Whitepaper on AI's implications for HR

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ChatGPT achieved a million users within five days of its public release in November 2022, a milestone that Facebook and Twitter took over a year to reach (BCG, 2023). The Artificial Intelligence (AI) that drives ChatGPT and other chatbots has advanced significantly in the past 18 months and companies like Microsoft and Facebook have added AI co-pilots to their applications or plan to add them soon.

Despite this rapid progress, only 3% of companies currently use generative AI in HR (McKinsey, 2024a). HR managers are eager to delegate tedious parts of their work to chatbots and enhance hiring and training with AI support. However, concerns about AI's reliability and risks persist. Even Intel, a producer of AI chips, is being selective: it avoids using AI in recruiting and performance management but is building an AI-driven careers & development system (Hull, 2024).

Intel was also among the first companies to publish Responsible AI Principles, emphasising the importance of human oversight, transparency and privacy in adopting AI. The recently released National AI Policy also recommends the development of guidelines to maximise the benefits & minimise risks of AI for Rwanda's citizens (Republic of Rwanda, 2022).

This briefing aims to provide HR managers with an understanding of what generative AI is, how it can be applied to HR and what steps can be taken now to leverage AI responsibly and effectively. It has been prepared by BAG Technologies and Transforming Engagements, two Kigali-based companies dedicated to transforming career readiness, job placement and organisational development.

AI is a transformational technology

AI refers to any machine-based capability typically associated with the human mind. Advances in computer hardware, information management and learning systems have enabled capabilities that can analyse trends, solve problems, make predictions and even be creative.

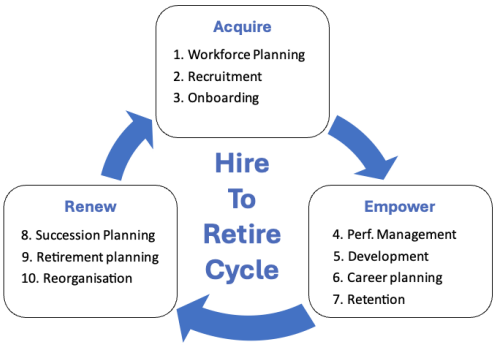
The impressive performance of ChatGPT and similar chat bots results from applying machine learning to vast data sets. This approach allows these systems, known as Large Language Models (LLMs), to learn through pattern recognition. LLMs can then predict appropriate responses to queries based on their training data.

Increasingly sophisticated methods have been developed to enhance the accuracy and versatility of AI models. Newer systems based on neural networks and other deep learning can analyse text, voices, visuals and video.

Generative AI refers to systems like ChatGPT or DALL-E that use machine-learning to generate new content in real time in response to user requests. The newest systems can generate content in any format, including video (McKinsey, 2024b).

AI is being applied in many HR activities

Early applications of AI focused on predictive capabilities for consumer interactions or customer service. Many start-ups are now exploring enterprise applications, including in HR. This section reviews a sample of these applications across the hire-to-retire cycle.



Acquiring talent

Planning and scheduling workforce requirements are critical to any company's operation. Beamery provides an integrated suite of AI-driven HR tools, including a workforce planner that uses company and market data to support decisions on expanding or restructuring the workforce in response to business needs. Quinyx is a scheduler that helps firms like Starbucks match staffing levels to customer demand.

Recruitment is repetitive and admin heavy, making it well suited for automation. Generative AI bots like ChatGPT provide accessible support for tasks such as writing job descriptions, planning interviews and sharing background information with prospective candidates. More tailored solutions are also available such as Textio Loop which writes job posts and Ciphix which screens resumes and checks references. While these services streamline recruitment, AI can add even greater value by helping companies to find better job candidates.

BAG is pioneering a better approach to talent discovery in Rwanda, using its innovative job simulation platform. This allows employers to engage with a broad cohort of prospective future employees, who get valuable experience addressing actual workplace challenges. Employers, in turn, can discover and recruit top talent from a very large candidate pool.

BAG uses AI to automate its grading process under human supervision. This allows the company to operate on a large scale at low cost. Less than a year after launch, BAG's job simulation platform is already used by over 17,000 candidates and 123 companies. To date, over a thousand job placements have been made through the platform.

Companies also benefit from significantly lower onboarding costs with BAG. Candidates are already familiar with the challenges they will face in their roles and need less time to acclimate. Onboarding automation is another area where many AI offerings are available to make the process more streamlined and compliant, including applications from Sanka, Talmundo and Levity.

Empowering talent

Performance management is a key driver of employee motivation and poor-quality performance documentation can expose companies to compliance risks. Most people managers find end-of-year report writing challenging. They may also lack the data needed to assess performance effectively. AI applications that can improve the performance management process include:

- Textio lift, a chatbot dedicated to making performance reports more compliant and actionable, through suggesting text changes and additions. It can be integrated into common HR systems like WorkDay and Lattice.

- Ciphix, which offers a more comprehensive system that uses feedback and data to inform more objective performance appraisals.

AI solutions can also streamline and enhance employee development. A simple standalone app to consider for content development is eduME which automates the generation of mobile-based video content from legacy training documents. NovoEd has developed a more comprehensive learning platform that leverages cohort-based collaboration to improve development outcomes. BAG also integrates training modules into its simulation platform, which can be used both for potential candidates and for current employees.

Intel's focus on AI-driven development was mentioned earlier. The company envisages that AI becomes a virtual development coach for employees, using insights from Intel's internal data to nudge them to complete training that others in their roles have found helpful and to encourage their managers to support them. Intel Chief People Officer Christy Pambianchi sees AI creating "a super vibrant internal talent pool where employees can realize their full potential, know all the opportunities that are available, and hopefully leverage this technology to help them" (Hull, 2024). Beamery also includes an employee-driven career marketplace.

Employee retention is a critical and easily neglected HR responsibility. One of the intended benefits of AI is to free up HR manager's time to focus on more personal engagement. AI tools can also help employees understand their benefits or ask questions about the company, for example: Druid, an employee benefits chatbot, and Leena AI, an automated HR ticket responder.

Renewal

Renewing the workforce through planning succession and managing separations is the final phase in the hire-to-retire cycle. A variety of AI options are available to support HR managers in these processes. Eightfold and Talentera are integrated talent platforms that help companies perform succession planning in real time. Ciphix also includes the capacity to automate the HR, IT and other processes needed for employee separations.

Steps you can take now

The vast volume of AI options available to HR managers can feel overwhelming. The steps below should help in approaching different options in a practical and measured way:

Be intentional

HR leaders are obvious custodians for the deployment of enterprise-level AI systems and are well placed to lead the conversation on adoption within the executive team. A good starting point is to facilitate a discussion focused on three questions:

- What is our vision for improving the impact and efficiency of our organisation?

  Before diving into solutions, it is always good to understand the organisation's ambitions and how technology can support them. A company focused on achieving the lowest costs will have very different priorities from one pursuing high quality. Being clear on what you want is a critical first step.

- What principles should we adopt to minimise the risks of new technologies?

  AI is still in its earliest phase of development and comes with significant risks related to accuracy, privacy and bias. Many organisations have developed principles to help inform the responsible development of AI, including Intel, Microsoft and Atlassian. HR managers should review these examples, decide what principles are applicable to their own situations, and develop governance processes to ensure they inform decisions about AI systems.

- How can we maximise our chances of adopting AI successfully?

  HR managers should help their leaders develop a roadmap to deploy AI successfully. This should consider the identification process, resourcing, project management and evaluation required to adopt any AI system.

Be practical

It pays to start small and to focus on AI applications in areas with clear benefits and easily managed risks. A simple, stand-alone, generative AI service like Textio, eduME or Druid might be a good place to start. BAG is also a low-cost option that can be adopted with minimal disruption to existing systems.

Once simple standalone systems have been mastered, HR managers can think about more ambitious integrations into development, recruitment and performance management.

Be resilient

Given the complexity and rapid change in AI, it's inevitable that some AI-driven projects will generate results that are unexpected or disappointing. It will be critical for HR managers to set realistic expectations, but also show resilience in adapting and making changes where necessary.

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