Comments on the Rapid Development and Uptake of Automated Decision Making and Machine Learning Techniques in the Workplace

19 June 2024

Workday appreciates the opportunity to provide comments to the Standing Committee on Employment, Education and Training the rapid development and uptake of automated decision- making and machine learning techniques in the workplace. Workday is a leading provider of enterprise cloud applications for finance and human resources, helping customers adapt and thrive in a changing world. Workday applications for financial management, human resources, planning, spend management, and analytics are built with artificial intelligence and machine learning at the core to help organisations around the world embrace the future of work. Workday is used by more than 10,000 organisations around the world and across industries – from medium-sized businesses to more than 50% of the *Fortune* 500. With offices in Brisbane, Melbourne, and North Sydney, two in-country data centres, and a customer support presence, we are proud of our robust offerings in Australia. Workday serves major Australian customers including Atlassian, Canva, the Commonwealth Bank of Australia, Latitude Financial Services, One Rail Australia, QANTAS, Reece Group, Telstra, and St Vincent's Health Australia.

At Workday, we believe that artificial intelligence ("AI") is powering the future of work by unlocking human potential, driving business value, and enabling our customers and their employees to focus on more strategic and fulfilling work. Consistent with our commitment to ethical AI, Workday has been helping to lay the groundwork for smart AI safeguards since 2019. Building on our call for AI regulation, Workday has taken a leading role in AI policy discussions at the federal, state, and local level in the United States. We have also partnered with officials in the European Union on the Artificial Intelligence Act, as well as governments around the world, including the United Kingdom, Singapore, and Japan, to provide thoughtful and concrete policy approaches to responsible AI.

Having built and delivered AI solutions for the last decade, Workday believes that the future of work is one that is AI-enabled, and we support the development of safe and responsible AI policies, regulations and practices that will promote the adoption of AI. Please do not hesitate to contact Eunice Lim, Director Corporate Affairs – APAC & Japan, at eunice.lim@workday.com if you have any questions or would like further information.

I. Shifting the Paradigm on Workforce Development

The world of work as we once knew it no longer exists. For years, work was a static concept and narrowly defined. That notion has given way to a far more dynamic and rapidly evolving model fuelled by the rise in hybrid and remote work, emerging technologies and increasing economical and societal factors.

At the centre of this shift is workforce development and management. Companies used to manage their talent with a focus on traditional degrees and linear career progression. However, that approach may become increasingly obsolete given the heightened focus on employee experience combined with the fast-evolving nature of work. Based on a worldwide survey by Deloitte involving over 1,200 professionals, organisations are progressively exploring the concept of perceiving workers as individuals possessing adaptable skills and capabilities which can be flexibly applied to tasks aligned with their preferences and evolving business needs.[1]

The shift from an approach driven by traditional credentials to a skills-based approach represents a significant transformation in how organisations view and manage their workforce. Consequently, the associated difficulties of ensuring comprehensive training and credentialing for newcomers to the workforce and facilitating meaningful retraining and repositioning for mid-career professionals are also proving more intricate than in previous times. To meet the challenges presented by the rapidly changing nature of work, there is a need to re-imagine workforce development and management approaches.

II. AI and a Skills-based Workforce

This is where advanced technologies like AI can positively transform how people and organisations work and provide the agility they need to meet the challenges of today and tomorrow.[2] Beyond the usual productivity narrative, AI can also be used at the workplace to help identify potential opportunities, enable workforce flexibility, and streamline the acquisition of new skills while refining existing ones. At Workday, the AI tools we deliver to our customers help their employees make more informed decisions by surfacing new insights, identifying opportunities for career development, and improving their day-to-day work experience by simplifying labour-intensive tasks. Our guiding principle is that **AI should be used in ways that augment, rather than displace people**.

While employers understand the benefits of using AI to address both labour-intensive and time-intensive work, they wrestle with growing skills gaps in AI, AI-adjacent, and more traditional roles. A key question then is how such a skills gap should be addressed while also equipping workers and employers with the resources to navigate the coming changes in the workplace.

Skills data is often complex, noisy, and voluminous often with the same terms used to describe multiple skills and multiple words used to convey the same skill. Deriving actionable insights has historically been a hurdle. AI's unique ability to parse massive amounts of skills data generate insights into existing and in-demand worker skills which drive informed decision-making in the current and future job market. With good and high-quality datasets, AI can pinpoint industry-specific, demographic, and geographic skills requirements, helping to improve the relevance of training and skills enhancement endeavours. AI can also personalise skills acquisition for individual users so that workers can swiftly embrace change and help their organisations achieve success.

[1] Deloitte (2022). *The skills-based organization: A new operating model for work and the workforce*. Available at: https://www2.deloitte.com/us/en/insights/topics/talent/organizational-skill-based-hiring.html
[2] Workday (2023). Skills, Credentials, and the Workforce of the Future. Available at: https://www.workday.com/content/dam/web/en-us/documents/whitepapers/skills-credentials-and-workforce-of-the-future.pdf

Workday supports a full consideration of not only the impact technology can have, but also the opportunities that AI tools can unlock when applied to skills-based approaches to talent.

III. Responsible AI Governance Builds Trust

While AI presents incredible opportunities to unlock human potential, there is also the risk of unintended consequences. In a recent research conducted by Workday, Closing the AI Trust Gap, it was found that the AI trust gap in Australia is worryingly large and Australians' scepticism of AI is higher than the global average. Sixty percent of Australians are worried about the trustworthiness of AI, the highest among all countries surveyed, and only half (51%) are confident their organisation can clearly say AI will not improve work.

As a cloud-native enterprise software company, Workday learned early on that rigorous investments in technology governance are critical to earning and retaining our customers' trust. This is why Workday has put in place a robust Responsible AI program and supports regulatory and policy measures incentivising organisations to establish internal AI risk management programs. Workday's Responsible AI program includes:

- **Leadership Commitment** from a Responsible AI Advisory Board that is led by our General Counsel and counts our Chief Compliance Officer, Chief Technology Officer, and Chief Diversity Officer among its members.
- **Dedicated Resources** that include a team of social and data scientists and technology experts that report to our Board of Directors through our Chief Compliance Officer and that develops and maintains Workday's responsible AI governance framework. The team receives cross-company support, including from responsible AI champions who provide subject matter expertise so that AI products are developed in accordance with Workday's AI principles.
- **Responsible AI Guidelines and Review Processes** that operationalise our principles through AI development guardrails, turning them into documented practices and assessments. Our product development teams use tools to evaluate a potential AI feature's risk profile before we write any code. AI tools intended for use in consequential decisions, such as hiring or promotion, are treated as high-risk.
- **Disclosure** to equip our customers with a clear understanding of how our AI tools are developed and assessed, as well as transparency and choice in how their data is used.

Although Workday has taken these steps to develop AI in a responsible manner, we recognise that the lack of public trust in AI must be addressed across industry and complemented by regulatory guidance from policymakers.

IV. Risk-based Approach to AI Governance

The Australian Government has been making strides to address the regulatory gaps in AI through the work of the Department of Industry, Science and Resources (DISR). At Workday, we strongly support smart regulations on AI that support innovation and build trust, including AI tools used for consequential decisions like hiring, promotion, and termination. We have been engaging and providing DISR with our

thoughts on a path forward for AI governance and meaningful safeguards. In fact, DISR's interim response to the Safe and Responsible AI consultation echoed themes consistent with Workday's AI policy positions, including the need to take a risk-based approach to AI regulation.

A risk-based approach to AI governance means applying rules to contexts where AI carries the highest risk of potential harm to individuals. As AI systems are and will be used in a wide variety of scenarios, policies and regulations must be designed to reflect this diversity in risk profiles. A risk-based approach towards AI governance would allow for the benefits of AI technologies to be harnessed while providing the necessary safeguards to minimise the potential harms arising from the use of AI. Many countries are recognising the merits of, and converging on, a risk-based approach to AI governance, including the European Union, Canada, the United Kingdom, and Singapore.