



Labor Market Insights

Navigating the Workforce Impact of
Generative AI

Generative AI takes center stage amid mixed market conditions.

In June, as workforce demographics shifted, many organizations decreased job postings, sought cost savings through slower hiring and recognized the value of hiring retirees to help close soft skills gaps. There was also an increased focus on adopting generative AI to avoid falling behind.

Heading into July the interest in generative AI becomes even more urgent, as a majority of HR leaders expect it will make existing HR activities more productive. HR leaders continue to foresee increased talent competition and more cost-saving measures ahead.

Looking forward, HR leaders will continue to explore generative AI's use cases, workforce impact, risk management and governance. Leaders also project an increase in talent competition and slower hiring as their primary cost-saving measure.

Generative AI takes center stage amid mixed market conditions.

44%

of organizations report decreased quits.



56%

of HR leaders predict slow hiring as their primary cost-saving measure.



42%

of HR leaders expect entry-level individual contributors will be significantly impacted by generative AI.



72%

of HR leaders anticipate using generative AI for HR operations.



Read on for the full details and data from the questions we asked.

Source



The following is a summary of the results from Gartner's live polling webcast on 21 June 2023:

Benchmark With Gartner: Navigating the Workforce Impact of Generative AI



In the webcast, Gartner polled **374 HR leaders** on their assessment of and responses to key labor market issues.

Polling questions addressed the labor market climate, as well as Impact of Generative AI on the Workforce.

Thank you for joining today's live polling webcast:

Benchmark With Gartner: Navigating the Workforce Impact of Generative AI

This webcast will begin at 11 A.M. (ET)

This event has been approved for credit hour(s) toward PHR, SPHR, GPHR and SHRM certification through the HR Certification Institute and the Society for Human Resource Management. The credit codes are HRCI: **633347** and SHRM: **23-HRGJ5**.

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Labor Market Outlook — Summary for July 2023

Labor Market Climate — Talent-Based Leading Indicators of Economic Conditions

Labor market climate indicators continue to send mixed messages on the tightness of today's market, so business leaders should still be cautious about changing their assumptions about market conditions in favor of cooling. Furthermore, HR leaders continue to project increased talent competition and conservative cost-saving measures, with the exception of projected layoffs increasing now across two consecutive months.

- Now 44% of organizations report decreased quits, placing this indicator now on a downward trend that would indicate market cooling. However, prior indicators of cooling (the four-month decline in increased job postings and last month's jump in contingent workers) reversed this month. Now 33% of organizations now report increased job postings, up from 26% last month and 28% the month prior. And the percentage of organizations reporting increased contingent workers continues to oscillate (21% this month from 26% last month and 28% the month prior).
- Looking forward, HR leaders continue to project an increase in talent competition (60%, up from 58% last month, and 54% the month prior) and they continue to project slowing hiring as their primary cost-saving measure (49%). However, business leaders should watch three notable exceptions. The popularity of slowing hiring (now 49%) has declined significantly from last month (68%), and freezing hiring for roles (33%) and layoffs (27%) are increasingly HR leaders projected key cost-saving measures.

Special Focus — Generative AI's Impact on Skills and the Workforce

- The largest percentage of HR leaders (76%) expect entry-level individual contributors will be significantly impacted by generative AI, followed by mid-level individual contributors (69% of HR leaders).
- HR leaders anticipate that on average 39% of the workforce in their industry will be disrupted through use of generative AI in the next 2-5 years.
- A majority of HR leaders expect generative AI will make existing HR activities more productive. 69% of HR Leaders expect a decrease in HR function headcount from GenAI adoption.

Special Focus — Governing and Managing Risks in Generative AI

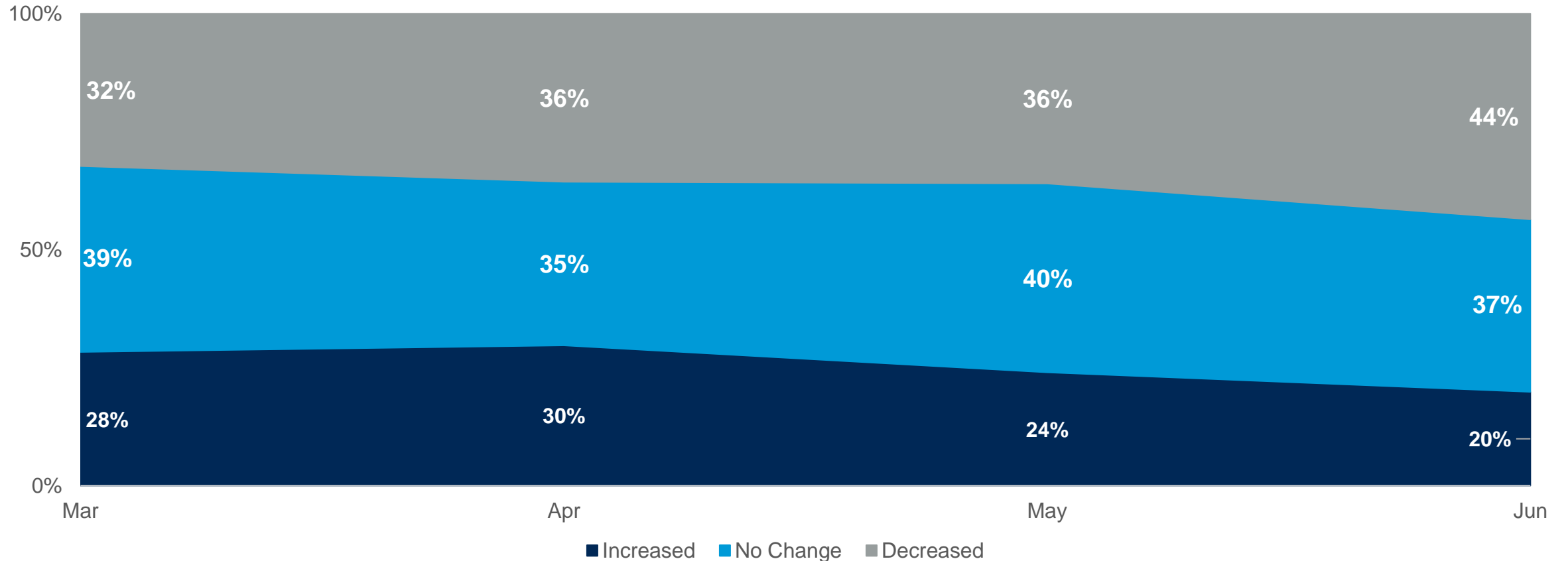
- 62% of HR leaders are engaged in enterprisewide discussions around the use of Generative AI. IT and legal/compliance departments are the two main stakeholders that HR leaders have worked with to understand GenAI and its potential use cases within the organization.
- Most HR leaders (64%) are expecting to play a key role in a broad multi-disciplinary team for setting AI ethics (common principles include AI being: human-centric and socially beneficial, fair, explainable and transparent, secure and safe, accountable etc.)

Special Focus — Generative AI Implementation Considerations

- 53% of HR leaders anticipate using generative AI for HR operations and 52% of HR leaders anticipate using GenAI for job descriptions/skills data in the next 6-12 months.
- While only 5% have fully implemented generative AI solutions, an additional 76% are actively exploring them.
- One in four HR leaders indicate that their team members already use GenAI for work activities.

Sustained reduction in increased quits

Percentage of HR leaders



n = 156 (June 2023), 92 (May 2023), 101 (April 2023), 102 (March 2023)

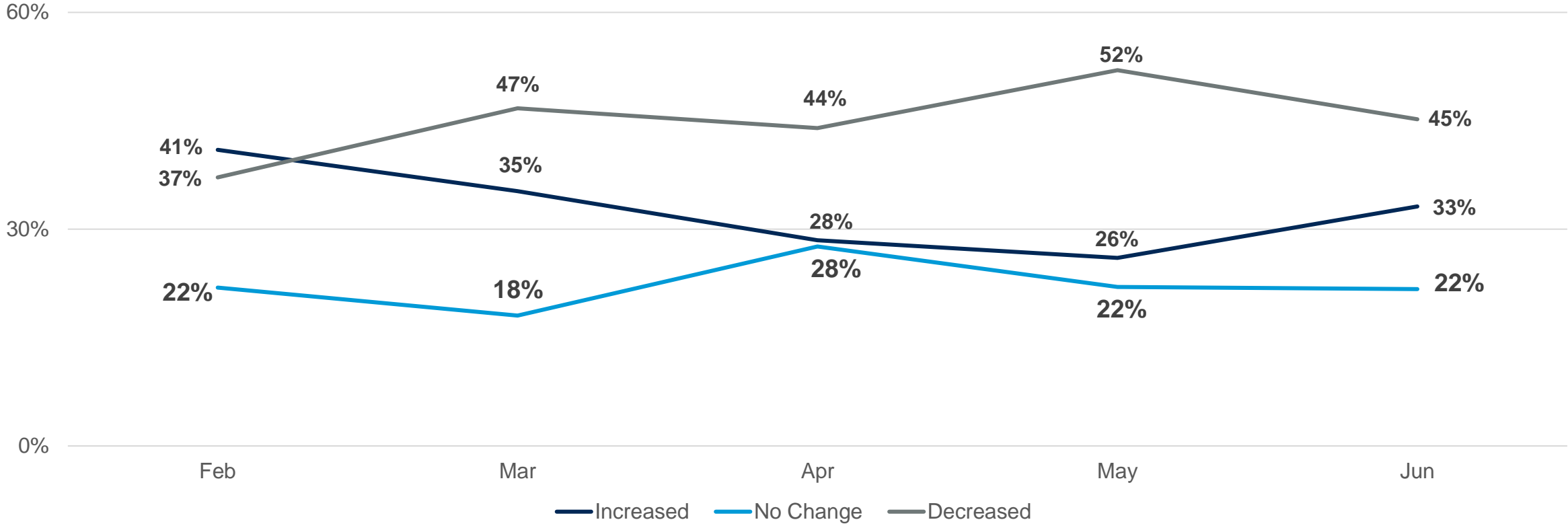
Question: How has your organization's quit rate changed this month compared to the average of the last three months? (Select one)

Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June), Benchmark With Gartner: Emerging Issues, Localized Return-to-Office and Generative AI (31 May), Benchmark With Gartner: Emerging Issues, Skills Gaps and Talent Competition (26 April), Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (22 March)

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Sustained reduction in increased job postings ends

Percentage of HR leaders



n = 166 (June 2023), 95 (May 2023), 116 (April 2023), 122 (March 2023), 105 (February 2023)

Question: How have your organization's job postings changed this month compared to the average of the last three months? (Select one)

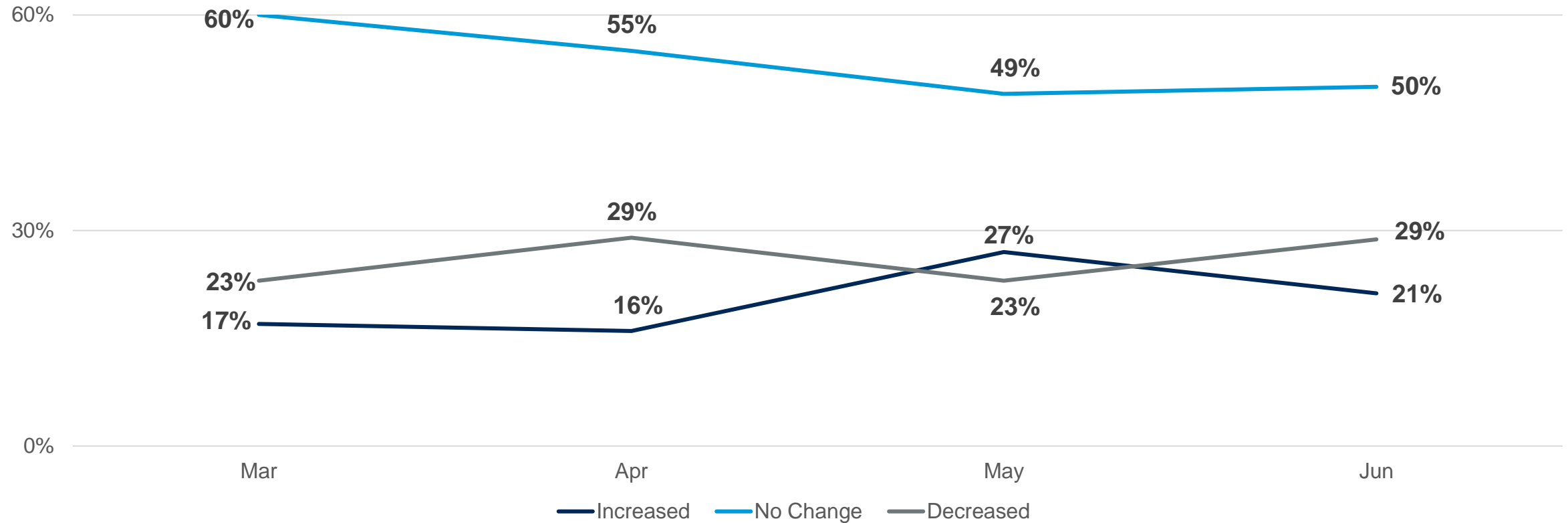
Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June), Benchmark With Gartner: Emerging Issues, Localized Return-to-Office and Generative AI (31 May), Benchmark With Gartner: Emerging Issues, Skills Gaps and Talent Competition (26 April), Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (22 March)

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Contingent worker levels continue to pivot

Percentage of HR leaders



n = 160 (June 2023), 81 (May 2023), 102 (April 2023), 88 (March 2023)

Question: How has your organization's level of contingent workers changed this month compared to the average of the last three months? (Select one)

Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June), Benchmark With Gartner: Emerging Issues, Localized Return-to-Office and Generative AI (31 May), Benchmark With Gartner: Emerging Issues, Skills Gaps and Talent Competition (26 April), Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (22 March)

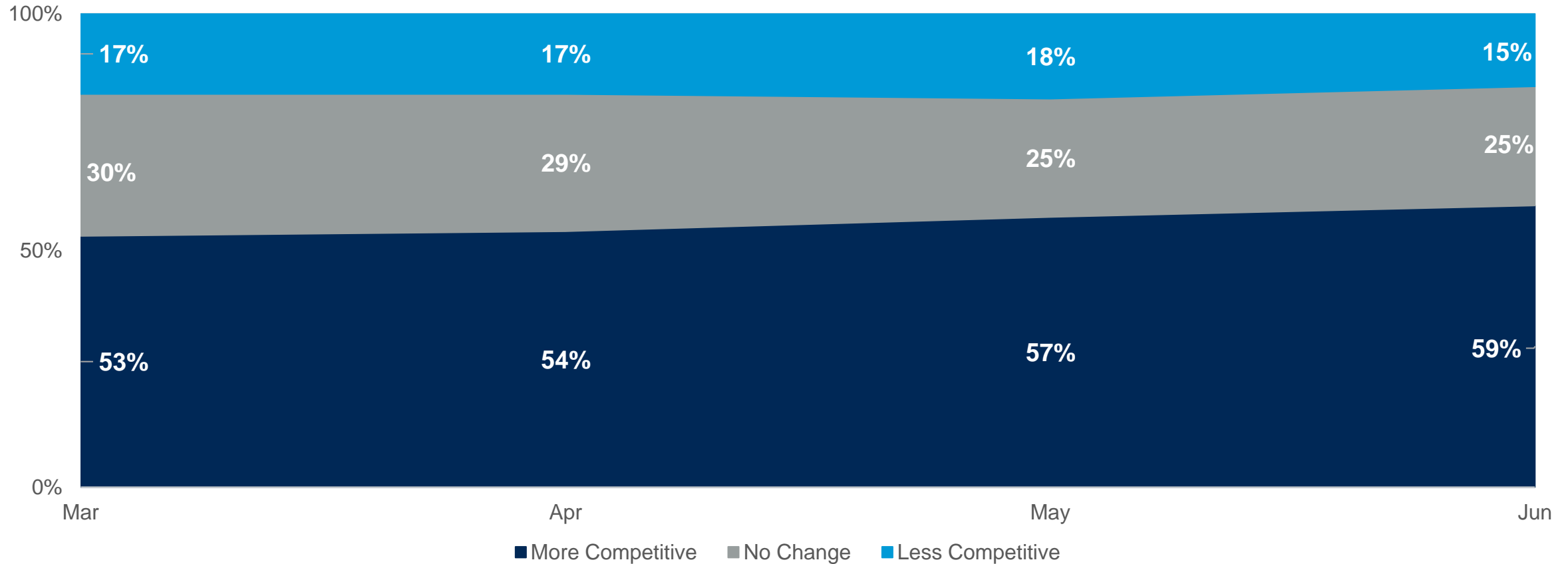
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Organizations still expect more talent competition

Percentage of HR leaders



n = 143 (June 2023), 99 (May 2023), 112 (April 2023), 104 (March 2023)

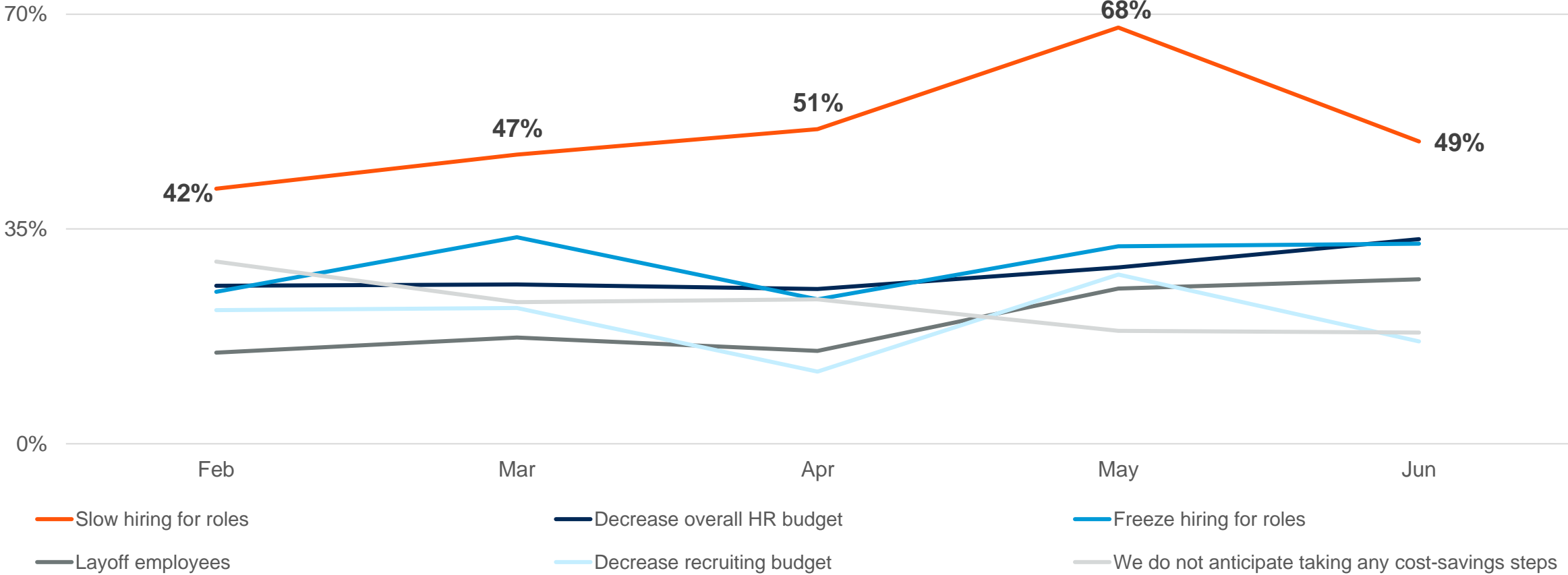
Question: How do you expect talent competition to change in the next three months? (Select one)

Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June), Benchmark With Gartner: Emerging Issues, Localized Return-to-Office and Generative AI (31 May), Benchmark With Gartner: Emerging Issues, Skills Gaps and Talent Competition (26 April), Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (22 March)

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Hike in anticipated layoffs continues

Percentage of HR leaders



n = 138 (June 2023), 87 (May 2023), 119 (April 2023), 104 (March 2023), 101 (February 2023)
 Question: Which of the following talent cost-saving measures do you ANTICIPATE your organization taking in the next three months? (Select all that apply)
 Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June), Benchmark With Gartner: Emerging Issues, Localized Return-to-Office and Generative AI (31 May), Benchmark With Gartner: Emerging Issues, Skills Gaps and Talent Competition (26 April), Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (22 March), Benchmark With Gartner: Fair Pay, Well-Being and Other Emerging Issues (22 February)

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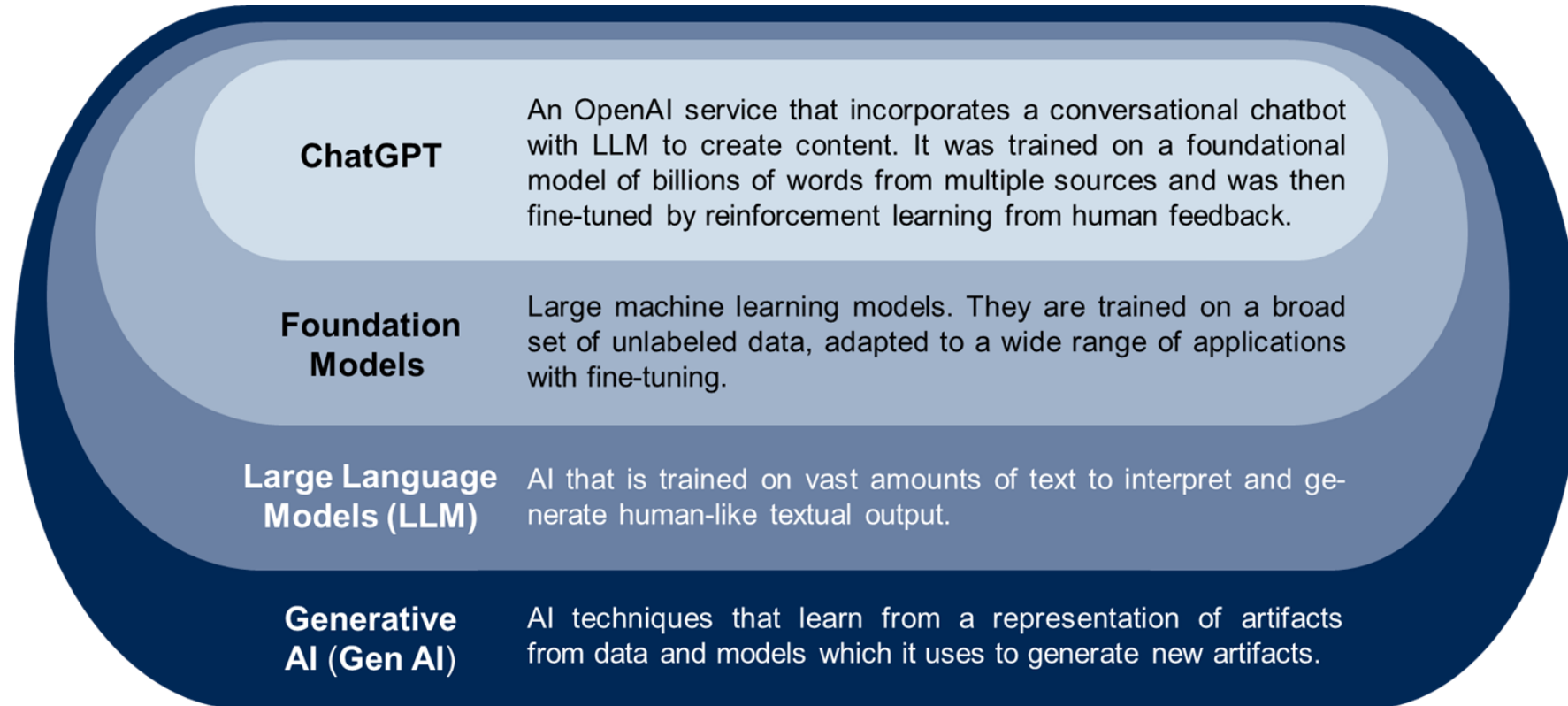


Generative AI

Impact on skills and the workforce, governing and managing risks in generative ai, and implementation considerations

What is generative AI (GenAI)?

Generative AI — Gartner Definitions and Positioning



Why was ChatGPT so impactful?



Technology

GPT-4 has an unparalleled estimated one trillion parameters. Accuracy is still limited to 70%-80%, but substantially improved from previous models.



Economics

It is estimated that running ChatGPT costs US\$3 million per month, but it is available for the masses.



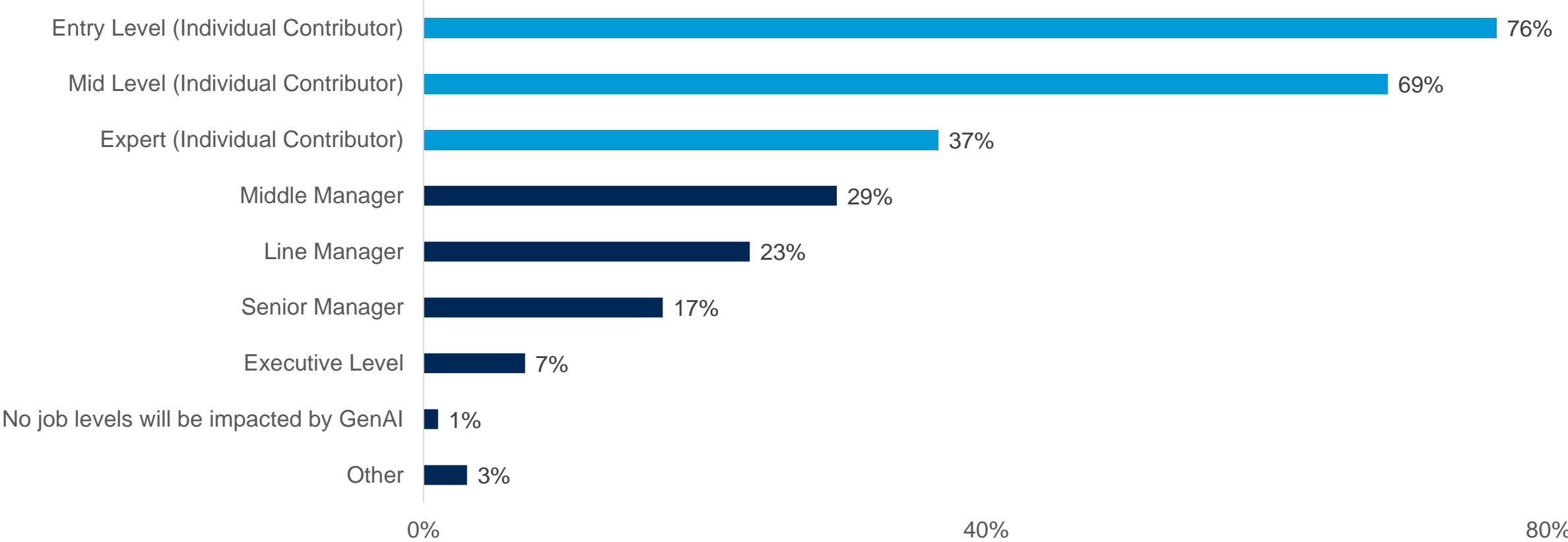
Social Acceptance

ChatGPT offers immediate benefit, with little effort. It helps people write speeches, students writing essays, and professionals write strategies.

Generative AI's Impact on Skills and the Workforce

Greatest GenAI impact on individual contributors

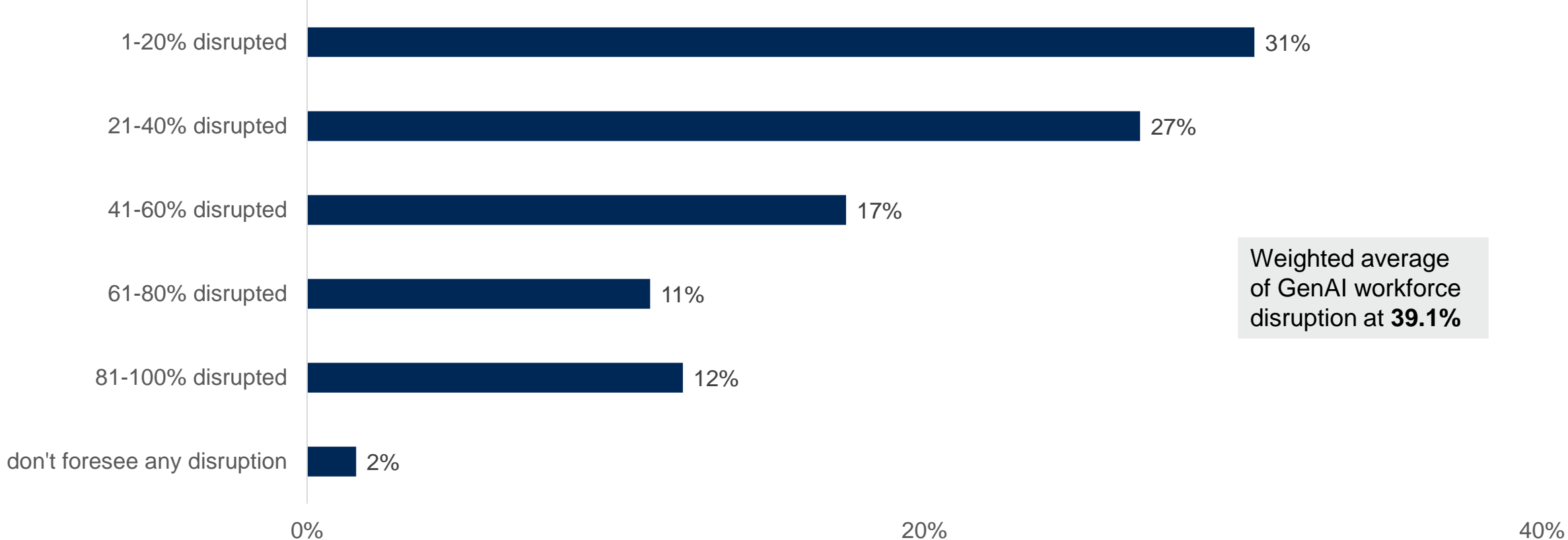
Percentage of HR leaders



n = 194 (June 2023)
Question: Which job level(s) within your organization do you think will be most impacted by GenAI? (Select all that apply)
Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June)

HR expects 39% GenAI impact on workforce

Percentage of HR leaders



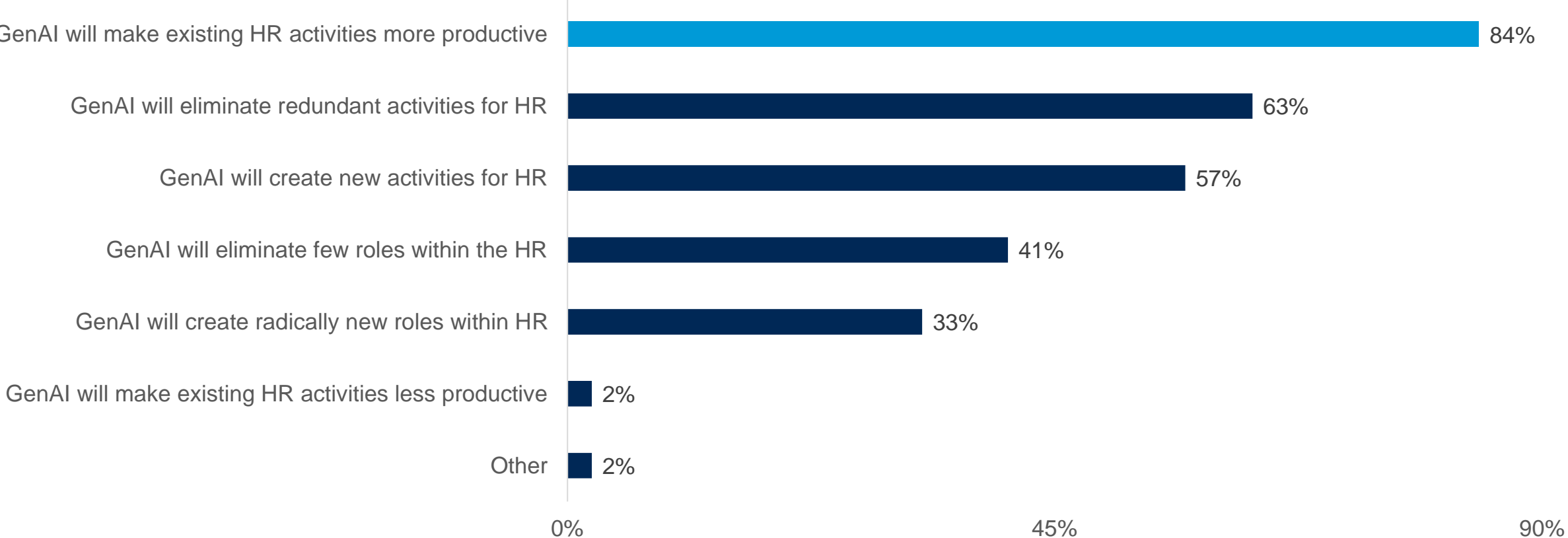
n = 189 (June 2023)
Question: In the next 2 to 5 years, what percentage of the workforce in your industry is going to be disrupted (change in way of working and/or jobs impacted) through the use of GenAI? (Select one)
Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June)

The average workforce disruption was computed using the weighted average of the mid-point of each option's interval (i.e., 10.5% was used as the mid-point for the 1-20% option, and 0% was used for the "I don't foresee any disruption" option), with the percentage of leaders selecting each option as the weights.



HR expects to become more productive with GenAI

Percentage of HR leaders

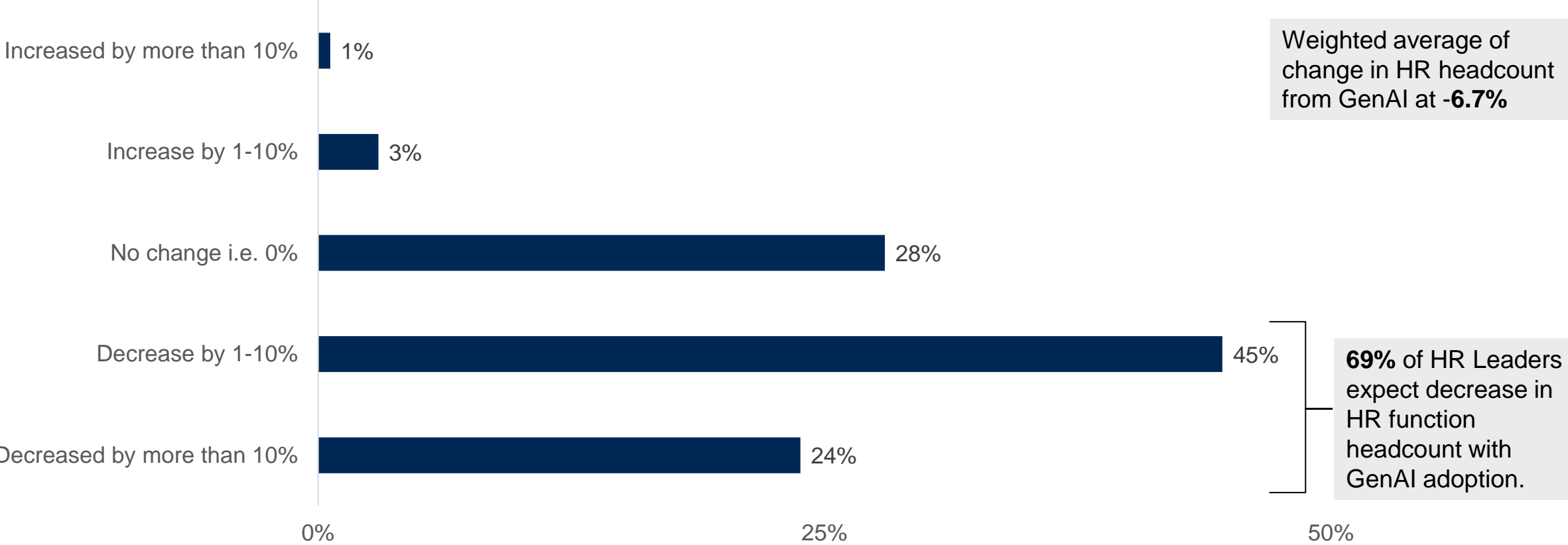


n = 177 (June 2023)
Question: Which statement(s) do you agree with most regarding the impact that GenAI will have on HR roles? (Select all that apply)
Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June)



HR leaders see HR headcount to drop with GenAI

Percentage of HR leaders



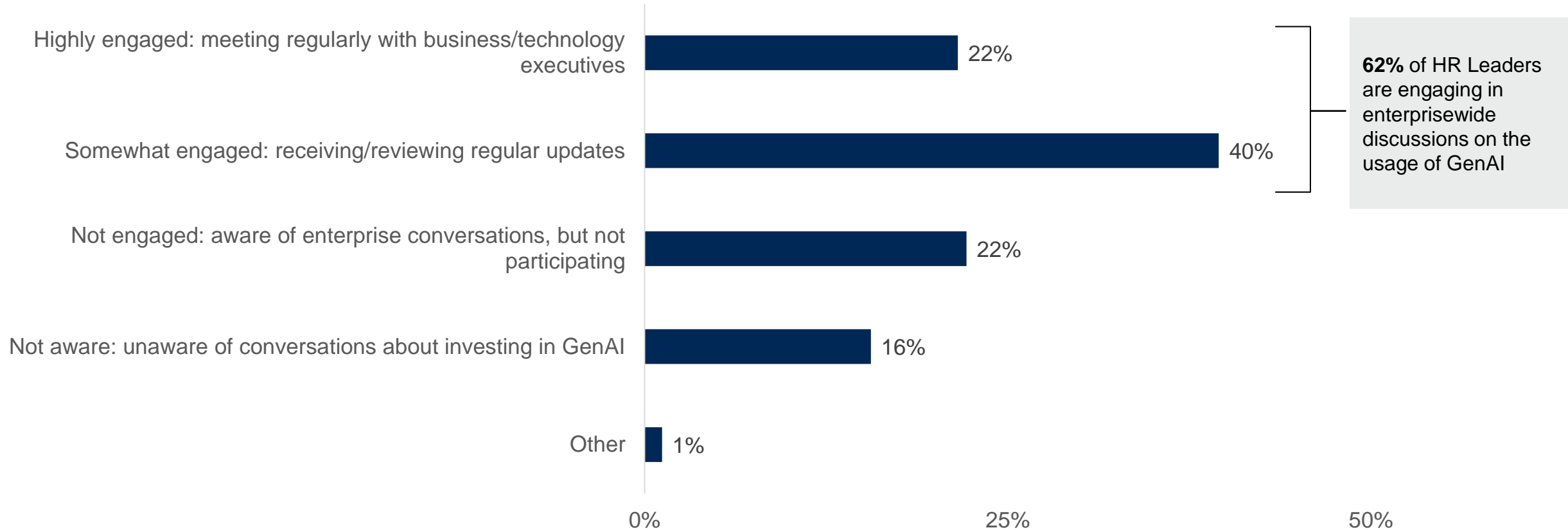
n = 168 (June 2023)
Question: How will your HR function headcount change due to the adoption of GenAI? (Select one)
Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June)

The average headcount change was computed using weighted average of the mid-point of each option's interval (i.e., 5.5% was used for the "Increase by 1-10%" option) from the original question before the groups were combined for this chart (11-20%, 21-30%, and more than 30% were combined into more than 10% for this chart) with the percentage of leaders selecting each option as the weights.

Governing and Managing Risks in Generative AI

Only 22% HR leaders highly engaged in GenAI discussions

Percentage of HR leaders



n = 167 (June 2023)

Question: As an HR Leader, how engaged are you in enterprisewide discussions around the use of GenAI? (Select one)

Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June)

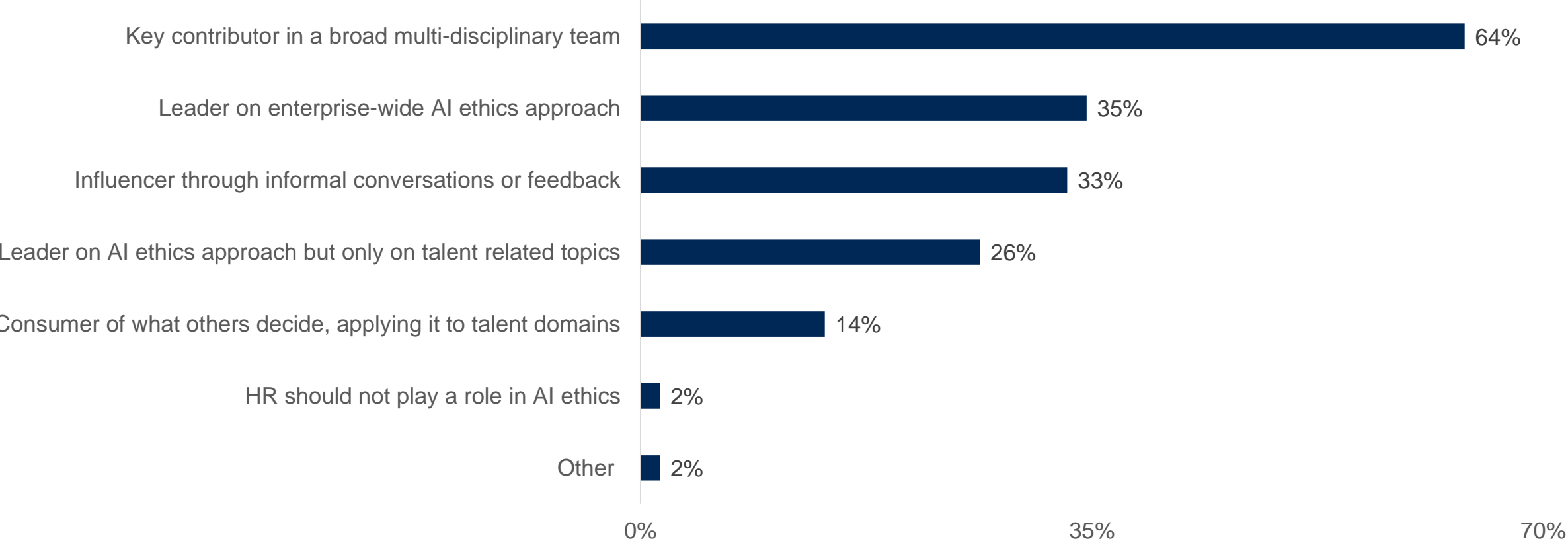
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HR leaders expect to play key role in AI ethics

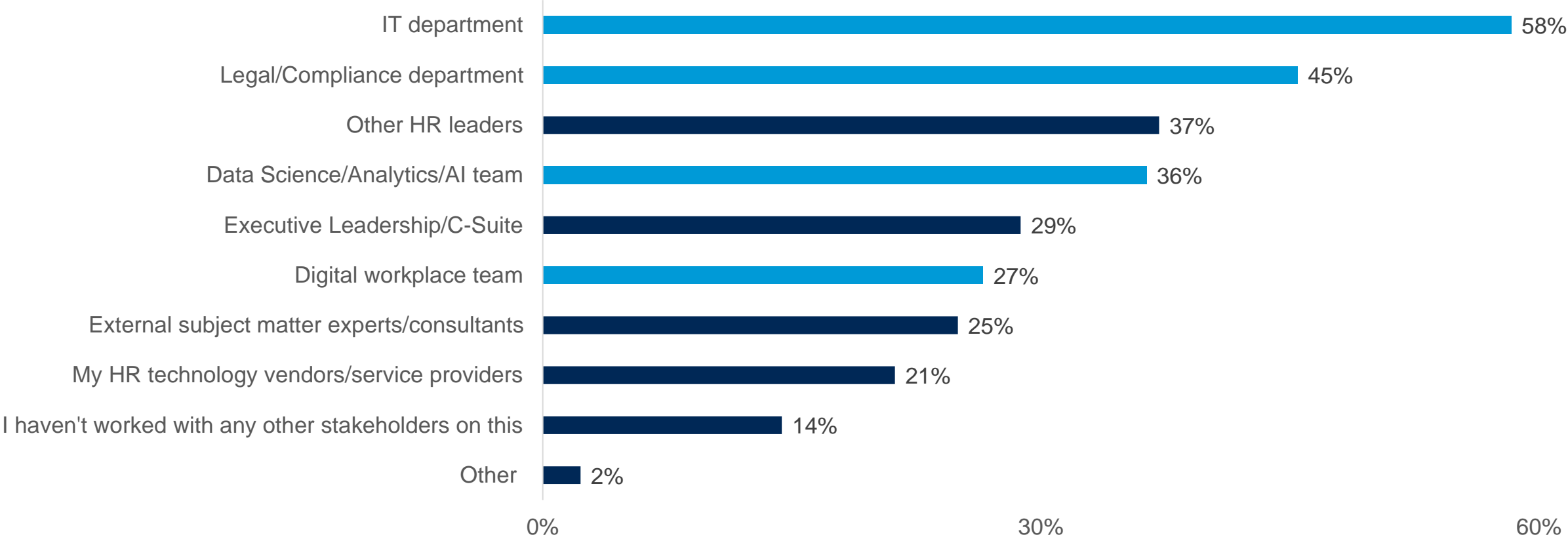
Percentage of HR leaders



n = 133 (June 2023)
Question: What role(s) should HR play in setting AI ethics (common principles include AI being: human-centric and socially beneficial, fair, explainable and transparent, secure and safe, accountable etc.)? (Select all that apply)
Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June)

HR leaders consult with IT & Legal on GenAI

Percentage of HR leaders

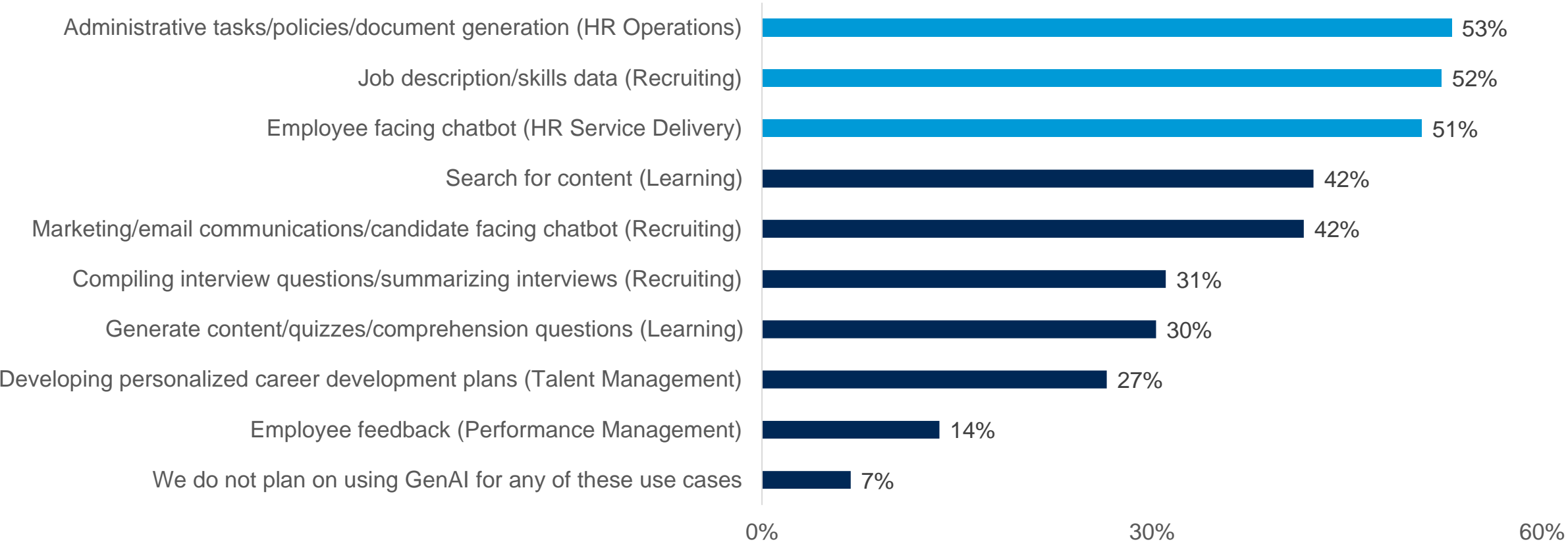


n = 132 (June 2023)
Question: Which other stakeholder(s) have you worked with to understand what GenAI is and its potential use cases within your organization? (Select all that apply)
Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June)

Implementation Considerations

HR operations and recruiting prioritized GenAI use cases

Percentage of HR leaders

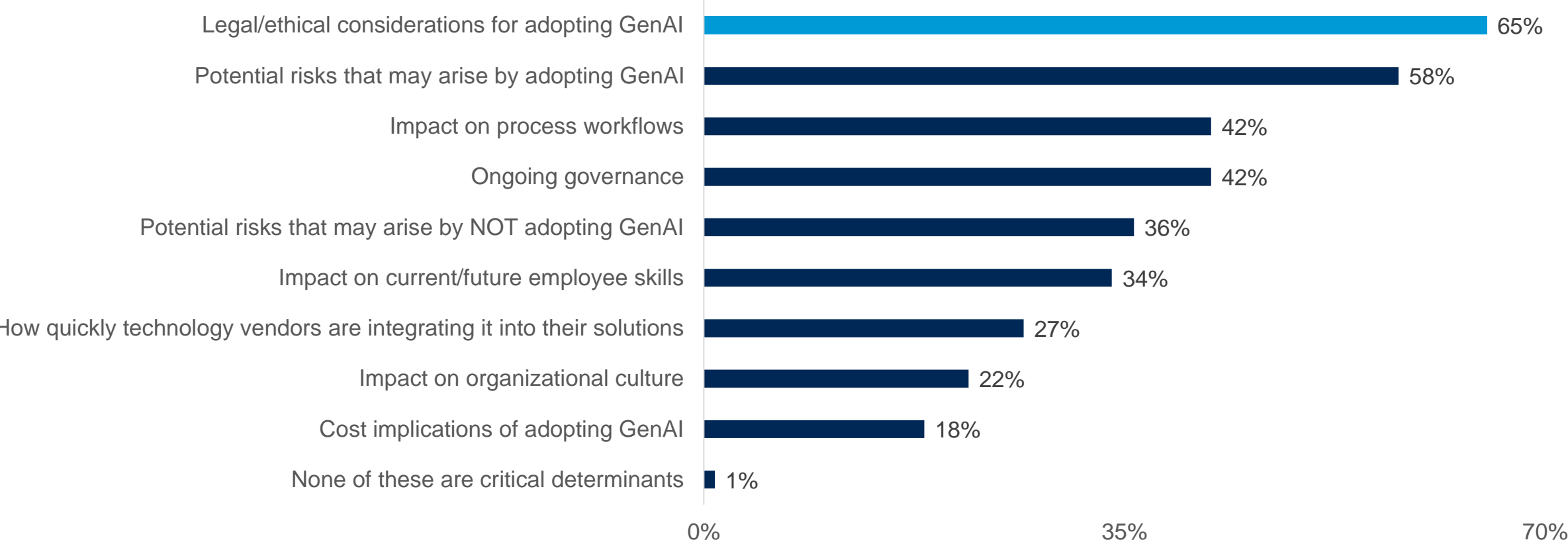


n = 132 (June 2023)
Question: In the next 6-12 months, which prioritized use cases does your organization plan on using GenAI for? (Please select up to three)
Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June)



Legal/Ethical risks top factor in adopting GenAI

Percentage of HR leaders

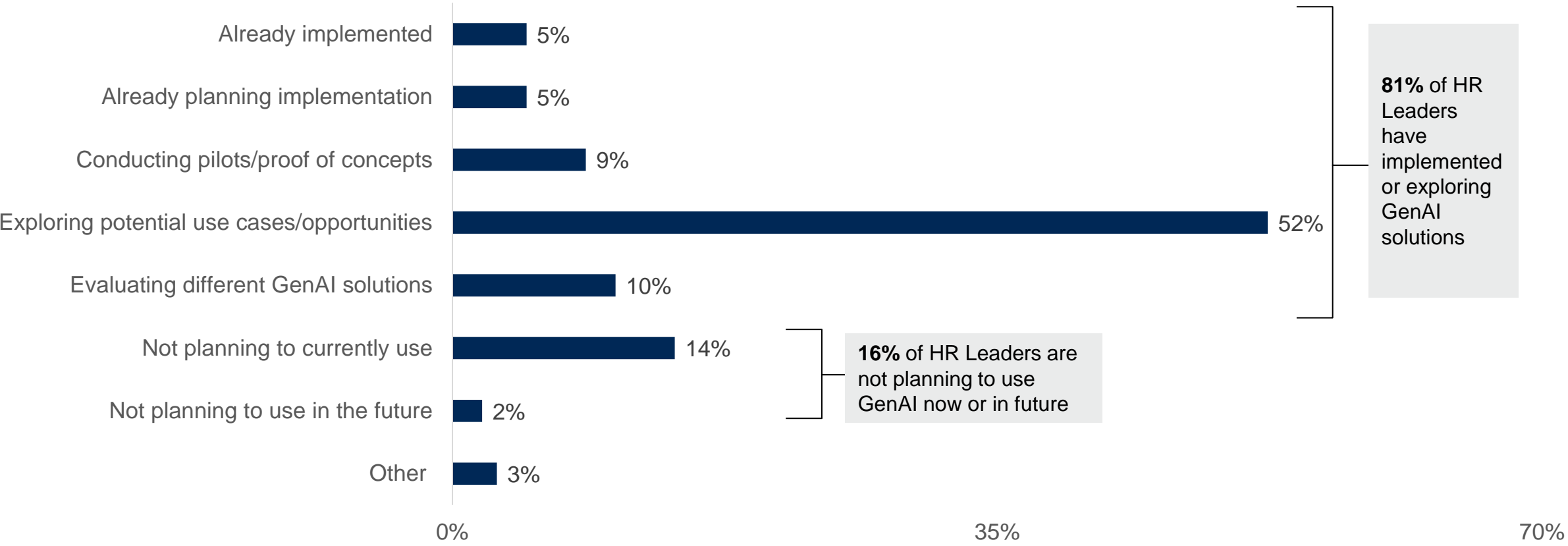


n = 109 (June 2023)
Question: Please select the top three most critical determinants for your organization in deciding whether to adopt GenAI? (Please select the top three)
Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June)



Majority of HR leaders exploring GenAI

Percentage of HR leaders

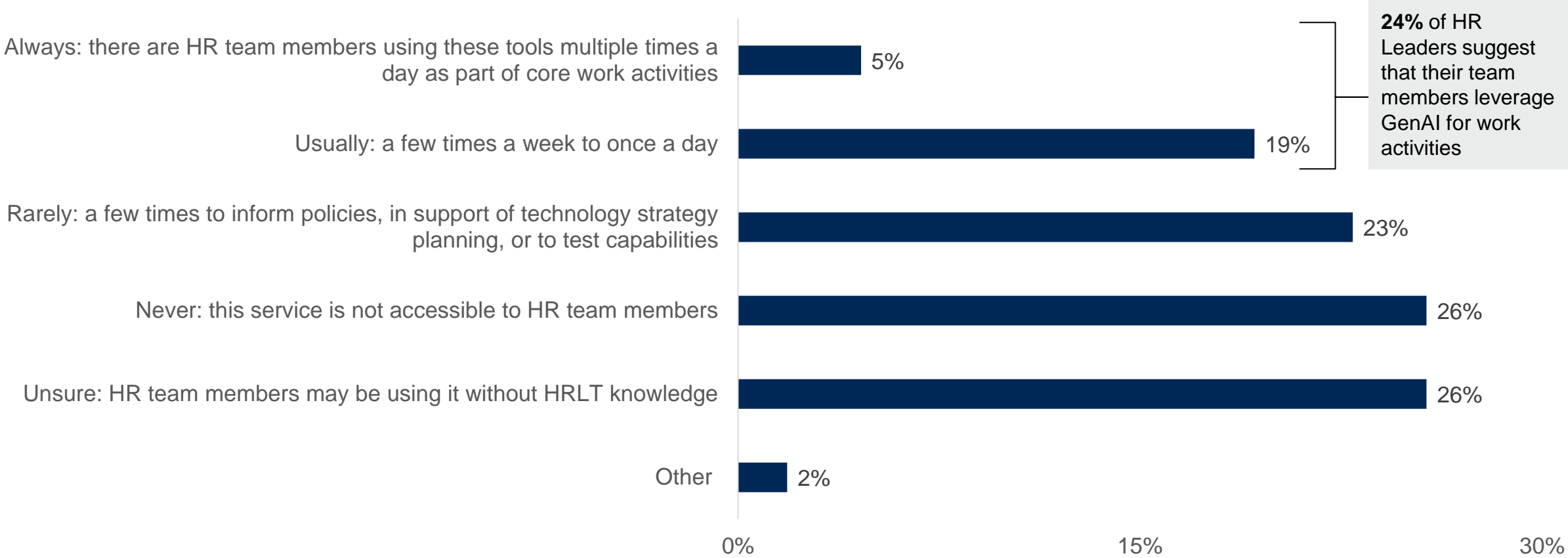


n = 105 (June 2023)
Question: How far along are you in planning and preparation for GenAI implementation? (Select one)
Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June)



1 in 4 HR team members use GenAI often

Percentage of HR leaders



n = 109 (June 2023)
Question: How frequently do your HR team members use GenAI tools to conduct work activities? (eg. generate documents, answers to questions, summarize content, generate email communications, etc.)? (Select one)
Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June)

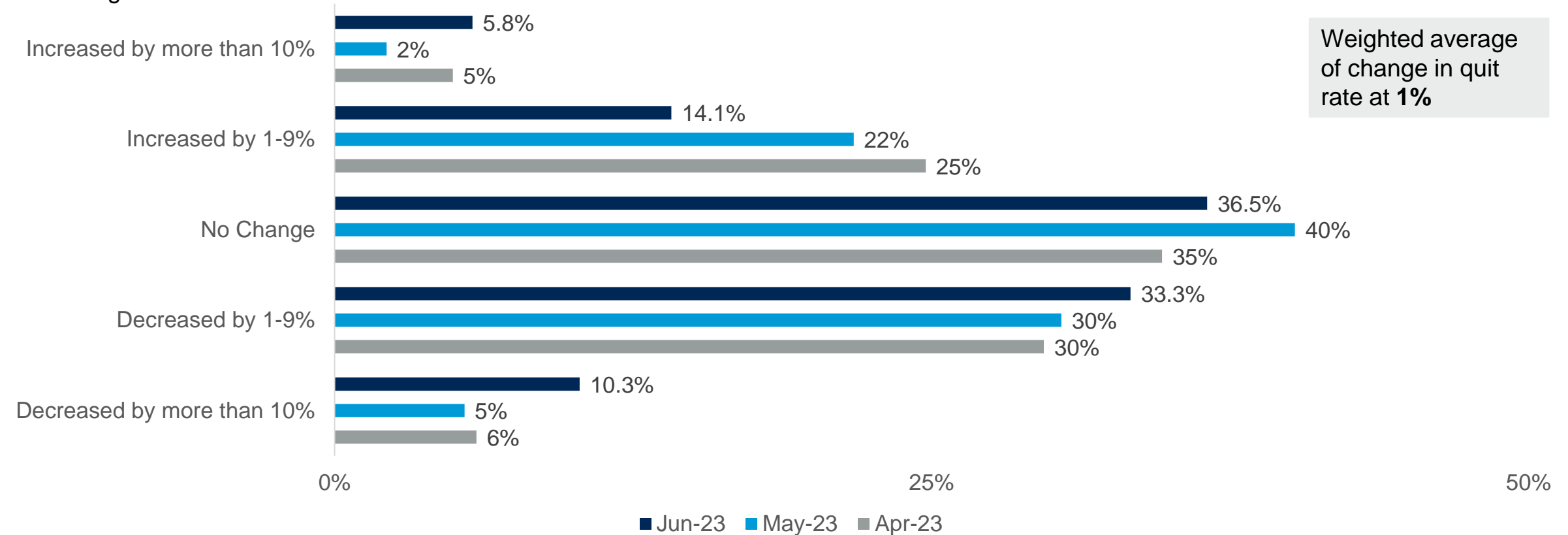


Appendix

Labor Market Climate (Detailed View)

Sustained reduction in increased quits

Percentage of HR leaders



n = 156 (June 2023), 92 (May 2023), 101 (April 2023)

Question: How has your organization's quit rate changed this month compared to the average of the last three months? (Select one)

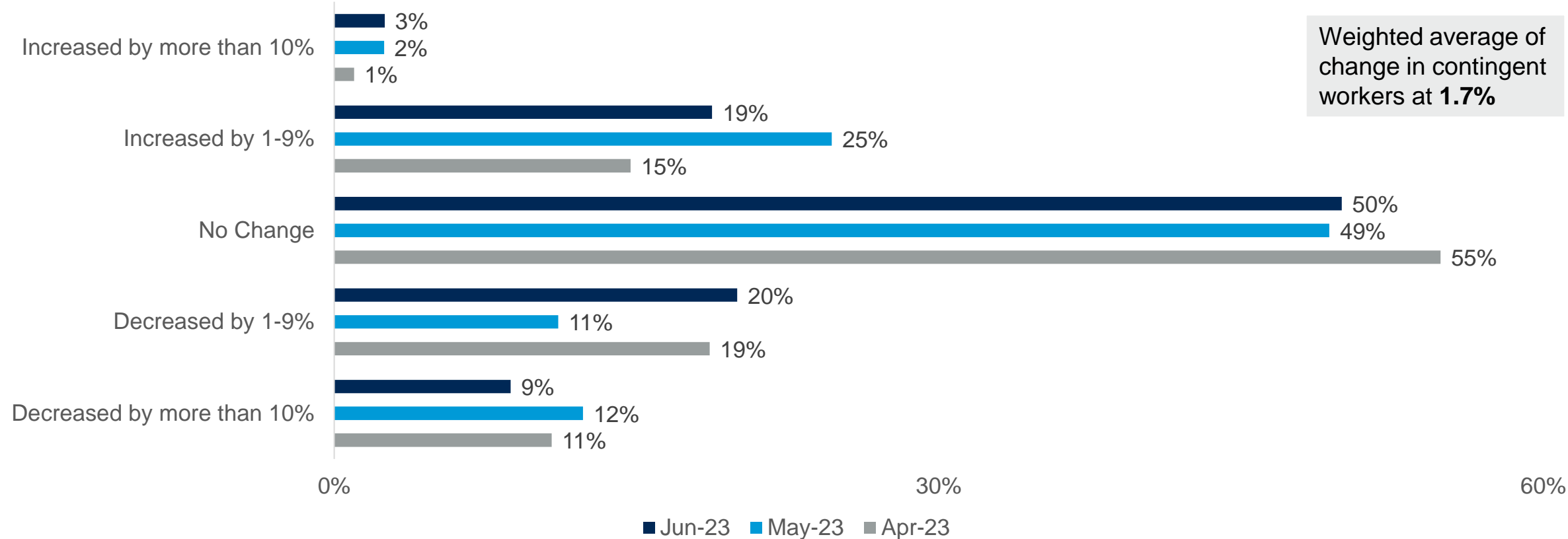
Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June), Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (31 May), Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (26 April)

The average change in quit rate was computed using weighted average of the mid-point of each option's interval (i.e., 5% was used for the "Increase by 1-9%" option) from the original question before the groups were combined for this chart (10-19% and more than 20% were combined into more than 10% for this chart) with the percentage of leaders selecting each option as the weights.

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Contingent worker levels continue to pivot

Percentage of HR leaders



n = 160 (June 2023), 81 (May 2023), 102 (April 2023)

Question: How has your organization's level of contingent workers changed this month compared to the average of the last three months? (Select one)

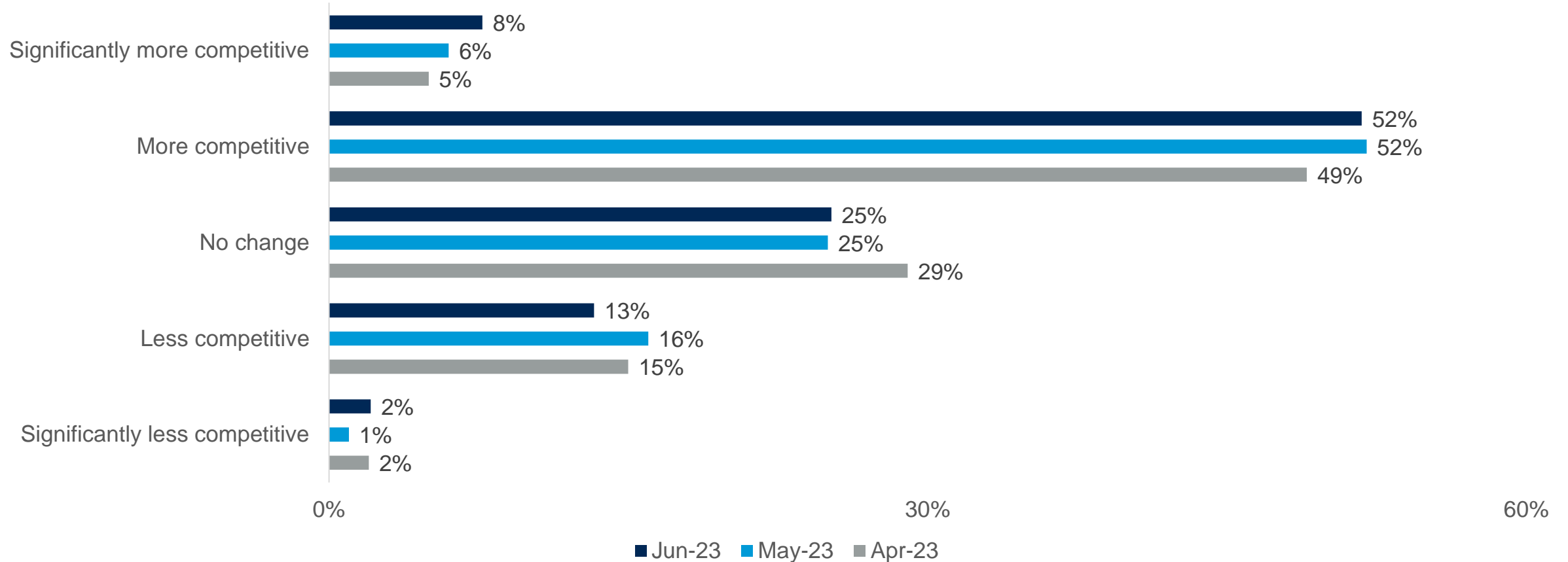
Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June), Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (31 May), Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (26 April)

The average change in contingent workers was computed using weighted average of the mid-point of each option's interval (i.e., 5% was used for the "Increase by 1-9%" option) from the original question before the groups were combined for this chart (10-19% and more than 20% were combined into more than 10% for this chart) with the percentage of leaders selecting each option as the weights.

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Organizations still expect more talent competition

Percentage of HR leaders



n = 143 (June 2023), 99 (May 2023), 112 (April 2023)

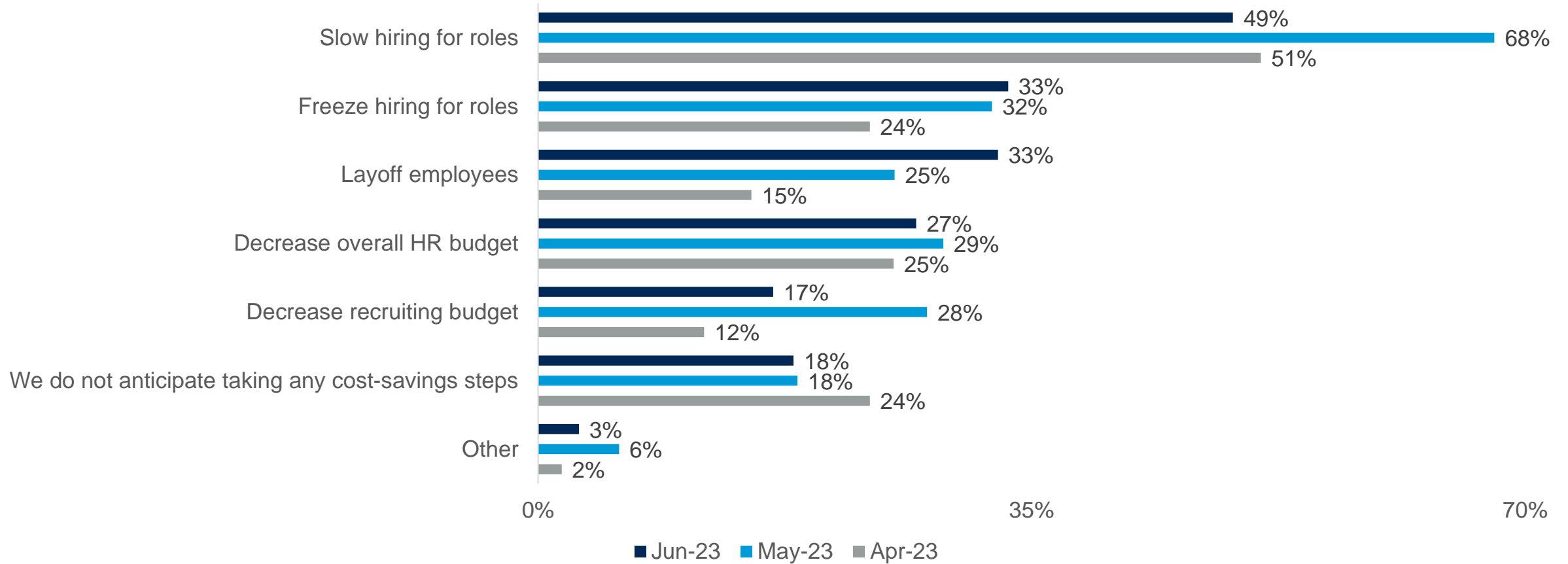
Question: How do you expect talent competition to change in the next three months? (Select one)

Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June), Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (31 May), Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (26 April)

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Anticipated layoffs continue to increase

Percentage of HR leaders



n = 138 (June 2023), 87 (May 2023), 119 (April 2023)

Question: Which of the following talent cost-saving measures do you ANTICIPATE your organization taking in the next three months? (Select all that apply)

Source: Benchmark With Gartner: Special Edition — Navigating the Workforce Impact of Generative AI (21 June), Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (31 May), Benchmark With Gartner: Persistent Talent Shortages, Sustaining DEI and Other Emerging Issues (26 April)

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