



# AI Cheat Sheet:

## Terms Employers Should Know

HR teams are leveraging artificial intelligence (AI) for recruiting, onboarding, performance management and even personalized benefits. AI evolves fast, and the terminology can feel overwhelming. This cheat sheet breaks down 10 common AI terms and concepts to help employers lead with confidence in the digital era.

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**Algorithm**  
A set of rules or instructions that an AI system follows to process data and make decisions. Employers must monitor algorithms for fairness and compliance.
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**Artificial intelligence (AI)**  
The broad concept of machines performing tasks that typically require human intelligence, such as learning, reasoning and problem-solving.
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**Chatbots**  
AI-driven tools that simulate human conversation to answer questions or provide employee support 24/7.
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**Generative AI**  
AI that creates new content (e.g., text, images and audio) based on patterns in existing data or from prompts or inputs.
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**Hallucinations**  
When an AI system produces information that sounds plausible but is factually incorrect or entirely fabricated. These are quite common under current AI models. Employers should verify the accuracy of outputs before acting on them.
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**Large language model (LLM)**  
An advanced AI model trained on massive amounts of text data to understand and generate human-like language. Examples include Copilot and ChatGPT.
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**Machine learning (ML)**  
When AI systems learn from data and gradually improve over time. Supervised learning uses labeled data to train models for specific outcomes, whereas unsupervised learning finds patterns and groupings in unlabeled data without predefined answers.
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**Model**  
A trained AI system that applies learned patterns from data to make predictions or generate outputs. Models are the “brains” behind AI applications and update frequently.
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**Natural language processing (NLP)**  
The technology that enables machines to understand and respond to human language. Used in chatbots, resume screening and sentiment analysis.
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**Prompts**  
The input or instructions given to an AI system to generate a response. Well-crafted prompts lead to better outputs.

Keep in mind that AI isn’t one-size-fits-all. Best practices will vary by workplace, industry and culture. Contact us for more information and resources.