

Memo

To: Chris Turner, CEO **From:** David Jolley, Business Analyst **Date:** 3-15-2024

Subject: Investment in AI for Streamlining People Management Processes

Background

Excelsior Technologies is a mid-sized manufacturing company that deals in automotive parts to the American automotive industry. We have always paid significant attention to our people management. We are proud of our high metrics for employee satisfaction and our low rates of turnover. However, there are things we can improve on such as a more efficient and effective way of selecting the right employee. We could also improve employee turnover. The use of artificial Intelligence (AI) in the context of the processes described in this memo can be considered as a potential solution for these issues. This can help make these processes more efficient and data oriented.

Benefits and Drawbacks of Using AI in People Management

Implementing AI in our people management processes can offer several benefits:

1. **Enhanced Hiring Processes:** AI can be of great help in enhancing our hiring process through the application of machine learning techniques to analyze large volumes of information about applicants. The process could then determine who is most likely to be a good fit for our company. This in turn can help us make better hiring decisions. This would also minimize time taken to fill the positions and help in minimizing the costs associated with higher turnover rates.
2. **Predictive Attrition Models:** It is possible to better predict which employees are going to quit by using certain parameters like performance reviews, level of engagement, or activity on social networks. This enables us to act preventively and provide targeted strategies for retaining the most vulnerable workers on the team, thus cutting our overall costs of turnover.

However, there are also significant drawbacks to consider:

1. **Bias in AI Algorithms:** Since machine learning algorithms rely on the training data used to create them, any biases in the data will be reproduced in the final AI system. This may lead to unfair hiring and management decisions. This could also be detrimental to our company's diversity and inclusion policy and can compromise our company to legal issues.
2. **Privacy and Ethical Concerns:** Monitoring of employees through AI can be a privacy concern. For example, analysis of their posts on social media and their emails for sentiment analysis. Employees may experience some level of discomfort and lack of confidence, which influences their motivation and productivity.

Recommendation

Considering the benefits and drawbacks outlined, I recommend that our organization invest in AI for people management for the following reasons:

1. **Improved Efficiency and Decision-Making:** Applying artificial intelligence in our hiring systems can improve the quality of the candidates we hire while shortening the time we spend on the hiring process. By employing the AI's prediction model, it will be easier to make better decisions to allocate resources within an organization and enhance the organization's performance.
2. **Proactive Retention Strategies:** This was made possible by the AI which can predict cases of attrition before they happen and affect the workers. Such measures can assist in keeping key people in the organization, sustaining stability, and preventing costs related to high turnover rates.

Finally, it is important to state that despite the numerous difficulties that may be encountered when implementing AI for our people management, there are much more opportunities than threats. Taking the necessary precautions to avoid biases and to keep the privacy of the employees in mind, AI can be a very useful instrument to increase our productivity and to reduce the turnover rate.

Thank you for considering this recommendation. I look forward to discussing this further.

Sincerely,

David Jolley
Business Analyst