The artificial intelligence automation dilemma: lessons from recent labour disputes in Australia

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Abstract

Purpose – *This paper aims to highlight the crucial role of strategic human resource management in addressing labour tensions that arise from the integration of artificial intelligence (AI) and automation in contemporary workplaces. Effective approaches to managing technological transformation while maintaining positive labour relations are also discussed.*

Design/methodology/approach – *The paper draws upon two labour dispute cases at supermarket giants, Woolworths and the aviation sector in Australia. The cases are analysed through the lens of strategic human resource management and discussed using previous studies, expert and industry insights.*

Findings – *This paper reveals that successful AI integration requires more than technological expertise – it also demands sophisticated people management strategies that can balance innovation with human concerns. To do so, there is a need for strategic workforce planning and AI integration, cultural transformation and change management, ethical considerations and worker well-being, balancing efficiency and human agency and leadership in AI transformation. Comprehensive strategy development, stakeholder engagement, governance structures and skills development are recommended for smooth AI integration in modern workplaces.*

Originality/value – *This paper uses two recent labour disputes in Australia to illuminate the critical role of strategic HR management in balancing AI integration with employee well-being and engagement. As AI and automation continue to reshape workplaces, technological transformation must serve both organisational objectives and worker interests. Lessons from this paper can guide future strategic HR approaches to AI integration in ways that promote sustainable and equitable workplace transformation.*

Keywords *Artificial intelligence, Labour relations, Labour disputes, Australia*

Paper type *General review*

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Introduction

The integration of artificial intelligence (AI) and automation technologies into workplaces represents one of the most significant transformations in Australia's modern labour relations. Globally, AI implementation has increased by 70% in the last five years, and global AI spending is projected to exceed $204bn by 2025 (McKinsey and Company, 2019). However, as organisations rapidly adopt these technologies, new tensions are emerging between technological advancement and worker well-being. Recent labour disputes in one of Australia's largest supermarkets, Woolworths and the aviation sector are critical case studies that illuminate challenges organisations face in balancing efficiency optimisation with worker rights and safety. These conflicts, involving AI-driven productivity frameworks and algorithmic management, represent more than isolated industrial disputes – they exemplify broader challenges organisations face as they navigate the future of work. Through the lens of strategic human resource management, this paper analyses how labour disputes in workplaces in Australia reveal fundamental tensions in the implementation of AI

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technologies. The paper also offers insights into more effective approaches to managing technological transformation while maintaining positive labour relations.

Current labour disputes

At Woolworths, the main dispute centres on a new "coaching and productivity framework" that uses AI-generated algorithms to monitor worker movements and set "pick rates" at distribution centres. Workers wear headsets that receive AI-directed instructions, representing what researchers call the emergence of an "Amazonian era" in warehousing (Barnes, 2024). The United Workers Union argues this system fails to account for unavoidable delays and raises safety concerns. Similarly, ground handlers in the aviation sector are pushing back against what they describe as deteriorating working conditions and job insecurity following outsourcing decisions. Both labour disputes, albeit in different contexts, reflect fundamental tensions that arise from efficiency optimisation through technology and worker well-being. The disputes also underscore the critical role strategic human resource management must play in successfully implementing AI and automation (Tenakwah and Watson, 2024).

The broader significance of these disputes extends beyond individual companies. They represent emerging trends in modern labour relations that may intensify as AI adoption accelerates. The following are examples of tensions arising from AI adoption and implementation at workplaces:

- The increasing role of AI in workplace management is creating new tensions around surveillance and control. Successful implementation requires balancing technological capabilities and human agency (Wilson *et al.*, 2018);
- There is growing tension between productivity metrics and worker well-being. The Woolworths case shows how AI-driven performance monitoring can conflict with workers' desire for professional discretion and dignity; and
- Organisations face increasing challenges in balancing efficiency with worker safety and well-being. This requires careful consideration of how technology adoption affects employee perception and readiness across different cultural contexts (Tenakwah *et al.*, 2022).

Critical dimensions of artificial intelligence integration in the Australian workplace

The Woolworths and aviation sector disputes highlight fundamental challenges in implementing AI and automation technologies while maintaining positive labour relations. Analysis of these cases reveals several critical themes that have broader implications for strategic human resource management and the future of work. As Tenakwah and Watson (2024) argue, AI Change is arguably one of the most complex transformations in the modern era – and strategic human resource management remains crucial to its success.

Strategic workforce planning and artificial intelligence integration

The Woolworths case demonstrates that technological implementation cannot be divorced from comprehensive workforce planning. The introduction of their "coaching and productivity framework" with AI-generated algorithms and worker monitoring through headsets represents what Barnes (2024) describes as the emergence of an "Amazonian era" in warehousing. However, the resulting industrial action, costing the company $50m in lost sales, illustrates the risks of implementing such systems without adequate consideration of workforce implications (Barnes, 2024). As Tenakwah and Otchere-Ankrah (2024) argue, AI implementation represents one of the most complex transformations in the modern era and requires strategic human resource (HR) involvement from the outset. Organisations

must incorporate these new realities into their strategic workforce plans (Khang *et al.*, 2023), carefully analyse how AI will impact existing roles and determine the optimal human–machine equilibrium across work activities. The focus must be on technical considerations but also on understanding how AI integration affects job design, worker well-being and overall employee experience.

Cultural transformation and change management

The labour disputes discussed in this paper underscore the critical importance of cultural transformation in successful AI integration. Research by Kolbjørnsrud *et al.* (2017) indicates that fostering an organisational culture that embraces AI while addressing worker concerns is crucial for successful integration. This requires leadership to clearly articulate how humans and machines will collaborate, emphasising augmentation rather than replacement. The resistance encountered in both cases suggests perhaps a failure to adequately prepare the workforce for technological change. As Fountaine *et al.* (2019) note, organisations must treat AI literacy as a critical organisational competency, ensuring workers across all levels understand these technologies and their implications for career pathways. This cultural transformation must be supported by robust change management strategies that address workforce concerns proactively, not reactively.

Ethical considerations and worker well-being

The labour disputes highlight the critical importance of ethical considerations in AI implementation. The United Workers Union's concerns about Woolworths' productivity framework, particularly regarding safety and unaccounted delays, demonstrate how AI implementation without adequate consideration of human factors can lead to significant labour relation challenges. According to Jia and Hou (2024), AI-driven HR strategies must balance performance optimisation with employee well-being and engagement. Similarly, the aviation sector dispute raises questions about job security and working conditions in an increasingly automated environment. These concerns underscore research on the need to consider how technology adoption affects employee perception and readiness across different cultural contexts (e.g., Tenakwah *et al.*, 2022).

Balancing efficiency and human agency

A central theme emerging from the labour disputes is the tension between efficiency optimisation and worker well-being. Wilson *et al.* (2018) argue that successful AI implementation requires balancing technological capabilities and human agency. The Woolworths case particularly illustrates how AI-driven performance monitoring can conflict with workers' desire for professional discretion and dignity. This tension is exacerbated by what Raisch and Krakowski (2021) identify as the automation–augmentation paradox, where organisations must balance the efficiency gains of automation with the need to maintain human judgement and decision-making capabilities. The disputes suggest that organisations often struggle to find this balance, leading to workforce resistance and operational disruptions.

Leadership in artificial intelligence transformation

The labour disputes further highlight the critical role leadership plays in managing technological transformation. The cases demonstrate that successful technological transformation requires more than technical expertise – it demands sophisticated people management strategies that address legitimate worker concerns while advancing organisational objectives. As AI adoption continues to accelerate, organisations must learn

from these experiences to develop more effective approaches to managing the human side of technological transformation.

HR leaders must position themselves as strategic partners in AI integration and develop competencies in organisational development, skills forecasting and culture evolution (Ulrich and Dulebohn, 2015). They must:

- develop clear communication strategies for AI implementation;
- create frameworks for ethical AI deployment;
- establish mechanisms for worker feedback and dispute resolution; and
- ensure AI systems align with organisational values and worker well-being.

Recommendations for future artificial intelligence integration

As AI and automation continue to reshape workplaces, the role of strategic HR management becomes increasingly crucial in ensuring that technological transformation serves both organisational objectives and worker interests. The lessons learned from the labour disputes in Australia are valuable in guiding future approaches to AI integration in ways that promote sustainable and equitable workplace transformation. Some recommendations are discussed below.

Comprehensive strategy development – Organisations must develop AI integration strategies that consider both technological and human factors. As Marshall *et al.* (2024) note, this requires a multifaceted approach that addresses technical, cultural and human resource implications.

Stakeholder engagement – It is important to engage workers and their representatives early in the AI implementation process. The Woolworths dispute demonstrates the costs of failing to adequately address workforce concerns before implementing new technologies. Research indicates that fostering an organisational culture that embraces AI while addressing worker concerns is crucial for successful integration. Leaders must clearly articulate how AI will collaborate with and augment humans to deliver superior value and productivity (Kolbjørnsrud *et al.*, 2017).

Governance structures – There is a need for clear governance frameworks that guide human–machine collaboration and ensure appropriate oversight of AI systems. This may include establishing clear protocols for addressing worker concerns and ensuring safety considerations are paramount. Ethical considerations cannot be overlooked. The Woolworths dispute demonstrates how AI implementation without considering human factors can lead to significant challenges in labour relations. As Jia and Hou (2024) argue, AI-driven HR strategies must balance performance optimisation with employee well-being and engagement.

Skills development – Strategic HR must invest in workforce development and reskilling programs to aid smooth AI integration. According to Chowdhury *et al.* (2023), organisations must make lifelong learning an essential part of their cultures and employee value propositions. Technological implementation cannot be separated from workforce planning and development. Strategic workplace plans must consider the training needs of existing staff as well as the skill profiles of potential workforce to inform ongoing learning and take advantage of AI integration.

Conclusion

The Australian labour disputes examined in this paper reveal that successful AI integration requires more than technological expertise – it demands sophisticated people management strategies that can balance innovation with human concerns. The

Woolworths and aviation sector cases demonstrate that organisations must move beyond viewing AI implementation as purely a technical challenge and instead adopt a more holistic approach that considers workforce implications, cultural transformation and ethical considerations. The paper highlights several critical lessons, including the inseparability of technological implementation from strategic workforce planning, the essential role of cultural transformation in facilitating AI adoption and the critical importance of ethical frameworks in guiding implementation. These insights suggest that organisations must develop more nuanced approaches to AI integration that prioritise human-centric implementation strategies, including developing comprehensive change management plans, investing in workforce development and establishing clear governance structures for human–machine collaboration. The future of work in Australia and beyond will be shaped by how effectively organisations can navigate tensions associated with AI integration and balance the drive for efficiency with the need to maintain positive labour relations and protect worker well-being.

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