

Research Article

Professional Ethics in Human Resource Management in the Era of Digital Transformation: Challenges and Opportunities

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Abstract: Digital transformation has significantly reshaped human resource management (HRM) through the adoption of Human Resource Information Systems (HRIS), artificial intelligence (AI), big data analytics, e-learning platforms, and remote work technologies. Although these innovations improve efficiency and decision-making, they also generate ethical challenges related to data privacy, algorithmic bias, transparency, and employee monitoring. This article examines the role of professional ethics in HRM within the context of digital transformation, highlighting both emerging challenges and potential opportunities. This study employs a conceptual research approach supported by a comprehensive literature review of scholarly works on HRM, professional ethics, and digitalization. The analysis focuses on core ethical principles such as integrity, fairness, responsibility, professionalism, and confidentiality, and evaluates their implementation in digital HR practices. The findings indicate that unethical use of digital technologies may lead to discrimination, reduced employee trust, and violations of individual rights, particularly through biased AI-based recruitment systems and opaque performance evaluation mechanisms. However, digital transformation also offers opportunities to strengthen ethical HR governance. The use of ethical data management, algorithmic audits, digital transparency, and e-learning-based ethics training can enhance accountability and fairness in HR processes. The study concludes that integrating professional ethics with digital HRM is essential for developing human-centered, sustainable, and trustworthy organizations in the digital era.

Keywords: Artificial Intelligence; Digital Transformation; HRIS; Organizational Ethics; Professional Ethics

1. Introduction

Professional ethics in human resource management (HRM) is essential to ensuring that employee management processes are fair, honest, and accountable. Dessler (2024) emphasized that ethics in HRM practices are crucial for maintaining positive relationships between organizations and employees and for encouraging decision-making that aligns with professional values. Mathis and Jackson (2023) stated that integrity, professionalism, and responsibility are the most important elements that shape how HR professionals act in various managerial roles, from recruitment to performance evaluation.

In recent years, digital transformation has brought about significant changes in human resource management. Cascio and Boudreau (2022) explain that digitalization has driven organizations to adopt technologies such as Human Resource Information Systems (HRIS), artificial intelligence (AI) in recruitment processes, big data analytics for strategic decision-making, e-learning platforms for competency development, and flexible work systems and remote working, which have become increasingly widespread since the pandemic. The use of these technologies increases the efficiency of HR processes, but also introduces new dynamics in work relationships and data management.

As the use of digital technology becomes more widespread, ethical issues in HR management are becoming increasingly complex. O'Neil (2016) states that AI algorithms used in recruitment can create bias, making the candidate selection process less fair. Because HRIS and big data store sensitive information that can be misused, protecting employee privacy becomes increasingly important. Stone et al. (2021) also state that when digital systems are used to evaluate performance, they must be highly transparent to prevent employees from

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feeling unfairly treated or losing trust in the system. This situation highlights the urgency of formulating professional ethics guidelines relevant to the digital era. According to Cascio (2019), organizations need to update their ethical standards to adapt to the challenges of modern technology and mitigate potential ethical risks arising from digitalization. Without strong ethical guidelines, technology has the potential to be used inappropriately, harming both employees and the organization.

In the era of digital transformation, human resource management (HRM) practices face significant challenges but also substantial opportunities. Farida (2025) reveals that the shift toward digital technology in HRM allows for increased operational efficiency and work flexibility, but also presents challenges such as the digital skills gap and privacy risks, which need to be carefully managed. Alongside this, Nugroho and Wulandhari (2025) in their meta-analysis highlight that the success of digital transformation in HR depends on an organization's ability to integrate technologies such as Human Resource Information Systems (HRIS), data analytics, and digital learning into HR practices, which accelerate administrative processes and improve objectivity in performance management and recruitment. This is further supported by Yulianah (2024), who emphasizes the importance of implementing HRIS and digital learning platforms in enhancing employee experience and strengthening HR processes that are more ethical and transparent. Thus, the application of technology in HR not only focuses on efficiency but also on integrity and fairness in managing human resources in the digital environment.

2. Literature Review

Professional Ethics in Human Resource Management

Professional ethics in human resource management (HRM) are moral codes that govern how people act and make decisions in the workplace. Dessler (2024) states that ethics in HR practices are based on values such as honesty, fairness, responsibility, and confidentiality. These values are used to ensure that every HR process is conducted fairly and openly. Integrity means being honest and doing what you say you will, while fairness means treating everyone equally, without bias. Mathis and Jackson (2023) also emphasize that the principle of confidentiality is crucial because HR professionals have access to personal information that needs to be protected.

Ethics plays a crucial role in HR decision-making because it helps balance the interests of the company and its employees. Stone and Deadrick (2022) emphasize that decisions related to recruitment, performance evaluation, competency development, and remuneration must take ethical considerations into account to prevent unfairness or bias. When HR management processes adhere to strong professional ethics, they are more accountable, transparent, and trustworthy for all parties involved. This not only improves working relationships within the company but also enhances the company's reputation by establishing honest and sustainable HR governance.

Digital Transformation in HR Management

Digital transformation has completely transformed the way companies manage human resources, particularly through the use of data-driven technologies and automation systems. Cascio and Boudreau (2022) state that digitalization in HR enables companies to use a variety of technologies, including Human Resource Information Systems (HRIS), artificial intelligence (*AI*) in recruitment, big data analytics, and *e-learning platforms* to help employees improve their skills. These technologies not only make processes more efficient but also provide organizations with more tools to better understand how employees work, what they need, and how productive they are. The shift toward remote and hybrid work has accelerated the use of collaborative technologies to maintain communication and coordination in the modern workplace.

However, the development of digital technology has transformed the roles and skills required of HR professionals. According to Stone et al. (2021), digital HR professionals need to understand how to use technology and how to use it strategically in talent management,

performance measurement, and workforce planning. Technologies such as AI recruitment can speed up the selection process, but decisions still need to be reviewed by people to ensure they are correct, fair, and relevant. Therefore, digital transformation not only updates HR tools and practices but also changes organizational culture and requires new skills that combine technical knowledge with ethical and professional knowledge.

Human Resource Management (HRM)

Human resource management (HRM) is a strategic function focused on managing the workforce in a way that helps an organization achieve its goals sustainably. Dessler (2024) states that HRM is a set of practices that include recruiting, training, remuneration, performance evaluation, and ensuring employee happiness and well-being. Mathis and Jackson (2023) emphasize that modern HRM needs to use strategic, data-driven methods to help businesses remain competitive. Armstrong (2020) argues that HRM is a fundamental catalyst in developing organizational capabilities by enhancing employee competence, motivation, and commitment, thus considering HRM an asset that provides lasting value.

Recent changes show that human resource management (HRM) is no longer merely an administrative task; it is now a strategic function that helps companies transform. Ulrich et al. (2022) argue that modern HRM practices emphasize developing employee experience, enhancing digital skills, and increasing agility in adapting to a constantly changing business environment. The human resource management (HRM) function is crucial for building ethical decision-making systems, governance, and organizational culture. Global change, the growth of digital technology, and changes in the job market require HRM management to be more open to new ideas and adaptive so that the workplace can be productive, welcoming, and sustainable (Armstrong and Taylor, 2021).

3. Method

This article employs a conceptual scientific methodology supported by a literature review. This approach was chosen due to the need for a comprehensive theoretical study from various scientific sources and relevant regulations in discussing professional ethics in HR management in the era of digital transformation. This conceptual framework allows this article to illustrate the interconnections between concepts and offer a deep understanding of the challenges and opportunities presented by professional ethics in the context of the digitalization of HR processes.

The sources for this article are textbooks on HR management and professional ethics, current scientific journals from around the world, research reports, and codes on HR practices and data protection. The literature review includes contemporary studies by Dessler (2024), Mathis and Jackson (2023), Cascio and Boudreau (2022), and other relevant publications on advances in digitalization and ethical considerations in HR management.

This analysis employs a narrative analysis methodology (literature study) by reviewing, comparing, and integrating literature findings related to digital transformation and its consequences for HR professional ethics. This article employs a descriptive-analytical writing style, describing the phenomenon as it occurs while offering a critical examination of the challenges and opportunities for professional ethics arising from the integration of digital technology into HR management.

4. Discussion

Implementation of Basic Concepts of Professional Ethics in Human Resource Management in the Era of Digital

In the digital era, HR management applies the basic principles of professional ethics, such as honesty, professionalism, fairness, responsibility, and confidentiality, by ensuring that all technology-based HR management processes adhere to these rules. In the context of recruitment, for example, HR professionals need to ensure that the algorithms used in Artificial Intelligence (AI) and Human Resources Information Systems (HRIS) are fair, open, and accountable. The principles of fairness and integrity are upheld by establishing objective

selection criteria, conducting algorithmic audits, and ensuring candidates have access to information related to the digital evaluation process.



Figure 1. Basic Concept of Professional Ethics in HR Management.

When managing employee data, privacy and responsibility are crucial. HR professionals must maintain data security by encrypting it, restricting access, and complying with data protection laws, such as company privacy policies or government regulations. The use of big data and HR analytics also requires honesty. Every choice must be made based on accurate information and in a manner that does not violate human rights. Furthermore, the digital performance appraisal process must be open and honest, providing fair feedback to maintain professional standards. Therefore, implementing professional ethics in digital HR practices not only informs employees how to act but also ensures that technology is used to support fair, responsible, and humane HR management.

Challenges of Professional Ethics in Digital Human Resource Management

Digital technologies such as Human Resource Management (HRIS), AI, big data, and remote work systems have transformed the way businesses manage their employees, but these changes also raise significant ethical questions. One major issue is data privacy and security, especially since digital systems store a wealth of personal information about employees. Stone and Deadrick (2015) state that if companies lack robust security policies, the risk of data leaks or misuse increases. Cascio and Montealegre (2022) emphasize that as HR moves digitally, they need to have stricter data protection regulations to maintain employee trust and the company's reputation.

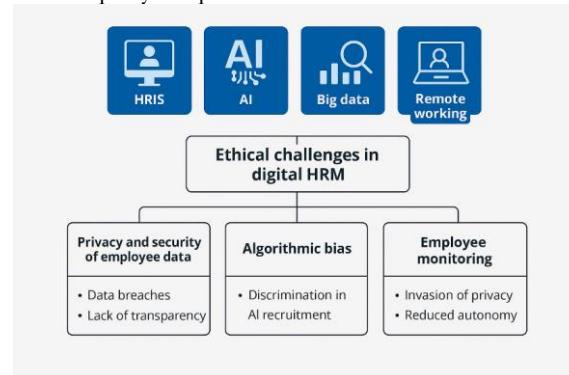


Figure 2. Digital Technology and Challenges to Professional Ethics.

The following is an explanation of the use of digital technology and the challenges of professional ethics, including the following:

- a. Data Privacy and Security (HRIS & Big Data)
 - 1) Digital systems store personal data on a large scale, making them vulnerable to data leaks and misuse.
 - 2) Organizations are often not transparent about how data is collected, processed, and stored.
- b. Algorithmic Bias in AI-Based Selection
 - 1) AI algorithms can repeat discriminatory patterns from biased historical data.
 - 2) Selection decisions appear objective, but are actually influenced by algorithmic bias
- c. Lack of Transparency in Digital Processes
 - 1) Candidates and employees don't know how the system assesses them or what the basis for digital decision-making is.
 - 2) Data-driven performance evaluations often ignore the human context of individual behavior.
- d. Excessive Monitoring in Remote Work Systems
 - 1) Digital monitoring can violate privacy boundaries if done without consent or clear

rules.

- 2) Excessive supervision can cause stress and reduce employee well-being.

All of these ethical issues demonstrate that the use of digital technology in HR management requires careful consideration. Companies need to ensure that their employees use technology responsibly and adhere to professional ethical standards such as fairness, transparency, responsibility, and the protection of human rights.

Opportunities for Strengthening Technology-Based Professional Ethics

While digital transformation presents its own set of challenges, it also presents numerous opportunities for HR managers to improve ethical professional practices. Digital technology makes it easier for businesses to be transparent and accountable by using systems that automatically record every step of the HR process. Cascio and Boudreau (2022) state that the use of HR analytics and data-driven systems can help companies make more objective and unbiased decisions when recruiting, evaluating performance, and promoting employees.

Digital technology not only makes things more transparent but also helps HR professionals gain more training and improve their ethics skills. Armstrong and Taylor (2021) emphasize that e-learning modules and digital learning enable companies to continuously teach ethics in a flexible, interactive, and adaptable manner. With digital materials, organizations can ensure that all HR professionals have a shared understanding of applicable ethical rules, such as privacy, accountability, and responsible data use. The digital transformation process also makes it easier for HR, IT, and top management to collaborate on creating technology-based ethics policies. Digital transformation not only eliminates challenges but also opens up strategic opportunities to make HR governance more modern, ethical, and responsive to changes in the work environment.

Strategies for Building Professional Ethics in HR in the Era of Digital Transformation

In the era of digital transformation, it is increasingly important for businesses to strengthen professional ethics in human resource (HR) management. Technological advances, including big data, artificial intelligence, and integrated digital systems, increase efficiency while also presenting ethical dilemmas related to privacy, accountability, and the protection of individual rights. Therefore, companies need to create an ethical governance framework that balances the use of technology with upholding humanitarian values and honesty in HR. Key areas that can be improved include ethical digital governance, empowering digital HR professionals to be more ethical, and creating a workplace culture that aligns with ethical values and new technologies

- a. Strengthening the Digital-Based Ethical Governance Framework
 - 1) Organizations need to develop ethical digital governance to ensure that the use of technology is aligned with the ethical values of the HR profession.
 - 2) Stone and Deadrick (2015) emphasized that the effectiveness of modern HR practices is determined by the organization's ability to maintain a balance between digital efficiency and the protection of human values.
 - 3) This governance includes:
 - a) Employee data privacy policy.
 - b) Protection of personal information in digital systems.
 - c) Guidelines for using AI in recruitment processes, performance evaluation, and HR development.
 - 4) The goal is to ensure technology supports fairness, objectivity, and openness in HR practices.
- b. Strengthening the Ethical and Digital Capacity of HR Practitioners
 - 1) Digital HR competencies are not only related to the ability to operate technology, but also understanding the ethical implications of data-based decisions.
 - 2) Armstrong and Taylor (2021) emphasize the importance of:
 - a) Data literacy training.
 - b) Mastery of HR analytics.
 - c) Responsible AI in the entire HR management cycle.

- 3) Organizations need to make:
 - a) Digital ethics training,
 - b) Technology risk management, and
 - c) Updating digital competencies as a mandatory agenda in HR professional development.
- c. Building an Organizational Culture Based on Digital Ethics
- 1) Ulrich et al. (2020) explain that modern organizations require a work culture that is transparent, accountable, inclusive, and adaptive to technological change.
- 2) Strengthening organizational culture can be realized through:
 - a) Implementation of a clear digital code of ethics.
 - b) A secure whistleblowing mechanism.
 - c) Collaboration between HR and information technology (IT) divisions to create an ethical and sustainable system.
- 3) With this approach, organizations are able to ensure that digital HR practices remain within the corridor of professional ethics, thereby creating a fair, safe, and sustainable work environment

6. Conclusion

From this article, we can learn that professional ethics are crucial to ensuring HR management remains fair, responsible, and honest as digital transformation occurs rapidly. HRIS, AI, big data, and remote work systems are examples of technologies that can improve work efficiency, but they also carry numerous ethical risks. Privacy concerns, bias in algorithms, lack of transparency in digital processes, and excessive employee monitoring are some of the most important emerging issues. Digitalization also opens up new ways to improve moral behavior, particularly by making things clearer, holding employees accountable, making decisions more objective, and using technology to facilitate ethics training. Therefore, for modern, humanistic, and sustainable HR governance to work, companies must be ready to find a balance between new technologies and moral values.

To address ethical issues while maximizing HR digitalization, companies need to improve technology-based ethical governance by implementing data protection policies, algorithm audits, and rules for the responsible use of AI. Furthermore, organizations need to improve digital literacy and professional ethics in HR through ongoing training, online learning modules, and skills development in data analytics and digital ethics. To ensure that digital transformation doesn't forget about people, it's also crucial to strengthen an organizational culture that values openness, responsibility, and the protection of individual rights. Organizations can manage HR ethically in the digital era by implementing secure reporting systems and fostering collaboration between HR and IT.

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