MCE / BUSINESS
RESOURCES

Reveals Companies Are Not Ready to Ride the AI Wave

BY DAVID CASE

The introduction of ChatGPT in 2022 has companies scrambling to figure out how to incorporate new AI technologies in their processes.

AI has infiltrated our lives in many ways outside of the workplace—such as our shopping experiences on Amazon, ads on Facebook, and choices of what to watch next on Netflix. But an August 2023 AMA and MCE survey found that many, and perhaps most, U.S. companies are not ready for this disruptive technology. While employees are largely receptive to AI, companies lack strategic planning, governance, and training, our survey discovered.

How companies are (not) using AI

A Google search can unearth many articles about how companies are using AI. Aside from customer-facing applications, com-panies across sectors are deploying AI to improve operational and administrative efficiency. Some are using AI-powered accounts-receivable applications to extract data from invoices, match them with pur-chase orders, assess credit risk, follow up on overdue debts, forecast cash flow,

and update the ledger in real time—in short, to automate work that previously required sizable teams. In some HR departments, AI is screening candidates, streamlining onboarding, monitoring compliance, and assisting in performance management. In a few cases, AI-driven bots are even hiring and firing employees.

AMA/MCE surveyed 457 members and nonmembers in August 2023, targeting individual contributors (30%), managers (40%), and senior leaders

EXHIBIT 1
Does your organization currently leverage AI?

30% Yes

44% No

26% Not Sure

(30%) currently employed in the private or government sectors. Despite the examples of how some companies are using AI, the survey results revealed a very different reality. Many, and perhaps most, are falling behind.

Even with the vast constellation of available AI-powered applications, less than half of respondents (43%) said their company plans to use AI, and fewer than a third (30%) said it already leverages the technology (Exhibit 1). Forty-four percent of respondents' companies were not using the technology at the time of the survey, and roughly a quarter (26%) were unsure of its status.

Smaller firms (with fewer than 500 employees) were only slightly less likely (28%) to leverage AI than midsize (500 to 4,999 employees) and large firms (5,000+ employees), which reported 32%

and 31% uptake respectively. This suggests that while larger firms may have the resources needed to onboard AI more quickly, smaller ones make up for this by being nimbler. Alternatively, the relative balance between small and larger companies could indicate that fast-growing startups are capitalizing on opportunities to disrupt established competitors.

In addition to relatively low uptake, respondents appeared to harbor a limited view of AI's potential, contrasting with marketplace realities. Only about a third (31%) believed AI will impact all major functions across the company. The greatest proportion (44%) viewed it as exclusively affecting IT (Exhibit 2). Fewer than one in five thought it would affect finance or legal, where AI is rapidly making inroads.

Overall, the low engagement with AI could indicate that many companies are not prepared for the future, to the point where they will continue to risk being eclipsed by proactive competitors or tech-savvy startups. "We are still learning about the potential of AI and the impact it will have on both our professional and personal lives. It's an exciting time that is fraught with both risk and, equally important, opportunity," commented Manny Avramidis, AMA's president and CEO. "Our survey data serves as a wake-up call suggesting that companies are not ready, but they procrastinate at their own risk."

Scattershot approach

We found evidence that many U.S. companies are taking an ad hoc or even scattershot approach to harnessing and controlling the power of AI. Only about one in five (18%) respondents said that key business stakeholders have taken part in redesigning their company's processes using AI. Participation of senior stakeholders is paramount, given that effective AI solutions frequently cross departmental boundaries.

A similarly small minority (17%) said their organization has an AI strategy. Thirty-eight

EXHIBIT 2
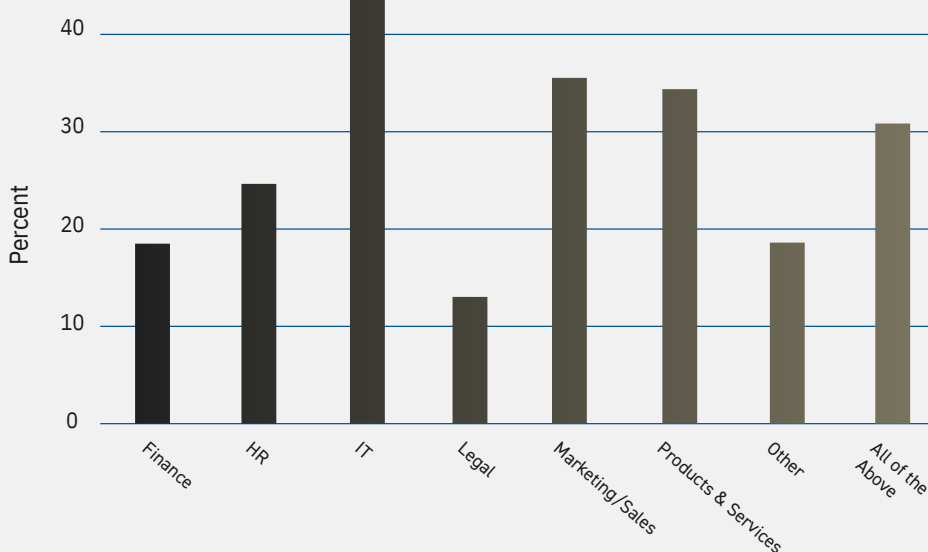## Which parts of your organization will AI impact? (check all that apply)

EXHIBIT 3
Does your organization have an AI strategy?

17% Yes

38% No

45% Not Sure

percent said they lacked one, and nearly half (45%) were unsure. Of course, a strategy that has not been effectively communicated to employees is little better than no strategy at all (Exhibit 3). Roughly half the number of companies currently leveraging AI have a strategy, suggesting that many are driving without a map.

Governance is critical for any company that deploys artificial intelligence. AI models are valuable, in part, because they can see across massive data sets and make inferences that are beyond the capabilities of humans. But their workings are often opaque, and they can be tainted by the biases of the humans who train them or the material that forms the foundation of their knowledge.

In June 2023, researchers from academia and industry, led by the Harvard John A. Paulson School of Engineering and Applied Sciences (SEAS), launched a new research initiative aimed at promoting greater fairness in artificial intelligence-powered hiring platforms. These researchers have found that widely used talent-hiring models may accentuate biases that they are intended to eliminate. In August, the U.S. Equal Employment Opportunity Commission (EEOC) fined an organization to resolve charges that its AI-powered hiring tool rejected women over 55 and men over 60.

Despite these risks, our survey found that only 15% of organizations had implemented AI governance, and nearly half (48%) did not have such guardrails. Thirty-seven percent were unsure if guidance on AI use was in place, indicating that their organization had failed to adequately communicate the policy or had not yet established safeguards. This means that companies were roughly twice as likely to be leveraging AI as to have studied the risks and implemented safeguards. This finding suggests that many are not only navigating without a map, they are driving blindfolded.

Employees at the forefront

Meanwhile, only about one-sixth of respondents (16%) feared that AI would replace their job. Yet a closer look at the data indicates that people in nonmanagerial positions—who may handle the kind of complex but clearly defined work that AI excels at—were more likely to harbor such concerns (24%) than managers (16%) and senior leaders (9%).

While organizations may be slow off the mark, we found that employees are more likely to embrace AI, and despite the hype, only a small fraction see it as a threat. Forty-two percent said they were independently using AI tools without a centralized approach. That's twelve percentage points greater than the proportion of companies leveraging the technology.

Employees were optimistic about AI's benefits. Eighty-five percent believed that it could have a positive impact on their organization, although nearly a third (29%) do not trust managers to use AI fairly and with transparency, underscoring the importance of governance (Exhibit 4).

The takeaway

The bottom line is that there's an urgent need for a more proactive, systematic approach to handling AI, with stronger governance and centralized strategies. Leaders have a responsibility to effectively communicate, coach, and reinforce principles underpinning their organization's use of AI, especially considering that front-line employees are already using it in the workplace with few guidelines. The critical takeaway questions are: Are you ready for AI? Do you have the know-how and skills to use it safely and effectively? More important, is your leadership prepared to handle it? Is your organization missing opportunities due to its lack of AI knowledge?

Training at all levels is a key element in catalyzing readiness. AI is powerful and complex, with far-reaching implications for business and society, yet only 7% of respondents said they have received training on how to adopt AI across their organization. Eighty-nine percent—the greatest proportion of any response in our survey—said that training would be helpful.

The overwhelming interest in training may signal a recognition that workers who use AI will keep their jobs, and could replace those who don't. Senior leaders and managers who develop a thorough understanding of the technology understand the importance of governance and are better positioned to devise strategies that drive growth. And well-trained employees throughout the organization can more effectively help leverage AI and ensure that it remains within its guardrails. AQ

This article was condensed from the white paper "AI Is Booming, but Companies Are Not Ready." To learn how organizations and individuals can build practical knowledge about the opportunities, tools, risks, and rewards of AI, please visit www.amanet.org

EXHIBIT 4
Do you trust managers to utilize AI fairly and with transparency?

34% Yes

29% No

37% Not Sure

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+32 2 543 21 20 @ **info@mce.eu**

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