

# A new frontier for the future of work

Generative AI is unlike any technology that has come before. It's swiftly disrupting business and society, forcing leaders to rethink their assumptions, plans, and strategies in real-time.

To help CEOs stay on top of the fast-shifting changes, the IBM Institute for Business Value is releasing a series of targeted, research-backed guides to generative AI, on topics from data security to tech investment strategy to customer experience.

**This is part one: Talent & skills.**

## Generative AI will change how we work and what skills we need—and it's happening faster than we expect.

While workplaces have been in flux since the pandemic, change is about to become even more intense. Generative AI is redefining every job and every task, from entry level to the executive suite.

### The IBM Institute for Business Value has identified three things every leader needs to know:

1. Generative AI is all about people—how work gets done.



2. Most CEOs are overly optimistic about their organization's readiness for generative AI.



3. Creativity is the "must-have" generative AI skill.



### And three things every leader needs to do right now:

1. Make people, not technology, central to your generative AI strategy.



2. Be specific in the application of generative AI and the benefits you expect.



3. Rethink your operating model to unlock creativity.



# 1. People + Generative AI

What you need to know



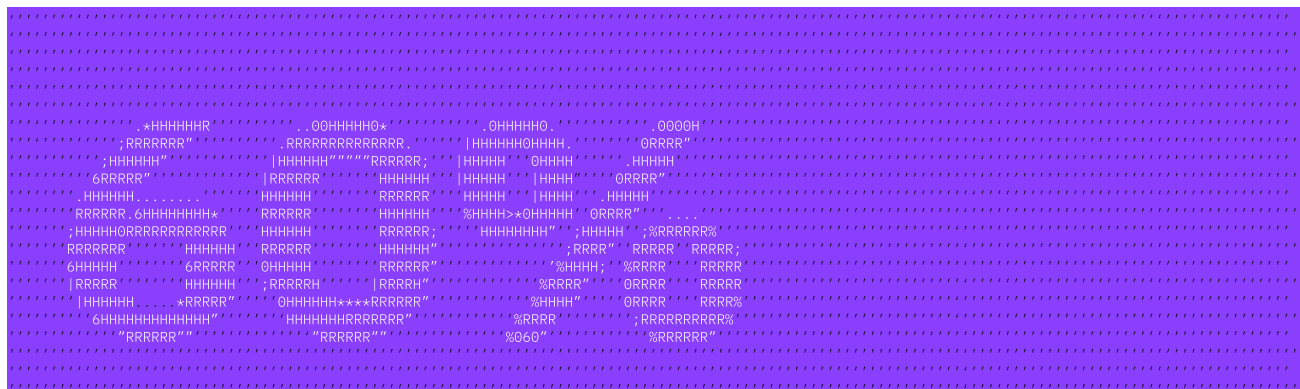
## Generative AI is all about people—how work gets done

Unlike new technologies that are all about what machines can do, generative AI amplifies human capabilities. It allows repetitive tasks to be automated, from market research to content creation to data analysis and code development. Practical applications abound. Customer service agents can use generative AI to offload routine questions, allowing them to spend time on sales enablement. Coders can offload mundane programming and focus on improving code quality and security. HR specialists can step back from day-to-day processing to focus on what really matters—growing talent.

All of this should put HR at the center of organizational progress. Yet 60% of executives view HR as a purely administrative function, a risk that can undercut positive impacts from this revolutionary technology.

Leaders who understand how to power their people with generative AI will have a multiplier impact on their business with half of all executives saying generative AI will improve multiple aspects of their business, from decision-making to customer experience to revenue growth.

Feedback loops are becoming near-instantaneous, opening the way to new, better business outcomes. But generative AI's impact doesn't happen in an abstract digital environment. Competitive advantage comes from scaling employee expertise and expanding organizational capabilities.



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# 1. People + Generative AI

What you need  
to do



## Make people, not technology, central to your generative AI strategy

Generative AI isn't replacing people, but people who use generative AI are replacing people who don't. Anchoring on human talent is essential. Help your people understand what they need to do.

**Elevate HR from purely administrative;** your HR team will have a strategic role in building the generative AI-enabled workforce of the future. Start by reskilling the HR professionals who need to lead this effort.

**Develop a formal, transparent,** people-focused change management initiative that identifies where generative AI testing and adoption is underway and provides continuous feedback across the enterprise about use cases, successes and failures, and lessons learned.

**But first, avoid buyers' remorse.** Make sure you have a model for the ethical use of generative AI, with clear standards, guidelines, and expectations and share these with your people across the enterprise.

## 2. Expectations + Generative AI

What you need to know

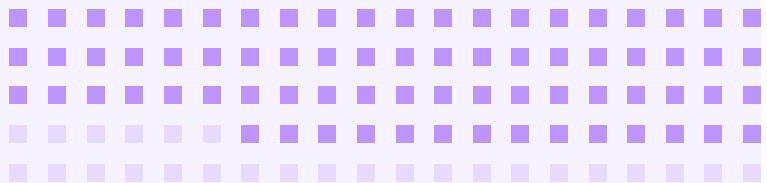


### Most CEOs are overly optimistic about their organization's readiness for generative AI

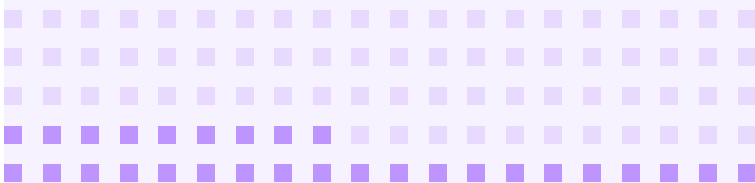
74% of CEOs say their teams are appropriately skilled in generative AI, yet only 29% of their C-suite agree. Disconnects like these can create discord and delay strategic shifts needed to propel your organization forward. No role is immune from the impact of generative AI. 77% of entry-level workers will see their jobs shift by 2025—but so will more than one-in-four senior executives. Over the next few years, the use of generative AI will dominate all roles and all levels across an organization. Likely even yours.

Longstanding beliefs about what skills are most important are being questioned. If technical proficiency can increasingly be provided by generative AI, what capabilities will truly differentiate the most successful organizations?

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## 2. Expectations + Generative AI

What you need  
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### Be specific in the application of generative AI and the benefits you expect

While enterprises should encourage their people to experiment—ensuring appropriate guardrails around data protection and ethics is essential. Generative AI tools and resource investments need to be focused on the highest-impact and most practical use cases—to optimize value for the organization and to provide models for future priorities. Don't get distracted by 400 possible use cases for generative AI. Focus on the top five. Or three.

**Establish performance-based** compensation and rewards that align with business goals to maximize generative AI readiness among your staff.

**Take an iterative approach** to generative AI roll-out that encourages risk taking and failing fast. Let teams identify and test their own generative AI opportunities. To help get HR fully engaged, start with HR.

**Hold leaders from business, IT, and HR** jointly accountable for generative AI outcomes. It will help amplify teamwork and underscore the strategic importance of generative AI adoption across the enterprise, benefiting your organization as a whole.

### 3. Creativity + Generative AI

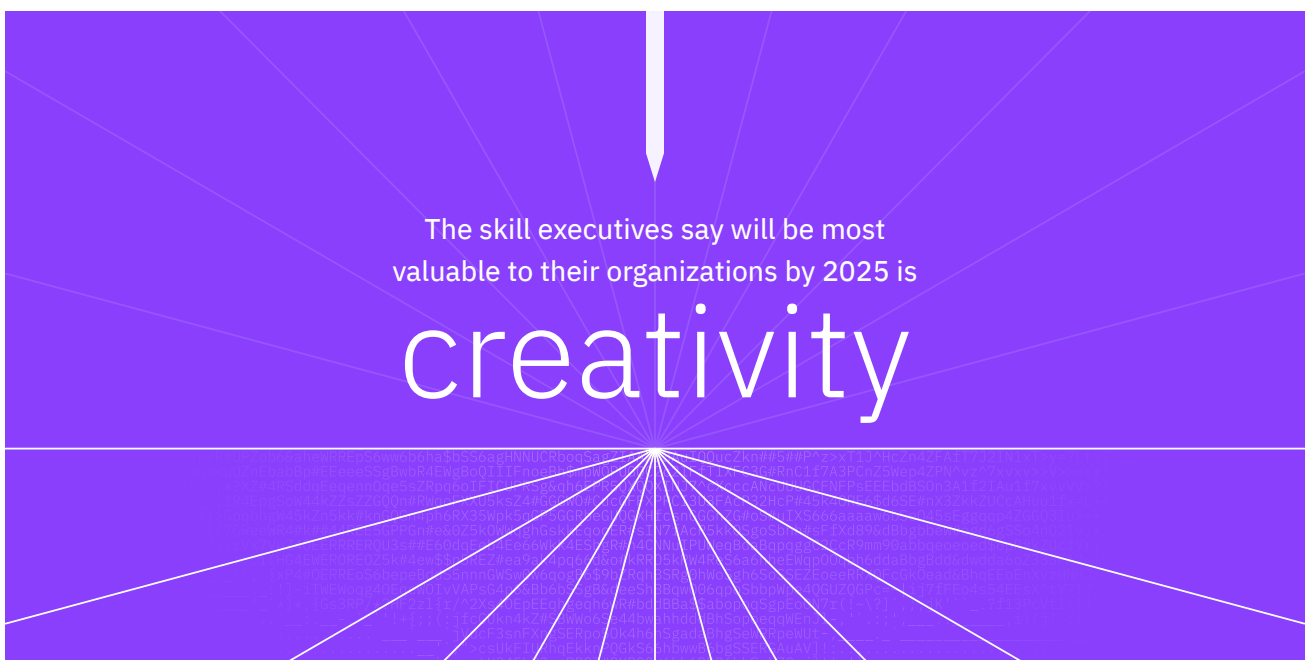
What you need  
to know



## Creativity is the “must-have” generative AI skill

You would think that a tech-based transformation requires more tech capability. But in this case, that's not quite true. The skill executives say will be most valuable to their organizations by 2025 is **creativity**.

And the thing about creative people? They are clever. They will find productive ways of interacting with their generative AI “assistants,” as well as novel enhancements to how they will interact with their human colleagues. Executives say teambuilding and collaboration skills are as important as software development and coding, and ahead of analytics and data science. But creativity leads the way.



### 3. Creativity + Generative AI

What you need  
to do



## Rethink your operating model to unlock creativity

Leaders can't be afraid of shifts at the executive level. In fact they should demonstrate openness to change by integrating generative AI into their own work.

**Make generative AI upskilling** an advancement opportunity for everyone, especially top performers. Generative AI can't augment or improve poor performance. It's revolution not evolution. Pioneer the use of generative AI in the C-suite and at managerial levels.

**Crystalize a culture of curiosity** to accelerate creativity. Make generative AI central to team building. Build a sense of employee equity. Use generative AI to create clear feedback loops where they don't exist today, and distribute learnings and insights that previously sat on a shelf in a binder.

**Redefine ways of working** by using generative AI-augmented process mining to analyze how work is done, where bottlenecks and inefficiencies exist, and how to remediate them—including how decision making can be accelerated and improved at scale.

Leading organizations are acting now to re-think strategy and actions around talent and skills. Generative AI can become a new tech co-worker. Enterprises that succeed will be those that build a flexible, thoughtful approach that encourages creativity, experimentation, and innovation, overcoming anxiety, rewarding enthusiasm, inclusivity, and optimism.

# Talent & skills

The statistics informing the insights on this page are sourced from four proprietary surveys conducted by the IBM Institute for Business Value in collaboration with Oxford Economics regarding perspectives around generative AI and talent and skills. The first survey was asked to 3,000 executives across 28 countries and was fielded October 2022–February 2023. The second was answered by 200 US-based CEOs, while the third was answered by a broader range of 369 executives across the US, UK, Australia, Singapore, Germany, and India. Both the second and third surveys were fielded in April–May 2023. The fourth survey was asked to 300 US-based executives and was fielded in May 2023.



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