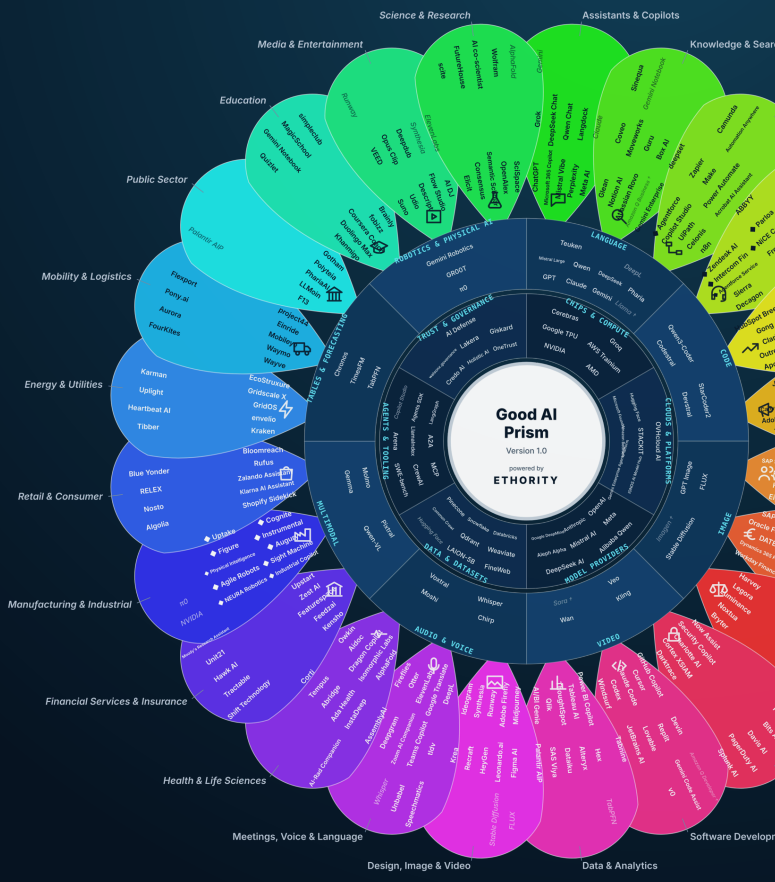
ETHORITY
AI BUSINESS OPERATING SYSTEM



GOOD AI PRISM · SECTOR BRIEF 2026/27 · HR & WORKFORCE · GLOBAL EDITION

Put AI to work in people decisions

What HR leaders and employee representatives need from AI now, what the market offers, and the rules by jurisdiction.

30
AI offerings mapped in HR & Recruiting

17
jurisdictions mapped for AI in hiring and work

2 Dec 2027
EU high-risk duties for employment AI apply

Created by Sten Franke with a people and governance lens by Severin L. Wilson · October 2026

AT A GLANCE

HR is where AI meets people decisions

AI in HR is moving from writing job ads to screening candidates, answering employee questions and assessing performance. Each step brings it closer to decisions that the EU AI Act treats as high-risk.

This brief applies the Good AI Prism Market Study 2026/27 to one area: HR and the workforce. It combines the study's market map of 30 AI offerings for HR and recruiting with current research on adoption, skills and rules across major jurisdictions. Europe is ETHORITY's hub market and Germany its home and test market, so both get the closest look. The brief ends with the questions to settle before a pilot.

39%
of US organisations have implemented AI in HR; recruiting leads at 27% (SHRM, Apr 2026)

56%
of UK workers used AI at work in the past year; 19% use it daily (PwC, Oct 2026)

86.4%
of Japanese companies use generative AI for some work, against 90.9% in the US and 98.1% in China (MIC, Jul 2026)

58%
of employees worldwide use AI at work, 93% in China (KPMG and University of Melbourne, 47 countries, 2025)

13%
of German firms use AI to answer internal HR queries; 12% to assess performance (Bitkom, Aug 2026)

29.1%
of employees who use AI at work in Germany use tools their employer did not provide (IW, Sep 2026)

About this brief

Market figures come from the Good AI Prism 2026/27 study dataset: every entry is recorded with a dated source from the provider's own pages. Job groups are ETHORITY's classification. External figures name their source, population and date; populations differ between countries and are not combined. This brief is not legal advice.

WHERE HR STANDS

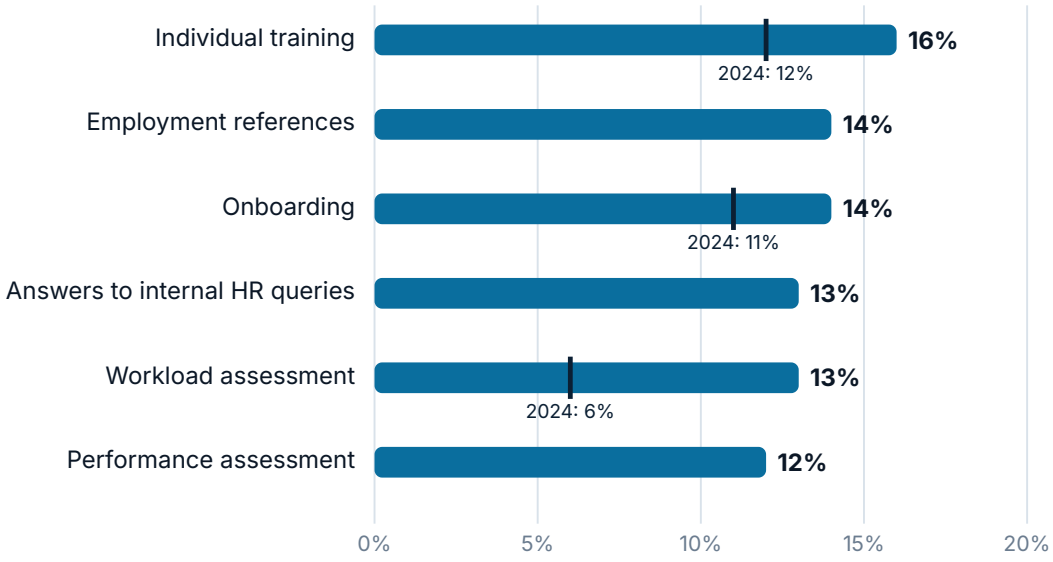
Use is spreading from admin to assessment

Employee use, firm adoption and HR implementation are different measures, and each is now substantial in the samples cited. 58% of employees worldwide use AI at work (KPMG and University of Melbourne, 2025). In the UK 56% of workers used it in the past year (PwC, Oct 2026), and in the US 39% of organisations have implemented AI in HR, with recruiting the leading use at 27% (SHRM, Apr 2026). In the EU, one in five enterprises with ten or more staff used AI in 2025 (Eurostat).

Germany, ETHORITY's test market, shows where HR use is heading. The most common uses are still supportive: training, references, onboarding and answers to employee questions. The fastest growth is in assessment. The share of firms using AI to assess workload more than doubled, from 6% in 2024 to 13%, and 12% already use it to assess performance (Bitkom, Aug 2026).

Exhibit 1 · Test market Germany: where firms use AI in HR

Share of companies currently using AI for each task, 2026; marker shows 2024 where reported



Bitkom, 18 Aug 2026 · n = 602 companies with 3+ employees

THE WORKFORCE SIDE

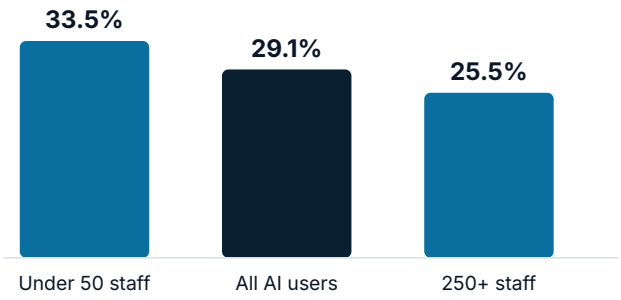
Employees are ahead of the rules

Employees are not waiting. In Germany, 29.1% of people who use AI at work use tools their employer did not provide; the share is higher in small firms (IW, Sep 2026). Only 23% of German firms have rules for AI use (Bitkom, Oct 2025), and 43% offer no AI training at all, while 8% train all staff (Bitkom, Sep 2025).

The labour-market evidence is still mixed. About one in four workers worldwide is in an occupation with some exposure to generative AI, and 34% in high-income countries (ILO, May 2025). US payroll data show a 13% relative employment decline for 22- to 25-year-olds in the most exposed occupations (Stanford Digital Economy Lab, Sep 2025), while LinkedIn reports that it does not yet see AI affecting entry-level roles (Jan 2026).

Exhibit 2 · Shadow AI by firm size

Share of employees using AI at work who use tools not provided by their employer, Germany



IW Kurzbericht 63/2026 · about 5,000 employees, 2,793 AI users, Mar–Apr 2026

8%

of German firms offer AI training to all staff (Bitkom, Sep 2025)

23%

of German firms have rules for AI use (Bitkom, Oct 2025)

THE RULES

Europe sets the reference dates

ETHORITY reads the rules by jurisdiction. Europe is the hub market: the EU AI Act is the most detailed rulebook for AI in employment. Germany, the home and test market, adds co-determination. The next page maps the other major jurisdictions.

European Union: the hub market

2 Feb 2025	IN FORCE	Emotion recognition in the workplace is prohibited (AI Act Art. 5(1)(f)); employers must take measures to support staff AI literacy (Art. 4).
2 Aug 2026	IN FORCE	Transparency: people must be told when they interact with an AI system, such as a recruiting chatbot (Art. 50).
2 Dec 2026	PLATFORMS	Transposition deadline of the Platform Work Directive: human oversight and explanation for algorithmic management on digital labour platforms.
2 Dec 2027	HIGH-RISK	Annex III employment uses become high-risk: recruitment and selection (4a); promotion, termination, task allocation, monitoring and evaluation (4b). Deployers must ensure human oversight, keep logs and inform workers' representatives before use (Art. 26).

Dates as amended by the Digital Omnibus on AI, Regulation (EU) 2026/1744, in force since 27 July 2026.

Germany, the home and test market, adds co-determination

- § 87(1) no. 6 BetrVG: the works council co-determines technical systems that are objectively suitable for monitoring behaviour or performance; AI introduction usually needs a works agreement.
- § 90 and § 95(2a) BetrVG: information and consultation on AI in work procedures; consent for selection guidelines, also when AI creates them.
- § 80(3) BetrVG: the works council may call in an expert to assess AI.
- GDPR Art. 22: limits on fully automated decisions; people affected are entitled to an intelligible explanation (CJEU C-203/22, Feb 2025).

RULES BY JURISDICTION · EUROPE AND THE AMERICAS

Where you hire decides which rules apply

Rules for AI in hiring and work now exist on every continent, but they differ in kind: binding duties for high-risk uses in the EU and Korea, audit and notice laws in US states and cities, data-protection rights in the UK, China and India, and promotion laws without penalties in Japan. Status October 2026; sources on page 7.

JURISDICTION	INSTRUMENT	APPLIES	WHAT IT MEANS FOR HR
European Union	AI Act, amended by the Digital Omnibus on AI	Bans since 2 Feb 2025; Art. 50 since 2 Aug 2026; Annex III from 2 Dec 2027	Hiring, promotion, allocation and monitoring are high-risk: human oversight, logs, informing workers' representatives. Emotion recognition at work is banned.
Germany	Works Constitution Act §§ 80, 87, 90, 95; GDPR Art. 22	In force	Works agreement usually needed for AI that can monitor performance; works council consent for selection guidelines.
United Kingdom	Data (Use and Access) Act 2025, s. 80	Since 5 Feb 2026	Significant automated decisions allowed with safeguards: information, the right to contest and human review; stricter for special category data.
United States	Title VII, ADA, ADEA; Executive Order 14365	In force	No federal AI employment statute; liability for discriminatory outcomes remains. Federal action challenges state AI laws, which stay enforceable unless courts or Congress act.
New York City	Local Law 144	Since 5 Jul 2023	Annual independent bias audit, published summary and candidate notice for automated employment decision tools.
Colorado	SB 26-189 (replaces SB 24-205)	From 1 Jan 2027	Notice before use; adverse-outcome notice within 30 days; data correction and human review on request; records for three years.
Illinois	Human Rights Act, amended by HB 3773	Since 1 Jan 2026	AI use with a discriminatory effect is unlawful; notice when AI is used in hiring, promotion, discipline or discharge.
California	Civil Rights Council ADS regulations; CPPA ADMT regulations	Since 1 Oct 2025; ADMT duties by 1 Jan 2027	Four-year records; anti-bias testing counts as evidence; notice, opt-out, access and risk assessment for significant employment decisions.
Texas	TRAIGA (HB 149)	Since 1 Jan 2026	AI deployed with intent to discriminate is prohibited; enforcement by the Attorney General.
Ontario, Canada	Employment Standards Act (Working for Workers Four Act)	Since 1 Jan 2026	Public job postings must say whether AI screens, assesses or selects applicants; employers with 25 or more staff.
Brazil	AI bill PL 2338/2023	Passed by the Senate; pending in the Chamber	The Senate text lists hiring as high-risk.

RULES BY JURISDICTION · ASIA-PACIFIC

Asia-Pacific: framework laws and data rights

Asia-Pacific relies less on employment-specific AI rules. Korea is the exception, with binding duties for hiring as high-impact AI. China, India and Australia work through data-protection law; Japan and Singapore through promotion laws and fair-employment guidance.

JURISDICTION	INSTRUMENT	APPLIES	WHAT IT MEANS FOR HR
China	Personal Information Protection Law Art. 24	Since 1 Nov 2021	Automated decisions must be transparent and fair; right to an explanation and to refuse solely automated decisions with major impact.
Japan	AI Promotion Act	Since 1 Sep 2025	No penalties; businesses are expected to make efforts and cooperate with government measures.
South Korea	AI Basic Act	Since 22 Jan 2026, fines deferred in a grace period	Hiring is high-impact AI: advance notice, explanation of outcomes and criteria, human oversight and documentation.
Singapore	Workplace Fairness Act; Tripartite Guidelines	Act expected end-2027; guidelines now	Fair-employment rules apply regardless of technology; grievance procedures required under the Act.
India	Digital Personal Data Protection Act and Rules 2025	Main duties from May 2027	Notice, lawful basis and data rights for processing personal data, including employee data.
Australia	Privacy Act, automated decision transparency	From 10 Dec 2026	Privacy policies must disclose decisions made by, or substantially relying on, automated decision-making.

Sources: statutes and regulators; CMS (29 Jul 2026), Littler, IAPP, NY State Comptroller (2 Dec 2025), Epstein Becker Green, Paul Hastings, Akin, Duane Morris, Cooley, White & Case, HSF Kramer, AZB & Partners, ACS. Status October 2026. Not legal advice.

Where the 30 providers are headquartered

18
North America

12
Europe, of which 4 in Germany

13 : 17
Europe : North America when counted by parent company

Headquarters per provider pages and public registers, October 2026. SAP acquired SmartRecruiters in 2025; Workday acquired Paradox.

THE MARKET MAP

30 AI offerings for HR, half of them in recruiting

The Good AI Prism 2026/27 places 30 offerings in HR & Recruiting. Half serve recruiting and hiring, from job ads and sourcing to interview notes and autonomous screening agents. The rest are HR suites with built-in AI, talent intelligence, learning, performance tools and an employee service agent.

Exhibit 3 · The HR & Recruiting map by job

Number of offerings per job group; names alphabetical, not a ranking

15 Recruiting & hiring

Ashby AI · Greenhouse AI · HireVue · iCIMS Copilot · JOIN AI assistant · Metaview · Paradox · Phenom X+ Agents · Retorio · SeekOut Agentic AI Recruiting · softgarden AI recruiting · Teamtailor Co-pilot · Textio · Winston (SmartRecruiters) · Workable AI Recruiting Agents

Annex III 4(a) when used for recruitment or selection

6 HR suites with AI

Cegid HR · Oracle HCM · Personio · Rippling · SAP SuccessFactors · Workday

Depends on the modules and intended use

3 Talent intelligence & people analytics

Beamery · Eightfold · Vee (Visier)

Annex III 4(b) when used for promotion, allocation or evaluation

3 Learning

360Learning · Cornerstone Galaxy · Docebo AI Creator

Depends on the modules and intended use

2 Performance & engagement

Bob AI (HiBob) · Lattice

Annex III 4(b) when used for promotion, allocation or evaluation

1 Employee service agents

Leena AI

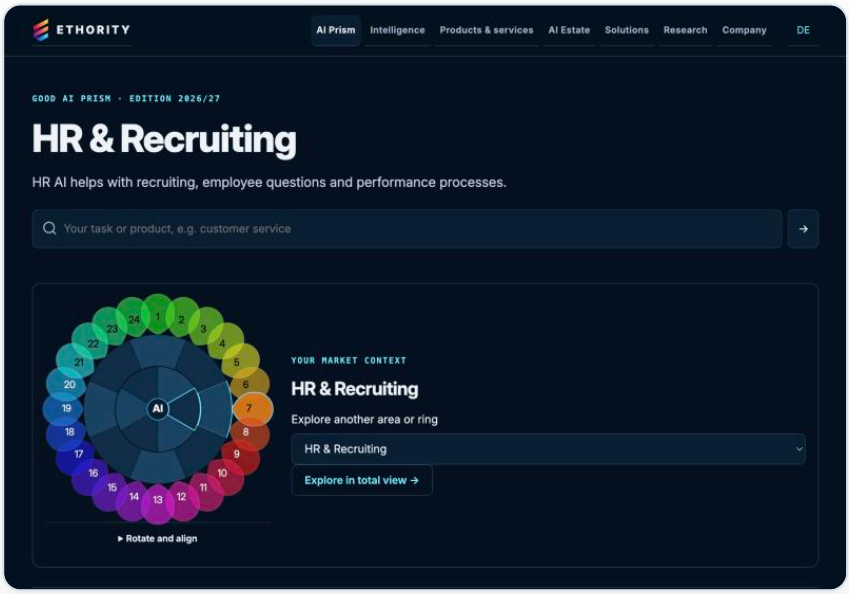
Art. 50 disclosure when people interact with it

Good AI Prism 2026/27 study dataset · job groups: ETHORITY classification · The AI Act classifies uses, not products. Whether an offering is high-risk depends on what it is used for.

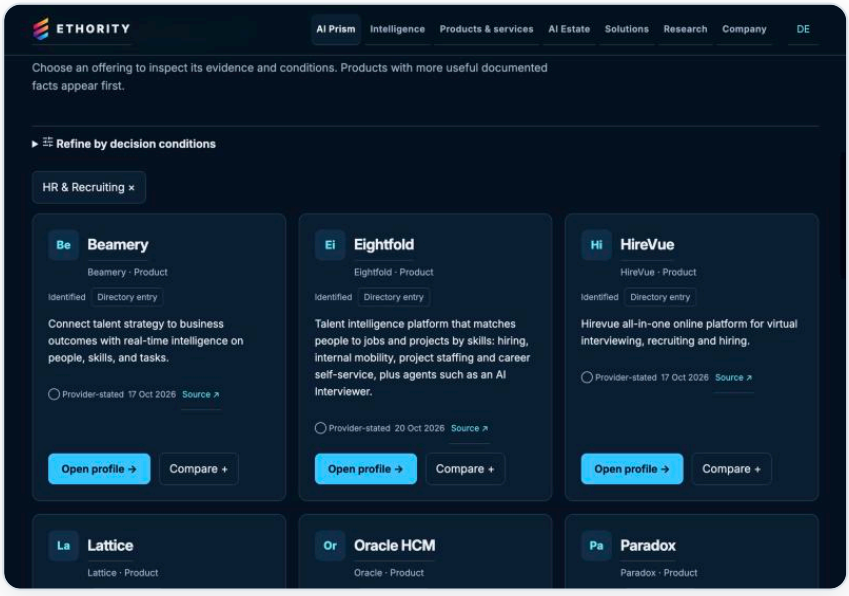
ONLINE VIEW

The HR & Recruiting area in the Good AI Prism

The online Good AI Prism places each offering in its business area and shows the source and date behind every entry. The preview below shows the HR & Recruiting area as it appears in October 2026. Select an area to see the offerings placed there, then open a profile to check the provider’s own statement, its date and the decision facts recorded for it, such as pricing basis, data hosting and training on customer data where documented.



Good AI Prism online preview: HR & Recruiting selected (area 7), October 2026.



Entries with their source and date. The preview shows 11 profiled entries; this brief counts all 30 recorded for the edition.

NEEDS AND DECISIONS

What HR leaders need, and what to ask before a pilot

What HR leaders report

Measurement
56% of HR functions do not formally measure AI success; 16% use ROI (SHRM, Apr 2026).

A seat at the table
52% of organisations do not involve HR in AI strategy (SHRM).

Skills
71% of EU firms that considered AI cite a lack of expertise (Eurostat, 2025); 43% of German firms offer no AI training (Bitkom, Sep 2025).

Rules and awareness
57% of US HR professionals in states with workforce AI rules do not know them (SHRM); 23% of German firms have rules for AI use (Bitkom, Oct 2025).

Seven questions before AI touches people decisions

1. Is this a hiring or workforce use that a jurisdiction where we hire regulates: EU Annex III, New York City, Colorado, Illinois, California or Korea?
2. Does any feature infer emotions, for example in video interviews? In the EU that is already prohibited at work.
3. Where employee representatives have rights, as works councils do in Germany, is their agreement needed before use?
4. Could a decision with significant effect be fully automated, and can we explain it intelligibly?
5. Who is the named, trained person overseeing outputs that affect people?
6. How do candidates and employees challenge a result, and how fast do we respond?
7. How will we measure quality, fairness and accepted outcomes before we scale?

WORKFORCE PLAN

Plan the people side with the technology

When agendas change quickly, the people side breaks first: half-adopted tools, skills that lag the system, employees who were not involved, and decisions no one owns. Plan adoption, training, employee participation and accountable oversight as part of every staged commitment, not after it.

Severin L. Wilson, workforce lens in the Good AI Prism Market Study 2026/27

Workforce annex to the pilot charter

Affected roles	Which roles and how many people the pilot touches
Baseline workload	Volume, time and quality of the work today, measured before the pilot
Skills needed	Operating, reviewing and improving the system; training plan and owner
Employee consultation	Works council or staff representatives where applicable; when and how they are involved
Oversight owner	The named person accountable for outputs that affect people
Escalation and appeal	How employees and affected people can challenge an output, and the response time
Capacity plan	Where released time goes: service, quality, growth or redeployment; who decides
Measured quality	Error rate, complaints and review findings, tracked with the outcome measure

Saved time is not realised value. Count it when released capacity has demonstrably gone into service, quality or growth.

NEXT STEPS

A 90-day start for HR

01
Inventory
List every AI use in HR, including tools employees bring themselves.

02
Classify
Map each use against the rules in every jurisdiction where you hire, with legal review.

03
Involve
Bring in employee representatives early; in Germany, agree a framework with the works council.

04
Enable
Document AI literacy measures and name trained overseers.

05
Pilot
Run one recruiting or HR-service use with the workforce annex and a baseline.

06
Decide
Scale only on measured quality, fairness and accepted outcomes.

ETHORITY recommendation, derived from the rules and evidence in this brief.

CONCLUSIONS

What the evidence adds up to

AI already shapes how people are hired, developed and supported at work. HR decides whether it builds trust or erodes it. Five conclusions for decisions now.

1 **Bring shadow AI into the light**

Evidence. 29.1% of German employees who use AI at work use tools their employer did not provide; only 23% of firms have rules.

What to do. Inventory all AI use and give staff approved tools and clear rules. · The workforce side

2 **Treat hiring and assessment as high-risk now**

Evidence. Employment AI becomes high-risk in the EU from Dec 2027; half of the mapped offerings serve recruiting.

What to do. Build human review, documentation and worker information into recruiting and assessment tools. · The rules; market map

3 **Give HR a seat at the AI table**

Evidence. 52% of organisations do not involve HR in AI strategy (SHRM).

What to do. Make HR co-owner of AI decisions that affect people. · Needs and decisions

4 **Train before you scale**

Evidence. 43% of German firms offer no AI training; 71% of EU firms considering AI cite missing expertise.

What to do. Make AI literacy a condition of every rollout. · Needs and decisions

5 **Measure people outcomes**

Evidence. 56% of HR functions do not formally measure AI success.

What to do. Track time to hire, quality, fairness and employee experience with a baseline. · Needs and decisions

THE PROBLEM

HR is not short of AI tools. It is short of rules, skills and measured outcomes.

HR leaders must enable AI across the workforce, keep hiring and assessment fair and lawful, and show the value to boards and employees.

THE PROBLEM	WHAT WE SEE IN THE EVIDENCE	WHAT IT COSTS
Shadow AI	Many employees use AI tools their employer did not provide.	**Data leaks and inconsistent decisions.**
High-risk decisions	Recruiting, promotion and assessment are regulated as high-risk.	**Legal exposure and loss of trust.**
Skills gap	Most firms train few or none of their staff in AI.	**Low adoption or misuse.**
Unclear value	Most HR functions do not measure AI success.	**Budgets without proof.**
Works councils and trust	Co-determination and worker information rules apply.	**Delays and resistance.**

The question behind every project

What should improve, which options are credible, what evidence is missing, what implementation requires, and who owns the outcome?

HOW ETHORITY HELPS

From AI ambition to a workforce that trusts it

ETHORITY helps HR leaders choose, govern and prove AI: from independent market evidence to decisions that can be defended to employees, works councils and regulators.

01
Discover
Find and qualify the opportunity: options, evidence, constraints and rules.

02
Create
Design and build the solution with your data, systems and people.

03
Run
Operate it responsibly, with owners, controls and support.

04
Improve
Measure against the objective and adjust.

05
Grow
Turn what was learned into new capability and value.

WHERE A PROJECT CAN BEGIN

AI opportunity case
One use, such as recruiting, onboarding or employee service, assessed against evidence, cost and rules, ending in a decision: pilot, redesign, expand or stop.

Vendor and evidence due diligence
Good AI Prism research profiles and comparisons of the 30 HR offerings, with a structured check of fairness and data claims.

AI estate audit
An inventory of AI across HR and the workforce, including shadow AI, with owners, risks and overlaps.

Governance and AI Act readiness
Each use mapped to the AI Act, data protection and co-determination, with worker information and human review.

AI literacy programmes
Role-based training for HR, managers and employees, documented for Art. 4.

From pilot to operation
A pilot charter with baseline, threshold and stop conditions, then building and running the solution on ETHORITY's AI Business Operating System.

Who we work with

HR and people leaders, works councils, recruiting teams, HR technology providers, employers' associations and public employers.

Start with one question. Talk to us: sten@ethority.ai · severin@ethority.ai · ethority.ai/ai-prism-study

ABOUT ETHORITY

From understanding markets to building AI capability

ETHORITY connects market intelligence, research and practical delivery to help organisations put AI to work. It is built as an AI1st organisation: humans and AI agents work on one AI Business Operating System, with the research, engineering and operations to build and run AI after the pilot. Its roots lie in the digital intelligence business Sten Franke founded in 2005, which combined monitoring, research and advisory work to help organisations understand changing markets.

The Good AI Prism is the entry point: research profiles, documented relationships and comparisons help users investigate their options. Advisory, governance and transformation work connect those options with an organisation's objectives, data, systems, people and operating conditions.

SELECTED REFERENCES AND PARTNERS SINCE 2005

Bosch · Bayer · BMW · Siemens · Mercedes-Benz · Coca-Cola · Deutsche Bank · T-Mobile · Telefónica o2 · DHL · EDEKA · AIDA Cruises

Selected historical references and partners from the group's market-intelligence and advisory heritage, in projects or through former group companies.

METHOD

Market figures: Good AI Prism 2026/27 study dataset, HR & Recruiting area, 30 entries (a dated subset of the HR market, not the whole market), each with a dated source from the provider's own pages (October 2026). Job groups and AI Act relevance: ETHORITY classification by intended use. Jurisdictions: status October 2026 from statutes, regulators and law-firm briefings. External figures as cited and not combined. Not legal advice.

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ETHORITY
AI BUSINESS OPERATING SYSTEM



FROM BUSINESS AMBITION TO AI THAT WORKS

Put AI to work, with evidence.

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06	**The Social Media Prisma 2009–2025**	Historic paper · EN and DE

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