

Hey! What's New? 2024-86

Work Is Going to Get Harder, But It Will Also Be More Fun

According to a blog Aaron De Smet in *Re:think*, the *McKinsey Quarterly* newsletter, authored by Aaron De Smet, the US productivity rate jumped in the fourth quarter of 2023, creating a little buzz about whether AI, and specifically generative AI (gen AI), is showing up in the output numbers. Then, the rate slowed sharply in the first quarter of 2024, suggesting that it might be too soon to see dramatic productivity gains from AI and gen AI.

“While there isn’t a clear trend yet,” writes De Smet, “it’s likely that a mix of technology – from old-fashioned analysis of high-quality data to machine learning and other large language models – is positive for productivity. Tech can help workers achieve better results in the same or less amount of time and, yes, gen AI has been powering automation gains for some time.”

That’s one part of a more robust productivity scenario, he notes. “The other is that companies are figuring out the post-pandemic hybrid model that works best for them. It’s typically a flexible model whereby people can be in the office working with colleagues in person some of the time and be remote other times. When done correctly, this model typically results in higher productivity than would a mandate that forces employees to always be on-site or never on-site, McKinsey research shows. Some leaders are still uncomfortable with the hybrid model, but they’ve accepted that they’re likely never going back to the pre-pandemic way of working.”

Higher productivity would certainly be welcome news for corporate leaders. But there’s an even bigger picture, De Smet believes. “Gen AI is more than an output enhancer; it’s going to reshape all kinds of jobs as more repetitive tasks and some knowledge work tasks are done by machines or large language models. Of course, many people will still do jobs that involve physical labor, though they too will likely be assisted by gen AI.”

In this new reality, employees across industries and roles – not just tech workers but also healthcare workers, educators and middle managers – can be freed up to focus on work that involves the human-centric skills of judgment, innovation, creativity and collaboration. De Smet points out that “workers who are creators and heavy users of gen AI, in fact, told us in a recent survey that they need to build higher-level cognitive and social-emotional skills to do their jobs, more than they need to build technological skills.”

He adds that “this moment is both exciting and a little scary for everyone. People are on a journey, moving to a place where they may no longer do the easy tasks at work. Humans will be doing the challenging work, the fun work and the interesting work. But because it’s going to be harder, people need to thrive and not just feel an absence of burnout.”

To be clear, hard work doesn’t necessarily take more hours or lead to more stress, De Smet notes. “Perhaps it can be done in less time, with more flexibility. How to make that happen is a big challenge for organizations, which face head-spinning demands to innovate, adapt to volatility, respond to disruptions and simply move faster.”

Thriving organizations focus on ways to maximize healthy work environments, team effectiveness and well-being, he points out. “To do so, they move away from traditional practices of measuring productivity by inputs, outputs and activities and toward supporting

outcomes and results. The brute-force tactic of having employees grind it out or muddle through work as a proxy for value is not going to cut it anymore. These companies also shift performance management away from corrective action and toward actions that improve performance, such as coaching top performers as well as those who need more help.”

Gen AI is ushering in a huge shift, De Smet concludes, “along the lines of the Industrial Revolution. The challenge for companies is to figure out how to make this technology work for their employees, guiding them toward good outcomes and managing the downside risks.”

For more, see [Re:think | McKinsey & Company](#).