

AI is revolutionising the HR world, but being aware of its pitfalls remains paramount

Almost every passing day brings with it a fresh new way for artificial intelligence (AI) to be used, particularly within the realm of business. Indeed, whether it's a novel generative language AI or a program streamlining your inbox, AI is reshaping how we approach creation and productivity.

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This transformative influence extends even to sectors like HR and financial wellbeing, and its capacity to handle vast datasets, discern patterns and make rapid decisions means that AI holds tremendous promise within the HR domain.

Throughout the UK, numerous HR departments are already capitalising on this burgeoning technological wave to enhance talent acquisition, refine staff training processes and offer tailor-made employee benefits. As with any nascent technology, however, the ability of HR teams and decision-makers to harness this innovation efficiently, while also getting to grips with the potential pitfalls to avoid, is paramount.

AI is already revolutionising the HR world

While the implementation of AI into business operations is still emerging, its role as a useful tool in the field of HR and financial wellbeing is already becoming evident. So, let's explore how.

A key function for any HR team is talent acquisition and management, without which businesses would struggle to find and maintain the staff they need to succeed and grow. In years gone by, HR teams would rely on a manual approach to finding potential employees for their business, which often involved endless hours of scrolling through CVs and applications to find the best fit for the company.

With the emergence of AI, however, this laborious process has been transformed into a simple click of a button, with many programs now allowing hiring teams to automatically search through keywords and aptitudes to find the best available talent in a fraction of the time. As such, it's been found that AI is now helping HR departments save time, as well as up to 30% on cost-per-hire.

On the talent management front, similar improvements have been made. Indeed, businesses can now monitor and analyse employee performance and efficiency with precision, providing detailed, insightful information on employee progress, productivity and wellbeing. This data-centric methodology paves the way for more impartial and equitable assessments of employee performance, helping to pinpoint potential challenges or areas of improvement.

Such technology can also be used to collect critical employee feedback on topics like financial wellbeing, job satisfaction and the improvement of employee benefits. In turn, when armed with this information, businesses are increasingly able to provide more impactful benefits and support to their staff, improving staff retention levels as a result.

AI chatbots are a key part of providing better support to employees as well. Serving as round-the-clock virtual HR assistants, they can handle a wide array of the more straightforward enquiries that staff might have about their employer's benefits and support packages, allowing them to receive prompt and precise answers whenever they need them. In turn,

research shows that these bots can save HR departments up to 40 labour hours a week.

Finally, staff training, learning and development is another HR function that has been dramatically streamlined by the rise of AI technology. Indeed, as AI-driven learning programs have grown in their efficiency and scope, businesses can now provide personalised training and developmental initiatives for their staff that cater for their unique needs and required areas for improvement.

Consequently, the training they receive will much more efficiently enhance their skill sets and help them progress in their careers. This can also help businesses save money on training that may not significantly improve their staff development.

AI is already showing its worth, but the human touch is still vital

The benefits of AI in the HR space are clear to see, but potential issues could arise if HR professionals and managers are not aware of the pitfalls that the technology can create.

Indeed, AI - as with any emerging technology - can be prone to errors. In a hiring function, for instance, research has found that a lack of diversity within the programming team of an AI tool can create machine-learned bias that may lead to oversights based on race, class or gender. As such, AI programs still require human supervision and troubleshooting in their current state.

Moreover, with the average spend on an AI program being £9,500 for small businesses and rising to as high as £380,000 for larger companies, the cost of AI in the HR space remains a barrier to implementation for many organisations.

Finally, potentially the biggest pitfall that many HR teams can come across is that AI-powered HR tools often lack the human touch that is needed to truly support employees and foster a healthy and happy workforce. Indeed, while AI can be useful in collecting data or spotting patterns, it is obviously unable to recreate the human understanding and empathy that HR professionals can provide. As such, particularly if an employee is struggling with their financial or mental wellbeing, AI must be used as a tool to provide support, not a solution.

AI is a tool, not a solution

With the above pitfalls in mind, the current iterations of AI – while useful – do not stand up to scrutiny as standalone HR solutions. So, at least for the next few years, AI should be used to complement and enhance the work of HR professionals, not replace it.

Fortunately, there are plenty of tools out there that HR teams can implement in order to reduce their labour hours and focus on the parts of their job that require a human touch, while still ensuring that the support that they provide is not let down by the inaccuracies and pitfalls of AI programs.

A good example of these tools are platforms that businesses can invest in that provide staff with round-the-clock financial wellbeing support and advice. These solutions – many of which use AI to help staff oversee their finances – provide employees with educational materials, robust tools for tracking savings and access to independent financial advisers (IFAs), as well as AI chatbots that can swiftly address routine enquiries or questions. By providing such tools to their staff, HR teams can offload some of their work onto this new wave of technology but can still be there to provide the all-important human touch, when needed.

To briefly conclude, AI is already making its mark on the HR world, but

progress is yet to be made in providing the holistic and effective support that employees really need. So, HR teams must continue to regard AI as a tool that enhances their work and, if used properly, HR professionals can ensure that their support remains genuine, empathetic and attuned to the unique needs of each individual, while saving valuable hours on the more menial aspects of their roles.

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