

IMPACT OF AI-BASED HR TOOLS ON EMPLOYEE EXPERIENCE

S. SINDUJA

Research Scholar, Faculty of Management Studies, Dr. MGR Educational and Research Institute, University, Maduravoyal, Chennai.

Dr. R.JAYAM

Professor & Head, Department of Human Resource Management, Dr. MGR Educational and Research Institute, University, Maduravoyal, Chennai.

Abstract

For HR managers, the emergence of artificial intelligence (AI) poses a perplexing conundrum. On the one hand, HR may greatly benefit from AI by enhancing efficiency, streamlining procedures, and enabling data-driven decision-making. On the other hand, AI-based solutions may result in unjust discrimination, a lack of transparency, a violation of personal information, and a decline in worker confidence. Given these opposing factors, HR managers should apply AI-based HRM in a balanced manner. This article offers a framework that HR managers may use to help them with this process. The model takes into account a firm's state of assimilation of AI technology as well as the viewpoint of its personnel. Any choice to switch to AI should be based on the amount of technological preparedness as well as the inherent complexity of the HR activity. HR managers can deliver a fantastic employee experience and ensure improved decision-making by focusing their efforts.

Keywords: AI Technology, Human Resource Management, Ethics, Employee Engagement

INTRODUCTION

Artificial intelligence (AI) is the capacity of machines to solve issues or make predictions based on vast amounts of data in complex, organised as well as unstructured situations, according to (Prikshat et al., 2021). Accordingly, Budhwar et al. (2022) have said that broadly speaking, AI refers to a large family of technologies that enable a computer to carry out activities that typically need human intellect. Dutta et al. (2022), on the other hand, hold the opinion that AI-based solutions offer a wide variety of applications for crucial HR operations including recruitment and selection, performance management, training and development, and coaching.

HRM Domain and AI

It is undeniable that the HR domain differs from many other management domains where AI applications have been applied since it has a very specific role to play in each organisation. According to Tambe et al. (2019), there are three key reasons why the HR domain is viewed as being out of sync with the other management responsibilities. The complexity of HR outcomes is the primary cause of the HR domain's lack of alignment. The absence of correct data, which is necessary to continue modelling, is the second explanation given. The third justification given speaks to the ethical and legal ramifications of HR choices, which in turn make the use of AI-based technologies with respect to the HR domain a rather complex task.

The results of various research studies have shown that artificial intelligence approaches can create power disparities, inequality, and a discriminatory culture (Sloane, 2018). AI

deployment is also difficult since most HR workers lack technical knowledge. In general, businesses hire developers who frequently lack the essential subject expertise to handle the technical aspects of producing these solutions. The desired and actual outputs are not in line with each other because of this gap.

When HR managers are forced to explain the results of such tools to workers and other stakeholders but they are not aware of the underlying assumptions utilised during creation, they frequently find themselves in a pickle. Organizations occasionally buy technology from a third party supplier. When large organisations are required to adopt many HRM components from various providers, the situation becomes rather difficult.

Effects of Applications of HR Technology

Applications of HR technology have historically concentrated on increasing cost effectiveness and process efficiency. As a result, there are less and fewer human contact points in personnel operations across firms. While integrating technology in HR, it appears that the employee perspective has been mostly disregarded. It is critical to consider employee input and comprehend their expectations with reference to AI. It is not appropriate to generalise to all HR tasks the idea that workers expect their organisations to be as technologically advanced as feasible. Employees would, in fact, anticipate automation for banal, everyday tasks like downloading pay stubs or learning about the status of their health insurance. However, they might like face-to-face interactions for more personalised transactions like filing a complaint or having a conversation about an issue with an assessment.

AI-Based HR Tools and Employees' Expectations

Employees want to keep the human components in the interview assessment process, according to research by Mirowska and Mesnet (2022) on how they perceive AI-based interview evaluation. Duggan et al (2021).’s study on gig workers revealed that algorithmic management is bad for people’s long-term careers. Applications of AI-augmented HRM in various roles present questions about privacy, fairness, confidentiality, predictability, reliability, and validity (Priksht et al., 2022). Therefore, HR managers need to be careful when making decisions using an AI "black box," since this may change how employees perceive organisational justice and fairness.

The contradictory elements of AI that were mentioned above emphasise the need for HR professionals to be careful and deliberate while implementing AI-based HRM. The structure presented in this research can aid HR managers in this procedure. This approach gives HR managers a roadmap for what tasks to focus on at each stage of assimilating AI technology, based on employee perceptions of trust and organisational readiness for employing AI.

The proposed typology is meant to provide managers an intuitive foundation for choosing functions based on their intrinsic complexity and the development of the firm’s AI technology, rather than to provide an entire list of HR operations. The methodology also combines flexibility and feedback at each level, matching with the company’s broader business and HR strategy.

Stages of AI-HRM Assimilation

The three stages of AI-HRM assimilation in any organisations which include initiation, acceptance, and routinization are outlined, drawing on the notion of innovation assimilation (Zhu et al., 2006). Organizations must assess AI's potential effect and benefits on the HR function at the start phase. The success or failure of the entire procedure will depend on how well the initial step goes. HR professionals must comprehend the subtleties of AI and how it integrates with existing technology and HRM systems. To grasp the business perspective and get their support, leaders' participation is crucial. HR managers should also take employee input into account.

Organizations make the decision to deploy AI in this stage and invest funds to buy the necessary equipment. Here, HR managers need to work with developers to provide the employees' viewpoint that is needed to create the models. The extensive application of AI across a range of HR functions is the ultimate stage of routineization.

Once the technology has been purchased and put through its paces, it is recommended that HR departments integrate it gradually during the course of adoption and routinization. The heuristic employed here is that a major organization's five-phase implementation plan for HRM services should have a profile of AI-based HRM tasks that corresponds to the degree of technology (AI) integration. This is not a watertight categorization, as was originally stated. Every organisation is unique, and context is extremely important. Therefore, when doing this assessment, HR managers should exercise judgement.

STEPS TO ADOPTED IN ENSURING AI BASED HR TOOLS ENHANCE EMPLOYEE EXPERIENCE

Stage 1 (Quick Win)

Only administrative processes, such as payroll, personnel records, leave, and absence, would initially convert during this stage. AI can increase compliance, decrease payroll errors, and swiftly respond to changes in labour laws. If these responsibilities are carried out well, HR will be relieved of the monotonous chores, receive backing from leaders, and improve employee satisfaction.

Stage 2 (Employee Engagement Drive)

After that, AI tools would be used for employee engagement, workforce planning, and attrition management. Organizations may get a real-time pulse on employee engagement and assist identify high-risk attrition individuals by utilising AI chatbots, NLP, and sentiment analysis. The capacity of an organisation to estimate and assess personnel demands more accurately would be improved by AI-based models for workforce planning and attrition management.

Stage 3 (Ensuring Learning is Customised)

HR managers may make use of artificial intelligence (AI) approaches to locate skill shortages and roll out tailored staff learning and development initiatives. Employees might gain from specialised training materials and capacity programmes that support their educational

objectives. By correlating pay levels with employee experience in the area of compensation and benefits, AI can improve financial planning and budgeting. Employees may be given the choice of a benefits package within a predetermined range depending on their unique demands thanks to AI techniques.

Stage 4 (Enhancing speed to ensure Spread)

HR managers may use AI recruiting technologies like semantic analysis for candidate screening to quicken the hiring process and increase the likelihood of selecting superior prospects. By periodically reporting KPIs and identifying biases, AI systems in experience management can assist managers in providing objective feedback. By mapping employees' talents and interests, AI technologies may assist talent management strategies. These technologies may also analyse employee career paths inside a company and make suggestions for succession planning and creating a pipeline for future leaders.

Stage 5 (Creating Routines)

The organization's use of AI is becoming routine at this phase. Here, the emphasis will be on staff selection and performance management ratings. Prior to incorporating these functions, AI technology must be institutionalised since the consequences of these activities can be complicated and have implications for organisations in terms of ethics and the law. HR managers may enhance the recruiting process by carefully utilising AI technologies to interact with candidates at various phases of the selection process. The capabilities of AI may also be used by HR managers to rate employee experience. However, AI should only be utilised for analysis and prescriptive guidance due to the delicate nature of personnel selection and performance assessments. Managers should have ultimate discretion and decision-making power.

CONCLUSION

The paradigm of AI-based HRM presented here is conservative and cautious, in keeping with current research (e.g., Tambe et al., 2019). This is a suitable tactic at this time, as 81% of HR leaders find it difficult to keep up with the speed of technology development at work (Oracle & Future Workplace, 2019). Of course, additional restrictions like labour laws will prevent a full shift to AI in the HR sector. After a few years of AI's development in the area, for instance, it is more conceivable that domestic inquiries or grievance redressal mechanisms will be led by AI. Contrary to common misconception, robots are not taking the place of people or automating human behaviour. Through data-driven decision-making, it is about strengthening managerial potential and employee experience. In this shift, HR will play a significant role.

REFERENCES

- i. Budhwar, P., Malik, A., De Silva, M. T. T., & Thevisuthan, P. (2022). Artificial intelligence – challenges and opportunities for international HRM: A review and research agenda. *The International Journal of Human Resource Management*, 33(6), 1065–1097. <https://doi.org/10.1080/09585192.2022.2035161>
- ii. Duggan, J., Sherman, U., Carbery, R., & McDonnell, A. (2021). Boundaryless careers and algorithmic constraints in the gig economy. *The International Journal of Human Resource Management*, 1-31.
- iii. Dutta, D., Mishra, S. K., & Tyagi, D. (2022). Augmented employee voice and employee engagement using artificial intelligence-enabled chatbots: A field study. *The International Journal of Human Resource Management*, 1–30. <https://doi.org/10.1080/09585192.2022.2085525>
- iv. Mirowska, A., & Mesnet, L. (2022). Preferring the devil, you know: Potential applicant reactions to artificial intelligence evaluation of interviews. *Human Resource Management Journal*, 32(2), 364-383.
- v. Oracle & Future Workplace (2019), *From Fear to Enthusiasm: Artificial Intelligence is Winning More Hearts and Minds in the Workplace*, AI@Work Study 2019. <https://www.oracle.com/a/ocom/docs/applications/hcm/ai-at-work-ebook.pdf>
- vi. Prikshat, V., Malik, A., & Budhwar, P. (2021). AI-augmented HRM: Antecedents, assimilation and multilevel consequences. *Human Resource Management Review*, 100860. <https://doi.org/10.1016/j.hrmr.2021.100860>
- vii. Prikshat, V., Patel, P., Varma, A., & Ishizaka, A. (2022). A multi-stakeholder ethical framework for AI-augmented HRM. *International Journal of Manpower*, 43(1), 226–250. <https://doi.org/10.1108/IJM-03-2021-0118>
- viii. Sloane, M. (2018, July 6). *Making artificial intelligence socially just: Why the current focus on ethics is not enough* [Online resource]. British Politics and Policy at LSE; London School of Economics and Political Science. <http://blogs.lse.ac.uk/politicsandpolicy/artificial-intelligence-and-society-ethics/>
- ix. Tambe, P., Cappelli, P., & Yakubovich, V. (2019). Artificial intelligence in human resources management: Challenges and a path forward. *California Management Review*, 61(4), 15–42. <https://doi.org/10.1177/0008125619867910>
- x. Zhu, K., Kraemer, K. L., & Xu, S. (2006). The Process of Innovation Assimilation by Firms in Different Countries: A Technology Diffusion Perspective on E-Business. *Management Science*, 52(10), 1557–1576. <https://doi.org/10.1287/mnsc.1050.0487>