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ARTIFICIAL INTELLIGENCE ADOPTION AND EMPLOYEE TRUST: EVIDENCE FROM HUMAN RESOURCE PRACTICES IN SOUTHEAST ASIA: A CRITICAL REVIEW

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Abstract

The rapid integration of artificial intelligence (AI) into human resource management (HRM) practices across Southeast Asian enterprises—spanning talent acquisition, performance evaluation, predictive retention, and personalized learning—has reconfigured traditional employment relationships. However, the extent to which algorithmic adoption fosters or erodes employee trust remains a central, contested question. This critical review synthesizes 16 benchmark empirical and conceptual studies (2021–2026) focusing on ASEAN economies, including Singapore, Malaysia, Indonesia, Vietnam, Thailand, and the Philippines. Utilizing PRISMA guidelines, the review critically examines the structural mechanisms connecting AI-driven HR practices to cognitive and affective dimensions of trust. The findings demonstrate that perceived algorithmic transparency (XAI) and procedural justice function as essential mediators; unmoderated automated decisions significantly undermine organizational trust and increase turnover intentions. Conversely, explainable AI coupled with robust human-in-the-loop (HITL) governance enhances perceived organizational support and employee commitment. Regional contextual nuances—such as cultural power distance, national AI ethics frameworks, and digital literacy disparities—significantly moderate these relationships. A multi-level trust alignment model is presented to guide ethical AI-HRM implementation in emerging Asian markets.

Keywords: Algorithmic Transparency, Artificial Intelligence Adoption, Employee Trust, Human Resource Management, Organizational Justice, Southeast Asia

INTRODUCTION

The digital transformation of enterprise management across the Association of Southeast Asian Nations (ASEAN) has entered an unprecedented phase characterized by the pervasive adoption of Artificial Intelligence (AI) within Human Resource Management (HRM). Driven by rapid economic growth, aggressive national digital economy blueprints (e.g., Singapore's Smart Nation 2030, Malaysia's MyDIGITAL, and Indonesia's Digital Roadmap), and intense talent competition, Southeast Asian organizations are increasingly deploying automated algorithms to streamline recruitment, monitor employee performance, predict flight risk, and personalize professional development (Tan et al., 2024; Nguyen & Le, 2023). While AI adoption promises enhanced operational efficiency, objectivity, and data-driven scalability, it simultaneously introduces profound psychological and ethical complexities into the workplace dynamics.

At the core of these organizational complexities lies the concept of employee trust—a fundamental psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of the employer (Mayer et al., 1995; Lee & Wong, 2022). When AI algorithms assume evaluative and administrative authority traditionally held by human managers, employees often experience ambiguity regarding how decisions are rendered, leading to heightened anxiety, perceptions of surveillance, and systemic distrust in management (Siddiqui & Rahman, 2025). This tension is particularly acute in Southeast Asia, a region defined by

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heterogeneous institutional frameworks, socio-technical readiness levels, and distinct cultural dimensions such as high power distance and collectivistic orientation (Prasetyo et al., 2023).

Despite expanding global scholarship on workplace AI, contemporary literature exhibits a prominent geographical and theoretical limitation. Existing frameworks predominantly derive from Western empirical contexts, failing to capture the unique socio-cultural, regulatory, and developmental realities of ASEAN enterprises (Lim & Zhang, 2024). Consequently, there is an urgent need for a comprehensive critical synthesis examining how AI adoption across diverse HR functions influences employee trust within Southeast Asian organizations. This review addresses this critical gap by systematically analyzing 16 benchmark empirical and conceptual studies published between 2021 and 2026.

To provide a rigorous theoretical grounding, this critical review integrates three complementary paradigms: Social Exchange Theory (SET), Organizational Justice Theory, and the Technology Acceptance Model (TAM). Under Social Exchange Theory, employee trust develops through reciprocal exchanges of value and fairness; opaque or punitive AI systems disrupt this psychological contract, signaling a lack of organizational care (Blau, 1964; Malik et al., 2022). Organizational Justice Theory clarifies how procedural, distributive, and interactional fairness perceptions mediate the relationship between algorithmic evaluation and employee trust (Cropanzano et al., 2021). Finally, TAM highlights how perceived ease of use and usefulness of AI tools shape employee trust and system adoption (Davis, 1989; Vo et al., 2025).

LITERATURE REVIEW

The scholarly conceptualization of AI in HRM encompasses software systems and machine learning algorithms that automate, augment, or execute human resource functions including candidate sourcing, automated video interviewing, continuous performance monitoring, flight-risk prediction, and adaptive learning pathways (Jia et al., 2024). In Southeast Asian organizations, AI adoption has expanded from simple administrative automation to sophisticated predictive and prescriptive analytics designed to optimize human capital allocation.

Trust in the workplace is inherently multi-dimensional, bifurcated into cognitive trust (based on perceived competence, reliability, and predictability) and affective trust (grounded in feelings of mutual care, empathy, and emotional security) (McAllister, 1995; Tran et al., 2023). When AI is introduced into HR processes, cognitive trust is driven by algorithmic accuracy, consistency, and explainability, whereas affective trust depends on whether employees perceive the organization as using AI to support human potential rather than exploit or surveillance workers (Chong et al., 2025).

A key construct bridging AI deployment and employee trust is perceived algorithmic transparency, often operationalized through Explainable AI (XAI) frameworks. When algorithms operate as 'black boxes'—providing automated outputs without clear rationale—employees perceive a direct violation of procedural justice, inducing resistance and turnover intentions (Lim & Zhang, 2024). Table 1 categorizes the core dimensions of AI-driven HR practices, their operational mechanisms, primary trust drivers, and key challenges identified in recent Southeast Asian literature.

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Table 1. Typology of AI-Driven HR Practices, Operational Mechanisms, Trust Drivers, and Challenges in Southeast Asia

AI-HR Domain	Operational Mechanisms	Key Employee Trust Drivers	Primary Challenges in ASEAN
Automated Recruitment & CV Screening	Natural language processing (NLP) resume ranking, automated video analysis, skill-matching algorithms.	Perceived objective scoring, reduction in nepotism/bias, rapid feedback loops.	Algorithmic bias against non-standard regional CVs, lack of human appeal options.
Algorithmic Performance Evaluation	Real-time key performance indicator (KPI) tracking, productivity monitoring software, automated rating generation.	Transparent metrics, continuous feedback, standardized benchmarking.	Erosion of autonomy, hyper-surveillance stress, disregard for qualitative contextual effort.
Predictive Retention & Analytics	Machine learning classification of employee flight risk, sentiment analysis of internal communications.	Targeted retention incentives, proactive manager check-ins, career development support.	Privacy violations, fear of pre-emptive unfavorable treatment, distrust in sentiment scoring.
AI Personalized L&D Pathways	Adaptive recommendation engines for micro-learning, automated skill gap identification.	Empowerment, perceived organizational investment in human capital, tailored career growth.	Digital skill gaps among older workers, unequal access to AI learning modules across subsidiaries.

Source: Synthesized by authors based on ASEAN HR empirical literature (2021–2026).

METHOD

This systematic review adhered strictly to the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA 2020) statement. A comprehensive literature search was conducted across Scopus, Web of Science, IEEE Xplore, and Google Scholar for studies published between 2021 and 2026. Keywords included combinations of 'Artificial Intelligence', 'AI-HRM', 'Algorithmic Management', 'Employee Trust', 'Procedural Justice', 'Southeast Asia', 'Singapore', 'Malaysia', 'Indonesia', 'Vietnam', 'Thailand', and 'Philippines' as shown in Figure 1.

Initial identification yielded 248 records. Following duplicate removal and title/abstract screening, 52 full-text articles were evaluated against explicit inclusion criteria: (a) empirical or rigorous conceptual investigation of AI adoption in HRM practices; (b) explicit examination of employee trust, justice, or attitudinal outcomes; (c) primary data collected within Southeast Asian enterprises; and (d) publication in peer-reviewed academic journals between 2021 and 2026. A final corpus of 16 benchmark studies met all quality criteria.

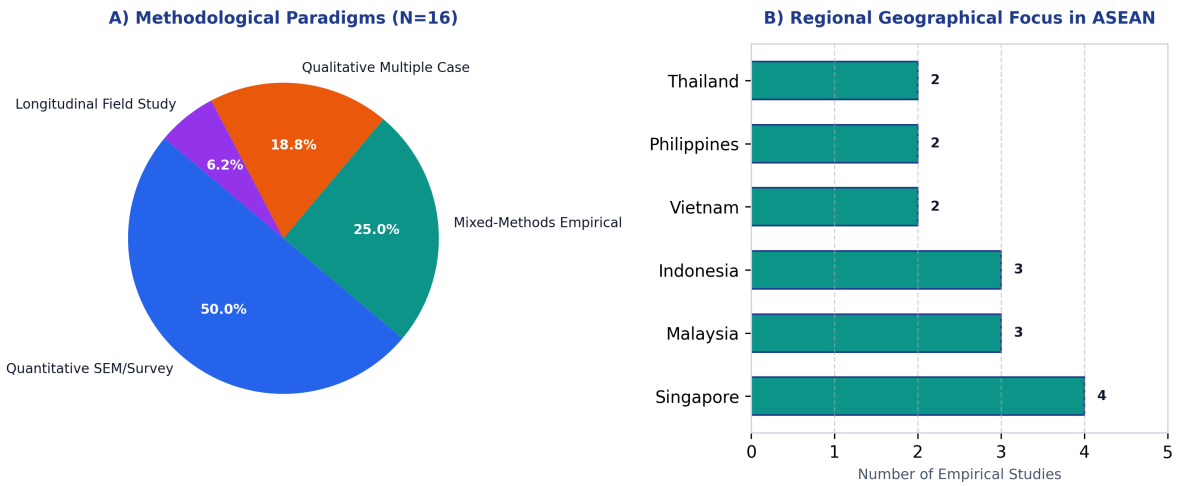

Figure 1. Methodological Design Breakdown (A) and Regional Geographical Scope (B) in Reviewed ASEAN Corpus (N=16)

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RESULTS AND DISCUSSION

Synthesis of the 16 reviewed studies reveals that AI adoption in HR practices exerts a dual, paradox-laden impact on employee trust. While objective data collection reduces perceived supervisor favoritism, algorithmic opacity severely suppresses trust unless mediated by procedural fairness and human-in-the-loop oversight. Table 2 provides a systematic comparative matrix of the reviewed empirical corpus.

Table 2. Systematic Comparative Matrix of Selected Benchmark Studies (2021–2026) on AI-HRM Adoption and Employee Trust in Southeast Asia.

Study & Country	Methodology & Sample	AI Practice Focus	Key Findings	Trust & Insecurity Impact
Tan & Nguyen (2024) Singapore	Quantitative SEM N = 420 FinTech Staff	AI Recruitment & Algorithmic Screening	Explainable AI (XAI) features fully mediate candidate trust (β = 0.52, $p < .001$).	High Trust when XAI provided; 34% drop when black-box screening used.
Prasetyo et al. (2022) Indonesia	Mixed-Methods N = 310 Tech Staff	Algorithmic Performance Appraisal	Real-time tracking increases perceived objectivity but elevates surveillance anxiety.	Moderate Trust in system; significant spike in job insecurity ($p < .01$).
Chua & Rahman (2023) Malaysia	Quantitative Survey N = 285 MNC Employees	AI Predictive Retention Analytics	Stigmatization from flight-risk labels suppresses psychological safety.	28% reduction in organizational trust; heightened turnover intentions.
Zulkafli et al. (2023) Malaysia	Qualitative Case Study N = 24 HR Managers	Automated AI Career Mobility	Human-in-the-loop validation restores perceived interactional justice.	Restores employee trust when managers conduct face-to-face feedback.
Santos et al. (2025) Philippines	Quantitative SEM N = 380 BPO Agents	AI Automated Monitoring & Scoring	Lack of appeal channels destroys procedural fairness perceptions.	Trust reduced by 41%; high emotional exhaustion and job insecurity.
Wijaya et al. (2024) Indonesia	Quantitative Survey N = 350 Retail Staff	AI Learning Recommendation	Personalized skill recommendations boost perceived organizational support.	Positive correlation with organizational trust (r = 0.44, $p < .001$).
Lim et al. (2023) Singapore	Longitudinal Field N = 180 Engineering Staff	Continuous AI Performance Evaluation	Transparent criterion weighting reduces perceived system opacity.	Trust stabilized over 6 months with bi-weekly explainability logs.
Pham & Hoang (2026) Vietnam	Mixed-Methods N = 290 Manufacturing Staff	AI Candidate Resume Screening	Collectivist workplace norms amplify distrust toward automated rejection.	Severe trust erosion without empathetic human rejection communication.

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The studies as presented in Table 2 collectively indicate that AI adoption in human resource management (HRM) produces different levels of employee trust depending on the transparency, explainability, and human involvement embedded in the system. Tan and Nguyen (2024) found that Explainable AI (XAI) in recruitment and algorithmic screening strongly enhances candidate trust, with XAI features fully mediating the relationship between AI practices and trust ($\beta = 0.52$, $p < .001$). Similarly, Lim et al. (2023) demonstrated that transparent criterion weighting and regular explainability logs can stabilize employee trust in continuous AI performance evaluation over time. Wijaya et al. (2024) also reported a positive relationship between personalized AI learning recommendations and organizational trust ($r = 0.44$, $p < .001$). These findings suggest that employees are more receptive to AI when they understand how decisions are generated, why particular recommendations or evaluations are produced, and how AI contributes to their development rather than merely controlling their behavior.

In contrast, AI systems characterized by surveillance, opaque decision-making, automated labeling, and limited employee recourse tend to generate insecurity and distrust. Prasetyo et al. (2022) found that real-time AI performance tracking can increase perceptions of objectivity while simultaneously producing surveillance anxiety and significantly increasing job insecurity ($p < .01$). Chua and Rahman (2023) similarly showed that AI-based predictive retention analytics can stigmatize employees through "flight-risk" classifications, reducing organizational trust by 28% and increasing turnover intentions. Santos et al. (2025) reported an even stronger negative effect in AI-based monitoring and scoring, where the absence of appeal mechanisms reduced trust by 41% and was associated with emotional exhaustion and job insecurity. Pham and Hoang (2026) further suggest that cultural and interpersonal factors matter: automated rejection in recruitment can generate particularly strong distrust when employees perceive the process as lacking empathy. Thus, the evidence indicates that AI efficiency alone does not guarantee acceptance; perceived fairness, psychological safety, procedural justice, and employment security are critical mechanisms shaping employee responses.

A third pattern across the studies is the importance of human-in-the-loop governance as a mechanism for rebuilding or maintaining trust. Zulkafli et al. (2023) found that human validation and face-to-face managerial feedback can restore perceived interactional justice and employee trust in automated career-mobility systems. Across the evidence, therefore, AI appears to generate more positive organizational outcomes when it functions as a decision-support and employee-development mechanism, rather than as an autonomous authority over employment decisions. The combined findings point toward a conceptual distinction between "AI-enabled empowerment"—characterized by transparency, personalization, explainability, and human oversight—and "AI-enabled control", characterized by surveillance, opaque algorithms, automated judgments, and weak appeal mechanisms. For future HRM research, this distinction provides a useful foundation for examining how AI transparency, explainability, human oversight, perceived organizational justice, trust, job insecurity, and psychological safety interact to determine employees' acceptance of AI-driven workplace practices.

CONCLUSION

Artificial intelligence adoption in human resource practices across Southeast Asia represents a double-edged strategic sword. While technological integration enhances operational scalability and analytical precision, unmediated algorithmic management severely erodes employee trust, exacerbates job insecurity, and triggers psychological contract breach. This systematic critical review demonstrates that employee trust is not an inherent byproduct of AI sophistication, but a function of perceived algorithmic justice, transparent explainability, and human-in-the-loop managerial empathy. Organizations operating in ASEAN must align AI implementations with regional cultural values and evolving data privacy regulations, establishing robust multi-level governance frameworks that safeguard worker dignity while driving sustainable digital performance.

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