



# THE ROLE OF AI AND AUTOMATION IN HR:

**Opportunities and Challenges**



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AI is not a novel creation, yet it has recently emerged as a burgeoning industry. Fueled with ample data and technical specifications, AI is now a vital tool that bolsters the productivity and effectiveness of numerous businesses. HR is no exception. In this white paper, we speak with Alex Miklin, Senior Vice President of Industry and Technology Solutions, about the synergies between HR and AI. We also delve into the importance of measured and managed growth in the adoption of AI within HR.



**+67%**

of SaaS companies are integrating or planning to integrate AI into their products by 2023.



**10-15% of Overall Budget**

The average % SaaS companies have been allocating for AI-related initiatives.

## The Growing Need for AI and Automation in HR

HR department responsibilities have remained fundamentally constant throughout the digital age. If anything, they have taken on a more complex lens as it relates to compensation. This crucial pillar for retention is acutely essential at a time when many companies are trying to determine what the future of work looks like. Juggling multiple data points, Miklin believes that AI and automation present a unique opportunity to stay ahead of the curve.

He asserts, "People are what make the difference at any company. I don't see that AI would be a replacement for people... It's more of just a better way to understand the data that you have in front of you as it ties back to the people that use it."

## Opportunities Offered by AI and Automation

Within the HR space, there are numerous opportunities emerging for the use of AI. The key to the initial adoption of this technology hinges on a balanced approach, integrating automation with expert human oversight. The following points highlight where AI can be used, with careful consideration for how it is implemented and delivered.



866-953-8800



INFO@HRSOFT.COM | HRSOFT.COM

## 1 | Enhance Customer Onboarding

“One of the things that we're focused on is leveraging AI to be able to automate the onboarding journey for our customers when they're setting up our compensation platform,” Miklin says.

He explains that using existing data and lessons learned from it, HRSoft is working to normalize the information they have and, using an AI system, provide step-by-step support that their internal team would normally handle.

## 2 | Data-Driven Decision Making

While data is readily available for many industries, it is not always easily distilled. Miklin says AI can be used as an opportunity to identify salary benchmarking anomalies as they relate to compensation. “A big focus for our customers is to ensure that they're paying their employees effectively based on the market and other types of benchmarks that align to an employee's role; their location, their tenure, and their skill sets,” Miklin says.

He adds that for organizations with more than 10,000 employees, clear outliers may not be obvious without the support of AI.

“To be able to identify [anomalies] and then to populate that within a data visualization, we think is a pretty unique offering, and that's really people analytics as a whole,” Miklin says, adding the concept of people analytics is growing in the HR tech space, and leveraging this data more effectively is lacking in basic tools that simply download reports.





## Challenges in Implementing AI and Automation in HR

While AI continues to evolve, it's far from a perfected technology. Adoption is an important part of its growth, but that comes largely from the knowledge that there will be challenges and HR teams will have to devise workable solutions.



**+60%**

Data privacy and security concerns remain a significant challenge for AI in SaaS, with over 60% of users expressing worry about data breaches and misuse.



**57%**

of SaaS companies reported that managing and securing vast amounts of data generated by AI applications was their primary concern.

### 1 | Data Privacy and Security Concerns

AI's reliance on vast data troves raises serious privacy concerns. Collection of personal information for training models risks breaches, surveillance, and misuse. Additionally, the lack of transparency in algorithms may amplify biases, affecting decision-making. That's why striking a balance between innovation and safeguarding privacy is crucial to fostering trust and ethical AI deployment. "Security is a pretty critical component whenever you're leveraging your customer's data in a third-party AI," Miklin says. "You have to have the right data governance policies in place to ensure your customers' data is secured."

### 2 | Early Adoption and Reliance

"Many companies have jumped the gun on AI, whether it's automated recommendations based on data or other use cases. It seems like some companies have decided that this is a necessity before fully flushing out what the outcomes are trying to achieve," Miklin says. For companies exploring AI possibilities or those already integrating it into their daily operations, consider its adoption a marathon rather than a sprint. AI and automation should be an added support rather than a sole focus.

"You could have a company that has let go of some of their workforce because they believe they can automate some of those tasks via AI technologies," Miklin says. "Worst case scenario, you have business units that are no longer operating effectively because they've become so reliant... But I think we're a long way away from that, at least within the HR tech space."

### 3 | Integration and Compatibility

Integrating AI and automation into HR systems takes time and careful planning. Challenges like compatibility issues and employee resistance are likely to arise, but how can these be addressed effectively? In Miklin's view, testing and stakeholder involvement are key.

"It's a combination of understanding the parameters that you need to provide to any large language model (LLM) in order to be able to operate it effectively," Miklin says. "Also identifying through leadership: what are the outcomes that you want to solve for in using an AI? And then driving a tactical strategy within your HR team and your employee workforce."

## The Role of HR Professionals in a Tech-Enhanced HR Environment

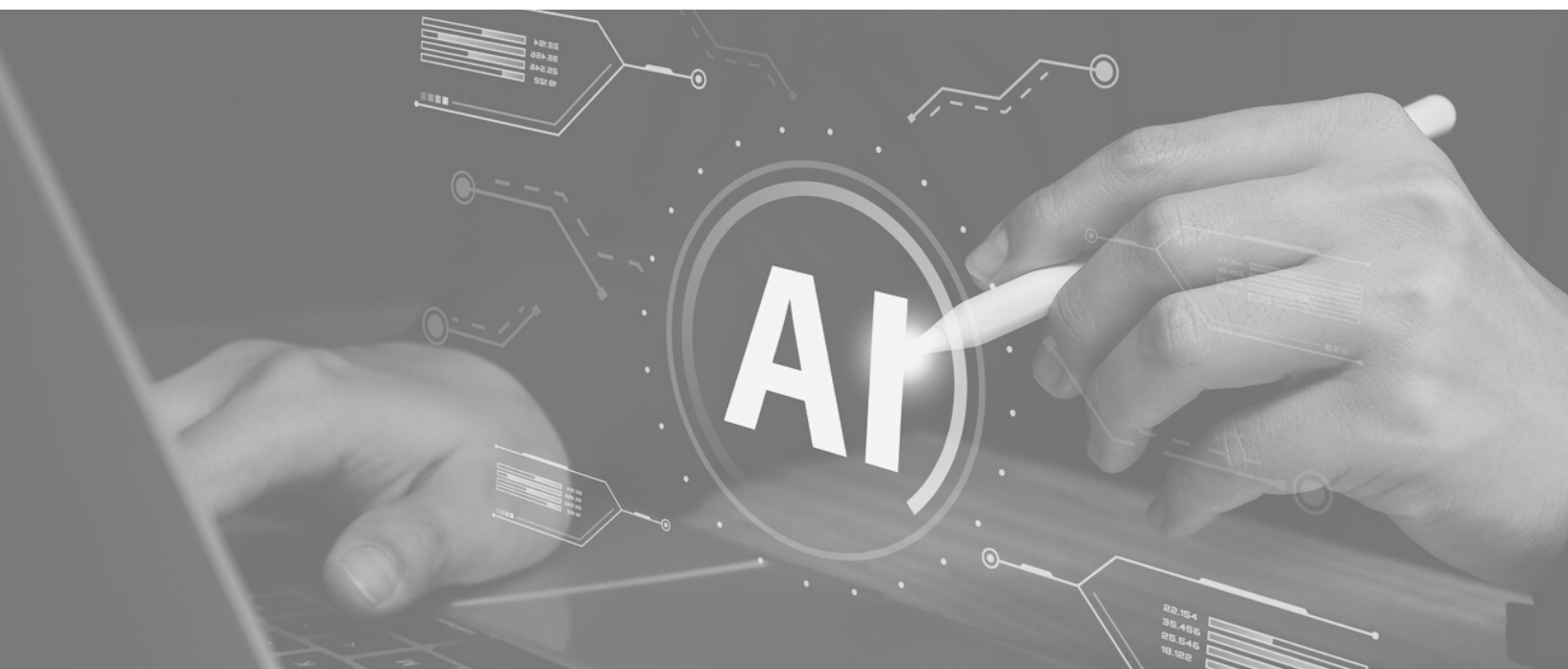
HR professionals remain integral to the daily operations of companies. Their human-centric skills, like empathy, relationship-building, and nuanced decision-making, remain indispensable. In many cases, AI proves to enhance the decision-making process, especially as it relates to compensation lifecycle management, providing a clearer picture of data insights and visualization to enact changes that positively impact the organization.

"As [AI] relates to compensation, I think likely one of the things that I would expect to happen is around data visualization," Miklin says. "If you're a comp analyst, you want to be able to see how your data is being built into certain graphs and charts to understand how you're paying your employees."

Miklin adds this might look like pay-for-performance data that includes points such as:

- Quarterly performance ratings vs internal/external benchmark data attributes
- Business unit and organization KPI achievement
- Skills/competency data vs job level and DE&I evaluation components

With AI, these comparisons can easily be tracked and demonstrated, something that isn't readily available with out-of-the-box reporting currently. "Where I see AI playing a big role in the compensation space is being able to normalize this data and provide visual recommendations to drive business outcomes."





## Preparing for the Future

“AI gives us the ability to introduce efficiency into existing business processes. AI should (likely) never be viewed as a replacement for a system or group of people but really something that can be used to augment or re-invent a current business process,” Miklin says.

At present, HRSoft is actively engaged in product research with a number of different AI technologies. Their focus is on exploring innovative applications for AI, particularly in automating the onboarding process and developing sophisticated data visualization tools. “We’re taking a very methodical approach,” Miklin says. “To ensure that our customer’s data is secure and the outcomes that we provide are truly useful and not just powered by AI without much of a strong value proposition.”

Undoubtedly, HR departments will increasingly harness AI for automation, analytics, and other regimented tasks. However, throughout this process, it’s important to emphasize secure AI deployment, transparency, and upskilling AI tool capabilities, as these will be pivotal for success in this evolving landscape.

**“Embrace AI, embrace with caution, and embrace with purpose,” Miklin says.**



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