

Introduction

Artificial Intelligence (AI) is redefining how businesses operate and compete today, becoming a driving force behind productivity, innovation, and growth.

Seventy-eight percent of enterprises are already using AI beyond pilot projects,¹ and across industries AI is expected to generate trillions in economic value in the years ahead.² Smaller organizations are seeing gains too, with 91% of SMBs reporting that AI has boosted revenue by freeing their teams to focus on growth and customer service.³

Yet success isn't automatic. Many organizations of all sizes still struggle to turn AI investments into measurable value, citing challenges with data quality, governance, or employee trust. The reality is that AI is only as effective as the strategy and safeguards behind it.

For HR executives, the opportunity and responsibility are both clear. HR, payroll, and workforce management technology is the front line of Al adoption, directly shaping how people experience work. Emerging capabilities such as agentic Al push this potential even further. Applied thoughtfully, Al automates routine tasks, predicts turnover risks, and personalizes development, freeing HR leaders to focus on strategy, culture, and growth.

This playbook highlights Al's most practical uses in today's workplace. It provides guidance for adopting Al responsibly to drive efficiency, build trust, and develop a more adaptive, employee–centered organization.



Why does it matter?

Al is now a defining factor in how organizations compete, grow, and retain talent. For HR executives, the impact is twofold: stronger business performance and a better employee experience. Al is proven to speed up decisions, streamline HR and payroll processes, and free employees to focus on higher-value work. However, failure to adopt Al tools can leave organizations lagging behind competitors and frustrating a workforce that expects modern tools. The bottom line: Al adoption directly shapes financial outcomes and organizational culture.

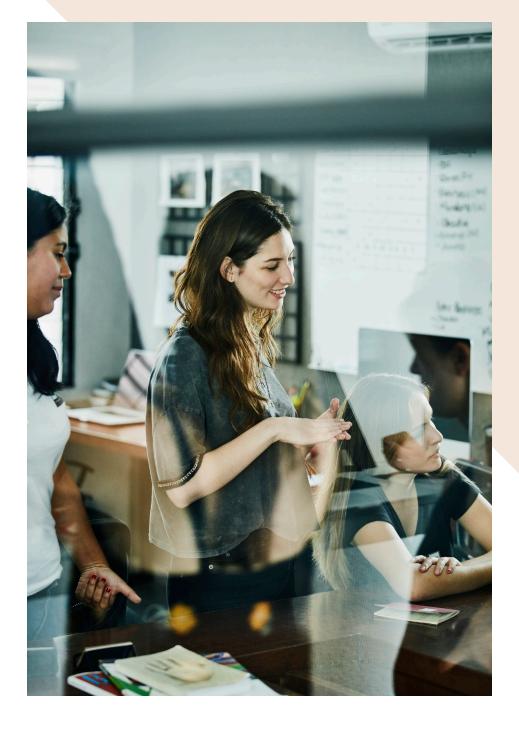
What can you do about it?

Al doesn't have to be overwhelming. Start by setting clear priorities and aligning the technology with your organization's business needs. Treat Al as a tool to enhance human potential, not replace it. Focus on meaningful use cases, establish clear guidelines to build trust, and ensure that adoption supports both people and performance. With the right strategy, you can use Al intentionally and responsibly to strengthen operations, improve culture, and position your organization for long-term success.



Organizations must be more upfront about how they're using AI in the workplace if they want a competitive advantage and want to earn, and keep, the trust of their employees.⁵

Dan Schawbel, Managing Partner, Workplace Intelligence



What does HR need to succeed with AI?

Al has the potential to transform HR, but only if leaders create the right conditions for adoption. HR teams can't succeed in isolation; they need executive support, reliable data, and resources that scale.

The good news is that today's Al-guided HR, payroll, and workforce management solutions are designed to help organizations support their people, optimize operations, and drive better long-term business outcomes. With that in mind, here's how you can set up your HR team for success.

- Establish clear priorities: Define the business outcomes AI should support, such as reducing turnover or speeding time-to-hire.
- Ensure access to critical data: Equip HR with quality, integrated data to generate reliable insights.
- Secure executive sponsorship:
 Demonstrate visible, ongoing support for your HR team alongside your leadership peers to build organization-wide buy-in.
- Invest in scalable resources: Allocate budget for tools and training that go beyond pilots.
- Support change management: Use clear communication and transparency to foster employee trust.





To successfully integrate AI, you need to maintain a human-centric approach — involving employees in decision-making, being transparent, and ensuring that AI will enhance workplace culture rather than undermine it.⁶

Julian Lute, Great Place To Work®



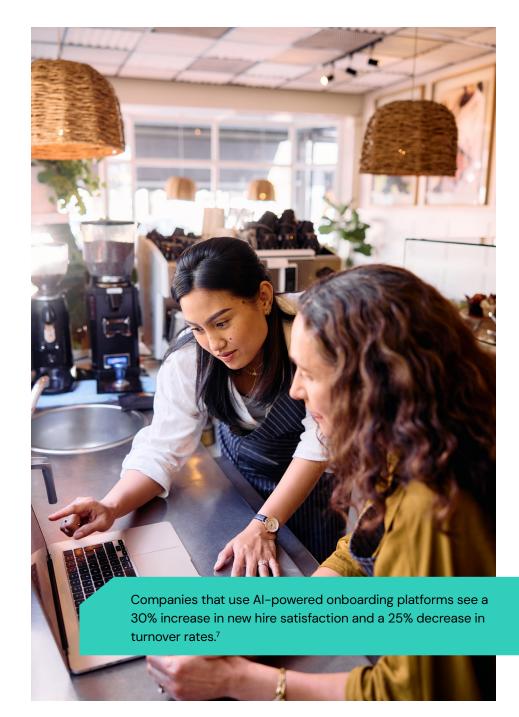
The value of AI in addressing HR pain points

HR executives face constant pressure from talent shortages, rising compliance demands, employee burnout, and limited resources. Al-led HR, payroll, and workforce management solutions help ease these challenges by automating routine tasks and surfacing actionable insights:

- Al speeds hiring and reduces costs, giving organizations an edge in the talent market.
- It helps prevent burnout by offloading repetitive tasks and freeing HR to focus on strategic priorities.
- Intelligent systems strengthen compliance by continuously monitoring requirements and minimizing errors.
- Predictive analytics highlight early signs of disengagement, enabling proactive retention strategies.
- Al-driven surveys and sentiment analysis uncover workforce issues that traditional methods often overlook.

For smaller HR teams, AI can deliver enterprise-level capabilities without adding headcount, particularly in compliance automation — an area where SMBs often lack dedicated staff.

The overall result is that AI not only drives efficiency but also empowers HR to prioritize engagement, development, and well-being, building a stronger culture and preparing the organization for change. Simply put, AI addresses pain points at a high level, but the real impact comes to life in the details. Next, we'll dig into how AI transforms each stage of the HR function.





Spotlight: How can HR benefit from AI?

Across the employee lifecycle, Al strengthens HR at every stage, from recruiting and onboarding to retention, compliance, engagement, and development. By breaking down the practical applications, we can see exactly how Al turns broad benefits into measurable impact.

Efficiency

Al takes repetitive, time-consuming tasks off HR's plate. Payroll runs, scheduling, and approvals can be automated, reducing errors and freeing staff to focus on higher-value work. The impact is real: 83% of HR automation initiatives that integrate Al report measurable time savings and greater accuracy⁸ — outcomes that directly reduce costs and burnout while giving HR back hours each week.

Recruiting and hiring

Al-powered recruiting tools can scan resumes, rank candidates, and predict role fit more accurately than manual processes. The result is faster hiring and stronger quality of hire — critical in a market where 48% of hiring managers now use Al to screen resumes and applications. For smaller businesses, this levels the playing field by automating resume screening and ensuring consistent communication with candidates.

Retention

Predictive analytics within HR systems highlight patterns of disengagement and turnover risk. By flagging issues early, leaders can take targeted action, such as offering development opportunities or workload adjustments, before valued employees decide to leave.



Onboarding

Al streamlines onboarding by automating tasks, training, and resources while personalizing support for each role. It ensures consistency, eliminates administrative delays, answers questions instantly, and helps new hires feel engaged and confident from day one.

Compliance

Al helps HR leaders manage growing compliance complexity from payroll tax regulations to workplace safety laws. Intelligent systems can monitor regulatory changes, automate reporting, and flag errors before theybecome costly. By embedding compliance into daily workflows, Al reduces organizational risk and ensures processes are audit-ready.

HR analytics

Al transforms raw workforce data into actionable insights. From forecasting staffing needs to analyzing productivity trends, these tools give leaders a sharper view of organizational health and the means to improve it.

Employee engagement

Sentiment analysis and Al-driven pulse surveys give real-time visibility into employee morale. Leaders can spot emerging concerns quickly, respond with transparency, and build a more responsive culture of trust.

Learning and development

Al personalizes training paths by analyzing employee roles, skills, and performance data. This makes development programs more relevant, improves adoption, and helps organizations build the capabilities they need to grow.

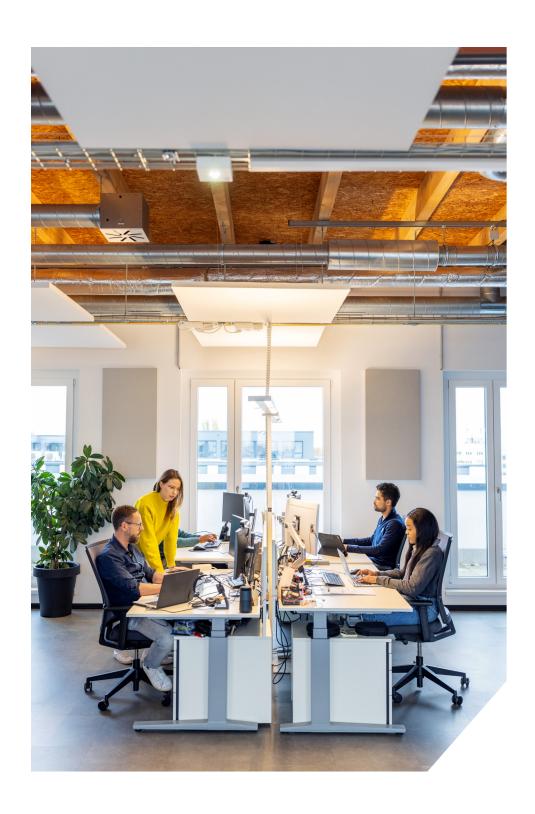
Managing the change

Even the best AI solution can fail without careful change management. Employees may worry about job security, trust, or data privacy, and without clear communication, those concerns can stall adoption. As a leader, your role is critical in guiding teams through the transition and ensuring AI is viewed as a supportive tool instead of a threat.

How to lead successful Al adoption

- Communicate openly: Share with your employees why Al is being introduced, what it will (and won't) do, and how it benefits them.
- Start small: Roll out AI in manageable pilots, such as automating scheduling, before scaling across the organization. This strategy is especially helpful for smaller businesses with fewer resources.
- Provide training: Equip employees with skills and confidence to use the new tools effectively.
- Highlight wins: Share early success stories to show Al's positive impact on daily work.
- Offer support: Create channels for questions and feedback so employees feel heard and involved.
- Model transparency: Ensure leadership demonstrates responsible, ethical use of AI to build trust across the workforce.

When you combine technology adoption with clear communication and consistent support, you not only smooth the transition but also reinforce a high-trust, high-performance environment.





The next wave: What is agentic AI?

Change management is essential for today's Al adoption, but it also must set the stage for what comes next. The next evolution is agentic Al: systems that don't just analyze data but act on it.

Unlike traditional AI, which might surface a turnover risk, solutions with agentic AI tools can take the next step: recommending interventions, launching workflows, or even adjusting schedules automatically. For HR executives, the potential of agentic AI is clear:

- · Faster, more proactive decisions
- Reduced manual follow-up for HR teams
- Smarter, real-time support for employees and managers

However, with greater capability comes greater responsibility. Agentic Al must be implemented with transparency, clear guardrails, and alignment to organizational policies to protect employee trust.

Though still in its early stages, agentic AI is already beginning to appear in intelligent workforce solutions. HR leaders who prepare now by strengthening governance and building a culture of responsible adoption will be ready to harness its potential as it matures.

Where to start

- Begin with awareness: Track how agentic AI is being built into your current or prospective HR and workforce tools so you understand emerging capabilities.
- Strengthen governance: Ensure policies for data use, fairness, and transparency are in place before adopting more advanced Al.
- Pilot with trust-first use cases: Focus on lower-risk applications (e.g., automated scheduling or workflow triggers) before moving into high-stakes decisions such as promotions or pay.
- Partner with vendors: Ask your HR technology partner how agentic Al is being embedded in their solutions and what safeguards are in place.

79%

of senior execs surveyed by PwC said Al agents are already being adopted in their companies, and of those, 66% say they're delivering measurable value through increased productivity.¹⁰

Ensuring data security and ethical use of Al

Al in HR runs on sensitive workforce data, from employee records to performance metrics. That makes trust and security nonnegotiable. If employees are concerned that their personal information isn't safe, adoption will be unsuccessful no matter how advanced the technology.

Executives must set clear standards for secure and ethical Al use. This means strict data protection (access controls, encryption, compliance) and strong governance to ensure transparency in how algorithms shape decisions. Consider establishing a formal Al governance committee or program to keep standards consistent and up to date.

Prioritizing responsible AI builds more than compliance; it builds trust. When employees know their data is protected and decisions are guided by fairness, AI becomes a partner rather than a risk.

Guardrails for responsible Al

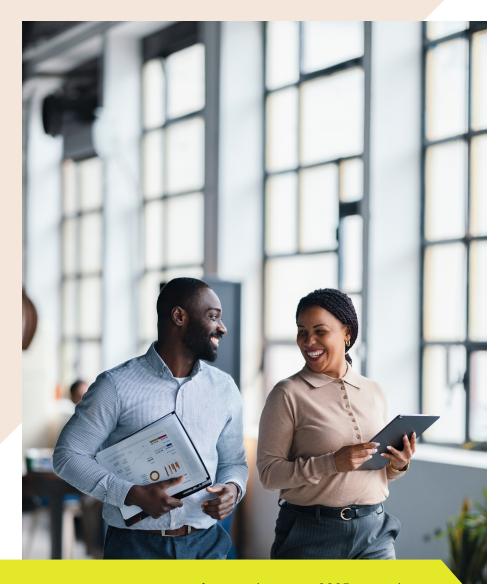
Data protection: Use encryption, limit access, and comply with privacy regulations.

Fairness: Test and monitor AI systems to minimize unintended or discriminatory impacts.

Transparency: Communicate clearly about how Al influences decisions and outcomes.

A 2025 report from Varonis found that 98% of organizations have unverified apps, including unsanctioned AI, which increases the risk of exposure and data breaches.¹¹





of respondents to a 2025 survey by McKinsey said they expect to boost spending on AI in the next three years, with 55% expecting investments to with 55% expecting investments to increase by at least 10% from current levels.12

Next steps

Adopting AI in HR isn't about chasing the latest trend, it's about solving real business and workforce challenges with intelligent technology. As a leader, you can set the stage for success by:

- Prioritizing impact areas. Start where AI can relieve the most pressure, whether that's recruiting, onboarding, payroll, or analytics. Early wins build momentum and demonstrate value to both executives and employees. For smaller businesses, tackling one high-value area such as payroll automation or scheduling can prove ROI quickly and build momentum for wider adoption.
- Empowering HR with support. Provide the sponsorship, resources, and trust needed for your HR team to integrate AI tools successfully. Even targeted changes can free HR to focus on trust-building and strategy.
- Leading responsibly. Build governance into every project to ensure data is protected, decisions are fair, and employees can regard Al as a reliable resource.
- Tracking trends: Understand the potential of emerging technologies such as agentic AI to ensure adoption is both scalable and responsibly aligned with your strategy.

Conclusion

Al is no longer a novelty or an experiment but a critical force reshaping how organizations of all sizes hire, retain, and support their people. Success won't come from adopting tools in isolation but from integrating them through intelligent HR technology that balances efficiency with ethics and automation with trust.

Executives who champion thoughtful adoption will see AI become more than a productivity play; it will be a trusted partner, empowering HR to focus on trust, resilience, and building a truly people-first organization.

Learn more about how <u>UKG AI technology</u> can drive transformation and prepare your organization for what's ahead.

Appendix

Executive AI evaluation framework

Use this framework to identify where Al adoption will deliver measurable business value. Each section is designed to highlight impact on cost, productivity, and organizational resilience.

Efficiency	and a	cost	savings
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- Where are manual processes (e.g., payroll, scheduling, approvals) creating avoidable costs and delays?
- 2. How much productivity could be reclaimed if automation reduced administrative burden?
- 3. What would earlier visibility into workload and burnout mean for performance and retention costs?

Talent advantage

- Are we hiring fast enough to meet business demand, and what is slow hiring costing us?
- 2. Do our systems reliably surface top candidates, or are we losing talent to competitors?
- Is onboarding reducing ramp-up costs and delivering consistency, even if there is limited HR staff?

Employee experience and retention

- Can we identify disengagement and turnover risks early enough to prevent costly attrition?
- 2. Do managers have access to actionable insights that support performance and development?
- 3. How well are learning and career paths aligned to future skills our business will need to grow?

Risk and compliance

- Are compliance processes reactive, or do we have systems that proactively minimize risk?
- 2. How well does our current workforce technology protect against errors, fraud, and regulatory penalties?
- 3. Do our governance practices inspire employee trust in how AI impacts decisions?

Preparing for the future (Agentic AI)

- Are we ready for Al systems that can act on insights, not just analyze them?
- 2. Do we have policies in place to monitor and control automated decisions?
- 3. Where could agentic AI safely create early wins while positioning us for future competitive advantage?

Executive technology evaluation scorecard

Use this scorecard to evaluate HR technology vendors on their ability to deliver long-term business impact instead of a list of features.

Core Evaluation Categories	UKG	Vendor 2	Vendor 3
Total Cost of Ownership			
The solution consolidates systems and reduces administrative overhead.			
Automation lowers operating costs across HR and payroll functions.			
Al-enabled workflows provide a clear and achievable payback period.			
Time to Value			
The solution quickly produces measurable impact on hiring, retention, and compliance.			
Proven results with organizations of similar size (from SMB to enterprise) that demonstrates reliability.			
The platform scales efficiently across the organization without long delays.			
Employee and Manager Experience			
The solution improves daily interactions for employees and managers.			
Payroll, scheduling, onboarding, and development processes are streamlined.			
Reduced friction increases satisfaction and adoption across the workforce.			

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Core Evaluation Categories	UKG	Vendor 2	Vendor 3
Risk and Compliance Management			
The solution provides proactive monitoring and ensures audit readiness.			
Sensitive workforce data is protected through strong security measures.			
Regulatory requirements are consistently met with built-in compliance controls.			
Future-readiness (Agentic AI)			
The solution is embedding next-generation AI that can begin taking proactive actions.			
Transparent guardrails and governance practices are in place to ensure responsible adoption.			
The technology positions the organization to stay ahead as agentic Al matures.			

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About UKG

UKG is the workforce intelligence platform that puts workforce understanding to work. With the world's largest collection of workforce insights, and people-first Al, our ability to reveal unseen ways to build trust, amplify productivity, and empower talent, is unmatched. It's this expertise that equips every worker to deliver experiences that set their brand apart — because great organizations know their workforce is their competitive edge.



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