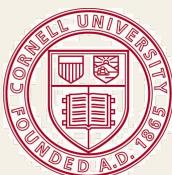


CAHRS Partners' Implementation of Artificial Intelligence

A CAHRS White Paper

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The ideas and uses for Artificial Intelligence (AI) are abundant, and each business is seemingly ripe for disruption, including HR. As the hype surrounding AI continues to be championed by popular press, we began our research in order to determine whether the press' biased view that AI was here and ready to implement was accurate. We found that in reality, AI programs were far behind the progress discussed, as the software was slower, more expensive, and there was a general lack of amalgamation throughout the industry. From there, we asked CAHRS partners to tell us where AI was used in their company, and how it helped them deliver HR differently. Our research focused on how AI technology will disrupt, change, or bolster the HR function, specifically in Talent Acquisition and Learning and Development (L&D) spaces.

We found our CAHRS partners dove into AI, and represented three key points along a spectrum of AI implementation. Of the 59 participants at 32 companies, 26% are Observers, 48% are Explorers, and 26% are Implementers. Observers were companies that did not believe AI fits with their strategy, and therefore do not intend to implement AI right now. Explorers are companies that have begun to actively explore AI through industry research, vendor exploration, and piloting AI and machine learning (ML) technologies. Implementers are companies that have either built in house or worked with an external vendor to implement an AI or machine learning technology. The CAHRS partners represented such a wide range along this spectrum because there are no best practices for AI implementation. However, each of our partners that leveraged AI understood the tool, while also understanding their business needs, people, and technology, which allowed them to utilize AI technology.

Observers

26%

Observers are companies that do not believe AI fits with their strategy, and therefore do not intend to implement AI. This categorization makes up 26% of our research participants. AI is not a strategy in itself; it is merely a tool that will help enable your strategy. These companies had many different reasons for choosing not to implement AI; however, several were more common than others. The first was that there was a comfort in rejecting the unknown, as our partners were "unsure of the proof of concept" and needed "to make sure information and standardization of data is up to speed." Others belonged to a "heavily regulated industry", and tended to be more risk averse, or were just now "moving to the cloud and Workday" and were therefore prioritizing other types of technology prior to looking to an AI solution. Lastly, others believed AI failed to align to their culture and workforce, noting "our people are not the ones who stand in line when an iPhone comes out" and recognizing "our culture does not quickly adapt to new technology." This is important, as the success of the technology relies on your employees' ability to engage with the technology, and therefore AI "needs to be authentic with the company's culture."

CAHRS Partners identified as "Observers"

While observing is an important part of this process, Observers must move to exploring. As the technology continues to rapidly grow and improve, it will become more affordable and more accessible, making the prohibiting factors Observers face decrease. This will allow Observers to make a use case, and move from observing to actively exploring AI. Due to the speed at which technology iterates, it is imperative to keep a pulse on AI, so you are not too late to the game. As a result, staying as an Observer is not an option, and we encourage Observers to move out of this box and explore.

Explorers

48%

Explorers are companies that have begun to actively explore utilizing AI and Machine Learning technologies through managing their data, doing their due diligence, and conducting pilots. This categorization makes up 48% of our research participants.

CAHRS Partners identified as "Explorers"

1 Data Management

Explorers are getting their data ready to utilize AI and ML algorithms to solve business problems and create a seamless employee experience. They are getting their data in order by:



- A. Centralizing data systems by moving to the cloud,
- B. Making sure relevant data is collected in a timely and consistent manner, and
- C. Ensuring that this clean and good data is stored in 'data structures' that can facilitate AI.

The data management piece is foundational for AI research to be pursued with intent and for pilots to take place.

A question CAHRS Partners have been asking us is what defines good, or good enough, data? Here is an apt response from one of our CAHRS Partner interviews that addresses this question:

“We will never get to a point where we have perfect data. Rarely is a solution/data perfectly accurate. Additionally, accuracy and timeliness go hand in hand. The question is, do we need something now? Can we wait two months and get it to 90% accuracy?”

That is a decision process that needs to take place and it is not a mature business perspective way of thinking.”

2

Research

The research component includes evaluating internal opportunities, AI technology research, and conducting external benchmarking to define a use case. Explorers are evaluating internal opportunities to utilize AI based on company strategy and capabilities, especially as it ties to talent skills and change readiness. The AI technology research is twofold. First, Explorers are getting up to speed and keeping up with technologies through interacting with vendors, universities, and in-house developers to understand what is possible. Second, it involves probing to ask various utilization and implementation questions, as well as speaking to various industry experts to cut through the hype to understand what is ready. The external benchmarking piece is essential in keeping a pulse on what competitors are doing through conferences and market research partners. The use cases are a combination of these research approaches to test out the right technology solution and to move your journey forward. It can also be influenced by what has most commonly persisted within the Talent Acquisition and L&D space.

Vendor Considerations

There are a number of AI HR vendor and product options. Based on what Explorers are doing, these are the items you should focus on to make it more meaningful for you.

Do you have a "Credible Seeker" who can conduct the product/vendor search and serve as your gatekeeper? This can be an internal or external partner who understands your needs and the technology. Who should this person be? Your trusted seeker should be able to assist you in answering the following questions:

- A. Will they survive? A large number of vendors in this space are start ups, so it's about ensuring that they will be around to assist you to achieve your strategic goals. Also, make sure you are familiar with the Terms and Conditions to understand risks and have contingency plans in place.
- B. Can they deliver? Does the vendor have the technology and service needed to deliver your solution? Explorers noted that some vendors state their product has an AI or ML component, but the intelligence piece is missing. This will involve pressure testing to ensure fulfillment.
- C. Are they a good fit? Are your systems compatible? Is this vendor and technology the right match for you to achieve your HR strategies and goals? And if needed, can your people have enough partnership support to pick up where this technology leaves off?

Pilots

3

Pilots enable the company to test out the proof of concept. Explorers are mainly breaking down this phase to evaluate vendor and technology fit, confirm that the systems are compatible, and make sure the user experience is the way it was envisioned. If the user engagement approach is changing, this is when Explorers are ironing out training needs. All of this enables building a case - a reason enough to make the investment.

By the end of the pilot, companies need to make key decisions - go, refine, or scrap. Therefore, the data management piece and doing your due diligence to test out what shows the best potential for you is crucial. It will enable you to learn quickly, pivot as needed, and to move towards enabling success.

Implementers

Implementers are companies that have either built in-house or worked with an external vendor to implement an AI or machine learning technology. This categorization makes up 26% of our research participants.

26%

CAHRS Partners
identified as
"Implementers"

What Has Been Implemented?

The companies we've talked to most commonly started implementing AI technology in the Talent Acquisition and L&D space. There is a noticeable shift in the way AI has enabled these functions to approach the work associated differently and even reimagine what outcomes can look like.

Talent Acquisition

Talent Acquisition, for an example, is about finding the best talent, yet this responsibility can be a time-consuming, lengthy process; from sourcing candidates, interviewing, extending an offer, waiting for a response to finally onboarding. A portion of this cycle AI aligns with is using a chatbot to conduct a search on online career platforms to find candidates that match a tagged criteria, then the chatbot proceeds with a preliminary interview. This initial interview has been beneficial because candidates feel more comfortable in asking questions they normally would not, simply because there is no human involvement on the other end, therefore no human judgement. Candidates get the sense that they were able to gain more information without the fear of appearing confused or unknowledgeable. Afterwards the chatbot shortlists the best potential candidates. This ultimately means a reallocation of time that is spent more meaningfully - recruiters can focus their time on the smaller group of final candidates and build a more personal rapport, resulting in a higher-touch experience.

Learning and Development (L&D)

One of L&D's purposes is to prepare employees for their next role by paving a path to a progression of jobs and providing supplemental learning materials and resources to help get them there. AI is able to curate learning material that is more relevant to an employee's interests, offering them their own sandbox to design their developmental experience. The technology is transformed into a learning guide that aids in curating vast, diverse information and delivering it to workers in a digestible, manageable way. In effect, employees have more freedom in career exploration because now they have enhanced capability to train themselves based on their individual career motivations. The emergent change for HR is that L&D is no longer the enforcer of content or pigeonholing what someone can learn, but these new features unleash the natural curiosity employees possess. Instead of using learning as just a means to meet compliance, this initiative can drive an organization to possess talent that reskills itself and is more adaptable to changing business trends.

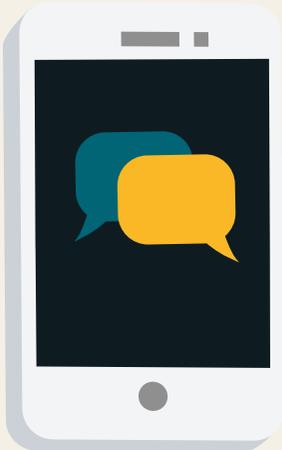


Implementation to Adoption

Becoming a successful Implementer is more than uploading the program

onto a computer or resolving any technical kinks in the back end. The triumph is in whether or not your people are adopting the technology and becoming fully-fledged users of what's been implemented. Those we've interviewed have remarked that the difficult part was not trying to figure out the machine: the hard part is people. Employees have apprehension or skepticism, or view using a new tool as one more thing they have to add on their to-do list, which bars them from embracing the advantages. So how does HR combat that?

True adoption takes place when:



- You have a product that is attractive and compelling. It's user friendly, and has features that are pertinent and helpful.
- You have pain points that the tool relieves. For instance, an employee has a question. They need it to be answered as quickly and accurately as possible so they can get back to their daily responsibilities, but pain is felt from the lag time and wasted effort it takes to get an answer. AI and ML products alleviate that.
- You have a deep understanding of the employee narrative (do not assume you know what the pain points are); what persists in employees' lives and the influences of their daily workflow.

True validation of adoption manifests when people celebrate the new offering. They celebrate it not because it's absolutely perfect, but rather it provides a meaningful solution.

Seamless Transitions

A motivator and goal of AI technology is to provide and achieve a quality consumer-grade experience. Implementers had to be mindful of delivering a uniform experience throughout the use cycle, where there's a seamless transition from the handoff between the technology and the technology provider. The recruiter is no longer the continuous thread, coming in and out of interactions a candidate has with the company. If the recruiter is not aware of what transpired between the candidate and a chatbot, duplicative efforts can be made when the recruiter re-engages, leading to an uneven, redundant experience for the candidate. There needs to be an awareness of and careful attention to these handoffs and how humans are reentering the process in order to maintain the purposeful pursuit of a premium customer experience.

Ultimate Goal of AI Technology

Organizations implement software and technology to achieve significant outcomes and improve current processes, yet there's a tendency to mirror software the way work is structured. The caveat: organizations are re-creating physical silos in software form, reinforcing each function to operate in matrices.

Use cases have been built to provide justification for implementing AI in specific areas such as Talent Acquisition and L&D, but the actualization of outcomes should not be done through disjointed means. The ultimate goal of implementing AI technology would be to execute it in a wholesome, integrated way. We've seen one company's example of creating one enterprise chatbot that can answer a whole host of questions across the functions and groups, while remaining in one system. There's a propensity to replicate past structures, and in being deliberate, one can reorient the business towards an approach that yields a seamless experience.

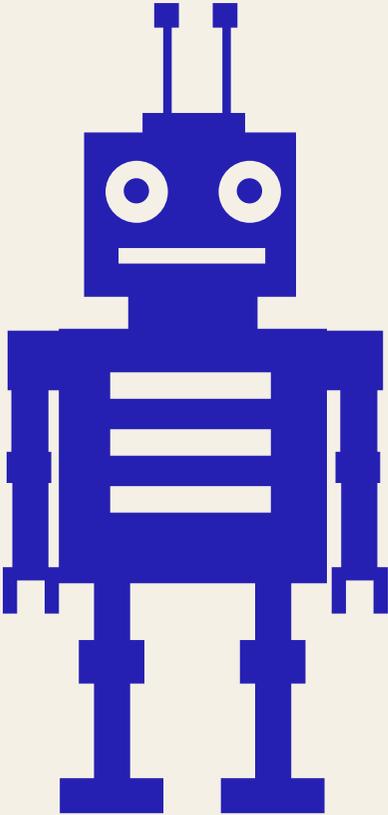
HR Lessons in Adoption

A critical impetus for the AI initiative is to create the best consumer-grade experience possible. HR plays an integral role due to the unique vantage

point it has on all of the different customer segments that exist in an organization. From leaders, different employee groups, external candidates and HR themselves – these various perspectives are associated with its own value proposition, which HR needs to resolve in a collaborative way that's optimal for the organization. In order to do this, incorporating the different voices in the early development stages of any AI initiative is needed.

Challenges That Exist in the AI Realm

- Consistency - Consistency of language spans beyond just foreign languages, it also refers to interpretation. If someone poses a question, it is not certain that there's a common understanding of what the "ask" really looks like. Definitions need to be educated throughout the enterprise to be utilized correctly. Tagging and sorting information has proven to be difficult due to word choice.
- Data Privacy and Collection - Data privacy and its regulation has not been sorted. Data collection is difficult because of the need for clean data, collecting good data at the right time in a standardized way and for it to come together so it can be accessible and usable.
- Global Considerations - Both consistency and data components have global variances stemming from regional laws and diverse cultural norms. Those we've interviewed have a global workforce, making it extremely difficult to manage the sheer volume of employees and all of the intricacies that come along with it. Having a system that is expansive enough to handle the large amounts of data is expensive and a tremendous feat to maintain.
- Breadth and Depth - Companies enable employees to drive their own experience, however a struggle our companies face is providing a level of customization that is scalable and applicable across all levels of employees and working groups.
- ROI and Funding - Funding will be a constant conversation of give and take due to a scarcity of resources. Justifying the costs and re-evaluating the investment are topics organizations will struggle with.
- Artificial Intelligence is no longer a hypothetical proposition or a topic to revisit in the distant future. Although AI programs may not be as far along as popular press has made it out to be, the Implementers we've researched have demonstrated that AI is indeed here in some shape or form, and its utility has significantly impacted their organization. Technology almost certainly improves over time; this also means the relationship between the company and AI will continuously evolve.



Takeaways and Final Thoughts

One needs to raise the question: where does this leave my organization and me in this new landscape? It comes down to two distinctions: pioneer or captive.

Are you going to be a pioneer that is going to explore what AI means for your organization? How, when, where this makes sense to apply, and essentially grapple with the same questions that Explorers and Implementers face? The alternative is being a captive, someone that is simply late to the game and is playing catch up. An unfortunate scenario is being stuck with second hand solutions, which do not solve the contextual problems that exist at an organization.

It's imperative to not forget the "human" in human resources. We still desire a personal interaction and this topic is more than just about an efficiency game. Instead it's exploring how we can complement and empower the human capability and improve the processes that surround it.

We have a tendency with technology to either fetishize it (imagine all of the best possible outcomes) or to fear it (shy away from it because of the unknown). As HR we have a responsibility to steward and shepherd our people to cut through the hype and show them what reality is; an honest assessment of the pros, the cons, and the actual output. In this new, vast area of artificial intelligence, HR serves as the bridge of understanding in order for people to reach new heights.

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