

Keeping culture human in an AI-driven world



Research sponsored by



Foreword

**Cath Longfield**

Co-Founder, Business Culture Awards and Business Culture Connected

I'm pleased to introduce this whitepaper, which reflects our commitment at Business Culture Connected to supporting organisations as they make deliberate, values-led choices about the future of work.

AI is advancing at pace, but progress alone does not guarantee progress in the right direction. What matters most is how leaders choose to integrate technology in ways that strengthen organisations without losing what makes them meaningful places to work. This whitepaper makes the case that culture is not a backdrop to AI adoption, but the lens through which its impact is shaped. It explores the leadership intent, organisational discipline and human capabilities required to ensure technology serves people, rather than quietly reshaping work by default. For people leaders, the challenge is not simply adoption, but stewardship: deciding what to accelerate, what to protect, and what must remain human.

We are grateful to everyone who shared their experience and insight through this research, and to ZRG Consulting Solutions for sponsoring the work. At Business Culture Connected, we believe culture is the force that determines whether transformation builds trust and capability, or erodes them. We invite you to explore the perspectives that follow and engage thoughtfully with the choices ahead.

**Amanda Fajak**

Global Culture Practice Leader, ZRG Consulting Solutions

AI is transforming the world of work at extraordinary speed, and the certainty we once relied on no longer exists. In this context, the most human response isn't denial or soothing platitudes – it's adult-to-adult honesty about trade-offs, clear logic behind decisions, and transparency about impacts and what will truly change. A genuinely human workplace is no longer just about wellbeing, psychological safety, and humane conditions; it is one where decisions are explicit, accountability is visible, and transparency is mature and consistent.

This shift requires organisations to move beyond traditional change management and instead build change ability – cultivating resilience, connection, and 'ambiguity fitness' rather than promising certainty. It also demands protecting the things machines cannot replicate: meaning and purpose, wise judgment, and the relationships that enable collective breakthroughs.

Used well, AI should automate friction, not meaning. It should free people from the matrix logjam of low value tasks so that they have more capacity to create, connect, and make better decisions. The opportunity is real: when smarter technology is paired with more connected, accountable humans, culture becomes your multiplier, not your risk.

Acknowledgments

Business Culture Connected would like to thank the members of our community who shared their time and insight for this report via surveys and interviews. This report was written by workplace and business journalist Katie Jacobs.

Business Culture Connected would like to thank ZRG Consulting Solutions for sponsoring this research.



Introduction

The cultural foundations of AI transformation

Artificial intelligence (AI) is already starting to transform the way organisations operate, promising efficiency, speed and productivity. According to the latest McKinsey global survey on the state of AI, 88% of organisations globally report regular AI use in at least one business function, up from 78% the year before.

And we are only at the beginning. In a 2025 Time magazine essay, Geoffrey Hinton, professor emeritus of Computer Science at the University of Toronto, writes that AI is “the most impactful technological development of our time”, more so than computers or the internet, even “comparable to the Industrial Revolution, but happening on a much faster timescale”.

Leaders are readying themselves for transformation at scale. According to a report from the World Economic Forum, 86% of employers expect AI and information processing technologies to transform their business by 2030. But the reality appears to be more sobering, with organisations struggling to move beyond piloting and to unlock AI’s potential. McKinsey finds that despite widespread AI usage, 62% of organisations remain stuck in either experimentation or pilot mode. Meanwhile, a study from MIT has found that despite enterprise investment of \$30-40bn into GenAI, 95% of organisations are getting zero return from their AI pilots.

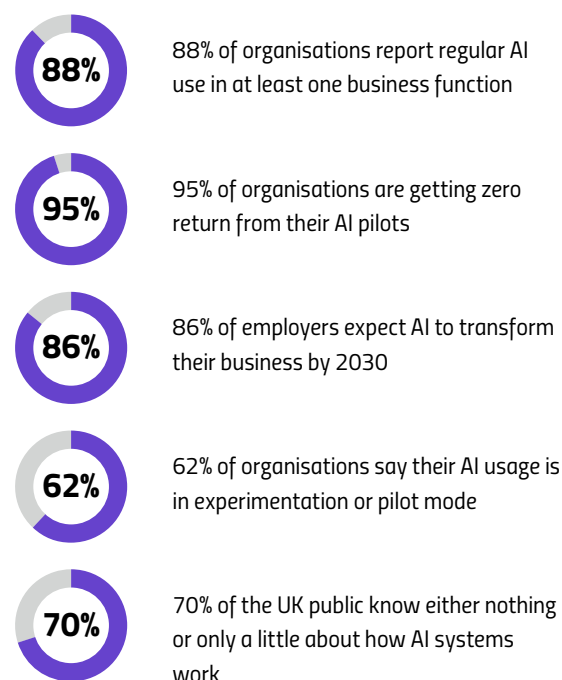
Why is this? A large part of the answer lies in the fact that technology alone, however sophisticated it may be, doesn’t create value: people do. While leaders race to automate processes and redesign workflows, organisations can often overlook the cultural foundations that enable change acceptance and adoption of new tools and ways of working. With research from the Tony Blair Institute for Global Change finding that 70% of the UK public report knowing either nothing or only a little about how AI systems work, it’s clear that many organisations have a mountain to climb.

Those organisations most likely to succeed in an AI-powered future are those that understand the

importance of treating AI implementation as a cultural transformation first, and a technology deployment second. Bringing everyone on the journey – even deciding what that journey should look like in the first place – is messy, human work that requires an investment in building trust, honest, transparent communications, and ethical governance frameworks. And it places HR leaders on the frontline of enabling an AI transformation that benefits everyone, improving organisations and driving performance while being careful not to lose the human meaning of work in a rush for efficiency and productivity.

To explore further, Business Culture Connected surveyed 260 members of our community to unpack the critical role of human-centric cultures in unlocking the potential of AI, exploring how organisations are already using AI, how employees are responding and the steps people leaders are taking to keep cultures human while embracing technology.

AI: Usage high but impact patchy



AI in HR processes: The current picture

HR and people processes can have a major impact on employee experience – from how people are rewarded and recognised to how performance is managed and measured. And the function itself, particularly the more repeatable aspects of people operations, is ripe for automation. So, how is AI already impacting HR functions in organisations?

Within the Business Culture Community, our findings reflect those of McKinsey and others. AI usage in HR processes remains mainly in early experimentation and pilot mode (35%) or as limited rollout in specific areas (41%). Only 11% of respondents have scaled AI across multiple processes or fully embedded it in HR operations. More (13%) have not yet begun using AI in HR at all.

When it comes to the areas of people processes already being powered by AI, the three most common are learning and development, employee engagement and listening, and recruitment and talent acquisition. Employee relations and case management is the least common, likely due to the complexity and risk attached.

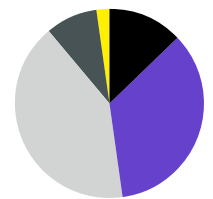
But is this usage translating into business value? The answer remains somewhat unclear. Only one respondent said their organisation's AI initiatives had delivered transformational impact. The vast majority of respondents said AI had so far only delivered moderate, limited or unclear value. More said their initiatives had delivered no measurable value so far than those who reported significant value.



Of course, this may be reflective of the stage people are on their journey. Respondents shared examples of use cases translating into value for organisations (see p6), but many businesses appear to be stuck in pilot mode, rather than scaling AI for maximum value across their people operations and beyond. And, as we will explore, perhaps the answer lies in the need to address the people and cultural impacts of AI with greater intentionality, rather than rushing to deploy new technology to cut costs or because everyone else is.

Current AI usage in HR processes

- We are not using AI yet **13%**
- We are in early experimentation and pilot mode **35%**
- We have limited rollout in specific areas **41%**
- We have scaled AI across multiple HR processes **9%**
- AI is fully embedded in HR operations **2%**



Most common AI-powered people processes

1. Learning and development **49%**
2. Employee engagement and listening **37%**
3. Recruitment & TA **37%**
4. Workforce analytics and planning **34%**
5. Performance management **20%**
6. Onboarding **8%**
7. Employee relations and case management **13%**

To what extent have AI initiatives delivered measurable value so far?

- No measurable value yet **17%**
- Limited or unclear value **35%**
- Moderate value **35%**
- Significant value **13%**
- Transformational impact **0%**



Case study

How Zopa balances AI efficiency with 'moments that matter'

When it comes to considering the most appropriate use of AI in people processes, online bank Zopa's first question is 'Where do we want to protect our culture?' That means rather than jumping into AI-powered HR with both feet, the people team first took a step back to ensure any change is intentional, well designed and focused on ensuring the most positive outcomes for all stakeholders. "We've done a lot of design thinking around the moments that matter, where human beings or the people function should play a really active role within the employee experience and journey," explains chief people officer Iain Kendrick. This has involved a series of design workshops with employees and managers, digging into the moments that matter throughout the employee lifecycle, where employees and managers most appreciate engaging with a member of the people team, and where doing so has had a demonstrable outcome.

This could mean, Kendrick explains, the organisation helping managers get "70-80% of the way there" on development conversations and other areas of people management, providing AI-powered processes and templates. The last leg of the journey will then be supported by the people

team, "providing experience, expertise or reassurance that the direction of travel works".

Employee listening is a core cultural pillar for Zopa. While Kendrick sees the value in AI helping to gather insight and conduct sentiment analysis at scale, he nonetheless believes human interaction remains critical. "There's a risk [with AI] of not being able to read body language," he says. "It's about using AI to measure insights, but following up with listening sessions to get deeper."

As AI capability advances at pace, Kendrick is clear that people and culture must come before any technology deployment. "Don't jump into the technology to start off with," he advises. "You'll learn more by taking a step back, mapping processes or moments that matter in terms of where you want to deploy AI within your employee value proposition, and understanding where technology, human or a combination of both makes the most sense."



Iain Kendrick

Chief people officer,
Zopa



How AI is adding value to people processes

We asked respondents to give an example of where AI has so far added value in their organisation. Here are some of the responses.

"Complex case support – helps to scan complex documentation, provide templated responses to things like grievances, complaints, that can then be verified and validated by a HR manager"

"AI has enabled us to automate admin heavy processes, leaving colleagues free to be more strategic and creative"

"Teams use it to speed up research, synthesise large volumes of content, and prepare inputs for decision-making much faster than before. We see strong impact in content creation and communication - internal communications, learning content, marketing and design - where AI increases both speed and iteration quality"

"It reads our multi-language and region policy and process documentation and shares back information to the person on what they need to do based on where they are and the problem they are trying to solve"

"Employee listening and theme analysis from large qualitative data sets"

"Processing all our archaic onboarding documents and approaches and producing a new, streamlined approach for us to review"

"Targeted internal communication and engagement for diverse audiences (during organisational change)"

"Supporting colleagues to write performance goals; saving time when researching and collating information"

"Enabled Disabled & neurodiverse colleagues to express themselves in a way that aligns with other colleagues' perceptions"

"Comparing job profiles during restructure or role evolution has been very helpful"

"From L&D perspective / strategy AI is often a good starting point for us to prepare. It has also helped with keeping up to date with new legislations"



AI and culture

Without trust, transparency and psychological safety, the deployment of automation and AI at scale risks feeling imposed rather than empowering, fuelling resistance and disengagement. So, how are workers feeling about AI?

“If you are in a low trust culture, you will get more fear and resistance. It becomes even more important to foster a strong culture that drives what you need from your people.”

Cheryl Allen, global HR director - transformation, Atos

Respondents have witnessed a wide range of colleagues' concerns, with only 13% of respondents saying that their colleagues rarely express concerns about AI. The top three colleague concerns are loss of human judgement in decision-making (62%), job security and role redundancy (54%) and fears over skills becoming obsolete (32%). More than a quarter (28%) of respondents hear concerns over lack of transparency in AI usage, while one in five witness anxiety over AI's impact on inclusion and around employee surveillance.

This all points to a lack of understanding around how AI will be deployed, which is fuelling mistrust. Employee anxiety over what AI means for them will only impede growth and transformation, limiting adoption. It means culture becomes more, not less, important, as organisations seek value



from technology investment. Indeed, 79% of respondents agree that cultural readiness has a greater impact on AI ROI than the technology itself.



Cheryl Allen

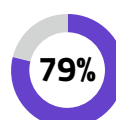
Global HR director - transformation, Atos

As Cheryl Allen, global HR director - transformation at technology service and consultancy firm Atos, puts it: “You need that trust. You need people to bring the mindset and behaviours that help you move forward.”

She adds: “If you are in a low trust culture, you will get more fear and resistance. It becomes even more important to foster a strong culture that drives what you need from your people: growth, being open to change, curiosity, a real learning agility, and trust in the organisation and the technologies it is working with. Organisations with that culture will more easily be able to realise the benefits of AI.”

Top employee concerns about AI

1. Loss of human judgement in decision-making **62%**
2. Job security or role redundancy **54%**
3. Their skills becoming obsolete **32%**
4. Lack of transparency over how AI works **28%**
5. Bias or negative impact on inclusion/EDI **20%**
6. Increased monitoring or surveillance **20%**
7. Colleagues rarely express concerns about AI **13%**
8. Other (responses include environmental impact, ethical and societal concerns, security concerns) **10%**



79% of people and culture leaders believe that cultural readiness has a greater impact on AI ROI than the technology itself

Digging further into employee and HR leader sentiment around AI, one-third of people and culture leaders believe that their colleagues trust that AI is being used responsibly in people-related decisions. However, more are neutral or unsure on the topic and almost a quarter (23%) believe their people don't trust AI usage to be responsible when it comes to people-related decisions.

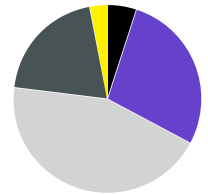
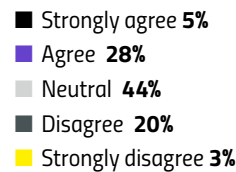
And while roughly half of respondents agree that employees feel they have a voice in how AI is introduced into their work, the same proportion are either neutral or disagree that is the case.

Our data suggests this isn't necessarily a failure of leadership – 70% of respondents agree that their leaders model curiosity and responsible experimentation when it comes to AI. However, when we asked respondents to describe the biggest cultural challenge organisations face when implementing AI (see p12), we found examples of issues around communication, transparency and trust. In other words: perhaps it is not enough for leaders to model curiosity and responsible experimentation. It's whether their people trust them to make human-centric decisions around how that usage at scale will impact organisation design, culture and the workforce longer-term that truly counts.

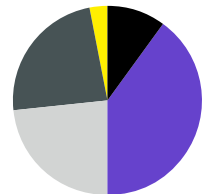
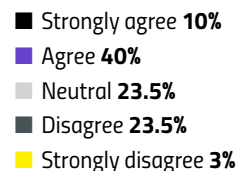
As Zopa chief people officer Iain Kendrick puts it, a gradual shift that focuses on building capability and trust will likely be more effective and less culturally risky than “a switch which is flipped overnight”. “We have taken our employees on that journey to make sure the fear factor isn't creeping in,” he adds. “We talk a lot that this isn't about replacing jobs or skills; it's about advancing people's opportunities. We've spent a lot of time doing reassurance and developing training.”

People and culture leader sentiments on AI

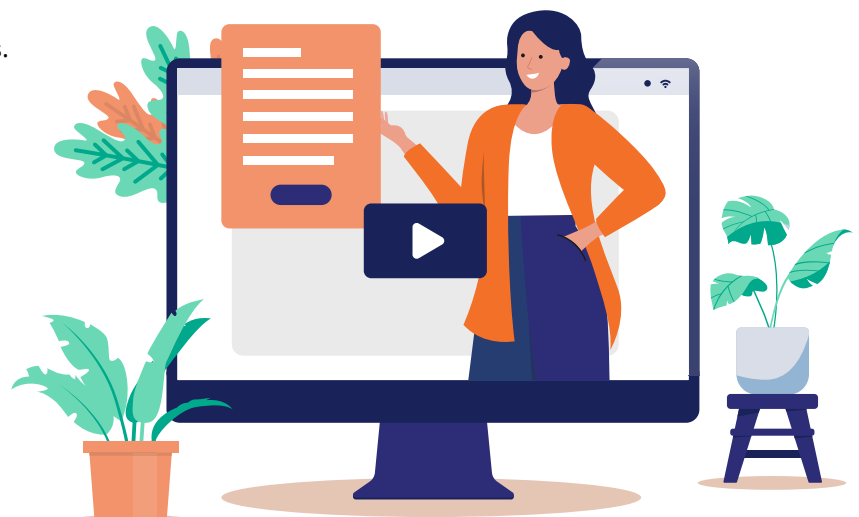
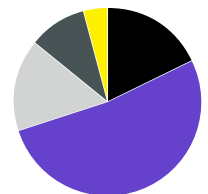
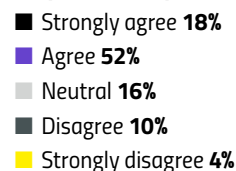
Colleagues trust that AI is used responsibly in people-related decisions (e.g. hiring, performance, development)



Employees feel they have a voice in how AI is introduced into their work



Leaders model curiosity and responsible experimentation with AI



Barriers to AI adoption

When asked about the biggest barriers to successful AI adoption, lack of capability came out on top, with 59% of respondents citing limited AI or data literacy as their top challenge. This is followed by technology limitations (35%), lack of trust (29%) and poor communication of change management (28%). These challenges are interconnected. Even technology-based challenges require a strong cultural focus – lack of trust or poor communication are unlikely to fuel engagement with even the best AI literacy efforts.

The biggest barriers to successful AI adoption

1. Limited AI or data literacy **59%**
2. Technology limitation **35%**
3. Lack of trust **29%**
4. Poor communication or change management **28%**
5. Lack of investment / cost barriers **24%**
6. Cultural resistance to change **23%**
7. Fear of job loss **23%**
8. Other (responses include lack of time, lack of confidence, environmental impact and impact on values) **8%**

For Kate Morris-Bates, group resources and transformation director at leading regeneration and strategic land developer Harworth Group, putting the foundations of digital literacy in place is critical before attempting any at-scale deployment. “Any AI policy needs to be written in language people understand,” she says. “People need basic digital literacy skills before they go into the realms of AI. Our vision for digital transformation is to make life easier for people. If people think it is going to make their job easier, and they understand intuitively how to use it, they will adopt it.”



Kate Morris-Bates

Group resources and transformation director, Harworth Group

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Kate Morris-Bates, group resources and transformation director, Harworth Group

Getting the foundations firmly in place to drive adoption and engagement is also key to Atos’s approach, including simplifying processes and improving data quality. Everyone in the business has gone through foundational AI literacy training and an ‘innovation community’ encourages people to experiment with AI tools. “People bring their case studies through the innovation community to see how we share good practice and how we might be able to adopt it into the organisation and the operating model,” Allen explains.



Case study

Encouraging AI adoption at Fanvue

As the top AI monetisation platform for influencers within the creator economy, digital innovation is central to Fanvue's business model. But even in a high-tech start-up, work still needs to be done on encouraging confident AI usage and ensuring culture only gets stronger as the business scales (it has grown from 15 to 130 people in only two years).

"The biggest challenge is the people challenge," says CEO Will Monange. "Getting people comfortable with building the muscle of using AI has been checkpoint number one and championing the cultural approach of curiosity."

Fanvue does this in practice by encouraging and empowering people to use AI credits towards personal projects as well as work. At fortnightly all-hands meetings, gift vouchers are on offer for the best use of AI in any respect, be it personal productivity or a work project. "We're trying to encourage the behaviour of people using AI in

interesting ways," Monange explains. "Not every AI use case has to have a business outcome." This approach helps build psychological safety, with people feeling safe to experiment. Failures are shared openly so the collective can learn from them.

Transparent communication is key, says Monange. He and his fellow leaders are clear that they view AI as a "force multiplier for great people" rather than a replacement, aiming to build a "culture of optimism". "But we are transparent that if you don't lean into this, there is a possibility that someone leveraging AI would outperform you," he says. "It's about stripping things back so people feel they are being dealt with honestly. That candidness has been a big factor towards building trust."



Will Monange

CEO, Fanvue



Keeping cultures human: The AI-culture challenge

Without engaged, motivated people and healthy, productive cultures, any investment in AI is unlikely to deliver on its promises. But when it comes to keeping cultures human in the machine era, people leaders have a myriad of concerns.

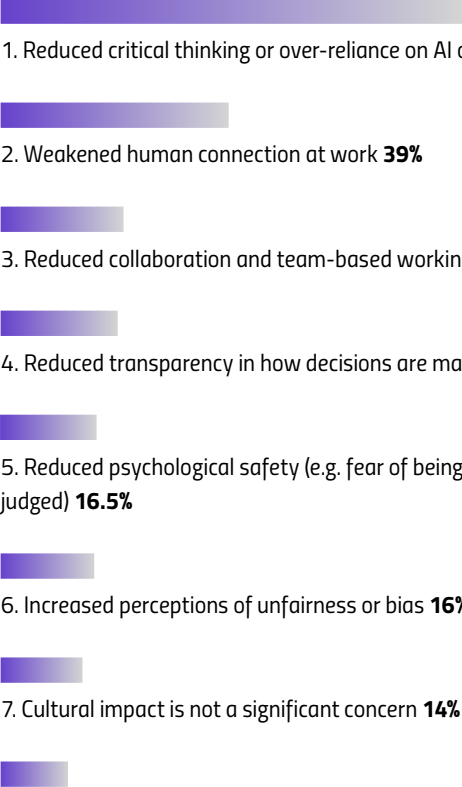
The biggest risk people leaders identify when it comes to AI's impact on organisational culture is a reduction in critical thinking and over-reliance on AI outputs. This is front of mind for Morris-Bates. "I have concerns that people won't apply critical thinking," she says. "Critical thinking as a skill could be at risk, which worries me for career entry level individuals in particular who need to develop this level of mental agility in the workplace."

"AI is going to take away a lot of the drudgery of work, so people can spend more of their time moving things forward with others... It will enable higher quality communication focused on meaningful things."

Will Monange, CEO, Fanvue

More than a third (39%) of respondents said they were concerned that AI could weaken human connection at work, while a fifth are worried about reduced collaboration and team-based working or reduced transparency in how decisions get made. However, Fanvue's Monange feels more optimistic about the impact AI could have on human connection. "It's going to take away a lot of the drudgery of work, so people can spend more of their time moving things forward with others," he believes. "It's a tool that enables us to get more out of what we do. It will enable higher quality communication focused on meaningful things."

AI's impact on organisational culture: Top concerns

- 
- | Concern | Percentage |
|--|------------|
| 1. Reduced critical thinking or over-reliance on AI outputs | 79% |
| 2. Weakened human connection at work | 39% |
| 3. Reduced collaboration and team-based working | 21% |
| 4. Reduced transparency in how decisions are made | 20% |
| 5. Reduced psychological safety (e.g. fear of being monitored or judged) | 16.5% |
| 6. Increased perceptions of unfairness or bias | 16% |
| 7. Cultural impact is not a significant concern | 14% |
| 8. Lower levels of trust between employees and the organisation | 11.5% |
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What is the biggest cultural challenge organisations face when implementing AI?

That's what we asked survey respondents. The message came back loud and clear: this is a people problem, not a tech problem. The cultural challenges organisations face – fear, mistrust, poor communication, skills gaps, even deep questions of identity – dwarf the technical challenges of deployment. Eight themes expose the reality of the AI culture challenge.

1 Fear and change-resistance

Fear, uncertainty and resistance to change was the most frequently cited challenge – fear of job loss, fear of the unknown and general anxiety about what AI means for the future of work, and for individuals on a personal level.

"Fear, trust and uncertainty about the future of work, skills for the future and how expertise will be valued."

2 Losing trust

'Trust' is the word that appears the most, surfacing in three directions: trust in the accuracy and reliability of AI outputs, trust in leadership to be honest about intentions (what does AI at scale mean for organisation design?) and trust between colleagues as they navigate change together.

"Losing trust of the team, [it is] so important to be transparent with communication, explaining clearly what each AI tool will and will not do, where human judgement stays in the loop, and how decisions can be questioned."

3 Capability gaps

Organisations are racing to implement AI without ensuring their people have the foundational knowledge to use it effectively or responsibly. Responses cite widespread gaps in understanding, technical and conceptual. Capability gaps can drive both avoidance and over-reliance.

"Technology is being developed for technologists by technologists. Lack of understanding around what is allowed to be used and lack of capability about how to use it."

4 Impact on human connection

Many respondents are existentially anxious about what AI means for human value, connection and meaning at work, concerned that efficiency gains come at the cost of empathy, creativity and human connection.

"The biggest cultural challenge in implementing AI is not technology, not skills, not even data. It is identity. AI quietly forces an organisation to confront a deeply human question: 'If a machine can now do parts of my thinking, what is my value?' That question rarely gets spoken out loud — but it drives much of the resistance, anxiety, and strange behaviours leaders observe."

5 Change management and leadership weakness

Respondents point to a leadership gap, with leaders failing to model the behaviours they expect and to create the psychological safety required for adoption. Too many organisations appear to be attempting to introduce AI without the change management infrastructure to support it.

"AI amplifies the existing culture of an organisation - both its strengths and its dysfunctions - and makes them very visible very fast. What matters most is the honesty and clarity of the expected value behind AI. If AI is framed mainly as a productivity tool, but people sense productivity gains may lead to job reductions, resistance grows quickly."

6 Governance gaps

Many respondents express concerns over the governance and ethical frameworks required to ensure responsible AI usage, as the technology becomes embedded in day-to-day work. In the absence of clear guidance, there is a high risk of either avoidance or inappropriate, unequal and unsafe usage.

"No clear guardrails for usage, and no governance around how it's being used. Colleagues are recording meetings on their phones without telling anyone – illegal."

7 Impact on equity and inclusion

AI adoption is not uniform, with disparities across age groups, role types and skillsets. Some groups risk being left behind. Add to this risks around the bias baked into many tools and AI could all too easily deepen existing workplace inequalities.

"Inequity of use - some users are more able and willing to take up the technology and benefit from it, leaving those behind who don't or can't use it."

8 AI over-reliance

Many respondents expressed worries around potential over-reliance and the impact on critical thinking. There is an acute tension between moving fast and moving wisely. As one respondent neatly summarised: "AI creates a shortcut to making bad decisions, faster."

"Trust, reliability and quality of insights are key issues. I am deeply worried about what will happen to the workforce when new fresh junior recruits are not coming into our organisations creating energy and renewal and a pipeline of leaders for the future."





Human, Re Defined: Culture in the Age of AI

Across the hundreds of culture assessments we've conducted, one pattern is strikingly consistent: when people describe the best thing about their organisation, they say "the people." This isn't nostalgia - it's neuroscience. Humans are wired for connection, shared purpose and relationships. None of this becomes less important in an AI enabled world. In fact, it becomes more so. As AI accelerates, we must define – clearly and deliberately – what it means to be human at work because when smarter technology is paired with more connected, accountable humans, culture becomes your multiplier.

- Humans create meaning through the full emotional spectrum. We interpret the world far beyond logic – through joy, fear, belonging, uncertainty, and everything in between. These emotions enable empathy, trust and collective sensemaking; they are the fuel behind cohesion and the "team spirit" every high performing culture depends on. Meaning is not extracted from data alone; it is created through shared emotional experience.
- Humans apply judgement, not just intelligence. We build relationships, learn from experience, and make decisions that balance ethics, context and consequence. AI can inform, accelerate, and analyse, but humans remain accountable. Over-reliance on AI risks dulling critical thinking and stunting development by removing the very experiences through which judgement is formed. AI offers intelligence; humans offer wisdom.
- Humans innovate through creativity and vulnerability. Ingenuity, disruptive thinking, mistakes, resilience and growth are inherently human qualities. Innovation emerges when people engage openly, share ideas without

fear, and challenge assumptions together. Vulnerability – the willingness to try, err, adapt, and learn – remains one of the greatest human catalysts for progress.

How to amplify humanity in an AI world

Amplifying humanity starts with leaders operating in an adult-to-adult mode - acknowledging the uncertainty AI brings, being explicit about trade-offs, and transparent about uneven benefits across groups. In this landscape, honesty is a core leadership competency. Equally important is using AI to remove friction, not connection: automate to cut matrix drag (i.e. decision bottlenecks), updates and adminivia, then reinvest that time in collaboration, creativity and healthy debate – the social work machines cannot (yet) do.

As AI takes on "apprentice work," leaders must redesign talent development so people still build the judgement only experience creates. Critically, as AI's power compounds, we must intentionally compound human capability (judgment, EQ, connection).

AI is a force multiplier. Pair smarter tech with more connected and resilient humans, and culture becomes your competitive advantage. Ignore the human dimension, and AI will amplify the very problems you hoped it would solve.



Amanda Fajak

Global Culture Practice Leader,
ZRG Consulting Solutions



Responsible and ethical AI usage

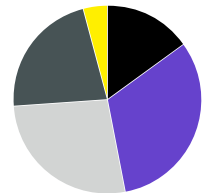
As AI capability increases at pace, with agentic AI built into workflows, AI governance and frameworks that ensure responsible, ethical usage become even more critical. Responsible AI usage depends on strong governance and systems that clearly delineate where, when and how a human must be in the loop.

But concerningly, our research finds that just over half (53%) of respondents are either neutral or disagree that their organisation has set clear boundaries around where human judgement must override AI. We also find that only a quarter (24%) of respondents have a steering committee for ethical AI usage and its impact on culture.

This presents a major risk. It is vital that HR leaders steer work redesign efforts to ensure clarity on where human oversight must sit, where deploying technology makes most sense and what this all means for organisation design and future talent pipelines. With trust a core concern, governance must be urgently addressed or organisations risk losing momentum, motivation and engagement.

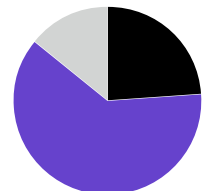
Clear boundaries exist around where human judgement must override AI

- Strongly agree 15%
- Agree 32%
- Neutral 27%
- Disagree 22%
- Strongly disagree 4%



We have a steering committee for ethical AI usage and its impact on culture

- Yes 24%
- No 62%
- Don't know 14%



The role of HR

The need for intentional work redesign, ethical governance frameworks and strong change management foundations places the HR function firmly in the spotlight. But is the function playing an influential enough role as organisations transform around AI?

According to respondents, the most common role for HR in wider AI implementation is a strategic partner, with a voice in AI decisions, although it does not lead them. While it is encouraging that HR has a seat at the table in some organisations, more than one in five say HR has limited involvement in AI-related decisions. Meanwhile 13% say HR is most likely consulted late in the process, called on to support change without having any say in strategic decision-making. And in one in 10 organisations, HR is not involved in decisions about AI implementation at all.

“HR’s role in AI transformation is huge and multidimensional. At a macro level, it’s about shifting how we work.”

Andrew Dickinson, EVP organisational effectiveness, Sage

Only a minority (13%) say HR plays a leading role in shaping AI strategy and ensuring ethical, human-centered implementation – but this should be the norm. Keeping people-centric principles at the heart of AI implementation is integral to sustainable and successful transformation. HR involvement isn’t about slowing down progress, but identifying and unleashing the most effective blend of human-machine operating systems.



Andrew Dickinson, EVP of organisational effectiveness at Sage, describes HR’s role in AI transformation as “huge and multidimensional”. “At a macro level, it’s about shifting how we work,” he adds. “People and culture is peppered throughout the whole transformation.”

Indeed, adds Allen, HR should see this as an opportunity to showcase its capability. “The ethical side is important, but beyond that there’s an opportunity for us to look at how we need to redesign the organisation and how work gets done,” she explains. “If we’re serious about this, then how do we design flows of work and systems to give us value? HR has a real opportunity to do deep work around organisational design, and building systems that work.”

The role of HR in AI implementation

- HR plays a leading role in shaping AI strategy and ensuring ethical, human-centred implementation **13%**
- HR is a strategic partner, with a voice in AI decisions, but does not lead them **29%**
- HR is consulted late in the process, mainly to support change or implementation **13%**
- HR has limited involvement in AI-related decisions **22%**
- HR is not involved in decisions about AI implementation **10%**
- Not sure **13%**



Case study

Keeping culture on the agenda during digital transformation at Sage

As software company Sage scales its AI usage from experimentation to enterprise-wide deployment and transformation, HR is at the table. Andrew Dickinson, EVP of organisational effectiveness, sits on the steering committee for the transformation, ensuring that the people and culture impact is considered every step of the way.

The message for the organisation is clear and transparent, but not alarmist. As Dickinson puts it: “We are a business, and we need to be curious about this. This is the next wave of transformational change in technology. Not being on that wave will be detrimental to you personally as well as to us as an organisation. We want to use AI as a mechanism for growth.”

There is a recognition that everyone’s job will be impacted by the adoption of AI. The role of HR is twofold: to steer effective and sustainable organisation design and bring people on the change journey.

Dickinson is accountable for job architecture and design, considering the impact of AI, understanding where capacity will come from and how to deploy that capacity (for example via deployment, reskilling or headcount reduction). “We need to be looking at how we build people’s skills if they have more capacity away from operational tasks,” he explains. “What are the human skills needed for the growth we want

as a business?” Sage is also investing heavily in entry-level talent intakes, bringing through future-ready skills.

People and culture’s role in AI is “huge and multidimensional”. “The pace of this change is faster than anything we’ve seen before and the transformation in how we work is going to be huge,” he says. “It’s how humans interact with technology that will make the difference. The people function has to be at the epicentre.”

And trust must be at the heart of transformation. “While AI is a huge opportunity, it could go wrong quickly if you break culture and trust,” Dickinson says. “It’s about staying aligned with your values and making sure the transformation is done within the context of your existing culture.”



Andrew Dickinson

EVP organisational effectiveness, Sage



Keeping culture human in an AI-driven world: 12 takeaways for people leaders

1 Recognise AI transformation as a leadership and cultural challenge, not a technology one

The scale and pace of AI-driven change is bigger and faster than many professionals have experienced, but that doesn't negate the fact that this remains a change management process. AI adoption is a leadership and culture challenge, not just a systems implementation. Those organisations who understand that will have the edge on those who steam ahead with technology deployment without considering the cultural underpinning. Start with the people rather than the technology.

2 Invest in the foundations of trust

Tackling fear and uncertainty and building and maintaining trust is hard, messy and human work. But the foundations of trust and psychological safety must be in place for people to embrace AI deployment at scale. Without psychological safety, people won't experiment. If people don't trust that realised AI-efficiencies won't be used to immediately make sweeping cuts, they won't rush to adoption.

3 Address AI capability and confidence gaps

Too many organisations are racing to implement AI without ensuring their people have the foundational knowledge to use it effectively, critically or safely. Basic AI skills gaps must be addressed to boost confidence, understanding and adoption. Lack of awareness around what AI can and cannot do can lead to both over-reliance and avoidance.

4 Design AI adoption for the whole workforce, not just the digitally confident

Uneven AI adoption risks the creation of a two-tier workforce, where some colleagues thrive with AI while others are left behind. HR and people leaders should audit adoption programmes honestly: are they designed for AI converts or the whole workforce? In some workforces, basic digital literacy needs to come before any AI literacy.



5 Build the governance infrastructure before you need it

Organisations risk deploying AI tools faster than they are building the frameworks to govern their use. Survey respondents shared tales of colleagues using personal devices to record meetings without consent or inputting sensitive data into public tools. HR is well-placed to own the work of building AI governance, through trust as much as compliance. Develop clear, accessible usage policies written in plain language, establish guardrails that enable experimentation within safe boundaries, and create channels for employees to raise concerns or flag misuse without fear of judgement.

6 Place ethics and human-centric principles at the heart of decision-making

Organisations should have a CEO-level steering committee for AI transformation, with a core strand focusing on the impact on people and culture as much as technology investment and deployment. HR must have a strong presence and voice on any steering committee, owning the people and culture workstream of AI transformation rather than waiting to be consulted.

7 Think long-term around critical thinking and human skills

Over-reliance on AI could severely damage critical thinking faculties, leading to what researchers call cognitive erosion. As organisations deploy AI at scale, this becomes a key risk. People leaders should consider how freed up capacity can be used to build valuable 'human' skills, be it problem solving, empathy or critical thinking.

8 Protect the talent pipeline: think carefully before replacing entry-level roles

With agentic AI taking on more of the tasks historically performed by junior employees, organisations face a strategic workforce planning question. If entry level roles are automated, where does the next generation of leaders come from? HR should be a proactive, challenging voice in any conversation about axing junior roles, asking not just whether AI can do the task, but what is lost if humans no longer do it. The short-term efficiency gain of cutting entry level roles may carry a far more serious long-term cost.

9 Take a lead on work and organisation redesign

AI has the potential to reshape organisational operating models at scale, with agentic AI disrupting workflows. As well as speaking up for the importance of people and culture, HR leaders should play a leading role in organisation redesign, considering how best to rearchitect work around the optimum combination of AI and human capability.

10 Experiment and build confidence within HR teams

HR professionals will not be able to deliver without improving their own foundational knowledge of and confidence of AI tools. HR leaders should encourage and reward responsible experimentation in both personal productivity and solving business problems, which can be achieved at low or no cost.

11 Balance operational efficiencies with the human touch in employee experience

When considering where to implement AI in HR processes, take time to map out the ‘moments that matter’ most to employees and managers. Focus on end-user experience and how to best route people to the most appropriate outcome, be it AI-enabled self-service or human interaction with the people team.

12 Be transparent in communications

There’s no point pretending AI won’t change work for all of us. Transparent and honest communication that treats people like adults is key to building trust. Ensure communication is paired with support – for example, if you’re asking people to use AI more, provide them with the necessary training and guardrails to ensure they can do so effectively, safely and responsibly.



Conclusion

The human work of AI transformation

As organisations rush to deploy AI, it’s clear leaders are sold on the concept that AI can accelerate progress, growth and transformation. But in this rush, the true impact of people and culture risks being overlooked. This is short-sighted: in the midst of AI transformation, culture matters more than ever. People leaders must make the case for doing the harder, slower, messier and more human work alongside the technological work: building trust before seeking adoption, developing people before deploying tools. The question is not just what AI can do, but what we want work, our organisations and cultures to feel like on the other side. The time to answer that question is now.