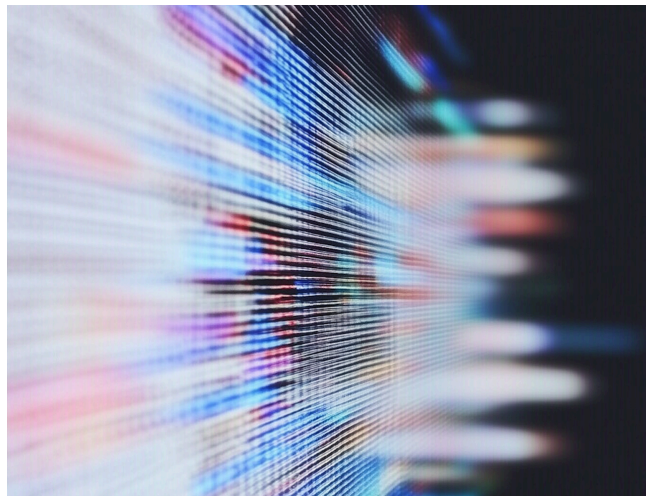


# How CHROs Say AI Is Reshaping Their Teams



by  
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## AT A GLANCE:

- Most CHROs who responded to a poll in recent M1 virtual calls believe AI will drive smaller HR teams.
- CHROs greatly prefer leveraging AI capabilities of existing software over adding new tools.
- AI progress is uneven—but a massive opportunity for HR to co-lead enterprise adoption.

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In recent virtual calls, 49 CHROs discussed which roles are most at risk due to artificial intelligence, which tools they're using, and why more honesty is needed on AI's impact.

CHROs overwhelmingly predict artificial intelligence will prompt smaller human resources teams, new data from the M1 CHRO Community finds, but they're split on just how much HR teams will decline in size—and how AI should be governed—as impact from the technology accelerates.

In a series of virtual calls in late March with 49 large enterprise CHROs, 25 responded with predictions of how much their HR teams would decline over the next five years. Nine said teams would fall by 11 to 20 percent, seven predicted they'd drop by 1 to 10 percent and six estimated a 21 to 30 percent decline. Just two said AI would not impact the current size of HR teams—while one predicted headcount declines between 31 and 40%

“I see [AI] as having a seismic impact,” that CHRO said. “There’s significant change that will come in how we do our work and honestly, what kind of people we need.”

In a subsequent conversation later the same week, one Europe-based CHRO who couldn't attend the virtual calls said she believes many CHROs are grossly underestimating the impact AI will have. Her team has run scenarios suggesting even a 50% HR headcount decline might be low, she told M1, noting European labor law would prohibit job cuts at that scale.

The virtual calls covered not only the impact of AI on HR team size, but which AI tools CHROs are using, how they're governing AI implementation, and how they're accelerating adoption among their leadership teams. Below, we've aggregated the most insightful comments and common themes across the three calls—shared anonymously, of course. If we can help make connections based on the information below, please let us know, and as always, we welcome your feedback.

## **1. AI will impact HR team sizes, but CHROs hope it shifts staffers to higher-level work.**

By far, CHROs named recruiting and HR business partners as the biggest targets for cuts. HR operations and learning and development staffers may also be at risk. One CHRO with about 300 recruiters reported a reduction of 50 people, primarily through interview scheduling automation and application ranking. But most CHROs emphasized their goal isn't headcount reduction. It's enabling teams to focus on higher-value activities.

"I would love to have fewer payroll people, fewer time and attendance people," one CHRO explained. "I want more folks spending more time on quality work."

"AI may improve broader employee experiences, with core services becoming more efficient. Some reported that improved employee experience—enabled by AI—was contributing to lower turnover, in turn reducing recruiting demands."

To communicate the impact of AI on jobs, most emphasized staying honest with employees while avoiding unneeded anxiety.

"If someone asks in town halls, I'm not going to hide and say this is only going to change the nature of jobs," one CHRO explained. "It's a question of credibility. ... I think we ought to be transparent."

Several echoed this sentiment. The line being used, one CHRO said, is "it's not going to displace people, it's just going to augment them." I don't know that that's a 100% honest assessment of the future."

## **2. HR's progress on AI is uneven—but a massive opportunity to co-lead enterprise adoption.**

If you're feeling behind on rolling out AI tools and strategies with your HR team, you're not alone. Many CHROs described themselves as merely "dabbling" in AI, "still kind of early in the technology progression" or experiencing "FOMO—like fear of missing out—that I'm way behind everybody else."

Those earlier in their progression named areas such as recruiting and talent acquisition—which was mentioned as an AI application by nearly all participants—as well as self-service chatbots, learning and development and workforce management as core AI applications.

A handful of CHROs have been at the forefront of their enterprises on AI. One described partnering with the CTO and finance leadership to identify where AI investment provides value, assess the readiness of teams, regularly update the board and add AI targets into business plans.

"I think it's an opportunity for HR leaders everywhere to really play a top role in this," she said.

Other areas mentioned include using AI include internal comms, compensation analysis, employee listening, people analytics, and performance management. Just getting started? Several CHROs said pilot projects with clear metrics are key.

### **3. AI governance takes balancing experimentation and centralization.**

When it comes to AI strategy, CHROs described two distinct governance approaches. Some adopted a centralized strategy, in cooperation with technology and finance executives, to establish enterprise-wide AI governance. "That triumvirate of finance, HR and tech is feeling really important to us," said one CHRO.

Others preferred a more decentralized approach that emphasizes experimentation. “I want to see who is able to either come up with the best ideas or who can adopt fast,” said one CHRO. She relies on centers of excellence to identify AI solutions for their domains, partnering with technology teams as needed.

There will always be a tension between innovation and protection—make sure HR plays a role in setting clear guardrails for organizational data while enabling experimentation, CHROs advised.

#### **4. CHROs want to leverage existing systems—rather than add new AI tools.**

Multiple CHROs described a clear preference for leveraging AI capabilities of existing systems, such as Workday.

As one put it: “This might sound lazy, but it’s purposeful. Everybody, including the mailman, has AI in their name.”

Yet several CHROs expressed frustration with what existing systems offer today. “The SaaS tooling in the market is not as advanced as we would like it to be at this stage,” said one CHRO. “I think a lot is going to happen in ’25 and ’26.”

When they are adding new tools, it’s to solve big problems. One CHRO said she’s exploring tools like BrightHire or HireScore to help solve “the biggest pain point we have today in our organization”—the volume of candidate applications. “AI enables us to do things better in HR, but it also enables people to apply for everything. It’s ‘spray and pray.’”

#### **5. AI’s most promising HR application may be employee development.**

AI-powered coaching emerged as the most widely discussed—and perhaps most promising—of AI applications in HR.

“They will allow us, for the first time, to scale something that has been extremely difficult to scale with quality in the past,” one CHRO said.

**“ If someone asks in town halls, I’m not going to hide and say this is only going to change the nature of jobs.**

- a CHRO in M1’s March 31 virtual meeting about AI

Some leaders mentioned pilots where AI coaches analyze meeting recordings to provide feedback on communication style, body language, and other interpersonal skills. “It watches your facial expressions, tone of voice and the way you speak and gives you feedback immediately after the meeting,” one CHRO described.

Meanwhile, another CHRO described a custom-built AI tool that dramatically reduces the time managers spend writing performance reviews. The average manager spends from 50 to 70 hours writing reviews annually; AI promises to cut that by 20 hours. As more features are added, “we believe we can cut it down by 50%, significantly increasing the quality as well,” the CHRO said. Managers still provide input on whether employees met or exceeded expectations; the AI just helps craft well-formed narratives and insights.

## **6. To foster AI adoption, try e-learning alternatives—especially for senior leaders.**

Training employees—particularly senior leaders—on AI emerged as a significant challenge, with CHROs noting wide disparities in AI

knowledge and comfort levels.”Some people just train themselves and use Copilot every day to do everything. Some people haven’t even installed it yet,” one CHRO observed.

For senior leaders, CHROs suggested specialized approaches such as:

- **Demonstrations:** One CHRO brought in Microsoft contacts for a one-hour live demo and Q&A with their senior leadership team. “It forced everyone to get into Copilot and then be able to ask—in a safe setting—all the questions they might otherwise be uncomfortable asking.”
- **Cohort-based learning:** Participants watch a video, actively experiment with new AI tools, and then get on a call with cohort members to discuss their experiences.
- **Community platforms:** Create a space for users to share tips, successes, and questions, fostering organic knowledge sharing.

Many said traditional e-learning approaches are insufficient. “You have to get people to use it, and just video-based online training doesn’t cut it,” one explained.