



HR's Future State Report 2021:

The Impact of Artificial Intelligence on Talent Processes



Content

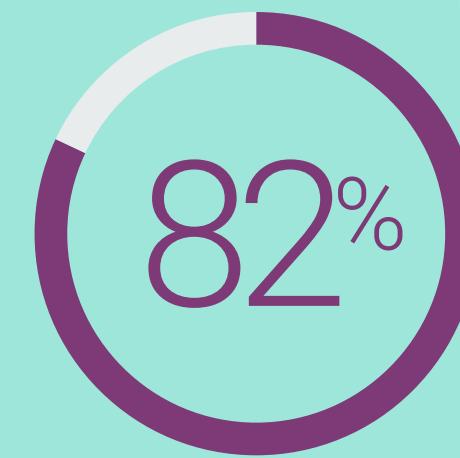
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Executive Summary

The nature of work continues to evolve, and the talent gap continues to widen.

HR leaders are responding to these talent management challenges by embracing technology, specifically AI, to proactively plan for future workforce needs. This is the key insight from our March 2021 survey of 224 manager-level individuals at large companies, most of whom work in HR departments.

Nearly 82 percent of our survey respondents believe HR teams will adopt more AI tools into their talent management processes over the next five years.



01 | Early Adopters Are Leading the Way for AI's Growth

More than 50 percent of companies already use AI-related tools to improve their talent management processes.

These tools allow them to:

- Evaluate the potential of candidates.
- Match the best candidates to the right roles.
- Personalize candidate and employee experiences.
- Deploy chatbots to answer common questions.
- Map employee career paths.
- Upskill and reskill employees for future success.

02 | AI Can Help HR Overcome Challenges and Achieve Key Goals

The struggle to find the right talent is the most immediate challenge in HR today. That's why HR teams are focusing on filling talent pipelines with quality candidates in 2021.

Further, **nearly 50 percent of respondents say cross-training and upskilling current employees is a key goal for this year**, with more than 40 percent planning to promote internally.

03 | AI Is Already Improving HR Systems and Processes

AI-backed technology is allowing HR teams to build systems and processes that meet their organizations' talent management needs and goals. Those goals include diversity and reskilling employees.

Also, by allowing HR teams to do more with less, AI creates operational efficiencies that ensure the success of workforce management strategies. In fact, **45 percent of survey respondents agree that AI technology in HR creates efficiencies in processes that facilitate scalability**.

04 | Talent Management Over the Next Five Years

Respondents expect AI will help them build workforce management systems and processes that benefit both organizations and their workers. To that end, **60 percent of HR professionals plan to use AI to promote inclusion and equity among employees as well as upskill and reskill employees to prepare them for the future with the company**.

01 | Early Adopters Are Leading the Way for AI's Growth

HR Teams are Already Using AI

High-performing companies are using AI to stay ahead in the competition for talent. Through their AI-powered tech stacks, these HR teams are able to streamline parts of recruiting, hiring, and onboarding processes; able to create positive candidate experiences; and able to manage their workforces.

That's because, among other things, AI is enabling these companies to:

- Use chatbots to better engage with candidates and answer their questions.
- Automate administrative tasks so HR teams can focus on more strategic work.
- Screen candidates more effectively and match them to the right roles.
- Improve diversity and inclusion efforts.
- Prepare the current workforce for future work through upskilling and reskilling.

"AI is how we lead," says Diane Gherson, former CHRO for IBM and current Harvard Business School faculty member. IBM, Gherson notes, has come to rely on AI in HR to produce a number of different outcomes, including more personalized experiences for employees, positive chatbot interactions, accurate skills inferences for workforce management, and improved productivity for HR team members.

Do you use AI-related tools in the management of your workforce or hiring process currently?



01 | Early Adopters Are Leading the Way for AI's Growth

Most Predict the Adoption of AI-Based Technology to Grow

The impacts of AI on recruiting, hiring, and managing workforces cannot be ignored. With companies such as IBM demonstrating the power of AI technology in HR, most HR practitioners expect the use of such technology to grow over the next five years.

The expectation is that the technology will only get better with time, opening up more possibilities for building stronger workforces when organizations build strategies around the capabilities of AI.

"AI solutions are evolving and becoming better every day, and companies are continuing to explore possible AI deployments across a large swatch of HR activities" writes Mary Baker, director of PR at Gartner.

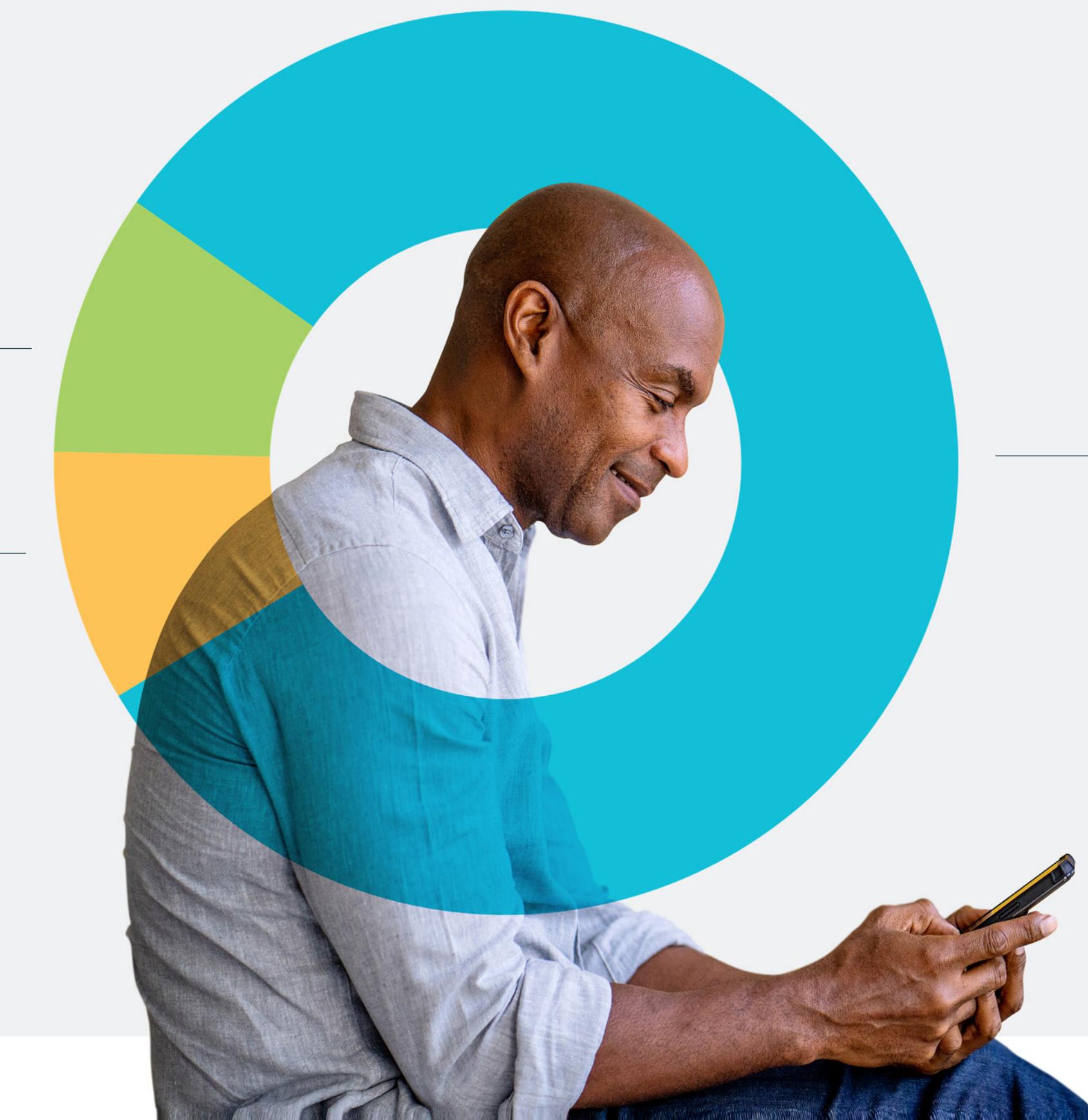
Which sentence do you agree with most?

AI and digital adoption in HR has reached its peak and will remain flat in the next five years.

9.4%

8.9%

There will be a return to more human-centric HR practices and companies will use fewer AI tools and digital options.



81.7%

Human resources teams will use more AI tools in the next five years.

02 | AI Can Help HR Overcome Challenges and Achieve Key Goals

HR Faces Multiple Talent Management Challenges That AI Can Help Address

The current challenges HR teams face include:

- Finding talent.
- Managing remote employees alongside onsite employees.
- Creating positive candidate experiences.

Evidence suggests that AI can help organizations address each of these concerns:

- With regard to finding talent, AI tools give HR the ability to cast a wider net to source candidates without overloading themselves with more work.
- When it comes to managing remote employees, AI tools facilitate collaboration, project management, and virtual training so HR teams can better manage their remote workers.
- AI also helps HR improve candidate experiences with chatbots and automated communications that keep candidates engaged.

Travel advisory company Fox World Travel is a case study in using AI to manage remote employees. "Because our workforce is over 50 percent virtual, associate engagement is a top priority," says Lisa Trepanier, the company's HR director. "We've been able to embrace technologies that have greatly improved HR processes – helping our virtual workforce stay engaged in the process."

What is the biggest HR pain point you are experiencing now?



02 | AI Can Help HR Overcome Challenges and Achieve Key Goals

HR Practitioners Are Setting Goals for 2021 That AI Can Help Them Achieve

According to respondents, their biggest goals for 2021, in order of priority, are:

- > Cross-training and upskilling current employees.
- > Identifying high-performing employees to promote internally.
- > Recruiting better candidates into talent pools.
- > Improving HR services for remote and hybrid employees.

The first two goals highlight an important shift in talent management that has developed in response to skills gaps and budgetary constraints. Internal mobility is becoming a key strategy for finding talent.

Grant Weinberg, Vice President, Talent Acquisition, HR Operations & HRIS at TriNet explains: "The technology is going to help us...unleash the power of our employees in owning their careers and growing with us as opposed to breaking outside of the organization."

AI helps companies do just that, future-proofing not only their organizations, but also their talent.

What are your top hiring and management goals for 2021?



03 | AI Is Already Improving HR Systems and Processes

How AI Is Already Being Implemented in Talent Management

AI is already helping HR teams solve common talent management issues. According to survey respondents, the technology has become especially important in creating training programs for employees.

This, again, gives evidence to the ongoing focus on upskilling, reskilling, and cross-training current employees. Having the flexibility to upskill employees makes organizations better able to respond to workforce and industry changes.

AI is also being used to streamline recruiting, hiring, and employee records management. The technology is creating efficiencies in these processes, which allows HR to focus on more strategic functions.

In which areas does your company use artificial intelligence tools or machine learning? (select all that apply)



03 | AI Is Already Improving HR Systems and Processes

How AI Is Being Used Specifically in Hiring and Recruiting

HR teams are particularly focused on implementing AI-based technology into their hiring and recruiting processes. A lot of that work is administrative and time-consuming. Technology eliminates the drain on resources and helps HR teams to:

- > Find the right candidates through better filtering and applicant pre-qualification.
- > Create positive candidate experiences through chatbots and self-service systems.

Matt Hill, director of talent acquisition at Dexcom, explains that AI technology streamlines the company's recruiting process by finding the most qualified candidates for positions. One way it does this is by helping candidates quickly identify positions they are most qualified for and auto-populating work experiences for them in their applications. As a result of these efficiencies, the company has seen a 40 percent conversion of website visitors into unique applicants.

In which areas in the hiring and recruiting process does your company use artificial intelligence tools or machine learning? (select all that apply).



03 | AI Is Already Improving HR Systems and Processes

Most HR Practitioners Agree AI Is Helpful in Overcoming Bias

AI systems are also playing a pivotal role in removing bias from hiring and recruiting. That's the overwhelming consensus from survey respondents, who agree that AI allows them to build more equitable hiring practices.

While not perfect, technology allows companies to eliminate conscious and unconscious human biases as well as to widen their applicant pools to be more inclusive of underrepresented groups.

Cher Whee Sim, Global Head of Talent Acquisition and Talent Mobility at Micron concurs, stating, "we have invested in an AI platform to accelerate our diversity sourcing capabilities. This gives us a ranked list of our targeted underrepresented applicants and a diversity dashboard."

**Please select whether you agree or disagree with the following statement.
"Artificial intelligence and technology remove bias from the hiring process, allowing for more equitable hiring practices."**



03 | AI Is Already Improving HR Systems and Processes

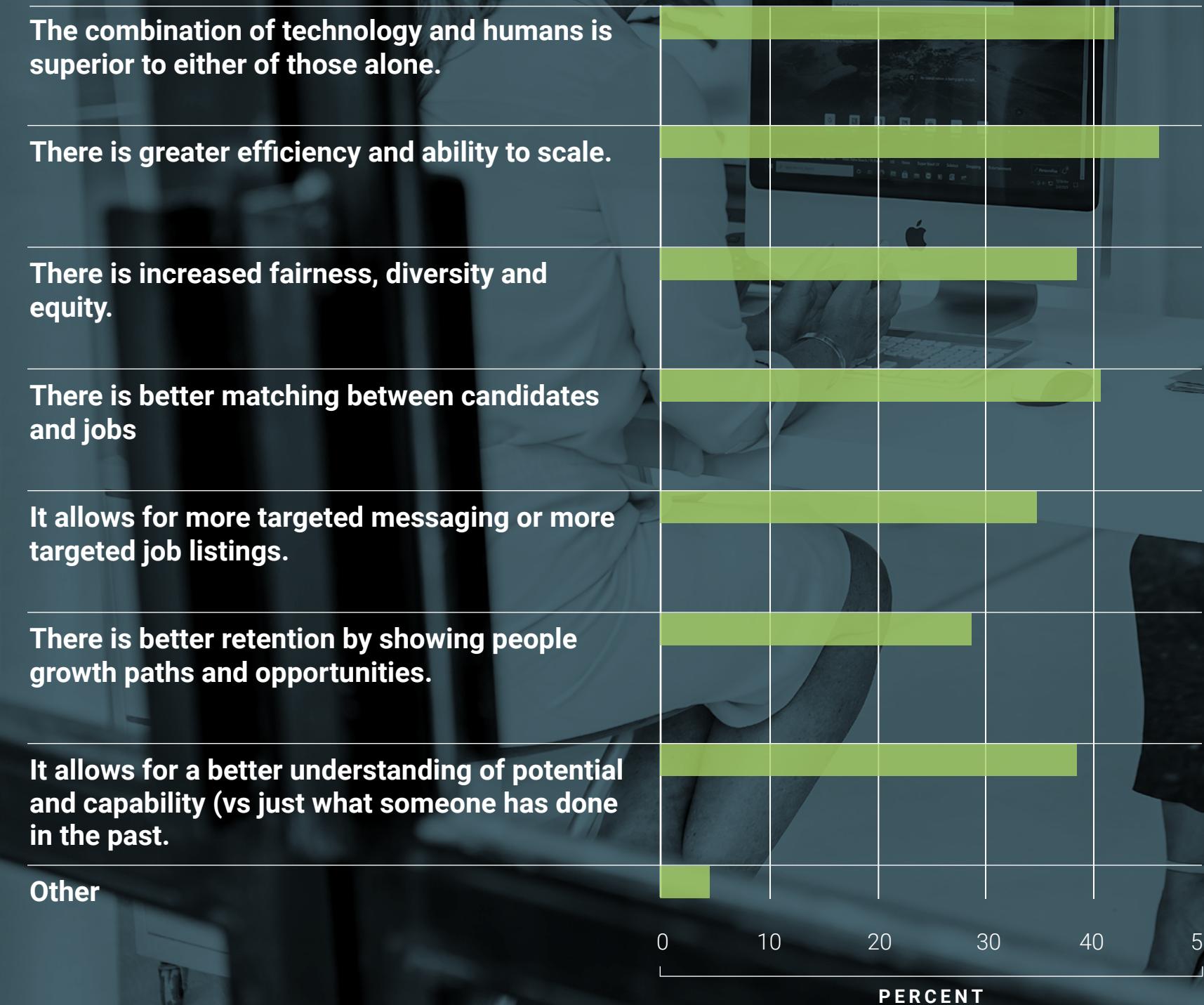
A Plurality of HR Professionals Agree AI Can Help HR Scale

AI enables companies to reduce turnover because it allows them to build employee career paths and present opportunities for growth within the organization.

"We don't want people to go and start a career search on an external platform. We want them to be able to identify what their next internal job is. Likely the next two or three jobs or even make a career shift internally at TriNet," says Grant Weinberg.

When sense of internal mobility is high and turnover is low, HR teams can focus their time and resources on scaling the organization, another key benefit identified by survey respondents.

Where do you think there are significant benefits of AI in the HR process?



04 | Talent Management Over the Next Five Years

HR Professionals Plan to Implement AI to Hire Quality Talent

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Regarding hiring, where do you expect to use AI the most in the next five years?



04 | Talent Management Over the Next Five Years

HR Practitioners Plan to Use AI to Improve Workforce Management

With internal mobility and diversity and inclusion topping HR's list of priorities, AI is poised to play a pivotal role in achieving outcomes in these areas.

In order to build successful internal mobility programs, companies must focus on cross-training and upskilling. AI is helping them do this by identifying roles in which employees would excel and facilitating the development of personalized training programs.

Companies like Amazon, PricewaterhouseCoopers, IBM, AT&T, and JPMorgan Chase are all investing heavily in learning and development programs to prepare their workers for the future. AI is playing a key role in their development of these programs.

Many are also focused on promoting diversity in their workforces and are using development programs to reach those goals. "We must remove the stigma of a community college and career education, look for opportunities to upskill or reskill workers, and give those who have been left behind the chance to compete for well-paying careers today and tomorrow," says Jamie Dimon, CEO of JPMorgan Chase.

Regarding workforce management, where do you expect to use AI the most in the next 5 years?



Methodology

Respondents completed this survey as part of a panel exchange with one of several enterprise-level panel partners.

For this survey, 354 respondents were fielded between 3/17/2021-3/23/2021. 130 were disqualified for not meeting the necessary criteria, leaving a sample size of 224 completed respondents.



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