



# AI at Work: A Guide for HR

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Use this guide to create thoughtful AI policies, support your teams, and protect company and employee data.

# With the rapid growth of artificial intelligence (AI), HR professionals face both new opportunities and challenges. AI can improve efficiency and inspire innovation, but it also requires thoughtful alignment with ethical and organizational goals.

This guide focuses on how AI can support HR functions in the workplace. Employers interested in incorporating AI into their HR workflows should also consult specialists such as attorneys, IT security experts, and data privacy consultants.

## Understanding AI in HR

AI refers to technology that performs tasks usually requiring human reasoning such as organizing information, offering recommendations, generating readable text, and creating recognizable images. It's used in everything from robotics to retail marketing to the camera on your phone. Generative AI is a type of AI that creates new content, such as text, images, music, or code, by analyzing patterns in large datasets. At the time of writing, popular generative AI tools include ChatGPT, Copilot, Gemini, and Claude.

HR professionals use AI to help screen resumes, write job descriptions, draft interview questions, create employee trainings, analyze data, improve internal communications, summarize feedback, personalize development plans for individual roles, and more. As AI technology improves, so will its value to HR.

## General Regulatory Landscape

AI use is regulated! The laws that prohibit discrimination in the workplace still apply when employers use AI. In other words, employers who make decisions that result in discrimination are still liable for that discrimination even if it resulted due to AI use. Blaming the tool or its vendor won't cut it. As far as we know, no court has yet held an employer end-user liable for AI-related employment decisions, but litigation on this issue is already underway, and more cases are expected.

Employers should also monitor laws in states where they operate. States have begun to pass AI-specific employment legislation. Themes of these laws include transparency regarding how AI is used in the employment process, safeguards to ensure responsible use, and procedures to prevent discrimination. As these are typically good practices, employers should consider adopting them even if not explicitly required by law.

## Using AI Responsibly: Ethics and Compliance Considerations

AI offers potential to improve HR processes and decisions, but it also comes with ethical and legal responsibilities. Applying principles like fairness, accountability, transparency, and respect for employee privacy ensures your AI use is ethical, builds trust with your workforce, and helps protect your business from risks.

### Oversight of AI

AI can support human decision-making; it shouldn't replace it. Critical decisions influenced by AI—such as hiring or promotions—must involve human oversight throughout the decision-making process. This is sometimes called keeping humans in the loop.

Human oversight is important because AI can reflect the biases of its training data and otherwise provide faulty information. For example, an AI-powered applicant tracking system (ATS) trained on historical hiring data might unintentionally favor male candidates for technical roles, perpetuating bias and reducing diversity. As noted above, employers are liable for employment decisions based on AI outputs. Compliance risks aside, making decisions based on bad information can lead to undesirable business outcomes.

**Tip:** Before purchasing or using an AI tool for HR functions, or when assessing existing AI tools, ask the vendors about what bias mitigation and monitoring steps they've taken and plan to take in the future and whether their product has been or will be audited by a third party for signs of bias. It also wouldn't hurt to test products for fairness and accuracy before formally using them.



## Verifying Accuracy and Data Limitations

Generative AI tools like ChatGPT or Gemini excel at rapid content creation, but may produce errors, inaccuracies or misinformation, or make things up entirely (often called “hallucinations”). For instance, an AI tool drafting a policy on California sick leave laws might use outdated data, information from a different state, or fabricate details, leading to serious compliance risks. Always verify outputs for accuracy; AI-based tools do make mistakes.

## Transparency Builds Trust (and Might Be Required)

If employment decisions are being made with the aid of AI, employees and applicants should be informed about where and how it’s being used. For instance, if an AI tool is used to screen resumes and applications, a message informing applicants could be added to job postings or the application itself. Some tools even allow employers to offer an “opt out” option to applicants who prefer not to have AI involved in the screening process. This kind of transparency fosters trust. Additionally, such a disclosure might be required by state or local law.

## Using Data Responsibly

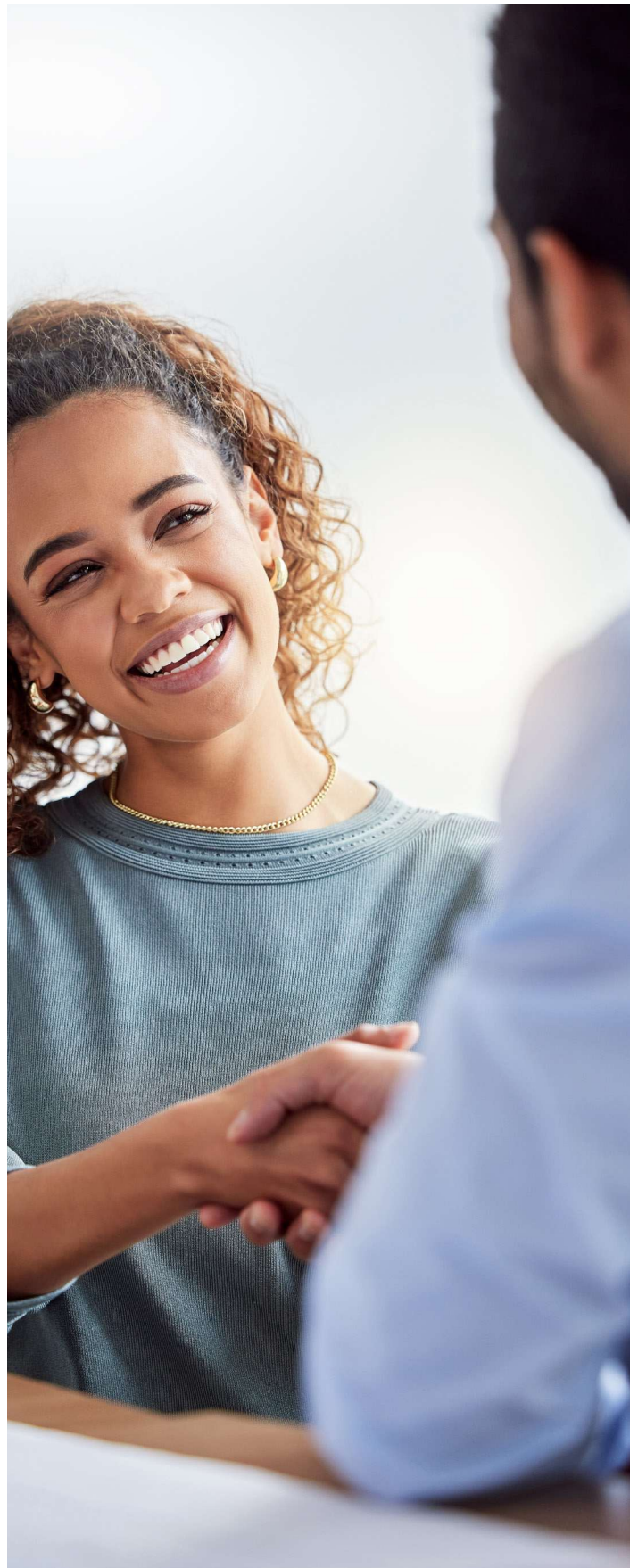
Employers handle sensitive personal and health-related information about employees and their families. The same data protection rules apply with AI. Avoid using AI tools to process protected health information (PHI) or personally identifiable information (PII).

**Tip:** Ensure AI tools—paid or proprietary—meet your organization’s security and privacy standards. Be especially cautious with free versions. Avoid uploading anything you wouldn’t want to become public. Protecting employee and company data should always be a priority.

## Considering Your AI Strategy: Steps for Success

HR is sometimes the first point of contact for AI-related questions. While HR cannot and should not make AI decisions in isolation, HR plays a crucial role in bringing the right decision-makers together. By facilitating discussions between leadership, IT, and other stakeholders, HR helps ensure AI decisions align with organizational goals and are implemented responsibly.

AI tools are increasingly common in workplaces, but employers are not required to allow their use, and some choose to prohibit them entirely. While this can be a valid decision, depending on your industry or risk tolerance, banning AI without clear explanation may backfire. Employees might use AI tools without your knowledge, exposing your organization to privacy, security, or compliance risks. You might also risk missing out on AI-empowered efficiencies and opportunities for innovation.





## Key Questions to Guide Your Approach

Before deciding how to handle AI usage, ask yourself the following:

1. Does your use of AI align with your company's culture and values? Your approach to AI should reflect your organization's core principles. Consider how its use supports decision-making, transparency, and employee expectations.
2. What are employees already doing? Survey your team to see if they're already using AI tools. Their responses can inform your policy, highlight areas for training, and help you identify and recognize early adopters.
3. What are your industry's compliance requirements? Highly regulated sectors, like healthcare or finance, may need stricter controls or full prohibition.
4. Do you have the resources to monitor AI use and educate employees about it? If you allow AI use, ensure you can provide employees with clear guidelines and ongoing oversight to mitigate risk and maximize benefits.

AI tools are likely already being used in your workplace—even if leadership isn't aware of it. Employees might be using generative AI tools like ChatGPT, or existing software could have built-in AI features that go unnoticed.

## Understanding Your AI Landscape

If you're not sure what AI use in your company looks like today, take the following steps:

- **Survey Employees:** Ask employees about their AI usage. Managers can facilitate discussions within their teams, or HR can distribute a centralized survey. Be clear that the purpose is to gather information, not to discipline employees, as fear of repercussions could skew responses.
- **Analyze Existing Tools:** Review current software to identify any embedded AI features, such as in productivity tools or applicant tracking systems.
- **Review Vendors:** Ask vendors and third parties whose tools intersect with your company whether their software or service includes AI capabilities, how AI is used, and whether it's turned on by default.
- **Confirm Compliance:** Ensure vendors are addressing compliance requirements and request that they provide documentation or assurances regarding their AI practices.

## Drafting an AI Policy

If you choose to allow the use of AI, create a clear policy or set of guidelines. Think of your AI policy as a roadmap for responsible and ethical use, tailored to your company's specific needs and goals. The steps below provide considerations when creating a policy or guidelines:

### Step 1: Collaborate with Experts

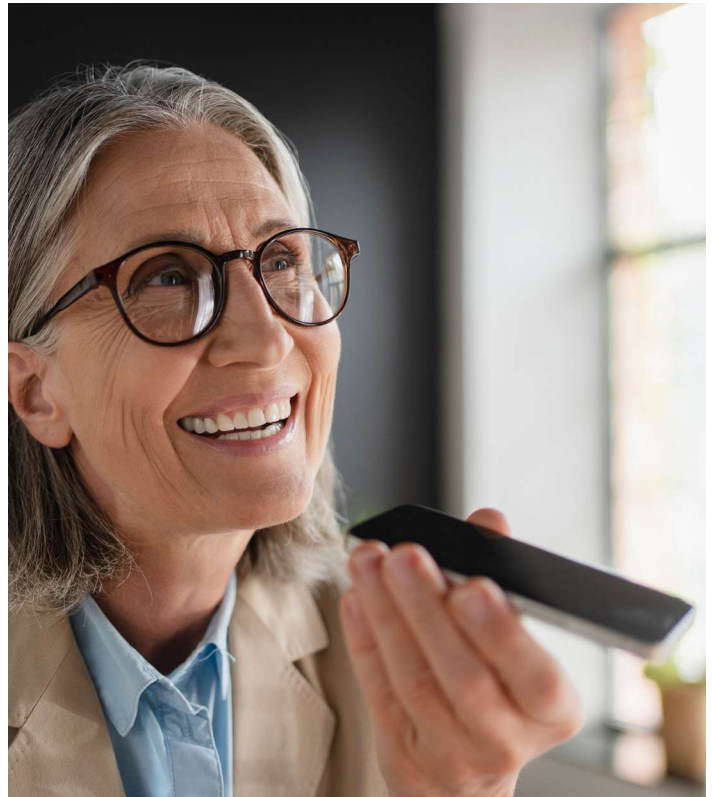
Partner with legal counsel, IT teams, senior management, or specialized AI consultants to ensure your policy not only mitigates key risks but also supports innovation and aligns with organizational priorities.

### Step 2: Key Elements to Include

- **Define AI Clearly:** Be clear about what you mean by AI. Are you referring to generative tools, workplace assistants, software with built-in AI features, or AI agents that are now widely used across industries for support, analysis, and automation? Defining this up front helps prevent misunderstandings.
- **Specify Approved Tools:** List approved tools and involve IT in assessing their security and compliance. Define the process for requesting approval of new tools and clarify whether employees must disable features in pre-installed tools.
- **Identify Authorized Users:** Decide if all employees will use AI tools or if access will be limited to specific roles or departments. Clearly define who the policy/guideline applies to and why.
- **Set Boundaries for Use:** Outline how tools should and shouldn't be used. For example:
  - Employees must not input private company, customer, or sensitive data (e.g., PHI or PII) into AI tools.
  - Approved use cases may include summarizing lengthy documents or generating non-sensitive templates but not analyzing or processing confidential data.
  - Keeping a human in the loop for final decision making is imperative. That means double checking AI's accuracy (AI can hallucinate on occasion), ensuring the output aligns with your company goals and approach, allowing a human to make any final decisions, etc.
  - If AI tools or agents are capable of taking action on a user's behalf—such as sending messages, making recommendations, or triggering workflows—clearly define what types of actions are allowed, which require human approval, and which are prohibited. Transparency, auditability, and appropriate oversight are key when delegating tasks to AI.

- **Establish a Process for Approving Use Cases:** Create a simple way for employees to suggest or request approval for new uses of AI. This technology is developing at incredible speed. Employees on the ground may be in the best position to identify new ways AI could bring value to their work.
- **Encourage Use:** Set aside time for employees to experiment with AI and channels for them to share their insights and successes. Look for fun ways to reward your power users and knowledge sharers!
- **Educate on Risks:** Highlight that AI tools often lack transparency about how data is stored or used. Assume that anything entered into an AI tool could leave your control. Clearly communicate which data types must not be entered, such as proprietary company information.
- **Provide Clear Contacts for Questions:** Designate a point of contact—HR, IT, or an AI oversight committee—for employee questions. This ensures consistency in responses and helps you monitor trends in usage or concerns.

Your AI policy should balance flexibility and control, empowering employees to use AI responsibly while minimizing risks. HR will play a critical role in communicating the policy to employees and ensuring they understand how to apply it in their daily work.



## Managing Change with Employees

As with any new initiative, HR plays a key role in helping employees navigate through change. Not everyone has warm feelings about the emergence and growth of this technology. Objections include concerns about job loss, data privacy, environmental impact, the use of copyrighted work to train AI systems, and whether AI can really deliver on its promises. Employers adopting AI should expect skepticism, pushback, and hesitation along with enthusiasm and eagerness. Be willing to listen to concerns and explain the reasons the company is exploring or using AI, the expected impact of its use on jobs and organization structure, and how the company will measure success.

Identify enthusiastic employees to serve as informal leaders or “AI Champions.” These trusted peers can answer questions, share their experiences, and help generate organic interest in the AI tools being introduced. This peer-led approach can make AI adoption feel more approachable and less intimidating.

Additionally, create a training plan that provides employees with foundational knowledge about AI—what it is, how it works, its benefits, its compliance risks, and your AI policy or guidelines. This equips employees to navigate AI responsibly and confidently as its role in the workplace evolves.

By taking these steps, you can support employees through the transition, foster engagement, and build a workplace that leverages AI responsibly and effectively.

