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Transformative Impact of Generative Artificial Intelligence on Human Resource Management

Empowerment, Engagement, Value Capture, and DEI
Initiatives

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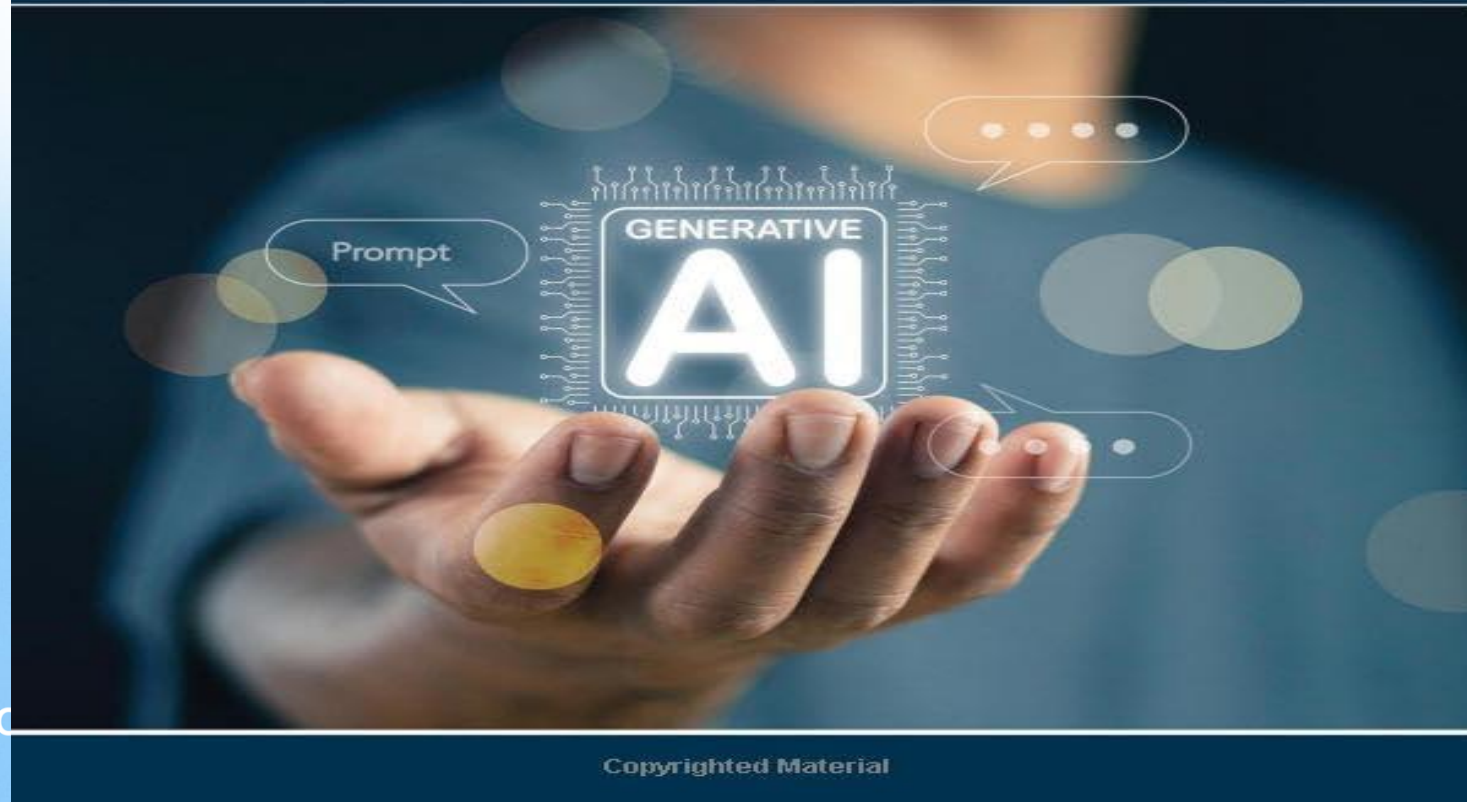
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Nir Kshetri



THE RISE OF GENERATIVE ARTIFICIAL INTELLIGENCE

Impact on Societies, Economies
and Enterprises



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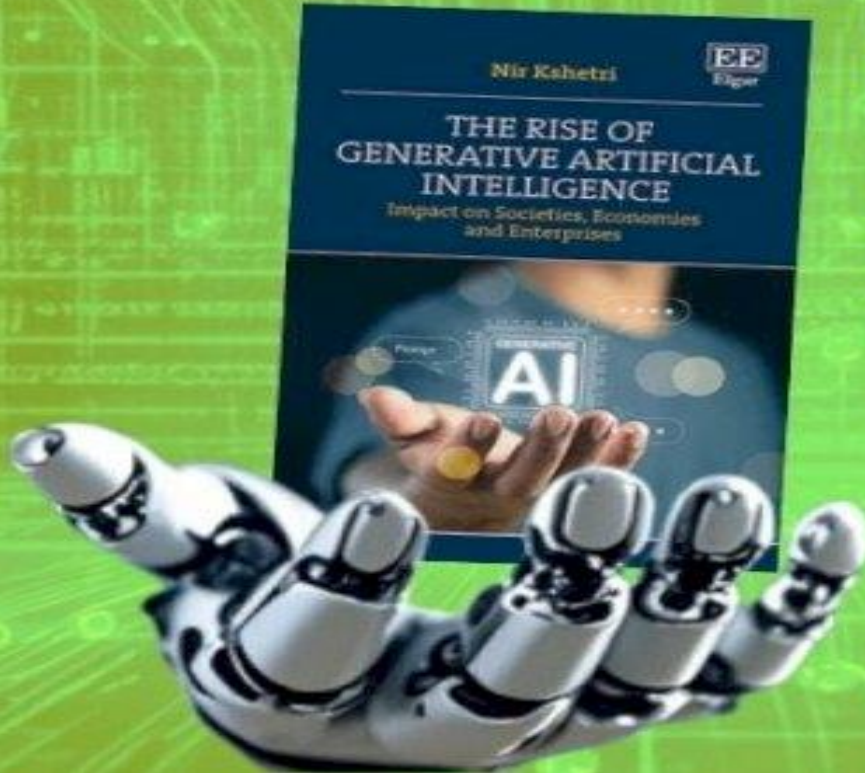
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Peresensi/Periset



GAI and HRM

- GAI: performs certain HR functions that traditional AI systems cannot
 - In some cases, it can execute these functions more effectively.
- The use of GAI in HRM expanding :
 - 26% of HR professionals working in departments that leverage AI in 2024
 - 15% in 2022
 - Additional 28% planning to adopt AI soon.



Some examples of GAI-based HRM tools

Robert Walters Group's Adify	<p>Assesses and composes job advertisements, ensuring that the language used attracts individuals from diverse backgrounds.</p> <p>Emphasis on neutral language aims to broaden the pool of potential applicants.</p> <p>Assists employers in enhancing diversity within their workforces.</p> <p>Trials: up to a 23% increase in female applicants and a significant rise in overall applications due to language modifications in job advertisements .</p>
Workday Human Capital Management (HCM)	<p>Enriches third-party LLMs with factual information from Workday to ensure accuracy and context.</p> <p>Aim: to provide responses that blend the strengths of leading LLMs with the accuracy of verified data by augmenting these models with Workday data.</p>



Some examples of GAI-based HRM tools (Contd.)

Salesforce's recruitment tool	Enables the proactive matching of candidates, leveraging data from recruiting events, the career website, social channels, and more. This ensures that those expressing interest in the brand are promptly informed about new opportunities at Salesforce.
Google's interview warmup	Allows job seekers to practice answering questions curated by industry experts. Transcribes the answers provided by users, aiding in identifying areas for improvement and enhancing interview readiness Helps candidates develop well-considered responses.



Some examples of GAI-based HRM tools (Contd.)

ChatGPT and its advanced iterations including GPT-4

Personalizes recruitment efforts by understanding candidates' needs, addressing language barriers, optimizing job postings, and recommending relevant opportunities.

Tailors interview questions, maintaining candidate engagement, and guiding them towards suitable roles.

Resolves issues, fosters diversity and inclusion, assesses transferable skills, and reduces bias in decision-making processes.

Enhances learning experiences and tackles pay equity issues through predictive analytics .

Mitratech implemented a custom ChatGPT 4.0 platform, tailored to the company's specific preferences, which delivered better performance than the standard version of ChatGPT.

Beamery's TalentGPT

Proprietary AI + Talent Graph + pre-trained LLMs = dynamically generate content that aligns with evolving customer needs and real-time information.

Crafts job descriptions tailored to address companies' skill gaps and identify traits associated with high-performing individuals.

Provides career suggestions to employees by guiding them based on their existing skills and recommending areas for further development to advance in their careers.



Some examples of GAI-based HRM tools (Contd.)

Adecco's "CV maker"	This tool generates resumes through verbal instruction. Additionally, Adecco has partnered with Microsoft to develop a GAI-powered career platform, which assesses candidates' skills and provides personalized career guidance .
Marcel	Custom AI platform created to connect Publicis Groupe's 100k employees with opportunities, knowledge, expertise, fostering learning, collaboration, and creativity (https://marcel.ai/public). Uses AI to organize internal data, making it easier for employees to access relevant information and improve decision-making.



The role of GAI in critical HRM activities

HRM activity	Empowering employees and job seekers (P1)	Coproduction of HRM services (P2)	Value capture (P3)	DEI initiatives (P4)
Recruitment	Creating, updating, or enhancing resumes and cover letters to match specific job requirements	Communicating needs, preferences and value proposition to HRM teams via resumes and cover letters	Generating job descriptions that require hours of HR personnels' time (e.g., Workday)	Assessing and composing job advertisements, ensuring that the language used attracts individuals from diverse backgrounds (e.g., Adify).
Selection and onboarding	Interview: Google's interview warmup to develop well-considered responses	Google's interview warmup's well-considered responses can help understand a candidate's needs and preferences	Generating relevant and effective interview questions tailored to specific job roles, skills, and competencies. Personalizing onboarding plans	Bridging communication gaps and overcome language barriers: interviews and selection Cross-cultural training into onboarding: instill multicultural values.
Training	Employees can ask about training, workshops, or certifications, and get instant answers and guidance	Personalized learning recommendations leading to better engagement	Automating administrative tasks, streamlining coordination, analyzing employee data to recommend tailored training, maximizing development impact.	Addressing unconscious bias in real-time and offering interactive scenarios tailored to the unique culture of organizations.
Compensation	Guiding the salary negotiation process by sequentially posing relevant questions Aiding mothers in comprehending their entitlements to benefits (e.g., PaidLeave.AI)	Salary negotiator: can explain underlying reasons behind the individual's request for a salary raise	Can offer a reasonably accurate estimate of the salary range for roles like an HR director in a specific location	WomenTech Network's use of tailored ChatGPT models targets challenges such as bridging the gender pay gap

GAI's transformation of power dynamics: empowering employees and job seekers

- Power Shift: GAI empowers employees, balancing workplace dynamics.
- Career Tools: TalentGPT and EarnBetter enhance job searches and growth.
- Interview Aid: GAI improves preparation and skill alignment.
- Employee Support: GAI boosts negotiations, reviews, and benefits access.

P1: GAI transforms power dynamics by empowering employees and job seekers, thereby reducing the power gap with employers, distinguishing itself from previous generations of AI.



Coproduction of HRM services

- GAI in HRM: Empowers employees in interviews, self-appraisals, training, and more.
- Job Applications: Tools like ChatGPT optimize resumes, cover letters, and interview prep.
- Training: GAI refines programs with personalized recommendations, boosting engagement.
- Compensation & Reviews: Supports salary talks and performance reviews by highlighting contributions.

P2: GAI positively impacts employees' engagement in co-producing HRM services.



Value capture

- Streamlined HR Operations: GAI automates routine tasks, reducing HRBP support time by 80% and enhancing productivity.
- Optimized Recruitment: AI platforms like Marcel match candidate skills efficiently, cutting hiring time and costs.
- Enhanced Employee Retention: GAI tools personalize experiences and improve engagement, boosting retention by 19%.
- Data-Driven Decisions: GAI delivers insights for fair compensation, unbiased recruitment, and transparent performance evaluations.

P3: The utilization of GAI in HRM has the potential to enhance value capture within organizations.



Supporting DEI initiatives

- Addressing Bias in Job Descriptions: GAI tools like Adify and ChatGPT promote neutral language, increasing diversity in applications by up to 23% (Alabi, 2023).
- Cultural Sensitivity & Inclusivity: AI supports multicultural workplaces with language comprehension, cross-cultural training, and DEI-focused onboarding (Gassam, 2023; EDHEC, 2021).
- Real-Time Bias Mitigation: GAI-based training programs identify unconscious bias and offer tailored scenarios to foster inclusivity (Erne, 2020).
- Fairer Performance Reviews: Platforms like Textio and Oracle's GAI tools enhance objectivity, reduce biases, and personalize feedback (Callahan, 2023).

P4: The utilization of GAI in HRM has the potential to enhance DEI initiatives.



From predictive and generative to agentic AI: Shaping HRM

- **Agentic AI Definition:** Autonomous AI systems that act on users' behalf, set goals, reason through tasks, adapt to changing conditions, and integrate tools for enhanced efficiency.
- **Advancement Over Traditional AI:** Moves beyond simple chatbots by saving time in complex workflows through natural language understanding and autonomous action.
- **HR Transformation:** Automates recruitment, streamlines workflows, reduces bias, and employs predictive analytics to improve retention and satisfaction.
- **Strategic Benefits:** Enables tailored, goal-oriented HR services for proactive and efficient management.



Comparison of generative and agentic AI

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	Generative AI	Agentic AI
Autonomy	Limited: Requires external prompts to produce responses and cannot function without human guidance.	High: Acts independently, handling tasks and making decisions without needing constant human input.
Behavior	Task-oriented and reactive: Responds to prompts to generate content like text or images, but it lacks long-term goals and doesn't pursue overarching objectives, completing each task based solely on immediate input.	Goal-directed: Operates with a specific goal in mind, actively working towards it by taking purposeful actions, such as a self-driving car that makes decisions like steering and braking to ensure safe arrival at its destination
Adaptation and learning	No: Operates based on learned patterns from training data and does not adapt or improve in real-time without retraining using new data.	Yes: Learns from its experiences, adapting and improving over time, like a movie recommendation system that refines its suggestions based on user preferences.
Decision-making	Basic: Makes decisions by selecting outputs based on learned patterns, such as predicting the next word in a sentence, but it does not evaluate multiple alternatives or consider long-term consequences.	Complex: Evaluates multiple options and outcomes before making decisions, such as in stock-trading algorithms, where it analyzes data, predicts trends, and determines whether to buy or sell based on that information.
Environmental perception	No: Lacks environmental perception, working solely with data like text or images, without the ability to sense or interpret the physical world around it, reacting only to the input provided.	Yes: Makes decisions based on its understanding of the environment, using sensors or data inputs, such as cameras to detect obstacles, enabling it to navigate and adapt accordingly.



Optimizing HR functions with agentic AI: A case study in employee retention

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- Task Definition and Execution: Autonomously breaks tasks into steps, designs workflows, and selects the appropriate services for execution.
- Illustrative Example – Employee Retention: AI HR agent improves retention by identifying strategies, creating task lists, gathering data, and iterating on feedback.
- Process Breakdown
 - Task Identification: Analyzes exit interviews and satisfaction surveys.
 - Data Collection: Gathers internal turnover data and external best practices.
 - Knowledge Management: Stores findings to refine strategies.
 - Iteration: Adjusts tasks based on feedback for continuous improvement.
- Impact: Optimizes HR functions, enhancing efficiency and informed decision-making.



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Enhancing employee experience with agentic AI in HRM

- Employee experience encompasses all interactions within the workplace, influencing satisfaction, engagement, and retention.
- AI-driven systems improve HR self-service, offering easy access to information and reducing operational costs.
- 87% of HR managers plan to increase their tech budgets, focusing on enhancing **employee experience** with user-friendly tools.
- AI agents personalize employee experiences by automating tasks, improving training, and streamlining workflows across systems.

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Thank you!

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