How can CHROs champion the AI agenda?

Executive's Playbook to AI at Scale

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Introduction

Across boardrooms, leaders are recognizing the big changes brought by Artificial Intelligence (AI). It's reshaping how competitive industries are, reimagining how companies operate, and changing the way we think about jobs. As businesses explore the potential of Generative AI, which promises to simplify 60-70% of tasks with smarter automation and understanding language like humans do, it's clear that success isn't just about using this new tech to boost productivity. Instead, companies must also adapt their cultures, plan carefully, lead with purpose, and most importantly, make sure that their people are central to the transformation.

Strategic and operational changes are becoming the norm in companies aiming to disrupt their industries with AI. Traditionally, CEOs and CFOs have spearheaded these transformations. However, the increasing complexity of labor markets, the rise of hybrid work models post-pandemic, and the rapid evolution of workplace technology now require earlier and more robust involvement from HR. Today, Chief Human Resources Officers (CHROs) are perfectly suited to lead these efforts, increasingly responsible for managing both people and AI skills and often playing a key role in guiding such organizational turnarounds.

As companies hurry to leverage the potential of AI, HR leaders are increasingly charged with building the right teams, preparing the existing workforce, and overseeing crucial cultural changes. Meanwhile, CEOs work to align leadership, establish effective working structures, and set clear goals. However, not all HR departments or CHROs are fully ready for these expanded responsibilities. Despite a third of organizations using Generative AI (Gen AI) in at least one function, only 3-5 percent are actively implementing it within HR. This is surprising given the strong interest from industry leaders in digitalizing and personalizing employee experiences to attract top talent. Gen AI holds significant potential to transform nearly every aspect of HR, from writing job descriptions and analyzing applications to evaluating job performance and simplifying the onboarding process. The benefits of these advancements go beyond HR, as they also empower stakeholders in sales, digital, and IT to handle HR-related issues more independently, reducing the need for direct HR intervention.

As companies strive to maximize the benefits from AI investments, the role of CHROs is becoming increasingly nuanced. In this article, we explore four key actions CHROs can take to effectively support their organization in their push for AI, ensuring that talent remains a top priority in the transformation agenda. CHROs are moving beyond their traditional roles as central business partners to actively shape strategies for acquiring AI skills, preparing the current workforce for an AI-driven future, innovating HR practices, and leading as pivotal advocates of culture primed for AI success. With HR in the driver's seat, organizations can scale AI across functions, move beyond isolated experiments, and build internal capabilities to maximize business value of AI with speed, reliability, and security — all while keeping the 'human' at the wheel.

4 key actions for people leaders

Build AI literacy and readiness

Train a competitive workforce

Operate a future-ready HR function

Leverage AI for all operations

Plan the future workforce

Fulfil skills and capabilities needed to realise AI ambitions

Drive change management

Ensure a safe, conducive and structure environment for talents

Figure 1: Four key actions for CHROs to champion AI

1. Build AI literacy and readiness

Job openings for AI-related roles have skyrocketed by over 2,000%, and finding AI talent is now up to eight times harder than usual, making it more expensive for companies that want to fully use AI. It's becoming more and more important for HR leaders to improve AI knowledge among their current employees to prepare them for the future job market. In the past, top executives often played down the impact of AI and automation on job cuts. Today, however, things are changing. With the quick spread of AI tools like ChatGPT, leaders are starting to be more open about how AI is affecting jobs, admitting its role in both direct and indirect ways.

The real challenge with AI isn't just the loss of jobs—it's how job roles are changing. Often, people worry about AI taking away jobs, but the bigger issue is how existing jobs are evolving. For example, entry-level workers are now expected to quickly handle routine tasks and move on to more complex, valuable activities. AI tools help shorten the learning curve, allowing employees to make significant contributions faster. This shift means CHROs need to rethink job roles and workforce training fundamentally, emphasizing the need for onboarding strategies that address AI readiness and prepare the workforce for significant changes in their job structures and functions.

CHROs need to create a supportive learning environment where all employees feel encouraged to embrace AI technologies and build their digital skills. This effort should start within the HR department and spread throughout the entire organization. As AI and machine learning (ML) reshape the nature of work, it's crucial for CHROs to deepen their understanding of AI's capabilities and risks, including the effects of technologies like ChatGPT and the potential long-term impact of large language models (LLMs) on the workforce. By grasping these nuances, HR can lead the way in AI-focused learning and development (L&D) programs, covering AI ethics, how to interpret AI-generated content, and how to improve data visualization skills. Ian Wilson from AWS advises that CHROs managing these changes should use a multidisciplinary approach and ensure that no one is left behind, thus reducing uncertainty and making AI accessible to everyone.

To successfully onboard employees with AI, CHROs need to tackle the fear, anxiety, and insecurity that often come with new technology. It's important to understand how the workforce feels and to build confidence among employees so they can embrace the changes that AI brings. This effort often starts with a strong partnership between CHROs and Chief Data Officers (CDOs) to roll out comprehensive AI literacy programs for all employees. These programs aim to dispel common myths about AI, explain how job roles might change, and importantly, ensure everyone has the same opportunity to work effectively with AI, using the tools and resources available in the organization. Forward-thinking CHROs should develop programs that not only address immediate skill needs but also foster an ongoing ability to adapt—encouraging employees to continuously learn, unlearn, and relearn as their career evolve.

In addition to basic training, HR leaders must focus on upskilling and reskilling employees in high-growth areas and roles that are likely to be significantly affected by AI. As over 20% of the workforce is expected to undergo reskilling, it's crucial for employees to learn how to effectively use AI. This includes knowing how to interact with AI, such as how to ask it questions, evaluate its responses, and refine its outputs for better accuracy. For instance, the kind of answer you get from a generative AI tool can change dramatically based on how you phrase your question—whether you ask it to explain something "to an executive" or "to a fifth-grader." Therefore, employees need access to personalized, adaptive learning programs that help them understand how to critique AI-generated information, checking for things like accuracy and bias. This will empower them to use AI more effectively and confidently in their roles.

With most millennials and the new generation of Gen Z workers prioritising quick career advancement and promotions, focusing on skill development and providing opportunities to apply these skills at work is crucial. This approach can help talent leaders effectively engage their younger workforce and keep up with the rapid changes brought by AI. Building expertise across teams and creating a development-focused environment with continuous coaching, peer learning opportunities, and progress tracking can motivate employees to take charge of their learning paths. Such a strategy not only boosts job satisfaction and loyalty but also enhances the company's ability to attract and retain talent, ultimately reducing hiring and training costs.

2. Operate a future-ready HR function

In a handful of industries, Generative AI is transforming every part of HR, including talent acquisition, onboarding, people management, continuous learning, and organizational planning. Progressive HR teams should prioritize using this technology to streamline and speed up HR processes. Not only does this approach offer significant cost savings for the HR function, but it also sets a strong example for adopting technology more widely across the organization.

As machine-powered operating models become more popular, particularly among digital natives, CHROs are keenly exploring how to leverage AI and machine learning to enhance decision-making. Since the impact of Generative AI (Gen AI) differs from one organization to another, HR leaders need to customize their approach to fit their specific needs. A practical first step is to assess potential Gen AI use cases within HR. This involves distinguishing these applications from other AI technologies by their unique ability to generate new, original outputs without depending solely on existing logic-based methods.

Common Gen AI applications in HR fall into four categories: creating content, summarising, improving communication, and coding. For example, companies can automatically generate job listings from past postings, tweak these listings according to skill profiles, and send tailored outreach messages to candidates. AI can also help monitor how employees feel in real-time and provide fair performance reviews by gathering insights and offering personalized advice for development. Early adopters use AI chatbots that access existing knowledge bases to boost employee involvement by giving customized guidance and responses to HR-related queries. For more complex tasks, AI can analyze data and even write code, helping HR teams dig into big datasets more efficiently to enhance people analytics.

CHROs need to carefully choose AI applications that fit their organization best by considering how easy they are to deploy, their potential impact, available technology capabilities and how they align with business goals. It's crucial for HR leaders to realize that implementing generative AI isn't just about buying new tech. The most successful teams will strategically select AI solutions that meet their specific workforce needs.

Many CHROs already engage with HR tech providers to understand future integration of Gen AI capabilities. However, looking into different ways to access these technologies can offer extra advantages. For instance, organisations looking to go beyond merely "utilising" Gen AI capabilities available on current HR platforms can choose to integrate external Gen AI tools within HR applications through platform extensions or augment quality of existing Gen AI applications with custom data through retrieval-augmented generation (RAG) and model fine-tuning, or even build custom foundational models from the ground up. If unsure about which strategy to adopt, CHROs should first discuss with their IT department to see if the company is ready to expand or develop new AI capabilities and ensure these plans include HR-specific applications. Typically, HR teams will use and integrate pre-existing AI solutions, but sometimes, for unique needs, they might choose to expand these tools for a more customized approach.

When CHROs and tech teams evaluate vendors, they should consider both the technological aspects and how well these align with their organization's specific requirements, including compliance and security. Here are some key questions to start with:

10 questions CHROs should ask their HR technology vendors when evaluating Gen AI tools

1. How does Gen AI improve existing features and what are the benefits for users?

2. What measures are in place to ensure the accuracy of AI-generated outputs, and how is their correctness verified?

3. How are prompts defined, and what control is there over user input? (e.g., for HR queries, what employee details are included to ensure contextually relevant responses?)

4. How does the tool interact with HR data and knowledge bases, and what security measures are in place to protect this information?

5. How are corrective actions managed when the tool generates incorrect information?

6. How does the AI system enforce limitations on user access to sensitive HR data? Are there use case restrictions to protect data, and how is misuse prevented (e.g., inclusion of overly sensitive information in prompts?)

7. How transparent is the AI decision-making process, and is there a feature that allows users to understand the rationale behind AI-generated outputs?

8. What training data was used to develop the AI outputs, and how does the tool ensure representativeness and mitigate bias?

9. What are the limits of the tool's capabilities, and under what conditions might it fail to produce accurate or relevant results?

10. How is user feedback incorporated into ongoing improvements and updates?

Figure 2: Ten questions for CHROs to ask HR tech vendors

3. Plan the future workforce

To thrive in an AI-driven future, securing the right talent and skills is essential. Businesses are now expanding their focus beyond just finding the necessary human talent to execute business strategies. They're strategizing on how to build, buy, borrow, or automate (bot) the skills needed for the future. CHROs are urged to broaden their view on talent to anticipate shifts in demand and changes in the nature of work, emphasizing skills-based workforce planning. Companies that accurately identify future capabilities can craft tailored, skill-focused learning journeys and achieve the best returns. As the demand for AI skills grows, CHROs play a critical role in supporting the creation and fulfilment of new roles that bring essential AI expertise into the organization. This includes revaluating job descriptions across functions and distinguishing between tasks best suited for technology versus those needing human oversight.

The first step in this process involves gaining a clear understanding of the required skills and capabilities, as well as the necessary structure and headcount, to achieve AI goals. CHROs should identify the gaps between the current company state and its objectives, pinpointing the additional skills needed for optimal productivity. This planning goes beyond traditional workforce operations. In partnership with CDOs, CHROs should define crucial roles and skills for driving transformation through creating skills taxonomies or capability maps that reflect both current and future business priorities. Once the key talent pools, roles, and skills are understood, leaders can establish a baseline for the current workforce and strategize ways to bridge any gaps. Gen AI further supports this by enabling leaders to identify skills gaps based on market changes, aiding in building a robust skills taxonomy and inventory to future-proof talent planning.

Moreover, CHROs can work closely with technology leaders to transform how they source technical expertise using Gen AI, which shifts talent acquisition from focusing solely on credentials to a broader emphasis on on-the-job skills. Gen AI's proficiency in tagging enables precise matching of individuals to job opportunities based on their actual capabilities, moving HR beyond traditional screening methods to a skill-focused approach. This ensures a more accurate alignment with organizational needs. Observations from Katy George of McKinsey & Company highlight a trend where a premium is placed on employability for talent that exhibits forward-looking skills. This approach reflects a shift in how organizations assess workforce requirements, emphasizing the potential for upskilling candidates to fit current and future roles, considering skill adjacencies and how past role skills complement new challenges.

To win the AI talent war, CHROs must develop effective strategies for recruiting digital talent at scale by establishing what are known as talent engines. Within these engines, HR leaders should engage key stakeholders from various functions to rethink and redesign the candidate hiring experience. Their efforts might lead to expanding the talent pool by considering candidates with skills from unconventional backgrounds, updating job descriptions, or streamlining the hiring process. By implementing centralised data models and dashboards within these engines, organizations can make informed decisions throughout the hiring stages. Leveraging AI and other analytics tools to quickly assess the company's employee value proposition (EVP) further helps to attract the most suitable candidates and secure top-tier talent, especially those with the digital skills crucial for success in an AI-enhanced workplace.

4. Drive change management

Successful transformations hinge on how well talents at all levels understand the overarching objectives, feel connected to shifts in culture, and trust the leadership. CHROs play a pivotal role here, leveraging their expertise in change management to realign talent with strategic goals and operational models, thus boosting organizational resilience and driving value. Significant changes such as staff reductions and organizational restructuring can impact workforce morale and stability. It is therefore vital for CHROs to instil confidence, reduce uncertainty, clearly explain the reasons behind decisions, articulate ultimate goals, and maintain an inclusive approach. Effective stakeholder management is key—aligning leaders and employees with organizational goals is crucial for maintaining commitment and motivation, which are essential for maximizing retention during turbulent times. CHROs and their teams should openly share the company's long-term vision with employees and clarify the rationale behind organizational decisions. Managing layoffs is challenging, but it's important for retained staff to feel secure about their roles and growth opportunities within the company. Increased layoffs or changes in the reasons for cutbacks can damage trust in leadership and harm the organization's reputation, impacting its appeal to potential future talent.

Fostering a culture that encourages innovation and experimentation is crucial, especially in adapting to AI technologies. It's important to allow everyone in the organization to experiment with AI, while also clearly defining what the outcomes of these trials will be—whether there are penalties or rewards. CHROs, in support of CEOs as custodians of company culture, should monitor how employee behaviours and beliefs evolve within the workplace, address counterproductive patterns, and promote excellence. Implementing systems, policies, and processes that reward, develop, and promote entrepreneurial behaviours and mindsets is essential. Adopting a philosophy of failing fast, celebrating learning, and rewarding adaptation is key when integrating new technology. Early experiments with AI should, therefore, be recognized promptly and quickly leveraged into new opportunities.

To ensure robust momentum for transformation, CHROs must be actively involved in risk management, proactively identifying potential hazards, including legal and compliance issues (such as intellectual property), cybersecurity (such as data protection), and monitoring to prevent biased decisions driven by Gen AI tools. Nickle LaMoreaux at IBM recommends establishing internal guidelines and guardrails before any major AI implementation to ensure transparency, explainability, and accountability in decision-making processes. CHROs must avoid incidents like the one at Samsung by advocating upfront for clear governance on AI. Take it one step further and collaborate with legal and risk teams to update employee contracts to ensure operational clarity around AI and safeguard organizational integrity.

Employees are the biggest investment and the most valuable asset for any organization. In times of economic uncertainty, rapid technological changes, and evolving work models, it's crucial for HR leaders to lead the way in transforming their roles. Redefining what it means to be a CHRO is essential, not just optional, for organizations wanting to fully utilize AI for business growth through quick adaptation. Delaying or failing in these transformations can be costly given today's competitive environment.

The success of these initiatives largely depends on the CHRO's ability to improve AI understanding and skills within their workforce, incorporate AI into HR practices effectively, develop key talent capabilities for long-term success, and create a supportive environment for change through strong teamwork among senior leaders. With CEOs leading the charge, CHROs are vital in managing uncertainties about personnel, changing mindsets, and setting strategic talent plans to help organizations enjoy sustained success with AI.