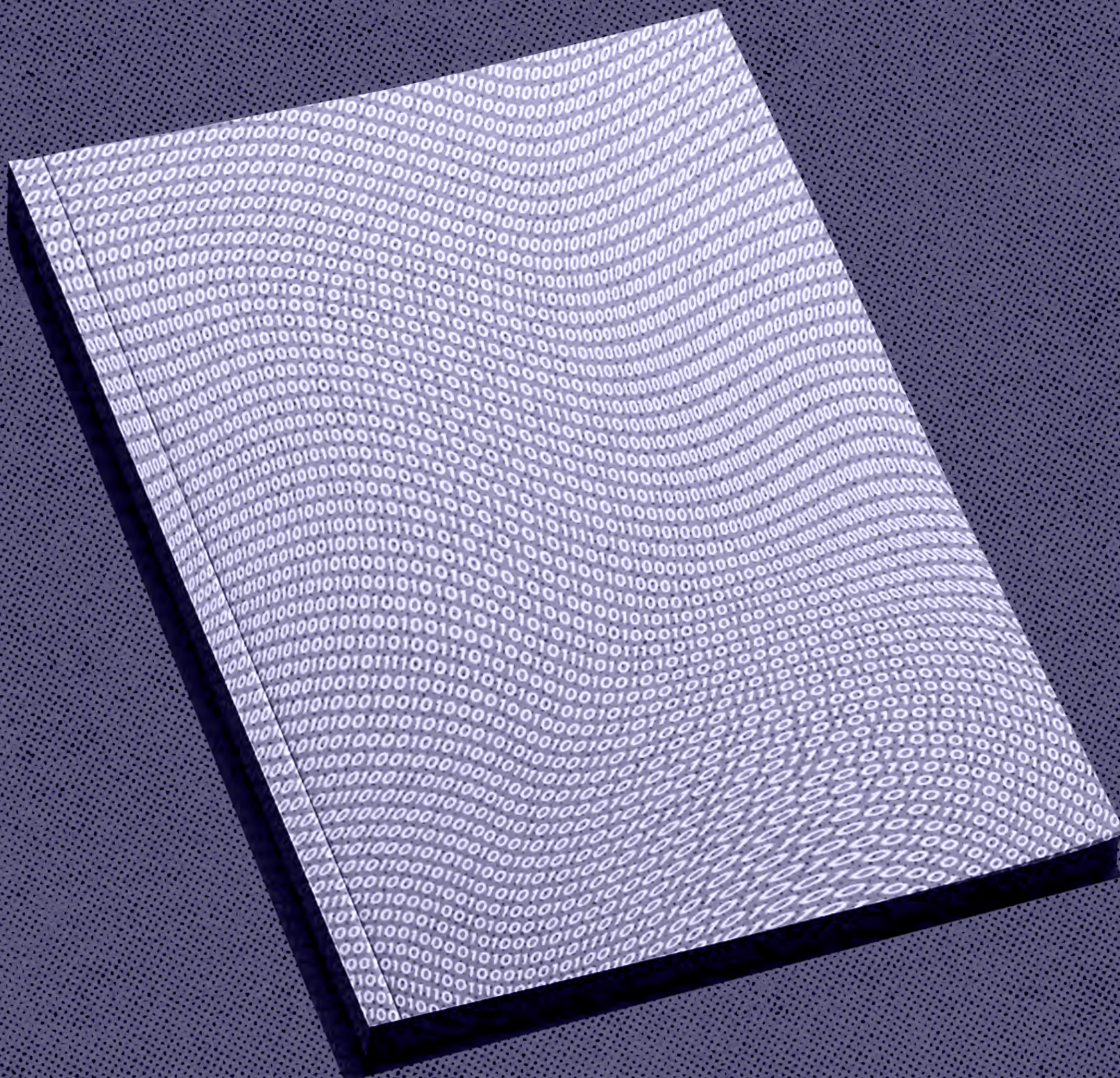


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THE AI MANDATE FOR HR

Charter strategy briefing memo, June 2023



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**We can only see a short
distance ahead, but we
can see plenty there
that needs to be done.**

”

—ALAN TURING

Pioneering Computer Scientist

The introduction of artificial intelligence into the workplace is at its core a “people” issue. That’s why people leaders should play a central role in AI’s adoption.

There’s urgency to this. C-suite executives, investors, and board members are asking "What does AI mean for us from a talent lens?" Every function is likely working on AI solutions and implications; without a central repository to set guardrails, collect inputs, and help curate a company-wide perspective, the possibility of widely divergent practices and cultural implications will emerge. Near-term talent planning and budgeting will also be a fulcrum moment for many people leaders, as they will need to have a view on the implications of AI for head count and staffing models.

Few are prepared to give thoughtful answers on short timelines, as the question of AI’s role in shifting work is difficult to answer well with so much we don't know and how quickly it is evolving.

The best answers will incorporate the seven frameworks that you’ll find on the following pages.

At [Charter](#), we’re supporting HR leaders’ strategic leadership on AI and work, equipping them to own the redefinition of jobs and establishment of planning, policies, and culture around this far-reaching technology shift. Our expertise is rooted in the latest academic and business research and our reporting on the emerging best practices across leading organizations.

Contact us directly at ai@charterworks.com to talk about how to adapt your organization to the changing world of AI, and follow along with our upcoming AI strategy briefing memos, all designed to get you everything you need to know for 2024 planning. Over the following weeks, we'll be covering:

- The AI Urgent Tasks for HR
- AI Wave One
- The HR Function in an AI World
- The Employer-Value Proposition Post-AI

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The mandate for human resources

Put simply, the people leader's core business responsibility is getting the right people and creating the conditions for them to do their best work. Hiring, culture, wellbeing, and training all directly ladder up to that.

Like most digital transformation efforts, the successful adoption of AI depends on workers' embrace of AI tools, and their efforts to apply them to specific tasks and business problems.

At many companies, people are the most important lever for organizational performance and business outcomes. Deployed successfully, AI and people together provide a competitive advantage.

A people-centered perspective is also vital for deploying AI within organizations so as to create better quality jobs, and not just to cut costs. Finance leaders' core frameworks are often around efficiency—leading them to focus on short-term cost efficiencies. Technical leaders generally aren't as equipped to think strategically about the value of an organization's people.

People leaders are in the vital position of being able to understand what specific roles entail and guide shaping them alongside the introduction of technology. They understand the nuances of performance and monitor the cultural, wellbeing, and management stresses within organizations. They understand the skills of the talent pool, and the training resources available to upskill existing staff. They can help create conditions where workers feel empowered to experiment with AI tools within security and privacy guard rails. All of this is critical to a sophisticated AI approach.

We're aware of few organizations currently where human resources is playing this lead role in planning AI adoption. (We're eager to hear about case studies where this is happening—reach out to us at ai@charterworks.com if you have one to share.)

We've created seven frameworks to support you in playing a strategic business role in the adoption of AI.

FRAMEWORK 1

Augmentation vs. automation

One important framework is “augmentation” vs. “automation.” Automation is replacing workers with technology. Augmentation is providing humans with technology tools to do their jobs better.

“Augmentation creates new capabilities and new products and services, ultimately generating far more value than merely human-like AI,” writes Stanford’s Erik Brynjolfsson, an important voice on this distinction. “While both types of AI can be enormously beneficial, there are currently excess incentives for automation rather than augmentation among technologists, business executives, and policymakers.”

Author Ted Chiang recently warned of the risks of AI to workers, asking, “How do we prevent that software from assisting corporations in ways that make people’s lives worse?”

Augmentation rather than automation is one approach for doing so.

Key questions to ask:

Will the gains from using AI free up employees to do higher-value work?

Morgan Stanley, for example, aims to use AI to lighten the administrative load on financial advisors so they can spend more time with clients.

Will the AI tools you're using undermine the mental health and sense of autonomy of people interacting with them?

One way to answer this question is to use staff surveys or engagement-measuring tools. Some research suggests that users of an AI tool had greater job satisfaction.

Relatedly, can time-savings from using AI be used to support employee well-being?

This involves trusting that high-value work can get done and people can use some of the time saved to be with their families, take time off, etc.

If AI reduces the need for certain roles, what higher-value posts can workers in those areas be trained to fill?

AT&T, for example, spends more than \$200 million annually to reskill workers for new roles amid technological change.

Is the role of AI diminishing some groups of workers more than others?

Mark McNeilly at UNC Kenan-Flagler Business School, for example, estimates that almost 80% of women are in occupations exposed to automation. That compares to 58% of men.

FRAMEWORK 2

Business impact over technical capabilities

The big wins from applying AI come from identifying ways it can better deliver on business outcomes. Often with new technology we're lured by novel technical capabilities. Companies decided to handle financial transactions using the block chain because that was suddenly possible, for example, even though it was often slower and more expensive than traditional approaches. Technology in such cases is unhelpful for achieving business targets.

That's why HR leaders—and employees themselves—are well placed to identify ways that AI can make work better and more efficient, increasing the quality of jobs and allowing businesses to better hit their goals.

There are good places to start. New research from McKinsey finds that the bulk of the business gains from generative AI involve:

**Customer operations**

e.g. customer service agents are assisted by AI tools that help them better resolve client challenges

**Marketing and sales**

e.g. AI services create marketing content tailored to micro-niches of potential customers by segments and demographics

**Software engineering**

e.g. AI tools help engineers write code

**Research & development**

e.g. researchers use AI tools to quickly generate many more drafts and designs

Key questions to ask:

If you could make any tasks faster or better, which ones would allow you to have the biggest impact on the quality of your offerings, the lives of your workers, and the results of your business?

What are low-hanging-fruit tasks where it’s easy to use AI—such as generating draft memos or job descriptions? Making AI tools available for those is a way to develop your colleagues’ familiarity and confidence with them.

Who are the enthusiasts in your organization who can pilot potential applications?

An important caution: We’ve heard from some businesses that AI tools are too expensive for them to use across operations like customer service until the AI services become more efficient to operate and computing power gets cheaper. They’re concluding AI is overhyped in the short term, though with vast potential in the longer run.



FRAMEWORK 3

AI as intellectual concierge

Knowledge-work tasks currently ripe for AI applications include these several buckets, according to Charter analysis:

	EXAMPLES
<p>Pushing info to your fingertips. AI tools can automatically supply service agents and financial advisors with the answer to a client’s question, based on how a chat is progressing. They can provide engineers with the next section of code. Used in this way, AI tools are faster and more flexible than search.</p>	<ul style="list-style-type: none">• Google Cloud’s Contact Center AI• GitHub Copilot
<p>Generating drafts and ideas. The hardest part for humans often is getting started. To get you started, AI will draft virtually anything, including memos, presentations, job descriptions, grant applications, insurance letters, legal briefs, strategy analyses, goodnight stories, love letters, travel itineraries, computer programs, websites, logo designs, and visual mockups. It can suggest your next sentence or slide.</p>	<ul style="list-style-type: none">• ChatGPT, Google Bard, Microsoft Bing, Anthropic’s Claude• Google Docs, Lex• Granted• StyleDrop• Midjourney, Dall-E, Stable Diffusion
<p>Extracting meaning. AI summarizes documents. It identifies areas of risk exposure in pages and pages of contracts. It forecasts the likely movement of stocks. It can tell you what the sentiment of a person is from their writing, the most promising next experiment from a first series of results.</p>	<ul style="list-style-type: none">• Genei

<p>Reformatting. AI easily moves information between formats, such as by transcribing audio into text. It can change a memo to use less charged language or turn it into a poem. It can create posts for social media from an initial piece of content.</p>	<ul style="list-style-type: none">• Sonix, Rev.com• Jasper
<p>Teaching and training. AI tools will explain things to you, building on your earlier chats and level of knowledge. They can create quizzes and games to make learning more accessible and fun.</p>	<ul style="list-style-type: none">• ChatGPT, Google Bard, Microsoft Bing, Anthropic’s Claude
<p>Providing feedback and support. AI tools will proofread your writing, grade your work, and check your computer code for errors. They can offer emotional support—one research study found an AI tool more empathetic than actual doctors.</p>	<ul style="list-style-type: none">• ChatGPT, Google Bard, Microsoft Bing, Anthropic’s Claude

As we know, the information AI provides can be wrong, but used in this way, it can speed the path to creating something new or getting to the right answer. For anything remotely sensitive or externally visible, humans need to gut check and fact check what AI produces.

People sometimes compare AI tools to having an intern—they can be solid and fast, even if experienced human judgment is still required before the work goes out into the world. But, at this point, AI is more than an intern—it’s more like an associate or intellectual concierge.

FRAMEWORK 4

Broad access rather than bans

Employers trust workers to use the internet on the job, even though there's all sorts of troubling content, potential for security breaches, and opportunities for distraction—the benefits generally outweigh the possible downsides.

The cautions about security and confidentiality risks with AI tools are similarly very real, but ultimately not a reason not to allow wide access to them.

Part of the opportunity with generative AI is to give a broader group of workers access and involve them in figuring out how to best apply it. Since these AI tools allow users to type questions or commands in normal language, you can include a broader group of nontechnical staff members in figuring out how it can improve your business.

“Start by bringing together a diverse group of people across your organization, then allow people from all over to generate their own ideas for how generative AI can solve their problems and create new opportunities,” explain Helen and Dave Edwards of [Sonder Studio](#), an AI strategy, innovation, and change consultancy. Generative AI “enables non-experts to do tasks that were previously only available to experts and enables experts to extend beyond their prior domain,” they note.

What this looks like: The CEO of Genies [bought premium ChatGPT subscriptions](#) for all of the startup's 120 employees, and after just the first month he said he had "already seen many tasks get accelerated."



FRAMEWORK 5

Guard rails are good

McKinsey says that about half of its employees are using generative AI tools like ChatGPT in the workplace with its permission. Company policies prohibit them from entering confidential client information into the tools, and provide other guard rails.

Here are a few core common-sense pillars of such a generative AI workplace policy:

⊗ **Don't enter confidential, sensitive, or private information into any AI tool that hasn't specifically cleared for that use.** The providers of such tools can often see the information you enter, and in some cases other users can as well.

⊗ **Don't use AI tools for projects that require high security.** Computer code suggested by AI tools can carry security vulnerabilities.

⊗ **Don't use AI tools for external-facing projects with copyright and brand sensitivity.** Many generative AI tools have been trained on copyrighted content and can serve you text and images that violate others' intellectual property.

⊗ **Don't use AI in ways that perpetuate bias.** Generative AI generally encodes the bias of the material it was trained on. Be alert for bias against different identity groups in the output.

✓ **Be transparent about when you've used AI tools with colleagues and clients.**

✓ **Use your judgment and check facts.** Generative AI makes things up—so double check the facts and material referenced before using it in any important context.

There are ways to use the tools without real data or to explore questions in general rather than with specifics. AI expert [Azeem Azhar](#) suggests, for example, asking ChatGPT the best way to display certain types of data rather than entering the data itself.

FRAMEWORK 6

We're learning as we go along

Researchers have found that AI tools make the lowest-skilled workers much more productive, while reducing the productivity of their highest-skilled colleagues.

They've also found that AI tools can make more-experienced employees more creative, while not improving the creativity of less-experienced co-workers.

Some researchers have also found workers using AI tools have greater job satisfaction.

These findings all have some use in themselves, helping you identify places to deploy AI. (To low-level customer-service staff, for example.)

But they also point to the extent to which we're really learning as we go along. Did we know the best business uses for the iPhone when we first began using it? Not really, and the same is true here. So it's admittedly challenging to have a definitive view on the medium- and long-term impact of AI on your talent strategy.

We recommend following closely the research academic researchers and the AI companies are doing—which Charter is doing and can support you with.

FRAMEWORK 7

Skilling is the present and the future

If you want people to use generative AI, and really try out their capabilities, you should train them on the tools. Do workshops walking them through ChatGPT, Dall-E, and other consumer tools, and provide ongoing opportunities for training, sharing learnings, and demoing new tools. Bring in outside experts if your team isn't prepared to do this itself. (Charter can assist you in finding resources if you need help.)

Amid increased AI augmentation, HR leaders can also help human workers identify ways to evolve their roles—doing high-value work that AI can't do.

One approach is to quantify what employees are doing in their day-to-day activities. This means understanding all of the different tasks performed by your organization's programmers, graphic designers, salespeople, etc. Knowing this will allow you to see how those activities intersect with the capabilities of new AI tools. From there, you can have development conversations with your employees. "Here's what we don't think you will be doing in the future. We want you to try to shift and learn how to do these other activities," says Morgan Frank, an assistant professor at the School of Computing and Information at the University of Pittsburgh.

In addition, HR leaders can help human workers identify and gain the skills that allow them to have careers in the world of AI.

Charter's analysis of the latest research suggests a few areas that remain especially high value in workplaces for the foreseeable future:

**Critical thinking**

There's a need for people who effectively serve as editors for AI output, reviewing and gut checking its work. People also need to frame the questions that are put to AI. And there are "prompt engineers," or "AI engineers" who refine the outputs of the natural-language systems.

**AI engineering and business applications**

It's a boom market for people who know how to create AI tools and those who can put them to work within businesses. This includes AI technical skills, but also strategic business operations people who can identify the highest-impact AI projects. And those who can identify and structure data to feed into the AI systems.

**Human- and physical-world interfacing**

HR leaders are in this bucket, of course. But also nurses, doctors, child-care workers, and police, who likely will be heavily augmented by AI over time but still play a role on the front lines of care and service. Construction and maintenance workers are similarly less exposed to the impact of generative AI.

CONCLUSION AND NEXT STEPS:

People are everything

We've said this in a few different ways already, but your success in getting value from AI depends directly on the people in your organization. This is usually true of digital and business transformation, and is already obvious here.

AI experts we've spoken with expect business adoption of the technology to be slowed by the human elements of such change. The CEO of a German AI company recounted to us how in working with a number of law firms, lawyers still felt they needed to review whole legal documents rather than just checking the specific work an AI tool had done for them. Doing that, she said, undermined the utility and productivity gained from using AI in the first place.

It's clear that adoption of AI will happen both faster and slower than we anticipate. The technology will continue improving and getting cheaper, unlocking new applications continuously. At the same time, we expect bumps and slowdowns—including legal and regulatory battles over the way generative AI was created and continues to develop.

With this ahead of us, now is the moment for HR executives to play a leadership role in deploying AI 1) so it benefits the business and its customers 2) so it improves the quality of jobs and workers' lives.

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Human work in the age of AI is a central focus of Charter's research and support for our members. Please contact us at pro@charterworks.com for information on how to sign up.

We are releasing further detailed strategy briefings for people leaders around AI and work in the coming weeks. [Sign up here](#) to be notified when they're available.

About Charter

Charter is a future-of-work media and research company. We're designing new frameworks for work so that people and organizations thrive.

Charter's sophisticated journalism, actionable research, and advisory services empower leaders to transform their workplaces.

Our Charter Pro membership is a secret power for people leaders, giving them essential tools, insights, and expertise to steer business strategy.

The Charter Briefing newsletter keeps readers ahead on the future of work, and Work Tech provides independent reviews of AI-powered tools to use in your work.

We also publish future-of-work coverage in partnership with TIME.

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