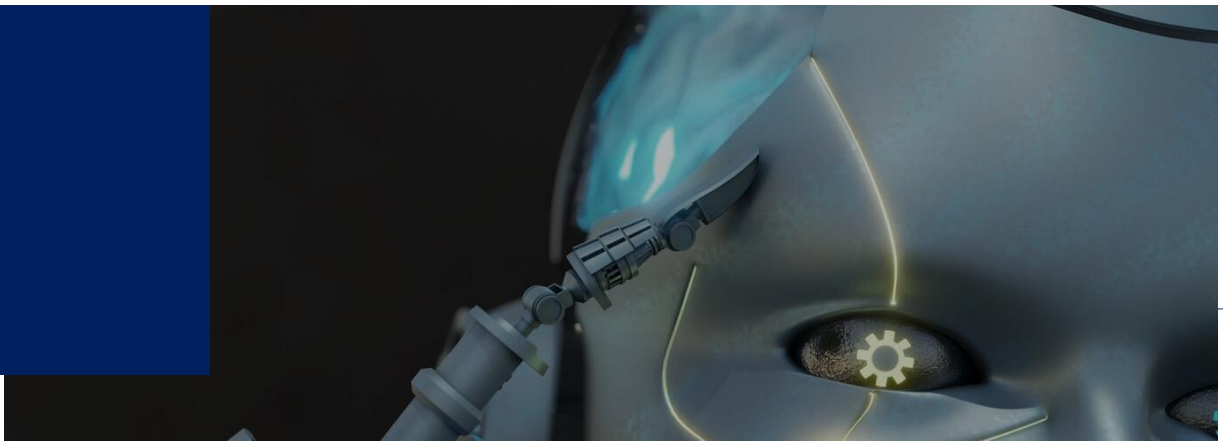




**THE LEGAL AND ETHICAL
IMPLICATIONS OF APPLICATION OF
AI ALGORITHMS IN EMPLOYMENT
RELATIONS MANAGEMENT.**



INTRODUCTION

We live in a dynamic and fast-paced world where innovative technologies like Artificial Intelligence (AI) have reshaped and transformed the world and several sectors. Artificial intelligence (AI) has changed the modern workspace and employment management in several aspects, including labour recruitment, performance evaluation, data management, and decision-making procedures. Even though AI has many benefits, like efficiency, improved decision making and personalized employee experience, its widespread use also presents serious ethical and legal issues. This article explores the concept of Artificial Intelligence, the benefits of AI, the legal and ethical implications of using AI algorithms in employment relations, and the solutions to address these problems.

WHAT IS ARTIFICIAL INTELLIGENCE?

The term Artificial intelligence (AI) refers to computer systems capable of performing complex tasks that historically only a human could do, such as reasoning, making decisions, or solving problems.¹ In employment relationships, the use of Artificial Intelligence entails adopting digital technologies to streamline the management of employment relations within an organisation.² Some AI technologies are programmed to automatically analyse the results of employee performance appraisals or surveys using natural language processing and sentiment analysis technologies, to help organisations promptly identify personnel-related problems and take appropriate measures to rectify them.³

BASIC APPLICATIONS OF AI IN EMPLOYMENT RELATIONS

In employee relationship management, AI can be applied for support in many ways, some of which include: ⁴

¹Coursera, 'What is Artificial Intelligence? Definition, Uses and Types' <https://www.coursera.org/articles/what-is-artificial-intelligence#> accessed on 19th April 2024.

²Yogesh Kumar, 'Artificial Intelligence (AI) in Industrial Relations' https://www.linkedin.com/pulse/artificial-intelligence-ai-industrial-relations-yogesh-kumar-dgm-hr?utm_source=share&utm_medium=member_ios&utm_campaign=share_via accessed on 19th April 2024.

³Sha Ri Na, (2024). Application of Artificial Intelligence in Employee Relationship Management, International Journal of Education and Humanities, 12(2), 67-69. <https://doi.org/10.54097/ik372840>.

⁴[Ibid].

a. AI can help assess employee satisfaction more accurately and efficiently.

AI technology can process and analyze employees' opinions and suggestions through natural language processing. Additionally, it can quantitatively measure employee satisfaction by using sentiment analysis. Automation can also help improve the participation rate and speed of feedback in surveys. Overall, incorporating AI into employee satisfaction surveys can provide companies with a more accurate understanding of their employees' satisfaction with the work environment and treatment. This information can help organisations make informed decisions and adjustments to improve the work experience for employees.

b. Application of AI in Employee Welfare Management.

AI is transforming employee benefits management by providing more personalized and efficient services. It analyzes personal information, consumption habits, preferences, and other data to suggest personalized benefit options. It also automates benefit issuance and evaluates the use of benefits to provide HR with suggestions for adjustments. Additionally, AI provides employee welfare counselling services to increase their understanding of welfare. AI in employee benefits management improves accuracy, reduces work pressure, and improves the quality of benefits management.

c. Application of AI in Employee Communication and Feedback.

AI can optimize employee communication and feedback processes within organisations, improving working relationships, promoting teamwork, and increasing employee work effectiveness. Through speech recognition and natural language processing, speech can be converted into text, reducing the barriers of time and space to communication. AI provides immediate, objective, and accurate feedback by analyzing employees' work data and behaviour, enhancing work efficiency and strategies. Intelligent employee communication tools promote knowledge sharing and information flow, improving communication and collaboration among employees.

Notwithstanding the different ways AI applies to employment relations, AI application also faces challenges such as data privacy, ethics, and morality that require balancing the relationship between scientific and technological progress, human dignity and rights in practical application.



BENEFITS OF USING AI IN EMPLOYMENT RELATIONS

Artificial intelligence (AI) has made several key improvements and impacts in the employment ecosystem, some of which are:

1. **Increased efficiency:** In the recruitment process, AI streamlines the hiring process by using algorithms to match the candidate's profile to the job description, evaluating resumes, sourcing candidates, and conducting interviews. This saves time and reduces costs, allowing the recruiter to focus on crucial tasks.
2. **Improved Decision-Making:** AI utilizes data to achieve results. This involves processing data and identifying trends and insights which helps improve decision making.
3. **Reduced Bias:** AI algorithms properly designed and utilized can reduce certain prejudices such as age, gender, race, discrimination etc., thereby focusing on the specific job qualification.
4. **Enhanced and Personalized Employee Experience:** AI tools such as virtual assistants and chatbots provide support to individuals either employees or job candidates by responding to questions and guiding them through applications or other employment-related matters.

LEGAL AND ETHICAL IMPLICATIONS OF USING AI ALGORITHMS IN EMPLOYMENT RELATIONS

The use of AI algorithms in employment relations such as labour recruitment, performance evaluation, data management and decision-making processes presents a myriad of legal and ethical challenges, which will be carefully discussed below:

- a. Discrimination and Bias:** The use of AI algorithms in labour recruitment, performance evaluation, data management and decision-making may be designed in a way that favours people from a certain background. This is a major ethical concern as AI with biased data could lead to discriminatory outcomes and bias against certain employees in the workplace on the grounds of gender, race, age, ethnicity, and disability.

To address this, organisations must carefully examine the data input in their AI systems, use data sampling techniques, data balancing, and data preprocessing to mitigate bias, conduct regular audits, and create diverse AI teams⁵. Organisations must note that everyone is equal before the law and has a right to freedom from discrimination as stated in the Constitution⁶ and the Universal Declaration of Human Rights. Thus, the use of AI algorithms in a way that perpetuates bias can lead to infringement of this right, non-compliance with anti-discrimination laws and expose organisations to legal action by employees.

- b. Data Privacy and Security Concerns:** Data is the lifeblood of Artificial Intelligence. AI relies on data to function efficiently. Employee data such as personal information, performance metrics and résumés are collected for recruitment, performance evaluation and decision-making. This portends a risk of data breach.

Every person has a right to privacy as enshrined in the Constitution. The Nigerian Data Protection Act, 2023 also makes salient provisions for the protection of data personnel's data (data subject). Therefore, employers making use of AI are ethically and legally obligated to comply with data protection regulations⁷ and ensure that employee's data is adequately protected and secured as failure to do so can result in legal action and sanctions.

- c. Transparency and Accountability:** A transparent process increases the trust of the individuals involved. One of the major problems associated with using AI algorithms for labour recruitment, performance evaluation, data management and decision-making, is the fairness and transparency of its decisions. As AI technology advances, accountability for its actions becomes more challenging. Should the AI algorithm's creators or employers who might not fully understand its operation be held accountable? In this sense, it lacks a personal touch as it may not be able to provide a thorough explanation or justification for its decision which in turn undermines the trust of employees as they are not carried along in the process.

Organisations should establish clear responsibility for AI and create policies that require human oversight, investigate errors, and develop liability frameworks with regulatory agencies.

⁵ Igor Alcantara (2023), "The Ethics of Artificial Intelligence in the Workplace: How to Balance Innovation with Responsibility" <https://www.linkedin.com/pulse/ethics-artificial-intelligence-workplace-how-balance-igor-alcantara#:~:text=Ethic%20of%20AI%20for,who%20are%20replaced%20by%20machines>, accessed 9th May, 2023.

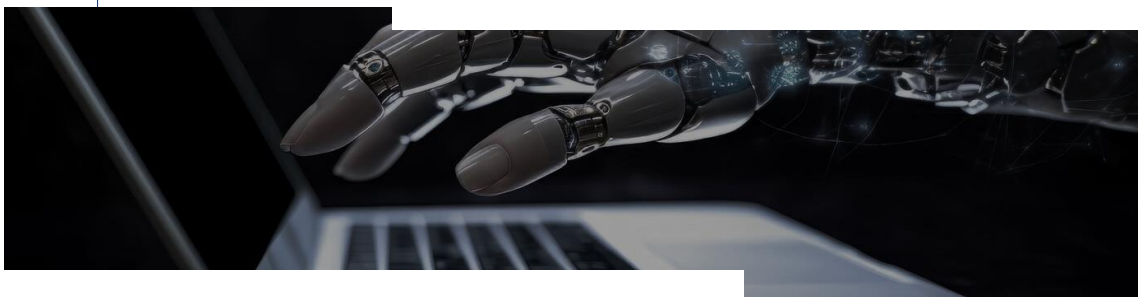
⁶ Section 42 of the Constitution of the Federal Republic of Nigeria, 1999 as amended.

⁷ Nigerian Data Protection Act, 2023.

- d. Absence of Interpersonal Interaction:** There has been a debate on AI replacing humans in the workplace. There is the fear that AI in the workplace can displace human workers, leading to job loss. It is however believed that whilst AI has made operations in the workplace easier, it cannot fully replace humans.⁸ AI algorithms can only produce results to the extent of the data input. For instance, a chatbot may be configured to respond to general questions relating to job applications but may not be able to do so for specific questions.

Nonetheless, organisations must take steps to mitigate the risk of AI significantly displacing humans and creating job loss by reskilling/upskilling workers and creating a more flexible workforce. They can also redeploy workers in areas where AI cannot replace human intelligence, such as roles that require creativity, empathy, and human interaction. It must be noted that there is still a need for human interaction and a reduced reliance on AI especially in important decision-making processes which may affect an individual as this helps to strengthen human relations and ethical compliance.

- e. Accuracy:** There is a need for accurate AI algorithms in recruitment, performance evaluation and decision-making as this ensures a bias-free decision. This is important because, where inaccurate AI algorithms used in decision-making directly affect the rights of individuals, employers or organisations will be held responsible and this may result in legal liability.⁹



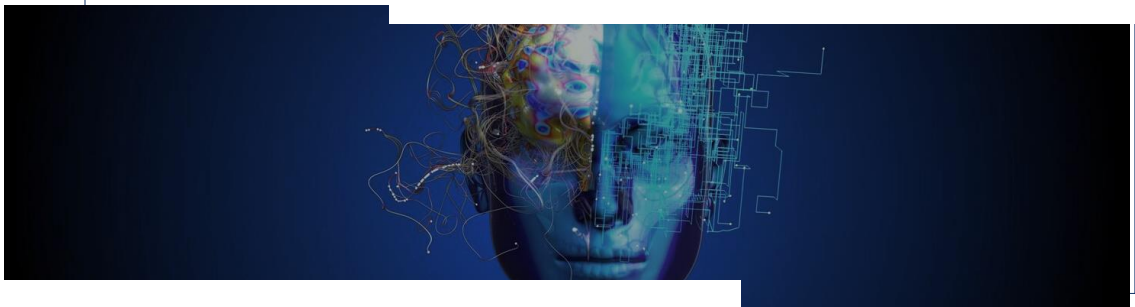
RECOMMENDATIONS

To properly address the challenges posed using AI algorithms in employment relations such as labour recruitment, performance evaluation, data management and decision-making, the following strategies and solutions are most apt:

⁸ Lexology, 'Employment & Pensions Blog: Exploring the benefits and Burdens of Artificial Intelligence in HR' <https://www.lexology.com/library/detail.aspx?g=721e7d17-daa5-4468-98dd-a5f6c3965b73> accessed on 20th April, 2024.

⁹ Vidcruiter, 'The Role of AI in Recruiting' <https://vidcruiter.com/video-interviewing/pre-recorded/artificial-intelligence-in-recruitment/> accessed on 20th April, 2024.

- a. **Diverse and Wider Representation:** To limit the bias associated with using AI, the datasets used in training algorithms should be diverse and representative.¹⁰
- b. **Transparency and Accountability:** The process of using AI algorithms for decision-making should be transparent by supplying the AI with data containing explicit reasons and justifications for arriving at decisions as this will increase the trust of employees and individuals.
- c. **Guidelines and Regulations:** There should be a development of ethical guidelines and regulations for the use of AI algorithms in employment relations in Nigeria. For instance, advanced countries like the USA already have the Equal Employment Opportunity Commission (EEOC) whose guidelines protect job applicants from discrimination on race, sex, religion, age and many more.¹¹
- d. **Legal Compliance:** Organisations and employers are to ensure compliance with laws relating to labour and employment, the Constitution, data privacy and other laws governing employment practice to avoid any form of legal liability.
- e. **Frequent Monitoring and Auditing:** Organisations and employers are to ensure that AI algorithms are constantly regulated. This can be done by conducting audits to ensure accuracy in its results and boost transparency.



CONCLUSION

As AI continues to play an important role and provide benefits in employment relations like efficiency and improved decision-making, it is also crucial that organisations and employers take note of the legal and ethical pitfalls of AI. Implementing solutions to mitigate these legal and ethical problems such as transparency, diverse representation, regular audits, and legal compliance will certainly ensure justice and ethics in the workplace.

¹⁰ Sehar Ashgar, 'The ethics of using AI in hiring practices: Exploring the potential biases and ethical concerns' https://www.linkedin.com/pulse/ethics-using-ai-hiring-practices-exploring-potential-biases-ashgar-x4pje?utm_source=share&utm_medium=member_ios&utm_campaign=share_via accessed on 21st April, 2024.

¹¹ Criteria, 'What is Equal Employment Opportunity Commission?' <https://www.criteriacorp.com/resources/glossary/equal-employment-opportunity-commission-eEOC> accessed on 21st April, 2024.

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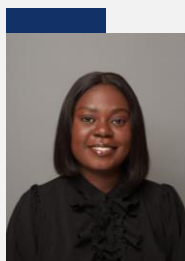
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