

Embracing GenAI

How CHROs can help lead the AI evolution across their organization



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Introduction

While enterprises and workforce processes have used AI for decades, most businesses are only starting to realize the potential of its latest evolution—Generative AI—and the impressive impact that it can have on workforce productivity. A 2023 study by Harvard Business School, The Wharton School, MIT Sloan, and Boston Consulting Group discovered that the performance of knowledge workers can improve up to 40% when they use GenAI “within the boundaries of its capabilities,” which is in line with other recent studies about all types of employees.ⁱ McKinsey estimates that generative AIs’ potential impact on the global economy is US\$6.1 trillion to US\$7.9 trillion a year.ⁱⁱ

It’s clear that GenAI will continue to impact business processes and job roles, likely on an increasingly larger scale, changing how people work—and its reach is already more widespread than most executives realize. 88% of employees who say they use it at work are in non-technical roles, encompassing supervisors, warehouse workers, educators, healthcare employees, retail associates, HR professionals, and others, according to a 2023 McKinsey survey of employees in Canada, the US, and the UK.ⁱⁱⁱ The workforce is using generative AI or at least experimenting with it, with or without input from employers.

Now is the time for organizations to make foundational decisions about using GenAI to give employees much-needed guidance and create a strategy to implement it smoothly and get the most out of their investment. Importantly, HR is positioned to take on a critical leadership role in this transformation. Centered at the heart of everything, CHROs have an insightful perspective that cuts across employee and business needs. They can partner with IT and the rest of the C-suite to form a committee that guides their companies forward, making critical decisions, starting with how to use GenAI in HR to improve business processes and the employee experience. The recipe for your organization’s success begins with understanding generative AIs’ value, crafting a strategy around business needs, and executing the plan to achieve and maintain the C-suite’s vision.

Understanding GenAI's value

Generative AI is a tool that can significantly help boost productivity when it's used to do specific things, such as summarization or drafting text for an employee to review, freeing employees to take on other tasks. In turn, this efficiency helps reduce costs and can help improve the quality of the work itself, increasing the likelihood of better business outcomes overall. The critical caveat is that the workforce must understand *when* GenAI can help them—but most employees don't.

Going back to the study conducted by Harvard Business School in conjunction with many other institutions, while knowledge worker productivity increased up to 40% when public GenAI tools such as ChatGPT were used to do things generative AI does well, researchers also discovered that when participants used it to do something *outside of those capabilities*, their productivity dropped by 19% on average.^{iv} GenAI isn't a magic wand that can do anything. Like any tool, people must use it properly to get the desired result. It's crucial for organizations to demystify generative AI use cases for employees, which means leaders need to understand them, too. Leaving the workforce to figure things out alone won't end well—and we know many employees already use GenAI at work without guidance.

The easiest way companies can help their people understand where generative AI can help boost productivity and capture the associated benefits is to adopt platforms with embedded GenAI that take out the guesswork and give employees the right tools at the right time in the flow of work. [Oracle Fusion Cloud HCM](#) builds generative AI into its suite of tools to help increase efficiencies and employee productivity. In addition to cost savings, it helps CHROs and their teams accomplish several business imperatives, such as enhancing the employee experience, empowering managers to lead, and helping the business accomplish its goals by upskilling the workforce, retaining employees, and attracting top talent to fill additional skill gaps.

While every leader bears responsibility for delivering an exceptional employee experience, CHROs are often held accountable. GenAI tools embedded in your organization's HCM solution can help workers who struggle with writing and reduce their hesitation in accomplishing related tasks. With a few inputs, such as job highlights, hobbies, and accolades, GenAI could quickly draft an employee summary for an individual to edit for the internal company directory. Similarly, it can help workers structure, define, and specify measurable annual goals and assist in providing peer feedback, giving them more time to focus on crucial areas.

The employee experience also improves with a key advancement in GenAI—AI agents. AI agents provide employees with generative AI-powered services—such as answering questions, providing guidance, offering personalized recommendations, and completing tasks on behalf of the employee—all embedded directly and in context of a specific business process or transaction. AI agents interact with an employee conversationally, adapt responses to the employee's dynamic interactions, autonomously perform tasks with employee oversight, delegate tasks to other AI agents, and continually learn and improve over time. AI Agents provide vital context and more up-to-date information and services to employee inquiries by securely feeding relevant information, such as company policies on file, to the large language model (LLM). The result is hyper-personalized services that achieve greater efficiency gains, adapt quickly, and deliver consistent quality at scale across the enterprise while keeping proprietary data safe and secure.



Oracle's upcoming set of Oracle AI agents for HCM spans and is ready to help across the entire employee lifecycle. For example, Oracle's Benefits Analyst AI agent uses this technology to help answer employee-specific questions, and better understand and maximize their benefits packages, offering personalized insights based on individual needs, such as, how much more can I contribute to my retirement plan this year? Further, incorporating this valuable layer of context is especially helpful in union environments where employee groups have unique rules and when managing complex deskless workforces. AI agents help employees find the right answers quickly, likely resulting in fewer grievances and a happier workforce all around.



These productivity enhancements, along with GenAI tools that help empower leaders and managers to better support their teams, aid organizations in retaining and attracting top talent. Shockingly, one in two employees is casually or actively looking for a new job, according to a 2024 poll from Gallup—and 42% of those surveyed who voluntarily left their employer within the last year said it was preventable.^v How? Employees want more engagement and support from managers. GenAI can help by drafting development tips for them to share with employees, assisting in performance feedback, and generating SMART team goals for managers to review and edit, effortlessly improving the performance management process. Each instance gives managers a baseline for discussions with employees and, importantly, more time to spend with them.

Additionally, GenAI can help improve the candidate experience. It can give them a summary of how well their skills align with a job opportunity, explain job match recommendations to support the traditional AI that makes them, and answer questions anytime using an always available advisor that already understands the context of their question based on their current situation. This additional information and connectivity helps job seekers form stronger attachments to would-be employers. Generative AI can help support HR professionals, too, by helping create job category landing pages that let candidates truly get a feel for a job and its department, decreasing the time to fill positions. It can also enable HR to draft text and email messages for candidates automatically, with the full context of the job role and candidate and engagement history, improving efficiency.

By embedding Oracle AI—which combines traditional and generative AI—at each level of its infrastructure, Oracle Cloud HCM uniquely provides business value and delivers better outcomes. Organizations are in control and able to choose from using the optimized default settings or customizing the platform. You can modify prompts, embed your own LLM in Guided Journeys, access content from your preferred knowledge sources, and select AI extensions from the [Oracle AI Solutions Hub](#) marketplace with our extensible platform.

Crafting your strategy

CHROs can partner with other members of the C-suite to make foundational decisions that'll guide your organization's cohesive AI transformation strategy, which starts with identifying what AI tools are already in use across your technology stack. In HR's case, for instance, AI may automate various recruiting workflows. CFOs can acknowledge whether the finance team's enterprise resource planning platform uses it to optimize cash flow, and the COO knows if AI helps automate the supply chain planning cycle.



In addition, this committee should surface and consider pertinent questions. What data security measures are in place or should be? Do any compliance or regulatory rules affect your business' use of AI? Ethical considerations and protecting your company's intellectual property are also important. Your organization might consider creating a policy prohibiting employees from inputting private company or customer information into public-facing GenAI tools, such as ChatGPT. Any member of the C-suite would say protecting sensitive data is non-negotiable, so don't leave it up to workers to figure out when it's okay and not okay to use public generative AI tools.

Next, discuss where the business is going holistically and how AI can help your company get there faster. Making these decisions is much easier when everyone on the committee understands traditional AI and GenAI use cases. The CHRO can guide the committee in building a strategy around your organization's goals, focusing on the outcomes that need improvement and identifying workforce issues that hinder progress. If employees have difficulty navigating your company's intranet to find information, productivity suffers. Adding generative AI to the search function could help them find what they need faster by letting them ask questions in everyday natural language because GenAI is trained to understand it and respond in kind with links to helpful resources. Similarly, if losing candidates during the interview process or attracting them in the first place is an issue, making it easy to get answers anytime could make a significant difference. [Oracle Recruiting Booster](#), part of Oracle Cloud HCM, has a digital assistant that understands and uses natural language, offering 24-7 support to candidates.

Once the committee identifies areas that need attention, prioritize projects. The committee may decide it's best to start with an area that has a big return on investment or one that's easy to implement for a quick win. HR is a good place to start for those and other reasons. The organization will see productivity gains across departments since every employee uses HR software, so the return on investment is likely quick. In addition, this is a simple way to introduce the workforce to GenAI in mass and educate them on what it does well through embedded processes. Further, GenAI implementation is easy if you're an Oracle Cloud HCM customer. You can turn it on with one click.



Often, Oracle's HCM customers adopt [Oracle Fusion Cloud ERP](#) as well to unify their back-office and unlock deeper business insights with connected data on one secure cloud platform. Other benefits include increased collaboration for the organization, more proactive and thorough planning, improved total cost of ownership for the applications, and even more productivity gains. At Oracle, we use Oracle AI embedded in Oracle Cloud ERP to automate various aspects of expense reporting, such as collecting receipts, having employees submit reports,

having managers track down more information before approving them, and so on, saving valuable time. If our more than 160,000 employees each spent two hours a quarter on these tasks, our organization would waste 1.3 million hours each year.^{vi} What could your organization accomplish if you automated those tasks and got that time back?

Whatever area your organization decides to prioritize for GenAI implementation, it's crucial for the CHRO to ensure the human element is accounted for in the strategy. Do employees know what the GenAI policy is? Would basic education help them be more effective in using it? Understanding your current skills matrix and identifying gaps that may impede your AI implementation is essential, as is projecting how GenAI tools may create new skill gaps over time as they augment job roles and allow employees to focus on more strategic areas. Actively closing skill gaps will help your organization execute its GenAI transformation strategy and be more agile in the future as work changes. CHROs can ensure that happens.

Achieving and maintaining the vision

As with any successful initiative, your organization needs a few crucial elements. SMART goals will help the committee track progress and stay focused. A strong feedback loop around the implementation process will help stakeholders understand what's working and what needs more attention, which should be part of the change management process. Further, workforce communication is key—because employee anxiety around AI is real. A December 2023 poll from CNBC and SurveyMonkey found that 42% of the workforce, on average, is concerned about the impact it'll have on their jobs.^{vii} Interestingly, the survey suggests that the more an employee uses traditional or GenAI at work, the more concerned they become, with 60% who regularly use it worrying about job security.

Explaining your organization's transformation plans and where the company is going is essential, but your company should also demonstrate a strong commitment to helping employees adapt—another area where CHROs can lead. They can develop a plan to enlist managers and other leaders to help individuals understand how the company invests in them and how they will continue to fit into the organization as technology augments roles, as it continually does. Again, this highlights the importance of HR keeping the skills matrix updated, which requires CHROs and their teams to work closely with business leaders to understand how skill needs change over time. Then, they can create a plan to close new gaps as they emerge and effectively personalize employee development plans to upskill the workforce.



That's only possible when organizations have complete visibility into their skills data—which many don't because they use multiple platforms, scattering information. However, the newly redesigned [Oracle Dynamic Skills](#), part of Oracle Cloud HCM, gives your organization everything you need to make skills-informed decisions in one cloud solution by connecting all those different systems. This extensible skills infrastructure lets HR curate and intelligently manage skills, giving them control and the insight needed to prepare the workforce for future and help the business achieve its goals.

Transforming your organization and maintaining its AI-powered vision also requires understanding that your strategy may need tweaks along the way. New tools may emerge that the committee wants to adopt while your

organization is executing its initial strategy. This new consideration may alter your timeline, especially if your strategy includes transforming one department at a time.

It's also possible that governments could enact new regulations that impact your industry, and it's vital to be aware of regional nuances when your business enters new markets. CHROs can help their organizations stay on top of new legislation, especially related to workforce privacy, but ensuring your SaaS vendor is engaged in governance bodies and can help you easily adjust processes to remain compliant or do so for you automatically is very helpful. And crucially, the entire transformation committee should be dedicated to regularly meeting to discuss progress and adjusting as necessary.

There's a significant opportunity for companies to reimagine and expand how they use AI to foster employee and business success. CHROs can help lead in this new era of work—where GenAI helps unleash human potential—by playing a critical role. At the heart of every organization, their insights are invaluable. CHROs can help the workforce and other leaders understand generative AIs' value and help craft and execute a thoughtful strategy to embrace GenAI and transform their organization.

Discover what's new in generative AI for Oracle Cloud HCM.

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^{iv} See endnote 1.

^v Tatel, Corey, PH.D, and Ben Wigert, PH.D., “42% of Employee Turnover is Preventable but Often Ignored,” GALLUP, July 10, 2024, <http://www.gallup.com/workplace/646538/employee-turnover-preventable-often-ignored.aspx>

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