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Global CHRO AI Indicator Report:

A Vision for Strategic Value

Three Ways to Thoughtfully Embrace AI in HR

In collaboration with **FT** LONGITUDE

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Introduction

HR's function has evolved in past years from supportive—managing talent and compliance—to strategic. Now, HR is the linchpin of the business—the critical connector between leadership and the workforce.

As the champions of collaboration and the guardians of company culture, HR is a key enabler of digital transformation. And when it comes to digital transformation, it's become quite clear: AI will be an essential part.

AI is reshaping the future of work. It's revolutionizing how work happens, how we approach skills, and how decisions are made. As stewards of workplace change, CHROs are now expected to help lead their organization's AI strategy. But how do they feel about these technologies—and is HR ready to use them?

In our 2023 Global AI Indicator research, we examined the impact of AI on global enterprises. We surveyed 2,355 senior business executives, paying close attention to what CEOs and leaders in HR, IT, and finance had to say.
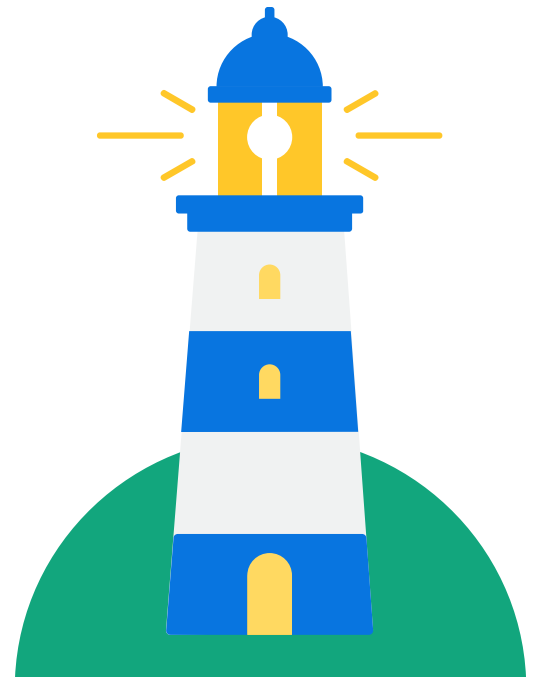
This report collates the results of our survey's HR respondents to provide HR leaders and decision-makers with a current view of the AI landscape in HR.

In this report, discover:

- What other HR professionals think about AI (spoiler alert: opinions are very mixed)
- Where AI is expected to drive the most business value and impact on HR
- How HR leaders who are currently embracing AI are envisioning success for their teams

What we've found is fascinating: AI opinion is split down the middle. It might come as a surprise, but HR, in comparison to IT and finance, is more conservative on AI adoption and circumspect in attitudes about the value AI brings to the table.

Caution is healthy. Skepticism is warranted. And proof isn't optional.

Fortunately, the vision is there, and so is the proof. We tracked the responses from a cohort of organizations going further with AI—a group we call AI Pioneers. These organizations fall in the top third of respondents with the highest rates of AI and machine learning (ML) adoption and digital transformation. In comparison with HR leaders at large, AI Pioneers are rolling out and scaling up AI adoption within the HR team at more than twice the rate of the others. And their outlook is promising.

AI in HR: a cautious approach to a value-focused future.

1 Delivering strategic value is HR's North Star.

If HR leaders are hopeful that AI will help them do more for the business, AI Pioneers are outright confident: 40% of HR leaders say AI will enable their teams to deliver more strategic value, compared to 54% of AI Pioneers.

Both parties expect to realize the same benefits from integrating AI into HR processes: increased productivity, improved collaboration, and increased revenue and profits—in that order.

2 HR takes the lead as governance gatekeepers.

The benefits of AI don't come without challenges. Many HR leaders are rightfully concerned about the broader impacts of AI. When asked about the greatest potential risks to AI implementation, HR leaders flagged a number of concerns, citing the potential for bias, errors, and security and privacy.

3 For every supporter, there's a skeptic.

Excitement to see AI adoption in HR is winning, but just barely. While 39% of HR respondents are excited to use AI, 33% are not. In fact, 47% of HR leaders are concerned about the trustworthiness of AI—the highest of all functions surveyed. And while 1 in 3 agreed AI is a complete game changer for their role, that's the lowest consensus among all functions surveyed.

AI will enable HR to deliver more strategic value

- Agree: 40%
- Disagree: 37%

AI will bring new opportunities to leverage skills across the business

- Agree: 40%
- Disagree: 35%

AI is a game changer for HR

- Agree: 33%
- Disagree: 37%

I am excited to use AI in HR

- Agree: 39%
- Disagree: 33%

Legend: ■ Agree ■ Disagree

Survey question: To what extent do you agree or disagree with the following statements about the impact of AI and ML on HR? (HR respondents; n=640.) Respondents selected one option per statement on a scale from 1 (strongly disagree) to 5 (strongly agree).

HR: cautious visionaries.

For the CHRO, AI represents new and unimagined opportunities to reshape their function. It promises a future in which tasks that impact employee experience—such as onboarding, payroll, and training—are automated, simplified, and personalized.

But with the responsibility to protect the business and its people comes the responsibility to consider change with a critical eye.

Concerns include whether AI will take over key elements of HR roles and the extent to which technology skills will be a core competency for the future of HR professionals. Even those eager to embrace AI's capabilities to streamline processes and upskill teams have questions about data privacy, compliance, transparency, and bias.

AI-enabled HR is expected to drive engaging experiences, focus on skills, promote career development, and contribute to greater retention of key talent due to higher satisfaction. There are still many unknowns, but the signs are pointing to a positive future.

"

There's always fear or anxiety with things we don't fully understand, and it can be challenging to see the bigger picture. But it's really about looking at how you focus the skills and capabilities of your associates in a different way.

Nathalie Carruthers
EVP & CHRO, Blue Yonder

1

Delivering strategic value is HR's North Star.

Less friction, more connection.

The opportunities for AI to accelerate value are abundant in HR. Compared to peers in IT and finance, HR is the least satisfied with the sheer number of function-specific administrative tasks their own teams and other, non-HR, employees must complete.

So, where do HR leaders expect to see this value delivered? The vision is for automation and insights enabled by AI to reduce the amount of time HR professionals spend on more monotonous tasks. The result is more time to spend on the nuanced and high-value tasks only a human can do.

What kinds of tasks can we hope to see transformed with AI? The HR leaders surveyed envision the most immediate value to be gained in three core aspects of the HR function:

> " My hope is that AI allows humans to do what we're really good at, and machines to do some of the things that are more tedious and time-consuming.
>
> **Hari Dorai**
> SVP, HR Operations, PVH Corp.

Performance management—evaluating performance, drafting performance reviews

	35%

Skills management—assessing skills strength, inferring skills, identifying talent trends and emerging skills

	34%

Recruitment and onboarding—reviewing applications, drafting offers

	33%

Survey question: In which areas can the HR team derive the most immediate value from AI and ML technology applications? (HR respondents; n=640.) Respondents selected up to 3 answer options.

This is in line with the biggest anticipated benefit: increased productivity. While some respondents looked forward to benefits including lower costs and talent development, the highest-ranked expected benefits focused on improvements across key drivers of business outcomes.

As AI and ML become more integrated with HR, what do you believe the biggest benefits will be?

All respondents

Increased productivity	**34%**
Improved collaboration	**33%**
Increased revenue and profits	**29%**
Data-driven decision-making	**29%**
Organizational agility	**28%**
Employee experience and engagement	**27%**
Talent development and upskilling	**25%**
Lowered costs	**24%**
Sustainability and environmental, social, and governance (ESG)	**20%**

AI Pioneers

Increased productivity	**41%**
Improved collaboration	**35%**
Increased revenue and profits	**34%**
Employee experience and engagement	**31%**
Sustainability and ESG	**29%**
Diversity, equity, and inclusion (DEI)	**23%**
Talent development and upskilling	**23%**
Data-driven decision-making	**22%**
Lowered costs	**20%**

Survey question: As AI and ML become more integrated with HR, what do you believe the biggest benefits will be? (HR respondents; n=640.) Respondents selected up to 3 answer options.

What's interesting is that, while the general cohort and AI Pioneers aligned on the top three benefits of AI, the rankings diverge slightly further down the list. HR leaders at large seem to envision a more tactical future with AI, while AI Pioneers also see AI at work for the ethical and social good of the enterprise.

Benefits beyond HR.
Among HR leaders, 35% agree AI will make HR tasks performed by non-HR employees less complex.

"
I see AI and ML as such a huge opportunity for us to take some transactional tasks out of our hands and give our HR professionals time back to be strategic partners to the business. There is no tool out there that can do what our HR professionals do. It's about how we create the environment for our people to be more active in the things that require more human connection.

Nathalie Carruthers
EVP & CHRO, Blue Yonder

AI will help prioritize people.

Despite some fears that AI could replace human roles, HR sees AI as a tool to help elevate teams and make the job more rewarding. And not just in regard to performance—AI is also expected to help create a work environment built on talent and integrity.

Over one-third of HR leaders (36%) say AI will enable a more equitable and diverse workforce. More than half of AI Pioneers agree (52%). Similarly, 38% of the overall cohort say AI will make their organization more meritocratic, rising to 47% among AI Pioneers.

With AI to help analyze data, manage metrics, and drive insights, HR will be able to identify best-fit candidates and meet employees with the right resources to support job satisfaction and success more easily.

"

In the future, I'm hoping we're able to look at everything about a person—from their work experience to their education, the feedback that they've received, and the projects that they have worked on within the company. Where we would like help from technology is learning how they compare to other people within the same role, not just internally, but externally, and for us to have a better automated prioritization of the skills that really matter.

Hari Dorai
SVP, HR Operations, PVH Corp.

Leaders' perspectives on AI in HR:

AI and ML will make HR jobs more rewarding.

AI and ML will make my organization more meritocratic.

AI and ML will enable the creation of a more equitable and diverse workforce.

2

HR takes the lead as governance gatekeepers.

One facet of the HR function is to safeguard against liability. HR is a key supporter of governance, compliance, and risk management, from regulatory adherence to physical safety and beyond. Even in their role as drivers of digital transformation, risk of bias, errors, and privacy violations are of top concern.

Not just an AI concern.
HR leaders cite security, compliance, and regulation as the top barriers to achieving current transformation goals.

One of the biggest cautions HR leaders cite when it comes to integrating AI in HR is the potential for increased risk. We asked HR professionals what they believed to be the greatest risks to integrating AI with HR within their organization. Their responses reflected an astute understanding of the real complexities involved in adopting AI.

Despite common and increasing discourse around the potential for AI to take the place of human workers, HR respondents surveyed don't seem particularly troubled by this concern. In fact, only 5% expressed concern about their jobs becoming obsolete.

However, HR leaders do have significant concerns around responsible data ethics and governance practices. Among HR leaders, responsible AI practices— and the risks associated with a less-conscientious approach to AI—are a much more pressing concern than the risk of job replacement. What's more, this concern is equally prevalent between the general cohort and AI Pioneers.

"

One piece that I often think about is how we safeguard our associates' information and data from falling into different hands. HR plays a big role in partnering with other parts of the organization such as IT and security to ensure this doesn't happen.

Nathalie Carruthers
EVP & CHRO, Blue Yonder

The greatest risks to implementing AI in HR.

■ All respondents   ■ AI Pioneers

Potential bias

All respondents	21%
AI Pioneers	20%

Potential errors

All respondents	21%
AI Pioneers	22%

Security and privacy concerns

All respondents	20%
AI Pioneers	18%

Survey question: What are the greatest risks to integrating AI and ML with HR at your organization? (HR respondents; n=640.) Respondents stack-ranked their top 3 choices in order of priority.

The risks with AI are real and underscore the need for transparency, training, and a human-in-the-loop approach to guide safe and effective development of AI processes and practice. This is where HR, in partnership with other functional leaders, will be invaluable for contributing to and educating the workforce on AI policy and setting the standard for others to follow.

"

HR has two roles to play as we think about AI, generative AI, machine learning, and RPA [robotic process automation]. We have our role as functional stewards and understanding how these technologies sit in our HR tech ecosystem. And we have a policy governance role, so if someone is using generative AI and entering company IP into the open world, we have a duty as caretakers of the code of conduct. We have a duty to help educate our employees about appropriate and acceptable use and making sure we follow through on investigations where that isn't the case.

Maryjo Charbonnier
CHRO, Kyndryl

More from this speaker

The human-in-the-loop approach.

This approach centers humans at the heart of AI adoption. With the goal being to enhance the work of humans and not replace it, a human-in-the-loop approach ensures humans and AI work in partnership by using AI to intelligently apply automation and provide supporting information and recommendations while keeping human decision-making at the helm.

Bias can harm.

30%

are concerned a lack of AI transparency will weaken DEI.

3

For every supporter, there's a skeptic.

Is anyone ever fully prepared?

The excitement around AI has seemed unstoppable at times in the wider world. And while HR leaders have given serious consideration to the pros and cons of bringing AI into HR functions, they seem to be split on their enthusiasm.

Adequate AI training will play a pivotal role in AI readiness, and it appears that teams may be lacking in that area so far: 42% of HR leaders say their team is not fully prepared for AI—the highest percentage of unpreparedness of all functions surveyed.

But that's not the only issue holding HR back from embracing AI. When we asked respondents about their most pressing concerns regarding AI adoption, they reported worries around potential negative outcomes.

The need to upskill or reskill the workforce to use AI properly will be key to not only addressing these concerns, but also to enabling a workforce for operating in the future of work.
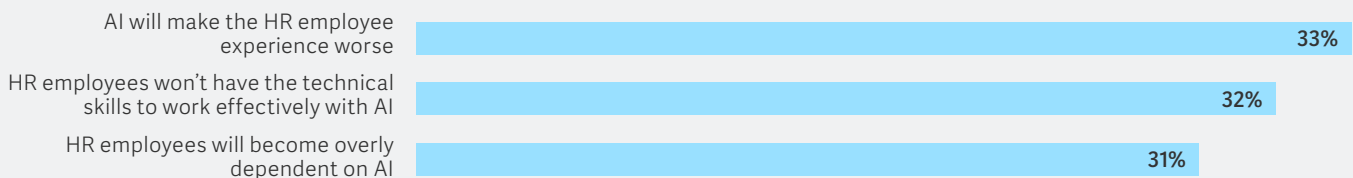
39%
of HR leaders are excited to use AI. **33% are not.**

42%
of HR leaders say their team is not fully prepared for AI.

Top 3 concerns about AI in HR.

AI will make the HR employee experience worse	33%
HR employees won't have the technical skills to work effectively with AI	32%
HR employees will become overly dependent on AI	31%

Survey question: To what extent are you concerned about the following issues as AI and ML becomes more integrated with HR? (HR respondents; n=640.) Respondents selected one option per statement on a scale from 1 (not at all) to 5 (highly concerned). Chart represents respondents who selected 4 and 5 on this scale.

Learning is key to getting comfortable with AI.

In addition to conducting a global survey, we interviewed several senior business leaders in HR to get their insights into our research findings. A clear theme emerged: empowering teams with AI-specific training and learning materials is the path to AI success.

AI Pioneers are moving forward with confidence.

In general, AI Pioneers have a much more confident stance toward AI adoption. And perhaps that's because they've already seen what it can do. Adopting AI at twice the rate of their counterparts, AI Pioneers have firsthand experience in both the risks and benefits of AI for HR functions.

And not only do AI Pioneers have a stronger positive outlook, but they're also already experiencing the results of more advanced digital transformation. They've reported higher levels of satisfaction across the spectrum of HR performance—more than 10% higher on performance speed.

Additional areas in which AI Pioneers experience higher levels of satisfaction include:

- The tools used by HR teams to complete work
- Number of administrative tasks to complete
- How well the team communicates
- How HR is perceived by the rest of the organization

"

Nothing is in the realm of the impossible now. What we need to do as a technology team is make sure that we're readying our business and readying our HR department for what's coming. It's a question of whether people are comfortable with taking information and not questioning the inner workings of it. Because if you're questioning the inner workings, you've got to be able to understand them, and these algorithms are a lot more sophisticated now than they used to be a few years ago.

Hari Dorai
SVP, HR Operations, PVH Corp.

"

I believe AI is a game changer. We have to take an intentional view of the benefits and then proactively drive that adoption; it allows us to accelerate so many things, whether it be the development of applications, the deployment of solutions, and even internally how we onboard associates and how they learn. It's something that HR has to embrace and take the opportunity to embed into what we do, but mindfully.

Nathalie Carruthers
EVP & CHRO, Blue Yonder

Three ways HR leaders can start unlocking the potential of AI.

Based on our research and conversations with HR leaders making headway with AI, here are three ways HR leaders can start unlocking the potential of AI:

1

Partner with your IT counterparts to embrace AI.

Successful business transformation never happens in a vacuum. Effective AI adoption will require communication, collaboration, and shared vision across teams.

As stewards of organizational change, HR leaders have a responsibility to build strategic partnerships with IT leaders within the organization. In terms of AI adoption, this partnership is critical to creating buy-in for HR use cases, driving visibility across practices, ensuring governance and compliance, and championing an AI-forward culture across the organization.

This partnership is also key to successfully realizing which AI solutions will transform the HR space. HR leaders need to be able to communicate their vision for AI use cases and collaborate with IT to scope the skills, tools, time, and resources it will take to execute.

"

HR needs to be able to keep pace with our business partners in terms of their business needs. Our role is to partner with them, align with them on solutions to solve their challenges, and help them embrace new technology safely and ethically. We're not in a position to say, 'This is not something we're going to use.' Instead, we have to give them guardrails and governance around new technology. This allows us to evolve with them.

Nathalie Carruthers
EVP & CHRO, Blue Yonder

"

CHROs need to help the CIO and the head of cyber practice to consider what our policy is, how we govern the use of AI within the enterprise, and the consequences of misuse. [We have to] run a very tight, coordinated, multilevel governance process on projects with the CIO and jointly share project management office responsibilities to make sure that we're on time, on scope, and on budget.

Maryjo Charbonnier
CHRO, Kyndryl

2

Upskill HR teams in AI technology and data literacy.

One of the biggest concerns we heard among HR leaders was how this technology would impact teams. Roughly one-third of respondents believe HR employees won't have the skills to work well with AI.

Skills cannot be overlooked in any AI discussion. AI is meant to augment human skills, not replace them. After all, human skills are the means by which AI is configured to meet certain needs.

We asked HR professionals which skills are currently most important for enabling their teams to meet business needs and which skills would be most important for the same goal as AI becomes more integrated.

Most important HR skills to meet business needs.

Currently		As AI becomes more integrated	
Creative thinking and problem-solving	25%	Ability to work closely with new technologies	26%
Ability to identify, anticipate, and manage risk	25%	Data literacy and data-driven decision-making	26%
Communication and presentation skills	25%	Data science and advanced statistical modeling	22%
Ability to work in collaborative, self-organizing teams	23%	Communication and presentation skills	22%

Survey question: When it comes to enabling your team to continually meet the needs of the business, which of the following skills are most important? (HR respondents; n=640.) Respondents selected up to 3 answer options from a multi-select grid.

Currently, HR leaders prioritize skills around creativity, collaboration, and communication. But with the integration of AI, the focus shifts. Skills around technology and data management almost entirely replace the skills that have historically been an important standard in HR.

This spells a need to proactively upskill teams. AI is no longer optional, which means preparing for it should be mandatory. Start building your HR team's comfort and confidence with AI now through learning opportunities and exposure.

An empowered HR team can instigate a powerful, positive ripple effect throughout the organization. Building a current-day culture of positivity and proactive preparation around AI will ensure that, once adoption ramps up, your teams are well equipped to not only reap the benefits, but also to help cultivate AI progress across the organization.

"

HR teams will do amazing things if they feel like they are in charge of their work, they understand what's going on, the why behind it, and they're trained and skilled.

Maryjo Charbonnier
CHRO, Kyndryl

3

Take a cautious yet accelerated approach.

Progress with AI isn't all or nothing. Caution and enthusiasm aren't at odds. They go hand in hand. Support and skepticism are both required for a responsible approach to AI integration.

AI Pioneers are proving this approach. While HR leaders who are AI Pioneers have the same concerns as those adopting AI more slowly, they have the advantage of seeing AI already contributing to positive outcomes. The risk is still there, but so is the reward.

A smart way to begin implementation is to start small. Commit to training and upskilling. Start with a single use case. Test it, roll it out, iterate, and adjust until you realize the desired outcomes. Then, build from there.

"

From an HR perspective, we're really tackling AI and ML use case by use case. We have to take that cautious yet accelerated approach as we look to adopt this technology. If we aren't looking toward how to best utilize it and incorporate it into our work, we risk falling behind as an organization and not offering our associates the tools they need to also stay relevant.

Nathalie Carruthers
EVP & CHRO, Blue Yonder

Takeaways: for AI in HR, the best approach is a balanced approach.

Concern for how AI will impact humans is paramount.

The purpose of AI is to support humans. Teams need to feel supported by the technology at their disposal as well as by leadership. Building the skills to use AI well and keeping humans in the loop are crucial for a smart AI strategy.

Everyone needs to be involved.

From governance to building skills, success with AI requires human-to-human knowledge sharing. Ensuring strong relationships between functions will help HR upskill teams and keep AI initiatives risk-mitigated and on the rails across the organization.

Partner with trusted providers.

The best way to ensure success with AI in HR is to partner with providers you can trust. Look for partners committed to Responsible AI (RAI) practices, who deliver total transparency, and who have the expertise within your function to help you adopt the technology with a strategic, efficient, and balanced approach.

AI is the future of work—within and beyond HR.

Making sense of the changing digital landscape is never simple. Managing the complexities of new technologies, new processes, and new risks can be messy. But the future won't wait, and AI adoption is already growing.

As AI interest snowballs within other facets of the organization, HR must stay a step ahead in training, testing, and facilitating buy-in and partnership in order to help shape organization-wide adoption. And when HR adopts the tools that help tackle busywork and prioritize human-exclusive strategic value, the whole company benefits.

> "It's very important that leaders spend time talking about what is the tech in service of, and what is the desired result they want to achieve.

Maryjo Charbonnier
CHRO, Kyndryl

> "It is so important to democratize access to learning and development opportunities within the AI and ML space. It's not just the coders who need to understand it; it's everybody in your organization.

> "At the end of the day, if you have access to tools that allow you to manage your work better, everybody wins.

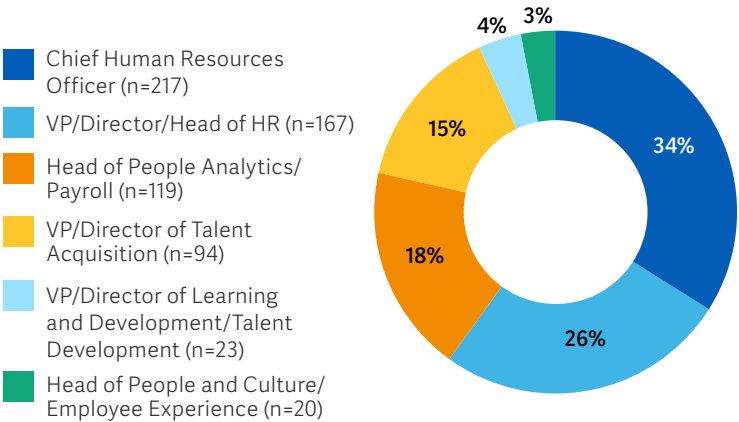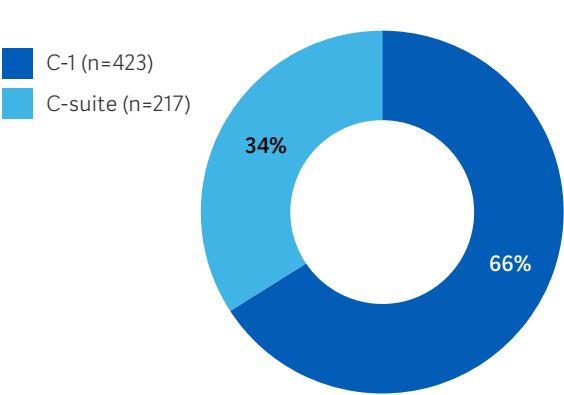**Nathalie Carruthers**
EVP & CHRO, Blue Yonder

About our research.

The data in this report is based on findings from a global survey of 2,355 cross-functional senior business executives conducted in May and June 2023. In addition to the quantitative research, we interviewed 11 senior business leaders from finance and procurement, IT, and HR to get their insights into the research findings. HR made up 27% of the total sample of the research.
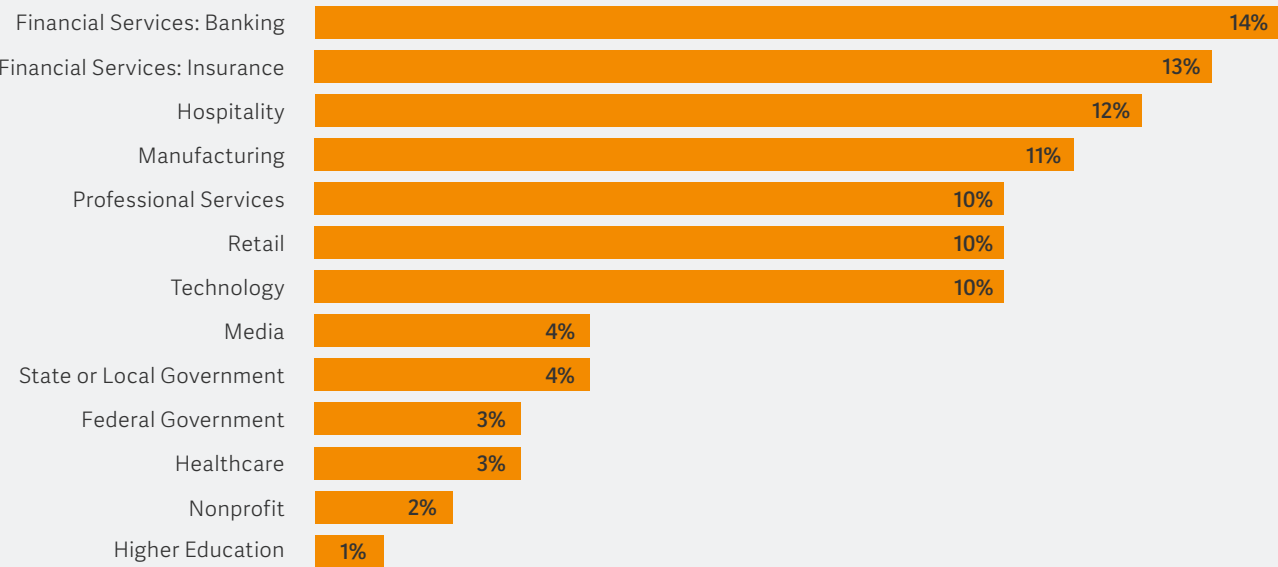
HR respondents by job title.

- Chief Human Resources Officer (n=217)
- VP/Director/Head of HR (n=167)
- Head of People Analytics/ Payroll (n=119)
- VP/Director of Talent Acquisition (n=94)
- VP/Director of Learning and Development/Talent Development (n=23)
- Head of People and Culture/ Employee Experience (n=20)

34%
26%
18%
15%
4%
3%

HR respondents by seniority.

- C-1 (n=423)
- C-suite (n=217)

66%
34%

Survey question: Which of the following best describes your department? Which of the following best describes your job role? (HR respondents; n=640.)

HR respondents by industry.

Industry	Percentage
Financial Services: Banking	14%
Financial Services: Insurance	13%
Hospitality	12%
Manufacturing	11%
Professional Services	10%
Retail	10%
Technology	10%
Media	4%
State or Local Government	4%
Federal Government	3%
Healthcare	3%
Nonprofit	2%
Higher Education	1%

Survey question: In which sector does your company primarily operate? (HR respondents; n=640.)

AI Pioneers: AI adoption index methodology.

To track levels of AI adoption maturity and understand how organizations are benefiting from AI and ML, we analyzed the adoption scores,* with respondents falling into three strata:

- Top third, with an average adoption score of 89
- Middle third, with an average adoption score of 54
- Bottom third, with an average adoption score of 12

The top third are AI Pioneers. Of this top stratum, IT leaders make up the biggest proportion of respondents (32%), followed by HR (26%), finance and procurement (24%), and CEOs (18%).

*The adoption score reflects an organization's level of investment in AI and ML technologies, its progress using AI and ML to improve workforce capacity, and its level of AI and ML adoption maturity.

To arrive at the adoption score, three core questions were analyzed from the survey and assigned a weighting to each response option as follows:

- **Q2_1:** Please use the scale to indicate the degree of progress made in your organization. Respondents were asked to select one response option on a scale from 1 (no progress made) to 5 (significant progress made).
- **Q4_1:** Which of the following best describes your organization's current level of AI and ML adoption? Respondents were asked to select one response option on a scale from "yet to commence" to "mature."
- **Q5_1:** What percentage of your organization's annual budget is currently invested in AI and ML? Respondents were asked to select one response option on a scale from "0%" to "more than 50%."

Based on the above responses, the average adoption score across the complete cohort of 2,355 respondents was 54. Among the top stratum of respondents (AI Pioneers), the average adoption score is 89. Among the bottom stratum of respondents, the average adoption score is 12.

This is standard for index methodology.

Definitions of terms in our research.

Artificial intelligence (AI): The ability of machines to perform tasks that have traditionally required human intelligence, such as problem-solving, decision-making, and understanding language. AI systems analyze and learn from data, recognize patterns, and make predictions to support the automation of processes and more intelligent decision-making.

Digital transformation: Continuously deploying technology at scale with the goal of creating value. Usually a long-term effort to rewire how an organization changes and evolves.

Generative AI: Artificial intelligence that learns to identify patterns and structures from existing data in order to generate new and original content.

Human in the loop: AI or ML systems in which human and machine performance jointly contributes to improving the overall results and accelerates the learning process, achieving what neither human nor machine would be able to achieve alone. Other advantages include data quality assurance and training and testing algorithms.

Machine learning (ML): A subdiscipline of AI that uses data and mathematical methods to learn and make predictions based on outcomes on which the model has already been trained. It allows digital systems to automatically process data and analyze it for insights without being programmed explicitly.