Course Name: AI in Human Resource Management

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Week- 06

Lecture- 19

Lecture 19: AI-Augmented HRM

Hello, learners. Welcome back to the course on AI in human resource management. Today, we start with a new module, one that looks into innovation and HR specifically. And within that, I will focus on one distinguished topic: AI-augmented HRM. We will look into that.

In greater detail, I'm Dr. Abraham Cyril Issac. I'm an assistant professor at the School of Business, Indian Institute of Technology, Guwahati. Now, before venturing into the session, I would like to clarify that when you examine AI in the field of human resource management, in Module 1 itself, I introduced you to what AI and HRM would be. But I also introduced some concepts like HRIS, Human Resource Information System, or eHRM.

These are different aspects. You must clearly understand the nuances of each significant dimension of technology in HRM. So don't assume these are AI in HRM. For example, eHRM is a completely different concept.

There are some, you know, underlying connections that I agree with, but that said, we will try to distinguish each and every single concept and try to understand each of them. independently and later in a collective manner. So that would be one of the biggest agendas for today's session and the coming modules specifically. Now, when you look into AI-augmented HRM or what is also called HRM AI. HRM AI is defined as the ability of HR to connect with existing BI, business intelligence systems, and use these AI technologies to process data and support critical decision-making, leading to positive operational, relational, and transformational outcomes.

Let's understand it more clearly. Now, when you talk about HRM AI specifically or AI-augmented HRM for that matter, AI is something that has come as a successor of business intelligence, I would say. When you look into business intelligence, it has always been there. But when it has come out in an artificial or not a natural way, it would be understood or it could be comprehended as HRM AI. When you look into business intelligence per se, because this is something that has triggered the discussion here.

A BI system actually refers to the processes and methods, please note, that help decision-making using fact-based support systems. So when you look into, you know, aspects like, you know, HRM AI, it is to be understood as the ability of HR to connect with existing BI systems. and use these AI technologies to process data. So when you look into HRM AI, it can be defined with two main points: first, for AI to succeed in HRM, it must be deeply integrated into the existing business intelligence systems, which help simplify intelligent applications. Second would be that building and applying AI from scratch without a BI system can be costly and very complex. A strong BI system is needed to successfully embed HRM AI technologies. So this is what we understand with respect to the AI-augmented HRM.

So a strong EHRM, which I introduced to you in the previous module, or HRIS system, can actually make it easier for companies to adopt HRM. So please note, when you're looking into HRM AI, Things like EHRM and HRIS, which I mentioned but will clarify now, will actually be a precursor. for organizations that are going to adopt HRM AI. For example, artificial neural networks can be used for workforce planning.

It's a classic example of AI-augmented HRM or HRM AI specifically. Now, we have introduced you to the concepts of eHRM, HRIS, and HRM AI. Let's understand it by dissecting it into different dimensions, such as objectives, nature, technological base, impact, etc. Now, when you look into the objectives specifically, that clarifies everything. In fact, the focus is on improving HRM strategy and efficiency and helping with employee and client management.

So EHRM's objective is to enhance efficiency. Whereas when you look into something like an HR information system, which is quite prominent these days, it provides

high-quality information to HR and management. HR gains a competitive edge. Again, if rudely put, I can say HR must focus on efficiency. HRIS is all about high-quality info, or let's say more of an effectiveness angle.

Now when you look into HRM AI or augmented HRM basically with respect to AI, it uses data and AI tools for better decision making in HR. It certainly improves HR specific operational, relational and transformational outcomes. So please note, When you're looking into HRM AI, it is more of a need in decision making. So these are the critical differences with respect to or vis-a-vis the objectives.

When you look into the nature as such, EHRM deals with operations, it supports HR functions and transformation. When you look into HRIS for that matter, these are all about systems, you know, HRIS, systems and technologies that help HR track and manage, but HRMAI use of the latest tech, AI, IoT, or whatever is the latest upcoming technology to enhance HRM. So, more or less, the synonymity comes here, but again, I've established the differences. When you look into the technological base, EHRM is more of a web-based tool for employee self-service and strategic HR choices, whereas HRIS is all about data, databases.

It uses databases, apps, softwares to collect and manage data, whereas HRM AI, in that case, relies on advanced BI systems for handling data from various sources. Now, when you look into the impact, let's understand from the impact point of view, specifically EHRM is all about helping cross organizational boundaries and managing HR information effectively. Whereas you look into HRIS, it improves HR reports. So when one is all about the cross-functional organizational boundaries, this is about, you know, the managing the data or improving HR reports, shifting the focus from more of operational to more of strategic HR or long-term perspective. Whereas HRM AI, on the other hand, enhances, again, the key word would be decision-making, HR decision-making with AI.

It improves HR service quality and definitely the efficiency altogether. Now, let's look into a complex conceptual understanding of For HRM AI, it looks complex, but I'll try to break it down. Please stay with me. When you look into HRM, you'll see that there are

different conceptual parameters, be it human resource planning, strategic HR planning, performance management, recruitment, development, training and development, employment relations, compensation management, etc.

So anybody who has a certain background in HRM will certainly know this. When you're looking into AI technology, this is what the focus would be. You look into expert systems, aspects related to data mining, knowledge discovery, big data analytics, specifically OCR and intelligent robots, other aspects like face recognition, NLP, visual scanning systems, voice interaction, BP neural networks are there. So basically, when you look into this model, It illustrates how different AI technologies can be integrated with various HR functions to form a comprehensive AI HRM system.

So these lines between HR functions and AI technologies, which actually make it more complex or perception-wise, look more complex. It is actually these lines between HR functions and AI technologies that show that AI methods can be applied to specific HR areas. For example, let's say strategic HR planning. Strategic HR planning is linked to expert systems.

These lines are linked to expert systems, data mining, and knowledge discovery, indicating that AI can support HR planning through data analysis. Decision support, so the relationship between AI technologies and resulting AI HRM systems suggests how the combined use of AI transforms traditional HR processes into, let's say, intelligent automated systems and basically improves decision-making efficiency and personalization in HR management. So, you look at this AI HRM system. The result of the combination of HRM and AI—this is actually the crux of the course. You see, you understand that there are certain possibilities of intelligent decision assistance systems, right? Again, the word 'assistance' is clear.

You are not allowing the AI to solely or fully make the decision, nor are you there to reach the point where you can actually take the human element out of the picture, which we have already seen in the previous module. We will also have, you know, in the future—definitely—we are already in the evolution stage of intelligent evaluation

systems. We certainly have human-machine interactive systems. We have intelligent training systems.

We have consultant systems. We have intelligent incentive systems. So, these... This particular slide certainly underscores the conceptual model for HRM AI. In fact, you have to understand this as a combination of HRM and AI technology.

So when you talk about AI in human resource management, the left-hand side from strategic HR planning, performance management, be it recruitment, be it training, all these are essential functions of human resource management. But that said, when you integrate this with AI technology, you'll see that this AI HRM system is what is the output or is what is governing the human resource management system totally today. It could be the intelligent decision assistance system. Again, I would like to underscore the assistant word here. Or maybe intelligent evaluation systems or whatever we see different combinations of HRM and AI technology.

We see that these are the life force power. that are driving the human and human resource management and the artificial intelligence segment, the integration of both. When you look into the conceptual model for AI, you have to understand that this model illustrates how different AI technologies can be integrated with various HR functions as we have already understood. Specifically, The lines between HR functions and AI technologies can be applied to specific, very specific areas altogether.

Now, when you look into the conceptual model, you have to understand a multi-level framework exists for the development of HRM. And we are trying to make you underscore this particular multi-level framework. So when we talk about this multi-level framework for development of HRM AI, we see that organizational performance can be at the top level. But when you start from the basic evolution, it starts with the contextual level. So when you talk about the entire development of HRM AI altogether, you have to start from the basics.

This framework... Essentially, it is divided into five levels, and you can see the various dimensions that illustrate how HRM can be enhanced through artificial intelligence and other strategies to improve overall organizational performance. So if you are more

interested in reading about this and want to know more, I would definitely suggest you refer to Prikshat et al. 2023. Read the research paper. You'll get a better idea about this multi-level framework.

I would definitely thank them for developing this particular framework. Let's understand this. When you look at the contextual level, it is essentially about researching HRM and AI. It doesn't just mean studying how AI is used in HR. You know, to do meaningful research, it's important to select the right methods and theories.

We know about that. Whoever is a researcher here will definitely agree with that. When doing research, it's common to borrow theories from other fields. That said, it's crucial to also contribute new insights back to those fields. So choosing the right research method and design is essential to stay within the established guidelines.

So at the foundation of the contextual level, the framework highlights the theories, the methods, and the samples. Specifically, required for developing and understanding HRM strategies. So when you look into the specific theories, you'll see that it discusses how HRM research can benefit from combining ideas from both technical innovation and technology. psychology, for that matter.

So this is what the theory suggests, or this is the basic intention of the theory here. So you look into different theories. Let me take some examples, like the Technology Acceptance Model (TAM), the Theory of Reasoned Action, or, for that matter, the Technology-Organization-Environment framework, the Innovation Diffusion Theory (IDT), or maybe the Theory of Assimilation Innovation. So all these theories help researchers better understand how AI is used in HR and how people react to it. At least it forms a theoretical hook to initiate the understanding of AI in HR management.

When you look specifically into research methods, you will see that most HRM and AI research methods have used critical reviews, quantitative methods, and experimental designs. However, there are very few qualitative or mixed-method studies. So this is a gap in the research because qualitative and mixed-method approaches could provide deeper insights into how AI impacts HR, especially since HR practices differ across countries and industries. Another possibility is the selection of samples.

Most HRM AI research is focused on developed countries, especially if you look into, you know, US with little from Asia or Africa, for that matter, or Western Europe. There's also a lack of studies on specific industries. Let's say limiting understanding of AI's impact on sectors like maybe finance or health care, for that matter. So this research. This typically hinders the progress in addressing unique challenges such as skill gaps and job redesign.

When you talk about the specific strategies, you have to look into three key areas. So, you know, at organizational level, we are moving to organization. We have seen what is more significant with respect to the contextual level would be the theory, would be the research that is happening or how you go for the sampling, all these things essentially. Now, when you look into the organizational level, the three key areas needed for AI adoption in HRM inevitably would be the AI HRM strategy. the AI-oriented culture, and the organizational facilitators.

Let's look into that in greater detail. Now, there are two types of alignment specifically when you talk about AI HRM strategy, which is the strategic alignment and the operational integration. So, I've talked comprehensively about strategic alignment in previous modules. It is what links the organizational business goals with HRM's AI strategy, showing how AI supports business needs. When you talk about the operational integration, it connects HRM systems, let's say, like data hubs with the company's overall data infrastructure, like cloud storage.

So when you look into AI-oriented culture, for that matter, it is more about the mindset. The mindset of employees and leaders toward AI is very critical for the adoption of AI in HRM. So in organizations... Culture must be supportive of AI for successful integration. When you look into organizational facilitators as a third important area, we understand that leadership and management play a very vital role.

By providing necessary support, training, and communication about AI projects to ensure smooth implementation altogether. So the existing technology, infrastructure, and support systems are also critical for the success of the same. Now we move to the third level, which is the HRM reconfiguration level. When you look into HRM reconfiguration, it is

clear that AI can enhance various HRM functions. So let's understand this based on different technique identification and some of the assimilation processes.

So when you look into AI techniques, certainly the identification of the same. A mix of AI techniques could be something like data mining for employee selection. It could be intelligent agents for career development or information extraction for recruitment, for that matter. So all these are typical AI techniques that can be utilized. So using these multiple AI techniques ensures that HRM tasks are handled efficiently across the board.

When you look into the assimilation process, it is about integrating AI into HRM and using it straightforwardly because it involves several stages, including diffusion, routine use, or even to a certain extent, further expansion. So, understanding this process typically, I would say, helps organizations fully adopt AI in HR functions. Then you have the third one: the ethical principles. When you talk about AI, you have to talk about ethics or the ethical principles. So, AI adoption also brings ethical challenges such as data privacy, fairness, and decision-making.

So, organizations need clear ethical guidelines to address these concerns and certainly to define stakeholder responsibilities. When we move to the next level, we have the HRM consequences level. So, consequences are critical, but they should be understood from different dimensions that can be categorized into It discusses what AI integration in HRM would actually lead to. And let's start with operational. Operational refers to how AI significantly impacts the efficiency and effectiveness of HR tasks.

So, AI-driven HRM can improve productivity. It can reduce costs, enhance safety, and improve HR service quality through speed and accuracy. So, it helps streamline operations, leading to overall performance improvement. When you look into the relational angle, we'll see that the relational consequences highlight how AI influences relationships within the organization, particularly between, let's say, HR and employees or managers. AI can empower individuals to handle HR tasks independently, improving response times and, to a certain extent, service levels.

So it can improve. It also builds trust by making HR processes more transparent, strengthening relationships and HR's credibility. Now, the most critical and difficult one

would be the transformational aspect, but it would be the beauty of integrating AI and HRM. AI transforms HR from a basic support function into a strategic role altogether. So AI enhances HR.

Typically, if you ask me, the organization's capacity to analyze large data sets allows HR to focus more on strategic decision-making. It can also standardize HR processes globally, improving coordination and strategic alignment across different units of the organization. When you come to the next level, which is the organizational outcome level, we see that it has three key organizational outcomes. One is human capital. Another is the motivation it can provide.

And three is retention. When you look into human capital, we see it's all about the skills, knowledge, and ability of the employee, etc. We talk about motivation. We have factors, let's say, like job satisfaction, commitment to the organization, and even teamwork to a certain extent. We talk about retention.

We have the percentage of employees who can stay long-term. So, what we understand here is that the interaction between human capital, motivation, and retention can certainly influence both operational and financial results. Let's take an example and understand this. A skilled workforce actually boosts performance. There's no doubt about it.

Motivated employees enhance work quality. Again, no denying the fact. And high retention prevents productivity losses. This is again a fact. Period. Thus, we believe that the interplay of these factors will certainly impact overall HRM outcomes.

So, at the top of the framework is what we understand as organizational performance, whereby we certainly see that this organizational performance is very critical. We believe the interplay of these factors will impact the overall HRM outcome. So, what is at the top is the organizational performance, which certainly represents the ultimate goal. This is what we are all trying—why we are, if you are supposedly being questioned, why you want to integrate, why you want to take all the headache. Integrating AI into HRM, organizational performance is the one key answer for that question, which represents the ultimate goal. So, this includes both operational—it could be day-to-day functions—and financial profitability and cost-efficiency outcomes. All activities at lower levels in the

framework contribute to these particular performance goals. So, this is what is exactly happening with respect to the multi-level framework for the development of HRM AI.

Now let's understand the application of HRM AI. So we in this course while developing this course. As it's an evolving course, you will not find a full-fledged textbook related to the topic. But what I've specifically done is I've taken some of the content from the research papers, evolving research thoughts, thought processes, empirical investigations, so that you get to see what is happening. So maybe maybe five years down and I hope you are pretty much aware about how your textbooks are made.

You know, five, six years down the line, when all the studies get consolidated, they get transformed to a textbook. So this is how the textbooks are generally made. But today, what you're getting is more of a real time research approach. output that is going on and I'm trying to bring that to you so that, you know, when you're talking about something as critical as AI in HRM, there is always a possibility that tomorrow it may get evolved, tomorrow it may get refined or redefined for that matter. So, let's understand it from a real-time perspective rather than dwelling into some old content.

So, when you look into specifically AI in HRM, we see this multi-level framework where different levels, ultimately contributing to what we understand as the ultimate goal, which is organizational performance. Now when you look into this HRM AI, We have to understand it from the application point of view. Again, I would like to bring all the key functions of HRM.

If you have not gone through that, I will ask you to revise it again. We have training and development. We have recruitment and selection. We have some processes with respect to pre-hiring, post-hiring, and even performance management has greater ramification in the human resource management domain altogether. We have the talent management and reward management also.

Let's look into this application of HRM AI in these functional modules. When you talk about training and development, we have to understand that there are certain critical aspects or critical softwares or critical platforms which actually deal with it. Pandora. for crisis decision-making, AI's assistance in reskilling and upskilling. So when you talk

about training and development, HRM algorithm is there for decision-making, for training that is still there relevant in industry in today's world.

We talk about recruitment and selection. We have critical aspects of benchmarking system in AI-based recruitment. We have you know, expert systems for selection process. If you ask me, there are data mining to be done to improve the personnel selection.

You have the AID, artificial intelligent design framework. You have the algorithm for recruitment and selection. Again, pretty much deeper and maximize or greater research is going on with respect to the application of HRM AI with respect to recruitment and selection. When you look into pre-hiring, I've already introduced you to chat boards using NLP capabilities for communication and engagement. You have some deep learning neural network for text classification and matching for person-job organization fit, which we have discussed in the third module specifically.

We have the predictive analytics for predicting the time taken to fill a particular position. When you talk about performance management for that matter, you have designing fair AI for performance management. So applicability of data mining and performance management, you have the options of comparative longitudinal analysis of employee performance over time using data analysis. When you talk about talent and reward. specifically I will talk about talent management you have the options of data mining for enhancing human capital let's say you have talent analytics

You have talent analytics for talent management. You have fussy logic for gap reduction between the desired level of capabilities and the existing capabilities of HR professionals. You have digital transformation of talent management. Talk about reward management. Again, I have to bring in fussy logic or artificial neural networks that generally aids in talent and specifically reward management altogether.

When we talk about, let's say, something with respect to the retention aspect, you will see that there are certain specific functions of employee upskilling and the future of work, which are also part of the applications of HRM AI. We talk about, let's say, job design, job evaluation, and even, to a certain extent, employee engagement. You see that AI, as an expert system, becomes very critical here. Manager alerts based on match scores

provided by neural networks for promotional alerts, chat boards using NLP-based machine learning for better employee performance. All these are some of the technologies running under the domain of job design and evaluation.

You talk about, let's say, something like workplace planning. You have machine and deep learning coming to your aid for workforce planning. You have soft computing coming to your aid for workforce planning. You certainly have evolutionary programming for the prediction of future demand and supply of labor. When you talk about one of the most critical aspects within an organization, it will be employee health and well-being.

We talk about that. You have specific applications engaging employee sentiment. We have... Typical applications with respect to online corporate reputation, branding, or brand management. You have concept mapping.

You have something like extracting meaning from themes, cognitive computing. All these aspects come under employee health and well-being. We also have some applications of HRM AI with respect to the critical employee turnover. AI for employee turnover risk calculating that we have seen in module 4. We have also observed that there are specific AI techniques for employee turnover prediction or applicability of data mining also something which clearly helps us in understanding the employee turnover with respect to the integration of AI.

Now let's understand one of the most critical aspects. So whenever I talk about AI, I do not shy away from talking the ethical considerations. See, when you talk about the ethical consideration, the first and foremost aspect inevitably, inconspicuously could be bias and fairness. AI systems have shown biases in decisions. We have seen this over the previous module, especially in areas like, let's say, hiring and promotion.

Let's take an example again and understand. See, AI used by companies like Amazon, which we have seen in the previous studies, we have touched upon that. exhibited bias against women so while other firms displayed bias against people of color so there is a possibility of bias and please remember those discussions where i said that ai models and ml are as good as the data it is trained on so whatever bias the data is having will be certainly reflected with respect to the ai system so ensuring fairness and reducing these

biases is a major ethical concern when you talk about let's say accountability aspect Accountability is all about determining who is responsible for the decisions made by AI. And that is very much challenging because AI driven decisions can lack the moral, the value based judgment that humans certainly apply.

So it raises questions about accountability. It particularly raises questions when decisions lead to negative outcomes for certain employee groups. Who is answerable for that? This is a very vital question. Now, another important aspect here would be trust in AI.

Now, the moment there are biases or issues with respect to accountability, you always have a trust problem or trust deficit in AI. There is a lack of trust in AI systems, especially regarding their transparency and reliability. So, to foster trust, what can you do? AI systems need to be more transparent about how they make decisions and reliable enough to behave as expected.

So, building both rational, cognitive, and emotional trust is critical. You talk about transparency; you talk about AI systems often operating as black boxes. Generally, this is what is brought into AI transparency, but many times, the practical understanding is that it operates as a black box. When you see AI systems often operating as black boxes where users technically don't understand how decisions are made.

So, transparency in AI's decision-making process is critical to ensure that users feel confident in the system's fairness and reliability. You talk about ethical considerations; we also have concerns with respect to legal and privacy issues. The use of AI raises legal concerns such as data protection, employment termination, or liability for workplace accidents caused by bots. To a certain extent, the overall protection of personal information. So, there is also a need for regulations around AI to ensure fairness and to prevent harm to employees.

We talk about equity, diversity, and inclusion. Early applications of AI have certainly shown us that they undermine EDI efforts by perpetuating biases. EDI is vital. Ensuring that AI systems promote equity and inclusion rather than reinforcing discriminatory practices is a key ethical consideration. When you talk about human-AI interaction, the

ethical responsibility of deciding which tasks should be delegated to AI versus humans is vital.

AI systems may perform well in mundane or repetitive tasks but struggle in complex human-centered situations, which can raise ethical concerns in decision-making. You also have typical considerations with respect to workplace impact. AI could potentially displace workers or cause changes in job roles, raising concerns over what we understand as occupational shocks. So, employees must be equipped with the right skills to navigate AI-driven changes, and organizations must ensure that AI systems do not harm job security or workplace fairness. When you talk about ethical considerations, you also have to talk about the challenges.

The first one clearly understood bias. AI algorithms actually used mainly in hiring, performance reviews, or even promotions can reflect biases from historical HR data, resulting in unfair decisions. So please note. Designing algorithms carefully and regularly monitoring them is essential and vital to ensure fairness and reduce bias to a great extent. You cannot fully do away with it.

That is my understanding. But you can certainly train in a way that ensures a certain level of fairness and reduces bias. When you talk about privacy concerns, you will see that AI systems that process employee data raise issues related to data collection, storage, and usage. So HR departments specifically must comply with data protection laws like what we have seen in Europe, the GDPR, General Data Protection Regulation. It should ensure transparency.

It should obtain employee consent, etc. We talk about the skill gap and resistance to change. We see that implementing AI in HR requires HR professionals to be trained in AI or using AI tools and interpreting their output. So, in addition to this, Employees may resist shifting from traditional HR practices to AI-driven ones.

Please note that inertia is a reality. People do not always, even if the organization is ready after pulling in a lot of resources, there might be a possibility that the individuals are not ready to change. This skill gap and resistance could also emerge as a challenge. We have a challenge in terms of the over-reliance. or over-validity on technology, excessive

dependence, certainly on AI for decision-making, can certainly lead to overlooking human intelligence or judgment or intuition for that matter, potentially missing important context that AI might not actually account for.

When you talk about job displacement and ethical employee practices, you will see that automating certain HR tasks could actually lead to job loss. So it is not that AI coming in will not have any job loss. This is the reality. But ethical considerations focus on retraining or redeploying affected employees and ensures AI adoption aligns with this fair employment practices. When you talk about the cost and resource consideration, please note that integrating AI into HRM can be very costly with respect to the initial cost requiring investments in technology, requiring investments in infrastructure, employee training, etc.

So organizations need to be carefully evaluate final and the financial impact and allocate resources appropriately. So it's important. to assess the return on investment ROI and ensure that the long-term viability of AI implementation in HRM is there. Now let's look into the important input from our part, the recommendations for implementing HRM AI. You know, specifically for HR professionals and practitioners, there is no further substitute other than investing in AI knowledge.

You know, HR professionals, what you're doing even today, now with this class, is what is all about investment in the AI knowledge. So HR professionals need to understand that AI's potential and limitations to make informed decisions and manage AI-based HR systems effectively. We talk about, you know, HR professionals and practitioners. You have to encourage innovation and learning, you know, foster a workplace culture that typically supports artificial intelligence experimentation, creativity, or even to a certain extent, continuous learning.

Please note that there are chances that you may fall in the beginning, but That does not give you a leeway to do not or not to accept the AI technology. Provide training and upskilling to help HR professionals integrate AI into their roles. We talk about the transparency and fairness factor. Please understand, implement AI systems that are transparent and free from bias with regular monitoring to detect any issue.

So clearly communicate the ethical guidelines governing AI used to build employee trust. When you talk about employees, there is need to raise AI awareness, specifically educate employees about the role of AI in HR processes, addressing concerns about job replacement, highlighting the collaborative nature. of human AI interaction. You talk about the training and support, help employees adapt to AI driven HR systems by providing training and encouraging them to develop skills and complement AI. You talk about open communication, create spaces where employees can share feedback, ask questions and voice concerns about AI in HR, actively address any issue to ensure a smooth transition.

For IT and data management teams, there are typical recommendations regarding data privacy, data systems, AI technologies, etc. When prioritizing data privacy and security, work closely with HR to establish strong data protection policies, ensuring compliance with privacy laws and safeguarding sensitive employee data. You can always explore integrating the data systems. Collaborate with HR to integrate data from various platforms, enabling smooth data flow and ensuring accuracy for AI analysis. There is a possibility to evaluate AI technologies, stay updated on AI advancements relevant to HR, continually assess their impact on HR processes, and ensure they align with company goals.

There are also some possibilities regarding legal and compliance teams. The recommendations would be to keep up with evolving AI-related legal and regulatory requirements, ensure compliance with laws, specifically around fairness, equality, and data privacy. Assess the legal and ethical implications of using AI in HR, addressing potential risks, such as bias, discrimination, or even privacy concerns to a certain extent. There could be collaboration specifically with HR and IT to create clear AI governance guidelines, ensuring ethical and legal standards are met. When discussing industry associations and policymakers, please note there is always a possibility to encourage industry groups, policymakers, or even stakeholders to share best practices, case studies, or insights on AI and HR from those who have implemented it.

There is a possibility to work together to create industry-wide standards for AI use in HR, ensuring responsible and effective deployment of AI technologies. Now, let's examine a

typical case study to provide a practical understanding of what has worked effectively and what has gone wrong regarding the AI-enabled chatbot. Let's understand the background. Please note, Hilton, a global hospitality giant, launched Connie, an AI-enabled chatbot named after the company's founder, Conrad Hilton. The primary goal of this AI-driven initiative was to enhance the employee experience by providing timely assistance and resolving HR-related concerns.

So specifically, Connie was designed using NLP, which allowed it to interpret and respond to various employee inquiries in real time. So when you talk about the implementation part, Once the background is understood, I think the implementation is what makes this case more interesting. Connie was integrated into Hilton's HR support system to streamline employee communication between employees and the HR department. So the chatbot was available 24/7, offering immediate responses to common queries like payroll issues, benefits information, or even simple aspects like leave policies.

So employees could simply type their questions, and Connie would deliver accurate, quick, and straightforward responses. Personalized responses—that is what made it more interesting. So the chatbot's core technology focused on NLP, allowing it to understand conversational language and provide meaningful answers, thus reducing response time and improving overall HR service delivery. When you talk about Hilton's AI-enabled chatbot, the outcomes specifically were three. It improved HR efficiency by automating routine inquiries.

The HR department was able to focus on more complex tasks, leaving simpler, mundane, repetitive queries to the chatbot. So this freed up HR professionals' time, allowing them to concentrate on higher-priority issues. It led to faster response times—employees no longer had to wait for HR personnel to be available, with significantly reduced wait times and enhanced service delivery. It also had, you know, instant reliable responses to their concerns, so employees reported higher levels of satisfaction. So the chatbot's efficiency increased.

Made it a convenient tool for HR-related issues, contributing to an overall positive work environment. When you look into the particular case, you'll also see that there were some critical challenges coming through the AI-enabled chatbot. Handling complex queries was one of them. The chatbot initially struggled to manage more nuanced or complicated HR issues that required deeper context. For example, complex questions about legal matters.

Our tailored employee benefits required ongoing AI training to improve its responses. There were personalization issues, as employees expected more personalized responses in certain scenarios, which proved challenging for the initial AI algorithms. This led to continuous refinement and the need for human backup support when the chatbot couldn't adequately address more complex concerns. It identified employee expectations as another particular challenge. Hilton faced the challenge of managing employee expectations regarding the chatbot's capabilities.

Many employees expected Connie to fully replace human interactions for HR queries. However, the chatbot was designed to assist—please note, not completely replace—HR personnel. There were also concerns and challenges regarding privacy and data security with AI implementation. Data privacy and security were major concerns. Employees needed to feel secure about their personal information being handled by AI systems, especially regarding sensitive HR matters like salaries or benefits.

So Hilton had to implement stringent security measures and transparency about data usage to build trust among staff and among the people involved with the organizations or the different stakeholders. Now, when you look into the insights, please note. This case study categorically gives us certain information, important information with respect to the AI chatbot usage, where you can do it right, where it is excellent, and what the different challenges are. Please note, there is always a need to balance automation and human interaction. While the chatbot could efficiently handle routine queries, human support remained very critical.

For more complex matters. So this highlights the need for AI to complement—and please note, not replace—human judgment in the HR processes. You also have some typical

aspects, not only balancing but also continuous improvement. What we call 'kaizen' in Japanese. Continuous improvement is the key.

Please note. AI systems require regular updates and ongoing refinement to adapt to changing employee needs. Hilton ensured that Connie's algorithms were continuously improved based on user feedback and the typical usage patterns. There were also some insights that we can gain with respect to the transparency that builds trust. To foster adoption and trust in the AI system, what Hilton did was emphasize that clear communication about how the chatbot used employee data and the safeguards in place to protect privacy so transparent policies on the data usage helped build trust among employees promoting broader adoption of the ai enabled system and finally ensuring that employees were aware of The chat boards limitations and benefits of training helped align their expectations.

So additionally, educating HR professionals on how to leverage the chat boards capabilities created a smoother workflow and efficient workflow and an effective workflow. So please note. This case study typically gives us a basic understanding of how and when to use AI chatbot, what could be the different benefits associated with that, what are the different challenges that can come in, and what are the different recommendations you can give in for the organization to improve it.

There is one thing I would certainly like to underscore. expectations are critical. Many a time, human beings expect on the basis of the person who is in charge. Let's say you talk about your organization, you talk about your role. Maybe you are looking for a promotion.

Maybe you are looking for an incentive. Maybe you are looking for a bonus or recognition from the organization. You are thinking that that it will come because X or Y or C for that matter is sitting in the chair or sitting as your boss or as your person who is a decision maker on your career. But that said, when you are putting in AI, you are bringing in technology, whether your expectations will be in sync with what is being delivered, this is critical.

This is where the problems are coming in. Please note, when you are looking into, we have just seen in the case study also, we have looked into those cases where the expectations are not matching. Most of the judgments which otherwise a human being would have been made in a different way. But that's not the way how AI went about it. So this is critical.

When you talk about implementation of AI in HRM, a whole lot of possible good things that you can talk about. I'm not telling this is negative, but these are some of the serious things we should take a note of. When you are attempting to implement AI in HRM specifically. Because there are always mismatch. There might be a possibility of mismatch between what you expect and what is being delivered.

Because AI would be trained in a different data. AI would be trained in a more of a holistic understanding with respect to the world. but you might have a difference of opinion. So this is where most of the issues arise. We'll come up with more details about AI in human resource management.

Till then, take care. See you in the next class. Bye-bye.