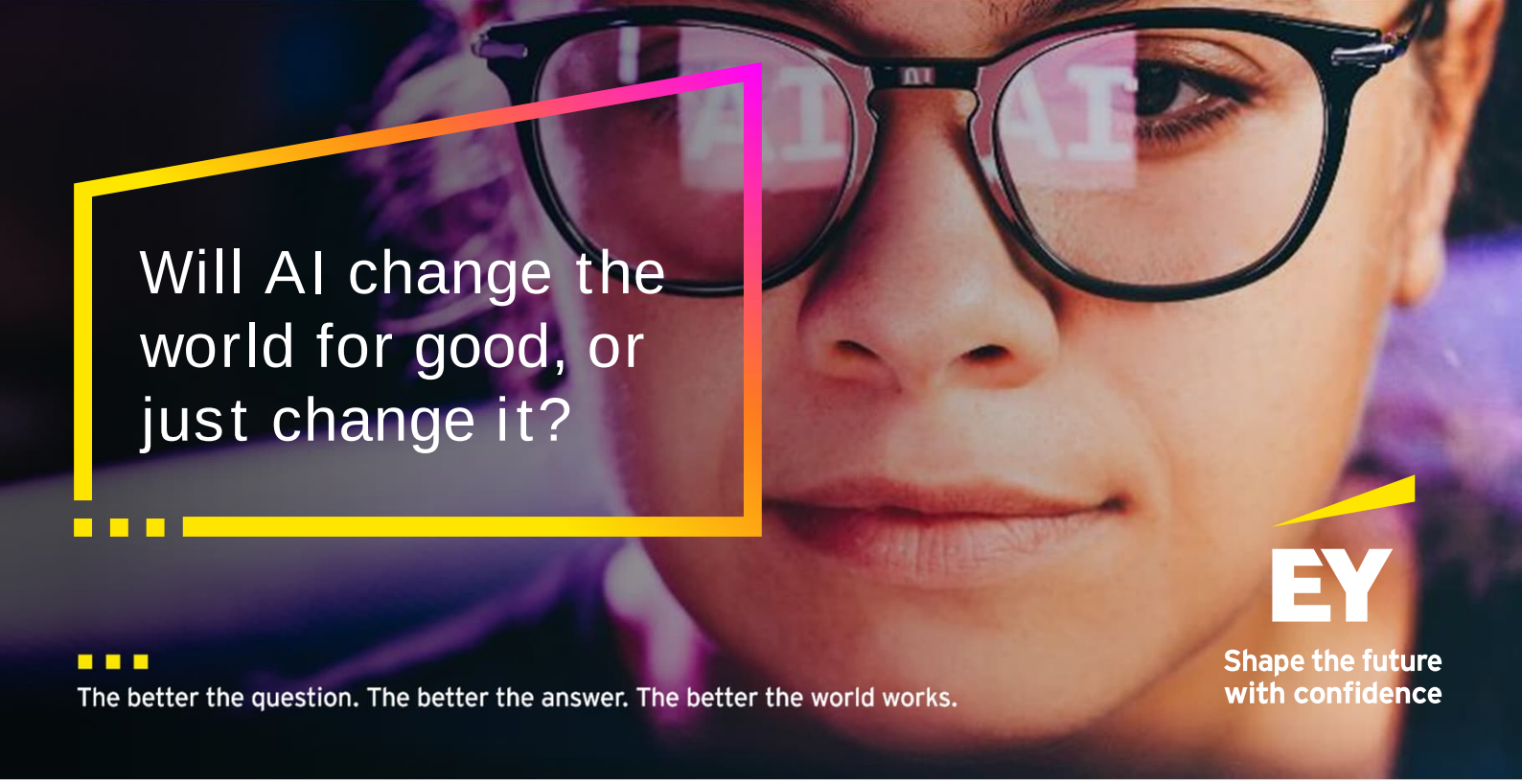


This paper explores how AI, when designed and implemented responsibly, can support the effective management of psychosocial risk using the EY Psychosocial Risk Framework.

It also offers practical steps for organisations to follow, helping them protect their people and set themselves up for success throughout their AI adoption journey.

AI is changing work... and the way we manage psychosocial risk

It is no secret that artificial intelligence (AI) is becoming a part of almost every aspect of modern life. In the workplace, adopting AI isn't just a nice-to-have anymore. Right now, we are seeing a rapid uptake of different AI tools, with generative AI (think OpenAI and Copilot), leading the charge. The EY *2025 Work Reimagined Survey* shows that many employees are using generative AI on at least a weekly basis - if not more.

In Australia and New Zealand, approaches to workplace health and safety are evolving, with a strong emphasis on psychosocial hazards leading recent legislative changes. Regulators are updating codes of practice, and governments are starting to explore how AI might affect public safety.[1] AI has also been identified by the federal regulator in Australia as one of the key emerging challenges which workforces will face over the next five years.[2] As AI adoption accelerates, the focus is shifting from whether AI can help or harm workers, to how organisations shape its impact. What is clear is that organisations need a pathway for implementing AI *now*, in a way that supports workers rather than adding pressure or creating risks.

1 ASafeWork NSW, 'Ethical use of artificial intelligence in the workplace. New South Wales Government' (2023). https://www.safework.nsw.gov.au/resource-library/whs-research/Ethical-use-of-artificial-intelligence-in-the-workplace-report.pdf, Lane, Sabra, 'Government establishes body to evaluate AI', ABC News, 8 April (2024). https://www.abc.net.au/listen/programs/am/government-establishes-body-to-evaluate-ai/106053552

2 SafeWork Australia, 'Australian Work Health and Safety (WHS) Strategy 2023–2033', (2023). https://www.safeworkaustralia.gov.au/sites/default/files/2024-06/australian_whs_strategy_2022-32_june2024.pdf

As a control, AI can reduce psychosocial risk exposure and support work-life balance

AI has significant potential to help organisations manage psychosocial hazards.[3] Studies show that generative AI (GenAI), tools can be used by organisations to reduce high job demands by minimising or removing tasks that contribute to stress, fatigue, and reduced job satisfaction. By automating routine administrative processes such as data entry, reporting, and document preparation, AI can free employees from repetitive work, supporting them to focus on higher value activities.

But it's not just about admin reduction.

New AI applications are being designed specifically to support the management of psychosocial health and safety at work. For example, programs are being designed to monitor stress levels and provide feedback or self-care recommendations.[4] GenAI has also been used effectively to assess employee skills and identify training needs which can boost overall job satisfaction and ease the stress of being unprepared for a role. These developments suggest AI could complement effective leadership and other targeted initiatives to reduce psychosocial risk and make support more accessible.

However, without a clear structure and intentional approach, the benefits of AI can be undermined. How AI is designed, governed and embedded ultimately determines whether it supports wellbeing or introduces an avoidable source (or "trigger") of psychological harm.

These triggers (as outlined on the following page), if not managed, can result not only in psychological harm but in ongoing and significant negative operational outcomes for organisations.

3 García-Madurga, M.-Á.. Et al. 'The Role of Artificial Intelligence in Improving Workplace Well-Being: A Systematic Review. Businesses 2024, 4, 389-410. https://www.mdpi.com/2673-7116/4/3/24

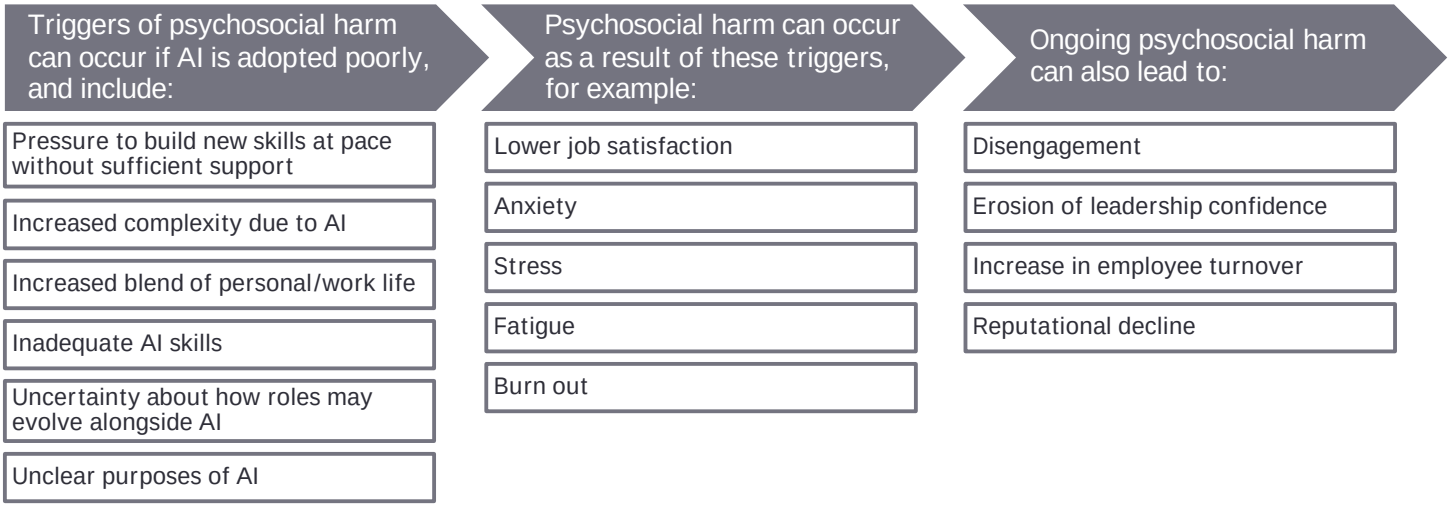
4 Chuang,Ya-Tin, Et a.l 'Insights from the Job Demands–Resources Model: AI's dual impact on employees' work and life well-being', International Journal of Information Management (2025), 83. https://www.sciencedirect.com/science/article/pii/S0268401225000192

Poor AI adoption can create unintended harm

AI is not itself a psychosocial hazard.

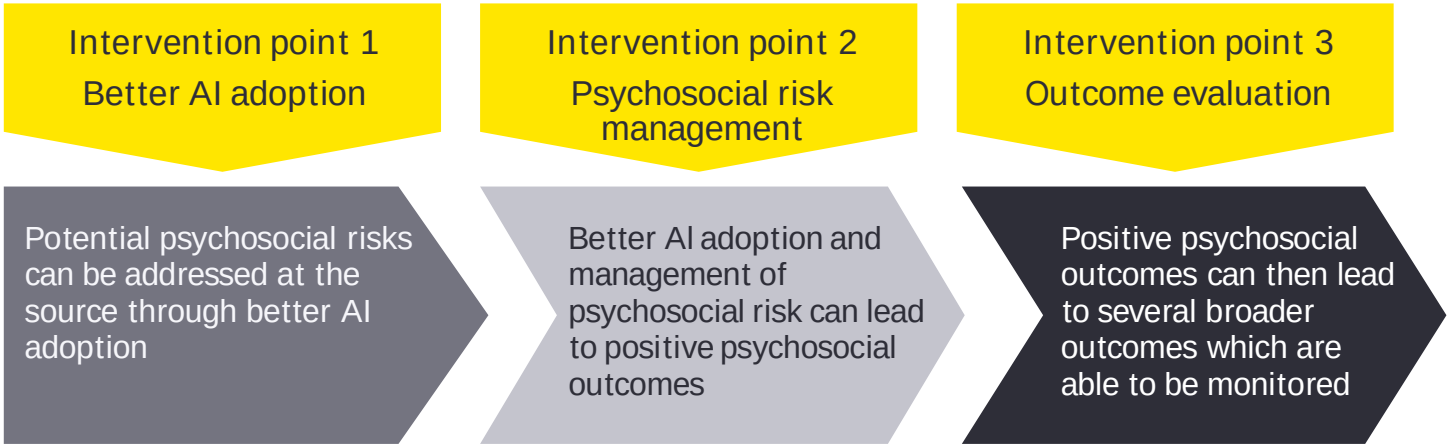
Rather, AI can be a potential source (or "trigger") of psychological harm that can relate to several different psychosocial hazards.

Let's look at an example. Recent EY research has found that 55% of Australians are worried that AI will result in a loss of jobs[5]. In this case, the psychosocial trigger of 'fear of AI replacing roles' or the 'pressure to adapt quickly to AI' may manifest as 'stress' and 'anxiety' for employees. This may lead to significant longer-term impacts for organisations such as staff 'disengagement' or 'increase in employee turnover'. You can learn more about the connection between psychosocial hazards, triggers for harm and ongoing impacts here.



EY teams have identified three key intervention points for organisations to help minimise psychosocial risk linked to AI during adoption and implementation

These intervention points, as shown below, represent opportunities to reduce or eliminate triggers of psychological harm at the source and minimise the potential for adverse impacts in the short and longer term.



Undertaking a range of activities to achieve better AI adoption, psychosocial risk management, and outcome evaluation will assist in AI being understood and managed as a potential source of harm. These activities are described further on the next page.

5 EY (2024) Australian AI Sentiment Report: Presenting the Australian nation's view on AI; Australian AI Sentiment Report: Presenting the Australian nation's view on AI | EY - New Zealand

Key activities to enable AI to be understood and managed as a potential source of harm

To achieve improved outcomes, there are several important activities which should be performed at each of the three key intervention points:

Intervention point 1: Better AI adoption	
Embed Responsible AI principles	When systems are designed with fairness, clarity, and accountability, they build trust and reduce uncertainty. By embedding these principles, organisations limit psychosocial harm, turning potential stressors into tools for confidence and stability.
Build a clear strategy that sets realistic expectations and explains the "why" behind the change	This will mitigate any unnecessary anxieties stemming from uncertain work, such as the fear of job displacement. This also includes choosing the right technology partners and systems as poorly matched tools will create complexity, confusion and ultimately reduce confidence in the systems, increasing the potential for psychosocial harm to occur.
Provide visible, top-down support for AI adoption	Open communication and modelling AI use improves clarity and signals to workers that the change is purposeful and beneficial. Pairing this with thoughtful and tailored training will ensure that all workers, regardless of their experience with AI, will be set up to have confidence in using AI tools.
Create tailored training and support materials	This should be aligned with the breadth of AI capabilities across end users, considering how to best upskill workers and promote engagement.
Intervention point 2: Psychosocial risk management	
Understand the potential psychosocial risks that AI may create in your organisation	Whilst organisations typically consider the broader risks associated with AI (e.g., data security or legal risks), the potential risks associated with psychosocial harm are often not considered proactively. The EY Psychosocial Risk Framework can support organisations to identify the potential triggers and risks associated with implementing AI through the lens of organisational change.
Intervention point 3: Outcome evaluation	
Measure what matters	A structured evaluation framework for the impact of AI on ways of working should track not just productivity but psychosocial risk. Ongoing monitoring ensures issues are caught early before psychological impacts take hold and that the controls that you implement to reduce psychosocial risks are working as intended. Outcome measurement can also help ensure that AI is being used as intended and achieving the desired objectives.
Gain independent assurance to support your strategy	Having a third party review your AI implementation plan provides validation on key measurements, including effects on employees, but also productivity, compliance with legal requirements and return on investment.
Take regular action to adapt and improve	This should be based on the outcomes of ongoing monitoring and evaluation to address challenges experienced by end users and any misalignment with strategic objectives.

Implementing these activities will help enable responsible, sustainable AI use by supporting both people and organisational outcomes:

- For people, fair, transparent and well-governed AI reduces uncertainty, stress and psychosocial harm. Clear expectations, leadership support, and tailored training build confidence, trust and capability.
- For the organisation, proactive risk identification, monitoring, and independent assurance strengthen compliance and governance. Measuring real impacts and adapting over time helps ensures AI delivers value, remains aligned with strategy, and protects culture, performance and reputation.

Key takeaways and call to action

AI is now a workplace reality, not a future concept: Organisations need a pathway for implementing AI now, in a way that supports workers rather than adding pressure or creating risks. As discussed in this paper, AI implementation requires a considered, strategic and transparent approach: one that enables organisations to unlock value while supporting people, culture and performance. When designed responsibly, AI can be a powerful enabler of healthier, more resilient workplaces.

Call to action

1. Leverage AI as a control to manage psychosocial harm: As outlined on page two of this paper, AI can function as an effective control by reducing psychosocial risk exposure. Organisations should consider whether AI-enabled solutions are appropriate as part of their psychosocial risk management approach.
2. Act across three key stages of AI adoption to embed responsible, people-centred outcomes: Implementing the activities outlined on page 4 will support organisations to systematically address the risks associated with poor AI adoption, supporting sustainable performance, wellbeing and trust across the workforce.

The EY Psychosocial Risk Framework provides a structured way for organisations to understand and manage the psychosocial implications of AI by focusing on how AI can act as a trigger for harm and understand how this may translate into psychosocial risk. It also supports organisations to consider how AI may be used as a control to reduce the impact of psychosocial hazards. If you would like more information on how to understand the psychosocial impact of AI on your employees, please contact our team.

Interested in reading more about our broader philosophy and approach to AI?

Visit EY.ai here.

Contact us

To learn more about how EY teams can help, contact one of our leaders.

Karen Mealmaker
Partner, Environment, Health and Safety,
Ernst & Young, Australia
karen.mealmaker@au.ey.com

Roberto Garcia
Partner, Environment, Health and Safety,
Ernst & Young, Australia
roberto.garcia@au.ey.com

Rebecca Dabbs
Partner, Environment, Health and Safety,
Ernst & Young, Australia
rebecca.dabbs@au.ey.com

Patricio Estevez
Partner, Environment, Health and Safety,
Ernst & Young, Australia
patricio.estevez@au.ey.com

Pip Best
Partner, Climate Change and Sustainability
Services, Ernst & Young, New Zealand
pip.best@nz.ey.com

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