

AI in HR

A reality check

INTRODUCTION

Artificial intelligence (AI) is a hot topic right now in almost any field you care to name. But, as with many emerging technologies, it is prone to being overhyped, becoming a shallow buzzword to make an adopter or new product appear more exciting and revolutionary than it is.

In this paper, we take a sceptical look at AI as it pertains to HR, uncover where it has started to deliver measurable business value, and what the future holds for AI in HR.

CUTTING THE HYPE

“There’s currently a lot of overclaiming and hype in this sector, but part of the reason for the hype is because there is, undoubtedly, incredible potential for AI,” says David D’Souza, head of engagement at the CIPD. His words resonate so much because he is, undoubtedly, right.

The use of AI within HR is gathering momentum; with pioneers in the recruitment sector already demonstrating successes, it is increasingly being introduced in other areas of the HR function.

With this growing expectation comes excitement among HR and executives alike. Nearly half of reward professionals believe that AI has the highest potential to be a game-changing technology, according research from the Reward and Employee Benefits Association (REBA) . More broadly, IBM’s research reveals that 66% of chief executives believe cognitive computing (software exploiting advancements in artificial intelligence) can drive significant value in HR, while 50% of HR executives recognise that it has the power to transform key dimensions of the function.

However, as Keith Williams, HR services director – employee experience at Unilever, warns: “There is no such thing as a silver bullet... There has been a lot of hype that people need to be aware of and ignore.”

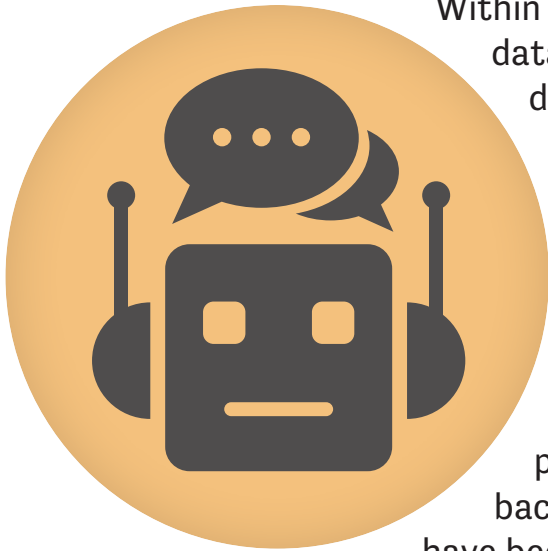
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WHAT IS AI?

AI uses data and management information to learn, carry out tasks and, in some cases, make suggestions and predictions. In essence, an AI system will look at the available information and take action of its own accord.

Within HR, the main way that AI is being used is through augmentation. Essentially, AI systems enhance human intelligence rather than replace it.



Within a HR context, AI can be used to analyse large data sets quickly and accurately, giving businesses deeper insights into their employees. It may also make suggestions or predictions and carry out tasks. The majority of AI for HR products on the market have this type of functionality. However, this will advance as the potential for AI in HR is revealed. As Rob Boland, group product and customer success director at Reward Gateway, says: “AI will be one of those pieces of tech that, in two years’ time, we’ll look back and there will be things that we wouldn’t have been thinking about now, that it will be used

for. And the same thing another two years after that. It’s only ever going to revolutionise.”

For now, there are several ways in which AI is being used within the HR space. One of the most familiar is through chatbots that offer help to users. These are beginning to be used in human capital management (HCM) systems to assist employees with basic queries. The hope is that, by getting an AI to deal with straightforward, repetitive admin, HR can be freed to focus on more value-added tasks.

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Other uses of AI are less obvious to employees and have more to do with the analytics that can be given to HR teams. These encompass everything from predicting attrition risk through to workforce-planning and driving engagement.

EXPLORING AI's POTENTIAL

AI is currently most prevalent within recruitment. It is being used to find, screen and shortlist candidates, a task that can be both onerous and time-consuming. Yet, with the help of AI, the process can be automated and unconscious bias removed.

Other areas that are now beginning to benefit from AI include learning and development (see the Npower case study, page 6), inclusion and diversity and employee engagement (see the FICO case study, page 8), and workforce-management tools (see the JBrown case study, page 10).

Progress in other areas of the HR space has been slower, and for good reason. A fundamental area that could really benefit from the insight that AI can provide is reward. The potential is massive, from being able to deliver personalised bespoke remuneration packages to fully analysing the link between performance and reward. However, using AI within reward is more complicated than in other areas, simply due to the number of different datasets held by the function.

Despite these challenges, companies are beginning to unlock the potential that this data offers, from measuring wellness to examining the impact of reward on behaviour – in particular, how incentives and performance correlate – helping to understand how you can enhance productivity for an individual or team.



EXPLORING AI's POTENTIAL cont'd

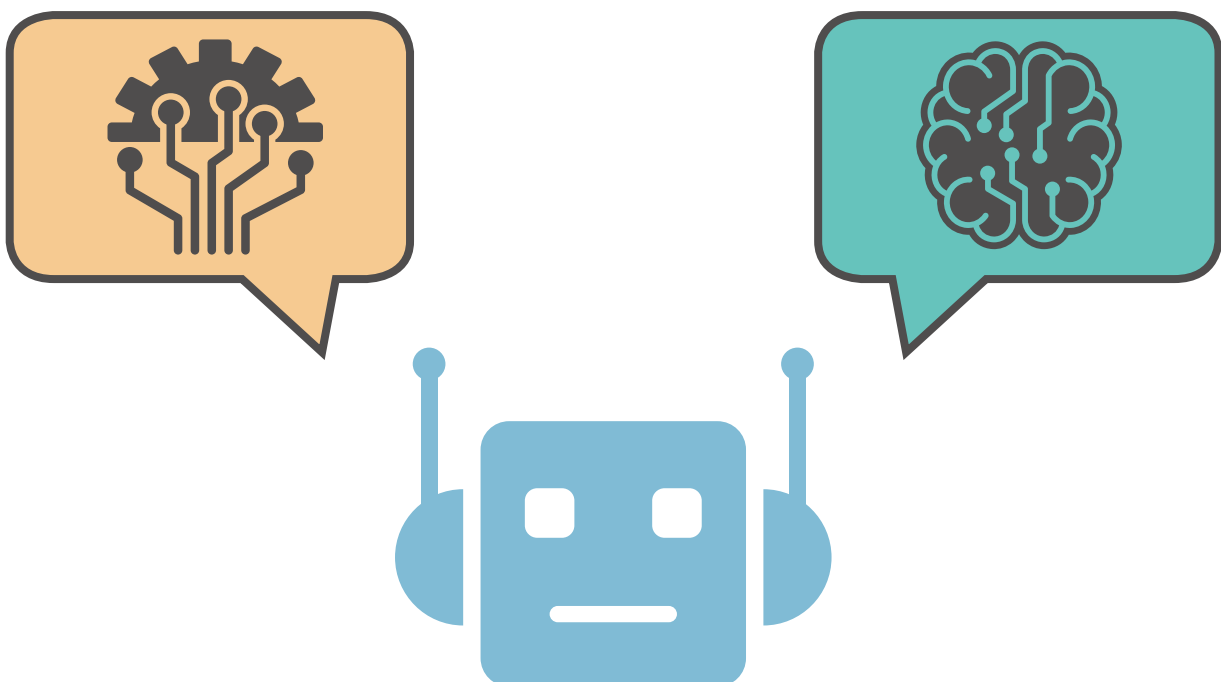
Beyond introducing a single tool that focuses on a particular area of HR, there are organisations that are being more ambitious with their AI plans. Often this is because they feel the greatest value is leveraged from the convergence of all HR data, rather than having multiple AI solutions for different HR functions.

To avoid this issue, some businesses are building their own AI. Unilever is currently in the process of building what Williams claims to be the biggest chatbot on the planet – it will operate not just in HR, but across Unilever's business.

Satalia, itself a provider of AI technology, is another organisation going it alone, with an ethos of defaulting to AI for as many business processes as it can. Currently, it is using AI to understand its human network structure by looking at relationships in the business and investigating how it can use AI within the reward function.

“The risk is, you start off down a track looking at just one lens on one set of data in your overall HR function, whereas the value comes from the convergence of all data from all the different data sets”

Rob McCargow, AI programme leader, PwC



LEARNING & DEVELOPMENT

CASE STUDY 1

**NPOWER using ELEPHANTS
DON'T FORGET**

With improvements in knowledge-retention and a high engagement with the AI learning tool, Elephants don't forget is making inroads at retail energy provider Npower.

One of the biggest issues in a highly regulated environment is proving that employees are learning what they have been taught. Andy Hurren, head of learning at Npower, introduced 'Nelly' – an augmented intelligence tool that makes up for deficiencies in human performance – to embed learning in a more effective way, and increase their analytics capabilities.

Adrian Harvey, chief executive of Elephants don't forget, the company behind Nelly, explains how the tool works:

"The brain has a limit on how much content it can take in, process and codify at any one point in time. Our AI augments the learning process and goes through the mechanical learning processes with the individual that their brain needs to go through in order to learn the content."



"It's critically important to get your communications right about why you're bringing in Nelly and what she's there to do"

Andy Hurren, head of learning, Npower

The AI supports the business in two ways. First, it asks employees only about elements that they have a need to learn more about. Second, because it is learning about these individuals and their knowledge, it is giving the organisation detailed feedback on where it needs to focus its training efforts more broadly.

"It's non-obtrusive and doesn't impact too much on operational time," says Hurren. "The results have been very encouraging. Even within the three-month pilot, we've seen a 10 per cent increase in knowledge retained."

Beyond these results, the team is also seeing high levels of knowledge retention. "In some people we're already measuring what we would regard as 'mastery' – sitting up at the 85 per cent knowledge rate. We try to get people up to [that] level on their knowledge scores," he adds.

Although the AI has proved critical in delivering greater knowledge retention, Hurren admits to having been apprehensive about how it would be received by staff.

"My concerns were that people wouldn't feel engaged by it and this remote 'eye' on them might be seen as being intrusive and monitoring them, rather than just assisting them," he says. "It's critically important to get your communications right about why you're bringing in Nelly and what she's there to do."

With that in mind, Hurren is very clear on how Nelly's data should be used and has deliberately kept it as a learning and development tool rather than handing it over to the wider business.

"I have had managers ask if they can use the data in capability situations, but I have been very clear in saying absolutely not. This is a tool to support people and about their learning, it's not there as a tool to beat people over the head with," he says.

This type of AI is relatively low-risk, it doesn't threaten jobs and is not intrusive.

As Hurren concludes: "Like anything that's gathering intelligence, it could potentially be open to abuse with the wrong attitude from people, but there's a lot of good that can come out of this. AI is a really fantastic tool for the good."

ETHICAL CONSIDERATIONS

More than almost any other advance in technology, AI often brings with it distrust and fear. This is why it is so critically important to cut through the hype and ensure that it is deployed responsibly.

“AI should be deployed as a complementary tool to augment business decisions and processes before being autonomous,” says Ankur Modi, co-founder and chief executive of StatusToday. “Just like people, AI will make mistakes, and when it does, companies need to have an effective response strategy.”

As part of this, there needs to be the right communication so that employees and HR alike understand the purpose of the AI and are reassured that it is there to enhance the workplace, not to replace them or take over the business.

“Transparency is the key to ethical and responsible adoption of AI,” says Modi. “Experiments, both successful and failed, should be communicated with people involved to encourage wider participation and comfort with the inevitable transformation of the workplace.”

For CIPD’s D’Souza, it is critical that HR professionals increase their understanding of AI. He argues that HR shouldn’t be introducing technology that it doesn’t fully understand as that could potentially have dire consequences.

“AI should be deployed as a complementary tool to augment business decisions and processes before being autonomous”

“If we don’t know why an algorithm has come to a decision and we’re just following it blindly because the technology is there, that removes human judgement. And while that might be beneficial in some cases, because it might be removing our biases, in others it might just be because we have information that the system isn’t aware of,” he says.

Ankur Modi, co-founder & CEO, StatusToday

That doesn’t mean that those in HR need to become experts in how to write algorithms, but they should know where the AI is getting its data and how it is using it to come to decisions.

CASE STUDY 2

EMPLOYEE ENGAGEMENT

FICO using GLINT

With engagement scores steadily increasing and unplanned attrition going down, there is little doubt that Glint's AI-powered employee engagement tool is having an impact at FICO.

Two years ago the global data and predictive analytics company introduced Glint to measure employee engagement levels. Glint combines real-time data, predictive analytics and AI, and prescriptive action planning to help organisations achieve their objectives.

Richard Deal, executive vice-president and chief HR officer at FICO, explains that measuring employee engagement is really important to the organisation as highly engaged people tend to be high performers. It uses Glint to send out an engagement survey internationally every 90 days. This contains 20 questions and takes two or three minutes to complete.

"If we want to be able to influence [engagement] we need to be able to measure it and drive accountability for change, and spend our time and resources focused on the right things," says Deal.

This is where the value of AI is really demonstrated, because without the insights it provides, the company would be relying on indicators such as turnover rates or employee-relations complaints.

"The AI tool is absolutely essential for us," says Deal. "We have employees in 27 different countries. It's virtually impossible, given the geographic spread of our people, to be able to gather a common set of insights on how everyone's doing and then to be able to analyse that data so that we can define specific actions based on the messages our people are giving us."

Taking specific actions is exactly what the team at FICO have been able to do with the data. One of the areas that was highlighted by the AI was inclusion. Not only was the organisation unhappy with the score on that driver, but it was apparent that the feeling of inclusion had a huge impact on overall employee satisfaction and engagement.

"That gave me the fuel to secure resources

and to launch some new corporate initiatives around self-empowerment strategies, education surrounding the business value of workforce diversity and creating a culture of inclusion," explains Deal.

"The data made it a top corporate priority and I wouldn't have been able to treat it as such without the data."

Goutham Kurra, chief product officer and co-founder of Glint, explains that the feedback and intelligent guidance it provides is based on its AI-for-HRTM technology, to which there are several components.

"Glint uses machine-learning algorithms to determine the key factors that most impact a selected outcome – whether this is engagement or attrition or some other business outcome – for every sub-population in the organisation," says Kurra. "Glint's AI also identifies hotspots, patterns, anomalies and bright spots in the organisation's feedback."



"My people are now spending more of their time working on proactive issue-resolution, rather than just cleaning up after something has blown up"

Richard Deal, executive vice-president and chief HR officer, FICO

Not only is the AI allowing the company to effect change, but, according to Deal, it is also delivering value within the HR team. "My people are now spending more of their time working on proactive issue-resolution, rather than just cleaning up after something has blown up," he says.

For Deal, he and his team would be unable to achieve the engagement results they are without input from the AI.

REALITY CHECK

Huge innovation is happening in the world of AI and HR. Yet, take-up in the HR realm has been slow for several reasons, such as the use of disparate systems.

Research from REBA highlights that nearly half of employers are operating three to five different platforms for their reward and employee benefits management alone. Just 20% said that their multiple platforms were integrated and had a single sign-on.

As REBA director Debi O'Donovan explains: "If your management information is not all joined up and you're not getting a complete picture, then you're not going to produce good AI."

More broadly, many organisations aren't open to the opportunities that digital technology, including AI, can bring. Deloitte's Digital Disruption Index reveals that 42% of senior executives do not believe they have a coherent digital strategy in place; 48% do not see it as central to their corporate strategy.

Further, Deloitte believes that UK organisations underestimate the impact that digital will have on supply chains and back-office functions, with just 31% of executives expecting digital technologies to have an impact on how HR engages with the workforce.

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Debi O'Donovan, director, REBA

D'Souza notes that HR isn't renowned for its rapid take-up of technology, either in terms of investments or using technology effectively. However, he adds: "What we have here is the opportunity to skip a generation of technology, where we haven't been particularly savvy, and really start using some cutting-edge tools to make more intelligent decisions in organisations and improve the employee experience."

CASE STUDY 3

WORKFORCE MANAGEMENT

**JBROWN REAL ESTATE using
STATUSTODAY**

Accessing deeper insights, such as industry-level benchmarks, to understand how its metrics fare in the wider picture is just one of the advantages JBrown is getting from StatusToday's AI platform.

The real-estate business introduced the employee-insights system to help gain more visibility across its two main sites in the UK and India. Director James Brown explains that when they saw the value they could gain for operations and HR processes, he and his colleagues were eager to deploy the tool.

The business is now achieving "better management due to deeper information about our employees," says Brown.

"[It has] really brought to light working-culture differences within our teams, how their average days looked like and their engagement levels throughout it."



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James Brown, director,
JBrown Real Estate

StatusToday uses AI to analyse employee activity and can help companies become more efficient while increasing trust and transparency. StatusToday co-founder and chief executive Ankur Modi says it provides a clear picture of how a company's employees work best, rather than the subjective or distorted idea obtained through appraisals, audits and other existing measures.

"These insights can be leveraged to make real improvements in productivity and reduce risk," he adds. "Results can be seen immediately, allowing for constant improvement and eliminating guesswork from change management."

The AI uses algorithms that power machine

learning to generate behavioural profiles for individuals and groups across the business. A dashboard of the gathered data will then provide AI-driven insights into employee behaviour.

Brown explains that, although his company has yet to fully evaluate how the tool is delivering business value, it has changed how they make decisions. "We go back to the platform whenever we have to make calls concerning processes or are seeking ways to check certain assumptions we have about how our people work," he says. Moreover, it has simply "increased [our] ability to manage our teams compared with before, when we had no tool in place to give any visibility into our operations".

As with most AI-enabled tools, the advantage is that these can often go further in their analysis than other standard HR tech. "I know of a few other statistics-based tools out there that give you the basic metrics for individuals," says Brown. "To my knowledge, these stop short of the type of insights we see in StatusToday, requiring an additional layer of analysis to make sense of the raw data."

Modi believes that only by using AI-enabled tools can managers gain real insights and understanding of their staff – because, without it, they do not know what makes them inefficient, when they make mistakes and what incentivises them. In turn, this can lead to lost productivity, mismanagement and increased risks.

"AI finally offers a way for us to solve this by benchmarking and modelling behaviour based on the data gathered globally," says Modi. "The future of HR is driven by large-scale data-processing and a shared knowledge base of insights. Both of these are only truly possible with modern AI platforms."

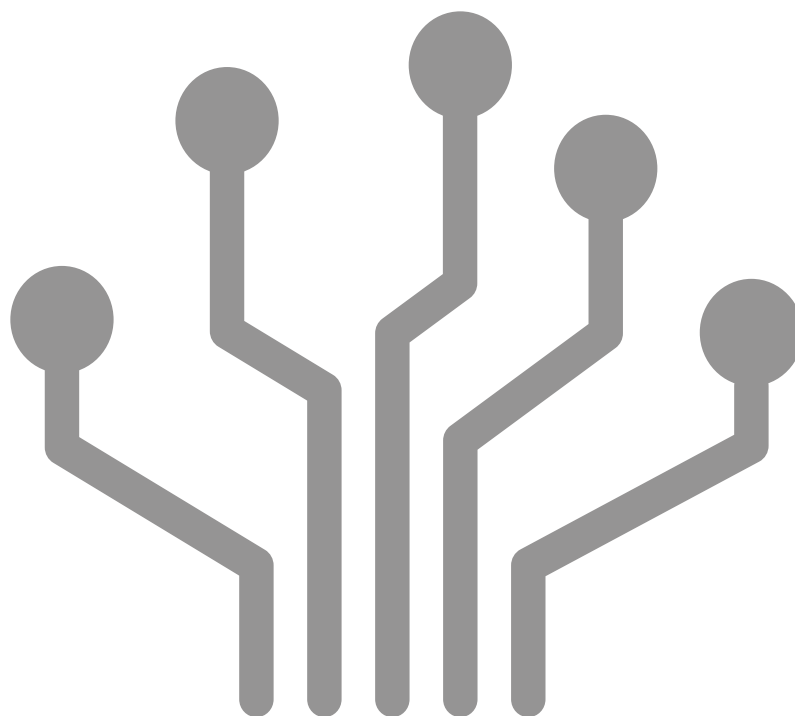
Speaking of how valuable AI can be to HR, Brown concludes: "Be aware of the current over-promise of AI, but be keen to implement AI-based solutions because there are still good value gains."

CONCLUSION

The use of AI within HR is complex and fractured. The hype around AI is leading to many being sceptical about its potential impact. But evidence is emerging of significant - in some cases revolutionary - benefits being driven by the deployment of AI.

This emerging evidence of success should encourage HR departments to become braver in exploring the potential of AI. . Yes, it may require a period of trial and error, but the potential gains are enormous. PwC predicts that, by 2030, AI alone will help to increase productivity by 1.9 per cent, and HR has a massive role to play in making these gains a reality. Whether it be through better understanding its people, hiring the right talent, reducing costs or offering personalised remuneration packages to employees, the relationship between HR and AI will only develop further.

The potential of AI, and its future pervasiveness, is unquestionable. The early adopters who are able to box clever and extract the biggest value over time will be richly rewarded. HR professionals need to fight through the hype and draw their own conclusions, taking the bull by the horns and establishing themselves as AI pioneers.



NEXT STEPS

- 1 Be clear what you are trying to achieve.

- 2 Don't be cynical about AI - be inquisitive. Understand the basic applications and where in your organisation it can help. And bring all your internal stakeholders along the journey with you.

- 3 Get hands on with the technology - that is the fastest way for you and your internal stakeholders to feel the immense difference it can make, if deployed right.

- 4 Be aware of the deployment pitfalls, such as internal communications or ethical issues, and plan for them. Read widely, and meet people who have the scars of deploying AI (but have benefited from it).

- 5 Establish your AI strategy - buy/build/partner - by use case. Consider live demos and Proof of Concept projects to learn before committing.

- 6 Be brave - get on the field of play. You won't get anywhere by sitting on the sidelines.

CognitionX is a market intelligence platform that brings clarity to the complex and fast-paced world of all things artificial intelligence. CognitionX's mission is to democratise access to the information and research on the products and resources required to build AI solutions.

By organising all the information from the industry and making it universally accessible and useful, CognitionX empowers everyone from enterprise to start-ups and governments – even individuals – to access and rapidly deploy AI.

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