Merits and Demerits of AI in HR

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This paper details the origins of Human Resources (HR), describes its applied field of Human Resource Management (HRM) and its latest reincarnation Human Capital Management (HRM). The paper then focuses on how field of Artificial Intelligence (AI) has influenced the field of HRM and finally bring to light the benefits and limitations of AI in HRM.

Keywords: human resources, artificial intelligence, recruitment, human resource management

Introduction

Human resource management (HRM) is the practice of recruiting, hiring, deploying, and managing an organization's employees. HRM is often referred to simply as human resources (HR). A company or organization's HR department is usually responsible for creating, putting into effect, and overseeing policies governing workers and the organization's relationship with its employees. As per French Wendell's HRM definition, "Human Resource Management is the recruitment, selection, development, utilization and accommodation to human resources by organizations". During the early 1900s, "Human Resources" as a term came to refer to an organization's workforce. The employee management emphasizing employees as assets of the business is HRM. In other words, employees are essentially human capital. The goal of HRM is to ensure employees (as business assets) are used effectively to reduce risk and maximize investment return. Recently, Human Capital Management (HCM) is used as a HR term more than HRM. Large and midsize companies have adopted this term. Also, Software organizations manage HR functions using HCM. The term "Artificial intelligence" (AI) is defined as the simulation of human intelligence in machines programmed to think like humans and mimic their actions. This term applies to those machines exhibiting human mental traits like learning and problem-solving.

Role of AI in HRM

Nowadays, everything should be working on the technology. If you go to the supermarket, banks, hospital gas station, we see technological machines doing all the work. Similarly, in the corporate world, machines and robots do twice as much work done by humans. The same is true for HR because of AI, where lots of tedious

work can be done effectively by an AI. Typically, HR departments are understaffed, and thus an AI helps to cover the deficits. We know that a small team cannot handle processes like screening, hiring, training, induction, performance management, advancement, retention, and employee benefits. However, if an AI works, then it decreases the load of human staff. Companies will be more profitableif an AI systematically manages data because HR departments can work effectively with a smaller team. We can see AIs in action in the banking sectors where the ATMs, with the help of AI, make cash withdrawals and deposits hassle-free. We can easily do all the money transactions.
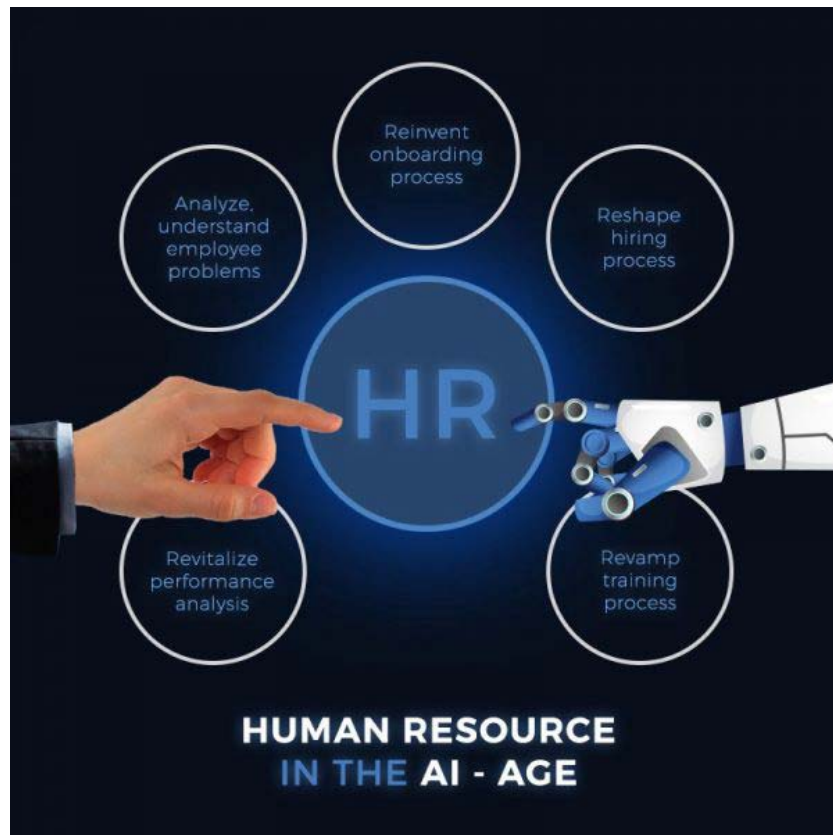

Figure 1. Role of AI in hiring. Source: mobinius.com

Influence of AI on HRM

The value of AI increases in the HR department because of AI integrated techniques like chatbots, virtual assistants, etc. HR departments find it more beneficial to work with AI machines and robots around them. The resumes of the candidates are on digital platforms with the help of smart devices and gadgets. An AI can use natural language processing to process these resumes from digital platforms.AI development companies in the USA have developed technologies to handle employee recruitments and referrals. They focus on maintaining, organizing the data, and backing it up to gain more insights into its resources. AI's most entertaining yet beneficial outcome in HR will help the employee communicate using chatbots and have engaging conversations without any hesitation. As previously mentioned, it will be a learning experience and a confidence boost for the workforce.

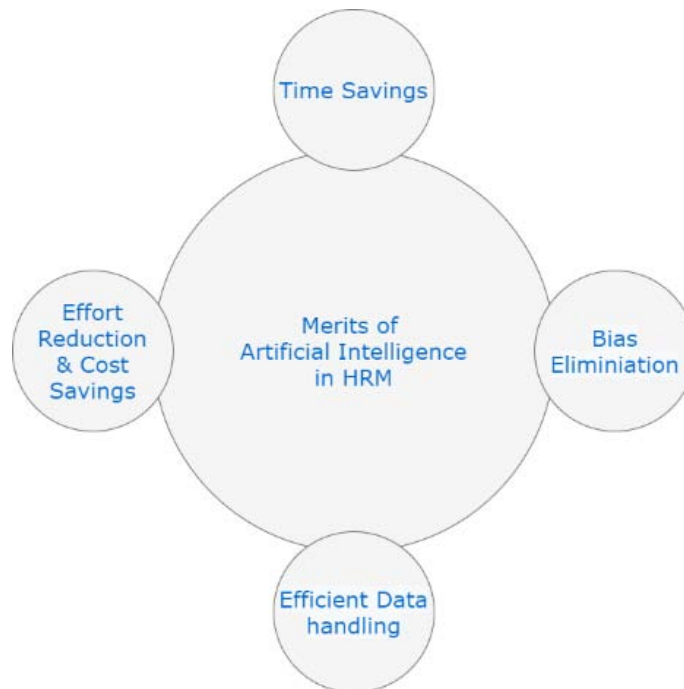*Figure 2.* Resource management with AI. Source: mobinius.com

Figure 3. Merits of AI in HRM.

Limitations of AI in HR

AI technologies deployed for candidate screening can incorrectly ignore good candidates or pick weak candidates based on protocols built on. For instance, AI might select candidates with high visibility in terms of domain keywords and trending technologies but ignore candidates with fantastic work experience under their belt. Secondly, consider AI deployed on compensation management with some employees/teams showing achievements that are very valuable to the company, such that they were beyond AI's protocols. In such cases, the AI will recommend incorrect compensation adjustments creating employee or team dissatisfaction. Finally,

AI deployed in organizational behavior and employee development, given the limitations of machinery protocols, may not understand the incredibly vast set of circumstances employees face in life. Then the AI may misunderstand employee behavior or provide incorrect developmental coaching.

Conclusion

We are in a technology era where everything seems highly technology-oriented, and AI is taking over HRM. AI in HRM is a cost-effective process and decreases the workforce cost, but on the other side, AI invites the dangers of making wrong assumptions about the workforce. So, AI in HRM is beneficial but requires careful vigilance.

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