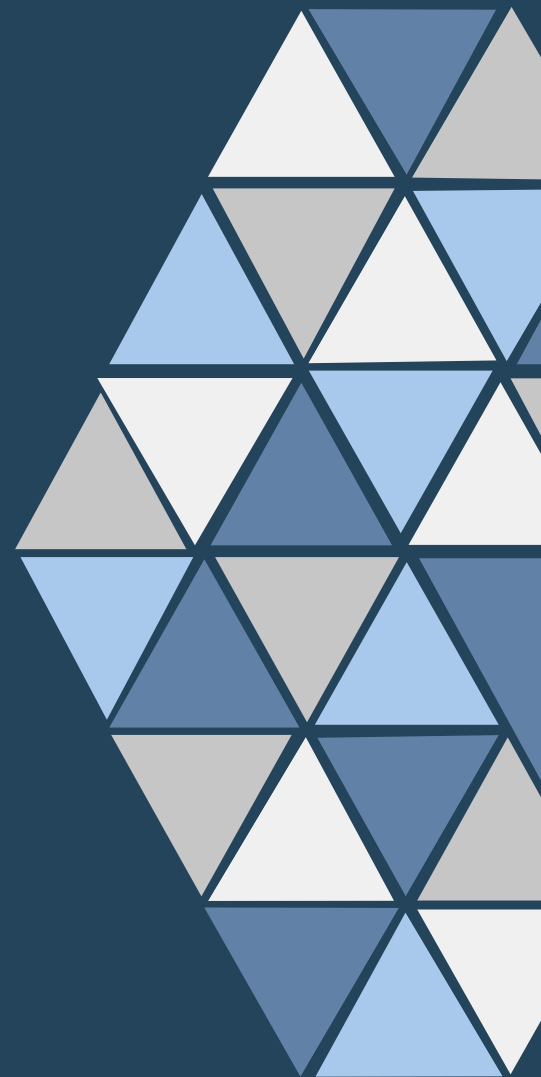




SAINTY HIRD
& PARTNERS

UTILIZATION OF AI IN HR

ACROSS THE EMPLOYEE LIFECYCLE



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FORWARD

The integration of Artificial Intelligence (AI) into Human Resources (HR) represents a seismic shift and for leaders in People & Culture the stakes are high. Could the ability to harness AI's power effectively be the key to attracting, retaining, and developing top talent in an increasingly competitive market? Or the failure to adapt to this technological shift leave organizations struggling to keep pace with the demands of the modern workforce. This question on adoption underscores the strategic importance of this topic, and why there is a gap between awareness and preparedness with AI adoption and governance.

To further understand the issues at stake and to share some insights into this area, we conducted a series of in-depth interviews with six leading experts at the forefront of AI innovation in HR. These conversations have provided useful insight on the practical applications, challenges, and ethical considerations surrounding AI's utilization through the employee lifecycle. Conducting the research for this report was a fascinating exercise and we're incredibly grateful for the contribution from the experts we spoke to, we would like to thank Robert Newry (CEO, Arctic Shores), Sophie Meaney (CEO, Perspective), Loïc Michel (CEO, 365Talents), Louise Brown (Board Chair, City HR Association), Sandra Healy (CEO & Founder, inclusio) and Samantha Schlimper (MD, Randstad).

KEY FINDINGS

While the potential impact of AI spans the entire employee lifecycle, our interviews revealed its current utilization is most prominent in talent acquisition, with growing applications in onboarding, L&D, performance management, and employee engagement. AI offers immense potential for personalisation, productivity gains, and data-driven decision-making in these areas. However, key challenges such as data privacy, algorithmic bias, and maintaining the human touch must be addressed to ensure that AI is ethically and effectively integrated.

AI'S TRANSFORMATIVE IMPACT ON TALENT ACQUISITION

In the fiercely competitive war for talent, where speed, accuracy, and fairness are paramount, AI is emerging as a strategic differentiator. However, questions are raised both about AI's fairness to candidates, and that AI is being used by candidates to manipulate recruitment processes in a way companies do not want them to.

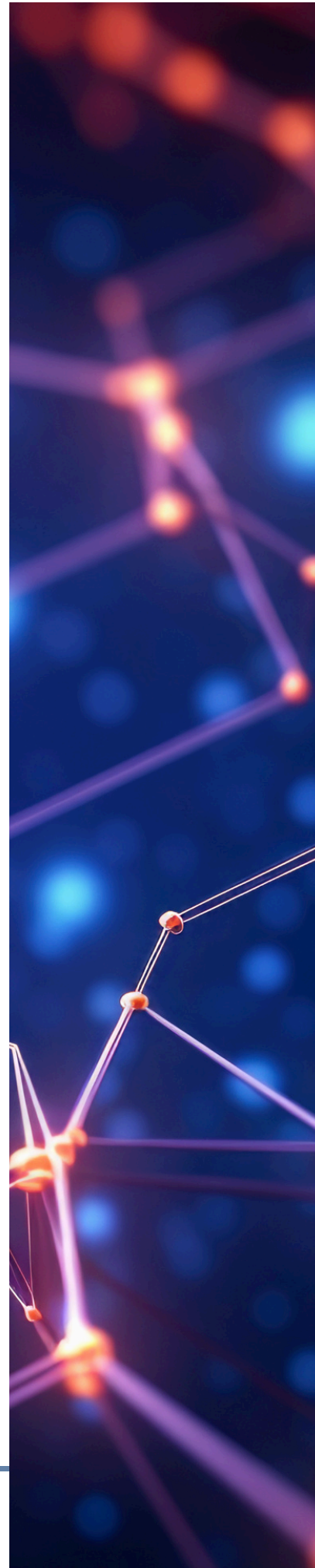
Arctic Shores uses AI, Newry emphasized that "we have done rigorous testing to show that the use of our transparent and explainable algorithm is not causing any adverse impact." Stressing the point, "It's got to be transparent; it's got to be explainable." He continues, "You have to give candidates advice on how they can use AI in the recruitment process." This approach fosters a level playing field, ensures candidates are aware of ethical considerations, and helps them understand "what that algorithm looks like, how it actually works, and how it's constructed." This transparency not only builds trust with candidates but also ensures the ethical and responsible use of AI.

Newry's advice for those considering introducing AI into their talent acquisition process includes conducting audits to identify areas that are "AI-friendly" and those that are "AI-vulnerable."

Companies also need to be aware of candidates utilizing AI in ways that might be seen as unfair. Newry mentioned "AI has completely undermined both CVs and cover letters, as well as traditional psychometric assessments." He explained how Arctic Shores tasked based assessments is an effective solution in negating candidates (mis)using AI.



ROBERT NEWRY
CEO, ARCTIC SHORES



HOW AI CAN SUPPORT ONBOARDING CREATING FIRST-IMPRESSIONS THAT FUEL LONG TERM SUCCESS

Onboarding is more than just paperwork; it's the first impression that sets the tone for the entire employee experience. A strong onboarding process directly impacts retention, with research from Brandon Hall Group indicating an 82% in new hire retention for companies with effective programs.

Louise further shared that, "The potential of AI is vast, and we are only just beginning to scratch the surface. If you don't set people up to succeed in the first 12 to 18 months, the likelihood is you're going to lose them."

By analysing data such as onboarding survey responses, performance feedback, and engagement metrics, AI algorithms can identify employees who may be at risk of leaving the company. This allows HR to proactively intervene and provide additional support or resources to help these employees succeed.



LOUISE BROWN
BOARD CHAIR, CITY HR ASSOCIATION

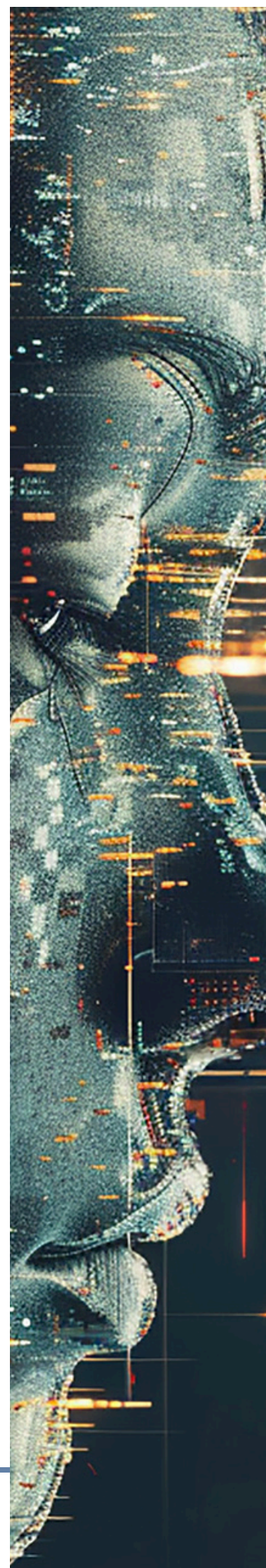
AI'S ABILITY TO ENHANCE TALENT MANAGEMENT AND ACQUISITION

In recent years, the integration of Artificial Intelligence (AI) into Human Resources (HR) practices has revolutionized the way organizations manage their workforce throughout the entire employee lifecycle. From attraction to transition, AI-powered solutions are enhancing efficiency, improving decision-making, and creating more personalized experiences for both employees and employers.

Randstad harnesses the power of AI, including generative AI, to enhance human potential in the workforce. They use AI responsibly to facilitate and augment human interaction, allowing them to better understand the unique strengths of talent, build deeper connections with both talent and clients, and accelerate the matching of individuals with meaningful opportunities. This approach fosters trust, deepens relationships, enables productivity, and drives meaningful outcomes. By leveraging AI technology in this way, Randstad aims to create a more effective and efficient work management system that benefits all parties involved while maintaining the crucial human element in the process.

AI-powered solutions are not only enhancing the expertise of Randstad consultants but also driving significant gains in efficiency and innovation. By automating routine administrative tasks such as scheduling and screening, Randstad consultants have more time to focus on building meaningful relationships with candidates and providing personalized guidance. Since 2018, Randstad's Interview and Schedule solutions have facilitated over 7.6 million conversations, scheduled more than 2.3 million interviews, and contributed to over 615,000 hires.

SAMANTHA SCHLIMPER
MANAGING DIRECTOR, RANDSTAD
ENTERPRISE TALENT ADVISORY



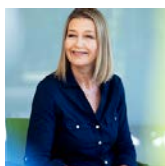
AI'S ABILITY TO ENHANCE TALENT MANAGEMENT AND ACQUISITION

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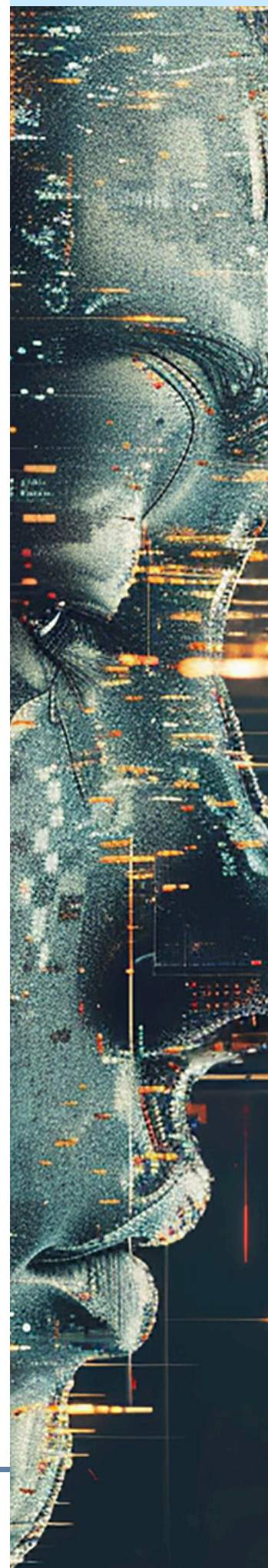
Furthermore, Randstad is leveraging AI-powered analytics to provide valuable insights into labour market trends, skills gaps, and candidate preferences, enabling Randstad to offer data-backed advice to both clients and candidates. Internally, AI tools have streamlined Randstad's operations, reducing job post-creation time from 45 minutes to under 5 minutes and recruiting teams saving nearly 125 hours per week on candidate screening. Randstad has also developed an internal generative AI chatbot to assist employees with information retrieval, content generation, document analysis, and process handling, and some Randstad employees are utilizing Google's Gemini for email management, content creation, and meeting support, saving them 30 minutes to an hour each day by automating routine tasks like summarizing documents and streamlining workflows.

In our Advisory practice we provide clients with AI skills, which goes beyond training to actual safe practice, which has a more significant impact on positive change and increased ROI and our use of AI have reduced analysis time by 62%.

Schlimper emphasized the importance of embracing AI: "Despite any apprehensions, it's crucial. It's not a passing trend; it's a fundamental shift in how work will be done."



SAMANTHA SCHLIMPER
MANAGING DIRECTOR, RANDSTAD
ENTERPRISE TALENT ADVISORY



AI ENABLING PERSONALISATION AND INCREASING PRODUCTIVITY IN LEARNING AND DEVELOPMENT

Loïc envisions a more adaptive and engaging future for L&D, with AI-powered platforms like 365Talents playing a pivotal role. He sees a future where generative AI takes center stage, enabling even greater personalisation and productivity gains in human resources. "We believe it [Gen AI] brings lots of productivity elements everywhere on the product [365Talents] for HR, for managers, and.. for the employees themselves," he noted, highlighting the potential of AI-powered chatbots to provide tailored guidance and support throughout their learning journey. Moreover, the ability of AI to predict individual learning needs and proactively recommend development opportunities further underscores its transformative potential in fostering a culture of continuous learning and development.

365Talents acts as a "Google for skills" within large organizations, matching employee skills with project or role requirements within an organization. "We integrate with [existing HR systems] to provide the layer on top for skills, intelligence, and talent experience."

Michel's advice for HR leaders is simply "Come as you are." He encourages HR professionals to embrace AI, even if they don't have extensive technical expertise. He believes that AI should be accessible to all organizations, regardless of their size or resources. He stated, "The difference between the data-rich and the data-poor is not that important in terms of time." "Usually, we can... level it up and down to balance it."



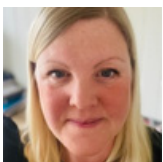
LOÏC MICHEL
CEO, 365TALENTS

AI IMPROVING PERFORMANCE MANAGEMENT AND EMPLOYEE ENGAGEMENT

AI is poised to revolutionize performance management, creating a more continuous, data-driven, and growth-oriented process. "Performance management is one of those really emotive subjects." This observation underscores the limitations of traditional approaches, which often lack the personalization and ongoing support needed to truly engage and motivate employees. In contrast, AI-powered tools and platforms like Perspective offer the potential to transform performance management into a more positive and empowering experience. As Meaney shares, Perspective AI can act as a "digital coach," guiding managers through difficult conversations and providing real-time prompts and feedback. This not only reduces anxiety for managers but also facilitates more constructive and meaningful discussions with their employees.

Traditional approaches, like annual surveys, are falling short in today's dynamic workplace. AI is stepping in, transforming engagement from a passive measurement into a proactive partnership between employees and organizations. Perspective's AI-powered sentiment analysis provides real-time insights into employee morale and potential issues, going beyond static surveys. AI helps "sift through the noise" to prioritize actionable recommendations. Sophie also emphasized a human-centric philosophy: "We need to be building back in the feeling, the instinct...that's how we'll differentiate ourselves from robots." "The AI helps [managers] to ask the right questions... so that managers... can have high-stakes conversations." Meaney described how AI language models foster psychological safety, enabling employees to provide more constructive feedback in engagement surveys: "It's not possible to identify whoever it was that put the challenges forward," and it "stops people from being afraid of raising their head above the parapet and making suggestions on how things could be improved at work."

Meaney was passionate about the need for businesses to adopt AI: "You absolutely have to adopt [AI]...you should be looking at ChatGPT and you need to continually review [its impact]." However, Meaney insisted that leaders "Encourage teams to think about the purpose of their work and how AI can support that purpose, rather than simply automating existing tasks." She also highlighted that AI should be used to augment human capabilities, not replace them.



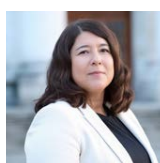
SOPHIE MEANEY
CEO, PERSPECTIVE



HOW AI CAN ENABLE THE CULTURE OF AN ORGANISATION AND POSITIVELY IMPACT ON IT'S DEI

AI-powered tools like Inclusio are transforming how organizations gather and analyse both quantitative and qualitative employee data, moving beyond simple demographics. Healy explained, "We measure things like trust, psychological safety, job support, well-being, and belonging." The platform's AI engine identifies 64 key points of inclusive culture, providing organizations with a comprehensive and nuanced understanding of their workplace environment. The platform is rooted in behavioural science, using nudges and microlearning to drive cultural change. Healy explained, "We use behavioural science nudges... short interactions over time... [that] are more likely to encourage behaviour change." Inclusio's AI engine plays a crucial role in personalizing these nudges and microlearning experiences for individual employees, ensuring maximum impact. Healy also emphasized the platform's ability to compare and contrast through sector and global benchmarks, stating, "We're able to do sector benchmarking, global benchmarks... because it's a scientific framework and it's all self-report." This gives organizations a clear view of their current state and provides actionable steps for improvement. Inclusio remains committed to ethical AI principles, particularly "do no harm," transparency, and testability. The platform's AI algorithms are designed to avoid adverse decision-making and to prioritize employee confidentiality. Healy stated, "We made a decision not to allow the machine to [push content to specific groups]... because what we wanted was everybody to have equitable access to the same learning and the same cultural experience at the same time."

Healy envisions a future where AI can predict potential DEI challenges before, they occur, allowing organizations to proactively address them. She is particularly excited about the potential of "digital twins" to simulate organizational culture and predict the impact of various factors on DEI outcomes. This predictive capability could empower organizations to make more informed decisions and create a more inclusive and equitable workplace for all employees.



SANDRA HEALY
CEO AND FOUNDER, INCLUSIO

A STRATEGIC APPROACH TO USING AI IN HR

AI is reshaping HR operations at HSBC, with Brown highlighting innovations such as chatbots and automated workflows to manage routine employee inquiries. This approach not only improved efficiency but also enabled HR professionals to concentrate on more complex and strategic tasks, thereby enhancing engagement, career progression, and retention.

Based on her experience at HSBC, Brown offered the following recommendations for HR leaders seeking to harness the power of AI:



Start with a Clear People Strategy: Define your organization's HR goals and identify the areas where AI can add the most value.



Invest in Data Infrastructure and Analytics Capabilities: Ensure that you have the necessary data foundation and expertise to leverage AI effectively.



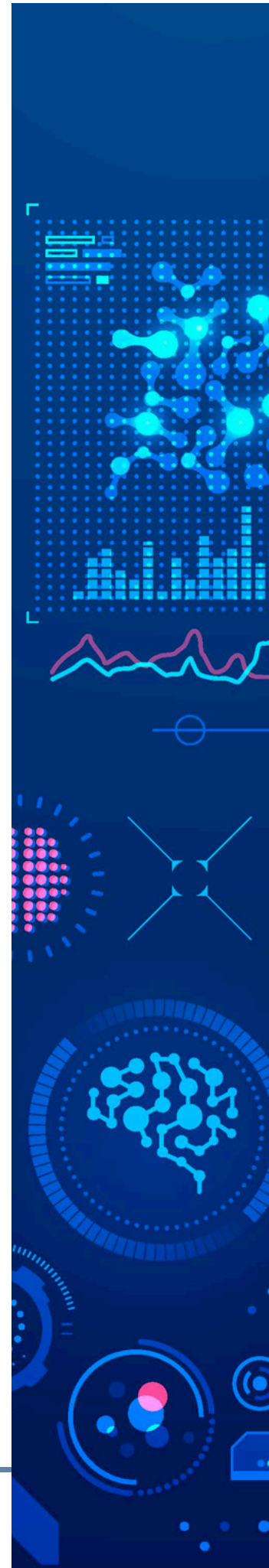
Prioritize Transparency and Explainability: Choose AI solutions that are transparent and explainable to build trust and mitigate potential biases.



Focus on Change Management and Communication: Engage employees in the AI adoption process, address their concerns, and highlight the benefits for both the organization and the workforce.



LOUISE BROWN
BOARD CHAIR, CITY HR ASSOCIATION



A GUIDING FRAMEWORK TO UTILISING AI IN HR

We developed a framework, based on the insights gleaned from our interviews with industry experts and extensive research. We have identified four crucial stages for HR leaders to navigate:

Access



- Understand the current landscape
- Define your AI Vision
- Conduct a skill gap analysis



Allocate



- Secure Executive Buy-in
- Allocate Budget and Resources
- Identify and Engage Key Stakeholders



Align



- Align AI Initiatives with Strategic Goals
- Prioritize Ethical AI
- Foster a Culture of Trust and Transparency



Accelerate



- Pilot & Iterate
- Develop a Scalable Roadmap
- Monitor and Invest in Continuous Learning



ADDRESSING CONCERNS AND ADVOCATING A BALANCED APPROACH TO AI IN HR

Our interviews revealed several critical themes: algorithmic bias, data privacy, and the indispensable role of human judgment. Robert Newry, CEO of Arctic Shores, highlighted the risk of bias in AI systems, noting, "AI systems can inherit and amplify biases present in their training data." This underscores the need for transparency and explainability to ensure organizations can justify AI-driven decisions. Experts advocated for the development of explainable AI (XAI) processes that help humans understand and trust machine learning outputs.

Data privacy emerged as another major concern. The use of sensitive employee data by AI systems requires robust safeguards and informed consent, as emphasized by Sandra Healy, CEO of Inclusio. She stressed the need for equitable access to data and learning experiences, cautioning organizations about potential privacy breaches and misuse of information.

The financial investment required for AI adoption is also a challenge, especially for smaller organizations with limited budgets. While the long-term benefits may outweigh the initial costs, organizations must carefully evaluate the financial implications and ensure a clear return on investment.

Experts agreed that the human element in HR remains irreplaceable. Empathy, intuition, and relationship-building are crucial for a supportive workplace. Louise Brown aptly reminded us, "AI cannot replace the nuanced understanding and emotional connection that human HR professionals bring to the table."

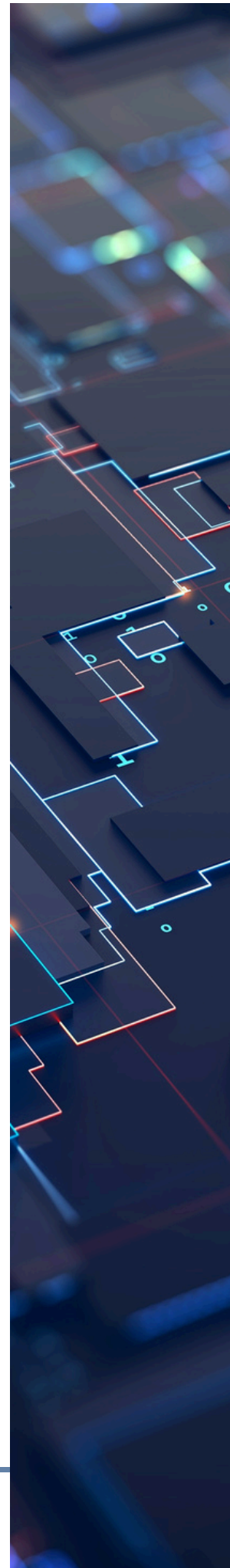
As AI continues to be widely adopted across various organizations and sectors, it is essential to maintain a human-centric approach. AI should augment, not replace, HR professionals. With proper alignment to business and people strategies, AI has the potential to significantly enhance HR processes and employee experience, while also increasing productivity and adding commercial value.



Valentine Nwakanma
People & Culture Practice Intern
valentinonwakanma@gmail.com



JP Hibbert
People & Culture Practice Lead
jp@saintyhird.com





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CONTACT US:

info@saintyhird.com
+44 (0)20 7968 4000
www.saintyhird.com