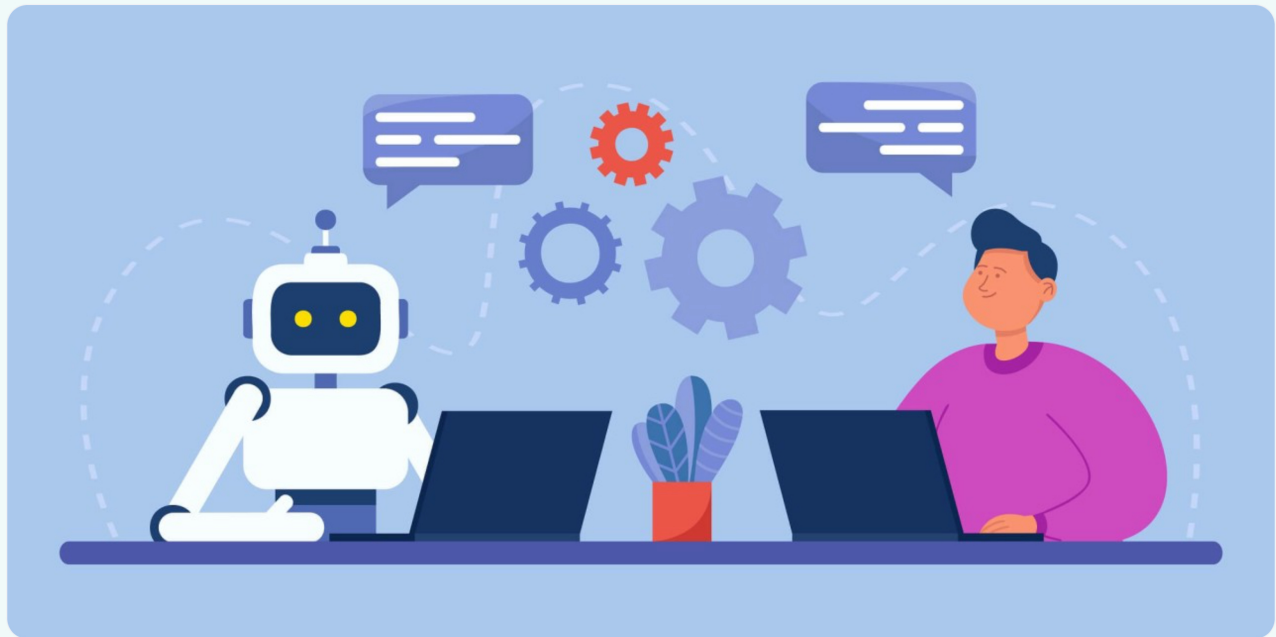


The Rise of AI For Leaders Who Are Tired Of Traditional HR

How AI is helping to fuel the transformation of traditional HR into People & Culture



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AI

Introduction

In the words of Bob Dylan, one of my favorite musicians, the times they are a-changin'.

ChatGPT exploded onto the scene in 2022. But unlike the crypto-craze back in 2008, generative AI is being adopted by the masses. It's no longer just for elite teams at large tech companies or esoteric conversations at research labs or universities. Everyone and their grandmother are starting to use complex AI tools like ChatGPT – whether they realize it or not.

While generative AI is the most recent (and the most hyped) type of AI to hit the newsstands, we shouldn't confuse it as the only form of AI. For example, autocorrect when we write text messages is AI. So are the 'suggested items' when shopping on websites like Amazon. In fact, AI has become so intertwined in our daily lives that we'll never go back to "the old days".

The booming interest in AI tech is fuelling a transformation in business. It's no longer a question of IF you need to use AI (you already are), but how well will you leverage it to improve your business. There is an opportunity for early adopting companies to make bold leaps ahead of their competitors. We're at the beginning of the major wave in how we work and live – like the

their competitors. We're at the beginning of the major wave in how we work and live - like the dot.com boom, smart phones, or the invention of the printing press.

So what does this mean for HR?

The unavoidable burden of HR administration

HR and paperwork are almost synonymous. This is largely because traditional HR sits within organizations as an administrative function. But the HR landscape has been steering focus last few years towards People & Culture; with COVID-19 as a catalyst.

People & Culture aims to be a strategic partner to leadership. This is achieved by:

- creating culture and training programs to improve retention
- hiring practices that set a business up to scale
- assisting in compliance to minimize legal issues
- Streamlining communication for better employee and candidate experiences

Yet, even with this new focus, HR's impact is still often limited because they are stuck heads down in administrative work. AI is helping HR teams remove the burden of paperwork and admin while giving leaders more time to focus on their teams. Who wants to sort documents when they could be improving culture and stabilizing their team's work balance while simultaneously increasing efficiency?

Human bias despite our best DEI efforts

We're all human, and - despite our best efforts - bias often creeps into our HR practices.

One notable study conducted by the National Bureau of Economic Research highlighted that resumes with white-sounding names received 50% more callbacks for interviews than other names, indicating prevalent unconscious bias in hiring processes (Bertrand & Mullainathan, 2004).

Additionally, recruiters often find a formula they lean on to increase their chances of a successful hire - which may not allow for or find outliers that could prove to be an excellent fit.

We also may see bias when it comes time to promotions. It's impossible for humans to remove personal relationships entirely from these kinds of decisions.

But AI can help here.

AI and machine learning can help reduce the chance of favoritism by providing a more objective evaluation of an employee's performance, helping us place the right hires into the right roles. All of this is good for business, and even better for those who deserve a fair shot based on what they have to offer.

Why leaders at small companies get the short straw

Most companies don't hire an HR leader until they reach around 25-50 employees. Software startups may even wait until they're at twice that size, according to data from PayScale. So how do small companies typically manage HR?

One common scenario is that HR responsibilities are distributed among members of the leadership team - on top of their already busy workload. This means the team is constantly debating whether or not to focus on strategic projects that will grow the company, or the work best handled by HR. Alternatively, HR may be outsourced. This can be costly, eating into an already tight budget.

Another scenario is that HR is all but ignored. Many small employers simply manage their

Another scenario is that HR is all but ignored. Many small employers simply manage offer letters, basic employee data, ad hoc onboarding, and maybe some basic compliance like First Aid training. Only once a company is faced with a lawsuit does HR become important.

AI and machine learning can unlock an unprecedented efficiency for small businesses, giving leaders the tools to deliver great HR, without breaking the bank.

The Rise of AI in HR

Imagine giving your team personalized course recommendations based on individual performance reviews or receiving unbiased summaries of hundreds of CVs with just a few clicks. What used to take hours, will now only take minutes.

While these specific tools are new, the trends aren't. A 2017 Korn Ferry survey of nearly 800 talent acquisition professionals found 55% believed AI had already changed the way their organization recruits. The majority said the changes have been positive, increasing the quality of candidates and hires.

And a 2018 analysis by McKinsey estimated that 56% of all hire-to-retain tasks could be automated with current technologies.

These surveys were a half-decade ago. If your organization hasn't thought about implementing AI into HR, it's time to start.

Two major areas to consider are talent acquisition and talent management.

Talent acquisition

Talent can be one of your most strategic levers to growth, but it's often rushed due to its labor-intensive nature. It's not easy - or fun - to find and hire great talent. So much of recruiting comes down to a workflow and system. This can easily be automated, giving you higher-quality candidates, and more time to set them up for success.

- **Find the best candidates:** Beyond a simple search for key terms, ML algorithms learn synonymous words that are commonly used in resumes; often called semantic AI. AI tools can understand the context of words and phrases beyond a simple match of keywords. This means you'll see more of the right candidates and less of the wrong candidates.
- **Remove subjectivity:** AI can help overcome subjectivity by gathering data from previous employees in similar roles and preparing targeted questions for hiring managers. This provides greater focus on the candidate's skill set, more context on the nature of the job, and measures against similar roles in other organizations.
- **Increase recruiting efficacy:** By matching a specific offer with individual job and employee histories to calculate the odds of whether a candidate will accept. Leaders can work more strategically and seek to understand competitor trends so they can meet employee expectations and keep top talent.
- **Create individualized offers:** Evaluate your offer relative to the local market and listed salaries. This will give you a nuanced and strategic view into how roles should be banded.
- **Easier onboarding:** Automate delivery and receipt of necessary paperwork, company policies, and login information. AI can track which documents were read, capture electronic signatures once steps are completed, and remove the need for HR to follow up manually.
- **Shorten time to productivity:** AI-driven digital assistants can recommend job related-learning based on successful employees in similar roles, and offer relevant content such as books and journal articles.

Talent Management

Raise your hand if you or leaders at your company conduct performance reviews consistently.

Keep your hand raised if you think the performance reviews are impactful.

My guess is that only a very small handful of you still have your hands up.

The reality is that talent management is a critical piece to growing a company. It reduces turnover and operating costs. But all too often it's skipped in lieu of other competing priorities. And if it *is* done, it's simply to justify/deny a promotion, or 'tick a box' for HR.

What's more, one of the emerging nuances of work is the evolution of how job seekers and employees achieve career growth. In the distant past, workers often stayed with their employers for the entirety of their careers and grew from entry level roles into leadership. They "started in the mailroom, and worked their way into the boardroom." . With a faster moving economy, more frequent layoffs, and changes in access to education, employees are far more able to define their own career paths - sometimes with the same organization, but often with a new team. Some data indicates that millennial and Gen Z workers will switch jobs at least four times by the time they're 32 years old.

The cost to hire a new team member is roughly ⅓ of their annual salary. Providing meaningful career advancement opportunities increases the tenure of your employees, which ultimately reduces hiring your costs.

With all that said, talent management is one of those areas where AI won't do the work for you. Managing people takes nuance and emotional intelligence - something that AI won't be able to do for a long time, if ever. Instead, AI can take on the administrative burden of talent management, which enables leaders to focus more on empathy, coaching, and strategic planning.

- **Easier performance reviews:** AI can craft nuanced questions based on similar employee profiles like role, years of experience, compensation, and location. AI can then synthesize the review into a summary at either an individual or organizational level.
- **Tailored career development:** Employers can use AI to curate insights for to help employees map their career path, identify learning opportunities, and navigate skill gaps.
- **Understanding employee satisfaction:** Building a predictive model using a range of data points - like vacation and sick days taken, performance review summaries, manager performance, and more - to understand an employee's attitude towards their work and employer.

The Future of AI in HR: Vision 2033

In the next ten years, AI is expected to transform HR into a highly strategic, efficient, and data-driven force for organizational excellence. By 2033, it's predicted that AI will automate almost all administrative tasks in HR, freeing up you to focus solely on strategic initiatives that will have a measurable impact on your business.

Imagine a company that uses email or Slack, and a company that still uses fax. The first will be significantly more efficient than the latter. This is the difference between companies that adopt AI in HR compared to those that hold onto traditional practices.

The end result? Companies that adopt AI quickly have the opportunity to leapfrog their competitors who do not. The time is now to take advantage of the new wave of technological innovation. AI can unlock measurable growth in your company by making it easier than ever to build great teams, give them opportunities for meaningful careers, and more time to focus on the growth of your company.

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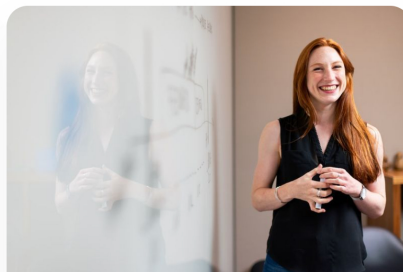
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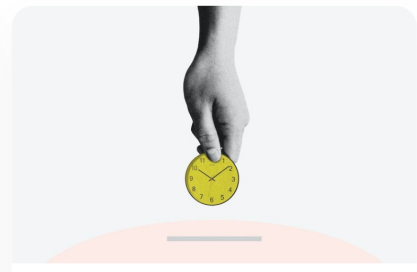
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