Current State of Generative AI: HR Leader Perspective

As hype around ChatGPT-like generative AI solutions continues, HR leaders have various considerations around their goals, use cases, investment plans, concerns and guidance. HR leaders can use this report to benchmark and subsequently decide what role generative AI may play in their HR strategy.

Overview

Key Findings

- Use cases are emerging to incorporate generative AI into HR technology solutions. Examples include HR support and assistance to the workforce, analytics and onboarding.

- Many HR leaders are considering how to invest in accessing this new technology for the HR function. They are open to implementing generative AI such as ChatGPT with their existing provider at no cost (32%), with a new service provider (24%), by building their own solutions (24%) and by including it in their roadmap or as a future purchasing criterion (24%).

- Despite interest in generative AI, HR leaders have concerns about data privacy and security (77%), bias and discrimination (53%) and compliance issues based on legal provisions (41%). Organizations are working to quickly provide guidance about the new technology, with only 35% still in the process of finalizing it as of April 2023, down from 48% in February 2023.

- Only 15% of participants don't intend to use generative AI in their HR processes at all. While 41% were not looking to use ChatGPT in February 2023, this fell to 29% in April 2023. Hence, HR leaders may be warming up to the idea of using ChatGPT or other generative AI tools as they become more acquainted with them.

Recommendations

HR leaders considering using generative AI in their HR strategy must:

- Plan to leverage generative AI through their existing HR technology vendor technologies by evaluating vendor roadmaps to determine when generative AI solutions and use cases are mature enough to meet their organization's risk tolerance.

- Analyze if initial generative AI solutions are mature enough to immediately use and benefit from their true potential capabilities by remaining cognizant of how the market develops.

- Incorporate generative AI into their near- and long-term HR technology and strategy and evaluate different options to use these solutions by taking an agile approach to their HR technology strategy.

- Issue corporate guidance related to generative AI by working with other key functional leaders (IT, compliance, legal) to identify potential risks and build their corporate posture.

Data Insights

OpenAI's ChatGPT is a generative AI fine-tuned on foundation models. This new technology incorporates a conversational chatbot powered by a generative pretrained transformer (GPT) and is known for its perceived human-like text generation capabilities.

We expect generative AI solutions to become embedded in current and new HR technology providers in the next one to three years. In HR technology, generative AI could first begin to appear in the natural language processing (NLP) space. Examples include virtual assistants, chatbots and unstructured data processing.

To develop their HR technology strategy, HR leaders should investigate how their peers are approaching generative AI. This effort involves examining the most up-to-date HR trends on its use cases, benefits, accessibility, risks and guidance.

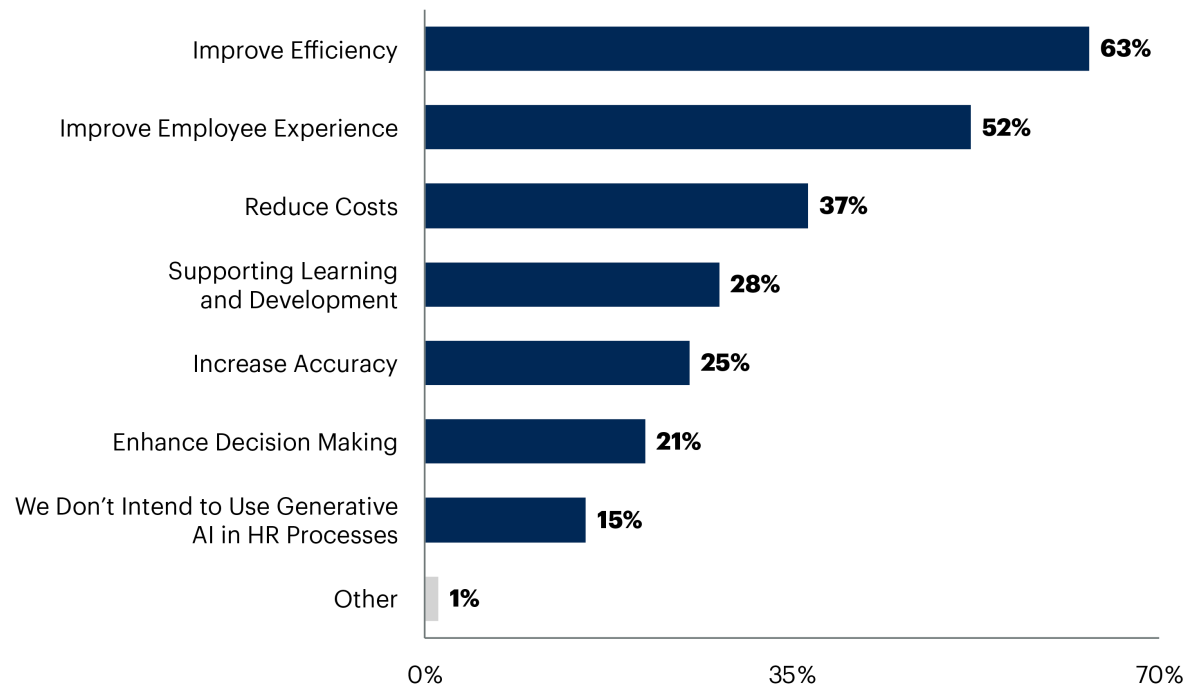## Emerging HR Use Cases for Improved Efficiency and Support

Some HR leaders may see the human-like text generation capabilities of generative AI as a way to save time and effort for the HR team. Potential applications of generative AI span the entire HR function, including talent acquisition, voice of the employee, career development, learning and HR service management.

HR leaders aim to use generative AI for improving efficiency (63%) and improving the employee experience (52%), among other goals (see Figure 1). [1]

Figure 1: Primary Goal of Generative AI for HR Processes

Primary Goal of Generative AI for HR Processes
Percentage of HR Leaders

Goal	Percentage
Improve Efficiency	63%
Improve Employee Experience	52%
Reduce Costs	37%
Supporting Learning and Development	28%
Increase Accuracy	25%
Enhance Decision Making	21%
We Don't Intend to Use Generative AI in HR Processes	15%
Other	1%

n = 71

Q. What is your primary goal in using generative AI in HR processes? (Select all that apply.)
Source: Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (22 March 2023)
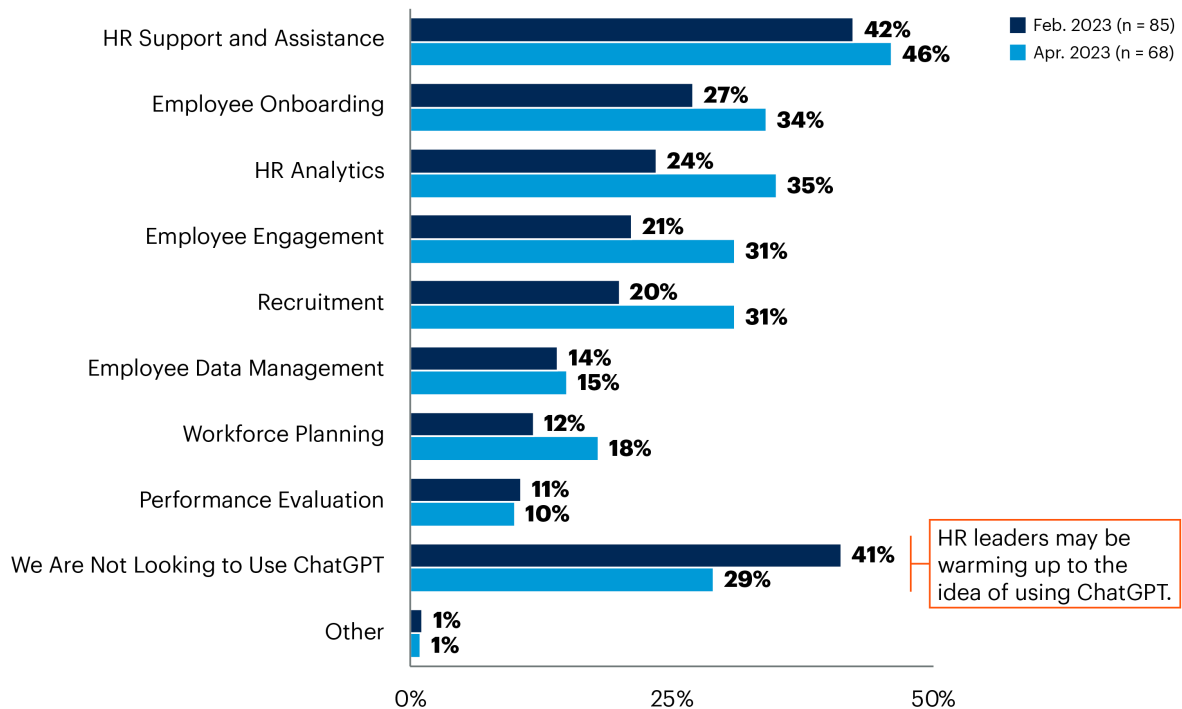792322_C

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Most organizations appear open to adopting this new HR technology. Only 15% of surveyed HR leaders do not intend to use overall generative AI in HR processes. [1] When we look at the newer AI technology of ChatGPT specifically, 41% of HR leaders were not planning to use it in February 2023. [2] That percentage dropped to 29% for generative AI as of April 2023. [3]

The increased willingness to embrace the technology is likely because HR leaders foresee the benefits generative AI may bring to the function. Forty-six percent report a potential to use it for HR support and assistance, and 35% appreciate its ability to support HR analytics, [3] where it can be especially helpful in analyzing HR's abundance of unstructured data. Other areas of interest to HR leaders include employee onboarding (34%) and employee engagement (31%) (see Figure 2). [3]

Figure 2: Potential Use Cases for Generative AI and ChatGPT

Potential Use Cases for Generative AI and ChatGPT
Percentage of HR Leaders

	Feb. 2023 (n = 85)	Apr. 2023 (n = 68)
HR Support and Assistance	42%	46%
Employee Onboarding	27%	34%
HR Analytics	24%	35%
Employee Engagement	21%	31%
Recruitment	20%	31%
Employee Data Management	14%	15%
Workforce Planning	12%	18%
Performance Evaluation	11%	10%
We Are Not Looking to Use ChatGPT	41%	29%
Other	1%	1%

HR leaders may be warming up to the idea of using ChatGPT.

Q1. What are the potential HR use cases for ChatGPT that you foresee for your organization? (Select all that apply.) (22 February 2023)
Q2. What are the potential HR use cases for generative AI that you foresee for your organization? (Select all that apply.) (26 April 2023)
Source: Benchmark With Gartner: Fair Pay, Well-Being and Other Emerging Issues
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Investment in Access Likely Through Service Providers

Another major consideration for HR leaders is deciding how to procure these new tools. One way to access ChatGPT is directly through OpenAI's web browser application. However, companies should be aware that proprietary, sensitive and confidential information entered into current versions of ChatGPT through user prompts is retained for a period of time. As a result, other ChatGPT users outside the organization may inadvertently get prompt information from another user's session.

> HR leaders are now exploring how to safely, efficiently and cost-effectively integrate generative AI solutions into their operations.
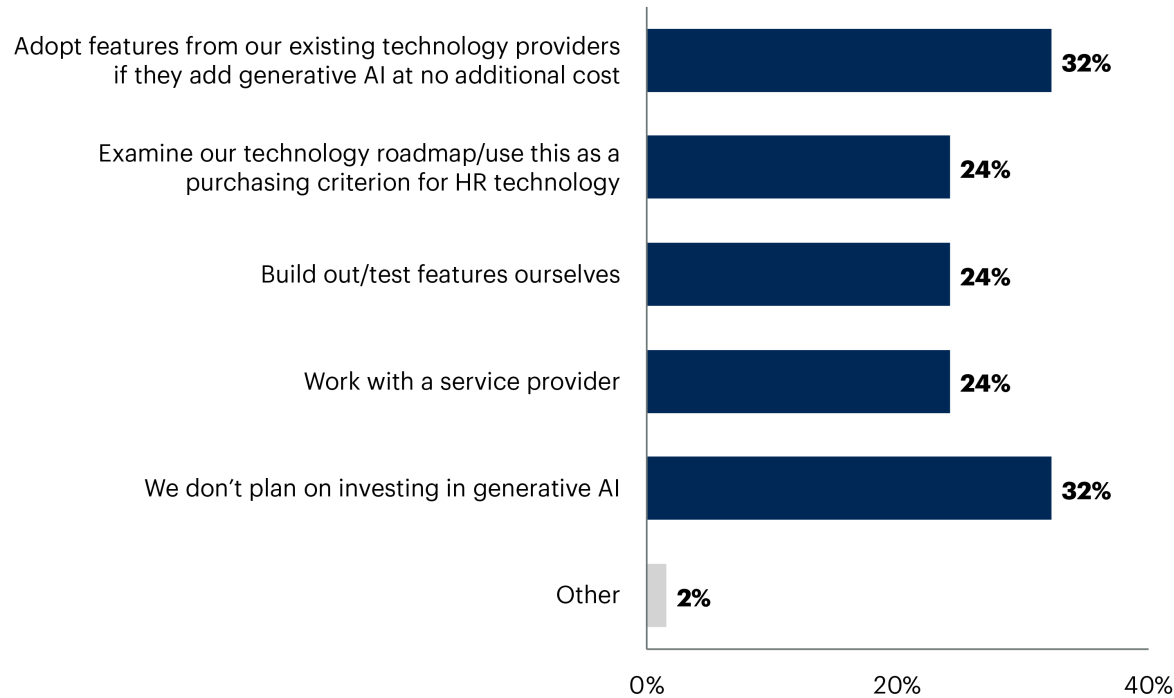
A growing number of HR technology vendors have released statements regarding how they plan to incorporate, or already have incorporated, generative AI capabilities into their technology and service offerings.

However, HR leaders must remain cognizant that initial generative AI solutions may be subpar solutions. Hence, they may not be able to immediately use and benefit from the true potential capabilities of mature generative AI solutions.

Yet, many HR leaders are already considering how to invest in access to these tools. Thirty-two percent of respondents would work with existing providers if the technology is provided at no additional cost, and 24% would work with a new service provider to adopt it. [4] Aside from working with service providers, HR leaders are also considering building out features themselves (24%) and identifying this new technology on their roadmap or as a future purchasing criterion (24%) (see Figure 3). [4]

Figure 3: Organizational Investment Plans for Generative AI

Organizational Investment Plans for Generative AI
Percentage of HR Leaders

Category	Percentage
Adopt features from our existing technology providers if they add generative AI at no additional cost	32%
Examine our technology roadmap/use this as a purchasing criterion for HR technology	24%
Build out/test features ourselves	24%
Work with a service provider	24%
We don't plan on investing in generative AI	32%
Other	2%

n = 62

Q. How does your organization aim to invest in generative AI (e.g., ChatGPT)? (Select all that apply.)

Source: Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (22 March 2023)

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## Data Privacy Concerns and an Increase in Finalized Guidance

While generative AI is creating excitement and hype, HR leaders have concerns about applying the technology for business use cases, including its accuracy and verbosity. There are also currently no clear assurances of privacy or confidentiality. In addition, any information posted may be used to further train the model.

Seventy-seven percent of respondents are concerned about data privacy and security. HR leaders also worry about compliance issues based on legal provisions (41%) and potential bias and discrimination (53%) (see Figure 4). [5]

Figure 4: Concerns About Generative AI and ChatGPT Use in HR

Concerns About Generative AI and ChatGPT Use in HR
Percentage of HR Leaders
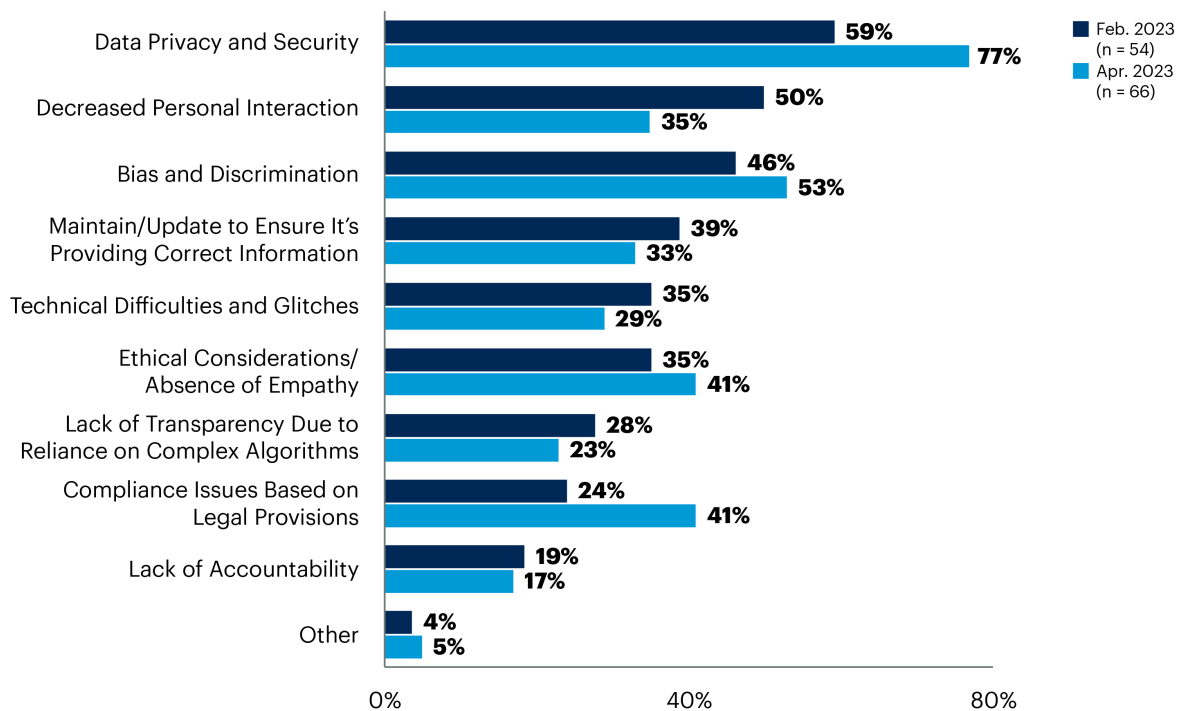
Q1. In your understanding, what are some potential concerns against the use of ChatGPT in HR? (Select all that apply.) (22 February 2023)
Q2. In your understanding, what are some potential concerns against the use of generative AI in HR? (Select all that apply.) (26 April 2023)
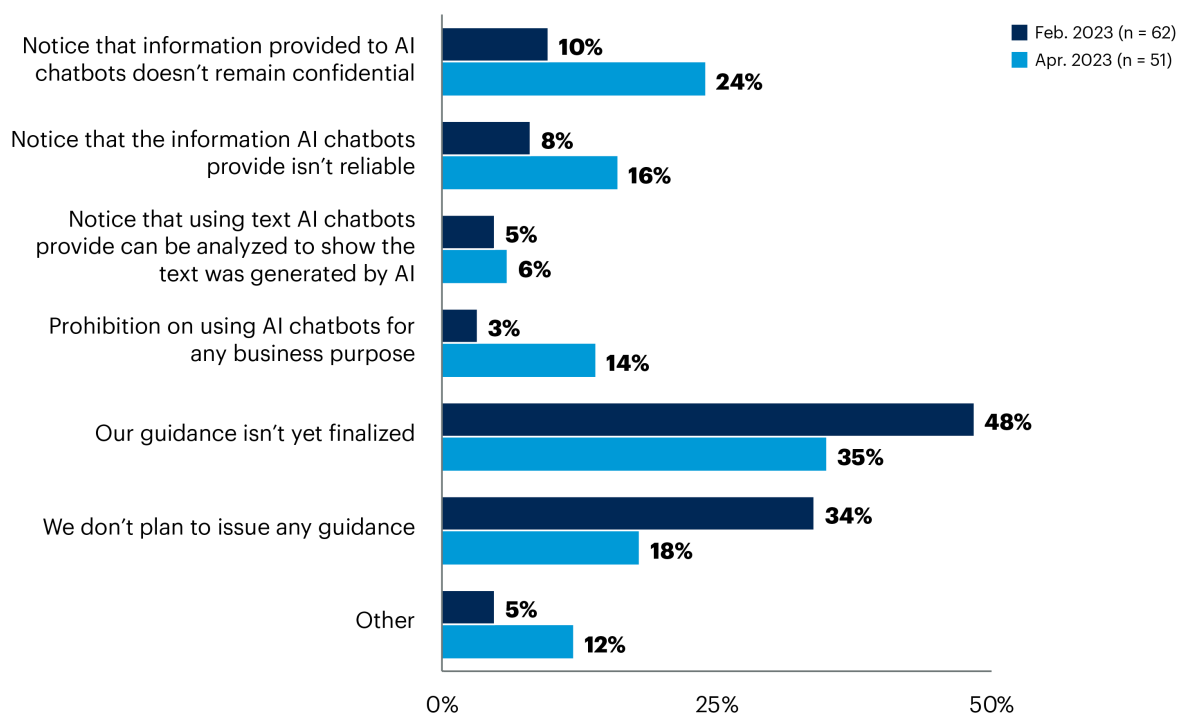Source: Benchmark With Gartner: Fair Pay, Well-Being and Other Emerging Issues
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Given these concerns, organizations must issue guidance about the potential risks of generative AI. Moreover, the guidance should be clear that employees should not use sensitive or confidential details in their prompts, and they should err on the side of caution. HR leaders are seeing their organizations make progress in this effort. In February 2023, 48% of respondents lacked finalized guidance on AI chatbots. [6] But in April 2023, that number decreased to 35% (see Figure 5). [7]

Figure 5: Status of Organizational Guidance on AI Chatbots

Status of Organizational Guidance on AI Chatbots
Percentage of HR Leaders

Q1. If you have issued guidance to your organization on AI chatbots such as ChatGPT, what did it include? (Select all that apply.) (22 February 2023)

Q2. If you have issued guidance to your organization on AI chatbots such as generative AI, what did it include? (Select all that apply.) (26 April 2023)

Source: Benchmark With Gartner: Fair Pay, Well-Being and Other Emerging Issues

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Potential reasons for unfinished guidance could be organizations attempting to understand how much guidance is needed and which roles should or should not use it. Organizational leaders could also be awaiting input from IT, legal, compliance and audit about risks and possible impacts.

Meanwhile, the proportion of respondent organizations currently **not** planning on issuing guidance on AI chatbots decreased from 34% in February 2023 to 18% in April 2023. The organizations might simply have no plans to work with the technology or regard it as a fad. They might also be waiting to see what happens with the guidance issued by other organizations. However, the prudent approach for HR leaders is to issue guidance on using generative AI to mitigate any potential risks from this technology.

As this new technology continues to expand, HR leaders must be aware of and involved in evaluating the evolving influence of generative AI on their tech stacks, function and wider workforce. They may end up unknowingly consuming capabilities from vendors who have embedded generative AI in their application. Additionally, they should be assessing potential AI use in all applications due to risks related to privacy, bias and the ethics of generative AI.

Evidence

[1] Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues; n = 71 (22 March 2023). Question: What is your primary goal in using generative AI in HR processes? (Select all that apply.) [2] Benchmark With Gartner: Fair Pay, Well-Being and Other Emerging Issues; n = 85 (22 February 2023).Question: What are the potential HR use cases for ChatGPT that you foresee for your organization ? (Select all that apply.)

[3] Benchmark With Gartner: Fair Pay, Well-Being and Other Emerging Issues; n = 68 (26 April 2023). Question: What are the potential HR use cases for generative AI that you foresee for your organization?

[4] Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues; n = 62 (22 March 2023). Question: How does your organization aim to invest in generative AI (e.g., ChatGPT)? (Select all that apply.) [5] Benchmark With Gartner: Fair Pay, Well-Being and Other Emerging Issues; n = 66 (26 April 2023). Question: In your understanding, what are some potential concerns against the use of generative AI in HR? (Select all that apply.) [6] Benchmark With Gartner: Fair Pay, Well-Being and Other Emerging Issues; n = 62 (22 February 2023). Question: If you have issued guidance to your organization on AI chatbots such as ChatGPT, what did it include? (Select all that apply.)

[7] Benchmark With Gartner: Fair Pay, Well-Being and Other Emerging Issues; n = 66 (26 April 2023). Question: If you have issued guidance to your organization on AI chatbots such as generative AI, what did it include? (Select all that apply.)

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