

Human + AI in the Future of Work

FoW by HSM Insights Report

Creating better working lives.

March 2025



Introduction

For 16 years, the Future of Work by HSM has explored trends shaping industries, organisations, and careers.

There is a major focus on technology right now, specifically Gen AI. It is on the agenda for leaders and organisations, and HR teams are navigating the complexity of embedding Gen AI. It is time to consider the role of human capital in AI transformation and consider four key areas - capability, ethics, culture, and leadership.

This study will provide you with HSM's IP on Human + AI in the future of work and key actions to understand what is happening in the human capital domain with Gen AI and how HR can respond with strategic impact.

Our methodology

The insights contained in this report are drawn from primary research through a roundtable with HR leaders, two focus groups with our FoW by HSM members, a research webinar, and 48 interviews with senior leaders across 20 organisations. Additionally, we did secondary research, which included previous FoW by HSM IP and reports on Responsible Automation (2021) and Digital Transformation (2019).

These insights were combined with HSM Advisory's **Human + AI in the Future of Work Masterclass** and quantitative data from interactive activities and Mentis.

03 Key takeaways

04 What is happening with AI right now?

09 Are you ready?

15 How can we help?

Key takeaways

Gen AI is a probability model, this is about the human

Gen AI is a probability model and is limited by training data. What it means to be human is far more expansive with past learnings, a sense of community, and the ability to create something new. The real value of Gen AI comes from the human characteristics and how people use it to create value.

Gen AI transformation is not only about technology, it is about people

We observe that Gen AI transformation needs a shift in culture along with the implementation of Gen AI tools. Successful adoption hinges on consciously creating a Gen AI-ready culture that supports people and leaders to experiment and embed Gen AI in their workflows.

Organisations need holistic capability to unlock the value of AI

Human characteristics; emotion, complexity management, physicality, and creativity are critical to fully leverage Gen AI's potential. We see this as going beyond technical and application skills and enabling people to use Gen AI in a way that creates value and strategic impact.

The Gen AI ethics conversation is inherently about trust

The core of Gen AI ethics revolves around building trust—both among people and in Gen AI systems. We understand the importance of a strong ethical policy so people feel safe using Gen AI. However, ethical behaviour plays out in the day-to-day actions, which is about trust.

Good leadership still looks the same in the world of Gen AI

Gen AI adoption does not require new leadership, but good, clear leadership. The roles of leaders is still about creating value, driving the strategic goals, and setting the vision – which is their role in any largescale transformation. Gen AI adoption is not the end goal, value creation is.

We have a choice, Gen AI transformation is not pre-determined

The speed of Gen AI evolution can feel that the destination and consequences are pre-determined. However, organisations and leaders have a choice and can control the narrative by focusing on culture, capabilities, ethics and the leadership behaviours they build.

What is happening with Gen AI now?

Gen AI is top of mind...

Gen AI has attracted a lot of focus...

Rapid advancement in Gen AI capabilities

Gen AI's capabilities have the potential to transform the nature of work.

Fear of missing out

Leaders and organisations are afraid of being left behind by not implementing Gen AI right now.

AI is a solution looking for a problem

Leaders are attempting to use Gen AI for entrenched challenges and hoping it works.

...and it has shown efficiency and performance gains in some tasks...

Researchers at Harvard and BCG¹ found that consultants who wrote reports using Gen AI, compared to those that didn't were:

- **More productive** – they completed 12.2% more tasks
- **Faster** – They completed tasks 25.1% more quickly
- **Produced higher quality results:** They wrote reports 40% higher in quality

...so, Gen AI has been a priority for leaders

52% of our research webinar² participants said that it is top of mind for their CEO and leadership are discussing the impact, with only 13% saying it is not on the agenda.

...but there are tensions emerging

During our Human + AI focus groups³, we found that HR leaders were beginning to face tensions across three crucial factors:

Some people are fearful of Gen AI's impact on their professional future and worry about their long-term prospects



...but others are experimenting widely in their day-to-day work and are embedding it in the culture and ways of working

Leaders want efficiency gains and return on Gen AI investment now to evaluate the impact of Gen AI...



...but it takes people time to learn and develop Gen AI capabilities and increase productivity

There is a hope that Gen AI will simplify difficult and time-consuming administrative processes...

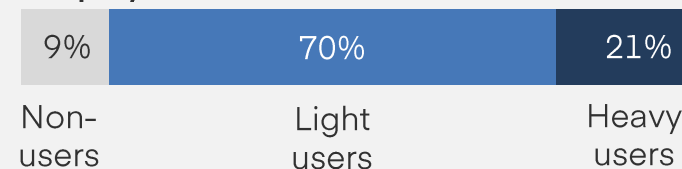


...but Gen AI is causing complex governance and ethical issues which are further leading to administrative processes

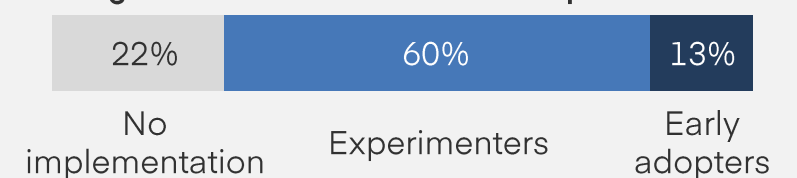
Individuals, compared to organisations, are leading the way when it comes to experimenting with Gen AI.

Typically, technological adoption is top-down where leaders implement the change, and it follows the routes of the hierarchy. However, Gen AI is being adopted through both top-down implementation, and individual experimentation and knowledge sharing. This is leading to some people feeling restricted by their organisation's pace. There is an opportunity for organisations to scale some of the individual experiments to support wider implementation.

Employees' level of Gen AI use⁴

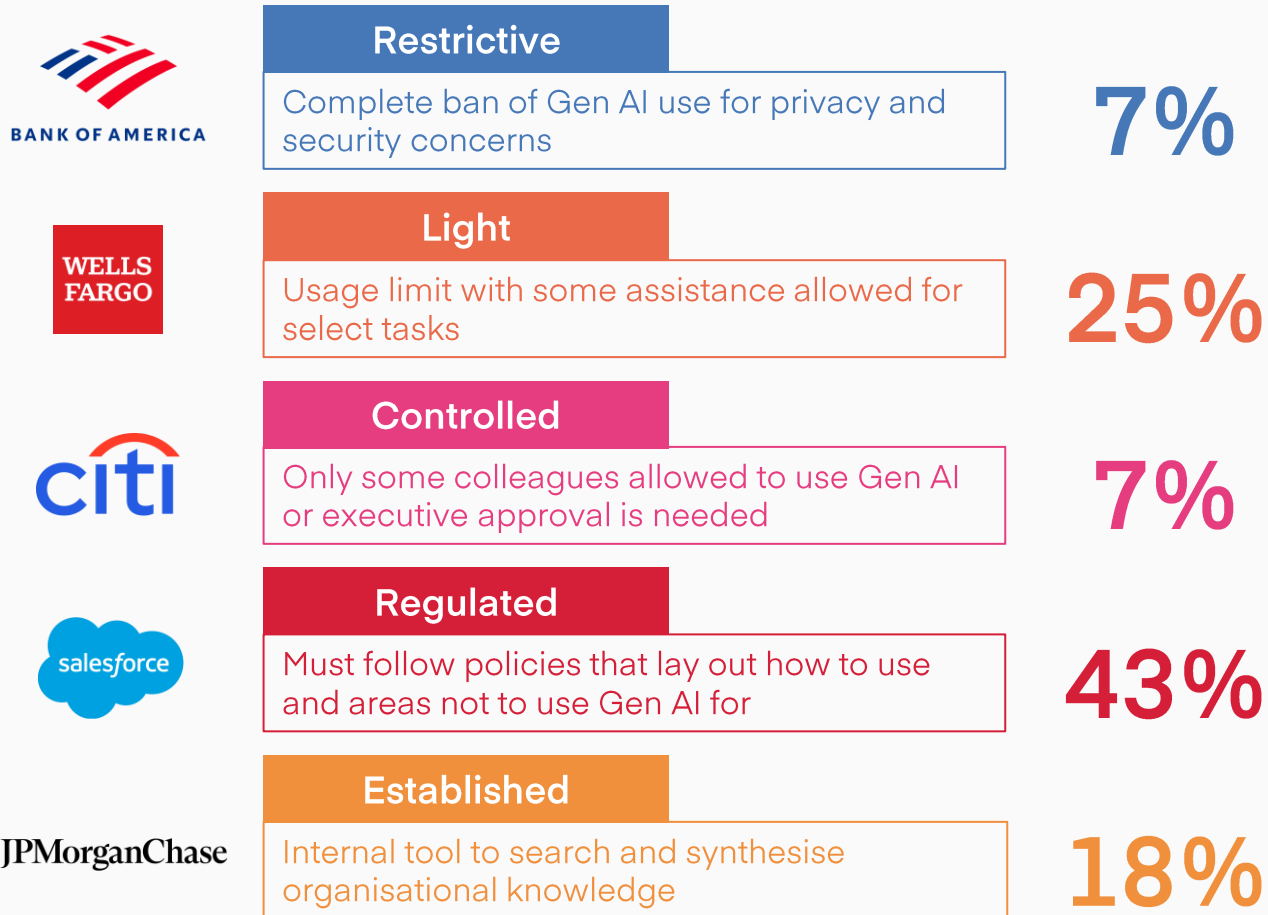


Organisations' level of Gen AI implementation



Organisations are experimenting with Gen AI differently...

We asked organisations where they currently sit in our categorisation of organisational Gen AI use.⁵



*HSM Advisory, Human + AI in the Future of Work Masterclass data

Organisational Spotlight

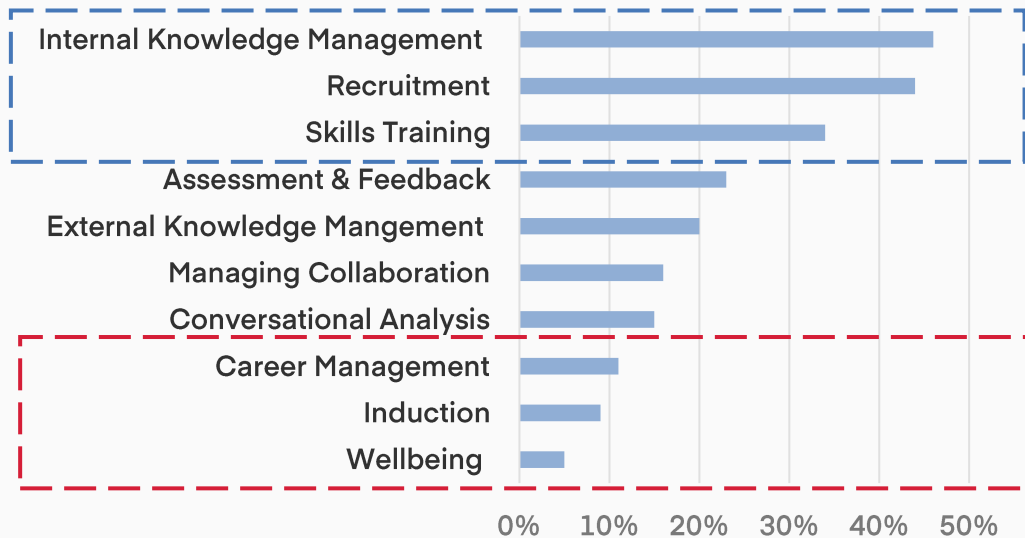


During our Human + AI masterclass, our organisational panellists shared their three tips for embedding Gen AI

- Build knowledge and learning**
1 Enable people to learn to use Gen AI by clarifying the Gen AI tools to use and how to embed it in the flow of work
- Target the areas most likely to deliver gains**
2 Using Gen AI in areas like recruitment and skill development can deliver efficiency gains and free time to focus on people experience
- Form a community**
3 Help people share their anxieties, excitement about Gen AI, and build a sense of shared experience and community

...and HR plays a pivotal role

Our research found that within HR, most of the Gen AI use is for the operational side of human capital...



...with the human-centred areas scoring the least²

Consider the outcome when thinking about where to leverage Gen AI⁶

Outcome

Support
Bereavement, well-being concerns

Efficiency
Status updates, meeting minutes

Connection
Onboarding, collaboration

Human – AI collaboration

Human - Human



Human - AI



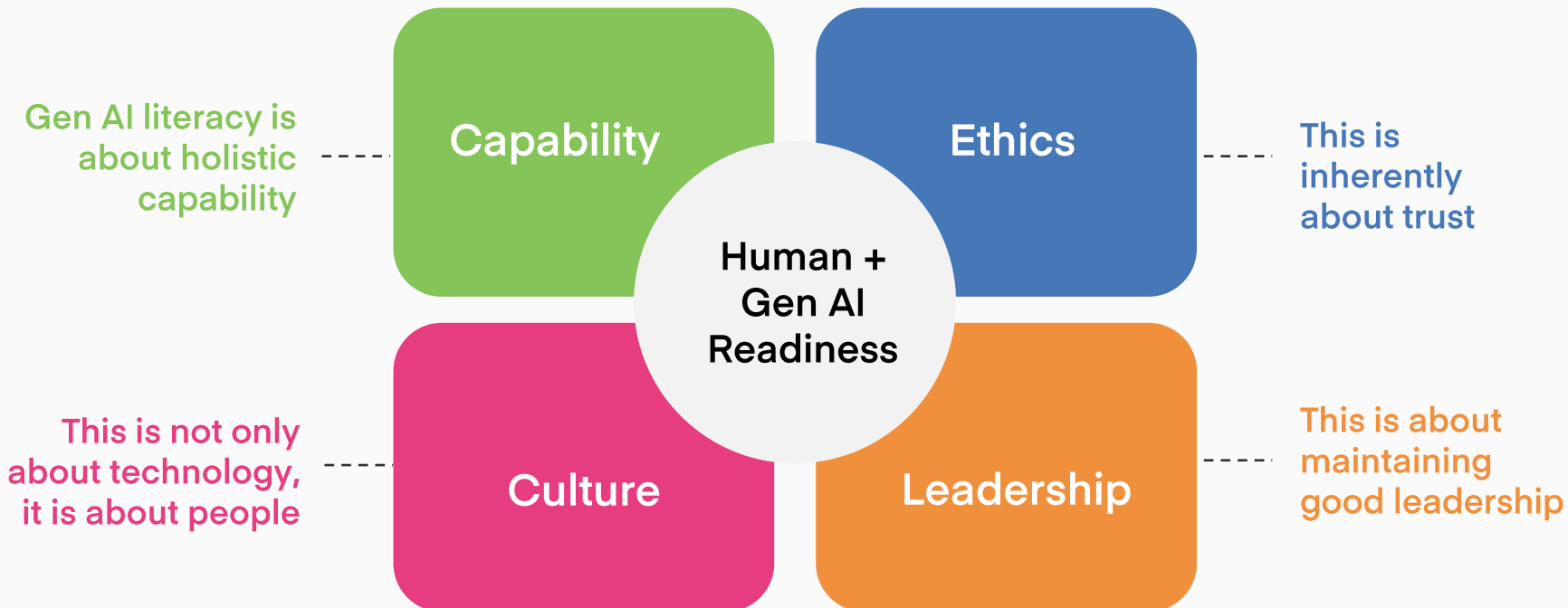
Human - AI - Human



Are you ready?

Build Gen AI readiness with four key enablers

The four human enablers for AI readiness



The two structural enablers for holistic AI readiness are:

Governance

It is about establishing processes that help maintain safe and impactful AI use

Data

It is about ensuring the underlying infrastructure supports AI transformation

Gen AI literacy is about holistic capability

Organisations are also responding to the Gen AI transformation and are focusing on building three types of skills.

Technical skills – Specialised knowledge and skills in Gen AI, e.g. prompt engineering, model fine-tuning, and tokenisation and text processing.

32%

of the people we surveyed said their organisation is currently focusing on technical skills⁷

Application skills – Ability to use Gen AI well in workflows, e.g. critical thinking for Gen AI output, spotting use cases for Gen AI, and translating Gen AI output for the business need.

52%

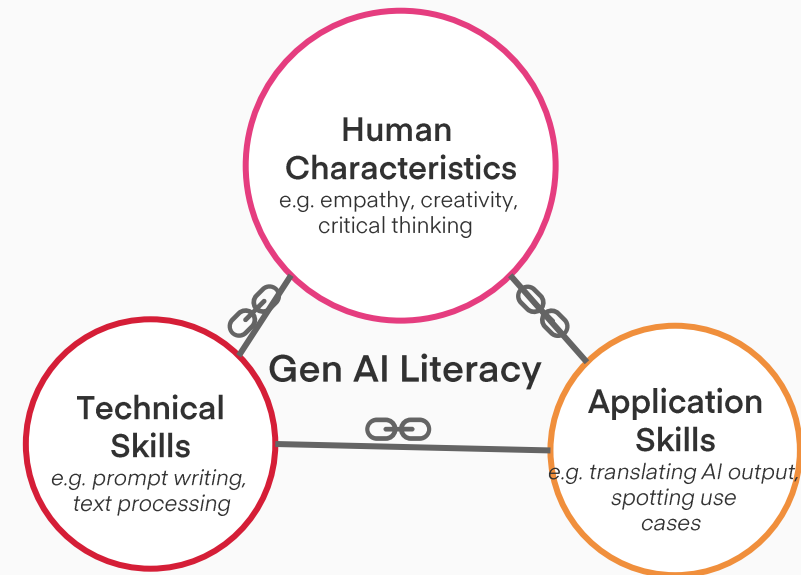
of the people we surveyed said their organisation was currently focusing on application skills⁷

Human characteristics – Abilities that only humans have, i.e. human emotion, human complexity, human physicality, and human creativity.

16%

of the people we surveyed said their organisation was currently focusing on human skills⁷

Currently, many organisations are approaching the technical, application, and human skills **separately and at different levels**. With the least amount of focus on human skills, there is a risk of forgetting that **Gen AI is a probability model**, and the human has past learnings, can build a sense of community, and can create something new.



It is important to **take a joined-up approach and consider holistic capability**. This encompasses all three types of skills and how they interconnect, **while keeping the human at the centre**. This helps organisations effectively respond to Gen AI transformation and build holistic capability at the individual level and organisational level.

Ethical behaviour is about trust

Ethics is a concern for organisations because **people are making decisions using Gen AI** and there is a significant potential for bias, privacy violations, and unintended consequences. So, it makes sense for organisations to think about **the nuts and bolts of ethical policy**.

However, **those decisions will play out in people's daily work and policies alone cannot change behaviours**. So, it is important to consider how organisations can build ethical behaviour in the day-to-day actions.



Speaker Highlight

Dr Isabel Fernandez-Mateo of London Business School shared ways that HR can embed Gen AI ethically⁸

1. Ensure transparency and trust in Gen AI

Regularly communicate what Gen AI is being used for, how it works, and which data it relies on to help people build in Gen AI.

2. Experiment with Gen AI-powered people analytics

Gen AI can help identify skills gaps, analyse networks for improving inclusion, and redefine roles based on trends and internal needs.

3. Implement continuous monitoring in Gen AI systems

Regularly evaluate Gen AI systems for fairness, especially in hiring and promotion decisions and track long-term implications.

Embedding consistent ethical behaviour is about building trust in two key aspects

Trust in Gen AI

People don't always trust Gen AI because of:

- **Disinformation and hallucinations:** Gen AI can sometimes give false information, putting people's work and reputation at risk.
- **Bias concerns over training data:** People might be concerned over how decisions are being made using Gen AI, especially if training data wasn't cleaned for historic bias.
- **Security of confidential information:** Organisations can be concerned over how confidential and client data is handled.

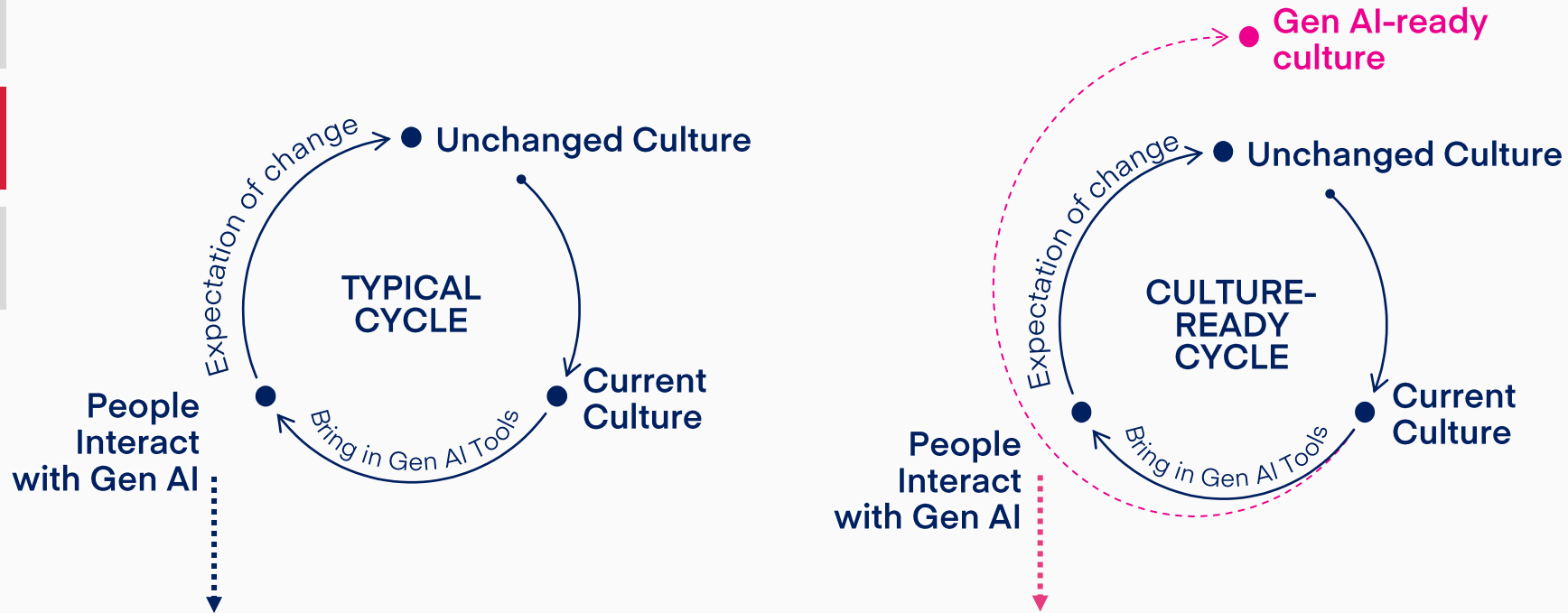
Trust among people

There are trust concerns among people because:

- **Fear over job security:** People are concerned about how Gen AI will impact their jobs and long-term careers.
- **Unequal access to Gen AI tools and knowledge:** Sometimes, people can distrust managers or leaders who have a higher level of access to paid Gen AI tools.
- **Some see using Gen AI as 'cheating':** People can sometimes feel fearful to admit using Gen AI at the risk of being seen as lazy or incapable.

Gen AI transformation is not only about technology, it is about people

Organisations can become stuck in a cycle if they don't consider human change alongside technological change.⁹ Being intentional and consciously preparing a culture to adopt Gen AI enables organisations to embed Gen AI in the long-term and unlock its benefits.



- People are not open about when they use it
- Some people are ahead of others
- People are afraid to use it

- Gen AI champions share knowledge and uses
- Leaders encourage and role-model Gen AI use
- A strong ethical policy means people feel safe

To build culture readiness, organisations can consider:

Culture Audit:

Understand the strengths that can be leveraged and areas where existing culture may hinder Gen AI adoption

Encourage people to experiment:

To reduce anxieties about using Gen AI, encourage people to start with small, low-impact experiments

Help leaders craft a narrative:

Share the 'why' of the Gen AI transformation to help build buy-in for people

You don't need a new type of leadership for Gen AI readiness

Acting on the three enablers of capability, ethics, and culture to enable Gen AI readiness doesn't require new leadership, but we're observing that good leadership is most important in a Gen AI-enabled world as it is in any largescale transformation.

Good leaders:

Set the strategic vision of the organisation
Leaders define and communicate a clear, forward-thinking direction for the organisation

Navigate ambiguity and paradoxes
Leaders guide people and organisations through uncertain and complex change

Deal with rapid pace of change
Leaders are adaptable and help their organisations stay agile during rapid change

Take a human-centred approach
Leaders understand the importance of the human element and are mindful of the impact on people

Connect people's technical knowledge to commercial opportunities
Leaders recognise good ideas and help bring them to life

This looks the same in the context of Gen AI

Gen AI adoption is not the goal, it is still about value creation

How can we help?

HSM Advisory's Gen AI audit...

HSM's Gen AI audit is a comprehensive assessment to help organisations navigate the complexity of Gen AI readiness and build a plan to make strategic impact.

We do this by assessing your current state across HSM's six key enablers using our checklist and measures of success.

We will then co-create with you to craft a plan of action, and dashboard to track progress, that helps you identify high-impact areas and elevate your narrative to make strategic impact towards your Gen AI transformation vision.

As a result, you will have

1 Built foundational readiness across key areas

48%

of the people we surveyed said they didn't know or only slightly knew how HSM's key areas fit into their Gen AI transformation

2 Identified use cases and high-impact experiments

61%

of the people we surveyed said their organisation has adopted Gen AI in a regulated or established way

3 Clarified your Gen AI transformation vision

29%

of the people we surveyed said a lack of a clear vision holds their organisation back

...using our Gen AI readiness model



Contact us



Harriet Molyneaux
Managing Director

Harriet.Molyneaux@HSM-Advisory.com
+44 (0) 20 8194 4732



Kautuki Jariwala
Research Lead & Senior Consultant

Kautuki.Jariwala@hsm-advisory.com
+44 (0) 20 8194 4737

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