



What Artificial Intelligence Means for Human Resources

EXECUTIVE SUMMARY

This report examines the growing role of artificial intelligence in human resources.

A primary focus of the report is to provide HR leaders with a substantive grounding in the issue to enable them to make good decisions on technology selection and implementation. The goal is pragmatic: Help HR leaders understand what AI is and how it is making a difference in human resources technology specifically and talent management broadly.

We draw upon a broad array of reports, research, interviews and data to present a meta-analysis of the current state of AI-enabled HR and workforce tools and sentiment. As part of this discussion, the report provides guidance on the directional trajectory of AI development and its implications for the future of the HR function.

Key Highlights:

- ▶ HR professionals generally have a limited understanding of AI. A survey of 1,000 HR professionals found only 14% strongly agreeing they are knowledgeable about the use of AI in human resources. Another 29% moderately agreed with that, leaving the majority admitting they are still mostly in the dark.
- ▶ Technology vendors are more likely to confuse the issue than bring clarity. While new HR technology startups – and most established vendors – claim to have incorporated AI, the promises are frequently overblown, and the explanations are usually poor.

- ▶ Meanwhile, investment in HR internet technology has exploded. Though investment in non-internet / non-mobile (think on-premises) workforce management tools continues to chug along, investment in SaaS, mobile and internet-based HR technology has increased 6x in the last 10 years. Much of this investment is fueled by the dramatic increase in VC and equity-funding of AI worldwide.
- ▶ Today, the most common use of AI in HR is for talent acquisition. Resume screening and chatbot candidate interactions are the most common areas of talent acquisition where AI is deployed. More dramatically, AI is showing promise in its ability to assess competencies and potentially fit from a video interview.
- ▶ AI is rapidly broadening its reach into other areas of HR and talent management. For engagement, AI can assess the comments on a survey and summarize the themes. Some vendors are experimenting with sentiment analysis from employee messaging conversations. For learning, AI is being used to analyze skills assessments and recommend relevant training. It is also able to track licensing requirements and alert employees and managers to required training. For compensation, AI can suggest appropriate increases based on more factors than a manager is likely to consider on their own.
- ▶ The biggest obstacle to AI deployment is data quality. Even sophisticated HR operations have data scattered in multiple locations. Cloud-based data warehousing is centralizing this data, but does little to help integrate it to make it usable for the kind of valuable analytics that AI-based programs can perform. AI depends on large volumes of accurate data; in many cases, HR does not have this data and when it does, it needs to be “cleaned” to make it useful.
- ▶ An important obstacle to more rapid adoption and reliance on AI is concern over bias. This has emerged in talent acquisition where AI-enabled technology ranks candidates on both qualifications and their potential for success. The predictive analytics relies on the data inputs, which incorporate whatever unconscious bias informed candidate selection in the past. Vendors are increasingly sensitive to this issue, but HR practitioners must understand the technology well enough to be confident that the vendor genuinely has dealt with possible bias. Likewise, they need to examine their own data carefully to avoid inadvertently introducing bias.

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