

Artificial Intelligence and Employee Performance in Organizations: A Descriptive Study

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Abstract

It is now Artificial Intelligence (AI) and not just a specialized analytical tool but a general tool of the trade which has become part of the communication, software development, marketing, customer service, human resource management and managerial decision-making process. This descriptive study reviews the published academic literature and institutional reports to explore the connection between the use of organizational AI and employee performance, particularly in terms of adoption patterns, use in the workplace, productivity, the quality of work, decision support, and skills, as well as employee concerns. The paper draws on peer-reviewed management research alongside a wealth of evidence from world-leading organizations such as McKinsey & Company, the World Economic Forum and PwC, as well as from Microsoft and LinkedIn, and from the OECD and Stanford's AI Index. The evidence indicates that usage of organizational AI is accelerating, with the percentage of organizations reporting that they use AI in at least one business function growing from 55% in 2023 to 78% in 2024, and the percentage of organizations using generative AI growing from 33% to 71% in that time period. 75 percent of the world's knowledge workers use AI at work, and 92 percent of Indian knowledge workers do so, Microsoft reported. Reviews at the level of the employee are positive overall but not all the way around. Many users of AI say they save time, are more focused and creative, and OECD survey data shows four out of five workers exposed to AI think it helps them do their jobs better. Meanwhile, studies highlight risks related to surveillance, privacy, algorithmic bias, deskilling, work intensification, and job insecurity and over-dependence on algorithmic recommendations. The paper concludes that the use of AI is most effective for improving employee performance when it is paired with job redesign, employee training, and transparent governance and

ongoing human decision making. AI must then be seen as an organizational function and capability to augment and selectively automate, not as an alternative to human labor..

Keywords: Artificial Intelligence, Employee Performance, Workplace Productivity, Generative AI, Human–AI Collaboration, Decision-Making, Workforce Skills

1. Introduction

Artificial Intelligence (AI) is a vital part of today's functioning of organisational structures. While the automation of repetitive and structured tasks was the main focus in the past, today's AI can help with knowledge-based tasks like communication, analysis, prediction, problem-solving, and decision-making. AI technologies like machine learning, natural-language processing, predictive analytics, computer vision and generative AI have been applied in human resource management, finance, marketing, customer service, operations and software development. The shift has revolutionized the way that workers do their jobs, and many jobs that were previously manual are now technology-assisted. This relationship has been referred to as human-AI collaboration by Jarrahi (2018) who explained that the machines bring computation and analysis, whereas the humans bring contextual knowledge, judgment and responsibility. Similarly, Raisch & Krakowski (2021) suggest that AI within the workplace should not be considered as a replacement for human workers, but as an augmentation and an automation.

There has been a recent rise in the usage of AI within organizations. According to the Stanford AI Index, 78% of the institutions they surveyed in 2024 had adopted AI for at least one business function, whereas 55% did so in 2023. The use of generative AI also jumped by a significant amount over the same time period, from 33% to 71% (Stanford HAI, 2025). AI is also being used beyond single technology initiatives to transform other operational functions, according to McKinsey (Singla et al., 2024). This is an indicator that AI is increasingly becoming a part of the daily routine of employees. AI is a valuable tool for employees to generate reports, summarize data, manage customer inquiries, write content, analyze data, and spot trends or patterns that can inform management decisions. However, the effect of AI on performance will be different depending on the tasks, the abilities of the employees, whether the employees get support from an organization, and how the AI tools fit within the employee's process.

AI can have a significant effect on employee performance through automation, augmenting and creating new roles. Time spent on repetitive tasks can be reduced with automation and complex tasks can be done more efficiently with augmentation. In the meantime, there are new components to the role, such as AI verification, prompt creation, monitoring, and ethics and data protection. That is because a worker's job performance in an AI Workplace will not be judged solely by their speed or quantity of production. Staff should also evaluate created content critically and identify inaccuracies, make informed decisions, and adhere to ethical guidelines for the use of technological tools. The World Economic Forum (2025) has also confirmed that technological ability will remain even more significant, and that analytical thinking, creativity, leadership, adaptability and collaboration are still going to be important skills in the workplace.

AI and employee performance do not always go hand-in-hand. AI has many advantages for efficiency, workload reduction and decision-making in addition to some disadvantages, including skills shortages, job loss, privacy problems, inequity, and accountability. Tambe et al. (2019) noticed that the implementation of AI in HRM involves concerns with data quality, transparency and responsible implementation. Similarly, Budhwar et al. (2022) commented that organizational outcomes are influenced by the effectiveness of the implementation of AI in HR practices and employee skills. Empirical studies carried out recently also indicate that the reactions of employees to AI can vary depending on the perception of the technology. Engagement and job crafting can be fostered by making AI tools helpful, but can be hindered when they are seen as a threat or added pressure (Cheng et al., 2023).

In the age of AI, it is important to take a holistic approach to the effects it will have on employee performance in the workplace. A lot of rhetoric is spoken in the public sphere about productivity gains, or fear of job loss, and what happens in the workplace has to be much more complex. Organizational culture, employee capabilities, working methods and management influence the impact of AI. So, this study aims at doing a descriptive study of the adoption of Artificial Intelligence (AI) and employee performance in the organizations. It outlines the areas where AI is being used, the trends in the use of AI in the workplace, the effects of AI on productivity and efficiency, how AI is affecting organizational decision making, employees' perceptions, and the biggest benefits and challenges of implementing AI.

2. Conceptual Overview of Artificial Intelligence

Artificial Intelligence is actually a general term for computational systems that are intended to accomplish tasks that typically require human intelligence and features such as learning, language processing, pattern recognition, prediction, problem solving and decision assistance. Organizations can use AI in a number of ways, ranging from narrow models, trained for a particular classification or forecasting, to more general-purpose generative models, which can generate text, images, code and structured analysis. It's important because the risks to the organization, and the impact on performance is different for each system. A fraud-detection model could run mostly behind the scenes, affecting employee decisions via risk scores, while a generative AI assistant could be directly engaged with employees, potentially impacting the pace and nature of knowledge work. Organizational AI, then, is both above the surface (when it's used directly by the people using it) and below the surface (when it impacts people's workflow without their direct participation).

There are five main types of AI: predictive machine learning, natural-language processing, conversational AI, recommendation systems, computer vision, and robotic process automation based on AI and generative AI. Common use cases for predictive systems cover such aspects as predictions, credit analysis, churn prediction and workforce planning. Natural-language and conversational tools aid customer service, employee help desks and document analysis. Recommendation systems are used to direct the product, content and next-best actions. Inspection and security and operational monitoring through computer vision. The adoption of Generative AI has rapidened, making it possible for users to communicate with other employees in natural language, and can be used to draft, summarise, ideate, code and analyse. The management part is less about choosing a specific type of AI, and more about getting the right AI for the right risk level and information requirements of the task.

The following workplace applications can be clustered on information acquisition, information transformation, decision support and decision execution applications. AI can scan extensive document repositories, grab key details and summarize them; can convert unstructured data into drafts, classifications or structured data; can make comparisons and provide forecasts; and, in more advanced scenarios, can trigger actions using systems integration. The survey by McKinsey for 2025 showed that the application of AI was especially prevalent in services operations, marketing and sales, as well as in

information technology (IT) (McKinsey & Company, 2025). While in HRM, AI can be used for things like candidate screening, workforce analytics, employee queries, learning recommendations, and—of course—automating HR, Tambe et al. (2019) note that HR decisions are extremely sensitive to fairness, causality and employee trust. The messages are that the same AI can have varying organizational values for different roles.

Decision support using AI does not replace managerial judgment, but rather uses AI to assist in making decisions. In complex environments, AI can be used to augment human cognition, meaning the machines can process information in ways that people are not able to, and can find patterns that people might not be able to detect, according to Jarrahi (2018). Man, however, is better equipped to deal with ambiguity, to grasp the organization's context, to detect ethical limitations and take on the responsibility for the consequences of decisions. This complementarity is especially suitable when the future is uncertain and when there is no past precedent for it. The most effective organizational structure is not one that bows to AI, but one that is a formal method of working that has AI to analyse and develop alternatives; and people to consider assumptions, consequences and exceptions.

There are varying degrees of authority that can be utilized in human–AI collaboration. AI can serve as a service that responds to employee requests, as a co-worker that provides solutions, as a subordinate system that performs specific tasks or as a supervisory system to evaluate and direct human work. Some studies have indicated that these positions are not psychologically the same. Research on AI–worker coexistence through the lens of technical skills also underscores the importance of human and conceptual skills, such as communication, critical thinking and calibration of trust (Zirar et al., 2023). There is also a relationship between automation and augmentation in broader management literature – augmenting some elements of a task may require more task monitoring, understanding and coordination or automation can redefine the boundaries of tasks and job design. Automation and augmentation are also related in the wider management literature: Augmenting certain parts of a task may increase the need for supervision, interpretation, and coordination, while at the same time automation may lead to changes in job and task boundaries and job design in the long term (Raisch & Krakowski, 2021). Successful collaboration thus does not happen by just placing AI into the current processes.

3. Adopting AI in Organizations

What has been the most descriptive thing about the recent organizational AI is that it has almost completely taken over in a very short time after being more or less stable for several years. Stanford HAI (2025) reports a sequence in which the share of surveyed organizations using AI in at least one function was 20% in 2017, 47% in 2018, 58% in 2019, 50% in 2020, 56% in 2021, 50% in 2022, 55% in 2023 and 78% in 2024. It is particularly important in the context of the swift adoption of generative AI as 2023 ended and 2024 began. The time transformed AI from a specialized skill – often the domain of data science teams – to a known workplace interface for managers and knowledge workers. The rise in the number of surges indicates that the discussion is evolving from "if" to "how" businesses will interact with AI, instead of "if

Table 1. Organizational AI Adoption Indicators

Indicator	2023	2024	Change
Organizations using AI in at least one function	55%	78%	+23 percentage points
Organizations regularly using generative AI in at least one function	33%	71%	+38 percentage points
AI use in IT function (latest McKinsey comparison)	27%	36%	+9 percentage points

Source: McKinsey & Company (2025); Stanford HAI (2025).

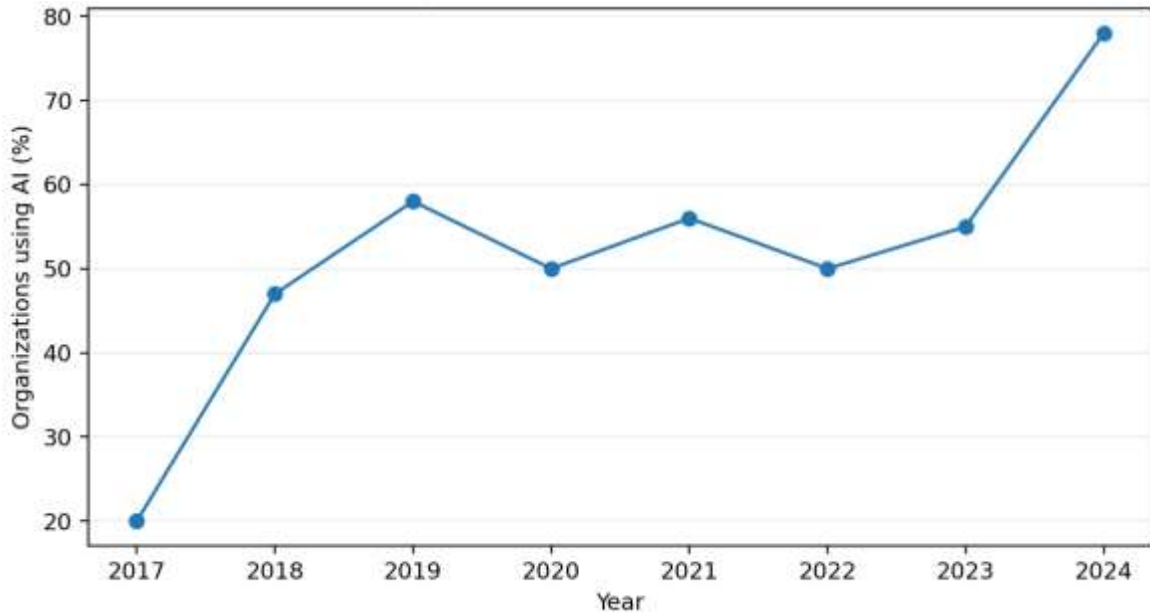


Figure 1. Organizational AI Use, 2017–2024

Source: Stanford HAI (2025), based on McKinsey survey data.

Table 2. Share of Surveyed Organizations Using AI in at Least One Business Function

Year	AI use (%)
2017	20
2018	47
2019	58
2020	50
2021	56
2022	50
2023	55
2024	78

Source: Stanford HAI (2025), using McKinsey & Company survey data.

When it comes to AI adoption, not all organizational functions are created equal. The first to adopt are functions that have a lot of digital information, repetitive analytical tasks, and measurable results. The areas of greatest use include IT, marketing and sales and service operations, as well as generative AI in product and service development and software engineering, according to McKinsey's 2025 survey. The adoption by function indicates a shift from model-centric adoption to workflow-centric adoption. Rather than having workers build models, companies are introducing AI capabilities in the software that they already use. This facilitates a reduction in the technical barriers but increases the need for change management as the adoption relies more on work practices and employees' confidence and expectations of managers.

One of the most captivating and perplexing applications of organizational AI is human resource management (HRM). A large number of applicants can be filtered, systems can learn and customize recommendations that are individual, workforce analytics can identify skills or staff attrition trends and conversational assistants can respond to common employee questions. HR outcomes are however human and legal considerations, and situational judgements which can't be correlated to history. Some important concerns raised by Tambe et al. (2019) are limited data, causal ambiguity, fairness constraints and adverse employee reactions. This also builds on the call to action by Budhwar et al. (2022) for opportunities to international HRM in the context of AI, and the ethics, transparency, capability and cross-context issues raised. As a result, HR applications should be more well-governed than just administrative automation, as mistakes could impact employment opportunities, trust and perceived organizational justice.

Data-driven marketing uses Artificial Intelligence to segment, personalize, create content, score leads, and optimize campaigns. It's used in the finance sector for forecasting, fraud checking, document processing, scenario analysis and risk checking. AI use for operation - Demand forecasting, scheduling, predictive maintenance, quality inspection and Supply-chain decision support. The essence of these functions is that AI can deliver cost savings in search and processing, deliver predictions at scale and enable quicker response time. However, errors have varying effects. If you make a wrong marketing draft, it can be rectified, but if you make a wrong decision or recommendation on finances or safety, you could be

dealing with serious expenses. Organizations need to then rely on a more stringent employee review, where the more likely it is that an AI error will occur, the more stringent that review will be.

Consequently, generative AI is driving the adoption of the technology to make it more than a technical interface with the system, but a natural language one. Microsoft and LinkedIn's 2024 Work Trend Index finds 75% of knowledge workers globally are already using AI at work, with 31,000 workers surveyed across 31 countries and a range of labor-market data and signals gathered from Microsoft 365. The reported percentage in India was 92% as against the global percentage of 72% (Microsoft & LinkedIn, 2024; Microsoft India, 2024). The same also revealed that adoption was often at the initiative of employees and not the central IT teams, and that many were introducing their own AI tools to the workplace. Issues related to the process of governance are that the outputs from the diffusion process may not meet the standards of the organisation or the information may leak out, and there are also problems with the utility..

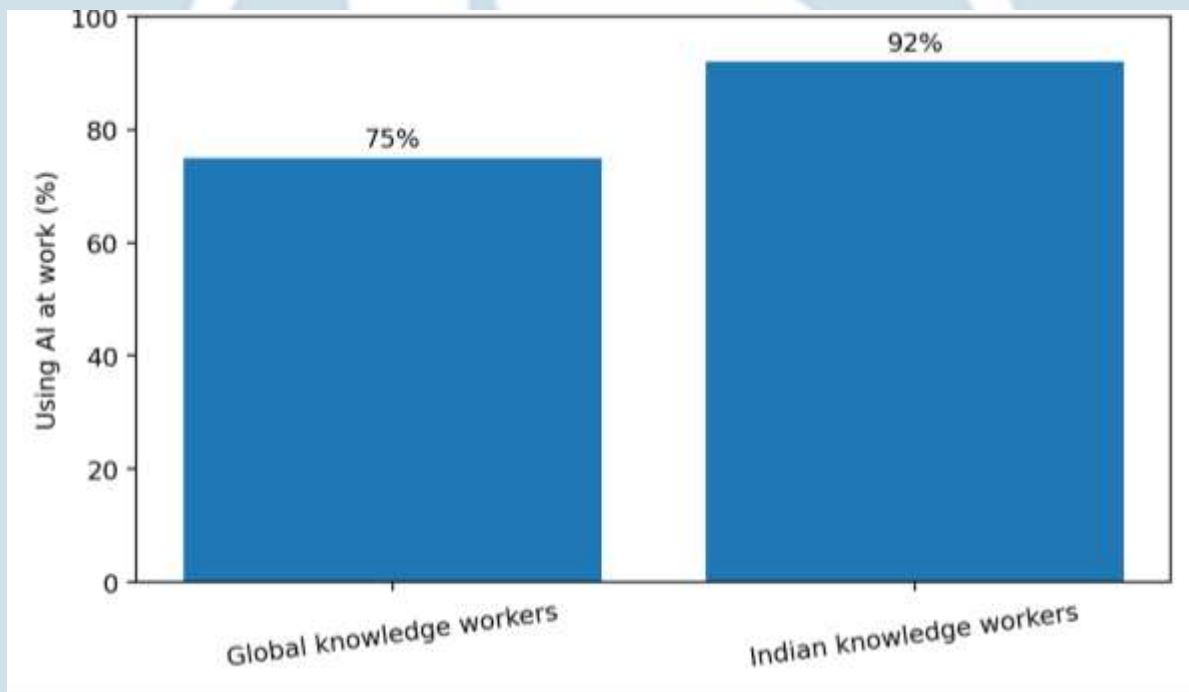


Figure 2. AI Use at Work: Global and India, 2024

Source: Microsoft & LinkedIn (2024); Microsoft India (2024).

Table 3. Selected Workplace AI Indicators from the 2024 Work Trend Index

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Indicator	Reported share
Global knowledge workers using AI at work	75%
Indian knowledge workers using AI at work	92%
Global AI users who began using AI within the previous six months	46%
AI users reporting employer-provided AI training	39%
Indian leaders who believe AI adoption is needed to remain competitive	91%
Indian leaders concerned that their organization lacks an AI plan/vision	54%

Source: Microsoft & LinkedIn (2024); Microsoft India (2024).

4. Artificial Intelligence and Employee Performance

The most common employee-level benefit of AI that is mentioned is productivity, as many AI applications cut down the amount of time needed to draft, search, code, summarize and do routine analysis. According to a new survey by Microsoft and LinkedIn (2024), 90% of all AI users said they saved time with the tool, while 85% said they did their most important work with the tool. The results are also quite positive from OECD: 80% of workers who responded to a survey on 'AI in the world of work' conducted by OECD stated that AI improved their ability to do their job (OECD, 2024), and 60% indicated that AI has made their work more enjoyable. They are all perception-based, but they're all following the same pattern: When AI is used in the right kind of work, they're making a positive difference for employees.

The productivity effect is seen as a result of reduced transactions costs in the work. Staff save time in retrieving information, re-typing standard information, translation of text, summarising meetings or converting information into standard format. The saved time can be used for customer interaction, analysis, creative activities or decision making. However, productivity gains are not going to happen automatically. If the output from the AI is not trustworthy, then a lot of time might have been spent generating the output and then having to correct a lot of it at the verification stage. If the output is

unreliable, then a lot of corrections may be needed, and the time invested in the output generation may be wasted because of these corrections. The ability to use the model, and the willingness of the organization to create workflows for the efficient analysis of the AI output, rely on productivity.

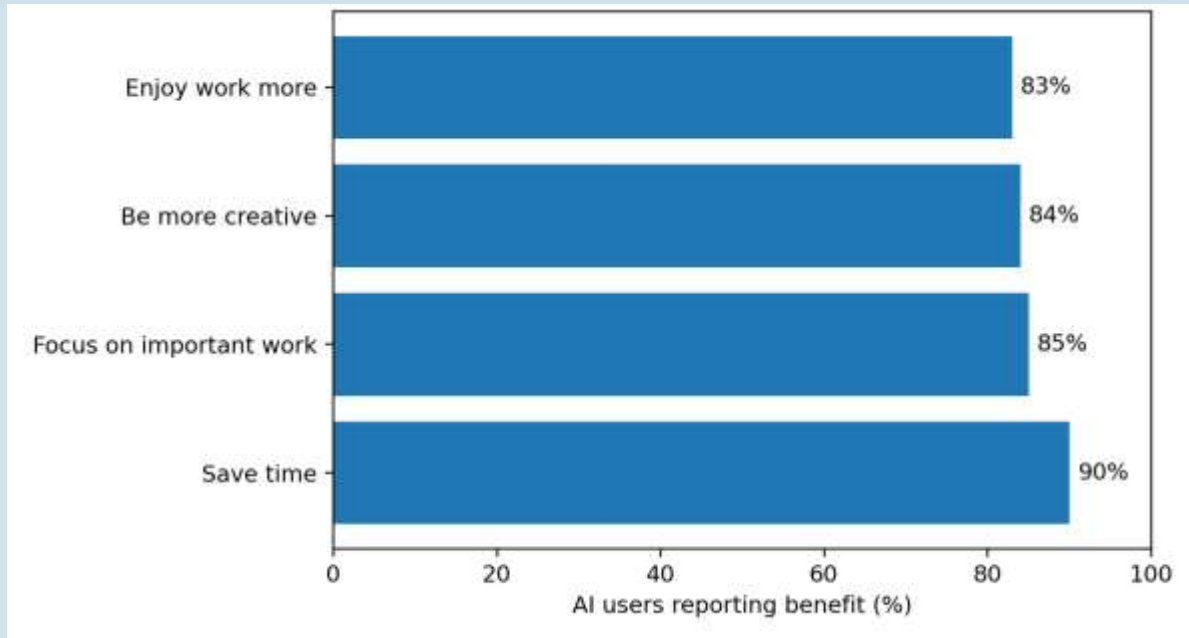


Figure 3. Reported Benefits of AI at Work, 2024

Source: Microsoft & LinkedIn (2024).

Efficiency is a ratio of the resources used in doing a thing. A.I. can increase efficiency by streamlining repetitive thinking processes and by easing the prioritization process. This can be gathering huge amounts of data for a manager, suggesting answers, or retrieving a knowledge for a service person, or generating code/exploratory analysis for an analyst. The upside to this is extra pronounced when AI can modify apps or lessen the number of steps. In the meanwhile, there is a difference between efficiency and speed. Creating inaccurate work quickly can lead to decreased overall efficiency due to error-induced rework, reputational or compliance costs. Therefore, depending on risk level, other quality standards and human quality control have to be taken into account in various organisations and situations.

AI can have several impacts on the quality of work, including: AI can process large amounts of data to uncover trends that human eyes cannot detect, and offer consistent support to numerous employees. The quality is also poor if the output is fluent but incorrect, or the user doesn't have knowledge of the domain. The management problem is thus a matter of "calibrated dependence. Trust is essential for the employees to make good use of AI, but there needs to be some uncertainty to back up significant statements. Jarrahi (2018) saw the augmentation perspective as a true one, seeing AI as a complement to human capabilities rather than a complete source of knowledge. However, there is also recent research that suggests that critical and conceptual skills will continue to be important: The volume of machines' recommendations is on the rise, and likely on the rise as well (Zirar et al., 2023).

Task automation has an organization effect as well as a performance effect: the low-value tasks that are removed from the human stack's workflows can have an organization effect as well given how the freed-up capacity is utilized. When more productive activities are performed, productivity and quality of work improves. If, however, the organization fails to restructure work, and simply increases the expectations about the amount of work, then the employee could be exposed to work intensification. OECD (2024) mentions the performance enhancement as well as concerns of the workers about data collection and inequality as well as increase in work intensity. It also puts the number of occupations most likely to be automated to around 27% of total employment in OECD countries. Compare that to the fact that it is not to say that 27% of jobs will be lost, but rather it is significant percentages of jobs that fall into occupations that are highly exposed to automation.

Using AI alters the skill set of good staff. Literacy gains in value, but a broader skill set is demanded than the skill of operating a certain tool. Staff will need to ask effective questions, find the relevant data to answer questions effectively, analyse the data, recognise which answers might be hallucinatory or biased and be aware of issues around confidentiality and communicate findings. According to the World Economic Forum (WEF), the average rate of change of the core skills of workers' basic skills is projected to be 39% by 2030 compared with 28% in 2020. Increasingly, more of the workforce engaged in training as part of long-term learning strategies (up from 41% to 50% of the workforce in the last survey cycle). PwC's 2025 Global AI Jobs Barometer also found that the skills required in the top AI-exposed occupations are

evolving 66% faster than those in the least AI-exposed occupations. The statistics indicate that the adoption of AI is not just about technology, but also about learning.

Table 4. Employee Performance and Skill Indicators Associated with Workplace AI

Indicator	Value	Interpretation
Workers saying AI improved performance (OECD surveys)	80%	Strong perceived performance benefit
Workers saying AI increased enjoyment of work	60%	Positive employee-experience effect
AI users saying AI saves time	90%	High perceived efficiency benefit
AI users saying AI helps focus on important work	85%	Supports attention/prioritization
Core skills employers expect to change by 2030	39%	Substantial skill transformation
Workforce completing long-term training strategies	50%	Growing organizational reskilling response

Source: OECD (2024); Microsoft & LinkedIn (2024); World Economic Forum (2025).

5. AI and Organizational Decision-Making

AI's influence on data-driven decision making is significant because they can manage large volume of data and information types which is beyond human capacity. Predictive systems can identify priorities, identify and predict anomalies, and can imagine evidence and scenarios; generative systems can imagine evidence and scenarios, and can synthesize evidence and predict. This can help to shift management's focus towards relevant data. Data-driven doesn't mean value-less, though. Decisions rely on data provided, and the way results are defined, represented, and optimized to towards an organizational goal. Likewise, prediction instead of causal explanation of behaviour and when lack of transparency and/or unfairness in recommendations, the process is not legitimate in people management (Tambe et al., 2019).

AI's most apparent benefit is its ability to speed up decision-making. Systems can deal with big data sets in a second, and provide ranked options or synthesized information to decision makers. Where there is a cost associated with delay then the faster it is the better, for example in customer service, fraud monitoring and cyber security, and pricing and operation. But, accuracy is qualified. AI can perform extremely specific and repetitive tasks, but it may fall short when it comes to tasks that involve tacit knowledge, incomplete information, or an evolving context. Then they would be able to distinguish between decisions that they could make repeatedly with high confidence, and decisions that might be more ambiguous, and are appropriate to raise to humans. It is not about automation of the process, but about the distribution of decisionmaking authority that is consistent with machines and holds people accountable.

AI is now being increasingly used within the planning, communication and allocation of resources to enable managers to make decisions. Briefing; Report Writing; Summarise feedback to compile themes and create scenarios for narratives can be created by generative tools. Predictive tools are able to assist in capacity planning and forecasting. The downside to AI is that it may appear as though it is assured. But managers should be questioning whether the information is up-to-date, whether the model has been 'clothed' with the proper context for the organisation, whether confidential information is safeguarded and whether the recommendation can be explained. AI literacy at the managerial level is being informed on what to do and not do with AI, and when more evidence is needed before action.

AI can expand the solution space that can help to resolve problems. AI can also make hypotheses, test options and remind employees what they were missing from their thinking and quickly pull up background information. This could facilitate divergent thinking at the beginning and analytical comparison at the end. But AI-produced alternatives are constrained by the context and data feed into the AI models and may fail to capture local knowledge that is not traditional. But human problem owners are still needed to ensure that the problem is correctly formulated and to determine feasibility of a proposed solution in the organizational context. Then the optimal problem solving model would be a blend of the breadth (from the machine) and the depth (from humans).

It can't take the place of human judgement that organisations will inevitably need to make when working with uncertainty, there are institutional responsibilities and ethical concerns that will be beyond

the scope of performance measures. He differentiates the analytical ability of AI from the intuitive and holistic ability of the decision maker in the paper (Jarrahi, 2018). The proponents of this argument are raised by Raisch and Krakowski (2021), who demonstrate that some human capabilities will become more critical the more an organization gets automated. In the area of job creation and customer rights, safety and strategic commitments there is a special need for judgment. If this is the case, then organisations should maintain a man at the end of an automated process who has value added control – not just throw a man at the end of the automated process and let him go.

6. AI Adoption and Employee Performance Trends

New workplace data suggest that the adoption of AI has shifted from being in the minority to becoming part of the knowledge-work mainstream. What's interesting about this difference is the contrast between organizational adoption and employee-use. 78% of organizations said they're utilizing AI in one or more functions in 2024, according to McKinsey and Stanford, and 75% of knowledge workers use AI personally in the workplace, reports Microsoft and LinkedIn. So close are these numbers that it is clear that AI in the workplace is not restricted to specialist departments. Meanwhile, the Work Trend Index revealed limited formal training, meaning the behavior of employees is progressing quicker than their ability to be formally-trained. This gap can be a good thing and a bad thing; Staff can find useful applications quickly, but there can be data leakage, variation in data quality, and duplicated experiments.

A sector difference indicates the level of digitalization, data, predictability and content generation of the work. According to World Economic Forum (2025), 86% of employers surveyed say AI and information-processing technologies will change the way their companies operate by 2030. Higher exposures were expected in financial services (97%) and electronics (95%) than in government and public sector (76%) and energy technology and utilities (72%) industries. These are not productivity results but rather expectations of where the most likely reconfigured workflows and skill may occur.

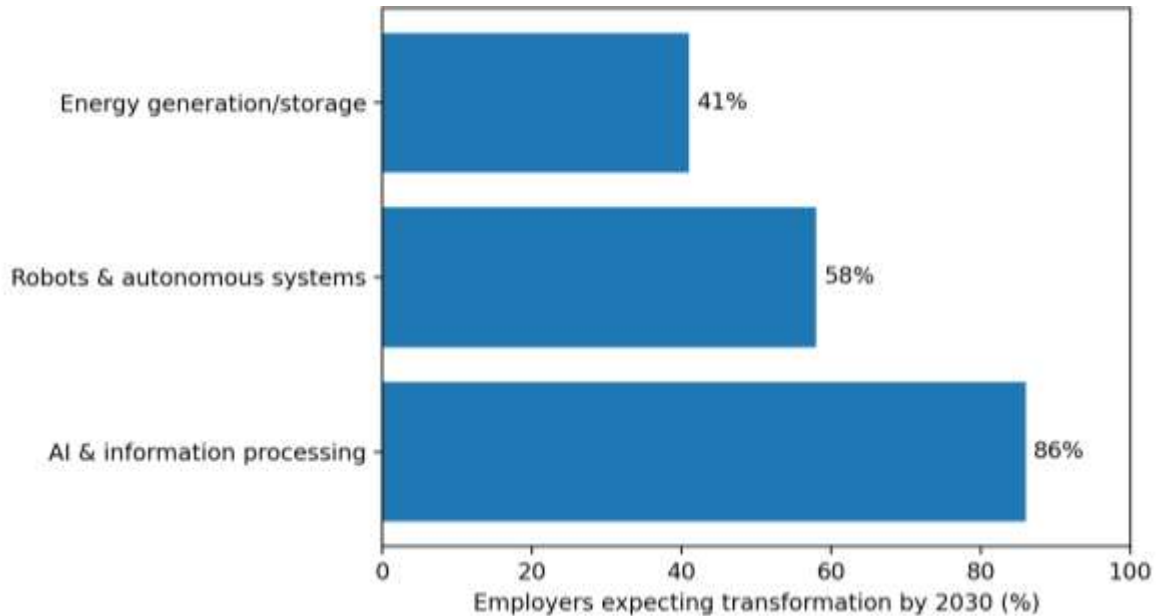


Figure 4. Technologies Expected to Transform Business by 2030

Source: World Economic Forum (2025).

Adoption of function-level is driven by functions where information is more easily captured and performance is more easily measured in a relatively short timeframe. Coding, testing, documentation and troubleshooting are among the specific areas in IT that have seen the most rapid growth with the help of Generative AI. In Marketing/sales, AI is used for content and customer insights/personalization; in service operations, AI is used for knowledge retrieval and provides support for responses. The fragmentation of functions implies that organizations need to adopt general AI policies, instead of ad hoc departmental policies. To minimize the possibility of incompatible practices arising, data classification, acceptable use, human review, and model selection should all be based on the same standards.

The general attitude of employees towards the use of AI as a support tool is positive. Microsoft and LinkedIn (2024) reported that amongst the top areas of high reported benefits from time saving, focus, creativity and enjoyment of work were reported. OECD (2024) reported that the majority of workers exposed to AI felt the use overall of AI had contributed to an improvement in their performance. However, perceptions of good utility are not met in the presence of concerns about surveillance, effort and

employment security. Thus, the acceptance of the tool is not just a matter of the quality of the tool. This will depend on factors such as employees' awareness of the reasons for introducing it, if it will shorten their freedom of choice, if it is measured openly, if there are promising prospects for them to learn new skills, etc. AI adoption and job crafting research demonstrates that the same organizational technology can be viewed as a challenge to proactively adapt to it or a blockage to react defensively to it (Cheng et al., 2023).

At both the macro and firm level, there is increasing evidence of the impact of exposure to AI on productivity-related outcomes. Based on the analysis of more than 1 billion job posts and financial data across companies from 6 continents, supplied by PwC's 2025 Global AI Jobs Barometer, industries most exposed to AI increased their revenue per employee by 27% in 2022, while those least exposed grew by about 9% in 2022. It also identified in 2024 that the wages of AI enabled occupations increased on average by 56% while the wage growth of other occupations remained unchanged (PwC, 2025) and that the change in skills required for the most AI-exposed occupations was 66% times faster than the other occupations. These findings suggest associations, rather than causation, between AI exposure and measurable differences in value creation and skills rewarded, but add to the growing evidence that the two are associated..

Table 5. Selected AI Exposure, Productivity and Labor-Market Indicators

Indicator	Reported value
Revenue-per-employee growth in most AI-exposed industries	27%
Revenue-per-employee growth in least AI-exposed industries	9%
Average wage premium for jobs requiring AI skills (2024)	56%
Faster change in skills required in most AI-exposed jobs	66%
Job availability growth in roles more exposed to AI	38%

Source: PwC (2025), Global AI Jobs Barometer.

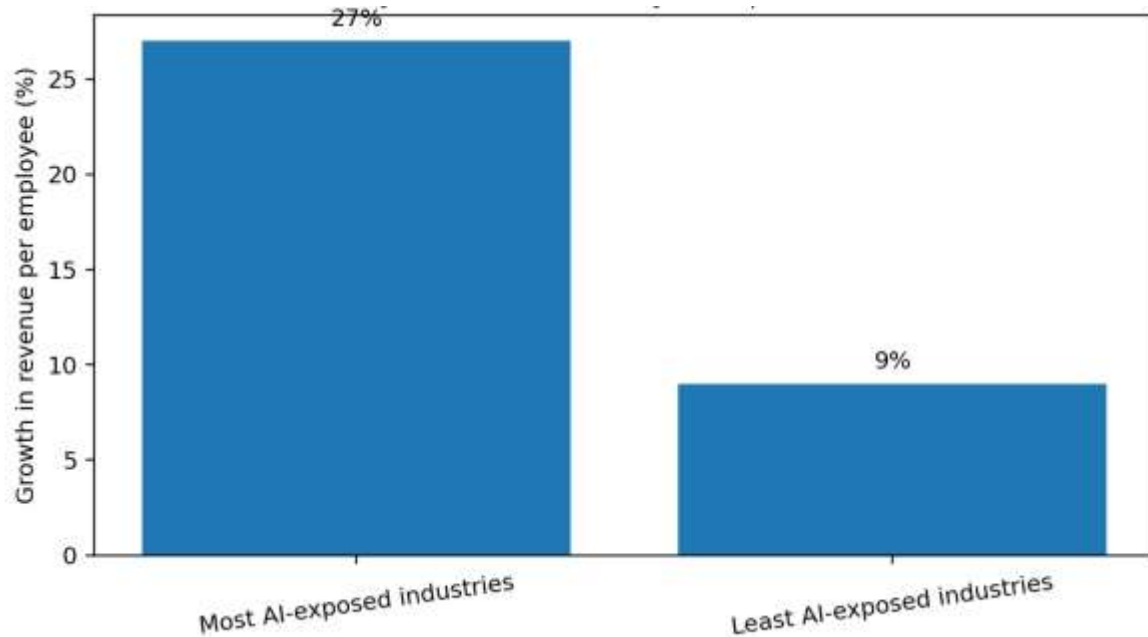


Figure 5. Productivity-Related Growth by AI Exposure, 2022–2024

Source: PwC (2025). Values represent reported revenue-per-employee growth; association should not be interpreted as AI-only causation.

7. Benefits and Challenges of Workplace AI

The main benefits of AI's organization are its speed, scalability and consistency, and it's also able to value large portions of information. Companies can use AI to better respond to their customers, make more predictions, generate more content at scale, or find insights regarding their operations more easily. It can also help to make sure that the skills of an organisation are available to all, by making them part of the tools that people outside the specialism employ. Strategically, AI can help to reduce the delay between information and action. These tools can also benefit their organization if they are used in the organization's processes, otherwise they may only benefit at the local level. In its latest research, McKinsey identifies a host of companies testing AI, and a handful that are reaping benefits from implementing AI across the business, rather than just for AI tasks. McKinsey surveys have conducted two types of organizations: those that try out AI and those that transform the way they work and govern themselves to achieve more than just greater AI usage but a broader return on AI.

From the employee side, AI can alleviate the repetitive mental load and provide instant assistance. As mentioned above, when AI can help users save time, concentrate their focus and encourage creativity, users appreciate its ability to automate a routine task. AI also helps to reduce the friction of completing tasks that you don't know how to do, like explaining things, suggesting structures, translation, providing first-pass analysis and more. It will be able to fill some of the skill gaps with providing some sort of support for less experienced staff, as would have been done by senior staff. As the evidence has been piling up, AI has been shown to boost productivity and can potentially be used to complement performance deficits in numerous tasks, reports Stanford HAI (2025). But knowledge can't be confused with help: employees need to be knowledgeable enough to evaluate the output, as well as to recognize when the tool is not an appropriate one.

The challenge of not having the skills to deal with the effective implementation of AI is one of the biggest challenges. The World Economic Forum (WEF) 2025 survey reveals that the skills gap is one of the largest challenges for the business transformation journey, and two-thirds of employers already consider the skills gap as a pressing challenge. The top challenge with workforce-strategy analysis was identified as lack of skills to support AI adoption by half of executives. The lack of AI engineers is not the only problem. Organizations need people with a strong expertise in a certain sector who can adopt digital literacy, managers who can rethink and restructure the work, legal and compliance professionals who understand the risks of using AI and leaders who are able to define realistic performance goals. The primary rule of trainings is that this is not an 'awareness' training, it is a specific and continuous training.

The use of AI systems brings about privacy and ethical concerns due to reliance on data and the potential for opaque reasoning. Staff might be sharing proprietary or personal information with external generative tools that are not appropriate. Proprietary or personal information could be being shared by employees in external generative tools, without their awareness. Employees could be making resources or personal information in external generative tools. Algorithms can be replicative of historical patterns and surveillance can be created by monitoring systems. According to Tambe et al. (2019) the two main challenges faced in the HRM with the use of AI are fairness and accountability, along with employee reaction. Also identified are problems with data collection and inequality and work intensity, as noted by OECD (2024). In order to be responsible, there needs to be data-governance rules, access control, Peer-Reviewed | Refereed | Indexed | International Journal | 2026
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documentation, bias testing (if applicable), and decision accountability. There is no separation between ethical governance and effectiveness of use: lack of trust in the ethical management of the systems is connected to a decrease in effectiveness of use.

The worry about job security is due to the fact that AI can execute jobs that are traditionally linked to human skills. The worry about losing jobs stems from the possibility of tasks traditionally requiring human skills being accomplished by AI. But, there are some indications that the mass replacement is not immediate. According to the World Economic Forum (2025) the overall number of jobs created and lost due to structural changes is 170 million to 92 million, meaning that 78 million jobs will be created by 2030. Artificial Intelligence (AI) plays a crucial role among the myriad of factors driving this transformation. As for occupations that are highly exposed to AI, OECD (2024) indicates that they account for almost 27% of all jobs in OECD countries, and PwC (2025) demonstrates that the number of jobs exposed to AI will keep growing even for them. Restructuring task and skill seems to be a nearer-term management challenge, rather than a widespread reduction in employment, as suggested by the results. But, organisations should be forthright about job transitions and link job learning with authentic job re-skilling pathways and opportunities..

8. Key Findings

There are a number of consistent findings in the descriptive evidence. One of the key takeaways is the swift rate of OAI adoption since 2023. The first thing to remember is that the adoption of organizational AI has been quick since 2023. The majority of the answers (78%) said they were using AI tools in at least one of their tasks, while 71% of the answers said they use AI tools regularly, making it clear that AI tools are no longer considered fringe technology but rather the main stream of the organizational practice. Secondly, adoption of employees is widespread too. Three-quarters of knowledge workers worldwide used AI in 2024, with 92% of the respondents using it in India as per the Microsoft & LinkedIn survey. Third, the perceived benefits to performance are very large: 90% of AI users reported that they save time when using AI, 85% of AI users reported they are more focused on what matters when using AI, and per OECD survey data, 80% of workers who use AI feel that it improves their productivity. Thirdly, the value and quality of the organization is determined by the use of AI in the workflow. Augmentation is AI working in parallel

with humans, and Automation is a task that is automated (usually both – in parallel – for the performance of the organisation to be managed).

Fifth, AI is changing the definition of Work Skills. 39% of the core skills are anticipated to change over the next 10 years and occupations most exposed to AI are experiencing greater changes in their skills' requirements right now. Important is the 6th factor, namely sector and function. Digital and information-driven activities, such as IT, marketing, and sales and service operations are already key users, and financial services and electronics are highly anticipative for transformation through AI. Lastly, there are benefits to be gained as well as dangers. There is a concern about privacy, workload, employment status, equity, algorithmic bias, and too much reliance on automated suggestions are an issue for staff and scholars. Eighth, the labor market evidence is becoming available, but not always of support of the idea that exposure to AI is an issue of job destruction. Besides job availability growth, there is a growth based on productivity in the work that is affected by AI, according to PwC; and in the labor market, structural shift with job losses and gains are predicted by WEF. Last but not least, maybe the most defensible is that AI changes the type of employee performance – it can do more and faster for routine cognition, expand the scope of analysis, but expand the scope of judgment and verification, learning and responsible decision making.

9. Conclusion

AI is transforming the way employees work, and that is through the processes of creation, handling and action of information. Adoption has been a lot more rapid in the past few years, especially post the adoption of generative AI. The trends are so convincing that it is evident that AI is also being integrated into knowledge processes in various organisations, to a greater or lesser degree. Rewards for workers can frequently manifest in better results—such as more time saved, more attention devoted, more creativity produced, more performance delivered—as new evidence is emerging in the organization and labor market that links AI exposure to productivity gains and shifts in skill premiums. These advances are not necessarily seen as inherent qualities of AI technology, however. Task appropriateness, data quality, employees' skills, the design of the workflow, monitoring and governance by the managers are related to the effectiveness of the performance.

The real takeaway is to create AI-enabled tools that work, rather than AI that is used. Questions to consider are what tasks can be automated where there is no low value effort, decisions are not clear or have lots of impact, tasks can be trained to perform specific tasks, and there is a chance to test against quality metrics and/or speed? AI can augment human abilities in low-value tasks, and while it can assist with guidance on handling ambiguous and consequential decisions, it can also be used to train humans when needed and to set guidelines for the handling of confidential information and verification, and it can be tested for speed and quality, respectively. Employee experience should also be tracked by managers as the technology which boosts production but decreases autonomy, trust or perceived fairness may have hidden production costs. The strength of human-AI collaboration is understanding where AI is strong and where it is weak, to utilize AI's power, and then rely on human judgment and ingenuity to complement its weaknesses. It is unlikely to be a man vs machine competition in this context in the future. Its significance will be determined by the standard of the arrangements that put human judgements and AI into connection.

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