In the last ten years the way HR manages and engages employees, and how employees and candidates interact with HR, has transformed due to the changing definitions of work, generational shifts, and employee work-life balance preferences. Simultaneously, massive technological change has impacted Human Capital Management (HCM) platforms with the explosion of analytics, artificial intelligence, the growth of social media, the ubiquity of video, and a shift to mobile. The result? HCM platforms considered state-of-the-art a mere five years ago are now viewed as lagging.

What is state-of-the art?

This report seeks to provide clarity on one of the fundamental shifts in HCM platforms - the use and incorporation of artificial intelligence in HCM.
Artificial intelligence (AI) isn’t a dream straight out of Wall-E or Westworld. It’s here, today. In the simplest terms, artificial intelligence refers to systems that mimic human intelligence to perform tasks and iteratively improve themselves based on the information they collect. The issue? Nearly 70% of HCM professionals aren’t using it.

One reason many HR organizations do not currently use AI is that not all HCM platforms (frequently on-premises offerings) support this capability. Moreover, in evaluating the HCM vendor landscape through the results of this survey, delineations between vendors are clear. Some HCM vendors offering artificial intelligence capabilities afford only baseline features, while other vendors have positioned artificial intelligence as a core capability within their product offering. Lastly, the successful application of artificial intelligence requires an openness and comfort level in enabling HR with new capabilities and in changing established HR processes. This means that HR departments proficient in the use of artificial intelligence tend to be more innovative and more focused on finding new ways to strategically partner with the business than their peers.

Survey Statement: We are using artificial intelligence [in HCM]

Percent of HCM Professionals Currently Using Artificial Intelligence

- No: 70%
- Yes: 30%
Artificial Intelligence Is a Key Differentiator

The 30% of survey respondents actively using artificial intelligence in HCM reported scores 9-22% higher in the areas of strategic enablement, recruitment, retention, alignment, and succession planning as compared to respondents not using artificial intelligence. The increase in the perception of value delivered is driven by how artificial intelligence automates routine tasks, offers prescriptive guidance and insights, and personalizes the employee (and manager) engagements.

How Artificial Intelligence Impacts Core HCM Capabilities

<table>
<thead>
<tr>
<th>Statement</th>
<th>Respondents not using AI</th>
<th>Respondents using AI</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel our HCM solution allows me to be more strategic in my role.</td>
<td>48%</td>
<td>57%</td>
</tr>
<tr>
<td>Our HCM solution has improved our ability to attract and hire top talent.</td>
<td>37%</td>
<td>52%</td>
</tr>
<tr>
<td>Our HCM solution has improved our ability to retain top talent.</td>
<td>29%</td>
<td>51%</td>
</tr>
<tr>
<td>My HCM solution allows us to align people processes to my organization’s strategic objectives.</td>
<td>45%</td>
<td>61%</td>
</tr>
<tr>
<td>My HCM solution helps me with succession planning by identifying and developing future leaders.</td>
<td>39%</td>
<td>55%</td>
</tr>
</tbody>
</table>

Percentage of respondents that strongly agree or agree with the statement as broken out by artificial intelligence utilization.
How Artificial Intelligence Is Applied in HCM

Of the HCM professionals actively using artificial intelligence, the most common application of AI is in suggesting learning paths (44%). Other major applications of artificial intelligence are identifying at-risk talent (42%), sourcing the best talent (37%), and recommending best-fit roles (27%).

• **Best-fit roles.** Identifying the person or persons best suited for a specific job profile based upon the skills, experience and competencies of the role requirements.

• **Suggested learning paths.** Learning recommendations that are tailored and presented to employees in the context of their HR and talent processes based upon their preferences, career paths, and learning requirements.

• **Identification of at-risk talent.** Detecting employees who are flight risks based on data points including their performance, activity, career milestones, and other data recorded in an organization’s internal systems.

• **Sourcing the right talent.** Screening out unqualified candidates, selecting promising candidates from a large pool of applicants, scheduling interviews, and assembling candidate profiles to build the right team. More advanced applications also includes augmenting applicant data with a company’s HR data to match candidates similar to those who have succeeded in related roles for the organization.

*Survey Statement: We are using artificial intelligence (AI) to facilitate the following tasks.*
Survey Methodology and Demographics

This report is based on a survey of 325 human capital management professionals conducted in the spring of 2018. The survey was designed to understand the current state of the discipline and HR professionals’ priorities going forward. We also wanted to understand how professionals view HCM technology solutions, and the ways technology enables them to do their jobs more effectively.

Respondents come from a variety of HCM roles: manager, CHRO, VP, senior VP, senior manager, and director; 39% are director level and above. 61% of respondents hail from companies with $500 million or more in revenue, and the majority (70%) are from North America.