before legal triggers are met. To combat Data Silos, ganizations are implementing Unified Data Lakes that centralize information from payroll, recruitment, and benefits into a single source of truth, facilitating high-speed reporting required by agencies like the EEOC.

2.7. Strategic and Human-Centric Solutions

To address the human and cultural barriers identified in the literature, management is adopting Agile Compliance Frameworks. This approach involves cross-functional “Compliance Squads” comprising HR, IT, and legal experts to ensure that system updates are designed with the end user in mind, thereby reducing Cultural Resistance. To mitigate Resource Diversion, firms are utilizing Robotic Process Automation (RPA) to handle repetitive administrative tasks, such as I-9 verification or benefits enrollment, freeing

HR talent for strategic initiatives. Additionally, the rise of Continuous Learning Platforms allows organizations to combat the Talent Shortage by upskilling existing staff in “Regulatory Literacy,” ensuring the workforce remains as dynamic as the laws they must follow.

2.8 Integrated Governance and Ethics

In response to the complexity of global mandates, firms are deploying Global Policy Management Systems that use geolocation and role-based permissions to deliver localized compliance protocols without fracturing the global organizational culture. This is often supported by Ethical AI Governance frameworks, which provide a structured methodology for auditing hiring algorithms to prevent bias and ensure the organization meets both the spirit and the letter of evolving anti-discrimination laws. By integrating these technological and strategic levers, HCM functions move from reactive firefighting to a state of Systemic Resilience, where compliance becomes an invisible, automated backbone of the organization. Cultural Resistance: Employees often see new compliance measures as burdensome or unnecessary. The most common reasons for compliance software failure are cultural resistance to change and low user adoption.

2.9. Global Complexity

Jurisdictional Conflicts. For multinational companies, a policy that complies with the law of one jurisdiction may be illegal in another. Managing conflicting laws across regions requires significant resources and specialized teams to understand local nuances.

2.10. Evolving Complexity and Regulatory Fluidity

Across all sectors, 85% of organizations report that compliance requirements have become more complex in recent years, indicating a trend toward increasingly complex regulations.

Contradictory Mandates: Laws can overlap or conflict across regions or even within the same country, as in the case of discrepancies between state and federal regulations. This inconsistency makes it harder to maintain a straightforward global or organizational approach. In summary, the challenges of regulatory and legislative compliance in human capital management are complex and diverse. Organizations must navigate systemic issues, address operational, cultural, and global challenges, and remain compliant while focusing on strategic initiatives. Understanding these challenges will help management find opportunities to improve organizational performance and increase stakeholder value.

2.11. Technology

The challenge technology presents to human capital management is significant and characterized by uncertainty about its current and future effects. It complicates the development and implementation of policies and initiatives within organizations that rely heavily on its use. Unlike previous technologies, AI is unprecedented in its scope and channels. It initially expands the range of tasks that can be automated beyond non-cognitive tasks. Its overall

goal impacts many sectors and jobs, and its development accelerates rapidly and remains unmatched. Researchers and professionals contend that applying AI to human capital marks a fundamental shift, transforming the field in multiple ways, including significantly affecting the subtle implementation of workforce applications. It draws on insights from experts, such as organizational managers and practitioners across various sectors. The benefits include the potential for cross-job transitions, increased operational efficiency, reshaped job roles and skill requirements, opportunities for innovation, and challenges to workforce flexibility; ultimately, this integration also impacts the design of organizational culture [25-28].

The rapid integration of AI underscores the need for strategic workforce planning and development to promote innovation and competitiveness within the organization. This involves creating policies for incorporating AI into the workplace, as well as enhancing digital skills and supporting continuous learning. The biggest challenge for organizations adopting advanced technology is not just implementing the technology itself but also fostering a culture of innovation and ensuring that the workforce possesses the right capabilities to work with AI, IoT, and digitalization. Finally, the change resulting from GeNAI requires the function to move to long-term workforce planning or script planning, thereby driving greater efficiency amid rising costs. The survey conducted by the Future of the World Economy Forum on Taxpayers found that, over the next five years, employers expect GeNAI to significantly reshape jobs. Organizations today are wondering how to leverage technology to drive workforce productivity and realize its full potential. In the case of Siemens, the largest industrial manufacturing company in Europe, it adopted a “ONE Tech Company” model, unifying its business units into a digital ecosystem called Siemens Accelerator. Using a “Digitalization Quick Check,” the company identified strengths in IoT and AI, as well as areas for improvement, including technical skills and data fragmentation. To address these issues, Siemens partnered with Microsoft to develop the Industrial Copilot, an AI tool designed to automate coding and enhance human-machine collaboration. This transformation shifted Siemens from a product-focused manufacturer into a digital solutions provider, leading to a 14% increase in its digital portfolio [21].

2.12. Remote and Hybrid Work, Virtual HCM, and Employee Engagement

Remote and hybrid work have fundamentally transformed the workplace from a presence-based to an outcome-focused performance model. This transition has resulted in notable gains in engagement and productivity but has also brought new challenges related to culture and long-term well-being. In 2026, business transformation will remain a top priority as organizations seek to enhance hybrid working methods, embrace digitalization, and address challenges such as economic fluctuations, technological uncertainties, and a persistent talent shortage. These challenges demand not only higher productivity and performance but also significant

organizational changes. Consequently, organizations are increasingly worried about performance dips, difficulties in accessing information, and a lack of insight into behavioral norms. Crafting an organizational culture that effectively supports remote work is complex. Remote workers often express concerns about isolation and a sense of being limited in their opportunities within the organization observes that globalization has created a diverse mix of remote teams from different cultures, ages, and backgrounds. It is crucial to address the needs of this varied workforce by developing global human capital management policies that promote employee growth and mutual respect. Additionally, remote work offers significant benefits, allowing companies to recruit talent without geographical limits and thereby improve the quality of their candidate pool. According to Scott (2014), virtual teams developed due to information technology that connects employees to the organization electronically. Their advantage is that they reduce product development costs by up to 50% and accelerate development by enabling team members to work around the clock. However, they can face challenges in sharing information about the development. The organization must, therefore, provide them with clear, shared goals that everyone understands. Virtual HCM, according to the Editorial Team (2025), gives employees and managers access to information through various digital portals, offering a comprehensive way to fulfill HCM requirements without relying on physical functions. It also allows staff to interact seamlessly, reducing delays caused by email or mobile devices, and supports virtual meetings and effective discussions. While this saves time for distribution teams, it also improves organizational recruitment by expanding the talent pool and facilitating global communication. Finally, increasing satisfaction with the process provides better access, boosts transparency and flexibility, and decreases turnover by enabling better prediction. Employee engagement has increasingly emphasized autonomy and well-being over traditional office routines. By 2025, data shows that fully remote employees report the highest engagement at 31%, while hybrid workers are at 23%. Despite their higher engagement, remote workers score lower on “thriving” (36%) compared to hybrid workers (42%), mainly due to increased daily stress and loneliness. Flexibility is crucial for retention: 83% of employees believe it increases their likelihood of staying long-term, and the hybrid model can reduce attrition by up to 35%. Productivity is increasingly measured by results and impacts rather than hours at a desk. About 84% of employees say they are more productive in remote or hybrid setups, mainly because of fewer distractions and better time management. Remote workers recapture an average of 8 hours per week that was previously lost to commuting, often reinvesting that time in work or personal activities. However, productivity outcomes differ; some studies show gains of 13%-35%, while others report slight decreases (around 8%) in specific high-volume roles, such as call centers, due to difficulties with social learning and coordination. Key challenges include proximity bias, where remote and hybrid employees are 24% less likely to get promotions than their in-office peers, and digital fatigue, as research shows that stress-related brainwave patterns are higher during virtual meetings than in-person

ones. Additionally, new behaviors, such as “coffee badging,” where employees briefly come to the office just to be seen, have emerged among 43% of hybrid workers. Looking ahead, hybrid work is projected to become the norm for remote-capable jobs by late 2026, with 52% of employees in this arrangement. Both organizations and employees agree that spending 2-3 days in the office offers the best balance between individual productivity and team cohesion [17].

3. Methodology

This research adopts a qualitative methodology, specifically employing a systematic content analysis to critically examine the evolving trajectories of human capital management (HCM) over the next decade. By synthesizing primary and secondary scholarly literature, the study aims to reconcile disparate interpretations and representations within the current body of knowledge. The analysis emphasizes the structural and systemic challenges facing today's organizations, including the segmentation of the skills gap, the integration of Artificial Intelligence (AI) technology, and the complex dynamics of diverse workforces comprising different generations, cultures, and genders. Additionally, the study examines key factors, including employee retention and engagement, as well as the increasing complexity of regulatory and legal requirements. It also considers emerging psychosocial issues, particularly occupational burnout and mental health, in the context of strategic workforce planning amid heightened environmental uncertainty. By applying content analysis as a rigorous interpretive framework, this study reveals hidden patterns and thematic insights in the textual data. The resulting conceptual framework enables a comprehensive exploration of the global business landscape expected from 2026 onward. As a result, these findings deepen understanding of how organizations can leverage human capital to sustain competitive advantage and enhance overall organizational effectiveness in a volatile, unpredictable global market.

3.1. Data Collection and Sampling

The data will be collected by selecting a sample of specific literature sources, such as academic articles, professional economic papers, and books, that have been coded according to predefined characteristics of the business human capital challenges studied in relation to the business problem, study aims, and questions. A purposive sample of 55 texts on business problems and questions was selected (see Table 2). The material was intentionally selected using a non-random method to gather the most relevant information for the study. These materials are limited to the period from 2020 to 2025, with deliberate exceptions in books (from the early 21st century) to provide the reader with perspective and to trace development trends up to the present. To ensure analytical rigor, source selection was limited to peer-reviewed within the last five years, with an emphasis on both primary and secondary sources. The method aligns with established standards for qualitative content studies, ensuring data credibility and temporal relevance, as evidenced by El-Ghazali et al. (October 2024) and Ramasamy et al. (December 2025).

Nature of source	Quantity	Nationalities	Sectors	Publications
Business management and human resource books.	7	US, Israeli		
Academic Research	32	India, Morocco, Greece, Canada, Australia China, Malaysia Hong Kong, Indonesia, Kalaburagi, Ukraine, Pakistan, Nigeria, Lithuania South Africa Sweden, the Arab Emirates	Finance, logistics, education, Technology, public management, IT, industry, Manufacturing, Engineering, local companies, Singapore and Global.	
Business Analysis professional publication	11	UK, US, Global		<i>OECD, BCG, PwC, Smart Life Skills, Biz Support, Talent Management Institute, McKinsey, H.R. Monitor, Gallup, and Granet.</i>
Universities Publications	6	Oxford, MIT, Pittsburgh, Scranton, HBR, and Cornell		
Total	56			

Table 2: Primary and Secondary Demographic Sources

3.2. Data Analysis

Content analysis involves a meticulous and systematic examination of a selected body of materials to identify underlying patterns, themes, or biases. After selecting the research sample, the researcher establishes five categories for in-depth analysis, outlined in precise terms, to seek specific examples of characteristics that address the research questions, problems, and objectives. These categories examine the challenges facing the human resources function today, such as the business environment, workforce diversity, globalization, skills gaps, regulatory compliance, and technology. Each category is further divided into subcategories; for instance, workforce diversity can be broken down into diversity, inclusion, and equity. If the content presents complex or lengthy topics, the researcher breaks each topic into smaller, manageable components for separate analysis. Data analysis is based on the 1998 Crowell "Spiral Analysis Model," which starts with data collection and organization (see the attachment to this study). The perusal stage involves breaking down large verbal units into smaller parts. The next step is a thorough review to understand the data's overall logic, record initial interpretations, identify disruptions in the business environment, and assess the organization's ability to adapt and succeed. Key areas to address the human resource challenges organizations face include the difficulties posed by HR planning uncertainty. These challenges mainly concern environmental fluctuations and the organization's understanding of their impacts. Furthermore, organizations must develop strategies to organize their efforts more effectively and proactively to

reduce threats to productivity, budgets, governance, and competitiveness. This involves managing behavioral and social changes, analyzing the evolution of trends, overseeing a complex global system that requires an international perspective, considering cultural inclusion, enhancing systems and strategies, developing flexible approaches, understanding and integrating emerging technologies and their imitations, and applying field expertise to shape organizational culture. Finally, the findings are summarized and visually presented in a frequency table and various graphs, organized by predetermined categories to help the reader understand. Ultimately, the findings are synthesized and visually encapsulated in a frequency table and a range of graphs, systematically arranged according to pre-established categories. This approach aims to enhance the reader's comprehension and provide a nuanced understanding of the data.

3.3. Quality of the Study

Ensuring the trustworthiness of the research by following Lincoln & Guba's (1985) methodological model. The authors highlight four main criteria that researchers must adhere to: Credibility (Internal validity), Transferability (External validity), Dependability (Reliability), and Confirmability (Objectivity). Credibility refers to how accurately the findings reflect reality, which is assessed by comparing them with existing literature. Transferability relates to how well the findings can be applied to other contexts. To support this, the researcher must provide sufficient conceptual detail so readers or practitioners can implement the results

effectively. Dependability concerns the research's reliability, allowing other researchers to replicate the study under similar conditions.

4. Discussion

The move toward a labor architecture framework by 2026 signifies a fundamental overhaul of human capital management, shifting it from a focus on administrative efficiency to a complex discipline in which human expertise and machine intelligence are deeply intertwined. This development indicates that integrating artificial intelligence is no longer a marginal upgrade but a strategic necessity. However, this transition introduces systemic challenges that demand moving beyond traditional models, as companies discover that the main difficulty is not acquiring the technology but accurately identifying and developing skills that allow individuals to succeed in a collaborative environment. This architectural change is driven by and characterized by five key parameters that must be given equal strategic importance. Technological infrastructure has advanced to the point where artificial intelligence is a core component of business operations. The rise of agentic AI means systems can now autonomously execute multi-step workflows, shifting the role of the human worker from creator to orchestrator. At the same time, the regulatory environment has reached a turning point with the full implementation of frameworks like the EU AI Act. This legal landscape classifies most human resources applications as high-risk, making transparency and human oversight mandatory legal requirements rather than ethical choices. Organizations must now navigate the threat of substantial financial repercussions if their automated systems fail to meet strict monitoring standards. Simultaneously, the globalized nature of the workforce has reached a new level of maturity. Digital tools have solidified work-from-anywhere models, expanding the potential talent pool across borders while introducing significant complexities in local labor laws and cross-cultural integration. This global reach is often hampered by a critical skills gap, where the demand for AI literacy and model steering far outpaces the available supply. This gap creates a dilemma: finding basic talent is easy, but pinpointing individuals who can maximize technology output remains a profound struggle. Finally, the broader business landscape has shifted toward AI maturity as the primary metric of success, forcing companies to reallocate

budgets from traditional labor structures to automated systems, which in turn necessitates a total reinvention of career paths. These combined parameters highlight a deepening psychological rift within modern organizations. A notable discrepancy exists between leadership's perception of digital transformation and the workforce's lived experience. While management may celebrate the adoption of new technologies as a cultural milestone, employees on the ground often report exhaustion, alienation, and tech-related anxiety. As AI assumes more advanced roles, workers risk feeling like replaceable cogs in a machine, leading to a sense of devalued professional identity. Furthermore, the persistent issue of algorithmic error creates a paradox in which human resources, intended to be freed by automation, are instead redirected toward labor-intensive tasks of correcting and supervising machine outputs.

Ultimately, this study's findings emphasize that merely deploying technology is insufficient for long-term viability. Success in this landscape requires a human-centric approach that prioritizes employee empowerment and training. Organizations must invest in their people to ensure they can use AI as a tool for deeper critical thinking while delegating routine and demanding tasks to technology. The most resilient firms in 2026 are those that treat human expertise as an essential partner to technological innovation rather than a secondary component to be automated away. To successfully manage the transition to a labor-focused architecture, leadership must go beyond simply adopting technology and become architects of human-machine collaboration. This involves a two-pronged strategy: first, implementing a strong governance framework that ensures compliance with international regulations while protecting the human aspect of work; and second, developing a culture of ongoing learning that treats AI literacy as an essential skill across all organizational levels. By addressing the "vibe" gap through open communication and emphasizing employees' psychological health, leaders can reduce tech-related anxiety and avoid alienating their most valuable assets. Ultimately, the aim is to create a workplace where technology automates routine tasks, freeing human talent to focus on creativity, ethical decision-making, and strategic thinking. This people-centered approach is not just a social choice but a business imperative for companies striving to stay competitive in the increasingly automated world of 2026.

Category	Sub-category	Themes	Prevalence
Business Environment	Rapid changes	1. Economic and social trends are creating competition for skilled workers. Different employee behaviors, levels of autonomy, and flexible employment arrangements lead to different cultural designs.	32%
		2. Technology Advancement: AI, automation, digitization, big data impact on the workforce, and integration into organization and operations systems, i.e., human-machine integration and new skills demand	42%
		3. Diversity, labor – inclusion and equality, engagement, and retention.	21%

		4. Globalization, HCM shifts to a strategic partner, talent global competition, and increased turnover	21%
		5. Increasing complexity and Costs of adaptation.	16%
		6. Regulations and laws have an impact on the challenges of HCM in recruiting, policy, and the prevention of discrimination. Also emphasizing inclusion, multiculturalism, work conditions, and employee development programs.	16%
	Uncertainty	1. A turbulent environment requires a strategic approach and future contingency arrangements on which to base workforce planning	32%
		2. Environmental uncertainty endangers the organization's productivity, budget, financial stability, and control. Technology increases uncertainty.	42%
		3. Demographic changes are reducing the supply of workers and increasing competition for skilled workers.	16%
Diversity	Diversity, Inclusion, and Equality	Embracing workforce diversity and developing a multicultural work environment confer a strategic advantage by attracting talent, driving innovation, and enhancing employee engagement and retention. HCM should prioritize gender diversity and address turnover by fostering a supportive, equitable environment.	81%
		The workplace includes different generations, which pose nurturing challenges in terms of expectations, behavioral approaches, habits, motivation, work ability, and education.	18%
		Diversity in an organization poses challenges for HCM in terms of regulations and laws regarding recruitment, policies, discrimination prevention, work conditions, and employee development programs.	18%
Globalization	Global Recruitment	Globalization has driven the advancement of HCM in global contexts and interiors, entailing management challenges across diverse employee groups and necessitating adaptation to the organization's global strategy and goals. Including reference to international or local regulations and laws in the places of operation. The function is required to operate with global awareness and a proactive approach, and to adopt international standards, i.e., to serve as a strategic function in all its aspects, policies, and tasks, such as recruitment, training, retention, employee selection, and more.	83%
	Remote work	Remote work poses a challenge to the organization's culture, requiring a design that supports work from this perspective, and raises concerns about reduced performance, limited access to up-to-date information, and difficulties in monitoring norms of appropriate behavior. Employees fear forgetting and missing advancement opportunities within the organization. However, it frees the employee from attachment to place or time.	33%

	Virtual recruitment	The integration of globalization and technology has transformed HCM. The function is undergoing complete virtualization, including cloud-based platforms and advanced analytics for information systems such as HARIS. In addition to the technological effects of AI, automation, and personalization, there are human dimensions that require attention. It needs to provide the right balance between them.	
Law & Regulations	Legal Compliance	In organizations, including international corporations, HCM policies are significantly influenced by rapidly changing labor laws in the countries where the company operates, including minimum wage, compensation, workers' rights, anti-discrimination, tax benefits, employee diversity, and data privacy. In addition, it affects team management, employee evaluation, recruitment, training, employee development, and the establishment of behavioral norms and ethical practices.	70%
	Regulation Compliance	It is essential for the function to accurately monitor workplace regulations, such as those related to health and mental health, as these factors have implications beyond work life. Therefore, employers need to consider this beyond immediate profit or day-to-day benefits. In addition, it requires an understanding of regional regulatory systems, which complicates operations for international companies.	60%
	Legal and regulatory compliance	On the other hand, some believe that law and regulation limit organizations' freedom to promote innovation and organizational efficiency. On the other hand, some see them as an opportunity for the company, i.e., improving loyalty, productivity, a supportive organizational culture, and long-term workforce planning.	10%
	Legal and regulatory compliance	Non-compliance with regulations and laws can result in severe consequences for organizations, including fines and damage to the company's reputation or brand.	20%
Technology	AI	The rapid integration of AI has created uncertainty in the business environment. This highlights the need for strategic workforce management through AI, ethics, and international standards. The emphasis will be on organizational learning, training, accurate insights into existing employees' capabilities, and an upgraded organizational culture that favors technology. Leveraging AI requires new capabilities and different skills from employees. This creates a skills gap and global competition for employees with technological capabilities. HCM is required to address a difficult challenge: attracting and retaining employees, developing their capabilities, providing training, fostering continuous learning, and fostering an organizational culture of innovation.	50%

	GenAI	Technology is changing the world of work. A recent survey found that, within the next 5 years, employers expect GenAI to reshape a significant number of roles, potentially impacting 40% of all working hours. HR functions are examining how to leverage technology to drive job augmentation and workforce productivity. What actions should be taken to make the most of technology's potential? The changes brought about by technology require a shift to long-term workforce planning or script planning, thereby driving effective efficiencies amid high costs.	20%
	V. HCM	Technology offers opportunities for innovation, such as changes to virtual HCM, designed to automate HR and thereby improve efficiency in human resource management. Today, the VH market is estimated at \$24B and is expected to grow by 12.7% by 2030. The platform's benefits include a cloud-based HRIS, communication tools, self-service portals, analytical capabilities, and online learning.	27%
	Digitization and Automation	The importance of digital technology and automation goes beyond the technological capabilities offered, in addition to the demands they place on the organization in 4 key dimensions: the firm's readiness for DT, including an assessment of the current situation, a digital strategy and vision, developing a culture of innovation, and prioritizing investments in favor of digital technology. The challenge and demand from HCM is to provide managers with tools to focus on the skills and capabilities required for technological implementation across different organizational systems. That is, human resources have become a critical factor in the operation and implementation of digital systems and the success of the changes. This will promote the value the workforce provides to the organization and support its overall growth.	52%

Table 3: Prevalence of the Content Analysis Findings

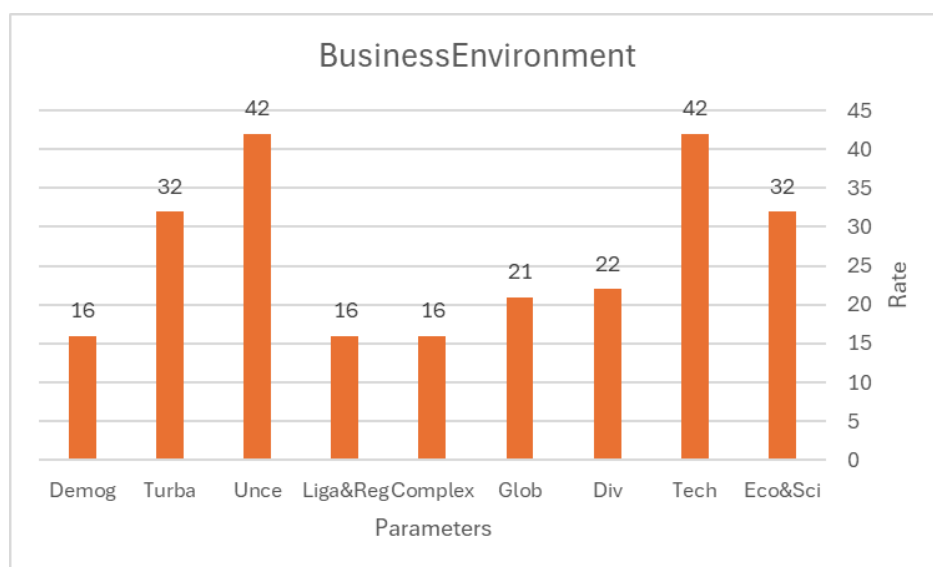


Figure 1: Business Environment Impact Graph

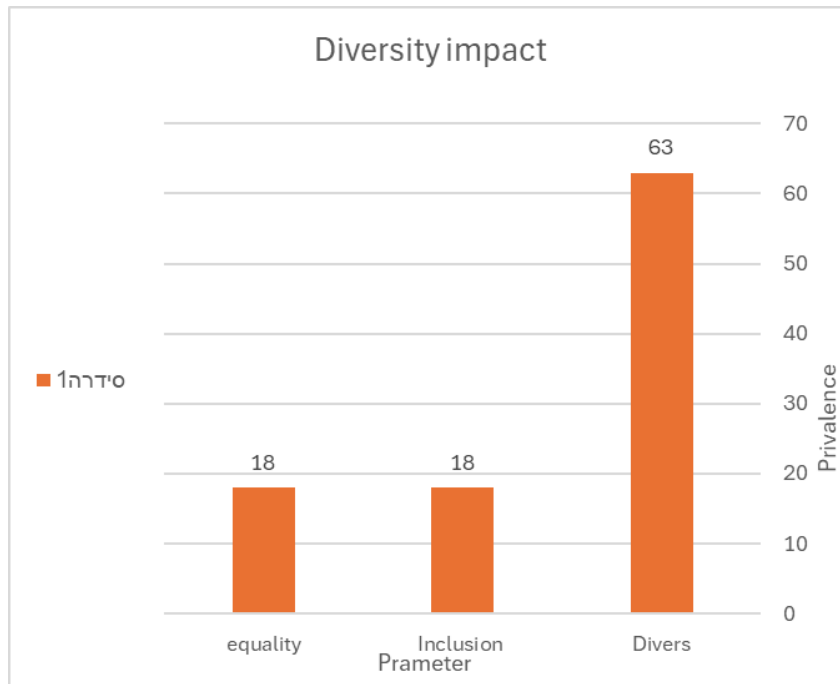


Figure 2: Diversity Impact Graph

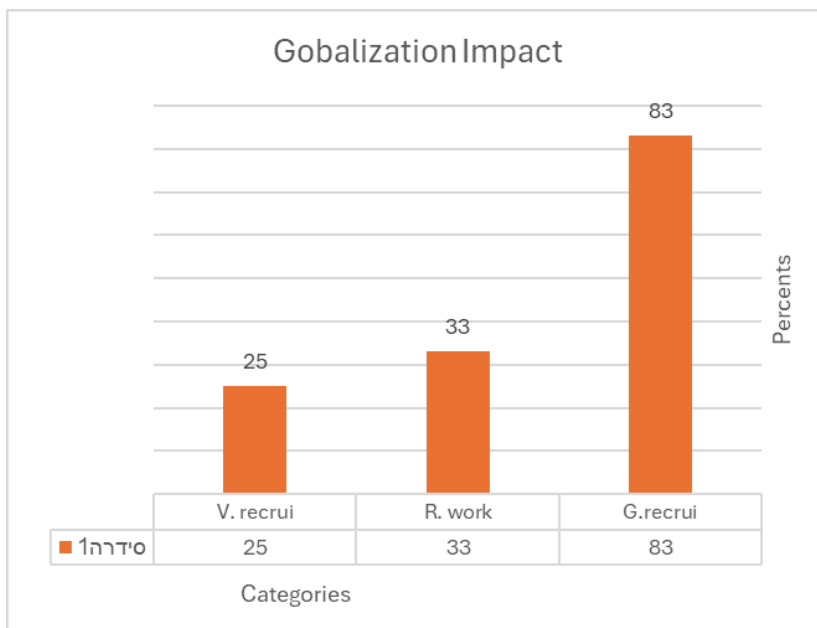


Figure 3: Gobalization Impact Graph

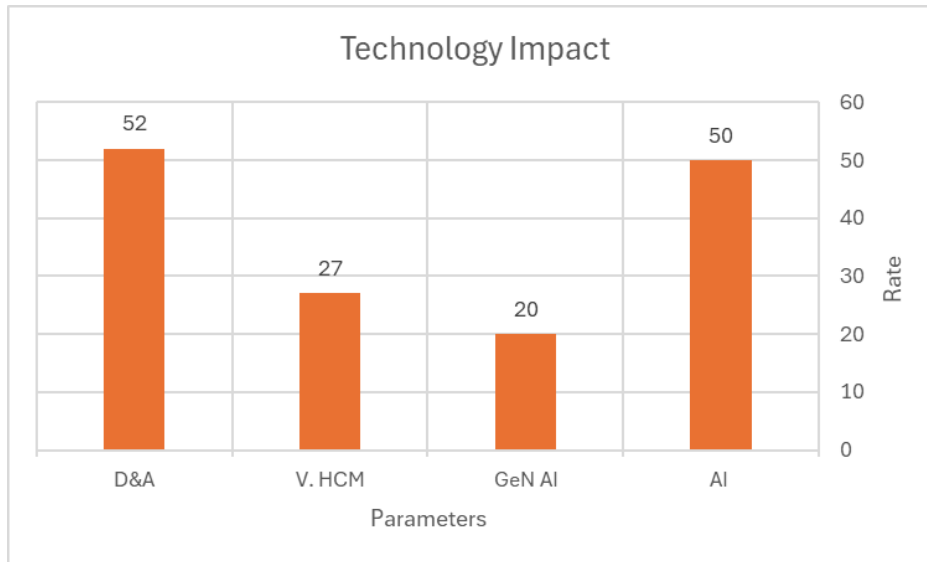


Figure 4: Compliance Impact Graph

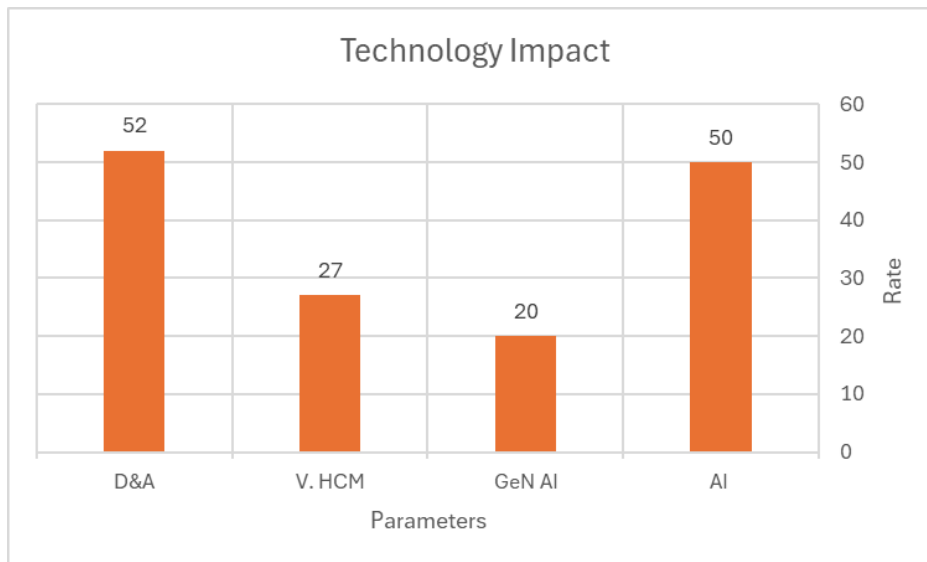


Figure 5: Technology Impact Graph

5. Conclusions

The researcher conducted a thorough review of existing literature on potential challenges in Human Capital Management (HCM) from 2020 onward. This review was structured around five key criteria that effectively address the questions, objectives, and issues outlined by the researcher. The following summarizes the main conclusions from the study.

5.1. The Business Environment

Category No. 1 The modern macro-environment is characterized by a combination of systemic volatility and probabilistic uncertainty, factors that significantly hinder long-term organizational forecasting. In this environment, the Human Resources function faces increasing challenges due to a widening skills gap; empirical projections indicate that about 39% of current professional roles could become obsolete within five years. This necessitates a fundamental restructuring of Human Capital Management (HCM) frameworks to ensure compliance with changing regulatory requirements and labor laws, especially in areas like talent acquisition, employee development, and career planning. At the same time, the function must manage the dual pressures of demographic diversity and technological disruption. The diversification of the workforce requires leadership to develop advanced frameworks for employee engagement and psychosocial retention. In the field of Artificial Intelligence (AI), the goal is to create integrated governance structures that align technological adoption with organizational ecosystems. Although techno-economic scholars describe this transition as challenging, it also enables a shift toward human-machine advantage, driving the creation of new careers that enhance a company's competitive edge. The most urgent existential threat is the depletion of qualified human capital, worsened by a highly competitive global market for specialized talent. As a result, globalization has driven a shift from local operations to a coordinated worldwide strategy. This change has successfully elevated the HR function from a basic administrative role to a strategic core, allowing it to serve as a key architect in long-term Human Capital planning and to manage the complexities of the global market.

5.2. Diversity Impact

The second major factor influencing environmental change in organizations is workforce diversity, which presents notable challenges for Human Capital Management (HCM). This study groups workforce diversity into three main subcategories: diversity, inclusion, and equality. As a result, the Human Resources (HR) department is responsible for promoting the integration of a diverse workforce across various demographic groups. Companies must navigate the complexities of an international workforce while addressing the nuances of diversity, including minority groups with distinct behavioral norms, economic outlooks, cultural backgrounds, languages, and customs, as well as a wide range of ages and genders. For instance, the contemporary workforce may include up to five generations of employees, each with unique expectations, attitudes, behaviors, motivations, work skills, and educational experiences. Predictions indicate that

workforce diversity could increase by 10% over the next two decades. Organizations must therefore implement equitable and balanced systems that assure equal opportunity for all employees. This strategic approach is essential to mitigate potential challenges, enhance employee commitment and retention, spur innovation, and foster collaboration that leads to operational efficiency in global markets. Failure to do so may threaten the organization's competitive edge. To address these complexities, it is imperative to adopt a progressive HR strategy that formulates organizational policies capable of addressing challenges, including compliance with regulatory frameworks and international laws. These policies should also safeguard employee rights, prevent discrimination, and promote inclusive practices in both workplace conditions and development initiatives. There is an ongoing debate among experts about the net contribution of employee diversity, whether it produces beneficial outcomes or causes costs and burdens on resource allocation. Nonetheless, a consensus exists that diversity's impact depends on an organization's ability to manage and adapt to this complexity, ultimately determining whether the positive results outweigh the challenges.

5.3. Regulation and Law Compliance

The evolution of Category No. 3: Regulation and Law Compliance within Human Capital Management (HCM) marks a shift from a reactive, administrative role to a crucial strategic focus. Although challenges such as systemic lag, technical debt, and cultural resistance persist, they often reveal deeper organizational inefficiencies. Systemic Lag: Delays in updating processes or responding to new regulations often reveal siloed communication between HR, Legal, and IT. Technical Debt: Relying on legacy systems or quick-fix software shortcuts shows a lack of scalability and an inability to support modern, data-driven decision-making. Cultural Resistance: Pushback against new compliance protocols often indicates employee disengagement or a lack of trust in management's digital strategy. Overcoming these obstacles not only minimizes legal and financial risks but also strengthens the overall HCM framework. To shift from a Constraints View to an Opportunities View, organizations must combine advanced technology with human-centric strategies. While cloud-based regulatory engines and AI-driven auditing are vital for narrowing the compliance gap, research indicates that technology adoption alone is not enough. Sustainable success requires a multifaceted approach. Integrated Data Governance: Consolidating separate data silos to create a unified, accurate source of employee data enhances both reporting accuracy and strategic workforce planning. Agile Cross-Functional Collaboration: Coordinating HR, IT, and Legal departments ensures that compliance protocols are both technically sound and culturally aligned. Strategic Human Capital Reallocation: Using automation to reduce HR's administrative workload allows a focus on high-value initiatives such as talent development and organizational innovation. In conclusion, organizations that view compliance as a proactive driver of Systemic Resilience are better equipped to handle the complexities of the global economy. By seeing regulatory

changes as opportunities for continuous improvement, management can enhance stakeholder value, strengthen corporate reputation, and sustain a competitive edge in an increasingly regulated environment.

5.4. Globalization Impact

The fourth category in the HCM catalog is globalization. This study discusses it through three subcategories: global recruitment, virtual recruitment, and remote work. Globalization, as analyzed in the literature review, has made the HCM function global and has presented it with challenges in adopting international standards, cultural nuances such as managing human diversity in the workforce, maneuvering in the tangle of labor laws, complexity in coordinating teams across the globe, strategic alignment with business organizational goals, and a wide selection of employees engagement through their development. The approach today is proactive and global, essential for success in the ever-changing, uncertain business environment. The combination of globalization and technological advances allows companies to hire employees without being tied to a specific location or schedule. Employers can afford to recruit talented individuals. However, a new social challenge has emerged among employees, as they focus on setting personal goals and developing their careers to achieve them. Remote work introduces cultural and leadership challenges that threaten organizational performance. It also makes it harder to access information and monitor behavioral norms. Improving the organizational culture to support global employees is already difficult. Additionally, from employees' perspectives, it raises concerns about their constant availability and limited development opportunities. Furthermore, evolving regulations and international laws require organizations to update their labor policies and procedures to comply with new requirements on recruitment, training, and development, workplace discrimination, and overall employment conditions. In conclusion, as organizations seek to engage effectively in global markets, the Human Capital Management (HCM) function must navigate an increasingly complex and challenging landscape. To harness core capabilities and deliver value beyond traditional roles, HCM must meet the global challenge. This includes staying updated on advances in innovative technologies, such as the Human Resource Information System (HRIS), which primarily handles vital administrative functions, including payroll, benefits administration, and employee record-keeping. Integrating these technologies improves efficiency and strategic alignment within the HCM function, thus supporting organizational goals in a dynamic global environment.

5.5. Technology Integration

The fifth and final part of the analysis examines the technology shift and is divided into three subcategories: AI, digitization/automation, and IoT. A review of relevant research shows that AI development and its integration into organizational systems are uneven, causing stress in labor relations, creating a skills gap, and posing a major challenge in finding suitable talent. The modern workplace, influenced

by AI, is marked by skill shortages and technological disruptions. This emphasizes the need for strategic human capital management to support development, promotion, innovation, and competitiveness. Organizations must update policies on AI use, ethics, and standards with a focus on digital skills and continuous learning. Regarding digital transformation, organizations need to understand that its importance goes beyond simply adopting advanced technology. They must develop a comprehensive digital strategy that covers four key areas: readiness for change, creating and communicating a clear digital vision to all members, fostering a culture of innovation, and prioritizing technology investments. A major challenge for the function is recruiting the necessary capabilities and skills to effectively implement digital technology across systems. For advanced big data analytics that enhance workflows and increase organizational productivity, the human capital management (HCM) function must leverage technology for information retrieval and selection, ensuring a balanced approach to human capital. Through phases of digitization, automation, and augmentation, this method helps organizations stay competitive by aligning technology with a deep understanding of organizational needs. By adopting an integrated approach to AI, IoT, and digital transformation, the HCM function should unify culture and data to enhance managerial value and overall growth. It must also provide managers with the best skills and capabilities to perform their roles effectively.

5.6. Identified New Trends

In 2026, organizations face evolving workforce challenges, prompting Human Resources to shift from a supportive to a strategic role. The implementation of Human Resource Information Systems (HRIS) is central to this change. A key trend is the integration of Artificial Intelligence, especially Generative AI, which is revolutionizing the hiring process by efficiently screening thousands of job applicants. As workforce needs change at an unprecedented pace, many organizations face skill gaps, and 64% of managers now use AI to reshape their teams. In this changing environment, a shift towards addressing face-to-face skill gaps through hiring has gained momentum, focusing on specific "micro-skills" rather than traditional educational credentials. This strategy allows companies to tap into a broader, more diverse talent pool. At the same time, burnout has become a concern at the executive level, prompting leaders to take responsibility for employee mental health and to recognize psychological safety as a vital business priority. Internal talent marketplaces are also emerging, where organizations use AI to connect employees with short-term projects. This approach not only promotes talent retention but also provides employees with a variety of roles within their companies. Furthermore, the concept of time has gained new importance as companies experiment with four-day work weeks and allocate "deep-work" periods, acknowledging that employees increasingly value time freedom over traditional bonuses. As access to instant information becomes more common due to AI advancements, the focus is shifting from memorizing facts to making informed judgments and

engaging in critical thinking. At the same time, mandatory pay transparency is gaining momentum, with regulations like the EU Pay Transparency Directive requiring clear salary ranges to build trust and attract new talent. Furthermore, the shift toward hyper-personalization is transforming HR practices, as data-driven insights allow for the customization of benefits, learning opportunities, and work schedules to match employees' different life stages. Organizations are also acknowledging the importance of climate-resilient planning, considering extreme weather and rising temperatures as key risks to workplace safety and working conditions. With AI taking over administrative tasks, companies are witnessing the "great flattening" of management. This transformation emphasizes the need for leadership competencies, particularly emotional intelligence, as businesses seek leaders who can navigate the complexities of a rapidly changing environment. Recent studies have begun to reveal the link between employment law and human resources (HR). These studies highlight various aspects of modern human capital management (HCM) software tools and their direct influence on HCM practices and procedures, including recruitment and selection, employee relations, performance management and discipline, and workplace safety.

5.7. HCR Scholarly Concerns

An intensive analysis of academic research on this topic, HCM, and its challenges in the business environment in 2026 and beyond shows that research on digital transformation identifies various organizational factors influenced by the development of digital technology. These include business strategy, financial investments, process optimization, technological integration, resource supplementation, organizational culture, and skill development. Consequently, a comprehensive understanding of this transformation's importance is essential. However, current understanding remains incomplete and is characterized by disagreements. Given the skills and workforce gaps, the research community is seeking a deeper understanding of the phenomenon and ways to manage it, while preparing the organization for the future of work. In the context of employee training, development, and retention, the extant research literature elucidates two principal factors that significantly enhance engagement and retention by facilitating the management of work-related stress and augmenting employees' effectiveness and productivity. Employee training is conceptualized as the process through which individuals accumulate experiences that foster positive alterations in behavior, creativity, and overall productivity. Future investigations should examine employees' perceptions of training and development using qualitative methodologies, thereby exploring their expectations of management and organizations. Such studies should strive to encompass a broader array of geographic regions, industries, and sectors to enrich understanding of this critical area. The phenomenon of employee engagement, alongside the psychological dimensions of work, remains inadequately examined, particularly concerning workplace climate and its multifaceted nature. Furthermore, the relationship between these factors and strategic initiatives aimed at fostering more effective, consistent, and sustained engagement warrants

further exploration. Expanding research within this domain has the potential to significantly deepen our understanding of how organizational climate can be strategically utilized to promote Human Capital Management (HCM) and contribute to organizational success. Much of the research on employee diversity focuses on the perceptions of individuals from marginalized groups, such as foreign workers, women, people with disabilities, older employees, and migrants. The literature shows that diversity significantly affects commitment, productivity, and job satisfaction. It connects diversity to specific aspects of organizational climate, including diversity and inclusion initiatives and the overall organizational culture (Ramasamy et al., 2025). Future research is encouraged to examine the role of age as a factor in workforce diversity and how this demographic trend might influence workforce management within organizations, especially regarding employee expectations, behaviors, habits, motivation, skills, and levels of education and training. Globalization necessitates that Human Capital Management (HCM) adopt an entrepreneurial strategic framework to effectively navigate its complexities, including employee diversity and rapid technological advancements. This approach must integrate organizational objectives, elevate employee engagement, and ensure adherence to legal and ethical standards, thereby fostering a culture of global awareness. Given the multifaceted challenges globalization poses in the years ahead, future research must examine how organizations can cultivate supportive work environments. Such an environment can leverage the opportunities that globalization offers, ultimately enhancing practitioners' capacity to position themselves for sustained success in an increasingly interconnected world. Compliance with Laws and Regulations in Human Capital Management (HCM). The literature underscores the importance of adherence to legal statutes in the contemporary business landscape, positing that effective Human Capital Management (HCM) requires compliance with a multifaceted legal framework that governs nearly all aspects of employment. Organizations bear the imperative responsibility of conducting hiring, termination, and dismissal processes in compliance with applicable legal requirements. Consequently, it is advocated that researchers conduct mixed-methods and quantitative investigations to elucidate the ramifications of regulatory compliance across a range of industries and geographic contexts. Furthermore, this inquiry should extend to the longitudinal effects of compliance on organizational performance, thereby contributing to the development of more comprehensive models that articulate the significance of compliance within the realm of HCM. Over recent decades, many methods have emerged in workforce planning, including system dynamics, simulation techniques, economic frameworks, and mathematical modeling. Recently, there has been an increased focus on strategic workforce planning. A key development in this area is the adoption of a data-driven approach to identify and implement actions that reduce the risk of failing to meet critical organizational goals. These goals usually involve maintaining high performance, staying within budget, and effectively managing workforce headcount [9-30].



CONCEPTUAL MODEL

Illustrates the HCM strategic ecosystem for 2026, with HCM and its four pillars organized into a relational flow, where the impact on organizational practices remains a central outcome.

Figure 5: Strategic HCM Conceptual Framework

5.8. Research Limitations

Due to the research methodology and content analysis, the study has limitations, including constraints on sample size and non-random sampling, which restrict the applicability of the findings across different settings or populations. However, the qualitative approach provides detailed insights. Its results are often closely tied to specific contexts, making them not universally applicable, highlighting the

limits of generalization. Nonetheless, the demographic diversity of the sources' international locations, such as the US, UK, and various industries, including high-tech, IT, and manufacturing, as well as a wide range of professions and scholarly and practical best practices, provides sufficient transferability (external validity) and credibility (internal validity) for generalizing the findings across different settings.

Appendix 1

Categories of Human Capital Challenge

Category	Sub-Categories	Items	Authors
Business Environment	Rapid Changes Uncertainty	To address economic and social challenges, organizations must prepare for the future workforce. This includes addressing the skills gap, as 39% of workers' skills are predicted to change over the next five years. This situation will challenge the pursuit of lifelong learning. Requires self-motivation for new skill development. - Technology advancements like AI, automation, and digitization are changing the workplace. As well as decarbonization, social changes, and the preceding green change.	Braun et al.,2025
	Rapid changes	-Regulation and legal changes influence how organizations handle their personnel, including recruiting practices, training, employee development, and HCM policies and procedures. - However, the challenge limits the free procedure. - In the global view, the regulations and laws preceded locally.-the challenge of adaptation to	Erwin et al., 2025
	Uncertainty	demographic and technological changes.	
	Uncertainty	The pivotal impact of AI on the labor market heightens market uncertainty and necessitates the development of organizational policies for AI integration into systems and operations.	OECD, 2023
	Uncertainty	Contemporary labor market diversity is a crucial factor affecting workers' commitment, productivity, and workplace satisfaction. Engagement and retention are tied to the organizational climate, which helps workers remain.	Ramasamy et al.,2025
	Uncertainty	Labor diversity is a strategic pillar of HCM development in businesses due to its dual nature.	Rafaqat et al., 2022
	Rapid change and uncertainty	- The present era's social trend in the workplace changes every while or changing career, making retention a great challenge for companies. Therefore, development, training, and engagement are crucial for preventing performance hazards. Moreover, enhance individual performance.	Bhakuni &)Sakena 2022)
	Rapid change and uncertainty	AI is changing the landscape of human resources in the workplace, management, and development, and presents challenges and business opportunities in almost every field, for example, in human machine integration.	El-Ghozial et al.,2022
	Rapid change and uncertainty	Many industries are facing broad changes in technology, green, and the .5th Industrial Revolution In addition, demographic - changes are reducing the supply of the working population and creating competition for skilled workers, especially among the younger generation.	Brune et al., 2024

	Rapid change and uncertainty	Globalization and organizations' global operations require effective functioning beyond national borders. The global market has also opened, making HCM a strategic driver. However, it faces challenges related to a shortage of talented personnel and, more broadly, to employee development and retention.	Dabrol (2023)
	Rapid change and uncertainty	The shift to global operations has heightened talent competition and increased turnover, posing challenges for HCM management, especially in engaging diverse employees. It is essential to rethink recruitment by selecting candidates aligned with the organization's values and fostering a positive climate to enhance retention.	Sharma (2024)
	Rapid change and uncertainty	Environmental uncertainty endangers the organization's productivity, budget, financial stability, and organizational control. In the field of HCM, a shift from workforce planning to a strategic level is required.	Jaillet et al.,2022
	Rapid change and uncertainty	Ukraine's ongoing war has widened the skills gap among workers, necessitating a dual approach: organizing the labor sector and restoring academic education through collaboration between institutions and the private sector to meet new skill demands.	Kravchuk (2021).
	Rapid change and uncertainty	In a global environment of increasing complexity, extremism, and high organizational costs, the adoption of workforce diversity and inclusion is being driven. Through this activity, innovation and organizational performance are promoted.	PwC, De-pa (2024)
	Rapid change and uncertainty	A turbulent environment requires taking a strategic approach to achieve a competitive advantage.	BCG (2024)
	Rapid change and uncertainty	The workplace is changing rapidly, and it is difficult for managers to keep pace. The boundaries between work and private life have blurred due to the flexibility of communication technology. -Diversity and inclusion of employees requires a different design of organizational culture, different employee behaviors, and demands for autonomy and employment flexibility	Clipton & Harver (2021).
	Rapid change and uncertainty	Rapid changes have resulted from the transition to working with GenAI, and this requires organizations to develop unique skills in the long-term, data-driven forecasting of human resource needs and future contingency arrangements on which to base workforce planning.	McKinsey (2025).

	Rapid change and uncertainty	<p>-Traditional screening methods have reached their effectiveness limit; it is necessary to improve their predictive performance significantly.</p> <p>-The need to compete with others immediately and quickly arises.</p> <p>-Adaptation to a global worldview, cultural tolerance, and collaborative management is required.</p> <p>-The most common of the concepts proposed as alternatives is "In situ".</p>	Bar-Haim (2014).
	Rapid change and uncertainty	<p>Changes in the external environment and the organization's adaptation to them require greater organizational preparedness.</p> <p>-Supervised evidence of behavioral and social changes.</p> <p>-Increased life expectancy leads to an increase in the working-age population, necessitating role planning for older ages.</p>	Meshoulam & Harpaz (2015).
	Rapid change and uncertainty	<p>The digital revolution has complicated workforce management, demanding time, strategy, and financial resources. As the future of work evolves, employees feel anxious about their compatibility with machines. Organizational success relies on skilled human capabilities, which are increasingly rare and difficult to manage.</p>	MariaSavery & Rajamohan (2020).
	Rapid change and uncertainty	<p>In South Africa, human capital development is the most difficult challenge in addressing the country's poverty and unemployment.</p> <p>-The engagement in social cohesion poses a risk to the social stability of various organizations due to social pressure.</p> <p>-In addition, the fourth industrial revolution has led to changes in workers' adaptive skills.</p>	Mabaso & Ontoning (2025).
	Rapid change and uncertainty	<p>The inability to accurately forecast changes in factors that influence organizational performance and HCM outcomes stems from insufficient information. Both internal and external events affect the organization and its employees. To prevent harm, human resources issues must be managed carefully, and efforts should focus on reducing uncertainty by developing new planning strategies.</p>	Oduwu et al., 2025
	Rapid change and uncertainty	<p>Emphasizes the growing understanding within organizations that an engaged employee is essential to success across a wide range of sectors.</p> <p>-The influence of organizational climate factors, such as integration, employee wellbeing, supervisor support, work safety, belonging, and recognition of the value of work, results in commitment, dedication, and absorption.</p>	Tsoni et al., 2025

	Rapid change and uncertainty	Digital Transformation (DT) is believed to be underresearched, and therefore, the current understanding of its impact is partial. This limits organizations' ability to realize the full potential of digitization. Organizations and institutions will need to invest in developing programs to enhance employees' digital skills, thereby leveraging the drive for innovation and improving operational efficiency.	Cao et al., 2025
	Rapid change and uncertainty	To realize the benefits of digital technology in operational processes and to make effective decisions to improve customer experience, the organization must effectively manage HCM and employee engagement and continue to adapt to technological change and the demands of global markets.	Mason et al., 2025
	Rapid change and uncertainty	The global business cycle has affected employee diversity across organizations, particularly in international organizations operating across physical and psychological boundaries.	Shankar (2021).
	Rapid change and uncertainty	The global business environment has become more accessible due to technological and transportation developments, and businesses now conduct operations with customers and partners from diverse cultures and nationalities. This has posed challenges across communication, competitiveness, local regulations, and compliance with applicable laws. It has also intensified the challenge of HCM in handling and controlling multiculturalism to prevent unnecessary risks.	Christofer (2022)
	Rapid change and uncertainty	HCR is becoming a higher priority within organizations as a strategic function amid challenges in human capital planning. Pinpointing workforce gaps and addressing them has grown more complex, making it difficult to improve employee behavior, career management, responses to underperformance, and engagement levels. Furthermore, collecting internal data doesn't effectively connect human capital to organizational results.	Jaillet et al., 2022
	Rapid change and uncertainty	Add the strong global competition for technological superiority, which intensifies as AI, Quantum computing, and Semiconductors Advance.	Bharadwy & Gilbert (2025) BCG

	Rapid change and uncertainty	Environmental uncertainty is the inability to determine the likelihood of a future event because of a lack of information about the event and its effects on the relationship. There are three main aspects of uncertainty: the inability to accurately predict, the inability to foresee the impact and its nature, and a gap between current knowledge and what is needed. In the context of HCM, it is important to understand how to prevent the impact of uncertainty on human capital, as anxiety and stress can lead to physical and mental problems, job losses, a sense of insecurity, decreased investment, harm to innovation and creativity, and decreased competition.	Oduvwn et al., 2025
	Rapid change and uncertainty	The business environment is marked by Volatility, Uncertainty, Complexity, and Ambiguity (VUCA), creating challenges that exceed any single organization's capacity to address. Rapid changes and technological advances have disrupted the balance between humans and machines, necessitating new skills and working methods. Collaboration among academic institutions, government, employees, and customers is essential to develop updated work standards and requirements.	Sanae & Brhaim (2022).
	Rapid change	Due to pressures for competitiveness, flexibility, and rapid technology learning, traditional human resources models have become ineffective. A shift to strategic management is necessary, making HR a key partner in long-term organizational planning.	Bar-Haim et al., 2024
Business Environment	Uncertainty	Leading employees in a time of uncertainty requires changes in their actions to design the system, while prioritizing visibility, transferring authority and autonomy to teams, and encouraging offense against burnout.	Knight (2024)
Diversity	Diversity, Equity, and Inclusion	Embracing workforce diversity and developing a multicultural work environment confer a strategic advantage on an organization. It positions the organization to attract the talent it needs, drive innovation, and improve employee retention and engagement.	Mishra (2024).
	Diversity, Equity, and Inclusion	Embracing workforce diversity and fostering a multicultural environment provides strategic advantages for organizations by attracting talent, driving innovation, and enhancing employee retention. -Human Capital Management (HCM) should prioritize gender diversity and its positive impact on performance, addressing turnover through engagement, managing age diversity, and promoting equality in a supportive environment.	Ramasamy et al., 2025

	Diversity, Equity, and Inclusion.	Managing diversity requires fairness and equal opportunity to enhance organizational effectiveness. It encompasses differences in gender, age, color, culture, and disability. Inclusive management fosters commitment, retention, and innovation. With age diversity expected to rise by 10% in the next 20 years, a balanced approach is essential to mitigate potential challenges.	Rafaqat et al., 2025
	Diversity, Equity, and Inclusion	A problematic phenomenon that HCM can transform into an asset is influenced by workforce diversity and international management. It involves minority groups adapting to a different organizational culture, including language, customs, and norms.	Bar-Haim et al. 2024
	Diversity, Equity, and Inclusion.	Expanding the concept of employee diversity to encompass a range of skills or levels of education requires careful consideration and openness to new job definitions.	BCG (2023).
	Diversity, Equity, and Inclusion.	Today's workplace includes five different generations, becoming a national and nurturing challenge - that is, employee expectations, behavioral approaches, habits, motivation, work abilities, and education.	MariaSavery & Ragamehon (2020).
	Diversity, Equity, and Inclusion.	Multicultural barriers in the workplace pose a significant challenge for business organizations. It requires developing a global management and control model that encompasses behavior, perception, and basic capabilities.	Shankar (2021).
	Diversity, Equity, and Inclusion.	The result of migration is that globalization has created a global society and poses challenges for coexistence and cooperation among different entities, countries, and cultures. Considering that workforce diversity improves the efficiency of international organizations through activities and strategies that navigate the challenges of international markets. Failure in human resource management may harm competitive effectiveness.	Iroiwen (2022).
	Diversity, Equity, and Inclusion.	To sustain the HCM organization's interest, a new paradigm is required to ensure employee wellbeing, including recruitment, work coconfiguration that integrates automation, and effective management of age gaps and multiculturalism to increase employee motivation.	Hanine & Dinar (2022).
	Diversity, Equity, and Inclusion.	The impact of regulations and laws on human resource management and employee rights poses a challenge to organizational diversity. It affects recruitment policies, equal treatment, and the prevention of discrimination based on age, gender, race, religion, and disability. Emphasizing the inclusion of diverse cultures can improve policies, working conditions, and development programs for employees.	Erwin et al., 2025.

		Research highlights the importance of effective Diversity, Equity, and Inclusion (DEI) programs that concentrate on structural workplace improvements rather than just recruitment, ensuring that diverse talent is retained.	Conell University (2026).
Globalization	Global recruitment Virtual recruitment Remote work	Remote work poses a challenge to organizational culture, leading to concerns about reduced performance, difficulties accessing information, and insufficient oversight of norms. -Building a supportive culture for remote work is tough, and employees worry about professional forgetfulness and missing opportunities within the organization.	Mariasaeq & Rajamohan (2020).
	Global recruitment Virtual recruitment Remote work	As a result of globalization and immigration, people who have never been abroad encounter diverse human and cultural backgrounds in the workplaces of local companies.	Rafaqat et al.,2022
	Global recruitment Virtual recruitment Remote work	Globalization has contributed to workplace diversity. Management has had to acquire new skills to function in the international arena. -The issue of cultural barriers is emerging and poses new challenges for HCM. This entails new demands on management skills and poses a major challenge for the department responsible for training and adapting managers.	Shankar (2021).
	Global recruitment Virtual recruitment Remote work	The global economy is pushing businesses to adapt to shifting demographics, technologies, and laws and regulations. -Regulatory and legal changes are forcing organizations to change internal labor policies, procedures, and adapt to new requirements. A deep understanding of labor laws is essential to the HCM system. It requires improvements to avoid lawsuits for noncompliance with labor and regulatory requirements, including those related to recruitment, training, discrimination, and working conditions.	Erwin (2025).
	Global recruitment Virtual recruitment Remote work.	Globalization has turned the HCM function into a global one, presenting challenges such as adapting to international standards and cultural nuances, managing a diverse workforce, navigating labor laws, and coordinating teams. - HCM is now a strategic function that enhances employee motivation programs.	Binita (2025)
		Globalization and technology free workers from fixed locations and times. This allows employers to hire international talent, potentially leading to downsizing and outsourcing. Employees should focus on goalsetting and career development to achieve their objectives.	Bar- Haim et al., 2024

		The advancement of Human Capital Management (HCM) globally faces challenges, including managing workforce diversity, aligning strategies with goals, and enhancing employee engagement through development. Organizations must also navigate legal compliance, uphold ethical standards, and address cultural dynamics. A proactive approach and global awareness are essential for HCM success in a changing environment.	Groenewold et al.,2024
	Global recruitment Virtual recruitment Remote work.	Due to technological advances, HCM is undergoing virtualization, including cloud-based platforms, advanced analytics, and interfaces. This enables overcoming barriers in data analysis and adapting to the era of AI, automation, and personalization while addressing the human dimension by providing the right balance through human touch.	Talent Management Institute (2025).
		The organizational environment in the current era is global and crossborder; organizations leverage their comparative advantage in a particular field and do everything they can to participate in the global market. Against this background, human resource management has become more complex and challenging. It is necessary to focus on special aspects of multiculturalism, employee mobility and mission support, candidate recruitment and their assessment and selection, and cost forecasts.	Meshoulam & Harpaz (2015).
		Categorizes the challenges due to globalization in accordance with the new business landscape of the expansion of the areas of activity of international organizations, and is expressed in building an international workforce in accordance with organizational strategic goals, in dimensions of cross-border recruitment, understanding the local trends, global platforms of recruitment and selection, as well as processes that align with the regional norms. Finally, crossborder engagement and inclusion.	Innovare Group, Biz Support Company (2025)
		As a result of globalization, HCM has shifted its approach from providing local support to serving as a strategic function that manages human resources and their unique skills. This involves leveraging the organization's core human capital capabilities to generate value beyond traditional activities like recruitment, to meet the challenges of global talent competition, navigate workforce diversity and cultural differences, and incorporate information technology, such as HRIS.	Hitt et al., 2024

		<p>The HCM department faces three main challenges related to cultural differences within the organization. First, developing cross-cultural literacy is crucial for understanding how these differences affect the workforce in an international setting. Second, the link between culture and national competitive advantage should be examined. Lastly, the relationship between culture and ethical decision-making within the organization is vital.</p> <p>The strategic role of firms in international organizations is more complex due to the need for effective team management, performance appraisal, and compensation systems. This complexity arises from variations in labor markets, cultural norms, legal systems, and economic structures across different regions. However, the function that effectively addresses these challenges will ultimately become a significant source of competitive advantage in the global economy.</p>	Hill (2025).
Skills Gap	<p>Development of personal teaming</p> <ul style="list-style-type: none"> - HCM Perceptual change. -Criteria planning for recruitment, 	<p>A significant shortage of a globally skilled workforce relative to long-term demands will challenge the HCM function.</p> <ul style="list-style-type: none"> -Organizations will be forced to prioritize investments in human capital over financial capital, as human capital is more influential in enabling a firm to become a global leader. 	Binita (2025).
	<p>Development of personal teaming</p> <ul style="list-style-type: none"> - HCM Perceptual change. -Criteria planning for recruitment, 	<p>As companies confront environmental, economic, and social challenges, job demands are evolving, creating a strong need for new skills across Europe, China, and the US. Policymakers, industries, and organizations must identify solutions to address this skills gap. Key areas of focus include skills development, knowledge management, business impact, leadership and culture, and new learning technologies.</p>	Brown et al., 2024
	<p>Development of personal teaming</p> <ul style="list-style-type: none"> - HCM Perceptual change. -Criteria planning for recruitment, 	<p>The skills gaps relevant to our time require a solution that involves a joint effort among businesses, educational institutions, and higher education.</p> <ul style="list-style-type: none"> -HCM intervention to address the threatening phenomenon is lifelong learning planning for the organization's employees. -The missing skills hinder the organization's ability to integrate and enhance capabilities through digitization. 	Mason et al., 2025
	<p>Development of personal teaming</p> <ul style="list-style-type: none"> -HCM Perceptual change. -Criteria planning for recruitment, 	<ul style="list-style-type: none"> -The skills gaps relevant to our time require a solution through a joint effort between businesses, educational institutions, and higher education. -HCM intervention to address the threatening phenomenon is lifelong learning planning for the organization's employees. The missing skills hinder the organization's ability to integrate and enhance capabilities through digitization. 	Kravchuk et al., 2021

	Development of personal teaming -A perceptual change -Criteria planning for recruitment.	In business organizations, high levels of workforce skills are required to facilitate the effective adoption of new technologies. -Many companies suffer from a widening skills gap that creates a slowdown in organizational productivity and the development of long-term resilience. -The HCM function needs to understand that this problem cannot be solved by recruiting young forces. However, a solution requires a combined effort from all concerned parties: employees, employers, educational institutions, students, job seekers, researchers, and policymakers.	Braun et al., 2023
	Development of personal teaming -A perceptual change -Criteria planning for recruitment.	-A shortage of highly skilled personnel characterizes the logistics sector. Therefore, HCM activities should focus on attracting talent and reducing .attrition -In LSCM, the impact of human resources on the ability of operations to achieve their growing metrology goals in areas of innovation capacity is contingent on the success of recruiting excellent managers with knowledge and employee training abilities.	Dabral & Phrohit (2023).
	Development of personal teaming -A perceptual change -Criteria planning for recruitment.	The future of work in organizations centers on a highly skilled workforce, yet acquiring and retaining it is difficult In 2023, 75% of employers reported difficulties recruiting employees with the skills required by the organization, and segments of the population lacked access to jobs that met their aspirations. -HCN initiatives can expand the 3 domains: circle of talent, control talent systems, and implement support for them.	BCG (2023).
	Development of personal teaming -A perceptual change -Criteria planning for recruitment.	Organizations must employ data-driven strategic workforce planning aligned with the firm's strategic objectives.	Jaillet et al., 2022
	Development of personal teaming -A perceptual change -Criteria planning for recruitment.	The gap between expectations and delivery in HCM is widening due to strategic and technological changes. Most HR departments are not fully utilizing available tools, including GenAI, with only 12% of managers having conducted strategic workforce planning in the past three years. Rising attrition is complicating talent acquisition and widening the skills gap. To address these challenges, HCM must enhance proactive workforce design, workforce strategies, employee engagement, and longterm organizational performance.	McKinsey (2025).

	Development of personal teaming -A perceptual change -Criteria planning for recruitment.	In this century, a major challenge for HCM is attracting and retaining talented employees. This requires understanding their potential, supporting development, and building trust. The scarcity of advanced skills creates a gap, making replacements difficult. Solutions like career advancement opportunities, skill development, and new challenges are essential for retention while maintaining productivity and profitability.	MariaSavery & Rajamhan (2020).
	Development of personal teaming -HCM Perceptual change Criteria planning for recruitment.	The 4th Industrial Revolution has raised concerns for HCM departments due to a skills mismatch between the workforce and current requirements, impacting organizational performance and sustainability. New skills needed include learning agility, technological innovation, creativity, and self-directed problemsolving. The development of existing employees is crucial, as the HCM function can help optimize organizational management and align automated learning with technological advancements to drive economic growth.	Mabaso & Ontong (2025).
		Enduring talent retention does not depend solely on policies or norms. It requires coherent, integrated systems in which recruitment, compensation, development, and retention practices support each other. An analysis of 1 million employee surveys from 1,500 firms in Singapore shows that companies with an integrated talent strategy achieve dramatically higher loyalty and profits than those relying on a single measure. Organizational culture and long-term workforce stability stem from internal cohesion of core practices, as evidenced by firms operating in competitive economies.	Sigelman.et al., 2026
		AI is beneficial for human roles and therefore raises concerns that technology will eventually replace human workers, but this will not happen because digital tools have always been responsive to humans. Humans are also responsive to their tools. Although AI is radically changing how work is done and who does it, the greatest impact of technology is in complementing and augmenting human capabilities, not replacing them.	Wilson & Daugherty (2018).
		AI provides key ways to develop comprehensive skills, including fostering psychological safety for employees and adopting script predictions for workforce planning.	Norian & Akons (2025) HBR
		The effort to resolve the skills gap requires improved workforce development to respond to changing environmental trends, such as technological and innovation-driven shifts. It focuses on 3 areas: employee development and training, organizational development, and leadership development.	Bar- Haim et al., 2024

		<p>One-fifth of today's jobs will likely disappear or undergo major changes by 2030 due to rapid structural shifts and uncertainty in the business environment.</p> <p>- A prerequisite for the immunity of modern economic systems is to adapt to changes, and this requires an expensive budget due to the intervention.</p> <p>In the 21st century, skills will be based on internal personal and cognitive skills. In the US, the emphasis is on internal personal abilities and several areas of knowledge, such as management and biology.</p> <p>In the UK, the emphasis is on cognitive abilities and rapid learning strategies.</p>	Bakhshi et al., 2018
		<p>Cornell University's ILR School, along with the Center for Advanced Human Resource Studies (CAHRS), is focusing its main research for 2025–2026 on transitioning from "job-based" to "skillsbased" organizational models. This shift highlights the understanding that about 60% of the core skills needed for current roles will change during this period. Cornell's internal development philosophy emphasizes the "60-20-20" rule, which states that career growth primarily depends on the employee's effort: 60% the individual's from initiative, 20% from university resources, and 20% from direct manager support. Additionally, although AI continues to automate various tasks, it underscores the importance of "human" skills such as emotional intelligence, critical thinking, and ethical decision-making in today's workplace.</p> <p>Regarding employee retention, findings indicate that retention strategies should emphasize tangible career advancement rather than superficial perks. Internal mobility offers a distinct advantage, as internal hires tend to outperform external candidates due to their "firm-specific human capital." To improve employee perceptions of fairness and encourage long-term commitment, there is a move from numerical ratings to narrative performance reviews.</p>	Cornell University, 2026
		<p>Fully engaged employees are committed to the organization and its goals and are willing to give their all to their team and the organization. They are confident in their coworkers' support and passionate about the organization's future.</p>	Buckingham (2021)
Regulation & law	Legal Compliance Regulatory Compliance	<p>In international organizations, HCM policies are influenced by the labor laws of the countries in which they operate, including minimum wage, compensation, and benefits; therefore, the function needs to learn the relevant global labor laws for the countries where business activities take place.</p>	Benita (2025).

	Legal Compliance Regulatory Compliance	In the operations of international businesses under global regulatory and labor laws, the HCM function faces compliance challenges across distinct legal jurisdictions, particularly regarding payroll, tax benefits, and data privacy. -The technology helps solve the problem by implementing Encryption and security controls. Moreover, it helps create precise definitions for the use of function employees regarding information collection and system access.	Talent Management Institute (2025).
	Legal Compliance Regulatory Compliance	It is essential to strictly follow legal requirements in the workplace, as compliance with these regulations is likely to improve overall sensitivity. Additionally, concern for employees' health and mental well-being has implications that extend beyond their work life and affect more than just immediate profits or daily benefits for employers.	Bar Haim et al., 2024
	Legal Compliance Regulatory Compliance	Regulations and laws significantly influence human capital management (HCM) and team management, affecting recruiting, training, performance evaluation, and employee development, while establishing behavioral norms and benefits. While some believe that restrictions can promote innovation and efficiency, regulations also determine minimum employment standards and employee rights, forming a basis for ethical practices. However, differing regulatory frameworks across jurisdictions complicate compliance for international companies, presenting both challenges and opportunities for HCM improvement. (HCM) and team management, affecting recruiting, training, and related activities.	Erwin et al., 2025
	Legal Compliance Regulatory Compliance	Organizational dynamics change because of compliance with labor laws. In matters related to employees: working hours, rest, employee rights, and limited employee rights. -The technological changes that occur in the organization require the HR function to additionally consider the legal requirements on issues of personal data confidentiality. -From an HR perspective, the challenges lie in labor relations, the environment, product standards, taxation, and avoiding penalties for the organization.	Rahman et al., 2024

	Legal Compliance Regulatory Compliance	Organizations today operate within legal frameworks that regulate every aspect of employment, from recruitment and selection through rejection to postemployment obligations. As the world of work has become more global and regulated, maintaining compliance with labor laws and standards has become a strategic necessity. -Non-compliance with regulations can lead to severe consequences, such as financial penalties, reputational damage to the company and brand, and loss of employee trust. Therefore, the challenge and expectation for HCM is to remain attentive to the requirements of evolving law.	Islam (2025).
	Legal Compliance Regulatory Compliance	Regulatory compliance in Human Capital Management (HCM) is essential for protecting the organization and ensuring fair treatment of employees. It encompasses the ethical standards and laws that must be adhered to maintain alignment with local, state, and federal requirements. This compliance applies to all areas of the function's operations, including recruitment, where fairness and legality are crucial; employee welfare; the confidentiality of personal information; maintaining a safe work environment; wages; working hours; and exit procedures.	Minread (2025).
	Legal Compliance Regulatory Compliance	Regulatory and legal compliance influences the HCM framework, organizational culture, and employee well-being. The practical challenge for the function is to navigate the legal landscape to implement HCM strategies effectively and align with the organization's goals. -The rapidly changing regulatory landscape is shaping how employee safety, diversity, inclusion, and well-being are managed. This improves employee loyalty, productivity, and organizational culture, and leads to support, trust, and accountability.	Hasyim & Bakri (2023).
	Legal Compliance Regulatory Compliance	Compliance with HCM regulations and laws is a fundamental part of protecting the organization and ensuring fair treatment of employees. Ethical and legal standards, and remain an organization that complies with federal, state, and local laws. In other words, recruitment, equal opportunity, employee information privacy, employee retirement, health insurance, creating a safe work environment, employee discipline, and termination.	Scranton University

	Legal compliance. Regulatory compliance	Recent studies on legal compliance show that 28 employment laws intersect with HCM in several dimensions, reshaping the interactions within the function. The dimensions are, for example, recruitment and selection, anti-discrimination law, and EEO, regarding engagement (FMLA), workplace safety (OSHA), and restrictions on information privacy and access (GDPR).	University of Pittsburgh (2025).
Technology	AI Digitization and Automation	The changes driven by gen AI are forcing workforce planning to move to the long run and script planning. GenAI can drive efficiency and effectiveness amid rising costs.	McKinsey (2025).
	AI Digitization and Automation	Today, the development and integration of AI in organizations is more unbalanced and stressful for working relationships. A shortage of AI experts also poses a major challenge for organizations.	OECD (2023).
	AI Digitization and Automation	The modern workplace is shaped by skills shortages and technological disruptions, posing challenges to human capital management (HCM). The rapid integration of AI and other technologies highlights the need for strategic workforce development to foster innovation and competitiveness. Organizations must also establish policies on AI strategies, ethics, and standards while emphasizing digital skills and continuous learning.	Mabaso & Ontong (2025).
	AI Digitization and Automation	Organizations need to realize that DT is important beyond just its technologies. This requires them to develop a broad digital strategy and digital capabilities across four main areas: assessing the firm's readiness for DT, creating and communicating a clear digital vision and strategy, fostering a culture of innovation within the organization, and prioritizing technology investments. -HCM's role in these challenges is to provide tools for managers within the organization to concentrate on the capabilities necessary for successfully implementing technology across various systems.	Cao et al.,2025
		After integrating D.T. into daily routines and overcoming obstacles, technology helps the firm perform in the long term. Still, the analyses show that technology's greatest help is in the mature stage of the brand/product life cycle.	Huagunet et al., 2021
	AI Digitization and Automation	Introducing Virtual HCM, designed to automate HR tasks through AI, digital tools, and platforms that enhance efficiency. The virtual HR market is currently valued at \$24.23 billion and is projected to grow by 12.7% by 2030. -The system consists of various cloud-based HRIS tools, communication and collaboration tools, selfservice portals, chatbots, analytics, and an online learning platform.	Editorial Team (2025).

	AI Digitization and Automation	The integration of AI systems and advanced big data analytics into collaborative work environments has significantly optimized operational workflows and enhanced overall business productivity. Additionally, there is a growing emphasis on leveraging technology in the recruitment and selection processes. This trend aims to implement fair and transparent human capital management practices, thereby ensuring a more equitable approach to talent acquisition.	UR-Rohman (2024).
		Technological advances have fundamentally transformed Human Capital Management (HCM) from a routine office task that merely supports organizational operations into a crucial strategic partner. This transformation has occurred in three phases: digitization, automation, and augmentation. To stay competitive, organizations must not only adopt these new tools but also establish a role for a digital HR officer who can balance technology with a thorough understanding of organizational needs.	AI (February 2025).
	AI Digitization and Automation	Regulation and legislation encourage companies to be innovative by using technology in recruitment processes and developing effective training programs.	Erwin et al., (2025)
		In the commercial and industrial sector, digital technology improves the ability to perceive quickly, respond agilely, and make smart decisions. The literature shows that in traditional industries, after a company completes digital transformation, production efficiency increases by an average of 30-50% per unit. Moreover, the entire organization becomes 8-10 times more efficient in operations.	Teng et al., 2022
	AI Digitization and Automation	<ul style="list-style-type: none"> - Successful organizations will evolve by investing in technology that prioritizes both people and processes. - The modern workplace is complex, with larger, diverse teams affecting work dynamics. - Frontline workers are essential, yet managers often operate with limited resources. - Organizations face pressures to reduce labor costs while still ensuring customer service and compliance. - Human Capital Management (HCM) must unify data and culture to support managers and promote workforce value, driving overall growth. 	UKG (2025).

		Digital technologies have a profound impact on the world today. A wide range of industries is experiencing a significant shift in how they apply technology, leading them into a new era. Sectors such as banking, insurance, automation, petrochemicals, steel, energy, food, entertainment, and education have been affected. This has transformed various aspects like products, services, and customer satisfaction.	Nabi Faraz (2024).
	AI Digitization and Automation	The integration of AI technology across industries is significantly changing the HCM landscape. Technology is redefining challenges and opportunities, creating new roles, a critical need for skill development and adoption that incorporates ethical considerations, and a significant impact on organizational culture.	EL-Gozhail et al., 2024.
	AI Digitization and Automation	Digital transformation enhances efficiency and innovation and influences organizational performance by integrating technology into business processes. Merely adopting technology does not ensure better performance; it must be paired with a strategy to foster a culture of innovation and to utilize data-driven decision making. The challenge for HR is to ensure managers and employees have the appropriate skills and to design an organizational governance structure. Adopt a holistic approach to AI, IoT, and digitization.	Mason et al.,2023.
	Digitization	Digital transformation is affecting all sectors of society and, in certain economies, offers an opportunity for radical technological changes in business models. Such as social networks, mobile, Big data, IoT, and blockchain, and involves changes in the operation of core capabilities, product and process changes, and organizational structure. Digital transformation can give organizations a competitive advantage if managed well.	Ziyaden et al., 2020
Technology	AI	Offer a leadership strategy focused on maneuvering AI integration in a time of constant uncertainty.	HBR editors (2024).
	AI	They add that to train the organization's employees in digital capabilities, HCM needs accurate insights into their current employees' capabilities, and AI can help with this.	Head & Locke, (2025).
	AI	As a result of leveraging AI, employees need new capabilities. This requires HCM to face a difficult, time-consuming challenge: attracting and retaining talented employees if an organization wants organizational innovation and customer satisfaction.	Eastwood (2024). MIT

	AI	<p>The implementation of AI technology in contemporary society reduces employee productivity, contributes to mental , and raises concerns about the future of work. The forecast is that 40% of Agentic AI projects will be canceled by 2027 due to implementation failures .and financial failure</p> <p>Therefore, today, the demand from the HCM function is to save employees' effort, not just their time. Management is pushing for the adoption of AI in as many cases as possible without space or time to examine whether the output is of high quality or fit for purpose. The function needs to understand that AI should be used only where it truly .adds value to the work</p>	Gartner-McRace (2026)
		The implementation of AI in organizations increases tension between management and employees due to management's setting of high goals and the actual performance levels, resulting in decreased productivity.	HBR Editors (2026)
		To improve the value chain, the appropriate and balanced combination of human and machine must be identified in the work.	
		<p>GENTIC AI boosts AI capabilities and opportunities in markets. Provides means to improve resource efficiency and automate complex tasks. It is estimated that 15% of daily work decisions will be made automatically by agentic AI by 2028.</p> <p>To get the full value of technology, organizations must focus on organizational productivity instead of individual task augmentation, delivering business value through cost, quality, speed, and scale.</p>	Gartner (2025), Anushree
	AI	<p>Artificial intelligence is transforming a variety of economic sectors, but it will not eliminate human workers. Studies show that the greatest productivity improvements are achieved when humans and AI work together rather than relying solely on automation to reduce the workforce. Humans play a crucial role in training AI and ensuring its ethical use. At the same time, AI can aid tasks such as data analysis and customer support, enabling individuals to focus on more advanced functions. To fully leverage the advantages of AI, organizations should revamp their business processes to align with objectives such as enhancing flexibility or personalizing services, and cultivate employees who can effectively collaborate with AI. Some organizations are already enhancing this humanmachine partnership, and more should embrace similar strategies.</p>	Wilson & Daugherty (2018).

Declarations**Conflict of Interest**

No Conflict of Interest

Data Availability

The raw data supporting the conclusions will be made available by the author upon request.

Funding

The research received no external funding.

Author Contribution

T.R. organized the database, conducted the content analysis and statistical tests, and approved the submitted version.

References

- Bakhshi, H., Downing, J., Osborne, M., & Schneider, P. (2017). *The future of skills: Employment in 2030*. Pearson.
- Bar-Haim, H. (2014). *Human Resource Management*. Lamda the Open University Books. Israel
- BCG (2023). *The Future of Work*.
- BCG (2025). *Ten Forces Reshaping Global Business*. International Business
- Bhakuni, S., & Saxena, S. (2023). Exploring the link between training and development, employee engagement and employee retention. *Journal of Business and Management Studies*, 5(1), 173-180.
- Binita, J. (June 2025). *Globalization in Human Resource Management: Impact of Globalization on Human Resource Management*.
- Biz-Support Company (2025). *The Impact of Globalization on Human Resource Management*, Inovare-Group
- Braun, G., Rätty, P., Bokinge, M., Rikala, P., Hämäläinen, R., Syberfeldt, A., & Stahre, J. (2025). The skill bridge—A global qualitative analysis of skill gap management. *Journal of Environmental Management*, 395, 127738.
- Braun, G., Rätty, P., Bokinge, M., Rikala, P., Hämäläinen, R., Syberfeldt, A., & Stahre, J. (2025). The skill bridge—A global qualitative analysis of skill gap management. *Journal of Environmental Management*, 395, 127738.
- Abramowicz, W., Witold/Kowalkiewicz Abramowicz (Mare), & Węcel, K. (2025). *AI-Driven Digital Transformation*.
- Basvan DE PAS (), *Driving Innovation, Diversity, Equity, and Inclusion*. PwC
- Buckingham, M. (2021). *The top 10 findings on resilience and engagement*. MIT Sloan Management Review, March, 1.
- Cao, G., Duan, Y., & Edwards, J. S. (2025). Organizational culture, digital transformation, and product innovation. *Information & Management*, 62(4), 104135.
- Clapton, J., & Harter, J. (2021). *It is a manager*, Matar Publishing House Ltd. Gallup.
- Dabral, V., & Purohit, H. C. (2023). *Addressing Human Resource Challenges in the Logistics and Supply Chain Management Industry: Impediments on the Path to Achieving Sustainability*. DME Journal of Management, 4(02), 1-9.
- Editorial Team. (January 2025). *The Rise of Virtual HR: Is it the Future of Human Resources?* Talent Management Institute
- Rachid, O. U. S. K. O. U., & Houda, C. H. A. M. M. A. A. (2024). Redefining human capital in the age of artificial intelligence: Challenges and opportunities. *Revue Internationale de la Recherche Scientifique et de l'Innovation (Revue-IRSI)*, 2(4), 933-946.
- Erwin, E., Rauf, A., & Idy, M. Y. (2025). The influence of legal regulation on human resource management practices. *INJOSEDU: International Journal of Social and Education*, 2(2), 443-445.
- Fuller, J., Sigelman, M., Keny, T., & Levy, E. T. (January, 2026). *Employee Retention, Policies, Are Not Enough to Retain Top Talent; You Need Systems*. HBR
- Gomez-Mejia, L. R., Balkin, D. B., & Cardy, R. L. (1995). *Managing human resources*. (No Title).
- Groenewald, C. A., Groenewald, E., Uy, F., Kilag, O. K., Abendan, C. F., & Pernites, M. J. (2024). Adapting HRM practices to globalization: Strategies for success in a borderless economy. *International Multidisciplinary Journal of Research for Innovation, Sustainability, and Excellence (IMJRIS)*, 1(3), 142-149.
- Head, J. C., & Locke, R. D. (June 2024). *The Future of Work: Choose the Human Path for AI*. MIT
- Hill, C. (2008). *International business: Competing in the global market place*. Strategic Direction, 24(9).
- Hitt, M. A., Hoskins, R. E., & Ireland, D. R. (2009). *Strategic management: concepts and cases competitiveness and Globalisation*. Cengage Learning.
- Hasyim, H., & Bakri, M. (2023). The impact of employment law on human resource practices: A global perspective. *The Journal of Business and Management Research*, 6(1), 43-54.
- Zhai, H., Yang, M., & Chan, K. C. (2022). Does digital transformation enhance a firm's performance? Evidence from China. *Technology in Society*, 68, 101841.
- Christopher, I. (2023). *The impact of multi-culture on international business*. Vilnius University Proceedings, 37, 28-33.
- Islam, M. T. *Legal Compliance in HRM: Ensuring Organisational Adherence to Labour Laws and Regulations*.
- Jaillet, P., Loke, G. G., & Sim, M. (2022). Strategic workforce planning under uncertainty. *Operations Research*, 70(2), 1042-1065.
- Kravchuk, O., Varis, I., & Bidna, T. (2021). Demand for HR Competencies in Ukraine: Changes in the Labor Market Under the COVID-19 Pandemic. *Social and Labor Relation: Theory and Practice*, 11(1) 41-30 [http://dx.doi.org.10.2511/slrtp.11\(1\).2021.02](http://dx.doi.org.10.2511/slrtp.11(1).2021.02)
- Mabaso, C., & Ontong, A. (2025). Advancing economic growth through human capital development in the era of the Fourth Industrial Revolution. *SA Journal of Human Resource Management*, 23, 3080.
- Mariasavery, L., & Rajamohan, S. (2020).

- Contemporary Human Capital Issues and Challenges at Modern Workplace-Conceptual Framework: A study. *International Journal of Humanities, Management and Social Science (IJ-HuMaSS)*, 3(2), 68-78.
33. McKinsey (2025). Rethinking H.R.: Aligning People, Strategy, and Technology in a Time of Change.
 34. MEGIDO, I., & PRODAN, A. (2020). Community-based home hospitalization in the Israeli public health system: A qualitative study of the views of health system managers. *Journal of Public Administration, Finance and Law*, 18(67-77).
 35. Mishra, S. (2024). Human resource management practices: enhancing employee engagement and retention in a global context. *Journal of Advanced Management Studies*, 1(2), 19-24.
 36. Nabii, Faraz, Shami Zanjani, & Grosi Mokhtarzadeh. (2024). Explaining and developing the content dimensions of digital transformation strategy. *Strategic Management Studies Quarterly*, 15(60), 23-47.
 37. Oduvwu, P. A., Erhijakor, O., & KEMBIGHA, O.C. (November 2025). Impact of Environmental Uncertainty on Human Resources and Organizational Performance: A Narrative Review. *Journal of (Health, Applied Science and Management*, 9) (1) <https://dz.doi.org/10.4314/johasam.v9i1.11>
 38. OECD (2023). Artificial Intelligence and the Labor Market: Employment Outlook PwC (September 2020) Innovation, Diversity, Equity & Inclusion Survey.
 39. Rafaqat, S., Rafaqat, S., Rafaqat, S., & Rafaqat, D. (2022). The impact of workforce diversity on organizational performance: A review. *Journal of Economics and Behavioral Studies*, 14(2), 39-50.
 40. Ramasamy, I., Natarajan, S., & Mittal, A. (2025). Impact of Workforce Diversity on Employee Retention and Engagement: Mediating Role of Organizational Climate. *Sage Open*, 15(4), 21582440251383043.
 41. El-Awad, M. (2022). Excel as an educational platform for design analyses of fluid-thermal systems. *World Journal of Engineering and Technology*.
 42. Scot, S. (2014). *Technology Strategy for Managers and Entrepreneurs*. Person, New International Edition.
 43. Shankar, S. (2021). Leadership skill in global and multi-cultural organizations. *International Journal of Leadership in Education*, 24(3), 320-335.
 44. Scranton University (May 2025). *Navigating Regulatory Compliance in Human Resources: A Guide for HR Leaders*.
 45. Tsoni, E., Lazanaki, V., & Katsaros, K. (2025). The influence of organizational climate on work engagement: evidence from the Greek industrial sector. *Administrative Sciences*, 15(11), 413.
 46. UR- Rahaman. S., Akatar, N., & Tabassam, A. (June 2024). Legal Compliance and Implications of Technological Evolution on Human Resource Management Strategies. *Al-Amir Vol. 5, Issue No. 2 April -June 2024*. (MAY) Research Center, University of Pittsburgh (February 2025). *The Impact of Employment Law on Human Resource Practices*.
 47. Van de Pas, R. (2025). *Drives Innovation, Equity, and Inclusion*. PwC
 48. Wilson, H. J., & Daugherty, P. R. (2018). Collaborative intelligence: Humans and AI are joining forces. *Harvard business review*, 96(4), 114-123.
 49. Teng, X., Wu, Z., & Yang, F. (2022). Research on the relationship between digital transformation and performance of SMEs. *Sustainability*, 14(10), 6012.
 50. Ziyadin, S., Suiebayeva, S., & Utegenova, A. (2020). *Digital Transformation in Business*. Springer Nature: ISCDTE, 408-415, http://doi.org/10.1007/978-3-030-27015-5_49