Human-first, machine enhanced:

the role of AI in workforce transformation

orgvue

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I. Foreword

Artificial intelligence and its role in the workplace attracts emotionally charged conversations. All employees have their fears and hopes about what the technology can and will do.

With hype reaching new heights in 2024 and the media continuing to stoke anxiety, it can be difficult to rationally assess the practical and positive opportunities that AI brings to organizations.

Business leaders are under pressure to invest quickly, without clear guardrails to ensure good outcomes. Meanwhile, AI evolves at breakneck speed.

It's only by taking an evidence-based approach that organizations can use AI effectively. That means understanding in detail how it will impact the workforce to uncover the path to productive collaboration between technology and people.

This report provides a 'State of the Nation' perspective on AI and workforce transformation. Presenting the views of 1,000 business leaders in the United States, the United Kingdom, Canada, and Ireland, we explore:

- How businesses are investing in AI for workplace transformation

- The main challenges to overcome in the transition to an AI-assisted workforce

- The practicalities of introducing the technology into organizational structures

- How different countries and industries compare in their approach to AI

We also provide recommendations for introducing AI into the organizational structure to maximize return on investment and transform how businesses operate.

AI is unquestionably a transformative technology but it's only by analyzing the workforce potential of AI and creating realistic implementation plans that business leaders can invest with greater confidence.

I hope you enjoy the report.

Oliver Shaw,
CEO, Orgvue

II. Executive summary

Our research reveals contradictions in the business community concerning AI's impact on the workforce. Although business leaders are rightly excited by the benefits the technology can bring to their organization, they are not without their reservations.

Despite the rush to invest, many businesses are unsure how they will integrate AI into the workforce effectively and how they'll keep pace with the operational changes the technology will trigger.

As well as their uncertainty around how to prepare for AI, organizations are conflicted over investment in the face of lagging regulation and the potentially detrimental effects of AI for people, productivity, and corporate reputation.

The introduction of AI is a catalyst for workforce transformation, changing and accelerating the effect of other macro factors.

- Four in five (82%) business leaders invested in generative AI, machine learning, Robotic Process Automation, or another form of AI in 2023.

- Three quarters (75%) of business leaders also have a workforce transformation project in progress.

- 69% say AI is a main driver for workplace transformation over the next three years

But a lack of expertise in AI and overall preparedness means transformation could be a difficult transition for many organizations.

- The biggest barriers to preparing workforces for AI include a lack of organizational expertise (39%), employee skepticism (36%), and a lack of regulation on deploying AI in the workplace (33%).

While the hype surrounding the potential of AI remains high, there's a lack of clarity around what specifically the technology will bring to individual workforces.

- 93% of business leaders think that preparing their workforce for AI is challenging.

- 50% are unclear how AI will impact the workforce and 48% are unsure how they will manage developments in AI to optimize use of the technology.

- As such, there remains an overriding sense of responsibility to protect the workforce from redundancies before adopting AI (70%).

III. Part One: The race to (and from) AI

How organizations think AI will transform their workforce and a look at the scale of investment, current and planned

2023 was a watershed moment for AI, as the technology entered the workforce in its most meaningful format to date. As a result, four in five (82%) business leaders invested in generative AI, machine learning, robotic process automation, or another form of AI.

Looking ahead, organizations expect to ramp up their investment. A third (33%) of organizations plan to increase investment in AI by more than 50% over the next year, while a further 44% will make some increase. Notably, just 1% will decrease their investment, suggesting the race to adopt AI is far from over.

Optimism is high that businesses can implement AI quickly to deliver results, with 71% confident they'll be taking full advantage of AI by the end of 2024 and 69% that they'll have implemented AI into core operations by 2025.

It's clear that business leaders are excited about AI's potential for growth and productivity, with 79% saying they think it will make their workforce more productive by the

end of 2024.

When it comes to the motivation behind investment in AI, 23% of organizations want to use the technology to position themselves as a leader in their industry, while 10% are investing to keep pace with competitors that have already done so. Meanwhile, 25% say the main reason for investing is to enable their workforce to focus on higher-value tasks, while 26% want to help their workforce prepare for the expected impact of AI.

Interestingly, 7% have invested to prevent redundancies and the same number are doing so because they felt a lack of AI investment would be an existential threat to their organization.

Orgvue commentary:

While business leaders worldwide are optimistic that adopting AI will make their organization more productive, an informed and considered plan is essential to delivering a positive outcome. A data-driven approach to workforce transformation will be essential to understanding how AI will change organizational structure now and in the future.

Research has shown that a collaborative **combination of AI and human skills produces consistently better work outcomes**, as well as an average 40% improvement in productivity. AI can play a role in surfacing the data insights that are essential to fully understanding the supply and demand of skills in an organization. But it still requires careful, thoughtful human oversight.

If businesses are to enlist AI's help in making important decisions, conversations need to be conducted with care. There are three main attributes for such conversations between AI and people to help manage organizational change:

1. Clarity and precision: Effective prompts require clear and precise language. AI systems interpret input based on the information provided and any vagueness can lead to irrelevant or off-target responses.

2. Context and nuance: AI often struggles with subtleties. Critical thinkers can avoid potential misunderstandings by first identifying the type of goal they want to achieve.

3. Ethical considerations: With the growing reach of AI, ethical considerations become ever more important. This is where human oversight is particularly important. People should not only start conversations with AI, but also make sure that the dataset under review isn't flawed by human bias.

Organizational plans to invest in AI

33%
of organizations plan to increase their investment in AI by more than 50% over the next year

44%
will make some increase in investment

1%
will decrease investment in AI

IV. Part Two: AI: the workforce transformation catalyst

A look at the obstacles to workforce transformation that organizations need to overcome to deliver the benefits of AI

Business leaders believe that AI will be transformative for their workforce, with 82% saying they expect it to increase productivity over time and 73% that it will help them cut costs. For 69%, AI is expected to be the main driver for workplace transformation in their organization over the next three years. This outstrips factors such as "upskilling the workforce" (52%) and "better serving our customers" (50%).

Less positively, 61% of business leaders think these benefits will be directly at the expense of people in the workforce. In fact, 41% believe that AI will cause widespread disruption to their workforce. The same percentage (41%) are fearful that AI could even replace their job as a business leader.

Most business leaders (93%) believe that preparing the workforce for AI is challenging. Many see the biggest barriers to preparing the workforce for AI as a lack of organizational expertise (39%), employee skepticism (36%), and a lack of regulation on deploying AI in the workplace (33%). Just 7% think there are no barriers.

Perhaps the most wide-reaching obstacle facing organizations investing and implementing AI is the lag in regulation. 78% want governments to introduce stricter rules and regulations to better control AI. 54% think regulation has not kept pace with investment in AI and 70% go as far as to say AI should be regulated immediately.

Additionally, while 51% of organizations have given employees permission to use generative AI, only 37% have a clear policy on its use. And one in ten (11%) organizations have no policy at all on using AI tools. Without clear policies, it seems workforce transformation driven by AI is outpacing the provision of effective guidance.

Orgvue commentary:

It's easy to see AI as the villain when it comes to job replacement. But **AI and workforce transformation is not an all-or-nothing situation**; the jobs that the technology will replace wholesale will be in the minority.

As the International Monetary Fund points out in its **recent analysis**, far more common will be AI taking over some activities within a role, **creating new opportunities for human workers**. Banking is a good example here in that, as automation has become more prevalent in the industry, headcount has increased fivefold.

Instead of focusing on job displacement, organizations should look at AI as a workforce enabler that works in collaboration with and, more importantly, needs the support of people to produce efficiency gains and cost savings.

Regulation is a more complex challenge that will require commitment and consensus to introduce guidance on the use of AI and how businesses apply it to their operations. The risk is that a continued lag in regulation could discourage investment and perhaps is already doing so. There are also ethical concerns regarding worker treatment that could call for changes in employment law.

Businesses will want to know where they stand before passing a point of no return with their investment and it's up to governments to take responsibility for making sure regulation keeps pace with technology.
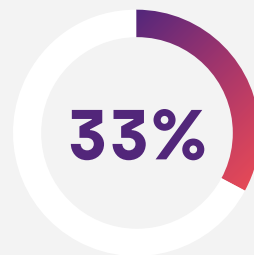
The biggest barriers to AI implementation

39%

A lack of organizational expertise (39%)

36%

Employee skepticism (36%)

33%
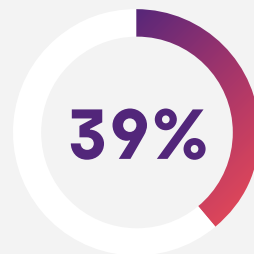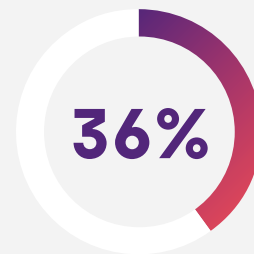
A lack of clear government guidance on deploying AI in the workplace (33%)

V. Part Three: Emerging technology, real change

The need for organizations to better prepare their workforce by taking a human-first approach.

Business leaders acknowledge the need for workforce planning to introduce AI successfully in their organization and particularly the importance of taking a human-first approach. Without human intervention, 78% believe that AI is likely to produce negative outcomes.

And for 70%, there's an overriding sense of responsibility to protect the workforce from redundancies before adopting AI, which underlines the need for a detailed understanding of the workforce as it is today.

To prepare for the impact of AI on work and jobs, 80% of organizations plan to reskill employees to use the technology, with 51% already doing this and 44% hiring new talent with experience in using AI. Meanwhile, 46% have begun to introduce policies to inform their workforce on how to use AI.

Yet, despite these steps, organizations see differences in how well they think employees from different generations will adapt to AI. They believe that Generation Alpha (2010 to 2024) and Generation Z (1995 to 2009) will join the workforce ready to work with AI (77% and

76% respectively). By contrast, they think Baby Boomers (1946 to 1964) and Generation X (1965 to 1980) are relatively unprepared (47% and 35% respectively).

Consequently, 73% of organizations plan to introduce specific training programs and tools to help older generations use AI at work. And 57% plan to prioritize hiring from a younger talent pool.

How to bring AI into the workforce effectively

1 Analyze the work people do in the workforce today to understand where AI could impact roles and identify critical areas

2 Use scenario modelling to ensure future structure matches strategy and forecast the demand and supply of skilled resources in the organization

3 Compare demand with supply to reveal where there are gaps and make informed decisions about which areas to prioritize

4 Use this data-driven insight and assumptions to plan how best to close any gaps and optimize how AI and humans will collaborate to produce efficiencies and productivity gains
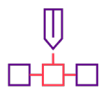
Orgvue commentary:

The generational knowledge gap surrounding AI is clear to see. But the reasons for it (and solutions to it) are not straightforward.

Business leaders may be tempted to prioritize hiring 'digital natives' from the younger talent pool (Gen Z, Gen Alpha), but they can't ignore the softer skills it takes to work with AI. These skills, from emotional intelligence and cultural sensitivity to critical thinking and analysis, aren't exclusive to any one generation.

While the obvious answer is to upskill and train older generations to use AI, organizations need to understand that it's just as important for Gen Z and Gen Alpha to be able to unpack, interrogate, fix, and deploy AI. It's not enough to just rely on employees being able to use the technology. And although younger generations may be the primary 'consumers' of AI, familiarity is not an adequate foundation for successful deployment of the technology within organizations.

Where businesses can win big is in bringing together different generations, understanding the skills they have in their workforce, and setting up the organization to make the most of these skills – from Gen Alpha to Baby Boomers.

VI. Part Four: Immediate impact or slow-burn change?

A regional comparison of AI adoption and attitudes towards embedding emerging technologies into organizational structures.

Our research shows that attitudes to adoption of AI differ by country, region, and industry. There's a clear distinction between the countries surveyed where businesses seem ready for AI and those that have put the brakes on their investment.

United States
AI has acquired 'magic bullet' status in the US, with business leaders anticipating a fundamental change in how organizations operate. Of the countries surveyed, the US has the most board support for investment in AI (86%). 75% say AI is an important driver for workforce transformation and 86% have already invested in the technology.

Business leaders in the US are very optimistic about the impact of AI on the organization and their ability to implement it, with 86% confident it will increase productivity. This optimism hasn't been dampened by a lack of skills; the US leads the way in reskilling employees (82%) and is the least likely to be concerned about a skills deficit being a barrier to AI adoption (36%).

A survey-leading 70% of business leaders in the US think their workforce is well prepared for AI, although 70% also say the government should regulate immediately, but so far this hasn't slowed down investment.

United Kingdom
Like the US, the UK sees AI as a top driver of workforce transformation (69%). But in contrast to US optimism, British companies have concerns about falling behind competitors or maintaining control of the technology and its implementation.

Investment in AI mostly comes from the need to "position the organization at the forefront of the industry" (24%) but 46% say they're not confident in meeting their transformation objectives until 2026.

Additionally, business leaders in the UK have serious concerns about AI replacing people (62%) and also feel that human intervention is essential (79%). Yet none of this seems to be hampering investment; 75% of organizations plan to increase investment in 2024, as in the US.

Canada
Canadian businesses are less likely to invest in AI and are more disposed to a people-first, protective attitude to the workforce. Seven in ten Canadian businesses (73%) have invested in AI to date, compared with eight in ten in both the US and the UK.

Business leaders in Canada are the least confident in implementing AI into core operations by 2024 (53%) or in taking full advantage of the technology (55%). They're also the least likely to think that AI will replace people in the workforce (40%), which could explain their dampened enthusiasm for the technology.

Canada is less vocal about AI regulation compared with the US or the UK (63%), which may reflect disinterest or a lack of focus on investment in the technology.
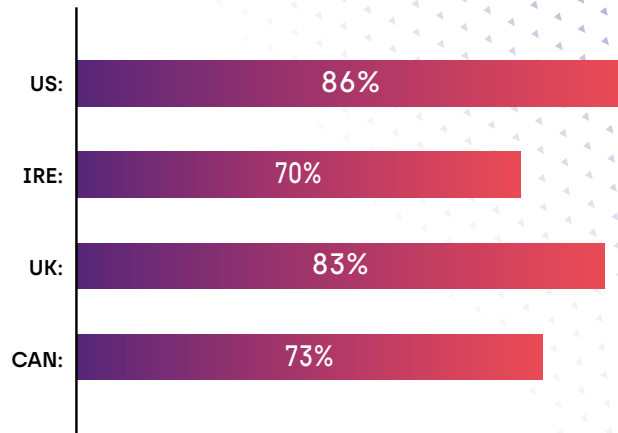
Ireland

Irish businesses are the least enthusiastic about AI adoption and are skeptical of the impact of the technology and its benefits. They are the least likely to have invested in AI (70%) and the least likely to increase investment in 2024 (60%) compared to all other countries surveyed.

This reflects the fact that only 60% of business leaders in Ireland believe the technology will make their workforce more productive. And only 16% think it will disrupt their industry, compared to 46% in the UK.

Like Canada, Ireland is more concerned with protecting its workforce. It is also the least likely to trust AI to operate without supervision (58%) and 74% of organizations feel responsible for protecting their workforce from redundancies.

Business leaders in Ireland are the most likely to want AI to be regulated immediately (86%). This could explain why organizations are reluctant to invest more until regulation and government guidance catches up.

The state of current investment in AI across regions

Region	%
US:	86%
IRE:	70%
UK:	83%
CAN:	73%

Plans to increase AI investment in 2024

Region	%
UK:	75%
US:	84%
CAN:	69%
IRE:	60%
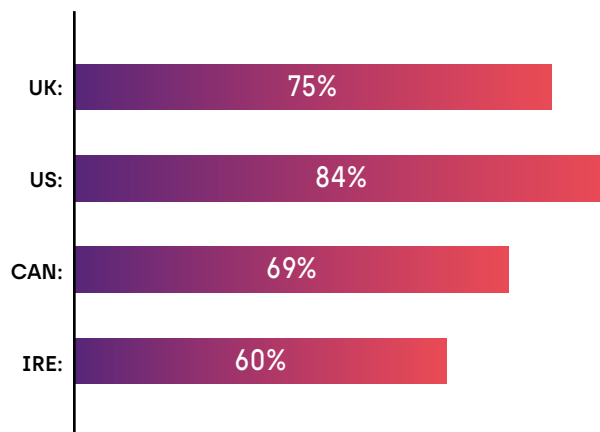
Agree that AI must be regulated immediately

Region	%
UK:	72%
US:	70%
CAN:	63%
IRE:	86%
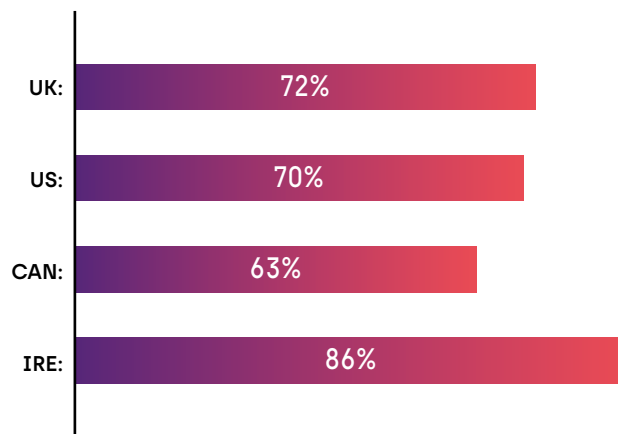
Manufacturing & Production

This sector is less excited by the idea of AI than other industries as they're already very comfortable with AI, having lived through innovation in automation technologies previously. As such, concerns from leaders in the industry are tempered, with no real worries that AI will be a replacement for their people.

Construction & Property

This demographic is excited for the human enhancements that AI can bring, though leaders are pragmatic about the level of upskilling needed in their workforce to deliver benefits. This suggests we can expect to see major investment and implementation of AI in this sector over the coming years.

Retail, Distribution & Transport

Those in the sector are unsure and unsettled by AI; leaders are not clear on exactly how it will change their workforce. Broadly, the industry ranked middle for most responses.

IT, Technology & Telecoms

Unsurprisingly, there's major excitement around AI in IT, technology, and telecoms, with it being among the highest for current investment, increased investment, and board support. However, calls for regulation in AI were far higher in this industry group than elsewhere, suggesting that some guidance is needed before investments are too far down the road.
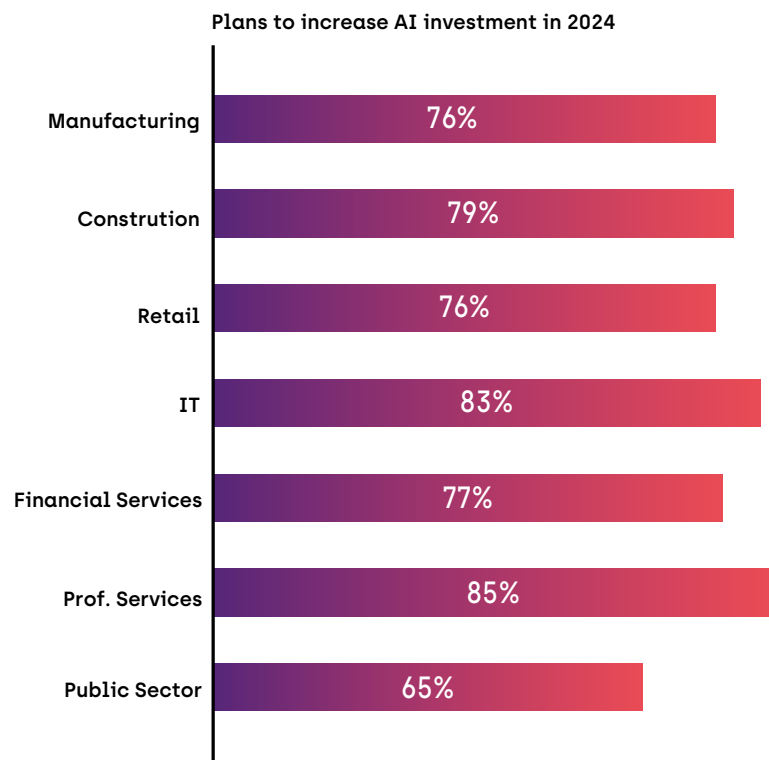
Financial Services

Surprisingly, responses from leaders in financial services were middle of the road compared with other respondents. Perhaps this sentiment reflects regulation inherent in the market, with excitement for AI tempered by a lack of real-world use cases so far.

Business & Professional Services

Another important sector for AI, business and professional services are leading investors in the technology. The research findings indicate that the industry has a clear view on how the technology can be used and is ready to begin implementing it. The lack of concern around regulation is testament to this.

Public Sector

Responses from leaders in the public sector were outliers for almost every question and bottom of the pile when it came to interest in AI. This reflects the slow movement in the sector, where the impact of AI is not likely to be seen for a while.

Plans to increase AI investment in 2024

Sector	Percentage
Manufacturing	76%
Constrution	79%
Retail	76%
IT	83%
Financial Services	77%
Prof. Services	85%
Public Sector	65%

VII. **Conclusion**

The AI-assisted transformation of the global workforce is already underway. Investment is significant and continuing, but there are tough challenges to overcome, from upskilling to regulation. Meanwhile, AI technologies continue to develop, creating new possibilities for change and competitive advantage.

Organizations need a more detailed understanding of their workforce if they are to get the best return for their investment. And they need it yesterday.

With a data-driven view of AI's impact on roles, work, and skills across the organization, business leaders will be able to create meaningful forecasts about their future workforce needs, and identify opportunities for AI and people to collaborate and boost productivity.

Transformation is never easy. But if leaders can get ahead of the structural changes that AI will bring to the organization, there's ample opportunity to deliberately construct a future workforce that combines the best of people and technology to deliver outcomes that are greater than the sum of their parts.

Visit Orgvue today to learn how our organizational design and planning platform can support a strategic workforce plan to maximize return on investment in AI.

www.orgvue.com

VIII. **Methodology**

This research was conducted by Vitreous World using an online methodology. We spoke to 1,000 business leaders in IT, Finance, Operations, Human Resources, Research and Development, Engineering, and Marketing in the US (n–450), the UK (n–350), Canada (n–150), and Ireland (n–50).

Survey respondents work in organizations with more than 2,000 employees and in the following industries: Financial Services; Business & Professional Services; IT, Technology & Telecoms; Energy, Utilities, Oil & Gas; Construction & Property; Manufacturing & Production; Retail, Distribution & Transport; Media, Leisure & Entertainment; and the Public Sector.

All respondents were guaranteed they would remain anonymous as part of the study. Fieldwork was carried out between November and December 2023.

How Orgvue helps

Orgvue is an organizational design and planning platform that empowers your business to transform its workforce by understanding the work people do and the skills they have.

We do this by merging disparate datasets in a schemaless way, then visualizing and modeling current and future states of the organization to enable faster, more informed decisions.

Our platform connects strategy to structure, providing clarity of vision, so you can build a more adaptable, better performing organization that thrives in a constantly changing world of work.

Orgvue is used by the world's largest and best-known enterprises and consulting firms from offices in the United Kingdom, the United States, Canada, Europe, and Australia.

We help our customers to confidently build the business they want tomorrow, today.

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