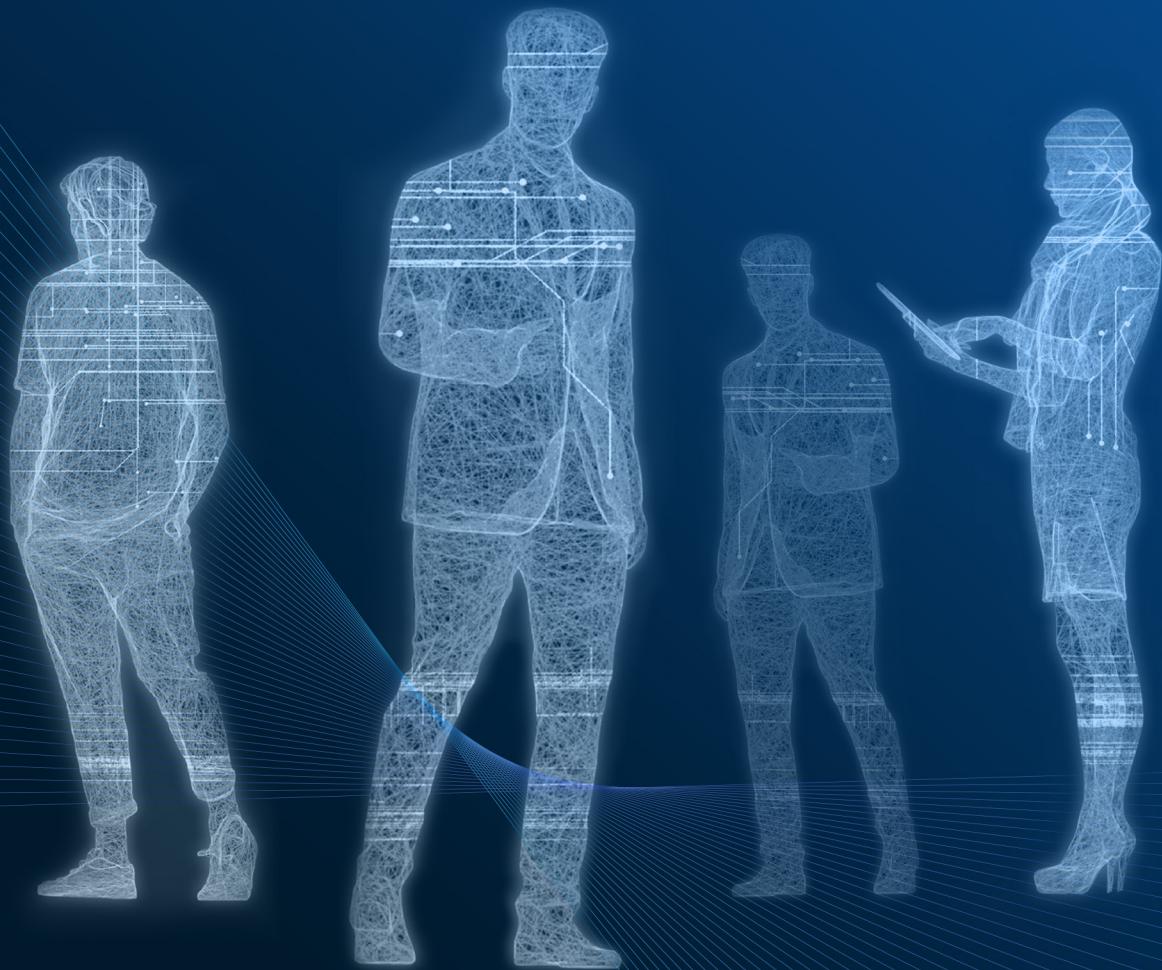


HR PRIORITIES & AI IN WORKPLACE

SHRM INDIA STUDY



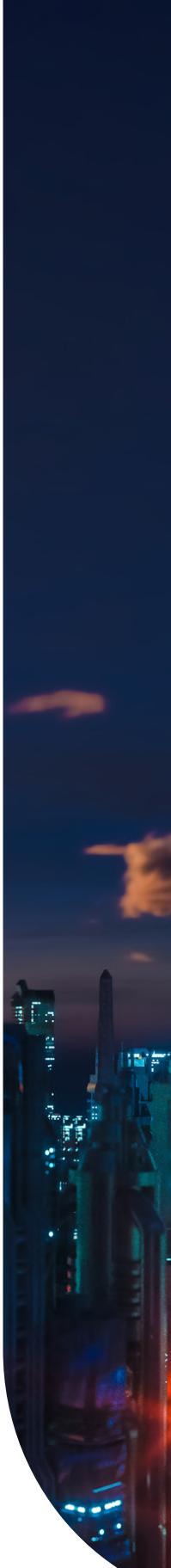
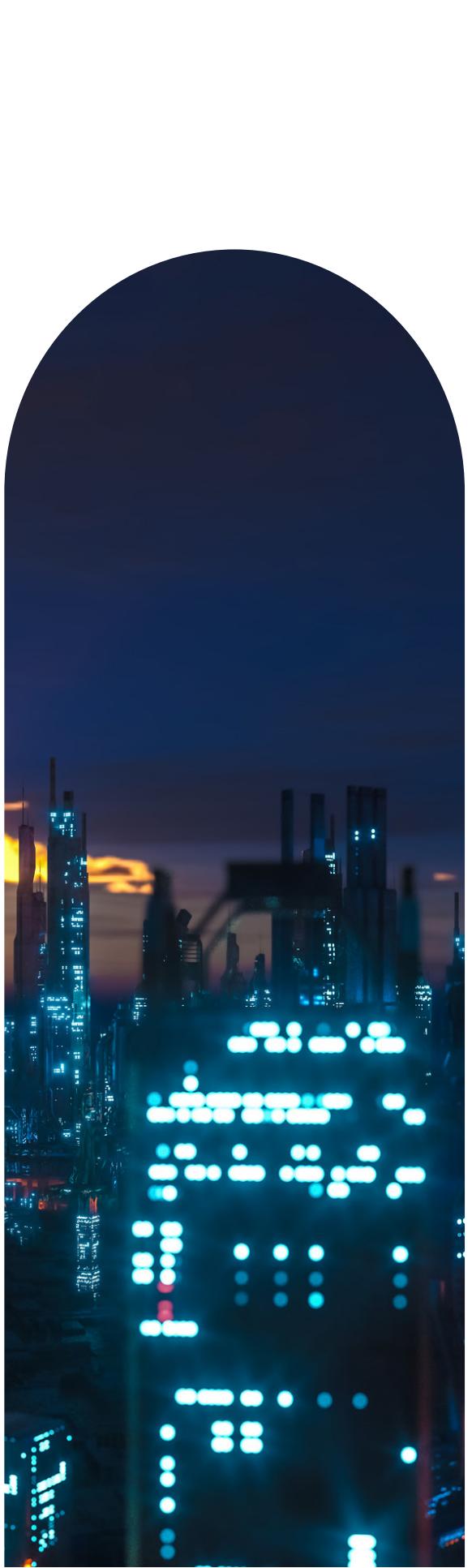
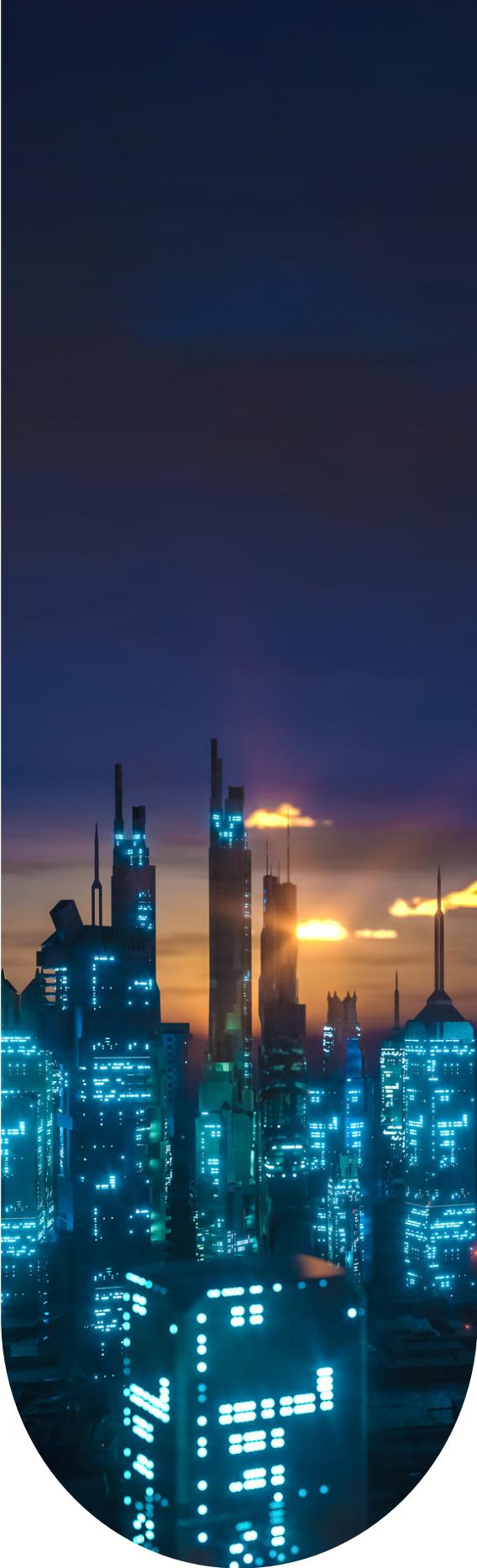


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JOHNNY C. TAYLOR, JR., SHRM-SCP



As HR professionals, we have a huge opportunity, and also the responsibility, to help our employees stay competitive in this ever-evolving world of work. We must provide specialized trainings; support reskilling, upskilling and cross-skilling by subsidizing continued education; and provide access to generative AI and encourage our employees to start experimenting with it.

We have to lead the way in normalizing use of this technology and showing employees how AI is just another tool at their disposal—one that can make their lives easier by helping with monotonous and low-effort tasks.

I'll leave you with something I've emphasized time and again: AI (artificial intelligence) plus HI (human intelligence) equals ROI (return on investment). This has never been about eliminating humans—it is and should always be about making human beings more efficient and more effective as we continuously strive to make better workplaces for a better world. With the assistance of AI, and a little upskilling, we'll be able to achieve more than our predecessors could ever have imagined.

JOHNNY C. TAYLOR, JR., SHRM-SCP

President & CEO, **SHRM**

ACHAL KHANNA



As AI reshapes HR, transforming it from administrative to strategic, HR leaders in India are driving both people management and digital transformation. AI is enhancing recruitment, employee engagement, and workforce planning, offering opportunities for data-driven decisions and personalized experiences. However, challenges such as data privacy, system integration, and employee resistance must be addressed. HR professionals need to upskill continuously to manage these AI-driven functions.

This SHRM India report explores AI's transformative role across HR functions, highlighting its potential to enhance operations and workforce efficiency. Embracing AI will require organizations to invest in learning, innovation, and inclusivity, empowering employees rather than replacing them. SHRM India remains committed to supporting HR professionals in navigating these changes and shaping the future of work.

ACHAL KHANNA

Chief Executive Officer
SHRM India, MENA & APAC

Introduction

The world has gone through a whirlwind of change in the last few years. Work life is no longer the same as it used to be. Technology has become the critical driver of growth, efficiency, and innovation across industries and sectors. This transformation has changed how businesses operate and manage their most vital asset: people. Demographic shifts are impacting the composition of the workforce and people practices.

There has been both excitement and nervous energy around the adoption of AI. Boardrooms have been buzzing with roundtables on how AI can be leveraged to transform the labour market, drive productivity and how guardrails need to be established to prevent negative outcomes. However, there is much work to be done to reap the benefits of AI within India; foremost talent needs to be developed to support the AI ecosystem. A strong regulatory framework that ensures responsible AI development and its use is the need of the hour as well. Building sustainable, equitable and intuitive workplaces should be the goal.

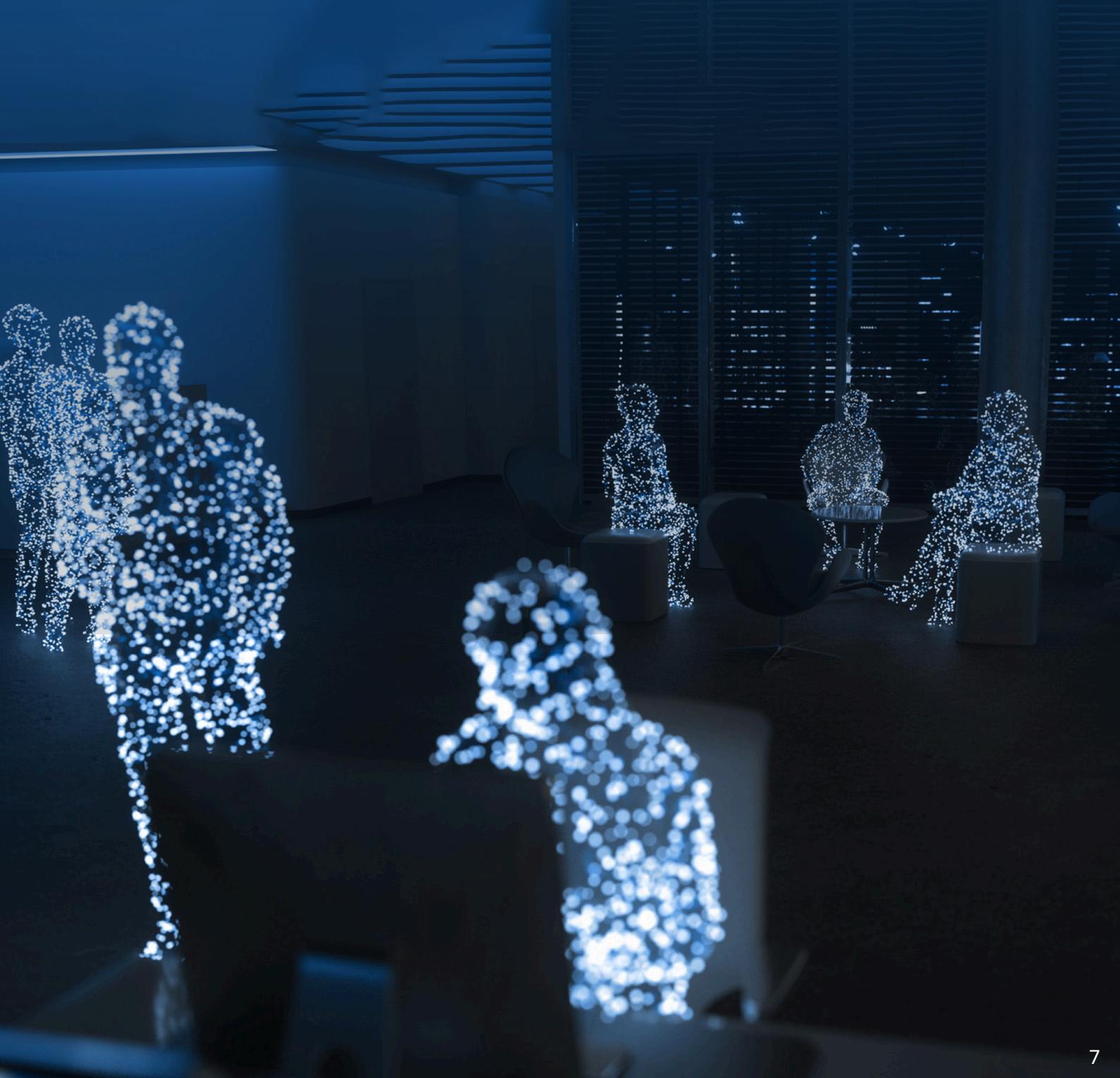
About This Report

This report is derived from a survey on "HR Priorities with AI in the Workplace | A SHRM India Study." The survey asks pivotal questions to HR professionals about their critical HR priorities, challenges and experience with AI as an enabler. The aim of the survey is to offer HR leadership an understanding of the current HR landscape, the emerging relevance of AI and its benefits across industries in the country.

This report studies the survey responses in great detail; identifying key findings, industry trends, and existing knowledge gaps. It highlights the role of AI in improving HR efficiency, adaptability, and data-driven decisions, emphasizing the need for understanding the importance of ethical standards, governance and skills needed to adopt AI. The study explores AI's diverse applications in HR, listing potential benefits like enhanced employee experience, increased efficiency, while also acknowledging potential risks and ethical dilemmas. The insights from this study serve as a foundation for future research, aiming to deepen our grasp on the interplay between technology, work, and people development. We believe that such knowledge helps organizations successfully navigate the dynamic work and technology landscape, guiding them to sustainably harness the benefits of AI and automation in their HR practices.



Executive Summary

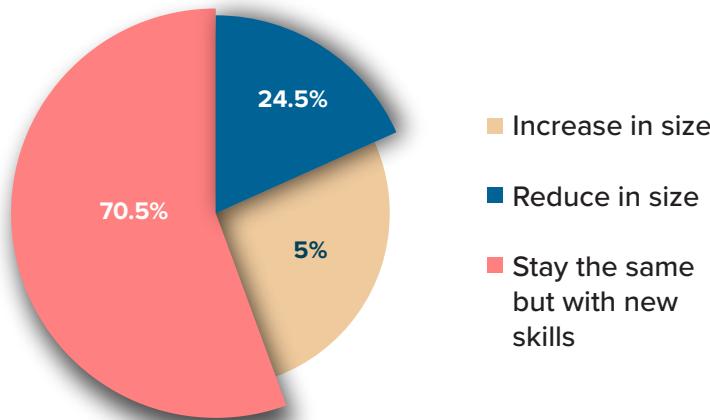


AI Implementation Mindset

Artificial intelligence (AI) is revolutionizing human resource management by leveraging data analytics, machine learning, and automation to streamline processes and improve outcomes. As AI progresses from task automation to task augmentation, companies are harnessing its potential to enhance HR functions, providing real-time insights and recommendations for both employees and job seekers. This transformation is crucial as the workforce undergoes significant changes.

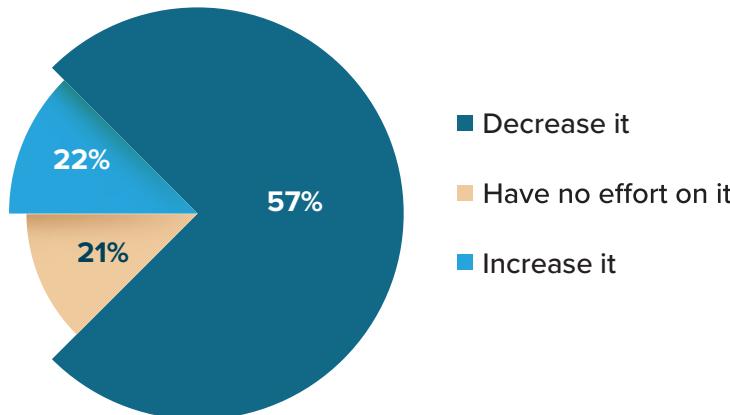
Below are some key insights from our research:

As the adoption of AI-based applications continues to grow, HR teams will



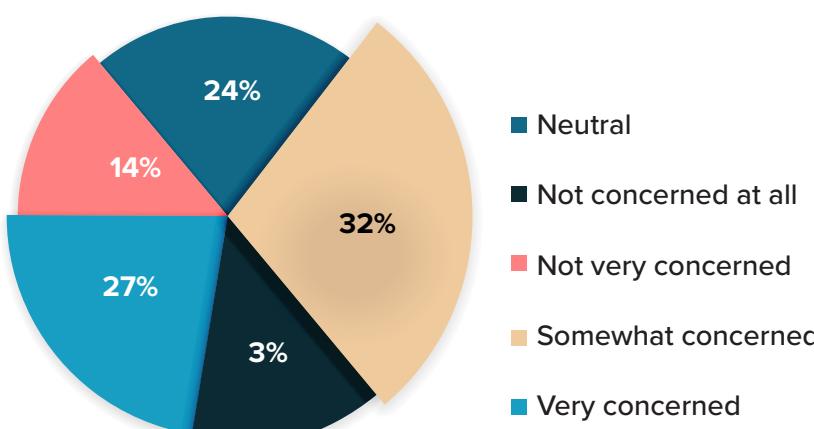
Graph 1. 70% of the respondents believe that as the adoption of AI-based applications continues to grow, HR teams will Stay the same but with new skills.

How will generative AI impact the amount of work?



Graph 2. Rather than eliminating jobs, AI is expected to enhance roles. 57% believe that implementing Gen AI will reduce the amount of work, thereby bringing the focus to strategy implementation.

How concerned are you about the ethical implications of using AI in HR?



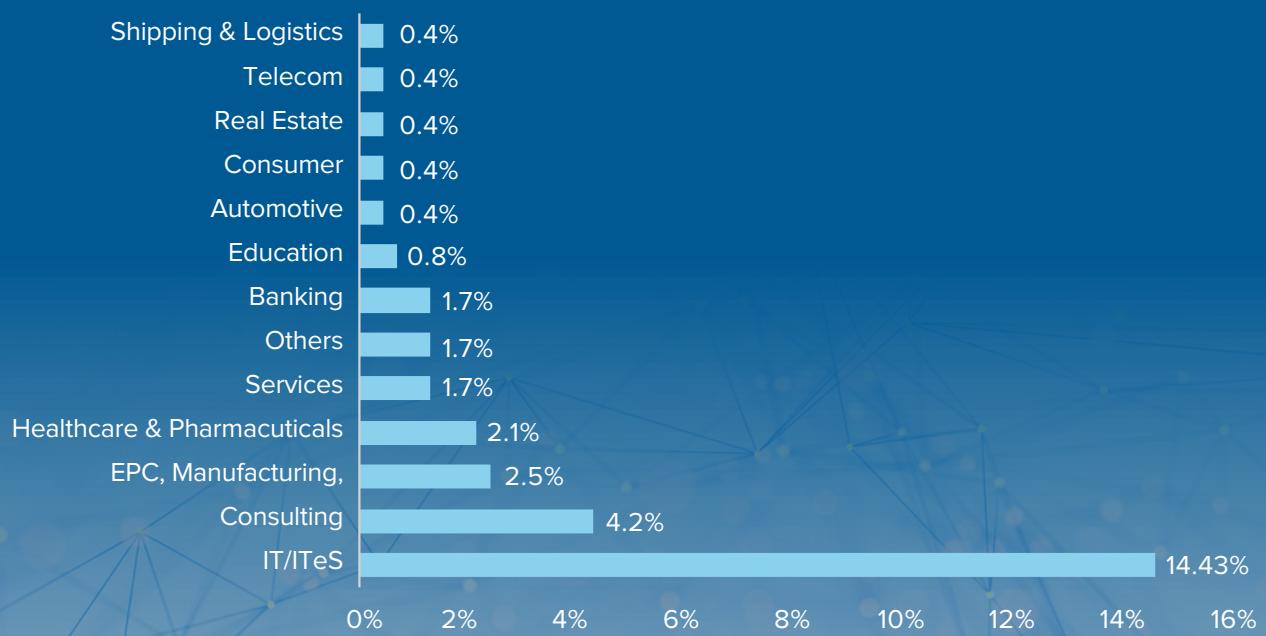
Graph 3. While the majority have a positive mindset towards the implementation of AI, there are still concerns about the ethical implications of using AI in HR. With a combined 59% expressing their concern on these ethical implications.

Industry Analysis

Our survey shows that 31% of respondents have already integrated, or are actively integrating, AI into their HR functions, with a substantial portion from the IT/ITeS sector. This highlights a major opportunity for larger industries such as manufacturing and services to accelerate automation and close the gap in AI adoption.

Survey Question: Does your company have a comprehensive strategy & plan for adopting AI in various HR applications

AI Implementation



Top 3 HR functions where AI is currently being utilized among industries in India

- Recruitment
- Training & development
- Performance management

Top 3 benefits observed to implementing AI in HR across industries in India

- Increased efficiency
- Better decision making
- Enhanced employee experience

Top 3 challenges observed when implementing AI in HR across industries in India

- Integration with existing systems
- Resistance to change
- Lack of technical expertise

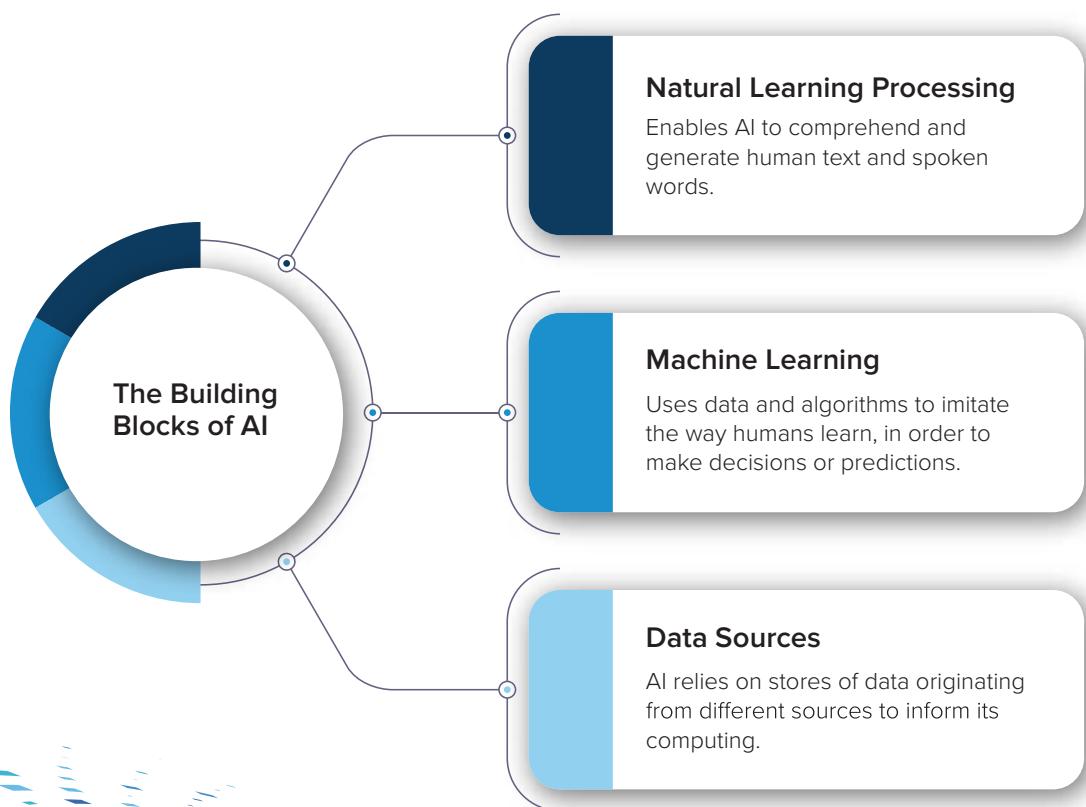
Understanding of Generative AI

HR PRIORITIES & AI IN THE WORKPLACE

In India, HR professionals have been early adopters of AI, particularly in talent acquisition, where AI-powered tools are being utilized to source, recruit, evaluate, and communicate with candidates more efficiently. Within organizations, AI-driven solutions are already streamlining operations by automating repetitive tasks, enabling data analysis, and supporting decision-making processes.

AI has the potential to drive businesses in India towards accelerated growth while enhancing workforce capabilities at all levels. By combining AI with human creativity, we can foster more productive workplaces and contribute to a better society. Understanding this technology will enable us to harness its full potential and achieve transformative results.

Artificial intelligence encompasses computer systems designed to execute cognitive functions that usually necessitate human intellect. Understanding its influence requires acknowledging the technological progress that has enabled the integration of AI.



Generative AI, often called GenAI, represents a significant leap in the evolution of artificial intelligence, transforming various sectors globally, including in India. Utilizing large language models (LLMs), GenAI is at the forefront of technological advancements, making headlines with its innovative capabilities and rapid development. Unlike traditional AI, which relies on predefined models and patterns, GenAI generates original data and content, creating new patterns on its own.

What tasks can GenAI perform today?

- Streamlining processes and improving user experiences.
- Generate text and answer questions: Serving as conversational agents, such as chatbots, in multiple languages.
- Generate images, music and videos.
- Refine and enhance the style, coherence and quality of existing content.
- Summarize and classify text: Assisting in managing and organizing large volumes of information.
- Retrieve and present enormous amounts of information quickly.

What are GenAI's current limitations?

- Limited creativity and originality.
- Restricted critical thinking.
- Low emotional intelligence.
- Factual inaccuracies.
- Challenges with mathematical functions.
- Likely to reflect biases present in its training data.

Discover AI's Impact in India

Survey Question: In which HR sub-functions have you implemented AI-based solutions.

With a competitive job market and a growing emphasis on skilled professionals, companies are focusing on attracting and retaining top talent. There's an increasing emphasis on enhancing the overall employee experience within organizations in India.

Amongst our respondents, the below top three HR subfunctions are where AI solutions are largely being implemented:

HR Subfunctions	Rank
Recruitment	1
Training & Development	2
Performance Management	3
Workforce Planning	4
Compensation Management	5
Succession Planning	6

1. Recruitment: Recruitment is a top priority and the most effectively implemented area within several organizations, with 65% of the respondents having implemented the same. Attracting and recruiting talent is a major concern for companies competing in the global market. However, with thousands of applications for each job opening, HR managers face challenges in sorting through applications to identify the right candidates. By automating the screening stage and other repetitive tasks, the hiring process can become more efficient and effective.

2. Training & Development: In the fast-changing field of training and development, professionals are always looking for new ways to improve learning outcomes and address learners' evolving needs. Artificial intelligence (AI) is playing a key role in transforming how training programs are created, delivered, and refined. With 37% of respondents implementing AI in Training & Development, highlights the significant influence of AI in this field. GenAI supports several avenues such as:

- Creating Personalized Learning Paths
- AI-driven adaptive learning platforms
- Intelligent Content Curation
- Gamification and Immersive Experiences
- Predictive Analytics for Skill Gaps
- Chatbots for Instant Support

3. Performance Management: AI can enhance performance management systems by simplifying the process of tracking, evaluating, and rewarding employees. It assists HR leaders and managers in setting clearer goals, improving feedback, and identifying areas for improvement. By providing a complete view of employee performance, AI-driven systems foster more meaningful conversations between managers and employees, seamlessly integrating these insights into daily workflows to optimize performance management. 28% of the respondents have implemented GenAI in their performance management processes.

Some key applications of GenAI include:

- Providing better feedback
- Developing powerful goals
- Reduced risk of recency bias and other biases

Based on our research analysis, Implementing AI in the following HR subfunctions, while not yet widely adopted, have the potential to be transformative within the HR landscape in India:

1. Workforce Planning: AI integration in workforce planning offers organizations opportunities to enhance productivity and optimize operations. AI-powered tools streamline staffing by analyzing data to identify top talent, while predictive analytics improve workforce planning by forecasting demand and addressing skill gaps. Intelligent scheduling systems optimize resource allocation and reduce conflicts, while personalized employee development enhances growth through targeted learning. Finally, AI provides valuable decision support by analyzing performance data and offering actionable insights to address issues like high turnover and improve overall workforce management.

2. **HR Operations / HR Shared Services:** Automating HR services are crucial for addressing employee needs, which boosts engagement and productivity. However, navigating complex corporate policies and support systems often leads to frustration and wasted time. AI-powered HR chatbots can streamline this process by providing quick answers and self-service support, empowering employees to find solutions more efficiently.
3. **Employee Engagement:** AI tools can be used for sentiment analysis to identify employees' emotional or personal support needs. They can also provide managers with data-driven recommendations for coaching and enable more personalized communication with employees.
4. **Onboarding:** AI can streamline and personalize the onboarding process by making information collection more efficient. AI-powered chatbots can guide new hires, answer their questions, provide important information, and send reminders for key documents. This reduces time-consuming tasks and improves the overall onboarding experience for new employees.

Implementation of AI in HR



AI in HR: Challenges

A large portion of survey respondents who have implemented GenAI across multiple HR subfunctions are from the IT/ITeS sector, primarily within smaller companies with fewer than 500 employees. There are several key challenges and opportunities that are highlighted across the responses.

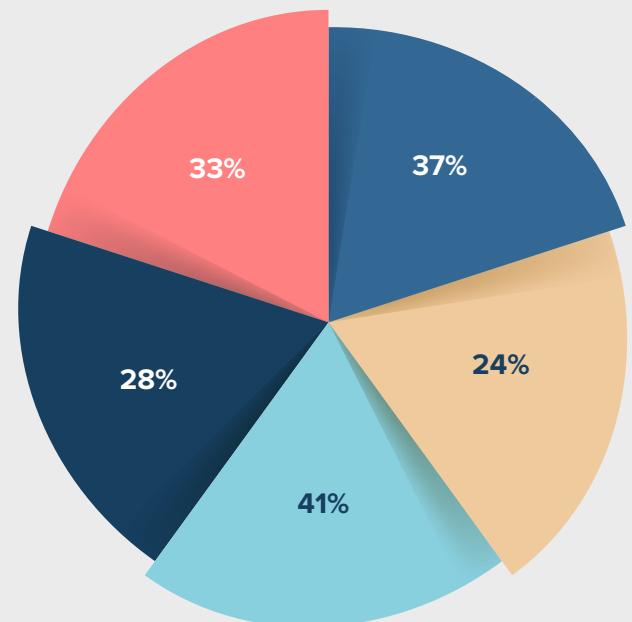
Company Size	High Costs	Integration with Existing Systems	Data Privacy Concerns	Resistance to Change	Lack of Technical Expertise
Less than 500	13%	19%	12%	14%	18%
More than 1000	6%	15%	11%	9%	10%
1000-5000	6%	11%	10%	8%	10%
500-1000	6%	5%	5%	6%	7%
5000-10000	3%	5%	3%	3%	4%

For organizations that have already implemented or are in the process of integrating AI into their HR functions, below are the top 3 challenges that have emerged:

1. Integration with existing systems

This challenge is particularly prevalent among smaller organizations and can be attributed to three main factors: compatibility, scalability, and complexity. Successfully integrating AI requires forward-thinking and careful planning to ensure that systems are compatible, can scale effectively as the organization grows, and are manageable within the existing infrastructure.

- Compatibility:** Integrating AI with existing systems can be challenging, especially when legacy systems are involved. Businesses may need to upgrade their infrastructure or develop creative solutions to ensure AI integration.
- Scalability:** As companies expand, their AI needs grow. It's essential to design infrastructure that allows AI systems to scale smoothly as demands evolve.
- Complexity:** AI integration is complex and requires expertise in algorithms, data models, and frameworks. Organizations need skilled professionals or external experts to ensure a successful integration process.



- Integration with existing systems
- Resistance to change
- Lack of technical expertise
- Data privacy concerns
- High costs

2. Resistance to change

The implementation of AI is often perceived as a threat to jobs rather than a benefit to organizations. Moreover, there is frequently a limited understanding of AI's capabilities and constraints among users and top management, which can hinder its adoption and create resistance to securing buy-in for AI initiatives.

Understanding the root causes of resistance to AI is crucial, especially since two primary concerns are the potential for job losses and uncertainty about AI's long-term impact. As AI becomes more integrated into daily operations, these change management issues will likely be inevitable. The old adage, "If you fail to prepare, you prepare to fail," is particularly relevant as companies navigate this transformative wave of innovation. Organizations should carefully assess how AI will impact their operations.

3. Lack of technical expertise

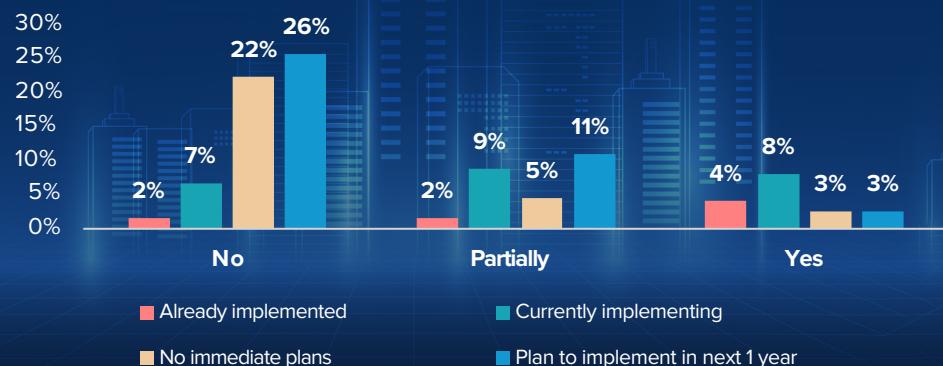
The effectiveness of business intelligence operations is largely dependent on AI algorithms. Companies looking to adopt AI must have a clear understanding of how these technologies function and how they will impact results as well as the technical expertise to integrate and sustain the implementation plan.

*In a recent Salesforce survey, a striking 60% of public sector IT professionals identified a shortage of artificial intelligence (AI) skills as their top challenge to implementing AI.

Data privacy concerns also remains another key issue for both organizations that have implemented AI and those that haven't, particularly in HR, where managing sensitive employee data is crucial. As AI tools increasingly automate HR functions like recruitment and performance management, the volume of personal data collected and stored has surged, raising the risk of data breaches. Nearly all industries, especially those with strict regulatory frameworks, cite data privacy and security as major challenges. HR teams must ensure AI tools comply with legal and ethical data management standards, adding complexity to AI adoption.

Many challenges associated with AI adoption can be reduced by implementing clear policies and providing awareness training. Our survey revealed that 19% of organizations using AI either lack an AI policy or have only a partially defined one. This absence of a solid framework can contribute to difficulties in managing AI adoption, ensuring data security, and upholding ethical standards.

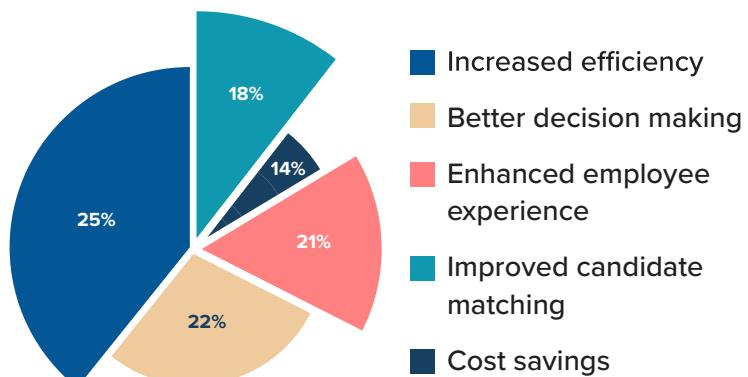
Do you have a well-defined policy on the usage of Generative AI at work?





AI in HR: Opportunities

Despite these AI-related challenges, companies are still showing interest and putting significant effort into incorporating AI in HR functions because the benefits of using AI in HR overshadow the observed challenges, with our survey results showcasing the same.



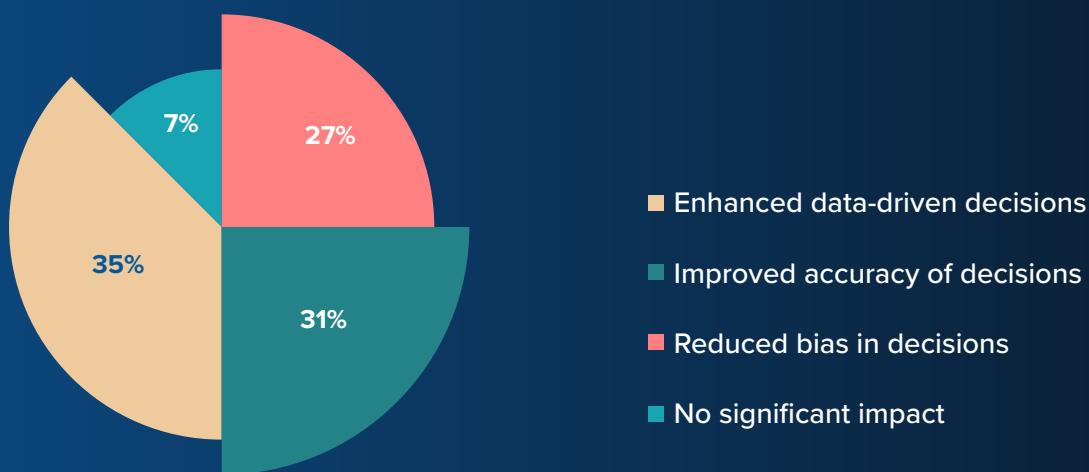
Increased Efficiency

AI can handle routine tasks, giving employees more time to focus on creative and strategic activities. By automating repetitive work, employees are freed from mundane duties and can concentrate on tasks that involve creativity, problem-solving, and critical thinking. This shift can boost job satisfaction and improve overall morale.

Better decision-making

AI's ability to analyze vast datasets and generate actionable insights has significantly enhanced decision-making processes. Survey results indicate that 83% of respondents acknowledged AI's role in enabling more data-driven decisions, while 73% reported improved decision accuracy, and 65% noted a reduction in decision-making bias. Research from Oracle and Seth Stephens-Davidowitz further highlights that 85% of business leaders have experienced decision-making stress, with three-quarters witnessing a tenfold increase in their daily decision volume over the past three years. This underscores the growing need for AI to support more efficient, accurate, and less stressful decision-making.

*Source: <https://www.prnewswire.com/news-releases/global-study-70-of-business-leaders-would-prefer-a-robot-to-make-their-decisions-301799591.html>



Survey Question: How has AI affected the decision-making process in HR?

Enhanced Employee Experience

Survey results indicate that implementing AI significantly enhances the employee experience within the organization. This could include, improved onboarding procedures, providing enhanced customer support among employees. In summary, creating a more supportive work environment overall that boosts employee engagement and performance, while also helping organizations attract and retain top talent.

In summary, our research reveals that while smaller IT/ITeS companies with fewer than 500 employees are at the forefront of GenAI adoption across various HR subfunctions, larger organizations stand to gain even more from its implementation. Beyond offering a competitive edge, GenAI enables these organizations to shift their focus towards strategic initiatives and growth, unlocking greater potential for innovation and long-term success.

Impact of AI in the Business Ecosystem

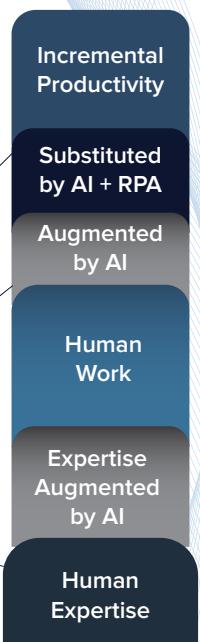
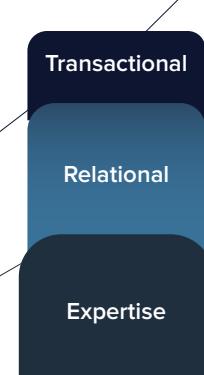
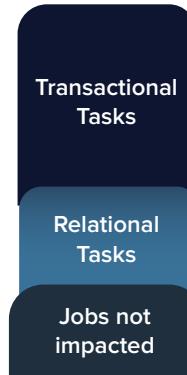


How Generative AI is Changing Work

80% of today's jobs are likely to be affected by Generative AI

19% of jobs will see >50% of their tasks affected

Most importantly, the core tasks of what we consider Human Work will change significantly and be augmented by technology



Today

~2027

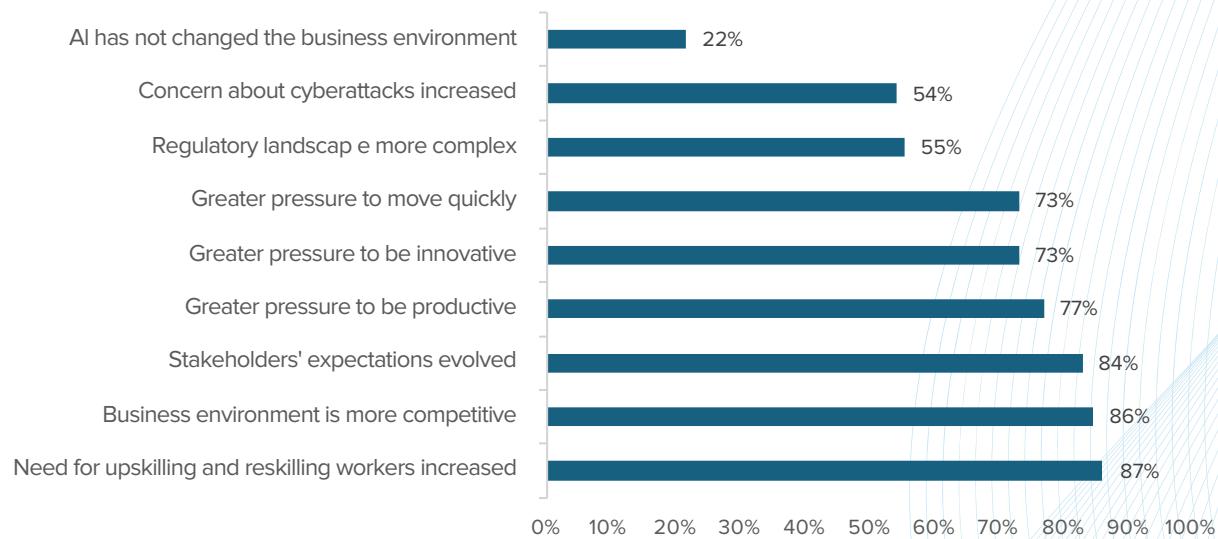
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Sources:

- Open AI, Open Research, and the University of Pennsylvania
- Brookings Research
- Goldman Sachs Research, Reinventing Jobs: A 4-Step Approach for applying automation to work (Jesuthasan and Boudreau, HBR Press 2018)

Survey Question: How has AI impacted the business ecosystem?

AI's Impact on the Business Ecosystem



The rapid integration of AI is reshaping the business ecosystem in profound ways. As companies adapt to new technologies, they face growing demands for workforce development, heightened competition, and evolving stakeholder expectations. An analysis of key data reveals how AI is driving these changes, highlighting the need for upskilling, increased competitiveness, and a shift in what stakeholders expect from businesses in an AI-driven world.

Need for Upskilling and Reskilling Workers Increased

The overwhelming agreement here (87%) emphasizes the urgent need for businesses to focus on training and developing their workforce. As AI automates tasks and processes, the workforce must acquire new skills to stay relevant. This insight reflects a shift towards continuous learning and development programs in organizations to address the growing skills gap caused by AI integration.

Business Environment is More Competitive

AI has heightened competition, with 86% of respondents acknowledging a more competitive landscape. This suggests that businesses are leveraging AI to optimize operations, innovate, and differentiate themselves, intensifying market competition. Companies that fail to adopt AI may struggle to keep up with more technologically advanced competitors, underscoring the importance of AI adoption for survival and growth.

Stakeholders' Expectations Evolved

AI is also reshaping stakeholders' expectations, as 84% of respondents agree that demands for innovation, efficiency, and agility have grown. This points to the need for businesses to not only meet traditional financial and operational goals but also embrace AI-driven improvements in customer service, personalization, and product offerings to satisfy evolving stakeholder priorities.

Recommendations for HR Professionals

AI is here to stay, but there are a number of things for those working in HR to consider regarding its impact on the organization and people. Here are a few recommendations:

Focus on Workforce Planning

Implement AI in workforce planning to optimize staffing decisions, forecast demand, and address skill shortages.

Predictive analytics can provide HR with valuable insights to anticipate future talent needs and proactively plan for them.

Foster Change Management & AI Literacy

To overcome resistance to AI, HR should focus on change management strategies and provide training to improve employees' understanding and comfort with AI technologies. This will help ease the transition and encourage widespread adoption.

Address Data Privacy & Security Concerns

Establish clear policies to safeguard sensitive employee data when using AI tools. HR must ensure AI systems comply with legal and ethical standards to build trust among employees and minimize risks..

Monitor and Review AI Policies

Regularly update AI-related policies to address evolving technology and compliance needs. Ensure that ethical considerations, such as fairness and transparency, are integrated into AI-powered HR processes.

Prioritize Building Technical Expertise

Developing or acquiring technical expertise within your workforce, either through external hires or by upskilling existing employees, is key to implementing AI successfully. This long-term strategy ensures a smooth integration into legacy systems while addressing three critical factors: compatibility, scalability, and complexity.

Report Conclusion

The findings from our research highlight that AI is rapidly transforming HR subfunctions in India, with recruitment, training & development, and performance management being the top areas of adoption. AI's ability to automate time-consuming tasks, provide personalized experiences, and offer predictive insights is driving its adoption across HR departments, particularly in recruitment where efficiency is critical in the competitive job market.

Despite the clear benefits, challenges remain. Data privacy concerns, integration with existing systems, and resistance to change are common hurdles. Nevertheless, larger enterprises stand to benefit significantly from AI by unlocking strategic potential and enhancing workforce productivity. Furthermore, as AI adoption increases, so do the opportunities for improving employee experiences, such as better onboarding and more efficient HR operations.

In conclusion, while the journey to full AI integration in HR functions is not without obstacles, the potential for AI to drive innovation, productivity and streamline processes, and foster a more engaged workforce is undeniable. Organizations that overcome initial barriers will be well-positioned to gain a competitive edge in the evolving business ecosystem.

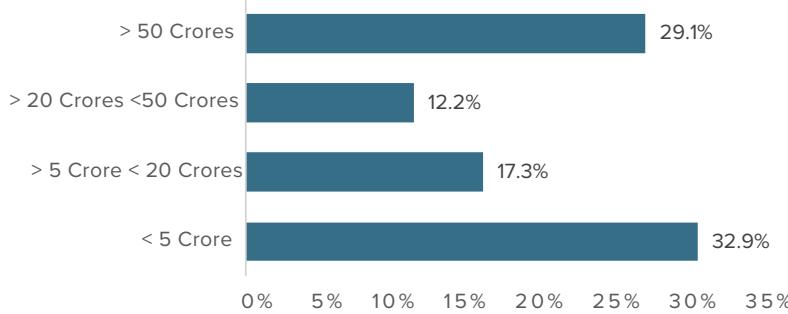
Demographics

The survey responses are from 230+ HR Professionals from various industries and organizations collected through an online survey comprising primarily of multiple-choice and Likert Scale ranking. The respondents represent a diverse set of organizations across IT/ITeS, Consulting, EPC, Manufacturing, Healthcare & Pharmaceuticals, Services and Others. The figures, tables and graphs presented in this report reflect the percentage of respondents opting for the particular response choice, unless categorically stated otherwise.

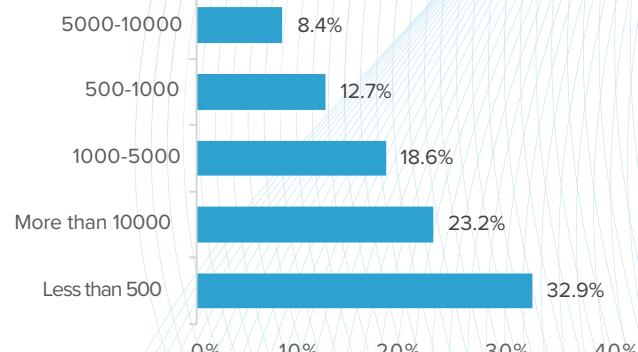
The collected data was meticulously analysed both in a linear item wise method and through crosstabulation to gain insights into HR priorities, execution challenges and observed benefits, AI focus & adoption and impact of AI usage on business ecosystem for 2024.



Revenue Bracket (annual revenue as per FY 2023)



Total number of employees or workforce



SHRM India

A leading global HR professional association dedicated to advancing the practice of human resources. With a focus on empowering HR professionals and organizations, SHRM India offers a variety of services and programs designed to enhance HR knowledge, leadership, and business impact.

SHRM Certification: SHRM India provides certification programs such as SHRM-CP (Certified Professional) and SHRM-SCP (Senior Certified Professional), globally recognized credentials that demonstrate HR expertise and the ability to drive organizational performance.

Learning & Development Programs: SHRM India offers a wide range of workshops, masterclasses, and training programs tailored to the Indian HR landscape. These cover critical HR topics like talent acquisition, performance management, employee engagement, leadership development, and HR analytics.

Conferences & Events: The flagship SHRM India Annual Conference and other regional events bring together HR professionals, industry leaders, and influencers to discuss trends, challenges, and best practices in HR. These events serve as a platform for learning, networking, and knowledge-sharing.

Advisory Services: SHRM India provides customized HR solutions for organizations, helping businesses address specific challenges in areas like talent management, leadership development, employee retention, workforce strategy and now - AI Awareness.

Research & Thought Leadership: Through partnerships with leading academic and industry bodies, SHRM India conducts in-depth research and provides insights on emerging HR trends, offering valuable resources such as reports, case studies, and whitepapers.

With these offerings, SHRM India plays a pivotal role in shaping the future of HR practices in the country, fostering innovation, and ensuring HR remains a strategic partner in business success.

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SHRM is a member-driven catalyst for creating better workplaces where people and businesses thrive together. As the trusted authority on all things work, SHRM is the foremost expert, researcher, advocate, and thought leader on issues and innovations impacting today's evolving workplaces. With nearly 340,000 members in 180 countries, SHRM touches the lives of more than 362 million workers and their families globally. Discover more at SHRM.org.



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The background of the image is a dark blue gradient. Overlaid on it is a complex geometric and line art design. It features several large, semi-transparent blue shapes that resemble stylized human figures in various poses, some with arms raised and others with arms crossed. These shapes are composed of numerous thin, light blue lines that create a sense of depth and movement. The overall effect is futuristic and dynamic, suggesting themes of technology, AI, and modern workplace dynamics.

HR PRIORITIES & AI IN THE WORKPLACE