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Human resources holds the keys to creating value from generative AI

Workforce transformation delivers the technology's true operational benefits

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Introduction

Generative artificial intelligence (AI) is a powerful worker-productivity technology. But to realize business value from it, organizations must approach adopting it differently than they would the typical technology integration. Its real productive potential is in redefining how work gets done, so deploying it most effectively requires a complete workforce rethink.

Human resources (HR) must lead this analysis and workforce transformation, with a goal of building a modern workplace capable of delivering new levels of value through these tools. HR can galvanize the organization, as both a thought leader and an early adopter. By deconstructing work processes and partnering to rebuild them through the lens of generative AI, HR can thoughtfully and effectively shift the organization into a new workforce model capable of delivering on the full productive and financial value generative AI has to offer.

In this paper, we examine three key areas in which the HR function can deliver this value:

1 Remodeling the HR operating model using generative AI

2 Reconstructing the enterprise workforce

3 Guiding the responsible use of generative AI for the enterprise

No other function within the enterprise has the experience, expertise, or purview to run an effective workforce overhaul. As the fulcrum for labor practices, work processes, and employee relations, HR is uniquely positioned to tackle the complex—and sensitive—work of technology-centric workforce transformation. We recommend focusing your plan in these three areas:

1 HR remodeling

HR's leadership in generative AI adoption includes acting as a role model for others to follow. The HR function can define and perfect leading practices for the enterprise first by testing them on its own operating model. By running a generative AI-centric transformation, HR can demonstrate for the enterprise how the technology can drive value, take out costs, and redefine future roles.

In a KPMG generative AI study, 88 percent of respondents said they expected to implement generative AI in the Human Resources function within two years, a sign that organizations already are focusing on the potential efficiencies and productivity improvements possible in the HR function.[1]

Generative AI represents an immense opportunity for HR to revise its operating model by:

- Augmenting consultative work: Employee interactions with service centers, business leader interactions with business partners, and executive interactions with Center of Excellence capabilities within HR will continue to be defined by generative AI-enabled virtual interactions, not previously possible with traditional automation.

- Augmenting strategic work: Automation of the entire value chain to become a "data-driven" HR organization. Everything from data sourcing and analyzing, visualizations, and storytelling, to data-driven decision making and strategy development can be augmented and automated using the latest generative AI solutions.

- HR outsourcing using new models, new capabilities, and at new levels of efficiency: Opportunities for organizations to take advantage of generative AI "bundled" outsourcing services for payroll, benefits, operations, talent acquisition, and other areas means rapid adoption of high-value and highly efficient HR outsourcing services inclusive of the associated consultative and strategic activities.

Among these, the highest focus is on recruitment, candidate screening, onboarding, and training tasks, where 76 percent of our survey respondents said they were already exploring ways to deploy generative AI. Creating seamless experiences across these tasks could greatly improve employee satisfaction, which makes for happier employees. The least focus for generative AI was on diversity and inclusion initiatives (34 percent) and workplace safety and health (24 percent).

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[1] Source: KPMG Generative AI Survey, March 2023

2 Human resources remodeling

For a generative AI strategy to succeed, there needs to be a thoughtful and intentional reconstruction of job functions that captures the technology's efficiencies and productivity gains. Leaders investing in the technology will expect to move beyond the novelty of its early adoption to a mature, integrated strategy that realizes cost, efficiency, and productivity gains from the tools.

HR must guide the workforce shaping process with the goal of adding substantial value to the enterprise. This is consistent with its function today as a catalyst for workforce innovation. At its best, HR is a dynamic hub for driving this change, partnering to meet strategic goals and to set the cultural tone of an organization.

As it modernizes, HR will take on increasing responsibility for connecting important trends and technologies, interpreting their potential impact on the workforce, and translating them into action. In the case of adopting generative AI, entire classes of jobs could, and mostly likely will need to, change, putting HR front and center in a work-redefining and culture-shaking conversation.

Minimizing the shock to the workforce, managing organizational risk, and realizing the full value of adopting the technology is possible through a cross-functional, holistic approach focused on three key steps:

1. Identifying capabilities, roles, and enablers:

Generative AI can automate and augment knowledge-worker tasks. Understanding how work gets done and where generative AI can make a difference to work processes is critical. Identify and deconstruct roles where the technology can have an impact, quantify the value of reengineering those roles, and invest in a workforce strategy that includes upskilling and education.

2. Activating role augmentation:

While generative AI is adaptable to all kinds of use cases, choosing the right tools for the right tasks will help maximize the technology's enterprise-wide value. Ensure solutions are fit for purpose instead of taking a one-size-fits-all approach. We recommend continuously evaluating vendor offerings for relevant new capabilities, piloting new solutions before deploying them, and training and monitoring workers to get the most from the tools.

3. Capturing value:

As generative AI matures, the structure of your workforce and organization must evolve in parallel to realize the full benefits. Key initiatives should include continuous reskilling and role redefinition, proactive change communication to empower workers, and periodic reorganization of departments and reporting structures to optimize human/AI workflows.

3 Workforce compliance, policy, and culture

Generative AI will disrupt the workforce from the front to the back office. Knowledge workers, whose tasks often benefited from past AI advancements, face an onrush of uncertainty given generative AI's evolving sophistication and its ability to free up workers' time to take on more strategic, creative tasks. But unless organizations accomplish a new level of efficiency, cost takeout, and profitability, the technology is hardly worth adopting.
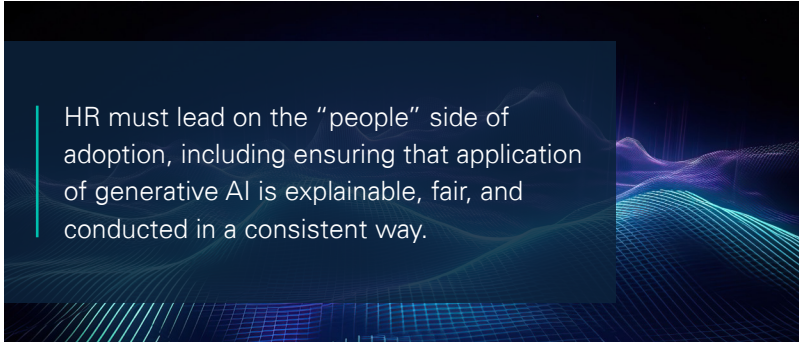
Still, the aim is to enhance every role, and people/functions will require upskilling. Some workers will reach the super-potential of what a human/machine learning coworking set up can look like, and their goals will change. HR must lead on the "people" side of adoption, including ensuring that application of generative AI is explainable, fair, and conducted in a consistent way. How generative AI is rolled out and integrated into workflows is just as important as achieving the financial benefits it promises.

The organization will also need to address tricky policy questions around generative AI and consider its legal, compliance, and risk implications. These include issues in areas such as data retention and privacy practices, ensuring alignment with employment law, and monitoring potential brand exposure. Managing regional differences

in compliance requirements and regulation around generative AI will be an ongoing challenge, as will tracking legal exposure, especially around the use of intellectual property.

HR can lead by convening teams with the right expertise to handle these issues, by collaboratively building the processes to manage them, and by regularly reviewing and updating governance policies.

From a culture perspective, responsibility for understanding worker attitudes toward generative AI, managing the stresses of workforce change, preventing unwanted attrition, and fostering positive associations to the technology all fall squarely within HR's remit.

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Lessons from our own generative AI journey

When KPMG started its own generative AI adoption journey, we elected to use a public GPT instance in the private cloud to manage issues of security and risk given plans for data integration with our intellectual property and the potential exposure of proprietary prompts/research. This will enable the use of public and private data to craft prompts when the internal KPMG data integration goes live.

Our initial work on use cases involved helping our workforce to be more productive on everyday tasks. This includes conducting general knowledge searches, helping with business communication, searching for ways to master business tools, and, for developers, assisting with coding.

But we quickly recognized that workforce transformation was essential to progressing beyond what was a general proof-of-concept phase. The next step, to begin driving business value, is evaluating roles and infusing them with generative AI capabilities in a structured and intentional way. Organizations risk stalling at the proof-of-concept phase if they fail to prioritize a workforce rethink.

How KPMG can help

An early and enthusiastic advocate for the power of AI, KPMG is well positioned to help your organization leverage generative AI. Drawing on our deep experience in machine learning and natural language processing, we can help guide your organization through strategy, use case development, vendor selection, and implementation—and then provide ongoing support to help you enhance your investment in this transformative technology. We understand both the promise of generative AI and the process and cultural changes that will be required to realize its full potential.

KPMG also recognizes that all users of generative AI have a responsibility to learn about the technology's risks and how to control those risks to prevent harm to customers, businesses, and society. Those risks will grow and evolve as AI technology advances and becomes more pervasive, and as public pressure from regulators increases.

The KPMG responsible AI offering can help organizations chart this course. It offers a set of frameworks, controls, processes, and tools to help ensure that AI systems are being designed and deployed in a trustworthy and ethical manner.

Contact us
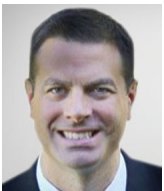
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