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The State of AI Readiness in Human Resources

Insights from Industry Leaders

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As of mid-2023, more than half of human resources professionals were exploring potential use cases and opportunities when it came to generative artificial intelligence.

But what does this mean for human resources (HR)? And what does it mean for businesses? Are we staring down the barrel of a loaded gun, or standing on the precipice of a new and golden age of business where tedium can be automated, leaving human beings to make the important decisions?

To answer this question, Stanton Chase London interviewed 15 human resources leaders, asking questions ranging from their own investment in AI to whether they think AI will displace workers. Their answers have been compiled in this white paper.

This white paper's main goal was to assess the current AI readiness of top HR leaders. It's important to note that this readiness is expected to evolve rapidly in the next 12 months.

The HR leaders interviewed have been kept anonymous, and so have the companies they work for, in order to enable them to answer as honestly as possible.

Executive Summary

The Current State of Artificial Intelligence in Human Resources

66% of CEOs believe that their HR departments can benefit from using AI.

52% of HR leaders aim to use AI for improving employee experience.

37% of HR leaders intend to utilize AI for reducing costs.

28% of HR leaders will apply AI to support learning and development.

56% of HR tasks can be automated with minimal process adjustments.

Top Human Resources Professionals Weigh in on Their Artificial Intelligence Readiness

1. Do HR leaders use generative AI/large language models at work or in their personal lives?

Eleven of the 15 HR leaders interviewed (73.3%) said that they were already using AI at work and in their personal lives. The ways AI was being utilized varied. Some were using it for content creation and translation, others for data analysis, employee service centers, and to improve customer experiences through things like automated replies.

On a personal level, some participants are cautiously exploring the potential of AI. One interviewee said, "I'm still testing out its reliability on both a professional and personal level." This sentiment resonates with many who are in the process of familiarizing themselves with this technology but are still hesitant to trust it. And rightfully so. Generative AI like ChatGPT has been known to "hallucinate" (a process that makes it fabricate information) 15% to 20% of the time.

Another participant also raised a valid point regarding the trickiness of investments in new AI software. They noted, "I have to admit that whenever we contemplate integrating an AI tool as an organization, I often find myself pondering the same question: whether we will be spending our money on the right tool or not. However, I'm always open to trying them out, hoping to be pleasantly surprised."

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2. How are HR leaders utilizing AI in their organizations?

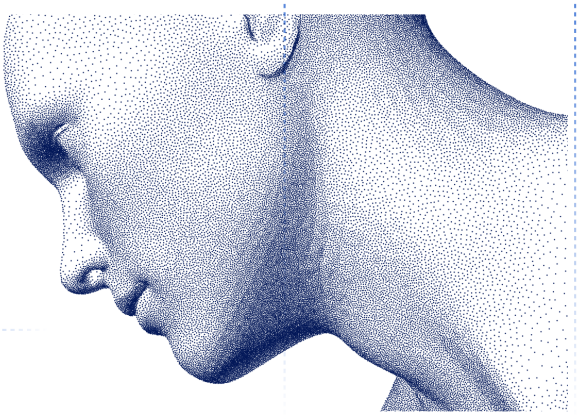
Naturally, we were interested in how AI was impacting the HR function. A small number of interviewees noted that their HR departments had already embraced generative AI, using it for tasks such as recruitment, employee assessments, storing and analyzing employee data and trends, and also to identify learning and growth opportunities. As one interviewee noted, "Algorithms and AI help enable us to recruit the right talent through set criteria."

Not all the participants were in favor of a fully AI-powered recruitment system, though. One said, "While we have explored the potential use of AI in interview processes, we have not found any tools compelling enough to replace the human touch entirely at any stage. Human interaction remains crucial in this domain."

Concerns about regulation, compliance, and security were also raised by one interviewee. They acknowledged the importance of these factors in deploying AI, demonstrating a growing awareness of the ethical and security aspects of technology adoption. This is a wise stance to take too, as more and more countries are contemplating regulating the use of AI and are concerned about the way it accesses data.

AI Regulations Around the World

United States	European Union	Canada	United Kingdom
The National AI Initiative Act (U.S. AI Act) *in force*	**The Artificial Intelligence Act (The AI Act)** *a proposed law*	**Artificial Intelligence and Data Act (AIDA)** *a proposed law*	**National AI Strategy** *published*
Local Law 144 (The AI Law) *in force*	**General Data Protection Regulation (GDPR), Article 22** *in force*		
The California Privacy Rights Act (CPRA) *in force*			



*as of January, 2023

But for some, the adoption of generative AI has already proven its worth. One interviewee mentioned, "We started using [AI] about 6 months ago and have a ChatGPT

API that creates a version of ChatGPT specifically for the company. It has already increased the productivity of our IT developers as well as our customer contact center employees."

The truth of the matter is that AI is what you make it. As one interviewee wisely said, "I find [generative AI] incredible. It's just the value of the information that you get. But as with any kind of system, the quality of what you get out of it is a function of how you query it." The need for skillful utilization of AI tools is greater than ever before.

3. What do HR leaders believe are the potential benefits and challenges of implementing AI in business and HR functions?

Overwhelmingly, the participants of our interviews agreed that the benefits of generative AI in the workforce outnumber the challenges.

The most-often mentioned benefit was the boost to efficiency and productivity that generative AI can bring. One respondent noted, "AI is a timesaving boon for repetitive tasks...employees find themselves more motivated to engage in value-added endeavors."

But generative AI won't just improve the experience for existing employees. It'll improve the experience for those applying to work at the organizations that use it, too. AI can significantly improve the candidate experience by providing tailored responses and feedback, as stated by another interviewee, "You can send a more tailor-made message...personalization is quite big in terms of what you can do with AI."

But the challenges are glaring too. Firstly, there's the challenge of using AI well. Employees and management are new to AI, because AI is new, which means that prompt engineering quality varies wildly from person to person and company to company. As one interviewee pointed out, "We have to use [generative AI] mindfully—garbage in, garbage out."

Another challenge is that human beings are inherently biased, and because AI is trained on human outputs, that means AI is inherently biased, too. Concerns about AI perpetuating biases in historical data were mentioned more than once, with one participant cautioning, "If you're not aware enough to be able to spot those (biases) and disaggregate, you would make decision that propagate those biases."

And, of course, the main challenge is finding the capital to invest in AI. One interviewee said, "You've obviously got to find the money to be able to do it—you've got to find the resources to deploy it."

4. Do HR leaders experience any resistance to AI implementation from employees?

Eleven out of the 15 HR leaders (73.3%) reported experiencing or anticipating resistance to AI implementation. Understanding and addressing this resistance is essential for the smooth integration of AI technologies.

One HR leader observed, "I have noticed that some organizations adopt AI tools merely for the sake of appearances, aiming to project a tech-driven and innovative image, even without a genuine need. However, when the implementation lacks a clear purpose and relies on top-down decision-making, AI acceptance can be slow."

Another respondent stressed framing AI as an opportunity, not a threat, stating, "It's all about whether AI is seen as a threat or an opportunity for employees, and we should present it as an opportunity."

The Benefits and Challenges of AI in HR

Benefits	Challenges
+ Improved efficiency and productivity	- The cost of implementation
+ Enhanced candidate and employee experiences	- Algorithmic biases
+ A reduction in low-value tasks	- Cybersecurity and data management

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HR leaders and executives in the C-suite will play a vital role in shaping employees' perceptions of AI and its benefits. Properly managed, organizations can transition to AI with minimal friction and resistance.

While most HR leaders predicted resistance, some took a more nuanced stance. One HR leader noted, "Resistance to AI depends on whether it enhances work and removes repetitive, low-value administrative tasks, enabling employees to focus on higher-value work."

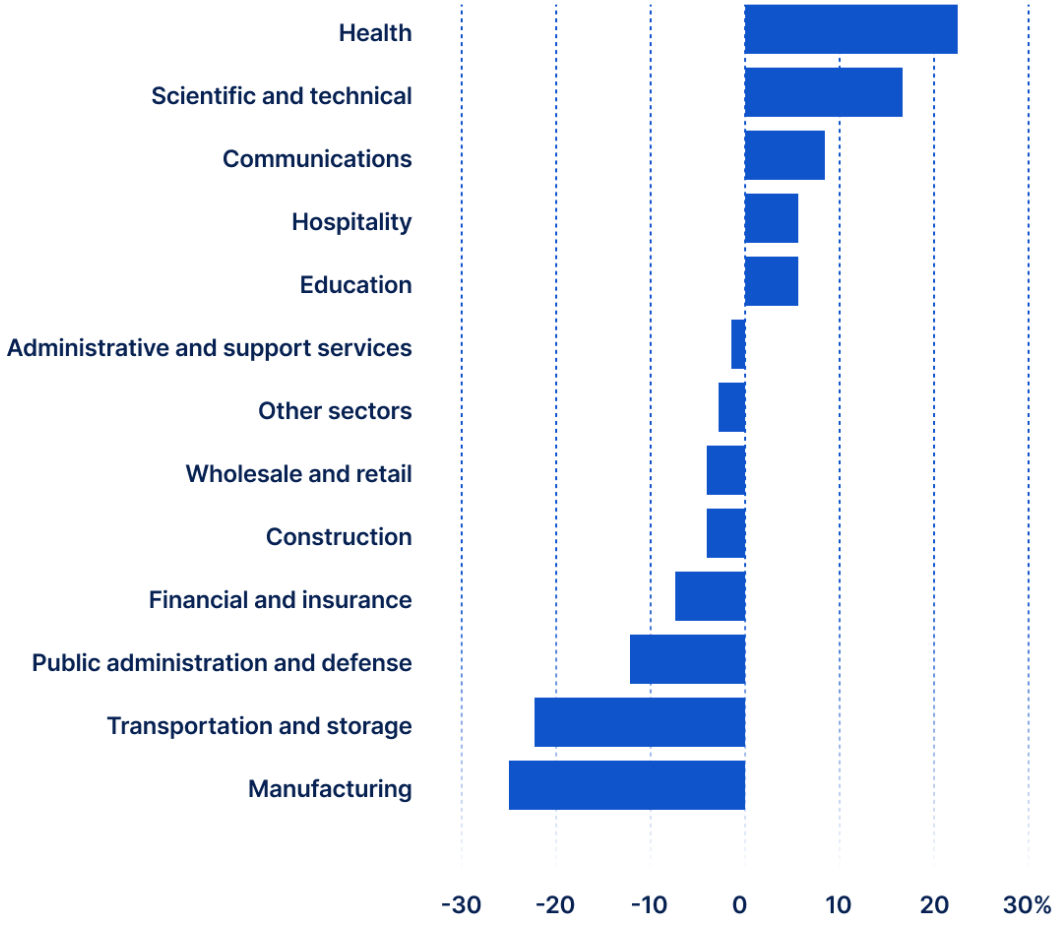
The nature and purpose of AI implementation significantly affect employee reactions. When AI enhances their work and aids in value-added tasks, resistance diminishes. But if employees perceive AI as a replacement for their roles, resistance is likely to rise.

5. Do HR leaders believe AI will lead to job losses or workforce restructuring?

The majority of the HR leaders we interviewed believe that AI will lead to job displacements. In fact, one interviewee even stated that they believed "80% of roles could be replaced by AI," while another emphasized that replacing human workers with AI would be a cost-saving measure too attractive for businesses to ignore. But, as one interviewee said, "AI is not a revolution, it's an evolution"—there are things companies can do to make the transition to AI smoother and less harmful to their employees.

How AI Could Drive Job Displacement and Job Creation

Estimated net job creation by industry sector, 2017-2037



Source: PwC and BBC | https://www.bbc.com/news/business-44849492

Another interviewee highlighted the potential for synergy between AI and human skills, stating, “We don’t envision job displacements because of AI in our organization. Instead, we envision roles transforming from creating tasks from scratch to primarily correcting and refining. With the aid of AI, initial drafts can be established, and then humans can contribute their unique emotional intelligence, empathy, and creativity to infuse a human touch.”

One interviewee emphasized the importance of reskilling to address job displacement, asserting that “even if jobs are replaced, people don’t have to be replaced.” This sentiment echoes a common theme among those who foresee AI-induced disruptions—education and adaptability will be key to mitigating these effects.

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One of the respondents we interviewed suggested that employees should take some responsibility for their own upskilling to avoid job displacement, rather than solely relying on their organizations for training. They emphasized, “You need to proactively upskill yourself and invest money in doing so; otherwise, you risk becoming obsolete in today’s environment.”

Some interviewees viewed AI-induced job displacement as an extension of existing workforce restructuring practices. After all, 2023 has witnessed mass layoffs, especially in the tech industry, across the globe, without AI being the primary driver. “We seem to manage [layoffs] with startling regularity ourselves, without any need for AI at the moment,” one interviewee said. The real issue here is employee security (or rather, employees feeling secure in their employment), and that is a problem far older than AI.

On the other hand, a few interviewees remained optimistic. They believe that AI could create new opportunities and transform the labor force. “More jobs will come from AI, too. Good jobs,” one interviewee affirmed.

6. How do HR leaders strike a balance between leveraging AI's capabilities while still maintaining the human touch and empathy in HR interactions?

The era of AI doesn't have to mean soulless workplaces, but preserving the soul and spirit as businesses increasingly automate requires finesse.

Many HR leaders we interviewed cautioned against HR and recruitment processes lacking the human touch, as they can demotivate candidates and employees, making them feel alienated. One interviewee described such processes: "In organizations where the recruitment process is faceless and devoid of human interaction, it's demotivating. It feels like the computer just says no. People have to be at the heart of recruitment and HR."

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Another respondent emphasized the need for human judgment alongside AI algorithms. "Before making decisions based on AI, human judgment should be involved in reviewing the data. Leveraging AI for efficiency and insights is valuable, but maintaining humanity in our processes is important. Fully automated processes without human involvement are risky," they said.

However, one respondent advised against idealizing the human touch. "Human beings have biases too. We're not purely objective machines either."

What Human Resources Departments Need to Know About Artificial Intelligence

We hope that by sharing insights from our recent interviews with 15 HR leaders, you've gained a better understanding of the current AI readiness in leading HR departments.

Through these interviews, it has also become clear that in order to make the transition to AI-empowered HR, organizations need to:

- **Understand AI and its applications:** Before crafting an AI strategy, HR leaders need to familiarize themselves with AI, its potential applications, and identify specific areas where AI can add value in their department, for example, in recruitment and workforce analytics.
- **Develop a clear strategy:** Once HR leaders feel they know how best to use AI in their department, they need to decide on an implementation plan, a timeline for implementation, and how they'll be measuring and tracking expected outcomes.
- **Implement change management:** To avoid employee resistance, HR leaders need to transparently and empathetically communicate the reason for the change, involve employees in the decision-making process and roll-out, and address any of their concerns.
- **Improve data management:** AI is only as good as the data it is trained on. If you envision using AI that is trained on your workforce's data, for example, for workforce analytics, you need to ensure your data is up-to-date and accurate. To achieve this, invest some time in data maintenance and data cleaning.

- **Start upskilling and reskilling employees:** To avoid job displacements as far as possible, to reduce employee resistance, and to ensure you're getting the most out of your AI investment, you need to start upskilling and reskilling your employees to use and contribute to the AI as soon as you decide that you want to implement it. It's never too early to start offering AI-related learning and development programs.
- **Choose vendors wisely:** AI can be an expensive investment. To make it a less risky one, it's important to thoroughly vet your potential vendors. Ask yourself how their AI is trained and on what data (they should provide this information when you ask), what they're doing to combat AI bias, what their scalability looks like, what their data security looks like, and what their integration capabilities are.
- **Ensure security and compliance:** Cybercriminals are getting smarter, and cyberattacks are getting more common. It's important to ensure that your AI solutions comply with data protection regulations (e.g., GDPR, CCPA) and that security measures are in place to safeguard sensitive HR data.
- **Remember the human touch:** As many of our interviewees pointed out, the human touch in HR is absolutely essential. You work with human worries, ambitions, emotions, strengths, and weaknesses. AI can't grasp the essence of being human, so it can't meet all our human needs. It's important to ensure that, even with AI integration, employees still feel they have a human ally they can approach, talk to, and seek assistance from.

While AI will undoubtedly transform how we work and how organizations operate in the future, it's crucial to start preparing your organization for success now. You need forward-thinking leadership.

Yet, truly exceptional HR leaders are rare. Finding them is a tougher challenge than beating AI at chess. That's where human resources executive search firms like Stanton Chase come into play.

Our consultants are always at your service, whether you need executive search, executive assessment, or succession planning to safeguard the success of your AI strategy. Click here to reach out.

About the authors

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Burcu Miles is a Partner at Stanton Chase London. She specializes in the Life Sciences and Healthcare and Consumer Products and Services sectors. With the advent of widespread AI, she has developed a keen interest in assisting companies with change management and AI implementation while identifying top leadership talent to lead AI integration, especially in human resources. In the past, Burcu held positions with prominent healthcare companies such as General Electric, Merck & Co., and Schering-Plough, serving diverse regions, including the US, Europe, and emerging markets. Her extensive background encompasses 15 years of experience in human resources leadership roles.

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