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From Transformation to Trust: How Job Crafting and AI Knowledge Influence Psychological Contracts in the Age of AI

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ABSTRACT

The rapid integration of artificial intelligence (AI) in the workplace has altered the way employees perceive their roles, expectations, and relationships with their organizations. This transformation challenges traditional psychological contracts, requiring employees to adapt through job crafting and increasing their knowledge of AI to remain relevant in the digital age. This study aims to analyze how job crafting and AI knowledge influence the formation of psychological contracts, as well as the role of AI-based digital transformation in strengthening trust between employees and organizations. This study uses a quantitative approach with a survey method through questionnaires, and the data is analyzed using Structural Equation Modeling Partial Least Squares (SEM-PLS). The results show that Digital AI Transformation has a significant positive effect on Job Crafting ($\beta = 0.740$; $p = 0.000$) and a significant negative effect on Job Insecurity ($\beta = -0.406$; $p = 0.040$). In addition, Job Crafting and AI Knowledge were found to have a significant positive effect on Psychological Contract, while the effect of Job Insecurity on AI Knowledge was not significant. The implications of this study indicate that the success of digital transformation depends not only on technology but also on the ability of employees to engage in job crafting and improve AI literacy to maintain trust and psychological balance in modern work relationships.

Keywords: AI Knowledge; Digital Transformation; Job Crafting; Organizational Trust; Psychological Contract.

INTRODUCTION

Artificially intelligent (AI) technologies are increasingly integrated into various workplaces, transforming how tasks are performed and decisions are made. However, this rapid adoption also raises important ethical considerations, particularly regarding fairness, transparency, and accountability in their implementation. Organizations must carefully manage the balance between human and machine roles to avoid issues such as job displacement, bias in algorithmic decision-making, and erosion of employee autonomy (Bankins & Formosa, 2021). Ethical use of AI requires not only technical competence but also a strong organizational commitment to uphold human values, ensuring that AI complements rather than replaces the human workforce. Ultimately, responsible AI integration should aim to enhance productivity while maintaining trust, equity, and respect for employees' rights and well-being (Bankins, 2021).

The adoption of artificial intelligence (AI) in the workplace can create employee anxiety, particularly due to uncertainty about job security, role changes, and the ability to adapt to new technologies (Tan et al., 2024). However, employees who successfully adapt and leverage AI effectively can benefit from enhanced skills, efficiency, and competitiveness in the labor market. These changes directly influence the psychological contract between employees and organizations, as mutual expectations, trust, and commitment must evolve to align with

the new dynamics introduced by AI integration (Cramarenco et al., 2023). Thus, the implementation of AI affects not only the structural aspects of work but also the psychological dimensions of the employee–organization relationship, which underpin trust and loyalty.

The psychological contract refers to the implicit and subjective beliefs about the reciprocal relationship between employees and employers, encompassing expectations, obligations, and trust that are not formally written. While contemporary research has expanded the study of this contract to include relationships between employees, teams, and clients, there remains a significant gap in understanding how psychological contracts evolve in the context of human–technology interaction (Bahadır et al., 2022). In an era where artificial intelligence (AI) is becoming increasingly advanced technically, socially, and emotionally, employee engagement with AI systems creates new forms of interaction that demand a reevaluation of expectations, responsibilities, and trust within the modern workplace (Mishra & Mishra, 2025).

Previous research by Braganza et al. (2021) revealed that job engagement significantly mediates the relationship between psychological contracts and employee trust, emphasizing the crucial role of employee engagement in achieving positive outcomes in the AI era. However, AI adoption was found to weaken this positive relationship, indicating that traditional relational and transactional psychological contracts can no longer fully explain the evolving dynamics between technology and employment relations. Consequently, a new concept called "alienational psychological contracts" has emerged, reflecting a shift in employment relationships that may hinder the achievement of Sustainable Development Goal (SDG) 8 on decent work and economic growth (Meyvanali, 2025).

Another study conducted by Wang et al. (2024) explains that different job crafting strategies influence older workers' bridge employment intentions through distinct psychological contract types: accommodative and utilization crafting strengthen relational contracts, while developmental crafting strengthens transactional contracts. Emotional support from organizations enhances bridge employment intentions among relationship-oriented older workers, whereas compensation support increases intentions among transaction-oriented workers but reduces them among relational ones. These findings highlight the critical role of aligning psychological contract types and organizational support to effectively manage and motivate an aging workforce.

In addition, Khairy et al. (2025) also obtained research results that AI awareness increases work withdrawal behaviors among hotel employees by heightening perceptions of psychological contract breach (PCB), which serves as a key mediating factor. Job crafting was shown to moderate the negative effects of AI awareness, helping employees better manage changes and reduce withdrawal tendencies, while psychological resilience further buffered these adverse impacts. Overall, the findings highlight that AI awareness can act as a resource threat, emphasizing the need for organizations to foster resilience and proactive job crafting to maintain employee engagement amid technological transformation.

This study introduces a new perspective by integrating the concepts of job design, AI knowledge, and psychological contracts to understand how trust can be built and maintained in the era of artificial intelligence. This research bridges these two perspectives by exploring how employees' proactive behavior and technological competence can transform potentially alienating work relationships into trust-based ones. The main objective of this study is to examine the influence of digital AI transformation on job crafting and job insecurity. Then, job crafting, AI knowledge on psychological contracts, and job insecurity on AI knowledge.

LITERATURE REVIEW

Digital AI Transformation (DAIT)

DAIT is the adoption of AI technologies that automate processes and reshape work roles. From a JD-R perspective, AI can act as both a job demand (requiring adaptation) and a job resource (enhancing decision-making and innovation). When employees perceive AI positively, they engage in proactive behaviors like Job Crafting; however, if viewed as threatening, AI may heighten Job Insecurity. As organizations move toward digital transformation, artificial intelligence (AI) plays a crucial role in redefining business strategies. Unlike traditional approaches that depend on fixed data and human intuition, AI-based strategies adapt continuously by utilizing technologies like machine learning and data analytics. A prime example is Amazon, whose business strategy heavily relies on AI to power its digital transformation, analyzing real-time data to predict inventory shortages, optimize delivery routes, and enhance shipping efficiency. AI-driven strategies go beyond merely improving current systems; they revolutionize them entirely. Through AI, companies can apply predictive analytics to foresee customer demands, automate workflows to cut operational costs, and offer personalized experiences to boost customer satisfaction (Gibson, 2025).

H1: Digital AI Transformation positively affects Job Crafting.

H2: Digital AI Transformation positively affects Job Insecurity.

Job Crafting

Job Crafting is a self-initiated process where employees redesign their work to improve fit, meaning, and control. During digital transformation, job crafting enables individuals to align personal goals with organizational changes, acting as a buffer against uncertainty. Through COR theory, it represents a resource gain strategy that preserves psychological well-being. Workers are not merely passive recipients of organizational change, but actively adapt and modify their work. Ghitulestu (2006) exemplifies this through the job crafting behavior of a nurse. In their job description, nurses are responsible for diagnosing patients, administering medication, administering injections, inserting IV lines, caring for patients, assisting with personal hygiene, and completing administrative forms. However, in practice, nurses can also perform activities beyond these formal duties, such as initiating communication with patients' families to obtain additional information about the patient's condition and providing detailed explanations about home care after the patient is discharged. Furthermore, each nurse has the freedom to define the boundaries of their work and interactions. Some nurses choose to limit tasks and interactions, while others increase responsibilities and expand the scope of interactions with others. As a result, they change the scope of their tasks, interactions, and cognitive perspectives on their work. Nurses who make these changes typically shift the meaning of "high-quality care" to "care that emphasizes patient advocacy and comprehensive care." (Yulianti, 2021).

H3: Job Crafting positively influences Psychological Contract.

Job Insecurity

Job Insecurity refers to an employee's perceived threat of losing their job or valued work features. It is a psychological stressor that undermines trust but can also drive adaptation when individuals seek to protect resources through learning or reskilling. This study posits that job insecurity may motivate employees to enhance their AI literacy as a coping mechanism. According to Putri (2017), job insecurity can be divided into two forms quantitative and qualitative. Quantitative job insecurity relates to an employee's anxiety or worry about the possibility of losing their job altogether. Meanwhile, qualitative job insecurity refers to concerns about the potential decline in job quality, such as worsening working conditions, reduced career development opportunities, lower salaries, and limited opportunities for personal development within the organization (Urbanaviciute et al., 2021). The term job insecurity has a variety of meanings and usages, which present challenges in establishing a consistent and applicable understanding of the concept. In this context, job insecurity is defined as a perceived threat to the continuity and stability of one's current employment. Quantitative job insecurity describes the perceived threat of overall job loss, while qualitative job insecurity refers to the perceived threat to specific aspects of the job, particularly related to the potential decline in the quality of the employment relationship. This definition integrates important elements from previous definitions, such as the element of threat, the focus on individual perceptions, and the view that job insecurity arises when one's job or working conditions are perceived as unstable or threatened (Shoss, 2017).

H4: Job Insecurity positively influences AI Knowledge.

AI Knowledge

AI Knowledge encompasses employees' familiarity, skills, and understanding of AI technologies. It serves as a personal resource that transforms fear into competence. When employees possess sufficient AI knowledge, they feel empowered and perceive organizational changes as opportunities rather than threats, strengthening their sense of psychological contract fulfillment. Artificial intelligence (AI) is a technology that enables computers and machines to mimic human abilities in learning, understanding, problem-solving, decision-making, creativity, and autonomous action. AI-based applications or devices are capable of recognizing and identifying objects, understanding and responding to human language, learning from new data and experiences, providing relevant recommendations, and even acting autonomously without human intervention, as in the example of driverless cars. In 2024, the primary focus of AI researchers and practitioners, as well as news coverage in this field, will be on the development of generative AI, a technology capable of generating text, images, videos, and various other forms of original content. To fully understand the concept of generative AI, it is important to first understand its underlying technologies: machine learning and deep learning (Stryker & Kavlakoglu, 2025).

H5: AI Knowledge positively influences Psychological Contract.

Psychological Contract

The Psychological Contract captures the implicit expectations between employees and employers. In times of AI disruption, employees assess whether their organizations uphold fairness, provide development opportunities, and support adaptation. Fulfillment of this contract fosters trust and commitment; violations can lead to disengagement and turnover intentions. A psychological contract is an individual's belief formed through the

relationship between an employee and an organization regarding a mutually beneficial exchange between the two. This concept differs from mere expectations or formal obligations, as something is only considered part of a psychological contract when it is perceived as a promise made by the organization. The content or terms of this contract are highly dependent on individual interpretation, so each employee within an organization can have a different form of psychological contract. In other words, a psychological contract focuses on employees' beliefs about what the organization should provide in return for their contributions (Suhartini, 2020).

METHODOLOGY

This research uses quantitative research methods. Quantitative methods are referred to as traditional methods because they have been used for a long time and have become customary in research. This method is also known as the positivistic method because it is based on the philosophy of positivism. Furthermore, this method is considered a scientific method because it meets the principles of scientific research, such as being concrete or empirical, objective, measurable, rational, and systematic. This method is also often called the discovery method because, through this approach, various new sciences and technologies can be discovered and developed. It is called a quantitative method because the data used is in numerical form and analyzed using statistical techniques (Abdullah et al., 2022).

In quantitative research, data is collected through two main methods: surveys using questionnaires and literature studies. Surveys using questionnaires are conducted to obtain primary data directly from respondents. The questionnaire contains a series of structured questions designed to measure research variables objectively and measurably. Respondents provide answers based on their perceptions or experiences, which are then processed into numerical data for statistical analysis. Meanwhile, literature studies are used to collect secondary data from various sources such as books, scientific journals, research reports, and related documents. The goal is to strengthen the theoretical foundation, support the conceptual framework, and compare the research results with previous findings. The collected data is then analyzed using regression tests using the SEM PLS program.

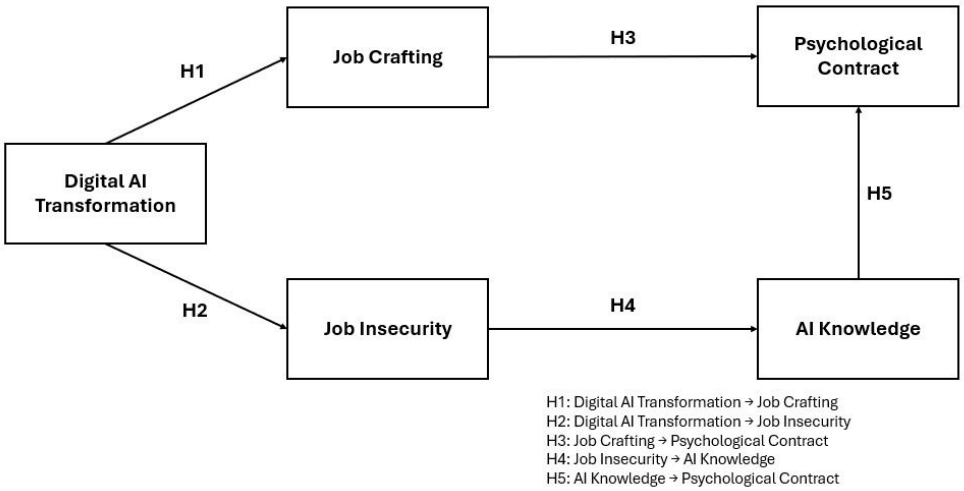

Figure 1. Research Framework

RESULTS

This research instrument consists of five main constructs adapted from various previous sources relevant to the adoption of artificial intelligence (AI) and digital transformation in the workplace. The reliability of each construct was evaluated using Cronbach's alpha values, with all constructs showing values above 0.70, indicating good internal reliability. Details of the constructs, items, and scale sources are presented in Table 1 below.

Table 1. Measurement tools and reliability

Variable	Item	Source	Cronbach's alpha
Digital AI Transformation (DAT)	1. My organization is improving work processes through AI technology. 2. My organization has started using AI-based tools and/or systems to support daily work.	Cheng et al. (2023); Bai et al. (2024).	0.853

	3. Management has stated that AI digital innovation is part of our organization's direction.		
	4. I have experienced changes in the way we work due to AI digital system updates.		
Job Insecurity (JI)	1. I am concerned that AI may reduce the need for my job.	Wang et al. (2025); Chengcheng & Chai (2025).	0.820
	2. I feel uncertain about the long-term stability of my position.		
	3. I sometimes feel anxious that my job may be replaced by technology.		
	4. I am not sure whether my current role will still exist in the next few years.		
	5. I feel I have to constantly prove my value to remain relevant at work.		
	6. Digital transformation and AI make me feel uncertain about the future of my job.		
Job Crafting (JC)	1. I look for better ways to do my job when new systems and/or processes are introduced.	Kim & Kim (2024); Zhao & Wu (2023).	0.916
	2. I suggest small improvements to make my work more effective.		
	3. I ask for feedback and/or help when learning new AI technologies.		
	4. I collaborate with coworkers to learn how AI can improve our work processes.		
	5. I strive to understand how AI can help my work contribute more effectively to organizational goals.		
	6. I strive to find motivation when adapting my work to AI changes.		
AI Knowledge (AIK)	1. I know the basic concepts of what Artificial Intelligence (AI) is.	Liu et al. (2025).	0.723
	2. I have a general understanding of how AI is used in my organization.		
	3. I feel confident learning about systems and/or tools that use AI.		
	4. I sometimes feel confused when people discuss AI at work.		
	5. I need help from others when using AI-based systems.		
	6. I can give a simple example of how AI supports our work.		
Psychological Contract (PC)	1. I believe the organization is committed to my development if I perform well.	Cheng et al. (2025).	0.925
	2. I feel supported by my superiors in facing changes such as AI digital transformation.		
	3. If I put in extra effort, the organization rewards me fairly.		
	4. I see clear opportunities for career development here.		
	5. The organization provides opportunities to learn and grow, especially in relation to AI digital transformation.		
	6. During AI digital transformation, I feel that the organization continues to treat employees fairly.		
	7. I clearly understand my responsibilities within the organization.		
	8. I am willing to give my best because I believe the organization values its employees.		

The reliability test results show that all constructs in this study have a Cronbach's alpha value above 0.70, which indicates a high level of internal consistency. The constructs with the highest reliability values are Psychological Contract (α = 0.925) and Job Crafting (α = 0.916), indicating that the items in these variables are very homogeneous in measuring the same concept. Meanwhile, the AI Knowledge construct (α = 0.723) had the

lowest reliability value but was still above the recommended minimum threshold (Hair & Alamaer, 2022). Thus, these results indicate that all instruments used in this study are reliable and can be used for further analysis in the measurement model in SEM-PLS.

Furthermore, descriptive statistics were used to provide an overview of the data characteristics, while correlation analysis was performed to examine the initial relationships between constructs before testing the structural model in SEM-PLS.

Table 2. Descriptive statistics and correlations

Variables	M	SD	Sex	Age	Edu	DAT	JI	JC	AIK	PC
Sex	1.59	0.49	1							
Age	2.45	1.54	.103	1						
Edu	2.15	1.28	-.108	.092	1					
DAT	15.88	3.03	.098	-.030	.013	1				
JI	16.41	5.33	-.010	.109	.052	-.283**	1			
JC	24.43	4.11	.109	-.083	.019	.727**	-.162	1		
AIK	20.91	3.60	.218*	-.113	-.040	.447**	-.001	.452**	1	
PC	31.73	5.38	.187	.036	-.021	.696**	-.223*	.755**	.533**	1

The results in Table 2 show that most variables have a significant relationship in the expected direction. Digital AI Transformation (DAT) is positively correlated with Job Crafting (JC), AI Knowledge (AIK), and Psychological Contract (PC), indicating that the higher the level of AI-based digital transformation, the higher the level of job crafting, AI knowledge, and employees' perception of psychological contracts. Conversely, Job Insecurity (JI) shows a negative correlation with DAT and PC, indicating that an increase in AI digital transformation tends to reduce job insecurity and increase positive perceptions of psychological contracts. Thus, this correlation pattern supports the basic assumption of the study that AI adoption and the active role of individuals in adapting through job crafting contribute to healthier and more adaptive working relationships.

Next, Figure 2 shows the structural model (inner model) used in this study. This model illustrates the relationship between the latent constructs tested, namely the effect of Digital AI Transformation (DAT) on Job Crafting (JC) and Job Insecurity (JI), and how Job Crafting, Job Insecurity, and AI Knowledge (AIK) subsequently affect Psychological Contract (PC).

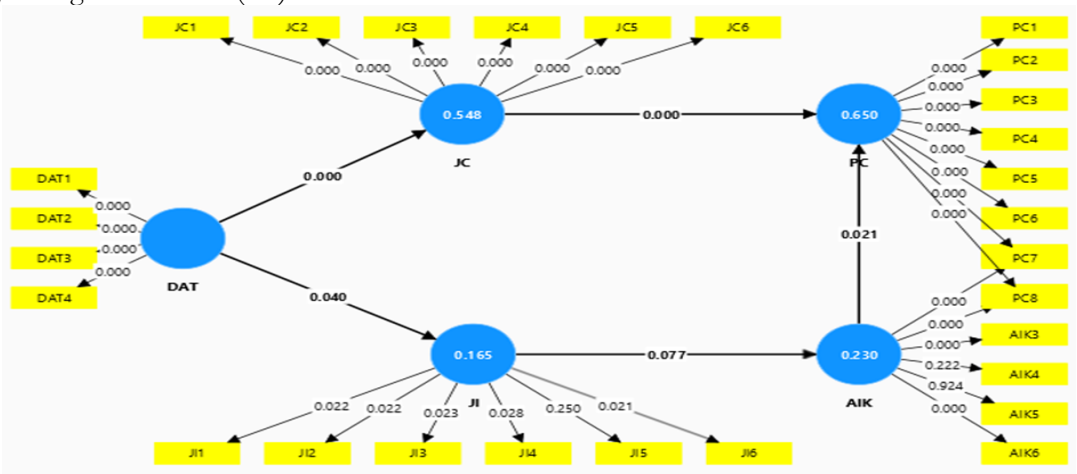

Figure 2. Inner Model

Path analysis was conducted to test the direct relationship between variables in the structural model. The path coefficient value indicates the direction and strength of the relationship between constructs, while the t-statistics and p-values are used to determine the significance of the effect.

Table 3 Hypothesis Test

	Standardized Coefficients	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
DAT -> JC	0.740	0.744	0.045	16.534	0.000

DAT -> JI	-0.406	-0.387	0.198	2.058	0.040
JC -> PC	0.589	0.563	0.122	4.843	0.000
JI -> AIK	-0.479	-0.436	0.271	1.769	0.077
AIK -> PC	0.311	0.338	0.134	2.316	0.021

Based on Table 3 above, the hypothesis testing results show that:

1. H1 is accepted, Digital AI Transformation (DAT) has a positive and significant effect on Job Crafting (JC) (β = 0.740; p = 0.000). This means that the higher the level of AI-based digital transformation in an organization, the higher the ability of employees to adapt their work through job crafting.
2. H2 is accepted, Digital AI Transformation (DAT) has a negative and significant effect on Job Insecurity (JI) (β = -0.406; p = 0.040). This shows that effective AI implementation can reduce job insecurity among employees.
3. H3 is accepted. Job Crafting (JC) has a positive and significant effect on Psychological Contract (PC) (β = 0.589; p = 0.000), which means that the higher the level of job crafting, the stronger the employees' perception of their psychological contract with the organization.
4. H4 rejected, the effect of Job Insecurity (JI) on AI Knowledge (AIK) (β = -0.479; p = 0.077) did not reach the significance level of 0.05, so there is no strong evidence that job insecurity affects employees' level of knowledge about AI.
5. H5 is accepted, AI Knowledge (AIK) has a positive and significant effect on Psychological Contract (PC) (β = 0.311; p = 0.021), indicating that employees' understanding and ability regarding AI contributes to their positive perceptions of organizational commitment and fairness.

DISCUSSION

The results of the study show acceptance of the first hypothesis that Digital AI Transformation (DAT) has a positive and significant effect on Job Crafting (JC) (β = 0.740; p = 0.000). This means that the higher the level of AI-based digital transformation in an organization, the greater the ability of employees to adapt their work through the job crafting process. This finding is in line with research conducted by Chengcheng and Chai (2025), which shows that digital-AI transformation has a significant positive effect on employees' job crafting.

Relevant to the rapid developments in the field of artificial intelligence (AI), which have brought fundamental changes to organizations, especially in terms of roles, tasks, and job structures. Many jobs have undergone fundamental transformations, with increased automation of routine tasks and the emergence of new roles that emphasize uniquely human skills such as creativity, empathy, and strategic thinking (Bastida et al., 2025).

The rapid advancement of AI has also created a paradox in the workplace. On the one hand, AI can improve efficiency and productivity; on the other hand, its existence has shifted the role of humans in providing cognitive skills, which have long been the main advantage of the workforce. Previous studies have shown that AI can now even surpass humans in a number of cognitive functions, thereby driving the automation of various tasks that were previously performed by workers (Bankins et al., 2024; Bailey et al., 2022). The results of the study show that when organizations are able to implement digital transformation strategically, employees are encouraged to adapt to these changes through job crafting, for example, by finding new ways to work more effectively, collaborating with colleagues, and utilizing technology to achieve organizational goals. Thus, the success of digital transformation is not only determined by the technology itself, but also by the ability of employees to reshape their roles to remain relevant and meaningful.

Furthermore, the results of the study accepted the second hypothesis, which showed that Digital AI Transformation (DAT) had a negative and significant effect on Job Insecurity (JI) (β = -0.406; p = 0.040). This means that the effective implementation of AI can actually reduce job insecurity among employees. Although several previous studies, such as those conducted by Liu and Zhan (2020), found that artificial intelligence does not have a significant negative effect on job insecurity, they emphasized that the interaction between vocational learning abilities and AI adoption has a significant negative effect on feelings of job insecurity. This means that when employees have the capacity to learn and adapt to new technologies, their feelings of job insecurity tend to decrease.

From an employment perspective, these results can also be explained through broader dynamics. According to Kim & Kim (2024) and Kwok (2018), job automation due to AI does pose a threat because machines are capable of taking over routine tasks that were previously the domain of humans. This has the potential to raise concerns among employees about the security of their jobs. However, in organizations that are able to manage digital transformation inclusively and provide learning support to employees, the implementation of AI can actually

increase job security. Employees who have the opportunity to develop new skills such as digital literacy and understanding of AI will be better prepared to face these changes (Valtonen et al., 2025).

Furthermore, literature on resistance to AI shows that the adoption of this technology does not always run smoothly and can pose challenges to employee welfare. According to Golgeci et al. (2025), resistance can arise due to role uncertainty, increased psychological burden, and fear of job loss. In extreme conditions, the emergence of advanced technology can even cause fear and anxiety rather than empowerment, as stated by Arboh et al. (2025). However, the results of this study show a different direction, namely that when digital transformation is managed well, for example, through clear organizational communication, AI-based training, and AI managerial support, it can actually create a sense of security and trust in the workplace.

The implication of these findings is the importance for organizations to not only focus on technological investment, but also on human resource development in order to adapt to the changes brought about by AI. Successful digital transformation requires a balance between technological innovation and the psychological readiness of employees. Organizations need to ensure that every individual has the opportunity to learn, understand, and contribute to the digital transformation process, so that AI adoption can be a source of empowerment, not a threat.

Furthermore, the results show that H3 is accepted, namely that Job Crafting (JC) has a positive and significant effect on Psychological Contract (PC) ($\beta = 0.589$; $p = 0.000$). This means that the higher the level of job crafting carried out by employees, the stronger their perception of the psychological contract with the organization. This finding confirms that job crafting plays an important role in shaping a relationship of mutual trust between employees and the organization. Currently, job crafting is becoming increasingly relevant and is receiving a lot of attention from researchers because it is considered a form of employee proactivity in facing the ever-changing dynamics of work (Szőts-Kováts & Kiss, 2023). This concept shows that individuals are not only recipients of tasks and responsibilities but also can adapt, direct, and redefine their work to be more in line with their personal strengths, values, and goals.

In modern organizations characterized by uncertainty and technological advances, the ability to engage in job crafting has become an important form of adaptation. Job crafting encompasses three main dimensions, namely task crafting (changing tasks), relational crafting (changing social interactions in the workplace), and cognitive crafting (changing perspectives on work) (Szőts-Kováts & Kiss, 2023). Through these three dimensions, employees not only increase their engagement and well-being at work but also strengthen their psychological connection with the organization. Previous studies have also confirmed that job crafting is positively related to work engagement, psychological well-being, and readiness for change (Demerouti et al., 2017; Demerouti et al., 2021). In an AI era marked by uncertainty, this ability helps employees maintain a sense of control over their work, preserve meaning in their work, and sustain trust in the organization. Thus, job crafting is not merely an adaptive strategy but also a crucial mechanism for strengthening psychological contracts and building trust in an ever-evolving work environment.

Meanwhile, H4 was rejected, indicating that the effect of Job Insecurity (JI) on AI Knowledge (AIK) ($\beta = -0.479$; $p = 0.077$) was not significant at the 0.05 level. This means that there is insufficient evidence that job insecurity directly affects employees' level of knowledge about AI. These results indicate that job insecurity does not necessarily cause employees to automatically strive to improve their AI knowledge. In some cases, insecurity can actually have the opposite effect, where individuals focus more on self-protection than on developing new competencies (He et al., 2022; Pires, 2025). This may also be influenced by organizational factors such as a lack of AI training support, a weak learning culture, or the perception that AI is a threat rather than an opportunity.

Furthermore, H5 was accepted, namely that AI Knowledge (AIK) has a positive and significant effect on Psychological Contract (PC) ($\beta = 0.311$; $p = 0.021$). These results indicate that the higher the level of employees' understanding and ability regarding AI, the more positive their perceptions of fairness, support, and organizational commitment. AI knowledge provides employees with greater confidence and control in facing rapid technological changes. This is in line with research showing that increased digital literacy and competence can strengthen the relationship of mutual trust between employees and organizations, as they feel more prepared to face new challenges and more confident about their strategic role in the organization (Valtonen et al., 2025). In other words, AI Knowledge not only functions as cognitive capital but also as a source of psychological security that strengthens psychological contracts in the workplace.

In general, this study confirms that the combination of job crafting and AI knowledge can be key for employees to adapt to technological transformation. Through job crafting, individuals are able to reshape their work to remain meaningful, while AI knowledge helps them feel more competent and relevant in the digital age. These two factors work together to transform the uncertainty caused by technology adoption into psychological safety, trust, and commitment to the organization. Thus, AI-driven digital transformation not only changes the way we work but also redefines the meaning of the working relationship between humans and organizations, with trust and adaptability at its core.

The theoretical implication of these findings is that this study reinforces the understanding of the role of job crafting and AI knowledge as adaptive mechanisms that bridge the impact of digital transformation on the psychological relationship between employees and organizations. These findings confirm the relevance of psychological contract theory in the era of artificial intelligence, where trust and perceptions of organizational justice are no longer influenced solely by structural factors such as compensation or job stability, but also by individuals' ability to adapt to technological change. This study also expands the literature on job crafting by positioning it as a variable that plays a role in rebuilding the meaning of work and psychological attachment amid AI disruption. In addition, the results of this study contribute to the development of AI-based digital transformation theory by showing that human adaptation through technological learning and job reconstruction are key factors in maintaining psychological balance in an increasingly digitized workplace.

The practical implications of this research are that organizations need to incorporate AI competency development and employee empowerment through job crafting as part of their change management strategy. Managers and organizational leaders are advised to create a work environment that encourages autonomy, continuous learning, and active involvement in redesigning jobs. AI-based training needs to focus not only on technical aspects but also on improving digital literacy and understanding the impact of technology on job roles and identities. In this way, organizations can minimize job anxiety or insecurity that may arise from automation, as well as strengthen employee trust and commitment to the organization. In addition, job crafting practices can be facilitated through more flexible policies and supervisor support, so that employees have the space to innovate and adapt their work to remain relevant and meaningful amid technological change.

CONCLUSION

The results of the study show that artificial intelligence (AI)-based digital transformation has a significant impact on the psychological dynamics and adaptive behavior of employees in the workplace. Digital AI Transformation has been proven to improve employees' ability to perform job crafting and reduce job insecurity, which in turn strengthens the perception of the psychological contract between employees and the organization. Job crafting plays an important role in strengthening a sense of fairness, commitment, and trust in the organization, while AI knowledge also contributes positively to strengthening these psychological relationships. Conversely, job insecurity does not show a significant influence on AI knowledge, indicating that job insecurity does not directly affect employees' understanding of technology. Thus, these results confirm that the success of digital transformation does not only depend on the application of AI technology, but also on the psychological readiness and adaptability of employees in facing the changes it brings.

LIMITATION AND FURTHER RESEARCH

However, this study has several limitations that need to be considered. First, the cross-sectional research design limits the ability to draw definitive causal conclusions between variables. Second, the use of data sourced from respondents' perceptions through questionnaires can lead to subjective biases, such as social desirability bias. Third, this study was conducted in a specific organizational context, so generalizing the results to other sectors should be done with caution. Therefore, future research could expand the model by considering other mediating or moderating variables, such as learning agility, organizational support, or digital readiness, that may influence the relationship between digital transformation, job crafting, and psychological contracts. In addition, longitudinal or mixed-methods studies could provide a deeper understanding of the dynamics of employee adaptation to AI over a period of time. Future research is also recommended to explore cross-industry and cross-cultural differences in dealing with digital transformation, so that the results are more representative and can provide more contextual recommendations for human resource management practices in the era of artificial intelligence.

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