



RESEARCH ARTICLE

# The Paradox of Digital Transformation: Human Resource Readiness in Artificial Intelligence-Based Human Resource Management

Achmad Singgih Laksono <sup>1\*</sup> | Hwihanus <sup>2</sup>

<sup>1\*,2</sup> Management Study Program, Faculty of Management and Business, Universitas 17 Agustus 1945 Surabaya, Surabaya City, East Java, Indonesia.

**Correspondence**

<sup>1</sup> Management Study Program, Faculty of Management and Business, Universitas 17 Agustus 1945 Surabaya, Surabaya City, East Java, Indonesia. Email. [singgihlaksono05@gmail.com](mailto:singgihlaksono05@gmail.com).

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Universitas 17 Agustus 1945 Surabaya.

**Abstract**

The impact of digitalization has brought significant changes to human resource management and human resources management (HRM). This study focuses on the paradox of digital transformation, a situation where technological advances and Artificial Intelligence offer high efficiency, but success remains highly dependent on human resource readiness. This study uses a qualitative approach with a literature review method. The results of the study indicate that the failure of digital transformation is not solely caused by technological limitations, but rather by the low cognitive, psychological, and work culture readiness of human resources. The rapid management of the latest technology in the form of AI and digitalization will offer significant efficiency and convenience. However, successful implementation is highly dependent on human resource readiness. This phenomenon shows that failure in the digital era is not only caused by technological limitations, but also by the unpreparedness of human resources to adapt (Davenport & Westerman, 2018). This study contributes by identifying the paradox between technological advances and human resource readiness in digital transformation.

**Keywords**

Human Resource Management (HRM); Digital Era; HR Capacity;

## 1 | INTRODUCTION

Digital change often places organizations in an uneasy position, especially when supervisors expect faster adaptation while employees are still learning to work with new systems. The gap is visible in the move from conventional routines to digital work arrangements, accompanied by resistance to change and weak resource support (Rinto A, 2025). Many employees are asked to operate digital tools without sufficient training, leaving them uncertain, dependent on trial and error, and less willing to support innovation. Organizational readiness is also weakened by fear of job loss, uneven digital literacy, and low investment in human resource technology. Such conditions show that digital transformation cannot be treated as a technical project alone. Human Resource Management (HRM) must take a more active role by designing relevant training, opening honest communication, reducing employee anxiety, and building work practices that make change manageable rather than demanded as an instant organizational miracle from above alone (Frey & Osborne, 2017; Vakola, 2016, as cited in Rinto A, 2025).

Globalization has had a major impact on technological development, making information and technology increasingly important in contemporary life. Almost every aspect of life has been affected by digitalization, which has made many activities more practical. Human Resource Management (HRM) faces new challenges and is expected to adapt to increasingly advanced digital development. Managing human resources amid internal and external pressures has become a central concern in HRM. Current technological advances have changed the way educational institutions manage human resources through more modern approaches. These changes place new responsibilities on educators and staff in the digital education era, extending beyond subject knowledge and traditional teaching skills. They also include data-driven professional development, collaborative and digital performance management, and adaptive technology (Anjellie D, 2026). For that reason, innovation in HRM implementation is essential to help educational institutions respond to the challenges of the digital era.

Digital technology has reshaped how people work, communicate, and define a supportive workplace. HRM can no longer rely only on salary, job security, and formal supervision to sustain motivation. Although those factors remain relevant, employees increasingly expect work arrangements that respect flexibility, personal growth, and a healthier balance between professional and private life (M. Fahrezy Putra, 2025). The shift is not merely technical; it changes the psychological contract between employees and organizations. Millennials and Generation Z tend to question whether their roles carry meaning, whether learning opportunities are available, and whether management trusts them to manage time responsibly. When organizations treat digital change only as a matter of tools, employee motivation may weaken. HRM needs to respond through clearer communication, adaptive work policies, fair performance systems, and development programs that connect organizational goals with employee aspirations rather than forcing old workplace logic into new digital routines and expectations of modern work.

Generation Z views work as more than a source of income. Employment is also assessed through personal values, ethical fit, career direction, and the extent to which an organization gives space for growth (Arya Satya Pratama *et al.*, 2023). Such expectations require HRM to move beyond administrative responses and address the readiness of people who must live with digital change every day. The study develops the discussion from earlier works, including "Human Resource Management in the Digital Era" by Anjellie Dasviana Putri (2026) and "Analysis of Strategies to Improve Work Motivation among Generation Z Employees in the Digital Era" by M. Fahrezy Putra Dwitama (2025). Previous research tends to place greater attention on technological efficiency, digital systems, and motivation strategies. However, employee readiness deserves stronger analytical emphasis because digital transformation depends on acceptance, skill adaptation, trust, and organizational support, not merely on the availability of advanced tools or formal policies alone in practice today.

The growing use of Artificial Intelligence (AI) in HRM, supported by work motivation, is often expected to accelerate change and increase flexibility. Yet rapid adoption can create pressure when employees are not prepared to adjust their skills, routines, and attitudes. Digitalization may improve efficiency, decision-making, and learning access, but it can also produce anxiety, dependence on systems, and unequal adaptation among millennial and Generation Z employees. HRM is therefore entering a cultural shift, not merely a technical upgrade. In educational institutions, the quality of services and learning outcomes is strongly influenced by human resources who are competent, adaptable, and willing to grow with changing demands (Anjellie D, 2026). AI should support human capacity rather than replace critical judgment, because sustainable digital transformation depends on people who understand both technology and the social realities of work.

As a result of cultural transformation, HRM practices ranging from employee recruitment to human resource development have also changed. Recruitment and selection processes increasingly rely on e-recruitment. Work management follows digital-era patterns through hybrid work methods, e-learning, and motivation development. Professional HRM serves as a bridge in understanding employee characteristics, requiring a shift in managerial approach. HRM readiness in managing human resources must align with a digital mindset, and both management and employees should be prepared to accept change.

Digitalization is often considered unsuccessful because human resources are unable to accept and adapt to it. Based

on the preceding discussion, the study aims to answer several questions: How does digitalization change HRM practices? What role does AI play in improving HRM effectiveness? Why does HR readiness determine the success of digital transformation? The digital era provides technology designed to make work easier; however, modernity lies primarily in the tools, while human actors, including HR and HRM practitioners, remain in an adaptive stage.

### 3 | METHOD

The research employs a qualitative approach using library research covering the period from 2018 to 2026 to examine the influence of digitalization and Artificial Intelligence (AI) on Human Resource Management (HRM). This approach was selected to build a clear conceptual understanding of digital transformation dynamics in human resource management. The data sources consist of reputable scientific journals, academic books, and research articles related to digitalization, AI, and HRM. The literature selection criteria include: (1) publications issued between 2018 and 2025, (2) direct relevance to the research topic, and (3) sources that are credible and indexed. Data collection was carried out by reviewing 21 journal articles obtained from academic databases such as Google Scholar, along with national and international journals, as well as 3 e-books. The collected literature was then selected and analyzed using thematic analysis. The findings were grouped into several main themes, namely digitalization in HRM, the role of Artificial Intelligence in recruitment processes, and challenges related to human resource readiness. The synthesis process was then conducted to identify the relationship between digitalization, AI, and workforce readiness in responding to changes in work culture. The analysis aims to produce a clearer academic understanding of the gap between technological development and human resource capacity.

### 4 | RESULTS AND DISCUSSION

#### 4.1 Results

##### 4.1.1 Digitalization in Human Resource Management

Digital transformation has developed rapidly in recent years, causing companies and organizations to shift from conventional work cultures toward digital systems. Such change creates new demands for employees and Human Resource Management (HRM) to adapt to modern work practices in order to remain competitive. In the digital era, employees are not only required to master technology but also to demonstrate flexible thinking, virtual collaboration, independent decision-making, and adaptive behavior. In conventional work systems, HRM focused more on traditional administrative tasks, which often slowed recruitment and employee monitoring processes (Ahmad Gunawan, 2025). Employee data management, payroll, and other HR activities carried out manually required considerable time and effort (Muktamar *et al.*, 2024). Recruitment and selection in the conventional era also relied heavily on interviews and written tests, which demanded substantial resources. Human resources were often viewed mainly as instruments for running company operations, with less attention given to employee development and empowerment. The following framework describes the main direction of the study.

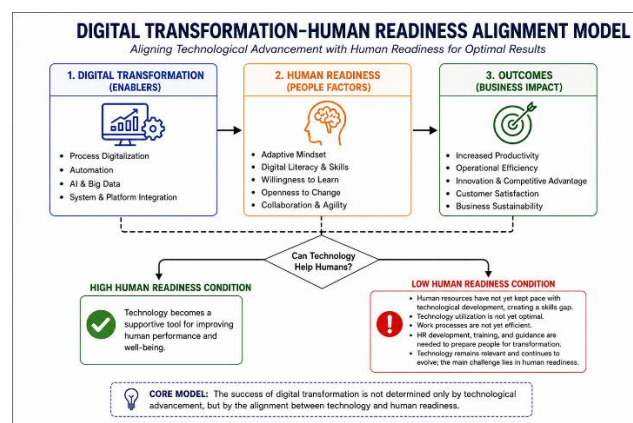


Figure 1. Digital Transformation–Human Readiness Alignment Model (DTHR-AM)

Source: Developed by the author.

The framework explains, step by step, how digital transformation can encourage a more open and innovative way of thinking toward technological development. As a strategic asset of an organization, human resources must be developed

through the transformation of HRM models in order to support innovation and entrepreneurship (Zhang, 2025). Human readiness toward a digital mindset refers to employees' cognitive readiness to view technology as a solution, a means of collaboration, and an opportunity to improve efficiency. Such readiness is not a fixed personal trait, but a capability that can be shaped by the organization. The cultural shift from conventional to digital work practices can be built through HRM commitment in facilitating a learning culture and providing real perceived organizational support (Luissa, Jimmy, and Tjahjana, 2024). The expected outcome is an organizational direction that helps employees develop a digital mindset according to their talents, while aligning systems and processes to make effective use of digital capabilities (Tsedal, 2022).

The difference becomes more visible when digitalization enters the workplace, supported by rapid technological development. As organizations move into a more modern work era, employees and HRM must adjust their culture, especially in employee recruitment and workforce management (Ahmad Gunawan, 2025). Administrative processes that previously required considerable time can now be carried out more quickly and efficiently through HR management software and cloud-based applications that can be accessed anytime and anywhere. Employee data and other organizational information can be retrieved within seconds without complicated and time-consuming manual processing. Automation resulting from digital transformation can support both employee management and daily work activities. Digitalization allows organizations to automate various manual processes, increasing operational efficiency and accelerating decision-making (Susanto *et al.*, 2024).

One of the key developments in digital-era HRM is the implementation of e-recruitment and e-learning. The integration of Information Technology (IT) and Human Resource Management (HRM) has produced a growing impact over time. In recruitment practices, processes that previously required applicants to come directly to a location have gradually shifted to online systems. A company's ability to compete in an increasingly competitive labor market depends on efficient recruitment procedures that can reach potential candidates more effectively. For that reason, the use of technology in pre-recruitment activities is a strategic and efficient step (Anjellie D, 2026). Technological development has also made recruitment more practical, even when conducted remotely. Interviews can be carried out through video calls, automated application systems can screen candidates, and online platforms can be used to publish job vacancies. In addition, Artificial Intelligence (AI) plays a role in helping various groups access information more easily and identify patterns within particular phenomena.

Beyond recruitment, HRM also applies digitalization through e-learning to provide materials, training, and employee guidance more effectively. However, increased efficiency is not always accompanied by human resource readiness. Digitalization is often treated as a universal solution, while in practice the success of digital transformation depends heavily on an organization's ability to adjust work processes and organizational culture (Davenport & Westerman, 2018). Digitalization is not merely a technological change, but also a systemic shift that requires broad human adaptation. Based on the discussion, digitalization in HRM functions as an enabler, but it is not the main determinant of organizational success. Human factors remain the key variable in determining whether technology can be implemented effectively.

#### 4.1.2 The Role of Artificial Intelligence (AI) in HRM

Rapid technological development has produced various forms of artificial intelligence that can support problem-solving in a manner similar to a personal assistant. Such technology is commonly known as Artificial Intelligence (AI). The term AI was introduced and developed as a research field by John McCarthy, a professor from the Massachusetts Institute of Technology, during the Dartmouth Conference in 1956, which was attended by early AI researchers (Agustina Mogi, 2025). According to Winston and Prendergast (1984), the development of artificial intelligence has several main purposes:

- 1) To create smarter machine technology.
- 2) To understand the scientific goals of artificial intelligence.
- 3) To make machines more useful for their users.

Artificial Intelligence (AI) has become one of the major innovations in improving the effectiveness of Human Resource Management (HRM), particularly in recruitment and decision-making processes. The use of AI in e-recruitment enables organizations to screen candidates more quickly, objectively, and based on data (Arya Satya Pratama *et al.*, 2023). AI also functions as a decision support system that assists management in analyzing employee data, predicting performance, and designing human resource development strategies (Baswardono, 2026). Such use may strengthen an organization's competitive position in facing global competition.

AI technology is complex, yet its flexible language system allows it to support human work across different fields. AI can assist in completing administrative and repetitive tasks in education and professional settings, allowing human workers to focus their energy on strategic decisions and interpersonal matters that require judgment, empathy, and social understanding (Wiyoga Baswardono, 2026). According to Savitri (2019), as cited in Human Resource Management in the AI Era by Agustina Mogi (2025), the transition from Industry 4.0 toward Industry 5.0 will continue to generate technological breakthroughs in many fields, including robotics, artificial intelligence, nanotechnology, quantum computing, biotechnology, the Internet of Things (IoT), 3D printing, and autonomous vehicles. As a problem-solving assistant, AI can help users make decisions, organize information, and strengthen arguments more effectively (Wiyoga Baswardono, 2026).

However, the advantages of AI must be approached critically. Excessive dependence on AI may weaken human critical analysis and create unnoticed algorithmic bias (Agustina Mogi, 2025). For that reason, the use of AI in HRM needs to be balanced with human oversight to maintain ethical judgment, fairness, and accountability. Advanced technology may not produce the expected results when human readiness is still insufficient to face rapid and varied digital development. Even so, human readiness can be improved gradually through learning, training, and organizational support. In the current era, HRM has a strong role in shaping the digital mindset of employees so that companies and organizations can continue to develop and compete responsibly.

#### 4.1.3 Workforce Readiness Targets in the Digital Era

One of the main challenges in implementing digitalization and Artificial Intelligence (AI) is workforce readiness. Many organizations face a gap between rapid technological development and the relatively slower ability of employees to adapt. Managing employees from different generations has become a central responsibility of Human Resource Management (HRM) in developing high-quality human resources. Generational differences may influence HRM decision-making, especially because the current technological era is increasingly shaped by Generation Z, while the earlier stage of technological development was largely influenced by millennials. According to Ghorbanzadeh et al. (2023), as cited in Wijaya (2024), employee readiness consists of four dimensions: hope, resilience, self-efficacy, and optimism. These four dimensions have stronger predictive power when viewed together than when each construct is examined separately (Drobyazko *et al.*, 2019, as cited in Wijaya, 2024). In addition to employee readiness, social capital is also recognized as a valuable resource that creates value and competitive advantage for both organizations and individuals (Wijaya, 2024). Social capital represents features of social organization, such as norms and social trust, that support coordination and cooperation for mutual benefit.

#### 4.1.4 The Millennial Generation

Individuals born between 1981 and 1996 are commonly referred to as Generation Y. This cohort grew alongside the early development of digital technology. Millennials are widely associated with work flexibility and work-life balance, similar to Generation Z (Anjellie D, 2026). Their principles are not far from those of Generation Z, as they also seek recognition, purpose in their work, and accessible opportunities for career development. Since they experienced the early stage of technological modernization, millennials tend to expect dynamic and inclusive workplaces and are generally familiar with digital technology. Millennials can be identified through several characteristics:

- 1) They are increasingly skilled in using technology and show willingness to learn new things.
- 2) They value flexibility and balance between work and personal life.
- 3) They seek meaningful and challenging work, require fast and transparent feedback, and tend to dislike organizations that offer no clear prospects for advancement or do not align with their ideals.

When millennials are willing to follow technological development, they can become competitive individuals who are able to meet labor market demands. Each millennial needs to develop personal capacity because job competition has become increasingly intense. The purpose of HRM for the millennial generation is to create competitive individuals and develop strong skills that allow them to compete within companies or organizations (Armansyahfudin, 2019).

Another barrier faced by millennials is financial and economic difficulty. Widespread unemployment may create serious economic pressure, making it necessary for individuals in this generation to seek practical solutions. A strong willingness to grow into valuable and capable individuals is highly needed (Ahmad, 2020). In addition, a gap may appear between millennials who follow technological development and those who do not, leading to differences in personal value and competitiveness. Living during the rise of digital technology may also strengthen consumerism as a lifestyle. Such conditions create several challenges, including social and cultural pressure, consumptive behavior, difficulty saving money, stress and anxiety, increased waste, and environmental damage (Ahmad, 2020). Materialism often grows through exposure to digital media and advertising, requiring millennials to think critically in distinguishing actual needs from lifestyle pressure. For that reason, Human Resource Management needs to understand millennial behavior during technological development so that their potential can be directed toward more positive outcomes.

#### 4.1.5 Generation Z

Generation Z, the cohort following millennials, is generally more proficient in using modern technology and tends to be more open to technological change and development. Differences in work values, career expectations, and preferences for digital work environments require organizations to adopt new approaches in Human Resource Management (HRM). Generation Z is not only familiar with technology but also forms social and cultural identity through digital media, social platforms, and smart mobile devices. This generation is known for adaptability, fast learning, creativity, and strong multitasking ability in managing various applications or information sources at the same time. Ismail Rasulong (2024) states that Generation Z has strong multitasking skills, allowing them to handle several tasks simultaneously.

These characteristics make Generation Z a generation with strong potential to lead and drive future change. However, one challenge faced by Generation Z is the widespread use of social media, which can become a distraction from learning

and work focus. In addition, Generation Z often has lower patience because they are accustomed to instant results and rapid change. As a result, they may easily feel bored when dealing with repetitive tasks. HRM needs to develop a more dynamic work environment, provide new challenges, and create learning opportunities that support growth. Through proper direction, the youthful energy of Generation Z can be transformed into productive and innovative work behavior (Wirautami *et al.*, 2025). Managing Generation Z alongside millennials also creates a difficult task for HRM, as organizations must align two different generations toward shared goals and work values.

Professionalism in HRM becomes a decisive factor in creating a work system that can support the potential of younger employees effectively. Arnolus Juantri and E. Oktavianus *et al.* (2023), as cited in Competence of Generation Z in the Digitalization Era: A Systematic Literature Review by Dhiky N.A. (2025), argue that major changes caused by digitalization have strongly affected how people work, think, and interact in professional environments. Assessing Generation Z's professionalism should not focus only on technical ability. It must also consider attitude, responsibility, and integrity at work. Fair assessment should also encourage HRM to appreciate employee participation and work performance properly (M. Amrullah, 2025).

Workforce readiness is not determined solely by technical competence, but also by psychological factors such as resistance to change, anxiety about job loss, and low digital literacy (Ramadhana, 2025). These conditions often become major causes of unsuccessful digital transformation in organizations. Basically, millennials and Generation Z have advantages in technological adaptation, but such ability does not automatically guarantee readiness to face the complexity of digital work. Challenges such as social media distraction, weak work resilience, and the tendency to seek instant results may reduce productivity (Arya Satya Pratama *et al.*, 2023). For that reason, human resource readiness should be understood through technical, mental, and work culture aspects as a connected whole.

#### 4.1.6 Challenges and Risks of Digital Transformation

From the perspective of effectiveness, rapidly developing digitalization can bring positive effects to many areas of human life, including process efficiency and organizational performance measurement. In the financial sector, Gomber *et al.* (2017), as cited in Ramadhana (2025), state that digitalization has improved process efficiency, financial inclusion, and service innovation. Various transactions have become easier through mobile banking, core banking systems, and algorithm-based risk management. In the education sector, AI-based digitalization also helps students find answers and learning sources more quickly and effectively. In trade, conventional markets have gradually shifted toward digital markets, ranging from promotion to buying and selling activities. In Human Resource Management (HRM), the advantages of digitalization can be seen in the implementation of e-recruitment and e-learning, which enable HR management to control and manage various organizational needs more quickly and efficiently (Susanto *et al.*, 2024).

The positive impact of digitalization on employees can be seen in faster work processes, allowing employees to perform several tasks at the same time. As a result, employees may have greater opportunities to balance work demands with personal life. A balanced division between work and life is closely related to Work-Life Balance (WLB) (Rezty Adelia, 2025). The digital era has changed work arrangements that previously required physical attendance into more flexible systems, including Work From Home (WFH). However, not all companies in Indonesia are able to implement WFH effectively. Although digitalization has made many aspects of human life easier, its application also carries several risks. From a general point of view, the benefits may appear greater than the risks, but that does not mean the risks can be ignored.

One of the negative effects of digitalization is social media distraction. Social media has entered nearly every group in society, making both Generation Z and millennials face similar challenges. Social media distraction has changed social interaction in the modern era. Short conversations, "likes," and brief comments have replaced more meaningful forms of communication (Alfa Salsabila, 2025). Such patterns may lead to loneliness and dissatisfaction, even when individuals have many online "friends." Feelings of dissatisfaction and loneliness may become the early basis of addiction and reduce enthusiasm (Nirmala R, 2025). Low enthusiasm can weaken human resource quality. When such behavior appears in the workplace, it becomes an issue that requires managerial attention (Raden A, 2025).

Viewed from current global competition, digitalization itself is not the main problem in helping people carry out their activities. The more urgent issue lies in whether human resource capacity is ready to use digital systems properly. A common cause of unsuccessful digitalization is workforce unreadiness and the mismatch between organizational processes and the digital systems being implemented (Ramadhana, 2025). Digitalization that is forced without building employee competence and restructuring work processes may create resistance, system errors, and declining productivity. Such conditions become serious challenges for HRM in adapting to the digital era and to the characteristics of employees. Davenport and Westerman (2018) argue that unsuccessful digital transformation is often caused by non-technological factors, especially people and internal processes that are not prepared. The problem becomes worse when training is inadequate and end users are not involved in the technology implementation process.

Although digitalization offers many benefits, its implementation also creates several major challenges. One major challenge is the mismatch between the digital system being adopted and the operational needs of the organization. Many companies and organizations give full access to digitalization projects to vendors or IT teams without involving end users

in testing and training. Management may also pay insufficient attention to how the system will actually be used and how work problems will be solved. As a result, the system may become irrelevant to employees' daily needs, causing frustration and declining work morale (Ramadhana, 2025). Balance must be maintained between HRM professionalism and workforce readiness so that organizational progress and employee well-being can develop together. On the other hand, digital technology also increases the risk of distraction, especially through social media. Instant digital interaction may reduce communication quality and weaken professional relationships (Salsabila, 2025). For that reason, digital transformation should be carried out through an integrated approach that considers organizational readiness and human resource readiness at the same time.

#### 4.1.7 Critical Analysis: The Paradox of Digital Transformation

The paradox of digital transformation emerges when organizations invest heavily in technology while neglecting the cognitive, psychological, and work-culture readiness of their human resources. Artificial Intelligence (AI) and digitalization offer considerable efficiency and practical value. However, their successful implementation depends greatly on human factors that are often not fully prepared. This phenomenon indicates that unsuccessful digital transformation is not mainly caused by technological weakness, but by the inability of human resources to adapt to new systems and work patterns (Davenport & Westerman, 2018). In other words, the core problem does not lie in the system itself, but in the people who operate, interpret, and integrate the system into daily work. The implication is clear: organizations need a more balanced approach between technological investment and human capacity development. Without adequate workforce readiness, digitalization may become a new organizational burden rather than a tool for improvement.

## 4.2 Discussion

The findings indicate that digital transformation in Human Resource Management (HRM) should not be treated merely as the transfer of manual work into digital platforms. The change affects recruitment, training, performance evaluation, employee supervision, and the way organizations build workforce capability. Digital systems may reduce administrative workload and speed up access to employee data, but their value depends on how well employees understand and accept the system. In conventional HRM, recruitment, payroll, employee records, and monitoring often required lengthy manual procedures. Digital platforms reduce such burdens by making HR activities faster, more flexible, and easier to track (Gunawan *et al.*, 2025; Muktamar *et al.*, 2024). Still, speed alone cannot guarantee better organizational outcomes.

Digitalization becomes useful when it supports actual work needs. E-recruitment, e-learning, cloud-based HR systems, and digital performance management can help organizations reach wider candidates, shorten administrative procedures, and provide employee development more flexibly. Susanto *et al.* (2024) explain that digital transformation in HRM can improve company performance when supported by appropriate management strategies. Yet technology can also create new problems when adopted only to appear modern. A digital system that is not aligned with employee capability and work routines may trigger confusion, resistance, and declining trust toward management. Artificial Intelligence (AI) has a stronger role in HRM because it can support recruitment, employee data analysis, and decision-making. In e-recruitment, AI helps organizations screen applicants more quickly and systematically. Baswardono *et al.* (2026) explain that AI integration in e-recruitment can improve selection through data-based mechanisms. Pratama *et al.* (2023) also state that AI, big data, and automation affect HR performance in the digital era. These findings show that AI can assist HRM in reducing repetitive tasks and improving the speed of managerial decisions.

AI should not be placed above human judgment. Recruitment and performance evaluation involve fairness, motivation, work attitude, communication ability, and organizational fit. These aspects cannot be measured only through automated systems. Mogi (2025) explains that AI may support HRM, but its use requires careful understanding so that human analytical ability does not weaken. When HR managers accept algorithmic results without review, decisions may become rigid and unfair. AI should function as a decision-support tool, while final responsibility remains with HRM professionals. The paradox of digital transformation appears when organizations spend heavily on technology but neglect employee readiness. Davenport and Westerman (2018) argue that many digital transformation efforts do not produce expected results because people and internal processes are not prepared. This argument is relevant to HRM because even advanced technology will be weak when employees lack digital literacy, confidence, and willingness to change. Ramadhana (2025) also shows that digitalization and human resource quality affect operational efficiency and employee performance. In other words, technology can only work well when human capacity grows with it.

Workforce readiness should not be reduced to technical skill. Employees may know how to use digital devices, but that does not automatically mean they are ready for digital work systems. Readiness involves the ability to think critically, learn continuously, manage uncertainty, and cooperate through digital platforms. A digital mindset helps employees view technology as a work-support tool rather than a threat. Neeley (2022) argues that developing a digital mindset is necessary for individuals and organizations facing technological change. Luissa *et al.* (2024) also show that digital mindset can be shaped by organizational support and learning culture. This means readiness can be developed through planned HRM action, not left to employees to figure out alone. Generational differences also require careful HRM strategy. Millennials

and Generation Z are often assumed to be naturally ready for digital work because they are familiar with digital devices. Such an assumption is too simple. Familiarity with social media, online communication, or mobile applications does not always lead to professional digital competence. Millennials tend to value flexibility, recognition, career development, and work-life balance. Fudin (2019) argues that HRM strategies for millennials should focus on building competitive skills and career capacity. Ahmad and Nurhidaya (2020) also explain that social media creates future challenges for millennials, especially in shaping lifestyle, communication patterns, and social behavior.

Generation Z also needs a different managerial approach. This generation is generally adaptive, fast in accessing information, and familiar with digital interaction. Rasulong et al. (2024) explain that Generation Z's personality has implications for organizational competitiveness. Amrullah et al. (2025) also argue that HRM strategies must adjust to a digital workforce. Even so, Generation Z may face challenges such as low patience toward repetitive work, strong dependence on instant feedback, and distraction from social media. Wirautami (2025) argues that Generation Z needs educational and organizational approaches that can direct their potential toward productive development. HRM should respond by providing clear feedback, meaningful tasks, structured learning, and a work climate that rewards responsibility.

Digital transformation also affects motivation and work-life balance. Dwitama (2025) explains that motivation strategies for Generation Z employees need to follow digital-era expectations. Sabilla and Wartini (2025) show that work-life balance in digital work arrangements affects employee performance. Flexible work, remote meetings, and digital platforms can help employees manage their time more effectively. At the same time, flexibility can blur the boundary between work and private life. HRM must design policies that protect employee well-being without reducing discipline, accountability, and productivity. The rise of digital distraction cannot be ignored. Social media may accelerate communication, but it can also weaken focus and reduce the quality of interaction. Salsabila and Anshori (2025) explain that digitalization and social media influence social interaction in society. Lailiya and Gunansyah (2025) also describe how digital culture among young people can produce risks such as online game addiction. In the workplace, similar habits may affect concentration, enthusiasm, and responsibility. HRM does not need to reject digital media entirely, but it must create clear rules on digital communication, work focus, and responsible use of online platforms.

Work behavior also becomes a major concern in digital HRM. Sazali and Kisman (2025) discuss social loafing, coworker support, organizational commitment, and turnover intention. The issue matters because digital work often reduces direct supervision. When employees work through online systems or remote arrangements, unequal participation can become harder to detect. Laksono et al. (2026) emphasize the role of digital mindset and professional performance management in optimizing Generation Z's potential. HRM therefore needs fair performance indicators, transparent evaluation, and regular feedback to ensure that flexibility does not weaken accountability. Social capital also supports digital transformation. Wijaya and Said (2024) explain that social capital strengthens organizational and individual performance through trust, cooperation, and strategic capacity. Digital platforms can provide access and speed, but trust determines whether employees are willing to share knowledge and cooperate during change. Without trust, technology may become a formal tool that employees use only because management requires it. HRM must build cooperation, peer support, and open communication so that digital systems become part of daily work rather than an additional burden.

Strategic HRM is increasingly needed in the digital economy. Alexandro (2025) explains that strategic HRM creates both challenges and opportunities, especially for MSMEs and startups in Indonesia. This supports the view that HRM should move beyond administrative duties. HRM must identify skill gaps, design continuous training, guide employees during system adoption, and involve users before digital tools are applied widely. Employee involvement is crucial because the people who use the system understand daily work problems better than vendors or technical teams alone.

## 5 | CONCLUSIONS AND FUTURE WORK

Human Resource Management (HRM) in the digital era has encouraged a cultural shift from conventional practices toward more modern and pragmatic work systems. Rapid technological development has made many organizational activities more efficient, while advanced Artificial Intelligence (AI) has helped simplify and organize complex tasks. Recruitment can now be conducted more easily through e-recruitment, training materials can be delivered through e-learning, and remote meetings can be supported by various digital platforms. Employees also benefit from greater access to work, as digital systems allow tasks to be completed from different places and at more flexible times. However, alongside these advantages, the practical use of technology may also create negative effects, such as declining motivation and the tendency to neglect work responsibilities. The digital era has already moved toward modern systems, with technology developing rapidly and becoming easier to apply in line with human needs. Yet the central challenge remains human resources. The success of digital transformation depends on whether employees and HRM practitioners are ready to accept, understand, and adapt to technological change. Technology may already be advanced, but the ability of HRM to respond to modernization remains a decisive issue. The study places human resource readiness as the main variable in determining the success of digital

transformation. Digitalization may produce weak results when human resources are unable to adapt to changing work demands. Although AI improves efficiency, excessive dependence on it may reduce human analytical ability. Therefore, the more advanced technology becomes, the greater the need for human readiness. The findings indicate that technological investment without workforce readiness may create systemic problems, so HRM strategies must focus on integrating technology with human capacity.

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