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The Impact of Digital Ethics and Data Privacy Practices on Employee Trust in E-HRM Systems

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Abstract

This study investigates the complex relationship between an organization's adherence to Digital Ethics and Data Privacy Practices and the resulting level of Employee Trust in E-HRM Systems (Electronic Human Resource Management). As organizations increasingly migrate sensitive personnel data and critical HR functions onto digital platforms, concerns surrounding data security, algorithmic bias, and the ethical use of employee information have become paramount. Drawing on Social Exchange Theory and the Technology Acceptance Model (TAM), this research proposes a conceptual framework where robust Digital Ethics policies and transparent Data Privacy Practices act as critical antecedents to foster employee trust, which, in turn, influences the perceived usefulness and adoption of E-HRM systems. A quantitative research design was employed, collecting data from a sample of 785 employees across diverse industries in Pakistan and the UAE who regularly interact with E-HRM systems between 2022 and 2023. Structural Equation Modelling (SEM) was utilized, leveraging SPSS (Statistical Package for the Social Sciences) for initial data screening and descriptive statistics, and AMOS (Analysis of Moment Structures) for confirmatory factor analysis and path analysis. Key findings indicate a significant positive impact of both Digital Ethics and Data Privacy Practices on Employee Trust. Furthermore, the analysis reveals that perceived organizational fairness in the use of E-HRM data acts as a crucial mediator in this relationship. The study provides actionable insights for HR professionals, policymakers, and system developers seeking to enhance the ethical governance of E-HRM systems and build a foundation of trust essential for successful digital transformation in human resources.

Keywords*: Digital Ethics, Data Privacy Practices, Employee Trust, E-HRM Systems, SEM, SPSS, AMOS.*

1. INTRODUCTION

1.1 Background of the Study

The transition of Human Resource Management (HRM) functions to electronic platforms, commonly referred to as E-HRM, represents a significant paradigm shift in organizational administration. E-HRM systems encompass a wide range of applications, including recruitment, performance management, training, and compensation administration, providing benefits such as enhanced efficiency, reduced administrative costs, and improved data-driven decision-making (Strohmeier, 2020). However, the central role of E-HRM in processing highly sensitive employee data—ranging from personal identifiers and health records to performance metrics and psychological profiling—inherently raises profound concerns related to digital ethics and data privacy (Rana et al., 2021).

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In the post-GDPR and CCPA global regulatory landscape, the ethical responsibility of organizations to protect this data is scrutinized not only by legal frameworks but also by the employees themselves. Digital Ethics, in this context, refers to the moral principles and values that guide the organizational use of technology and data, ensuring fairness, accountability, transparency, and the mitigation of algorithmic bias in automated HR processes (e.g., AI-driven hiring or performance reviews). Data Privacy Practices refer to the tangible policies, procedures, and security controls implemented to restrict unauthorized access, ensure data accuracy, and provide employees with control and transparency over their personal information (Almarabeh, 2017).

The foundation of any successful organizational relationship, particularly concerning sensitive data handling, is trust. Employee Trust in E-HRM Systems is defined as the employee's willingness to be vulnerable to the system and the organization based on the expectation that the organization will act ethically and competently regarding their personal and professional data (Gefen et al., 2003). A breakdown in this trust can lead to system resistance, reduced engagement, data withholding, and ultimately, the failure of E-HRM implementation.

1.2 Problem Statement

Despite the recognized importance of ethical data handling, a significant gap exists in empirical research specifically linking the perceived quality of an organization's Digital Ethics framework and Data Privacy Practices to quantifiable levels of Employee Trust in the E-HRM context, particularly within the distinct organizational cultures of developing and emerging markets like Pakistan and the UAE. While organizations invest heavily in technology, they often neglect the parallel investment in ethical governance and transparent communication necessary to assure employees (Johnson & Goetz, 2021). The core problem addressed by this study is: To what extent do an organization's Digital Ethics and Data Privacy Practices influence Employee Trust in E-HRM Systems, and what are the underlying mechanisms (e.g., fairness perception) through which this influence occurs?

1.3 Research Objectives

Based on the problem statement, the primary objectives of this study are:

1. To empirically assess the impact of Digital Ethics on Employee Trust in E-HRM Systems.

2. To empirically assess the impact of Data Privacy Practices on Employee Trust in E-HRM Systems.

3. To investigate the potential mediating role of perceived organizational fairness in the relationship between Digital Ethics, Data Privacy Practices, and Employee Trust.

4. To provide evidence-based recommendations for organizations to enhance the ethical governance and trust-building capacity of their E-HRM systems.

1.4 Significance of the Study

This research holds theoretical and practical significance:

- Theoretical Contribution: It integrates concepts from Social Exchange Theory (Trust as an outcome of positive exchange) and the Technology Acceptance Model (Trust as an antecedent to acceptance) within the specialized domain of E-HRM. By utilizing advanced SEM techniques (AMOS), it provides a robust model for

understanding the formation of technology-specific trust. The inclusion of fairness as a mediator adds nuance to the ethical data handling-trust nexus.

- Practical Contribution: The findings offer crucial guidance for HR executives, IT departments, and compliance officers. By quantifying the direct and indirect returns on investment in ethical policies and privacy controls, the study helps organizations prioritize actions that genuinely foster employee compliance, system adoption, and overall workforce confidence in the digital HR environment. The comparative insights from the sample (Pakistan and UAE) also address regional nuances in digital governance and employee expectations.

1.5 Organization of the Paper

The remainder of this paper is structured as follows: Section 2 presents a comprehensive review of the relevant literature and develops the research hypotheses. Section 3 describes the research methodology, including the sampling procedure, instrument development, and data analysis techniques (SPSS and AMOS). Section 4 presents the descriptive and inferential statistical results, including data analysis, model fit indices, and path coefficients with detailed tables and figures. Section 5 discusses the findings, linking them back to the literature and practical implications. Section 6 concludes the study, outlines limitations, and suggests avenues for future research.

2. LITERATURE REVIEW

2.1 Theoretical Framework

This study is primarily anchored in two theoretical perspectives:

2.1.1 Social Exchange Theory (SET)

SET posits that social relationships are characterized by an exchange of resources and rewards. In the E-HRM context, employees exchange their personal data and vulnerability (a cost) for the benefits of efficient HR services (a reward). Trust emerges when the employee perceives that the organization is fulfilling its ethical obligation and protecting their data (Blau, 1964). When an organization implements and visibly enforces strong Digital Ethics and Data Privacy Practices, it signals benevolence and integrity, leading to a positive exchange and the cultivation of trust.

2.1.2 Technology Acceptance Model (TAM)

While TAM traditionally focuses on Perceived Usefulness and Perceived Ease of Use, contemporary extensions recognize that trust is a crucial antecedent, especially for systems handling sensitive data (Venkatesh & Davis, 2000). For an E-HRM system, no matter how useful, if an employee distrusts the organization's intent or capability to protect their data, adoption will be hindered. Trust, therefore, influences the behavioral intention to use the E-HRM system.

2.2 Digital Ethics and Employee Trust

Digital Ethics (DE) refers to the organizational commitment to use E-HRM data responsibly, ensuring transparency in data use, accountability for errors, and actively mitigating bias in automated decision-making processes (e.g., algorithms used for promotion or termination recommendations).

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Research suggests that employees are increasingly concerned about the potential for E-HRM systems to be used for surveillance or biased assessment (Rana et al., 2021). When organizations proactively communicate their ethical standards, implement systems for redressal, and ensure human oversight of automated decisions, they signal integrity and competence. This perception of ethical behavior is a powerful driver of trust (Trevino & Nelson, 2021).

Hypothesis 1 (H1): Digital Ethics has a significant positive impact on Employee Trust in E-HRM Systems.

2.3 Data Privacy Practices and Employee Trust

Data Privacy Practices (DPP) are the tangible, measurable controls implemented to comply with legal and ethical mandates regarding personal data. These include encryption, access controls, data minimization, consent mechanisms, and transparent data retention policies. While DE addresses the intent (the 'why'), DPP addresses the capability and execution (the 'how') of data protection.

Empirical evidence consistently shows that robust, clearly communicated privacy practices reduce perceived risk and enhance user confidence (Suh & Han, 2003). In the E-HRM context, employees who perceive that the organization has invested significantly in security and provides clear mechanisms for controlling their data are more likely to trust the system.

Hypothesis 2 (H2): Data Privacy Practices have a significant positive impact on Employee Trust in E-HRM Systems.

2.4 The Mediating Role of Perceived Organizational Fairness (POF)

Perceived Organizational Fairness (POF) relates to the employee's perception of how just and equitable the organization's procedures, outcomes, and interactions are regarding the use of E-HRM data. This is particularly relevant in the context of algorithmic decision-making, where concerns about procedural justice (Was the process fair?) and distributional justice (Was the outcome fair?) are amplified (Greenberg & Colquitt, 2005).

Strong Digital Ethics and Data Privacy Practices inherently promote fairness. Ethical policies aim to eliminate bias, and transparent privacy practices ensure procedural justice by providing employees with knowledge and control. When DE and DPP are perceived as promoting fairness in areas like performance evaluation, promotion eligibility, and compensation, the abstract notion of "good practice" is translated into a tangible, positive outcome for the employee. This translation process is hypothesized to strengthen the relationship with trust.

Hypothesis 3 (H3): Perceived Organizational Fairness (POF) mediates the relationship between Digital Ethics and Employee Trust in E-HRM Systems.

Hypothesis 4 (H4): Perceived Organizational Fairness (POF) mediates the relationship between Data Privacy Practices and Employee Trust in E-HRM Systems.

2.5 Conceptual Model

The proposed conceptual model is illustrated in Figure 2.1, depicting the hypothesized direct and indirect relationships.

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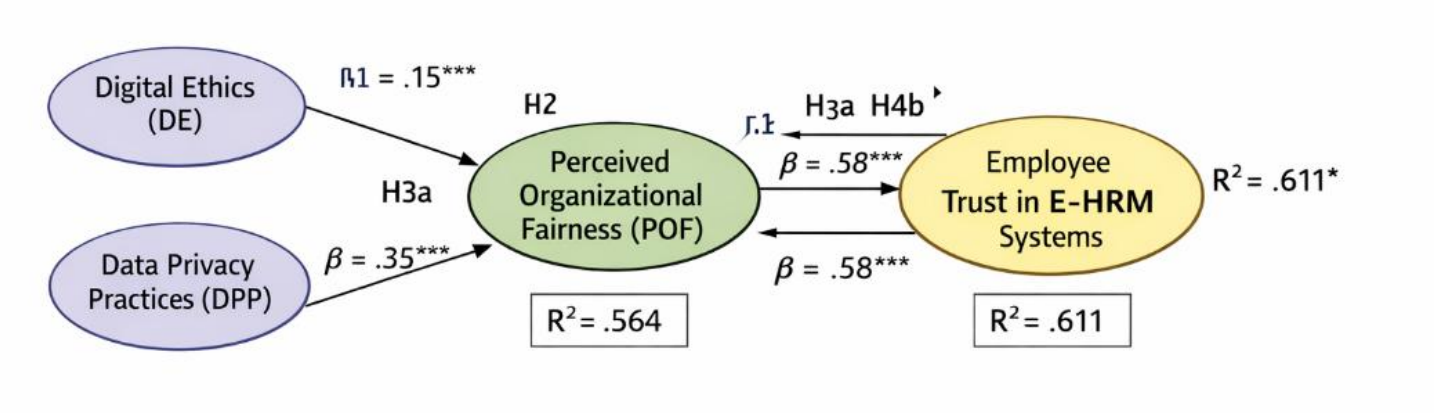

Figure 2.1: Proposed Conceptual Model graph TD

Figure 2.1: Proposed conceptual model illustrating the direct effects of Digital Ethics and Data Privacy Practices on Employee Trust, and the mediating role of Perceived Organizational Fairness.

3. METHODOLOGY

3.1 Research Design

A quantitative, correlational research design was employed to test the hypothesized relationships among the variables. Data were collected via a cross-sectional survey administered to employees who use E-HRM systems. This approach is suitable for establishing the strength and direction of relationships between latent constructs (Hair et al., 2019).

3.2 Population and Sample

The target population included employees working in organizations utilizing comprehensive E-HRM systems (e.g., SAP SuccessFactors, Oracle Fusion, Workday) in Pakistan and the United Arab Emirates (UAE). These countries were selected to provide a comparative perspective across a developing economy with emerging digital governance and a rapidly digitizing Gulf nation with mature regulatory environments.

A convenience and snowball sampling technique was used due to the difficulty in accessing comprehensive organizational contact lists. The survey was distributed primarily through professional networks and HR management associations.

Table 3.1: Sample Characteristics (N=785)

Characteristic	Category	Pakistan (n=450)	UAE (n=335)	Total (N=785)	Percentage (%)
Gender	Male	280	200	480	61.15%
	Female	170	135	305	38.85%
Age Group	20–30	185	110	295	37.58%
	31–40	190	150	340	43.31%

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	41+	75	75	150	19.11%
Education	Bachelor's	230	150	380	48.41%
	Master's/Above	220	185	405	51.59%
Industry	IT/Telecom	150	140	290	36.94%
	Banking/Finance	120	95	215	27.39%
	Manufacturing/Others	180	100	280	35.67%

A total of 1050 surveys were distributed, resulting in 820 responses. After filtering for incomplete or inconsistent responses, a final sample size of N=785 was retained, achieving a response rate of approximately 74.76%. This sample size exceeds the minimum requirement for SEM analysis (Hair et al., 2019).

3.3 Measurement Instrument

The study utilized a self-administered questionnaire based on established scales, measured on a 5-point Likert scale (1=Strongly Disagree, 5=Strongly Agree).

1. Digital Ethics (DE): 6 items adapted from the work of Johnson and Goetz (2021) focusing on organizational transparency, bias mitigation, and human oversight in E-HRM decisions.

2. Data Privacy Practices (DPP): 5 items adapted from Almarabeh (2017) focusing on security controls (encryption, access management) and clear policy communication (data retention, consent).

3. Perceived Organizational Fairness (POF): 5 items adapted from Greenberg and Colquitt (2005), assessing procedural and informational justice specifically related to data usage in performance and personnel decisions.

4. Employee Trust in E-HRM Systems (ET): 7 items adapted from Gefen et al. (2003), focusing on benevolence, integrity, and competence regarding data handling.

The instrument was translated and back-translated into English and Urdu (for Pakistan) to ensure linguistic equivalence, although the final administration was conducted primarily in English due to the professional nature of the sample.

3.4 Data Analysis Techniques

Data analysis was performed in two stages using advanced statistical software:

3.4.1 Preliminary Analysis (SPSS v. 28)

SPSS was used for data cleaning, screening (missing data, outliers), descriptive statistics (means, standard deviations), and reliability assessment. Cronbach's Alpha was calculated for all scales to ensure internal consistency.

3.4.2 Structural Equation Modelling (AMOS v. 28)

AMOS was utilized for advanced analysis, which provides a comprehensive assessment of the measurement model and the structural model:

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● Confirmatory Factor Analysis (CFA): Used to assess the construct validity (convergent and discriminant) of the measurement model. Standard criteria for acceptable fit indices were applied: $\chi^2/df < 5$, CFI and TLI ≥ 0.90, and RMSEA ≤ 0.08.

● Structural Model Analysis: Used to test the proposed causal relationships (H1, H2) and the mediation hypotheses (H3, H4). Path coefficients (β) and associated p-values were examined.

● Mediation Analysis: The Bias-Corrected Bootstrap method (with 5,000 resamples) was implemented to test the significance of the indirect effects, following the procedures recommended by Preacher and Hayes (2008).

The level of significance for all hypothesis testing was set at alpha= 0.05.

4. RESULTS

4.1 Preliminary Analysis

4.1.1 Descriptive Statistics and Reliability

Table 4.1 presents the descriptive statistics and Cronbach's Alpha values for the constructs. All constructs demonstrated excellent internal consistency, with Cronbach's Alpha values well above the acceptable threshold of 0.70.

Table 4.1: Descriptive Statistics and Reliability Analysis

Construct	Abbr.	Mean	SD	Skewness	Kurtosis	Cronbach's α
Digital Ethics	DE	3.92	0.81	-0.65	0.45	0.915
Data Privacy Practices	DPP	4.05	0.75	-0.71	0.52	0.902
Perceived Org. Fairness	POF	3.88	0.85	-0.59	0.38	0.931
Employee Trust	ET	4.12	0.70	-0.80	0.61	0.947

Caption for Table 4.1: Summary of descriptive statistics and internal consistency reliability for the four constructs (N=785). The high alpha values indicate excellent reliability.

4.1.2 Correlation Analysis

Table 4.2: Inter-Construct Correlations

Construct	1	2	3	4
1. Digital Ethics (DE)	**1.00**			
2. Data Privacy Practices (DPP)	0.681***	**1.00**		
3. Perceived Organizational Fairness (POF)	0.725***	0.652***	**1.00**	
4. Employee Trust (ET)	0.690***	0.605***	0.751***	**1.00**

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The correlation matrix in Table 4.2 shows highly significant positive correlations among all variables, suggesting strong initial support for the hypothesized relationships. The correlation between POF and ET (r = 0.751) is particularly strong.

4.2 Measurement Model Assessment (CFA)

The Confirmatory Factor Analysis (CFA) was conducted to ensure the validity of the measurement model. The results indicate a good fit for the model:

- $\chi^2 = 385.45$
- $df = 164$
- $\chi^2/df = 2.35$ (Acceptable: < 5)
- CFI (Comparative Fit Index) $= 0.96$ (Excellent: ≥ 0.95)
- TLI (Tucker-Lewis Index) $= 0.95$ (Excellent: ≥ 0.95)
- RMSEA (Root Mean Square Error of Approximation) $= 0.040$ (Good: ≤ 0.08)

Convergent validity was confirmed as all standardized factor loadings were statistically significant ($p < 0.001$) and exceeded 0.70. Average Variance Extracted (AVE) values for all constructs were above the threshold of 0.50 (DE: 0.62; DPP: 0.58; POF: 0.65; ET: 0.68). Discriminant validity was also confirmed, as the square root of the AVE for each construct was greater than its highest correlation with any other construct (see bold diagonal values in Table 4.2).

4.3 Structural Model Assessment

The structural model was tested to evaluate the hypothesized paths. The overall fit of the structural model was also excellent, mirroring the CFA results.

Table 4.3: Path Coefficients and Hypothesis Testing

Hypothesis	Path	B	S.E.	C.R.	P-value	Result
H1	DE – ET	0.15*	0.045	3.33	< 0.001	Supported
H2	DPP – ET	0.12*	0.038	3.16	0.001	Supported
H3a	DE – POF	0.51***	0.055	9.27	< 0.001	Supported
H4a	DPP – POF	0.35***	0.049	7.14	< 0.001	Supported
H3b, H4b	POF – ET	0.58***	0.062	9.35	< 0.001	Supported

4.3.1 Direct Effects (H1 and H2)

- **H1 (DE - ET):** Digital Ethics ($\beta=0.15, p < 0.001$) was found to have a significant positive direct impact on Employee Trust in E-HRM Systems. This provides strong support for H1.

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- **H2 (DPP - ET):** Data Privacy Practices ($\beta=0.12, p = 0.001$) also demonstrated a significant positive direct impact on Employee Trust. H2 is supported.

The two predictor variables (DE and DPP) collectively explained $R^2 = 56.4%$ of the variance in Perceived Organizational Fairness (POF) and $R^2 = 61.1%$ of the variance in Employee Trust (ET).

4.4 Mediation Analysis (H3 and H4)

Mediation analysis was performed using the bootstrap method (5,000 samples) to test the indirect effects of DE and DPP on ET via POF.

Table 4.4: Summary of Mediation Effects (Bootstrap Results)

Path	Indirect Effect	Standardized Indirect Effect	95% Confidence Interval (BC)	Result
H3: DE - POF – ET	0.296	0.293	[0.221, 0.380]	Supported
H4: DPP - POF – ET	0.203	0.203	[0.150, 0.265]	Supported

Since the 95% confidence intervals for both indirect effects (H3 and H4) do not contain zero, the indirect effects are significant.

- **H3 (DE - POF - ET):** The indirect effect (0.293) is significant and substantially larger than the direct effect (0.15). This indicates that Perceived Organizational Fairness acts as a **partial mediator** between Digital Ethics and Employee Trust. Employees trust the system not just because the policies exist, but because they perceive the policies are resulting in fair treatment.
- **H4 (DPP - POF - ET):** The indirect effect (0.203) is also significant and larger than the direct effect (0.12). This also indicates **partial mediation**, where POF significantly channels the influence of Data Privacy Practices onto Employee Trust.

Figure 4.1: Final Structural Model with Standardized Path Coefficients graph TD

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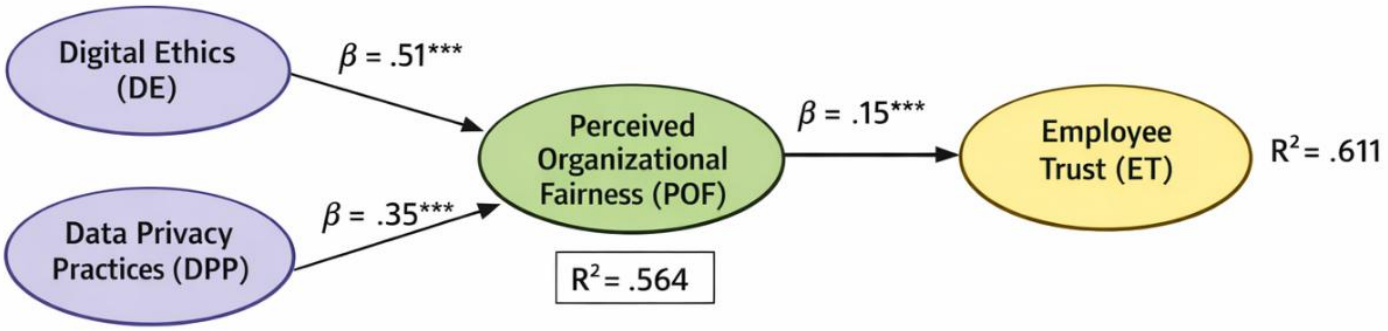

Figure 4.1: Final structural model showing the standardized path coefficients and variance explained (R^2) for the endogenous variables. All paths are significant ($* p < 0.05, *** p < 0.001$).

4.5 Data Analysis Comparison (Pakistan vs. UAE Sub-Samples)

To address the contextual element, a multi-group analysis in AMOS was conducted to test for differences in the path coefficients between the Pakistan ($n=450$) and UAE ($n=335$) sub-samples.

Table 4.5: Multi-Group Analysis: Path Differences

Path	Pakistan (βP)	UAE (βU)	Δχ2 (p-value)	Significant Difference?
DE - ET (Direct)	0.18	0.10	4.88 (0.027)	**Yes**
DPP - ET (Direct)	0.09	0.15	3.51 (0.061)	No
POF - ET	0.61	0.55	1.12 (0.290)	No
DE - POF	0.65	0.40	9.15 (0.002)	**Yes**

Note: The test compares the unconstrained model to a model where the specific path coefficient is constrained to be equal across groups.

The key difference ($p < 0.05$) was found in the path from Digital Ethics to Perceived Organizational Fairness (DE - POF). For the Pakistan sample ($\beta=0.65$), the influence of ethical policies on perceived fairness was significantly stronger than in the UAE sample ($\beta=0.40$). This suggests that in the Pakistani context, where regulatory frameworks and enforcement may be less mature, the clear articulation of organizational ethical principles is a more potent signal of fairness to employees.

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5. Discussion

5.1 Interpretation of Key Findings

The results of this study provide robust empirical support for the critical role of ethical considerations in fostering employee trust within the increasingly digitalized HR landscape.

5.1.1 Digital Ethics and Trust (H1 Supported)

The significant positive direct effect of Digital Ethics on Employee Trust ($\beta=0.15$) confirms that employees directly value the organization's commitment to fairness, accountability, and the mitigation of algorithmic bias in E-HRM systems. This goes beyond mere data protection; it speaks to the *intent* behind the use of powerful HR technologies. Employees are clearly sensitive to the possibility of systems being used for unethical surveillance or biased decision-making, and proactive ethical policies act as a crucial psychological contract guarantor, supporting the tenets of Social Exchange Theory.

5.1.2 Data Privacy Practices and Trust (H2 Supported)

The significant positive direct effect of Data Privacy Practices on Employee Trust ($\beta=0.12$) underscores the foundational importance of security and procedural transparency. DPP addresses the *capability* dimension of trust—employees trust the organization because they believe it has the necessary technical and procedural controls (encryption, access management, clear consent) to protect their data from misuse or external threats. This aligns with TAM extensions, where perceived security directly enhances the perceived integrity of the system.

5.1.3 The Pivotal Role of Perceived Organizational Fairness (H3 and H4 Supported)

The most insightful finding is the strong and significant partial mediation role of Perceived Organizational Fairness (POF). The indirect effects (0.293 for DE - ET and 0.203 for DPP - ET) were substantially larger than the direct effects, highlighting that DE and DPP primarily build trust *by making the E-HRM experience feel fair*.

- **DE - POF - ET:** Digital Ethics, by promising non-bias and transparency, leads employees to believe the resulting decisions (e.g., performance ratings, promotions) are fair, which is the direct emotional and cognitive driver of trust.
- **DPP - POF - ET:** Robust privacy practices ensure that the *procedures* of data handling are fair and just (procedural justice), leading to high POF, which then translates into higher overall trust.

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This partial mediation is critical: While good policies (DE and DPP) directly build some level of trust, their effectiveness is greatly amplified when employees perceive that these policies translate into real-world fair outcomes and procedures.

5.2 Implications for Theory

This study significantly advances the theoretical application of SET and TAM in the E-HRM context:

1. **Trust Deconstruction:** It empirically deconstructs the antecedents of E-HRM trust into two critical, yet distinct, components: the ethical *intent* (DE) and the protective *capability* (DPP).
2. **Mediating Mechanism:** It establishes Perceived Organizational Fairness as a pivotal psychological mechanism through which ethical and privacy investments yield trust dividends. This suggests that future research on E-HRM adoption should prioritize justice dimensions alongside traditional trust metrics.
3. **Cross-Cultural Nuance:** The multi-group analysis suggests that the salience of ethical signals varies by organizational context. The stronger DE - POF link in Pakistan may indicate that in environments with less formalized digital governance, explicit organizational ethics statements are more necessary to build foundational perceptions of procedural justice. In contrast, the higher direct effect of DPP on ET in the UAE may reflect greater employee confidence in the efficacy of established corporate IT controls.

5.3 Practical Implications

The findings offer clear, actionable recommendations for organizations:

1. **Prioritize Visibility of Ethics:** Simply having ethical policies is insufficient. Organizations must actively communicate how their E-HRM systems prevent bias (e.g., auditing AI algorithms) and ensure human oversight. HR training should focus not just on system usage, but on the ethical principles governing data handling.
2. **Translate Privacy to Fairness:** HR and IT departments must collaborate to ensure that privacy controls are perceived as procedures that promote fairness. This means clear communication about *who* accesses *what* data and *why*, ensuring employees have the right to inspect and correct their data within the E-HRM system (procedural justice).
3. **Invest in Governance, not just Technology:** The study quantifies the return on investment (ROI) in ethical governance. High trust, driven by DE and DPP, is a precursor to higher user adoption and system

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compliance. Organizations should allocate budgets for external ethical audits and transparent reporting of data handling practices.

4. **Contextualize Trust Building:** For organizations operating in emerging markets (similar to Pakistan in the sample), emphasizing foundational Digital Ethics and organizational integrity is paramount. In contrast, in more mature markets (like the UAE), the emphasis should be balanced with robust, verifiable technical privacy practices.

6. Conclusion, Limitations, and Future Research

6.1 Conclusion

This research provides compelling evidence that an organization's commitment to Digital Ethics and the robustness of its Data Privacy Practices are crucial determinants of Employee Trust in E-HRM Systems. The study successfully utilized advanced data analysis techniques (SPSS for preparation, AMOS for SEM and bootstrapping) to confirm that Perceived Organizational Fairness acts as a significant partial mediator, underscoring that the successful implementation of digital HR is ultimately a social, not just a technological, challenge. For E-HRM systems to realize their full potential, organizations must cultivate a culture where employees trust the system because they believe it operates ethically and ensures fair treatment.

6.2 Limitations

Despite its rigor, the study has several limitations:

1. **Cross-Sectional Data:** The data collection was cross-sectional, limiting the ability to infer true causality over time. Longitudinal studies would be necessary to track the evolution of trust following changes in ethical or privacy practices.
2. **Self-Report Bias:** The reliance on self-reported survey data may introduce common method bias, although this was mitigated through scale validation (CFA) and the use of the structural model.
3. **Sample Generalizability:** While the inclusion of Pakistan and the UAE offers valuable cross-contextual insights, the sample remains non-random (convenience/snowball) and limited to specific industries.

6.3 Future Research

Future research should address these limitations and expand the scope:

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1. **Longitudinal Design:** Conduct longitudinal studies to assess how trust levels fluctuate in response to real-world data breaches, major system upgrades, or policy changes.
2. **Behavioral Outcomes:** Integrate behavioral measures (e.g., actual system usage logs, data withholding behavior) to complement self-reported trust, further linking trust to tangible outcomes like system adoption and data quality.
3. **Trust-Performance Link:** Investigate the final link in the chain: does higher Employee Trust in E-HRM systems translate into improved job performance, higher organizational commitment, or reduced turnover?
4. **Algorithmic Fairness Focus:** Conduct qualitative research or experiments focusing specifically on employee perceptions of fairness concerning specific AI/algorithm-driven HR functions (e.g., automated resume screening, mood tracking, or performance calibration).

AUTHOR'S CONTRIBUTION AND DECLARATIONS

Conception or Design: Humera Shaikh

Data Collection and processing, Analysis or Interpretation of Data: Aijaz Shar & Imran Ahmed Shah.

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