



When HR meets AI

Assessing the impact of Artificial Intelligence
on the Human Resources function and the wider workplace

An impending robocalypse?

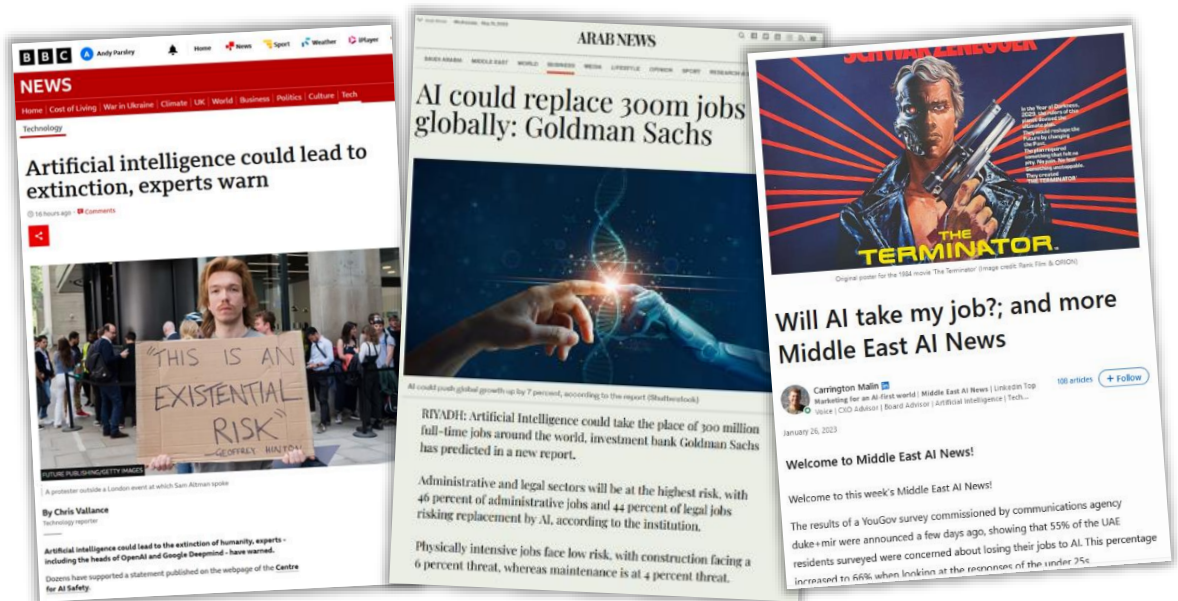
In recent months, the media has been full of negative predictions about the impact of AI on jobs and the workplace...

“As physical machines, software systems and combinations of hardware and software get more capable as a result of AI enablement, it is increasingly possible, as well as economically viable, to replace a greater share of the portions of the human work of today with machines”

Steven Miller, Professor Emeritus IT, Singapore Management University

“The evidence is very clear: artificial intelligence allows companies to do more with less – and that means less people too.”

Carrington Malin, Middle East AI News



- Goldman Sachs: Administrative and legal sectors will be at highest risk, with 46% of Administrative jobs and 44% of Legal jobs risking replacement by AI.
- New York Post: Some of the most vulnerable roles include School Teachers, Accountants, Software Engineers, Journalists, Graphic Designers, and Doctors.
- McKinsey: Nearly 29-million jobs in Middle East, North Africa, and Pakistan at risk by 2030.

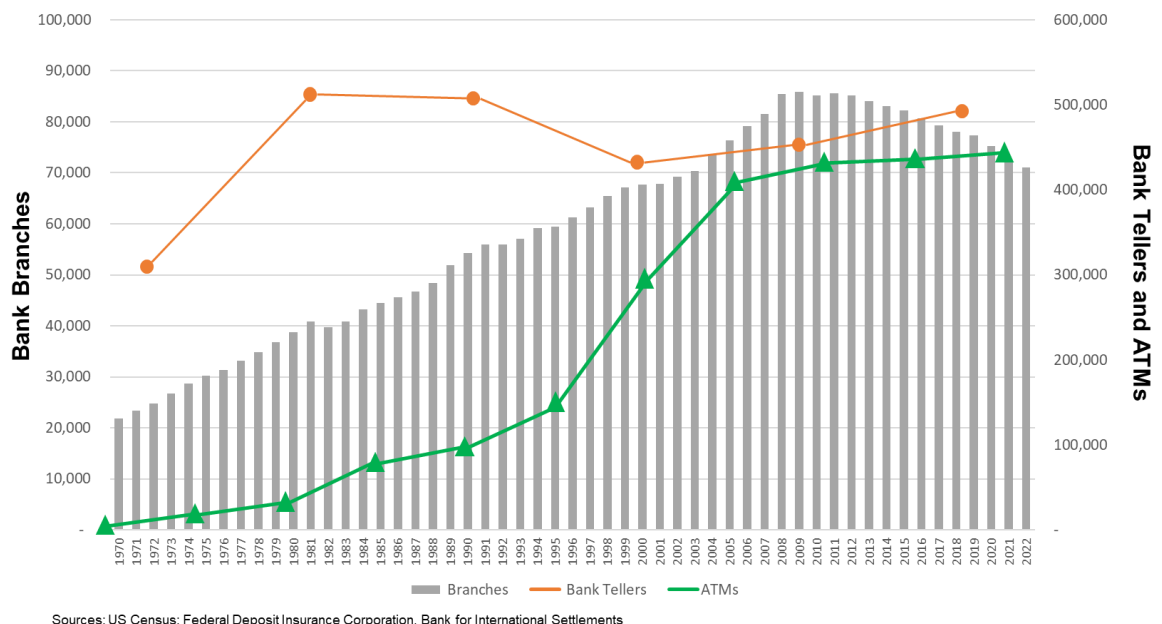
History suggests not

... however, history has shown that, even when organizations set out to replace jobs with technology, the opposite happened.

There are countless instances where workplace automation has resulted in either (1) the creation of new roles – one study found that 60% of the workforce are currently in jobs that didn't exist in 1940 – or (2) the robots eventually become co-workers.

An example of the latter was the introduction of ATMs (automated teller machines) in the USA in the late 1960s. The objective was to replace not only Bank Tellers, but also the bank branches in which they worked – a saving in labor and real estate costs.

As the graph below clearly shows, as the number of ATMs increased, so did the number of both Bank Tellers and branches. And even though the uptake of online banking by customers is finally enabling banks to reduce the numbers of branches, Bank Tellers and ATMs appear to have reached a state of happy co-existence.

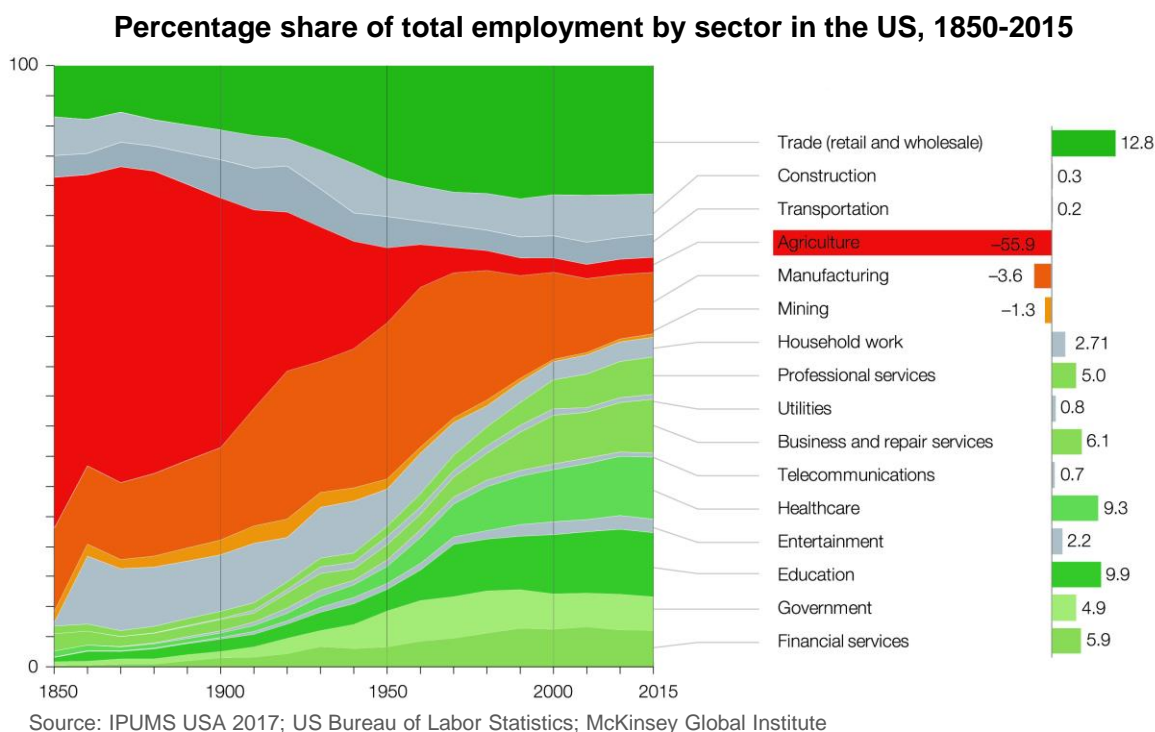


This is just one example of a long-term shift in the overall shape of the workforce ...

Ever shifting landscape #1

The shape of the employment landscape has been transformed by technology since the nineteenth century.

Since the mid-nineteenth century, emerging technologies have disrupted key U.S. industries. Many jobs were lost in high employment sectors such as farming and manufacturing but were replaced by new jobs in other industries.



It is notable that most of the jobs created by these emerging technologies were outside the technology industry. For example, it is estimated that the introduction of the Personal Computer (PC) enabled the creation of around 16-million new jobs in the US between 1980 and 2020. Only around 10% of these jobs were in the technology sector itself, with the remaining jobs being created in industries using PCs as a productivity and innovation tool in the workplace.

This is accelerating a shift in the nature of the skills required by the workforce ...

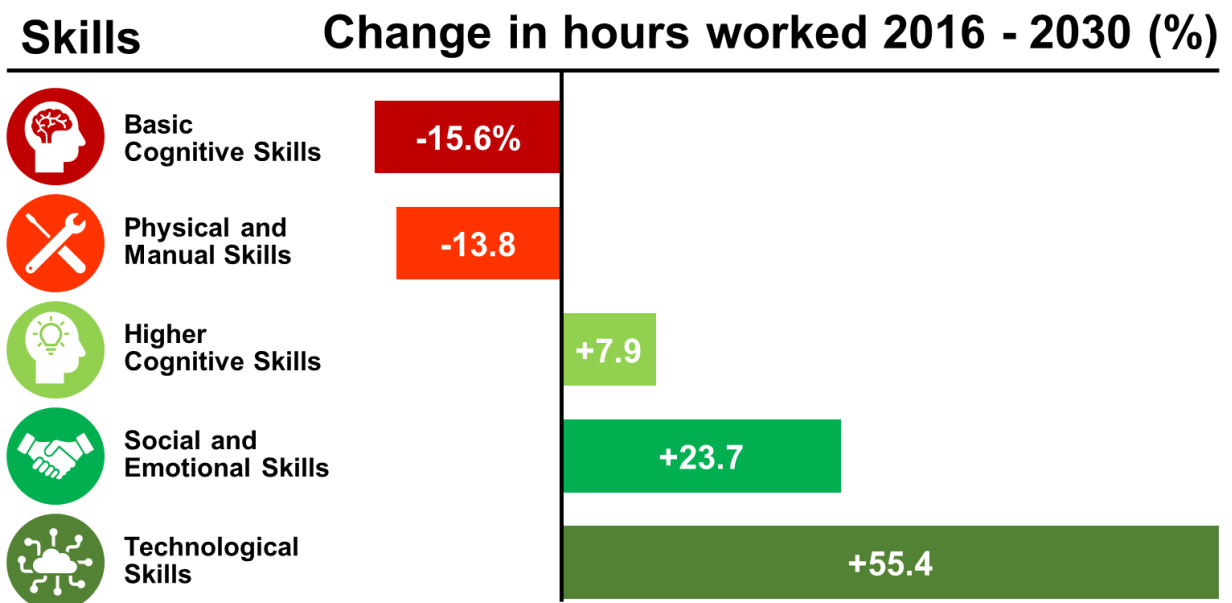
Ever shifting landscape #2

Technology and automation will accelerate the trend for higher levels of cognitive, social, and technical skills.

The shift from industries driven by low-level, physical and manual labor towards knowledge and service-based sectors seen since the mid-nineteenth century is being accelerated by AI and the implementation of emerging technologies.

As a result, the demand for higher-level cognitive, social, and technical skills will continue to increase:

How technology and automation is shifting the key skills required by the workforce



Source: McKinsey Global Institute; OrgShakers analysis of data for U.S. and Western Europe

What are the implications for HR?

1. The **affordability and availability of key talent** will move ever higher on your organization's People agenda, increasing the focus on recruitment, employee development, and retention initiatives.
2. Organizations will need to review their **structures, workflows, and processes** to identify where AI and automation can yield Human Capital efficiencies.

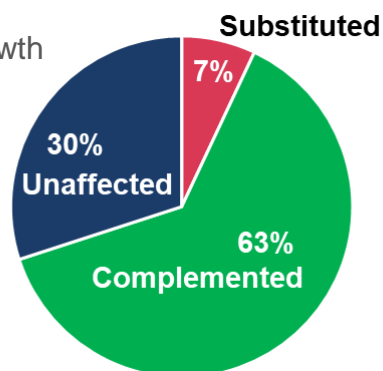
Most likely scenario

Overall, the potential for AI in the workplace is positive, with workers' roles either being complemented by it, or unaffected.

“The combination of significant labor cost savings, new job creation, and a productivity boost raises the possibility of a labor productivity boom like those that followed the emergence of earlier general-purpose technologies like the electric motor and personal computer.”

Goldman Sachs

- Despite the probable job losses that will occur due to AI, economists note that technological advances which initially replace workers will create employment growth in the long term.
- AI is likely to boost labor productivity and push global growth up by 7% year-on-year over a 10-year period.
- In the U.S., 7% of jobs could be substituted by AI, 63% complemented by it, and 30% unaffected:



What are the implications for HR?

1. In the short-term, AI has the potential to become a **disruptive force within organizations** as its adoption drives the changes to structures, workflows, and processes highlighted earlier. HR will play a pivotal role in ensuring that these changes are implemented in a way which maintains employee morale and productivity, and which secures a pipeline of future talent by enhancing the organization's reputation.
2. Longer-term, AI has the potential to **accelerate career development**. HR will, however, need to be mindful of the implications:

“Where researching and summarizing data is an important part of the trainee workforce, AI has the potential to take trainees from year-1 to year-3. This, in turn, requires more coaching to equip people more quickly for more responsibility and to impart knowledge that is usually acquired over a longer period of time.”

Kevin Ellis, Chairman of PwC, May 2023

The growth of remote and hybrid working has significantly impacted ‘tacit learning’ and HR will be required to develop strategies to **ensure all employees are developed and equipped with the knowledge and skills they need.**

Ongoing workforce trends #1

Organizations will need to implement it in a way which supports five long-term workforce trends. First, **The End of Jobs**.

The *'job'* – a set of responsibilities assigned to an individual employee – has been the fundamental building block of organizations for millennia. And as the requirements of organizations have changed, employers have tweaked and amended the job descriptions of their employees to suit.

However, as the pace of organizational change has accelerated, and the previous boundaries of time and geography have evaporated, many are now recognizing that a more flexible and responsive methodology is needed. As a result, organizations are increasingly adopting a **skills-based approach** to managing work and workers.

This requires a shift in the traditional mindset of allocating work to individuals in defined jobs to one where the work is deconstructed and assigned as follows:

1. Make the starting point for work allocation the work that needs to be done (current and future tasks) and not the existing jobs within the organization
2. Identify the optimal combination of human skill, AI, and technology / automation to achieve the required outcomes
3. For work that requires human skill, identify the optimal contractual engagement model to access those skills (e.g.: employment, freelance, alliances, etc.)
4. Allow human skill to 'flow' to the work versus being constricted by traditional fixed hierarchies and organizational structures.

What are the implications for HR?

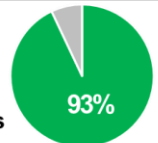
Deloitte reports 46% of business and HR executives **citing legacy mindsets and practices** as an obstacle to transforming into a skills-based organization.

HR, therefore, have a key role to play in **educating the organization** in this approach as part of a wider AI implementation strategy.

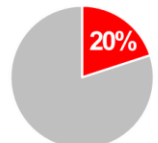
The readiness gap for a skills-based approach



Moving away from the job construct is important or very important to my organization's success



My organization is very ready to address the movement away from jobs



Source: Deloitte 2023 Global Human Capital Trends

Ongoing workforce trends #2

Human / Technology Partnerships: The traditional view of technology as a substitute for human labor is too narrow.

*“The boundary between humans and technology as separate forces continues to disappear as new technologies are entering the workplace that not only automate and augment the work done by humans, but actually **enhance** human and team performance.”*

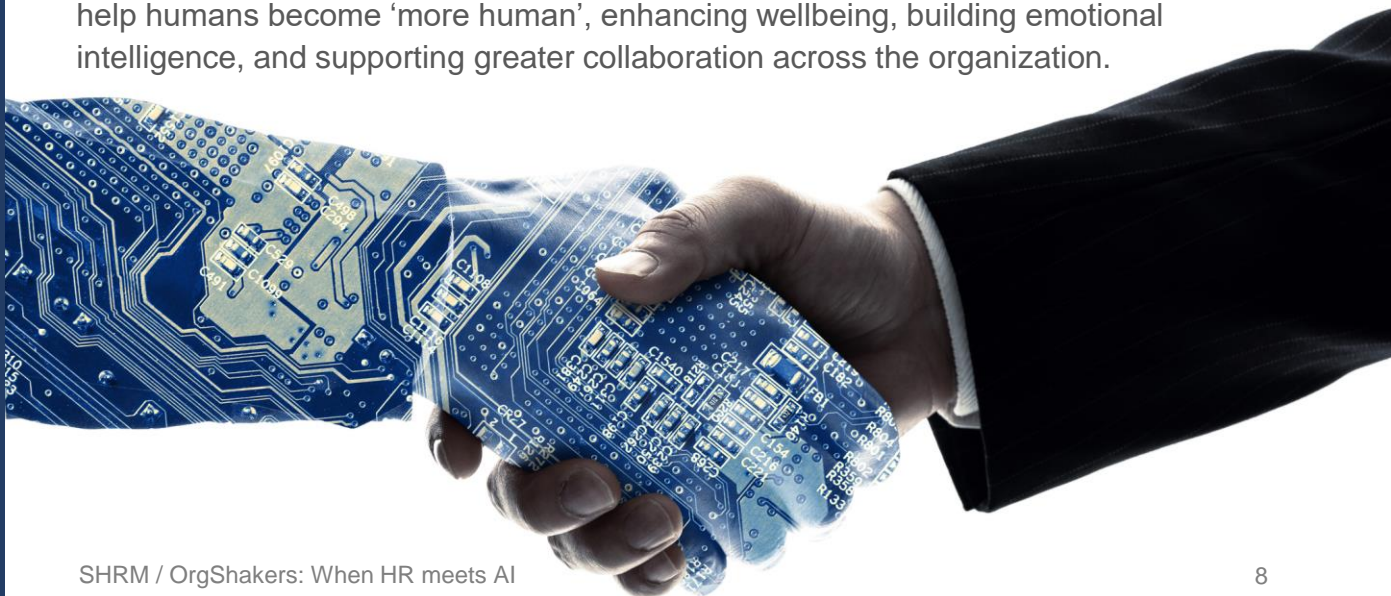
Deloitte

The relationship between humans and technology is complicated. Technology has transformed our daily lives and expanded the boundaries of what is humanly possible. At the same time, it drives us crazy!

What are the implications for HR?

If organizations are to successfully adopt AI, HR will be called on to help **maintain a positive relationship between people and machines**. In her book *Work Here Now*, Melissa Swift describes this as “*couples counselling for humans and technology*”.

Building on this positive relationship, AI-driven technologies can then be used to **help employees become their best selves**: nudging them to learn new behaviors, correct old habits, and enhance key skills. In addition, these same technologies can help humans become ‘more human’, enhancing wellbeing, building emotional intelligence, and supporting greater collaboration across the organization.



Ongoing workforce trends #3

Redefining the Workplace: The Covid-19 pandemic has led to a fundamental reappraisal of both the *Place* and *Time* of work.

As discussed earlier, in recent years earlier workplace boundaries of time and geography have evaporated as organizations have sought to respond to the increasing pace of organizational change. And this trend has been dramatically accelerated by changes in working practices driven by the Covid-19 pandemic.

The most obvious impact has been to the **Place of Work**. Pre-pandemic it was relatively unusual for workers with jobs that can be done remotely to work from home. Research by the Pew Research Center in the U.S. found that before early 2020 just 7% of these workers worked from home full-time. Today, over one-third (35%) are working from home full-time, with many more employed on hybrid-working contracts.

This forced reinvention of Place of Work has spawned a reappraisal of **Time of Work**. Pre-pandemic most knowledge workers **synchronized** their time with colleagues – the same office hours punctuated by face-to-face meetings. Working from home gave these individuals the opportunity to flex their working hours to accommodate their personal schedules. This led to a realization that **asynchronous** work disconnected from others was not only possible – it was often more productive.





What are the implications for HR?

As Lynda Gratton explores in her book *Redesigning Work*, there is no one-size-fits-all solution to optimizing Place and Time.

Rather HR needs to **assess the positives and negatives of each** to assess the opportunities to be created – and the trade-offs to be made.

Once the right solution for the organization has been agreed, harnessing AI-driven technologies to **help employees become their best selves** could play a key role in a successful rollout.

Impact of Place and Time on Worker Productivity

	Energy	Focus	Coordination	Cooperation
 Co-located	—			+
 Distributed	+			—
 Synchronous		—	+	
 Asynchronous		+	—	

Source: *Redesigning Work*, Lynda Gratton, 2022

Ongoing workforce trends #4

Co-creating a new organization / worker relationship: Navigating the emerging world of work together.

“Many of the boundaries that used to provide the structure of work have been dismantled. Now the boundaries that remain are much more focused on human dynamics, and how people interact with and engage with work.”

Chris Ernst, Chief Learning Officer, Workday

As we have seen, jobs can no longer be defined and contained wholly within the organization – or wholly as tasks requiring human skills; technology is no longer simply a substitute for human labor – using AI, it can also be used to help employees become their best selves; and the most productive work is no longer confined within the four walls of a 9-5, physical workplace.

To succeed in this *New Work Order*, organizations will need to work in partnership with their employees to co-create new boundaries, new ways of working, and new ‘rules of engagement’ – in short, a whole new relationship.

What are the implications for HR?

The scale and pace of change that will be required for organizations to thrive in the years ahead is like none other in modern times. Existential threats such as climate change, pandemics, and cyber attacks will demand ever greater organizational resilience, while embracing emerging technologies such as AI will require a whole new level of organizational adaptation and agility.

HR will play a pivotal role in helping organizations navigate these challenges by asking – and co-creating responses to questions such as:

- **Who owns workforce data?** As data becomes a new “currency” HR will need to lead conversations about the mutual benefits of data-driven insights
- **Harnessing worker agency.** As workers seek more meaning in their work, the traditional approach of sole decision-making authority is unappealing.
- **Unlocking the workforce ecosystem.** Giving workers of all types (employees, freelancers, contractors,, etc.) a say in where, how, and for whom they work.

Ongoing workforce trends #5

The need for Modernized Learning: Data from leading HR researchers makes the need to modernize learning clear!

- 66%** Respondents cited that 66% **prefer to learn at work** and nearly **one-half prefer to learn at the point of need**
- 6x** Leaders not getting new digital skills are **6x more likely to leave their organization** within the next year
- 3-4x** Training and development is **3-4 times more important than pay** for Millennials
- 10%** Reinventing the way people learn was important or very important to 86% of respondents, but **only 10% said their organizations were “very ready”** to address this
- 45%** 45% of front-line workers reported they **want more online training** (including video, interactive modules and practice questions)
- 6%** Just 6% of organizations are highly effective at **understanding worker development needs**
- 30%** Only 30% of Learning and Development departments **effectively use human-centered design** to determine the most appropriate learning programs and how to roll them out
- 21%** Companies that invest in employee training **earn 21% more profit**
- 50%** Companies with a strong learning culture report up to **50% higher retention rates**

What are the implications for HR?

To leverage the benefits of AI and other emerging technologies, **modernizing workplace learning will be essential**. These technologies can play an important role in this, with platforms such as [SurePeople](#) using AI and machine learning to curate digital learning programs based on an individual’s psychometric profile.

Sources: 2019 Bersin: Four Practices to Embed Learning in the Flow of Work / 2019 Deloitte Global Human Capital Trends / 2016 MIT SMR and Deloitte Digital business research and 2017 Deloitte Global Human Capital Trends

When AI meets HR: Conclusion #1

“Computers are useless. They can only give you answers.”

Pablo Picasso

In 1950 Alan Turing, the father of theoretical computer science, devised a simple test for when a computer can be said to be as intelligent as a human: have someone communicate with a computer and if they **think** they are talking to another person the computer is ‘intelligent’.

Today’s AI passes the Turing Test with flying colors – but this does not mean that it is intelligent.

It simply means that a test devised over 70-years ago is not the robust assessment computer scientists thought it would be!



Portrait of Picasso in the style of Picasso by VEED.IO

Current AI is simply a set of algorithms and instructions that are created by humans. It’s the humans who decide what inputs the AI will have, how it will process that data, and what outputs it will deliver. For example, AI programs that create images like the portrait of Picasso above are the combination of an online image search engine and a system for combining the pictures. It’s human beings that created the original images – the technology finds the images and creates a ‘mash-up’ of the source images in accordance with the instructions it has been given.

Doing as you’re told and doing something of your own will may *look alike* to an outside observer, but they are two very different things. As Picasso observed, the technology can only give you the answers – it cannot ask the questions. If the dataset the VEED.IO AI was trained on did not include paintings by Picasso it would not have been able to create a portrait in the style of Picasso.

Similarly, an AI system that has been trained on biased data will make biased decisions and, potentially, perpetuate societal inequalities. This is arguably the greatest risk presented by AI in its current form.

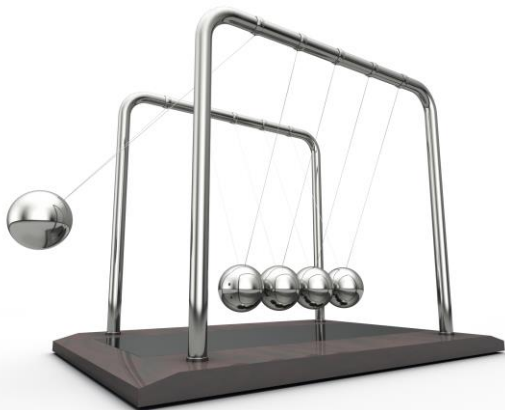
When AI meets HR: Conclusion #2

What are the implications for HR – and how should HR as a profession be responding to those implications?

“If HR professionals and leaders use AI and people analytics appropriately, they can make more effective decisions, improve the employee experience, and impact the bottom line.”

Alex Alonso, Ph.D., SHRM-SCP, Chief Knowledge Officer at SHRM

Newton’s Third Law of Motion states that for every action there is an equal (in size) and opposite (in direction) reaction. This law will apply to AI in the workplace.



The implications of this for HR are clear.

On the one hand, it provides a key to unlocking a host of Human Capital efficiencies: enhancing core processes, streamlining workflows, and enabling organizations to take a skill-based approach to managing work and workers.

It will support the modernization of workplace learning, accelerate career development, and enable employees to become their best selves.

On the other hand, it risks becoming a disruptive force if its implementation is not proactively managed: legacy mindsets need to be re-educated, employees need to be equipped with new skills and knowhow, and HR will need to act as ‘couples councillors’ between human beings and their new, AI-driven co-workers.

HR will also need to be ever-vigilant that AI systems are being trained using unbiased data to ensure that any potential biases and inequalities are not being amplified.

By having a realistic understanding of AI's capabilities, HR can better use it as a tool to improve our workplaces, processes – and the lives of our employees.

More about OrgShakers

Our name says it all: We are a global HR consultancy on a mission to help you shake things up.

OrgShakers (www.orgshakers.com) are a global team of seasoned HR practitioners who combine decades of pragmatic, first-hand corporate experience with the latest technology and workforce insights to help leadership teams unlock People Power within an organization.

Across a range of key People disciplines, OrgShakers have the knowledge, tools, and expertise to ensure organizations have the right structure, a positive workplace culture, and leaders with the skills and capabilities required to shape strategy and motivate performance.

As well as helping clients optimize key People practices such as onboarding, employee engagement and retention, rewards and benefits, performance management, HR systems, succession planning, employee wellbeing, and diversity and inclusion, OrgShakers also have an impressive track record in supporting businesses through periods of strategic transition.

This includes start-up, rapid expansion, mergers, business turnaround, culture change, entry into a new market, adjusting to post-pandemic working, and other situations where the complexity and intensity of the HR challenge can be daunting.

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Our Purpose: To elevate HR.

Our Mission: To empower people and workplaces by advancing HR practices and by maximizing human potential.

Our Vision: To build a world of work that works for all.

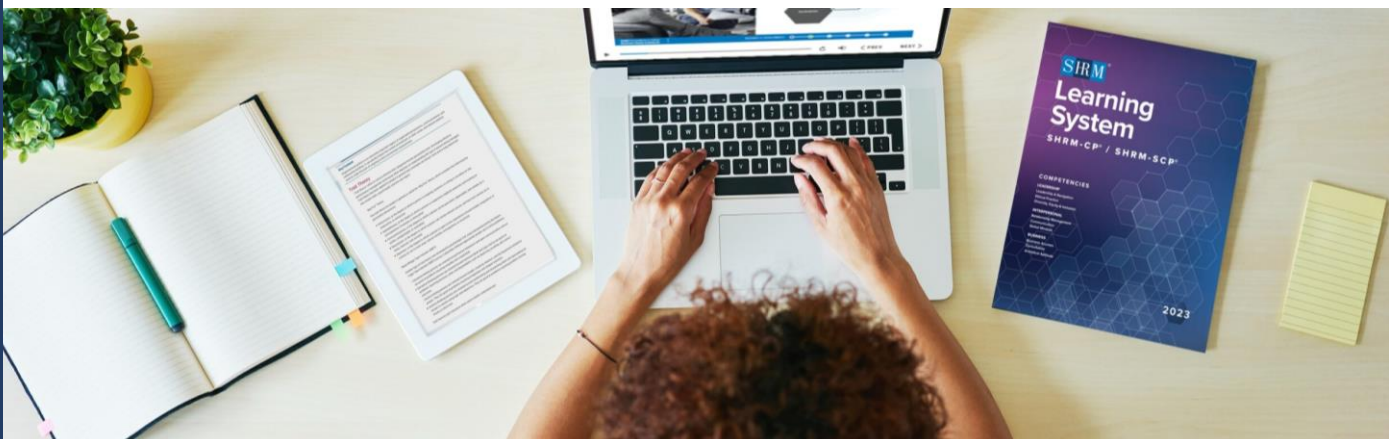
The Society for Human Resource Management (SHRM) creates better workplaces where employers and employees thrive together. As the voice of all things work, workers and the workplace, SHRM is the foremost expert, convener and thought leader on issues impacting today's evolving workplaces. With nearly 325,000 members in 165 countries, SHRM impacts the lives of more than 235 million workers and families globally.

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