

IBM Study: As CEOs Race Towards Gen AI Adoption, Questions Around Workforce and Culture Persist

- More than half of CEO respondents say they are pushing their organization to adopt gen AI more quickly than some employees are comfortable with

- Half of CEOs surveyed say they are hiring for gen AI-related roles that didn't exist last year, but more than half have not yet assessed the impact of the technology on their workforce



ARMONK, N.Y., May 16, 2024 /PRNewswire/ -- A new study by the IBM (NYSE:IBM) Institute for Business Value found that surveyed CEOs are facing workforce, culture and governance challenges as they act quickly to implement and scale [generative AI](#) across their organizations.

The annual [global study](#)* of 3,000 CEOs from over 30 countries and 26 industries found that 64% of those surveyed say succeeding with generative AI will depend more on people's adoption than the technology itself. However, 61% of respondents say they are pushing their organization to adopt generative AI more quickly than some people are comfortable with.

The findings also revealed that nearly two-thirds (63%) of surveyed CEOs say their teams have the skills and knowledge to incorporate generative AI, but few understand how generative AI adoption impacts their organization's workforce and culture. More than half (56%) of respondents have not yet assessed the impact of generative AI on their employees. Yet, 51% of CEOs surveyed say they are hiring for generative AI roles that did not exist last year, while 47% expect to reduce or redeploy their workforce in the next 12 months because of generative AI.

"There is incredible excitement around generative AI, and CEOs want to move beyond the AI hype to deliver business impact. Yet, without the right people and culture in place, progress will be slow," said Matt Candy, Global Managing Partner, IBM Consulting. "As they embed generative AI in their enterprise strategy, it's critical that executives build a cultural mindset that fosters adoption and lead people through the changes."

Other key study findings include:

Workforces are straining under the pressure of generative AI adoption

- 40% of CEOs surveyed plan to hire additional staff because of generative AI.
- Yet, more than half (53%) of respondents say they are already struggling to fill key technology roles.
- CEOs surveyed say 35% of their workforce will require retraining and reskilling over the next three years – up from just 6% in 2021.

CEOs recognize it takes a cultural shift to successfully scale AI, but face organizational collaboration and adoption challenges

- 65% of CEOs surveyed say their organization's success is directly tied to the quality of collaboration between finance and technology, yet nearly half (48%) say competition among their C-Suite executives sometimes impedes collaboration.
- Most (81%) CEO respondents say that inspiring their team with a common vision produces better outcomes. At the same time, 37% acknowledge that their employees don't fully understand how strategic decisions impact them.
- 57% of those surveyed acknowledge that cultural change is more important to becoming a data-driven organization than overcoming technical challenges¹.
- CEOs cite generative AI adoption as being critical to success, but nearly two-thirds (64%) of surveyed CEOs say their organization must take advantage of technologies that are changing faster than people can adapt.

CEOs indicate the benefits of rapid technology adoption outweigh potential risks

- More than two-thirds (68%) of CEOs surveyed agree that governance for generative AI must be established as solutions are designed, rather than after they are deployed.
 - Although 75% of CEOs surveyed say trusted AI is impossible without effective AI governance in their organization, only 39% say they have good generative AI governance in place today.
- At the same time, 62% of CEO respondents say they will take more risk than the competition to maintain competitive edge, with half (51%) agreeing that the risk of falling behind is driving them to invest in some technologies before they have a clear understanding of the value¹.
 - 67% of surveyed CEOs say the productivity gains from automation are so great that they must accept significant risk to stay competitive.
 - While today 71% of surveyed CEOs are no further than generative AI piloting and experimentation, 49% expect to be driving growth and expansion by 2026.

Product and service innovation is a top priority, but a focus on short-term targets might be hindering long-term progress

- CEOs surveyed ranked product and service innovation as their highest priority for the next three years – up from sixth place in 2023.
- 41% of respondents say they are willing to sacrifice operational efficiency for greater innovation.
- However, a majority of CEOs surveyed point to a focus on short-term performance as their top barrier to innovation.
- Today, only 36% of the CEOs surveyed are primarily funding their generative AI investments with net new IT spend, with the remaining 64% reducing other technology spend¹.

To view the full study, including actionable strategies to help organizations navigate the complexity of generative AI adoption, visit: <https://www.ibm.com/thought-leadership/institute-business-value/en-us/c-suite-study/ceo>

***Study Methodology**

The IBM Institute for Business Value, in cooperation with Oxford Economics, conducted interviews with 3,000 CEOs from over 30 countries and 26 industries from December 2023 through April 2024 as part of the 29th edition of the IBM C-Suite Study series. These conversations focused on business priorities, leadership, technology, talent, partnering, regulation, industry disruption and enterprise transformation.

The IBM Institute for Business Value, IBM's thought leadership think tank, combines global research and performance data with expertise from industry thinkers and leading academics to deliver insights that make business leaders smarter. For more world-class thought leadership, visit: www.ibm.com/ibv.

¹ *Unpublished data from the IBM Institute for Business Value 2024 CEO Study*

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