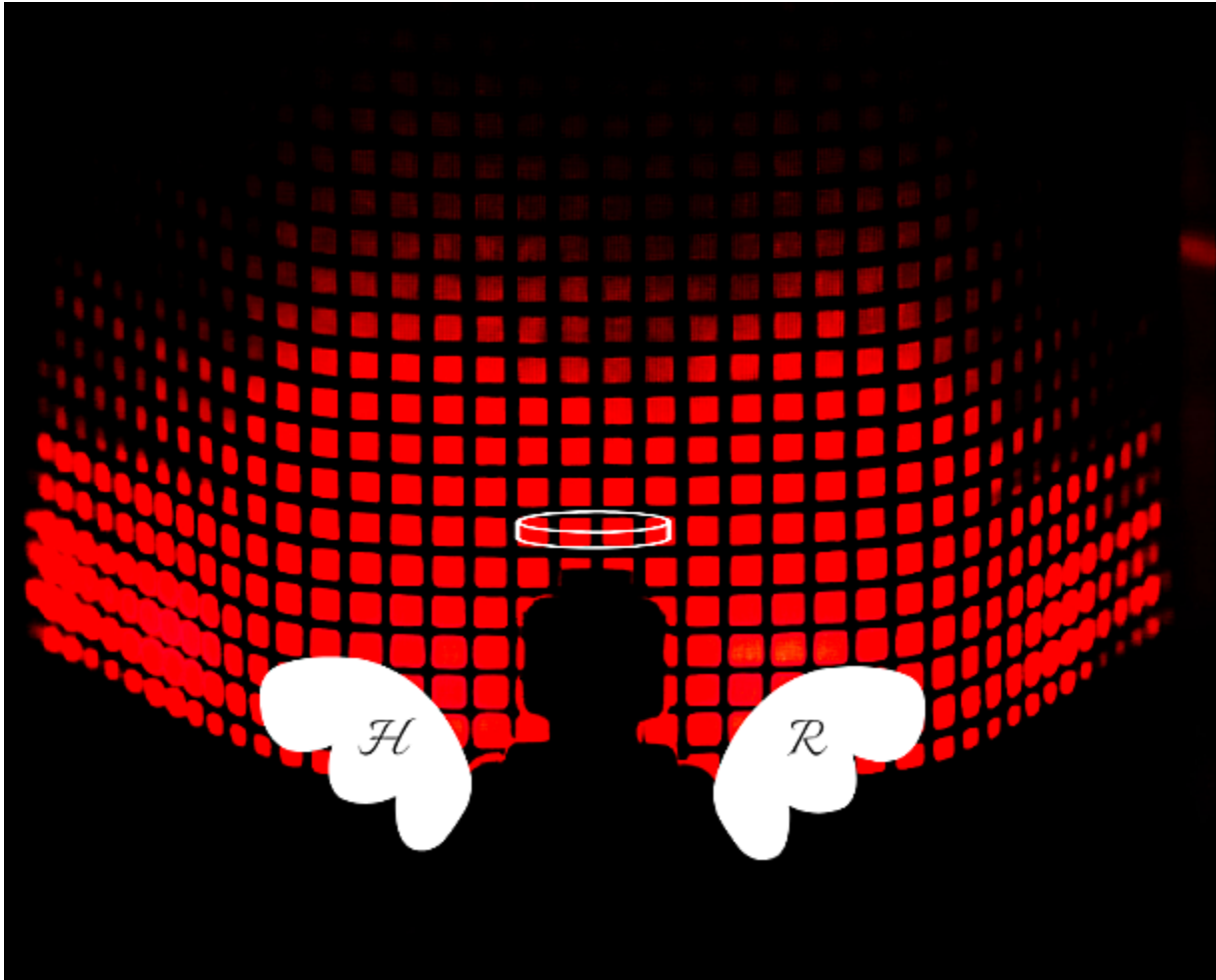# HR and AI
Ethics

How artificial intelligence in the workplace is changing the role of HR leaders

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HR's New Role: Ethical Guardian of AI Data

Employee data is growing exponentially as new workplace technologies churn it out to help organisations make people more productive or their experiences more positive. As such, algorithmic accountability is now core to the HR leader's role

Anyone who still thinks the primary role of HR professionals is looking after people may want to stop reading now because, in all likelihood, this will probably only be the case in a roundabout sort of way. What's far more likely is that HR's role will increasingly be about looking after people's data first, acting as ethical guardian of this data at that.

For thanks to ever-growing connectivity and smart devices, it's predicted that by this time next year, every living person will be generating 1.7 MB of data every second – all of which will add to the 2.5 quintillion bytes (that's a one with 30 zeros) that's already being created every single day. With some of this data coming from the likes of wellness apps, artificial intelligence (AI), sentiment analysis and natural language processing technology for recruitment and candidate selection, chatbot technology and dashboards for measuring productivity, HR's contribution to the data mountain will be considerable.

But creating data is only half the story. Employees will only be looked after if how data is used is looked after too. "As more data is collected so starts an almost impossible process for people to actually oversee it and do quality control," argues Dr Benjamin Bader, senior lecturer in international HRM at Newcastle University Business School. The oft-used phrase is that if you put 'garbage in, you get garbage out'. Bader says it more delicately – "If flawed data is fed into a system, computers make flawed decisions based on this data" – but the message is the same: data could soon start being responsible for some very dodgy decision-making.

If flawed data is fed into a system, computers make flawed decisions based on this data

– Dr Benjamin Bader, senior lecturer in international HRM at Newcastle University Business School

The big HR data issues

Ethically-questionable outcomes resulting from bad data management are already starting to be seen. Tech giant Amazon was last year forced to announce it was aborting AI in recruitment, after it found its automated decision-making technology favoured men. Why? Because it was programmed taking hiring data from the last 10 years – which meant it was looking for men, not women, and not only that, it was actively downgrading female applications, despite their having all the relevant skills.

"The three biggest issues I see are around the potential for biased decision-making due to flawed or biased datasets, concerns around privacy and data access, and integration with existing systems and data sources to enable more intelligent systems," says Ben Eubanks, author of Artificial Intelligence for HR (Make Work More Human, Not Less). "On a more fundamental level, employers have to be careful they are not creating a robotic process and eliminating the human element, because nobody wants to work for a sanitised, automated company with no soul." So serious is concern about bias in algorithm-based technology, that in March this year independent watchdog, the Centre for Data Ethics and Innovation announced it would investigate just this, specifically the way companies use it for shortlisting candidates.

Selection technology is just one area of concern with technology. Another revolves around the use of apps designed to monitor employee activity. Although often designed with the best of intentions (some apps will alert physically inactive staff to suggest they stretch their legs and get some non-screen time), they unearth a multitude of ethical dilemmas, as Sarah Sandbrook, head of talent consulting and initiatives at Deutsche Telekom, explains: "While it's very easy to measure inputs, it's not so easy to measure output from a productivity point of view," she explains, "particularly in sectors like ours, where you're dealing with knowledge workers." She adds: "Until we crack this I'm not sure what value some of this technology adds, particularly when placed against the ethical issues of whether it's right to be tracking someone's every move. Just because we can do it doesn't mean we should be doing it."

Firms developing tracking technology often don't see these real-life concerns, and neither, it seems, do investors. Yet. US employee monitoring firm ActivTrak recently raised $20 million for employee monitoring software as part of its growth plans, with its CEO claiming it is "at the tipping point of a tremendous market opportunity".

HR needs to show leadership

So the task, according to Ursula Huws, professor of labour and globalisation at Hertfordshire Business School, is for HR to show real leadership here. She says: "When you see algorithms being developed that claim to be able to detect emotional states using facial recognition software, it raises rather scary ethical questions about social control, both inside and outside the workplace. If you have a chip in you which is very handy to get you through security there's nothing to stop the employer to track your whereabouts outside working hours as well as during them."

Adele Hayfield, partner at legal firm Shoosmiths, agrees: "HR has a role to ensure that the data isn't just collected but is acted upon appropriately. For this reason, it is very important that HR is involved at the design stage of any new technologies, so it can put forward these important considerations."

Luckily, there are gradual signs that leaders are taking these concerns more seriously. Some organisations, such as Google and Amazon, have started to explore the concept of creating ethics boards. And technology is also being developed that promises to actively correct human bias. For instance, augmented language analysis technology firm, Textio, analyses whether what's written in firms' recruitment ads could unwittingly exclude certain groups from applying just by the way they're written. So impressed has fast-food giant McDonald's been, it's just announced it is partnering with the company to ensure hiring managers craft gender-neutral job postings.

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At Deutsche Telekom, HR now works closely with the firm's data privacy team and Workers' Council to specifically define what is and isn't ethically acceptable. Sandbrook also confirms she houses her own digital and innovation function within the HR team. "At one point the leader of this group allowed himself to be chipped," she says. "At the time people weren't sure about it, but the more we're able to collect and analyse data, the more we can make sensible decisions about what we do [with it]. But" she adds, "it's not just down to HR to play policeman. HR should ask the questions but it's a business issue too."
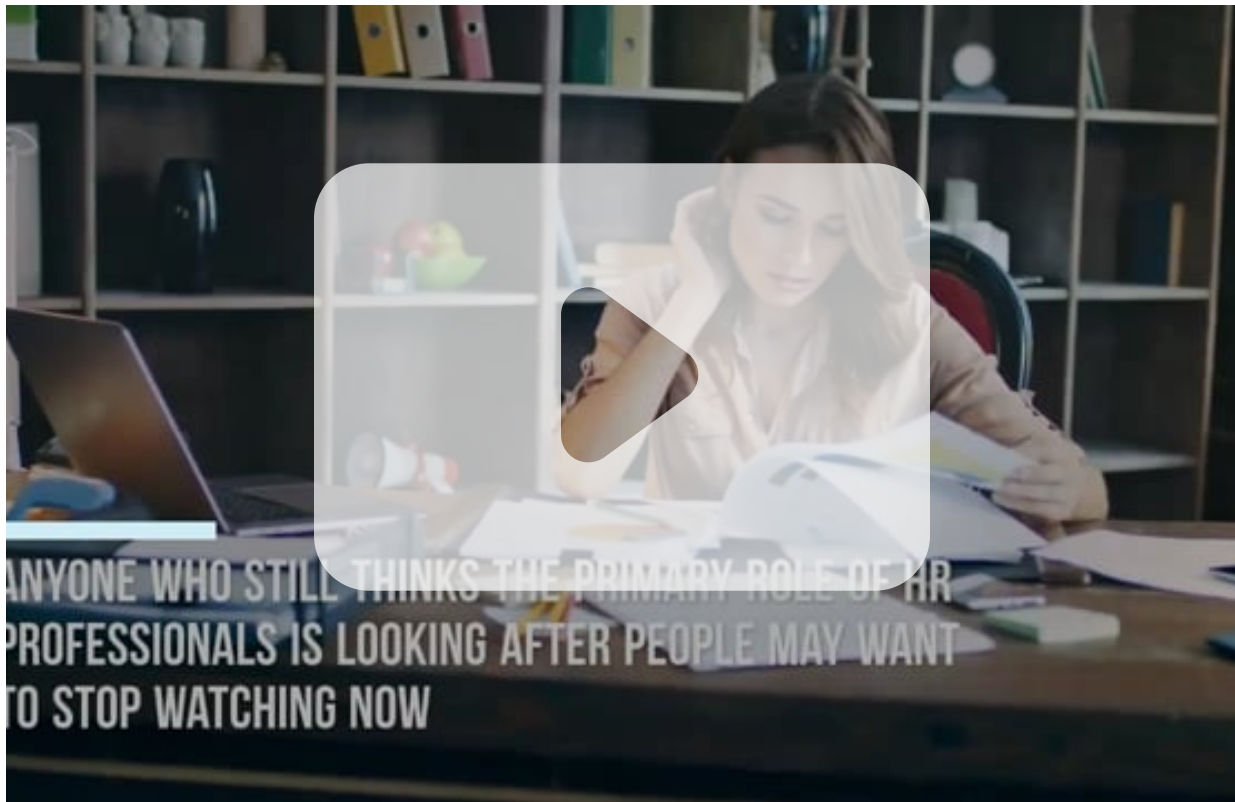
Establishing algorithmic accountability

It seems like establishing "algorithmic accountability" – as termed by Dr Thomas Calvard, lecturer in human resource management at the University of Edinburgh Business School – will increasingly be an inescapable part of HR's future role. He says: "Businesses need a way to lift up the bonnet, and ask questions about how algorithms work and what they're based on. For instance, health insurance. Will algorithms soon start to decide who doesn't get it, because certain employees are deemed uninsurable? And is this right?" He adds: "In principle having a data governance structure – where HR has some form of committee or board with some oversight on key trends and issues – must be a positive step. But HR must also develop relationships with other functions, like IT and marketing, which have already gained some experience in the use of data. Only this way will it ensure data ethics stays on the boardroom agenda."

As with all new technology, there are new – and often unanticipated – challenges. But anticipate them HR professionals must. "Every new technology we see in the consumer world has impacted the world of HR," says Josh Bersin, founder of Bersin by Deloitte. "From chatbots that are regularly used to help job candidates screen for positions, to tools that measure social influence, location and travel schedules, they're all producing data that managers and HR people need to understand to make work better."

In the longer term, Huws argues it's eminently likely we could see regulation, to specifically establish a base-level of data usage standards. She adds: "Historically we tend to see pendulums swing, and if the situation becomes intolerable, people react against it." She concludes: "We probably need some regulatory floor below which standards can't fall, so a level playing field of basic workers' rights is set. That's when everyone knows what data is being used for and whom it's being shared with."

Video: HR as Ethical Guardian

ANYONE WHO STILL THINKS THE PRIMARY ROLE OF HR PROFESSIONALS IS LOOKING AFTER PEOPLE MAY WANT TO STOP WATCHING NOW

HR and Digital Ethics: The Legal View

Are you implementing digital techologies? Make sure you know all the legals before jumping in

As well as the ethical dilemmas, there are a number of legal issues HR needs to consider when deciding whether or not to implement digital technologies.

Most of the data to be collected is likely to be personal data, says Antonia Blackwell, legal director at Shoosmiths LLP, meaning individuals can be identified from the data, and will therefore be subject to Europe's General Data Protection Regulation (GDPR) and the Data Protection Act 2018. "It will depend on what is being collected but something like data from wearables is likely to be attributable to an individual," she says.

The main obligations here are making sure there is a lawful basis for processing the data, being transparent with employees around what is being collected and why, only using the data for that purpose, only collecting data that is actually needed, as well as storing it securely and deleting it when it is no longer needed.

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> *— Adele Hayfield, partner at Shoosmiths LLP*

Organisations are likely to need to carry out a data protection impact assessment as well as a legitimate interest assessment ahead of implementing new technologies, says Adele Hayfield, partner at Shoosmiths LLP.

"Businesses can look at all these areas and identify what their lawful grounds are for processing that data in a fair way," she says. It's also vital organisations have a system that enables them to access the information when requested by the data subject and measures to prevent any data breaches, she adds.

HR also needs to think about other implications from having more information on their workforce, says Blackwell.

"For instance, if you collect wellbeing information which shows a person has sustained high blood pressure, this could then mean you have knowledge that person is disabled in a legal sense or at risk of a heart attack which could then give rise to liability under personal injury or discrimination legislation."

Hayfield adds: "HR has a role to ensure that the data isn't just collected but is acted upon appropriately. For this reason, it is very important that HR is involved at the design stage of any new technologies, so it can put forward these important considerations."

Video: Bias in AI Algorithms
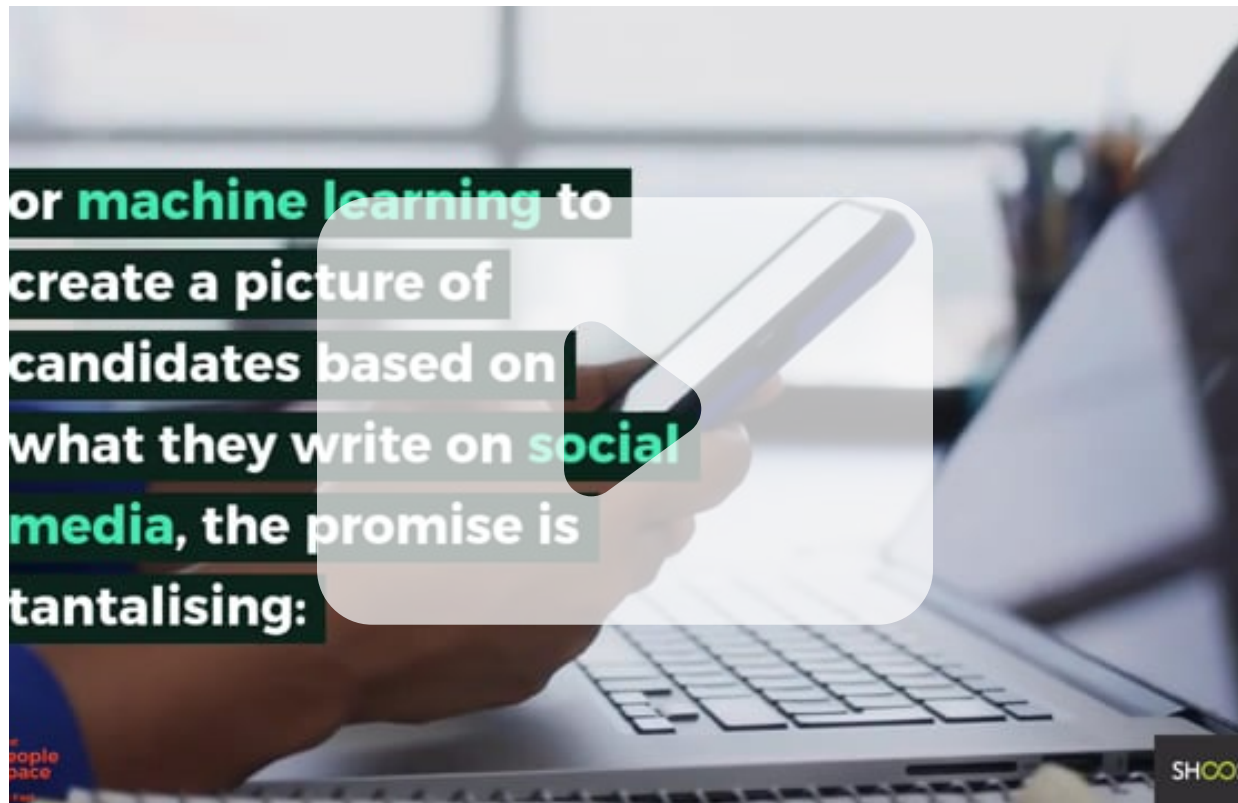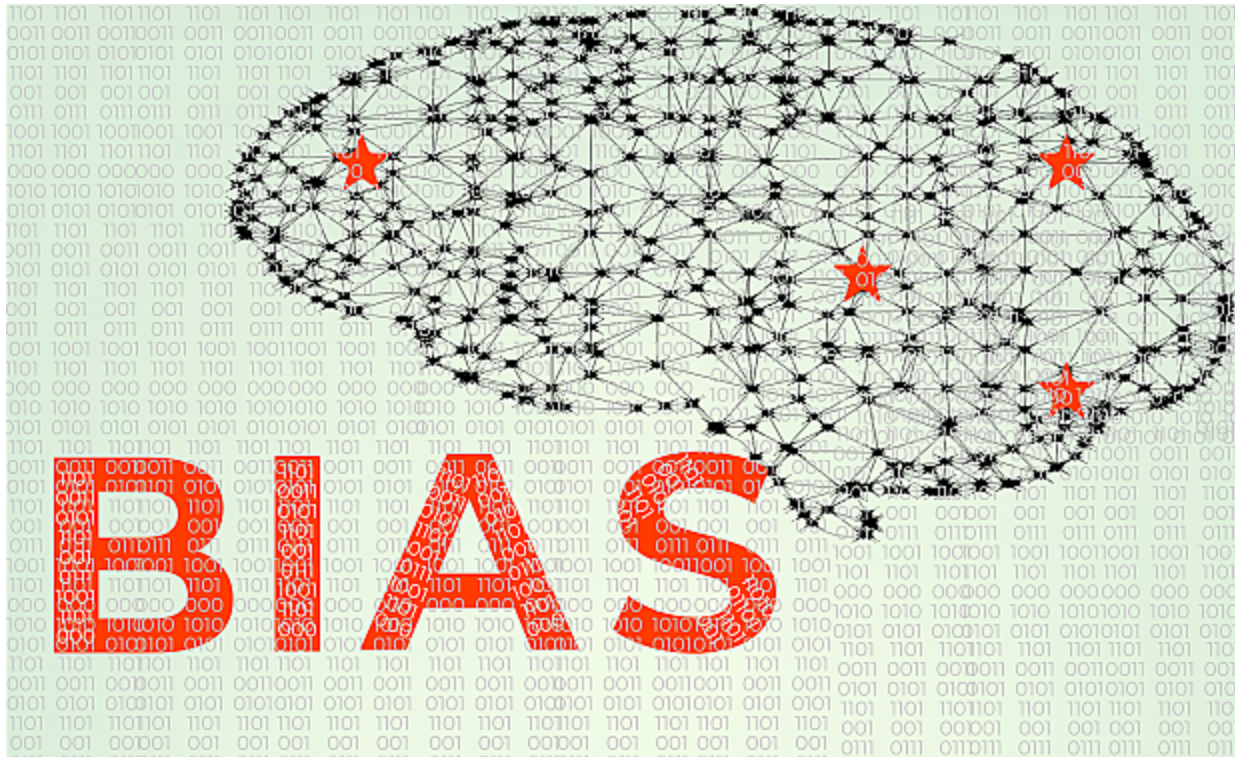
Can Algorithms Ever Be Less Biased Than Humans?

Humans are biased so is it ok for algorithms to also be biased? Are we expecting too much from artificial intelligence in this area? After all, it is programmed by humans. Whether you agree or not, it is ultimately up to HR directors to prove that decision making is non-discriminatory

"Put your hands up if you hire referrals, ex-colleagues or other people that have known people you work with? This is how I like to tackle criticisms that artificial intelligence (AI) is biased," announces Mathias Linnemann, co-founder and CCO at Worksome, a contractor platform that uses AI to match freelancers to roles. "The reality is, humans are biased. They always have been. There is a tonne of bias in recruitment."

You would expect an AI-based recruitment business to say this. But Linnemann then adds: "The reality is, AI is biased too – because humans programme algorithms. So, shouldn't the real question be – is AI any less biased, and even if it's only a little bit, is this OK?"

As an opening salvo about the state of AI and bias in HR, Linnemann is not messing around. Even though strict anti-discrimination laws exist (against protected characteristics including age, sex, ethnicity, disability and gender), to accuse recruiters of institutional bias is bold. But, with stories of AI supposedly 'going wrong' [such as Amazon ditching hiring algorithms because it modelled what previous good hires were, and so simply had a bias for recruiting more men], he suggests this might simply be par for the course, and certainly no worse than how humans hire anyway. In essence, what's the big problem?

The issue of course, is the promise AI infers. Whether it's analysing hundreds of microscopic facial movements to unemotionally deduce traits such as trust (such as through video hiring technology), or machine learning to create a picture of candidates based on what they write on social media, the promise is tantalising: repeatable decision making that's unimpeded by prejudice or background, colour or class. Talent, it argues, will out.

AI has raised expectations about removing bias

"The reality is that AI has raised expectations about removing bias, when really it isn't possible," argues Dean Sadler, CEO of recruitment company TribePad. "An innate problem with AI is that the more complex an algorithm becomes, the less you know how a decision has even been made, so anyone adopting AI really needs to be comfortable with what they're unleashing – for instance, whether there's sufficient reporting to at least guarantee that legal protections haven't been contravened."

The problem HR directors face is that they need a process that protects diversity but beyond that almost any selection criteria they set could be deemed biased. "We've just launched a 'background blind' graduate recruitment portal that asks people questions and requires them to go through simulations to analyse their responses," says Dan Richards, recruiting director (UK & Ireland) at multinational professional services firm EY.

"It's a scoring matrix, looking at capability, resilience and future potential based on psychometrics rather than background. This gets people to the next hurdle."

For Richards though, he's wary of going full-on to automatic decision making. "It's not quite AI yet. We don't think the technology's ready. I'm not saying AI is any more biased, but we're sticking to human decision making after this."

This caution is starkly revealed by recent research by SAS and Accenture Applied Intelligence, which finds 60% of those questioned believed AI has the potential to provide more accurate decision making – but maybe not today. A significant 61% said they could not trust their organisation to use AI ethically. It also found 92% thought ethics training was needed for successful AI deployment.

Part of the problem is that, as well as hiring people, recruiters need to solve problems such as why some talent leaves within a year and not other. In trying to solve this, they could start modelling for certain people to the exclusion of others. EY's Richards admits the business still has benchmarks around what the organisation thinks 'good' looks like and recruits on this basis. "That's a reasonable recruitment objective," he says. But would that be reasonable to specifically programme into an AI algorithm?

61% of people surveyed say they do not trust their organisation to use AI ethically

— SAS/Acenture Applied Intelligence

Humans are biased too, but AI shouldn't be the sole determinant

"We probably do need to accept that all recruitment involves some level of bias when based on human decision making, even though it should not. AI doesn't necessarily avoid this. When algorithms start selecting out against certain criteria, the decision trail becomes more visible and could leave a business open to discrimination complaints if those criteria disadvantage a particular protected group" claims Michael Briggs, partner at national UK law firm Shoosmiths.

Adds colleague Antonia Blackwell: "HR directors want a tool that doesn't introduce bias, but at the moment the technology doesn't seem to be sophisticated enough to achieve this so that, at least for the foreseeable future, AI shouldn't be the sole determinant, there should still be a level of human decision making – even if that itself carries bias! As much as possible, any algorithm that is used should look to ensure no groups are excluded."

One organisation that believes it is removing bias using AI is Unilever. It is opening project-based opportunities to internal talent by attempting to match them to people who have updated a personal skills profile, including containing information about what skills they'd like to develop.

Yanpi Oliveros-Pascual, Unilever global HR partner, explains: "We definitely feel this democratises how people are matched to projects. It's division-, country- and function-agnostic – it simply aims to find the needle in the haystack; it makes judgements simply based on skills, rather than who someone knows."

While only being used for short projects where contractors might otherwise be used, it does at least build a culture of finding the best talent – and if AI can do this, it definitely has a future.

It's all about algorithmic management now

"Algorithmic management is where organisation will need to go," says Peter Cappelli, director Centre for Human Resources at The Wharton School of Management. "Where firms are looking for applicant characteristics, for instance those associated with better job performance, algorithms should only make recommendations, not decide fully. This is what the likes of IBM do."

But he adds: "In certain cases, research is now finding machine learning algorithms can do a better job than humans, such as in hiring white-collar workers, where inconsistent human decision making introduces too much variation.

"In a study by Columbia Business School assistant professor Bo Cowgill, candidates selected by a machine for face-to-face interview were 14% more likely to pass and receive a job offer, 18% more likely to accept an extended job offer and 0.2-0.4 standard deviation more productive once hired."

Certainly, AI can – if programmed correctly – reduce bias against protected characteristic jobseekers. The British Transport Police applies blind recruiting principles to all applicants to ensure bias in the selection of candidates is reduced, including monitoring the numbers of applications coming in across race (ethnicity), sexuality, faith, gender, disability or background. This enables it to react to where it is having any talent scarcity issues. Since it began using the Oleeo system in 2014, 9% of its police officers, 14% of its special officers, 17% of its PCSOs and 23% of its police staff are now from ethnic minorities, while 53% of staff are now women.

Of course, some might simply say this is bias as positive discrimination, which shows how in even attempting to remove bias, new bias is added. "We're in very interesting times, but it's ultimately up to HR directors to prove that their decision making is non-discriminatory," says Shoosmiths' Blackwell. "At the very least," adds colleague Briggs, "organisations need to carry out an impact assessment of any AI technology they use, and continually test and refine it, so that, by trying to solve one problem, no additional biases are introduced."

Will AI ever be fully better than humans? "Unlikely," argues Linnemann. But he says: "In that way, perhaps recruitment itself needs to adapt. HR directors should arguably be moving away from selecting people to fit a job role, to selecting people that can solve problems. This moves the lens away from introducing subjective and biased interpretations, like 'will this person get on with team members?' – a question that might be less relevant when search criteria are reframed in this way."

AI and regulation: UK perspective

In the area of UK regulation, the use of AI is subject to the provisions of the GDPR, the Equality Act, and sections of administrative law. The Government has also established the Centre for Data Ethics and Innovation to advise on regulation.

In February 2020 the Committee on Standards in Public Life published a review on the subject of artificial intelligence and public standards.It says: "Artificial intelligence – and in particular, machine learning – will transform the way public sector organisations make decisions and deliver public services. The UK's regulatory and governance framework for AI in the public sector remains a work in progress and deficiencies are notable. The work of the Office for AI, the Alan Turing Institute, the Centre for Data Ethics and Innovation (CDEI), and the Information Commissioner's Office (ICO) are all commendable. But on the issues of transparency and data bias in particular, there is an urgent need for practical guidance and enforceable regulation."

It concludes that the UK does not need a specific AI regulator, but all regulators must adapt to the challenges that AI poses to their specific sectors.

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