



Is your corporate culture AI ready?

Eight essentials for addressing the human side of your AI initiatives

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Ninety-seven percent of leaders surveyed in a 2024 KPMG GenAI survey say their organizations plan to invest in generative AI in the next 12 months.¹ Eighty-six percent of information technology (IT) leaders expect generative AI to soon play a prominent role at their organizations.² Fifty-two percent say that AI and machine learning, including generative AI, is seen as the most important technology for achieving short-term ambitions over the next three years.³

If you're among the companies contributing to these eye-opening statistics, you're undoubtedly planning for the impact AI will have on your business and IT strategy, as well as your IT infrastructure and operations,

cybersecurity, and risk management, perhaps even procurement and contract negotiations. You likely have a plan in place for employee training on the solutions you're implementing. But have you planned for the impact it will have on your organization's culture?

Your organization's culture is the combination of organizational identity, norms, mindsets, beliefs, behaviors, infrastructure, and experiences that shape how work gets done. Put simply, it's the human element of your organization. It influences, and is influenced by, everyone in the organization regardless of their job title, position, or responsibilities.

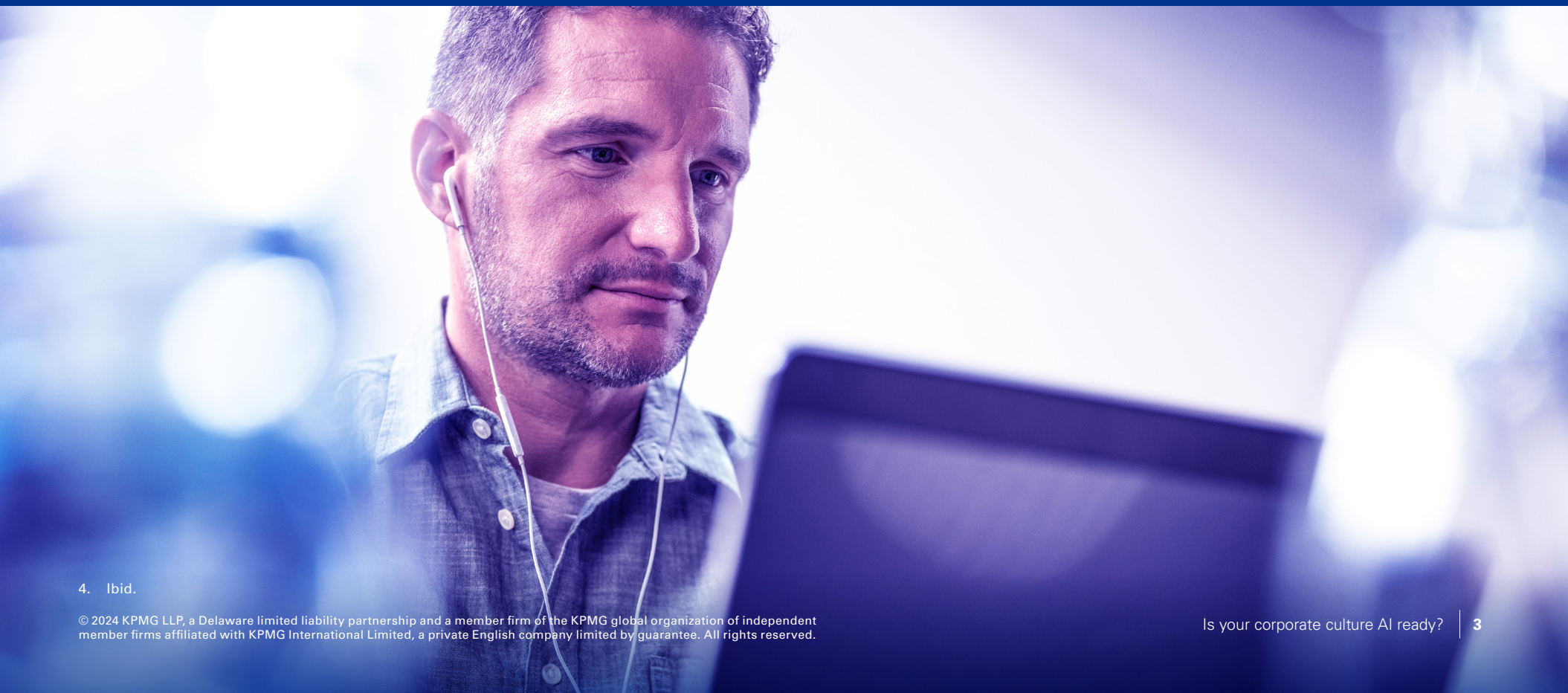
1. KPMG GenAI Study: The path to sustainable returns, March 2024
2. "Top generative AI statistics for 2024," Salesforce, September 2023
3. "2023 KPMG US Technology Survey Report," October 2023



Many companies approach technology transformations by focusing on the technology itself—putting the technology at the center instead of the people the technology is intended to enable and empower. The human element is often overlooked or underestimated yet is a major factor driving success or failure. In our KPMG 2023 Technology Survey, US technology executives said that people issues—including communication and collaboration issues, along with organizational change resistance—were the top reasons blocking their transformation progress, not technology or budget issues. Sixty-eight percent of technology leaders said they struggle with leadership buy-in—an essential ingredient for inspiring change. Fifty-seven percent said employee resistance influences their companies’ investment decisions with new technologies.⁴

Astute leaders have long recognized that employees wield critical power in this regard—power that can work for you or against you. Ultimately, the success of any AI initiative depends on employees at all levels choosing to embrace it. They can either be a powerful ally eager to share their input and experience to help the change succeed, or an obstacle whose resistance can dwarf any technology or regulatory impediment.

The difference depends on your organization’s culture. Do your employees understand the value of AI to them personally and to the organization and its mission more broadly? Do they believe in and support the project’s goals? Does your culture enable and reinforce these beliefs?



4. Ibid.

Understanding the cultural impact of AI

Not since the industrial revolution has a technology engendered as much concern or even fear among employees as AI, especially as it relates to job displacement. A Pew survey about Americans' views of AI use in the workplace revealed that 62 percent of Americans believe that AI will have a major impact on workers generally, and that only 13 percent believe it will help workers more than hinder them. Nearly a quarter of workers believe their own jobs are at risk.⁶

For most employees, the fear of job loss may be unwarranted. By one estimate, just 7 percent of current US jobs will be eliminated by AI, 63 percent will be complemented by it, and 30 percent will be unaffected.⁷ Even still, this means more than two-thirds of US workers will be impacted to some degree by AI automation. And while AI is ultimately expected to create more jobs than it eliminates, those jobs are likely to require very different skills than many employees have today. The net is that millions of workers will face work life disruption or displacement.

And the impacts are not likely to be felt equally. Of the jobs most heavily impacted by AI, 79 percent are held by women compared to 58 percent by men.⁹ Older workers—Baby Boomers and Generation X—are also likely to be disproportionately affected compared to their younger Millennial and Gen Z colleagues who have grown up with technology in their hands. Among Gen Z, 70 percent say they're already using generative AI technology, and in one recent survey, 62 percent said they're learning new AI skills to get a leg up on their colleagues.¹⁰ In contrast, 68 percent of non-users of the technology are Generation X or Baby Boomers.¹¹ Since roughly one-in-five Americans ages 65 and older were employed in 2023, this may be a significant issue for many organizations.¹²

Add to the mix a large number of remote workers, or a workforce that may be spread out across regions, countries, or continents, and addressing the impact that AI technologies can have on culture may seem like an insurmountable challenge. Yet it's one that must be addressed.

Whether employee fear is justified or not is immaterial to its impact on the organization. Fear can be debilitating. Employees who are insecure about their continued employment display lower levels of performance, commitment, well-being, and trust in the organization.¹³ Fear has been termed “emotional labor”—extra work employees must take on in addition to their regular duties.¹⁴ Fear can manifest into anxiety, depression, and hopelessness, and an environment in which these negative emotions are prevalent can become a very hard one to work in and be productive.¹⁵

If your goal is to use AI to boost efficiency, then unless your culture is ready for it, AI could have the opposite effect.

5. Lee Rainie, et al., “AI in hiring and evaluating workers: What Americans think,” Pew Research Center, April 20, 2023
6. “AI Generates Excitement and Fear as Employees Worry about Job Security,” Qualtrics, June 2023
7. Joseph Briggs, et al., “The potentially large effects of artificial intelligence on economic growth,” Goldman Sachs, March 26, 2023
8. Clive Crook, “AI is likely to create more jobs than it kills,” Bloomberg, December 8, 2023
9. Mark McNeilly, “Will generative AI disproportionately affect the jobs of women?,” Kenan Institute of Private Enterprise, April 18, 2023
10. “Navigating the Workplace in the Age of AI,” edX, September 19, 2023

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11. “Top Generative AI Statistics for 2024,” Salesforce, September 2023
12. Richard Fry and Dana Braga, “Older workers are growing in number and earning higher wages,” Pew Research Center, December 14, 2023
13. Diego Bellini, et al., “Understanding and Exploring the Concept of Fear, in the Work Context and Its Role in Improving Safety Performance and Reducing Well-Being in a Steady Job Insecurity Period,” Sustainability Journal, 2022
14. Arlie Hochschild, “Comment on Kemper’s ‘Social Constructionist and Positivist Approaches to the Sociology of Emotions,’” American Journal of Sociology, 1983
15. Andrew Carton, et al., “Does Fear Motivate Workers—or Make Things Worse?,” Knowledge at Wharton, December 4, 2018



Choosing a direction

The promise of AI is that it can help achieve efficiency gains and improve employee satisfaction by alleviating some of the more mundane or routine tasks employees face, freeing them to problem-solve, innovate, and create, among other activities. AI experience could help advance their careers and make them more marketable. These are outcomes that in theory every employee should welcome with open arms.

A more cynical perspective, however, is that it's simply an attempt to extract even more out of employees without them experiencing the benefit. Beyond the fear that their jobs will be eliminated, employees may worry that they are being surveilled. Such fears can exist at all levels of the organization. Executives, for example may feel it's being used to second-guess their decisions or reduce their authority or autonomy.¹⁶

Indeed, many of these fears may be warranted. In a recent report, the Pew Research Center noted that AI-powered tools are being used to track what workers do on their computers, how they are driving on the job, their movements within the workplace, and even their tone of voice when speaking with customers. Except for monitoring driving behavior, more Americans oppose than support the use of AI for such purposes.¹⁷ But that hasn't prevented their use. Sixty percent of larger employers are using these technologies to track at least some of their employees.¹⁸ This has the potential to create a hostile and productivity-killing "us-versus-them" culture. At a minimum, transparency by organizations about their actions and intent is essential, but that alone isn't a panacea.

Navigating the complexity of human emotion and behavior to realize your AI ambitions depends on managing innovation well by putting the human at the center and getting your culture right.

16. Janna Anderson and Lee Rainie, "The Future of Human Agency," Pew Research Center, February 24, 2023

17. Lee Rainie, et al., "Americans' views on use of AI to monitor and evaluate workers," Pew Research Center, April 20, 2023

18. Bart Ziegler, "Should Companies Track Workers With Monitoring Technology?," The Wall Street Journal, August 20, 2022

Eight essentials for creating an AI-ready culture

Affecting cultural change can be a complex endeavor that requires significant organizational commitment. While it can't be boiled down to a few simple steps, there are eight essentials that every leader should know, especially as they embark on something as disruptive as AI:

1 Put the human at the center of change, not technology.

In the workplace, AI is a tool to assist humans and make them more effective. Unlocking value from any AI initiative, therefore, starts by understanding that the effort isn't AI transformation or digital transformation—it's really human transformation. There isn't a beginning, middle, and "go-live" date. It's an ongoing journey that creates a culture of continuous improvement and innovation. Successful AI adoption requires a human-centered approach: prioritizing your employees by listening to and accounting for their needs and concerns and understanding how to better empower them.

2 Connect to identity.

This transformation should signal, reinforce, and fortify your desired organizational identity (e.g., mission, purpose, values, strategy). How does AI adoption enable or accelerate your organizational purpose and mission? How do your AI practices and policies reinforce your values? How are mindset and behavioral expectations shifting to enable your strategy? Connecting this vital change to who you are, why you exist, and what you stand for as an organization creates coherence and can accelerate understanding, commitment, adoption, and change advocacy.



3

Clearly articulate expectations.

Your people cannot be successful if they are not clear on what to expect from you and what is expected of them. This starts with communicating a vision and story that is clear, compelling, and approachable. This story needs to articulate the shifts in thinking and behavior that are required of everyone in order to be successful. Every employee must understand you care not only about what they do but also how they do it. And given the inherent ambiguity and duration associated with this transformation, expectations must be continually refreshed, managed, and reinforced as the journey progresses and changes. Honesty and transparency are key to growing confidence and trust. Remember that it's okay not to have all the answers and that you're on this journey together.

4

Practice what you preach.

Culture starts at the top. Leader enablement and role modeling is table stakes. Managers must be equipped to model the new AI-infused ways of working themselves through both their words and actions, while providing the support and resources needed for their teams to be successful. As George F. Westerman, principal research scientist at MIT Sloan School of Management, asked, "Culture is the job of bosses... When an innovation fails because 'the culture rejected it,' whose fault is that?"¹⁹

¹⁹ Deborah Lynn Blumberg, "Technology leadership for non-tech executives," MIT Sloan School of Management, August 17, 2023



5

Plan for the journey and measure progress

Something as disruptive as AI will take each employee on an emotional journey, with many opportunities along the way that can introduce excitement, hope, fear, or uncertainty. Each of these inflection points can either bring them onboard and fully supportive or push them away as doubters or even antagonists. To anticipate and manage the challenges ahead, you must empathize and actively engage with your people, understanding their experience, expectations, needs, and pain points. Active feedback loops must be established to understand changes over time and all insights then translated into change plans and actions to support and empower your people through the cultural change journey.

6

Make space for people to play and learn

Establish that experimentation and mistakes are part of the change journey, and ultimately will accelerate learning and improving across the enterprise. This freedom will help your people evolve and upskill, and increase their value as strategic enablers, innovators, and continuous learners.



7 Celebrate employee accomplishments and successes

Make it clear what you value and recognize and reward the behaviors you see and need. Celebrate incremental progress in both the “how” and “what” and tell stories to build momentum. Provide resources to help those who must make behavioral shifts to do so.

8 Never stop

Culture is at least as dynamic as technology. Your attention to culture, therefore, must be continuous and intentional. It’s never a one-and-done project or something you revisit only when a new technology is to be implemented. It’s a nontrivial investment, but one that will pay off with the agility and flexibility you’ll need to thrive in a rapidly evolving world.

How KPMG can help

Many organizations have recognized the power of AI and are more than eager to explore its uses and implement solutions. However, given the fear and uncertainty surrounding AI, the success of any implementation depends on a corporate culture that's ready and optimized to receive it.

At KPMG, we help clients identify powerful use cases for AI, implement supporting

technologies, and activate enterprise-wide cultural change to support AI readiness and value realization. We help our clients navigate potential blockers to AI innovation—to equip and inspire both leaders and employees, and help speed and sustain successful adoption of all your AI initiatives.

Our culture strategists and practitioners can help you identify and address cultural issues and accelerate behavioral change at scale

to realize the value of your AI investments faster. Together with our creative activation specialists, we can help build belief and buy-in for individual use case adoption while simultaneously building an AI cultural movement across the enterprise. Working alongside your team, we can equip your leaders and help activate and engage your employees to become committed partners in your AI success.

Contact us



Meg Wheaton
Principal, Advisory
Transformation Delivery/
Creative Activation
KPMG US
mwheaton@KPMG.com



Tracey Keele
Partner, Advisory
Culture Transformation Leader
KPMG US
tkeele@KPMG.com

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