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People & Organizational Performance

How generative AI could support—not replace—human resources

In the very near future, generative AI has potential to supplement and streamline human resources and performance management. Here are several use cases to keep an eye on.

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July 10, 2023 - Generative artificial intelligence (AI)—data-trained technology that uses prompts to create content—has seen a massive uptick in adoption in the past six months. The technology has advanced significantly within a short timeframe and, relatively speaking, it's just getting started.

OpenAI's research estimates that 80 percent of today's workers could see their jobs impacted by generative AI. While associated uncertainty has some leaders on guard, the best strategy is not to shy away from adoption.

Rather, organizations should determine how to use generative AI with intention, in a productive, safe, and human-first way.

The McKinsey Talks Talent podcast helps leaders navigate a fast-changing landscape and prepare for the future of work by making talent a competitive advantage. Our latest episode explores how generative AI could change human resources (HR), and more broadly, the organization and its workforce in three primary areas: hiring, onboarding and development, and performance management.

Hiring

Generative AI has the potential to reshape talent acquisition in numerous ways. For instance, the technology could help HR and managers quickly draft job requirements by analyzing data to determine which skills are critical to success in a role. This approach could also facilitate skills-based hiring to ensure the candidates with the greatest potential are able to get a foot in the door, boosting diversity hiring efforts in the process.

Personalization of candidate communications is another area of potential benefit. Consider organizations that receive thousands of applications for hundreds of open positions. Understandably, these companies have limited ability to customize responses and updates to those who apply. Generative AI makes it easier to personalize communications to acknowledge each applicant, explain why they weren't selected, and highlight any other opportunities that may be a better fit for them within the organization.

It's important to underscore that these use cases should not replace human employees in the workplace. From our perspective, value will remain in having a human in the loop to develop prompts to guide the technology and double check that AI-generated content—job requirements, for example—truly aligns with the needs of the task, role, and/or organization. This remains true for all examples noted below as well.

Onboarding and development

Generative AI can be particularly good at quickly bringing new workers up to speed. Research at Stanford and MIT, for example, has found that generative AI isn't as helpful in supporting or alleviating the workflows of experienced, long-standing employees. Rather, it's the newer employees who have seen the greatest benefit because they are able to quickly obtain the support and institutional knowledge they need to succeed.

Generative AI could also help newer employees identify mentors and role models in the workplace and map professional development accordingly. Instead of relying on networking at random with the hope of forming valuable workplace connections, the technology could guide individuals to leaders with similar backgrounds, strengths, and weaknesses to help motivate them and facilitate the building of strategic socio-emotional ties.

Performance management

The first instinct of many may be to keep generative AI out of the performance management process altogether. While we don't advocate generating performance reviews in their entirety with AI—the value of human judgment and empathy is too great—there could be benefits to using the technology during specific steps in the process.

For instance, generative AI could help managers analyze long-form, peer-based feedback; number-based scoring; and other key performance indicators backed by data. With the click of a button, a manager could have a summary that highlights the most important, prevalent details of an employee's performance from the past year. This summary could guide the managers toward factors worthy of more detailed, hands-on assessment to mark growth and help shape development opportunities for the year ahead.

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This blog post is just a peek at how generative AI could shape HR and performance management. For more, please listen to our McKinsey Talks Talent podcast episode, Generative AI and the future of human resources.

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