



# A Guide to Using AI for Talent Decision-Making





# Artificial Intelligence in the Workplace

Artificial Intelligence (AI) continues to permeate different industries and fields. Its influence spans from the prevalence of chatbots to the advent of self-driving vehicles, showcasing the widespread impact and integration of AI technologies.

The field of talent acquisition and management is no exception. AI technologies are reshaping traditional recruitment processes and can offer innovative solutions to streamline candidate evaluation, enhance organizational decision-making, and optimize workforce management.

On the surface, it looks like AI can promise huge benefits for this field. Nevertheless, from over 1,600 HR professionals surveyed, only 12% of respondents stated they used AI-based assessments for hiring new candidates.





Organizations are aiming to use AI in a variety of ways to improve the workplace, with productivity cited as the most popular goal. However, it is clear there is still uncertainty about what AI offers and the risks it may impose to the talent landscape.

In this guide, we look at five key concerns regarding the use of AI and AI-based assessments within organizational decision making, together with recommendations on how these concerns can be minimized.



## Aims of Organizations using AI in the workplace

Increase Productivity



Retain More Employees



Improve Process Efficiency



Achieve Better Financial Metrics



Improve Training Effectiveness/Cost







# Overcoming Key Concerns of AI Usage

## Hidden Bias

### Concern

AI systems learn from human data, which inherently can be biased, potentially leading to adverse impact in job recommendations, or undue emphasis on irrelevant aspects of a candidate's responses.

### Recommendation

Use diverse and representative data across different demographics to train the AI and minimize bias.

Human subject matter experts (SMEs) should be involved in the design and development of any AI based assessment to proactively reduce bias that may be introduced.

## A Mysterious Black Box

### Concern

An AI system's internal mechanisms are often not accessible or comprehensible to human users, making it difficult to understand and justify why the system makes specific decisions or predictions.

### Recommendation

Adopt explainable AI (XAI) methodologies and techniques by providing interpretable and transparent AI models.

With XAI, users can understand the reasoning behind AI-generated decisions, thus fostering trust, accountability, and the identification of potential biases or errors.

Vendors should be able to share how assessments are developed, scored, and interpreted.

## Unknown Candidate Reaction

### Concern

AI brings in an extra dimension to the hiring process that could impact how the candidate views the organizations—in either a negative<sup>1</sup> or favorable manner.<sup>4,2</sup>

Factors that underlie candidates' reactions toward AI-based processes include reduced feelings of personal control,<sup>3</sup> perceiving the process as depersonalizing or creepy,<sup>4</sup> and perceiving the use of AI as unjust.<sup>5,6</sup>

### Recommendation

Ensure a candidate's assessment experience is as pleasant and transparent as possible. SHL's research shows 42% of candidates decline job offers as a direct result of a negative interview experience.<sup>10</sup>

Use human-like elements to explain how the AI will be used in order to empower candidates with the information they need to know to mitigate the perception of an unjust AI.

## Legal Concerns

### Concern

The use of AI in the workplace might result in questionable outcomes during the hiring process that can lead to related legal challenges.

As legislation and rules regarding AI in the workplace increase, organizations may struggle to stay up to date with their implications.

### Recommendation

Laws and legislations are made to protect you, your candidates, and ensure a fair assessment process.

Vendors should be able to communicate any concerns with legal compliance and direct you to specialists in AI ethics and laws to understand how best to harness the power of AI, while mitigating some of its risks.

## Accuracy in Performance Prediction

### Concern

There may be skepticism of AI based assessments and AI in general in identifying work-relevant competencies.

These systems may be limited in understanding the context and nuances that humans can resolve.

### Recommendation

Hold AI based assessments to the same standards as traditional assessments.

Use validation studies to ensure assessments are reliable, valid, and predictive of future performance, as detailed in the Society of Industrial and Organizational Psychology (SIOP) principles.<sup>7</sup>



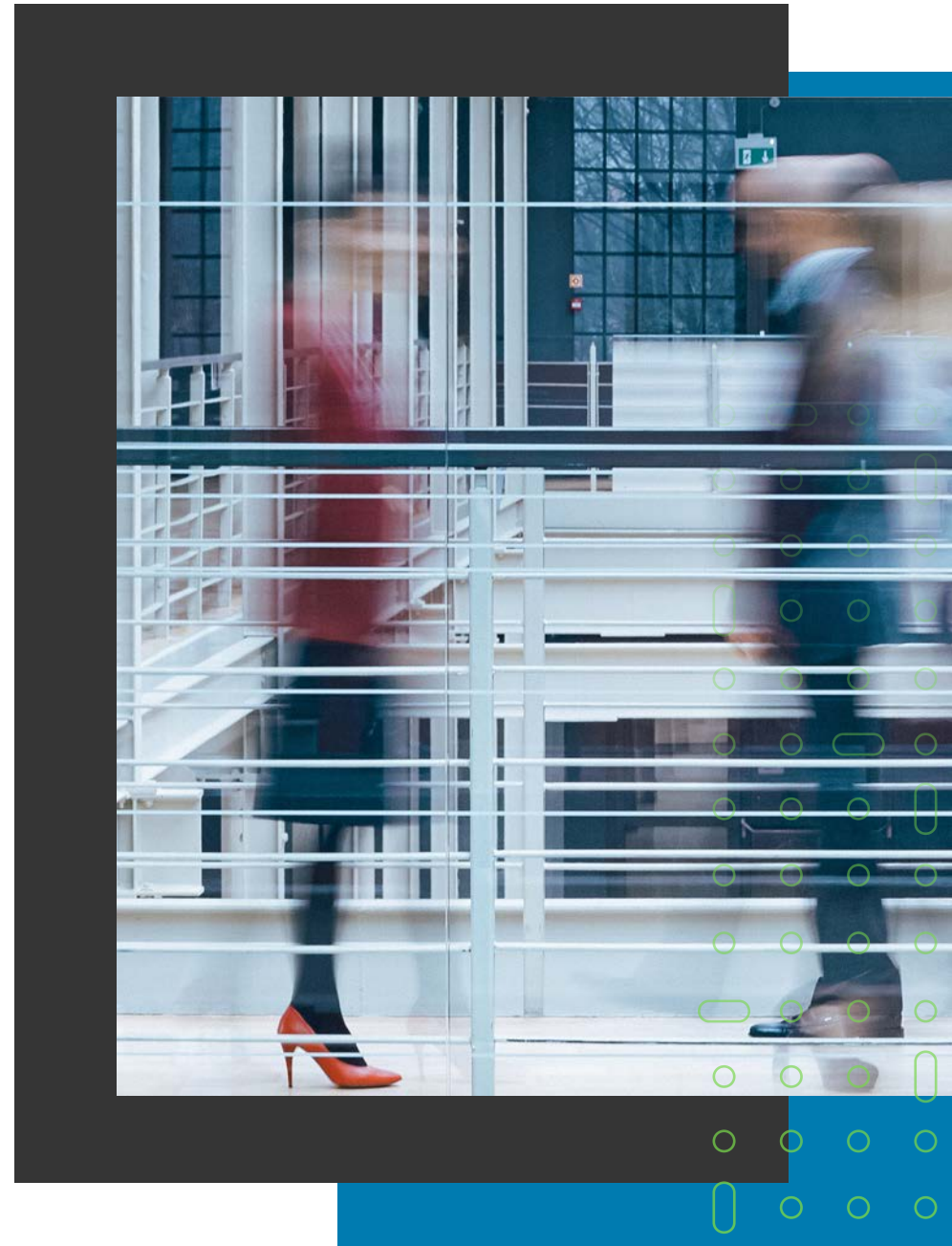


# The Future of Talent and Work in the Age of AI

The worry about people being replaced by AI is likely exaggerated, with only 22% of respondents stating this as a concern. However, the future workforce will require a better understanding of how to work alongside AI systems, leveraging their strengths to enhance productivity and decision-making.

Roles such as AI ethicists, policy advisors, and regulatory experts will become crucial in ensuring that AI is developed and used responsibly and ethically.

Our whitepaper, "[The Ethical and Effective Use of Artificial Intelligence to Assess Talent](#)" delves deeper into the use of AI in the workplace.





# The SHL Difference

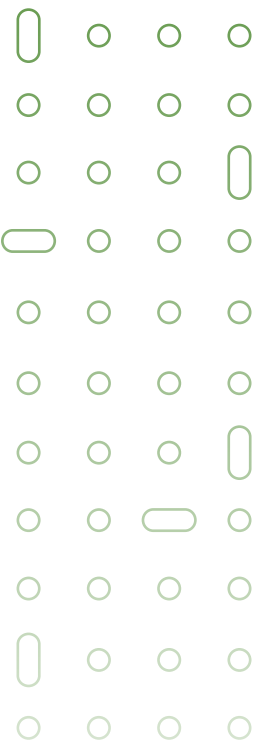
SHL takes pride in having the highest standard of quality assurance for all our assessments.

Our AI-based assessments:

- undergo continuous validation studies and rigorous data evaluation to demonstrate predictiveness and work relevance.
- adhere to SIOP's recommendations for the validation and use of AI-based assessments.<sup>8</sup>
- are audited by AI, ethics, and law experts to provide the best outcome whilst minimizing any adverse impact.
- are compliant with AI based legislations such as the New York Automated Employment Decision Tools Law.<sup>9</sup>



- <sup>1</sup> Mirowska, A. (2020). AI evaluation in selection: Effects on application and pursuit intentions. *Journal of Personnel Psychology*, 19(3), 142-149. <https://doi.org/10.1027/1866-5888/a000258>
- <sup>2</sup> Nolan, K., Carter, N., & Dalal, D. K. (2016). Threat of Technological Unemployment: Are Hiring Managers Discounted for Using Standardized Employee Selection Practices? *Personnel Assessment and Decisions*, 2(1), Article 4. <https://doi.org/10.25035/pad.2016.004>
- <sup>3</sup> Gonzalez, M. F., Liu, W., Shirase, L., Tomczak, D. L., Lobbe, C. E., Justenhoven, R., & Martin, N. R. (2022). Allying with AI? Reactions toward human-based, AI/ML-based, and augmented hiring processes. *Computers in Human Behavior*, 130, 107179. <https://doi.org/10.1016/j.chb.2022.107179>
- <sup>4</sup> Gonzalez, M. F., Capman, J. F., Oswald, F. L., Theys, E. R., & Tomczak, D. L. (2019). "Where's the I-O"? Artificial Intelligence and Machine Learning in Talent Management Systems. *Personnel Assessment and Decisions*, 5(3), 33-44.
- <sup>5</sup> Acikgoz, Y., Davison, K. H., Compagnone, M., & Laske, M. (2020). Justice perceptions of artificial intelligence in selection. *International Journal of Selection and Assessment*, 28, 399-416. <https://doi.org/10.1111/ijsa.12306>
- <sup>6</sup> Schlicker, N., Langer, M., Ötting, S. K., Baum, K., König, C. J., & Wallach, D. (2021). What to expect from opening up 'black boxes'? Comparing perceptions of justice between human and automated agents. *Computers in Human Behavior*, 122, 106837. <https://doi.org/10.1016/j.chb.2021.106837>
- <sup>7</sup> Society for Industrial and Organizational Psychology. (2018). Principles for the validation and use of personnel selection procedures (5th ed.). Retrieved from <https://www.apa.org/ed/accreditation/about/policies/personnel-selection-procedures.pdf>
- <sup>8</sup> Society for Industrial and Organizational Psychology. (2023). Considerations and Recommendations for the Validation and Use of AI-Based Assessments for Employee Selection. Retrieved from <https://www.siop.org/Research-Publications/Items-of-Interest/ArtMID/19366/ArticleID/7327/SIOP-Releases-Recommendations-for-AI-Based-Assessments>
- <sup>9</sup> <https://www.nyc.gov/site/dca/about/automated-employment-decision-tools.page>
- <sup>10</sup> <https://www.shl.com/assets/premium-content/voice-of-the-candidate-what-your-hiring-process-and-candidates-say-about-you-en-v3.pdf>



SHL brings powerful and transparent AI technology, data science, and objectivity to help companies attract, develop, and grow the workforce they need to succeed in the digital era.

We empower talent strategies to unlock the full potential of your greatest asset—people.



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