

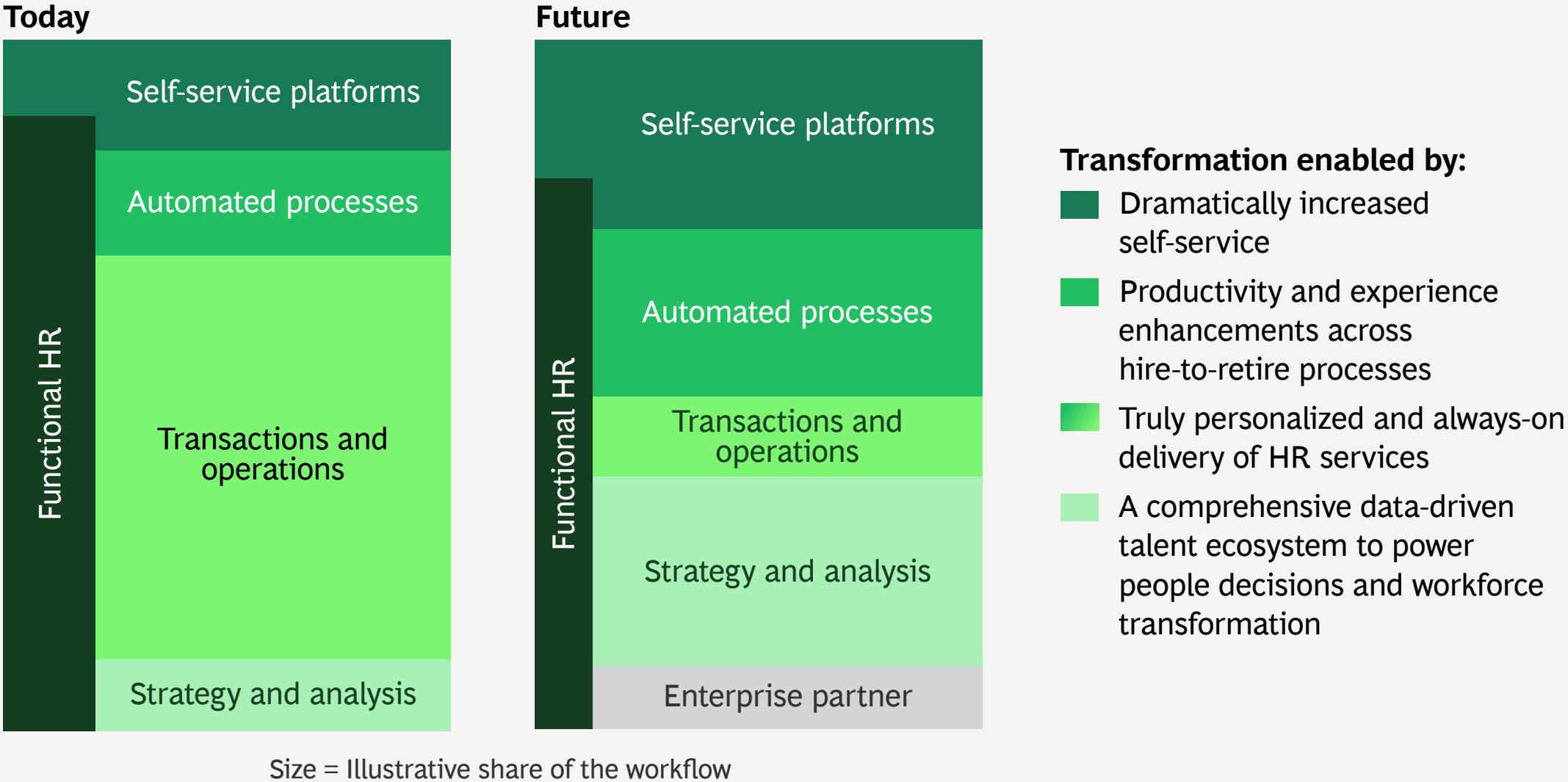


How Generative AI Will Transform HR

AUGUST 2023



The impact of GenAI on HR | A fundamental transformation into a more strategic, value-added, insight-driven HR organization



Outcome
Increase in strategic roles supporting the business, including a specific role in transforming the enterprise

Source: BCG analysis.
Note: Pace of change will vary greatly by the starting point of the function.

Trend examples | How these trends are driving results for HR teams

	Self-service and open-access information	Tech-enabled, more personalized and productive hire-to-retire processes
Key impacts of GenAI	· Fewer clicks, more answers · Better, more conversational chatbots with new GenAI capabilities · Faster resolution of employee Q&As	· Consumer-grade tech paired with HR professionals who can invest more time in moments that matter · More personalized and responsive interface, such as nudges or L&D offered within a work rhythm
Example results	40% reduction in employee request approval time	60% cost savings to deliver high-quality L&D video content

Source: BCG analysis.

Use case examples | Create data-driven and tech-enabled recruiting and onboarding



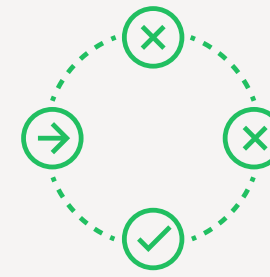
Content creation for roles

- Auto-generate dynamic, targeted job descriptions and postings
- Flag any bias in language
- Create social media content for campaigns



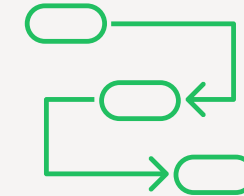
Candidate analysis

- Identify relevant candidates
- Identify target skills for specific positions and individuals
- Develop pipeline analytics with suggested interventions



Interview and selection

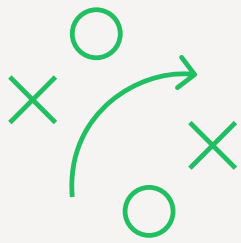
- Analyze candidate response and facial expressions via video or text-based interviews
- Create summary views of candidates, input, next steps
- Facilitate logistics such as scheduling



Onboarding

- Automate tasks and route them cross-functionally
- Provide chatbot support for candidates and new hires

Use case examples | Enable skills-based talent management and learning



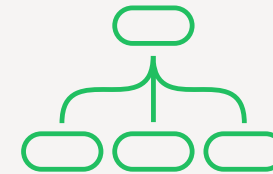
Broader strategic workforce planning

- Forecast and identify talent or skill gaps
- Predict future skill requirements based on corporate strategy
- Highlight talent for open roles or next-gen succession planning



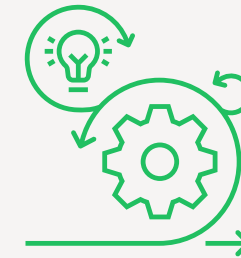
L&D content creation and communication

- Suggest training-course content, outlines
- Optimize and create new training and learning materials (text, audio, video, etc.)
- Create interactive and generative e-learning courses



Personalized employee learning journeys

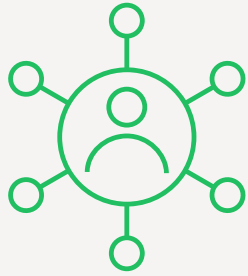
- Suggest next set of learning modules based on performance and goals
- Adjust timing, amount, and depth of learning modules based on employee-stated goals and employer competency frameworks



Automated L&D nudges integrated into how we work

- Integrate micro learning daily, including real-time feedback based on work product
- Translate employee development plans into workflow prompts

Use case examples | Engage employees more effectively and course correct more quickly



More information with easier access

- Answer employee queries on topics like benefits or HR processes
- Allow managers to complete tasks via conversational workflow, such as approved job reqs, compensation increases, performance ratings



Identification of real-time employee engagement opportunities

- Conduct sentiment analysis to identify potential needs for emotional or engagement support
- Generate personalized messaging to target employees or candidates for support



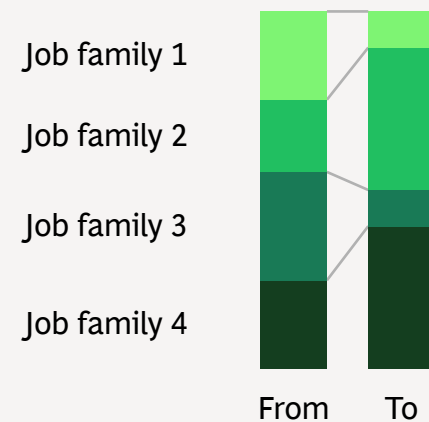
Acting as a manager copilot through information, targeted interventions, and solutions

- Highlight potential areas where there may be job and reward misalignment
- Facilitate stress management in critical times
- Send nudges with suggested interventions to enable more data-driven manager coaching
- Draft personalized emails to employees

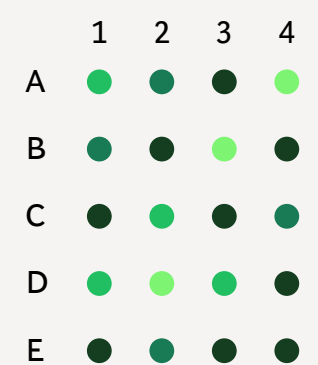
Putting it together | AI enables a more comprehensive and data-driven talent ecosystem

1 What skills do I need? In what quantity?

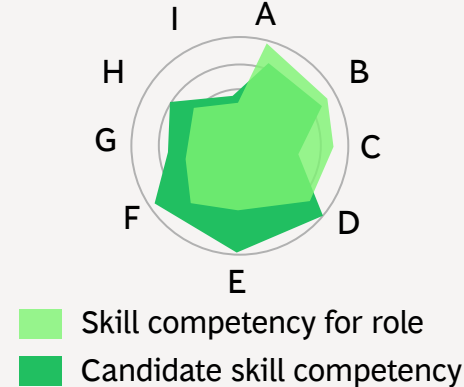
Work redesign and demand forecast



Job-skills matrix with proficiency

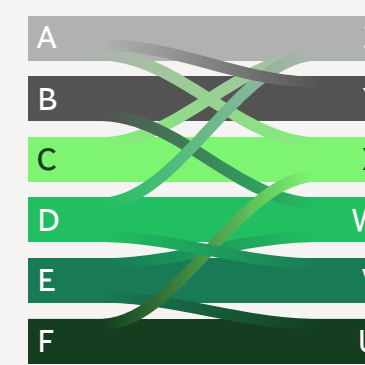


Employee skills mapping



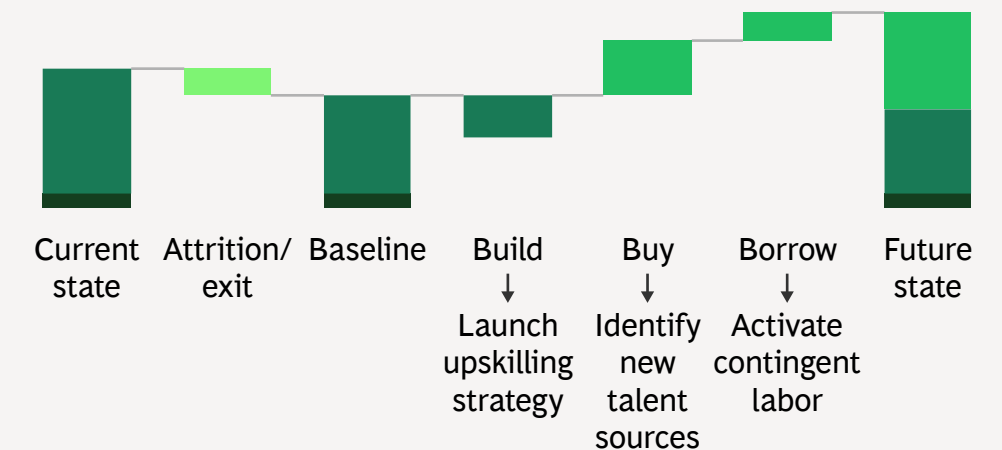
2 What is the current workforce potential? What new career paths exist?

Job-matching algorithm



3 How do I best fill supply-demand gaps? What are no-regrets talent moves?

Dynamic workforce plan



Sourcing and upskilling strategy

4 How do I support comprehensive change management?

GenAI and AI use cases

- Copilot to redesign work
- Automated flags on work demand shifts based on talent and market trends, business results, strategy
- Auto-refreshed job-skills matrix incorporating GenAI skills disruption indexes based on job trends

- Skills inference, e.g., employee skills mapping “start” based on day-to-day work
- Predictive job fit incorporating outcomes of day-to-day work and working styles
- Next-gen succession strategies measuring rate of learning, network health, and grit
- Employees’ career information democratized: transparency into skills, relevancy of skills, potential career moves

- Integrated and dynamic workforce plan that allows for changes in strategy, AI advances
- No-regrets skilling strategy recommendations
- Auto-generated sourcing flags—when and where to go for talent and auto-launched job reqs based on talent insights
- Summarized cost assessments based on location strategy and recent talent wins

Case study | BCG U leveraged GenAI to transform learning and development workflows



Context

BCG U enables transformative learning at scale

The goal: create a responsive online GenAI training in 6 weeks or less with half the budget

Productivity results

9 days

to develop a sample course (versus 6 weeks before GenAI)

60%

cost savings to develop video content

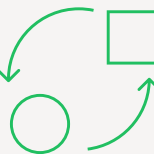
5 person team

contributing to project (versus team of 10 before GenAI)

Lessons learned



GenAI helps create content, but human input is required for the final 20% to customize and add context



GenAI tools reduce iteration cycle time (e.g., translating to other languages)

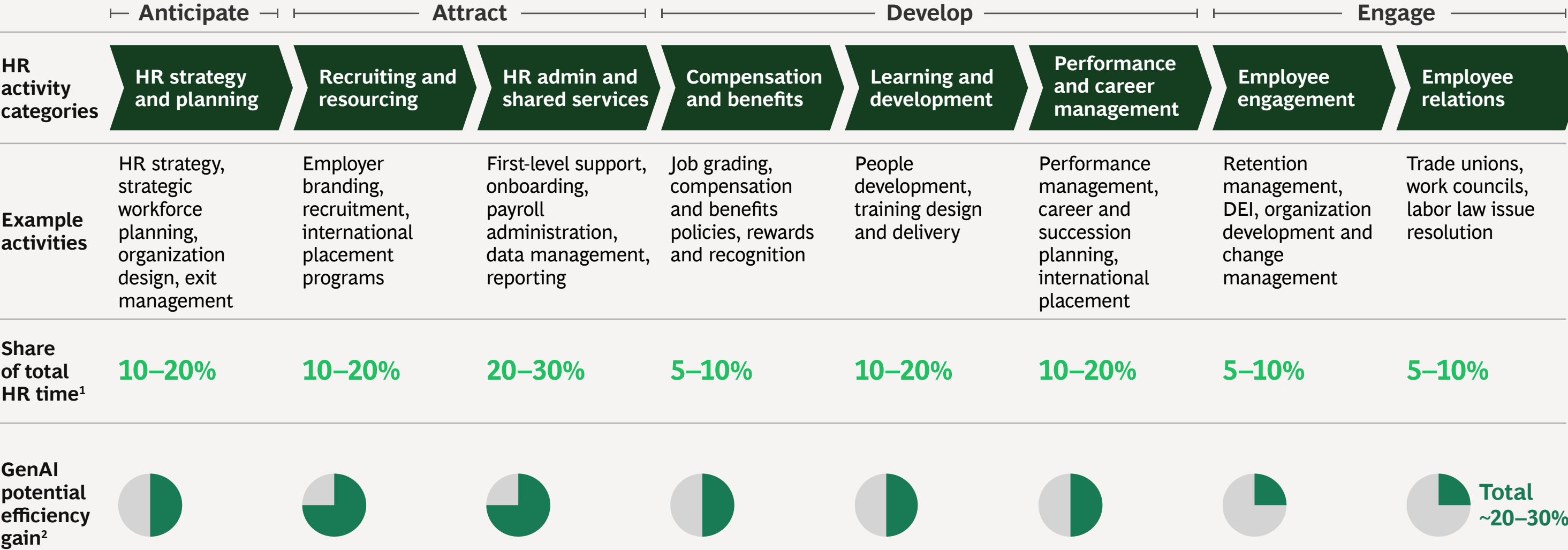


The learning curve is steep—what took the team 3 days at the beginning can be accomplished in just hours now



GenAI requires a more agile build, reshaping roles and team structures

HR transformation | GenAI has the potential to drive about 30% increased productivity across the HR value chain in the near term



Source: BCG analysis.
Note: DEI = diversity, equity, and inclusion.

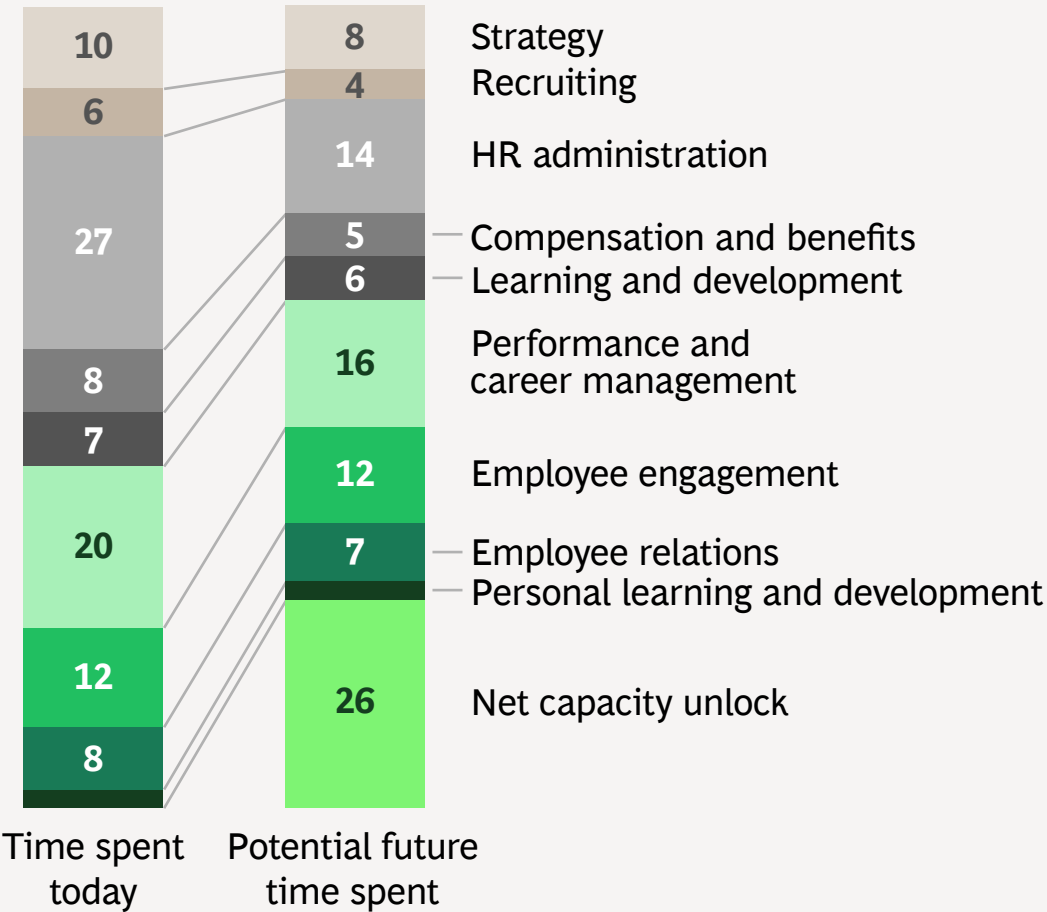
¹Estimates based on BCG’s support function benchmarking data for the past five years (June 2023). ²Estimates based on potential efficiency gains from automation of processes addressed by GenAI tools, on the basis of the anticipated maturity of GenAI tools in the next 6 to 12 months; average figures, subject to variation depending on industry and company specifics including degree of current digitization and where activities occur today.

<10% ~10–25% ~25–50% >50%

A real-world scenario—HRBP productivity | Some companies may reinvest freed time in higher-value activities

Scenario 1: Prioritize near-term efficiency; today’s HRBPs powered by AI
(% of total time spent by activity)

CURRENT TIME ALLOCATION (%)



Scenario 2: Reinvest time to deepen insights and engagement; a new talent business strategist
(% of total time spent by activity)



Both scenarios create time savings through:

- Content creation (e.g., generated job postings)
- Increased self-service (e.g., chatbots)
- Scheduling (e.g., interviews)
- Augmented data insights (e.g., personalized performance)

In scenario 2, there is incremental value when reinvesting time in:

- Leading both the HR and the overall transformation
- Developing broader upskilling programs for work transformation
- Engaging employees in the change
- Investing in personal development to support GenAI upskilling

Sources: Illustrative HRBP time allocation; BCG analysis.
Note: HRBP = human resources business partner.

The role of HR in driving GenAI transformation for the enterprise

- 1 Set the vision of the change and create positive momentum**
Help the business boldly reimagine the AI-enabled enterprise, highlighting wins and value generated
- 2 Lead by example through change**
Be an early adopter; embrace new tools and ways of working; lead with empathy and compassion, and cultivate the target culture during change
- 3 Articulate and plan for the workforce impact**
Translate the strategy to a workforce plan, with both a qualitative and a quantitative understanding of potential impacts; design no-regrets moves along the journey
- 4 Lead the transition of the work**
Redesign work, roles and responsibilities, workflows and processes, org and op models, KPIs and performance management, career pathways, skills, etc.
- 5 Embed learning throughout the organization**
Ensure everyone—front lines to executives—has foundational knowledge to extract maximum value from AI and protect against risks; partner with risk management and legal
- 6 Mitigate bias and risk in the AI approach**
Establish an ethical framework to prioritize data privacy, safeguard against bias, and comply with legal requirements to balance the potential benefits of GenAI with employee well-being
- 7 Hold the organization accountable**
Hold the enterprise accountable for productivity gains from GenAI, by setting goals, measuring progress, and identifying where supports are needed (e.g., new incentives, training)

Source: BCG analysis.

What the chief HR officer can activate now | Support the enterprise



**Create a GenAI
cross-functional SWAT team**



**Determine the skills mix
required for the GenAI squad**



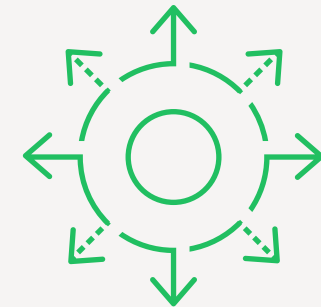
**Identify responsible AI
points of contact**



**Start a broad upskilling program
for the top 100 leaders**



**Sketch out workforce transformation
themes aligned to the enterprise strategy
(qualitatively and quantitatively)**

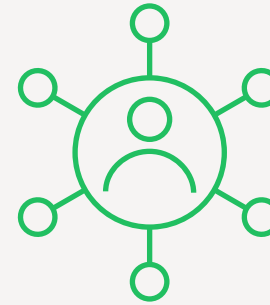


**Communicate the changes
to the organization**

What the chief HR officer can activate now | Lead the change in HR



**Clarify the North Star vision,
incorporating GenAI potential**



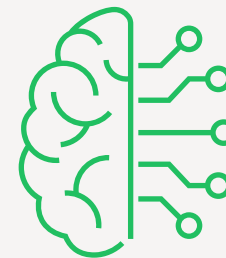
**Create the GenAI squad for HR,
including a point person**



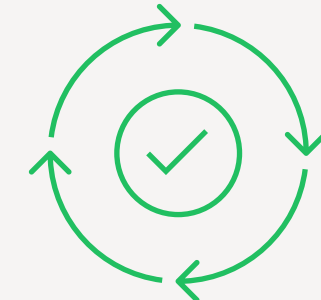
**Ensure that foundational
data is in order**



**Conduct ideation sessions to identify
three use cases to start in HR**

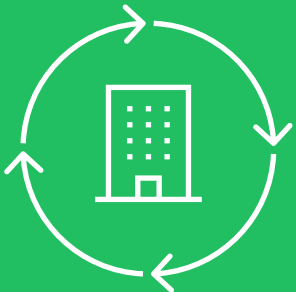


**Retain and expand on digital and
data skills in the organization**



**Engage the team to drive
excitement and reduce fear**

Putting it together | HR leaders have a dual role to drive GenAI transformation for the enterprise and function



Prepare for enterprise transformation

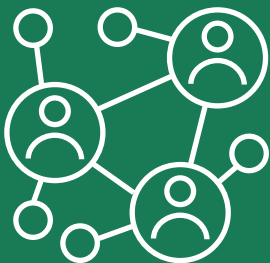
Lay the foundation for the enterprise strategy

- Design and staff the GenAI cross-functional SWAT team
- Align leadership on a change/culture narrative specific to AI
- Experiment with an upskilling pilot to determine how to scale
- Start to sketch the major themes of workforce transformation, quantifying the impacts
- Identify or build capabilities for responsible AI points of contact

Adapt the talent strategy to the next phase of the AI strategy

- Create the V1.0 workforce plan including the projected size of the impact
- Develop a roadmap for talent based on the expected timing of AI activation
- Begin to activate no-regrets moves—the types of talent to source, broader upskilling program
- Start to build the capability for work redesign linked to the AI and talent strategy; ensure it is a repeatable process

Execute and iterate



Innovate for HR

Reconcile AI ambitions against HR goals

- Ensure that the HR function's goals for GenAI are aligned to the enterprise and HR strategy
- Agree on what makes a good AI/GenAI use case
- Understand the HR tech stack as well as data opportunities and limitations (including what is on the roadmap of current vendors)

Ideate

- Identify pain points to fix, impact areas to magnify
- Generate ideas from HR team, customers, data on HR performance, external perspectives
- Plan immersion sessions to demo and ideate
- Develop an expanded list of GenAI opportunities

Evaluate and prioritize

- Estimate the size and cost of executing the ideas
- Test with tech, customers, HR teams
- Prioritize and detail shortlisted ideas
- Finalize cost and value estimates
- Staff squads to get started on minimum viable product ideas

Innovate and build