IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

Examining The Impact Of Ethical Awareness On Employee Perceptions Of Ethical Challenges In Digital HRM

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Abstract: The rapid adoption of digital technologies in Human Resource Management has transformed traditional HR functions such as recruitment, performance appraisal, and employee monitoring. While Digital Human Resource Management (DHRM) enhances efficiency and data-driven decision-making, it also raises significant ethical concerns. This study aims to identify and examine the major ethical challenges associated with digital HR practices from an employee perspective. Adopting a descriptive and empirical research design, primary data were collected through a structured questionnaire from 120 respondents using digital HR systems. The study focuses on key ethical issues including data privacy, confidentiality, algorithmic bias, transparency in automated decision-making, and employee surveillance. Descriptive statistical tools such as percentage analysis, mean score analysis, and ranking methods were employed for data analysis. The findings reveal that data privacy and lack of transparency in digital HR decisions are perceived as the most critical ethical challenges. The study emphasizes the need for clear ethical guidelines, responsible use of HR technologies, and enhanced ethical awareness among HR professionals to ensure sustainable digital HR practices.

Keywords: Digital HRM, Performance Appraisal, Ethical Awareness, Transparency.

1. INTRODUCTION

Digital Human Resource Management (DHRM), often termed Digital HR, has emerged as a strategic response to the growing influence of digital technologies on organizational functioning. It signifies a fundamental transformation in the way human resource activities are designed, delivered, and managed. Unlike traditional HR systems that relied heavily on manual documentation and reactive decision-making, DHRM adopts a digital-first and data-centric approach that enables organizations to align human capital management with broader business objectives. The integration of technologies such as social media platforms, mobile applications, cloud computing, and advanced analytics has redefined HR from an administrative support function to a value-adding strategic partner.

At its core, DHRM involves the application of digital tools, software platforms, and data analytics to manage and optimize key HR functions including recruitment and selection, onboarding, training and development, performance appraisal, employee engagement, compensation administration, and workforce analytics. Through the digitization of conventional HR records and processes, organizations can automate routine tasks and reduce administrative complexity. Cloud-based Human Capital Management (HCM) systems further facilitate real-time access to HR information, scalability,

and seamless integration with emerging technologies such as artificial intelligence and machine learning. These systems support mobile-first strategies, allowing employees and managers to interact with HR services anytime and anywhere, thereby enhancing agility and responsiveness.

One of the defining features of DHRM is the use of automation and employee self-service mechanisms. Automated payroll systems, leave management tools, and digital attendance tracking reduce dependency on manual intervention and minimize errors. Self-service portals empower employees by providing direct access to personal information, policies, learning resources, and performance feedback. In addition, HR analytics plays a pivotal role in DHRM by enabling organizations to track and analyse employee data across the entire lifecycle, i.e., from recruitment to exit. Predictive analytics and real-time dashboards support evidence-based decision-making, helping HR professionals anticipate workforce trends, identify skill gaps, and design targeted interventions.

The scope of Digital HR extends across the full employee lifecycle and supports evolving work arrangements such as remote and hybrid work models. Digital recruitment platforms, AI-driven talent screening tools, e-learning systems, and performance monitoring software have become integral to modern HR operations. While cloud-based HR systems are widely used in the United States, organizations in India are rapidly integrating AI-driven HR tools, and European organizations emphasize data protection and ethical compliance. Emerging technologies such as virtual reality-based training, gamification of learning, and blockchain-enabled data security continue to broaden the boundaries of Digital HR.

The adoption of DHRM offers several advantages to organizations. It enhances operational efficiency by reducing administrative burdens and processing time, improves the quality of HR decisions through data-driven insights, and strengthens employee engagement through transparent and timely communication. Furthermore, DHRM contributes to improved talent acquisition, effective learning and development, and better workforce planning, while simultaneously reducing costs and operational risks. However, in spite of these benefits, the implementation of Digital HR is not without challenges. Organizations often face resistance to change, lack of digital skills among employees, integration issues with legacy systems, and heightened concerns related to data privacy and cybersecurity. Regulatory frameworks such as data protection laws further necessitate careful handling of employee information. Consequently, the successful adoption of DHRM requires not only technological readiness but also strong ethical governance, continuous training, and a balanced approach that safeguards employee rights while leveraging digital innovation

2. OBJECTIVES

1.To identify the major ethical challenges associated with the adoption of Digital Human Resource Management practices.

2.To examine employees' perceptions towards ethical issues in digital HR systems.

3.To examine whether there is a significant difference in employee perceptions of ethical challenges based on gender.

4.To analyse the level of awareness regarding ethical guidelines and data privacy in Digital HRM.

2.1 Scope

The study focuses on identifying and analysing the ethical challenges associated with the adoption of Digital Human Resource Management practices. It examines employees' perceptions and awareness regarding ethical issues such as data privacy, transparency, and digital monitoring in HR systems.

2.2 Limitations

The study is limited to a sample of 120 respondents, which may restrict the generalizability of the findings. The research is based on self-reported data, and responses may be influenced by personal bias or perceptions. The findings are confined to the selected organizations/region and may not represent all industries or contexts.

3. LITERATURE REVIEW

3.1 Digital Human Resource Management and Ethical Concerns

The rapid digital transformation of Human Resource Management has significantly altered traditional HR practices. Digital HRM integrates technologies such as artificial intelligence, HR analytics, and automated decision-making systems into recruitment, performance appraisal, employee monitoring, and workforce planning (Tambe et al., 2019). While these innovations enhance efficiency and data-driven decision-making, they also introduce complex ethical challenges. Scholars argue that algorithm-based HR systems may lack transparency, raising concerns regarding fairness and accountability (Leicht-Deobald et al., 2019). Automated screening tools and predictive analytics may unintentionally reproduce bias embedded in historical data, thereby affecting equal employment opportunities. Similarly, the increasing reliance on big data in HR practices has amplified concerns regarding responsible data governance and ethical oversight (Manroop, 2024). Thus, although digital HRM offers operational advantages, it simultaneously generates ethical dilemmas that require careful evaluation.

3.2 Data Privacy, Surveillance, and Transparency in Digital HR

One of the most debated ethical issues in digital HRM relates to employee data privacy and workplace surveillance. Digital systems frequently collect and process sensitive employee information, including performance metrics, behavioral data, and personal identifiers. Research indicates that excessive monitoring can undermine employee trust and perceived organizational fairness (Ball, 2010; Newlands, 2021). Furthermore, the opacity of algorithmic decision-making processes often limits employees' understanding of how decisions are generated (Martin, 2019). When HR decisions such as promotions, appraisals, or recruitment outcomes are influenced by automated systems, lack of transparency may lead to skepticism and reduced confidence in organizational practices. These concerns highlight the need for ethical safeguards and clear communication in digital HR implementation.

3.3 Ethical Awareness and Employee Perception

Ethical awareness plays a crucial role in shaping how individuals interpret organizational actions and technological practices. Behavioural ethics literature suggests that individuals with greater awareness of ethical standards are more capable of identifying and evaluating potential risks (Martin, 2019). In digital environments, awareness enables employees to critically assess issues such as algorithmic bias, data misuse, and procedural fairness. Employee perception is particularly significant because the success of digital HRM depends not only on technological capability but also on user acceptance and trust. If employees perceive digital systems as ethically problematic, resistance or dissatisfaction may arise. There has been a growing body of research on AI ethics and HR analytics, but very few empirical studies specifically examine employee perceptions of ethical challenges in digital HR environments.

3.4 Research Gap

While existing research has widely explored AI-driven HR practices, algorithmic bias, and digital transformation in HRM, much of the focus has been on technological efficiency and managerial viewpoints. Comparatively less attention has been given to how employees perceive the ethical challenges arising from digital HR practices and the extent to which ethical awareness shapes these perceptions. Moreover, the influence of demographic factors, particularly gender, on ethical perception within digital HR contexts remains insufficiently examined. Addressing this gap, the present study seeks to understand employees' perceptions of ethical challenges in Digital Human Resource Management and to examine whether ethical awareness and gender differences significantly influence these perceptions.

4. THEORETICAL FOUNDATION

The ethical challenges associated with Digital Human Resource Management (DHRM) can be better understood through the lens of information privacy theory and algorithmic decision-making ethics. As organizations increasingly adopt digital technologies such as artificial intelligence (AI), analytics, and automated decision systems in HR functions, concerns regarding transparency, fairness, data protection, and employee autonomy have become more prominent. Information Privacy Theory (Bélanger & Crossler, 2011) suggests that individuals develop perceptions of risk when personal data is collected, processed, or monitored through digital systems. In the context of digital HRM, employees may perceive technologies such as algorithm-based recruitment, performance analytics, and digital monitoring tools as intrusive if they lack transparency or ethical safeguards. Similarly, algorithmic decision-making ethics emphasize the risks associated with automated HR decisions, including bias, lack of explainability, and reduced human oversight (Leicht-Deobald et al., 2019). These ethical concerns influence employee trust and perception toward digital HR practices. Further, ethical AI frameworks (Floridi et al., 2018) highlight key principles such as transparency, accountability, and fairness in technology deployment. When employees are aware of ethical guidelines governing digital HR systems, they are more likely to critically evaluate the ethical implications of such technologies. Thus, ethical awareness plays a significant role in shaping employees' perception of digital HR practices, particularly in areas related to privacy, monitoring, and automated decision-making.

In addition, Technology Acceptance and Risk Perception perspectives suggest that individuals interpret technological systems based on perceived benefits and potential risks (Bélanger & Crossler, 2011). In digital HR environments, employees who are more aware of ethical guidelines are likely to critically evaluate the risks associated with algorithmic decision-making, surveillance, and data use. This awareness may shape their perception of ethical challenges in digital HRM practices.

Furthermore, demographic differences such as gender may influence how technological risks and ethical concerns are perceived, as prior research indicates variations in privacy sensitivity and trust in digital systems across groups. Thus, employees' ethical awareness and demographic characteristics play an important role in shaping their perception of ethical challenges in digital HRM.

5. HYPOTHESES DEVELOPMENT

Ethical awareness plays a critical role in shaping how employees interpret and evaluate organizational practices, particularly in technology-driven environments. Prior research in digital ethics and workplace technology suggests that individuals with higher awareness of ethical standards are more capable of identifying fairness, transparency, and privacy concerns in automated systems (Martin, 2019). In digital HR contexts, employees who understand ethical implications of AI-driven decision-making and data usage are more likely to perceive ethical risks and challenges associated with these systems (Tambe et al., 2019). Thus, ethical awareness enhances employees' ability to critically assess digital HR practices and recognize potential ethical concerns. Based on these arguments, it is hypothesized that:

H1: Ethical awareness is significantly related to employees' perception of ethical challenges in Digital HRM.

Demographic characteristics, particularly gender, have been widely associated with differences in ethical sensitivity and perception. Prior behavioural and organizational studies suggest that male and female employees may interpret fairness, privacy, and monitoring practices differently due to variations in social conditioning and risk perception (Bélanger & Crossler, 2011). In digital environments, ethical concerns such as surveillance, algorithmic bias, and data usage may be perceived differently across genders, influencing their evaluation of digital HR systems (Newlands, 2021). This suggests that gender may act as a differentiating factor in shaping ethical perceptions of technology-enabled HR practices. Accordingly, it is hypothesized that:

H2: There is a significant difference between male and female employees in their perception of ethical challenges in Digital HRM.

Employees' perceptions of ethical challenges are also influenced by their general evaluation of fairness and responsibility in organizational technology adoption. Digital HR systems often involve automated decision-making, employee monitoring, and data-driven processes that may create varying levels of concern among employees (Leicht-Deobald et al., 2019). These differences in perception reflect how employees interpret transparency, accountability, and ethical safeguards in technology-enabled HR practices. Hence, employee perception is expected to vary in response to ethical dimensions of digital HRM. Therefore, it is hypothesized that:

H3: Employees exhibit a moderate level of perception regarding ethical challenges in Digital HRM.

The above hypotheses are derived from theoretical insights and prior research on ethical awareness, digital ethics, and employee perception in technology-enabled workplaces. These hypotheses provide the foundation for examining the relationship between ethical awareness and employee perception of ethical challenges in Digital Human Resource Management, as well as identifying potential gender-based differences. The subsequent methodology and analysis are designed to empirically test these proposed relationships.

6. Research Methodology, Design, Sampling and Data Collection

This study adopts a quantitative research design to examine employees' perceptions of ethical challenges in Digital Human Resource Management (DHRM). A structured questionnaire was used as the primary data collection instrument, as it allows for systematic measurement of perceptions related to privacy, transparency, algorithmic bias, and digital monitoring in HR practices. A descriptive and empirical approach was employed to understand how employees perceive ethical issues associated with digital HR technologies. The quantitative approach was chosen as it enables statistical examination of relationships between ethical awareness and perceived ethical challenges. The study used a convenience sampling technique to collect data from employees who are exposed to digital HR systems such as online recruitment platforms, performance analytics tools, and digital monitoring systems. A total of 120 respondents participated in the study. These respondents were selected based on their familiarity with digital HR practices in their organizations. Primary data were collected through a structured questionnaire. The questionnaire consisted of three sections: demographic details, ethical awareness items, and perceived ethical challenge statements. All perception-based items were measured using a five-point Likert scale ranging from:1=Strongly Disagree to 5 = Strongly Agree. The Likert scale was chosen as it is widely used for measuring attitudes and perceptions in behavioral research.

6.1 Measurement of Variables

The measurement items used in this study were adapted from existing literature on digital HR ethics, privacy concerns, and algorithmic decision-making to ensure content validity. The items were modified to suit the context of digital HRM while maintaining conceptual consistency with prior studies.

6.2 Reliability and Validity of the Instrument

To ensure internal consistency of the measurement instrument, reliability analysis was conducted using Cronbach's Alpha. The obtained value exceeded the acceptable threshold of 0.70, indicating that the scale used in this study is reliable. Content validity was ensured through careful review of the questionnaire items based on relevant literature on digital HRM ethics and privacy concerns. The instrument was designed to capture key dimensions such as transparency, data privacy, and algorithmic fairness in HR practices.

6.3 Method of Data Analysis

The collected data were analysed using SPSS to examine employee perceptions of ethical challenges in Digital Human Resource Management (DHRM). A structured multi-level statistical approach was adopted to ensure deeper interpretation of perception-based responses. Reliability of the scale was assessed using Cronbach's Alpha (Cronbach, 1951) to ensure internal consistency of the constructs measuring ethical perceptions. An independent sample t-test was conducted to examine differences in perception based on gender (Field, 2013). Pearson correlation analysis was used to assess the relationship between ethical awareness and perceived ethical challenges, as it is appropriate for examining linear relationships between behavioural variables (Pallant, 2020).

6.4 Ethical Considerations

Participation in the study was voluntary and respondents were informed about the purpose of the research. Confidentiality and anonymity of the participants were ensured, and no personally identifiable information was collected. The data obtained were used solely for academic purposes.

7. DATA ANALYSIS & INTERPRETATION

Table 1: Demographic Profile of Respondents (N = 120)

Variable	Category	Frequency	Percentage (%)
Gender	Male	45	37.5
	Female	75	62.5
Age	Below 25	60	50.0
	25-35	39	32.5
	36-45	3	2.5
	46-55	18	15.0
Educational Qualification	Undergraduate	34	28.3
	Postgraduate	38	31.7
	Professional/Doctoral	13	25.0
	Others	18	15.0
Nature of Organization	Manufacturing	6	5.0
	Service	26	21.7
	IT/ITES	24	20.0
	Education	59	49.2
	Others	5	4.2
Years of Work Experience	Less than 5 years	63	52.5
	5-10 years	27	22.5
	11-15 years	12	10.0
	Above 15 years	18	15.0

The table depicts the percentage-wise distribution of respondents based on selected demographic variables. From the demographic profile, it is observed that the majority of respondents were female (62.5%) and belonged to the below-25 age group (50%). Most respondents were either postgraduates (31.7%) or undergraduates (28.3%). Nearly half of the respondents (49.2%) were employed in the education sector. In terms of experience, a majority (52.5%) had less than five years of work experience.

7.1 Descriptive Statistics of Ethical Issues in Digital HRM

Table 2: Reliability Statistics (Cronbach's Alpha)

Cronbach's Alpha	N of items
0.944	15

The reliability of the questionnaire was assessed using Cronbach's Alpha. The obtained alpha value of 0.944 indicates excellent internal consistency and confirms that the instrument is highly reliable for the study.

Table 3: Mean Score Analysis of Ethical Issues in Digital Human Resource Management (N = 120)

Ethical Challenge Statement	Mean	Standard Deviation	Rank
Ethical considerations are given priority while adopting digital HR practices.	3.45	1.201	I
My organization provides training on ethical use of digital HR systems.	3.44	1.425	II
Data privacy is a major ethical concern in Digital Human Resource Management.	3.32	1.123	III
Ethical issues increase with the increased use of analytics and AI in HR.	3.21	1.40	IV
My organization follows ethical guidelines while implementing digital HR technologies.	3.18	1.157	V
I am aware of data protection laws related to employee information.	3.14	1.169	VI
Automated HR decisions lack transparency and accountability.	3.02	1.209	VII
Digital HR tools increase employee surveillance beyond ethical limits.	2.95	1.263	VIII
Adequate consent is obtained before collecting and using employee data digitally.	2.94	1.190	IX
The use of AI in recruitment may lead to biased or unfair decisions.	2.92	1.241	X
Employees are clearly informed about how their personal data are collected and used.	2.87	1.202	XI
There is a risk of misuse of employee data in digital HR systems.	2.72	1.330	XII
Digital HR practices affect employee trust in management.	2.68	1.329	XIII
Digital HR systems adequately protect the confidentiality of employee data.	2.64	1.377	XIV
Employees feel uncomfortable with continuous digital monitoring at the workplace.	2.60	1.279	XV

Note: Higher mean scores indicate stronger agreement with the statements.

The table 3 presents the mean scores and ranking of ethical issues in Digital Human Resource Management as perceived by the respondents.

Table 4: Overall Employee Perception towards Ethical Issues in Digital HRM(N=120)

Variable	Mean	Standard Deviation
Overall Perception	3.0039	0.94421

The table 4 presents the overall mean score and standard deviation of employee perception towards ethical issues in Digital Human Resource Management.

7.2 Independent Sample t-test

To examine whether there is a significant difference in employee perceptions of ethical challenges based on gender.

HYPOTHESES

Null Hypothesis (H_0): There is no significant difference in overall perception of ethical challenges in Digital HRM between male and female employees.

Alternative Hypothesis (H_1): There is a significant difference in overall perception of ethical challenges in Digital HRM between male and female employees.

Table 5: Gender-wise Difference in Overall Perception of Ethical Challenges

Gender	N	Mean	Standard Deviation
Male	45	3.236	0.435
Female	75	2.865	1.127

Table 6 : Independent Samples t-Test Results

Variable	T	df	Sig. (2-tailed)	Mean Difference
Overall Perception	2.550	104.47	0.012	0.371

Note: Equal variances not assumed (Levene's Test Sig. = 0.000).

The mean perception score of male employees (Mean = 3.24) was higher than that of female employees (Mean = 2.86). Levene's test for equality of variances was significant ($F = 37.672$, $p < 0.05$), indicating unequal variances; therefore, the results of the t-test assuming unequal variances were considered. The t-test results revealed a statistically significant difference between male and female employees ($t = 2.55$, $p = 0.012$). Hence, the null hypothesis is rejected, indicating that gender has a significant influence on employees' perception of ethical issues in Digital Human Resource Management.

7.3 Correlation Analysis (Pearson's Correlation)

To examine the relationship between employee awareness of ethical guidelines and their perception of ethical challenges in Digital Human Resource Management.

HYPOTHESES

Null Hypothesis (H_0): There is no significant relationship between employee awareness of ethical guidelines and their perception of ethical challenges in Digital Human Resource Management.

Alternative Hypothesis (H_1): There is a significant relationship between employee awareness of ethical guidelines and their perception of ethical challenges in Digital Human Resource Management.

Table 7: Item-wise Descriptive Statistics and Corrected Item–Total Correlation for Ethical Guideline Awareness.

Statements	Mean	Standard Deviation	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I am aware of data protection laws related to employee information.	3.14	1.169	0.648	0.470
Ethical issues increase with the increased use of analytics and AI in HR.	3.21	1.402	0.520	0.604
My organization provides training on ethical use of digital HR systems.	3.44	1.425	0.410	0.748

Table:8 Reliability Statistics (Cronbach's Alpha)

Cronbach's Alpha	No. of items
0.700	3

The awareness scale demonstrated acceptable reliability, with a Cronbach's alpha of 0.700. The item-wise analysis is presented in the Table**.**

Table 9: Relationship between Awareness Level and Perception of Ethical Challenges

Variables	Awareness Level	Overall Perception
Awareness Level	1	0.904
Overall Perception	0.904	1

*N = 120; **p < 0.01*

Pearson correlation analysis was carried out to examine the relationship between employee awareness of ethical guidelines and their perception of ethical challenges in Digital Human Resource Management. The analysis revealed a very strong positive and statistically significant relationship between awareness level and overall perception ($r = 0.904$, $p < 0.01$). Hence, the null hypothesis is rejected and the alternative hypothesis is accepted.

8. Interpretation of Results

The findings indicate that employees demonstrate a moderate level of concern regarding ethical issues in Digital Human Resource Management, as reflected in the overall mean score of 3.0039. Among the ethical aspects examined, giving priority to ethical considerations while adopting digital HR practices received the highest perception (Mean = 3.45), followed by the need for training on ethical use of digital HR systems (Mean = 3.44) and concerns related to data privacy (Mean = 3.32). This suggests that employees are aware of the importance of ethical governance in digital HR environments. In contrast, issues such as discomfort with continuous digital monitoring (Mean = 2.60) and concerns regarding confidentiality protection (Mean = 2.64) received relatively lower mean scores, indicating comparatively lesser concern in these areas. The independent samples t-test revealed a statistically significant difference

in perception based on gender ($t = 2.55$, $p = 0.012$). Male employees reported a higher mean perception score (Mean = 3.24) compared to female employees (Mean = 2.86), indicating that gender plays a role in shaping how ethical challenges in digital HR systems are perceived. Further, Pearson correlation analysis showed a strong positive relationship between employee awareness of ethical guidelines and their perception of ethical challenges ($r = 0.904$, $p < 0.01$). This implies that employees who are more aware of ethical practices are more likely to recognize and evaluate ethical risks associated with digital HR systems. Overall, the results suggest that ethical awareness significantly enhances employees' perception of ethical challenges, while demographic factors such as gender influence the way these challenges are interpreted.

9. FINDINGS

The demographic analysis shows that 62.5% of the respondents were female and 37.5% were male. A majority of respondents (50%) were below 25 years, indicating a young workforce. In terms of education, most respondents were postgraduates (31.7%) and undergraduates (28.3%), reflecting a well-qualified sample. Nearly half of the respondents (49.2%) belonged to the education sector, followed by service and IT/ITES sectors. With regard to experience, 52.5% had less than five years of work experience, suggesting early-career professionals dominated the sample. The mean score analysis indicates that ethical considerations being given priority while adopting digital HR practices ranked first (Mean = 3.45), followed by training on ethical use of digital HR systems (Mean = 3.44) and data privacy concerns (Mean = 3.32). Ethical issues related to the increased use of analytics and AI and the presence of ethical guidelines were ranked next. In contrast, discomfort with continuous digital monitoring (Mean = 2.60) and confidentiality protection by digital HR systems (Mean = 2.64) were perceived as the least significant ethical challenges. The mean score of overall employee perception towards ethical issues in Digital Human Resource Management was 3.0039 with a standard deviation of 0.94421, indicating a moderate level of perception. The independent samples t-test shows a significant difference in overall employee perception towards ethical issues in Digital Human Resource Management based on gender ($p = 0.012$). Male employees reported a higher mean perception score (Mean = 3.24) compared to female employees (Mean = 2.86). Pearson correlation analysis revealed a strong positive and statistically significant relationship between employee awareness of ethical guidelines and their perception of ethical challenges in Digital Human Resource Management ($r = 0.904$, $p < 0.01$). Therefore, the null hypothesis is rejected. Overall, the findings indicate that ethical issues in Digital Human Resource Management are perceived at a moderate level, with significant differences based on gender and a strong association between employee awareness and perception of ethical challenges.

10. DISCUSSION

The present study examined employees' perceptions of ethical challenges in Digital Human Resource Management and the role of ethical awareness in shaping these perceptions. The findings reveal that employees demonstrate moderate concern regarding ethical issues in digital HR systems, particularly in relation to prioritizing ethical practices and the need for training. These results suggest that employees recognize the importance of ethical governance in technology-driven HR environments. The significant gender difference observed in the study indicates that demographic characteristics influence ethical perception. Male employees reported higher perception levels compared to female employees. This finding aligns with prior research suggesting that demographic factors may shape ethical sensitivity and interpretation of technological risks. The result highlights the need for inclusive ethical communication strategies that address diverse employee perspectives.

The strong positive relationship between ethical awareness and perceived ethical challenges confirms that awareness enhances employees' ability to critically evaluate digital HR practices. This finding supports existing literature on digital ethics, which emphasizes the importance of ethical literacy in technology adoption. Employees who are informed about ethical standards are better positioned to recognize potential risks related to privacy, transparency, and algorithmic bias. Overall, the study contributes to the growing literature on Digital HRM by shifting focus from technological capabilities to employee perception. While previous studies largely examined AI and HR analytics from an organizational efficiency perspective, this study emphasizes the human and ethical dimension of digital transformation in HR. This finding is consistent with prior research highlighting the importance of ethical awareness in shaping employee evaluation of digital systems (Martin, 2019; Tambe et al., 2019).

11. PRACTICAL IMPLICATIONS

1.**Strengthen Ethical Guidelines and Policies** Organizations should develop clear and comprehensive ethical guidelines governing the use of digital HR technologies, especially in areas such as data privacy, AI-based recruitment, and employee monitoring.

2.**Enhance Employee Awareness and Training** Regular training programs should be conducted to educate employees about ethical practices, data protection laws, and responsible use of digital HR systems, as awareness was found to significantly influence employee perception.

3.**Ensure Transparency in AI and Automated Decisions Organizations** should ensure transparency and explainability in AI-driven HR decisions to reduce bias and improve employee trust in digital HR processes.

4.**Protect Employee Data Privacy and Confidentiality** Strict data security measures, access controls, and periodic audits should be implemented to prevent misuse of employee data and ensure confidentiality.

5.**Limit Excessive Digital Monitoring Organizations** should establish boundaries for digital surveillance to balance performance monitoring with employee privacy and dignity.

6. Promote Ethical Leadership and Accountability HR leaders and top management should take responsibility for ethical compliance and foster an organizational culture that prioritizes ethical considerations in digital transformation.

12. CONCLUSION

The present study explored employees' perceptions of ethical challenges associated with Digital Human Resource Management, with particular emphasis on ethical awareness and demographic differences. The findings reveal that employees demonstrate a moderate level of concern regarding ethical issues such as data privacy, transparency, and fairness in digital HR systems. The results suggest that employees' awareness of ethical principles significantly influences how they perceive and interpret digital HR practices, indicating that ethical understanding plays an important role in shaping their evaluation of technology-driven HR processes. The study further found a significant relationship between ethical awareness and perceived ethical challenges, implying that employees who are more informed about ethical standards are better equipped to identify potential risks associated with digital HR practices. Additionally, the observed gender-based differences indicate that demographic factors may influence ethical sensitivity, reflecting the idea that individuals may interpret technology-enabled processes differently.

By focusing on employee perceptions, this study contributes to the emerging discourse on Digital HRM by highlighting the importance of ethical awareness in the adoption of digital HR technologies. The findings emphasize the need for organizations to promote transparency in automated HR decision-making and to enhance employee understanding of ethical guidelines through appropriate training initiatives. However, the study is limited by its relatively narrow sample scope, which may affect the generalizability of the findings. Future research may build upon this work by examining ethical perceptions across varied organizational and cultural contexts to gain a broader understanding of ethical challenges in Digital HRM.

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