

GALLUP®

2024

Culture of AI Benchmark Report

State of AI Adoption and Culture Readiness in Europe



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About This Benchmark

Gallup conducted an extensive analysis of the use of AI in 40 major European enterprises headquartered in 11 countries (Belgium, Denmark, Finland, France, Germany, Ireland, Spain, Sweden, Switzerland, The Netherlands, and the United Kingdom). These companies are active in 17 industries (including manufacturing, pharmaceuticals, biotechnology, medical supplies, energy, mining, telecommunications, media, fast-moving consumer goods, food retail, logistics, transportation, professional services, technology, financial services, hospitality, and utilities) and employ over three million people -- an average of about 80,000 per company. Approximately half of these employees are based in Europe. These companies generate combined annual revenues of around \$1.4 trillion USD, accounting for 12% of the GDP of the countries in which they are headquartered.

Methodologically, the study was executed in two phases: Initially, in-depth interviews were conducted with the global Chief Human Resources Officers (CHROs) of each organisation. These interviews were meticulously coded and analysed using generative AI; they also included quantitative questions. Subsequently, a comprehensive survey was conducted, engaging CHROs, Chief Technology Officers (CTOs), Chief Information Officers (CIOs), and HR People Analytics Leaders.

The insights derived from this study are supplemented by qualitative and quantitative data, and incorporate findings from previous Gallup CHRO surveys, Gallup's public research, and external sources.

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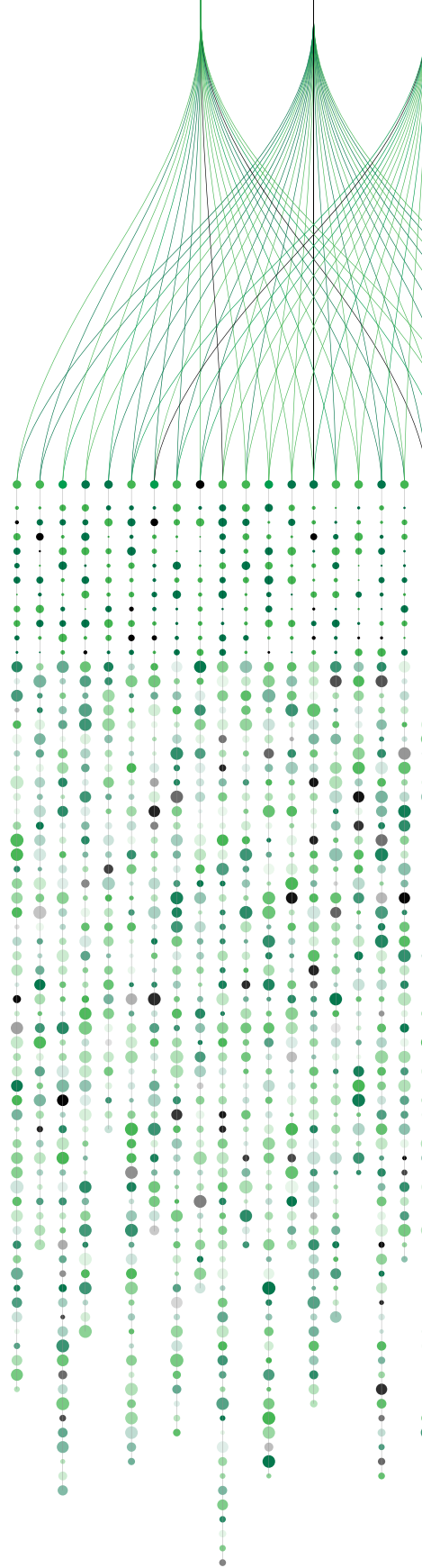
Executive Summary

Preface

The ability to harness advanced technologies like AI is crucial for maintaining a competitive edge. McKinsey has estimated generative AI could add between \$2.6 and \$4.4 trillion to the global GDP. For some perspective, the UK GDP in 2022 was just under \$3 trillion. However, the true differentiator lies not just in the technology itself, but also in the cultural readiness of an organisation to embrace and leverage these innovations.

This report offers a perspective on why some companies excel in adopting advanced technologies while others lag behind. We explore the cultural readiness of European companies for AI adoption, drawing on our extensive research and interviews with leaders from 40 large European enterprises, collectively representing \$1.3 trillion in revenue and over 3 million employees. These influential organisations shared their experiences with advanced technologies and the cultural elements essential for embracing disruption and leveraging technologies like generative AI.

By focusing on the human aspects of technological change, this report provides actionable insights for European companies to close the gap on the growing technical debt they are creating when compared to other competitive regions in the world.



Europe is behind on AI adoption

According to a recent Deloitte report, European businesses are trailing their counterparts in the Americas and Asia-Pacific in integrating generative AI into key business functions. Employee enthusiasm for AI is also lower in Europe, with only 37% of employees showing high interest compared to over 50% in other regions.

The 40 organisations in our study revealed that when it comes to **comfort with AI**, about half of leaders feel comfortable using it themselves, but six in 10 companies said their leadership teams are less at ease. One CHRO remarked, *“If there is one thing you really need to be is comfortable with technology. Some leaders really struggle and are blockers because they are not spending enough time on it.”*

Another leader captured Europe’s disadvantage.

“Depending on how global your organisation is, you can afford to play around with this in the US, whereas in Europe it’s a whole different ball game and things are changing all the time. So, if we are going to try new things we would do it in the USA because the regulatory environment is friendlier, and the capabilities are more available there as well.”

Employee readiness for AI is also a major concern to the leaders with whom we spoke. Seven in 10 leaders stated their employees are not prepared to work with AI. One leader pointed out, *“Reskilling is something we are looking at right now. We need skills around data savviness, how to use AI, sustainability (understanding the topic and regulatory navigation in the EU).”*

Another leader added

“We have not done data-driven skills training, but it is on the radar.”

However, engagement remains a challenge, as one leader explained

“I am not sure everyone is interested, so how do you make it seem advantageous? We need more communication, awareness, and motivation to do this.”

Finally, another leader worried aloud

“It would be great to understand how ready people are to upskill or reskill themselves. What’s the appetite for never stopping to learn. I wonder who is going to be the blocking point. Is it the union in Germany?”

Europe is behind on culture

Addressing cultural resistance is relevant. According to Gallup's State of the Global Workplace report, Europe ranks last in the world on key cultural elements as measured by Gallup's employee engagement framework: only 13% of Europe's employees are engaged, which lies significantly below the global average of 23%.

% ENGAGED

Europe

13%

Global

23%



% NOT ENGAGED

Europe

72%

Global

62%



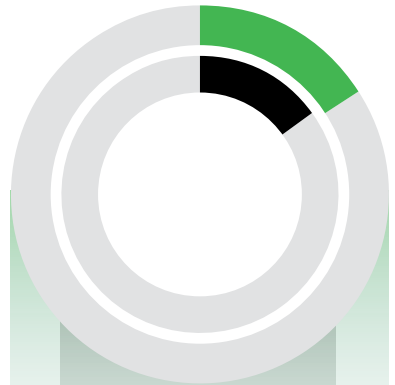
% ACTIVELY DISENGAGED

Europe

16%

Global

15%



Not surprisingly, **around four in ten leaders in our study told us they believe their company culture is prepared for such disruptions, while nearly 6 in ten worry something is missing in their cultures.** One leader lamented, *“It is a question of culture and not of money that we are not further ahead.”*

Europe’s lack of AI adoption is not due to a want of financial resources but rather organisational cultures not being ready to embrace AI. This is worth repeating. Europe is not behind because of a lack of capital, rather a lack of culture. Therefore, the study of cultural readiness in Europe is crucial for closing the AI adoption gap. Without cultural readiness, European companies will struggle to compete.

Unfortunately, even though technology is changing rapidly, culture change is not keeping pace. In fact, Gallup’s State of the Global Workplace Report revealed that engagement barely increased over the last four years from 20% engaged employees globally in 2020 to 23% in 2023. Of course, this does not mean culture cannot change rapidly when organisations focus on and invest in change intentionally. In fact, Gallup’s Exceptional Workplace Award winners average 70% engaged employees, with many having started below the global average and turning things around within that same time frame of 3 to 4 years.

When the European organisations we studied told us they get culture right, they invariably told us they are ready for advanced technologies. When they don’t get culture right, they feel unprepared. And most in our study and broader European research do not have the right cultural elements in place.

Gallup defines culture as the ways of working and how we get things done around here. To measure and understand the drivers of cultural readiness for advanced technologies, Gallup analysed four elements of readiness:

- 1 **SYSTEMIC READINESS:** The systems, processes, and rituals that influence the entire organisation to embrace advanced technologies.
- 2 **LEADERSHIP READINESS:** The leaders and managers who bring the organisation along and inspire adoption.
- 3 **TEAM READINESS:** The local-level culture that integrates advanced technologies into daily work.
- 4 **HR READINESS:** The segment of the organisation that empowers and equips the culture needed to navigate advanced technologies.

Systemic Readiness for Advanced Technologies

Systemic readiness includes the organisation-wide systems and processes that affect all teams and employees.

Eight factors were identified in establishing systemic readiness for advanced technologies. These same eight factors proved useful in Gallup's previous European research on disruption and agility several years ago, where they predicted whether companies had the right mindset and right tools or processes to respond quickly to business needs.

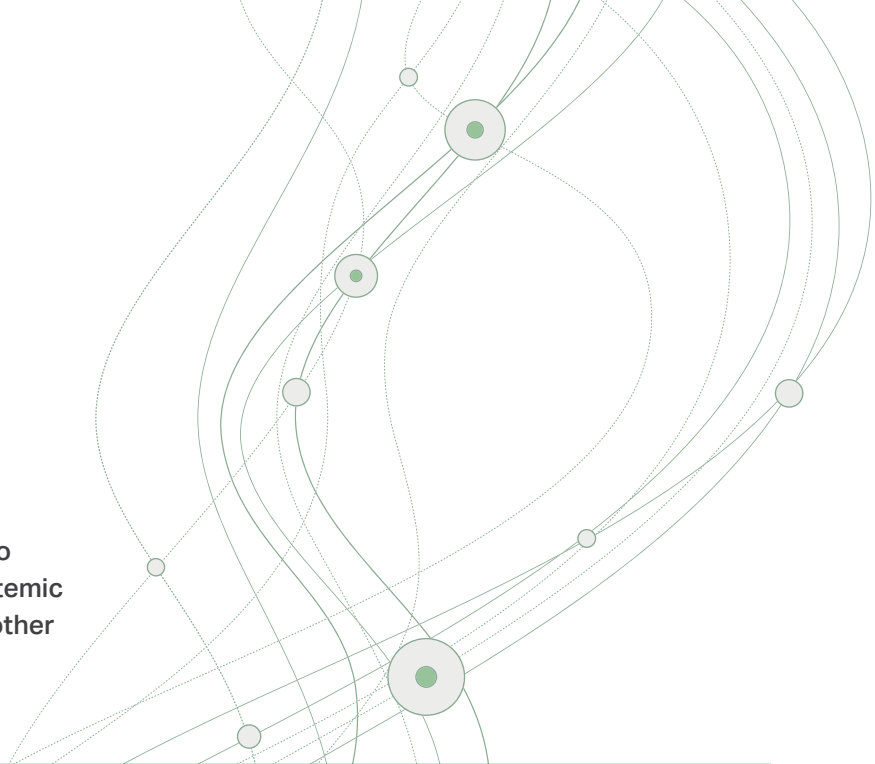
As we explored these eight factors, three elements of systemic readiness emerged: decision-making, ideas, and ways of working.

RESEARCH FOUNDATIONS

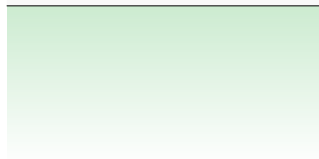
Gallup's Agile 8 Index identifies eight essential drivers of organisational agility: leadership, communication, collaboration, innovation, customer focus, decision-making, speed, and adaptability. According to the study, which surveyed workers in the UK, Germany, France, and Spain, only 16% of employees viewed their organisations as agile. Agile organisations have employees who are 2.5 times more likely to believe they are ahead of competitors and twice as likely to be confident in their financial future. The findings emphasize the need for improved leadership and decision-making to enhance organisational agility.

Systemic Readiness

Systemic readiness can be categorised into three distinct groups, each influencing systemic readiness for advanced technologies and other disruptive forces.



Decision-Making	PACE	Speed of Decision-Making
	PLACE	Empowerment of Decision Makers
Ideas	GENERATE	Encouragement of Ideas
	COMMUNICATE	Spreading of Ideas
	ITERATE	Experimentation of Ideas
Ways of Working	SIMPLIFY	Simplification of Work
	UNIFY	Collaboration of Departments
	AMPLIFY	Adoption of Productive Technology



Decision-Making

Organisations that set an appropriate pace for decision-making and empower employees in the best place, or those closest to the action, to make decisions have cultures that are more favourably disposed to use AI and advanced technologies. However, our interviews revealed a significant gap in this area: while leaders might strongly agree that either of the elements were present in their organisations, none of the leaders could strongly agree both the pace and place dimensions of decision-making were present.

PACE:

Are you satisfied with the speed of decision-making at work?

Less than one in 10 leaders strongly agreed that they were satisfied with the speed of decision-making in their organisations.

The few leaders who were satisfied with the speed of decision-making at work also told us their leaders trust the way their people use data, technology, and AI and that their teams routinely talk about risk.

Here is how one leader made the connection between decision-making speed, leadership trust, and teams routinely discussing risk:

"We have a word from our CEO: 'seize'. Everyone wants to try the new thing and seize it. As AI emerged in the workplace, we decided to put in place a responsible framework for dos and don'ts across six risks. This has created a framework for how fast we can move and empower teams to productively discuss how they can seize safely."

PLACE:

In your organisation, are people closest to the action trusted to make decisions?

Amongst the few companies in a mature phase of AI adoption, strong governance structures with metrics and decision-making communities were established. One leader shared,

"We prioritised three things on GenAI. First, we made sure we have the right decision metrics. Second, the community of practice was established. Today this is 800 people who are early adopters who want to test in advance. Third, we started promoting specific use cases and pilot initiatives."

Those who are best placed to make decisions are often the ones closest to the action. Sadly, **only one in 10 of the European leaders we studied strongly agreed that employees closest to the action in their organisation are trusted to make decisions.** Overly centralized decision-making often leads to bureaucratic delays, risk aversion, and reliance on higher-level approvals. Leaders who felt their organisations empowered the best placed decision-makers **were 5 times more likely to believe their culture was prepared for AI.**

Ideas

High-readiness cultures actively encourage employees to generate, communicate, and iterate on high-value ideas across the organisation. Only two leaders out of the 40 included in the study strongly agreed all three elements around how ideas are treated in their organisation were consistently present.

GENERATE:

Do you feel encouraged to come up with new and better ways of doing things?

Leaders most confident in this element shared their fellow leaders had given them, *“a mandate to investigate how GenAI could be helpful.”* The leader of a large European utility organisation shared an example of how that mandate might be set:

“My CEO went on an all-people roadshow earlier this year around AI. It set the tone. On the back of that we did a massive exercise, and we were able to gather ideas. We are using it to identify weather patterns and how it disrupts our business. Our contact centres are using it as well.”

However, **only four in 10 leaders we spoke with strongly agreed they are supported in generating new ideas.** Some of the challenges were structural, as one leader of an organisation with decentralised brands asked, *“How do you transfer the ideas and skills and keep the local sense of ownership of the trials and applications, while providing central governance?”*

Another leader captured how fear is a barrier to idea generation by stating, *“People are a little bit fearful, and we are trying to get at what is holding people back from their own experimentation.”*

COMMUNICATE:

In your organisation, are information, knowledge, and ideas openly shared?

One in ten leaders strongly agreed that their organisation openly shares information, knowledge, and ideas. From the very few who strongly agreed, we heard pragmatic ideas such as arranging special gatherings of early adopters in their organisation. One CHRO shared the following:

“We have now done digital fairs twice (..) It’s a three-day event where people share live presentations, and there are things to read. It’s fun and it’s in-person where people come and learn. We have more people that want to present than we have time. There are a few hundred involved. The fair is run by IT and HR supports them with communications.”

Ideas**ITERATE:****Does your organisation create an environment where people can try, fail, and learn from mistakes?**

Some of the organisations we spoke with were super users of certain types of technology and it created opportunities for them to experiment. *"We are working with Success Factors on their AI board. They are accelerating their agenda. We are one of their largest companies. We are open to piloting and experimenting."*

Creating a safe environment for experimentation is also crucial for successful AI deployment. Despite discussions about "failing fast," **only one in 10 leaders felt their organisations truly foster such an environment where people can try, fail, and learn from mistakes.**

For many, the implementation of chatbots gave people freedom to try new things. For some, these experiments generated helpful learnings and improvements (*"We found that productivity had save 2 hours per week"*), while others remarked that their results were less successful: *"The total feedback is that people like the functionality, but they don't change their way of working. It should be changing how you organise your work."*

When some companies are thriving and learning from a tool and others are not, typically the problem isn't the tool, but the culture leveraging that tool.

Ways of Working

How we work together fundamentally shapes our outcomes. Imagine an organisation that simplifies processes, unifies departmental cooperation, and enhances productivity through technology. Such a culture would be better equipped for advanced technologies and disruptions. However, none of the European companies in our study strongly agreed that all three elements were in place.

SIMPLIFY:

In your organisation, do your employees always look for the simplest way to get the job done?

Many leaders laughed out loud when asked this question because it was so far from the truth.

One of the most challenging aspects of cultural readiness is maintaining a strong focus on simplification. **None of the leaders we studied strongly agreed that their organisations consistently seek the simplest solutions; nearly one in three disagreed.**

Bureaucracy complicates processes, making large organisations more vulnerable to market disruptions. One worried European leader ironically pondered, *“And the complexity of bringing together the governance [of GenAI]. Does that become a barrier to making progress?”*

Another leader noticed an unsettling trend for where the highest degrees of difficulty lie in the organisation, stating, *“The closer you are to tech, the better the adoption we see. For those closest to the customers, it’s a bigger change and it’s more difficult.”* How many layers of complex bureaucracy does it take before the change is just too difficult to navigate? You might not solve everything, but just a little less complexity can unlock a lot of value.

UNIFY:

Are you satisfied with the cooperation between your department and other departments with whom you interact?

While collaboration within teams is important, systemic readiness for advanced technologies requires cross-departmental cooperation. One CHRO noted a successful collaboration by sharing, *“We created a mixed team with IT people, and we identified 24 use cases. We are in the process of prioritizing in terms of value and cost (...) We will implement at least 12 use cases this year.”*

Around one quarter of the leaders we studied expressed satisfaction with interdepartmental cooperation. In conversation about some of the complications of interdepartmental collaboration with HR, one leader expressed, *“It’s a mixed bag. My issue is less about not being involved, but how can we best get involved as HR without slowing things down in an org as fragmented as ours.”*

Another recognised the distinction between the role of collaborator and the role of driver with GenAI adoption. *“In R&D, we have given them ownership with their capable teams with the right talent. There is collaboration across the company, but they are driving it from the business.”*

Ways of Working

AMPLIFY:

Does your organisation readily implement new technologies that help your people to be more productive?

Effective leaders emphasize that technology should support business objectives, not distract from them. One leader articulated, *“You need a business strategy, not a digital strategy, but where digital can help achieve business results. There is time-wasting and bureaucracy that can be created around these things.”*

This discussion centres on how technology can enhance productivity rather than technology for the sake of technology. Another leader criticised their own culture by saying they are,

“...too tool heavy. If you think about what the most common tool is, it is PPT (Microsoft PowerPoint). That’s how you influence people, and it is a cultural icon. Eventually, someone will discover radical simplicity and declare no more decks. I was with another organisation previously when they decided that, and it was very disruptive because you demonstrate your competence with these tools. You need to let those go and demonstrate your competence without the tools and understanding that less is more.”

Many leaders we spoke with have adopted a wait-and-see approach to GenAI, prioritizing proven solutions from major partners (e.g. Workday, Success Factors, Service Now), yet most are actively seeking generative AI use cases within their organisations. **All that said, only one quarter of leaders strongly agreed their organisation readily adopts new technologies to help their people be more productive.** Leaders who strongly agreed technology was readily implemented to improve productivity were more likely to be satisfied with interdepartmental cooperation and more likely to be content with the speed of decision-making. Readily implementing productive technology underscores the importance of timely and efficient decision-making when reaching informed technology investments.

Systemic Readiness Conclusions

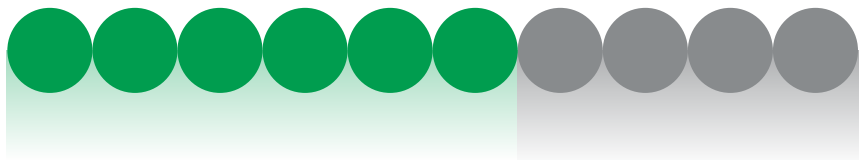
Perfection Not Required, but There Is a Tipping Point

Luckily, perfection is not required on these eight factors of systemic readiness. Our data shows the more factors of systemic readiness a company addresses, the better it is equipped for disruptions like advanced technologies. **When European leaders in our study strongly agreed with at least four systemic readiness factors, nearly 60% felt their culture was ready for advanced technologies such as generative AI. In contrast, around 20% felt ready when leaders agreed with less than four factors.** European companies just need to start with something and not worry about doing everything.

Only 2 out of 10 leaders who agree with fewer than 4 of the Agile 8 Items believe their culture is ready for advanced technologies, such as gen AI.



6 out of 10 leaders who agree with 4 or more of the Agile 8 Items believe their culture is ready for advanced technologies, such as gen AI.



Operating Model Risks:

Centralized vs Decentralized

As organisations seek to harness generative AI, their operational structure—centralized or decentralized—significantly influences their strategy. In this report, 70% of the leaders we studied described their organisations as centralized environments, while 30% are in decentralized organisations. This distinction is particularly critical for portfolio companies managing multiple brands, as aligning technology strategies in decentralized models can pose substantial challenges. As mentioned earlier, one leader aptly noted, “Each company in our portfolio has its own strategies, (...) We don’t have a strategy for almost anything.” This fragmentation can obstruct effective AI adoption and hinder governance across various entities, but it can also encourage local innovation.

Interestingly, our findings indicate that 73% of leaders who agreed with four or more items of the eight systemic readiness factors are from centralized structures, in contrast to just 23% from decentralized ones. Agreement with these items reflects systemic readiness for AI implementation and this would indicate decentralised organisations may be less ready for GenAI.

Recent studies, including **research from McKinsey & Company** highlight the importance of robust data governance for effective AI implementation. Organisations with strong data governance frameworks not only leverage AI more successfully but also foster higher levels of trust and compliance among stakeholders. Therefore, for portfolio companies, investing in integrated data systems and establishing cohesive governance protocols across brands is essential. This strategy minimizes risks and enhances collaboration among the various entities, ensuring that AI initiatives align with overall business objectives. By tackling these challenges, portfolio organisations can maximise their ability to leverage generative AI while maintaining operational efficiency.

Leadership Readiness for Advanced Technologies

As noted earlier, this study encompasses companies employing over 3 million individuals globally, with 1.5 million—half of that total—based in Europe. To assess the impact of generative AI on this workforce, we engaged in discussions with these forty leaders to evaluate the effectiveness of their company’s leaders and managers regarding the integration and application of generative AI.

To better understand the state of leadership on advanced technologies, we leveraged Gallup’s framework of followership (sometimes referred to as the Needs of Followers): trust, compassion, stability, and hope.



Trust

Gallup's research indicates that trust in leadership significantly influences employee engagement, with a 1 in 2 chance of engagement when trust is present, compared to just 1 in 12 when it's lacking. However, trust in business leadership is declining, particularly in Germany, where it fell from 41% pre-pandemic to 27%. This decline has impacted employee retention in Germany, with intentions to stay at a company dropping from 78% in 2018 to 53% in 2023.

The leaders in this study talked about trust across three areas: trusting their data, trusting their people, and trusting their organisation.

Our Data

Leaders can create a higher degree of trust when they invest in cleaning up the datasets and systems which feed the various generative AI tools being leveraged across the company.

Data Quality: In your view, how would you rate the quality of your datasets?

Only 40% of the European leaders we studied believe their data quality is sufficient for generating reliable AI outputs. Concerns centre on AI "hallucinations", where the technology can produce false or misleading information. One leader highlighted the risks, saying, "*Talent management might be more containable within HR, but other outputs can be illegal or wrong.*"

Several leaders noted that AI's probabilistic nature can lead to errors, such as incorrect internal information, causing organisational disruption. As another leader put it, "*We must get away from the belief that GenAI is purely positive.*" A clear lesson is that data quality must be meticulously managed to prevent unreliable AI outputs. One executive echoed what others said in their own unique way as "*crap in, crap out,*" underscoring the importance of having solid data foundations before fully integrating AI into operations "*You must have the basics and control of your data. This is where resources will go to control data quality.*"

Systems Quality: In your view, how would you rate the quality of your data systems and technology?

The successful integration of generative AI in organisational processes depends heavily on the quality of data systems. **Nearly half of the leaders interviewed emphasized the need to modernise outdated infrastructures to unlock AI's full potential.** One leader described their approach: "*We are implementing Workday and discontinuing 17 people systems. This will allow us to build more generative AI capabilities.*" Consolidation of systems not only streamlines operations but also enhances AI readiness.

Our Data

However, decentralized structures pose challenges to adopting unified technology strategies. As one portfolio leader noted, *“Each company in our portfolio has their own strategies, IT systems, etc. So, we are highly decentralized. We don’t have a strategy for almost anything.”* This lack of alignment can hinder seamless AI integration, underscoring the need for organisation-wide strategies. Even organisations with data science teams face obstacles, as one leader remarked, *“[Our employees] are challenged by the state of our systems and data quality.”*

For leaders, it is essential to prioritise investments into robust integrated data systems to fully leverage AI and drive strategic value across the business.

Our Employees

If leaders do not trust their employees, it creates an unforgiving environment. Unforgiving environments reduce risk taking, innovation, and a host of other critical factors which make organisations ready for disruptive ideas and technologies.

Top-Down Trust: How well do your leaders trust the way your employees are using data, technology, and AI?

While leaders generally trust employees to use data, technology, and AI, this confidence is notably lower than how these companies described their employees’ trust in leadership. **Approximately four in 10 leaders expressed doubts about how their teams will utilise AI.**

This scepticism is not always rooted in malintent. As one leader observed, *“What happens if our employees utilise these tools with the greatest of intention and then it goes wrong?”* Such concerns highlight the complexities of integrating AI responsibly.

Our analysis indicates that when leaders have confidence in their employees’ use of data and technology, it positively influences key systemic readiness factors: interdepartmental cooperation, decision-making speed, and fostering an environment that encourages experimentation and learning from mistakes.

Our Organisation

Equally important to top-down trust, leaders must be trustworthy and earn the trust of their employees. They believe the organisation will be responsible in their use of AI and application of employee data.

Bottom-Up Trust: How well do your employees trust the way your organisation is using data, technology, and AI?

Most leaders expressed confidence in employee trust regarding their organisation’s use of data, technology, and AI, with 70% feeling positive. However, this optimism contrasts with the Bentley-Gallup report, which found that 79% of Americans distrust companies to use AI responsibly.

Leaders concerned about employee trust highlighted potential risks. One remarked, *“There is a lot of transparency which can be created, which people don’t always like how that will be used.”* Concerns also emerged about employees’ trust in technology. As one technology leader stated, *“Trustworthy AI is a key topic. Engineers want precise*

Our Organisation

100% trust, and we have to help them know it's not always at that level." Another leader noted the challenge of data reliability: "Our biggest challenge is data accuracy and quality. People don't trust the data."

Leaders also worried about maintaining existing trust, with one stating, "There might be a fear culture you can create if you become Big Brother." Yet another leader pointed out that sometimes the issue is not trust itself but "the resistance to change."

COMPASSION

Gallup research has shown consistently over the years that when employees feel cared about, it comes with a host of performance and well-being benefits. Gallup's chief scientist, Jim Harter, confirmed many times there is a statistically meaningful connection between people feeling cared about and lower employee turnover, higher satisfaction scores, higher productivity, and higher profits.

So, what do leaders in Europe care about? We explored three areas of caring in terms of GenAI with this study: our rules, our people, and our environment.

Our Rules

We wanted to understand how much leaders were focused on the rules versus the benefits of generative AI and similar technologies. Rules-heavy environments can create fear and freedom-heavy environments might encourage irresponsible risk-taking.

Rules: How focused are you on the rules for using GenAI?

Around two in ten leaders say they spend more time talking about the risks and rules of using GenAI. Clear communication of generative AI policies is vital for both compliance and seamless integration. While most companies have established AI usage guidelines, ensuring employees grasp and adhere to them remains a challenge.

One leader emphasized, "*GenAI can take different forms in a rules-based company versus a principles-based one,*" highlighting the need for tailored approaches based on company culture. Organisations with well-communicated AI strategies report stronger digital readiness, with employees better prepared to effectively use AI tools.

Freedom: How focused are you on the benefits of using GenAI?

Embedding generative AI into an organisation requires balancing compliance with creative freedom. While clear rules are necessary, many leaders emphasize that making AI accessible and enjoyable unlocks its full potential. **Half of the leaders reported that their organisations prioritise discussing the benefits and freedom of AI over focusing solely on rules.** One leader explained, "*Driving the transformation is important—making it fun is a critical part of the strategy.*"

Our Rules

A key theme is fostering a culture of curiosity and experimentation with AI. Companies are actively working to make AI less intimidating, positioning it as a tool to enhance daily tasks. *"We want it to be fun, not scary—helpful in your daily work,"* shared an executive. Innovative solutions like developing internal AI tools are also boosting engagement while safeguarding against risks.

As AI adoption grows, leaders recognize that sparking curiosity and enthusiasm is just as important as building technical skills. *"We need to spark the joy around AI,"* remarked another executive. By striking a balance between creativity and compliance, companies can drive innovation, enhance productivity, and ensure AI becomes a vibrant part of daily operations.

Our People

Generative AI solutions are proving useful in helping organisations show they care about their people and when leaders can demonstrate compassion, then they are able to accelerate change because their people will come along with them.

Safety: Is GenAI creating a safer place to work for employees?

Employees often feel vulnerable regarding data quality, as poor data can lead to AI hallucinations. **Leaders who strongly affirmed the high quality of their data sets were 7 times more likely to report regular discussions about safety among their teams.** This confidence in data quality also significantly enhanced leaders' trust in how employees utilised AI.

One leader noted that generative AI could *"minimize data mistakes."* However, concerns arose in highly regulated industries, particularly healthcare. One leader emphasized, *"Being in a regulated environment requires extra steps to cover liability or ensure safety. Shortcuts are a bad thing for quality and patient outcomes."*

While few leaders believed generative AI would directly reduce safety incidents, they acknowledged the potential for predictive analysis to utilise historical data to foresee safety risks. Additionally, visual AI tools can leverage deep learning algorithms to monitor real-time feeds and identify unsafe conditions. There may be more potential for reducing safety incidences than many leaders realise.

Our People

Stress: When it comes to workforce stress, are your employees more stressed because they are concerned about losing their jobs to AI or are they feeling less stressed because AI is helping augment their jobs?

The conversation surrounding AI's potential to replace or augment jobs emerged prominently during our interviews. While some leaders expressed genuine concerns about job loss due to AI, many viewed AI as a tool for augmenting roles and reducing stress.

One leader reflected, *"In terms of risks, the fear of GenAI is that it could replace you. With our chatbot, it could reduce HR jobs."* Conversely, another leader emphasized the importance of embracing AI: *"The message was that AI is something to embrace and not fear, and no one's jobs will be lost or replaced."*

Leaders generally noted that while AI has the potential to enhance office-based work and improve efficiency, it is unlikely to fully replace jobs in the short term. One leader mentioned, *"The quality is not good enough to replace people... It does not take away my job."*

Additionally, leaders are exploring how generative AI can be utilised to assess employee well-being and stress levels. One stated, *"We are also exploring with copilot some of the things it can do on behaviour... to understand their stress, work-life balance data, and well-being."*

However, such initiatives remain rare, as many organisations hesitate to implement AI tools that could compromise employee trust and be perceived as intrusive.

Our Environment

Organisations and leaders must show they care about the environment. Irresponsible use of advanced technology can create risks for our planet, and risks for your employment brand.

Environmental Impact: How are you quantifying the impact of GenAI on the environment and your organisational Environmental, Social, and Governance (ESG) goals?

Goldman Sachs Research estimates that Europe will require over \$1 trillion to upgrade its data centres and power grid in the next decade. With 15% of the world's data centres located in Europe, demand for power from these centres is projected to rise by between 40% to 50% by 2033. Compounding this challenge, Europe's data centres are among the oldest globally. The International Energy Agency reports that ChatGPT queries consume ten times more electricity than a Google search, and Goldman Sachs forecasts that AI will increase global demand for data centre power by 160%.

Given this context, we sought to gauge the awareness and scrutiny among the companies we studied. Public records show that all forty companies have established carbon footprint goals, and nearly all have set water consumption targets, indicating a clear commitment to addressing their environmental impact.

Despite this focus, most companies reported that it is too early to assess the impact of generative AI, with only two having quantified its economic effects. One company noted, "One ChatGPT conversation equals the amount of CO² of a car driving 2–10 meters," while another stated, "Five GenAI searches are equal to consuming a half litre of water."

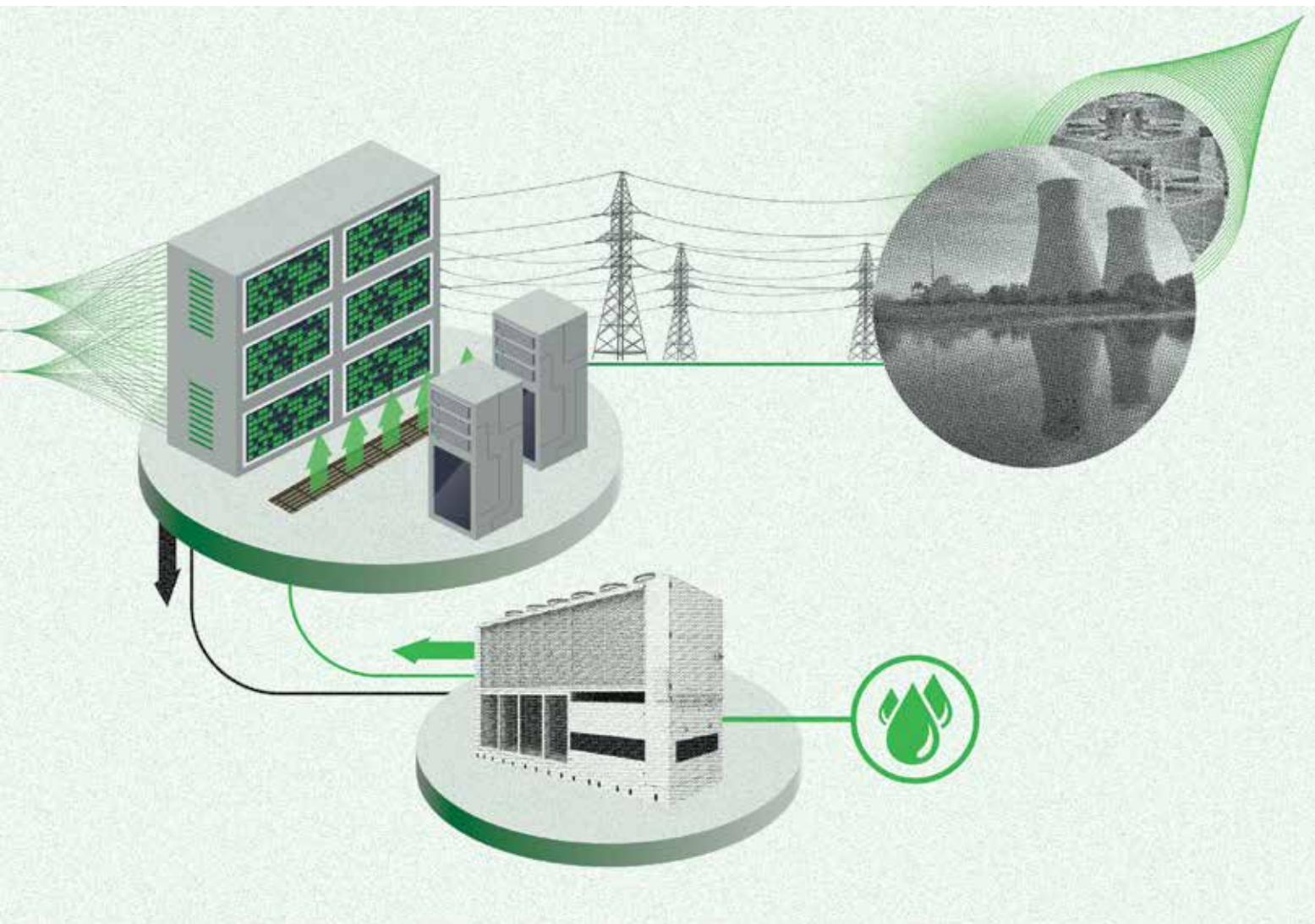
Some leaders cited figures from other research, but discrepancies arose. For instance, one leader claimed that Microsoft's energy consumption had increased by 30% in three years, while the actual figure is a 200% increase. Another mentioned that one ChatGPT request required a thousand times more energy than a Google search, though the correct figure is ten times more energy than a Google search, according to the International Energy Agency.

A leader responsible for Corporate Social Responsibility (CSR) explained the hesitation in quantifying the impact, attributing it to a lack of regulation and uncertainty about future calculations. They stated, "We are not quantifying the impact of each query. We will likely need to report on it eventually due to new annual reporting rules, but the use of it is so limited right now, so it's not a big impact. The chances are whatever quantifications which have been done by others are not accurate."

Our Environment

Additionally, some leaders expressed that rising energy costs associated with AI might ultimately contribute to solving the long-term energy crisis. One noted, *“We are focused on a circular economy and ESG is very important to us, but if we don’t sprint towards these AI tools, then the tools which can solve this will be missed. Will we have better fission and fusion because of these AI tools? Shouldn’t we burn through these litres of water to save millions more in the future?”*

While generative AI is accelerating energy and water consumption, many European companies remain in a wait-and-see mode regarding the quantification of its impact on their sustainability goals, primarily due to low perceived adoption rates within their organisations. Most anticipate that regulatory changes and increased AI adoption will necessitate a shift in their approach, but currently, they lack clarity on its effects.



Stability

When leaders address the risks of change, they create a stable working environment. So, what are the risks leaders are focused on? The European leaders we studied were focused on two areas: data & legal protections and AI investment strategies.

Data & Legal Protections

Data and legal risks can destabilise an organisation, and therefore leaders establish a strong culture ready for disruption, then they take measures to protect the company from data and legal risks.

Cyber Security: How concerned are you with the enhanced security concerns that come with GenAI?

Nine in 10 European leaders interviewed are worried AI will become a tool for unfriendly actions towards their company's data, systems, and IP.

"AI has come so fast; we have had conflicting messages that it is not secure and then we said it's okay. Part of what has been holding us back has been security concerns."

"One concern is how the vendor is going to use our data, but this is the case. They need the data for the AI to learn."

Data Privacy: Are you using GenAI for monitoring employee behaviours for any reason (e.g. identifying burnout and stress)?

Eight in 10 leaders view data privacy as a critical risk for their organisations. The primary concern stems from a lack of employee trust regarding the use of their data, impacting not only the 1.5 million European employees in this study but also American employees in European-headquartered organisations.

"Trust...how far can you go? There might be a fear culture you can create if you become Big Brother."

"We have a healthy scepticism of how data is used. The UK is about as liberal as we have, but our US division is more sceptical. The percentage who have said they don't want their data used is quite high."

Data & Legal Protections

Ethics & Bias: Are you worried about any ethical or biased risks from the use of GenAI in your organisation?

Seven in 10 leaders express significant concerns about the ethical and bias risks associated with generative AI. In interviews, 6 leaders highlighted ethics as a key issue, with one stating, *“How do we make sure we are unbiased? That’s not going to be easy.”* Another mentioned that their board emphasized the importance of ethics and data storage in their AI priorities. Additionally, one organisation has appointed a full-time AI ethics leader to oversee ethical practices, revealing concerns about potential discrimination in AI hiring tools. Conversely, some leaders view generative AI as a means to address existing biases, noting its potential to increase efficiencies and mitigate biases in various business areas. *“And all areas of the business are also finding use cases for increasing efficiencies, removing biases (more in the small things), etc.”*

IP Protection: How are you managing IP protection? Have you implemented an internal instance of a chatbot (e.g. ChatGPT) which protects your IP?

Seventy-five percent of leaders we studied have implemented internal chatbots, while only three reported not using one. One-third of leaders said they have piloted ChatGPT with small teams, and about half have deployed it to a larger employee base, planning further expansion if successful. Only 10% have fully rolled out ChatGPT across their entire organisation, which isn’t surprising given that these chatbots are likely to be more useful for knowledge workers than others.

The primary motivation behind using internal chatbots is data protection. As one leader emphasized, *“The risk is staying in control of the crown jewels of data (...) It is a listening tool into the heart of company decision-making and company secrets.”* Another expressed concern over employees potentially inputting strategic information into public AI tools, highlighting the balance between risk and temptation in using generative AI.

“In the end there are two types of employees. The first will not try using GenAI because it is too risky, and the other category of employee would fall to the temptation and start putting strategic information into public GenAI tools.”

AI Investment Strategies

The European leaders we studied highlighted the importance of financial stability with generative AI, focusing on the rigour and governance of investment decisions. We also did a deep dive on how these leaders felt they could maximise their ROI.

Investment Rigour: What level of rigour is conducted with investment due diligence at your organisation when it comes to GenAI projects and use cases?

We found substantial variation across companies in this study on how rigorous they were in their investment strategies for GenAI. Only a handful reported high levels of rigour, but around half felt like there was some semblance of rigour in place even if it wasn't extremely high. And one in three did not think there was very much investment rigour at all.

Some of the factors which framed investment decisions in GenAI included the following:

- **Centralisation or Decentralisation of Efforts**

Organisations often found the centralisation of investment decisions helpful. One leader from a highly decentralised company told us, *"We centralise these types of investments, we review, categorise, and prioritise. We have 15 generative AI projects. The fact that it is centralised helps us analyse significant investments."*

However, others who were leading more fragmented organisational structures embraced their business models, as one of those leaders shared, *"The countries take the frameworks we provide, and then determine where to make the biggest investments. In Ukraine, it might be very different from Pakistan. We don't follow up with compliance-oriented check-ups or anything."* Of course, one of the issues can be a lack of accountability, but the benefits may be high levels of individualisation for meeting local needs.

- **Fast Followers vs Early Adopters**

Even though these 40 organisations average 80,000 employees, it doesn't always mean they want to be at the front of the line on advanced technologies. Many of them talked about being careful rather than aggressive in adoption of generative AI. Capturing the watch-and-wait mentality, one leader confessed, *"Partly, I just want some of these things to settle out before we make big investments in technology. We thought we were going to do something this year and I decided we are not. I went to a conference in London, and I felt the nascency of it and I thought there is maturing that needs to happen."*

Another leader's sarcasm towards early adoption promises couldn't be missed as they professed themselves to be fast followers. *"There was huge hype around what AI could do and solve world peace and ten margin points would drop out. We have decided to be fast followers and leave it to Workday and others to do the heavy lifting and make sure we understand the developments in the market."*

AI Investment Strategies

- **R&D Mindset**

To explain why there might be less rigour in due diligence compared to traditional investment decisions in their organisation, one leader shared, *“We probably take a bit more of an R&D approach on AI investments than an enterprise technology view. We are more in the innovation space and less in the classic finance business case.”* In this case, it wasn’t necessarily viewed as less rigour, but as an appropriate level of rigour for these types of investments.

- **Cost Pressures**

Cost pressures also explained higher requirements for AI investments. Sometimes this cost pressure was attributed to industry standards. *“We are a metals producer which makes us a commodity business, so investments into internal AI topics are very precious and happen very rarely.”* Others framed the discussion in comparison with those making significant investments. *“I don’t think we are willing to do the level of investment as companies like Microsoft because of cost pressures.”*

Increased Scrutiny: When do you think your organisation will require high levels of due diligence for GenAI investments?

About half of leaders believe their AI investments are rigorous enough, while 25% anticipate needing a year and 20% expect three years to enhance their investment rigour. Increasing scrutiny is driven by emotional and financial expectations, with one leader noting, *“Everyone is still in an explorative space... It’s coming to a phase now where people want to see outcomes.”*

Concerns about over-investment in AI due to hype are significant, as highlighted by one leader’s observation: *“There is a cost risk that we over invest quite a lot because of hype and excitement but outcomes are minimal compared to the investment level.”* Additionally, boards are focused on understanding risks and mitigation strategies, underscoring the need for C-level executives to balance enthusiasm with practical assessments of AI investments. *“The board would want to know the level of risk and how we mitigate those risks. Then culture readiness and what investment is required.”*

AI Investment Strategies

Maximizing ROI: What more should your organisation do to prepare your workforce to get the highest return on investment from GenAI tools and solutions?

We also wanted to know what leaders believed would help them maximise the return on investment (ROI) of their AI ventures. As we analysed their responses, six key themes emerged from our study of these forty European leaders:

1 Change Management and Communication: European leaders told us their ROI was dependent on doing better with the change part of the experience and developing strategies to address internal resistance. One leader shared, *“As with any change, different parts of the organisation progress at different speeds and we need to make sure that we continue to take everyone with us - especially those that remain more hesitant or sceptical.”*

Communication also meant helping to *“build the ROI case. This is an evolving field and there are managers with different abilities to explain the impact.”*

Managing change also gets easier when you include your leaders and managers. One leader said they *“found good results from setting up community channels for feedback for all tech launches, which means we can spot bugs early and monitor usage and impact post the event.”*

2 Upskilling and Training: A good number of leaders we spoke with said a more capable workforce would squeeze more ROI out of their investments. There were often specific areas of the business where leaders saw a need for capability building, such as enlarging, *“training delivery for frontline workers”*. Another leader shared the need for hyper individualisation by *“providing the right training, with the right people, and at the right moment, as the needs are not the same, and not in the same timeline.”*

AI Investment Strategies

- 3 Experimentation and Learning:** Many leaders mentioned higher ROI required more intentionality to “proactively ask people to experiment” and to “share best practices” so the organisation is learning. One leader also mentioned they need to “provide rewards for efficiency” as a motivator for higher ROI experimentation.
- 4 Strategic Investment:** Leaders talked about how easy it is to get distracted by a *“significant risk landscape of inadvertent data leakage, data jurisdiction, cloud restrictions, and customer and data privacy as to how this will be considered notwithstanding the real challenge which is – ‘what exactly is the problem statement the company wishes to solve with AI?’”* Company leaders also talked about how they need to stay focused on business objectives and *“look at opportunities rather than risks. Invest for productivity.”*
- 5 Compliance and Data Privacy:** Leaders in highly regulated industries said success was dependant on navigating the many regulatory demands they face. One financial services leader shared, *“First of all, we need to understand the compliance requirements and regulatory constraints from the central bank regarding bank usage and acceptability as we are not a corporate entity that can simply use AI from the Cloud - we are regulated.”*
- 6 Practical Applications:** Leaders believe they can maximise ROI by demonstrating tangible AI benefits to boost productivity and operational efficiency. One leader said they should do this by showing *“people loads of practical examples of how GenAI can be integrated into ways of working - for the benefit of our customers, and also for the benefit of staff with internally facing roles. I think there are not enough examples yet to excite people and bring them along on the journey by helping them to understand tangibly how AI will make a difference.”*

Hope

Hope is another critical need of followers. Gallup research shows that when leadership makes employees enthusiastic about the future, seven in 10 are engaged at work. But when leaders don't, only one employee in 100 is engaged.

We captured hope through two questions in our study, one around leadership capability to face the challenges ahead and the other around the credibility of their strategy.

Capability

Capability: Do you have confidence in the ability of the leadership of your organisation to successfully face the challenges ahead?

Eight in 10 leaders were confident in the ability of their leadership teams to take on the challenges they will face in the future. The remaining two in ten leaders have deep concerns about the future of their organisation and see the need for a transformation of more than just technology, but also of their leadership teams who will take them into the future.

- **Consistency Across the Organisation.** Achieving consistency in leadership capability remains a challenge for many of the organisations we studied. As one leader noted, *"Our leadership team has mixed capability. It depends on the pockets."* The uneven distribution of leadership skills across different areas of the organisation demonstrated the need for development of leaders at all levels to even the playing field.
- **Staying Competitive.** To stay competitive, organisations must embrace innovation while managing legacy traditions. One executive noted,

"When Generative AI is integrated into a solution, it can take off easily. However, being truly disruptive is the real challenge. We have established ways of doing things, and the risk is that new companies, unburdened by legacy practices, will emerge. This poses a significant threat to older companies that struggle to let go of traditional methods."

The perennial challenge for large organisations is to stay relevant while being rewarded for past successes, even as future competition arises from new entities without the need to unlearn old habits.

Capability

- **Changing What We Value.** The shift towards data-driven decision-making is transforming organisational priorities. As one leader observed,

“To start trusting the data coming from the system and stop asking for more reports is a big change. We love to create PowerPoints for each other. At some point, you have to decide what you are going to stop doing right now. With a nice presentation, you get feedback, and no one gets credit for a good input.”

This shift reflects the need to move away from redundant reporting and focus on actionable insights. Sometimes more data leads to less efficiency because of unnecessary leadership requests. Increased capability of leaders to simplify the complex can create more clarity in their efforts and narratives.

- **Expanding Mindsets.** The transition from intuition-based to data-driven leadership is becoming more prevalent.

“We are operating less on gut feeling now and more on facts. The leaders are asking for that data now and they realize they can use it to do their forecasting more spot on and do it in relation to people as well,”

shared a leader. This shift not only improves forecasting accuracy but also aligns leadership decisions with empirical evidence, fostering a more transparent and effective organisational culture.

Credibility

Credibility: Do you believe your business has a well-developed strategy that supports its vision?

A significant majority of leaders—three quarters of those studied—believe their business has a well-developed strategy that supports its vision. This strategic clarity is crucial for building credibility and instilling hope among followers. When leaders can articulate a clear and compelling vision, it fosters trust and confidence within the organisation.

- **Translating for Employees.** One of the challenges highlighted is the gap in applying advanced technologies internally. As one leader noted, *“The challenge we have is that our top leaders completely understand Generative AI because of their technological training and sometimes we are quick to use it for our customers, but not for our employees.”* By ensuring employees are also beneficiaries of technological advancements, leaders can enhance their credibility and demonstrate a commitment to the entire workforce.
- **Bridging the Middle.** Effective leadership involves balancing enthusiasm for innovation with practical implementation. *“Leaders must stay informed enough to empower teams to embrace new technology. Extremes—whether doubting it will happen or being overly enthusiastic—are risks. The key role is creating an environment for innovation, leaving technical expertise to others,”* shared another leader. Leaders lose credibility on the extremes, whether that is all out positivity or all out negativity on the potential impact of advanced technologies.

Change Urgency

Change Urgency: Are your managers connecting the dots between how changes today will improve how we compete in the future?

Employees need to see how the changes today will improve how we compete in the future. Gallup's research highlights the critical influence of managers on employee engagement, with managers accounting for 70% of team engagement variability. The European leaders we studied echoed these findings, with notable insights:

- **Inactive Supporters: Nearly 7 in ten of the leaders we studied admitted their managers were not actively supporting their teams' use of GenAI.** One leader asked and answered, *"For leaders and managers, how is AI being incorporated into their business? It's a continuous improvement thing."* Active support is not a one-time thing, but a continuous thing.
- **Digital Capability:** Companies with digitally skilled managers were more likely to be ready for GenAI, and these managers were more supportive of AI integration. However, many leaders lacked clarity on their managers' capabilities. One admitted, *"I don't know about the capability of our frontline managers,"* reflecting a gap in understanding.

The **"cascade effect"** emerged, showing that when top leaders have strong digital skills, it flows down through middle and frontline managers. For example, in cases where middle managers were perceived to lack digital skills, 100% of the time we were told frontline managers also lacked those same digital skills.

LEADERSHIP READINESS CONCLUSION

When leadership teams establish trust, show compassion, create stability, and deliver hope, then they create cultures which are ready for future disruptions. Trust is foundational, and the other three usually don't fall into place if those needs are not being met. Always start with trust, and it will often help with the **other three needs of followers.**

Team Readiness for Advanced Technologies

Team readiness involves adapting AI and advanced technologies to fit specific local contexts, addressing unique market needs, and complying with local regulations. It emphasizes developing local talent, implementing tailored strategies, and establishing the necessary infrastructure and support systems to ensure smooth operation and community engagement.

We explored team readiness by adapting Gallup’s engagement hierarchy framework. The engagement hierarchy offers a detailed view of employee engagement at the local level. The hierarchy comprises of four levels, namely, basic needs, individual needs, teamwork needs, and growth needs. We applied AI related questions to each level of the framework to better understand how ready local team cultures are for advanced technologies.

RESEARCH FOUNDATIONS

Gallup’s Engagement Hierarchy is an employee engagement construct validated through targeted questions related to workplace culture, covering essential needs and growth opportunities. The 11th and latest meta-analysis of data from 347 organisations across 53 industries and employees in 90 countries reveals a strong correlation between employee engagement and 11 performance outcomes including customer loyalty/engagement, profitability, productivity, turnover, safety incidents, absenteeism, shrinkage, patient safety incidents, quality (defects), well-being, and organisational citizenship.





■ Agreement (4 and 5)

Basic Needs

Like Maslow's hierarchy, certain foundational needs must be met before an organisation can advance. If clear expectations for using generative AI are not established and if data quality is poor, the organisation is not ready for advanced technologies.

Strategy: Has your organisation communicated a clear plan or strategy for integrating GenAI technology or tools into current business practices?

Among the 40 interviews conducted, only two CHROs reported lacking an AI strategy, indicating most companies have some semblance of a strategy for AI. Some organisations fully leverage AI for efficiency, while others are just beginning to explore its potential. Common strategies include training, partnerships, dedicated AI teams, and governance alignment.

However, only 54% of leaders confirmed their organisation had communicated a clear plan for integrating Generative AI. One leader wondered,

"We do ask ourselves if we even need an AI strategy. We have one strategy, which is the business strategy. The people strategy is part of the business strategy. We look at [GenAI] as a tool or enabler like data. Data is equally if not more important to us than AI. Do we need an AI Strategy or is it more distracting?"

Some of the companies we spoke with shared that developing an AI strategy helped them "...prevent things from happening everywhere without being coordinated and without governance."

Another leader noted their lack of communication was highly associated with a lack of readiness, "We have not communicated a strategy on AI yet. Skills are not ready here. We don't know what it means. People are scared." According to our data, this gap between having a strategy and communicating one significantly impacts team readiness, workforce preparedness, and the digital skill levels required for both leadership and individual contributors.

But when leaders talked about their AI strategies, they often detailed how inclusive the development of that strategy was and how it helped get leaders aligned. One leader put it this way, "There is a sounding group to work on the AI Strategy piece and in the sounding group, senior leaders from across the business worked together to ensure that something that actually works for them is generated."

Basic Needs

Direction: Does your organisation have any guidelines about how and when employees can use GenAI technology or tools to complete their work?

As organisations increasingly integrate Generative AI technologies, clear guidelines and high-quality data are paramount. Sixteen leaders we interviewed mentioned having an internal instance of ChatGPT. However, for some the initial rollout was met with hesitation. One leader noted,

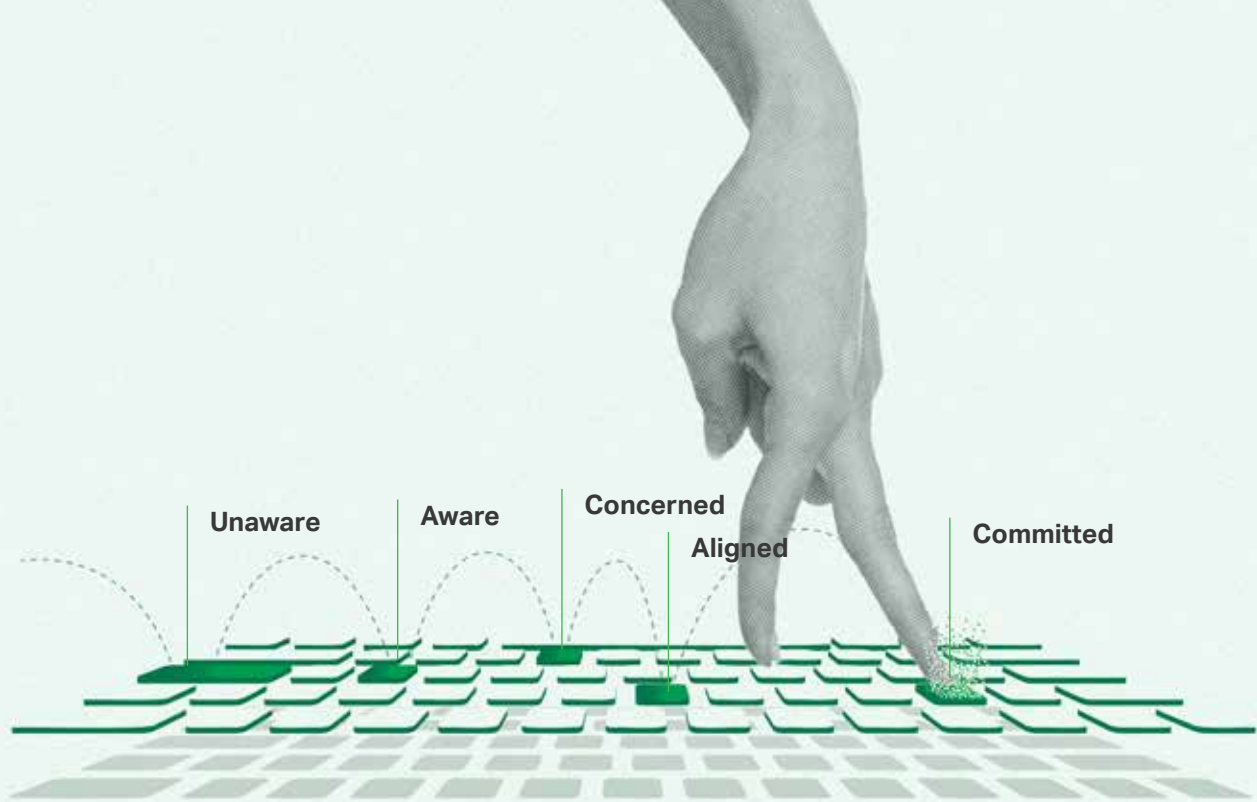
“(Talking about ChatGPT) Also many only remember being told not to use it. So, we are rolling back from that moment. At first it was a bit of a scare.”

In contrast, leaders who described well-communicated policies on how and when employees can use AI tools, were less likely to echo elements of fear. Without such direction, employees may feel uncertain or even fearful about leveraging these technologies, potentially stalling innovation and productivity.

Equally critical is the quality of the data feeding these AI systems. As one leader, echoing others put it,

“Garbage in, garbage out with data.”

Only two leaders rated their datasets as extremely high quality, revealing a critical challenge for AI implementation. High-quality data is essential for delivering accurate insights, as poor data can lead to inaccuracies and legal liabilities, especially in industries like healthcare. To fully leverage AI's potential, organisations must prioritise robust data governance and continuous data quality improvement.



Basic Needs

On The Journey: Where are your employees in their journey with GenAI at work?

Unaware: One in 10 of the leaders we worked with on this study said their employees do not really know about their organisation's efforts with AI.

"I consider myself to be absolutely ignorant on this topic."

"Don't know if people really understand AI. The level of misinformation, the level of political and social influence will increase. Unfortunately, the forces of ill intent will try and use it more than the others."

"We are in first grade on how sophisticated we are with AI. We need to keep it front of mind. You don't want to think you are mature when you are not mature, or you don't want to have missed opportunities."

Aware: One in three of the companies shared their employees are simply aware of their AI initiatives.

"Leaders are open, but there is still a long way to go. I feel the awareness is here."

Basic Needs

Concerned: One in three of the companies we studied felt their employees had serious questions and concerns about their efforts with GenAI.

“We started with a tremendous hype. Now we are getting into the reality. I think there is a mix.”

“My big fear is that we are lazy in the west and falling behind China. They are ahead of us on AI.”

Aligned: Two in ten of these leaders feel their employees understand the benefits of their organisation’s AI initiatives.

“I think those who are thinking ahead will be ahead on everything.”

“Our teams will go at it with a rational approach. The moment they understand it and we can show them the money, the adoption will be immediate.”

Committed: Only three leaders could say their employees are generally committed to helping make their organisation’s AI initiatives a success.

“I feel we are quite ahead in terms of establishment of a centre of AI competencies. We have deployed the first cases of use for AI in different businesses. We need to deploy much more uses of AI.”

“We have setup a committee to guide and mastermind these pilots to create real case studies to share across the group. Then the different parts of the group will work with the technology partner to adopt.”

Individual Needs

Meeting the individual needs of employees is crucial once basic organisational needs are addressed. Generative AI has the potential to empower employees by enhancing their strengths, fostering creativity, and improving well-being.

Strengths: At your organisation, is GenAI giving employees more opportunities to do what they do best every day?

If the point of GenAI is to augment our jobs, then shouldn't the outcome of GenAI be that we can focus on doing what we do best every day? When people do what they do best, they are using their natural capabilities or strengths more of the day. Gallup's data shows when people focus on their strengths, they are **six times as likely** to be engaged in their job and **three times as likely** to report having an excellent quality of life.

However, **fewer than one in ten leaders strongly agree that Generative AI provides their employees with more opportunities to do what they do best** and 4 in ten leaders expressed uncertainty about how Generative AI is helping employees do their jobs better within their organisations. One leader voiced this concern:

"People tell me about bots and how they'll improve the employee experience,

Another leader shared their scepticism in the following way:

"There is a general consensus that all of the consultants are selling hot air. There are not use cases of breakthroughs. It's all far slower than what was originally anticipated. It has tremendous potential, but it is a much slower process."

The recognition of AI's potential often clashes with its unclear practical applications. Identifying specific use cases is vital to justify investments and align with business goals. As economist Richard Baldwin noted, *"AI won't take your job. It's somebody using AI that will take your job,"* highlighting the urgency for businesses to adapt. Some organisations are already proactive, such as one leader who shared, *"We established an AI competence centre driving key use cases. Every function is exploring AI to boost efficiency and service quality."* The key to leveraging Generative AI effectively lies in defining use cases that demonstrate measurable impact.

Individual Needs

Creativity: When it comes to fostering greater creativity in your culture, is GenAI helping or hurting?

Generative AI is increasingly viewed as a catalyst for creativity, with nearly seven in 10 of leaders in our study acknowledging its potential. However, to truly harness this potential, organisations must make AI approachable and enjoyable for employees. As one leader noted, *“Driving the transformation is important—so making it fun is a critical part of the strategy.”*

Companies are actively working to reduce intimidation around AI by fostering curiosity and experimentation. One executive shared, *“We are training people to be curious about it. We want it to be fun, not scary.”* Another example includes creating internal ChatGPT instances to encourage playful exploration while mitigating IP risks. As leaders emphasize engagement alongside technical implementation, cultivating an empowering environment will maximize creativity, productivity, and overall acceptance of AI as a vital tool in daily work.

“Now you need to bring the playfulness back,” urged one executive.

When introducing Generative AI into an organisation, managing its potential risks to established work dynamics is critical. Without proper boundaries, employees risk misusing or over-relying on AI, which could diminish critical thinking and erode core company values.

A leader, who considers themselves a “super user of AI,” warned of its effects on creativity: *“I think it could be turning our brains off in the wrong ways... If you don’t make it personal and human, it won’t work. We dumb ourselves down.”* They stressed that AI might raise performance in certain areas, but it cannot build the trust and relationships crucial to a human-centred workplace.

Another one noted “I don’t know if it kills creativity, but maybe it kills individuality”.

Individual Needs

This underscores the need for organisations to treat AI as a complement to, not a replacement for, human creativity. As another executive pointed out, *“People need to recognize it is a tool, but we need to still nurture creativity.”* Balancing AI’s capabilities with the cultivation of individual thought and innovation remains essential.

These insights highlight that while Generative AI offers great potential, companies must ensure they foster a culture that continues to value human creativity and individual contributions amidst advancing technology.

Well-being: When it comes to well-being, is GenAI helping or hurting?

Understanding the impact of Generative AI on employee well-being is essential. While 60% of leaders in our study believe that AI enhances well-being, 15% express concerns about its potential negative effects. One leader highlighted this issue: *“I’m concerned about its impact on loneliness.”* This concern resonates with our **State of the Global Workplace Report 2024**, which found that 20% of employees experienced significant loneliness recently. Notably, fully remote workers reported loneliness at 25%, compared to 16% for on-site workers and 21% for hybrid workers.

The challenge lies in using AI to foster connection and collaboration, mitigating feelings of isolation. As organisations adopt AI, prioritizing employee well-being must remain a key focus in strategic planning.

Teamwork Needs

When employees feel their individual needs are met, then they are highly likely to meet the needs of those around them. Teams who consistently have the right conversations and feel empowered to collaborate will balance responsibility with possibility.

Consistency: Do your fellow employees routinely discuss risk, behavioural choices, and safety?

Currently, only five of the European leaders in our study strongly agreed their fellow employees routinely discuss risk, behaviours, and safety. This consistency in conversations doesn't happen by accident. It requires intentionality and investment. One leader described their efforts this way,

"If we really want to embed this in the ways of working, we have not reached or engaged with enough employees. We want to generate more testing approaches with employees in their daily ways of working."

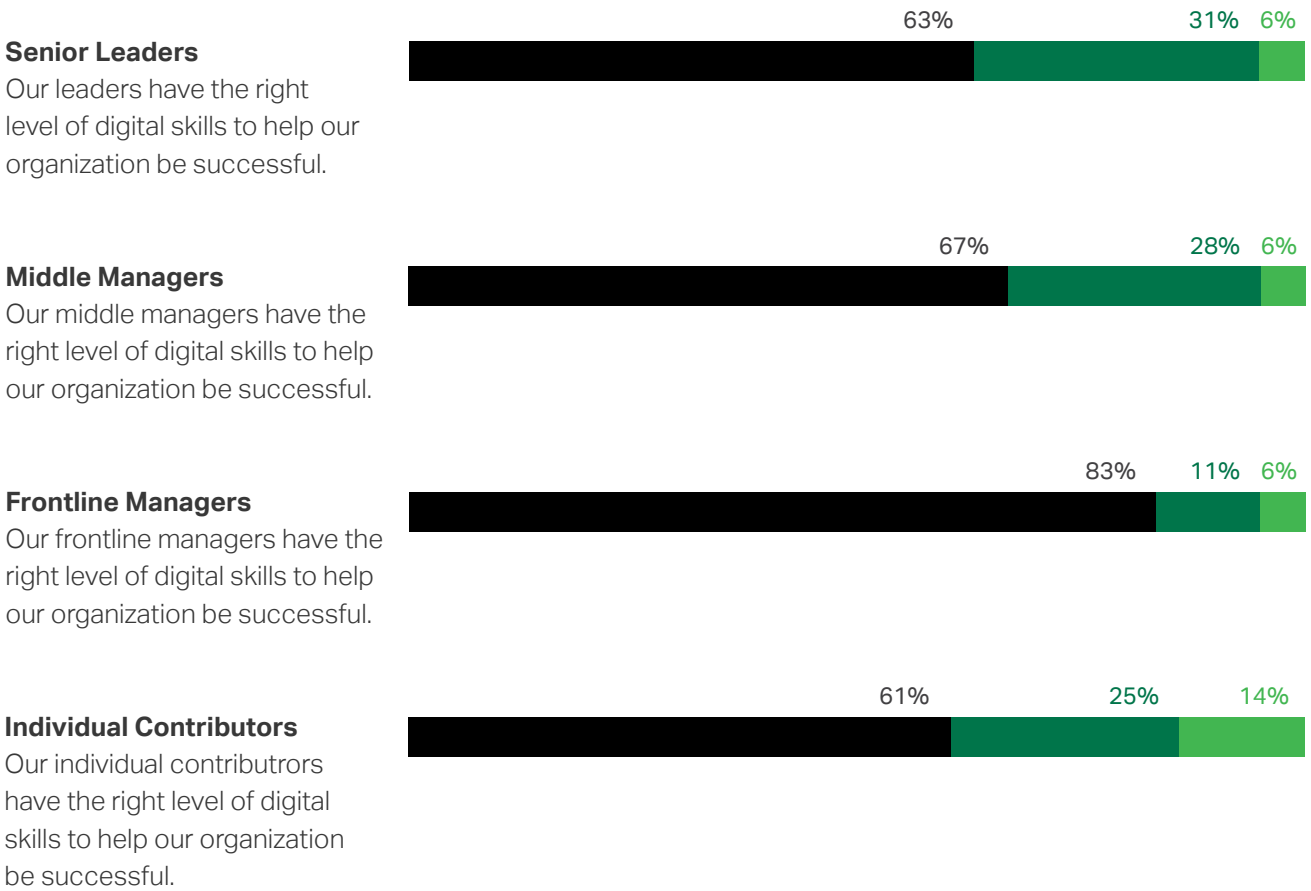
Leaders who felt confident about these conversations taking place regularly reported stronger performance in three systemic readiness factors: departmental cooperation, speed of decision-making, and a safe environment for experimentation and learning from failure.

Collaboration: When it comes to collaboration, is GenAI helping or hurting?

As Generative AI becomes increasingly integrated into the workplace, its impact on collaboration warrants closer attention from teams. Perspectives on AI's impact on teamwork vary: **48% of leaders told us AI will increase collaboration, while 38% see no effect and 14% believe it reduces collaborative time.** This divergence raises concerns about potential disruptions to workplace dynamics.

Surprisingly, discussions around AI's impact on collaboration were minimal, with most leaders focusing on individual productivity and process efficiency. **Only two in 10 leaders actively use AI for collaboration,** highlighting a gap in understanding its collective benefits.

Digital Skills of Leaders/Middle Managers/Frontline Managers/Individual Contributors



Neutral or Disagree
 Agree
 Strongly Agree

Growth Needs

At the top of the hierarchy, once basic, individual, and teamwork needs are met, employees and teams seek opportunities for growth and development. They want to know what's next, which includes investing in and building the right digital skills and implementing effective change management strategies.

Right Skills: Do your leaders/middle managers/frontline managers/individual contributors have the right level of digital skills to help your organisation be successful?

A major challenge in AI adoption is the digital capability gap, particularly among leadership. One-quarter of executives noted that a lack of understanding at the senior level hinders progress, **with six in 10 reporting insufficient digital skills among their senior teams. This issue is even more pronounced among frontline managers, where 8 in ten leaders believe their capabilities are lacking.**

The importance of leadership's comfort with AI cannot be overstated. Our survey revealed that every leader who perceived their top leadership as being comfortable or extremely comfortable with technology also felt confident in using AI within their own roles. However, this skills gap extends to middle management and individual contributors, **with seven in 10 leaders believing middle managers are unprepared and six in 10 feeling individual contributors are unprepared for digital innovations.**

As one leader noted, *"We have had digital learning pathways...they are not mandatory, and that's challenging."* Thus, organisations must invest in encouraging digital skills development to ensure widespread adoption and preparedness for the future of work. By fostering digital literacy at all levels, companies can navigate digital transformation and maintain a competitive edge.

Growth Needs

Right Change: What is the cost of change when it comes to advanced technologies such as GenAI?

The CHRO of a 100K+ employee company discovered, *“For every \$1 spent on technology, \$8 in change is required.”* The rapid adoption of AI, particularly with tools like ChatGPT, has fundamentally changed organisational operations but presents significant change management challenges.

Despite substantial investments in AI, many organisations struggle to bridge the gap between technology’s potential and its effective implementation. Key obstacles include internal resistance, enthusiasm management, appropriate implementation selection, and ensuring clear leadership. Leaders emphasised the need to identify practical AI use cases aligned with business goals. One leader noted, *“After the initial hype... we are hitting realism.”*

For top leadership, it is crucial to ensure that AI investments yield tangible results—such as increased productivity and enhanced employee experience—to justify expenditures. According to our survey, 85% of leaders aim for efficiency through AI, indicating a shift towards accountability in measuring AI’s impact on key performance metrics.

Right Education: With your employees’ current level of training and education, how prepared do you feel they are to work with GenAI?

Upskilling employees to work effectively with Generative AI is a key priority for leaders, yet many organisations are facing significant gaps in preparedness. While 14 leaders emphasised the importance of AI training, only 10 felt confident that their employees have the necessary skills. This disconnect presents a critical challenge for leadership.

One leader noted, *“We have a small thing online where people can get prompt training,”* highlighting the need for more comprehensive learning initiatives. Other companies have taken a more structured approach. *“We put a lot of emphasis on the training. If you use [AI] like you do search, then you will be disappointed and give it up,”* said another leader. Their organisation has rolled out a 45-minute AI e-learning module to 22,000 employees, with 7,000 more trained on AI awareness.

For leadership, the message is clear: adopting AI tools is vital for staying competitive, but the real impact hinges on the quality and scale of training efforts. Without proper education, employees may not fully leverage AI’s potential, leading to missed opportunities for the organisation.

Growth Needs

Some leaders are driving this further by linking access to AI tools with training participation, as one leader noted, *“If you don’t attend the training, you will lose your CoPilot license.” The challenge lies in making time for learning and adopting new tools, especially in “prompting science.”*

AI is also being used to improve leadership performance. As one company shared, *“We will look at end-of-year performance feedback and train our models to help leaders improve.”* For leaders, ensuring that AI is integrated with accountability processes and ongoing training is essential for long-term success.

TEAM READINESS CONCLUSION

Most of the heavy lifting of change happens at the team level. Unfortunately, most of the companies we spoke to struggle with each of the hierarchy levels of employee needs. For basic needs, only around half have communicated a plan and almost everyone questions the quality of their data and systems. For individual needs, only one in 10 leaders said GenAI is giving their people more opportunities to do what they do best every day. For Teamwork needs, it’s clear not enough teams are routinely talking about risk. And For Growth needs, most companies cannot agree any part of their organisation has the right digital skills to help their company be successful.

Start with The Bottom of the Hierarchy

So where do you start with team readiness?

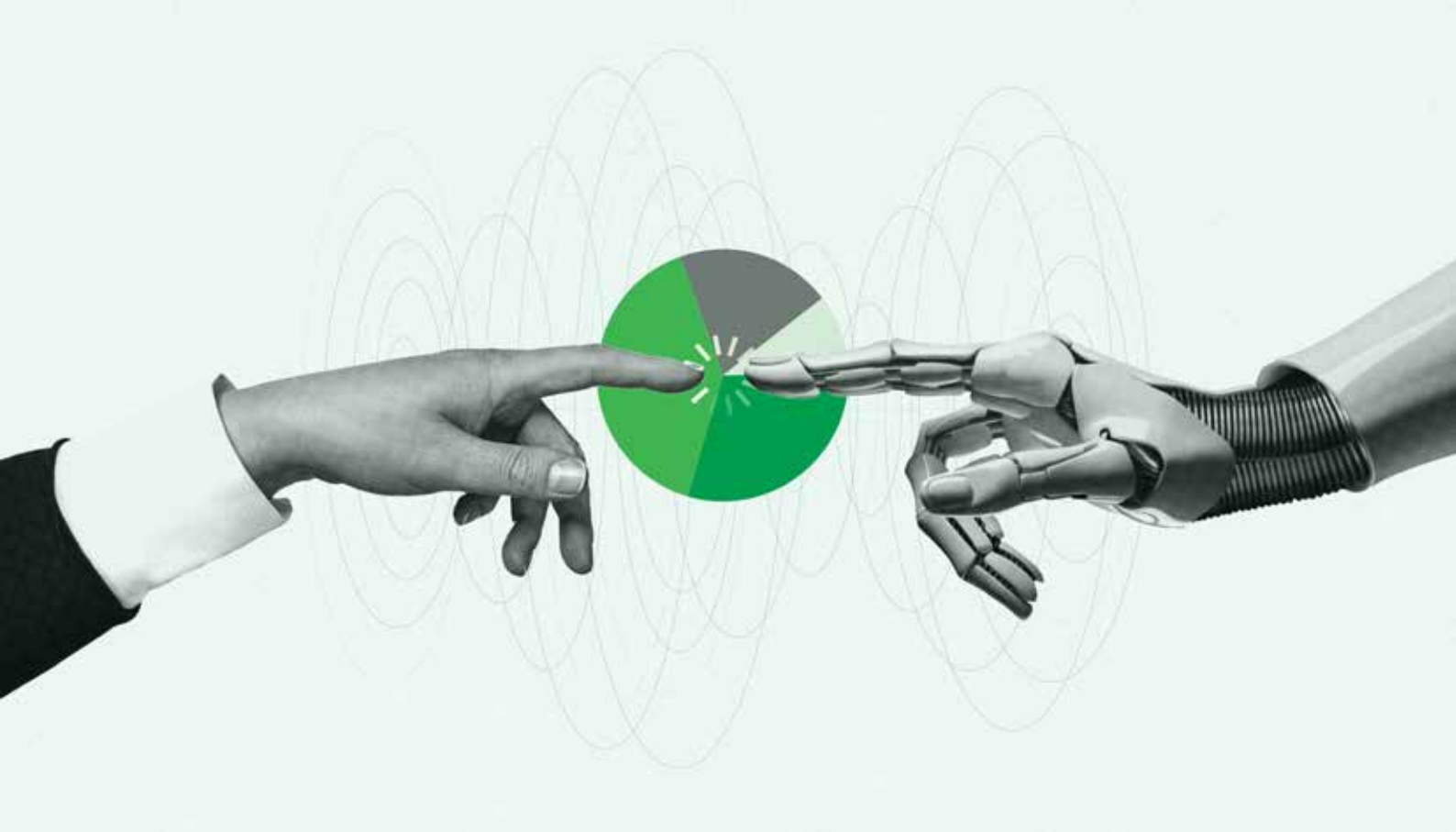
You start at the base of the hierarchy. Get the basic needs and the individual needs right first. If you haven’t communicated a plan, start there and consider that you probably need to recommunicate your plan even if you have already. For individual needs, ensure GenAI tools and use cases are aimed at improving how often employees are using their strengths, how well it is improving their creativity, how much it is strengthening their well-being.

Once you get better at those first two layers, then you can focus on teamwork and growth. But if you get Growth and Teamwork right, and no one feels good about the direction or how it impacts their lives or work, then you are at risk of losing highly developed people. We have learned friends stay together when the basics are right but leave together when they are wrong.

HR Readiness for Advanced Technologies

When HR is ready for advanced technologies, the organisation is ready to ensure change is being managed wisely, the right mindsets are accompanying the right toolsets, and culture is front and centre of the strategy.

To better understand HR readiness, we looked at the GenAI capability of HR, GenAI tools of HR, the future of GenAI with HR, and the role of HR with GenAI.



GenAI Capability of HR

HR Skills: How prepared is HR to support digital transformations and advanced technologies such as GenAI?

HR teams across European companies show varying readiness levels for adopting advanced technologies like GenAI. In terms of digital skills, HR ranks second to last, just above frontline managers, reflecting a significant need for improvement.

Several key insights emerged from leader interviews:

- **Resistance to Adoption:** While there is excitement about AI, the challenge arises when HR professionals must adopt and use it. One leader noted, *"Everyone wants to talk about AI until they have to use it themselves."*
- **Data Savviness:** HR's struggle with data handling is a major obstacle. *"We are not the most data savvy"* remarked one leader, indicating a gap between AI's potential and HR's current capability.

"We are very data driven as a company, but not with people data. We are crap. We are not using the data and in HR we do not have the right mindset. We are not strategic, not working on trends, proving what we say with data. It's not an issue because we don't know what we don't know."

- **Internal Training:** Despite modest training efforts, HR professionals acknowledge their potential for improvement. *"I believe there is a huge opportunity for me to be better skilled to use what I have access to"* one executive shared, signalling room for upskilling.
- **Data Science in HR:** Some organisations have integrated data science into HR functions, though they are often hindered by poor system infrastructure and data quality.

In comparison to technology leaders, HR teams are still underdeveloped, especially in terms of understanding AI's broader applications. One leader highlighted the need for *"connectors"* in HR, professionals who can bridge AI expertise with business needs, emphasising that future process design will require AI knowledge.

"Three key audiences for AI learning: experts who create AI and largely self-manage; the general audience, with 8 modules teaching AI basics and compliance; and connectors, who need enough AI knowledge to bridge experts and business teams. We are underdeveloped here and are creating a curriculum. Our 140 process teams need to become connectors, as AI will soon be essential for process design."

Despite these challenges, there are pockets of progress. Some HR teams are embracing people analytics and discovering the benefits of data-driven decision-making: *“The HR team members are saying they love the tools and are using data like never before.”*

GenAI Tools of HR

HR Technology Partners: Please share more about your relationship with technology partners who have been helping you develop GenAI solutions and tools.

The interviews with European HR leaders reveal a cautious yet strategic approach towards integrating Generative AI in their organisations. Many leaders acknowledge the potential of AI but emphasise the importance of a deliberate pace in adoption. One leader noted, *“Culturally, we are being very cautious...we were advised to wait for a couple of years to see how test cases are running, regulations are evolving and go slow.”*

The focus is on leveraging established technology partners like **Workday, Success Factors**, and **Service Now** to ensure that solutions are robust before full-scale implementation. Another leader stated, *“Rather than partnering with younger companies who are promising the world, we are playing a little bit of a waiting game as these bigger companies launch their GenAI tools.”* This reflects a desire to mitigate risk while cultivating a culture of innovation, as many leaders recognize that “being old” in the tech space means they must champion new solutions to remain competitive. Overall, the sentiment underscores the necessity of balancing innovation with strategic caution in the evolving landscape of HR technology.

HR Use Cases: What types of GenAI use cases are proving to be most valuable at your organisation?

HR leaders we spoke with wanted to know what others are implementing with their organisations. **Nine out of 10 leaders told us the most valuable use cases were productivity or efficiency-related.** Half of them told us employee experience-related use cases were most valuable. Around one third said their most valuable use cases were customer experience, innovation, and HR-related. The least likely to be chosen as the most valuable were collaboration and sales-related use cases.

The following use case ideas are captured in themes along the employee lifecycle.

Recruitment and Talent Acquisition

- **Recruitment Efficiency:** Focusing on speeding up recruitment processes, with one leader highlighting an impressive seven-minute hiring time frame.

“For one of our brands in the Netherlands, it takes 7 minutes from application to getting started working on the job. These people will go where they are hired first when they apply. The one who hires first is the one who gets them.”

- **Job Description Automation:** Utilising AI to write job descriptions and ensure they are accurate and comprehensive, with an emphasis on multi-language capabilities.

“We had a supplier do a demo with us using AI to write job descriptions. They said they could do it in English and that’s it. Well, we do things in 39 languages, so you need to offer at least 15 or 16 languages.”

- **Candidate Assessment Tools:** Using tools like Workday and CoPilot to assess candidate profiles and rank them based on qualifications.

“We are also studying time saved on specific tasks such as writing minutes and slide creation.”

“For recruitment - we know most do not write their own cover letters or CVs and so AI looks to see if it is genuine. Writing job descriptions. Scan on skills. It’s all really experimental. Microsoft is helping our innovation centre to build these.”

- **Proof of Concept Initiatives:** Testing various AI use cases in talent acquisition and tender management, assessing their effectiveness before broader implementation.

Employee Support and Engagement

- **Chatbots for HR Inquiries:** Implementing AI-driven chatbots to answer HR questions and streamline communication, with ongoing improvements based on user feedback.

“We are creating an HR advisory chatbot and will use Service Now for the tech for that. We will also use Gen AI to create an HR case summarization to bring things together from the many data sources.”

- **Internal AI Systems:** Developing intelligent agents to provide employees with quick access to relevant information without direct HR involvement.
- **Employee Engagement Surveys:** Assessing themes in verbatim responses and finding patterns in the data.

Learning and Development

- **Learning and Development Tools:** Seeking solutions to match employee capabilities with training needs, such as exploring partnerships with learning platforms.

“we are looking for a tool to match capability with training needs. We are looking at Cornerstone for this.”

- **Connecting Skills to Needs:** Connecting people’s skills to gig projects, jobs, and the right mentoring relationships.

“We have deployed Gloat to help us with three areas. Mentorship (connecting individuals and matching them), projects (post projects with required skills and it matches my skills and interests with posts), and then permanent jobs (mobility).

Operational Efficiency

- **AI-Driven Conversation Summaries:** Leveraging AI to summarize conversations in contact centres, ensuring proper registration of interactions.

“We have use cases around evaluating our international assignments. Housing, host countries, different circumstances to enable people to thrive, and ultimately can we make the best decision possible.”

- **International Assignment Evaluations:** Employing AI to assess and optimise international assignments, including housing and host country considerations.

Strategic Initiatives

- **AI Competence Centres:** Establishing dedicated teams to drive major AI initiatives, enhancing the efficiency of various HR functions.
- **Benchmarking Studies:** Conducting benchmarking with consulting firms to identify and prioritise use cases through surveys and interviews.
- **Hackathons:** Running hackathons to quickly find solutions for addressing issues with GenAI.

“We ran an AI hackathon two or three months ago and I was on the judging panel for it. They had 48 hours, and they were coding through the night. One of the three HR use cases is using the tech stack from the AI hackathon.”

The Future of HR with GenAI

The future of HR with Generative AI hinges on addressing existing technical challenges and integrating technology more effectively. Despite having healthy budgets and utilising various technologies, leaders acknowledge that data flow and integration remain inadequate, leading to what they describe as “*technical debt*” in HR.

External insights into Generative AI’s potential have highlighted its transformative power, especially when compared to its applications in other functions like finance. This awareness suggests that HR is on the cusp of a significant shift, where overcoming integration hurdles and embracing Generative AI could unlock new efficiencies and capabilities, ultimately enhancing overall workforce management.

Internal HR Chatbot: How is your HR team approaching the use and development of internal chatbots in your organisation?

Given Open AI’s ChatGPT served as a key milestone in the Generative AI movement, we wanted to understand how chatbots continue to play a role in changing the way HR works. HR leaders shared they were finding these tools to be useful in accessing data in new ways, but challenges remain.

- **“Chat with Your Own Data”:** Customised GPTs are developed to access and utilise HR policies and rewards data securely, allowing tailored access for HR personnel.

“We are exploring different use cases throughout the company and creating more ‘chat with your data’ GPTs which are GPTs that are fed with your own team’s data. We currently have somewhere between 15 and 50 right now. This protects data from other parts of the business. For example, uploading all our HR policies and rewards policies and allowing HR folks to access that data and to work with it. Or another example, upload rewards data and allow a small select group to access that data.”

- **Service Centre for HR:** Many of these organisations shared they were using big vendors, such as Service Now, to create these service centre chatbots.

“We are trying to reduce the 6,000 tickets we get per month and then we can reduce our HR ops resources. We don’t need to find those savings tomorrow, but over the next couple of years, we do. But I feel confident that these tools are coming, and we will be able to do this naturally.”

- **All-In-One chatbot:** A big challenge in the future will be accessing multiple chatbots for multiple data and content sets. One HR leader shared,

“We are going to have GenAI capability in all these big partner companies soon. The problem is you still have to go into all those chatbot’s separately and the whole goal is to have just one. Yes, GenAI will make it easier in each of those tools. Some vendors have a good chance at it. But it remains to be seen. If we cannot leverage them then I will still be on the hunt for something that can bring it altogether.”

Passive Listening: Are you using GenAI for monitoring employee behaviours for any reason (e.g. identifying burnout and stress)?

Although we did not expect many companies to be pursuing this, we heard it frequently enough to ask all the organisations in our study if they were using AI to passively monitor employee well-being, instead of relying on surveys for active feedback. Four leaders, representing about 10% of the organisations we studied, indicated they were experimenting with this approach.

One HR leader focusing on the well-being of their employees shared, "We are also exploring with copilot some of the things it can do on behaviour by looking at employee's working patterns out of the office, in the office, how productive they are, how many meetings they have, etc. to understand their stress, work-life balance data, and well-being. We will test this with my organisation in HR with 2K people. We will look at tenure, if you are working virtual, etc."

Another HR leader focusing on the security and risk of their employees shared, "There is another one that is more exotic around security. It is about physical security. The duty of care of the company is to ensure our employees are in a safe environment. And we have a duty of care process. We have to monitor the risks in different areas of the world. To monitor all of this we are using AI. We are channelling several sources through [an internal chatbot]. The idea is to get all this information and try to identify security risks for each area."

Replacing or Augmenting: Are you more focused on using AI to replace HR jobs or augment them at your organisation?

Most of the leaders we spoke with said they were trying to augment rather than replace HR jobs, but there was a mix depending on the time horizon being discussed. This aligned with a previous global survey with The Gallup CHRO Roundtable, which found while most HR leaders do not believe AI will replace jobs at their organisation within the next year, most of those same HR leaders believe AI will start replacing jobs within the next three years.

- **Augmentation Focus:** Organisations view Generative AI as a tool for augmenting rather than automating jobs, aiming to change collaborative work dynamics and improve outcomes. "We don't see AI as an automation tool, while it does. We see it as an augmentation interface to change how we work together and drive various outcomes." Another leader shared, "There has been too much conversation about replacing jobs, but it is really about augmenting. For example, HR can be augmented with AI driven job descriptions and job advertisements."

- **Balancing Touchpoints:** There is a recognized need to maintain a balance between digital interactions and human touch, with AI tools like chatbots serving as supportive resources for HR services. *“We want it to be a like a concierge in a hotel. So not just HR things but can ask about strategy or about policy.”*
- **Job Replacement Considerations:** Companies are evaluating whether Generative AI can replace certain roles, particularly one CHRO said, *“I just created a global shared services team. Does GenAI allow us to replace jobs on that team, where we can field inquiries?”* In addition, many leaders emphasised the importance of having accurate and reliable outputs to avoid legal or operational risks.
- **Workforce Restructuring:** Organisations anticipate significant reductions in office jobs over the next few years, prompting HR to adapt and consider how to manage a leaner workforce while still leveraging technology effectively. One leader shared that while in the short term there was no plan to replace HR jobs, *“...in the next five to seven years, our corporate office jobs will be cut in half. That means from an HR perspective, I am running the show with 150 people, and we need to take it down to 60. That’s more ambition and not a command.”*

Skills: In your view, where are you in developing a talent marketplace where you can match skilled employees with projects/jobs?

One German Banking CHRO said, - “we still need mortgage bankers, the best ones will know how to use AI”

All the leaders we interviewed emphasized the crucial role of skills in the future of work. While the talent marketplace is a frequently discussed tool among HR leaders, few have fully implemented it. **Three out of ten leaders reported having developed a talent marketplace, four out of ten said they had something partially developed, and the remaining three out of ten had not developed one at all.**

- **Mindset Shift of Skills:** Talking about the general shift to skills and the mindset shift it requires, one leader shared,

“We have been trying to shift the conversation in the organisation and with our works councils/unions from job security to the best way of securing your job is having fresh skills. There is a lot in the culture we have been trying to shift to learning and a muscle that you train in the gym rather than something you top up with training every few years. Things are changing much faster. You need a culture shift that comes with it, and you need line leaders that come along with it.”

- **Human Skills:** In addition to digital skills, some companies are focusing on the uniquely human skills that remain essential for their employees. *“We still need human skills, and we have identified 21 of them. For example, skills for building relationships.”*
- **Skills Libraries:** The first challenge of a talent marketplace is to know both the skills of your employees and the skills required of your jobs and projects. This takes a lot of work, and many leaders are using AI to figure it out sooner than later. One HR leader shared,

“Using our job architecture data and levelling criteria, we employed Generative AI to create skills profiles for each of our jobs. These profiles were validated with a select group of experts within our company and refined through several iterations. We believe that AI has helped us cover 80% to 85% of the necessary skills and responsibilities. We focused on differentiating expectations and compensation to ensure accurate pay structures. Additionally, we are developing a case study on the demand side of the skills equation. Unlike the most common approach where people are working on the supply side and asking people to list all the skills they have, and you end up with 90K skills and end up with yet another database that needs cleaned and solved for.”

- **Applications of Skills:** Once a skills-based talent marketplace is in place, HR leaders have more access and new opportunities. One leader described their experience in this way:

“We are not waiting. Most companies claim to be working on this but never have it around a skills marketplace. This gives us benefits in talent acquisition. I can find the CV of anyone who has ever applied to our company. We can offer gig assignments and which skills it requires.”

- **Future Compliance Awareness:** Companies are preparing for upcoming regulations, such as those requiring transparency in pay equity, by leveraging AI to analyse and justify compensation disparities.

Coaching: Have you implemented a GenAI-based coaching with any part of your organisation?

Four in ten leaders told us they have implemented a GenAI-based coaching with parts of their organisation. The leaders who said they were using AI-based coaching seemed to be in a pilot phase in most cases.

- **Experimentation with AI Coaches:** Organisations are actively experimenting with various Generative AI coaching solutions, aiming to identify the most effective option for their needs. One executive mentioned, *"We like AI coaches, and we are experimenting with two or three right now and we will settle on one."*
- **Democratisation of Coaching:** The implementation of AI coaches is seen as a way to democratise access to coaching, extending support to mid-level employees who typically wouldn't have access to traditional coaching services. The same executive noted, *"This will democratise coaching for not only leaders but for mid-level employees who wouldn't normally have access to coaching beforehand."*
- **Diverse Coaching Capabilities:** AI coaching vendors are offering a range of coaching topics, with the potential for these tools to assist in various aspects of personal and professional development. The executive shared, *"I think they can pretty much coach on anything."*
- **Feedback Mechanism:** Users of AI coaching report receiving valuable feedback and guidance during coaching exercises, which helps enhance their understanding of specific challenges and improve their communication skills. The executive recounted, *"I was giving the coach a story, and that coach guided me through understanding the project, understanding the new boss, and even ended up developing a conversation guide for me, and the coach gave feedback on how I had tackled the conversation."*
- **Future Potential:** There is optimism regarding the versatility and effectiveness of AI coaches, suggesting they could cover a broad spectrum of coaching needs across the organisation. The executive's experience highlights this potential, as they mentioned, *"I, myself, have done some life exercises with an AI coach."*

The Role of HR with GenAI

Outsourcing Culture vs Partnering on Culture:

As we listened to the 40 companies in our study, we began to question whether HR had delegated too many culture readiness factors to the IT division. At what point does this shift from a partnership to something else? IT is not an expert in communication, learning, leadership, management, or many other cultural drivers. However, they might excel in collaboration, innovation, agility, and speed of decision-making, making them a great partner.

An example of HR's limited involvement is evident in how most HR leaders were unaware of use cases outside their domain, almost as if it wasn't their concern. Typically, IT has a specialised advanced technology team of around 200 to 300 people, and department heads can submit use cases for consideration. One HR leader shared, *"From an HR perspective, I can raise two requests per quarter for the team to develop. So, it's my responsibility to prioritise the needs with my team and to request."*

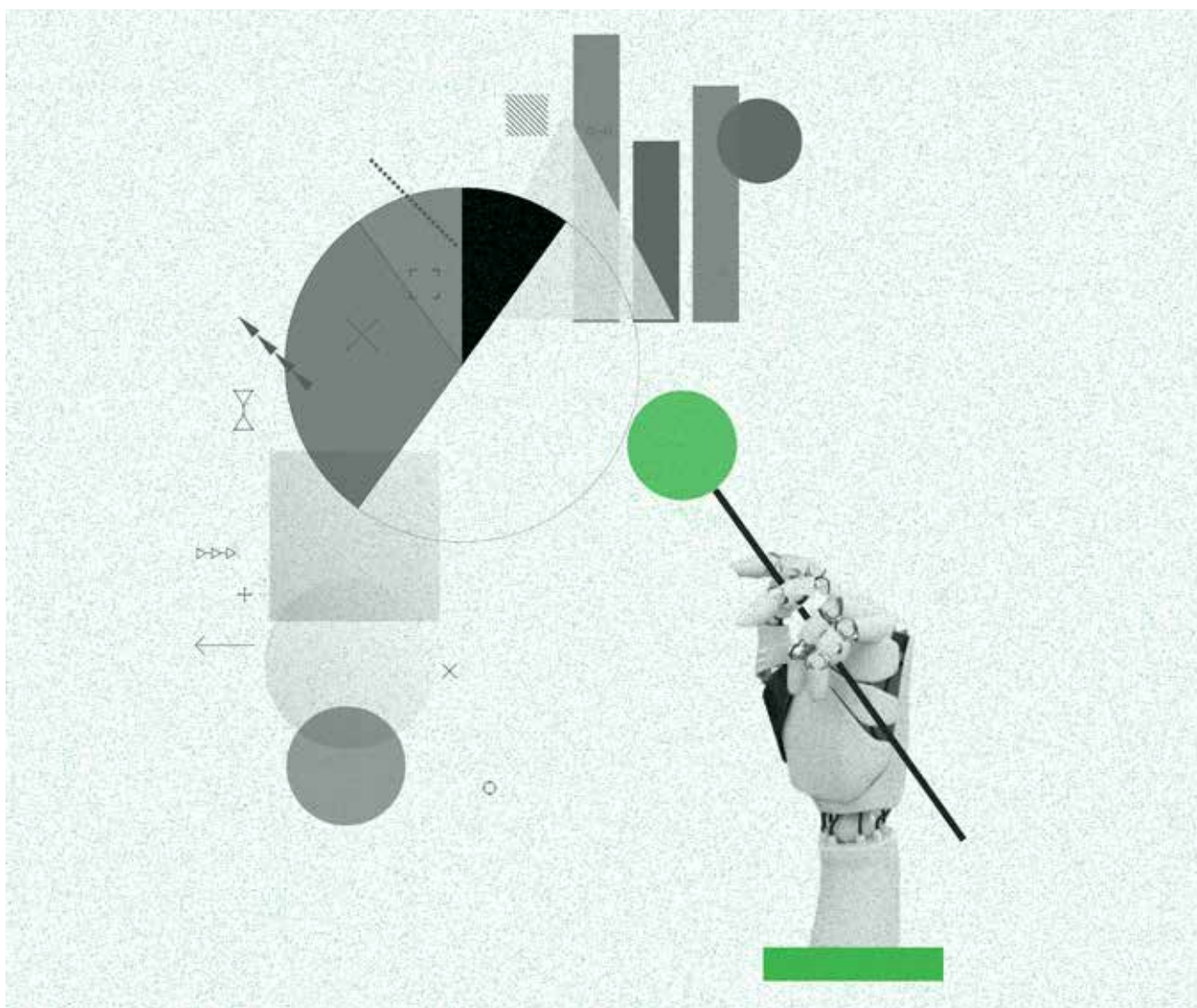
Another HR leader mentioned, "I see IT more as a gatekeeper and a centre of excellence in guiding and exploring."

Most HR leaders ensured there was online training on prompts and other digital or AI skills. However, in some cases, IT was responsible for the training entirely. One leader reminded us that when Microsoft Teams was rolled out during the pandemic, it required no training, and everyone figured it out.

While many AI tools may be intuitive enough that extensive training isn't necessary, is this maximizing their ROI? If someone has been using a hammer their whole life, handing them a screwdriver without any training might lead them to use it incorrectly. In the future, if culture is outsourced to those who don't understand its importance, it may take years to undo the damage done to the organisation.

HR READINESS CONCLUSION

HR readiness depends on the divisions' level of AI-related skills, AI use cases leveraging credible tools, planning for the future impact of AI, and ensuring HR plays a productive role in how AI is being integrated into the ways of working. A key disadvantage for HR right now is the skills gap. Because many HR leaders do not have strong data skills, digital skills, and other related skills, in comparison to the leaders, managers, and workforces they support, they are followers and not leaders in this space. When HR leaders have strong AI-related skills, they lead, and the rest of the organisation is grateful for their leadership.



Conclusions

Now What?

European companies are behind on GenAI adoption, and it is not because there is a lack of money to invest. It's the emotional economy that is not adopting GenAI, not the financial economy. There is enough money, but there is emotional and cultural resistance.

The systems, leaders, teams, and HR departments of most European companies we studied all have significant gaps on readiness, which collectively add up to a region of the world not as ready as it should be to compete on the future of work. For example, not one leader we interviewed could strongly agree with all eight of the systemic readiness factors. In fact, four in ten could not strongly agree with any of the eight factors.

Our top three recommendations from this report are to know more, say more, and do more. Know more by finding out which of the four areas are most ready and least ready in your organisation. Say more by communicating and solving the culture issues standing in your way of being ready for advanced technologies, and do more by taking action and closing the gaps you identify.

When Will This Expire?

One of the worries with these types of benchmarks on advanced technologies is that they will expire before the report is even written and published. Technologies will change fast, but culture will take time to change. Cultural challenges won't be overcome overnight like technological advances. This has led companies to focus more on the process of change than inspiring the hands, hearts, and minds that will bring that change about.

What's Next?

Gallup will not stop trying to understand the impact of culture on the adoption of advanced technologies such as GenAI. Its clear cultural readiness is rare, and the cultural risks are significant. From the qualitative and quantitative data of this study, Gallup will write more articles and insights, as we could not fit everything into this one report.

Gallup will also conduct further benchmarks of European progress as well as global progress, looking at new angles, and digging deeper into the frameworks identified through this study on culture readiness, risks, people, and HR.

How Can Gallup Help?

Culture Readiness and Risk Audit

Gallup can analyse your organisation's values, beliefs, and behaviours through a variety of listening methods to understand systemic and team readiness for disruption and advanced technologies. Importantly, we emphasise that your best culture already exists within your organisation; our role is to help you uncover and scale these positive aspects.

Our approach includes four phases: Define, Align, Drive, and Sustain. We help you articulate your desired culture, ensure it supports your goals, implement changes, and provide ongoing support, proprietary algorithms, and helpful benchmarks. We have consistently observed meaningful performance change when organisations create strong cultures, such as achieving a 50-point increase in employee engagement, 25% workforce growth, 85% net profit increase, and a 138% improvement in patronage over several years.

Leader and Manager Development

Gallup designs Leader and Manager Development programs to transform your leadership team and prepare them for the future of culture required for the adoption of advanced technology. We focus on developing leaders who can inspire and engage their teams, driving performance and growth in a rapidly evolving technological landscape. Our approach includes personalised coaching and development plans based on each leader's unique strengths.

We help leaders understand their strengths and leverage them to build effective teams capable of navigating technological advancements. By fostering a culture of strengths-based development, we ensure managers can support their teams in achieving their best work. Our programs emphasise continuous learning and development, helping leaders stay adaptable and resilient.

When leaders thrive, so do organisations. Employees who strongly agree they trust their leadership are **4x as likely to be engaged**. Those who believe leaders help them see how changes today will affect the future are **7.5x as likely to feel connected to their company culture**. Effective communication from leadership makes employees **73% less likely to feel burned out**. At Gallup, we believe great leaders are key to a thriving organisation, especially as they guide their teams through the challenges and opportunities of disruptive advanced technology.

Issue

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