Go **beyond automation**

How AI can rebuild trust in performance management.

FROM THE US

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When JPMorgan announced it would experiment with chatbot-written performance reviews, the reaction was mixed: equal parts fascination and unease. What felt experimental just months ago is already becoming more commonplace, and the conversation has quickly shifted to something urgent – a growing disconnect between how leaders think AI should be used in the workplace and how employees are already using it. Under pressure to streamline workflows and accelerate decision making, many organizations default to automation, applying AI to tasks that mimic human output rather than elevating human insight.

This dynamic is emerging amid a broader transformation in organizational design. According to McKinsey, 92% of companies plan to increase their investments in AI over the next three years; yet, only 1% classify themselves as "mature" in AI deployment, meaning AI is seamlessly integrated into business processes and consistently drives measurable results. That maturity gap is significant and the lack of clarity about where AI delivers true value has become more pronounced as adoption accelerates, with Prodoscore data showing it has tripled in recent months.

Performance management is one area where this gap becomes most visible. Employee evaluations require context, fairness, nuance, and a deep understanding of how work unfolds. While chatbots can successfully help people understand data and complex topics, automating manager feedback with these tools risks flattening performance into generic summaries and obscuring the dynamics that influence workplace culture, team cohesion, and employee growth.

Here's how to apply AI more impactfully: don't just automate output, but improve outcomes and empower managers with richer insights and more informed decision-making.

1. Focus AI on high-impact productivity intelligence, not just mundane tasks

Organizations operate on two parallel structures: the formal hierarchy and the informal network where real work and influence actually occur. The org chart outlines reporting lines; the network chart reveals where collaboration flows, where decisions are made, and where culture is maintained.

AI-enabled productivity analytics illuminate that hidden network.

Rather than simply automating tasks or summarizing output, these tools uncover deeper patterns: communication rhythms, cross-functional collaboration, alignment between teams and leadership, and the frequency of meaningful touchpoints. This visibility provides leaders with insight into the real drivers of performance, the employees who influence momentum, bridge silos, or quietly stabilize the culture.

Rather than relying on transactional outputs (tasks completed, hours logged), productivity analytics reveal how work happens and who drives it. This deeper visibility transforms performance management from a backward-looking report card into a forward-looking strategic capability.

The shift toward high-impact work is reflected in employee sentiment. According to Microsoft's Work Trend Index, 85% of employees say AI helps them focus on more important work, with 84% saying AI enhances their creativity, moving effort away from administrative tasks and toward strategic contributions. Notably, emerging data shows these gains are even more pronounced among high performers, who are leveraging AI to further extend their productivity and impact and the quality of that high-level work improves too. A study from MIT Sloan School of Management found that highly skilled workers using generative AI saw performance gains of nearly 40% compared to peers who didn't.

Put simply, automating small tasks creates marginal efficiencies. But AI-driven insight into how work truly happens reshapes performance management entirely.

2. AI alone can introduce bias but used thoughtfully, it strengthens leadership

There is a persistent assumption that delegating repetitive tasks, such as writing reviews, to AI will eliminate bias. In practice, the opposite is often true. Research shows that AI trained in historical corporate language inherits structural inequities from its data. Similarly, MIT Sloan research highlights that tasks requiring empathy, judgment, and relational awareness (what they call "EPOCH capabilities") are poorly served by automation.

Consequently, bias does not disappear because a machine writes the review.

The challenge intensifies when there is a disconnect between how leaders assume employees use AI and how employees actually use it. McKinsey's research shows that while 94% of employees and 99% of C-suite leaders are familiar with generative AI tools, leaders believe only 4% of employees use those tools for 30% or more of their daily work. Employees self-report that the real number is three times higher.

If leaders don't understand how AI is embedded in employees' workflows, whether to refine reports, accelerate deliverables, or improve communication, they lack the necessary context for accurate evaluation.

Fortunately, when used thoughtfully, we've already seen how AI can strengthen leadership rather than replace it. It surfaces patterns, signals, and relationships managers may not see amid daily demands. It reveals where collaboration is thriving, where alignment is slipping, and where bottlenecks are forming. AI becomes a visibility engine, not a judgment engine.

The ideal balance is when managers use AI insights to enrich their evaluations rather than outsource them. After all, if an employee suspects a review was written entirely by a machine, how meaningful will it feel? Performance conversations are built on trust, recognition, and the sense that one's work is understood.

3. Consider that ai's most overlooked use case is spotting burnout and churn

Burnout rarely announces itself. It accumulates slowly, then all at once, and by the time it becomes visible in performance reviews, the damage is already done. According to Gallup, disengagement and burnout cost organizations $8.8 trillion, or 9% of global GDP, making them among the most financially consequential challenges in modern work.

Traditional performance systems detect burnout at precisely the wrong time, like during review season, when intervention is least effective. AI shifts that timeline by identifying early behavioral signals such as declining collaboration volume, slower response patterns, inconsistent engagement with workflow tools, or abrupt changes in workload intensity.

These early indicators give leaders a chance to intervene before burnout becomes a resignation letter. Instead of reacting after performance dips, managers can rebalance workloads, address friction points, or offer supportive conversations that keep employees engaged and connected. AI doesn't diminish empathy, it amplifies it. By providing leaders with visibility into early stress indicators, AI enables proactive support rather than reactive correction.

4. Integrate AI into strategy and communicate that strategy clearly

The future of performance management will not hinge on AI-written reviews. It will depend on leaders who deliberately integrate AI into their broader talent strategy, using it to understand team dynamics, anticipate disengagement, and surface the hidden contributions that drive organizational success. AI's value doesn't come from automation; it comes from alignment. When leaders connect AI insights to business goals, coaching models, and cultural expectations, performance management becomes more accurate, more human, and more effective.

But integration alone isn't enough. Employees need to know why AI is being used, how it supports them, and what it means for their growth. Transparency builds trust. Gallup's research shows that when employees strongly agree that leadership has communicated a clear AI strategy, they are 2.9x more likely to feel prepared to work with AI and 4.7x more likely to feel comfortable using it. Clarity builds confidence. And confidence powers performance, engagement, and culture.

The bottom line

AI Elevates Performance Management, It Doesn't Replace It.

Overall, organizations that embrace AI as a source of deep insight will build more connected, resilient, and high-performing teams. AI will never replace the human judgment that great management requires but it will help leaders see more, understand more, and coach with greater precision.

By repositioning AI as an advisor rather than an author, organizations can create performance evaluations that are more fair, more consistent, and more informed. And that's where the next era of performance management truly begins. ■

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