

An abstract graphic of a network or constellation is positioned in the center of the cover. It features several bright blue nodes connected by thin, glowing blue lines, set against a dark blue background with scattered white dots. The graphic is partially obscured by a diagonal white shape in the bottom right corner.

Human-centric transformation in the age of AI

July 2025

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Executive summary

Artificial intelligence is rapidly becoming a foundational force across industries, reshaping the way organisations operate, deliver value, and compete. This report highlights the challenges organisations face in maximising the benefits of AI implementation via their people practices. Despite significant investments, many organisations struggle to move beyond isolated use cases or pilot initiatives to achieve enterprise-wide impact. The traditional approaches to change management are insufficient in the age of AI, requiring leaders to rethink and refocus their strategies. Our research has found four pillars where difference is being made:

Human-Centric Approach

1

Organisations that adopt a human-centric (also referred to as human-enabled) approach to AI transformation enhance the value derived from AI adoption. By putting employees at the centre of the internal transformation process, like client-centric approaches externally, organisations can achieve multiple benefits. This approach not only enables adoption but also accelerates impact, fosters resilience, and builds long-term capabilities. To achieve better outcomes, organisations should prioritise understanding and anticipating human behaviours. This report defines and promotes the importance of a human-centric approach, which is often overlooked in other analyses that focus primarily on technology and systems implementation.

Leadership Role

2

Leaders play a crucial role in driving and championing AI transformation. They should ensure an open-source approach and actively support AI initiatives. The development of new skills and attitudes is foundational to successful AI transformation. Leaders should actively lead by example, drive and support AI initiatives while promoting an open-source approach. This report also focuses on the leadership's role in fostering a culture of innovation and continuous learning.

Upskilling & Reskilling

3

Traditional approaches to learning and development need to be reconsidered to address the AI skills gap. Organisations should adopt dynamic, experiential, and continuous learning models to close the AI skills gap. Prioritising a culture of continuous learning and innovation enables the smooth scaling of AI initiatives. This report highlights the need for a shift in mindset towards lifelong learning, which is crucial for both individual and organisational growth.

Pivotal Role of CHROs

4

Chief Human Resources Officers play a potentially pivotal role in unlocking and maximising the value that AI brings to organisations. They should lead the AI-driven transformations of hierarchy, work models, and career paths. CHROs should, but often fail to, lead the transformation of talent strategies, work models, and organisational culture to align with the new realities AI brings. This report uniquely emphasises the strategic role and the potential of CHROs in driving AI transformation, which is often underrepresented in other reports.



Jenine Waters
People Advisory Services,
Global Co-Lead

Brief overview of the research findings



CHROs play a pivotal and strategic role in unlocking and maximising value, which AI brings to organisations

The role of HR function and CHROs in the AI transformation



Organisational transformation in the age of AI requires leaders to rethink the traditional approaches to change

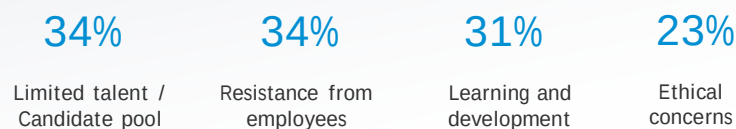
The imperatives of human-centric transformation in the age of AI

- | | |
|-----------------------------------|------------------------|
| Integrated AI and Change strategy | Stakeholder engagement |
| Agile approach to AI adoption | Continuous learning |
| Enhanced communication | Culture of curiosity |



Despite its immense potential, many organisations are struggling to maximise benefits from AI implementation

Selected organisational challenges when implementing Generative AI in 2024, % of respondents



By prioritising the culture of continuous learning and innovations, organisations enable smooth scaling of AI

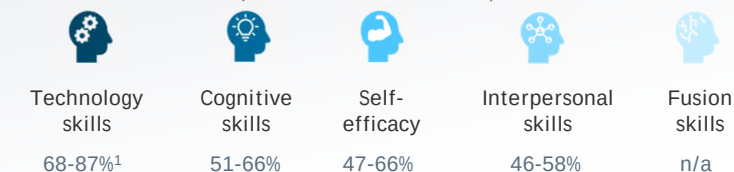
Selected initiatives driving AI first culture in the organisation

AI labs for leaders & employees	AI ideas brainstorming	AI Hackathons	AI exploration funding
Company-wide skill map	AI skills certification	AI ethics training programme	AI cross functional labs



The base of successful people-centric AI transformation lies in the development of new skills and attitudes

Skills and attitudes required for successful adoption of AI



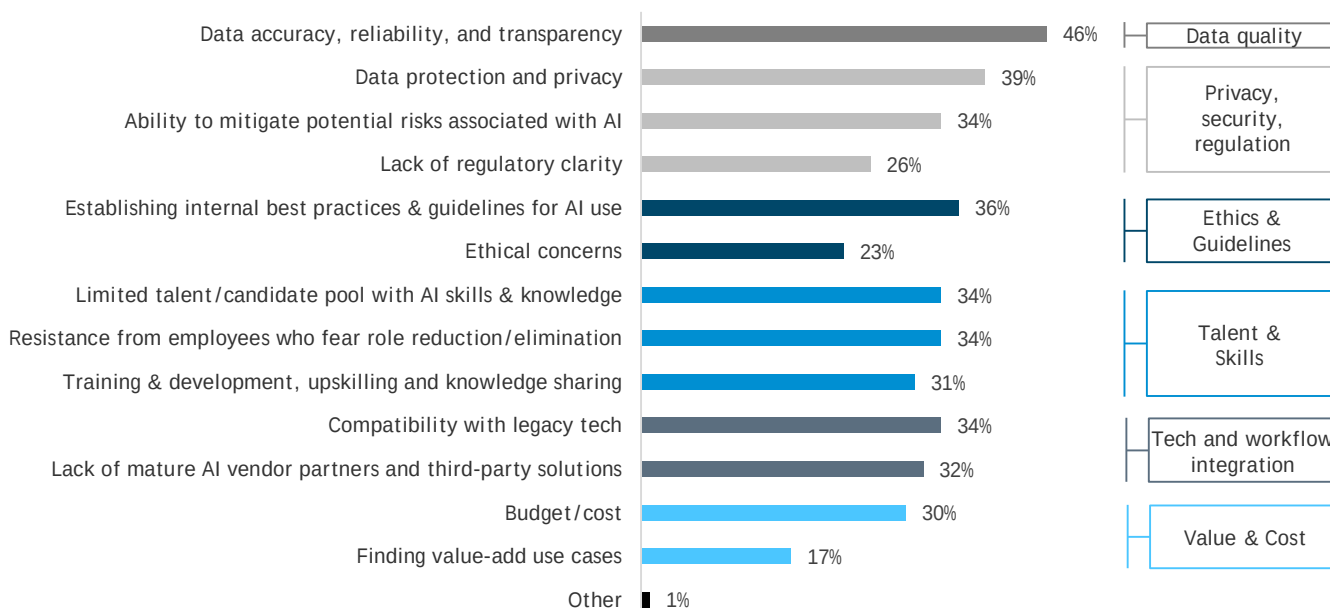
Source: BDO analysis based on desk research, interviews of BDO experts, interviews of clients, etc.

Notes: (1) The figure indicates a net increase in the share of employees that consider skills to be increasing, decreasing, or remaining stable in importance in 2025-2030. The range varies by specific skills within each group. Based on the World Economic Forum's Future of Jobs Survey, conducted in late 2024, which brings together the perspectives of more than 1,000 global employers, collectively employing more than 14.1 million workers across 22 industry clusters and 55 economies

Despite its obvious potential, many organisations are struggling to maximise benefits from AI implementation

The implementation of AI solutions requires organisations to transform different functions, including business processes, IT infrastructure, data management, etc. However, organisational and cultural changes often become the major obstacles to scaling AI and capitalising on its benefits. Leaders should consider overcoming these obstacles by tackling resistance to changes, upskilling of employees, sharing knowledge, expanding talent pools with specialised AI capabilities, as well as facilitating cultural transition, in which a shift of mindsets, behaviours, and norms are integral elements of the AI strategy.

Implementation challenges from Generative AI in 2024, % of respondents¹



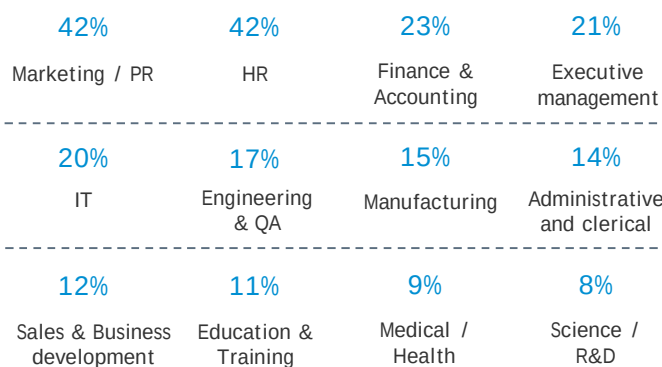
31-34%

Share of functional leaders stating that lack of talent and skills are the major obstacles to AI implementation¹

Organisational and cultural obstacles are recognised by leaders as critical as the other technical, regulatory, and financial challenges associated with the adoption of AI. The development of AI-first mindset combining skills and enthusiasm for leveraging AI in day-do-day operations becomes a foundation for the effective use of advanced technological solutions.

According to Gartner, 34% of leaders globally specify that resistance to the implementation of generative AI from employees who fear role reduction or elimination is one of the key obstacles to the implementation of AI solutions. The further analysis indicates that the impact of this challenge varies by function with the highest share of concerned in Marketing/PR teams and the lowest in Science / R&D. The results of this survey indicate that the approach to organisational transformation should imply a combination of the organisation-wide changes with the function-specific changes to ensure the highest effectiveness by considering the specifics of organisation and culture within each role.

Employee concerns that AI will replace their job by function, % of respondents²



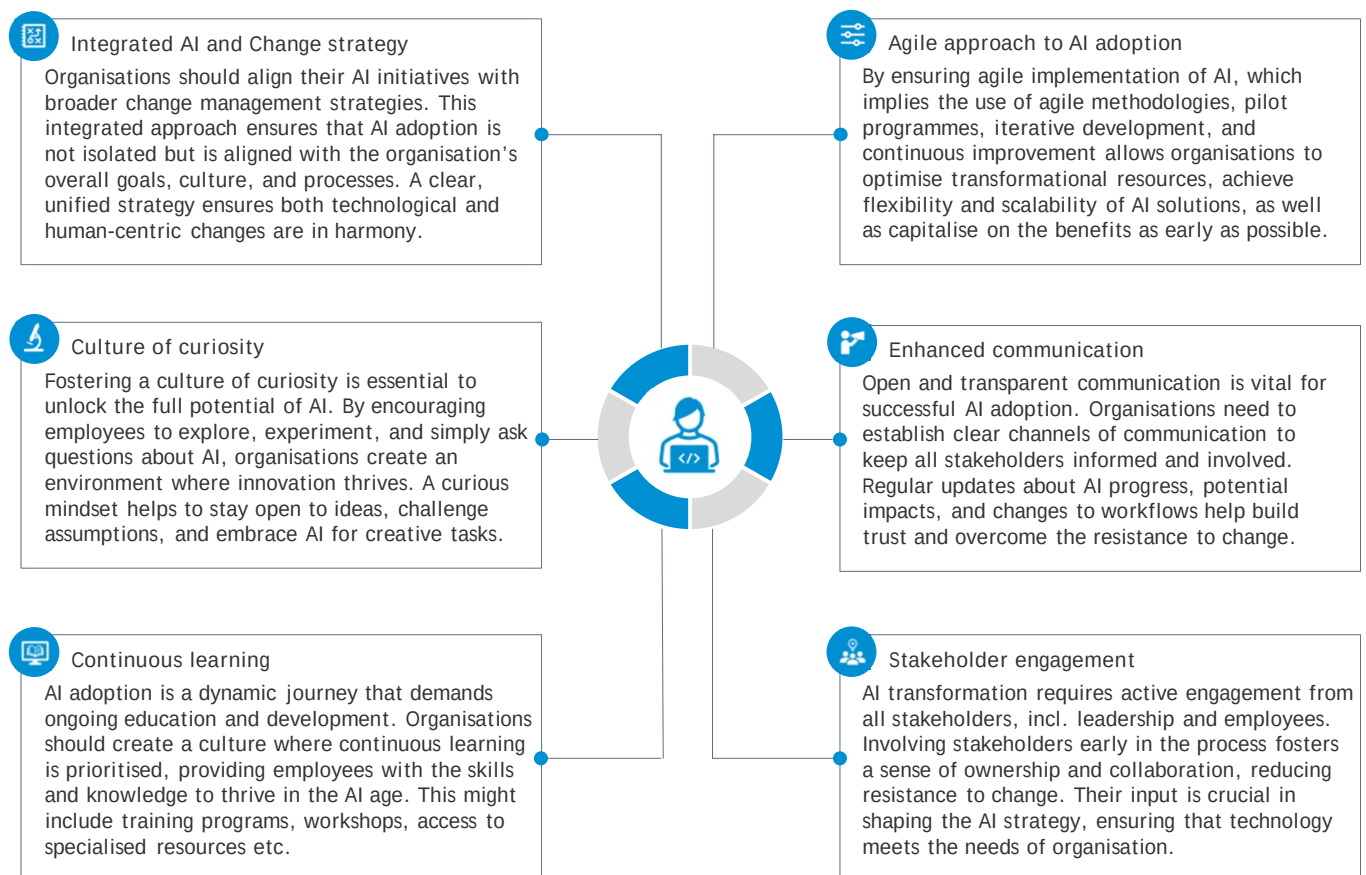
Source: Gartner — Data & Analytics Summit — [2024]; Gartner — 3 Change Management Actions to Support Marketing's AI Adoption — [2025]; LSE Blog — A human-centred approach to AI transformation — [2024]

Notes: (1) Based on the Gartner Generative AI planning survey conducted in 2024, n=822; (2) Based on the Gartner Employee Perspectives on the Future of Work Survey conducted in 2023, n=n/a

Organisational transformation in the age of AI requires leaders to rethink the traditional approaches to change

The growing adoption of artificial intelligence worldwide is reshaping the foundations of how organisations operate and how individuals perform in the workplace. From enhancing decision-making capabilities to revolutionising communication and collaboration processes, AI is not merely a tool, it is a catalyst for transformation. Therefore, implementing AI necessitates organisations to modify conventional change management approaches to address the specific challenges and opportunities, which are brought by AI technologies. These approaches should consider the complexities of AI systems, promote a culture of ongoing learning, and ensure that all stakeholders are actively involved and well-informed during the AI integration process. Successful rollout and implementation of AI becomes possible when the organisational transformation is based on six imperatives, including the development of integrated AI and Change strategy, agile approach to AI adoption, enhanced communication, stakeholder engagement, continuous learning, as well as culture, which encourages curiosity and experimentation among employees at all levels.

The imperatives of human-centric transformation in the age of AI



"AI adoption is fundamentally a leadership challenge as much as a technology one. Many organisations underestimate the profound level of change management required to bring AI into the daily habits of their team. Today's leaders must role model exceptional AI usage and evolve into AI leaders who not only personally embrace AI in their own work, but who can also inspire their teams to do the same."

Dan Shapero, Chief Operating Officer, LinkedIn
Source: LinkedIn Pressroom, April 2025

Our experts' views from around the globe



Cheryl Fields Tyler
Segment Leader, People Strategy & Solutions, Management Consulting, BDO USA



"The companies that reap the biggest benefits of AI will do so by harnessing the power of their people to discover how it can help them work not just faster but smarter. Technology alone does not transform work; it is the insight and ingenuity of employees that unlock its full potential. The most effective way to boost productivity and well-being with AI is to involve people in shaping how it is used. When employees are part of designing the future, they're more likely to embrace it, adapt quickly, and drive innovation from the ground up. That kind of engagement transforms AI from a top-down initiative into a shared path to more meaningful, human-centric work."



Kelly Campbell
Advisory Partner, Strategy and Transformation, BDO Canada



"We believe credibility is earned not just by advising others, but by boldly transforming ourselves. In today's rapidly evolving technological landscape, organisations are facing increasing pressure to leverage AI responsibly and practically. At BDO, we are not merely spectators in this transformation — we are practitioners, innovators, and trusted guides. Our journey to embed AI into the fabric of our operations has positioned us as a true "Customer Zero", enabling us to serve clients not just with theory, but with lived experience. The first lesson that we learned from this journey — culture is the hardest, most important work. AI can transform how we work — but only if we transform how we think. Programmes like FutureCraft showed us that true AI integration is a leadership and mindset challenge. It is about reshaping habits, beliefs, and workflows at every level of the firm. Second — AI literacy is the launchpad. True transformation starts with understanding. Without a baseline grasp of what AI can and cannot do, adoption is superficial. Our AIQ assessments and learning paths helped us raise the floor across the firm and created a shared vocabulary for innovation. The third lesson taught us to invest in champions, not just tools. Our champion's network was instrumental in driving adoption. These advocates were not just trained — they were empowered to teach, test, and model new behaviors within their teams. Champions created safety, built credibility, and accelerated learning."



Melissa Bruno
BDO Consulting, Head of People Advisory Services, BDO UK

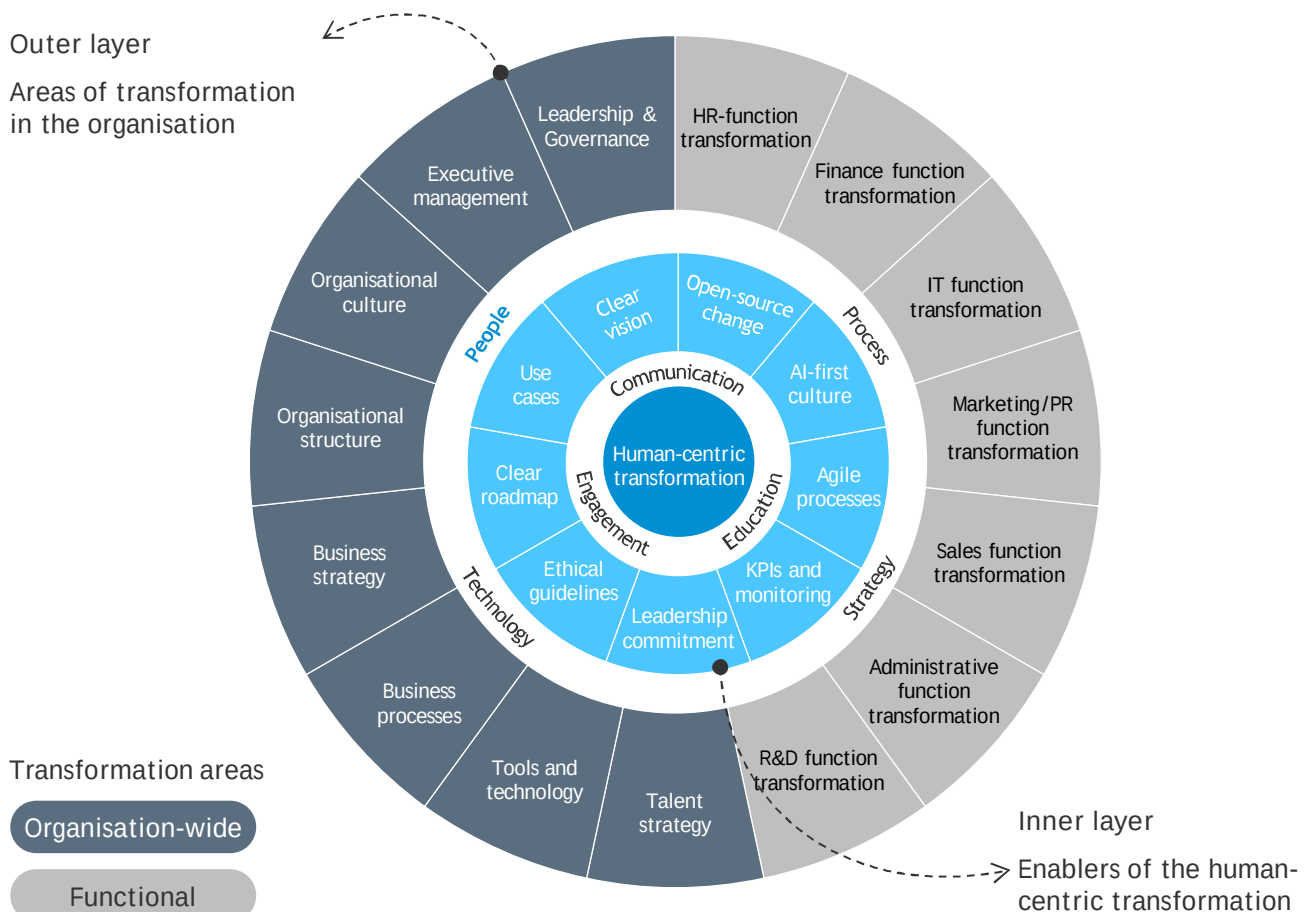


"AI will become foundational to all organisations going forward, core to transformation and competitive business performance. We are currently in the 'fear' phase where leadership needs to instil confidence, and their people need direction to reassure themselves. One of earliest and biggest barriers to AI really delivering value effectively is adoption. The phrases we all hear are that 'AI will enable people to add more business value', 'reskilling is key', 'where will we get entry level talent' is dependent on 3 things: building digital literacy, creating capacity and defining what digital reskilling means for your specific organisation."

Human-centric approach to organisational and functional transformation enhances value from the adoption of AI

Even the most innovative organisations face challenges like resistance to change, uncertainty, and the need for new skills when implementing AI into their processes. To successfully manage this transformation, leaders need to prioritise the human aspect of change by adopting a structured approach that promotes preparedness and adaptability. Another differentiating component of this approach is combining organisation-wide transformation with function-specific transformations allowing for the highest effectiveness and specialisation. Unlike some other drivers of transformation, such as strategic shift, pandemic-related disruptions, change of leadership, post-merger integration etc., the adoption of AI brings more fundamental and structural changes throughout the processes and the way people work. The emergence and normalisation of AI-first culture and mindset is only possible in the environment, which encourages and rewards the initiative, engagement, collaboration, ownership, and experimentation among employees. By fostering these enablers, organisations will promote practices that facilitate the widespread adoption of artificial intelligence.

The overview of human-centric transformation components



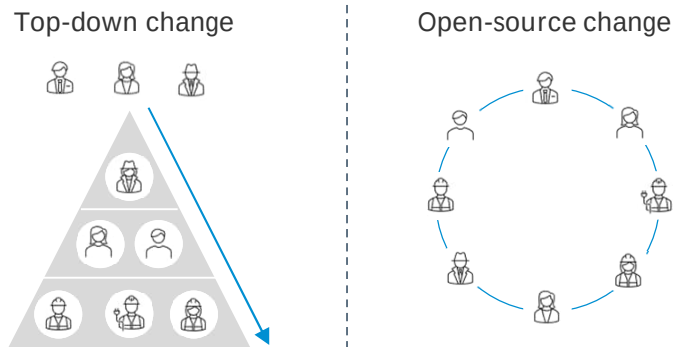
“We have taken a very human centred approach to internal AI adoption, we call it “4Ts”: tone from the top, tools to use, time to experiment and training to upskill. Once people have the time and get hands-on use, their view of AI and concerns, fears, anxiety just goes away making it more accessible than previous technological transformations.”

Mary Alice Vuicic, Chief People Office, Thomson Reuters

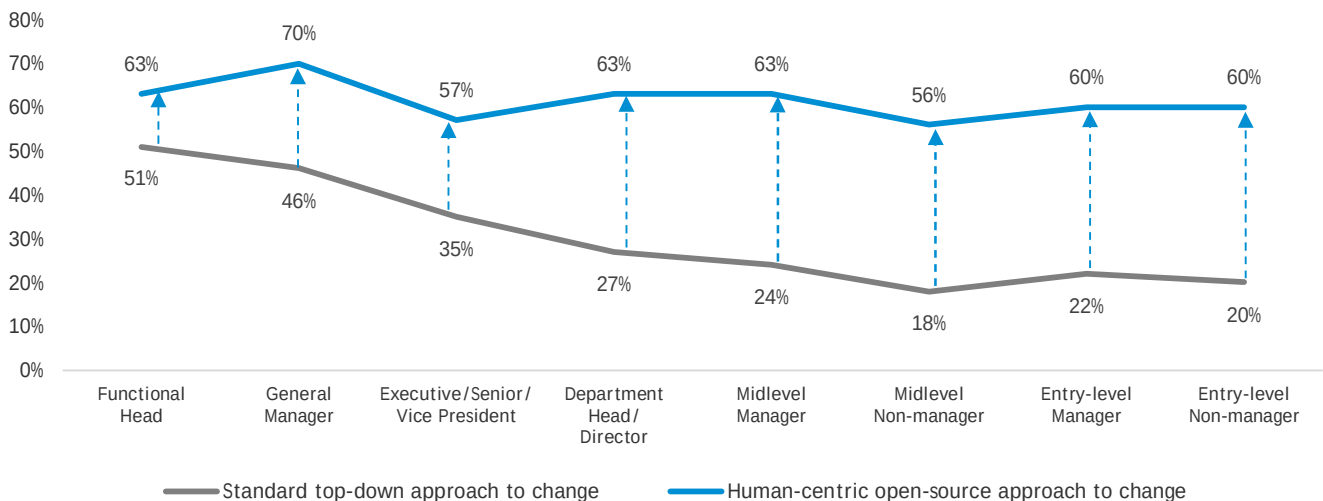
Source: Thomson Reuters website, Apr 2025

By putting critical employees at the centre of transformation, organisations achieve multiple benefits

One of the key enablers of the human-centric organisational transformation is the open-source change approach, which implies that employees co-create change decisions¹, own implementation planning and talk openly about change unlike commonly accepted top-down approach to change management, where the above-mentioned activities are conducted primarily by the leadership team.



Share of respondents understanding change by seniority²



The comparison of traditional top-down approach to managing changes with open-source approach, which puts employees at the core of the transformation process and provides them with a more human deal by actively engaging in change initiatives, indicates that the latter provides organisations with multiple benefits. By increasing the level of employee engagement and improving their understanding of change, organisations achieve higher probability of change success, as well as decrease the time needed for implementation. In addition, the human-centric approach allows to decrease fatigue from changes and increase employees' motivation to drive transformation, which in turn results in improving the retention rate with the growing share of employees having the intention to stay at the company despite pressure associated with transformations.

Key benefits of human-centric approach to transformation²



Source: Gartner — This New Strategy Could Be Your Ticket to Change Management Success — [2022]; Gartner — Changing Change Management — [2019]

Notes: (1) Based on the approach described by Gartner; (2) Based on the survey of employees and CHROs conducted by Gartner in 2016 (globally), n=6,686

Our experts' views from around the globe



Jenine Waters
People Advisory Services, Global Co-Lead, BDO Australia



"AI is reshaping how we work, compete, and imagine the future. Leaders are not just observers in this shift — they are at the forefront, driving transformation. But leading AI change is not just about enthusiasm; it is about understanding how it reshapes business models, influences culture, and redefines talent strategies. To make AI stick, leaders need to go beyond advocacy — they need to live and breathe it. Building a culture where experimentation is encouraged, and learning is fast-paced is crucial. Leaders should be sparking curiosity and creating spaces where teams are free to try, fail, and try again. It is about normalising AI as a tool for growth, not something to fear. Leaders must consider the talent implications: what skills are needed now, and what about in five years? How do we help people grow alongside these technologies? Future-proofing the workforce is critical if AI is to become more than just another buzzword. Then there is the open-source element. If leaders are truly committed to AI transformation, embracing open innovation is key. Open-source is not just about sharing code; it is about exchanging ideas, scaling learning, and tapping into global expertise. Progress accelerates when it is shared."



Elke van Tiggelen
Director Strategy and Organisation, BDO Netherlands



"Besides communicating about added value of AI, management should also create insight in the way the organisation should operate in the future, how collaboration unfolds and ways of working change. Such a vision makes it easier for employees to form an image of the new situation, the changes, and how they will impact work and responsibilities. Moreover, it has become increasingly evident that major changes are best preceded by a testing ground — an environment in which people can experiment with AI initiatives and experience its value. Besides the increase in support for AI this will generate, it also helps to strengthen collective thinking about what is needed to make AI initiatives successful in daily practice. In addition, employees show differences in adoption and learning in AI implementation processes. Knowledge, competencies and motivation should be stimulated at the level appropriate to the target group. Mapping digitypes within the organisation is valuable to create an oversight of people and their digital maturity and drives — this helps management to adjust guidance and communication accordingly. Finally, introduction of AI needs a supportive culture in which people help each other develop new ways of working and steer each others behaviour."



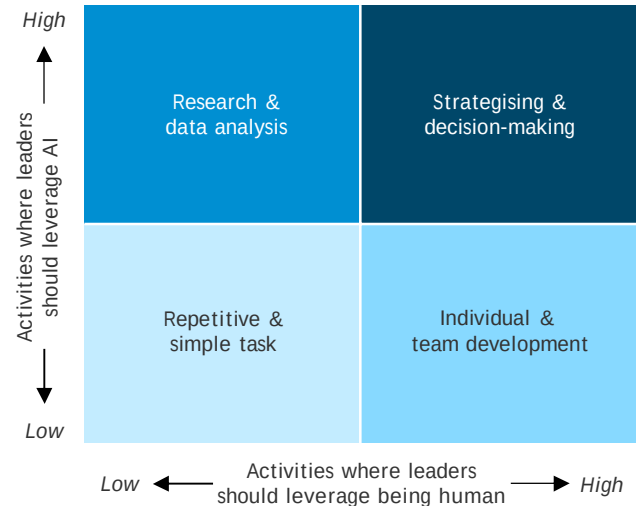
Laura Sceerey
Practice Leader, BDO USA



"AI will become the architect of organisational change, creating the pathways for innovation, efficiency, and creative thought, and organisations with an AI-enabled workforce will capitalise on these benefits. Change management will no longer be a choice, instead will become the imperative of the business strategy. To get there, leaders have to invest in enabling their people education, encouragement, and the right tools."

Advances in AI are fundamentally changing the future of leadership by setting up new requirements to its role

In the AI-driven organisations of the future, effective leaders must balance leveraging AI for tasks that involve knowledge, analysis, and rational thinking with applying human-centric leadership for situations requiring emotional intelligence and interpersonal skills. By asking whether a situation demands analytical capabilities or social-emotional understanding, leaders can determine the respective approach. A thoughtful combination of AI and human qualities enables leaders to maximise productivity while also fostering trust, motivation, and talent retention. The best leaders are already exploring AI's capabilities and limitations while committing equally to deepening their human leadership skills.



What the manager can do in the dialogue with the AI

- Assign a clear role to the AI
- Provide context
- Ask open-ended questions
- Challenge the AI's suggestions
- Clarify priorities
- Interpret and evaluate outputs
- Guide and dialogue
- Document outcomes and learning



What the AI can do in the dialogue with the manager

- Act in a defined role
- Generate ideas or options
- Summarise information
- Ask clarifying questions
- Analyse data or content
- Offer counterpoints / alternatives
- Support structured thinking
- Iterate and refine suggestions

The future of leadership is fundamentally changing because of advances in AI, but also because of other megatrends related to climate change, socio-cultural changes, demographic shifts, geopolitical issues and increasing economic uncertainty. This interconnected VUCA¹ environment leads to an increasing global anxiety in all spheres of life and fostering higher expectations of work from employees. In this context, leadership is moving from tried and tested ways of working and leading to a more adaptive style of leadership rooted in human centricity, which implies leaders to develop new capabilities enabling them navigate this multiverse of risks and challenges with confidence and in line with the rapidly evolving technological agenda defined by AI developments.

Generative AI, in particular, has the potential to support leaders as a thought partner and co-thinker through an active back-and-forth dialogue, where both the human and the AI can generate, elaborate, and challenge various ideas by combining each others' strengths. The properly designed co-thinking dialogue with AI goes far beyond getting answers to questions and contributes additional value to the decisions made by leaders. Managers who build their generative AI skills will gain a significant advantage over those who don't, making it essential to start experimenting now. Identifying tasks suited for co-thinking with AI, tracking outcomes, and sharing insights with the team is crucial to driving the AI-first mindset and building AI-first culture in the organisation.

1 Strategic foresight and storytelling

Leaders have to become better at anticipating emerging tech trends and create adaptive strategies, compelling vision, and inspiring storytelling that resonates at a human level

2 Developing a paradoxical mindset

AI adoption is full of paradox e.g. innovation vs regulation, speed vs caution etc. so, leaders who are able to balance these will be better at guiding their teams and organisation through change

3 Shift from resilience to antifragility

Openness to experimentation and the ability to learn from failure (trial and error) is key and leaders need to be role models of this

4 Evolving from social influence skills to relational abilities

To overcome resistance to AI, social influence is critical but building/maintaining trusted relationships (through interpersonal skills of empathy, listening, managing conflict) is more important

The base of successful people-centric AI transformation lies in the development of new skills and attitudes

Skills and attitudes required for successful adoption of AI¹

 Technology skills	AI and big data	+87%	In the age of AI, technology skills are essential for leveraging automation and big data to drive innovation, while cybersecurity expertise safeguards sensitive information. Technological literacy allows individuals and organisations to adapt swiftly to digital changes and remain competitive in a constantly evolving technological landscape.
	Networks and cybersecurity	+70%	
	Technological literacy	+68%	
 Cognitive skills	Creative thinking	+66%	As AI enhances efficiency and automates routine tasks, cognitive skills like creativity, analytical thinking, and systems thinking are crucial for generating innovative solutions and interpreting complex data. These skills enable professionals to make informed, strategic decisions and effectively navigate an increasingly interconnected and disrupted business environment.
	Analytical thinking	+55%	
	Systems thinking	+51%	
 Self-efficacy	Resilience, flexibility & agility	+66%	Self-efficacy is vital in the face of technological disruptions, as resilience and flexibility help individuals thrive in uncertainty, while curiosity and lifelong learning ensure continuous growth. Motivation and self-awareness empower individuals to stay engaged, adapt quickly, perform at their best, and enable the rapid adoption of AI in the organisation.
	Curiosity & lifelong learning	+61%	
	Motivation & self-awareness	+47%	
 Interpersonal skills	Leadership & social influence	+58%	In an AI-driven world, strong interpersonal skills are key for driving collaboration, effective leadership, and talent management. Empathy, active listening, and social influence help build trust, strengthen relationships, and inspire teams, ensuring successful organisational transformation and fostering innovation across functions and business units.
	Talent management	+58%	
	Empathy & active listening	+46%	
 Fusion skills	Intelligent interrogation	n/a	Fusion skills bridge the gap between technology and human insight, enabling individuals to ask the right questions, integrate AI-driven data into decision-making, and make informed judgments. By developing these skills, employees can train the AI to tackle more sophisticated challenges and therefore ensure higher effectiveness from incorporating it in business process.
	Judgment integration	n/a	
	Reciprocal apprenticeship	n/a	

+87% The figure indicates a net increase in the share of employees that consider skills to be increasing in importance in 2025-2030

Case study: Customising the AI upskilling of employees

Industry: Furniture and home goods sector

Area: Employee upskilling

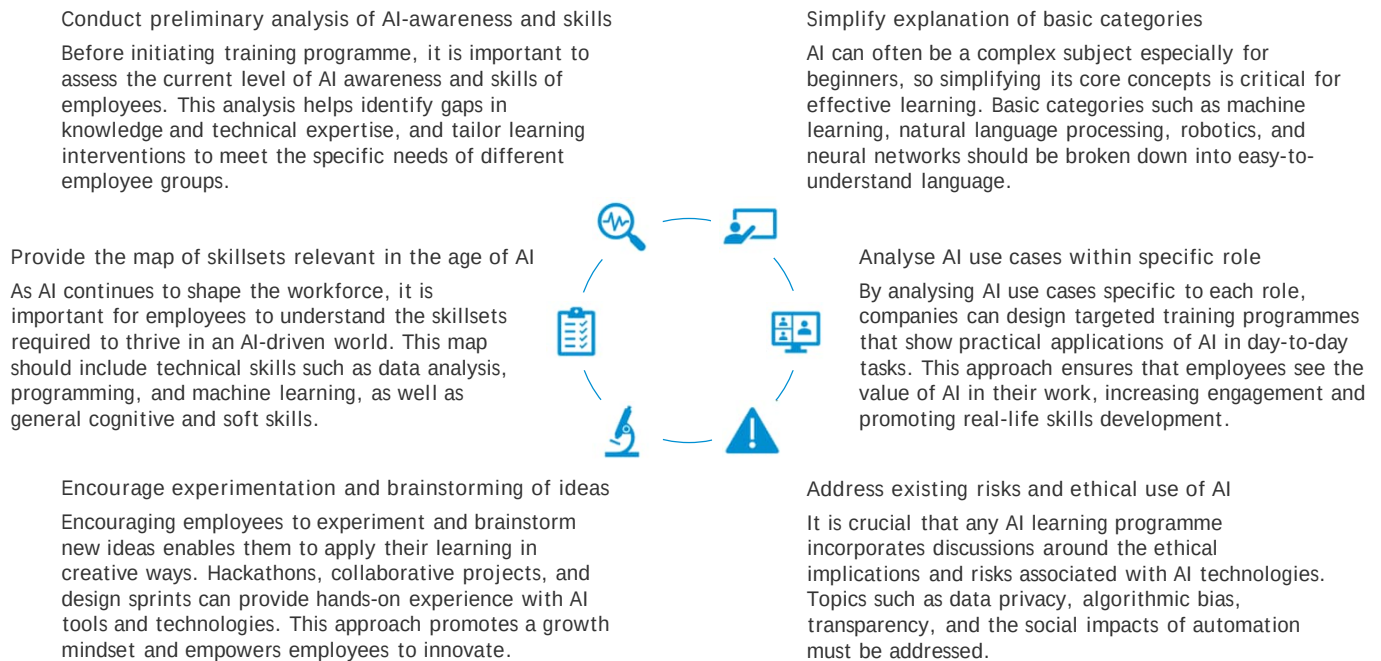
Details: One of the world's leading retailers operating in the furniture and home goods sector set ambitious targets in 2024 to provide AI literacy training to several thousands of co-workers and several hundreds of leaders. The AI literacy initiative encompasses a variety of courses tailored to meet the needs of employees at various levels and journeys within organisation – from AI fundamentals to specialised training on Responsible AI or Mastering GenAI for Ethics. In addition, the company offers specialised learning programme for its leaders focused on aligning AI potential with the goals and priorities of the organisation, as well as programmes for tech enthusiasts with a Masters of PhD in the fields of Data Science, ML or LLMs.

Source: World Economic Forum — Future of jobs report — [2025]; HBR — Embracing Gen AI at Work — [2024]

Notes: (1) Based on the World Economic Forum's Future of Jobs Survey, conducted in late 2024, which brings together the perspectives of more than 1,000 global employers, collectively employing more than 14.1 million workers across 22 industry clusters and 55 economies

Organisations should reconsider traditional approaches to learning and development to address the AI skills gap

Approaches to learning and development of employees in the field of AI



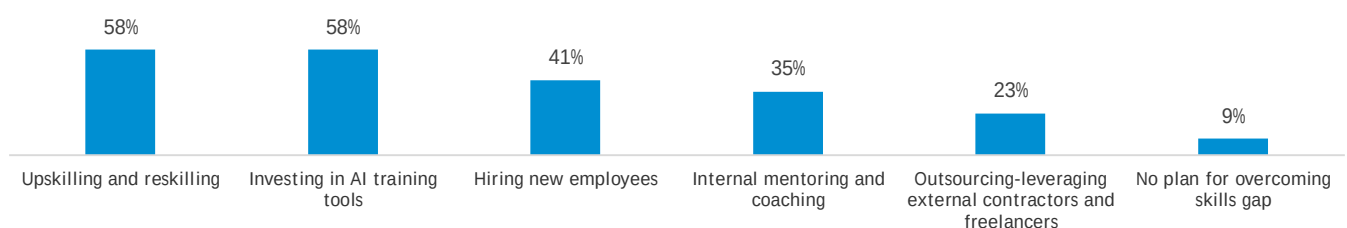
Case study: Company wide AI upskilling

Industry: Telecommunications

Area: Employee upskilling

Details: One of the leading ICT players has put employee upskilling at the top of its digitalisation strategy. This involves systematically defining critical skills connected to strategy, which correspond to a variety of accelerator programs, skill journeys, and skill-shifting targets, with most of them dedicated to transforming telecommunications experts into AI and data-science experts. The company considers this a high-priority, high-investment project and has made it part of the objectives and key results that executives review quarterly.

The most popular ways among organisations to overcome the skills gap caused by AI¹



"We focus on creating a workforce that is AI-literate, AI-fluent, and capable of building, adapting, and applying emerging technologies in real-world contexts. This skills-first, role-aligned strategy ensures that our talent stays ahead of the curve."

Shaji Mathew, CHRO, Infosys
Source: *People Matters*, May 2025

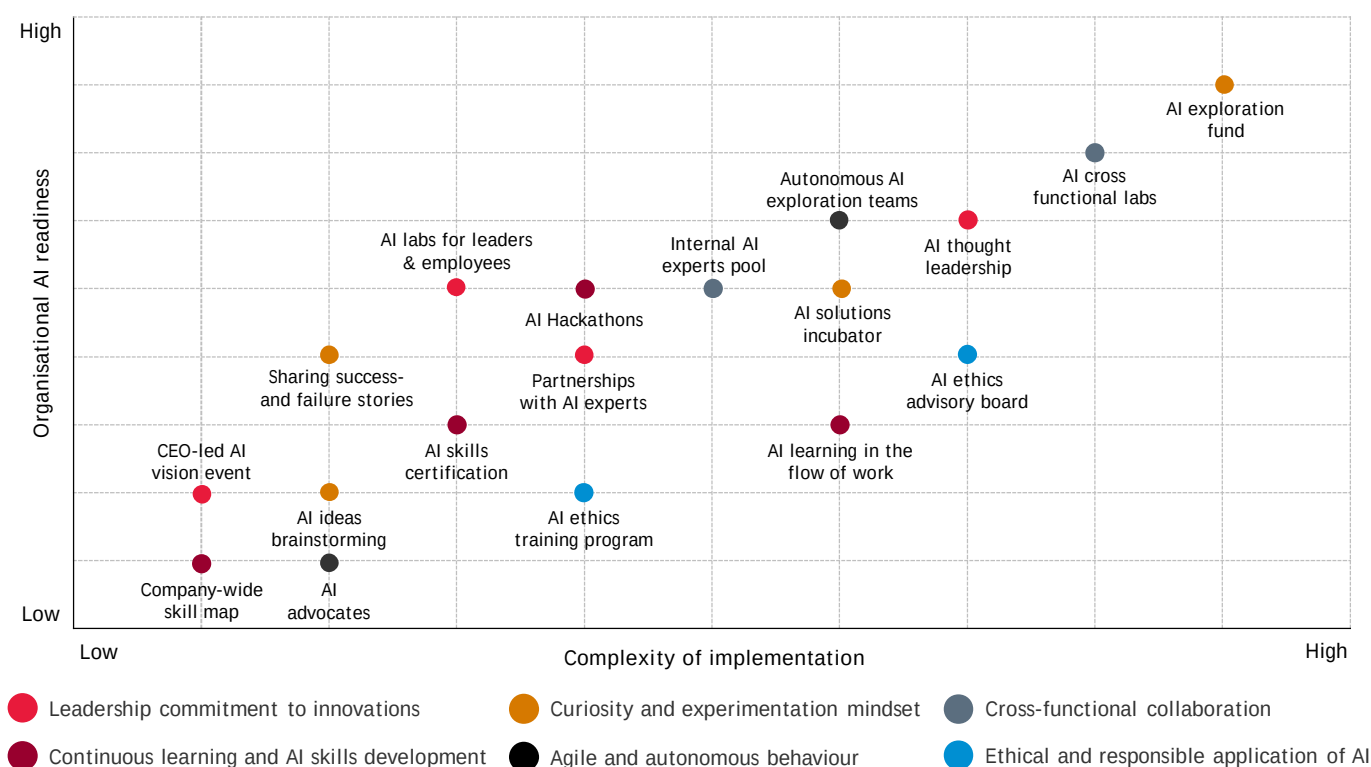
Source: BDO analysis; HBR — Helping employees succeed with generative AI — [2024]; HBR — Reskilling in the age of AI — [2023]; TalentLMS — Skills for success in the AI-driven future — [2023]

Notes: (1) According to a survey conducted by TalentLMS in 2023 among HR managers from different industries across the USA, n=309

By prioritising the culture of continuous learning and innovations, organisations enable smooth scaling of AI

One of the key enablers of successful AI transformation is the creation of organisational culture, which encourages curiosity, experimentation, agility, and continuous upskilling. The process of developing AI-first culture implies transforming mindset and behaviours of leaders and employees through a number initiatives. These initiatives may vary depending on the degree of AI readiness of organisation and should be planned from prioritising easy-to-implement activities for the teams at the beginning of AI journey to more complicated initiatives for organisations, which have already advanced in leveraging AI in their operations.

The matrix of initiatives driving AI-first culture in the organisation¹



Case study: Building AI first culture in the organisation

Industry: Engineering and technology

Area: Cultural transformation

Details: Since the competitive position of companies operating in the engineering sector is largely defined by their capabilities to innovate and remain on top of the technology curve, one of the world's leading players in this sector prioritises a culture of innovation as one of the key enablers of the company-wide strategy and empowers people to explore, experiment, and think outside of the box. The company has internal start-up-oriented teams, framework for validating new business models, learning programmes, and also actively partners with external parties within a shared innovation ecosystem.



"The biggest risk is that AI is rejected ... We need to get this accepted by making sure everybody is re-skilled. I'm doing this at our company like crazy. You have to use this. You need to try it. I think AI is the great hope for optimism. I think it's the great chance, because it's going to improve our workability. It's your partner, and it's your enabler to be smarter, better, faster."

Richard Edelman, CEO, Edelman
Source: CNBC, January 2025

CHROs play a pivotal and strategic role in unlocking and maximising value, which AI brings to organisations

The role of HR function and CHROs in the AI transformation

Establish close cross-functional collaboration

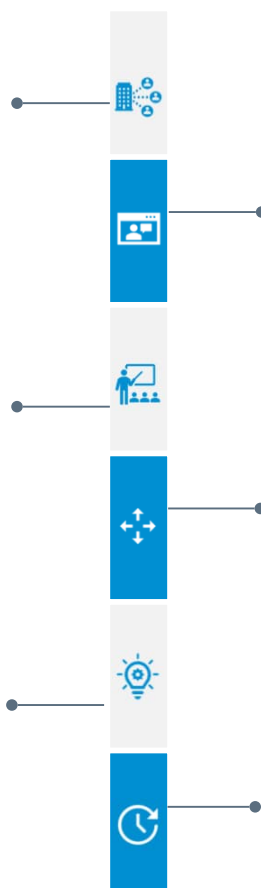
The CHRO and HR function play a crucial role in fostering collaboration across functions, particularly with the CTO and other business leaders, to understand the implications of AI on the skills and competencies of the workforce, as well as cultural and organisational changes required to support AI-driven transformation.

Ensure employee upskilling for the new roles

This includes identifying skill gaps in fulfilling the AI-augmented roles and creating tailored learning pathways to equip employees with the technical, cognitive, interpersonal, and other capabilities necessary for these new roles. The CHRO must also ensure that employees remain adaptable and capable of contributing to new AI-driven functions.

Facilitate smooth organisational transformation

AI's impact on organisational design — flattening hierarchies and fostering more flexible, cross-functional collaboration — requires the CHRO to act as a facilitator of change. The HR function should help navigate the complexities of AI-driven transformation by ensuring that new structures support agility, collaboration, and innovation.



Design AI-augmented roles in the organisation

Since AI disrupts traditional roles, the CHRO has to evaluate how specific functions will evolve and what competencies will be essential for success in these transformed positions. By leveraging deep insights into the business' AI trajectory, the CHRO ensures that the workforce is equipped with the right capabilities to perform AI-augmented roles.

Build the culture of learning & innovation

To drive AI transformation successfully, the CHRO must cultivate an organisational culture that encourages continuous learning and experimentation. By promoting curiosity and a growth mindset, HR can co-create an environment where employees feel empowered to explore innovative solutions and new ways of working.

Build the HR-function of the future

In addition to facilitating the overall organisational AI transformation, HR function should also redesign its role within organisation, shifting from being a mainly service function to strategic function and driver of value. This includes leveraging AI tools to increase efficiency, reprioritise its functions amid the requirements brought by AI transformation.

Case study: CHRO-CTO partnership for driving AI adoption

Industry: Investment management

Area: HR function role

Details: One of the world's leading investment management firms has demonstrated how technical expertise and human-centered leadership can be combined through the partnership of Chief Human Resources Officer and Chief Technical Officer and their functions for the purpose of driving innovations. Their approach recognises that even the most advanced AI systems deliver limited value without considering workforce readiness. The key imperatives of the successful CHRO-CTO partnership within this organisation are shared vision development, integrated implementation planning, coordinated skill architecture design, and shared responsibility for creating psychological safety and building trust throughout the AI adoption process.



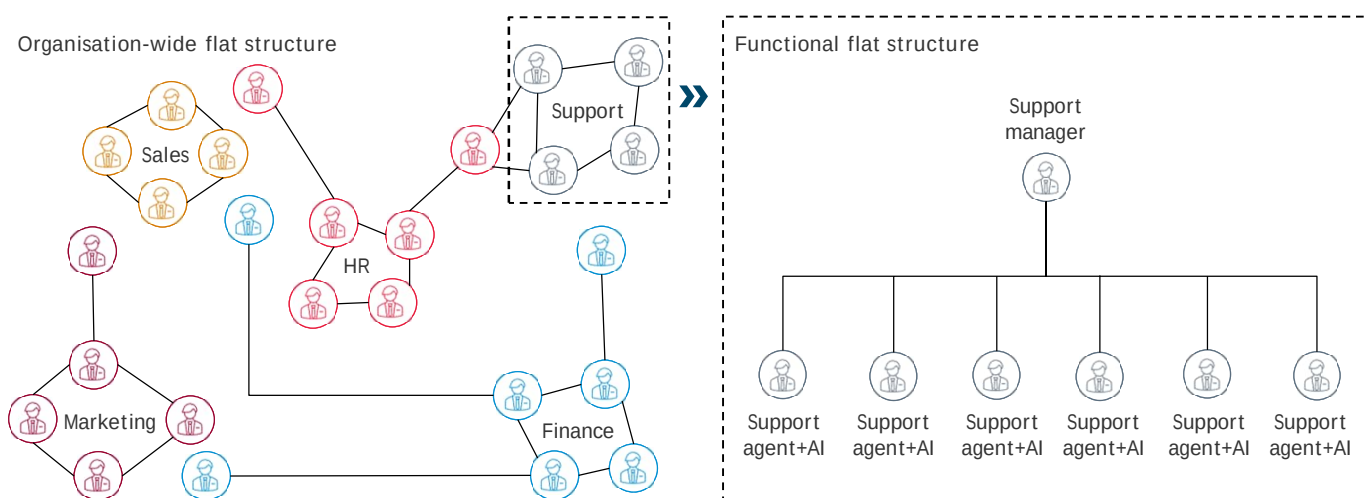
"When leaders think of AI as an opportunity, rather than as a threat or disruptor, they can tap into the full potential of what this technology offers...Right now, most companies are looking at AI from a productivity lens and cost avoidance. The real unlock will be when we fully integrate AI throughout the employee experience and embed it in how we build our workforce strategies aligned to business priorities."

Samantha Hammock, CHRO, Verizon
Source: [LinkedIn Pressroom, April 2025](#)

CHROs should also lead the AI-driven transformations of hierarchy, work models, and career paths in the firm

AI has the potential to significantly impact hierarchies within organisations, both in terms of structure and how work gets done. By automating many of the routine and manual tasks, as well as by empowering employees with higher autonomy, AI leads to flattening structures, both organisationally (cross-functional structure rather than hierarchical), as well as functionally (more flat structure within each function, with lower number of mid-level managers). This will impact the work models, career path models etc., which requires CHROs to amend the traditional approaches to people strategy.

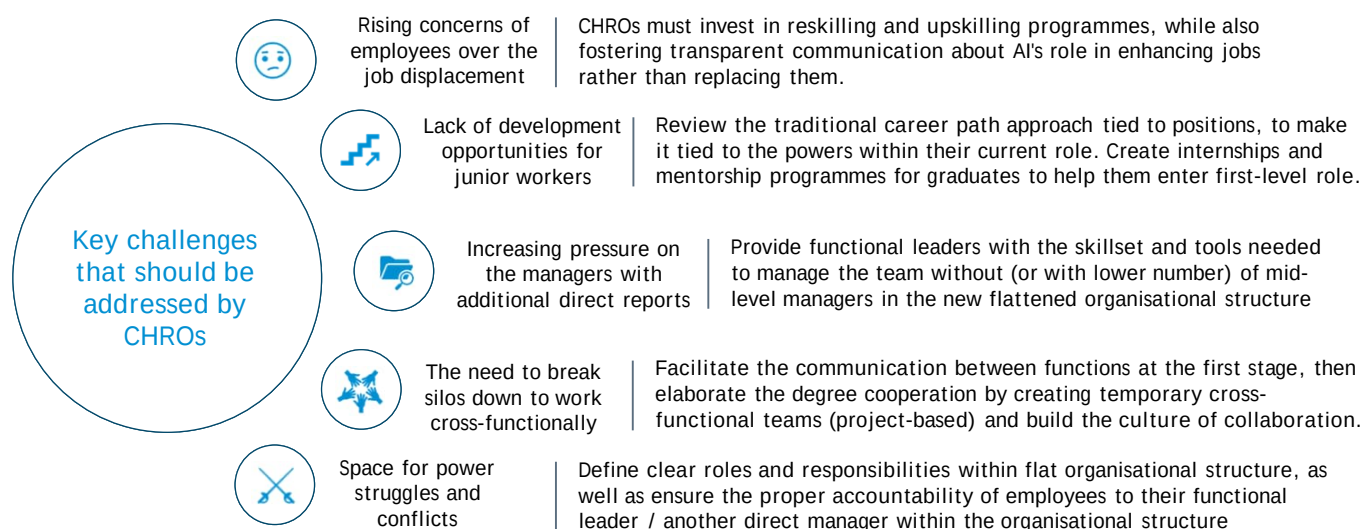
Flattened organisational structures



20%

Share of organisations using AI to flatten their organisational structure¹

According to Gartner, through 2026, 20% of organisations will use AI to flatten their organisational structure, eliminating more than half of current middle management positions. The key motivation behind automation is to increase productivity and allow managers to focus on more value-added tasks. However, this process is also associated with several important people-related challenges that should be considered by CHROs.



Our experts' views from around the globe



Remko Bakker
Senior Manager, BDO Netherlands



"What I observe in general is that our clients in the public sector think of AI as a tool in the workplace to boost productivity and employee experience by helping with time consuming tasks. The awareness of the potential of AI, in that way of thinking, is increasing and leaders are starting to act on it. However, AI is way ahead of this thinking and potential. AI is already gearing towards the realistic short-term scenario (3-5 yrs) where it will profoundly replace humans and converge with humans in the workplace. What it will mean to be human in the workplace in this short-term scenario, is the most important scenario that leaders need to address and assess yesterday. The AI wave is exponentially growing and developing. This kind of growth always shows the same pattern. For a long time, you don't see it coming until it hits you full force. We need to seriously step our visioning, thinking and acting on AI and the future of human work."



Fahim Khondaker
Partner, BDO Australia



"Right now, organisations are focused on how to deploy AI effectively — but soon, the real question will be what to do with the massive efficiency gains it creates, and how to thoughtfully redeploy human talent as a result. In the long term, the impact of AI on work is both profound and unpredictable — it will reshape industries, redefine roles, and challenge long-standing workforce structures. As machines take on more cognitive and technical tasks, human capabilities such as empathy, trust, emotional intelligence, and leadership will become the true differentiators. We're moving from an era where knowledge and hard skills were dominant, to one where uniquely human traits drive value. For organisations, this means developing strategies that not only integrate AI into processes, but also invest deeply in people, culture, and purpose. Those who succeed will be the ones that treat AI not just as a tool for efficiency, but as a catalyst for human-centric workplaces."



Robert Jussup
Senior Manager, BDO Canada



"Artificial intelligence is transforming organisational change by shifting from a support tool to a strategic co-worker in decision-making and operations. This shift is prompting a redefinition of roles, workflows, and leadership, while also creating new positions such as AI trainers and ethicists. As work becomes more modular and skills-based, organisations must invest in continuous learning and adopt agile change management approaches. Ethical considerations are crucial, with AI requiring transparent frameworks that balance data insights with human judgement. Microcultures will shape how AI is adopted across teams, making localised and personalised change strategies essential. To sustain ongoing transformation, organisations will need to build lasting change infrastructure supported by AI-enabled monitoring and support. Ultimately, success will depend on fostering a culture of trust, adaptability, and responsible innovation."

Self-diagnostic is the first step to assessing the readiness of your organisation to the AI journey

Embarking on the AI journey doesn't have to start with algorithms or big budgets - it begins with a conversation. A simple self-diagnostic sparks that dialogue, helping teams reflect on where they are today and imagine where AI could take them tomorrow. It's a low-barrier, high-impact way to uncover opportunities, align around goals, and build momentum. By opening the floor to discussion, you take the first step toward making AI a meaningful part of your organisation's future. Want to discuss any of these questions? Please, [get in touch](#) with us.

1

Do your employees view AI as a tool to enhance their roles, or do they see it as a potential replacement for their jobs?

2

How open is your leadership team to experimenting with new technologies that challenge existing processes and systems?

3

Are your leaders able to communicate a clear and inspiring vision for how AI will transform the organisation, and how do they engage employees in that vision?

4

How would you rate your organisation's ability to collaborate across different departments to solve complex, multi-disciplinary problems?

5

How willing are your teams to engage in upskilling or reskilling initiatives to keep pace with AI advancements?

6

How willing are your employees to collaborate with AI specialists and data scientists to explore innovative ways AI can improve business operations?

7

How well does your organisation foster a culture of continuous learning, especially around emerging technologies like AI, to ensure that employees stay up-to-date and prepared for change?

8

Do you have a clear understanding of the ethical implications of using AI in your industry, and how prepared are you to handle these challenges?

9

Can you identify a few key areas of your business where AI could drive significant value in the next 12 months?

10

Can you share an example where your organisation has successfully adopted a new, disruptive technology in the past, and what lessons were learned?

Our dedicated team of People Advisory professionals supports clients across industries and geographies

Meet our professionals



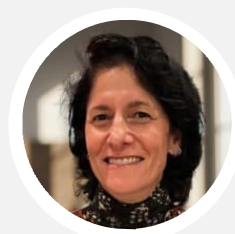
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BDO Global key figures in 2024

