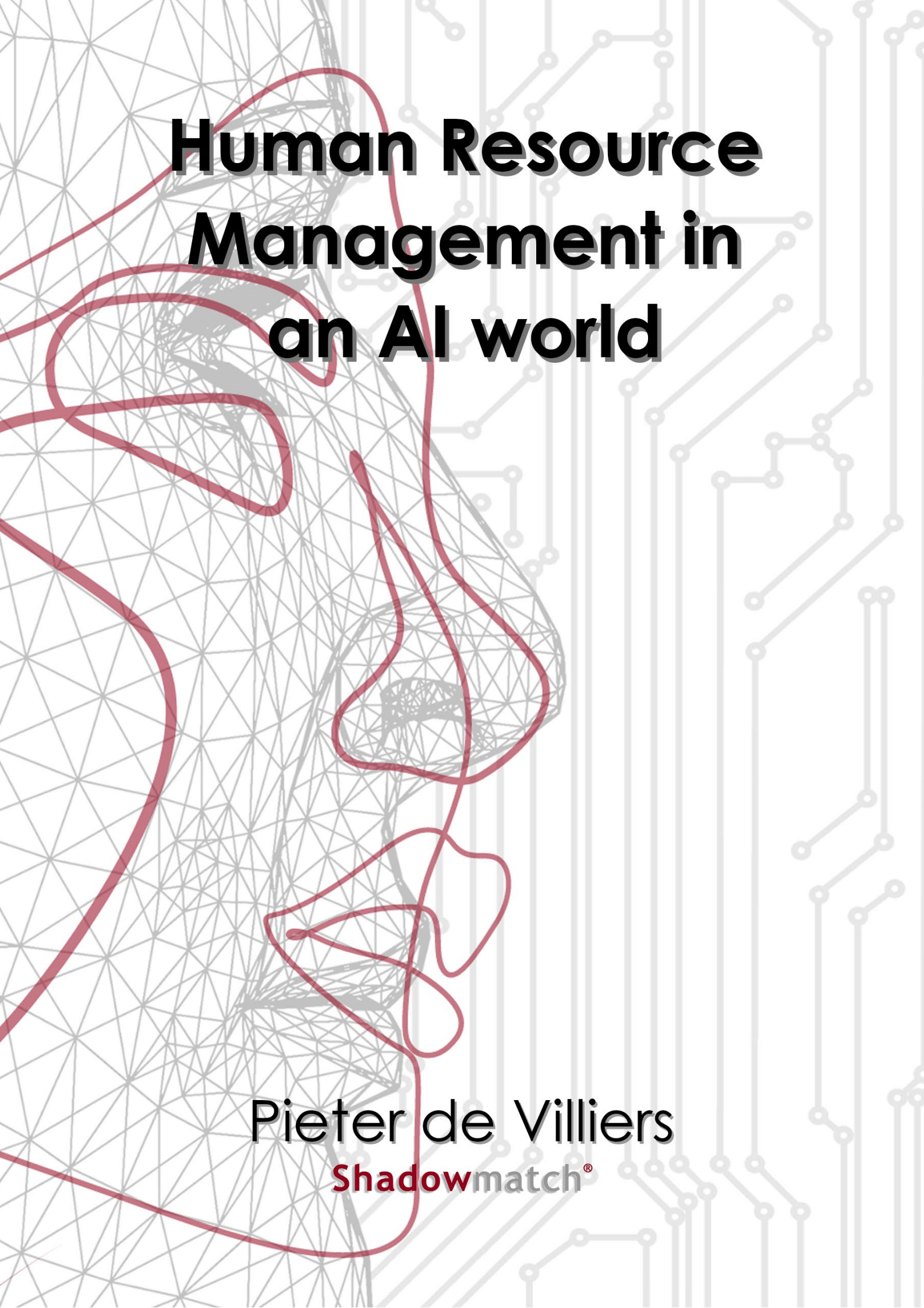




Human Resource Management in an AI world

Pieter de Villiers
Shadowmatch[®]

This is a Shadowmatch publication.

At Shadowmatch, we build systems to help everybody reach their full potential. We want success for all.

The Shadowmatch Team is convinced that success holds our lives and our world together in a meaningful way, keeping us healthy and giving meaning to our world.

If businesses succeed, people have work, the economy works, and the world becomes a better place for all. We are also convinced that success is not sustainable if it is built on the exploitation of individuals, their personal wellbeing, or the wellness of their families. In fact, we stand for fairness and the principle that collective success should never be at the cost of individual success.

This is why we keep pushing the boundaries by building our system in support of our principle: Success for all!



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1 Introduction

The only news that is now regarded as old news is the news that AI is changing the way things are done. Sometimes, when we hear that AI will function as a colleague in the workplace, we are uncomfortable until we realize that it has been happening already, and we didn't even notice it. If a delivery scooter driver uses Google Maps to get their way in the most efficient way, they are using AI as a colleague. Imagine what will happen if a delivery person says that they refuse to use Google Maps because they are, in principle, against the fact that AI does work previously done by people or by means of a paper map. Most people will think that the delivery driver has lost the plot. But what will happen if – in an AI world – the delivery person is not capable of using an AI map like Apple Maps, Google Maps, Waze, or any of the other map routing systems? They won't have a job. That's it! We will expand this example later in the book. The fact is that this principle will soon influence most careers, jobs, and employee management in the workplace. It will have a massive impact on the way HR in a business will have to do what they do: optimise workforce efficiencies.

We must voice caution against a narrow view of what AI is. AI is not ChatGPT. ChatGPT is one of thousands, if not millions, of AI systems. The smartphones we use every day are AI devices. Almost all the applications on a smartphone are AI-enabled. The smartwatches we wear are AI devices. Uber is an AI-enabled service. The hairdresser takes a photo of a client and then shows the looks of different hair styles using an AI system. The banking application on a mobile phone is an AI-enabled platform. The modern car is riddled with AI-enabling capabilities. AI has penetrated the world of work, business, and play to a point of no return.

To set the scene for this publication, the way business works must be explained. In the simplest terms, businesses provide a product or a service (value offering) to their clients. The cost of providing the value must be less than what they receive as payment for the value from clients. If this is not the case, the business can't survive. In most companies, the salaries paid to employees represent the biggest cost factor. The purpose of HR is to ensure that the cost of employment stays as low as possible whilst productivity must be as high as possible. That's their job.

To understand the role of HR, it works best to compare it to the work of an engineering workshop on a mine commissioned to keep all the mining machinery running at maximum productivity. If there is a breakdown on one of the machines, it must be fixed or replaced. Why? Because the mine can't afford the loss of productivity due to of a breakdown on the machine. It will increase the cost of running the production, which will compromise their delivery time, and eventually, it will cause losses, and profitability will be compromised as well. Every employee is a production entity. If any of the employees don't function at full productivity, the mine must employ more people to do the work. Let's go back to the machine. Let's say it is a front loader. But this front loader has problems with the lifting capacity. It can only load one ton at a time and not three tons. Instead of fixing it, they buy a second front loader. This is an

issue when it comes to employees. When employees are not fully productive, the trend is to employ more. This carries a cost to the business; the profits are compromised, and eventually, there are so many employees that the business has no alternative other than to cut their headcount. This is an HR problem. Productivity should have been kept at a level where every employee produces at least three times their salary. Sometimes, employees express frustrations with the fact that they produce three (or more) times their salaries for the company where they are employed, and they feel it is unfair. The answer to them is this: resign and start your own business. Then you will understand how it works.

Imagine the mine with the front-loader, as mentioned above, decides to buy a new one, and their supplier proposes a front-loader that works without a human operator. This AI-operated front loader is slightly more expensive, but the saving of the salary of the operator makes the running costs so much cheaper that the higher price tag will be paid for within six months whilst the life span of the machine is ten to fifteen years. Does it make financial sense to buy the AI-operated machine, or should the mine stick with the human-operated machine? This question will haunt the world of business for many years to come.

The aim of this publication is to help business leaders understand the challenges that come with AI in the workplace, to restructure their businesses where needed, and to help HR redefine their roles in pursuit of an optimal workforce.

2 The Traditional Functions

The traditional functions of HR will have to change. If it doesn't happen, HR as a business function will become irrelevant, and the workforce productivity will be compromised. Herewith is a list of the traditional functions of HR. At the end of this book, a more modern list of functions will be presented to deal with the future role of HR in business. The mistake to avoid is sticking with the traditional ways of structuring the functions of HR. Here is the list of traditional HR functions.

2.1 Recruitment and Selection

This function involves identifying staffing needs within the organisation and attracting suitable candidates to fill those positions. It encompasses crafting job descriptions, advertising vacancies, screening resumes, conducting interviews, and ultimately selecting the most qualified individuals for employment.

2.2 Training and Development

Training and development programs aim to enhance employees' skills, knowledge, and abilities to perform their roles effectively. This involves designing and delivering training sessions, workshops, and other learning initiatives to help employees acquire new competencies and grow professionally.

2.3 Performance Management

Performance management involves establishing performance standards, providing feedback, and evaluating employees' performance against predetermined goals. It includes conducting performance appraisals, setting performance objectives, and implementing performance improvement plans when necessary.

2.4 Compensation and Benefits

This function involves determining and administering employees' compensation packages and benefits. It includes salary structuring, incentive programs, health insurance, retirement plans, and other fringe benefits aimed at attracting and retaining talent while ensuring fair and competitive compensation practices.

2.5 Employee Relations

Employee relations focus on fostering positive relationships between employees and the organisation. This includes addressing grievances, resolving conflicts, promoting open communication, and ensuring compliance with labour laws and regulations to maintain a harmonious work environment.

2.6 Employee Engagement

Employee engagement aims to cultivate a motivated and committed workforce. It involves initiatives to enhance job satisfaction, foster a sense of belonging, and promote employee involvement in decision-making processes. This may include recognition programs, team-building activities, and opportunities for career development.

2.7 Compliance and Legal

Ensuring compliance with labour laws, regulations, and organisational policies is crucial in HR management. This involves staying updated on legal requirements, implementing policies and procedures to mitigate legal risks, and handling legal matters such as discrimination claims, workplace investigations, and labour disputes.

2.8 HR Information Systems (HRIS)

HRIS involves the management and utilization of technology to streamline HR processes and maintain employee data. It includes the implementation and maintenance of HR software systems for tasks such as payroll processing, benefits administration, time tracking, and data analytics.

2.9 Organizational Development

Organisational development focuses on enhancing the effectiveness and performance of the organisation. This may involve strategic planning, change management initiatives, organisational restructuring, and culture-building efforts to adapt to evolving business needs and challenges.

2.10 Health and Safety

Ensuring a safe and healthy work environment is paramount for employee wellbeing and organisational success. This involves implementing safety protocols, conducting risk assessments, providing health and safety training, and complying with occupational health and safety regulations to minimize workplace accidents and promote employee wellness.

3 The Impact of AI

Artificial Intelligence will change the way the workplace is structured. People will work with robots as colleagues. In some working environments, the robots will replace people. In some instances, AI will become the functional worker, and people will enable the AI system and supervise the quality of their work. This will improve productivity, and the workplace will increasingly become an integrated working machine where humans and AI-enabled machines work together to produce what businesses need.

We must acknowledge that humans can't do what robots can do. It is just impossible for any human to manufacture a mobile phone. It is impossible for any one person to direct 1000 delivery drivers simultaneously to their different delivery addresses. One application can direct millions of people simultaneously to their respective destinations. But, in certain jobs, robots can't do what humans can do (at least not yet). This is why the immediate future will be a workplace where humans and robots work side by side to improve productivity and reduce the costs of delivering the value offering of a business.

The future workplace will evolve in three workstreams. These workstreams will enable the business to deliver against the changing expectations of clients and, where necessary, stay on par with opposition products and service providers. Before exploring the three streams of workforce deployment, it is imperative to note that expectations change as the AI-enabled companies change the way they do business. One example will be enough. Many companies have built big customer service call centres to deal with queries, requests, and routine questions from their clients. Over a period, AI systems were developed to handle and conclude customer requests and queries increasingly without any human participation from the business side of the query handling process. In simple terms, when a client calls a business with a query, a human being will answer the phone and help the client. This is changing. An AI-enabled robot can now answer the call and help the client. It is estimated that over a period of ten years, using an AI-enabled robot as a customer service enabler will cost about 3% of the total cost of a call center. What must be clear is the fact that this is a financial decision. If the business doesn't optimize the cost of delivering its products and services, it will lose its competitive position and run out of customers. Many companies have closed their doors because of an inability to adapt and stay optimal in their production efficiencies.

The three employee workstreams that will become functional career clusters are as follows:

3.1 Building AI Systems

Careers in this cluster and businesses where AI systems are built will employ highly skilled and qualified people working with systems to build smarter and more

sophisticated systems. Mundane programming will be done by AI programming software; design work will be done by AI design systems. The people behind these designs will decide what must be designed and programmed, how it should work, and what the outcomes and deliverables will be. The people working in this cluster will use very sophisticated existing AI systems to work with them, shorten lead times, and be agile in the way new AI technologies are developed, built, and delivered to the market. These individuals are scientists, and HR must support them in a way that works for them. They want facts, and they want everything they work with to be automated, quick, and AI-enabled. Their leaders must be smarter than what they, as the workforce, are. HR must be as smart as they are, or they will become negative about 'some aspects of the business that remain archaic in their ways'. Their working environment must be aligned with the work they do.

In the workstream of AI System Developers, HR cannot decide who the colleagues of these engineers must be. HR must provide them with smart AI-generated information about the people who work with them. Their leave, working hours, remuneration, and employee benefits must be in their hands, within specific boundaries and limits set by the business. It must be flexible and managed by smart, intelligent systems. If not, their productivity will be compromised, and the loss of productivity will be much more than the cost of managing them optimally. A new people management approach is necessary for the future system developers.

3.2 Using AI Systems

The second workstream is where people actively use AI as a workplace enabler to improve productivity. The workforce of the future is a blend between people and systems. We are already in this phase. It will increase at a rapid rate as AI develops as an easy-to-access function for all. Employees will not be replaced by AI. Employees who do not actively use AI will be replaced by those who do have the skills to use AI. Currently, it is the role of HR to facilitate this process. Companies in search of an optimal workforce must enable their employees to work with and make use of AI systems to get things done. Employees must become increasingly comfortable living with, working with, and actively increasing their work output by using AI systems.

The mistake made by governments, universities, and employers is to prevent employees and students to work with AI systems. AI systems will not go away. In fact, they have now only started making inroads in all the different functions of business, learning institutions, and life in general. The correct way is to teach people what AI is, what it can do, how it can enhance the success of a business, and how employees can make use of it to enhance efficiencies and workplace success.

3.3 Technology-Free Jobs

These are workplaces where AI-enabled systems are not at work (yet) and where it will take time for AI systems and robots to become part of the everyday run-of-the-mill

business. Jobs like builders, artisans such as plumbers, electricians, solar power installation teams, tree-felling teams, security officers, and teachers will be influenced by AI systems, but the influence will be slow and only in part of the work (for now). A few examples will help clarify what can be expected in some of these jobs. The builder will soon have to be able to work with AI-enabled equipment, such as measuring equipment and plotting building plans on a building site. AI systems will determine if the actual building matches the approved plans for layout and quality control. Plumbers use smart technology to determine water flow capacity, hot water distribution, water pressure analysis, and leakage assessments. The world of the electrician will be flooded with AI technology that ranges from capacity planning to fault finding and incorrect wiring analysis. All modern solar and wind power generating technologies are fully AI-enabled systems. The world of security has already been penetrated with AI systems. This will increase at a rapid rate, and security officers will soon work with AI systems that are able to tell them if an intruder is armed or not, if a car has been stolen, or if the face of someone seeking entry into a building is on the wanted list of a police service department. Teachers in some parts of the world have already started to work with teacher assistants as robots. These robots help children with work they do not understand, and they explain some of the concepts that the learner might be struggling with.

If people are not trained and supported to make optimal use of AI systems, the gap will increase between jobs where AI has a relatively small influence and jobs where AI is fully utilised. At a point, plumbers who haven't learned how to use AI systems in their jobs or in their businesses will not be able to compete against those who have.

The workplace will change. AI will not go away. The way it penetrates the workplace will be very quick in some areas, and slow to very slow in others. The fact is, to try and resist it will only make people redundant. Businesses will go down and jobs will be lost. Not because AI has taken over, but because people have selected to become redundant because of their inability to adapt.

4 The Hard Facts to Face

This book has no intention to scare people. The intention of this book is to comfort people. This is the hard message: your job will not be taken over by a robot unless you make it possible for the robot and a smart AI system to take your job. If you want to stay in your job, you must stay in charge of the AI systems moving into some areas of your job. To resist this reality is detrimental.

Another hard reality to face is the fact that people can't do what smart systems do. Herewith some examples of AI in the workplace and the lives of people in general.

4.1 AI in Medicine

A sophisticated medical analysis AI system can, within one minute, analyse all the vital functions of a human body: blood pressure, blood oxygen levels, infection count, body temperature, blood sugar levels, stress levels, body shock impact, heartbeat, breathing rate, and cholesterol levels. The nurse who can actively use this and other similar systems will always have a job. The ones who don't will be replaced. HR must facilitate this learning process.

4.2 AI in Dentistry

The dentist with an AI molding machine will stay in business. AI algorithms can assist dentists in diagnosing dental conditions by analysing dental images such as X-rays, intraoral scans, and panoramic radiographs. AI-powered image analysis tools can detect dental anomalies, periodontal disease, and other oral health issues, providing dentists with more accurate and efficient diagnostic capabilities. Dentists without it will increasingly experience difficulties keeping their doors open.

4.3 AI in Teaching

The teacher who can guide learners to learn by using AI systems will soon experience that teachers who make active use of AI will take all the available teaching jobs. HR must facilitate this learning and development progress in colleges, schools, and universities.

4.4 AI in Aviation

Pilots who resist glass cockpit instrumentation must count on the fact that new airplanes will only have glass cockpits. All instruments are in the process of becoming AI-based and computerised.

4.5 AI in Learning Institutions

Lecturers must accept the fact that students will use AI systems to help them with their assignments and exam preparations. Live with it. There is no way to stop it. Rather, work with the reality than against it.

4.6 AI in Legal Services

Lawyers must learn to use AI systems in all their work: drafting contracts, preparing documents for hearings, preparing arguments to present in court, and writing letters of demand in all kinds of situations. AI tools help organisations stay compliant with legal and regulatory requirements by monitoring changes in laws, regulations, and industry standards. AI-powered compliance platforms analyse regulatory texts, identify relevant requirements, and assess compliance risks, enabling businesses to adapt their policies and procedures accordingly. AI can do all of it.

4.7 AI in Customer Service

Call centre managers, employees, and business owners must make use of AI systems to handle routine customer requests and queries and only use people for complex queries and requests. In this area of business, AI will play a very active role in improving customer service. Businesses must still learn a lot in this aspect of their AI adoption venture. The fact is that the systems are ready. Setting it up is not yet where it could be.

4.8 AI in Agriculture

In farming, the farmer with an AI-enabled irrigation system that can monitor and manage the optimal irrigation of crops will yield much better results than those doing it manually. Drones that are used to monitor security fences, spray crops, and monitor the feeding patterns of cattle are just some examples of how AI and modern technology will change the world of agriculture. AI-powered image recognition systems can identify and differentiate between crops, weeds, and pests in real time. This enables the targeted application of herbicides and pesticides, reducing the need for blanket spraying and minimizing chemical usage, thereby promoting sustainable farming practices.

4.9 AI in Marketing

The advertising team of a business must use AI systems to help them create optimal advertising content and visuals. It is immediate and extremely powerful. It enables advertising teams to be agile and immediate, placing advertisements almost instantaneously when something happens that could enable and support their advertising campaigns.

4.10 AI in HR

In human resource management, AI systems can enable the HR team to do work that was not possible before. Skills audits can be done in one day. Recruitment can be done by using AI-enabled systems. Team analysis and people development can now be done immediately through technology and AI-enabled systems. HR must be restructured to meet the demands of a future AI-enabled business environment.

4.11 AI in Finance

Automation will change most (if not all) of the basic functionalities of what gets done by finance. Invoicing, statements, reconciliation with payments received, budget allocation of payments made, follow-up with non-paying clients, tax returns, cash flow statements, employee remuneration management, and many more finance functions will be done by AI systems. These AI systems will become enablers for the finance team, and it could be regarded as an additional (very capable) colleague working for the team.

5 The Future of HR

The role of HR in business will change. Either because the HR team changes voluntarily and start using smart and purpose-driven AI systems, or as the result of instructions from the Exco / senior leadership team / owners or the board of the business, or because of becoming obsolete because of resistance against change. The future strategy for HR rests on the following pillars of change.

5.1 Let go of non-HR Functions

Traditionally, some functions have been given to HR, but these are not HR-related functions. Payroll, leave administration, employee contracts, employee disputes, employee benefit administration, safety, and retirement benefits are some of the functions that do not belong to HR in a future-ready business. HR specialists are not trained for these functions, and they should not be doing it. Finance must administrate the payroll, leave, employee benefits, retirement benefits, overtime payments and administration, and all other claims such as travel and work-from-home cost remuneration. These are finance issues and should be handled by finance. Safety compliance is a legal issue, and practical implementation of safety plans should be done by production and facilities. Employee contracts and disputes should be part of legal. Step one for the future-ready HR is to let go and focus on core people energy and workforce optimization aspects of the business.

5.2 Focus on Career Fulfilment

This is what makes people productive: employees must experience a sense of meaning and purpose in what they do. Their jobs and day-to-day work-related activities must be aligned with what their behavioural patterns (habits) can accommodate and embrace in a positive and satisfying environment. This is the key to a successful and productive workforce. This is what HR must do: HR must take care of the productive wellbeing of employees. Read again: Productive Wellbeing. People must enjoy what they do. Wellbeing at work is not about discount points for buying food at the company canteen. It is not about team-building sessions somewhere in a remote place where teams sing together and walk on fire beds. Wellbeing at work is to make every working day a positive and fulfilling experience. This is what HR must do. This will become increasingly important as AI systems and progress in the way people do their work change the working environment and work content. If HR doesn't facilitate this productive wellbeing, the workforce will experience a collective loss of energy. Resignations, absenteeism, and a negative culture will manifest in low productivity and loss of income to the business. This will result in retrenchments, and eventually, some companies will close their doors.

5.3 Train, Coach, Mentor, and Guide Employees

The aim must be to help all employees to find their performance sweet spot. This is an investment that can't be overstated. HR must help all employees to align their jobs with their habits. Small changes to the way people do their work can make a massive difference in the experience they have about their jobs. This investment in the people of a business changes the vibe at work. It makes people experience a sense of meaning and recognition. They experience success. Success breeds success. Unfortunately, failure does the same. Employees must experience the workplace as a place of meaning, growth, development, and recognition because of the investments made in them as unique individuals. No investments in the form of entertainment or fun days are as important as a fulfilling workday.

5.4 Optimal Recruitment

This is one of the most critical HR functions. No stone must be left unturned in pursuit of finding the right people for the business. If HR doesn't get this right, the business is set for a disaster. HR must work very closely with all functions in the business, team leaders, junior managers, senior managers, etc. HR can't decide for a manager who will be recruited for a vacancy in the team that the manager is responsible for. HR must do screening in the most scientific way possible, work with line managers to determine criteria for a vacancy, and then present the line managers with a minimum of three candidates that are fit for the position. The final decision is with the manager and not with HR.

5.5 Employee Performance Optimisation

HR must administrate people performance and development systems. This is a key function of HR. Employee registers, development programs, mentorship programs, skills register and skills gap register per employee, development and career plans for each employee, and succession planning frameworks must be up to date as an active working program for HR.

In the traditional (outdated) way of working with people, the focus was to measure, manage, praise, and reprimand. In the worst management practices, managers were told the military way of command and control. In the modern workplace, managers must coach, develop, motivate, and then measure. The key to this modern approach is recruitment practices that must be as good as can be. It is unfair to recruit someone who will not be able to be successful in a specific role. HR must train line managers to be more optimal in the way they manage people for success and fulfilment in their careers.

5.6 Providing Performance Management Tools and Support

Performance management is not a function of HR. It is an indirect function. The primary function of performance management in business resides with line management. Line managers must ensure that employees do their work. However, they must be trained and supported to do this in the most effective way without creating hostility and a negative performance management culture. This is where HR has an active role to play. Line managers must have the necessary tools to ensure positive and successful performance optimisation practices. AI systems must be deployed to help managers to do this optimally. The current shift in performance management is from policing and control to support and motivation. Every business leader should be aware of the fact that quality control, meeting deadlines, and workplace efficiencies are absolutely critical for the success of a business. It is all about the way of getting it done and not the question of whether it must be done. These performance outcomes must be met. It is a function of HR to ensure that everything is in place for this to be possible for every employee.

5.7 Employee Engagement

This is a program to ensure that employees engage their work in a mindful way with an active interest in the optimal successful outcomes of their jobs for the business. But it is more than being mindful of the outcome. It entails the actions that are necessary to ensure that optimal success is aligned with the skills, knowledge, and the behavioural habits of employees. HR is responsible for this. It is a subfunction of optimal recruitment, development, and management. It is not a standalone initiative but an integrated way of recruitment, onboarding, team integration, coaching, and development that culminates in positive management practices for all. The result is an actively engaged workforce that strives for the practice whereby everybody says: *'the success of the business is the result of the success I have with the job on my desk.'*

5.8 Agents for AI Systems

HR is in the most powerful position to introduce AI systems in the workplace. HR touches the careers of every employee. If manufacturing introduces smart AI-enabled technology to the manufacturing plant, only the employees exposed to it will notice the possibilities and opportunities that this can bring to the business. However, if HR introduces an automated team analysis system, it will show everybody what AI can do. This creates an awareness; it addresses the fear that some employees might experience, and it makes it possible for line managers to think about the possibilities that AI might have for their respective business functions.

5.9 Workplace Optimisation

In the very near future, employees will accept that their workplace is dynamic, flexible, and a combination of virtual, physical, hour-specific, and stretch-time-based. Stretch-

time is a term used to indicate that employees can do their work during evenings, weekends, and very early in the morning. Not necessarily during specified office hours. This is not an easy challenge to address. In some companies, it is relatively easy. Factory workers must be at the manufacturing plant for a time-specified working day. However, financial advisors do not have to be at the office at all. In some businesses, both these employees work in the same location. Some have the freedom to work anytime from anywhere, and others don't. This causes tension and it can lead to part of the employees becoming frustrated. In many companies, the time of Covid-19 was the time when work-from-home was not a choice. Then, after Covid, this was the embedded pattern, and within two years, many companies returned their workforces back to the office. Currently, technology allows about 40% of all skilled people to work from home. The calculation is that about 60% of skilled and well-qualified employees can work at least partially from anywhere. The problem is that companies do not have the management capabilities and performance control systems in place to ensure optimal output from employees working from home. During Covid, most employees worked hard because they knew it was a crisis and the company could go down if they didn't do their work. But this motivation has dwindled, and now they have been called back to the office. HR must find solutions that work for each company in a unique situation. This challenge will be one of the primary functions of HR in the near future.

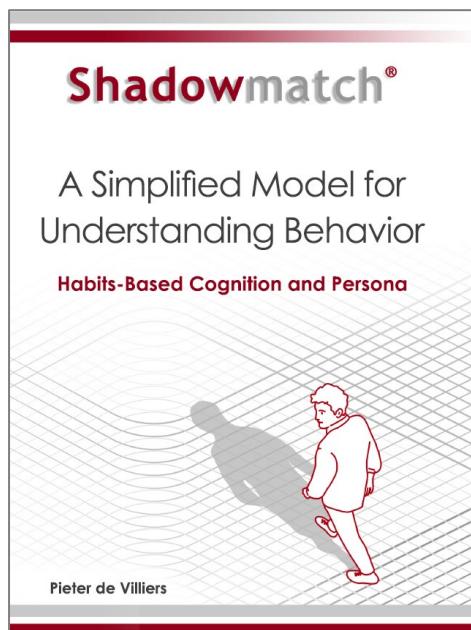
5.10 Wellness of a Dynamic Workforce

This is such an important part of responsible employment that it can be seen as a stand-alone topic. It is part of the future HR functions in business, but its importance is such that it is extensively discussed as the last point under the heading: The Future of HR.

The approach of this publication is that personal wellness in the workplace should become part of the holistic personal wellness of employees. Wellness cannot be treated in segments. If an employee is not happy in a relationship with a parent, it impacts their performance at work. It even has a negative impact on close colleagues in their working environment. It is well known by now that the Shadowmatch team takes a behaviourist approach in the research and development work they do.

The workplace is where people spend many hours of their lives. Shadowmatch has identified six Interconnected Foundation Segments that are the cornerstones of a happy, successful, and meaningful life. The wellbeing of people in the workplace is interconnected with their relationship wellness, physical wellness, living space fulfilment, the practical operational realities and challenges of their lives in general, and their sense of a safe and secure life. A productive workforce is a collection of people who are happy, strong, capable, and dedicated to their careers as active builders of the collective success of the business. It is the responsibility of HR to build such a strong workforce for the business.

In the pursuit of personal wellness, it's essential to recognise that our habits and behaviours play a crucial role in shaping our lives. Behaviourism, a psychological model that emphasises observable actions and their consequences, offers valuable insights into how we can cultivate a fulfilling and balanced life. By focusing on these six key foundation segments—such as a successful career or business, a happy home and living space, good relationships, meaningful life operations, and a healthy body and a sense of safety—we can create habits that promote overall wellbeing. The model explained here, in short, is a model developed by the Shadowmatch Research and Development Team. It is based on the principle of behaviourism, and it focuses on practical and realistic components that are defined by our behaviours and the way our habits are in alignment with our environment (physically and socially). Additional reading to understand the broader position of Shadowmatch on this is available for free here:



A Simplified Model for Understanding Behavior

<https://www.shadowmatch.com/books>



6 The Interconnectedness of Foundation Segments

Behaviourism underscores the interconnectedness of our actions and their impact on various aspects of our lives. Each foundation segment influences and interacts with the others, forming a holistic framework for personal wellness. The Shadowmatch Research Team has identified six Wellness Foundation Segments that are critical to our wellness. These segments can be seen as areas of our lives that must align with our habits as the behavioural framework of our life expectations, the way we engage our environment, as well as the fulfilment we experience from the reality (the physical space) in which we live our lives. These are the Wellness Foundation Segments.

6.1 Successful Career or Business

This is all about the holistic experience of the individual at work. A thriving career provides not only financial security but also a sense of accomplishment and purpose. Habits such as discipline, maintaining a productive work routine, and continually seeking opportunities for growth contribute to career success. Moreover, a fulfilling career can positively affect other areas of life, such as relationships and overall mental wellbeing. Everyone has a unique set of habits that make their careers a fulfilling or frustrating life segment. Wellness is greater when our careers are aligned with our behavioural patterns. This in turn contributes to our holistic fulfilment and being content with our lives in general.

6.2 Happy Home and Living Space

Our living environment significantly impacts our mood and overall satisfaction. Cultivating habits like decluttering regularly, creating a cosy ambiance, and fostering positive communication with household members can foster a harmonious and joyful home life. A peaceful living space serves as a sanctuary where we can recharge and find solace after a busy day. Our living space is an extension of our identity, which in turn is a function of our habits. This puts emphasis on the fact that our living space and place must be aligned with who we are, and it must positively accommodate our behavioural patterns and habits not only in terms of the place where we live but all aspects of our living space must form a holistic space of fulfilment: socially, space, look and feel, community, and all aspects of physical needs we might have as habitual expressions of our identity.

6.3 Good Relationships

Meaningful connections with friends, family, and colleagues are fundamental to our wellbeing. Our habits are the foundational components of the way we live in relationships. Positive interactions with others not only enhance our resilience but also contribute to our sense of belonging and support networks. The way we experience our relationships is a critical component of our sense of fulfilment and meaning in life. This is one of the most critical building blocks for a happy and meaningful life.

6.4 Meaningful Life Operations

Effective management of the day-to-day demands of life in general is essential for maintaining balance and reducing stress. It is important to understand that our habits must be capable of managing the day-to-day operational challenges of life. This can enhance productivity at work and in other aspects of our lives and prevent burnout. By managing our daily operations efficiently, we create space for activities that bring us joy and fulfilment. The moment that we become the victim of general life operations that are more than what we can cope with, we can expect our happiness and fulfilment to be compromised.

6.5 Healthy Body

Physical health forms the cornerstone of personal wellness, impacting our energy levels, mood, and longevity. Adopting habits like regular exercise, balanced nutrition, adequate sleep, and stress management techniques promotes overall wellbeing. A healthy body not only enhances our quality of life but also strengthens our resilience to life's challenges. It is a well-known fact that people are not equally healthy and by far not equally blessed with strong, healthy physiques. However, it is also an indisputable fact that sometimes people are blessed with a strong healthy physique, but they do not take optimal care of it. We must use our strong habits to take care of our physique and, in doing so, create and build a fulfilling, capable, and enjoyable body that serves all our needs as and when we need a strong, capable, and resilient body. If our physical condition is compromised, our quality of life is also compromised.

6.6 A Sense of Safety

Our research indicates that a sense of safety is a non-existent component of a serene and meaningful life. These are those fortunate individuals who have never experienced a threat or a real danger that threatens their lives and the lives of their loved ones. In some countries, people never listed safety as a critical part of their wellbeing. Then suddenly, a war broke out, or there were three school shootings in their city. Suddenly their safety and the safety of their loved ones became their number one concern in living a meaningful life. A sense of safety is a very complex psychological construct. It is a complicated combination of physical safety, relationship safety, financial, medical (health and healthcare), food security, workplace security, and many more. Responsible employment means being aware of this, taking care of it, and doing whatever is possible to help employees experience a sense of safety and security in every aspect of their lives. In some countries, this is relatively easy; in some, it is very challenging. There are long lists of actions HR can take to make this one of their key drives. Unfortunately, this publication can't provide the list as it will be very specific to each business, location, working conditions, sustainability of the business, the specific jobs people do, work content, and many more.

Incorporating behaviourist principles into our lives enables us to build a solid foundation for personal wellness. By focusing on these foundation segments and using our habits to be aligned with our personal Foundation Segments, we can create a fulfilling and balanced life. Remember that personal wellness is not a destination but a journey of continuous growth, development, and self-discovery. Through intentional actions and positive reinforcement, we can enhance our overall wellbeing and thrive in all aspects of life.

7 Wellness Case Study for HR

7.1 Introduction

Gallup, in its recently released report, found that, along with dissatisfaction, workers are experiencing staggering rates of both disengagement and unhappiness. Sixty percent of people reported being emotionally detached at work, and 19% as being miserable. Only 33% reported feeling engaged — and that is even lower than in 2020. (Gallup. 2022. State of the Workplace Report)

These figures are not good news for the cost of employment. The case study below shows the responsibility of HR to build a workforce that experiences their jobs, workplace, job content, and colleagues as a fulfilling and meaningful segment of their lives. In the case study below, names, places, and all other details that could make it possible to identify the people involved, have been changed.

Stevor was an engineer working in a mechanical workshop as the designing engineer to design, build, and fit complex mechanical components on machinery where manufactured parts were no longer available. He was married to Emotine, and they had three children. Stevor was very happy with his job, and he was very successful. Then, the head of manufacturing resigned, and HR couldn't find a replacement for this position. They decided to give the job to Stevor. He didn't want the job. They tried very hard to influence him to change his mind because they (HR) were under pressure to fill the vacancy left by the resignation of the head of manufacturing. Stevor was very honest with HR. He told them that working with people and managing people was not his thing. In fact, he went as far as telling them that he became an engineer because he doesn't like working with people. HR raised the salary for the position and asked Stevor to apply. He didn't. HR went to the CEO and told him that they couldn't fill the vacancy because the most competent person for the job was Stevor, and he didn't want the job. The CEO said that he would talk to Stevor. During the discussion, Stevor told the CEO that he didn't want the job and gave him the reasons for his decision. The CEO said that he would raise the salary for the position and provide Stevor with a people management specialist to help him handle all the people-related issues and challenges. Stevor thought about it and decided that everything must be put in writing. HR did this but made no mention of the specialist people manager that would be appointed. Stevor confronted them with this, and their reply was that it was a promise made by the CEO, and he wouldn't be the CEO if he couldn't be trusted. Stevor accepted the job. Six months later, the specialist people manager was still just a promise, and Stevor suffered from serious symptoms of depression and anxiety. This became such a challenge that he was hospitalised for symptoms of self-harm. A year later, Stevor activated a self-harm process of poisoning, and he died at home when his wife was at work and their three children were in school. The family was now destroyed.

When a company employs people, that company is responsible for more than just the people they employ. They are responsible for the wellbeing of their employees, their health, and their families. There is no argument against this statement. HR and the CEO in the above case study are responsible for the death and the destructive aftereffect of actively destroying an individual's life.

If an employee is unhappy at work, HR and senior management must act, and everything possible and reasonable must be done to address the problem. If this is not the case, that business is not a responsible employer, the business does not understand the basics of productivity, nor the principle of business sustainability. Eventually, this might close their doors.

8 A Generic Outline of Employee Replacement Cost

A question that doesn't receive enough thought in business is the cost of resignations. Business owners are quick to calculate the cost of a breakdown in a manufacturing plant or production machinery but seldom calculate the cost of a breakdown in the human-enabled production part of the business.

A resignation could be seen as a breakdown in the production capability of a business. There are a few arguments that must be tested. The first is the idea that the business carries on despite the resignation of a specific employee. The counter-answer to this question is: why was this individual employed if there was zero or close to zero impact when the individual resigned? If the business doesn't experience a functional loss when someone resigns, that someone shouldn't be replaced. But, if an employee is competent and the work they do is part of the functional capabilities of the business, then the resignation of such an employee is a breakdown in the productive capabilities of a business.

The total cost of replacing a competent employee can be substantial, encompassing both direct and indirect costs. While the exact amount can vary greatly depending on the industry, role, and organisation size, research and studies provide some general estimates and insights. The numbers at the end of this study have been changed to be South African. Research indicates more or less the same costs associated with employee replacement as a result of resignations across similar industries globally.

The outline below should indicate to business leaders why recruitment, optimal placement of employees, and succession planning are all business-critical functions. In the future world of business, training of employees will become less important. It will slowly be replaced by enabling employees with artificial intelligence tools to do the job. We have entered the phase of shifting from training to tooling. Providing tools to do the job will soon replace the notion of providing training. This turns resignations into a more costly reality for business.

8.1 Direct Costs

1. Recruitment Costs:

- *Advertising:* Costs for job postings on various platforms.
- *Agency Fees:* Costs if external recruitment agencies are used.
- *Recruitment Software:* Subscription fees for recruitment management systems.
- *Referral Bonuses:* Payments for employee referrals.

2. Hiring Costs:

- *Interviewing:* Time and resources spent on conducting interviews.

- *Background Checks*: Costs for background checks and drug testing.
- *Relocation Expenses*: Costs if the new hire needs to relocate.

3. Onboarding and Training Costs:

- *Training Programs*: Costs for training materials, sessions, and trainers.
- *Orientation*: Time and resources spent on orientation programs.
- *Mentoring*: Time spent by other employees in mentoring the new hire.

8.2 Indirect Costs

1. Productivity Loss:

- *Vacancy Period*: Loss of productivity during the time the position is vacant.
- *Learning Curve*: Reduced productivity as the new employee learns the role.
- *Team Disruption*: Impact on team dynamics and productivity during the transition.

2. Employee Morale and Engagement:

- *Morale Impact*: Potential drop in morale among remaining employees.
- *Engagement*: Potential decrease in engagement and job satisfaction.

3. Institutional Knowledge:

- *Knowledge Loss*: Loss of institutional knowledge and expertise.
- *Customer Relations*: Potential impact on customer relationships and satisfaction.

4. Operational Impact:

- *Project Delays*: Potential delays in projects or deliverables.
- *Quality Issues*: Possible decrease in work quality during the transition period.

5. Set-up cost:

- *Infrastructure and system connectivity cost*.
- *Workspace Set-up cost*: Security access, system access, email set-up and other system access unique to each workplace. This is also part of the broad onboarding, induction, and training cost.

8.3 Estimated Total Costs

Studies and industry reports provide various estimates for the total cost of replacing an employee. Some common findings include:

- *General Estimate:* Replacing an employee can cost anywhere from 50% to 200% of the employee's annual salary.
- *Entry-Level Positions:* Replacing an entry-level employee typically costs about 30% to 50% of their annual salary.
- *Mid-Level Positions:* Replacing a mid-level employee can cost around 100% to 150% of their annual salary.
- *High-Level or Specialised Positions:* Replacing a high-level or specialized employee can cost up to 200% or more of their annual salary.

8.4 Examples

- *Entry-Level Employee:* For an employee earning up to R 400,000 annually, the replacement cost might range from R 120,000 to R 200,000.
- *Mid-Level Employee:* For an employee earning between R 400,000 and R 800,000 annually, the replacement cost might range from R 500,000 to R 1,200,000.
- *High-Level Employee:* For an executive earning R 1,500,000 annually, the replacement cost might range from R 3,000,000 to R 4,500,000 or more.

The total cost of replacing a competent employee includes various direct and indirect expenses that can add up significantly. Understanding these costs can highlight the importance of employee retention strategies, such as investing in employee development, enhancing job satisfaction, and creating a positive workplace culture to reduce turnover and its associated costs.

9 Conclusion

The business owners/executive management understand the cost of employment. There are many formulas to determine what percentage of the cost of running a business is allocated to salaries and related workforce- enabling costs. It is the task of HR to determine if the workforce is performing optimally, which is a key function of delivering business success. These are the questions that will easily provide some critical answers. HR should be able to answer all these questions:

- What percentage of newly recruited employees resigned within the first six months of employment? (It should be a maximum of 1%).
- What percentage of the total workforce resigns during a financial year? (It should be less than 10%).
- What percentage of the workforce produces more than the level of accepted minimum, and what percentage of the workforce produces less than the accepted minimum?
- What development and performance intervention plans are in place for each employee to ensure success and progress in the workplace?
- What development plans (not performance intervention programs as stated above) are in place for every employee? This should not be difficult. It should be a file on a system.
- Provide a skills-for-the-job gap analysis per employee and the action plan in place for each employee where there is a skills gap.
- What is the skills development program for the collective workforce? Skilled employees must train those in need of skills, new employees must go through skills learning programs and external skills development and learning must be in place where necessary.
- What is the return on employment for the investment made in each employee? The total cost of employment must be used as the basis of this calculation. (Finance must be the custodian of this calculation. This is within their skill set).
- Who in the business needs special coaching to ensure their optimal wellbeing? What is the status of the coaching process, and what is its success?

If this picture is not clear on all these points and with all systems in place, there is some work to be done for HR.

10 HR Scoresheet

The question business leaders and HR directors must answer is: how well positioned are we as HR to fulfil our role in the future world of business and an AI-enabled workforce?

Herewith is a list of ten questions. Every 'Yes' answer gives HR one point. Every 'No' answer gives HR zero points. 'Yes' means it is in place, up to date, and working. 'No' means either that it is a work in progress or there is nothing in place.

The question that needs an answer is: why is a score for in-between not there? In other words, something has been done but there is still outstanding work to be done.

The answer is very simple. If you build a new office block for the business and the work is 80% done, but the building has not yet been signed off and used, it is of zero value. It gets its value when completed, done, and ready as a working office.

Does HR...	Yes	No
... provide development/coaching to every employee?		
... recruit people with less than 5% resignation in the first year?		
... have a full and complete up-to-date skills register for all?		
... actively facilitate AI development amongst all employees?		
... know the behavioural development needs of every employee?		
... formulate remuneration policies only? Finance executes		
... leave all legal disputes for legal to handle?		
... actively help employees to exit the business in a positive way?		
... have an active succession program for each management position?		
... have an index of risk to resign for key people in the business?		

Number of 'Yes' answers = points:		/ 10
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The number of 'Yes' answers out of ten indicates the readiness of HR to fulfil the future employee needs of the business. Keep in mind that all divisions in a business could be scored (obviously with different questions) to determine their readiness for the future

challenges a business might face. The aim is not to put anybody in a dim light but to show the opportunities for improvement and progress towards a more functional and high-performance workforce. In doing this, the sustainability of a business improves.

The Shadowmatch team wants success for all: for business, HR, all employees, students, all relationships, and teams. In search of this, it is sometimes necessary to face the hard facts. The only problem with a problem we face emerges when we don't have a plan. If this publication makes us aware of a problem, the only problem then is if we don't have a plan. The facts are not the problem; how we deal with them is our choice. AI is a fact. Not having a plan on how to deal with it is a choice. If we don't have a plan, then that is the problem. Not AI.

The Shadowmatch Team can facilitate a program that will enable your HR team to change and fulfil their role in a new world of business and AI.



Contact us: info@shadowmatch.com and visit the
Shadowmatch information website: www.shadowmatch.com

11 References

1. Society for Human Resource Management (SHRM)

- *Title:* "The Cost of Turnover Can Kill Your Business and Make Things Less Fun"
- *Summary:* SHRM often cites that the cost to replace an employee can range from six to nine months of the employee's salary. For mid-level employees, it can be up to twice their annual salary.
- *Link:* [SHRM] (<https://www.shrm.org>)

2. Center for American Progress

- *Title:* "There Are Significant Business Costs to Replacing Employees"
- *Summary:* This report provides detailed estimates on the cost of turnover, stating that for all positions, the average cost to replace an employee is about 21% of their annual salary. However, this can vary significantly based on the role's complexity and level.
- *Link:* [Center for American Progress] (<https://www.americanprogress.org>)

3. Gallup

- *Title:* "This Fixable Problem Costs U.S. Businesses \$1 Trillion"
- *Summary:* Gallup research indicates that the cost of replacing an employee can be anywhere from one-half to two times the employee's annual salary. The article emphasizes the importance of employee engagement to reduce turnover.
- *Link:* [Gallup] (<https://www.gallup.com>)

4. Work Institute

- *Title:* "2017 Retention Report: Trends, Reasons & A Call to Action"
- *Summary:* This report highlights that the average cost of employee turnover is about 33% of the departing employee's salary. It provides insights into why employees leave and strategies for improving retention.
- *Link:* [Work Institute] (<https://workinstitute.com>)

5. Harvard Business Review (HBR)

- *Title:* "How Much Does It Cost Companies to Lose Employees?"
- *Summary:* The article provides insights into the various costs associated with employee turnover, including recruitment, training, and lost productivity. It reinforces the significant financial impact turnover can have on organizations.
- *Link:* [Harvard Business Review] (<https://hbr.org>)

6. Deloitte

- *Title:* "The True Cost of Turnover"
- *Summary:* Deloitte's research discusses the hidden costs of turnover, such as lost productivity, reduced engagement, and the impact on team dynamics. It also provides strategies for reducing turnover through better employee engagement and development programs.
- *Link:* [Deloitte](<https://www2.deloitte.com>)