International Journal of Trend in Scientific Research and Development (IJTSRD)
Volume 9 Issue 3, May-Jun 2025 Available Online: www.ijtsrd.com e-ISSN: 2456 – 6470

The Impact of AI-Driven Recruitment Tools on Workforce Diversity and Inclusion: Challenges and Policy Interventions

R. K. M Lankanath

Senior Lecturer, General Sir John Kotelawala Defence University, Dehiwala-Mount Lavinia, Sri Lanka

ABSTRACT

Artificial intelligence (AI) in recruiting has revolutionized the human resource landscape by offering fast, scalable, data-driven hiring options. However, using artificial intelligence (AI) in recruiting has also raised serious concerns about bias, justice, and the broader effects on workforce diversity and inclusion (D&I). This study critically examines the effects of artificial intelligence technology on recruiting practices, highlighting their influence on achieving diversity and inclusion goals. In order to ensure equitable employment outcomes, it looks at ethical and legal concerns and inherent algorithmic biases. It also offers recommendations for best practices and legislative suggestions.

How to cite this paper: R. K. M Lankanath "The Impact of AI-Driven Recruitment Tools on Workforce Diversity and Inclusion: Challenges and Policy Interventions" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-9 | Issue-3, June 2025, pp.1308-1313, URL: www.ijtsrd.com/papers/ijtsrd97128.pdf

IJTSRD97128

INTRODUCTION

The need for cost-effectiveness, efficiency, and predictive analytics in hiring is driving a rapid increase in AI-driven recruitment solutions across various industries. These technologies include chatbots, video interview analysis tools, resume screening programs, and predictive analytics systems. Notwithstanding its advantages, AI-driven systems risk reproducing or exaggerating preexisting societal biases, undermining efforts to create inclusive and diverse workplaces. Examining how AI affects diversity outcomes and potential remedies to prevent adverse effects is crucial, given the global focus on equality and representation (Aparna, & Kumar, 2025).

The increased digitalization of the recruitment system has altered human resource management in different countries. AI is one of the most important technologies that has greatly simplified screening, interviewing, and choosing candidates. AI in recruiting is meant to reduce discrimination, speed up the process, and improve how recruiters make decisions. Still, using them has led to issues connected to rightness, openness, and actual improvements in the workforce D&I. The study looks into the impacts of AI being used in recruitment, especially reviewing their good sides, limitations, and the laws needed to ensure fair results (Bano, Zowghi, Mourao, Kaur, Zhang, 2024).

The Effectiveness of Minorities -AI Algorithms' Bias:

AI applications for hiring can show bias in ways such as historical bias, representation bias, measurement bias, and algorithmic bias. Discrimination from history is called historical bias, whereas having too few people from minority groups in the data we use is referred to as representation bias. It is called measurement bias if the metrics for evaluating AI training are not related to actual results. Meanwhile, algorithmic bias happens when design choices produce unequal results in different populations. Such biases negatively affect groups that are not well-represented and often bring significant consequences to them. According to Buolamwini and Gebru (2018), the poor results facial recognition algorithms have on

dark skin can lead the technology to confuse candidates' facial and body language during interviews, so people from disadvantaged communities are rejected, get lower interview ratings or face ongoing discrimination (Buolamwini, & Gebru, 2018, January).

The Challenges and Hazards of AI Recruitment Tools

Although AI-powered tools can transform the recruiting process, they may worsen existing inequalities through several important challenges. To begin with, issues arise when AI learns from old data and instils and preserves previous biases, as proved by Amazon's scrapped hiring tool, which favoured male candidates. Moreover, since many AI systems are challenging to understand, applicants and workers cannot question or understand why they were chosen or not. Lastly, these systems could discriminate using other measures, such as zip codes or schools, since these often reflect differences in race or income. Also, how AI looks at a candidate's face and voice during interviews may lead to trouble for neurodiverse individuals, anyone with speech differences, or users from diverse backgrounds, as facial recognition is known to have racial bias. That means neutral technology can contribute to holding back certain groups if we do not design and monitor it well (Evangelista, & Del Barone, 2024).

Data Privacy Concerns

Many people are concerned about using biometric and psychometric data due to privacy. Many candidates are usually unaware of the quantity of information the software gathers, how it is processed, and its storage security, which goes against data protection laws (Brown, & Chen, 2024).

Literature Review

1. Comparative International Perspectives

EEOC[i], the U.S. Equal Employment Opportunity Commission, suggests using AI for recruitment. Even though many call for regulations, there are not enough rules that can be applied to businesses.

EU's AI Act has put AI recruiting tools in the "high-risk" category and ensured employers must ensure studies and transparency and use human monitors. The law ensures that candidate data is protected by getting informed consent and keeping records to a minimum. These nations have decided to focus on human rights when addressing AI ethics. According to the Privacy Act of New Zealand (2020) and Australia's AI Ethics Framework, openness and justice are important. There are still no specific rules for AI recruiting at this time (Dastin, 2018).

2. Asian Context

In various Asian areas, more organizations employ AI in their recruitment processes, but this happens mainly in technologically advanced nations like Singapore, South Korea, and Japan. However, the regulations are not unified in many countries.

Singapore has led by making its Model AI Governance Framework, which sets out rules that value openness, fairness to humans, and justice. Even though it is not a law, it encourages industries to adopt fairness in AI and use inclusive AI designs.

The Japanese approach is to have companies manage themselves and earn the public's trust. Sticking by the 2021 AI Governance Guidelines encourages ethics in AI, and companies like Recruit Holdings are allocating more resources to make AI unbiased.

Appreciations to its Digital Bill of Rights, South Korea has shown plans to regulate AI in the future. Data privacy and access to technology are current challenges, and people are also becoming aware of AI's impact on work.

In most nations in the area, there are still no formal rules specifically for using AI while recruiting. South Asian countries face gaps in digital technologies, how data is handled, and teaching practical skills to their workers. AI is mainly used in recruitment by MNCs and tech startups, not by the public sector. Even though AI initiatives have not been completed in Pakistan and Bangladesh, both countries are starting to research the governance of AI at a policy level (Joseph, 2024).

In several countries, ensuring workers' rights comes before regulating technology. Problems related to prejudice, access to information, and ensuring diversity in AI jobs for employment are not yet settled in policy terms.

Many people do not realize how AI recruiting tools could influence underprivileged adults, such as women, people working in rural areas, and people with disabilities.

Indian businesses use AI platforms like Telecity, Hire Mee, and Turbo Hire because these services review facial features, speech, and AI-processed résumés to improve recruitment. While the government's AIM cares most about jobs, the 2023 Digital Personal Data Protection Act handles data privacy, but enforcement is not always the same. Besides, active work by civil groups and education in AI ethics encourages talks about D&I in the use of AI in hiring. However, barriers remain; for example, algorithms are sometimes biased, which can give some groups an unfair advantage; few regions integrate AI in their

government portals, and mandatory reviews of AI are not required, leaving loopholes for accountability. One important goal in the evolution of work in India is to match AI recruitment progress with a focus on fairness and efficiency (Kamasak, Alkan, & Yalcinkaya, 2023).

3. The Country Context-Sri Lanka

While AI is being introduced in HR processes in corporate and multinational settings, Sri Lanka is still early in using AI for its recruitment. Even if job sites and multinational companies may make hiring decisions with AI, there is no national AI policy or specific rules on algorithmic recruitment in Sri Lanka. The Data Protection Act (2022) needs to cover AI ethics more fully since it does not address accountability. Laws that promote equality at work are not adequately enforced, which worsens differences and keeps people from rural or marginalized groups out due to errors in systems, digital challenges, and inadequate resources. Also, having little research in the area makes it harder to develop appropriate policies for workforce diversity. Even so, Sri Lanka could make an AI framework that respects rights by following guidelines from the European Union's regulations. Involving unions, civil society, and those in academia can ensure that AI systems are inclusive.

Some policies propose requiring bias reviews, making AI systems transparent, and working with diverse data to help AI recruitment lead to equal growth. Adopting AI can further increase existing unfairness in the workplace if nothing is done to prevent it (Muralidhar, Sathyanarayana, Swapna, Hukkeri, & Sultana, 2025).

4. Case Study Analysis: Amazon's AI Recruiting Tool

The example of Amazon shows that using AI in hiring carries the danger of introducing bias. The system used data from the last decade to make hiring more effective, which mostly had male applicants. Because the original data involved too few women, the program automatically gave less weight to statements, including "women's chess club captain" and students from women's colleges. Even though changes were made in the code, Amazon abandoned the project in 2018 because the system could not work reliably. First, AI tends to copy the historical biases in its training data and cannot address them just by renovating systems. Second, new technologies can fix errors only in combination with reforms in HR processes. Third, transparency and human checks cannot be avoided for better and ethical AI use in hiring. It shows that bias may be present in AI unless the tools are well-built and regularly supervised.

Many businesses have shown that AI can provide advantages, but it also has its own issues. As a case in point, Unilever used AI and games in assessments plus video interviews for new entrants, resulting in more diversity by carefully monitoring the system. On the other hand, after using facial analysis, HireVue, a well-known video interview platform, met intense criticism from the public and academics. As a result, the company had to rethink and adjust its approach. Experiences from these cases prove the need to use AI responsibly, constantly monitor it, and utilize flexibility. They show that changes in ethics are needed to keep up with technological progress for fair recruitment (Kondra, Medapati, Koripalli, Nandula, & Zink, 2025).

The Bias in AI Recruitment Tools

Various forms of bias in AI hiring tools can be very harmful to people not part of most organizations. When data in AI training has discrimination from history, it can preserve inequalities in the real world. If minority groups are not well represented in the training data, the outcomes can be incorrect. It is called measurement bias when the criteria for job performance in AI training do not correctly show how someone will perform on the job. Moreover, when a system is misdesigned, algorithmic bias can result in unfair treatment of some groups. In some cases, marginalized candidates have less chance of success because they experience constant rejection, faulty interview scores, or mistaken readings of their body language (Buolamwini & Gebru, 2018). They further separate disadvantaged individuals, giving them fewer equitable chances during the hiring process (Kyriakidou, Goumas, Manteli, & Tasoula, 2025).

AI-Driven Recruitment and Legal, Ethical Considerations

Having AI in the hiring process creates ethical and legal problems, mainly as it affects people's data, equal treatment, and what is kept secret. Applicants must be allowed to control automated decision-making processes, as required by the GDPR from the EU. Additionally, legal frameworks, like Title VII of the Civil Rights Act in the US and the Equality Act in the UK, make it illegal to use discriminatory approaches during recruiting. Besides, if AI is to be ethical, it should present its conclusions in a way that is easy for candidates and HR specialists to understand. As a result, since few comprehensive laws exist for AI hiring, businesses are uncertain about what they should and should not do. It points out that newer laws are needed to guide AI-related work at companies (Rahman, Hossain, Miah, Alom, & Islam, 2025).

The Best Practices for Integrating with AI in Equality

AI can assist in adding diversity to recruiting as long as it is implemented sensibly, as it can carry certain risks. Some key tips are organizing frequent bias audits to fix discrimination issues and training AI models using diverse datasets in ethnicity, gender, age, and background. A person must always review hiring algorithms to ensure that people make significant decisions. Moreover, people should be told precisely what AI does and how the developers arrive at their conclusions. Taking a team approach that includes people from different backgrounds makes AI systems less biased. For example, the IEEE and the AI Now Institute have outlined ethical principles concerning AI development, choosing fairness, accountability, and transparency as basic guidelines. By introducing these strategies, companies can use AI to help ensure equality in hiring and avoid causing problems (Act, A. I. 2021).

Policy Interventions and Ensuring Equitable Recruitment

Policymakers must ensure AI is used responsibly in recruiting by bringing in measures that ensure fairness and responsibility. It is important to make it compulsory for companies to review the D&I impact of any AI technology they plan to use. Besides, systems for standard certification and the requirement to publicly share performance and bias results should be introduced to ensure fairness in AI recruiting. Wanting businesses to obey the rules, governments could reward organizations that fulfil diversity goals by hiring fairly with special tax breaks and acknowledgement. Collaborative governance ensures that recruiting organizations work with community and industry leaders to produce AI guidelines that are more suitable for everyone (Raji, & Buolamwini, 2019, January).

Methodology

The case study uses a qualitative and comparative research method to analyze AI's effects on hiring workforce D&I in Asia, South Asia, India, and Sri Lanka. The three crucial steps in the process are document investigation, examining similar policies in different places, and showing educational case studies (Vivek, 2023).

Data Collection

To gather the data, a mix of academic articles, policies, company reports, and laws on AI recruiting and D&I was studied. The secondary sources comprised scholarly journals, recent news articles, and expert thoughts.

To examine recent advancements in the area, including technological advancements, digital workplaces, and initiatives to address AI ethics. In South Asia, stressful concerns like poor technology, negative cultural beliefs, and informal employment. In the case of India, many insights can be gained into the role AI adoption plays in the country's legislation about diversity and social issues. This country was selected because its digital policy is changing and because certain ethnic and gender groups are not as represented in the workforce (Raheja, & Gupta, 2025)

Conceptual Framework

Artificial Intelligence in Recruitment

In recruiting, AI uses machine learning, NLP, and data analytics to perform tasks such as screening resumes, organizing interviews, and ranking candidates. Well-known AI tools are Hire Vue, Plyometrics, and

LinkedIn Talent Insights. The process looks at a wide range of data and approves matches based on behavior, tone of voice, facial expressions, and specific markers in one's mind (Binns, 2018, January).

Workforce Diversity and Inclusion

Workforce diversity means that people of various groups, such as gender, ethnicity, age, and disability, work in the company. In order to include all members, individuals need to be openly involved and treated with respect, and their support is necessary to make all members feel valuable. Besides D&I being about equality, it also helps a company improve its productivity, creativity, and what stakeholders think (Now, A. I. 2018).

The Promise of AI in Enhancing D&I

Human recruiters can show unconscious bias because of race, gender, age, or a person's name. With the help of AI, candidate profiles are made anonymous, and they are assessed in a fair and standardized way. For instance, Blendoor and Textio remove bias from job descriptions by using de-identified data and better lines of text (Ashik, 2023).

Broadening Talent Pools

Applications from people living in different places or facing underrepresentation can be processed easily with AI. As a result, companies can explore other networks and give the same job opportunities to employees (Adamson, Havens, & Chatila, 2019).

Enhanced Accessibility

Among the AI tools created are those that help people who have disabilities. Having automated interviews make captioning simple, and the ability to adapt the tools for résumé readers helps hearing- or sight-impaired applicants take part in the hiring process (Drage, & Mackereth, 2022).

Conclusion

Hiring workers with AI technology changes the process but can lead to problems with diversity and the inclusion of different groups. If not properly under control, these technologies could clearly show how racism still exists in daily life. Fair, open, and diverse systems will be achieved when personnel from all three areas, policymakers, technologists, and HR leaders, come together. AI can play a significant role in promoting equality in the workplace by offering proper rules, guiding ethics, and using data correctly.

AI has now made recruiting and selecting candidates different for companies. AI-based hiring tools make it easier, equal, and quicker for companies to process and review a high number of resumes. Still, relying on advanced technologies makes it harder for businesses to promote D&I. While AI reduces the impact of human bias in various fields, it might end up causing greater unfairness if not well supervised or if the data behind it is biased.

It looks at how AI in the workplace influences the diversity and inclusion of employees at an international level. Studying information from Asia, South Asia, India, and Sri Lanka, this study explores the positive and negative aspects of using AI for recruitment regarding D&I. It investigates how nations face different laws, values, and working systems to bring together technology and diversity.

This study is needed because it has been realized that AI-based hiring outcomes are affected by society and culture, rules, and the resources organizations possess. Since the workforce in India and Sri Lanka is unique, these areas help us study how AI changes things for people whose employment opportunities may not be considered in many countries.

However, AI technology in hiring makes finding, selecting, and onboarding employees faster and simpler, but it also decreases inclusive and diverse hiring. Responsible use of AI requires organizations to have ethical algorithms, obey laws, adopt effective public policies, and always have human experts oversee the process. When these technologies update, we must alter how we secure fairness in parallel. This way of thinking is necessary to avoid bias in AI-based recruitment and help create workplaces that offer equal chances to all people. We should remain alert, check our progress regularly, and ensure employment fairness is protected whenever new technology is used.

The study can pinpoint applicable practices and suggest real solutions for developing and middle-income countries by looking at different regions and how they create policies. They hope to be part of ongoing talks about ethical AI and make recruiting processes fairer, more inclusive, and more open.

Future Directions

To ensure ethical and inclusive AI adoption in recruitment, robust legal frameworks must mandate explicit consent for data collection, preemptive risk assessments, human oversight in decision-making, and legal recourse for adversely affected individuals. AI systems should be universally accessible, featuring user-friendly interfaces, multilingual support, and design considerations for neurodiverse individuals to prevent exclusion. HR professionals must receive targeted training to navigate AI tools responsibly, emphasizing identifying biases and upholding ethical standards. While AI-driven hiring is inevitable, its implementation must actively counteract systemic inequities rather than perpetuate them. Future research should explore AI's long-term societal impacts, sector-specific risks and benefits, and cross-border regulatory harmonization. Additionally, AI's role in fostering workplace inclusion—through fair promotions, personalized training, and employee well-being initiatives—warrants deeper examination to ensure equitable outcomes beyond the hiring stage. Proactive governance, continuous education, and inclusive design are critical to harnessing AI's potential without compromising fairness.

References

[1] Act, A. I. (2021). Proposal for a regulation of the European Parliament and the Council laying down harmonized rules on Artificial Intelligence (Artificial Intelligence Act) and amending certain Union legislative acts. EUR-Lex-52021PC0206.

[2] Adamson, G., Havens, J. C., & Chatila, R. (2019). Designing a value-driven future for ethical autonomous and intelligent systems. Proceedings of the IEEE, 107(3), 518-525.

[3] Aparna, S. M., & Kumar, S. (2025). Changing landscapes in recruitment: a critical analysis of past, present and future. Personnel Review.

[4] Ashik, I. (2023). AI-Enhanced Recruitment and its Effects on Diversity and Inclusion in Finland.

[5] Bano, M., Zowghi, D., Mourao, F., Kaur, S., Zhang, T. (2024). Diversity and Inclusion in AI for Recruitment: Lessons from Industry Workshop. arXiv preprint arXiv:2411.06066.

[6] Binns, R. (2018, January). Fairness in machine learning: Lessons from political philosophy. In

Conference on fairness, accountability and transparency (pp. 149-159). PMLR.

[7] Brown, E., & Chen, M. (2024). AI and Workforce Diversity: Opportunities and Risks. Digital Transformation and Administration Innovation, 2(4), 24-29.

[8] Buolamwini, J., & Gebru, T. (2018, January). Gender shades: Intersectional accuracy disparities in commercial gender classification. In Conference on fairness, accountability and transparency (pp. 77-91). PMLR.

[9] Dastin, J. (2018). Amazon scraps secret AI recruiting tool that showed bias against women. [online] US Available at: https://www. Reuters. com/article/us-amazon-com-jobs-automation-insight/amazon-scraps-secret-ai-recruiting-tool-that-showed-bias-against-women-idUSKCN1MK08G.

[10] Drage, E., & Mackereth, K. (2022). Does AI debias recruitment? Race, gender, and AI's "eradication of difference". Philosophy & technology, 35(4), 89.

[11] Evangelista, V. C., & Del Barone, L. (2024). Managing Workforce Diversity with AI-Based HRM. In Global Classroom (pp. 85-90). Emerald Publishing Limited.

[12] Joseph, S. (2024). Organizational Workforce Management in the Digital Age: The Role of Technocultural Interventions in Mitigating the Negative Impacts of AI-Driven Technological Change. Archives of Current Research International, 24(10), 10-9734.

[13] Kamasak, R., Alkan, D. P., & Yalcinkaya, B. (2023). Emerging Trends of Industry 4.0 in Equality, Diversity, and Inclusion Implementations. Contemporary approaches in equality, diversity and inclusion: Strategic and technological perspectives, 129-148.

[14] Kondra, S., Medapati, S., Koripalli, M., Nandula, S. R. S. C., & Zink, J. Z. (2025). AI and Diversity, Equity, and Inclusion (DEI): Examining the Potential for AI to Mitigate Bias and Promote Inclusive Communication. Journal of Artificial intelligence and Machine Learning, 3(1), 1-8.

[15] Kyriakidou, O., Goumas, B., Manteli, M., & Tasoula, E. (2025). AI and the Future of Work: Bridging Divides for Marginalised Workers. In AI and Diversity in a Datafied World of Work: Will the Future of Work be Inclusive? (pp. 205-224). Emerald Publishing Limited.

[16] Muralidhar, L. B., Sathyanarayana, N., Swapna, H. R., Hukkeri, S. V., & Sultana, P. R. (2025). Machine Learning Advancing Diversity Equity and Inclusion in Data-Driven HR Practices. In Evolving Strategies for Organizational Management and Performance Evaluation (pp. 423-444). IGI Global Scientific Publishing.

[17] Now, A. I. (2018). Litigating algorithms: Challenging government use of algorithmic decision systems. AI Now Institute.

[18] Raheja, S., & Gupta, R. (2025). The Role of AI in Diversity and Inclusion Initiatives. In Human Resource Management and Artificial Intelligence (pp. 105-125). Routledge.

[19] Rahman, S. M., Hossain, M. A., Miah, M. S., Alom, M. M., & Islam, M. (2025). Artificial Intelligence (AI) in revolutionizing sustainable recruitment: A framework for inclusivity and efficiency. International Research Journal of Multidisciplinary Scope, 6(1), 1128-1141.

[20] Raji, I. D., & Buolamwini, J. (2019, January). Actionable auditing: Investigating the impact of publicly naming biased performance results of commercial ai products. In Proceedings of the 2019 AAAI/ACM Conference on AI, Ethics, and Society (pp. 429-435).

[21] Vivek, R. (2023). Enhancing diversity and reducing bias in recruitment through AI: a review of strategies and challenges. Информатика. Экономика. Управление/ Informatics. Economics. Management, 2(4), 0101-0118.