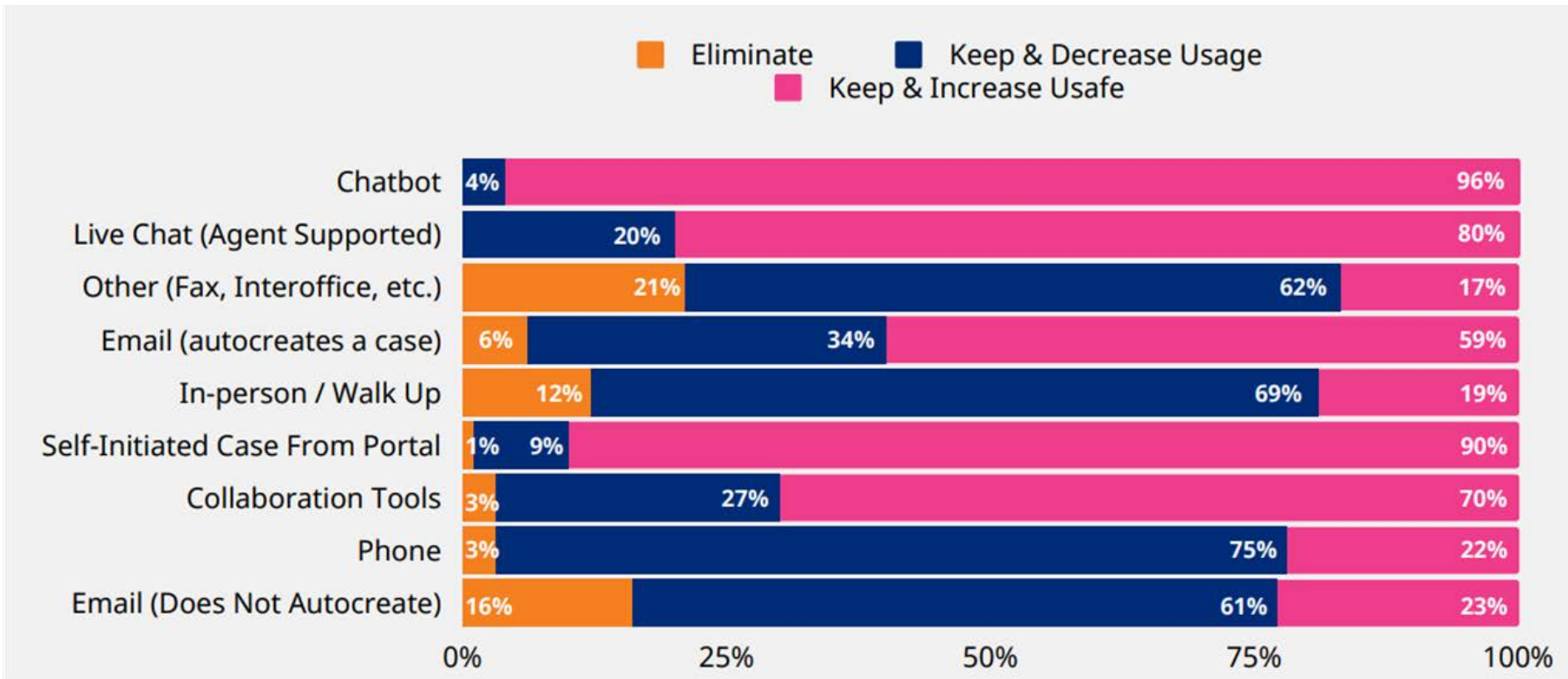




AI'S IMPACT ON THE HR WORLD



BUSINESS CASE FOR AI



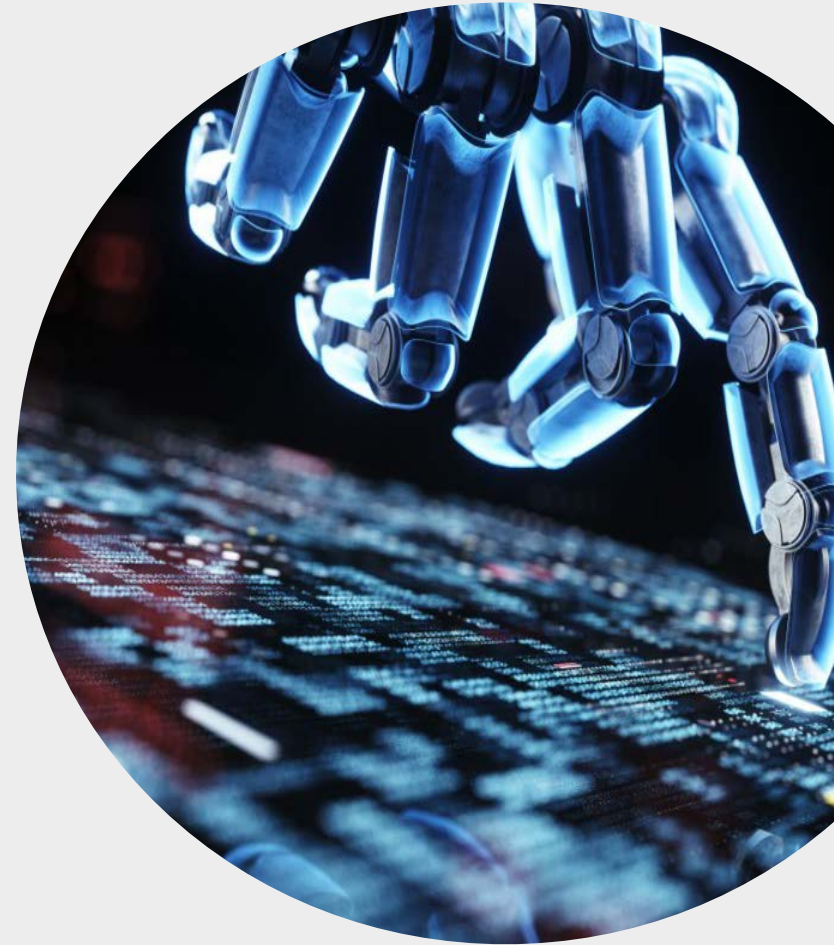
Source: Mercer | Learpen's 2023 HR Service Delivery Survey

CHATGPT



WHAT IS IT?

- ✓ It is an artificial Intelligence (AI) chatbot
- ✓ Developed by OpenAI – prototype launched in 11/30/2022
- ✓ As of January, 2023 – had over 100 million users!
- ✓ February, 2023 – premium (ChatGPT 4.0) launched (\$20/month)
- ✓ ChatGPT Enterprise*** – launched in August, 2023 – pricing varies by number of licenses



CHATGPT IS A PART OF BUSINESS TODAY



ACCORDING TO OPENAI:

80% of Fortune 500 companies already have employees using ChatGPT for work.*

*Percentage of Fortune 500 companies with registered ChatGPT consumer accounts, as determined by analyzing accounts associated with corporate email domains.

CHATGPT



HOW CAN IT BE INTEGRATED?

- ✓ Can connect Chat GPT to third party applications by way of an “Application Programming Interface” (API)”
- ✓ General examples:
 - ✓ Retrieve real-time information; e.g., sports scores, stock prices, the latest news, etc.
 - ✓ Retrieve knowledge-base information; e.g., company docs, personal notes, etc.
 - ✓ Assist users with actions; e.g., booking a flight, ordering food, etc.





BEST PRACTICES

IT IS A TOOL - KNOW HOW TO
USE IT!



PROMPT ENGINEERING!



WHAT IS IT?

- ✓ Prompts are short pieces of text that are used to provide context and guidance to machine learning models. Prompt engineering is the process of creating effective prompts that enable AI models to generate responses based on given inputs.

QUALITIES – BE:

- ✓ Clear
- ✓ “Concise”
- ✓ Objective
- ✓ Analytical



DEMONSTRATION!

POTENTIAL HR APPLICATIONS



HOW CAN IT HELP MY HR DEPARTMENT?

- ✓ Administrative/tactical steps could be automated in the future
- ✓ Generating job descriptions
- ✓ Generating interviewing questions
- ✓ Conducting virtual/AI interviews
- ✓ Assist with screening of candidates
- ✓ Developing policies and forms
- ✓ Q and A for Managers and Employees – “HR Chatbots”
- ✓ Training – create training plans and materials

PITFALLS



DID YOU KNOW?

- ✓ Intellectual property - Is what is being generated really yours?
- ✓ Confidentiality - Linking the publicly available version of Chat GPT to your information, provides consent for Open AI to “train” and respond to future requests
 - ✓ Enterprise-level ChatGPT API integrations are more secure
- ✓ Accuracy - Will the content be compliant with where you do business or TODAY’s legal requirements?
- ✓ Bias - In how it responds to requests regarding certain people or groups?



EMERGING AI PRODUCTS

GOOGLE BARD



ANOTHER AI CHATBOT

- ✓ Not currently fully integrated into Google's search engine as of now.
- ✓ Google extension to use it
- ✓ Need to have a Google/gmail account to use Bard/free to use
- ✓ Bard conversations stored on user's Google Account for up to 18 months (can change in Google Settings)
- ✓ Can input pictures ("reverse image search") into Bard
- ✓ Will include images in answers to text prompts
- ✓ Available in over 40 languages!

IMAGE GENERATORS



DALL-E:

- ✓ Developed by OpenAI
- ✓ Text-to-image
- ✓ Also is built into Bing Create and Chat GPT plus (4.0)

MIDJOURNEY:

- ✓ Free & open to the public for limited use
- ✓ Requires Discord Account
- ✓ Monthly fee varies for other levels of use

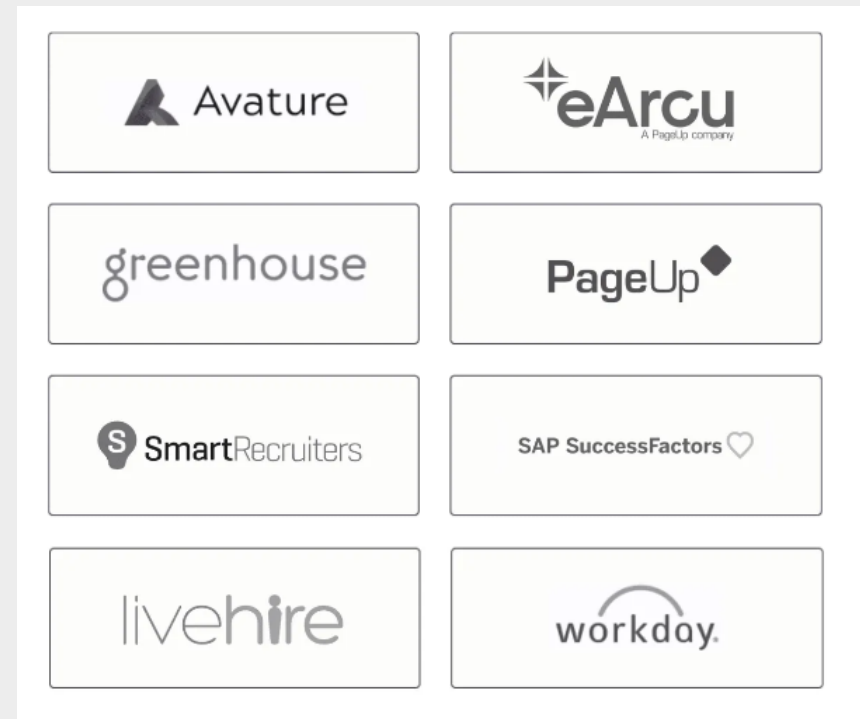


AI SMART INTERVIEWING



SAPIA.AI

- ✓ Chat Interview with AI Smart interviewer
- ✓ Video Interview
- ✓ Blind scoring to enable fairer hiring decisions
- ✓ Integrates into other applicant tracking system platforms



AI BIAS DETECTION



FAIRNOW.AI

- ✓ Monitors algorithms and provides insights about whether methods are fair, effective and explainable

SOLAS.AI

- ✓ Tests machine learning and AI decisioning algorithms for disparity
- ✓ Explains the sources of any disparity that is found
- ✓ Leverage a suite of powerful tools to find less discriminatory alternative models

EVALUATE AI APPS



7 QUESTIONS TO CONSIDER:

1. What makes it AI?
2. What data is used?
3. What is the algorithm doing?
4. How can I interpret the outcomes?
5. What problem is the AI solving?
6. It is ethical and legal?
7. Is it validated and monitored?

Source: “Understanding Responsible AI in Recruitment” Sapia.ai



COMPLIANCE ISSUES



DISCRIMINATION AND BIAS



EEOC'S POSITION:

- ✓ **“If the use of an algorithmic decision-making tool has an adverse impact** on individuals of a particular race, color, religion, sex, or national origin, or on individuals with a particular combination of such characteristics (e.g., a combination of race and sex, such as for applicants who are Asian women), **then use of the tool will violate Title VII unless the employer can show that such use is “job related and consistent with business necessity”** pursuant to Title VII.”



BIDEN EXECUTIVE ORDER



WHAT IT DOES:

- ✓ Establishes new standards for AI safety and security
- ✓ AI developers to share safety test results with the US government
- ✓ Develop guidance for “watermarking” AI-generated content
- ✓ Establish guidance and education against “algorithmic discrimination”
- ✓ Examine copyright and related issues including scope of protection of work produced using AI and treatment of copyrighted works in AI training



BIDEN EXECUTIVE ORDER



DEPARTMENT OF LABOR TASKS:

Report out in 180 days:

- ✓ “Best practices” for employers to mitigate AI potential harms
- ✓ Job displacement risks and career opportunities to AI and evaluating applicants
- ✓ Labor standards and job quality including issues related to equity, **protected-activity**, compensation, health and safety implications of AI in the workplace
- ✓ Worker Implications of using AI on employee data by employers



COPYRIGHT AND PATENT ISSUES



WHO OWNS AI OUTPUTS?:

- ✓ Re: art, literature or other created work
- ✓ AI-generated products are **not copyrightable**
- ✓ Must be “human authorship”
- ✓ Companies **not able to license** their own AI-generated content

PATENT OWNERSHIP?:

- ✓ Re: inventions and processes
- ✓ Patent owner must be human
- ✓ “Legal entity” can be owner if “received” rights from inventor





WHERE IS IT
GOING?

MORGAN STANLEY SAYS...



IMPACT OF GENERATIVE AI:

- ✓ Analyst Brian Nowak anticipates that AI **will affect about 44% of the labor force in the next few years.**
- ✓ Economic impact – **4.1 trillion dollars**
- ✓ “We see generative AI expanding the scope of business processes that can be automated...input costs support GenAI functionality are rapidly falling enabling a strongly expansionary impact to software production”

MCKINSEY SAYS...



IMPACT OF GENERATIVE AI:

- ✓ **40 percent of those reporting AI adoption at their organizations say their companies expect to invest more in AI overall** thanks to generative AI, and **28 percent say generative AI use is already on their board's agenda**. The most commonly reported business functions using these newer tools are the same as those in which AI use is most common overall: marketing and sales, product and service development, and service operations, **such as customer care and back-office support**.



NEXT STEPS

IDENTIFY YOUR OWN RISKS AND OPPORTUNITIES



THINGS TO DO

- ✓ Conduct an AI Audit – current and potential uses in the workplace
- ✓ Engage Critical Stakeholders – HR, IT, Legal etc.
- ✓ Training – Do your people who will be using AI know how to use it? AI apps? Chat GPT?
- ✓ Bias – In how it responds to requests regarding certain people or groups?

NEED FOR A POLICY



ELEMENTS:

- ✓ Define scope: Development of AI applications? Use of Company-licensed or use of AI applications? Use of third party / publicly available AI applications?
- ✓ Address privacy and security: regulate/prohibit confidential/proprietary/personnel information
- ✓ Maintain Confidentiality: regarding information that is not to be subject to AI access or if accessible, to ensure it remains confidential thereafter.

NEED FOR A POLICY



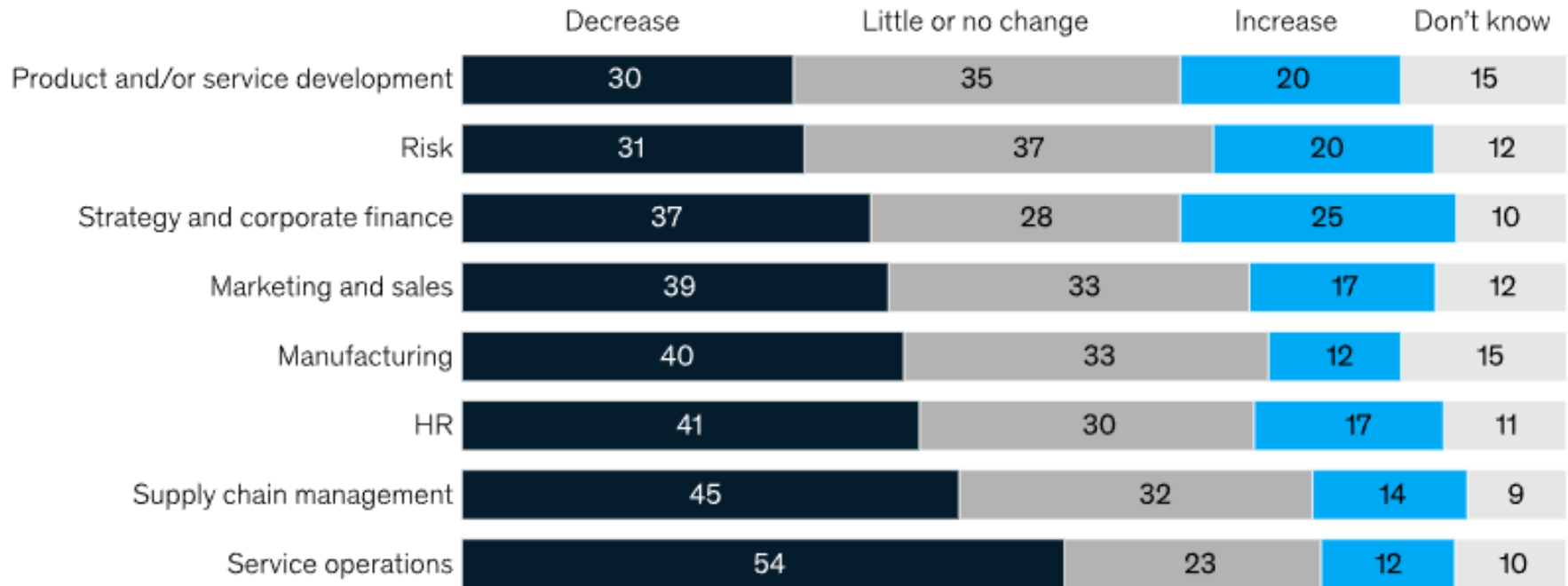
ELEMENTS:

- ✓ Verify outputs: to guard against potential copyright concerns/guard against bias/verify accuracy
- ✓ Transparency: disclose to management when AI was used
- ✓ Enforcement mechanism: how are policy violations addressed?

AI IMPACT ON THE WORKFORCE



Effect of generative AI adoption on number of employees, by business function, next 3 years, % of respondents¹



Source: McKinsey & Company “The State of AI in 2023: Generative AI’s Breakout Year”

NEED TO UPSKILL?



ACCORDING TO IBM:

- ✓ “AI won’t replace people – but people who use AI will replace people who don’t.”

EMERGING SKILLS:

- ✓ Basic Algorithm Understanding
- ✓ Data Literacy
- ✓ AI Ethical use
- ✓ AI Tool Familiarity
- ✓ AI Security and Compliance
- ✓ Automation Understanding/Model Training Basics
- ✓ Natural Language Processing
- ✓ AI Integration in Business Processes



QUESTIONS?



THANK YOU!