



The dignity crisis: Treating workers right during digital transformation

RESEARCH BRIEF

As AI reshapes the workforce, a new study warns that organizations are creating a dignity crisis at work that threatens employee well-being, performance, and the very human capabilities that technology cannot replace.

Why it matters

Digital transformation is accelerating, yet the human cost is being systematically underestimated. The problem extends beyond job loss. It is how workers are being treated in the process.

- ▶ Employees increasingly report feeling disposable and disrespected. Some learn about termination through generic emails, media reports, or by revoked building access.
- ▶ ~100,000 US federal employee layoffs in 2025 Q1, with estimates suggesting ultimately 20% decline, or nearly half a million people.

How we know

This is a perspectives piece published in the *Academy of Management Discoveries*, drawing on recent empirical evidence, public sentiment analysis, and the authors' prior research on dignity at work.

The authors synthesize findings across multiple studies and current events to identify three urgent pathways forward for management researchers and practitioners.

What researchers found

- ▶ Across 9 studies, human responses were rated as **more empathic and supportive** than AI responses.
- ▶ Recent MIT study measured brain activity across ChatGPT and search engine users, and a brain-only group over 4 months; ChatGPT users **worst** performers.
- ▶ Employees who feel their **dignity** is threatened during digital transformation experience disaffection, alienation, and loss of meaning.
- ▶ **Hope** a critical psychological resource for employees navigating digital transformation.

What this means

- ▶ **For managers:** The way workforce changes are communicated and implemented matters. Impersonal or abrupt layoffs do not just damage morale but erode dignity and trust.
- ▶ **For HR and L&D leaders:** Invest in practices that develop employees' confidence and skills with new technology, rather than treating digital tools as a replacement for human judgment.
- ▶ **For organizations:** Build systems that genuinely augment human contribution rather than eliminating it.

Now what?

- ▶ **Audit** how workforce reductions and digital initiatives are being communicated: *do processes preserve the dignity and respect of affected employees?*
- ▶ **Train** leaders to recognize and address emotional impact of digital transformation.
- ▶ **Help** employees explore professional identity refocusing and shift attention from the 'how' of their work to the 'why' to sustain meaning and dignity during transitions.
- ▶ **Build** algorithmic transparency into digital adoption: *helping employees understand how AI systems function can develop human agency and boost hope.*

LINK TO THE STUDY

