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BRIDGING EXPECTATIONS: EXPLORING EMPLOYEE AND EMPLOYER ATTITUDES TOWARDS HR DIGITALIZATION*

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Abstract. The purpose of the present study was to reveal workers' and employers' attitudes and expectations when introducing new technologies for human resource (HR) management needs using ample primary data collected in Bulgaria. Our findings unequivocally showed that employees demonstrate, in general, trust in the latest technologies and Artificial Intelligence in the field of human resources. The paramount trust is in these systems' career development decisions, followed by rewards and incentives. Despite the demonstrated initial trust in the capacity of these new technologies in several crucial HR processes, such as recruitment and career development, when it comes to the overall evaluation of work performance, employees prefer human decisions based on the collected from the system information. At the same time, employers have two significant challenges in implementing new technologies and AI in HRM – high costs and concerns with the cyber security of personal sensitive data. However, the decision to further AI integration in HRM remains purely financial for most employers.

Keywords: digitalization; business organization; human resource management; Bulgaria

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1. Introduction

Today's world is digital – every aspect of our personal and professional life reflects in digital reality – regardless of whether it is personal social media profiles or institutional digitalization efforts. The benefits of being digital for an organization are undeniable and complex – improved overall organizational performance, better efficiency, good public image, satisfied customers, etc. On the other hand, investments in digitalization should not be neglected, and the management of an organization should very carefully assess the right moment for its implementation.

Digitalization has won its apologists and critics in human resources in recent years. On the one hand, it could significantly help the management, from the selection process of new employees through improved time planning and task performance to data analysis for career development and specific training needs. In other words

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– the digitalization process in the field of human resources has the potential to lead management to a whole new level in relation to employer-employee.

At the same time, digitalization and, more specifically, some forms of algorithmic management have controversial practices, especially in human resource management. These contradictory aspects, which affect to no small extent part of the fundamental human rights, are the reason for rethinking the European legislation and for developing a special directive to ensure their compliance in using algorithmic practices in human resources management.

Our research is situated in this context, which aims to understand the opinions and attitudes of employers on the one hand and the opinions and attitudes of employees on the other hand regarding the digital transformation and the increasing use of Information and communication technologies and artificial intelligence in human resources management. Comparing employers' opinions with their employees' expectations and opinions will give the necessary direction for further development and elaboration of specific strategies for managing human resources in a digital environment.

2. Literature review

Human resource management (HRM) has always been the focus of scholarly interest, which is understandable given the key role and importance that employees have to the overall performance of an organization. In the modern business world, where there is exceptionally intense competition between companies in the concrete sector of the economy, the products and services offered to consumers' attention are ultimately slightly different. Therefore, the people working in the business organization become a valuable resource since they can provide the company with its much-needed competitive advantage and distinguish it in the ocean from other offered goods and services. In this line of consideration, HRM is one of the usual scholarly topics in the field of management, and its new discussion could be found, namely in digitalization and application of new technologies such as Artificial Intelligence (AI), algorithmic management, Internet of Things (IoT), Human Resource Information Systems (HRIS). At the same time, these aspects of HRM come with topics such as digital leadership, digital HRM strategies, digital employee performance, etc.

Human Resource Management Systems (HRIS) and their development are the most direct link in the transformation process from traditional human resources management to increasingly digitally structured business organizations. In this regard, Avey and Holley (2024) argue that business organizations are capable of, and indeed should be, incorporating elements of positive organizational behaviour into these systems. They believe positive psychological capital is a key aspect of positive organizational behaviour. It can address several critical contemporary challenges, including enhancing remote workforce engagement, advancing diversity, equity, and inclusion initiatives, and revitalizing employee well-being programs (ibid). The research of Ololade, Paul, Morenike and Esitse (2023), devoted to using HRIS, reveals that information from workforce planning, performance appraisals, and succession planning predicts employee behavioural outcomes. The study concludes that key barriers to successful HRIS implementation include management apprehension, concerns about employee privacy, internal organizational resistance, and the costs associated with system conversion (ibid).

In this regard, Anguelov and Kostev (2022) claim that the capabilities offered by HRIS largely determine the effective and efficient management of human capital. Therefore, according to the authors, enhancing the skills and competencies of entrepreneurs and managerial staff is crucial, emphasizing training to maximize the effective use of HRIS. This opinion is shared by Núñez, Ancillo, Gavrilă and Gandía (2024), who admit that organizations and universities could provide relevant training and digital tools to foster innovation and enhance decision-making capabilities. This will equip and prepare the next generation of human resources and business leaders to effectively navigate future challenges (ibid). Liu (2023) combines the benefits of HRIS with Data Mining Technology, aiming to improve the quality and efficiency of HRM, especially in predicting future personnel flow of the enterprise. The author claims that based on the used model and data mining, the prediction accuracy rate is very high - over 95%.

Ruiz, Benitez, Castillo and Braojos (2024) admit that the advent of technological mediation has significantly transformed both the design and operational aspects of work. The authors employ a sociotechnical perspective to introduce the concept of a digital HR strategy, which explicitly acknowledges the integration and interdependence of human resources processes with digital technologies. At the same time, Deng, Li, Wang and Zhu (2024) explore the relationship between employees' needs, the level of digitalization of HRM and employees' outcomes. The scholars found that the impact of misalignment in the digitalization of HRM on employees' cognitive responses is moderated by leadership influence tactics, specifically those involving leader empathy and coalition-building strategies.

Ulatowska, Wainio and Pierzchała (2023) surveyed the level of digital transformation in the HRM field within the service sector companies in two European countries (Finland and Poland). They discovered that approximately 90% of human resource management (HRM) employees report that their organizations have adopted digital innovations. Authors also admit that among the technologies implemented, the most commonly cited include chatbots, dashboards, application software systems, virtual HRM assistants, and various digital tools (ibid). At the same time, Zhang, Iqbal, Tian and Akhtar (2024) researched Chinese SMEs devoted to their digital transformation and impact on the company's productivity. They find that digital HR practices substantially impact digital transformation, innovative work behaviour, and overall productivity. Additionally, the authors consider that digital transformation is a key driver that enhances both innovative work behaviour and productivity within small and medium-sized enterprises. They conclude that innovative work behaviour contributes positively to productivity, highlighting the essential role of creativity and problem-solving skills in the workplace (ibid).

Piwowar-Sulej, Blštáková, Ližbetinová and Zagorsek (2024) pay attention to one intriguing aspect of the digitalization transformation of HRM – the employees' future competencies. Their research explored the effects of digitalization—specifically, the application of employee-centred digitalization—on developing future-oriented employee competencies and the moderating role of human resource development. The scholars provided empirical evidence of the substantial influence that employee-oriented digitalization has on enhancing competencies essential for the future workforce. In this context, Wang, Mansor and Leong (2024) examine the role of digital leadership and employee digital performance. Their findings indicate that digital leadership does not directly impact employees' digital performance or dynamic capabilities. However, it directly influences high-involvement human resource management practices (ibid).

Alakaş (2024) claims that the digital strategy serves as a mediator between digital transformational leadership and digital transformation, as well as between organizational agility and digital transformation. The scholar also admits that digital culture mediates the relationship between digital transformational leadership and digital transformation. Cai et al. (2024), in turn, prove through empirical study that digital leadership drives the competitive advantage of business organizations. Rialti and Filieri (2024) focus on the digital transformation process and the role of agile leadership. They admit that agile leaders facilitate successful digital transformation by implementing rapid decision-making cycles, actively engaging in ongoing digital transformation initiatives, and employing incremental and transformative practices. Scholars also claim that through agile leadership, employees become more involved in the broader decision-making process, enhancing their morale and fostering a sense of inclusion in the organizations' future. Scholars conclude that agile leadership emerges as an effective strategy for engaging organizational members in digital transformation efforts (ibid). Bellis, Cunial and Trabucchi (2024) also pay attention to digital leadership and the key role of agility. They confirm that agile management approaches can align the organization and its employees with the specifics of new technologies in the business world.

Lyu (2024) proves that digital leadership has a strong positive effect on knowledge sharing within teams. The scholar also finds that the influence of digital leadership on outcomes is fully mediated by team knowledge sharing. A positive team emotional climate also strengthens the relationship between digital leadership and team knowledge sharing (ibid). Temelkova (2020) focused on digital leadership and the relationship between swarm management and a lean organization implemented in an innovative organization.

Using AI in HRM is now one of the very vivid scientific discussions in HRM. Gryncewicz, Zygała and Pilch's (2023) research indicates that interpretable algorithms, such as decision trees, are frequently used in HRM solutions. They emphasize that AI should be viewed as a tool rather than a replacement for human judgment in HRM. The authors also admit the growing trend of AI in HRM systems and the need for further research to understand its full impact on HRM practices and outcomes. Anguelov (2021) explores the application of AI in optimizing business processes using Enterprise Resource Planning Systems, including in the field of HR. Some of the benefits of using AI in HRM are presented by Dimcheva and Stoyanov (2023). They are convinced that AI aids managers in making informed management and business decisions, thereby enhancing their efficiency, optimizing business processes, and improving the overall competitiveness of companies. At the same time, the authors express some concerns about the limitations of AI, especially in the context of a corporate environment. Andrieux, Johnson, Sarabadani, and Slyke (2024) also pay attention to some ethical considerations regarding using AI for HRM. Interesting research on using AI for HRM purposes is provided by Chowdhury et al. (2023), Meijerink and Bondarouk (2023), Lathabhavan et al. (2024), Huang et al. (2023), Yin et al. (2024) etc.

Radonjić, Duarte and Pereira (2024) claim that the primary advantage of AI in the HRM field is its ability to store and process data at high speeds, enabling more insightful and efficient decision-making. Aguinis, Beltran and Cope (2024) propose a model of using generative AI as an assistant for the people in HRM units of the companies. Their study illustrates how ChatGPT can be a practical HRM assistant for strategic and operational functions. Scholars admit that to realize its full potential, developing well-crafted prompts that yield specific, useful, and actionable HRM recommendations is essential.

Tongkachok et al. (2023) scrutinize the possibilities of optimizing an organization's HR management through the Internet of Things (IoT). Podder, Samanta and Etemi (2024) also contribute to this subject. Their research reveals the role of the IoT in optimizing workspaces, mainly through occupancy sensors. These sensors enable more efficient office layouts, promote energy savings, and contribute to an enhanced overall work environment within smart cities. The authors prove the positive response to technological advancements within HR practices in contemporary organizations. Specifically, HR analytics are increasingly integrated with IoT applications, enhancing resource utilization and improving monitoring systems (ibid).

Abdussamad et al. (2022) consider that through Industry 4.0, technologies such as big data, IoT, and socially oriented elements, like fostering an attractive workplace, enhance the production of goods and services with advanced technical support. Consequently, the role of HR is evolving as IoT becomes integrated into organizational management and business processes. This conclusion complements the results made by Nikolova (2023), who claims the following: Recognizing the importance of investing in human capital, an increasing number of company leaders and managers are concentrating on adding value to their organizations by prioritizing employee training and development. Their efforts aim to cultivate knowledge, skills, competencies, and motivational attitudes that align with the evolving work environment of Industry 4.0. In this regard, Stoyanova and Stoyanov (2019) also recall the great importance of the integration of the practice of Corporate social responsibility of the business organization within the usual HRM, regardless of whether they are digital or traditional. Keeping in mind that digital processes usually possess more possibilities for development, it is expected that companies could further improve and support these practices. Elliott and Copilah-Ali (2024) trace the concept of corporate digital responsibility as a response to the new challenges organizations face due to their transformation to digitalization.

Despite ample literature in the field, there is still a gap in understanding employees' and employers' attitudes towards HR digitalization in various countries. This research will shed light on this gap using generated primary data in Bulgarian cities.

3. Methodology

The current research aims to understand employers' and employees' opinions and attitudes regarding digital transformation and the increasing use of information and communication technologies and artificial intelligence in human resources management. Comparing employers' opinions with their employees' expectations

and opinions will give the necessary direction for further development and elaboration of specific strategies for managing human resources in a digital environment.

To achieve this primary objective, we have to implement consecutively the following specific tasks:

- to analyze the existing scientific literature, with a focus on the last 5 years from the point of view of the period and the point of view of content - with a focus on HRIS, the use of AI in HRM, algorithmic management, new aspects of HRM related to the digital environment and digital transformation;
- based on the analysis from the literature review, develop an initial version of a questionnaire to be distributed among employees in enterprises operating in various sectors of the economy;
- based on the analysis from the literature review, to develop an initial version of a questionnaire for open interview with the representatives of the employers;
- to test the draft version of both questionnaires;
- to prepare an internet version of the questionnaire for employees, using for this purpose google forms;
- to secure personal meetings with employers' representatives of companies operating in different sectors of economy located in the major cities in Bulgaria (Sofia, Plovdiv, Varna, Burgas, Veliko Tarnovo);
- to secure a relevant period for response collection;
- to analyze the collected information;
- to make conclusions and proposals based on comparing employees' attitudes and expectations and the employers' vision of future development.

Based on our initial research, we formulated three hypotheses as follows:

First hypothesis: Employees tend to rely on impartiality and trust in ICT and AI but prefer personal evaluation regarding the overall assessment of their work performance.

Second hypothesis: Employers are cautious about using the full potential of ICT and AI in HRM, and the main reason for this is the controversial acceptance by employees.

Third hypothesis: The central concern of using ICT is that incredibly generative AI, for the HRM needs of employees and employers, lacks sufficient cybersecurity measures to protect the collected sensitive personal data.

This research presents the final phase of a bigger 2-years lasting research project, Developing Strategies for Digital Human Resource Management in Innovative Business Organizations, implemented with the financial support of the University of National and World Economy (Sofia, Bulgaria).

Table 1. Demographic profile of the employees (sample = 270)

Profile characteristics					
Gender	Male – 87 (32%)			Female – 183 (67%)	
Age	From 18 to 30 years old – 97 (36%)	From 31 to 40 years old – 95 (35%)	From 41 to 50 years old – 54 (20%)	From 51 to 60 years old – 21 (8%)	Over 61 years 3 (1%)
The last completed degree of education	Primary education 6 (2%)	Secondary education 84 (31%)	Bachelor Degree 54 (20%)	Master Degree – 111 (41%)	Doctoral Degree 15 (6%)
Type of organization	NGO 21 (8%)	Business organization 159 (59%)	Public entities 90 (33%)		
Years of the current organization	Less than 1 year – 63 (23%)	From 1 to 3 years – 51 (19%)	From 3 to 5 years – 42 (16%)	Over 5 years – 114 (42%)	
Current position	Technician – 102 (38%)	Expert – 84 (31%)	Middle-level manager – 57 (21%)	High-level manager – 18 (7%)	Owner of the company – 9 (3%)
Type of employment	Full time – 231 (86%)		Part-time – 39 (14%)		
Headquarter location	Capital – 162 (60%)	Big City – 57 (21%)	Small city – 23 (9%)	Rural area – 7 (2%)	Abroad – 21 (8%)
Size of the or-	Micro (less than	Small (between	Middle-sized	Big (over 250 employees) –	

ganization based on the number of employees	10 employees) 27 (10%)	11 and 50 employees) – 60 (22%)	(between 51 and 250 employees) – 84 (31%)	99 (37%)
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The questionnaire for employees was available for completion for three months – from May to June 2024, while the meetings with employers of companies across the biggest cities in Bulgaria for secure semi-structured interviews were held for a more extended period, until September 2024.

The demographic profile of employees and respondents of the survey is presented in Table 1. Respectively, the profile of the employers with whom a semi-structured interview was conducted is presented in Table 2.

Table 2. Profile of the employers (sample = 24)

Profile characteristics					
Gender	Male – 17 (71%)			Female – 7 (29%)	
Age	From 18 to 30 years old – 1 (4%)	From 31 to 40 years old – 5 (21%)	From 41 to 50 years old – 6 (25%)	From 51 to 60 years old – 8 (33%)	Over 61 years 4 (17%)
The last completed degree in education	Primary education 0 (0%)	Secondary education 1 (4%)	Bachelor Degree 5 (21%)	Master Degree – 15 (63%)	Doctoral Degree 3 (12%)
Type of organization	NGO 3 (12%)	Business organization 21 (88%)	Public entities 0 (0%)		
Headquarter location	Capital – 13 (54%)	Big City – 9 (38%)	Small city – 0 (0 %)	Rural area – 0 (0%)	Abroad – 2 (8%)
Size of the organization based on the number of employees	Micro (less than 10 employees) 3 (12%)	Small (between 11 and 50 employees) – 7 (30%)	Middle-sized (between 51 and 250 employees) – 11 (46%)	Big (over 250 employees) – 3 (12%)	

As seen in Table 1, the profile of our average respondent is a female employee, aged between 18 and 30 years, with a Master's Degree in education. In terms of job position, our average respondent is a full-time employee, working in the business organization in the same technician position for over 5 years. The headquarters of the business organization are located in Sofia (the capital of Bulgaria), and the company is significant in terms of the number of employees (over 250).

At the same time, the average profile of our employer is a male, between 51-60 years old, owner of a middle-sized business company (in terms of number of employees), located in Sofia, with a Master's degree in education.

4. Results and Discussion

The questionnaire prepared for the employees collects different information about their attitude toward using new technologies, including AI, in other significant functions of HRM. We start with two similar questions: "Do you have information if in the organization you work used human resource information systems?" and "Do you have information if you used AI for human resource management?". Results are presented cumulative in Figure 1.

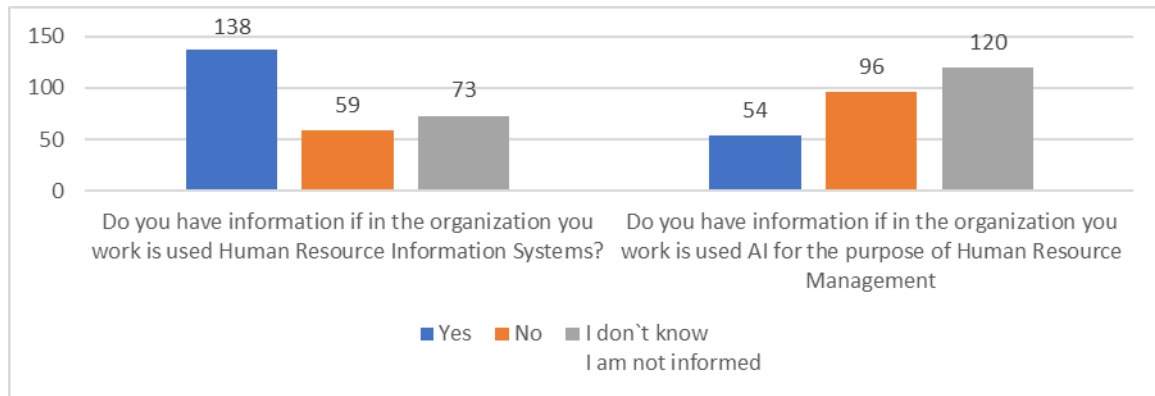


Figure 1. Answers of employees on the questions of using HRIS and AI in HRM (in number of responses)
Source: Own research

As shown in Figure 1, most employees responded to the first question positively, which is evidence that most companies used HRIS to secure proper HRM of the organization. The second group is formed by the employees, who report that they do not know or are not being informed if their organization is using HRIS, and the smallest group is of respondents choosing "N" for answers. These results differ from those obtained on the second question, collecting information for the information of AI for HRM purposes. Here, the majority report "N" (120 employees or 44%), followed by the group with the negative answers and only 54 employees (20%) are sure that the organization they work for uses AI in HRM.

In this context, the picture, composed of the answers from employers to the questions "Does your organization use HRIS in HR?" and "Does your organization use AI for HR?" is presented graphically in Figure 2.

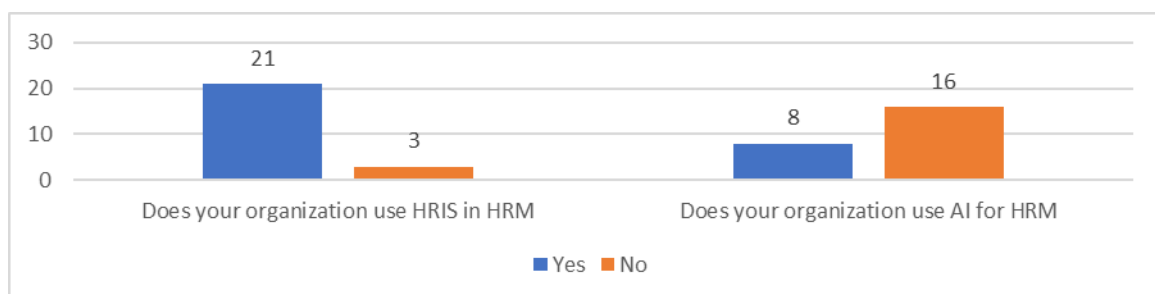


Figure 2. Answers of employers on the questions of using HRIS and AI in HRM (in number of responses)

Here, we do not have the options "I don't know" or "I am not informed" due to the specific positions of the respondents, namely employers. As evident from Figure 2, the majority claim "yes" to using HRIS in the HRM of their company, while only eight people (or 33%) respond positively to the usage of AI in the organization. Therefore, the use of AI for HRM is not as well known in Bulgarian companies as HRIS, which is perceived as part of the usual practice, at least for most business organizations.

To employers answering positively to one or both of these questions, we asked an additional question related to the specific purposes for which these systems are used. The results are summarized graphically in Figure 3.

Current satiation indicates that digital technologies and/or AI support three major HRM processes – recruitment, payroll and compensation management, and career development.

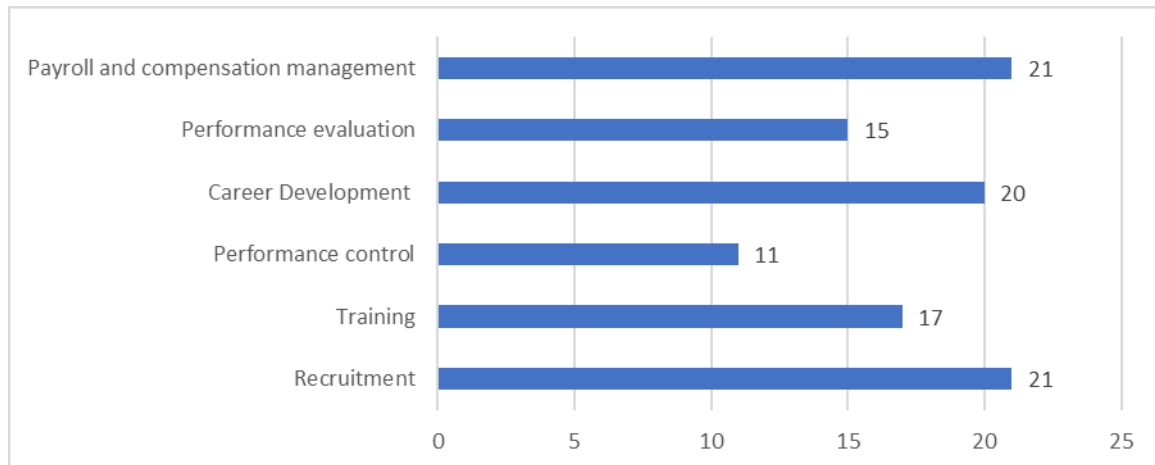


Figure 3. Results from the employers collected to the question “What HR processes have been improved through digital technologies and/ or AI in your organization” (in number of responses)

We asked employees and their employers similar questions about several key processes of using AI for HRM, especially recruitment and career development matters, including decisions on incentives and rewards and the imposition of penalties and demotions. To secure a more precise picture for comparison purposes, the results of these questions will be presented parallelly in Figure 4 – both for employees and their employers.

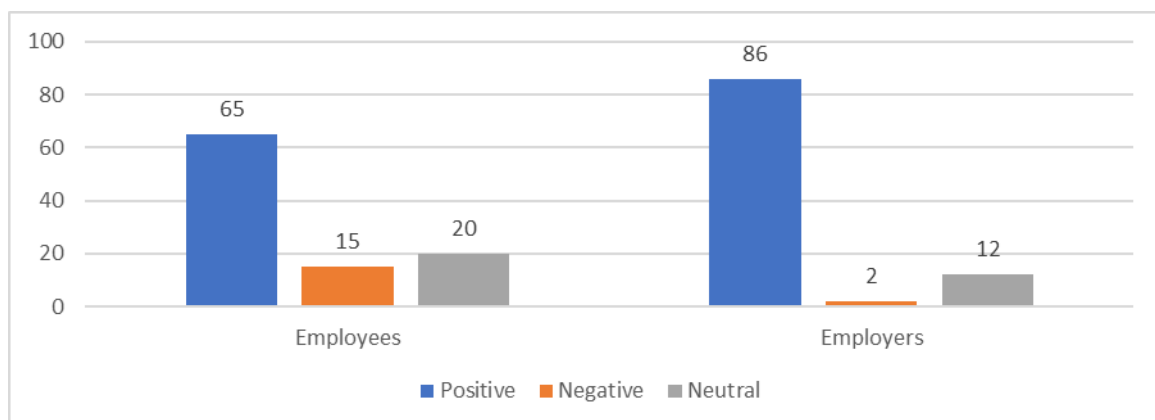


Figure 4. Results obtained from the question "What is your opinion of the use of digital technologies in HR" (in %)

For both groups, we have a clear positive opinion of the majority: employers express more than workers (86% to 65%). At the same time, we have a difference in the negative votes – the share of people answering "no" from the employers' part is only 2%, while the employees here are 15%. The relatively significant share of people choosing neutral responses is interesting for both sides. Considering that digital technologies have been well known for the past 10-15 years, this share of neutrality is hard to explain, except with the innate human distrust of autonomous systems.

Here, we observe a significant difference in the opinions of workers and their employers. While a large proportion of employers respond positively to the use of AI for HRM purposes (86%), from the workers' side, the largest share is centred on a neutral response - more than half of workers state their neutrality on this question (52%). (see Figure 5 below). This divergence of opinion is undoubtedly due to a complex of factors, among which may be the lack of sufficient information on the use of AI for HRM, including its benefits and limitations. On the other hand, the more conservative opinion of employees may also be related to collecting more sensitive information, including continuous monitoring of the workplace, etc.

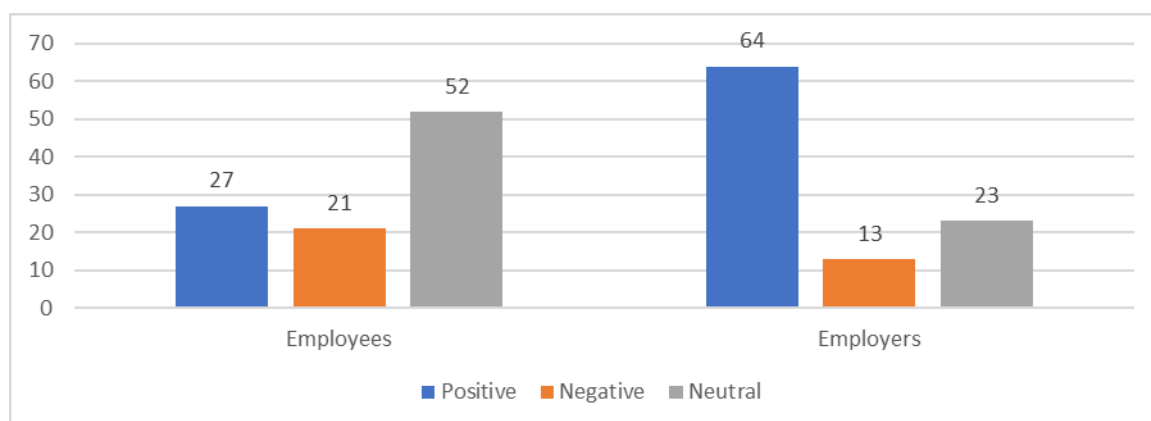


Figure 5. Results obtained from the question "What is your opinion of the use of AI in HR" (in %)

The next question collects information about the effectiveness of digital technologies and AI in HR (Figure 6). Here again, we have differences in opinions between employees and their employers. As seen from the figure, the employers are optimistic about the effectiveness of digital technologies and AI in the organizational environment – 76% of respondents claim "yes, completely", while the employees are more sceptical. The good news is that a significant part of employees (56% in total) are positively oriented, but 34% responded "partly", while only 22% are convinced of the effectiveness of these new technologies. Here, we also have to highlight almost the equal results achieved in the answers of employees with the opposite opinion, 22 % "yes, completely" and 23% of respondents choosing the answer "no".

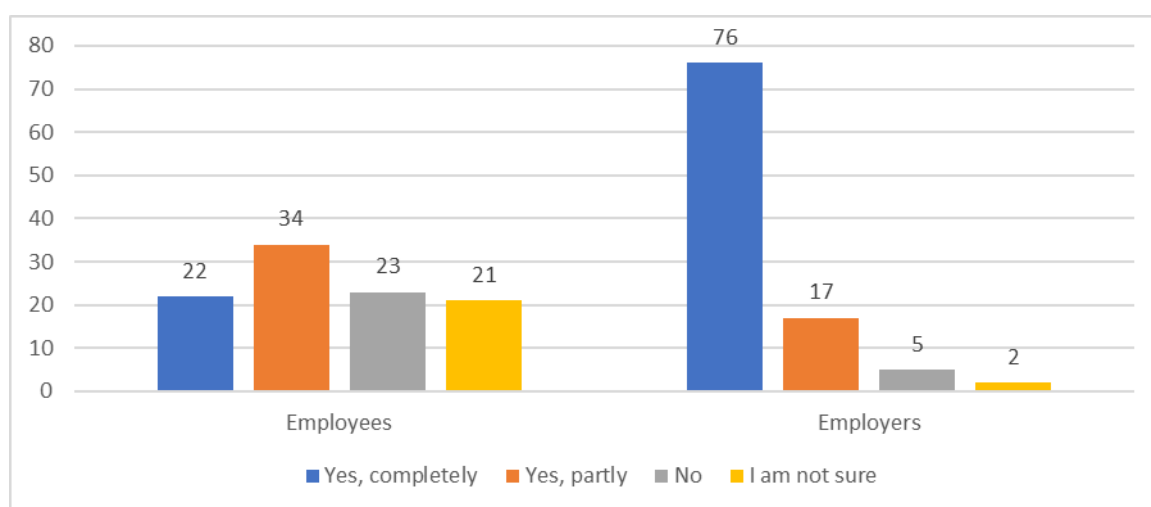


Figure 6. Results obtained from the question "Do you think that using digital technologies and AI in HR processes can make the work environment more efficient" (in %)

The next question was, "Do you think digitalization and AI can help personalize HR service further?" Again, we asked both employees and employers.

Employers remain positive in general, but here, we observe a decreased level of positive answers, especially compared to the share of positive answers of employers collected to the previous question (76% to 61% now). At the same time, the share of employers with the answer "I am not sure" increases drastically – from 2% of the previous question to 34% of the present question (see Figure 7 below). This result could be explained by the employers' lack of sufficient knowledge of the possibilities that digitalization and AI could bring to HR. At the same time, we also have to point out that the level of uncertainty in the employees' answers is relatively high, and scores have increased compared to the previous question (from 21% to 53%). This is the answer that accumulated the majority of responses here. This indicates that employees and employers need to be further informed about the benefits of personalization that digitalization and AI can bring to HRM.

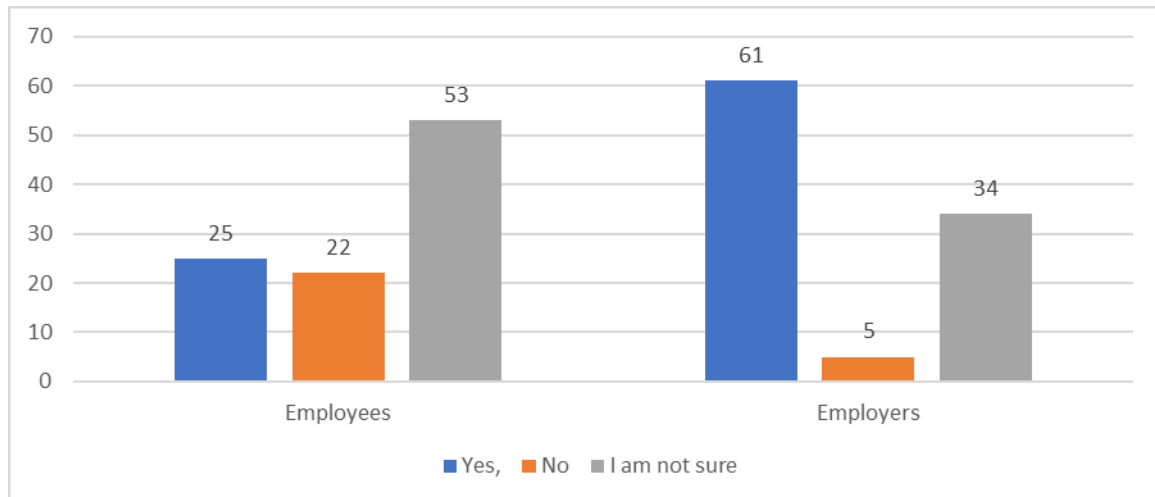


Figure 7. Results obtained from the question "Do you think that digitalization and AI can help to personalize HR service further?" (in %)

The following four questions collect information and opinions only from employees. The first is the following: "What concerns do you have about using AI in HR processes?" The respondents could select more than one answer according to their understanding. The results are presented in Figure 8.

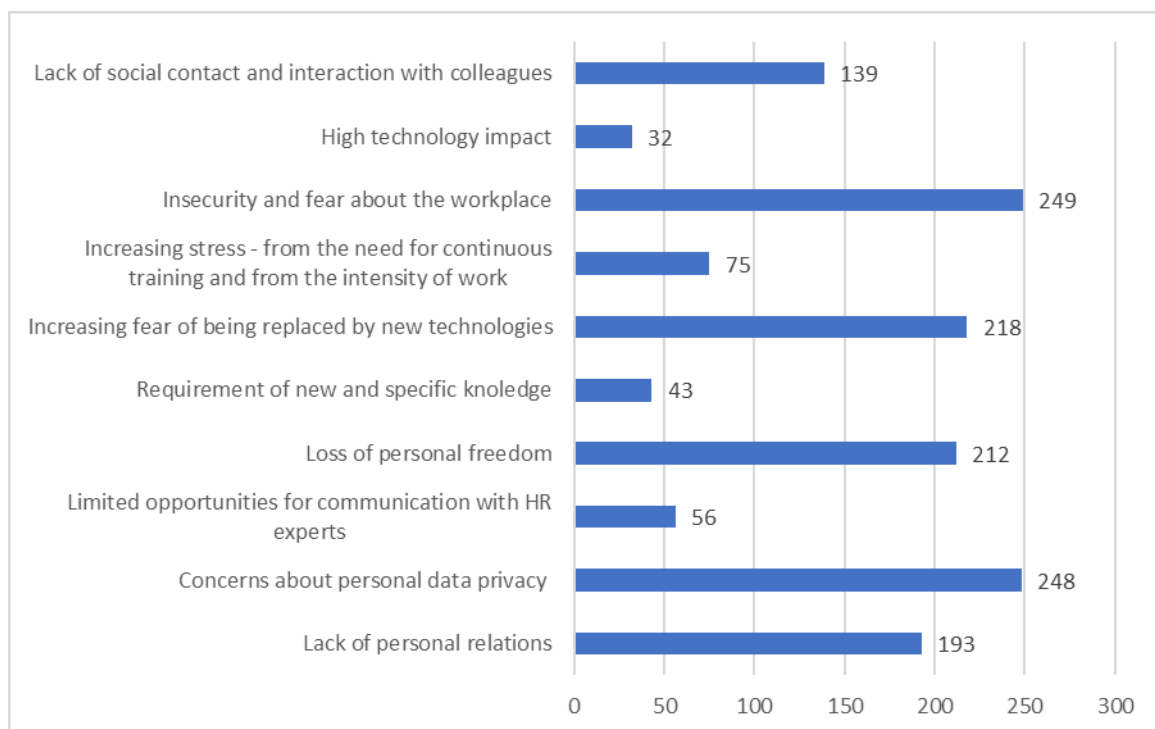


Figure 8. Significant concerns on the increasing digitalization and AI in HRM (in number, n=270)

As can be seen from the figure, four concerns surpass 200 answers. First among these top four is the insecurity and fear about the workplace, which 249 respondents selected. The second place, with one response difference, concerns personal data privacy. This difference is so tiny that it could be ignored, and we could claim that these are the two significant burdens from the employees' perspective in front of complete digital transformation and implementation of AI in HRM. The third place is for the fear of being replaced by new technologies (218), followed by loss of personal freedom (with 212 responses).

At the bottom of this rank are the requirements for new and specific knowledge (selected only from 43 employees). This last position for this burden could be based on the relatively young age of most of our respond-

ents (between 18 and 30), who are open and usually express their willingness to learn new knowledge and training.

The second position from the bottom is for the limited opportunities for communication with experts from HR unit. This result could be considered in two general and different directions – the first is the idea that there is usually no such vivid communication between experts in HR units and the rest of the company's staff in Bulgarian organizations. Secondly, this result could be based on the fundamental understanding that when systems and/or AI assess somebody, the subjective moments of assessment are minimized. Therefore, there is no need for further communication.

The following question is directly connected to the fear of job loss among employees due to new technologies in HRM. The question is: "Do you think that AI in HR processes threatens your role or job security?" (see Figure 9 below).

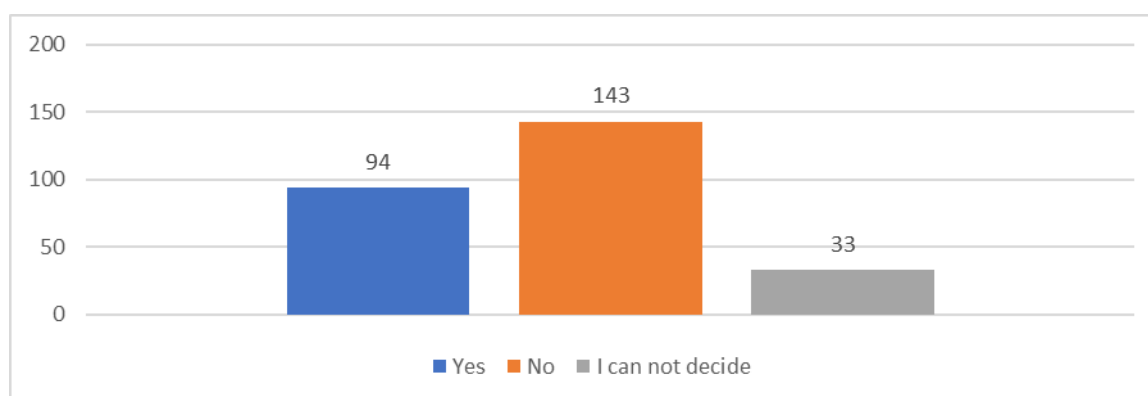


Figure 9. Fear of job loss due to the integration of AI in HRM (in number, n=270)

The promising finding here is that most employees entering our survey are not sensitive to job loss due to the integration of AI in HRM. At the same time, 35% of respondents claim they are threatened by using AI in HRM, and the other 12% cannot decide. In order to secure a smooth implementation of AI in HRM, the employer has to explain and provide clear information to all employees about the information AI will collect, etc.

The third question within these specific three, devoted only to employees, was connected to different aspects of control, evaluation, and career development. The question was, "Do you trust HRIS and AI?". Results are cumulatively presented in Figure 10.

As a general observation from the figure, the employees demonstrate trust in HRIS and AI. The major thrust is in the career development decisions made by these systems, as a result of a lack of subjective evaluation and based only on the individual results and performance of the employees. Second place is for the recruitment process, followed by the rewards and incentives. The most minor level of trust is in the punishment process, but still, the share of people choosing positive answers prevails.

The results of this question can also be interpreted in another direction. In decisions related to improved motivation and career development, increased trust in HRIS is observed, which may lead to a larger share of decisions made through these systems. On the other hand, when there are decisions related to imposing penalties that will negatively affect a given employee, then the initial decision of HRIS should necessarily be confirmed by a person from the human resources department.

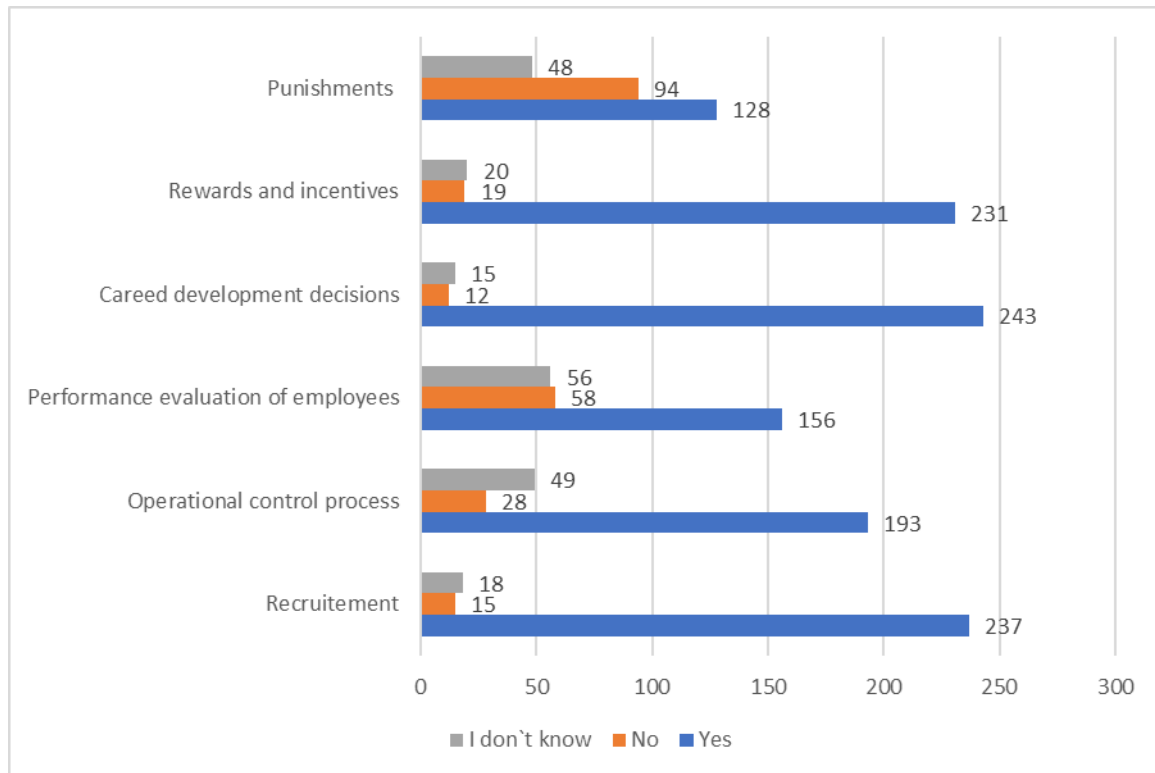


Figure 10. Employees trust in HRIS and AI in different HR processes (in number, n=270)

The last question devoted to employees is oriented to the near future and their expectations: "According to your personal beliefs and understanding, how would you prefer to be evaluated for your work performance?" (see Figure 11 below).

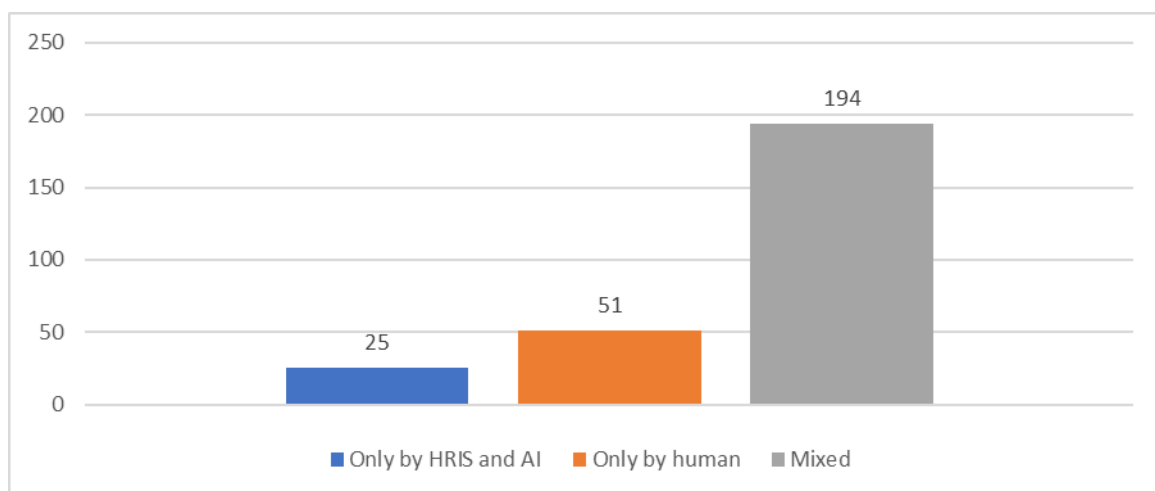


Figure 11. Preference of work performance evaluation by employees (in number, n=270)

From the point of view of employers, the primary concern is the high costs of implementing AI in the HRM systems, followed by the low level of cyber security so far. The difference between these two challenges is only one response. Therefore, we could conclude that these are the leading limitations and only partly confirm our third hypothesis (Third hypothesis: The primary concern of using ICT and incredibly generative AI for the needs of HRM for both employees and employers is the lack of sufficient cybersecurity, protecting the collected sensitive personal data.)

As seen from the results in Figure 12, Bulgarian employers are still cautious about using the full potential of AI in HRM. Still, the main reason is connected to the high costs of implementation and the cybersecurity of

collected data. This finding rejects our second hypothesis: Employers are cautious about using the full potential of ICT and AI in HRM, and the main reason for this is the controversial acceptance by employees.

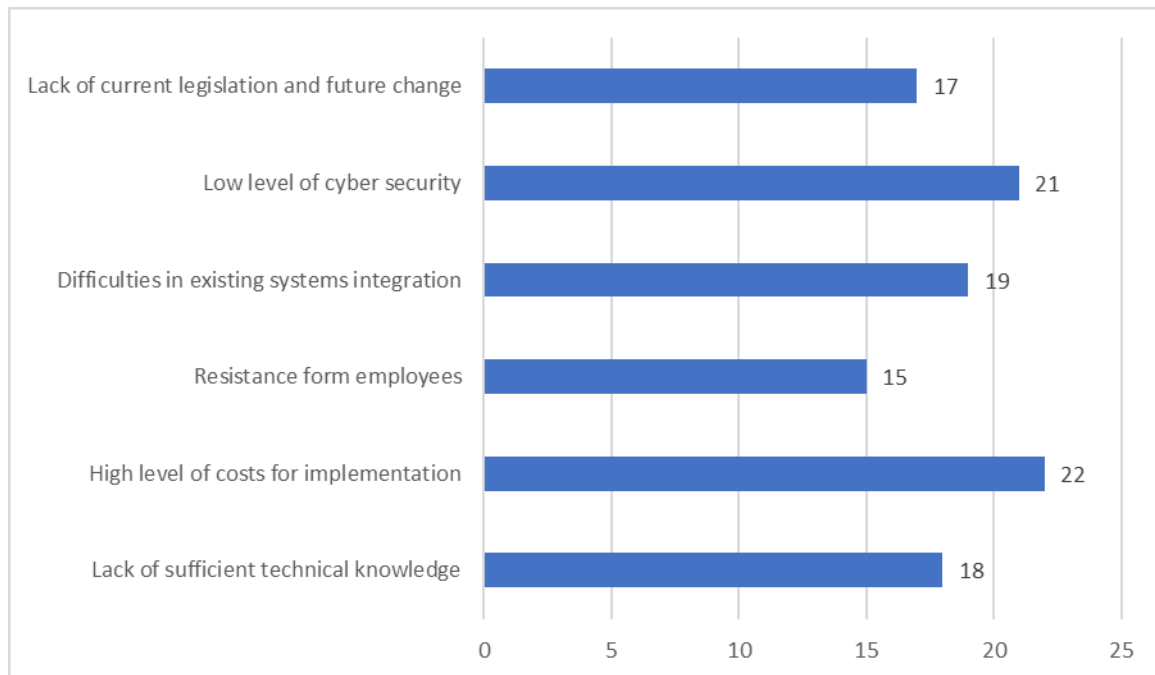


Figure 12. Significant challenges for employers in implementing AI in HRM (in number, n=24)

The very last question for employers was the following: "Do you plan to integrate in the next 3 years AI for the HRM purpose"? (Figure 13).

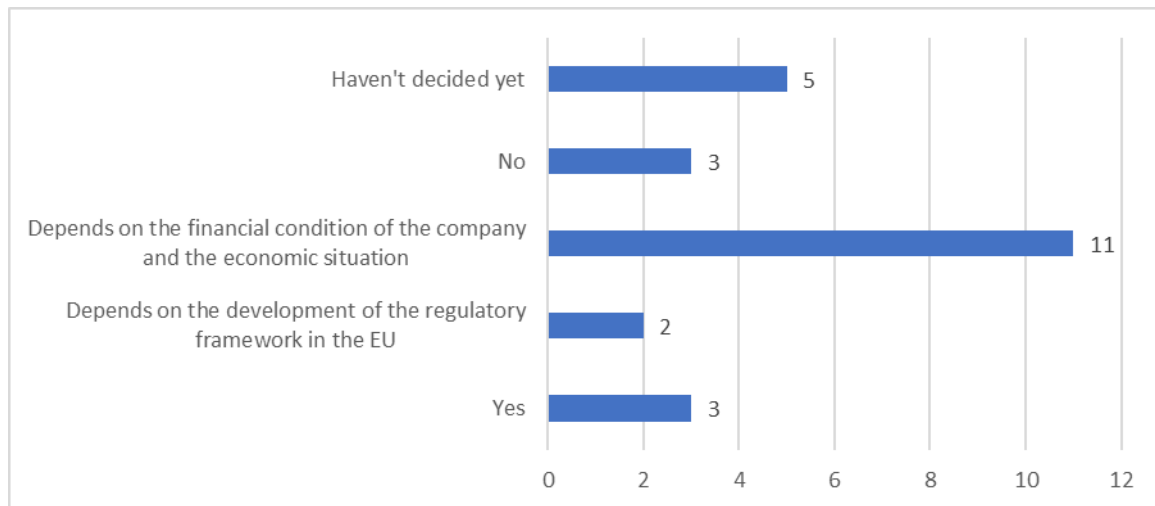


Figure 13. Decision of employers for implementing AI in HRM (in number, n=24)

Most employers participating in our survey claim that the decision to implement AI in HRM in the company mainly depends on the financial condition of the organization as well as the favourable economic situation. 5 of the employers claim that they have not decided yet. Only for 3 of the employers, this decision depends on the legislative framework of the European Union. Therefore, the final decision to integrate AI in the company's HRM remains a purely financial and business question.

Conclusion

The complete digital transformation and the desire to achieve higher levels of efficiency and effectiveness in the company are current goals for many business managers. At the same time, however, it should be borne in mind that the digitization of human resources management and the more profound introduction of new technologies, including AI, may lead to undesirable consequences for some staff. Therefore, managers should carefully approach human resource management optimization when planning future strategies.

The purpose of the present study was to establish the attitudes and expectations of both workers and employers when introducing new technologies for HRM needs. Our findings unequivocally showed that employees generally trust HRIS and AI. The major thrust is in the career development decisions made by these systems due to a lack of subjective evaluation and based only on the individual results and performance of the employees. Second place is for the recruitment process, followed by the rewards and incentives. The most minor level of trust is in the process of punishment, but still, the share of people choosing positive answers prevails. On the other hand, this trust is limited and must be carefully used. For instance, despite the demonstrated trust in the capacity of these new technologies in several crucial HR processes, such as recruitment and career development, when it comes to the overall evaluation of work performance, employees prefer human decisions based on the collected from the system information.

At the same time, employers have two significant challenges in implementing new technologies and AI in HRM – high costs and concerns with the cyber security of personal sensitive data. However, the decision to further AI integration in HRM remains purely financial for most employers.

The novelty of the research lies in disclosing the attitudes of employers" and employees on HR digitalization in Bulgaria, specifically. The generated primary data can be further used for further study. It is suggested that research be continued using a similar methodology to clarify whether the obtained results may be considered universal or if there are countries with specific peculiarities in this area of digital transformation.

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