

Artificial intelligence has the potential to transform work lives and HR operations. So where do we stand today – and how can we prepare for this brave new world?

A new survey by **YOHO Workplace Strategy**, the specialists in people, productivity and performance, shows that the UK's HR managers and directors believe there are many perceived advantages and drawbacks to the acceleration of AI. In this report, we analyse the survey's findings and offer additional insights to navigate the changes happening within the sector.

There's a huge amount of rhetoric on the subject of artificial intelligence (AI) circulating at the moment. But the truth is, we still don't fully understand, nor can we accurately forecast, its capabilities. That's why, for the very first time, leaders in the tech field are putting up their hands and saying we need to slow down.

But ultimately, even if we stop – as a country or in industry – others won't, because it's a human inclination to always seek the advantage. AI is destined to deliver benefits in a whole raft of ways, therefore our focus needs to be around control, access, governance, monitoring and tracking. Sounds easy? It's not.

What is AI?

It's a branch of computer science focused on creating technology that can reason, learn and act autonomously. Drawing inferences from any data to which it's given access, it can make logical decisions, learning and improving its ability by continually finding and digesting new sources of information. It can take actions in the 'real world' without human intervention.

Weak AI, which can perform specific tasks such as playing chess, has been around for decades and is not generally considered to be intelligent in the same way that humans are. Strong AI, which is designed to have general intelligence similar to that of humans, is relatively new. How far this AI can go in reaching or exceeding human intelligence is what is currently being debated and analysed.

What are the key issues?

This is not the first time that society has experienced a dramatic shift to its working world. The problem for us today is how we manage the pace of change. During the Industrial Revolution, people had more time to come to terms with new advances. The time it took to actually build new machines and structures gave people essential breathing space. AI exists in a virtual world with no such constraints or boundaries.

Recently, YOHO commissioned a new survey of 600 UK human resources (HR) managers and directors (conducted by research consultant Censuswide), which revealed the majority believe AI will deliver benefits to the workplace – but preparing for its impact could take several years.

HR professionals have had a lot to contend with in the past few years, including the acceleration of remote working and major issues around talent recruitment, thanks to the pandemic and Brexit.

Many are already leverage machine learning and algorithms to streamline their work processes, reduce biases and enhance analysis and decision-making. But while our survey reveals an enthusiasm for AI's benefits, it also exposes a gap in investment and a certain amount of scepticism.

While AI can bring significant benefits to HR, it needs to be used as a tool to augment human decision-making and not as a substitute for our judgment and empathy. HR executives play a crucial role in managing and developing the workforce, and AI can assist them in making more informed, data-driven decisions.

In this report, we've outlined some of the key takings from the survey and given additional insights into how people in the HR profession can embrace AI's advantages and prepare for the upcoming changes to our working world.



GRANT PRICE
CEO, YOHO Workplace Strategy

What are the perceived benefits of AI in the workplace?

We're still in the foothills, so the level of understanding surrounding AI's implications for HR was bound to vary among the respondents to our survey. Some individuals may not be aware of all the capabilities and advancements in AI technology, leading to scepticism or a lack of belief in its potential benefits. Others might have concerns about AI replacing humans, which could lead to resistance towards acknowledging its positive impact, or they may question the reliability and ethical implications associated with AI algorithms.

But generally our survey revealed a healthy level of positivity – and an acceptance that AI is going to play a big part in the future of HR and all our working lives.

When we asked HR managers and directors how they saw the potential benefits of AI in the workplace, they gave us five key advantages.

- Improved decision-making and accuracy**
 Just under a third of all those surveyed (32%) felt AI technology had enhanced decision-making processes which could lead to more precise outcomes.
- Increased productivity and efficiency**
 Some 30% believed AI's integration in the workplace would result in boosted productivity and enhanced efficiency. A notable 40% of those aged 25-34 felt the automation of routine or repetitive tasks was a significant advantage, whereas only 26% of those aged 55+ shared a similar viewpoint.
- Automation of routine or repetitive tasks**
 Around a third (30%) believed that AI technology could further revolutionise the way mundane tasks are handled, freeing up valuable time for more important responsibilities – a benefit felt across all age groups.
- Increased innovation and creativity**
 30% of responders acknowledged the positive impact of AI on fostering creativity and driving innovation – in part, perhaps, due to being released from mundane tasks.
- Better allocation of resources and time management**
 Optimising resource allocation and time management was yet another significant perceived benefit of AI implementation, with 29% of those surveyed agreeing.

The survey revealed additional insights based on specific demographics and sectors.

- The benefits of AI in improved decision-making and accuracy were felt more keenly among HR managers and directors aged 45-54, with 38% agreeing. In contrast, only 27% of those aged 25-34 shared the view.
- Automation of routine or repetitive tasks was seen as more beneficial among those aged 25-34 (40%), compared with less than that of individuals aged 55+.
- HR managers and directors in retail, catering and leisure (38%) recognised increased productivity and efficiency as a significant advantage, while only 25% of those in manufacturing and utilities saw a benefit.
- Cost savings and reductions in labour were identified as a benefit by 36% of HR managers and directors in the finance sector, compared with 23% in retail, catering and leisure. This recognises that automation and AI can lead to job displacement. Addressing the socioeconomic impact of AI-related job-loss and supporting reskilling and upskilling initiatives, will become increasingly important areas of the HR mandate.

32% of responders felt AI technology had enhanced decision-making

30% believed AI's integration in the workplace results in boosted productivity

30% acknowledged the positive impact of AI on fostering creativity

What are the perceived drawbacks of AI in the workplace?

The impact of accelerated AI on the job market is a topic of ongoing debate and speculation.

While AI has the potential to automate certain tasks and change the nature of work, its precise influence could vary across industries, job roles and regions. We asked our respondents what their key concerns were.

Lack of human interaction and intervention

This was cited by 30% of those surveyed as a significant drawback. It seems the role of humans in decision-making and maintaining control over AI systems is an ethical concern. Striking the right balance between human judgment and AI assistance is important to prevent excessive reliance on machines and to retain human input in critical decision-making processes.

Dependence on technology

Also ranked at 30%, respondents expressed concerns about relying too heavily on technology – and potentially being left high and dry when things go wrong.

Technical issues

Leaning into the above point, some 29% of participants highlighted technical issues as a drawback associated with AI implementation.

Ethical considerations

Around 29% of the respondents raised concerns about the ethical implications of AI usage in the workplace. AI systems can inherit and perpetuate biases that are present in the data they access, which can result in discriminatory outcomes in areas such as hiring, promotions and performance evaluations.

Security and privacy concerns

Another prominent drawback mentioned by 29% of those surveyed was the potential for security and privacy risks – which can have huge legal ramifications for companies and organisations. AI often relies on collecting and processing large amounts of personal data, so safeguarding privacy rights and ensuring compliance with data-protection regulations is vital. There could be a risk of unauthorised access, data breach and the potential misuse of sensitive information, for example.

In addition, the survey revealed that 28% perceived job displacement as a drawback, indicating that almost three in 10 participants had concerns about AI leading to job losses.

The survey highlighted different opinions among genders, too. Specifically, 36% of female respondents considered the lack of human interaction as a potential failing of AI, whereas only 27% of male respondents shared the same concern.



Key concerns

(percentage of respondents):

Lack of human interaction and intervention	30%
Dependence on technology	30%
Technical issues	29%
Ethical considerations	29%
Security and privacy concerns	29%
Job displacement	28%

Key concerns by gender

(percentage of respondents):

	Lack of human interaction and intervention	36%
	Lack of human interaction and intervention	27%

What kind of jobs will be most affected by AI?



27%
Technology



23%
Finance and accounting



22%
Customer service and support



22%
Sales and marketing



21%
Healthcare and medical

While AI may automate certain aspects of some jobs, it also has the potential to create new opportunities and transform existing roles for the better.

The extent of AI's impact on specific jobs will depend on factors such as the level of task automation and the ability of individuals to adapt and acquire new skills in response to technological advancements. Here are some key sectors that our respondents felt are experiencing change.

Technology (27%)

AI that allows systems to learn and improve without being explicitly programmed, is being used in a wide range of applications, including fraud detection, product recommendations and predictive maintenance. We're going to see an increase in the speed of application development and efficiency, and greater accuracy of code.

Finance and accounting (23%)

There'll be implications for forecasting and trading, and we could see an improvement in results and financial performance. Deep learning, which uses 'artificial neural networks' (ANNs: computing systems inspired by the biological neural networks that constitute animal brains) to learn from data, is already being used in a wide range of applications, including image and speech recognition, natural language processing and predictive analytics, where past trend data is used to forecast future events, for example customer behaviour.

AI should complement us, not replace us...

Customer service and support (22%)

AI is already having a significant impact on customer support, and its influence is expected to continue growing in the future. AI-powered chatbots and virtual assistants are becoming increasingly common. AI can also analyse large volumes of customer data to identify patterns, understand customer preferences and provide personalised responses, and it can leverage customer data to predict potential issues or needs. But human touch and empathy remain essential – AI should complement us, not replace us entirely.

Sales and marketing (22%)

Deep learning to forecast future events and customer behaviour, and developments in chatbots – increasingly sophisticated and now being used by businesses to provide customer service and sales and marketing support – will continue to progress. AI is also being used more frequently in communication strategies, including writing social-media posts, blogs and image captions. However, while AI can be a valuable tool for generating and enhancing content, human input and editing are crucial to ensure the final output aligns with your brand voice, objectives and ethical considerations.

Healthcare and medical (21%)

AI is being used in medical imaging analysis, automated diagnostics and drug discovery, among many other applications. While AI can enhance healthcare delivery, it could also impact jobs in radiology, pathology and medical data analysis.

There are other areas that our respondents feel there could be an impact.

A fifth (20%) of HR personnel surveyed are concerned about AI affecting manufacturing and production. Jobs involving assembly-line work, routine tasks and manual labour are susceptible to automation because robots and AI-powered machines often perform repetitive tasks more efficiently and consistently.

Almost a fifth (19%) expressed concerns about AI affecting administrative and office roles. An equal percentage (19%) were also concerned about the impact of AI on transportation and logistics, as well as education and training. Among the female HR personnel surveyed, over a fifth (23%) expressed concern – in comparison, just 16% of male managers and directors shared the same worries.

16% indicated their unease around the safety of creative and design jobs. Of those aged 45-54, 19% expressed the highest level of concern, however, among those aged 55 and above, only 11% agreed.

Just over one in eight (13%) expressed concern about AI affecting legal occupations.

When will we be ready for the potential impact of AI on the workforce, and how can people prepare?

Introducing further AI uptake in the workforce will obviously require preparation from HR managers and directors.

According to our survey, the majority of respondents (85%) anticipate being fully ready for the potential impact of AI within two years. However, a mere 15% expect to be prepared within the next year.

Surprisingly, only 2% of those surveyed had already got themselves into a 'green-light' position. The younger demographic – those aged 25-34 – anticipated being prepared for AI's impact on their working lives within a year (22%), whereas only 10% of those aged 45-54 felt the same way. The report reveals that while there's awareness of AI and its growing impact, people acknowledge they're not really ready for its full integration. So, what can we anticipate?

Trial and error – but rapid evolution

The adoption of AI will involve a process of experimentation, but the technology will evolve rapidly, leading to significant innovations.

Companies falling into two camps

Similar to the Luddites and technophiles of the early 19th century, companies will divide into two categories based on their approach to AI. Some will resist or be hesitant to embrace it, while others will eagerly adopt it to reap its benefits. However, embracing AI will require substantial investment.

Increase in fraud

As criminals become adept at leveraging AI's capabilities, instances of fraud are expected to rise. Criminals will exploit AI for malicious purposes, leading to a need for enhanced security measures.

Government involvement in AI governance

Governments will seek assistance from tech companies to establish governance frameworks for AI. Policymakers will collaborate with industry experts to develop regulations and guidelines that ensure responsible and ethical AI implementation.

To prepare for these predictions, the following steps are recommended.

Explore and learn

Individuals and organisations should actively explore AI technologies, their potential applications and implications. Understanding AI's capabilities and limitations will be crucial for informed decision-making.

Allocate resources and funding

Adequate resources and funding should be allocated to AI initiatives. This includes investing in research and development, training employees and acquiring the necessary infrastructure to implement AI effectively.

Test and test again

Organisations should conduct thorough testing of AI systems, monitoring their performance and making iterative improvements. Continuous evaluation and adjustment will help optimise AI solutions and ensure reliability.

Limit access to critical control systems

It's essential to limit access to critical control systems that are vulnerable to AI-related threats. Implementing robust security measures will help safeguard against potential risks and unauthorised manipulation.

85% anticipate being fully ready for the potential impact of AI within two years

15% expect to be prepared for the potential impact of AI within the next year.

When it comes to preparing for the potential impact of AI on the workforce in the next two to three years, HR managers and directors have adopted various strategies, as revealed by the survey. Here are the top suggested approaches.

Investing in the tech team

A significant portion (39%) of responders are actively investing in their tech teams, bolstering their technical capabilities to effectively integrate AI into their workforces. In the finance sector, over half (51%) recommended investing in the tech team as a management approach, while in the healthcare sector, 29% had the same advice. Male HR managers and directors were more inclined (39%) than their female counterparts (30%) to suggest this approach.

Trialling AI at smaller levels

Some 36% of respondents have chosen to experiment with AI on smaller scales. By conducting trials and pilot projects, they can assess AI's potential impact and evaluate its performance before implementing it more widely.

Increasing budget in AI

A notable percentage (35%) are prioritising budget allocation for AI initiatives. By increasing financial resources, they hope to ensure sufficient funds are available for acquiring AI tech, training employees and supporting the integration process. Among those surveyed aged 55+, the majority (53%) suggested increasing budget in this area as a management strategy, while only 31% of those aged 35-44 agreed.

Creating a dedicated team

About one third (34%) recognise the significance of preparation and have established dedicated teams to help over the next two or three years.

Investing in training and development

One third (33%) of respondents are actively investing in training and development to upskill their workforces. Men (39%) were more inclined than women (30%) to recommend investing in the tech team to manage AI disruption.

What factors have impacted any change in HR mandate the most – and what are the most worrying trends?

The survey reveals the top factors that HR managers and directors believe have had the most significant impact on HR mandates.

Talent recruitment

A significant 22% of respondents stated that talent recruitment has had the most impact on HR mandates. Changes in work-life balances, Brexit, COVID-19 and other factors have all played a part.

Productivity issues

Coming in at 20%, productivity is a growing concern. With more agile working, greater emphasis needs to be placed on addressing and improving workforce productivity for organisational success.

Inflation

20% said the rising costs and economic implications of inflation are playing their role in adding complications to the HR mandate.

COVID-19

The global pandemic had a considerable impact, with 19% identifying it as a major driver of change. COVID-19 forced organisations to pivot fast and implement new policies and practices.

Geopolitical events

Geopolitical events were cited by 18% of respondents as influential in shaping HR mandates. Factors such as changes in regulations, trade agreements and political climates have had an effect.

Industrial disputes

16% of HR managers and directors reported that industrial disputes have influenced changes, highlighting the importance of managing employee relations effectively.

Attrition rates

16% said high turnover and its consequences require HR attention and strategies to mitigate attrition.

Progression and ethical pressure

Likewise, 16% of respondents cited pressure to be an ethical company as influential in shaping their roles. Organisations must increasingly address career-growth opportunities and ethical considerations.

Brexit

15% indicated that Brexit has had an effect, emphasising the need to navigate regulatory and workforce implications.

The Great Resignation

14% acknowledged the impact of increased employee turnover and resignations during the pandemic.

Gender and age differences were also uncovered.

Female respondents (25%) were more likely than males (15%) to attribute the impact of COVID-19 to changes in HR mandates.

Male respondents (22%) were more inclined than females (14%) to associate inflation with changes in HR mandates.

HR managers and directors aged 55+ (33%) emphasised talent recruitment as a primary driver of change in HR mandates compared with those aged 35-44 (19%).

Pandemic legacy...

25% of females attribute the impact of COVID-19 to changes in HR mandates.

15% of males attribute the impact of COVID-19 to changes in HR mandates.



What factors have impacted any change in HR mandate the most – and what are the most worrying trends?

The survey also reflected on some of the leading causes of concern among HR leaders.

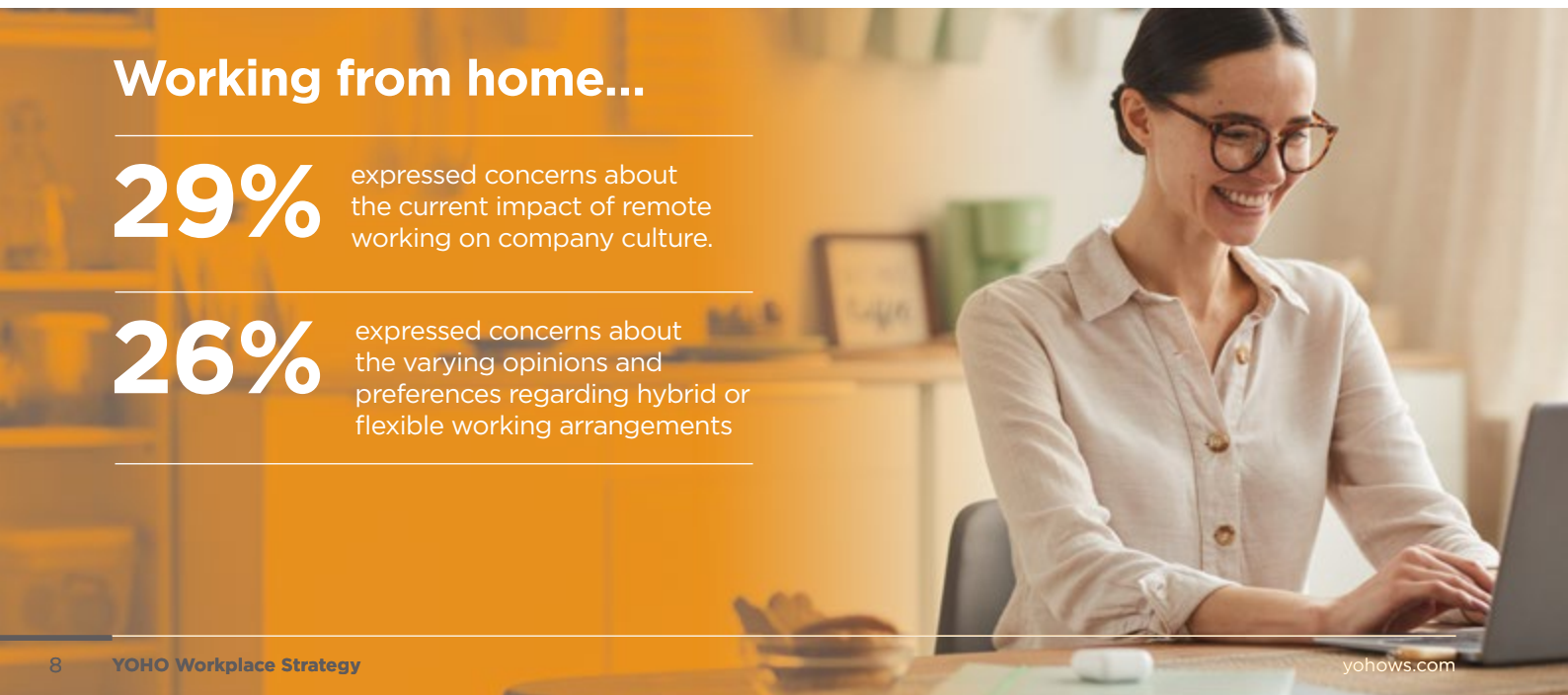
- Impact of remote working on company culture**
 Almost three in ten (29%) expressed concerns about the current impact of remote working on company culture. They worry about maintaining a strong and cohesive organisational culture in a remote or hybrid working model.
- Changing HR mandate**
 Just over a quarter (26%) of respondents mentioned worries about the changing HR mandate. This indicates concerns about adapting HR strategies and practices to meet evolving needs and trends.
- Hybrid and flexible working**
 Just over a quarter (26%) of HR managers and directors expressed concerns about the varying opinions and preferences regarding hybrid or flexible working arrangements among management and staff.
- Potential for AI to replace people**
 Just over a quarter (26%) of respondents highlighted worries about the potential for AI to replace human work or jobs. This reflects concerns about the impact of automation and technological advancements on the workforce.
- Increased stress and burnout**
 A quarter (25%) of HR managers and directors expressed concerns about increased stress and burnout among both staff and management. This highlights the importance of addressing employee well-being and mental health in the workplace.
- Quiet quitting**
 Almost a quarter (23%) of respondents mentioned worries about quiet quitting, which refers to employees disengaging or leaving the organisation without overtly resigning, highlighting concerns about employee retention, satisfaction and productivity.

- Increased focus on wellbeing**
 Just over a fifth (21%) expressed concerns about the increased focus on employee well-being, indicating a growing recognition of the impact of workplace setup and working habits on the physical and mental health of workers.
- ESG reporting**
 Slightly over a fifth (21%) of respondents mentioned worries about Environmental, Social, and Governance (ESG) reporting – revealing concerns about meeting sustainability and ethical reporting standards.
- Age differences**
 HR managers and directors aged 25-34 (33%) were more worried about the impact of remote working on company culture compared with those aged 55+ (25%).
- Gender differences**
 Just over three in ten (31%) male respondents expressed concerns about the impact of remote working on company culture, while under a quarter (23%) of female respondents shared the same worry.
- Sector differences**
 Almost half (47%) of HR managers and directors in the finance sector worried about differing options on hybrid and flexible working, whereas just under a fifth (19%) of those in the healthcare sector had the same concern.

Working from home...

29% expressed concerns about the current impact of remote working on company culture.

26% expressed concerns about the varying opinions and preferences regarding hybrid or flexible working arrangements



So who will be the winners and losers?

In my opinion, the winners will be those who cautiously embrace and experiment with AI's capabilities while maintaining a strong moral compass and exercising judgment. It is essential not to fully unleash AI or grant it complete autonomy over decisions that impact the functioning of organisations.

Unfortunately, low-skilled workers will be the first to be displaced given that AI is well suited to repetitive, routine tasks. Middle-skilled workers have the potential to work alongside AI and harness its capabilities to accelerate process and support decision-making. High-skilled roles involving complex decision-making, judgement calls and higher risk are likely to see the lowest initial impact due to the implications for employers of trusting AI to make mission-critical decisions. High-level roles involving data analysis could still see some disruption – but this may be mitigated if the use of AI is restricted to analysis whilst the resulting decisions and actions remain the domain of the executive.

Should we be excited or freaked out?

The reporting on AI often oscillates between sci-fi alarmism and unwavering positivity. The truth lies somewhere in between. Embracing a balanced perspective allows us to explore the benefits of AI without relinquishing too much control.

Humankind experienced the Industrial Revolution, which required adjustments and faced initial resistance. I believe we are at a similar inflection point.

Humankind experienced the Industrial Revolution, which required adjustments and faced initial resistance. I believe we are at a similar inflection point. However, this time progress does not involve physical machinery but rather exists and evolves in the digital realm. The speed at which AI progresses and impacts our world is virtually limitless, aside from the boundaries and regulations set by humanity.

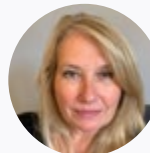
The impact of AI on HR is multifaceted. AI is changing various aspects of the HR function, from recruitment and talent management to employee engagement and data analysis. Issues like data privacy, bias in algorithms and ensuring a human-centric approach, all need to be carefully considered. It's important we stay informed about the latest developments, understand their potential and adapt our practices – while maintaining the human touch.

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Regardless of how clever technology is, and AI certainly has a massive role to play, I believe when it comes to enhancing what happens in the workplace and improving our roles, it's not going to bring the level of soft skills and critical skills that are required and that only human brains can provide. There are critical capabilities that AI isn't able to do right now, but there are certainly areas in which AI will excel and where humans won't be able to perform nearly as well.

Empathy, inclusivity, communication, collaboration, AI is never going to be 'human' in that way. If you think about data and analytics, they're central to our lives and ubiquitous. AI's strength is in gathering and making sense of it all. But it can't make the final judgement call – whether to hire, promote, evaluate performance – people are still required to do that.

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Vikki Sly
 Chief People Officer
 Global financial services
 company **Coincover**

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AI has turned a major corner in its evolution, and there are things to think about, including its unplanned exponential growth. HR leaders will be called upon to develop ethical guidelines and govern AI's use. We also need to acknowledge job transformation – some roles will be lost but others will be created. And we must invest in upskilling our existing workforces.

We will also have to be vigilant in pre-empting any potential issues or biases that may arise. By actively monitoring AI technologies, we can be the ones to identify new opportunities for growth and improvement.

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Kate Bishop
 Chief Human Resources Officer
 Global software company **IFS**



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