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The Interplay of Employment Law and Human Resource Management: A Long Research Article on Workplace Rights, Labor Policies, and Organizational Effectiveness

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Abstract
This study will look at the way employment law and human resource management (HRM) collaborate to design workplace rights, policy implementation and organisational effectiveness with a focus on insurance services. Study argues that contemporary regulation spanning equality, privacy, health and safety, platform work, and AI governance has shifted the compliance frontier from ex post dispute resolution to ex ante, systems-level design. Based on Strategic HRM, resource-based theory and psychological-contract theory, it constructs a conceptual framework where legal requirements are viewed as not constraints but enablers, and shaping forces that organise HR routines throughout the talent lifecycle (selection, evaluation, voice, remedy). This model applies to enforcement paths in common-law and civil-law jurisdictions and to the underwriting rationale of employment practices liability insurance (EPLI), demonstrating how compliance-by-design lowers loss volatility, enhances procedural trust, and enhances measurable results. The governance mechanisms bias testing refines explainability with human oversight, proportional monitoring, status audits, grievance service levels, and supply-chain due diligence that transforms mandates into auditable capabilities, using comparative policy analysis and practitioner evidence. It ends with suggestions to policy makers, regulators, HR managers, and insurers, as a research programme on how particular legal design characteristics (e.g., explanation rights, logging obligations) relate to the quality of decisions, fairness, and dispute resolution. Placed at the nexus of law, management, and risk financing, the paper illustrates the way rights-congruent HR structures create resilience, reputational capital, and insurability in multinational, digitally mediated workforces.
Keywords: Employment law; Strategic HRM; Algorithmic management; Due diligence; EPLI; Insurance governance

1. Introduction

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Labor law has transformed from a limited emphasis on minimum requirements of wages, hours, and physical well-being to an intricate, multi-layered regulatory system that now influences data management, non-discrimination, psychosocial hazard, remote and blended labor, and algorithmic assignment of work and rewards; in tandem, human resource management (HRM) has transformed from a support administrative function to an architectural strategy that expresses legal standards in day-to-day people systems staffing, appraisal, learning, and voice, through which organizations implement rights and obligations (International Labour Organization, 2024; OECD, 2024a; OECD, 2024b). This transformation is tied to technological and demographic transformation: artificial intelligence's spread across hiring, scheduling, tracking, and performance measurement doubles both the potential for firm efficiency gains and the possibilities for opacity, discrimination, and due-process gaps for workers, putting a record level of pressure on HRM to build full contestability, explainability, and proportionality into decision streams (OECD, 2024a; OECD, 2024b; Bhattacharjee & Shivakumar, 2025). Simultaneously, the normalization of remote and hybrid working has repainted the geography of managerial power and duty of care, revealing inconsistencies between jurisdictions in health and safety, reasonable adjustments, surveillance boundaries, and trans-border payroll and leave rights; in the absence of intentional design, these inconsistencies detract from predictability in employment relationships and from the psychological contract upon which commitment and discretionary effort rest (Mamaysky & Lister, 2022; Kraak et al., 2024). These forces are particularly relevant to the insurance and related services sectors, whose main value driver is human capital, whose service reliability relies on trust and professional judgment, and for whom the distinction between legal noncompliance and insured loss is thin. Insurers are themselves employers who need to control their own compliance stance as well as underwrite employment practices liability (EPL) and price counterparties' governance quality; therefore, the level of detail in HR processes influences how fairness is implemented in recruitment and advancement, how grievances are addressed, how algorithms are audited directly influences loss frequency and severity, regulatory attention, and reputational risk (WTW, 2025). The reason for aligning HRM strategy and legal compliance is thus not only normative but instrumental: legally grounded HR architectures build replicable routines that minimize Type I and Type II errors in staffing decisions; stabilize expectations to enable voice, participation, and retention; and serve as enterprise risk controls that can be demonstrated to boards, regulators, and underwriters (International Labour Organization, 2024; OECD, 2024a; OECD, 2024b; Kraak et al., 2024). But even with these stakes, theory and practice continue to treat labor law too often as an exogenous restriction to be "bolted on" via policies and trainings, not as an endogenous design parameter in HRM that can structure information flows, incentives, and capabilities; this decoupling makes organizations more dependent on ex post litigation and insurance and less invested in ex ante system design that avoids harm and improves performance (Bhattacharjee & Shivakumar, 2025; WTW, 2025). Emphasizing the intricate labor policies of the insurance industry, cross-border business models, and unique risk profile, this paper argues that the interaction between legal standards and HRM practices is a constitutive driver of organizational effectiveness that influences talent attraction and development, error and incident frequency, client outcomes, and the cost of capital. Consequently, the research issue discussed here is the recurrent disconnect between expanding legal requirements (especially regarding AI-facilitated decision-making and telecommuting) and actual routines of operations in which HRM effectively organizes work, determines merit, ensures due process, and puts worker voice into place, a disconnect that suppresses productivity and justice while raising legal and reputational hazard (International Labour Organization,

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2024; OECD, 2024a; OECD, 2024b; Mamaysky & Lister, 2022). The aim of the article, at the interface of employment law, HRM, and insurance, is to form a systematic, applied framework which (i) charts how groups of legal requirements equality, privacy, health and safety, and collective rights ought to be broken down into tangible HR processes and controls; (ii) discovers mechanisms whereby legally aligned HRM enhances organizational performance, viz. capability building, trust formation, and risk reduction; (iii) prescribes quantifiable indicators for managers and underwriters to evaluate conformity quality among jurisdictions and technologies; and (iv) outlines falsifiable propositions to inform empirical work and policy design within firms and supervisory authorities in insurance and allied services.

2. Theoretical and Conceptual Framework

Based on comparative labor regulation and recent HRM research, this framework accounts for how legal frameworks are transformed into organizational routines that create compliance and performance an acute imperative in insurance and associated service organizations. It has four components: (i) the foundations of employment law, (ii) HRM theory that articulates how organizations construct and use people capabilities, (iii) a model of interplay explaining the processes by which legal rules limit, facilitate, and mould HR practices, and (iv) a conceptual framework that bridges regulatory salience to HR systems and, in turn, to organizational and employee outcomes.

Contemporary employment law goes beyond wage and hour floors to include equality and non-discrimination, occupational health and safety, privacy and data protection, collective rights, and through corporate sustainability and due diligence regimes, obligations that pass-through supply chains. Two recent EU instruments illustrate the breadth and depth of legal salience. The AI governance framework establishes guardrails for the use of algorithmic systems in employment contexts, requiring risk classification, transparency, human oversight, and data governance; these requirements directly implicate recruitment, evaluation, scheduling, and monitoring practices within HR (European Union, 2024a). The corporate sustainability due-diligence regime imposes forward-looking obligations on governing bodies to identify and mitigate adverse human-rights and labor impacts, embedding labor standards into enterprise risk management and board-level accountability (European Union, 2024b). Parliamentary briefings on platform work further codify minimum standards and algorithmic management safeguards clarifying decision contestability, information rights, and the presumption of employment status where control is exercised (European Parliamentary Research Service, 2024). Together, these instruments signal a shift from reactive, ex post enforcement to proactive, systems-level compliance that anticipates harms and demonstrates “effective” control environments within HR. Complementing these regulatory trends, scholarship on mandatory human-rights due diligence shows how public law duties reconfigure internal governance, cascading standards into contracts, monitoring, and remedy across global value chains (Lafarre & Rombouts, 2022).

The model calls upon strategic HRM and the resource-based view (RBV) to frame compliant, equitable HR designs as valuable, scarce, and hard to replicate capabilities particularly where legal expertise, quality data, and process discipline converge. The psychological contract approach accounts for micro-mechanisms: when staff experience consistency in between formal rights and day-to-day practices procedural justice within evaluation, transparency of algorithmic tools, open grievance avenues they retaliate with effort, voice, and persistence, reinforcing the social underpinnings of performance (Kraak et al., 2024; Wonda et al., 2024). A compliance-focused HRM lens views policies, internal control, and audits as an integral part of the HR system, not external "bolt-ons," so that recruitment, performance

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management, and data governance are aligned with legal requirements but retain strategic leeway (Chourasia & Bahuguna, 2024). Such theoretical triangulation places HR not as a passive receiver of rules but as an organizational designer that converts legal restrictions into routines producing reliability and trust.

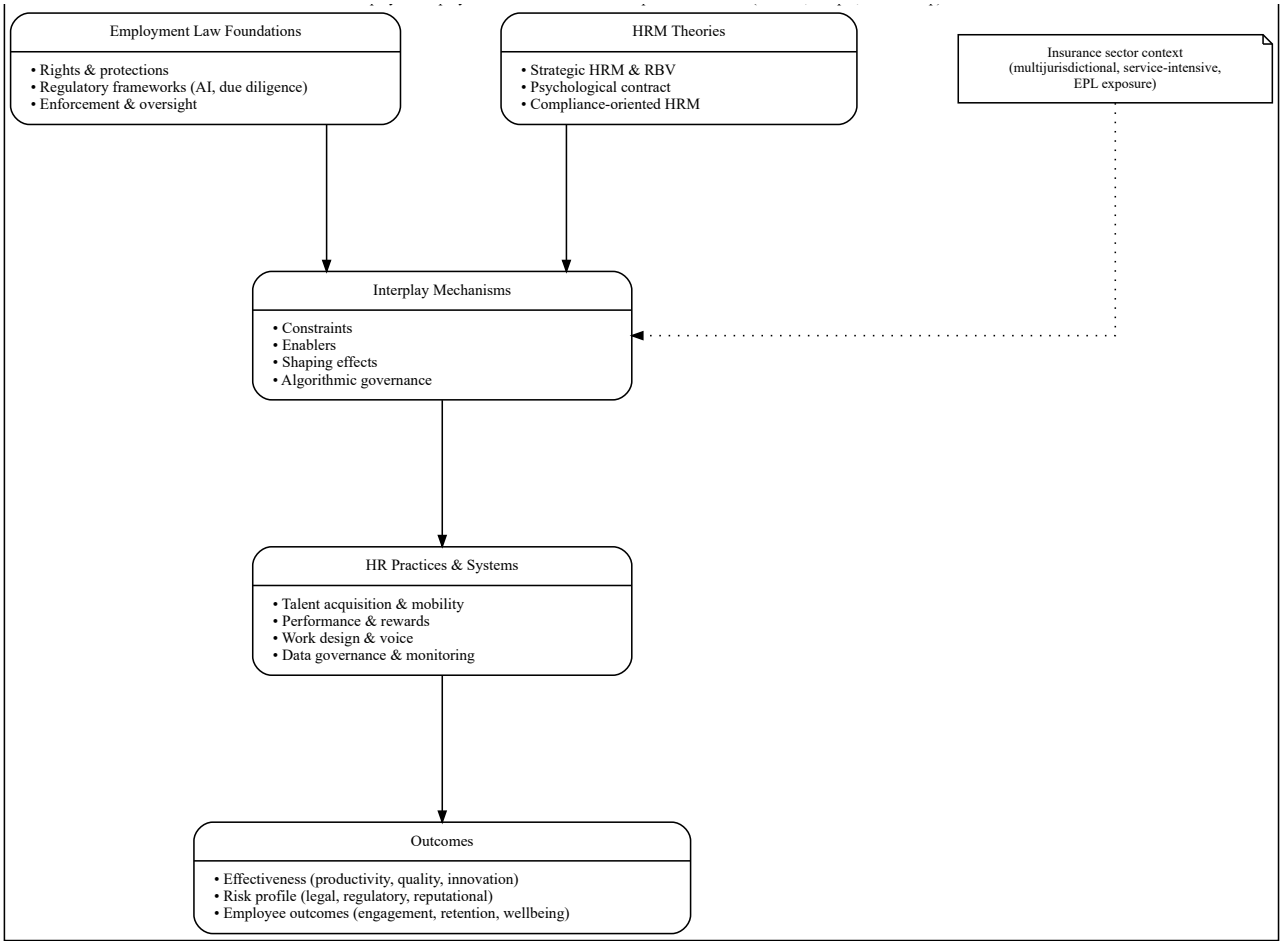

Figure 1: Interplay of Employment Law and HRM

Legal rules operate through three channels. Constraints prohibit or impose duties that bound decision spaces e.g., limits on automated decision-making without human oversight, or requirements for proportionality in monitoring (Aloisi, 2024; Abraha, 2023). Enablers activate rights and incentives that support capability building e.g., mandated information rights and impact assessments that channel investment into data quality, bias testing, and explainability (European Union, 2024a; European Parliamentary Research Service, 2024). Shaping effects standardize practices by setting *how* HR work should be done, influencing job design, performance criteria, audit trails, and vendor governance. Empirical and normative literatures on algorithmic HRM underscore these mechanisms: ethical safeguards for AI at work emphasize contestability, transparency, and human-in-the-loop oversight as design requirements (Capasso et al., 2024), while analyses of data-protection law in employment show how legality conditions the architecture of recruitment and evaluation systems (Aloisi, 2024; Abraha, 2023). Work on fairness in AI-mediated recruitment demonstrates how technical criteria (e.g., feature selection, drift monitoring) and legal standards co-determine system performance and legitimacy,

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making compliance an ingredient of effectiveness rather than a trade-off (Rigotti & Fosch-Villaronga, 2024).

Figure 1 formalizes Conceptual Model Development for these relationships. Employment law foundations feed into interplay mechanisms constraints, enablers, and shaping jointly informed by HRM theories (strategic HRM/RBV, psychological contract, compliance-oriented HRM). These mechanisms configure HR practices and systems (talent acquisition and mobility; performance and reward; work design and voice; data governance and monitoring). The organisational and employee outcomes of productivity, quality, innovation, legal and reputational risk, engagement, retention, and well-being are the practises that are of concern to insurers as employers and underwriters. The feedback loops are direct: compliance-oriented HR controls and board assurance are driven by the risk outcomes; learning is driven by the performance outcomes and refreshes the strategic HRM; employee outcomes rebalance the expectations in the psychological contract. A dotted context layer reflects the character of the insurance business, where multijurisdictional business, dependence on vendors, dependence on services, and exposure to employment practises liability (EPL) render the law-HRM nexus a determinant of performance and insurability. This model therefore integrates public law salience and organisational capability and behavioural legitimacy, and describes how compliance-by-design in HR can reduce the frequency/severity of incidents and maintain high-reliability service delivery.

3. Workplace Rights and Their Enforcement

The rights of the workplace have ceased to be restricted to minimum wages or hours of work; they extend to the integrity of the decision making processes, location independent safety needs, and the status and voice of the workers in new forms of labour markets. Because insurers are employers and because the patterns of employment practises liability (EPL) enforcement have a substantial impact on the frequency of losses (wrongful dismissal, discrimination, retaliation claims), the severity of losses (regulatory fines, punitive damages), and the assumptions of reserving. This section summarises (i) core rights; (ii) emerging issues of remote work, digital surveillance, platform work, and AI-based human resources; and (iii) comparative enforcement practises in common-law and civil-law jurisdictions, focusing on how these can be converted into effective compliance tools to HR and risk management.

There are four pillars that remain central in the cross-jurisdictional environment: the right to decent remuneration, non-discrimination, safe work environments, and freedom of association. In platform-mediated work, recent European legislative proposals show a shift toward contract-only ordering to statutory protection and rebuttable presumption of employment, in the case of algorithmic control an approach that will reinforce wage floors, clarify working hours, and extend the coverage of collective bargaining (Council of the European Union, 2024; O'Carroll, 2024; The Associated Press, 2023). The present labour-board and appellate action on severance agreements and non-disclosure provisions in the United States is an enforcement trend that protects associational and concerted activity rights even at termination to ensure that employers do not overstep in gag clauses that suppress worker voice (Wiessner, 2024). Telework and blended work have shifted the focus of security beyond a physical-location model to one that includes psychosocial hazard, ergonomics, and distribution of duty of care in home workplaces; these shifts necessitate the clear definition of policy and assessment of hazards in HR (Mamaysky and Lister, 2022).

Digital monitoring and AI-based HR action have turned out to be a determinative force in both the achievement of rights and the violation of rights. Practise advice and scholarship warn that incompletely

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understood or poorly validated algorithmic tools in hiring, promotion, or discipline can institutionalise disparate impact and undermine due process unless paired with explainability, bias testing, contestability, and human-in-the-loop scrutiny (Cornell Journal of Law and Public Policy, 2024; Kempe, 2024). The global standard-setting and social-partner action are at the system level, addressing algorithmic transparency, workers right to information, and impact assessment as preconditions of legal deployment, particularly in the platform work with strong information asymmetries (International Labour Organisation, 2025; Mollen and Chiusi, 2023). The two trends give insurers one underwriting signal: (1) compliance-by-design HR pipelines (documentation, testing, vendor governance) among insureds; and (2) in-house policies that enforce rights (e.g., open appeal channels to algorithmic decisions), which can mitigate EPL exposure ex ante.

European civil-law jurisdictions are shifting toward ex ante regulatory checkrails prescribing how algorithmic management should operate and under what circumstances platform control constitutes employment status, so extending the ambit of wage, safety, and collective-rights legislation (Council of the European Union, 2024; O'Carroll, 2024; The Associated Press, 2023). This direction prefers administrative enforcement with more transparent presumptions, on whom to place the burden to prove compliance. Common law systems (i.e., the United States) have increasingly used ex post adjudication and agency interpretations that increasingly police employer practice, including the recent attention to severance NDAs that chill protected concerted activity (Wiessner, 2024). Both legal families are converging on the imperative of transparency and contestability in AI-enabled HR decisions but differ regarding where compliance obligations are anchored: ex ante design obligations in Europe, and ex post liability signals through case-driven evolution in the United States (Cornell Journal of Law & Public Policy, 2024). For global insurers and intermediaries, this divergence implies jurisdiction-specific HR controls and documentation, as well as differentiated EPL pricing and coverage terms tied to the maturity of governance over remote work and algorithmic tools.

Table 1: Workplace rights, enforcement vectors, and insurer-facing implications

Right / Issue	**Typical legal anchor & recent direction**	**HRM compliance levers (illustrative)**	**Enforcement trend (common vs. civil law)**	**EPL / insurance relevance**	**Sources**
Fair wages in platform work	Presumption of employment where platform control exists; algorithmic management safeguards	Status audits; transparent task allocation; pay-calculation disclosure; grievance channels	**Civil law (EU):** ex ante presumptions, administrative guidance. **Common law (US/UK):** case-by-case status tests	Misclassification, wage & hour class claims; rating factor for gig-exposed insureds	(Council of the European Union, 2024; O'Carroll, 2024; The Associated Press, 2023; International Labour Organization, 2025)

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Non-discrimination in AI-mediated decisions	Anti-bias norms applied to recruitment/ promotion algorithms; duties of transparency/contestability	Bias testing; explainability memos; human review; vendor SLAs; candidate notice & appeal	**EU:** design-stage duties emerging with algorithmic safeguards. **US:** ex post litigation and agency guidance	Disparate-impact claims; defense costs magnified by data discovery	(Cornell Journal of Law & Public Policy, 2024; Kempe, 2024; International Labour Organization, 2025; Mollen & Chiusi, 2023)
Safe working conditions (remote/ hybrid)	Extension of health & safety duties beyond premises; psychosocial risk and ergonomics	Home-office risk assessments; equipment stipends; surveillance proportionality; cross-border leave/payroll mapping	**Both systems:** rapid doctrinal adaptation; guidance-driven compliance	Injury/illness claims; stress-related allegations; coverage questions for home offices	(Mamaysky & Lister, 2022)
Freedom of association / worker voice	Protection of concerted activity; limits on severance NDAs and gag clauses	Clause templates; legal review at separation; training for managers; whistleblowing lines	**US (common law):** agency enforcement & appellate review curbing gag clauses. **EU (civil law):** codified information/consultation rights expanding in platform work	Retaliation claims; invalid releases; regulatory penalties	(Wiessner, 2024; Council of the European Union, 2024; International Labour Organization, 2025)
Digital surveillance & data governance	Proportionality and transparency standards; worker information rights	Data-minimization; monitoring DPIAs; access logs; periodic audits; worker notices	**EU:** stronger upfront proportionality tests. **US:** varied by state, litigated ex post	Privacy claims; reputational risk; sub-limits/exclusions for biometric or tracking data	(International Labour Organization, 2025; Mollen & Chiusi, 2023; Kempe, 2024)

Table 1 summarizes how core workplace rights translate into legal anchors, practical HR compliance levers, comparative enforcement patterns across jurisdictions, and resulting EPLI/insurer-facing risk implications.

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Enforcement is co-evolving with technology and work design. Where civil-law regimes define *design-time* duties, firms that institutionalize bias testing, impact assessments, and worker information rights will reduce enforcement friction and signal insurability. In common-law regimes where liability crystallizes *after* disputes, robust documentation (from job analyses to model validation and separation agreements) is the dominant hedge against uncertainty and class-action exposure (Wiessner, 2024; Mamaysky & Lister, 2022). Across both families, social-partner and standard-setting activity emphasize algorithmic transparency and worker agency as necessary governance baselines (International Labour Organization, 2025; Mollen & Chiusi, 2023). In the case of insurers, underwriting must continue to distinguish on the existence of compliance-by-design HR architectures (clear status determination, auditable model governance, remote-work safety measures), and claims teams must be ready to face an even greater evidentiary complexity in AI-related disputes (Cornell Journal of Law & Public Policy, 2024; Kempe, 2024). To summarise, the enforceability of core rights and the direction of emerging problems are converging on one managerial finding: rights-congruent HR systems mitigate volatility in losses and increase organisational reliability in service-heavy, jurisdictionally complicated firms.

4. Labor Policies and Organizational Compliance

Compliance in contemporary workplaces demands the translation of a stratified regulatory environment international conventions, regional instruments, and national codes into audit-able HR practices that safeguard rights and maintain performance. International labour laws and surveillance at the international level set the expectations of the baseline around decent work, and recent reports emphasise macro pressures (tight labour markets, platformization, AI diffusion) that redefine compliance as an active, systems-level capacity (International Labour Organisation, 2024; International Labour Organisation, 2025). Regional frameworks within the European Union have now moved past minimum standards: the Artificial Intelligence Act creates governance responsibilities (risk classification, transparency, human oversight) which directly involve recruitment, assessment, and monitoring; the Corporate Sustainability Due Diligence Directive (CSDDD) introduces human-rights and labour due diligence as a part of corporate governance and supply-chain contracts, making boards more directly accountable to labour impacts (European Union, 2024a; European Union, 2024b; Latham and Watkin; Future of Life Institute, 2025). Parliamentary briefings on the Platform Work initiative further crystallize algorithmic-management safeguards, information rights, and presumptions of employment where control is exercised standards that require HR to operationalize status determinations, grievance routes, and data-access protocols (European Parliamentary Research Service, 2024). National labor codes continue to diverge in how they allocate ex ante design obligations versus ex post remedies, but the practical compliance answer is converging: organizations need integrated policy stacks (governance, process, and evidence) that demonstrate fairness-by-design across HR's lifecycle, supported by capability building and vendor control.

Policy implementation hinges on three design moves. First, governance: assign accountable owners (e.g., CHRO, Data Protection Officer), define cross-functional committees for model governance, and adopt control libraries that map each legal requirement to the HR process where it is satisfied (European Union, 2024a; European Union, 2024b). Second, process integration: embed checkpoints into hiring, performance, and separation for example, bias testing and explainability memos at model release; proportionality checks for monitoring; clear worker-information notices and contestability routes for any automated decision (European Parliamentary Research Service, 2024; International Labour

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Organization, 2025). Third, evidence and learning: maintain DPIAs/AI impact assessments, audit trails, incident logs, training completion records, and outcome dashboards to show effectiveness and enable course correction; OECD analyses emphasize that productivity and distributional gains from AI materialize only when institutions (rules, skills, and governance) co-evolve with technology (OECD, 2024a; OECD, 2024b). For insurers and brokers both as employers and as underwriters this implementation stance reduces frequency/severity of employment practices claims while generating verifiable signals of governance quality in risk selection.

Legal ambiguity arises at the interface of novel technologies and legacy doctrines (e.g., status tests for platform workers; high-risk AI categories and "meaningful" human oversight), requiring defensible interpretations and continuous monitoring (European Parliamentary Research Service, 2024; Future of Life Institute, 2025). The cross-border activities increase the complexity because group policies should meet the highest possible standard and at the same time, local law, vendor ecosystems, and works-council arrangements (European Union, 2024b; International Labour Organisation, 2024). Dynamic workforce needs remote/hybrid work, contingent talent, skill churn demand agile controls, periodic re-validation of models, and targeted training; again, comparative evidence shows that without institutional complements (governance, skills, data quality), AI adoption can widen disparities and invite enforcement (OECD, 2024a; OECD, 2024b; International Labour Organization, 2025). The strategic response is to treat compliance as a capability that couples legal design with HR execution: codify obligations, operationalize them in workflows, and document outcomes that speak to regulators, workers, and (for the insurance sector) underwriters.

Table 2: From policy to practice: what the rules require and how HR operationalizes compliance

Regulatory layer / instrument	**What it requires (selected compliance duties)**	**HR policy & process levers (operationalization)**	**Primary sources**
International: ILO baseline & monitoring	Promote decent work; prevent discrimination; ensure OSH; anticipate platform/AI impacts; strengthen worker information and voice	Global policy stack (equal opportunity, OSH incl. psychosocial risks); remote-work risk assessment; cross-border grievance and remedy; supplier labor-standards clauses	(International Labour Organization, 2024; International Labour Organization, 2025)
EU: Artificial Intelligence Act	Risk classification of HR-related AI; transparency and human oversight; data governance, logging, post-market monitoring; documentation packages	AI in HR standard (inventory of systems; risk registers); pre-deployment bias testing; human-in-the-loop checkpoints; model-card documentation; DPIAs/impact assessments; retraining schedules	(European Union, 2024a; Future of Life Institute, 2025)
EU: CSDDD (due diligence)	Identify, prevent, mitigate, and account for adverse human-rights and labor impacts across operations and value chains; board-level oversight;	Board policy on labor due diligence; supplier codes and audit clauses; grievance/whistleblowing lines; remediation workflow; cross-	(European Union, 2024b; Latham & Watkins, 2024)

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	complaint mechanisms; contractual cascading	functional committee integrating HR, Legal, Procurement	
EU: Platform work & algorithmic management (briefing)	Presumption of employment where control is exerted; safeguards for algorithmic management; worker information rights and contestability	Status assessment protocol; platform-work addendum to recruitment and scheduling; candidate/worker notices; appeal routes for automated decisions; union/works-council information flows	(European Parliamentary Research Service, 2024)
OECD evidence (institutions & AI)	AI's productivity and distributional effects depend on complementary institutions (skills, governance, rules); need for measurement and responsible deployment	Capability roadmap: manager and HR analyst training; data-quality standards; outcome dashboards disaggregated for equity; continuous improvement loops	(OECD, 2024a; OECD, 2024b)
National labor codes (various)	Minimum standards (pay, hours, leave), equal-treatment, OSH, privacy, collective rights; supervisory authority guidance	Jurisdictional compliance matrix; localized handbooks; works-council consultation calendars; lawful monitoring templates; separation-agreement playbooks	(International Labour Organization, 2024; European Union, 2024b)

Table 2 maps each regulatory layer or instrument to its concrete compliance duties, the HR policies and process controls that operationalize them, and the primary sources.

Implementation playbook for HR leaders

1. **Map obligations to processes.** Build a *control library* that links each article/obligation (e.g., AI Act logging, CSDDD grievance) to specific HR workflows and artifacts (job analysis templates, validation files, vendor SLAs) (European Union, 2024a; European Union, 2024b).
2. **Institutionalize governance.** Stand up an HR-AI review board and a human-rights due-diligence committee; define decision rights, escalation paths, and documentation standards (European Parliamentary Research Service, 2024; Latham & Watkins, 2024).
3. **Assure and evidence.** Run periodic audits bias drift, access logs, grievance cycle times publish remediation plans, and retain evidence for regulators and underwriters; OECD guidance stresses that measurement and institutional complements drive real productivity and equity outcomes (OECD, 2024a; OECD, 2024b).
4. **Global consistency, local legality.** Use a "most-stringent wins" approach for global policies, with local addenda for statutory specifics; align supplier governance and whistleblowing channels to CSDDD-grade expectations (International Labour Organization, 2024; European Union, 2024b).
5. **Continuous learning.** Track enforcement developments and official consolidations/technical resources to maintain interpretive clarity (Future of Life Institute, 2025; International Labour Organization, 2025).

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5. Strategic HRM and Organizational Effectiveness

In contemporary organizations particularly in insurance and allied services where intangible human capital, client trust, and regulatory visibility dominate HRM operates as a compliance partner and a performance architect. A strategically aligned HR function does more than "meet the law"; it codifies legal standards into the architecture of people systems (recruitment, assessment, development, and voice), thereby creating reliable routines that reduce variance in decisions, sustain employee reciprocity, and lower exposure to disputes. Comparative evidence shows that institutional complements (rules, skills, data quality) are decisive for whether technology and policy translate into measurable productivity and equity gains, positioning compliance-by-design as a capability rather than a constraint (OECD, 2024b; International Labour Organization, 2024). At the micro level, psychological contract research explains how perceived fairness, transparency, and due process foster engagement and citizenship behaviors that compound into retention and service quality (Kraak et al., 2024; Wonda et al., 2024). In public and quasi-public service settings organizationally analogous to many insurance operations employee voice and trust mediate the link between HR practices and performance, indicating that legal protections for voice must be operationalized as accessible grievance and feedback channels to unlock effectiveness (Iddrisu & Mohammed, 2024). Meta-analyses in strategic HRM also caution that "organizational performance" is a constructed dependent variable: leaders should select auditable outcomes (quality, error rates, cycle times, fairness metrics) and connect them to specific HR controls to avoid attribution error and to learn systematically (Chourasia & Bahuguna, 2024).

The strategic question is how to embed legal norms into HR workflows so that fairness, safety, non-discrimination, and information rights are not episodic but routinely reproduced. This requires an explicit control library (who does what, when, with what documentation), competency-building for HR analysts and line managers, and governance that reviews evidence (impact assessments, bias tests, grievance cycle times) at regular cadences (OECD, 2024b; International Labour Organization, 2024). Done well, the same artifacts that satisfy regulators job analyses, model-validation notes, audit trails also improve managerial decisions, reduce Type I/II errors in hiring and promotion, and build the trust that fuels discretionary effort (Kraak et al., 2024; Wonda et al., 2024).

When legal expectations are translated into transparent processes explainable assessments, proportional monitoring, accessible appeals employees update expectations and reciprocate with engagement and voice, leading to lower turnover and higher service reliability, especially in knowledge-intensive, risk-bearing work such as underwriting and claims (Kraak et al., 2024; Wonda et al., 2024; Iddrisu & Mohammed, 2024). At the systems level, productivity and inclusion gains from digitalization and AI materialize only alongside institutional complements (skills, governance, measurement), which are primarily designed and operated by HR in partnership with Legal and Risk (OECD, 2024b; International Labour Organization, 2024).

In insurance organizations, HRM's compliance posture directly shapes employment practices liability frequency and severity: documented, auditable people systems lower dispute probability, compress defense costs, and protect reputation. Conversely, weak governance around selection tools, performance calibration, or remote-work safety creates loss volatility and invites regulatory and media scrutiny costly in capital-intensive, reputation-sensitive sectors (OECD, 2024b; International Labour Organization, 2024).

The practical playbook is to (i) map legal obligations to discrete HR steps; (ii) instrument those steps with evidence (bias tests, DPIAs/impact reviews, learning records); (iii) publish internal service levels

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for grievance and accommodations; and (iv) run a quarterly "fairness and reliability" review that links outcome dashboards to corrective actions (Chourasia & Bahuguna, 2024; Kraak et al., 2024; Wonda et al., 2024). Table 3 below consolidates these moves.

Table 3: Strategic HRM as compliance-by-design: mechanisms, metrics, and risks

Strategic lever	Mechanism linking HRM to effectiveness	Example KPIs / evidence artifacts	Risk if absent (incl. insurance relevance)	Evidence base
Compliance-partner HR (governance + controls)	Legal duties are translated into repeatable HR controls (e.g., bias testing, appeal routes, OSH protocols) that reduce decision variance and error	Control library mapping; % roles with job analysis on file; share of HR tech with pre-deployment bias tests; % grievances closed ≤ 30 days	Higher EPL frequency/severity; regulatory findings; reputational damage	(OECD, 2024b; International Labour Organization, 2024)
Psychological contract stewardship	Perceived fairness, transparency, and follow-through generate reciprocity (engagement, OCB), lowering turnover and improving service quality	Fairness survey indices; explanation rate for key decisions; appeal utilization & uphold rates; quit hazard ratios	Disengagement, silence, flight of high performers; quality slippage	(Kraak et al., 2024; Wonda et al., 2024)
Voice and trust architecture	Structured channels (speak-up, works councils, retros) convert dissent into learning; trust mediates voice → performance	Voice case-resolution time; retaliation substantiation = 0; % improvements sourced from employee ideas	Litigation over retaliation; missed weak signals → operational losses	(Iddrisu & Mohammed, 2024)
Outcomes discipline (clear DVs)	Selecting auditable outcomes avoids attribution error and enables learning cycles; aligns HR with line value	Balanced scorecard: quality defects/1,000 cases; claims re-open rate; calibration drift in ratings; equity gaps in outcomes	Activity without impact; gaming of inputs; credibility loss with boards/markets	(Chourasia & Bahuguna, 2024)

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Institutional complements for AI & change	Skills, governance, and measurement determine whether tech yields productivity and inclusion gains	% HR/manager cohort trained on AI & law; DPIAs/impact reviews completed; post-deployment drift audits	Tech-fueled bias; productivity paradox; regulatory intervention	(OECD, 2024b; International Labour Organization, 2024)
Remote/hybrid risk integration	Duty of care extends to non-premises work; proportional monitoring and ergonomics embedded in policy	Remote risk assessments completed; ergonomic stipend uptake; monitoring proportionality reviews	Stress/injury claims; privacy complaints; cross-border compliance gaps	(International Labour Organization, 2024)

Operational blueprint for insurance HR leaders. First, co-own compliance with Legal/Risk by establishing a joint committee that approves HR technologies and policies and reviews quarterly evidence (OECD, 2024b; International Labour Organization, 2024). Second, institutionalize the psychological contract: make explainability and contestability default features of hiring and performance decisions and publish service levels for grievance handling (Kraak et al., 2024; Wonda et al., 2024). Third, engineer voice for performance by guaranteeing non-retaliation, measuring trust, and monetizing employee suggestions into quality and cycle-time gains (Iddrisu & Mohammed, 2024). Fourth, specify outcomes that the board can audit and the market can trust link each to a control and a learning cadence (Chourasia & Bahuguna, 2024). Finally, treat institutional complements (skills, governance, measurement) as strategic capital so that technology and policy raise both productivity and inclusion, lowering volatility in people-related losses and strengthening the firm's insurability (OECD, 2024b; International Labour Organization, 2024).

6. Interdisciplinary Insights: Employment Law, Insurance, and Risk

In service-intensive, reputation-sensitive sectors such as insurance, employment law compliance is not only a legal duty but also a risk financing and risk selection variable. Employment practices liability insurance (EPLI) pools exposures arising from wrongful termination, discrimination, harassment, retaliation, wage-and-hour violations, and related employment torts; premium and retention levels typically reflect expected frequency/severity, governance maturity, and claims handling quality (Bonner, 2024). Recent market commentary notes continued claims activity in wrongful termination and discrimination, heightened social inflation pressures, and scrutiny of organizational culture signals in underwriting (Laman, 2024; WTW, 2025). Broker and carrier outlooks also emphasise that insureds with auditable HR governance bias testing for hiring tools, calibrated performance systems, robust speak-up infrastructure, and timely remediation tend to outperform peers on loss ratios and reputational resilience (WTW, 2025; Dominion Risk Advisors, 2025). At the same time, the regulatory environment is hardening: the EU Corporate Sustainability Due Diligence Directive (CSDDD) introduces board-level duties to identify, prevent, and remediate adverse human-rights and labour impacts across

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operations and value chains, creating a governance baseline that can reduce event likelihood but, if breached, enlarge liability pathways (European Union, 2024b). Investors' sensitivity to labour-rights controversies illustrated by reporting on ESG portfolios' exposure to forced-labour risks further links workplace rights to capital markets perceptions and, indirectly, to insurance capacity and pricing (Leung, 2024).

The legal-HRM-insurance nexus is an interdisciplinary system: (i) the duties and process quality are defined by public-law norms; (ii) HRM converts these norms into repeatable controls that influence behaviour; and (iii) the residual risk is priced by insurers and better terms are offered to credible governance. When HRM embeds compliance "by design" through job analyses, explainable assessments, proportional monitoring, accessible grievance channels, and documented remediation it reduces loss volatility, shortens claim lifecycles, and improves defensibility (WTW, 2025; Dominion Risk Advisors, 2025). Conversely, weak documentation, opaque models in hiring or discipline, and sluggish grievance handling elevate indemnity and defence costs and invite reputational amplification (Laman, 2024; Bonner, 2024). CSDDD-style due diligence serves as a bridge between corporate governance and HR practice, requiring evidence of risk identification, stakeholder engagement, and remedy artifacts that underwriters can evaluate as forward-looking signals of control effectiveness (European Union, 2024b). Table 4 below synthesizes key exposure categories, typical policy treatment, HR/legal controls, and underwriting signals.

Table 4: EPLI exposure landscape, policy treatment, and governance signals

Exposure / scenario	**Typical claim trigger**	**Indicative EPLI treatment***	**HRM & legal controls that reduce loss**	**Underwriting signals of maturity**	**Illustrative sources**
Wrongful termination / retaliation	Termination following protected activity; process defects; inadequate documentation	Often covered (defence + indemnity) subject to terms/exclusions	Progressive discipline; decision memos; comparator analyses; timely internal appeals	% terminations with documented process; appeal turnaround; manager training completion	(WTW, 2025; Laman, 2024; Bonner, 2024)
Discrimination / harassment	Adverse action or hostile-environment allegations	Often covered; punitive damages and wage-and-hour may vary by jurisdiction/policy	Bias-aware hiring and calibration; anti-harassment training; swift, impartial investigations; remedy tracking	Frequency of substantiated cases; investigation cycle time; equity outcome dashboards	(WTW, 2025; Laman, 2024; Bonner, 2024)
Wage-and-hour /	Off-the-clock work, unpaid	Frequently limited or	Role mapping and audits;	% workforce with validated	(Bonner, 2024;

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misclassification	overtime, contractor status challenges	excluded; defence-only sublimits common	status tests; timekeeping controls; pay-equity reviews	status; audit cadence; correction SLAs	WTW, 2025)
Remote / hybrid injury & psychosocial risk	Stress, ergonomics, or safety claims tied to home office	Coverage fact-specific; often outside core EPLI if bodily injury; may implicate WC/EL	Remote-work risk assessments; ergonomic stipends; proportional monitoring; clear duty-of-care policy	Completion rate of risk checks; incident trends by work mode	(WTW, 2025; Dominion Risk Advisors, 2025)
AI-mediated hiring / discipline	Alleged disparate impact, opacity, or lack of contestability	EPLI responds to discrimination /retaliation allegations; regulatory fines vary	Pre-deployment bias testing; explainability notices; human-in-the-loop review; vendor SLAs	Inventory of HR algorithms; bias-test results; DPIA/impact files	(WTW, 2025; Dominion Risk Advisors, 2025; Bonner, 2024)
Speak-up / whistleblowing	Retaliation claims; failure to remediate	Covered subject to terms; D&O may also be implicated	Confidential reporting lines; anti-retaliation enforcement; tracked remediation	Case closure times; zero-retaliation confirmations; board reporting	(WTW, 2025; Laman, 2024)
Supply-chain labour rights	Alleged forced labour or child labour in value chain; failure to conduct due diligence	Primary EPLI may not respond; exposures can touch D&O, general liability, and contractual risk	CSDDD-grade due diligence: risk mapping, supplier codes, audits, grievance mechanisms, remediation	Board oversight records; supplier remediation logs; public reporting quality	(European Union, 2024b; Leung, 2024; Dominion Risk Advisors, 2025)

Consider a termination decision taken without comparator analysis or a documented performance plan. This is despite the fact that in places where the decision itself may be substantively defensible, a lack of process evidence may turn a manageable dispute into an expensive EPL claim with discovery burdens (Laman, 2024; Bonner, 2024). In comparison, organisations that retain bias-testing artefacts to use as hiring tools and give candidates explainability and appeal routes tend to close claims faster or not at all (WTW, 2025; Dominion Risk Advisors, 2025). In cross-border supply chains, reputational noise may turn

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into civil liability and investor pressure when reasonable human-rights due diligence is not carried out, and vice versa, documented CSDDD-aligned remediation can be priced favourably by underwriters who can see its effectiveness in governance (European Union, 2024b; Leung, 2024).

Combining these strands, the best position is compliance-by-design and evidence-by-default: legal obligations influence HRM practises; HRM practises generate auditable artefacts; and these artefacts not only discourage non-compliance but also enhance the defendability of claims. Insurers react by distinguishing on the ability to govern quality capacity to resolve early disputes, robustness of investigation procedures, and maturity of AI/people-analytics controls that lower capital charges and stabilise terms (WTW, 2025; Dominion Risk Advisors, 2025). In this respect, the investment in legal, equitable HR systems is both an operational hedge and a financing advantage: it reduces the likely cost of loss and sends a signal of resilience to markets and counterparties (European Union, 2024b; Leung, 2024; Bonner, 2024; Laman, 2024).

7. Comparative and International Perspectives

Comparative evidence indicates that the legalHR interface develops in two main dimensions: (i) institutional capacity and regulatory style (most commonly but not necessarily following the developed vs. developing economy axis), and (ii) the extent of cross-border complexity to which multinational employers are exposed. In developed economies, the administrative rule-making and ex ante design responsibilities are being applied more to discipline platform work and algorithmic management tightening assumptions of employment, codifying information rights, and specifying transparency and oversight of HR technologies (Council of the European Union, 2024; European Parliamentary Research Service, 2024). In developing economies, in turn, the capacity constraints, informality, and climate-related risks tend to face the shift of enforcement towards programmatic efforts and targeted inspections, although the substantive goals of decent work, non-discrimination, and safe working conditions are converging with global norms (International Labour Organisation, 2024; Keaten, 2024). In both camps, the design-time regulation of algorithmic HR is being raised by international standard-setting, where social partners are demanding transparency, contestability, and agency of workers (Bhattacharjee and Shivakumar, 2025).

Globalization adds a second layer of divergence. Multinationals must harmonize group policies with heterogeneous national regimes: EU instruments steer firms toward compliance-by-design (algorithmic safeguards; due diligence duties cascading through value chains), while common-law jurisdictions frequently signal compliance through ex post liability and guidance, creating different documentary burdens and claims trajectories (European Parliamentary Research Service, 2024; OECD, 2024a; OECD, 2024b). The policy discussion of platform work exemplifies this argument: European institutions have driven assumptions of employment and algorithmic-management protections, and common-law systems have persisted in relying on multi-factor tests and litigation, with the result that risk profiles of misclassification, wages, and collective rights are uneven (Council of the European Union, 2024; The Associated Press, 2023; O'Carroll, 2024). Lastly, emerging trends ESG reporting, compulsory human-rights and labour due diligence, and transnational corporate responsibility are converging a governance floor in which boards are required to demonstrate control over labour effects within the firm and throughout supply chains (Lafarre & Rombouts, 2022). The productivity and inclusion promises of digitalization materialize only when these governance complements rules, skills, and measurement co-evolve with technology, a condition many jurisdictions are still building (OECD, 2024a; OECD, 2024b;

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International Labour Organization, 2025). For insurers and insureds alike, the comparative picture translates into jurisdiction-specific HR controls and differentiated EPLI assumptions about frequency/severity, documentation quality, and defensibility.

Table 5: Comparative enforcement and HR adaptation across contexts

Focus area	Developed economies (illustrative posture)	Developing economies (illustrative posture)	HR adaptation for multinationals	Implications for EPLI / risk	Key sources
Platform work & status	Ex ante presumptions of employment where control exists; algorithmic-management safeguards; info/appeal rights	Gradual codification; enforcement via targeted inspections and social dialogue; informality complicates status tests	Global status-assessment protocol; contractor audits; standardized worker-information notices and appeals	Misclassification and wage/hour frequency lower where status is audited and documented	(Council of the European Union, 2024; European Parliamentary Research Service, 2024; The Associated Press, 2023; O'Carroll, 2024)
Algorithmic HR & transparency	Design-time duties (risk classification, logging, human oversight); stronger DPIA/impact-assessment expectations	Emphasis on guidance and capacity-building; incremental adoption of transparency requirements	Model inventory; bias testing; explainability memos; human-in-the-loop checkpoints; vendor SLAs	Better defensibility and shorter claim lifecycles where evidence artifacts exist	(European Parliamentary Research Service, 2024; OECD, 2024a; OECD, 2024b; International Labour Organization, 2025; Bhattacharjee & Shivakumar, 2025)
OSH & climate/heat risk	Expanded psychosocial and remote-work duty of care; measurement frameworks maturing	Higher exposure to heat stress and outdoor risks; resource constraints in prevention and enforcement	Remote-work risk assessments; climate-aware scheduling; PPE and rest protocols; cross-border training	Injury/illness and stress-related claims vary with controls; documentation reduces severity	(International Labour Organization, 2024; Keaten, 2024)

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Enforcement modality	Administrative guardrails, guidance, and audits emphasizing **ex ante** compliance	Mixed modalities; stronger reliance on **programmatic** initiatives and post-hoc remedies	"Most-stringent-wins" global policy; local addenda; supervisory-authority mapping	Jurisdiction-dependent discovery burdens and cycle times	(OECD, 2024a; OECD, 2024b; International Labour Organization, 2024)
Due diligence & ESG	Mandatory or quasi-mandatory HRDD emerging; board-level accountability; supply-chain cascading	Uptake through procurement conditions, international finance standards, and regional initiatives	Board policy on HRDD; supplier codes/audits; grievance and remediation pipelines	Portfolio-level reputational risk and coverage terms linked to HRDD maturity	(Lafarre & Rombouts, 2022; European Parliamentary Research Service, 2024; International Labour Organization, 2025)
Claims & reputational dynamics	Social inflation; media and investor scrutiny of labor controversies; quick sanctioning for governance failures	Reputational shocks tied to international buyers and lenders; uneven domestic media capacity	Centralized incident logging; coordinated disclosure; cross-border investigation playbooks	Frequency driven by local law; severity influenced by global stakeholder reactions	(OECD, 2024b; International Labour Organization, 2024; O'Carroll, 2024)

Table 5 contrasts developed vs. developing enforcement postures across platform work, algorithmic HR, OSH/climate risk, and due diligence, translating these differences into multinational HR adaptations and EPLI/risk implications

The principal constraint is regulatory heterogeneity: the same HR process (e.g., algorithmic screening) can face design-time mandates in one jurisdiction and purely outcomes-based liability in another. Operationally, firms should adopt a single global standard pegged to the most stringent regime (often the EU approach to algorithmic transparency and due diligence) and then tailor local addenda. Evidence-by-default bias tests, DPIAs/impact reviews, grievance metrics creates portable defensibility across jurisdictions (European Parliamentary Research Service, 2024; OECD, 2024a; OECD, 2024b). Platform-work reforms and the politics of algorithmic management suggest continued movement toward codified worker information rights and contestability, with the ILO providing a forum where standards and best practices will be iterated (Council of the European Union, 2024; Bhattacharjee & Shivakumar, 2025).

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Labour-rights performance and supply-chain risks are becoming more sensitive to ESG reporting, where boards should consider HR governance as financial risk governance. The mandated due diligence regimes will tend to be more comprehensive and extensive, necessitating systematic risk mapping, contracting, monitoring, and remedies that are located at the interface between Legal and HR and will determine the capacity of insurance and capital-market perception (Lafarre and Rombouts, 2022; International Labour Organisation, 2025). The macroeconomic analysis supports the idea that productivity and distributional results of AI and digitalization are conditional upon the institutional complements that are constructed and sustained by HR and compliance functions.

8. Critical Analysis and Discussion

The regulatory guardrails in the area of algorithmic management and supply-chain due diligence have matured at a very rapid pace, there remains an implementation gap between legal aspiration and organisational reality. There are three salient misalignments. First, temporal misfit: law tends to define ex ante duties (documentation, transparency, human oversight), whereas HR processes are optimised to ex post performance results speed to hire, cycle time in appraisal, attrition targets, creating incentives to skip due-process steps that are not reflected in business scorecards (European Union, 2024a; European Union, 2024b). Second, epistemic opaqueness: most HR technologies are black boxes to business owners, generating explanations that are technologically shallow or legally irrelevant; without verifiable model documentation, bias testing, and contestability, firms find it hard to demonstrate compliance and procedural fairness when questioned (Aloisi, 2024; Abraha, 2023; Rigotti and Fosch-Villaronga, 2024). Third, externalisation of governance: organisations often use vendor guarantees instead of developing internal capacity to query data provenance, features, and error budgets; this undermines accountability and dilutes the psychological contract in situations where impacted workers are not able to meaningfully challenge decisions (Capasso et al., 2024). The remote and platformized work exacerbates these gaps, as the locus of control and duty of care is disputed and the boundary between productivity analytics and surveillance is narrow; social-partner mappings reveal uneven adoption of algorithmic transparency and worker-limited leverage to influence deployment (Mollen & Chiusi, 2023). Taken together, the evidence suggests that compliance-by-design will continue to be weak unless HR operating routines job analysis, assessment validation, monitoring proportionality cheques, and accessible appeal routes are viewed as core capabilities and not as peripheral artefacts of policy.

The main conflict is defined as rights versus competitiveness, but the empirical and doctrinal paths point to a more sophisticated calculus. On the one hand, algorithmic acceleration can be efficient but, when not accompanied by explainability and human control, it exposes people to disparate impact, wrongful termination claims, and costs associated with reputational backlash that can outweigh putative productivity benefits (Rigotti and Fosch-Villaronga, 2024; Kempe, 2024). Conversely, procedural robustness transparent criteria, auditable logs, and time-bound grievance cycles form a production technology of trust, voice and learning that enhances the quality of decisions and reduces disputes (Capasso et al., 2024). The cost of inaction in supply chains is becoming more and more priced by markets: investigative reporting on the exposure of ESG portfolios to forced-labour risks has shown how poor labour governance is being relayed into investor pressure, regulatory risk, and insurance conditions (Leung, 2024). The trade-offs in developing and climate-exposed economies are intensified by climate and occupational safety dynamics: the cost of the duty-of-care increases to the baseline when heat and environmental risks are present, yet when failures to anticipate and mitigate them occur,

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enforcement and moral hazard in risk transfer become a temptation (Keaten, 2024). It is not rights or competitiveness, but capability complementarity: the well-designed legal/HR architectures (impact assessment, bias-drift monitoring, proportional surveillance, remedy pipelines) are both rights-preserving and performance-enhancing when integrated into daily work.

The second tension is that of centralization and local responsiveness. Multinationals have to balance EU-type ex-ante design obligations (e.g., AI Act documentation; CSDDD grievance and remediation) with common-law, litigation-based regimes that indicate compliance by demonstrating defensibility in hindsight. Excessively centralised controls may under-serve local risk, and excessively localised discretion may disaggregate evidence. The synergy is a two-layer architecture: one global base pegged to the most stringent obligations (documentation, human oversight, worker information rights) and modular local addenda that reflect sectoral hazards, union/works-council arrangements and resource constraints.

The normative foundations of employment law dignity, non-domination, and equal concern require that HR decisions affecting livelihood be contestable, proportionate, and intelligible to those governed by them (Capasso et al., 2024). Algorithmic HRM therefore raises a legitimacy test beyond technical accuracy: does the system enable a person to *understand and challenge* consequential decisions, and are errors remediable without undue burden (Aloisi, 2024; Abraha, 2023)? Normatively, transparency is not disclosure theatre but a practice of reason-giving, supported by records that link data to outcomes and open pathways for correction. Proportionality constrains digital surveillance: the mere availability of granular telemetry does not justify its use where less intrusive means can achieve legitimate aims (Kempe, 2024). Collective agency matters as a democratic counterweight inside firms: the ability of workers and their representatives to access information about algorithmic tools and to bargain over their use is not only instrumental (better calibration) but also constitutive of workplace justice (Mollen & Chiusi, 2023). In supply chains, responsibility as stewardship reframes due diligence from a tick-box to a relational duty to prevent and remedy harm; market evidence that ESG portfolios can be entangled with forced-labour underscores why passive ownership without robust stewardship is ethically and financially untenable (Leung, 2024). Finally, climate-linked OSH invites a solidaristic ethic: as heat stress and environmental hazards increase, the normative baseline shifts toward anticipatory scheduling, rest protocols, and investment in protective infrastructure, especially in jurisdictions with limited state capacity (Keaten, 2024).

The points in the discussion refer to an agenda that is both analytic and operational. Analytically, researchers are to indicate causal channels between specific legal design characteristics (e.g., explanation rights, logging duties) and quantifiable increases in the quality of HR decisions and dispute resolution, and test the heterogeneous effects across sectors and jurisdictions (European Union, 2024a; European Union, 2024b). In practise, practitioners are encouraged to shift their focus not on policy proliferation but on systems engineering: (i) specify the minimum evidence set behind any consequential HR decision (inputs, rationale, alternative considered); (ii) make human-in-the-loop an actual checkpoint with authority to override; (iii) establish bias-drift monitoring and post-adoption audits; and (iv) make remedy central to designing simple, time-bound avenues to challenge outcomes (Rigotti and Fosch-Villaronga, 2024; Kempe, Board-level supply chain practises should view CSDDD-grade due diligence as fiduciary practise resourcing risk mapping, supplier remediation, and worker-voice channels and demand periodic, decision-useful reporting (European Union, 2024b; Leung, 2024).

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In different contexts, the north star is a normative and pragmatic fit where legal requirements and HRM practises co-produce fairness and effectiveness, and not one at the expense of the other.

9. Conclusion and Recommendations

This paper has demonstrated that workplace rights, labour policies and organisational effectiveness are neither conflicting agendas nor competing pillars but complementary pillars when entrenched through compliance-by-design HR architectures. Across jurisdictions, core rights (fair pay, non-discrimination, safety, association) are being reframed by digitalization, remote work, and platformization; effective organizations translate these legal mandates into auditable HR routines job analysis, explainable assessments, proportional monitoring, accessible grievance and thereby improve decision quality, strengthen trust, and reduce loss volatility. Regionally, the trajectory toward ex-ante governance (e.g., algorithmic safeguards and due diligence) coexists with common-law, ex-post liability signals; in both settings, capability complements skills, governance, data quality, measurement determine whether policy yields productivity and inclusion. Lawmakers should clarify design-time duties for AI-mediated HR decisions and harmonize information/appeal rights across work arrangements. Regulators should shift from paper compliance to evidence-based supervision (impact assessments, drift audits, remedy data) and reward early remediation. HR leaders should operationalize a single global baseline pegged to the most stringent regime, with local addenda; institutionalize human-in-the-loop checkpoints; and publish service levels for grievance and accommodations. Insurers and brokers should differentiate underwriting on governance maturity (algorithm inventory, bias-test records, grievance cycle times) and incentivize remediation through terms and pricing. Priorities include causal identification of links between specific legal design features and HR outcomes; sector-specific studies in insurance value chains (underwriting, claims, distribution, outsourcing); cross-jurisdictional evaluations of due-diligence effectiveness; and field experiments on explainability, contestability, and proportional surveillance for AI-enabled HR

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