HR'S AI DILEMMAS

AI is rewriting the rules of work by enabling organisations to move faster and work smarter. Yet its breakneck adoption and constant reinvention are generating complex risks – and it's often HR practitioners who are asked to make sense of them.

BY **KATE NEILSON**

For some time now, questions about artificial intelligence in the workplace have been largely practical: How does it work? What are the use cases? Which platforms should our business adopt? But as AI embeds deeper into core work processes, the questions are becoming harder to answer.

Ethical grey areas, governance gaps and unforeseen wellbeing impacts are dampening the initial excitement around AI, and organisations are beginning to recognise the long-term consequences of scaling AI-enabled work without paying equal attention to work design, wellbeing and governance considerations.

"We can't solely value speed and efficiency over some of those longer-term outcomes, which are all about the impact of this technology on people," says Dr Ben Hamer FCPHR, futurist, founder of ThinkerTank, AHRI board member and chair of AHRI's Future of Work Advisory Panel.

Dr Emmanuelle Walkowiak, Vice-Chancellor's Senior Research Fellow at RMIT, has spent two decades researching how the rapid adoption of technologies drives the transformation of work and organisations.

"HR is in the messy middle of AI more so than other functions, because HR must simultaneously be a user and a workplace regulator of AI systems," she says. "HR decisions often have the most direct impact on workers – and are where the sensitive ethical or legal questions arise."

Despite businesses wanting to solve these challenges quickly, a rushed approach goes against the very nature of their complexities, says Hamer.

"We don't even understand the problems deeply enough to be able to solve them. The fact that we can't offer practical tips for these challenges is a real indication of where we are heading as a profession.

"There is no best-practice guidance for these dilemmas. We need to attract people in HR who can thrive in uncertainty and can get comfortable with ambiguity."

With this in mind, the following dilemmas aren't designed to offer black-and-white guidance, but to help navigate the grey areas, with suggested thought-starters to raise with the executive or board.

DILEMMA #1

Improvements to physical working conditions or workflows are often accompanied by faster, more de[manding] workloads, says Walkowiak.

Consider the introduction of e[mail in] the workplace. It unlocked an in[credible] amount of opportunity for instant[aneous] communication, but also immedi[ately] increased the expectation of an instantaneous response, meanin[g the] majority of knowledge workers n[ow] spend more and more of their w[orking] hours wading through their inbox[.]

For the same reasons, AI is intensifying the rhythm of work.

"Part of my research focuses o[n] evaluating psychosocial risk thro[ugh] working conditions. We look at i[ssues] such as job demands, job contro[l,] emotional demands, unfairness [and] poor workplace relationships, co[nflict] and job insecurity."

One of the most pertinent prot[ective] factors, she says, is the relationa[l] dimension of work – meaning ho[w] supported, secure and connecte[d] employees feel.

"When AI systems automate processes such as performance evaluation, you might get more p[recise] metrics, but you lose that relation[al] element," she says. "The social interactions that help align perce[ptions] between employers and employe[es are] missing – and that's what contrib[utes to] increased emotional demands, s[tress] about job security and uncertain[ty about] the future."

There are also implications for workplace civility. Recent resear[ch from] The Michelle McQuaid Group fou[nd that] civility scores were 22 per cent l[ower] among employees who said they [always] use AI technologies (67 per cent[) versus] those rarely using AI (86 per cen[t).]

DILEMMA #2

DATA, PRIVACY AND PROCUREMENT CHALLENGES

DILEMMA #3

HR departments deal with some of the most sensitive employee data, which makes AI adoption inherently risky and complex, says Dr Zivit Inbar FCPHR, founder and CEO of DifferenThinking.

"Most organisations, especially those that have been around for a long time, operate with multiple legacy systems. I don't know of one HR department that has only one system it uses," says Inbar, who is facilitating two new AI for HR short courses with AHRI.

"AI is also increasingly drawing on data from systems that have traditionally sat outside HR's remit, such as communication platforms, project management tools and customer relationship management systems. These systems hold vast amounts of information about employees that often go unnoticed. When this data is integrated, the risks multiply."

This means, for the majority of organisations, there is a lot of work to be done in cleaning up data inputs to ensure they are AI-ready, says Inbar.

"For example, if an AI tool predicts candidate success based on historical performance reviews, it will inevitably replicate existing biases. Unless those biases are identified and corrected, the AI will reinforce patterns of inequality rather than removing them."

Collecting and preparing data for AI isn't straightforward, she adds, because it involves complex decisions.

"For example, who should handle data cleaning? Should it be done internally, knowing the information includes highly confidential details? Or should it be outsourced, which raises budget and privacy considerations?

"Personally, I'd prefer using an external provider for data cleansing, while working closely with internal IT to assess vendor's guardrails and technical
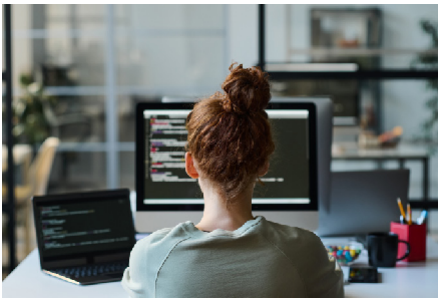
practices, including data security, system connections and compliance measures."

Another emerging risk lies in the procurement of HR software. Most platforms now come with embedded AI, yet few buyers fully understand how these systems are designed or trained. Without that visibility, they can quietly become conduits of business risk.

"While HR may not control the algorithms themselves, we can hold vendors accountable," says Inbar. "We should demand transparency and ask how systems make decisions or recommendations, how bias is mitigated, and request audits and reports to ensure the AI is functioning as intended."

She suggests creating a formalised checklist that everyone in your team can use to assess vendors. This might include questions about data quality,

privacy, security, bias mitigation and the explainability of algorithms.

"Explainability and transparency are core principles of responsible AI. I'd never adopt software that can't clearly demonstrate how the AI system works and how decisions are made. At the end of the day, the accountability is on HR, not the AI. I'd also recommend running a pilot program that gathers feedback from a diverse group of users before full implementation."

Awareness of data security is also increasingly becoming a core capability for HR.

"From my experience leading global HR teams in technology companies, I've learned that deleting data is far more difficult than people think. One company still had copies of my personal documents two years later, which were exposed in a recent cyberattack.

"As new data practices emerge – and as regulations require employers to retain files for years after someone leaves – we need to ask: how much data is too much? These are complex, long-term dilemmas. HR will be called upon to help set those boundaries and lead organisations through them responsibly," says Inbar.

High AI use could be fuelling bur and stress in our workforce.

Dr McQuaid's research found those often using AI had less se compassion (52 per cent) compa those rarely using it (72 per cent) who sometimes used AI were als less likely to report strong wellbe per cent) than those who rarely u (98 per cent).

"When we're working, we oper peaks and troughs in terms of co load," says Hamer. "Knowledge becoming so much more intense because we're seeing more of th boring, routine work being autom

"People talk about how excitin and how it enables us to focus o value-adding work, but those 'lov value' tasks are often how our br regulates itself.

"Think about how you feel whe come out of a high-energy works You might be buzzing, but you w of the room feeling knackered. Y might spend the afternoon tendi your emails or doing some invoic expenses to recover.

"When you don't have that cog break, that's what can lead to bu It's not necessarily that we're doi work, but it's the nature of the w that's becoming exhausting."

Walkowiak adds that another c is the huge amount of work AI is generate within seconds.

"Instead of creating, workers c themselves reviewing, verifying c managing information, which car cognitive overload and new form stress," she says.

Another issue – one many organisations may be overlookin pursuit of short-term productivity – is the gradual erosion of workf capability, or "skill atrophy".

DILEMMA #4

LACK OF CLEAR ACCOUNTABILITY AND GOVERNANCE GAPS

The rise of AI agents within teams is creating complex industrial and employee relations questions, with accountability sitting in the grey zone.

"If something goes wrong when an AI agent is being used, who is accountable? Is it the manager? The employee? The AI system? HR?" says Hamer.

"In the next couple of years, we're going to see the rise of human-AI teams. The first stage is already here – almost everyone has their own AI assistant. The next stage will be when we each have AI agents working largely autonomously."

Then, he says, the challenge will be balancing that innovation and drive for efficiency with fairness, accountability and the industrial implications of AI.

"We need to be thinking about them now. What happens if an AI vulnerability leads to a cyberattack or confidential information leak? Do we hold the team manager accountable, or is that a systems issue? We don't have those accountability frameworks in place yet."

Walkowiak says opaqueness around accountability will be one of the greatest challenges to address as AI becomes more prevalent and advanced.

"AI brings not only automation and surveillance risks, but also new categories of concern, from cybersecurity threats and misinformation to bias, intellectual property breaches and accountability gaps.

"Productivity gains from AI are inseparable from these emerging risks. "People adopt these tools because they make work easier or faster, but they also create problems of trust and reputational risk, generating new layers of emotional and ethical pressure. Someone has to manage those risks, but right now, it's unclear who that is."

Questions of liability – both in mitigating risks and responding to

breaches – now demand serious attention from boards and executive teams seeking to safeguard their organisations for the future.

"Traditionally, ethical responsibility was implied within a job description – you were accountable for acting ethically. But when you use generative AI, that accountability becomes ambiguous," says Walkowiak.

Inbar says the governance gaps around AI are becoming clear.

"If you look at recent research from KPMG and the University of Melbourne, the data is striking. Across 47,000 employees globally, including thousands in Australia, only 40 per cent say their organisations have an AI policy in place.

"Perhaps most revealing, nearly half of the employees who do work in companies with AI policies admit to breaching them."

"The issue isn't just about technology adoption; it's about the absence of policies, training and accountability. That's where HR's role becomes critical in shaping the culture and governance needed for responsible AI use."

Inbar suggests establishing clear AI audit processes as a starting point, which she says should be on every CHRO's agenda right now.

"Boards will be asking for it. HR leaders need a clear inventory of where AI is being used, and regular audits to ensure it's being applied appropriately and without bias.

"Depending on the organisation, some already have responsible AI frameworks or governance committees in place. For those that don't, I strongly recommend that chief people officers create a cross-functional AI governance committee, including representatives from IT, HR and employees – and ideally an external expert as well. Those most affected by AI often don't have a voice, and that's exactly what governance needs to address.

"And, crucially, every organisation should mandate a human-in-the-loop approach. Establish clear rules that no final decisions about hiring, promotion, termination, compensation or similar matters are made solely by algorithms."

HR THOUGHT STARTERS

Do our governance frameworks have gaps regarding accountability in our AI processes that we need to address?

Who should oversee AI risk – and how can HR, IT and the board collaborate to ensure accountability is shared, not siloed?

Who do we need to include in a responsible AI committee, and how might that work in our organisation?

DILEMMA #5

There's growing evidence that A can affect our judgement skills.

One study, cited by Inbar, follo medical specialists performing colonoscopies. It found that, ove those assisted by AI became les at identifying cancer indicators themselves, as they became too on the technology.

It's worth noting that the resea highlight the limits of these outco due to the observational nature study, and call for further resear conducted in this area.

"These findings point to a critic issue: when we rely too heavily risk weakening the very judgmen expertise that make human work valuable," says Inbar.

"Think about how technology

What next?

All of this isn't to say that AI won't ha demonstrably positive impacts on the workforce. There are plenty of gains made when this technology is introdu in a considered, intentional way.

But businesses can't bury their hea the sand regarding the dilemmas atta to this transformative technology – w this article only scratches the surface

Bringing these dilemmas to the leadership team and board's attention facilitating important discussions and asking the right questions is critical a stand at the precipice of even greate AI-enabled change.

Hamer suggests starting by getting familiar with what's on the horizon.

"Learn about agentic AI. Consider human-AI teaming might look like. Consider how problem-solving looks different now that you have AI as a te he says. "You need to have an aware of these challenges, then build the capabilities to have these conversati