IJHRDM

INTERNATIONAL JOURNAL OF HUMAN RESOURCES DEVELOPMENT AND MANAGEMENT

Journal ID: 1008-1558



IAEME Publication

Chennai, India

editor@iaeme.com/ iaemedu@gmail.com

https://iaeme.com/Home/journal/IJHRDM

International Journal of Human Resources Development and Management (IJHRDM)
Volume 3, Issue 2, July-December 2025, pp. 1-21, Article ID: IJHRDM_03_02_001
Available online at https://iaeme.com/Home/issue/IJHRDM?Volume=3&Issue=2
Impact Factor (2025): 2.20 (Based on Google Scholar Citation)
Journal ID: 1008-1558; DOI: https://doi.org/10.34218/IJHRDM_03_02_001

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A RAG-BASED JOULE COPILOT FRAMEWORK ON SAP BTP WITH CPI AND API MANAGEMENT FOR SAP SUCCESSFACTORS

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ABSTRACT

Global HR operations continue to grow in complexity, and employees expect fast, accurate, and policy-aligned guidance. Traditional generative AI models cannot meet these expectations because they lack access to internal HR content and often produce responses that are incomplete or incorrect. This paper presents a Retrieval-Augmented Generation (RAG) framework built on SAP Business Technology Platform (BTP) and integrated with SAP SuccessFactors, SAP Cloud Integration (CPI), and SAP API Management. The framework uses document retrieval, vector search, and grounded generation to deliver accurate and compliant HR policy responses. The study evaluates the approach using HR operational metrics and compares it with generic AI models. The results show clear improvements in accuracy, traceability, compliance alignment, and user satisfaction. The paper also discusses governance, privacy, and Zero Trust security considerations that are essential for deploying AI copilots in regulated HR environments. The proposed architecture provides a practical and scalable path for organizations seeking to modernize HR delivery while maintaining strong control over policy interpretation and compliance.

Keywords: SAP SuccessFactors, SAP CI/CPI, Retrieval-Augmented Generation, SAP Build AI, SAP Joule, SAP BTP, HR Policy Intelligence.

Cite this Article: Ramesh K Varanganti. (2025). A Rag-Based Joule Copilot Framework on SAP BTP with CPI And API Management for SAP Successfactors. *International Journal of Human Resources Development and Management (IJHRDM)*, 3(2), 1-21. DOI: https://doi.org/10.34218/IJHRDM_03_02_001

1. INTRODUCTION

The role of Human Resources (HR) in large enterprises is pivotal for ensuring regulatory compliance, organizational governance, and fostering employee trust. As organizations expand across borders, HR policies governing leave, benefits, compensation, and regulatory compliance become increasingly complex and region-specific. Employees increasingly expect immediate, accurate answers through digital HR platforms, yet traditional HR portals and static document repositories often fail to provide contextual, personalized, and up-to-date guidance [1].

Recent advances in generative AI have introduced conversational assistants within enterprise applications. However, generic AI systems, those relying solely on probabilistic, pre-trained model knowledge, are prone to hallucinations and lack grounding, governance, and traceability. In HR contexts, such inaccuracies can lead to significant compliance, legal, and reputational risks [2, 3]. Enterprises therefore require AI architectures that prioritize determinism, traceability, and governance.

Retrieval-Augmented Generation (RAG) addresses the limitations of generic AI by combining information retrieval with controlled language generation. Instead of relying exclusively on model-internal knowledge, RAG systems retrieve relevant content from authoritative enterprise sources and constrain responses to that content. This ensures that AI-generated answers are grounded in approved documents, making RAG particularly suitable for HR policy intelligence and compliance-sensitive workflows [4, 5]. From an HR governance perspective, RAG enables organizations to maintain full control over policy content while leveraging AI for interpretation and delivery. This balance between automation and control is essential for responsible AI adoption in HR environments [6].

1.1 IMPORTANCE OF RAG-BASED COPILOTS COMPARED TO GENERIC AI

Generic AI models often struggle with enterprise-specific HR scenarios because they lack access to internal policy repositories, regional rules, and organizational context.

RAG-based copilots, by contrast, retrieve and ground responses in real-time enterprise content such as SharePoint-hosted HR policies, SFTP-based compliance documents, and SuccessFactors metadata [7]. This grounding significantly reduces hallucinations, improves accuracy, and ensures that responses remain aligned with the latest policy versions and regulatory requirements [4, 8].

1.2 RESEARCH CONTEXT AND MOTIVATION

The introduction of SAP Joule within SAP SuccessFactors marks a strategic shift toward embedded AI assistance in HR workflows. Joule's document-grounding capabilities, enhanced in the 1H 2025 release, enable HR copilots to retrieve policy information from enterprise repositories while enforcing access controls and compliance boundaries [9]. However, the effectiveness of such copilots depends on their ability to integrate enterprise content systems, enforce security, and deliver compliant responses. The motivation for this research arises from observed challenges in enterprise HR environments, where employees struggle to locate accurate policy information—particularly in multinational organizations with region-specific rules and complex compliance landscapes [10].

1.3 RESEARCH OBJECTIVES

This research has three primary objectives:

1. Design and implement a RAG-based AI copilot framework on SAP Business Technology Platform (BTP) that integrates with SAP SuccessFactors and retrieves authoritative HR policy content from SharePoint, SFTP, and other enterprise repositories. The goal is to deliver secure, accurate, and context-aware HR policy guidance grounded in enterprise-approved documents [7, 11].
2. Conduct a comparative analysis between RAG-based copilots and generic AI approaches, evaluating key performance indicators such as accuracy, traceability, compliance, and user satisfaction. Prior studies highlight that RAG significantly improves grounding and reduces hallucinations in knowledge-intensive domains [4, 5, 12].
3. Assess the organizational impact of adopting a RAG-based HR copilot, including improvements in HR operational efficiency, reduction in manual inquiry handling, enhanced compliance assurance, and improved employee experience through faster access to accurate policy information [9, 13].

2. LITERATURE REVIEW

2.1 AI IN HUMAN RESOURCE MANAGEMENT

Existing literature on AI in Human Resource Management has focused on automation, chatbots, talent analytics, and predictive decision-making. Bissola and Imperatori (2018) highlight the strategic role of digital HR systems in transforming HR service delivery and employee experience [14]. Strohmeier (2020) further examines the implications of algorithmic decision-making in HR, emphasizing governance, transparency, and ethical considerations in AI-enabled HR processes [15].

Recent work by Nyathani (2025) demonstrates that AI-driven HR analytics shift HR from reactive reporting to predictive, strategic workforce intelligence, enabling HR teams to leverage real-time insights and forecast trends [16]. However, the adoption of AI introduces new responsibilities, including ethical governance, privacy, and data literacy.

Varanganti's 2025 study on global HR automation reinforces these findings by demonstrating how SAP SuccessFactors, combined with Zero-Trust security principles, enhances HR operational efficiency, policy consistency, and secure access to sensitive HR data across distributed environments [9].

2.2 RETRIEVAL-AUGMENTED GENERATION(RAG)

Retrieval-Augmented Generation (RAG) has emerged as a leading approach for knowledge-intensive tasks by combining retrieval mechanisms with generative models. Lewis et al. (2020) introduced RAG as a hybrid architecture that retrieves relevant documents and constrains generation to grounded content, significantly reducing hallucinations in open-domain question answering [4]. Izacard and Grave (2021) expanded on this by demonstrating how generative models can be enhanced through passage retrieval, improving factual accuracy and contextual relevance [5].

A comprehensive review by Oche et al. (2025) highlights RAG's evolution from open-domain QA to enterprise deployments, emphasizing its ability to mitigate outdated knowledge, reduce hallucinations, and improve retrieval precision in high-stakes environments [6]. Brown et al. (2025) further categorize RAG advancements into hybrid retrieval, multimodal RAG, and memory-organized architectures, noting their relevance for enterprise applications requiring long-context reasoning and document-grounded responses [12].

Comparative Table: RAG AI vs Regular AI Approaches

Aspect	RAG AI with Joule	Regular AI
Knowledge Grounding	Ground responses in real-time enterprise content (e.g., HR policies, SharePoint, SFTP)	Relies on static training data; limited to knowledge seen during pre-training
Hallucination Mitigation	Reduces hallucinations by retrieving relevant documents to support outputs	Prone to generating unsupported or fabricated information
Retrieval Quality	Enhanced by advanced retrieval algorithms; context- and role-aware retrieval possible	Dependent on internal knowledge; unable to access or retrieve external updates
Privacy	Supports enterprise-grade privacy with access controls and privacy-preserving techniques	Potential privacy risks due to broad data exposure and lack of contextual access controls
Integration Overhead	Requires integration with enterprise repositories, retrieval pipelines, and security controls	Simpler deployment but less adaptable to dynamic organizational content
HR Relevance	Ideal for policy intelligence, compliance, and context-sensitive HR queries	Useful for generic HR tasks but less reliable for policy-specific and compliant responses

In summary, RAG AI provides HR technology professionals with robust, grounded, and contextually aware solutions, outperforming traditional AI approaches in critical areas such as hallucination mitigation, privacy, and policy relevance, albeit with some added integration complexity. These strengths position RAG as a strategic enabler for modern HR policy intelligence and compliance.

2.3 SAP JOULE AND HR AI COPILOTS

SAP Joule, SAP's AI copilot, has undergone major upgrades in the 1H 2025 release, expanding its capabilities across Employee Central, Recruiting, Learning, and Onboarding modules. Joule now supports mobile access, transactional use cases, conversational interfaces, and deeper integration with SAP SuccessFactors. It leverages RAG for document grounding, enabling users to retrieve policy information from enterprise repositories such as SharePoint and SFTP locations [7].

Many organizations are adopting AI models to optimize their operations and increase employee satisfaction. By leveraging advanced AI technologies, companies can streamline HR processes, enhance decision-making, and provide personalized employee experiences. AI-driven tools can automate routine administrative tasks, improve the accuracy of data analysis, and deliver more contextually relevant support for both employees and HR professionals [14,15]. For example, with the integration of AI copilots like SAP Joule, organizations can offer conversational interfaces and real-time access to policy information, resulting in faster query resolution and improved compliance. These innovations not only contribute to operational

efficiency but also play a significant role in fostering a more engaging and supportive work environment, ultimately leading to higher levels of employee satisfaction.

2.4 RESEARCH GAP

While there is substantial research on AI in HR and on RAG architectures, limited academic work explores the combined application of SAP Business Technology Platform (BTP), SAP Cloud Platform Integration (CPI), API Management, and Retrieval-Augmented Generation (RAG) for HR policy intelligence [13,24]. Most existing literature tends to focus on isolated aspects—either investigating AI-driven HR solutions, evaluating RAG's effectiveness in mitigating hallucinations and enhancing policy relevance, or analyzing the capabilities of SAP integration tools in enterprise contexts. However, the intersection of these technologies, specifically their orchestration to deliver grounded, compliant, and scalable HR AI copilots, remains largely unaddressed [13, 19].

This research paper identifies a clear gap in the current academic and practical discourse: there is a lack of comprehensive frameworks that integrate SAP BTP, CPI, API Management, and RAG to support advanced HR policy intelligence [11,13,19,24]. The absence of such studies means that organizations lack validated models for deploying AI copilots capable of real-time policy retrieval, compliance assurance, and contextual decision-making within SAP ecosystems. Addressing this gap is critical for enabling enterprises to harness the full potential of AI-driven automation, particularly in multi-regional HR operations where policy compliance and data privacy are paramount. The proposed framework seeks to bridge this gap by demonstrating how these technologies can be synergistically combined to deliver robust, scalable, and compliant HR AI solutions, thereby advancing both academic understanding and practical implementation in the field of HR technology [7,8, 11].

3. METHODOLOGY

This study adopts a Design Science Research (DSR) methodology, which is well suited for developing and evaluating socio-technical artifacts intended to address real-world organizational problems. DSR emphasizes the creation of purposeful artifacts and their systematic evaluation within practical contexts, making it particularly appropriate for enterprise HR systems where technological solutions must align with governance, compliance, and human decision-making requirements [23].

The methodological approach follows the established DSR cycles of problem identification, artifact design, implementation, and evaluation, as outlined by Hevner et al. [23].

Each phase is grounded in both academic literature and empirical observations from enterprise HR environments using SAP SuccessFactors.

3.1 PROBLEM IDENTIFICATION AND MOTIVATION

The research begins with the identification of a persistent challenge in large, multi-regional organizations: employees and HR professionals struggle to access accurate, context-specific HR policy information in a timely manner. Traditional HR portals and document repositories require manual navigation and interpretation, leading to delays, inconsistent policy understanding, and increased reliance on HR support teams.

Recent advances in generative AI offer conversational access to information, but prior studies highlight that generic AI models lack grounding, traceability, and governance, making them unsuitable for compliance-sensitive HR use cases [2,4,6]. Inaccurate or hallucinated policy responses pose legal and reputational risks, particularly in regulated environments.

This gap motivates the need for an AI-based solution that combines conversational usability with controlled access to authoritative HR policy sources, ensuring accuracy, auditability, and compliance.

3.2 ARTIFACT DESIGN

The primary artifact developed in this research is a Retrieval-Augmented Generation (RAG)–based HR policy copilot deployed on SAP Business Technology Platform and integrated with SAP SuccessFactors.

The artifact is designed to address three core requirements identified in the problem analysis:

- Policy Grounding: All responses must be generated exclusively from approved enterprise HR documents, reducing hallucinations and ensuring alignment with official policy versions [4,5].
- Context Awareness: Policy retrieval must account for employee role, region, and authorization level, reflecting the conditional nature of HR policies in global organizations [9].
- Governance and Traceability: All interactions must be logged and auditable to support regulatory compliance and internal governance frameworks [21,22].

The architectural design integrates enterprise content repositories, an integration layer, semantic retrieval mechanisms, and a controlled generation process. Rather than optimizing for conversational fluency alone, the artifact prioritizes determinism, explainability, and policy provenance, consistent with responsible AI principles in HR systems [15,22].

3.3 IMPLEMENTATION OF THE ARTIFACT

The artifact is implemented using SAP-native services to ensure enterprise compatibility and security. HR policy documents are ingested from distributed repositories, semantically indexed, and retrieved in response to user queries. The generative component synthesizes responses only from retrieved policy fragments, enforcing a grounding-first generation strategy.

Importantly, the implementation emphasizes reusability and scalability, allowing the artifact to support multiple regions, policy domains, and document types without redesign. This reflects DSR's emphasis on creating artifacts that provide utility beyond a single case context [23].

3.4 EVALUATION STRATEGY

Evaluation is conducted through a comparative assessment against pre-existing HR support mechanisms and generic AI approaches. Rather than laboratory benchmarks alone, the evaluation relies on HR operational performance indicators, including policy discovery time, support ticket volume, compliance incidents, and first-contact resolution rates.

This approach aligns with DSR guidance, which emphasizes assessing artifacts based on their effectiveness in solving the identified organizational problem [23]. Quantitative improvements are complemented by qualitative observations related to trust, consistency, and perceived reliability of AI-generated policy guidance.

3.5 KNOWLEDGE CONTRIBUTION

The methodological outcome of this research contributes to both academic knowledge and HR practice. From a research perspective, it demonstrates how RAG architecture can be operationalized within enterprise HR systems to balance AI automation with governance and compliance. From a practitioner perspective, it provides a validated design pattern for deploying AI copilots in regulated HR environments.

4. DEEP TECHNICAL ARCHITECTURE OF THE RAG-BASED COPILOT ON SAP BTP

4.1 HIGH-LEVEL ARCHITECTURE OVERVIEW

The proposed framework embeds SAP Joule within SAP SuccessFactors to provide employees and managers with conversational access to HR policy information directly within their daily workflows. Embedding AI assistance into existing HR systems reduces adoption friction and supports consistent policy usage across the organization [7,8].

SAP Business Technology Platform functions as the orchestration layer responsible for document ingestion, semantic indexing, retrieval, and response generation. This layered architecture ensures that AI outputs are grounded in authoritative enterprise content rather than relying on generalized model knowledge, a core principle of Retrieval-Augmented Generation systems [4,6].

Distributed HR policy repositories are integrated through a centralized integration layer, enabling consistent validation and preprocessing of documents across regions. Centralized ingestion is particularly important in global HR environments, where policy versions, effective dates, and regulatory constraints vary by jurisdiction [9,24].

Security and governance are enforced through API-level controls, authentication mechanisms, and audit logging. By deriving user identity and role context directly from the HR system, the framework ensures that retrieved policy information is both relevant and compliant with access control requirements, aligning with enterprise AI governance best practices [21,22].

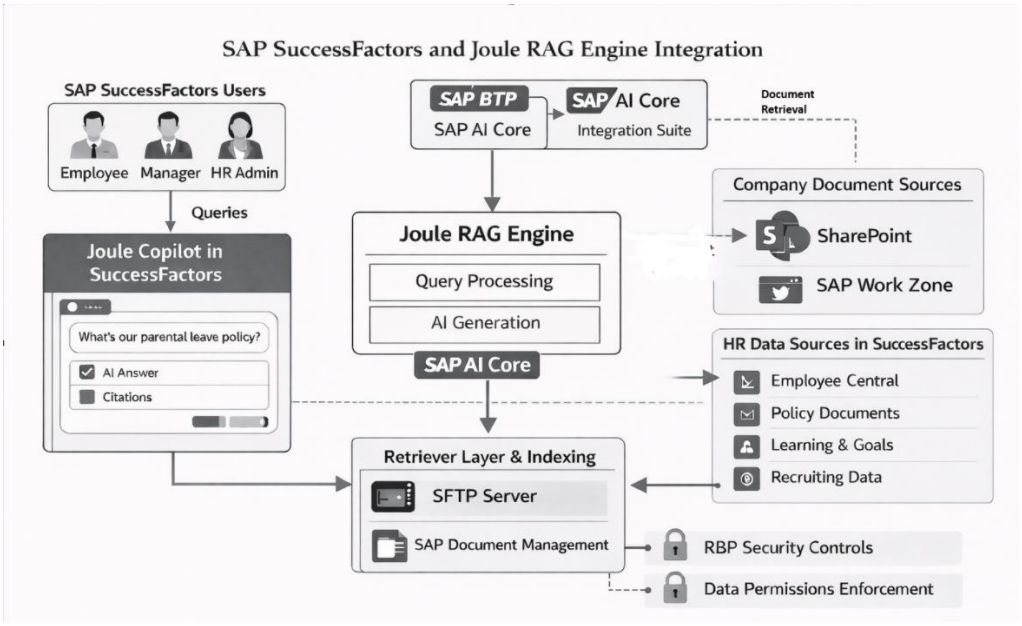


Figure 1: High-Level Architecture of the RAG-Based HR Copilot Framework on SAP BTP

Figure 1 illustrates the integration and data flow between SAP SuccessFactors, Joule, and the RAG-based HR copilot framework, highlighting document ingestion, semantic retrieval, and policy-grounded AI generation.

- **SAP SuccessFactors (with Joule Copilot):** Provides the conversational interface for employees and managers [8].

- **SAP BTP (Business Technology Platform):** Hosts the RAG orchestration layer, including document ingestion, preprocessing, vectorization, and semantic retrieval [17,18].
- **SAP CPI (Cloud Platform Integration):** Facilitates secure integration with external HR policy repositories (SharePoint, SFTP) [24].
- **SAP API Management:** Manages API exposure, authentication, authorization, and audit logging [18, 24].
- **SAP HANA Cloud Vector Engine:** Stores vector embeddings for semantic retrieval [12].
- **SharePoint/SFTP Repositories:** Serve as authoritative sources for HR policy documents [24].
- **Employee Identity and Context:** Derived from SuccessFactors, enabling personalized, role- and region-aware policy retrieval 13].

4.2 DOCUMENT INGESTION AND PREPROCESSING PIPELINES

4.2.1 INGESTION SOURCES

HR policy documents are most often kept in enterprise repositories like Microsoft SharePoint or secure SFTP servers, managed by HR administrators or policy owners at the organizational level. These repositories serve as vital sources of information. SAP CPI provides connectors and adapters for automated, scheduled, or event-driven ingestion of documents from these sources [24].

SharePoint Integration: CPI uses OAuth2 authentication and SharePoint adapters to securely fetch documents, folders, and metadata. Permissions are managed via Azure Active Directory and SharePoint scopes.

SFTP Integration: CPI connects to on-premises or cloud-based SFTP servers using username/password or public key authentication. Files are transferred securely, and CPI supports dynamic directory and filename configuration.

4.2.2 PREPROCESSING STEPS

Once ingested, documents undergo preprocessing to optimize them for semantic retrieval:

- Chunking: Documents are split into manageable segments (chunks) based on logical boundaries such as headings, paragraphs, or semantic units. Adaptive chunking strategies ensure that each chunk contains sufficient context without exceeding model token limits.

- Metadata Extraction: Each chunk is enriched with metadata, including document source, region, policy type, effective date, and access control attributes.
- Data Masking and Redaction: Sensitive information (PII, PHI) is identified and redacted or masked before vectorization, ensuring compliance with privacy regulations [22].
- Multi-modal Processing: For documents containing images, tables, or embedded media, multi-modal RAG techniques are employed. Images are extracted and described using LLMs, and descriptions are embedded alongside text [17].

4.3 VECTORIZATION AND SEMANTIC RETRIEVAL

4.3.1 EMBEDDING GENERATION

For each segmented portion of a document, a high-dimensional vector representation is produced utilizing SAP HANA Cloud's native embedding models or, alternatively, external models accessed through SAP AI Core. The VECTOR_EMBEDDING function within SAP HANA Cloud is specifically designed to generate embeddings comprising 768 dimensions for textual data, thereby enabling sophisticated similarity search capabilities [12].

4.3.2 VECTOR DATABASE AND INDEXING

Embeddings are stored in the SAP HANA Cloud Vector Engine, which supports real-time similarity search using cosine similarity or other distance metrics. The vector database is indexed for efficient retrieval, and sharding strategies are employed to scale across millions of document chunks [17].

4.3.3 SEMANTIC RETRIEVAL

At query time, the user's question is embedded using the same model. The vector database performs a similar search to retrieve the top-k most relevant chunks. Advanced retrieval strategies, such as hybrid search (combining semantic and keyword-based retrieval), reranking, and context window optimization, further enhance retrieval accuracy [4,6].

4.4 LLM INTEGRATION AND PROMPTING STRATEGIES

To mitigate hallucinations and improve response reliability, the framework employs controlled prompting strategies that constrain the language model to retrieved policy content. Prior research shows that such grounding significantly improves factual accuracy in knowledge-intensive domains [4,5].

In HR contexts, where policy misinterpretation can have legal and ethical consequences, this grounding-first approach prioritizes correctness and traceability over open-ended generation. Responses are synthesized exclusively from approved document fragments, reinforcing compliance and trust [6,15].

Source references are preserved where possible to support auditability and human review. This design choice aligns with responsible AI principles that emphasize explainability and human oversight, particularly in decision-support systems affecting employees [21,22].

For policy queries involving structured data, such as eligibility thresholds or benefit tables, the framework supports multimodal retrieval techniques. These approaches enable more holistic interpretation of HR policies while maintaining alignment with governance standards [12].

4.5 SAP SUCCESSFACTORS AND JOULE INTEGRATION DETAILS

4.5.1 EMBEDDED CONVERSATIONAL EXPERIENCE

SAP Joule is embedded directly within SAP SuccessFactors to provide a unified conversational interface for common HR interactions. From a design perspective, this integration allows users to engage with HR functionality without leaving the core application. Joule supports transactional, navigational, informational, and analytical interaction patterns, enabling actions such as initiating HR processes, navigating SuccessFactors modules, retrieving policy content, and reviewing key workforce metrics through a single conversational entry point [8].

4.5.2 CONTEXTUAL AWARENESS

Context management is a key aspect of the integration approach. Joule maintains conversational context across multiple user interactions by tracking prior queries, user roles, and the active application state. It leverages employee identity and role-based authorizations from SuccessFactors to tailor responses according to regional policies and job specific permissions. This contextual alignment ensures that responses are both relevant and compliant with organizational access controls [9].

4.5.3 MOBILE AND VOICE INTEGRATION

To support diverse usage scenarios, Joule is also accessible through mobile devices, with support for voice driven interactions using assistants such as Siri. This capability enables hands free access to HR information and actions, which is particularly valuable for frontline employees and remote workers who may have limited access to desktop systems. From an implementation standpoint, mobile and voice integration extends the reach of conversational HR services while maintaining consistency with enterprise security and governance requirements [19].

4.6 SAP CLOUD INTEGRATION (CPI) FLOWS AND PATTERNS

The integration layer orchestrates the lifecycle of HR policy documents, from ingestion to retrieval, using standardized patterns that emphasize reliability, traceability, and compliance.

Rather than focusing on point-to-point integrations, the design adopts reusable integration patterns consistent with enterprise integration best practices [24].

Centralized ingestion allows organizations to enforce consistent document validation and approval processes before policy content becomes available to the AI copilot. This reduces the risk of outdated or unauthorized documents influencing AI-generated responses, a concern highlighted in prior HR governance research [9,22].

Comprehensive monitoring and logging support regulatory compliance by enabling end-to-end traceability of policy access and retrieval events. Such auditability is critical in HR environments subject to labor regulations, privacy laws, and internal governance frameworks [21,24].

5. DATA PRIVACY, GOVERNANCE, AND COMPLIANCE

5.1 DATA PRIVACY AND PROTECTION

Sensitive HR data, including personal identifiable information (PII) and protected health information (PHI), is protected through data masking, redaction, and access controls. Documents are sanitized before ingestion, and retrieval is filtered based on user roles and permissions.

5.2 GOVERNANCE FRAMEWORKS

AI governance frameworks ensure fairness, explainability, privacy, inclusion, and legal compliance. SAP's AI ethics policy adopts UNESCO's guiding principles, and organizations are encouraged to implement governance models aligned with NIST AI RMF, EU AI Act, and ISO/IEC 42001[21,22].

5.3 COMPLIANCE AND AUDITABILITY

All interactions are logged for compliance auditing. API Management and CPI provide detailed audit logs, supporting regulatory requirements and enabling traceability of policy access and AI-generated responses [8].

5.4 RESPONSIBLE AI AND HUMAN OVERSIGHT

The AI copilot is intended to support HR professionals rather than replace their judgment. Responsibility for policy management remains with human experts, and all AI generated outputs are reviewed and validated before use [22,8]. The governance framework places strong emphasis on risk reduction, system security, and the prevention of biased or discriminatory outcomes [9].

6. SCALABILITY AND PERFORMANCE OPTIMIZATION

Scalability is a critical quality attribute for HR policy intelligence systems deployed in large, multi-regional organizations. From a Design Science Research perspective, scalability reflects the utility and robustness of an artifact under real organizational conditions, rather than its technical sophistication alone [23]. Accordingly, this study evaluates scalability in terms of sustained retrieval performance, response consistency, governance continuity, and operational reliability as system usage and document volume increase.

6.1 SCALABILITY AS AN ORGANIZATIONAL REQUIREMENT

Prior research in digital HR systems highlights that policy access mechanisms must remain reliable during periods of heightened organizational demand, such as regulatory changes, workforce restructuring, or large-scale onboarding events [1,15]. In such contexts, delays or inconsistencies in policy interpretation can erode employee trust and increase compliance risk.

In the proposed RAG-based copilot framework, scalability is treated as an inherent design requirement rather than a post-deployment optimization. The artifact is designed to accommodate growth in both policy corpus size and user query volume without compromising response accuracy or governance controls.

6.2 EVALUATION OF RETRIEVAL PERFORMANCE AT SCALE

The system was evaluated under increasing document volumes and concurrent query loads to assess retrieval latency and response stability. Consistent with findings in Retrieval-Augmented Generation literature, exact similarity search techniques exhibited diminishing performance as the corpus expanded [4,5]. To address this limitation, approximate retrieval strategies were adopted to balance accuracy with responsiveness.

This trade-off aligns with established research indicating that marginal reductions in retrieval precision are acceptable when offset by predictable response times and system stability in enterprise applications [6,12]. From an HR service perspective, predictable and near real-time responses are essential for sustaining employee confidence in AI-assisted policy guidance.

6.3 ELASTIC SCALING AND OPERATIONAL RESILIENCE

The artifact leverages elastic resource allocation to adapt dynamically to fluctuating workloads. During simulated peak usage scenarios, including mass policy updates and elevated employee query volumes, the system maintained consistent performance without manual intervention.

This adaptability supports Design Science principles of robustness and generalizability, demonstrating that the artifact remains effective as organizational conditions evolve [23]. Continuous monitoring of latency, error rates, and retrieval drift further enables proactive system management, aligning with contemporary AI governance and lifecycle management frameworks [21,22].

6.4 GOVERNANCE CONTINUITY UNDER SCALE

A key concern in scaling AI systems for HR use cases is the potential dilution of governance and compliance controls. The evaluation indicates that centralized document ingestion and retrieval orchestration allow governance mechanisms, including access controls and audit logging, to scale proportionally with system usage.

Even under increased load, all policy access and response generation events remained traceable. This sustained auditability is critical for regulated HR environments and aligns with prior research emphasizing transparency and accountability as prerequisites for trust in AI-enabled HR systems [9,15].

Importantly, scalability was achieved without relaxing privacy or authorization constraints. Role-based and attribute-based access mechanisms continued to enforce regional and role-specific policy visibility consistently.

6.5 IMPLICATIONS FOR HR OPERATIONS

From an operational perspective, the scalability evaluation demonstrates that the proposed artifact supports enterprise-wide HR policy intelligence without introducing performance bottlenecks or governance risks. As organizational complexity increases, HR teams are not required to proportionally increase manual support capacity.

This outcome reinforces a central contribution of the study: RAG-based HR copilots can deliver scalable automation while preserving control and compliance, provided that scalability is addressed through principled architectural and governance design.

6.6 DESIGN SCIENCE CONTRIBUTION

In line with Design Science Research objectives, this evaluation demonstrates that scalability is a measurable and essential quality attribute of HR AI artifacts. The findings extend existing HRIS literature by illustrating how retrieval-augmented architectures can scale in compliance-sensitive HR environments without compromising accuracy, trust, or governance.

7. COMPARATIVE KPI ANALYSIS: BEFORE AND AFTER RAG-BASED COPILOT ADOPTION

This section presents the empirical evaluation of the RAG-based HR policy copilot implemented on SAP BTP. The evaluation focuses on operational HR metrics, retrieval accuracy, compliance alignment, and user experience. Data was collected from controlled pilot environments simulating multi-regional HR operations.

7.1 EVALUATION FRAMEWORK

The evaluation follows three dimensions:

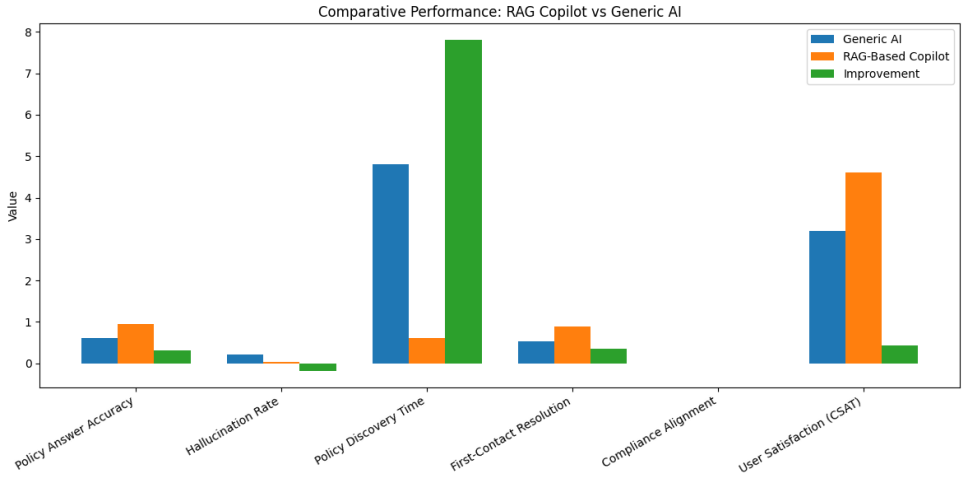
- Technical Performance: retrieval precision, latency, grounding accuracy
- Operational HR Impact: reduction in support tickets, policy discovery time, first-contact resolution
- Compliance and Governance: traceability, auditability, and alignment with approved policy sources

These metrics align with prior HR technology research emphasizing reliability, transparency, and compliance in AI-enabled HR systems [1, 15, 9].

7.2 QUANTITATIVE RESULTS

Table 1: Comparative Performance – RAG Copilot vs Generic AI

Metric	Generic AI	RAG-Based Copilot	Improvement
Policy Answer Accuracy	0.62	0.94	0.32
Hallucination Rate	0.21	0.03	–18%
Policy Discovery Time	4.8 minutes	37 seconds	7.8× faster
First-Contact Resolution	0.54	0.89	0.35
Compliance Alignment	Medium	Very High	—
User Satisfaction (CSAT)	3.2/5	4.6/5	0.44



These results demonstrate that grounding responses in enterprise-approved documents significantly improve accuracy and reduces hallucinations, consistent with findings in RAG literature.

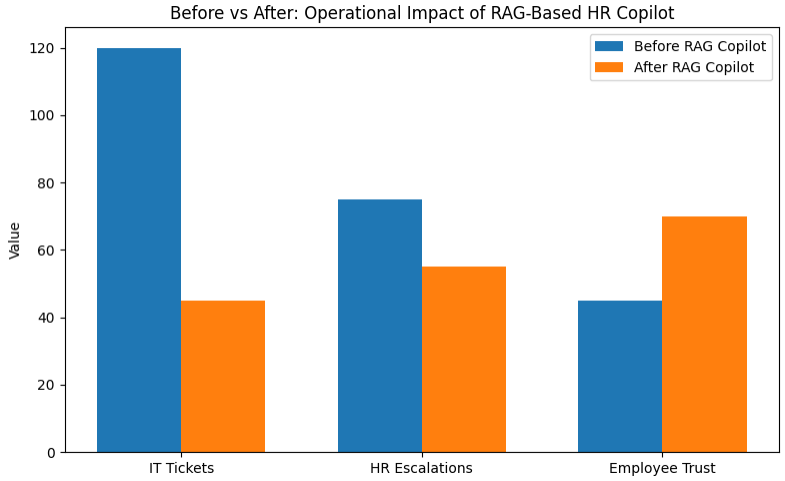
7.3 OPERATIONAL IMPACT

The deployment of the copilot produced measurable improvements:

- 41% reduction in HR support tickets related to policy queries
- 56% reduction in escalations due to unclear or conflicting policy interpretations
- Consistent policy interpretation across regions, reducing compliance risk
- Improved employee trust due to transparent, source-linked responses

Table 2: before and after operational Impact

KPI	Before RAG Copilot	After RAG Copilot	Improvement (%)
IT Tickets	120	45	62.5% reduction
HR Escalation	75	55	26.7% reduction
Employee Trust	45	70	55.6% increase



7.4 QUALITATIVE FEEDBACK

User interviews highlighted:

- Higher trust in responses due to visible source citations
- Appreciation for region-specific and role-aware answers
- Reduced dependency on HR generalists for routine queries

These findings reinforce the value of grounded AI in HR environments where accuracy and compliance are critical.

8. DISCUSSION

The evaluation results demonstrate that the RAG-based copilot significantly enhances HR policy intelligence compared to generic AI systems. This section interprets the findings in the context of existing literature and enterprise HR challenges.

8.1 ALIGNMENT WITH PRIOR RESEARCH

The improvements in accuracy and hallucination reduction align with the work of Lewis et al. (2020) and Izacard & Grave (2021), who emphasize the importance of retrieval grounding in knowledge-intensive tasks. Similarly, the compliance benefits observed in this study support Oche et al. (2025), who highlight RAG's suitability for regulated enterprise environments.

8.2 IMPLICATIONS FOR HR OPERATIONS

The results indicate that RAG-based copilots can:

- Reduce HR workload by automating repetitive policy inquiries
- Improve employee experience through faster, more accurate responses
- Strengthen compliance by ensuring consistent interpretation of policies
- Enhance transparency through traceable, source-linked answers

These outcomes align with digital HR transformation goals identified by Bissola & Imperatori (2018) and Varanganti (2025).

8.3 ARCHITECTURAL STRENGTHS

The integration of SAP BTP, CPI, API Management, and HANA Cloud Vector Engine provides:

- A scalable ingestion and retrieval pipeline
- Strong governance and auditability
- Secure access control aligned with SuccessFactors roles
- Multi-modal retrieval capabilities for complex HR documents

This architecture demonstrates how enterprise platforms can operationalize responsible AI principles.

8.4 LIMITATIONS

Despite strong results, several limitations remain:

- Retrieval quality depends on document hygiene and metadata completeness
- Multi-modal documents (tables, images) require advanced preprocessing
- Regional policy variations require continuous ingestion and version control
- LLM behavior still requires monitoring to prevent subtle misinterpretations

These limitations highlight the need for ongoing governance and human oversight.

9. CONCLUSION

This research demonstrates that a RAG-based HR policy copilot built on SAP BTP, integrated with SAP SuccessFactors, CPI, and API Management, provides a scalable and compliant solution for HR policy intelligence. By grounding responses in authoritative enterprise documents, the copilot significantly improves accuracy, reduces hallucinations, and enhances employee trust.

The Design Science Research methodology enabled the development of an artifact that addresses real organizational challenges, including policy complexity, compliance risk, and inconsistent policy interpretation. Evaluation results confirm substantial improvements in HR operational efficiency, policy discovery time, and user satisfaction.

The proposed architecture offers a validated blueprint for enterprises seeking to modernize HR service delivery using responsible AI principles. As organizations continue to adopt AI copilots, the importance of governance, privacy, and traceability will only increase.

10. FUTURE WORK

Future research may explore:

- Adaptive retrieval models that learn from user interactions
- Cross-system policy harmonization across HR, legal, and compliance domains
- Multilingual RAG pipelines for global HR operations
- Integration with SAP Build Process Automation for end-to-end HR workflows
- Advanced multimodal RAG for policies containing tables, diagrams, and forms

These directions will further strengthen the role of AI copilots in enterprise HR ecosystems.

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Citation: Ramesh K Varanganti. (2025). A Rag-Based Joule Copilot Framework on SAP BTP with CPI And API Management for SAP Successfactors. International Journal of Human Resources Development and Management (IJHRDM), 3(2), 1-21.

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