Human Technology Institute

UTS

People, Skills and Culture for Effective AI Governance

AI Governance Snapshot #4
November 2024

The UTS Human Technology Institute (HTI) is an impact-oriented institute building human values into new technologies. Bringing together policy, legal and technical experts, HTI provides independent expert advice, policy development, capability building, and data science solutions to support government, industry and civil society.

Authors: Gaby Carney and Prof Nicholas Davis.

Acknowledgement of Country

UTS acknowledges the Gadigal people of the Eora Nation, the Boorooberongal people of the Dharug Nation, the Bidiagal people and the Gamaygal people upon whose ancestral lands our university stands. We would also like to pay respect to the Elders both past and present, acknowledging them as the traditional custodians of knowledge for these lands.

Executive summary

The strategic importance of AI governance for directors

- AI adoption is rapidly increasing in Australian organisations, both through direct deployment and the embedding of AI into third-party products.
- Directors and boards should take action to ensure that effective governance is in place to capture the benefits of AI while also managing the risks.
- A critical – yet often under-appreciated – aspect of AI governance is the need for strategic investment in the people, skills and organisational culture that supports the safe and responsible use of AI.

People, skills and culture as key elements of good governance

- Organisations need to invest in closing the gap between aspirations, and their actual responsible AI practices.
- AI governance frameworks will be most effective if they have people in the right *roles* with the required *skills* and capabilities.
- To be effective, any formal governance framework needs to be supported by the organisational *culture*.

Leadership and governance capabilities

- Board members will need to have enough understanding of AI technology to be able to identify the strategic opportunities and risks for the organisation. The board can invest in board training, recruit new members with these skills, and/or engage expert advisors.
- Management should nominate a dedicated lead AI executive to oversee AI across the organisation and ensure that the organisation's governance capability leverages a diverse range of expertise.

Building AI skills and culture

- Making the most of AI – and effectively governing risks – requires staff to have a minimum viable understanding of AI that is appropriate to their role.
- Effective skills and a culture of safe and responsible use of AI can be built with a mix of formal training, structured experimentation, informal peer-based learning and continuous improvement; and by embedding a positive risk culture within the organisation.
- A culture of safe and responsible AI requires visible leadership, shared AI values, ongoing engagement with staff and a commitment to continuous improvement.

1. Introduction

As organisations in Australia and around the world increasingly embrace artificial intelligence (AI) in their operations, their success hinges on strategic investment in the people, skills and culture that foster safe and responsible AI adoption.

Rising numbers of organisations are making the active decision to use AI to improve their business operations.[1] Many digitally enabled organisations are also using AI indirectly. Indirect use can result from AI systems being embedded in the products and services an organisation uses; the use of AI by suppliers; or 'shadow AI' use—where staff use an AI product or service without management being aware or having approved its use.[2]

For both direct and indirect AI use, company directors should be confident that the organisation's approach to *corporate governance* includes the effective design and implementation of fit-for-purpose AI governance. This will help to capture the intended benefits of AI use and investment while also managing the AI related risks.

In June 2024, HTI and the Australian Institute of Company Directors published joint guidance material on AI: *A Director's Introduction to AI* and *A Director's Guide to AI Governance*.[3] One of the eight key elements of AI governance featured in this guidance is ensuring that an organisation's people, skills, values, and culture support the safe and responsible use of AI.

This Snapshot report provides more practical information about this element of AI governance to help company directors, and their senior management teams, consider how best to implement it.

HTI held a number of workshops with senior executives and directors between July and November 2024. Some of these discussions have influenced the development of this paper.

In practice, directors and the board should support:

- Actions and investments to ensure that the people employed in governance roles within organisations that procure, deploy, use, manage, and monitor AI systems have the skills to do so in a safe and responsible way, and
- An organisational culture that clearly articulates the organisation's values for the use of AI, and balances support for innovation with a fit for purpose 'risk culture' that effectively guides behaviour.

This element of AI governance needs attention across corporate Australia to close the substantial gap between claims of responsible AI use and the current state of implementation. According to the *Australian Responsible AI Index 2024*, while 78 per cent of surveyed organisations stated that their use of AI is line with responsible AI practices, only 29 per cent stated that they had implemented them.[4]

2. The people and skills needed for effective AI governance

Company boards oversee organisational strategy and risk and monitor operational performance. They also set the tone for organisational culture by signalling to management and staff the values and behaviours that they expect to guide operations.

Across their oversight roles, boards should be aware of the emerging regulatory and market expectations that emphasise the importance of safe and responsible AI, and the critical role that people, skills and culture play.

For example, Australia's *Voluntary AI Safety Standard* sets out the expectations for both the people and skills required when organisations adopt AI. These include: assigning and communicating accountability and authority to relevant roles; staffing the roles with appropriately empowered and skilled people; creating and documenting overarching organisational responsibilities and accountabilities for AI deployment and use; and maintaining operational accountability, capability, and meaningful human oversight throughout the lifecycle of AI systems.[5]

HTI's research has identified five primary roles and related skills to support best practice AI governance in line with the Voluntary AI Safety Standard. These are:

a) A board comprised of directors with the skills and expertise to effectively oversee AI strategy and risk.

b) A lead AI Executive who has overall responsibility for ensuring that AI is used safely and responsibly in the organisation.

c) A fit-for-purpose AI governance capability.

d) A people and culture function that supports responsible AI.

e) Staff and other stakeholders who are actively engaged and appropriately trained in the adoption of AI.

We outline these in more detail below.

2.1 A board which has the skills and expertise to effectively oversee AI strategy and risk

Company boards oversee an organisation's strategy and risk, and monitor its operational performance. They also set the tone by signalling to management and staff the values that they expect to be adopted across the organisation's operations.

In addition to these roles, company directors have individual legal duties to exercise their powers and discharge their duties with care and diligence and to act in good faith in the company's best interests.[6]

While company directors are not expected to become AI experts, a base understanding of AI, its risks and potential liability that may arise from these risks, is important.[7] HTI terms this the "minimum viable understanding" for directors.

Boards should proactively discuss whether they have the necessary skills and expertise in AI for their oversight role. They should do this to ascertain both the current level of understanding within the board, and what constitutes an appropriate level to discharge their individual legal directors' duties.

Based on the outcomes of these discussions, both boards and individual directors should invest the time and resources required to develop their knowledge and skills to the point that they are able to consider with care and diligence any AI issues at the board level.

The range of skills and experience needed across the board will depend on the extent to which the organisation is using or intends to use AI, how critical AI systems are to its success, and the potential level of risk they may pose. At a minimum, all directors should have a basic understanding of AI technology, and the governance and compliance issues that it raises. The board as a whole should have the skills to identify and make informed decisions about AI opportunities and risks.

If the board is concerned that it does not have the necessary skills, it has several options:

- Seek board training on AI technology and the potential opportunities and risks involved in its use;
- Recruit additional members with skills and experience relevant to effective AI oversight; and/or
- Establish an external advisory committee with AI experts who can be called upon when needed for advice.

Example of company board approaches

A recent US study examined S&P 500 company DEF 14As filed from September 2022 to September 2023. Over 15 per cent of the companies disclosed board oversight of AI, including at least one director with AI expertise (13 per cent), specific board or committee oversight responsibility (1.6 per cent), and use of an AI ethics board (0.8 per cent). For the purpose of this analysis, a director was considered to have expertise in AI if they had: current or past employment with companies in AI or a relevant industry, or in positions relevant to the AI industry; board membership with companies in the AI or a relevant industry; certification in AI; or employment titles relating to AI. [8]

2.2 A Lead AI Executive with the responsibility to ensure AI is used safely and responsibly

A company board should be confident that its senior management team has the level of understanding of AI, and the elements of AI governance, that is appropriate to its use in the organisation.[9]

The *Australian Responsible AI Index 2024* reported that over half of the surveyed organisations that have an enterprise-wide AI strategy said that their leadership team is driving it. However, most organisations lack comprehensive accountability and oversight measures for AI systems.[10]

Therefore, management should identify or recruit a person with lead responsibility for AI governance within the organisation (this is sometimes referred to as a "Chief AI Officer").

This type of role is becoming more common in both government and private sector organisations. For example:

- In the United States, President Biden's Executive Order requires federal agencies to designate a Chief AI Officer;[11]
- The Australian Government's *Policy for the Responsible Use of AI in Government* requires federal agencies to designate an "accountable official" who is responsible for implementing the policy within the agency and other specified matters;[12]
- *The 2024 Work Trend Index Annual Report* from Microsoft and LinkedIn stated that the number of Head of AI roles had tripled over the past five years internationally, and grew by more than 28 per cent in 2023.[13]

The Lead AI Executive should hold a senior role within the organisation, preferably on the Executive Leadership Team. While the role descriptions for this kind of role differ,[14] HTI considers that their key accountabilities should be to:

- Ensure that the organisation's strategic objectives for AI are translated into practice;
- Oversee the use of AI across the organisation and coordinate it where necessary;
- Ensure that the AI governance operates effectively;
- Ensure that staff are trained to build their AI literacy, and that they have the information needed to support a positive risk culture.

HTI considers that the Lead AI Executive should have the following capabilities:

- An understanding of the strategic value of AI for the organisation;
- A practical understanding of AI technologies (but not necessarily be an expert in them);
- The ability to ensure that the organisation has the governance in place to manage AI related risk, while also leveraging the potential of AI in safe and responsible ways;
- The ability to clearly and regularly communicate the organisation's AI values to staff and other stakeholders.

The Lead AI Executive needs to have the skills, emotional intelligence and authority to be able to draw on experts across the organisation to deliver these functions.

2.3 A fit-for-purpose AI governance capability

An organisation's adoption of AI will largely determine the governance framework required for it. If AI is being intentionally integrated across the business to enhance processes, the organisation may decide to establish a dedicated AI governance framework. If AI is being used more indirectly (eg, where it is embedded in technology products), it may choose to manage AI within the organisation's usual governance arrangements.

Regardless of the chosen approach, best practice AI governance will require that the organisation has people with the skills and experience in place to manage the diversity of governance issues that may arise. Generally, this will include:

- **Procurement staff** who understand the potential risks involved in AI tools and systems and how to navigate the organisation's governance process in relation to them;
- **Legal advisers** who can ensure that contracts require suppliers to notify the organisation if AI is used in products, and who can advise of the range of laws that apply to its use of AI;
- **Risk and compliance advisers** who can advise across the risk management framework and compliance issues in relation to the use of AI;
- **IT and data teams** with sufficient experience in AI technology to understand how an AI application integrates with the existing IT architecture and any potential risks that may arise. They will also need to advise on ways to optimise data governance (particularly in relation to any client data), and the monitoring and reporting frameworks in relation to AI systems;
- **People and culture staff** who can identify the impact of AI use across their various functions, including the workforce strategy, recruitment, policies and procedures, and upskilling requirements;
- **Stakeholder representatives** including the managers of business units that are using or are affected by the use of AI; and staff members who can act as a liaison with staff, and communicate back to them how their views are being incorporated into the organisation's AI decision making.

HTI is aware of some organisations that have adopted a standalone AI governance framework or team that brings together the relevant expertise to address these issues. These frameworks may operate on a long-term basis, or they may be more transitional pending AI governance being incorporated into the mainstream governance framework.

Case study: Telstra

Telstra has adopted a *Responsible AI Policy* that governs the development, deployment and use of AI systems. It has established an oversight committee which reviews any high-impact AI system (including third-party systems). This is a cross-functional body with experts from across Telstra's business, including its legal, data, cyber security, privacy, risk, digital inclusion and communications teams. It is a single, dedicated body that provides advice and approval. The committee assesses any potential risks, endorses the use case, makes recommendations to mitigate any risks, or escalates the use case for consideration by more senior staff.[15]

2.4 A People and Culture function with the skills and capabilities to support responsible AI

People and Culture is an important enabler in ensuring the safe and responsible use of AI.[16] This is because effective AI governance involves a number of functions that are core to the People and Culture function. For example, organisations need to focus on their workforce strategy; recruitment for AI related roles; policies and procedures for AI use; learning and development; and, in some cases, change management.

The People and Culture team themselves will require a basic understanding of AI technology so that they can identify what AI workforce strategy is needed for the organisation, how to recruit for these roles, and what training requirements will be needed across the workforce.

2.5 Staff and other stakeholders are actively engaged in the adoption of AI

HTI's research indicates that there is significant value in consulting and actively engaging with staff on the uptake of AI within an organisation. HTI and Essential Research's report on *Invisible Bystanders: How Australian Workers Experience the Uptake of AI and Automation* illustrates the value of engaging workers to uncover and manage opportunities, risks and ethical boundaries related to AI use.[17]

The workers surveyed in this research reported that:

- They feel that AI is largely being imposed upon them, and that they have little say or influence on what's happening in relation to the use of AI in their workplaces;
- They can see the benefits of AI when it is used to complement and improve human labour (eg, to streamline processes to increase efficiency and decrease customer wait times and staff workloads);
- The quality of training on new AI systems is variable with very few organisations providing thorough and engaging in-person training.[18]

In light of these insights, boards should encourage management to engage meaningfully with staff in the process of AI adoption. This means engaging them in the planning and evaluation of any system rollout; training them effectively on those systems; and providing a feedback process to report any issues with the system or suggestions for improvement. Frontline staff could also use these processes to communicate any issues arising for customers or other stakeholders.

Australia's *Voluntary AI Safety Standard* also recognises the importance of stakeholder engagement over the life of an AI system.[19] This enables an organisation to identify any particular risks and issues, and mitigate them. This will include stakeholders across the value chain (including contractors, suppliers and technology partners) as well as customers and those affected more broadly by their decisions.

3. What strategies can help build the skills needed for effective AI governance?

The board should ensure that training is implemented across the organisation that supports the safe and responsible use of AI.

Training needs will differ along the spectrum of AI adoption. In addition to deploying training to upskill board members, the board should ask management to detail their plan for upskilling the workforce regarding AI. For best results, this should involve both formal and informal training, setting targets for training and periodic reporting on progress.

3.1 Provide traditional training

Some of the skills required for safe and responsible use of AI can be developed with more traditional training modules. Generally, these are useful for providing standardised training across a workforce, including those based across different locations. They can be used to ensure a minimum level of understanding and skills in an area, and to embed consistency of practice across the organisation.[20]

This kind of workforce training could be provided face to face or online in:

- **AI fundamentals:** This should address the main types of AI (including generative AI), how AI is being used in the organisation, how it is embedded into other technologies, and the main risks and how to mitigate them;
- **Data governance and security**: This should outline the organisation's obligations in relation to data security and the policies and processes in place to manage compliance;
- **AI policies and governance:** This should address the organisation's governance framework for managing risk and legal compliance for AI systems, including the relevant policies and procedures to be followed.

As an example, Telstra requires all staff to be trained on data and AI risks and governance as part of their annual training and provides additional training for interested employees.[21]

3.2 Facilitate continuous learning

Organisations should also adopt informal, peer-based learning to support AI governance. This can be a more practical and flexible way to implement workplace learning and should complement more traditional training. Continuous learning includes the following.

- **Peer-based learning:** This involves setting up processes for staff to use AI and share knowledge with each other in informal ways.
- **Feedback-based learning:** This involves setting up a feedback mechanism when AI systems are implemented so that staff and other stakeholders can advise management about their experience with them and suggest improvements. This is useful when implementing a flexible and iterative governance framework that can adapt quickly as new risks or concerns are identified.
- **Applied learning:** This involves the organisation taking learnings from other major transformation projects and adapting them to the AI environment. This is useful where other projects have identified particular learnings about what works well (and what doesn't) when implementing change within that organisation.
- **Direct support:** This involves nominating a part of the organisation to provide support to staff who are using AI. This may be technical support, or help in understanding the organisation's policies and procedures about the use of AI systems (eg, the rules about the use of generative AI such as ChatGPT). This is a useful way to mitigate organisational risk. It can also provide information on the type of issues that are arising to feed back into more formal training modules.
- **Staff led skills development:** This involves organisations providing a training budget for staff to identify skills development courses and other professional development opportunities that will uplift their AI literacy.

Case study: University of Technology Sydney

The University of Technology Sydney adopted a staged rollout of Microsoft's Copilot, beginning with a trial among a select group of staff. This has involved a series of formal trainings, sharing use cases and regular reviews and feedback to Microsoft before the University has rolled the technology out more broadly among its staff.

3.3 Embed continuous improvement

Organisations should embed continuous improvement processes into their AI training and governance frameworks. As the AI use cases expand within an organisation, it will be useful to have an established process to identify issues, develop solutions and implement them quickly and efficiently to mitigate risk.

Company boards should take an active interest in the learning and development, and other training initiatives that are being used by the organisation to support safe and responsible use of AI. They should seek reports from management on actions against the upskilling plan and broader training initiatives.

4. Embedding values and developing culture to support AI governance

In practice, formal governance frameworks alone are insufficient to ensure that AI is being used safely and responsibly. The broad range of ways in which AI can be adopted across an organisation, and the prevalence of informal or "shadow" AI use, necessitates embedding responsible AI principles into organisational culture.

Building a culture committed to the safe and responsible use of AI requires far more than the creation of a list of high-level principles or policies related to AI use. Culture is created and maintained through a consistent set of actions, behaviours and investments from teams and individuals across the organisation; from board members to senior executives through to front line staff.[22]

Developing an appropriately human-centred AI culture will support both the implementation and use of AI systems. According to the Governance Institute of Australia:

> *Organisations that encourage collaboration, experimentation and continuous improvement are better equipped to implement AI effectively. Strong leadership plays a crucial role in this process by championing AI initiatives and establishing governance frameworks that cover risk management and ethical considerations. Embedding responsible AI principles into the culture ensures that ethical considerations are central to AI projects, enhancing both productivity and ethical standards.*[23]

4.1 The role of directors, managers and staff in shaping culture

As with other aspects of organisational culture, the board plays a crucial role in establishing norms and expectations for behaviours that support the safe, effective and responsible use of AI.

Boards and directors are responsible for setting the tone, influencing and overseeing corporate culture.[24] This oversight can extend beyond high-level guidance to include regular review of AI risk metrics and cultural indicators, ensuring adequate resource allocation, and working with management to set clear boundaries for acceptable AI use in line with the organisation's risk appetite. Boards and directors should also demonstrate a visible commitment to responsible AI principles in how they make strategic decisions, in their personal commitment to building relevant expertise, and in how and who they make board appointments.

Management's role is to practically translate and implement culture via policies, processes and modelling day-to-day behaviours. This involves communicating cultural expectations clearly across the firm while designing and aligning processes that reinforce and reflect the desired values.

For cultural shifts to be effective, managers must actively monitor implementation, noting and quickly addressing any gaps or inconsistencies that emerge. Managers play a vital role in creating safe channels for staff to raise concerns about AI systems, and for ensuring that standards of behaviour are supported by performance management and incentive structures.

Individual employees are not merely passive recipients of cultural directives. Rather, they are active participants in shaping organisational culture. Their role encompasses participating in AI training, following standards and guidelines for responsible AI development and deployment, and speaking up when they observe errors, risks or harmful applications.[25] In the best case, employees are invited to co-design AI systems in ways that directly benefit them and other

stakeholders.[26] Through cross-team collaboration and contribution to governance practices, employee behaviours collectively build a culture of responsible AI use from the ground up.

Given AI systems' potential to both amplify existing risks and create new ones, boards should evaluate whether their organisation's culture is fit-for-purpose when it comes to the organisation's use of AI. This evaluation should consider the organisation's cultural strengths and weaknesses regarding technology adoption, any gaps between stated values and actual practices, and the effectiveness of existing risk management frameworks. Importantly, it should assess employee understanding and buy-in to responsible AI principles, as well as identify necessary cultural changes to support safe and responsible AI deployment.

4.2 The importance of a risk culture attuned to AI

Culture plays a particularly important role when it comes to effective risk management. This is especially true for AI, where the pace of technological change, the breadth of potential applications, and its increasingly widespread use across teams and functions make it impossible to rely solely on formal controls and policies.

"Risk culture" encompasses the shared values, beliefs, knowledge and understanding about risk within a group—whether across an entire organisation or a specific team.[27] These factors influence an organisation’s capacity to identify, understand, openly discuss and manage risk.[28]

Just as with broader cultural change, success depends on consistent demonstration of desired behaviours by boards, management, and staff. Organisations that underinvest in risk culture often find their formal risk frameworks ineffective or bypassed, leading to increased incidents and missed opportunities to prevent harm.[29]

In the AI context, a fit-for-purpose risk culture exists when directors and staff at all levels view AI risk management as an integral part of their role—ensuring that AI systems deliver benefits while maintaining adequate risk controls. All officers and relevant staff should understand and value the positive outcomes of good risk management, possess the necessary knowledge and skills to manage AI risks, and feel empowered by robust processes and frameworks when risk escalation is needed.[30] The alternative—a culture where AI risks are seen as someone else's responsibility or where raising concerns is discouraged—can lead to serious consequences.

As has been observed for other risks, a positive AI risk culture means that staff will be more likely to appreciate AI-related risks, remain alert to their emergence, and consider risk mitigation as core to their responsibilities.[31] They will also be more inclined to reinforce these norms among peers, even without direct oversight.

When developing and implementing a risk-culture focused on safe and responsible AI, directors and managers may also wish to transfer learnings from their experience in implementing culture in other fields, such as cybersecurity and workplace safety.[32]

4.3 Building a culture aligned with safe and responsible AI use

Organisational leaders can implement several key strategies to build a culture that supports safe and responsible AI use:[33]

1. Visible leadership: The board and management can influence culture and demonstrate their commitment to safe and responsible AI use via their behaviours and communications, how they set strategic and governance priorities, and how they make decisions.

2. Embed values across governance frameworks and policies: A positive culture is supported when principles of human-centred AI are integrated into the organisation's values framework and strategy processes. The organisation's key AI values should be translated into the organisation's strategies, policies and processes and staff should be made aware of them.[34] For example, existing commitments to "do no harm" or "put customers first" can be explicitly applied to AI development and deployment processes.

3. AI literacy, skills and understanding: Training is an effective way of shaping culture. Organisations should invest in building AI literacy across all levels, with particular focus on role-specific AI training for staff as new tools are deployed, and training on the risks of unauthorised "shadow AI" use. Creating safe-spaces for peer learning is a particularly important strategy for supporting culture.

4. Effective feedback loops: Successful cultural change requires robust two-way communication, including regular stakeholder engagement around AI impacts and concerns; clear channels for reporting AI-related risks or issues; transparent communication about AI's workforce implications; and active engagement with staff to seek their feedback and suggestions on the benefits and risks of AI systems.[35]

5. Measure progress and enforce accountability: Boards and management should seek regular assurance that desired cultural changes are taking hold. This might involve requesting regular reporting on AI policy compliance, being briefed on 'near misses', and monitoring key culture indicators. Management should also create incentives to reinforce the desired behaviours, being sure to recognise and reward efforts towards responsible AI innovation while also responding to policy breaches.

6. Commit to continuous improvement: Culture building is not a one-time exercise. It requires ongoing attention to changes in technology use by employees; adaptation to new AI capabilities and risks; tracking the evolving expectations of stakeholders; and adapting to regulatory shifts in Australia and other relevant markets.

Generally, the board is responsible for setting the tone for organisational culture and communicating its expectations to the senior management. It will also oversee management's progress against strategies and plans, and take action where necessary. Management will be responsible for implementing initiatives to build the desired organisational culture, and should report to the board as necessary on its progress.

5. Key questions for people involved in AI governance

Role	What questions should they be able to answer?
Board member	• Do I understand the strategic value of AI for my organisation? • Do I know how AI is being used within the organisation? • Do I understand the risks involved and how they are being managed? • Do I know what good governance looks like for AI?
Lead AI Executive	• Do I know how AI is being used within the organisation? • Has the organisation identified the risks and opportunities in AI? • Does the organisation have the right corporate governance for AI use, including for risk management and legal compliance? • Does the organisation have the right people in place to support the safe and responsible use of AI and do they have the skills they need? • Does the organisational culture support the safe and responsible use of AI? • Do I know how best to engage with other senior management about AI governance issues so that they can be managed efficiently?
Procurement staff	• Does the product that we are procuring use AI? • Do I know my organisation's policies regarding use of AI? • Do I know the internal processes to follow to identify whether the organisation approves use of this AI?
Legal adviser	• Do our contracts with suppliers include a notice requirement regarding the use of AI in products and services provided to us? • Do I know the internal processes to follow to identify whether the organisation approves use of this AI? • Am I aware of the range of laws that apply to the organisation's use of AI, and what is required to comply with them? • Are we complying with privacy and other relevant laws in our use of client data, and data governance more generally?
Risk and compliance	• Have I considered how the use of AI aligns with the organisation's risk management framework? • Have I considered how to mitigate any risks? • Have I assessed the compliance requirements in relation to AI and whether the organisation satisfies them?

Role	What questions should they be able to answer?
IT/ data team	• Do I understand how AI is being used both directly and indirectly? • Do I understand how an AI application integrates with the existing IT architecture and any potential risks that may arise? • Am I satisfied that the organisation has the processes in place to manage risk in relation to AI (incl for data governance and cyber security)?
People and culture	• Do I have sufficient understanding of AI to identify what AI workforce strategy is needed and how to recruit for the roles? • Do I understand the skills gaps in the organisation in relation to AI, and how to recruit to fill it? • Do we understand the ongoing training requirements for the organisation to support the safe and responsible use of AI, and how best to deliver them? • Does the workplace culture support the safe and responsible use of AI, and if not, what needs to build such a culture?
Staff	• Do I understand the policies and procedures about the use of AI, and am I complying with them? • What training do I need in AI technology and risk to ensure that I will use it safely and responsibly? • Am I aware of the organisation's feedback mechanisms about AI use?

6. To learn more

The AI Corporate Governance Program is an initiative of the UTS Human Technology Institute (HTI). Its aim is to broaden understanding of corporate accountability and governance in the use of AI.

HTI's AI Corporate Governance Program analyses current and emerging AI governance practices and provides organisations with the resources and strategic insight to navigate this developing terrain.

HTI's AI Corporate Governance Program is supported by philanthropic partner Minderoo Foundation, and project advisory partners KPMG, Gilbert+Tobin and Atlassian.

For more information, please contact:

Professor Nicholas Davis
Industry Professor, Emerging Technology and co-Director of the Human Technology Institute
Nicholas.davis@uts.edu.au

Gaby Carney
Fellow, Human Technology Institute
Gaby.carney@uts.edu.au

Llewellyn Spink
AI Corporate Governance Specialist
Llewellyn.spink@uts.edu.au

Endnotes

1 See Fifth Quadrant and National Artificial Intelligence Centre, *Australian Responsible AI Index 2024* (Final Report, September 2024) 7, 15 <https://www.fifthquadrant.com.au/responsible-ai-index-2024>. The Responsible AI Index reported that, of a sample size of 413 respondents, 44 per cent currently use AI broadly across their business; 37 per cent currently use AI within a limited part of their business; and 19 per cent were in the process of implementing AI. Of 334 organisations using AI, 69 per cent have been using AI for less than 3 years.

2 See, eg, Australian Chamber of Commerce and Industry, *Business Insights: Accelerating the Potential of AI in Business* (Report, September 2024), <https://www.australianchamber.com.au/wp-content/uploads/2024/09/ACCI_AI_Report_Digital.pdf>, 10. In December 2023, ISACA reported on an AI study that found that 63 per cent of respondents in Australia and New Zealand actively used AI in the workplace; however, only 11 per cent of organisations had a formal policy in place permitting its use, and 36 per cent expressly permitted the use of generative AI: ISACA, 'The growth of shadow AI use in the workplace', *GovTech Review* (Web Page, 5 December 2023) <https://www.govtechreview.com.au/content/gov-cloud/article/the-growth-of-shadow-ai-use-in-the-workplace-1389952858>.

3 See Australian Institute of Company Directors and UTS Human Technology Institute, *A Director's Introduction to AI* (Guide, 11 June 2024) <https://www.aicd.com.au/content/dam/aicd/pdf/tools-resources/director-resources/a-directors-introduction-to-ai-web.pdf>; and Australian Institute of Company Directors and UTS Human Technology Institute, *A Director's Guide to AI Governance* (Guide, 11 June 2024) <https://www.aicd.com.au/content/dam/aicd/pdf/tools-resources/director-resources/a-directors-guide-to-ai-governance-web.pdf>.

4 Fifth Quadrant and National Artificial Intelligence Centre, *Australian Responsible AI Index 2024* (Final Report, September 2024) 32 <https://www.fifthquadrant.com.au/responsible-ai-index-2024>.

5 See Guardrail 1 in Department of Industry, Science and Resources, *Voluntary AI Safety Standard* (Standard, August 2024) 17 <https://www.industry.gov.au/sites/default/files/2024-09/voluntary-ai-safety-standard.pdf>.

6 See *Corporations Act 2001* (Cth) ss 181, 180; see also Lauren Solomon and Nicholas Davis, *The State of AI Governance in Australia* (Report, UTS Human Technology Institute, 31 May 2023), 36–37 <https://www.uts.edu.au/sites/default/files/2023-05/HTI%20The%20State%20of%20AI%20Governance%20in%20Australia%20-%2031%20May%202023.pdf>.

7 See Australian Institute of Company Directors and UTS Human Technology Institute, *A Director's Guide to AI Governance* (Guide, 11 June 2024) 24 <https://www.aicd.com.au/content/dam/aicd/pdf/tools-resources/director-resources/a-directors-guide-to-ai-governance-web.pdf>.

8 Veronica Nikitas, *AI and Board of Directors Oversight: AI Governance Appears on Corporate Radar* (Report, ISS Corporate, 21 March 2024) 3-4 <https://www.iss-corporate.com/library/ai-and-board-of-directors-oversight-ai-governance-appears-on-corporate-radar/>.

9 For a discussion of the role of senior leaders in implementing responsible AI within organisations, see Alex John London, "Accountability for Responsible AI Practices: Ethical Responsibilities of Senior Leadership" (7 February 2024), 24 <https://ssrn.com/abstract=4736880 or http://dx.doi.org/10.2139/ssrn.4736880>.

10 Fifth Quadrant and National Artificial Intelligence Centre, *Australian Responsible AI Index 2024* (Final Report, September 2024) 19, 21 <https://www.fifthquadrant.com.au/responsible-ai-index-2024>.

11 The White House (US), 'Executive Order on the Safer, Secure and Trustworthy Development and Use of Artificial Intelligence' (Executive Order No 14110, 30 October 2023) section 10.1 <https://www.whitehouse.gov/briefing-room/presidential-actions/2023/10/30/executive-order-on-the-safe-secure-and-trustworthy-development-and-use-of-artificial-intelligence/>. The Chief AI Officer has primary responsibility for coordinating the agency's use of AI, promoting AI innovation in the agency, managing risks from the agency's use of AI, and implementing AI in line with the principles for use of AI in government.

12 Digital Transformation Agency, *Policy for Responsible use of AI in Government* (Policy, 1 September 2024), 11 <https://www.digital.gov.au/sites/default/files/documents/2024-10/Policy%20for%20the%20responsible%20use%20of%20AI%20in%20government%201.1.pdf>. The accountable official's responsibilities are to be accountable for implementing the policy within the agency; notify the Digital Transformation Agency of any new high-risk use case; be a contact point for whole-of-government AI coordination; engage in whole-of-government AI forums and processes; and keep up to date with changing requirements as they evolve over time.

13 Microsoft and LinkedIn, *2024 Work Trend Index* (Report, 8 May 2024) 15 <https://www.microsoft.com/en-us/worklab/work-trend-index/ai-at-work-is-here-now-comes-the-hard-part>.

14 See, eg, M Schafer, J Schneider, K Drechsler & J vom Brocke (2022) *AI Governance: Are Chief AI Officers and AI Risk Officers Needed*? In *Proceedings of the European Conference on Information Systems* (Conference paper, 2022) <https://aisel.aisnet.org/ecis2022_rp/163/>; and Jack Kelly, "The Rise of the Chief AI Officer" *Forbes* (Web article, 28 May 2024) <https://www.forbes.com/sites/jackkelly/2024/05/28/the-rise-of-the-chief-ai-officer/>.

15 UTS Human Technology Institute, *AI Governance Lighthouse Case Study: Telstra* (Report, April 2024) <https://www.uts.edu.au/sites/default/files/2024-04/HTI_AICGP%20Case%20Study_Telstra.pdf>.

16 For a discussion of the role of Human Resources in the age of AI, see Ali Fenwick, Gabor Molnar and Piper Frangos, "Revisiting the role of HR in the age of AI: bringing humans and machines closer together in the workplace" (2024) *Frontiers in Artificial Intelligence* 1, <https://www.frontiersin.org/journals/artificial-intelligence/articles/10.3389/frai.2023.1272823/full>.

17 Essential Research and UTS Human Technology Institute, *'Invisible Bystanders': How Australian Workers Experience the Uptake of AI and Automation* (Report, May 2024) <https://www.uts.edu.au/sites/default/files/2024-05/EssentialResearch%2BUTS_Invisible_Bystanders_0524_D4.pdf>.

18 Essential Research and UTS Human Technology Institute, *'Invisible Bystanders': How Australian Workers Experience the Uptake of AI and Automation* (Report, May 2024) <https://www.uts.edu.au/sites/default/files/2024-05/EssentialResearch%2BUTS_Invisible_Bystanders_0524_D4.pdf>.

19 Guardrail 10 provides that organisations should engage their stakeholders and evaluate their needs and circumstances, with a focus on safety, diversity, inclusion and fairness: Department of Industry, Science and Resources, *Voluntary AI Safety Standard* (Standard, August 2024), 42 <https://www.industry.gov.au/sites/default/files/2024-09/voluntary-ai-safety-standard.pdf>.

20 See Martin Johnson and Dominika Majewska, *Formal, non-formal, and informal learning: What are they, and how can we research them?* (Report, Cambridge University Press & Assessment, September 2022) <https://www.cambridgeassessment.org.uk/Images/665425-formal-non-formal-and-informal-learning-what-are-they-and-how-can-we-research-them-.pdf>.

21 UTS Human Technology Institute, *AI Governance Lighthouse Case Study: Telstra* (Report, April 2024),13 <https://www.uts.edu.au/sites/default/files/2024-04/HTI_AICGP%20Case%20Study_Telstra.pdf>.

22 To read more about what Edgar H. Schein calls the "embedding mechanisms" for shaping culture in organisations, see Chapter 14 in Edgar Schein, *Organizational Culture and Leadership* (O'Reilly Press, 4th ed, 2010).

23 Governance Institute of Australia and National Artificial Intelligence Centre, *AI Governance: Leadership insights and the Voluntary AI Safety Standard in practice* (White Paper, 11 September 2024), 35 <https://www.governanceinstitute.com.au/app/uploads/2024/09/GovInst-AI-Whitepaper.pdf>.

24 Greg Medcraft, "Tone from the top: Influencing conduct and culture" (Speech, Thomson Reuters 4th Annual Australian Regulator Summit, 21 June 2024)), <https://download.asic.gov.au/media/3901451/greg-medcraft-speech-thomson-reuters-4th-annual-australian-regulatory-summit-21-june-2016.pdf>.

25 See, e.g., Amy C Edmondson, *The Fearless Organization* (John Wiley & Sons, 2019).

26 Essential Research and UTS Human Technology Institute, '*Invisible Bystanders': How Australian Workers Experience the Uptake of AI and Automation* (Report, May 2024) <https://www.uts.edu.au/sites/default/files/2024-05/EssentialResearch%2BUTS_Invisible_Bystanders_0524_D4.pdf>.

27 Institute of Risk Management and Protiviti, *Risk Culture under the Microscope: Guidance for Boards* (Report, 15 October 2012), 7, <https://www.theirm.org/media/4703/risk_culture_a5_web15_oct_2012.pdf>.

28 Institute of Risk Management and Protiviti, *Risk Culture under the Microscope: Guidance for Boards* (Report, 15 October 2012), 7, <https://www.theirm.org/media/4703/risk_culture_a5_web15_oct_2012.pdf>.

29 See, e.g., the case studies presented in Cindy Levy, Eric Lamarre and James Twining, 'Taking Control of Organisational Risk Culture' (McKinsey Working Papers on Risk No 16, McKinsey & Company, February 2010) <https://www.mckinsey.com/~/media/mckinsey/dotcom/client_service/risk/working%20papers/16_taking_control_of_organizational_risk_culture.pdf>.

30 See Victorian Managed Insurance Authority, *Risk Culture Guide* (2020), State of Victoria, 5-6, <https://www.vmia.vic.gov.au/-/media/Internet/Content-Documents/Risk/Tools-guides-kits/Risk-Culture-Guide.PDF>.

31 Australian Government Department of Finance, *Developing a Positive Risk Culture* (Comcover Information Sheet, 2016) <https://www.finance.gov.au/sites/default/files/2019-11/Risk-Culture.pdf>.

32 See, e.g., Betsy Uchendu et al, "Developing a cyber security culture: Current practices and future needs" (2021) *Computers and Security 109*, <https://www.sciencedirect.com/science/article/pii/S016740482100211X>.

33 See, generally, the discussion in: Partha Gopalakrishnan, 'Building an AI Culture: Shaping Your Responsible AI Roadmap', *Forbes Business Council* (Post, 16 August 2024) <https://www.forbes.com/councils/forbesbusinesscouncil/2024/08/16/building-an-ai-culture-shaping-your-responsible-ai-roadmap/>; Denise Lee Yohn, 'Company Culture Is Everyone's Responsibility', *Harvard Business Review* (Web Article, 8 February 2021) <https://hbr.org/2021/02/company-culture-is-everyones-responsibility>; Hamish Deery, 'Bringing risk culture to the board room' (Paper, Australian Institute of Company Directors, 15 June 2018) <https://www.aicd.com.au/content/dam/aicd/pdf/news-media/glc/2018/risk-culture-in-the-boardroom.pdf>.

34 Australian Institute of Company Directors and UTS Human Technology Institute, A *Director's Introduction to AI* (Guide, 11 June 2024) <https://www.aicd.com.au/content/dam/aicd/pdf/tools-resources/director-resources/a-directors-introduction-to-ai-web.pdf>.

35 Essential Research and UTS Human Technology Institute, '*Invisible Bystanders': How Australian Workers Experience the Uptake of AI and Automation* (Report, May 2024) <https://www.uts.edu.au/sites/default/files/2024-05/EssentialResearch%2BUTS_Invisible_Bystanders_0524_D4.pdf>.

For more information

Human Technology Institute
hti@uts.edu.au

University of Technology Sydney
PO Box 123
Broadway NSW 2007

www.uts.edu.au/human-technology-institute