

## Using AI to Enhance Self-Assessments - Executive Summary

How can organizations use AI to support employees in capturing accomplishments and writing self-evaluations?

### Introduction

As artificial intelligence moves from the current “hot topic” to part of daily life, the implications are vastly useful in creating more efficient processes that allow everyone to focus on the most important areas of their roles. In performance management and self-assessment, there is an opportunity to incorporate generative artificial intelligence - powered most popularly through OpenAI (ChatGPT) to increase productivity and accuracy of self-evaluations. We will discuss those opportunities as well as important guardrails when using OpenAI and discuss how the corporate world is using AI in human resource processes.

### ChatGPT - Internal vs. External

The first important distinction to be made is the difference between internal/company-specific AI and ChatGPT. ChatGPT is the most commonly used generative artificial intelligence available today. AI is no foreign concept, but the accessible chat interface powered by a large language model (LLM) that facilitated the breakthrough moment for Generative AI, astonished even the most knowledgeable professionals in the field. ChatGPT-3.5 has been trained up till September 2021.<sup>[2][19]</sup>

Some organizations have created a firm-specific ChatGPT for data privacy. These ChatGPTs are currently less accurate than OpenAI’s ChatGPT as they have not been trained or used to the same extent. Generative AI has been in use for recruiting, employee communications, and learning tasks. At the same time, performance management has been a slow mover due to the sensitive nature of performance reviews and the risks associated with bias in using the technology.<sup>[26]</sup>

An example of a company-specific ChatGPT is Microsoft. Microsoft launched Azure AI, which is a portfolio of artificial intelligence (AI) services designed for developers and data scientists.<sup>[19][27]</sup> In partnership with Microsoft, KPMG, an early access partner, rolled out their KPMG-specific AI that functions similarly to OpenAI’s ChatGPT, but with security ramifications to protect company and client data, and that has been trained with KPMG’s industry expertise.<sup>[16]</sup>

Without an internal AI, employers know that their employees are taking advantage of the benefits of ChatGPT. With that understanding, employers can and are providing their employees with the resources (mainly training, education, and guidelines) to safely use the OpenAI ChatGPT without exposing private information.

This CAHRS firm currently operates without an internal AI platform so it is within its best interest to manage employee expectations surrounding ChatGPT and ensure that the tool can be used to enhance the self-evaluation process without jeopardizing information.

### How to Improve the Effectiveness of Self-Assessment and Manager Assessment

Using the “Black-Box” approach, we chose to focus on the input and output rather than the details of the process<sup>[23]</sup>. As shown in Exhibits 1 & 2, the diagrams describe the process of self-assessment and manager assessment. To achieve effective assessment outcomes, the first input, the employee or manager, needs to be empowered. Secondly, the input of performance data needs to be complete, objective, and accurate<sup>[22]</sup>. The third input, the appraisal method (how to write assessments) needs to be effective, fair, and accurate<sup>[13][14][24]</sup>. To tie this together, AI can assist in improving the outcome and each input of self/manager assessment.

#### *How AI Can Be Leveraged to Improve Performance Evaluations*

- Proofread Self/Manager Assessment
  - **Sentiment Analysis\*** - Managers can use GenAI to analyze if their assessments contain improper sentiment against their subordinates. For example, the feedback may reflect the

manager's personal dissatisfaction with subordinates. GenAI can rephrase the feedback to make the language more plain and objective<sup>[2][25]</sup>.

- **Ensure Clear Communication\*** - ChatGPT can help to check the grammar and language to ensure the assessment conveys its intended meaning. Additionally, if the writing is objective without subjective biases can also be evaluated<sup>[21]</sup>.
- **Evaluation for Effectiveness\*** - ChatGPT can check if managers' feedback can effectively help employees grow and if employees' self-assessments<sup>[3]</sup> can fairly represent their performance<sup>[3]</sup>.
- Empower Employee/Manager
  - **Improve Ability** - ChatGPT, using its large database, can provide training and guidance to employees/ managers about how to write effective self/manager assessments<sup>[12][17]</sup>.
  - **Save time for Organizing Language\*** - By inputting simple bullet points and notes on their achievements, employees can utilize ChatGPT to create comprehensive self-appraisals. They can then refine these appraisals to make a more compelling case for their performance. Similarly, managers can therefore allocate more time to edit and refine their insights and observations, drawing from the compiled performance data<sup>[21]</sup>.
- Collect and Evaluate Performance Data
  - **Collect Data\*** - ChatGPT can interpret images, allowing employees to upload screenshots of their calendars and to-do lists for ChatGPT to collect performance records. This approach can enhance the efficiency of data collection and ensure data completeness<sup>[9]</sup>.
  - **Evaluate Data\*** - Utilizing its extensive database, ChatGpt assists in assessing the objectivity of performance data without subjective exaggeration<sup>[11][20]</sup>. Moreover, ChatGpt's text analysis function can evaluate the accuracy of uploaded data—how performance data are aligned with personal goals<sup>[4][15][22]</sup>.
- Test the Validity of the Appraisal Method
  - After uploading the current appraisal methods and the objective of having performance appraisals, GenAI can assist in evaluating whether the current approach to crafting self and manager assessments aligns with its intended purpose<sup>[4][5][10]</sup>. For instance, the HR team can utilize ChatGPT to assess if the guidance for managers to give feedback can effectively support employee development, conduct fair evaluations of their performance without subjective bias, and accurately reflect their actual performance<sup>[13][14]</sup>.

\*: This action may generate risks, see details in Appendix 2

### Conclusion & Recommendations

---

ChatGPT has become an integral part of our daily life and offers significant potential to enhance efficiency and enable individuals to concentrate on their primary duties. When it comes to performance management and self-assessment, the integration of ChatGPT presents opportunities to boost productivity and precision in self-evaluations.

In our recommendations, specifically companies without an internal ChatGPT, companies can leverage the OpenAI ChatGTP in at least these ways:

1. Proofread Assessments
2. Evaluate Effectiveness
3. Empower Employees and Managers
4. Collect and Evaluate Data
5. Validate Appraisal Methods

Nonetheless, it's vital to acknowledge the inherent risks with ChatGPT. Companies must protect sensitive data, and ensure the accuracy and impartiality of AI outputs. ChatGPT is a tool and cannot go beyond input information. Thus, addressing these risks, setting guidelines, and providing training are also essential.

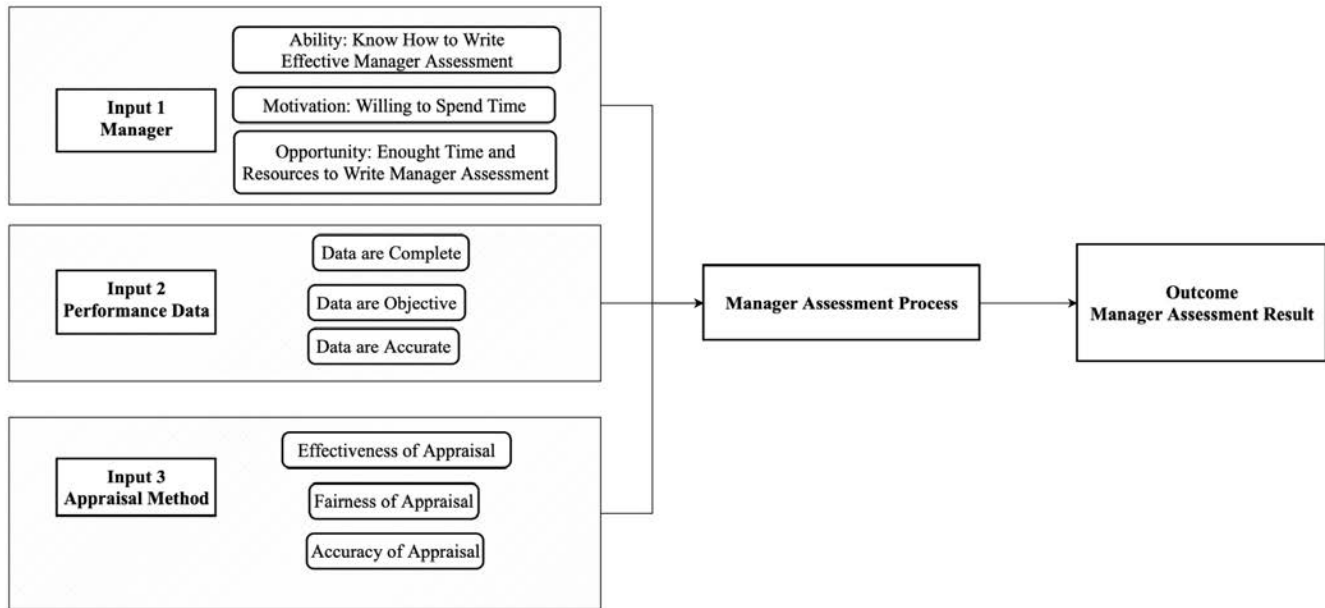
## References

1. Ali, F., & Miah, S. J. (2023). [\*Artificial Intelligence-Driven Talent Management System: Exploring the Risks and Options for Constructing a Theoretical Foundation\*](#). ProQuest.
2. Belal, M., She, J., & Wong, S. (2023). [\*Leveraging ChatGPT As Text Annotation Tool For Sentiment Analysis\*](#). arXiv preprint arXiv:2306.17177.
3. Chowdhury, M. N.-U.-R., & Haque, A. (2023). [\*ChatGPT: Its Applications and Limitations\*](#). 2023 3rd International Conference on Intelligent Technologies (CONIT), Intelligent Technologies (CONIT), 2023 3rd International Conference On, 1–7.
4. Davies, R. (2023). [\*Using ChatGPT as a Tool for the Analysis of Text Data\*](#). Monitoring and Evaluation NEWS.
5. Dowling, M., & Lucey, B. (2023). [\*ChatGPT for \(finance\) research: The Bananarama conjecture\*](#). Finance Research Letters, 53, 103662.
6. Faqihi, A., & Miah, S. J. (2023, January 4). [\*Artificial Intelligence-driven talent management system: Exploring the risks and options for constructing a theoretical foundation\*](#). MDPI.
7. [\*Generative AI leaders\*](#). Deloitte United States. (n.d.).
8. Hossain, M. S. U. (2023, February 24). [\*What business can be done using open ai?\*](#) LinkedIn.
9. Johanna C. (2023). [\*Image Inputs for ChatGPT FAQ\*](#). OpenAI Help Center.
10. Keeping, L. M., & Levy, P. E. (2000). [\*Performance appraisal reactions: Measurement, modeling, and method bias\*](#). Journal of Applied Psychology, 85(5), 708.
11. Keating, E., Paterson, D. G., & Stone, C. H. (1950). [\*Validity of work histories obtained by interview\*](#). Journal of Applied Psychology, 34(1), 6–11.
12. Kremmydas, E., & Austen, A. (2020). [\*High-Performance Human Resource Practices through the Lenses of the Ability–Motivation–Opportunity Taxonomy: A Multilevel Perspective\*](#). International Journal of Contemporary Management, 19(3), 23–42.
13. Kromrei, H. (2015). [\*Enhancing the annual performance appraisal process: Reducing biases and engaging employees through self-assessment\*](#). Performance Improvement Quarterly, 28(2), 53-64.
14. Laird, A., & Clampitt, P. G. (1985). [\*Effective performance appraisal: Viewpoints from managers\*](#). The Journal of Business Communication (1973), 22(3), 49-57.
15. Longley, M., Kästner, D., Daubmann, A., Hirschmeier, C., Strauß, B., & Gumz, A. (2023). [\*Prospective psychotherapists' bias and accuracy in assessing their own facilitative interpersonal skills\*](#). Psychotherapy. Advance online publication.
16. Wash, L. a. R. (2023, July 11). [\*KPMG and Microsoft enter landmark agreement to put AI at the forefront of professional services\*](#). KPMG US.
17. Mabe, P. A., & West, S. G. (1982). [\*Validity of self-evaluation of ability: A review and meta-analysis\*](#). Journal of Applied Psychology, 67(3), 280–296.
18. Marr, B. (2022). [\*ChatGPT: Everything You Really Need To Know \(In Simple Terms\)\*](#). Forbes.
19. Microsoft. (n.d.). [\*Azure AI Platform—Artificial Intelligence\*](#). Microsoft Azure.
20. Mosel, J. N., & Cozan, L. W. (1952). [\*The accuracy of application blank work histories\*](#). Journal of Applied Psychology, 36(6), 365–369.
21. Raj, R., Singh, A., Kumar, V., & Verma, P. (2023). [\*Analyzing the potential benefits and use cases of ChatGPT as a tool for improving the efficiency and effectiveness of business operations\*](#). BenchCouncil Transactions on Benchmarks, Standards and Evaluations, 3(3), 100140.
22. Shore, T. H., & Tashchian, A. (2002). [\*Accountability forces in performance appraisal: Effects of self-appraisal information, normative information, and task performance\*](#). Journal of Business and Psychology, 17, 261-274.
23. Syed, M. (2015). [\*Black box thinking: why most people never learn from their mistakes--but some do\*](#). Penguin.
24. Taneja, S., Srivastava, R., & Ravichandran, N. (2023). [\*Employees' fairness perception towards performance appraisal system: antecedents and consequences\*](#). Review of Managerial Science, 1-34.

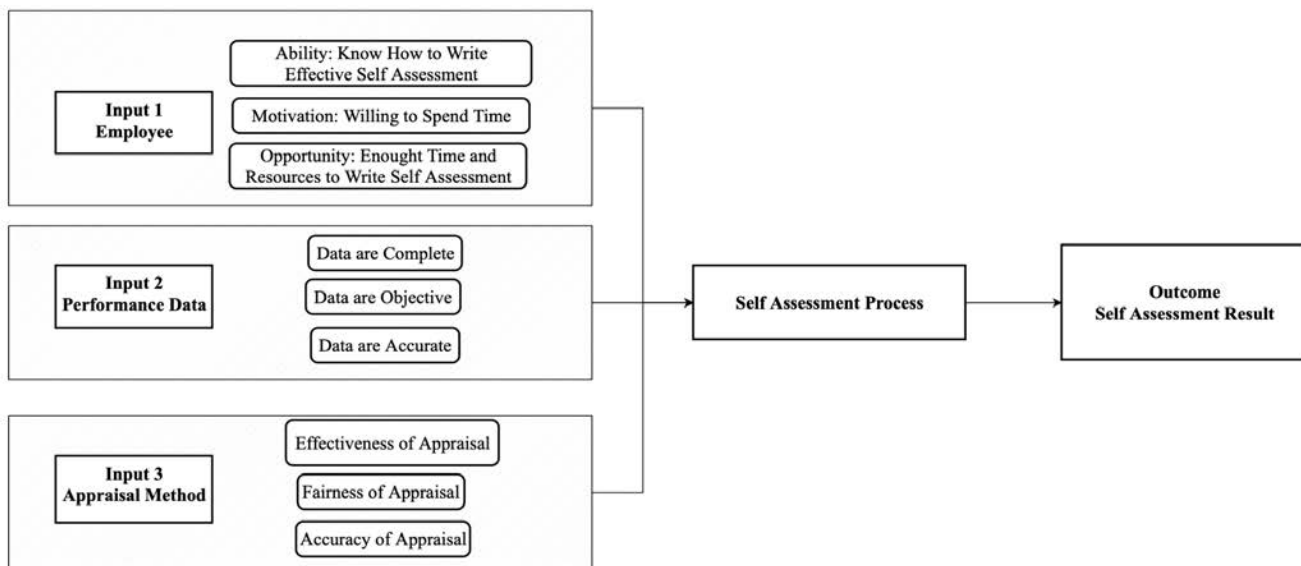
25. Prasad, U., Chakravarty, S., Bisht, Y., Prusty, A., Nijhawan, G., & Lourens, M. (2023, May). [Using Natural Language Processing and Blockchain for Employee Performance Evaluation](#). In 2023 3rd International Conference on Advance Computing and Innovative Technologies in Engineering (ICACITE) (pp. 311-315). IEEE.
26. Zielinski, D. (2023). [How HR is using Generative AI in Performance Management](#). SHRM.
27. Howley, D. (2023). [Microsoft is letting companies build their own AI 'copilots'](#). YahooFinance.

## Appendix 1

### Black-Box Approach for Self-Assessment and Manager Assessment



(Exhibit 1: Manager Assessment Process)



(Exhibit 2: Employee Self-Assessment Process)

As shown in Exhibits 1 & 2, the diagrams describe the process of manager assessment and self-assessment<sup>[23]</sup>. To achieve effective assessment outcomes, the first input, the employee or manager, needs to be empowered. Based on the AMO model, the employee or manager needs to know how to write an effective appraisal, have

strong motivation for conducting the appraisal, and have sufficient time and resources to complete the process<sup>[12]</sup>. Secondly, the input of performance data needs to be complete, objective, and accurate. 'Complete' here means that the performance data should cover all the contributions made by employees without biased selection. 'Objective' here signifies that the performance data needs to be objectively measured, such as using key performance indicators. 'Accurate' refers to the degree to which data is directly connected to business results; for instance, data used in assessments should correlate with predetermined performance objectives<sup>[22]</sup>. The third input is the appraisal method, indicating how employees/managers write their assessment. The HR performance management team needs to test the effectiveness, fairness and accuracy of the appraisal method. The appraisal method should effectively help employees to develop, fairly evaluate their performance without subjective bias, and accurately represent their actual performance<sup>[13][14][24]</sup>.

## Appendix 2

### *Risks Associated with Open AI* <sup>[1][26]</sup>

The following are potential risks associated with using ChatGPT. We have included them as they are tools, but want to emphasize caution when handling sensitive data and information.

- **Inaccurate Information:** The use of AI carries the inherent risk of producing inaccurate or misleading information, potentially harming individuals or organizations that rely on AI-generated content. The risk also includes a lack of specificity and natural conversation contexts among employees and managers.
- **Risk of Bias in Output :** AI systems can inadvertently propagate biases based on factors such as gender, race, age, or other protected categories, perpetuating social inequalities. The words that it generates may not always be aligned with the values of the organization.
- **Privacy and Confidentiality Concerns:** The use of AI may pose risks to privacy and confidentiality, especially when sensitive or confidential information is used for input or process.
- **Future Regulations:** As AI technology evolves, regulatory frameworks may be necessary to govern its use, ensuring safety and ethical standards.

### *Recommendations* <sup>[1][26]</sup>

- **Employee Training:** Companies should establish safeguards and provide employee training to guarantee oversight and accountability for GenAI's outputs, focusing on data accuracy, bias, and contextual relevance.
- **Guideline:** Companies should establish guidelines to avoid incorporating any confidential information linked to personal identification when utilizing AI-generated content to maintain the privacy and confidentiality of individuals.