

The CHRO's guide to responsible AI

How to build a future-ready workforce with an ethical advantage



The role of HR is evolving – that’s why you need the power of responsible AI

As CHROs, your world is undergoing a rapid transformation fueled by the rise of AI, which is emerging as a powerful tool for talent acquisition, talent management, and workforce planning. AI can automate tasks, improve efficiency, and offer powerful insights to create a more strategic and data-driven HR function, but ethical considerations and potential biases in AI applications demand close attention.

As the leader in talent intelligence, we’ve developed a robust [responsible AI framework](#) to help you realize the full transformative value of AI in HR. We created this CHRO guide to help you effectively navigate through the broader HR landscape of vendors and regulations. We also acknowledge that many organizations already have a responsible AI program in place, and we commend those efforts and would love to hear from you and share learnings with the CHRO community.

The business case: AI as an opportunity

The task of creating a tailored AI governance framework, staying abreast of regulatory changes and preparing the workforce for AI integration, can seem overwhelming. You might be wondering if it’s worth it.

It’s important to keep in mind the immense potential AI has to revolutionize HR practices. The capacity of AI to fundamentally transform your talent strategy is significant, offering several opportunities to innovate and improve.

Below, we explore a few examples of how AI can serve as a powerful tool in reshaping and enhancing your talent strategy:

1. Discovering the purple unicorn: Unearthing rare talent

AI can analyze vast pools of data to identify top talent based on skills and experience, and uncover potential candidates who may not have applied traditionally. AI can also identify patterns in past successful hires, suggesting talent with similar skills to invite.

Additionally, when matching a candidate to a requisition, AI is able to infer what skills a candidate may possess to show their true potential. By inferring skills, AI helps discover valuable talent who might have been overlooked using traditional methods.

Finally, AI can also help uncover underrepresented talent pools, helping to improve diversity, equity, and inclusion across your organization.

2. Revolutionizing recruitment: Optimizing talent experience to boost talent attraction and conversion

AI can streamline the application process, provide timely feedback to candidates (improving brand perception) and implement skills-based focuses in application processes to ensure fair and diverse talent pools. This positive candidate experience not only improves your employer brand perception but also attracts a wider pool of qualified applicants.

3. Speed to success: Faster time to hire

AI analyzes data (titles, work experiences, education, skills, and natural language of résumés and job descriptions) to recommend top qualified candidates based on objective criteria. AI provides transparent justifications for recommendations, fostering trust, informed hiring decisions, and shorter time to hire for recruiting.

4. Empowering employees: Elevating employee engagement

AI can analyze both individual and team skill sets to identify any gaps. This allows for targeted upskilling initiatives and recommendations of relevant learning and development opportunities tailored to individual needs and career goals, keeping your employees engaged and motivated.

With this approach, you can steer your workforce to possess the necessary skills to stay competitive and engaged. Additionally, AI can predict future talent needs based on market trends and business forecasts. This allows for proactive recruitment and strategic workforce planning.

5. Fostering ambition and career growth at scale: Increased retention

AI can analyze performance data to identify high-potential employees and provide insights for promotions, coaching, and development. AI can also analyze employee data to predict flight risk and identify factors impacting employee engagement, allowing for proactive retention strategies.

6. Unlocking insights: Understand your competitive edge

AI can analyze skills trends, compensation trends, and market data to ensure your organization offers competitive salaries and benefits packages, and that you're building an agile and flexible workforce ready for anything.

Navigating the maze of AI governance

With all the strategic advantages AI has to offer the HR domain, CHROs often find themselves at the helm of navigating through a complex and often confusing landscape of vendors and legislation. Despite the challenges of managing risks and keeping up with evolving laws, the resilience and

adaptability of CHROs uniquely position them to lead their organizations toward sustainable and impactful AI integration. By embracing these advancements, CHROs can confidently shape the future of work, fostering a culture of growth and opportunity within their organizations.

Each vendor presents a unique framework aimed at addressing the multifaceted challenges of HR management, from talent acquisition to employee engagement and retention. Meanwhile, regulators continue to enforce existing employment laws, such as Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Americans with Disabilities Act. Simultaneously, lawmakers are introducing new AI-specific laws (and sometimes AI-in-HR specific laws) to address societal risks of the use of AI. This makes the task of staying compliant an ongoing development, not dissimilar to complying with ever-changing state HR laws from year to year. Given this evolving landscape, CHROs, known for their adeptness at managing change, should navigate through these offerings with resilience and strategic foresight.

For CHROs, the difficulty lies not just in evaluating the merits of different vendors, but in ensuring that the chosen solutions align with current and future legal requirements and standards. Included among these new laws are:

- **The European Union (EU) Artificial Intelligence Act:** This act, soon to be published, aims to ensure the safe and ethical use of AI technologies and applies to any use of an AI output in the EU. It classifies certain AI systems used in employment as high-risk. **The obligations of this law with respect to such AI systems and companies that use them will not be enforceable until 24 months after the act becomes law.**
- **New York City Local Law 144 on Automated Employment Decision Tools (AEDT Law):** Enacted on Dec. 11, 2021, and in force since July 5, 2023, this law is designed to safeguard against the potential for automated systems to perpetuate or exacerbate biases in employment decisions. To trigger the law, an employer or employment agency must use the output of an AI tool as the sole, primary, or over-ruling basis to make an employment decision. As a result, [the law has to date had lesser impact](#), as has been widely [reported in the media](#).
- **National Institute of Standards and Technology (NIST):** While NIST is a non-regulatory agency, it is nonetheless an important voice in the development of technical standards, guidelines, and best practices to ensure the reliability, robustness, and trustworthiness of AI systems.

The dynamic nature of these requirements can be overwhelming, thus making informed decisions crucial for safeguarding organizational interests and compliance. However, while navigating this complex terrain, it is crucial to recognize that compliance, though essential, is only one facet of a broader strategic approach to HR management.

Many organizations have developed their own comprehensive framework to guide the evaluation of vendors and their offerings, and serve as a benchmark for assessing the organization's policies and practices in relation to prevailing laws. Such a framework should be built on central principles that reflect your organization's values, strategic objectives, and risk tolerance. It should provide

a structured approach to conducting gap analysis, identifying areas where your organization's practices may not fully align with legislative requirements, or where vendor solutions may fall short of your organizational needs.

By establishing and adhering to this overarching framework, you, as a CHRO, can demonstrate a proactive stance toward HR management. It is a declaration of your organization's commitment to not just react to changes in the vendor landscape and legislation, but to anticipate and prepare for them. This strategic framework becomes a vital tool in your arsenal, offering clarity and direction amid the complexities of modern HR management. It ensures that decisions are made with a long-term perspective, aligning HR practices with your organization's vision, and ensuring compliance today and in the future.

In this CHRO guide, we will explore exemplary principles of such a framework, offering insights and practical guidance, so you can develop and implement a strategy that navigates the challenges of vendor selection and legislative compliance with confidence and foresight.

Exemplary responsible AI framework for CHROs

Building a robust responsible AI framework starts with establishing core principles. To ensure responsible and ethical implementation of AI in HR, you must prioritize a set of core principles.

The principles outlined below are examples, chosen to reflect the evolving consensus on how AI technologies should be governed. This selection was informed by ongoing dialogues across public and private sector entities, including enterprises and vendors (including Eightfold).

Typically, a pattern of specific principles gradually evolves into established norms, and as these norms mature, they are incorporated into legislative and regulatory frameworks like the EU AI Act or NIST. They illustrate a concerted effort to navigate the complex landscape of AI development and deployment in a way that is ethical, secure, and beneficial for society at large.

As a CHRO, you can evaluate these principles and identify the core principles that resonate with your organization to establish a framework that prioritizes ethical AI.

- 1. Fairness:** This principle ensures that AI is applied throughout the talent management life cycle – from data collection and algorithm design to final deployment for human decision-making – being fair to any employee or candidate group based on factors like race, gender, or age.

Achieving fairness in AI applications requires a proactive approach as biases can infiltrate AI at various stages. For instance, historical biases present in training data can perpetuate societal inequalities. HR professionals must vigilantly analyze data for these potential biases and implement safeguards. Techniques like data de-identification (masking) and data diversity can help create more representative data sets.

- 2. Transparency:** Building trust in AI is paramount for its successful integration within HR processes. Transparency and explainability address this need by demystifying AI decision-making.

Imagine an AI system recommending a candidate for promotion. Transparency would promote plain explanations for this recommendation, highlighting the specific skills and experiences that align with the promotion criteria. By understanding the rationale behind AI's suggestions, HR professionals are empowered to make well-informed choices when making final decisions.

- 3. Data privacy and security:** As AI in HR relies heavily on personal human data, robust safeguards are essential for data privacy and security throughout all stages of HR processes. This principle emphasizes the need for organizations to implement comprehensive data security protocols and access controls.

Employee/candidate information used within AI systems, such as résumés, performance reviews, and salary data, must be protected from unauthorized access, breaches, or misuse. By prioritizing data privacy and security, HR leaders build trust with employees/candidates and ensure their personal information is handled responsibly throughout the AI life cycle. This will, in turn, also help your organization be compliant with data privacy regulations like General Data Protection Regulation (GDPR) and potential future legislation.

- 4. Accountability:** Establishing clear lines of responsibility for AI systems and implementing ongoing monitoring processes are vital for trustworthy AI in HR. This principle emphasizes establishing ownership and accountability for AI-driven decisions within HR.

Defining clear roles ensures that any issues arising from AI recommendations can be swiftly addressed. Additionally, regular monitoring of AI performance and regular audits of AI models for fairness are crucial to adhere to this principle. This might involve tracking metrics like the diversity of candidates recommended by AI systems or analyzing potential biases in its outputs.

By proactively identifying and addressing these issues, your organization can ensure AI in HR remains fair, reliable, and beneficial for both your organization and your employees.

- 5. Human-centered:** While AI offers powerful capabilities for HR tasks, this principle emphasizes humans should remain decisively in the loop, making the final judgments on critical decisions. AI serves as a valuable tool to inform and streamline the process by analyzing vast amounts of data to identify qualified candidates or predict potential performance issues. But final decisions regarding hiring, promotion, or compensation should reside with your HR experts.

Additionally, AI's primary role should be to augment people's potential. By prioritizing human-centered values, your organization can harness the power of AI to create more meaningful, efficient, and equitable outcomes, ultimately elevating the role of human judgment and creativity in the digital age.

Putting your framework into action

This action plan equips you, the CHRO, to navigate the exciting yet complex world of responsible AI in HR. By focusing on both immediate actions to establish a strong foundation and long-term strategies for a sustainable framework, you can unlock the transformative potential of AI while building trust and safeguarding your employer brand.

As CHRO, what you can do today:

- **Recognize the value and opportunity:** Understand how responsible AI can enhance HR practices, including improved decision-making, enhanced efficiency, and better employee experiences. Identify areas where AI can add immediate value, such as talent acquisition, learning and development, or performance management.
- **Technology selection:** Carefully research and select AI tools that align with your AI framework and address your HR needs. Focus on tools with robust security measures to protect sensitive employee data throughout the AI life cycle.
- **Align internal stakeholders:** Engage and align with internal stakeholders like procurement, your CIO, and potentially a Chief AI Officer from the outset. Early engagement ensures alignment with the project's objectives, understanding of benefits, and awareness of requirements and implications, including compliance. To facilitate this process, prepare necessary materials that a responsible AI vendor should provide, including:
 - An AI framework that outlines the ethical use and governance of AI
 - Audits demonstrating the anti-bias measures.
 - A robust business case that clearly articulates the value proposition and use cases of the AI solution.
- **Upskill your HR workforce:** Launch training programs to equip your HR professionals with the skills to collaborate effectively and responsibly with AI tools. Focus on responsible AI principles, potential biases, and interpreting AI recommendations for informed HR decisions.

By taking these steps, you are ready to embark on a journey toward trustworthy AI in HR. The initial focus on short-term actions establishes a strong foundation for long-term success. This approach fosters a culture of continuous learning and adaptation, ensuring your responsible AI program remains effective and ethical as your organization and the AI landscape evolve.

Conclusion

By adopting a proactive approach and building a robust responsible AI framework, you can position yourself as a leader in responsible technology adoption. This will ensure compliance with regulations, empowerment of the HR function, trust-building with employees, and cultivation of a sustainable talent strategy that will ultimately translate to a competitive advantage for your organization.

Ready to explore how responsible AI can empower your HR function and build a sustainable talent strategy? Our AI delivers relevant recommendations at scale to predict the next role in a person's career. Our models understand more than 1 million unique roles and 1 million skills across many languages.

We are committed to a responsible and ethical development and use of AI. As a company, we understand that AI has the potential to significantly impact many aspects of our lives, and we build AI solutions to benefit society while respecting the rights and dignity of our users. Our team of experts works closely with stakeholders, our committee of representatives from various departments, our AI Ethics Council, and external consultants to design and deploy our AI systems in a responsible and ethical manner.

As you build your AI strategy, we are committed to supporting your journey. In addition to the above, our solutions are also designed to align with the latest regulations and best practices:

- **AI governance roadmap:** We have a roadmap for compliance with the EU AI Act and are establishing an AI governance working group to steer our AI Act compliance efforts and assign appropriate resources to ensure compliance with the law.
- **Bias audits and compliance:** Our products are designed with a human-in-the-loop approach and we go above and beyond to support our customers who may be subject to AEDT Law or any other law with respect to bias audits. In April 2024, we successfully completed our second [independent bias audit](#), passing this audit in all audited areas – Disparate Impact Quantification, Governance, and Risk Assessment. For more information, please see [here](#).
- **NIST membership:** Eightfold is a member of the NIST consortium for AI standards, contributing to the development of reliable and trustworthy AI systems. For more information, please see [here](#).

Contact us to learn more about our responsible AI solutions designed specifically for HR.

About Eightfold AI

Eightfold AI's market-leading Talent Intelligence Platform™ helps organizations retain top performers, upskill and reskill their workforce, recruit talent efficiently, and reach diversity goals. Eightfold's patented deep-learning artificial intelligence platform is available in more than 155 countries and 24 languages, enabling cutting-edge enterprises to transform their talent into a competitive advantage. For more information, visit www.eightfold.ai.