Turbocharging HR: Improving performance management with AI - wtwco.com

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Executive Summary

This article addresses the renewed organisational interest in performance management and the emerging role of artificial intelligence in modernising the process. The authors — WTW consultants Charlotte Wheeler and Tom Hellier — argue that performance management's perennial ineffectiveness stems primarily from manager capability and process inconsistency rather than flawed process design, and that AI now offers a meaningful path to improvement. Key evidence includes WTW's proprietary HPEX (High Performing Employee Experience) research, which associates clear goal-setting and performance management practices with higher engagement, customer satisfaction, and financial performance. The authors point to specific AI applications: generative AI for goal suggestion, AI-driven nudges for KPI tracking, and AI-assisted calibration to focus managerial attention on high-priority cases. The article also notes an emerging shift away from one-size-fits-all annual cycles toward work-centric, hybrid performance management approaches tailored to different types of work. The implied conclusion is that AI reduces administrative burden and improves process consistency, enabling more meaningful human judgment at critical decision points.

Key Insights

1. Performance management dissatisfaction is most often attributed to manager capability and employee experience rather than to the design of the process itself.

2. AI is being applied to specific process steps — goal generation, KPI tracking nudges, and year-end calibration — to reduce administrative burden and improve consistency at scale.

3. Organisations are beginning to move away from uniform annual performance cycles toward hybrid, work-centric models that align assessment periods with the nature of different types of work.

Practical Takeaways

• Generative AI can be used to suggest goals based on role level and accountabilities, reducing the back-and-forth between managers and employees during goal-setting.

• AI-assisted calibration processes can focus manager attention on the cases requiring most deliberation, rather than requiring sequential review of all employees.

Frameworks Mentioned

OKRs — Implicitly referenced through discussion of goal cascade and alignment of individual goals to organisational objectives, though not named explicitly as OKRs.

Critical Analysis

Strengths: The article offers practitioner-grounded observations from consultants with client-facing experience, and the identification of manager capability — rather than process design — as the root cause of performance management failure is a coherent and frequently supported position in the literature. Limitations: The primary evidence base is WTW's proprietary HPEX research, which is not independently verified and whose methodology is undisclosed. The causal chain from performance management to engagement to revenue is stated as directional but acknowledged as difficult to establish. The format is a promotional video transcript, not a peer-reviewed or independently commissioned study. Biases: As WTW consultants, both speakers have a commercial interest in promoting AI-enabled performance management solutions, and the framing consistently positions technology — implicitly WTW-adjacent — as the solution to longstanding problems. Counterarguments and risks of AI in performance management (e.g., algorithmic bias, over-standardisation of goals) are not addressed.

Organizational Practice

Organisations are described as experimenting with hybrid performance management models that retain annual cycles for some populations while applying shorter or longer assessment periods for project-based or non-standard work. AI tools are being deployed for goal suggestion, KPI nudging, and calibration support. Goal alignment to organisational objectives is reported as the top stated priority for performance management among surveyed companies.

Strategic Implications

The article reflects a broader industry movement toward technology-mediated consistency in performance management, reducing reliance on individual manager judgment for process steps that can be systematised. The framing of AI as reducing administrative burden rather than replacing the process suggests incremental rather than transformational change in how performance is assessed. The hybrid cycle model signals a potential fragmentation of standardised annual review infrastructure across organisations, with implications for data comparability and reward linkage design.

Validation Status: passed
