

# People and Culture

Empowering AI Leadership



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# Introduction

Recruiting talent is one of the ways in which human resources can use AI. However, use cases coming to light show that this can cause brand risk and less diverse hiring strategies. Additionally, many people view AI as likely to take their job, and so human resources departments have a role to play in reskilling workers who are displaced by AI and in helping workers to work beside AI tools.

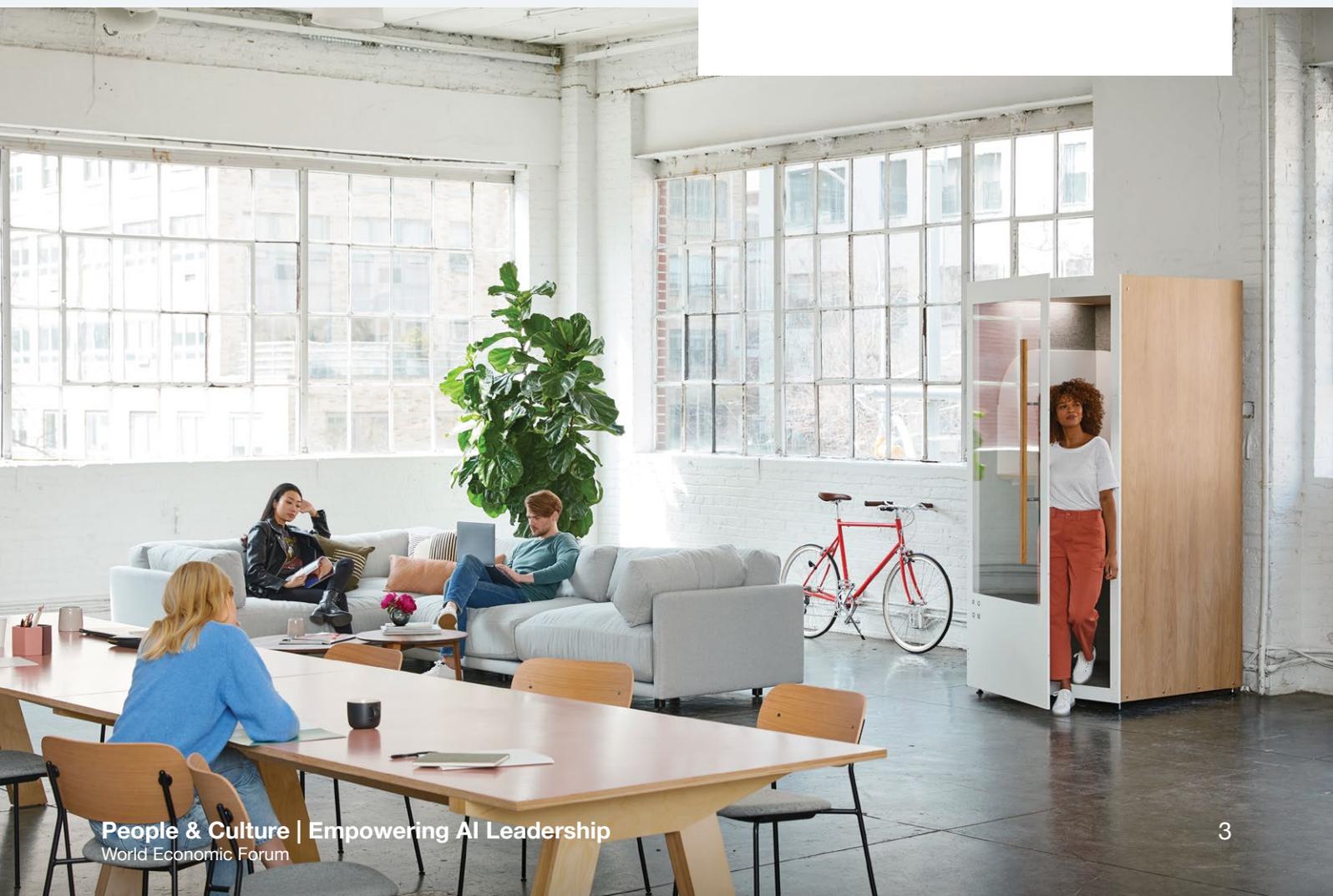
As Jeff Erhardt, vice-president of intelligent systems at GE Digital, said: “People tend to worry, thinking, ‘This is going to take away my job,’ ‘This is going to make a bad decision’, ‘This is not going to be useful to me’. If that happens, they’ll simply not use it, or put up such a high barrier to success that they’ll never allow it to go into production.”<sup>1</sup>

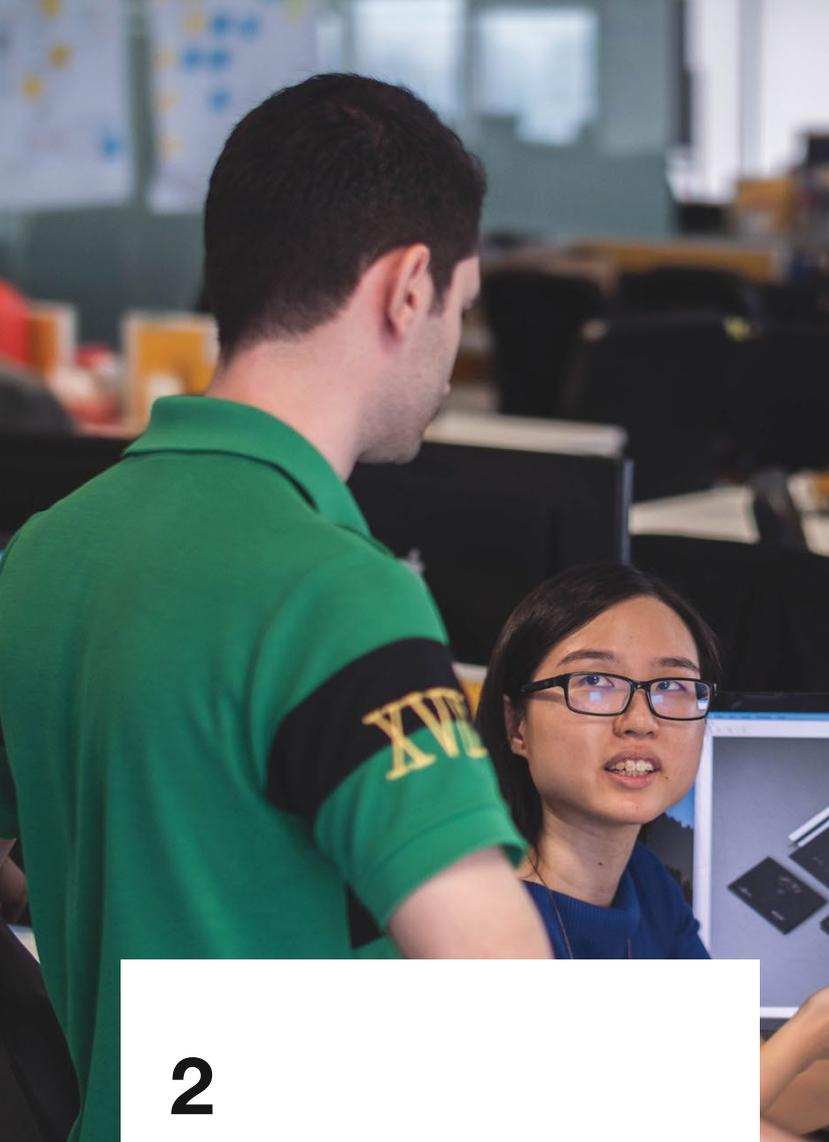
**Boards, through their oversight of executive teams, establish the culture and catalyse the practices that are necessary for success with AI. Three sets of issues are at play:**

## 1

### Augmentation, automation and acceptance.

Some 70% of Fortune 500 companies are using AI predominantly to cut costs, often by eliminating labour through automation.<sup>2</sup> But AI strategists argue that the technology can improve productivity and produce more value when it gives people new capabilities. AI can help knowledge workers improve their judgement, enable manufacturers to increase their factories’ flexibility and allow executives to create innovative processes that can support new business models. For instance, designers at Airbus and General Motors are using AI-enabled “generative software” to help them find new design possibilities. They have already produced lighter, stronger automotive and aircraft parts.<sup>3</sup> Boards can press management to focus on opportunities to help workers and create employment, rather than threaten jobs.





## 2

### The culture for AI success.

The use of AI systems requires trust, eagerness for experimentation and mindfulness of ethics, responsibilities and risks by all involved. Employees must be confident that the algorithms will lead to better decisions and actions, and executives need to be assured that use of algorithms won't lead to legal troubles, inaccurate financial reports or other problems. AI must earn that trust with accurate, unbiased and explainable models, sufficient and accurate data, system reliability, and human control and accountability.<sup>4</sup> A productive AI culture also requires a willingness to experiment and innovate with AI, balanced by an appreciation of the risks, responsibilities and ethics concerns in the use of AI. Directors should see that all of these cultural requirements are being targeted.

## 3

### Inclusion and diversity.

Diversity is a weapon to be used against the risk of bias in algorithms. Inclusive and diverse AI teams can more readily recognize biases in AI data and models, and spot insensitivities in AI applications, quashing them before they get out the door. A diverse AI workforce also leads to better-functioning teams and more profitable companies. A recent report found a significant correlation between gender, racial and ethnic diversity and three financial metrics – revenues, operating margins and market value – among technology companies. Why? Diversity helps decision-makers and technology teams to avoid blind spots and groupthink, question assumptions, and be aware of differences of perspective. Diversity, combined with equality of opportunity and support for all employees, promotes innovative thinking and cultures, results in fewer mistakes, and leads to products that are better suited for different kinds of consumers.<sup>5</sup> So, while inclusion can help close the gender gap in AI<sup>6</sup> and prevent algorithmic biases that harm minority communities, even boards concerned only with maximizing profits and shareholder value should support a diverse, inclusive, barrier-smashing culture.

HR leaders must also look at how their own functions use AI. AI chatbots supported by machine learning are now in use for employee training.<sup>7</sup> AI vendors sell systems to recruit and evaluate employees. Systems that predict employee behaviour are in the works; IBM has created a system that foresees employees that are likely to quit with 95% accuracy.<sup>8</sup> These systems should be used responsibly and ethically, and boards need to see that they are.

# Examples

## Johnson & Johnson

Johnson & Johnson is training IBM's Watson to rapidly read and analyse scientific literature to save scientists time in the drug discovery process. Here, machine learning algorithms process large volumes of data to "unlock" information hardly accessible by human beings. This exemplifies the great promises of AI in knowledge acquisition at scale.

## Saudi Aramco

Saudi Aramco, the Saudi Arabia-based energy oil & gas company, has deployed multiple AI solutions in one of its gas treating facilities to make work safer and more efficient. A machine learning based solution was deployed to monitor flares and detect various issues from the flare's shape and color. This solution relieved inspectors from inspecting the flare

up-close. In addition, Saudi Aramco deployed an augmented reality-based solution that enables operators to stream what they see to a remote command centre and receive instructions. Thus, reducing the probability of mistakes and costs of mobilizing experts to remote areas.<sup>9</sup>

## Walmart

One way to entice employees to embrace AI is using it to improve workers' work quality & skills. Walmart, the retail giant, has deployed AI-based co-bots that train workers in how to collaborate with them. The workers have more time now to assist customers as co-bots overtook mechanical jobs such as shelf scanning and floor cleaning. Furthermore, workers can concentrate on higher cognitive skills, social & emotional skills, all of which will be in greater demand in the future.<sup>10, 11</sup>



# Responsibilities

Many of the same board responsibilities that the G20/OECD Principles of Corporate Governance assigns to strategy and ethics are also applicable to AI adoption, culture and responsible use by HR.

- **To set the ethical tone for the company,** boards should champion ethics, hold executives accountable for ethical behaviour, and see that guidelines for the responsible use of AI are developed and followed throughout the organization.
- **To act in good faith, with due diligence and care,** boards should be fully informed about plans to apply AI in their strategy, AI's alignment with core values and ethical standards, the risks associated with the company's AI strategy and regulations affecting the use of AI. Directors should have access to accurate, relevant and timely information.
- **To oversee corporate strategy, major plans of action, risk management, and budgets and business plans,** boards should review and guide management's vision, goals, actions and expenditures for AI, their support for innovation and using new AI resources, management's awareness and plans for legal compliance and ameliorating AI risk, and competitors' use and plans for AI.
- **To oversee corporate performance, expenditures and acquisitions,** boards should review and guide the alignment of AI with strategy, shareholder values, ethics, performance and risk indicators, and implementation of AI plans. Also falling under board purview: oversight of the effectiveness of AI to accelerate processes and improve productivity; major investments in AI systems and talent, and acquisitions.

**To carry out these responsibilities, boards should also review and guide these concerns:**

## Set an ethical tone for the company.

- Creation and enforcement of guidelines for responsible and ethical AI use.
- Ensuring a culture that embraces AI ethics and takes care to develop and use AI responsibly.
- Training in AI ethics and responsibilities.

## Act in good faith, with due diligence and care.

- Strategies for establishing a culture that supports AI innovation in a responsible, ethical way.
- Employee attitudes towards AI.
- Strategies for earning employee trust in AI systems and achieving awareness and engagement in AI risk management.
- Strategies for improving productivity with AI through augmentation and automation
- Regulations that affect use of AI by HR departments and managers.
- How AI is being used to acquire, develop, evaluate and manage talent; its effects on employee engagement; and best practices.

## Oversee corporate strategy, major plans of action, risk management, and budgets and business plans.

- Management strategy to augment employee performance with AI.
- Management's approach to using AI for talent acquisition and development.
- Management strategy to achieve a diverse and inclusive AI workforce.
- Major actions and expenditures for the use of AI in HR management, and progress towards successful implementation.
- Management's plans and actions to encourage HR professionals to adopt AI solutions in their daily activities.

## Oversee corporate performance, expenditures and acquisitions.

- Performance of AI used for HR management.
- Success in creating a culture that supports AI innovation, use and responsibility.
- Management compliance with data protection regulations (e.g. GDPR in the EU) and anti-discrimination laws (e.g. Civil Rights Act in the US).

In addition, board members are “expected to take due regard of, and deal fairly with, other stakeholder interests, including those of employees”. To fairly deal with employees’ interests, boards should also see that:

- AI systems used in recruiting, retaining and evaluating employees, and for other purposes by HR departments, are fair and unbiased.
- Employees have equal access to the benefits of AI.
- Employees’ personal data is protected and processed in accordance with the law (e.g. GDPR), kept secure and available only on a right-to-know basis.
- Systems used in HR management, and the decisions they make, are explainable and transparent.

*The analysis in this section is based on general principles of corporate governance, including the G20/OECD Principles of Corporate Governance 2015. It does not constitute legal advice and is not intended to address the specific legal requirements of any jurisdiction or regulatory regime. Boards are encouraged to consult with their legal advisers in determining how best to apply the principles discussed in this module to their company.*



# Oversight

This section includes three tools to help directors oversee people and culture strategy for AI.

The knowledge assessment tool helps board members rate whether they possess, or have access to, the knowledge required to independently judge management's knowledge and leadership on people and culture issues regarding AI, such as the future of work, promoting innovation, ethics and trust, staffing, and using AI in HR management.

*View the knowledge assessment tool in Appendix 1.*

The performance review tool consists of questions boards can ask management about their knowledge of people and culture strategy for AI, and the progress and performance of their actions. It offers the SCEPTIC framework to help directors assess the answers they receive.

*View the Performance Review tool in Appendix 2.*

The guidance tool offers possible suggestions for further action in an "If, then" format.

*View the guidance tool in Appendix 3.*

# Agenda

The following suggestions can help the individual who prepares the board discussion and sets the agenda on discussing the people and culture side of AI strategy.

## Before leading the first meeting

- **Prepare yourself:** Become familiar with AI, the HR management and cultural requirements for AI success, and AI's ethics, recruiting and risk management challenges. Speak to senior HR, legal and IT executives, particularly those responsible for developing AI systems. Hear from line managers about employee attitudes towards AI. The Resources section provides further reading and frameworks on AI and risks
- **Gauge board member interest in inclusion, culture, ethics and staffing issues involving AI:** Speak to other board members. Learn what importance they place on the people and culture strategy for AI, which issues are top of their minds, and which are not well understood. Identify the board members who are most interested in moving forward with new AI investments, and those who have concerns or lack interest
- **Set goals:** Think ahead about the desired outcomes from the board discussion

## Set the initial agenda clarifying the cultural requirements for AI success

Agenda items can include:

- **Review:** Discuss the company's strategy goals and intentions for AI.
- **Discussion:** What are the people and culture requirements for achieving that strategy? Look at the issue from different angles: innovation, risk, ethics and trust. Are the requirements for achieving the company's goals in place? What work needs to be done? What work is already being done?

- **Delegate:** Decide on next steps and priorities. These can include directing management to focus on issues such as ethics training, to develop plans or to report on progress.
- **Engage:** Decide how the board will continue to follow management's work.

## Set follow-up or alternative agenda items

These can include:

- **AI innovation:** Are product developers and process leaders using AI to create more innovative products, services and processes? Look at how to achieve more innovation with AI by providing resources, removing obstacles and establishing expectations.
- **Diversity and inclusion:** Discuss how to achieve a more diverse workforce among the teams developing AI systems, and include a broader range of perspectives by supporting inclusion.
- **Augmenting employees through AI:** Discuss opportunities to provide managers, professionals and staff with AI systems that enable them to be more productive, do more valuable work and make better decisions.
- **Creating an ethical AI culture:** What are the ethics issues on which management and employees must focus as they work with AI? Review the steps being taken to develop ethical thinking, habits and resources for employees.
- **Overcoming the AI talent shortage:** Review skill and job needs for AI and plans to meet them.

# Resources

*(All references as of 11/8/19)*

## Books

- Erik Brynjolfsson and Andrew McAfee, *The Second Machine Age: Work, Progress, and Prosperity in a Time of Brilliant Technologies*, W.W. Norton and Company, 2014.
- Jacob Morgan, *The Future of Work: Attract New Talent, Build Better Leaders, and Create a Competitive Organization*, Wiley, 2014.
- Paul R. Daugherty and H. James Wilson, *Human + Machine: Reimagining Work in the Age of AI*, Harvard Business Review Press, 2018.
- Thomas A. Kochan, *Shaping the Future of Work: A Handbook for Action and a New Social Contract*, MIT Press, 2017.

## Articles

- Ben Dattner, Tomas Chamorro-Premuzic, Richard Buchband and Lucinda Schettler, “The Legal and Ethical Implications of Using AI in Hiring”, HBR.org, 25 April 2019.
- Nicholas Epley and Amit Kumar, “How to Design an Ethical Organization”, Harvard Business Review, May-June 2019.
- Miranda Bogen, “All the Ways Hiring Algorithms Can Introduce Bias”, HBR.org, 6 May 2019.

## Reports and articles

- Ellyn Shook and Julie Sweet, “Equality = Innovation: Getting to Equal 2019, Creating a Culture that Drives Innovation”, Accenture, 2019.
- Ellyn Shook and Mark Knickrehm, “Reworking the Revolution”, Accenture, 2018.
- Haiyan Zhang, Sheri Feinzig and Hannah Hemmingham, “Making Moves Internal Career Mobility and the Role of AI”, IBM Smarter Workforce Institute research, 2017.
- Paul Daugherty, Eva Sage-Gavin and Madhu Vazirani, “Missing Middle Skills for Human-AI Collaboration”, Accenture, 2018.
- Peter Cappelli, Prasanna Tambe and Valery Yakubovich, “Artificial Intelligence in Human Resources Management: Challenges and a Path Forward”.
- Till Alexander Leopold, Saadia Zahidi and Vesselina Ratcheva, “The Future of Jobs Report 2018”, World Economic Forum, 2018.
- “Decoding Diversity: The Financial and Economic Returns to Diversity in Tech”, Intel, 2016.
- “Shaping an Ethical Workplace Culture”, Society for Human Resource Management Foundation, 2013.
- “The Future of Human Resources: A Glimpse into the Future”, Deloitte.

# Endnotes

*(All references as of 11/8/19)*

1. Dan Woods, "Three Critical Success Factors For Avoiding AI and ML Failure", Forbes.com, 16 August 2018.
2. Fortune CEO Daily newsletter, 15 May 2019.
3. "Future of Making Things: Customer Innovation Spotlight", Autodesk.com.
4. Berkeley J. Dietvorst et al., "Algorithm Aversion: People Erroneously Avoid Algorithms After Seeing Them Err".
5. "Decoding Diversity: The Financial and Economic Returns to Diversity in Tech", Intel, 2016; Ellyn Shook and Julie Sweet, "Equality = Innovation: Getting to Equal 2019, Creating a Culture that Drives Innovation", Accenture, 2019.
6. Lauren D'Ambra Faggella, "Women in Artificial Intelligence – a Visual Study of Leadership Across Industries", TechEmergence, 15 September 2017; World Economic Forum Global Gender Gap Report 2018.
7. Taryn Oesch, "Our 'Digital Friends': Using Chatbots in Corporate Training", Trainingindustry.com, 5 July 2018.
8. Eric Rosenbaum, "IBM Artificial Intelligence Can Predict with 95% Accuracy which Workers Are about to Quit Their Jobs", CNBC, 3 April 2019; Sascha Eder, "Should You Use AI for Performance Review?", LinkedIn Pulse, 31 July 2018.
9. Saudi Aramco, "Saudi Aramco recognized as a leader in the Fourth Industrial Revolution", 2019.
10. Jacques Bughin, James Manyika, "Your AI Efforts Won't Succeed Unless They Benefit Employees", Harvard Business Review, July 2019.
11. Elizabeth Walker, "#SquadGoals: How Automated Assistants are Helping Us Work Smarter", Walmart, April 2019.

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# Appendix 1: Knowledge Assessment Tool

This tool can be used by individual directors or as a board exercise. As the following questions are asked, consider whether:

- The board possesses the knowledge needed for independent judgement (definition: board members' knowledgeability about AI in HR management).
- The board has access to knowledge (definition: ability to obtain information from inside company; ability to obtain information from other sources, free access to experts).

The tool also suggests related modules for additional analysis.

External environment:	Area of knowledge:	Board knowledge (more than sufficient, sufficient, insufficient):	Access to knowledge by board (more than sufficient, sufficient, insufficient):	Related modules:
<b>AI and work</b>				
Augmentation and automation through AI	<ul style="list-style-type: none"> <li>• Potential uses of AI to augment employee capabilities</li> <li>• The uses and limits of augmentation and automation</li> </ul>			• Operations
AI's impact on jobs	<ul style="list-style-type: none"> <li>• Controversy over AI and its impact on jobs</li> <li>• New jobs and roles required to implement and operate AI</li> <li>• How AI will change the tasks and skill requirements of existing jobs in our industry</li> </ul>			
Our company's plans and actions	<ul style="list-style-type: none"> <li>• How our company uses AI to augment and automate work</li> <li>• Changes to existing jobs within company due to AI</li> <li>• Company's plans for creating new jobs and changing job roles, descriptions and functions as it adopts AI</li> <li>• Plans for hiring or layoffs as AI affects work</li> </ul>			• Operations
<b>AI and culture</b>				
Ethics principles	<ul style="list-style-type: none"> <li>• AI ethics issues in our industry</li> <li>• AI ethics issues in human resource management</li> <li>• Commonly used ethical frameworks or principles in our company's industry, and by professionals in our company</li> </ul>			• Ethics
Creating an ethical culture	<ul style="list-style-type: none"> <li>• Effective approaches for training and sustaining an ethical culture around AI, data and developing, sourcing and using information technology</li> <li>• Approaches used by competitors</li> <li>• How boards promote an ethical culture</li> </ul>			• Ethics • Governance
Trust, risk and responsibility	<ul style="list-style-type: none"> <li>• Common employee attitudes about AI, e.g. reluctance or willingness to use AI, acceptance or mistrust of AI recommendations</li> <li>• Factors that build trust in AI (explainability, accountability, employee control)</li> <li>• AI risks and responsibilities in our industry</li> </ul>			• Ethics • Risk

External environment:	Area of knowledge:	Board knowledge (more than sufficient, sufficient, insufficient):	Access to knowledge by board (more than sufficient, sufficient, insufficient):	Related modules:
<b>AI and culture</b>				
Innovation and experimentation	<ul style="list-style-type: none"> <li>Recent and current AI innovations (product, process and management innovations) in our industry</li> <li>Methods for encouraging innovation and experimentation in our industry</li> </ul>			<ul style="list-style-type: none"> <li>Competitive strategy</li> <li>Operations</li> </ul>
Our company's plans, actions and culture	<ul style="list-style-type: none"> <li>Employee awareness and engagement in AI ethics, risks and responsibilities: current state, internal programmes and education, incentives, goals and metrics, results</li> <li>Existing AI mindset and culture: positive attitudes and concerns, willingness to use AI systems, engagement in risk management</li> <li>Current experimentation, pilots and innovations with AI</li> <li>Training and education programmes in AI</li> <li>Effectiveness of efforts to develop a culture that supports AI success</li> </ul>			<ul style="list-style-type: none"> <li>Ethics</li> <li>Risk</li> </ul>
<b>Inclusion and diversity</b>				
Inclusive culture	<ul style="list-style-type: none"> <li>Inclusiveness practices by leading technology companies and leaders in our industry</li> <li>Effective methods for creating a more inclusive culture</li> </ul>			
Workforce diversity	<ul style="list-style-type: none"> <li>Diversity requirements demanded by law and customers</li> <li>Effective methods for creating workforce diversity</li> <li>State of diversity within our industry and within AI field</li> </ul>			
Our company's plans, actions and culture	<ul style="list-style-type: none"> <li>Company's definition of diversity and inclusion</li> <li>Diversity and inclusiveness of current workforce engaged with AI</li> <li>Company's efforts to create a more inclusive culture and workforce diversity: programmes, metrics, results</li> <li>Employee attitudes about inclusiveness and diversity within company</li> </ul>			
<b>AI talent</b>				
Market for AI talent	<ul style="list-style-type: none"> <li>Jobs and roles in AI fields</li> <li>Availability of AI talent</li> <li>Sources of AI talent and training (universities, other companies)</li> </ul>			
Talent strategy	<ul style="list-style-type: none"> <li>Effective staffing strategies for AI and other in-demand tech workers: recruitment, retention, contract and temporary workers</li> <li>Effective skill-building strategies and trends: training, experiential learning, online education</li> </ul>			
Our company's plans and actions	<ul style="list-style-type: none"> <li>AI skills shortages within company: severity and impact</li> <li>Company's AI staffing strategy: goals, plans, status, results</li> <li>AI training programmes and investments</li> </ul>			

External environment:	Area of knowledge:	Board knowledge (more than sufficient, sufficient, insufficient):	Access to knowledge by board (more than sufficient, sufficient, insufficient):	Related modules:
<b>AI and human resource management</b>				
AI opportunities for HR	<ul style="list-style-type: none"> <li>• Opportunities to use AI: hiring, training, employee evaluation</li> <li>• Future trends in AI for HR</li> <li>• How competitors – industry incumbents, digital giants and upstarts – are using AI for recruiting and HR management</li> </ul>			<ul style="list-style-type: none"> <li>• Competitive strategy</li> <li>• Technology</li> </ul>
AI and HR practice	<ul style="list-style-type: none"> <li>• AI ethics issues and responsibilities in HR management</li> <li>• How AI is changing HR practice</li> <li>• Risks of using AI in HR management</li> </ul>			
Our company's plans and actions	<ul style="list-style-type: none"> <li>• How company uses AI for HR: pilots, applications used, goals, results</li> <li>• Future plans to use AI for HR management</li> <li>• How management manages ethics, responsibilities, risks and cultural issues</li> <li>• Attitude of HR staff and other employees towards HR AI systems</li> </ul>			<ul style="list-style-type: none"> <li>• Competitive strategy</li> <li>• Ethics</li> <li>• Governance</li> <li>• Risk</li> </ul>

# Appendix 2: Performance Assessment Tool

This tool can be used by board directors to pose questions to management and evaluate their answers. It follows the same broad topics as the knowledge assessment tool.

Judge the answers received by management by using the SCEPTIC framework.

The tool also suggests related modules for additional analysis.

## The SCEPTIC framework:

- **Specificity:** Are the answers precise and do they show depth of knowledge?
- **Candour:** Do the answers cover up issues, exaggerate benefits or steer towards one course of action?
- **Evidence:** Are there KPIs, data and other support to back the opinion? Is the evidence unbiased, complete and sound?
- **Planning:** Are the answers drawn from an effective internal process?
- **Thoroughness:** Are the answers based on a rigorous search for information from diverse sources?
- **Involvement:** Are the answers based on real-world experience?
- **Consistency:** Are the answers logical and free from contradictions and gaps?

	Ask management:	Related modules:
<b>AI and work</b>		
Augmentation and automation through AI	<ul style="list-style-type: none"> <li>• Which jobs have been augmented through AI? How is AI augmenting the capabilities of workers in these roles? What patterns are we seeing among our current and potential competitors? If they are different from us, why?</li> <li>• Which positions have been eliminated or redefined due to automation? What benefits have we seen? Have there been any benefits besides savings?</li> <li>• Have we studied which roles and jobs are candidates for augmentation through AI? What was learned? What actions were taken in a response?</li> <li>• What have we learned from our current and possible future competitors about how AI is changing job roles and descriptions?</li> </ul>	<ul style="list-style-type: none"> <li>• Operations</li> </ul>
AI's impact on jobs	<ul style="list-style-type: none"> <li>• In our company, how are jobs, job descriptions and skill requirements in our company changing due to AI? How do they compare to our industry?</li> <li>• How will those changes affect our competitiveness? When will the changes occur?</li> <li>• What jobs have been created or redefined because of AI? How many? How do the new jobs and job descriptions reflect AI ethics, risks and responsibilities?</li> <li>• What do we owe our employees as jobs, roles and expectations change due to AI? What actions are we taking in response?</li> <li>• How are we preparing employees for the changes to their jobs and careers that AI will bring?</li> </ul>	<ul style="list-style-type: none"> <li>• Ethics</li> <li>• Operations</li> </ul>
<b>AI and culture</b>		
Creating an ethical AI culture	<ul style="list-style-type: none"> <li>• What are the AI ethics issues that are we must manage successfully to avoid harming our reputation and stakeholders? Are there others about which other organizations in our industry have spoken or are addressing, but we are not? If so, why?</li> <li>• How well does our organization's code of ethics or principles guide employees through these issues? Are our ethics counsellors and training able to address them? If not, what updates are we making to our ethics code and resources?</li> <li>• How do we now engage employees in AI ethics and responsibilities? What internal programmes and education, guidance, incentives, goals and metrics are in place? How effective are they? How do we know?</li> <li>• What approaches are effective for training and sustaining an ethical culture around AI, data and information technology?</li> </ul>	<ul style="list-style-type: none"> <li>• Ethics</li> <li>• Governance</li> </ul>
Creating a culture for AI success: trust, innovation, risk	<ul style="list-style-type: none"> <li>• Describe our employees' and managers' views of artificial intelligence and its impact on their jobs. What do we know about their attitudes: trust or mistrust of AI systems, eagerness to use AI, understanding of AI risks, ethics and responsibilities? How do we know it?</li> <li>• What steps are we taking to make AI trustworthy in our employees' eyes?</li> <li>• Are our employees knowledgeable and engaged in managing AI risks and responsibilities? How do we know?</li> <li>• How effective are we at developing new, innovative AI applications and systems? What success have we had at implementing them after piloting them? What needs to be done to be more successful at encouraging innovation and experimentation?</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive strategy</li> <li>• Ethics</li> <li>• Operations</li> <li>• Risk</li> </ul>

	Ask management:	Related modules:
<b>Inclusion and diversity</b>		
Inclusive culture	<ul style="list-style-type: none"> <li>• What does inclusivity mean for our company? Why is it important for success for AI?</li> <li>• What do we know to be effective methods for creating a more inclusive culture? What methods are we using for our AI workforce? Are our competitors and customers?</li> <li>• How are we tracking inclusivity? How are we performing? Do employees, including women and minorities, think we are an inclusive, diverse company when it comes to AI?</li> <li>• What are our plans for improving inclusivity?</li> <li>• How are we using inclusivity and diversity to prevent AI bias?</li> <li>• Who is held accountable for inclusion and diversity in AI? How?</li> </ul>	
Workforce diversity	<ul style="list-style-type: none"> <li>• What does the law require regarding workplace diversity? What do our customers expect of us?</li> <li>• How diverse is our AI workforce now? How does it compare to the rest of our industry?</li> <li>• What are we doing to achieve a diverse AI workforce?</li> <li>• What have researchers found to be the most effective methods for achieving workforce diversity? What methods are we using?</li> </ul>	
<b>AI and talent</b>		
Market for AI talent	<ul style="list-style-type: none"> <li>• What AI skills are we seeking to hire and grow? What roles and positions are we seeking to fill?</li> <li>• What new jobs and roles are we creating?</li> <li>• Are we facing a shortage of people with these skills? How severe is the shortage? How is it affecting our company?</li> <li>• Are we facing competition for talent from technology companies and start-ups? How are we countering this competition?</li> </ul>	
Talent strategy	<ul style="list-style-type: none"> <li>• What are our hiring and staffing plans for AI professionals? How were those plans arrived at? Where are we finding new hires?</li> <li>• What are the most effective strategies we've found for recruiting, retaining tech professionals with scarce, in-demand skills? For obtaining contract and temporary help?</li> <li>• How are we developing AI skills in our workforce? What approaches are we taking? How effective have these approaches been? How much are we spending on training?</li> <li>• How are we working with universities and not-for-profit organizations to find and develop AI talent? How are we helping employees acquire the skills they need to work with AI?</li> <li>• How well is our AI HR strategy performing? How are we defining and measuring success?</li> </ul>	

	Ask management:	Related modules:
<b>AI and human resource management</b>		
AI applications in HR management	<ul style="list-style-type: none"> <li>• What opportunities have we found to use AI for hiring, training and evaluating employees? Which ones are we now using, piloting and considering? Which ones have our competitors found and deployed?</li> <li>• What is the status of our current AI HR projects? How are the risks in these projects being mitigated? Who is responsible? What is our budget?</li> <li>• What advances in HR AI are we tracking? Which does HR believe has the most potential value? When will these new uses be available and scalable?</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive strategy</li> <li>• Technology</li> </ul>
AI and HR practice	<ul style="list-style-type: none"> <li>• How is AI changing the HR profession and practice? How do HR professionals view these changes?</li> <li>• What are the ethical issues and responsibilities of using AI in human resource management? What other risks should we be aware of?</li> <li>• What are we doing to manage these issues? How effective have these issues been?</li> <li>• What criteria do we use when evaluating HR AI systems for value, risk management, and compliance with responsibility and legal requirements?</li> <li>• For companies affecting EU citizens: How are we ensuring that our AI strategy for HR is compliant with the EU GDPR, especially Article 88 regarding the processing of employees' personal information?</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive strategy</li> <li>• Ethics</li> <li>• Governance</li> <li>• Risk</li> </ul>

# Appendix 3: Guidance Tool

Use this tool to consider responses to the knowledge assessment and performance review tools. These suggestions are a starting point for brainstorming on responses.

If the board...	Then consider...
Needs more external information	<ul style="list-style-type: none"> <li>• Reading books and articles on AI, the future of work and the cultural issues surrounding AI</li> <li>• Attending professional events on AI and the future of work</li> <li>• Meeting with experts on AI, the future of work, culture and AI use within human resources: academics, consultants and researchers</li> <li>• Establishing an educational programme for board members</li> <li>• Speaking with peers and executives on the boards of other companies in our field</li> </ul>
Needs more internal information	<ul style="list-style-type: none"> <li>• Requesting reports and updates from executive team on AI pilots and implementations, and on programmes to create a culture for AI success</li> <li>• Meeting with the executives – chief human resource officer, chief information officer, chief risk officer etc. – engaged in developing a mindset for AI success in innovation, risk management and use</li> <li>• Meeting with mid-level human resource managers and teams developing, implementing and using AI</li> </ul>
Needs management to focus on using AI for augmentation	<p>Encouraging management to:</p> <ul style="list-style-type: none"> <li>• Determine what concrete business problems could be solved by using AI technologies to augment humans</li> <li>• Set up multidisciplinary teams with managers, technologists and employees</li> <li>• Test and learn through experimentation</li> </ul>
Wants management to better understand AI's impact on the future of work	<p>Encouraging management to:</p> <ul style="list-style-type: none"> <li>• Learn more about the topic through reading and discussions with experts</li> <li>• Study the changes taking place at companies that already use AI</li> </ul>
Needs management to do more to instil an ethical AI culture	<p>Encouraging management to:</p> <ul style="list-style-type: none"> <li>• Mandate ongoing training on AI ethics for all employees who work with AI. Include recognition of ethics problems and developing ethical decision-making skills</li> <li>• Update code of conduct to include AI ethical issues, or create an AI ethics code (see the Ethics module for information on the content, creation and assessment of an ethics code for AI)</li> <li>• Establish an ethics board that includes AI ethics in its responsibilities (see the Ethics and Governance modules)</li> <li>• Provide easy-to-find resources to help employees make ethical decisions: ethics counsellors, hotlines, workshops, chatbots, guidelines and other materials</li> <li>• Communicate to employees on importance of ethics and ethical expectations</li> <li>• Train employees to stop and think when confronted with a situation that may cross ethical lines, and to ask for advice</li> <li>• Share examples of companies suffering the consequences of poor ethical decisions and behaviours</li> <li>• Immediately correct employees when they see behaviours or hear talk that violates ethics guidelines</li> <li>• Be role models of ethical behaviour for other employees</li> <li>• Reinforce ethical behaviour with rewards and punishment, and publicize them</li> <li>• Include ethics in performance reviews for managers</li> <li>• Provide whistleblowers with safe ways to report unethical behaviour, and make clear that retribution against whistleblowers will not be tolerated</li> </ul>

If the board...	Then consider...
<p>Needs management to focus on developing a culture for AI success</p>	<p>Encouraging management to:</p> <ul style="list-style-type: none"> <li>• Apply the recommendations for ethics to risk awareness and management</li> <li>• Request regular reports on risk and responsibility assurance</li> <li>• Educate non-technical employees who use or manage AI systems on how AI systems work, their strengths and their limits</li> <li>• Build trust in AI systems by: <ul style="list-style-type: none"> <li>• Educating employees on how AI will help them perform better, do more interesting work and benefit their career</li> <li>• Providing data on accuracy rates of machine-learning systems</li> <li>• Selecting AI models and algorithms with explainability needs in mind</li> <li>• Providing opportunities to make small modifications in systems</li> <li>• Giving employees the ability to approve or override AI decisions within guidelines</li> <li>• Establishing that humans are responsible and accountable for decisions involving AI</li> <li>• Providing a clear set of ethical boundaries for AI systems</li> </ul> </li> <li>• Accelerate the use of AI for innovation by providing AI system creators, users and managers with: <ul style="list-style-type: none"> <li>• Opportunities to meet people inside and outside the company doing interesting work with AI</li> <li>• Responsibility to innovate with AI and rewarding them when they do</li> <li>• Encouragement, time, resources and data for experimentation and reimagining processes</li> <li>• A clear sense of purpose and urgency</li> </ul> </li> <li>• Hire employees who exhibit innovative problem-solving skills</li> <li>• Challenge employees with stretch goals that require innovative thinking</li> <li>• Quickly act to implement innovations developed by their employees</li> <li>• Consider whether the company should set up a new business unit to more quickly innovate in a product category</li> <li>• Align company objectives for AI with employee personal goals</li> </ul>
<p>Needs management to focus on workforce inclusion and diversity</p>	<p>Encouraging management to:</p> <ul style="list-style-type: none"> <li>• Educate staff on why inclusion and diversity are important for success with AI</li> <li>• Focus on diversity at the early stage of AI team-building and recruitment</li> <li>• Set up an internal audit to assess the diversity of the workforce across the organization (departments, roles etc.)</li> <li>• Review recruiting and career development process and investigate potential bias at every stage of the process (from job-description wording, to interview and offer)</li> <li>• Integrate elements of diversity, equity and inclusion into performance reviews and professional development</li> <li>• Enforce accountability among staff and departments to commit to and uphold an inclusive culture</li> <li>• Lead by example, by practising inclusion and building a diverse team of managers and advisers</li> </ul>
<p>Needs management to improve the company's AI talent pipeline and ability to recruit and retain AI talent</p>	<p>Encouraging management to:</p> <ul style="list-style-type: none"> <li>• Benchmark compensation and benefit packages for AI professionals against competitors and the market for AI talent</li> <li>• Focus on providing interesting challenges and missions for AI professionals</li> <li>• Review retention rates, benchmark them against other companies, investigate reasons for retention issues, and act to increase retention</li> <li>• Provide training, access to education, career development and mentors to employees interested in AI</li> <li>• See that AI contractors and consultants both fill immediate needs and transfer skills to employees</li> <li>• Engage with local universities to build a talent pipeline</li> <li>• Track performance of teams and, organization-wide, of hiring and retaining diverse talent</li> </ul>
<p>Wants management to more actively consider or implement AI in human resources</p>	<p>Encouraging management to:</p> <ul style="list-style-type: none"> <li>• Study how competitors are using AI for human resource management</li> <li>• Report to board on opportunities for using AI to improve HR management and support business strategy, and the next steps</li> <li>• Study the ethics issues, responsibilities and risks involved in using AI for human resource management</li> </ul>