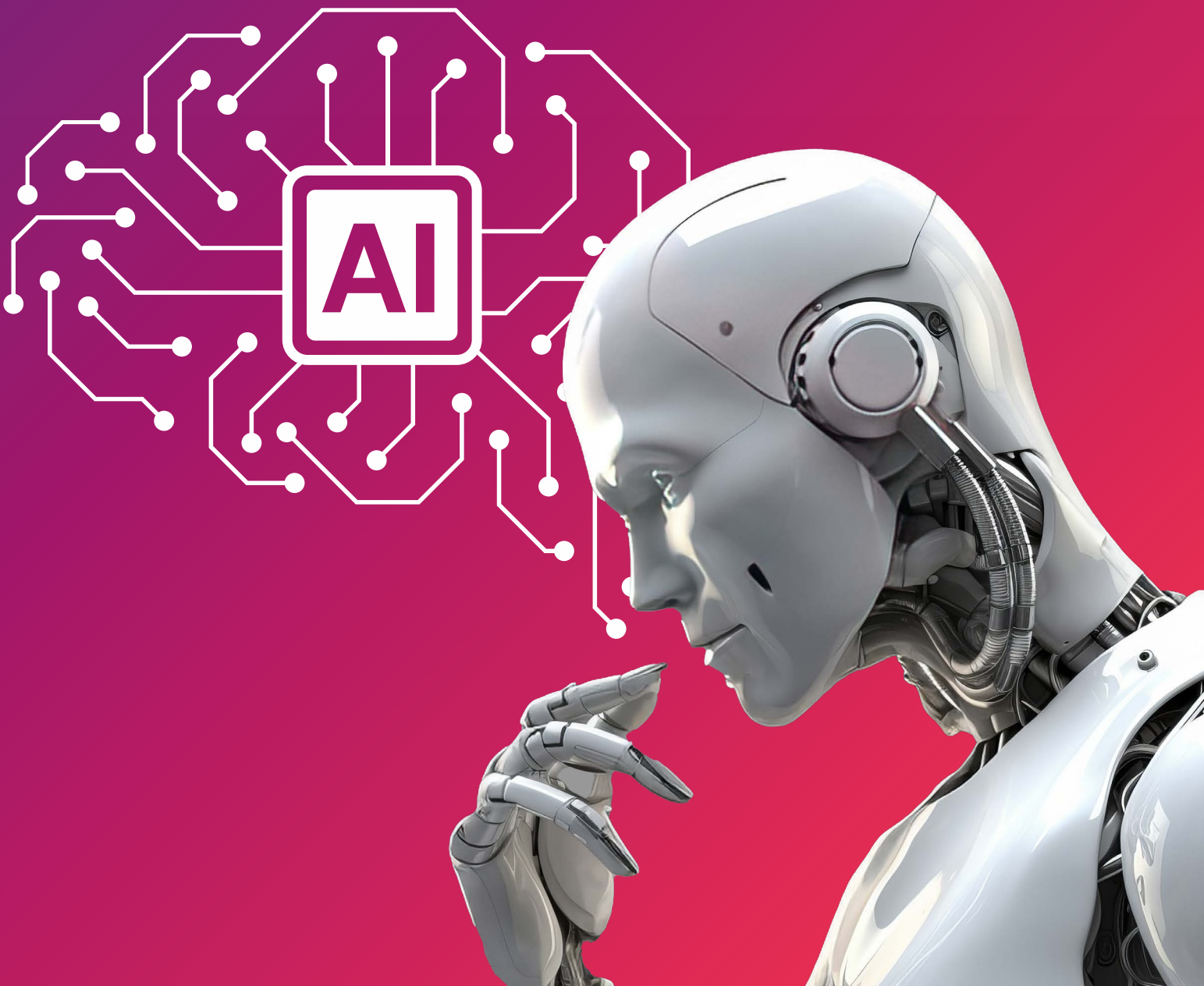


# Human-first, machine enhanced

From optimism to  
pragmatism in AI-driven  
workforce transformation



# Contents

|  |           |
|--|-----------|
| <b>I. Foreword from Oliver Shaw, CEO</b>   | <b>3</b>  |
| <b>II. Executive summary</b>   | <b>4</b>  |
| <b>III. The 2025 mindset: AI and pragmatism</b>  | <b>5</b>  |
| Business sentiment towards AI has changed, but the technology remains the main driver for workforce transformation. Investment continues to grow but is tempered with caution and pragmatism, as organizations come to terms with the consequences of quick decisions. |           |
| <b>IV. Reskilling and human stewardship in workforce transformation</b>  | <b>7</b>  |
| A look at the importance of upskilling and reskilling in overcoming the workforce transformation challenges of AI deployment.  |           |
| <b>V. A divided new era for AI and business</b>  | <b>9</b>  |
| As AI usage matures, the global business landscape is increasingly defined by the 'haves' and the 'have-nots.' Deploying AI is only the beginning in deriving value from the investments made in these emerging technologies.  |           |
| <b>VI. Caution and regret: Regional differences and commonalities</b>  | <b>11</b> |
| A comparison of AI deployment, the widening skills gap and the impact the technology is having on employees.   |           |
| <b>VII. Conclusion</b>   | <b>15</b> |
| <b>VIII. Methodology</b>   | <b>16</b> |

# I. Foreword

Business sentiment towards AI has changed. Optimism is turning to pragmatism and caution, as businesses begin to acknowledge that AI isn't a zero-sum game and deploying the technology isn't as easy as they first thought.

One year on from our first survey into AI and workforce transformation, confidence remains high and investment is growing. Yet organizations still don't understand how the technology will change their workforce in the coming months and years. And they don't have a clear view on how to get the best value from their investments.

The stakes increased when agentic AI arrived on the scene last year, accelerating the rate of change even more. For many businesses, this has been unnerving. Many admit they still don't have the expertise to deploy AI effectively and to manage the change it brings.

All this has brought skills into sharp focus, with the vast majority of businesses now planning to reskill their employees to use AI in the workplace. Our research highlights a gap that's growing between those organizations that are further along the road to AI maturity and those that are struggling to define new business models, service offerings, and streamline processes to get work done.

This report provides an annual 'State of

the Nation' perspective on AI and workforce transformation. We spoke to more than 1,000 senior business leaders of medium and large organizations in North America, Europe, and Asia Pacific to hear their views on bringing AI into the workforce and the challenges they face in doing that.

In the report, we explore:

- The role of AI in workforce transformation
- The widening gap caused by AI deployment and its impact on the future of organizations
- The challenges surrounding workforce transformation and the effective implementation of AI for optimal return on investment

We also share recommendations to improve AI's effectiveness within organizations. With investment in AI continuing its growth trajectory in 2025, we hope this guidance will support business leaders in getting the most from this new and exciting technology.

I hope you enjoy the report.

**Oliver Shaw,**  
CEO, Orgvue

# II. Executive summary

Orgvue first conducted its international survey of views on AI among senior decision makers in 2024. This year, our research team received 1,163 survey responses from organizations in the United States, Canada, the United Kingdom, Ireland, Australia, Singapore, Malaysia, and Hong Kong.

The findings reveal that the conversation around AI's impact on the workforce has turned to the practicalities of deploying the technology to get the best return on investment, rather than unbridled excitement at the promised benefits.

2025 also sees regret and apprehension over the potentially negative effects of AI when it comes to talent, productivity, and quality outcomes. Nevertheless, confidence remains high, as does investment, although this is now tempered by the acknowledgement that skills are paramount in organizations achieving their vision for AI.

As well as pragmatism, organizations are also more mindful of their unpreparedness and lack of expertise to deploy AI effectively and that they need a better understanding of how AI will affect roles, jobs, and work.

## **AI remains the dominant driver of workforce transformation**

- 72% of business leaders think AI will be the main driver for workforce transformation over the next three years (up from 69% in 2024).
- 76% are confident their organization will be taking full advantage of AI's capabilities by the end of 2025.
- 77% are confident that their organization will have implemented AI into core operations by the end of 2025.

## **Pragmatism is setting in**

- 48% of business leaders think AI will replace people in the organization, down from 54% in 2024.
- 39% say they've made people redundant because of AI.
- 55% of those say they made the wrong decision in making those redundancies.
- 34% says they've had employees quit because of AI.

## **The prioritization of skills is top-of-mind**

- 80% of business leaders plan to reskill employees to use AI in the workplace.
- 51% say reskilling is strategically important in preparing their workforce for AI.
- 41% have increased their learning and development budgets to train employees to work with AI.

## **Internal expertise is growing, but not fast enough**

- 35% of business leaders acknowledge a lack of expertise as one of the biggest barriers to AI deployment. This is only slightly down from 39% in 2024, suggesting little progress has been made.
- One in four business leaders (25%) don't understand which roles and jobs can benefit from the use of AI.
- 23% of business leaders don't know how to implement agentic AI in their organization.

# III. The 2025 mindset: AI and pragmatism

Organizations express growing caution and a significant proportion regret making people redundant as a result of AI.

If 2024 was the year of experimentation for AI in business, ebullient optimism is giving way to pragmatism as organizations consider the long-term impact on their workforce.

Business leaders are beginning to recognize the nuanced, complex ways AI can benefit their organization but that this doesn't come easily.

Still, confidence in AI remains high. 76% of leaders expect their organization to be taking full advantage of the technology by the end of 2025 and 77% say they'll have deployed AI in core business operations by the end of the year.

Investment in AI also remains strong, with 2025 likely to see continued growth. 80% of businesses that invested in AI in 2024 say they plan to increase their investments in 2025. This is no surprise, given that 72% of leaders believe AI will continue to be the dominant driver of workforce transformation for the next three years – an increase of 3% on last year.

Yet this year's study also sees growing caution among leaders in deploying AI in their organization. Two in five (39%) say they've made employees redundant as a direct result of AI. And of those, more than half (55%) admit they made the wrong decision about those redundancies. 34% also admit they've had employees quit because of AI.

Agentic AI is another source of concern for business leaders. Introduced as a concept during Microsoft's Ignite conference in November 2024, agentic AI refers to autonomous systems that can make decisions and perform tasks without human intervention.

Agentic is the wildcard that has upended AI deployment since last year's study. One in three leaders fear it will make too many people redundant, while 76% say they want governments to introduce rules and regulations that better control the use of AI.

But despite their regret and apprehension, many business leaders say they're less concerned that AI will replace people in their organization (48% compared to 54% in 2024). Interestingly, leaders also report feeling less responsibility to protect their workforce from redundancies (62% compared to 70% in 2024).



# Orgvue commentary

Businesses remain confident that AI will solve their biggest business challenges, but our research suggests this confidence could be misplaced.

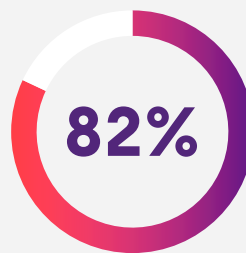
We see organizations have learnt the hard way that replacing people with AI without fully understanding the impact on their workforce can go wrong.

We're facing the worst global skills shortage in a generation and dismissing employees without a clear plan for workforce transformation is reckless. Some leaders are waking up to the fact that partnership between people and machines requires an intentional upskilling program if they're to see the productivity gains that AI promises.

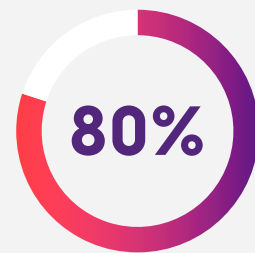
While it's encouraging to see investment in AI continue to grow, we're yet to see evidence that businesses will yield enough return on these investments to justify the costs associated with lost talent and downturn in productivity.

For those businesses that see AI as a tool for cost efficiency, they'll be disappointed to learn that the true cost of AI-driven workforce transformation is greater than they think. Apart from severance costs, the knock-on effects of eroded culture, employee disengagement, and associated churn can undermine any benefits and lead to more costs than they save.

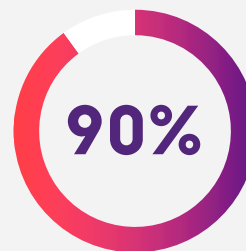
## Growth in AI investment



of business leaders increased their investments in 2024



of businesses that have invested in AI plan to increase their investments again in 2025



of organizations that have invested in AI believe their investments have delivered value to their organizations



# IV. Reskilling and human stewardship in workforce transformation

Business leaders acknowledge that organizations need to reskill people to work more effectively and productively with AI.

Skills is an important theme in this year's research. Over a third of business leaders [37%] say they're confident that AI will make their workforce more productive by the end of 2025.

Given leaders' ambitions for AI, expertise in business should be booming but the findings suggest otherwise. 35% of leaders concede that a lack of the right skills within their organization is one of the biggest barriers to successful AI deployment. What's more, 47% admit that employees using AI without proper controls is one of their biggest fears.

Consequently, 80% of business leaders plan to reskill employees to use AI effectively in the workplace and 51% say they're introducing internal policies to inform how AI is used.

Leaders now see reskilling as strategically important in preparing their workforce for AI [51%], while 41% say they've increased their learning and development budgets to ensure employees have the right training to work productively with AI.

Meanwhile, 43% say they're working with third parties that specialize in AI while they prepare their workforce (up 6% from 2024) and 41% are hiring new workers that already have good experience of using AI.

Leaders also acknowledge the AI generational divide and the need to develop functional pathways for engagement for employees of all ages, with 77% planning to introduce specific training programmes to help older generations use AI at work.

This renewed emphasis on skills and expertise is grounded in the belief that AI is already making a positive difference. Four in five [83%] business leaders say that AI has saved their employees valuable time by removing administrative tasks from their workload. And for those organizations that are going through an AI-driven workforce transformation, 75% believe the impact on employees has been positive.

As AI in business becomes more prevalent, so does the importance of skilled employees in overcoming workforce transformation challenges. By equipping people with the right skills, AI can deliver tangible benefits to employee workflows, improving productivity and boosting business performance.



# Orgvue commentary

Leaders know they need to strike the right balance between the speed of AI adoption and the upskilling needs for employees to work effectively with AI. The fact that so many leaders fear employees using AI without proper controls in place highlights that they're not keeping up with demand when it comes to upskilling and reskilling.

Some leaders are also waking up to the fact that partnership between people and machines requires an intentional upskilling program if they're to see the productivity gains that AI promises. Deployment alone is not enough.

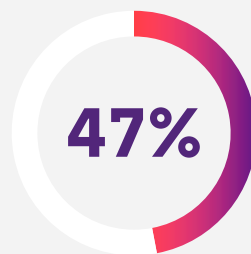
Given the AI skills gap within organizations, it's not surprising to see so many turning to outside help from third-party specialists. And despite any investment in upskilling programs to date, businesses still need to hire externally to bridge the gap.

The other gap in deployment roadmaps is organizations not having adequate policies in place to safeguard against misuse, unintentional or otherwise. Leaders also remain steadfast in saying they want governments to introduce more rules and regulations that better control the use of AI.

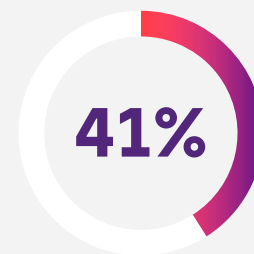
Business leaders need to build AI skills in the workforce more quickly or risk slower return on their investments. Successful AI-driven workforce transformation will ultimately

rest on employees not only being able to use AI effectively but also having the skills and confidence to identify opportunities to improve workflows and ways of working.

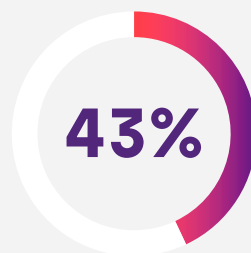
## Fear of mishandling AI persists



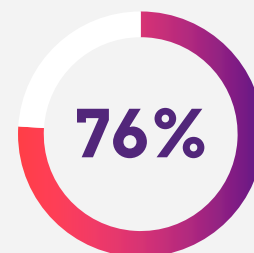
of business leaders consider people using AI without proper oversight as one of the biggest fears in deploying AI in their organization



of business leaders are hiring new workers that have good experience of using AI



of business leaders are partnering with a third party that specializes in AI, machine learning, or robotic process automation (up 6% from 2024)



of business leaders say they want governments to introduce rules and regulations that better control the use of AI



# V. A divided new era for AI and business

Organizations are beginning to understand that deriving value from AI requires them to do more than simply invest in and deploy the technology.

As usage matures, the global business landscape is becoming defined by the 'haves' and 'have-nots' of AI, meaning those organizations that understand and derive value proportionate to their investments in the technology and those that don't.

Many business leaders are still without a clear view of how AI will impact their business and their people [38%]. One in four [25%] don't know which roles and positions will benefit most from AI and 30% don't know which roles are most at risk from automation.

This gap in understanding will likely hold some organizations back in getting the most from their AI investments. Almost one in three [32%] business leaders see the lack of understanding of how to make AI work well for their business as one of the biggest barriers to preparing their workforce for change. In particular, 23% say they don't yet know how to deploy agentic AI to their advantage.

22% of leaders are fearful their organization will be left behind because of their lack of understanding of AI, yet one in four [27%] still don't have a clearly defined roadmap for AI deployment.

44% say they're only scratching the surface in deriving value from AI. This is significant given how organizations see their future enabled by the technology. 41% believe AI will make their business more creative, while 39% foresee that AI will create completely new ways of running their business.

But while some are still figuring how to make the most of AI, others are forging ahead, with one in two business leaders fundamentally redesigning their processes and workflows around AI [50%]. This is where the dividing line between the haves and have-nots falls.

To avoid be cut adrift by the AI juggernaut, businesses need to gain a better understanding of how the technology will change their workforce in the near term. This requires clearer data insight into roles and activity profiles, which tasks AI will replace, which can only be done by people, and new work needed to support AI that requires employees to be upskilled.



# Orgvue commentary

The concept of have and have-nots in AI adoption is one that's becoming self-evident to many organizations as they struggle to get the promised payoff from bringing AI into the workforce.

While some confidently claim that AI is already leading to an uptick in productivity, the evidence that this is widespread is thin. It could be there are a few progressive companies that are getting it right first time, but everything points to this being the exception rather than the rule.

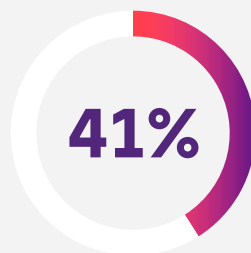
Many business leaders admit they're unclear on the impact AI will have on their organization, and they've told us that a lack of expertise is one of the biggest barriers to success. They admit they don't know which roles and tasks can benefit most from AI, and they don't know which are most at risk from automation.

Yet, most have a vision that AI will make their organization more creative and lead to new and innovative ways of running their business. Indeed, 42% say their main motivation for investing in AI is to enable employees to focus on higher-value tasks and tasks that require soft skills.

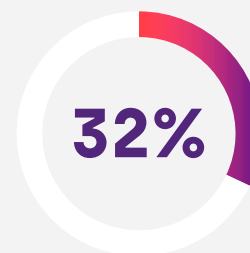
But for those organizations that cling to vague notions of value, they'll begin to fall behind in terms of business efficiency, competitiveness, and talent retention. A widening gap will affect implementation strategies and long-term roadmaps, stifling the ambitions for AI that organizations set themselves.

Over time, as these 'have' and 'have-nots' become clearer, the gap between the two will only widen. Those who get to grips with the impact of AI through a more detailed understanding of their workforce are likely to be the ones who achieve their vision.

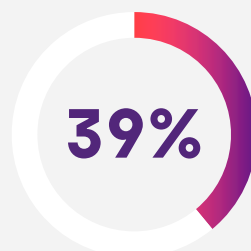
## AI 'have-nots' and missed opportunities



of business leaders hope that AI will make their business more creative



of business leaders say AI should enable their workforce to focus on higher-value tasks and tasks that require soft skills



of business leaders are hopeful AI will create completely new ways of running their business

# VI. Caution and regret: Regional differences and commonalities

A comparison of AI deployment, the widening skills gap, and the impact the technology is having on employees.

As in 2024, our research shows that attitudes to AI and technology deployment differ by country and region. Changes in how business sentiment towards AI has developed vary considerably, although most countries acknowledge a persistent lack of AI expertise.

Regional variations on redundancies are also quite marked, ranging from 46% in the United States to 28% in Singapore and Hong Kong, despite differing attitudes to AI's potential and its impact on the workforce.

## United States

Business leaders in the US are the most confident in their ability to deploy AI effectively. Confidence in getting the most out of AI could be the reason behind the redundancy decisions of some American organizations. 48% of leaders say they've made people redundant when deploying AI, which is the highest of any region.

Yet regret over these redundancies appears to correlate, with 62% of leaders saying they made the wrong decision also being the highest of any region. Two in five (40%) of US organizations also say they've had employees quit because of AI.

While most business leaders in the US plan to reskill employees to use AI (82%), only 48% say that reskilling is strategically important in preparing their workforce for AI. Perhaps this is because leaders feel resolute in their commitment to replace people with AI rather than reskilling. However, they're also the least likely to say a lack of expertise is a barrier to AI deployment (32%), suggesting confidence in their AI skills supply.

## United Kingdom

Confidence in AI among British business leaders is holding steady, yet the impact on people is undeniable. Despite only 48% of leaders saying they think AI will replace people in their organization (down from 62% in 2024), more than a third (34%) have made employees redundant because of AI. But of those, 50% say they made the wrong decision about those redundancies, suggesting regret is widespread.

As a result, 79% of business leaders in the UK plan to reskill their workforce, with over half (54%) saying this is strategically important in preparing for AI. A further 40% have increased their learning and development budgets to train employees to work with AI.

Despite this increased focus on skills, a third (33%) of leaders say a lack of expertise remains one of the biggest barriers to AI deployment, which is only slightly down from 2024 (40%).

## Canada

Compared to their North American counterparts, Canadian businesses are less confident in their ability to deploy and take advantage of AI. Only 64% think they'll have implemented AI into core business operations by the end of 2025. Despite this, business leaders are not holding back on AI-related redundancies. More than two in five (43%) say they've made such redundancies and they're also the least likely to regret them; only 43% think they made the wrong decision.

Even so, Canadian organizations place a significant focus on AI skills. 78% of business leaders say they plan to reskill employees to use AI in the workplace and 39% have increased their learning and development budgets to make this possible.

Similar to the US and the UK, Canadian business leaders say that lack of expertise is one of their biggest barriers to AI deployment (39%), only 4% down from 2024. Also, nearly a third (30%) of leaders admit they don't understand which roles and jobs will benefit from AI, indicating that upskilling will be needed at many levels of the organization.

## Ireland

The impact of AI has hit home in Ireland this year. In 2024, only 23% of Irish businesses thought AI would be the main driver of workforce transformation over the next three years. In 2025, that number has grown significantly to 60%.

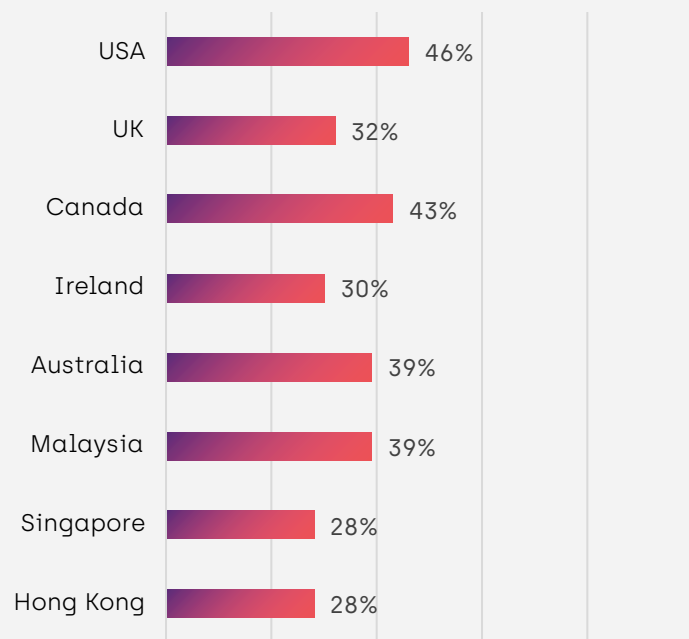
It seems that AI has caught many Irish organizations off guard and the low confidence levels reported attest to this. Only 52% of business leaders are confident their organization will be taking advantage of AI by the end of 2025, the lowest figure of any region. They're also the least confident that their organization will have implemented AI into core business operations by the end of the year (52%).

Perhaps as a reflection of the country's uncertainty around the impact of AI, 52% think it will replace people in the organization, which is slightly higher than their UK neighbours.

It's clear that business leaders in Ireland are not taking the same drastic approach to their workforce as other countries, since only 30% say they've made people redundant because of AI. Of course, this could be down to leaders' more pragmatic response to their admission that they don't understand which roles and jobs will benefit from AI (31%).

In 2024, a lack of expertise was a major concern for Irish organizations, with 50% saying it was their biggest barrier to AI deployment. But in 2025, this figure has dropped to 36%. Even so, leaders continue to invest in reskilling, with 44% saying they've increased their learning and development budgets this year to equip people to work with AI. A further 48% say reskilling is strategically important in preparing their workforce for an AI future.

## Have made employees redundant because of AI



**Australia**

Following in the wake of the United States, Australian organizations have been swept up in the excitement of AI. Business leaders there are among those most likely to see AI as the main driver for workforce transformation over the next three years; 80% agreed this is the case, up from 69% in 2024. Alongside US leaders, they're also the most likely to feel confident that their organization will have implemented AI into core business operations by the end of the year [85%].

The knock-on effect of this is an increased expectation that AI will take jobs. Australian organizations are by far the most likely to think that AI will replace people in the business [59%], although this is down from 66% in 2024. A further 39% say they've made people redundant because of AI.

Like many of their global counterparts, Australian business leaders are focused on reskilling. 51% say it's strategically important in preparing their workforce for AI and 39% have increased their learning and development budgets accordingly.

Despite this, leaders are among the most likely to say that lack of expertise is their biggest barrier to AI deployment [46%]. This is a significant increase on findings from 2024, when only 22% said the same. They're also the most likely to admit they don't know how to implement agentic AI in their organization [32% compared to 20% in the UK and 23% in the US].

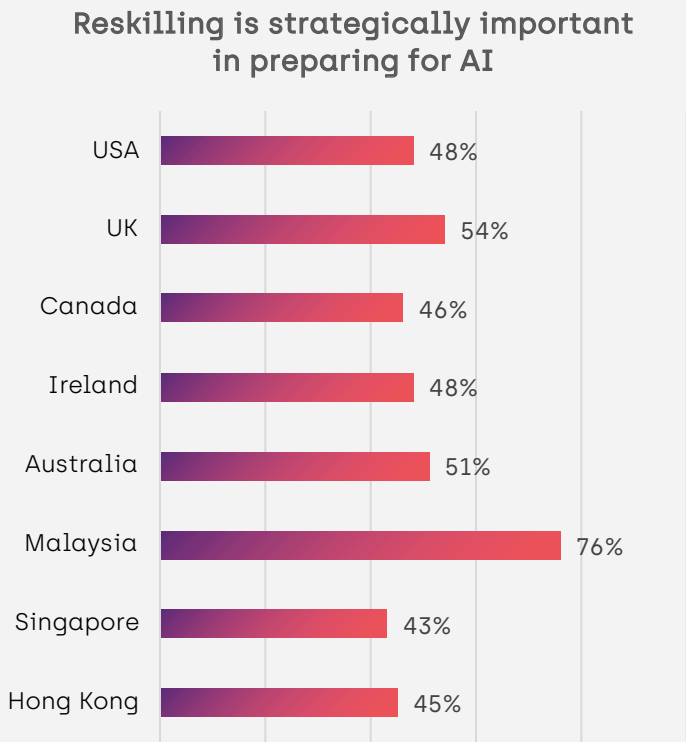
**Singapore**

Business leaders in Singapore are among the most likely to think AI will be the main driver for workforce transformation over the next three years [80%], alongside Australian leaders. This is up substantially from 2024, when only 55% thought the same. Despite this, only 60% are confident in their organization's ability to implement AI into core business operations by the end of 2025.

This lack of deployment confidence may be the reason why Singaporean businesses are the least likely to have made people redundant because of AI [only 28%], alongside Hong Kong.

This figure is a 7% margin below Ireland, the next least likely to have made redundancies. However, the expectation that AI will take jobs is still present, with 53% of leaders thinking this (up from 40% in 2024).

Nevertheless, Singaporean business leaders are the most likely to prioritize reskilling [85%] and 35% have increased their learning and development budgets accordingly. However, senior leaders within Singaporean businesses are also the most likely to admit they don't yet understand which roles and jobs will benefit from AI [31%] and 38% say that a lack of expertise is their biggest barrier to AI deployment (down just 2% on 2024).



## Malaysia

Organizations in Malaysia follow many of the same trends as other countries. 78% of Malaysian business leaders believe AI will be the main driver for workforce transformation over the next three years and three quarters [76%] are confident their organization will be taking full advantage of AI by the end of 2025.

However, business leaders there are the least likely to think that AI will replace people in the organization [32%]. This is despite the fact that 39% of organizations have made people redundant due to AI and they're also the most likely to have had employees quit because of AI [41%], narrowly beating the US.

This has clearly had an impact on leaders' attitude to reskilling, with 76% agreeing it's strategically important in preparing their workforce for AI [76%]. They're also the most likely to have increased their learning and development budgets to train employees to use AI [54%]. This could reflect the fact that Malaysian business leaders are the most likely to say a lack of expertise is their biggest barrier to AI deployment [54%], which is a significant increase on 2024 [38%].

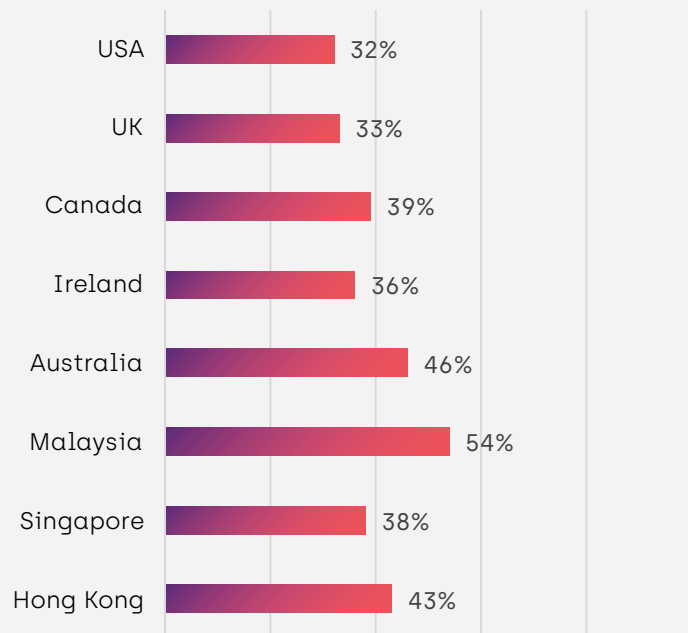
## Hong Kong

The AI mood in Hong Kong is very different to other countries. AI has not yet taken hold of organizations and they're the least likely to see AI as the main driver for workforce transformation over the next three years [50%], a significant drop from 68% in 2024. Also, only 53% are confident they'll have implemented AI into core business operations by the end of 2025.

Due to this dampened enthusiasm for AI in Hong Kong, the impact on people has been less dramatic. Business leaders are the least likely to say they've made people redundant due to AI [28%], as well as the least likely to have had employees quit because of AI [23%].

Another point of reinforcement for the lack of excitement is that business leaders are the least likely to prioritize or invest in reskilling efforts. Only 45% say reskilling is strategically important to them in preparing employees for AI and only 33% have increased their learning and development budgets to train employees to work with AI, the lowest figure globally.

## Acknowledge lack of expertise as a barrier to AI deployment





# VII. Conclusion

Three years after ChatGPT first stunned the business world, organizations continue see AI as a catalyst for workforce transformation. Ambitions to bring the technology into the heart of business persist and there's no sign that investment is slowing down.

Yet, how effective organizations are at deploying AI is causing a growing divide between those who have begun to deliver on AI's potential and those who are struggling to derive value from it.

Leaders now acknowledge that upskilling and reskilling will be critical to successful deployment and return on investment. Developing a better understanding of the workforce by looking more closely at roles, jobs, skills, and work is essential.

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

Transformation is never easy. But if leaders can get ahead of the structural changes that AI will bring to the organization, there's ample opportunity to intentionally construct a future workforce that combines the best of people and technology to improve productivity and employee engagement.

**Visit Orgvue today to learn how our organizational design and planning platform can support your AI-driven workforce transformation to maximize return on investment.**

[www.orgvue.com](https://www.orgvue.com)

# VIII. Methodology

This research was conducted by Vitreous World using an online methodology. We spoke to 1,163 business leaders in IT, Finance, Operations, Human Resources, Research and Development, Engineering, and Marketing in the United States (n=450), the United Kingdom (n=350), Canada (n=150), Ireland (n=50), Australia (n=40), Malaysia (n=40), Singapore (n=40), and Hong Kong (n=40).

Survey respondents in the United States, the United Kingdom, Canada, and Ireland work in organizations with more than 2,000 employees and respondents in Australia, Singapore, Malaysia, and Hong Kong work in organizations with more than 500 employees in the following industries: Financial Services; Business & Professional Services; IT, Technology & Telecoms; Energy, Utilities, Oil & Gas; Construction & Property; Manufacturing & Production; Retail, Distribution & Transport; Media, Leisure & Entertainment; and the Public Sector.

All respondents were guaranteed they would remain anonymous as part of the study.

Fieldwork was carried out between February and March 2025.

# How Orgvue helps

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

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

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

Orgvue is used by the world's largest and best-known enterprises and consulting firms to ensure the right people are doing the right work at the right cost to meet their business objectives.

We operate from offices in the United Kingdom, the United States, Canada, Europe, and Australia.