



The Role of AI in People and Culture: Opportunities and Challenges for New Zealand Businesses

AI in HR: A Game Changer or a Risky Move?

Artificial Intelligence (AI) has been making waves in business operations worldwide, and New Zealand is no exception. From recruitment automation to performance analytics, there's definitely curiosity about how AI can be integrated into People and Culture (P&C) functions. But is AI the solution to better people management, or are we rushing into an era of over-reliance on technology without fully understanding the potential implications? After all, we've all heard the saying "Rubbish in, rubbish out" haven't we? And I'm starting to see a few people relying on AI for P&C/HR activities where unfortunately the right question hasn't been asked, or the wrong information has been relied upon.

AI could offer efficiency and data-driven insights, but its risks - such as bias, data security, and ethical concerns - mean that business leaders must tread carefully. This blog explores how AI is currently used by some in P&C/HR, analyses its advantages and disadvantages, and considers the current level of AI understanding among the average HR professional and business owner in New Zealand.

The Current Use of AI in People and Culture

AI-driven tools are already being adopted by some in several key areas of HR and P&C functions, such as:

- **Recruitment and Talent Acquisition:** AI-powered applicant tracking systems (ATS) can help screen CVs and rank candidates based on qualifications and experience. Chatbots can even assist with answering candidate queries and scheduling interviews.
- **Employee Engagement and Well-being:** AI-based sentiment analysis tools can assess employee feedback from surveys and communication platforms to gauge engagement and morale.
- **Performance Management and Predictive Analytics:** AI can identify performance trends, predict potential turnover, and recommend personalised training pathways.
- **Workforce Planning and Scheduling:** Machine learning models can help businesses forecast workforce needs, optimise rosters, and improve resource allocation.
- **Learning and Development:** AI-driven learning management systems can personalise employee training, suggesting courses based on individual learning styles and career trajectories.

Potential Benefits of AI in HR

1. Efficiency and Time Savings

AI can streamline repetitive tasks, such as candidate screening, scheduling, and data entry, freeing up HR professionals for strategic work.

2. Data-Driven Decision-Making

AI can provide predictive analytics and deep insights, allowing businesses to make informed decisions about workforce trends and engagement strategies.

3. Improved Candidate and Employee Experience

AI-powered chatbots and virtual assistants can enhance communication, ensuring faster responses to employee and candidate inquiries.

4. Bias Reduction (In Theory)

AI tools can be programmed to ignore demographic information and focus purely on skills and experience, potentially reducing unconscious bias in recruitment and performance evaluations.

5. Cost Reduction

Automating routine HR processes can reduce administrative costs and improve operational efficiency.

The Challenges and Risks of AI in HR

1. Bias in AI Algorithms

AI is only as unbiased as the data it is trained on. If historical hiring data contains bias, AI can reinforce and even amplify those biases, leading to discrimination in hiring and promotions.

2. Data Privacy and Security Concerns

AI relies on large volumes of employee data, raising concerns about data breaches, ethical use of personal information, and compliance with privacy laws such as New Zealand's Privacy Act 2020.

3. Lack of Human Judgment and Context

AI may struggle with nuanced decision-making, particularly in complex HR issues that require empathy, cultural understanding, and ethical considerations.

4. Employee Trust and Resistance to AI

Many people remain sceptical about AI's role in anything, let alone people management, and some fear job displacement or depersonalisation of HR processes if AI was to be utilised.

5. Regulatory and Compliance Risks

The use of AI in HR is advancing faster than current regulations, creating legal and ethical uncertainties that may pose risks for businesses.

6. Insufficient Knowledge and Use of Incorrect Information

AI tools often rely on the right questions to be asked by the user. If this doesn't occur, you may not get the information you need. Information sourced may also be incorrect, and so whoever is using AI to prepare information needs enough knowledge of the topic to be able to check and correct the information provided by AI when necessary. There are many AI tools that are still in the early stages of development. Some, such as those that summarise meetings, are simply not accurate enough to be relied on for P&C/HR processes without review and editing. Reliance on AI-created information without the necessary level of knowledge could create significant risks for employers.

Where Does the Average Business Owner or HR Professional Stand?

For many business leaders in New Zealand, AI remains a concept rather than a fully understood tool. While some large or tech-savvy businesses might be leveraging AI effectively, many SMEs and traditional HR teams are still in the exploratory phase.

Common concerns include:

- Uncertainty about how AI works and its reliability
- Not knowing what tools exist, which ones can be relied on or where to find them
- Worries about job displacement
- Ethical concerns about AI decision-making
- The cost of implementation versus perceived benefits

Despite these concerns, AI is not a trend that will fade away. Instead, HR professionals and business leaders must educate themselves on AI capabilities, ethical considerations, and best practices to ensure its responsible use in P&C activities.

Moving Forward: AI as a Partner, Not a Replacement

AI has the potential to transform HR and People and Culture functions in New Zealand, but it should be seen as a complement to - rather than a replacement for - human expertise. To make AI adoption successful, businesses should:

- **Invest in AI education and training for HR professionals** to improve understanding and responsible usage.

- **Ensure ethical AI deployment** by regularly auditing algorithms for bias and aligning AI decisions with company values.
- **Use AI for efficiency, not for emotional decision-making**, ensuring human oversight in critical HR functions.
- **Engage employees in the AI journey** to build trust and encourage acceptance of AI-driven tools.

Conclusion

AI is here to stay, and its integration into HR and People and Culture functions is accelerating. While it brings undeniable advantages, businesses must remain vigilant about its limitations, ethical concerns, and impact on workplace culture.

By embracing AI with a strategic and people-centric approach, New Zealand businesses can enhance their HR practices while ensuring that technology serves, rather than replaces, human judgment and leadership.

What are your thoughts on AI in HR? Are you using it in your workplace, or are you still weighing the pros and cons? Let's start the conversation!

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