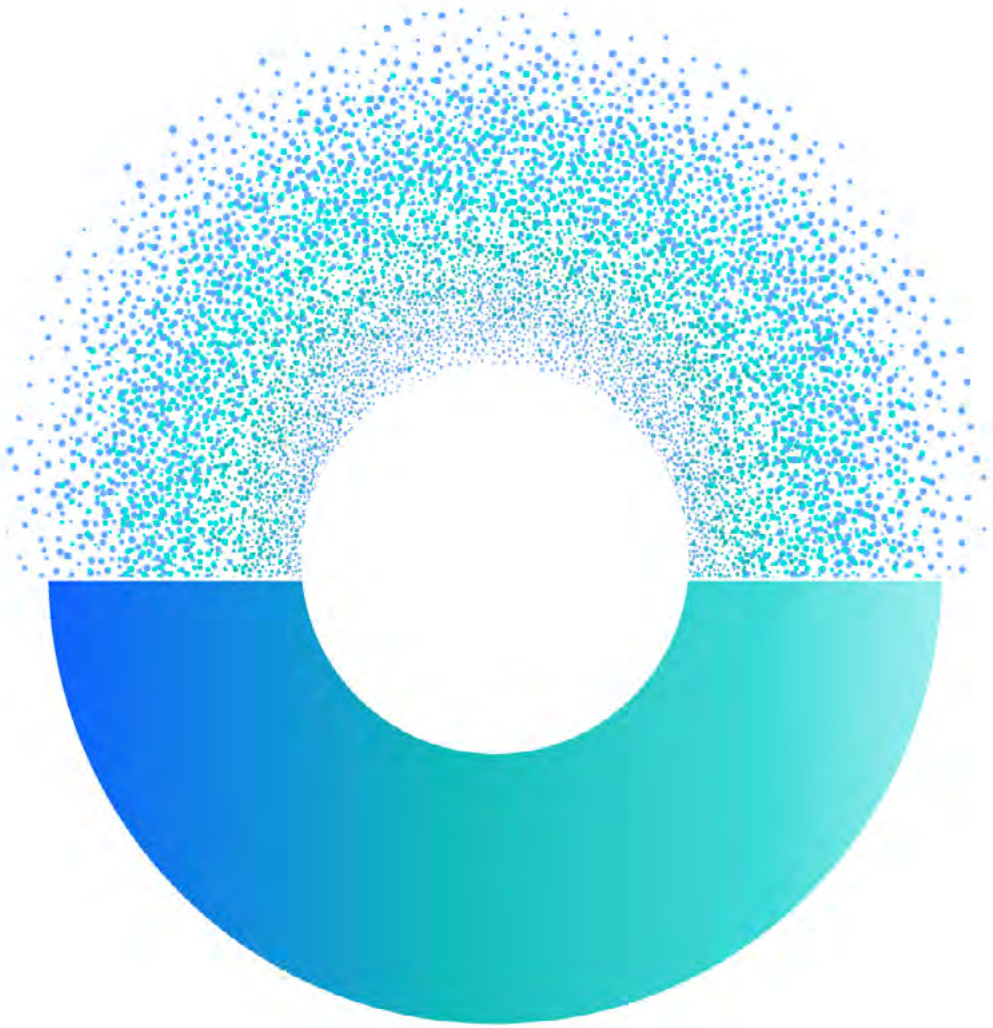


Where AI breaks—or breaks through

The *human* operating model that powers performance

IBM

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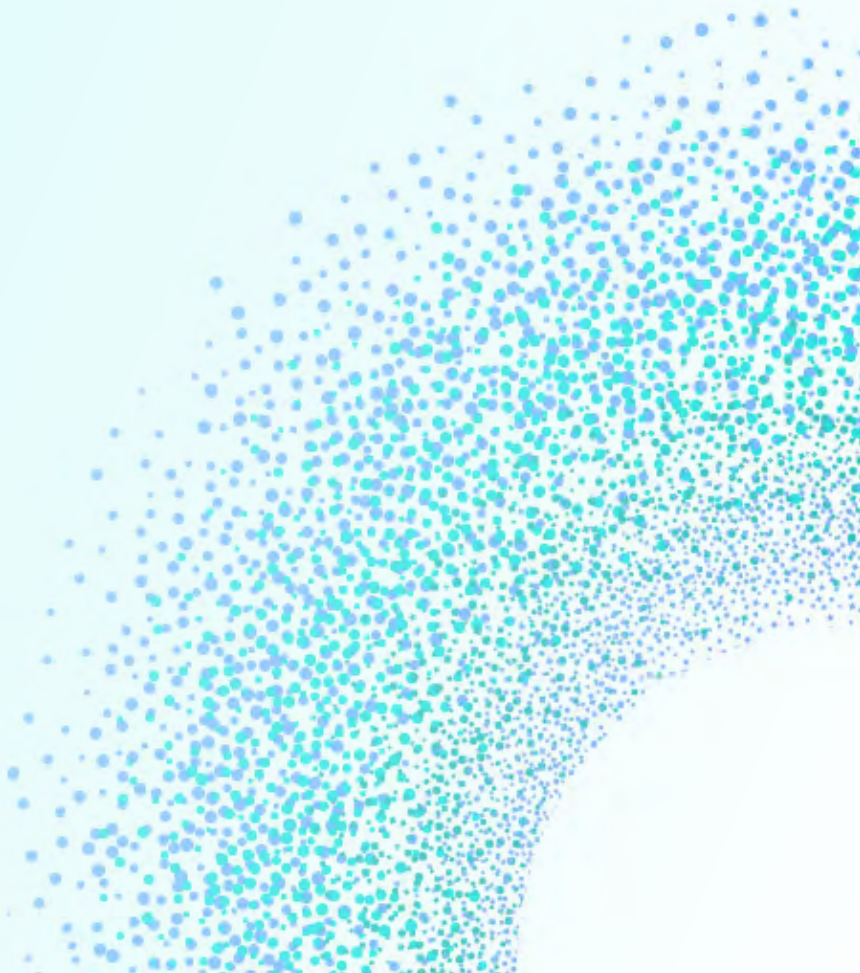
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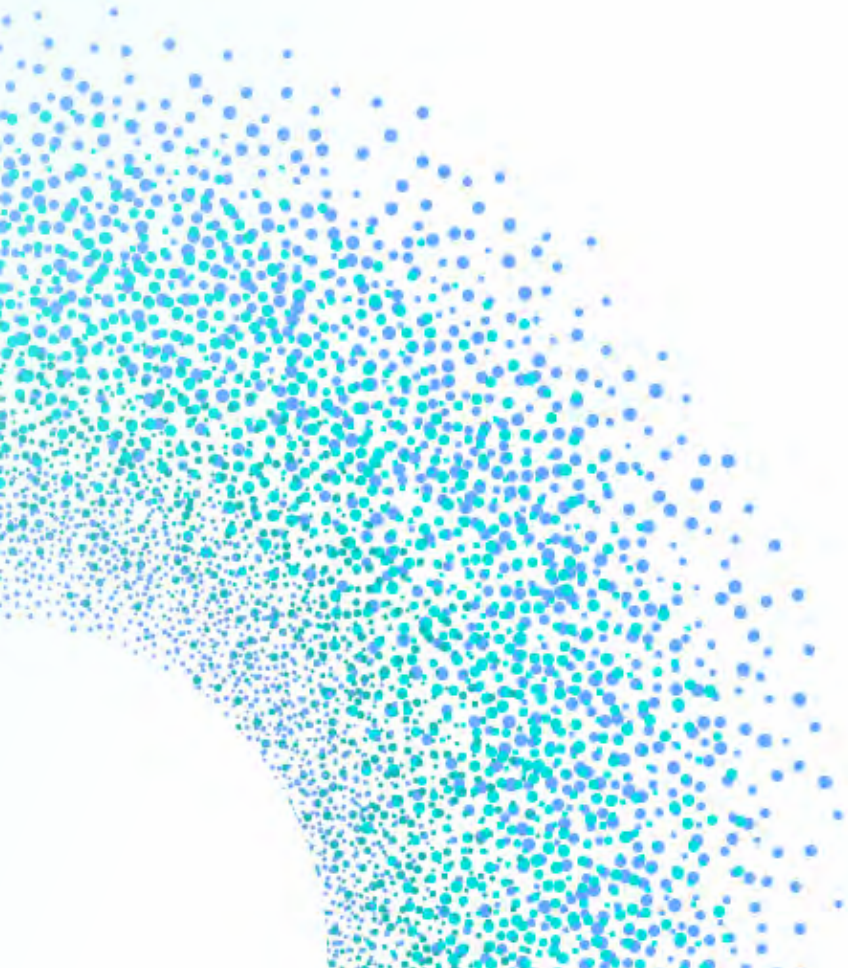
Two companies can buy the same AI, deploy it in the same workflows, and end up worlds apart. The difference isn't the technology. It's how well each one redesigns the human operating model around AI—and most have barely begun.

For years, the human operating model—decision rights, management practices, role expectations, and performance systems—evolved gradually. AI disrupts that equilibrium because it's a new participant to many workflows. As a result, long-standing assumptions about how work actually happens are no longer valid.

The companies capturing real value aren't just deploying AI. They're using it as impetus to redesign how work gets done, how decisions are made, and how performance is defined.

And in doing so, they're reshaping the culture employees experience every day.

This report is for strategy, operations, and people leaders who are redesigning how their workforce engages with AI.





Key takeaways

AI is turning out to be a stress test of how the organization actually works.

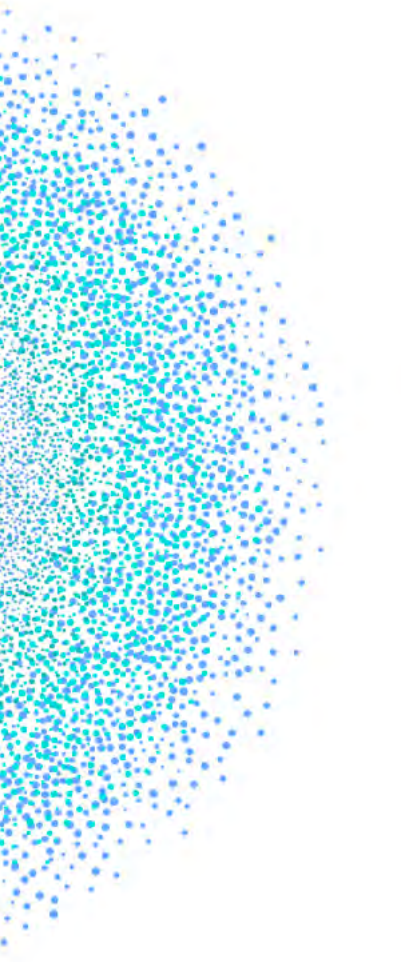
- **AI value gaps are organizational, not technical.**
  Organizations that pair advanced AI adoption with strong organizational change capabilities are seeing up to 73% higher revenue growth and an 11% gain in operating margin versus peers.

- **AI is moving fast. Organizations are not keeping up.**
  While a majority of organizations are already rewiring roles and workflows, 65% of employees say the guidelines meant to govern that work are already outdated.

- **Employees lack clear rules for when to follow, question, or overrule AI recommendations.**
  More than two-thirds of executives (68%) say AI adoption has slowed because decision rights and escalation pathways are unclear.

- **Performance systems have not caught up to AI-enabled work.**
  Eighty-one percent of organizations reward AI skills, but only 64% reward AI judgment. At the same time, 50% of employees say AI makes individual contributions harder to recognize.

- **Culture reflects the operating model leaders build.**
  Scaling AI requires a culture where people feel safe speaking up—43% of executives say employees don't feel safe raising concerns.



Introduction

Organizations are moving fast but wobbling

The C-suite is chasing a seemingly impossible boardroom remit: move faster with AI but keep it safe and beyond reproach. Leaders are trying to do both at once, on an unmapped road. They're wobbling, incorporating AI faster than they can adapt the organization to it.

Leaders are discovering AI doesn't just make work faster—it makes the consequences of actions appear faster. When a system generates decisions at scale, the small cracks that organizations have always lived with—a fuzzy line of authority here, an unspoken assumption about who gets to say "no" there—stop staying small. They travel across teams and workflows, out to customers, at machine speed. The flaw that used to sit quietly in a lone product prototype can now ship a thousand times before lunch. That's the risk. The prize is just as large: people and AI working in concert, reaching outcomes neither could reach alone. Everything between the risk and the prize comes down to how well the organization is built to hold them together.

In a study of 1,000 C-suite executives across 14 geographies and 21 industries, IBM's Institute for Business Value (IBV) found that nearly two-thirds say AI is already rewiring roles and workflows. Yet seven in 10 executives report unclear decision rights, fuzzy accountability, and governance that can't keep up. In a separate IBM IBV study of 8,400 people across 28 geographies, employees say the same thing—64% have AI guidelines, and 65% say those guidelines are already behind how they actually work.

AI raced ahead. Culture fell behind.

This is not traditional change management with new tools layered on top. AI changes who makes the recommendation, how decisions get interpreted, and what good performance even looks like—forcing organizations to redesign the human system of work itself. Companies pulling ahead aren't necessarily the ones that bought the most AI. They are the ones redesigning because of it—understanding that every choice they make about how the work gets done is, whether they mean it to be or not, an act of building a new culture.

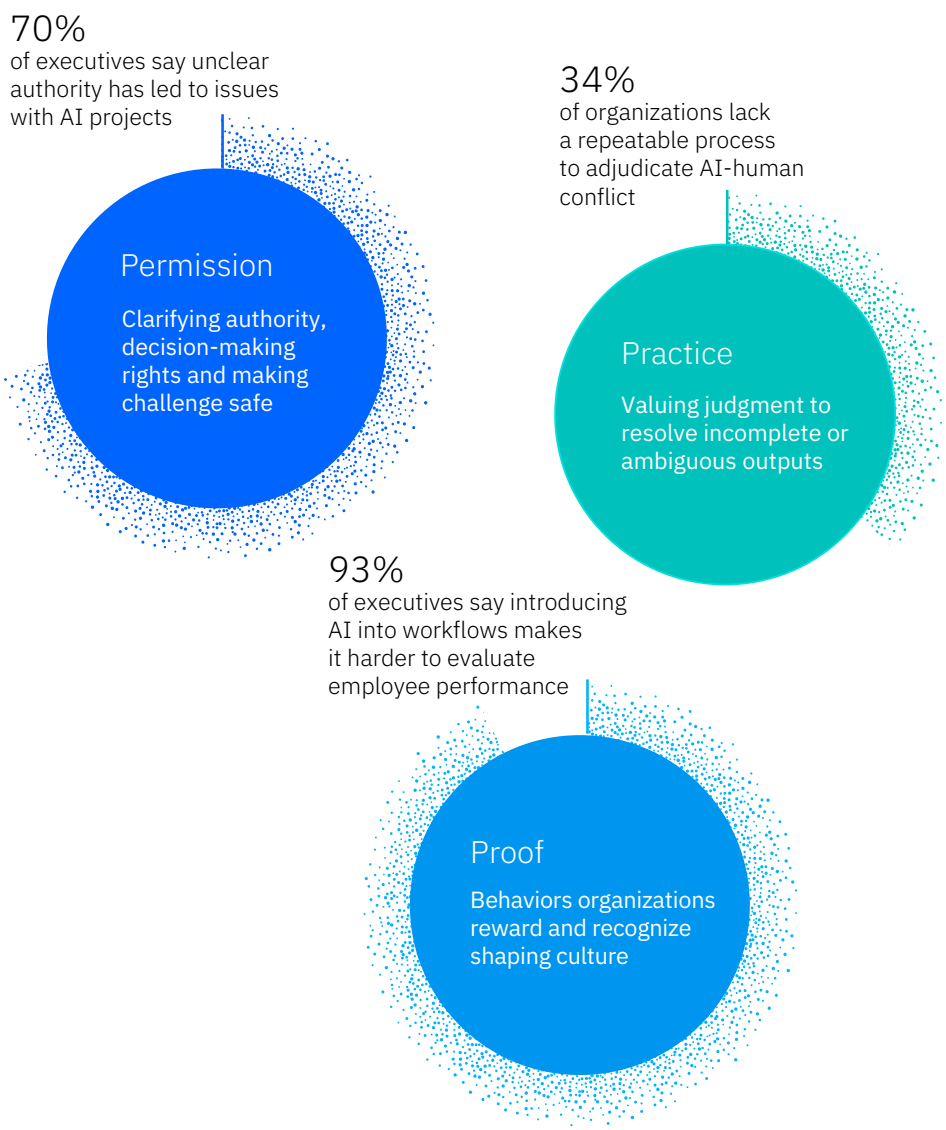
This is a story about how that culture gets built—and it traces back to three choices in the operating model:

1. **Permission:** who is expected to act, who's allowed to challenge, and where accountability actually lives;
2. **Practice:** how good judgment becomes repeatable across the organization, day after day;
3. **Proof:** and what behaviors the organization protects, reinforces, and rewards.

FIGURE 1

Permission, practice, and proof

Making people + AI work



These are the levers leaders pull; culture is what grows around them.

The human operating model is built through three conditions: permission, practice, and proof. Strategy leaders set the boundaries and signals. Operations leaders turn judgment into repeatable routines. People leaders make new expectations visible in roles, management, and rewards. Together, these choices shape culture—and determine whether AI adoption turns into enterprise performance.

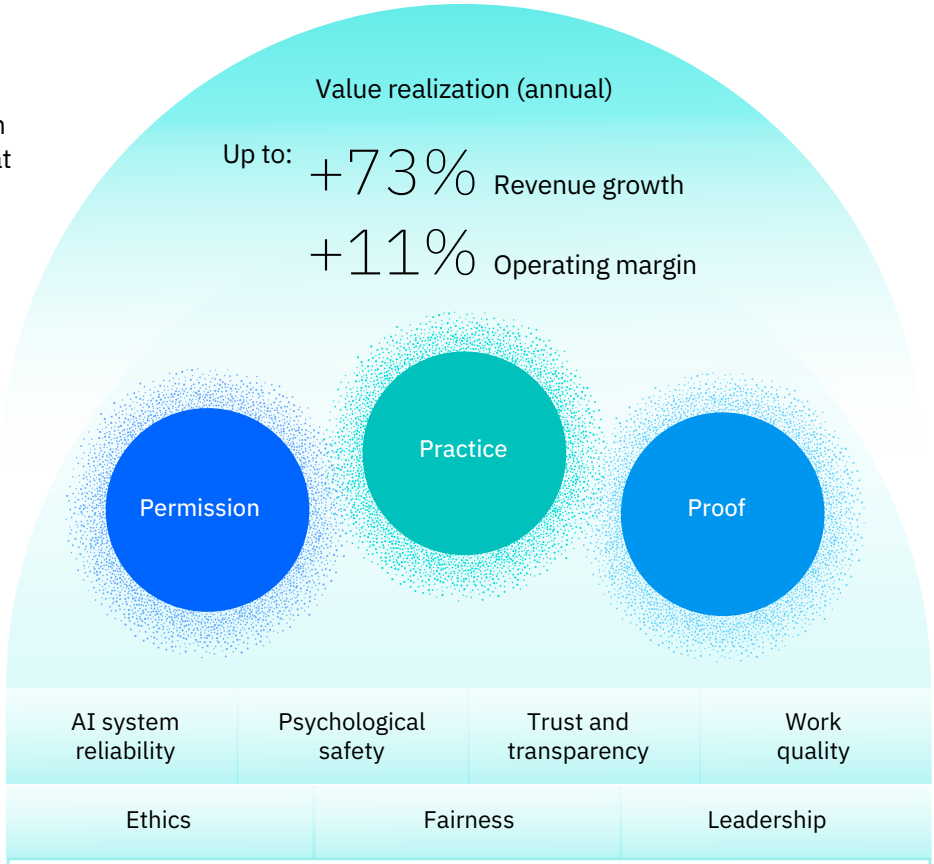
In the pages that follow, Part One examines permission, Part Two explores practice, and Part Three focuses on proof. An accompanying action guide translates those insights into practical steps for leaders working to capture more value from AI.

It's easy to focus almost exclusively on the tools: better models, better data, and bigger budgets. But the key is really about successfully navigating the people aspects of organizational change in a world filled with AI.

FIGURE 2

The human operating model for AI

The cultural foundation and building blocks that enable business value



At the foundation are the conditions that make AI transformation credible, adoptable, and sustainable: psychological safety, trust, fairness, transparency, leadership, ethics, AI system reliability, and quality of work. These are not just cultural signals. They are the human conditions that underpin the operating model—making permission credible, practice repeatable, and proof meaningful. When these conditions are in place, organizations are better positioned to translate AI adoption and effective change execution into stronger performance and financial results.

Only 15% of organizations reached higher AI maturity while also excelling at designing and executing change.

Same technology. Different outcomes.

Only 15% of organizations reached higher AI maturity while also excelling at designing and executing change. The rarity is the point. That intersection—technology and the capacity to reshape the organization around it—is producing a measurable separation in the field: up to 73% higher revenue growth and an 11% improvement in operating margin (see research methodology at end of the report for details on calculations).

The lesson for leaders is not that AI creates value. It's that value accrues within the *operating model* and the *culture* integrated with the technology, not to the technology itself.

This distinction matters because adoption and advantage are not the same thing. AI adoption creates potential. AI advantage compounds it—turning scattered gains into enterprise performance. That compounding only happens with the harder challenge: redesigning workflows. Organizational change capability determines whether that potential compounds at the enterprise level or dissipates before it gets there. Without the harder work of redesigning workflows, clarifying decision rights, equipping managers, and reinforcing the right behaviors, AI gains stay stranded in pockets. A team may move faster. A process may improve. But the enterprise does not become more effective overall. That's the trade-off most organizations unknowingly accept: local speed for enterprise impact. The ones pulling ahead refuse it. They scale the technology and build the conditions—trust, clarity, accountability—that turn scattered wins into enterprise advantage.

The IBV's 2026 CEO Study finds that the leaders extracting the most from AI are the ones rethinking cross-functional collaboration, embedding AI into end-to-end workflows, and redesigning how teams actually work together. Their reward is concrete: these CEOs are more than twice as likely to have delivered on their business objectives, which reframes the entire exercise. Redesign is not the cost of implementation. It is the source of the return.

"If we apply AI inside each silo only to improve individual work efficiency, the benefit disappears at the enterprise level. To operate AI enterprise-wide, enterprise-wide reform is necessary."

Yasuo Kawai
Vice President, Head of Digital Unit, Honda Motor Company

Part 1: Permission

Clarifying authority and making challenge safe

AI changes where decisions happen across an entire organization. Recommendations that once required human analysis now arrive pre-processed, ranked, or routed by a model. That can improve speed and consistency—but it also changes the human experience of work.

Employees are left with questions many organizations have never formally answered: Am I expected to act on this output? Can I challenge it? When should I override it? And if I escalate and slow things down, what happens to me? How those questions get answered—formally or by default—is where culture takes shape.

That is why permission matters. In AI-enabled work, permission is not just a matter of formal decision rights. It is the cultural condition that tells people whether they are truly expected—and safe—to act, question, override, and escalate. Employees do not learn that from policy alone. They learn it from how managers respond, how quickly concerns are taken seriously, and what happens to the person who slows a decision down for the right reason.

In practice, that means redesigning decision rights, setting escalation thresholds, assigning clear ownership when AI and human judgment conflict, and documenting who holds override authority.

It is the first real test of AI-enabled work: do people know when they're expected to challenge the machine—and whether they actually have the standing to do it?

Top performers

2x more likely to have clearly defined decision authority for AI-impacted work.

91% have clear rules for when AI should be followed, challenged, or escalated.

Spend 18% less than their peers on IT as a percentage of revenue because of their efficiency.

> "The biggest barrier to AI adoption is not models or systems, but fear, resistance, and uncertainty among people."

Jan Polkerman
CEO, Dutch Tax & Customs Authority IT

When no one is sure who owns the decision

The authority gap is visible from both sides of the organization—but employees are the ones living inside it day to day. Sixty-three percent of executives say AI has already shifted who makes key decisions. Yet more than one third, 35%, say it is still unclear who has the authority to challenge or override AI recommendations. A similar share, 34%, lack a consistent way to resolve conflicts when human judgment and model output diverge. Together, those gaps suggest many organizations are still relying on improvised judgment at exactly the moments that matter most.

Employees feel that ambiguity directly. More than half say people fail to push back on AI when they should. Executives do not dispute it: 43% say employees do not feel safe raising concerns about AI outputs. That combination—unclear authority and weak psychological safety—does more than slow decisions. It teaches employees that speaking up is risky and deference is safer. Some pause and wait for someone else to decide. Others follow the recommendation through, treating the system's output as safer than their own judgment. Repeated often enough, those choices become the norm for how work gets done. That is how uncertainty hardens into culture.

Small gaps, big consequences

This matters more with AI than in earlier waves of technology change because AI increases both the speed and reach of a weak decision. A fraud signal that goes unquestioned can affect thousands of customer interactions before anyone intervenes. A procurement recommendation built on a flawed assumption can influence sourcing decisions across an entire category. A hiring recommendation that disadvantages qualified candidates can shape hundreds of evaluations before concerns surface. In slower, more manual environments, organizations could live with a degree of ambiguity. AI removes that buffer. It pushes more decisions to the edge of the organization and compresses the time available to interpret them.

That is why permission is not just a question of empowerment. In AI-enabled work, it is also a performance issue, a control issue, and a culture issue. Already, one in five executives identifies unquestioned AI outputs as a top obstacle to scaling AI—an early warning sign that silent compliance is becoming embedded in how work gets done.

Employees look for the real signal

Organizations that handle this well do more than publish decision rules. They make authority usable. They define where decisions should sit, when human review is required, how escalation works in practice, and who owns the final call when judgment and output collide. Just as importantly, they make it visible that questioning AI is not a career risk.

> "This is an implementation challenge on steroids. The gap between the way things work today and the way they need to work tomorrow is much bigger than we've seen with past technologies."
>
> **Atul Bhardwaj**
> Executive Vice President & Chief Digital & Technology Officer, LEGO Group

Employees watch for cues. If a manager treats challenge as friction, people stop speaking up. If leaders celebrate speed but stay silent when someone catches a scalable error, employees learn that throughput matters more than discernment. If escalation is formally allowed but socially discouraged, the real rule becomes: keep things moving.

Organizations that create real permission send a different signal. They treat appropriate override as evidence that judgment is being exercised. They normalize escalation in high-consequence situations. They back employees who pause a decision to inspect a questionable output. Over time, that does more than clarify governance. It creates a culture in which intervention is understood as responsibility, not resistance.

Designing permission into the work

This is becoming more urgent as AI adoption outpaces the systems meant to govern it. In IBM IBV's 2026 Tech Leader Study, 77% of technology leaders said AI adoption is moving faster than current governance capabilities. That gap does more than weaken control. It leaves employees to improvise at the moment of decision—turning governance ambiguity into a cultural norm.

Leaders can start with four questions in critical AI-enabled workflows:

- Where should authority sit when AI is involved in a decision?
- When is human judgment required?
- How does escalation work in reality?
- Who is accountable when human and AI views diverge?

These are governance questions, but they are also cultural ones. They tell employees what kind of behavior the organization expects, reduce the amount of judgment people have to improvise alone, and make intervention more routine and less political.

When these mechanics are clear, AI-supported work becomes easier to govern and easier to scale. Employees no longer have to guess whether intervention is expected. Managers no longer have to reconstruct why a questionable decision moved forward. And the organization gains a more reliable way to combine speed with accountability.

In AI-enabled enterprises, permission is the infrastructure for decision quality at scale.

The first test of AI-enabled work is whether people know when—and feel safe enough—to challenge the output.



Part 2: Practice

Building judgment into everyday work

When AI tools recommend one thing and the human recommends another, what happens? In most organizations, the answer is still, "It depends on who you ask."

Practice is the routines, coaching, and habits that help people use the permission they've been given well. If permission decides who is allowed to act, practice decides whether they know how to act.

The challenge is no longer whether employees can use AI—it's whether they can apply judgment consistently when AI outputs arrive incomplete, uncertain, or simply wrong.

Practice is what makes that judgment scale: the routines and managerial habits that help people make sense of what AI is telling them, catch the thing that doesn't add up, and know when to proceed, slow down, double-check, override, or escalate. And it is exactly the muscle most organizations haven't built.

The job is changing. Preparation isn't keeping up.

Over the next three years, executives expect AI to push deeper into daily work—which means more tasks arriving with AI suggestions attached, sometimes with thin context, sometimes in situations the model was never trained to handle. As that happens, the manager's job quietly shifts from overseeing execution to overseeing interpretation. When a service rep gets an AI recommendation to waive a fee, or a loan officer sees an approval that feels off, the manager's role is to coach the judgment call: Does this hold up? What is the model missing? When should you override it?

Top performers

85% require documented rationale for AI override decisions.

52% strongly agree that AI literacy is embedded in leadership development.

83% experience measurable productivity gains from human-AI collaboration practices.

"AI adoption is less about teaching teams to use new tools and more about changing the way teams think about how they work and how they can work differently."

Adrian Lang
Chief People and Legal Officer, Staples Canada

Transition is arriving fast. Today, only 27% of employees say their managers focus primarily on coaching and strategic judgment. This increases to 45% by 2028—an 18-point jump in two and a half years, one of the steepest role transitions in our dataset. Employees feel the same ground moving: more than half say they feel fully prepared to avoid mistakes when using AI tools, and 52% say people fail to challenge AI outputs when they should. The pressure lands on both sides of the relationship—managers asked to coach judgment at scale, employees still learning to exercise it.

This is also where culture is quietly decided. Employees don't experience AI as a strategy; they experience it as a changing job. Tasks disappear. New expectations appear. More decisions arrive with a machine's recommendation already attached. Organizations that explain those shifts build trust. Organizations that leave people to decode them alone manufacture uncertainty instead—and uncertainty, repeated daily, becomes the culture.

The new evaluation challenge: Measuring human-AI performance

Managers are losing visibility into three dimensions of performance at once: what people produce, how they think, and how they exercise accountability (see Figure 3 on page 14). The old signals—effort, expertise, output—get harder to read when a model contributes to the work. Did the employee add real value, or just accept what the AI handed over? Did they catch the error, or miss it? Without a clearer way to evaluate human-AI performance, managers can't coach what they can't see.

Ninety-three percent of executives say AI-enabled work has made performance significantly harder to evaluate. Weak evaluation warps incentives, obscures accountability, and makes it nearly impossible to identify—let alone scale—the behaviors that produce reliable results. Moving beyond measuring activity to measuring outcomes and strategic impact becomes more important than ever in human-AI work.

"Humans aren't perfect—error is part of the human system. The difference is perception. People's tolerance for human error is very different from their tolerance for machine error."

Jacek Olczak
Group CEO, PMI Switzerland

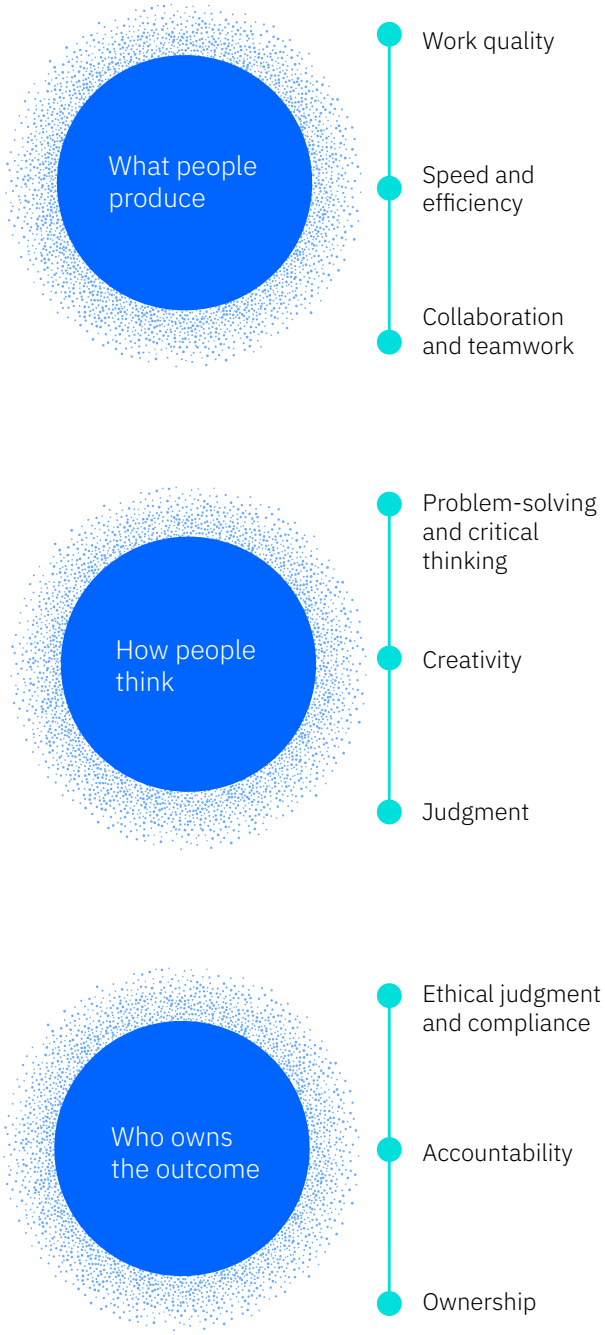
And the investment pattern compounds the problem. Executives prioritize building employee trust, ethical AI design, and leadership development. Yet they rank lowest the two investments that would most help managers evaluate AI-enabled work—equipping frontline and mid-level managers to coach human-AI performance, and redesigning workflows to clarify what good looks like. Organizations are funding high-level ambitions and starving the capability managers need most.

Organizations that close this gap don't assume people will fall back on common sense. They codify judgment in concrete scenarios—shared reference points that show what a strong decision looks like, where the escalation threshold sits, and when intervention is expected. Examples become routines. Routines become habits. Habits become the way the work is done.

There's reason for optimism: nearly 70% of managers report at least moderate confidence in evaluating human-AI work. The raw instinct is there. What's missing is the tooling, guidance, and organizational backing to apply it consistently. Because in an AI-enabled organization, good judgment can no longer be an individual talent that some people happen to have. It has to become a capability the organization can count on.

FIGURE 3

Managers are losing visibility in three major dimensions of performance



"At the C-suite level, it's about capital allocation and resource allocation. There's going to be far less of a boundary between human resource and technology resource. It's going to be more of a sliding scale."

Robin Chiang
Chief Growth Officer, OpenTable

Case study

IBM redesigned the work, not just the tools[1]

IBM's AI transformation began by treating the company as its own proving ground—acting as "client zero" to test, learn, and scale what works. Leaders took a disciplined, science-led approach, breaking the enterprise into 490 workflows and identifying 70 processes for redesign based on where AI could deliver the greatest impact.

The effort is intentionally focused on work, not technology alone. Rather than pursuing isolated use cases, IBM examined how work moved through the organization and where AI could be applied to improve performance at scale. This required ownership at the workflow level, with teams accountable for rethinking how outcomes are delivered—not simply layering technology onto existing processes.

Equally important is an emphasis on openness—embedding AI into everyday workflows in ways that augment employees, encourage adoption, and enable continuous feedback and improvement across the enterprise.

The result has been $4.5 billion in productivity impact. More importantly, the effort demonstrates that capturing value from AI requires more than deploying new tools. It requires rethinking the workflows through which work gets done—combining data-driven decisions, rapid scaling, clear accountability, and open ways of working to unlock enterprise value.

IBM's edge wasn't the technology alone—it was rebuilding how the work actually gets done. The company used science to find its highest-impact workflows, gave teams ownership of the redesign, and scaled what worked into $4.5B in value.

Part 3: Proof

Rewarding the behaviors that shape culture

Proof is the reinforcement system of the enterprise—the signals employees absorb from what gets measured, tolerated, corrected, and rewarded.

Even when authority is clear and judgment is well supported, one question still drives behavior more powerfully than any policy: What actually matters here?

Employees rarely answer that question by reading a handbook. They answer it by watching. They watch what happens to the colleague who flagged a flawed AI recommendation and delayed a launch—thanked or quietly sidelined? They notice whether the team that hit its numbers by rubber-stamping AI outputs collected the bonus, while the team that caught costly errors through careful review got a lecture about velocity. They see who gets promoted: the leader who moved fast and broke things, or the one who built something reliable and repeatable.

That is proof at work. In AI-enabled organizations, culture doesn't take shape in the town hall; it takes shape in these daily signals. A company can publish the most thoughtful AI guidelines ever written, but if the incentive system rewards speed over accuracy and efficiency over appropriate skepticism, that is the behavior that scales. Proof is what converts stated values into actual habits—or quietly exposes the gap between them.

What gets rewarded: usage. What gets lost: judgment.

Most organizations are still far better at rewarding speed and adoption than at rewarding sound judgment and well-placed skepticism. Eighty-one percent of executives say their organizations reward employees for building AI-related skills. Far fewer reward the people who question AI outputs when something seems off (64%) or who surface and correct AI-related problems (65%).

Top performers

81% reward employees for appropriately questioning AI outputs.

79% reward employees who escalate—surfacing and correcting AI issues.

21% more have organizational change outcomes explicitly tied to financial KPIs, compared to others.

> "Humans remain essential for judgment calls. AI augments expertise rather than replacing it."
>
> **Andrew Anagnost**
> President and CEO, Autodesk

This message may be unintentional, but employees hear it clearly: use the tool, use it often, use it fast. The signal that goes missing is the one that matters most: use it wisely. And employees will always follow the louder signal.

This is the quiet risk. Organizations tend to assume people will instinctively apply good judgment when an AI recommendation looks questionable. In reality, judgment becomes reliable only when leaders define what it looks like and reinforce it consistently. When promotions and praise flow to whoever automates fastest, employees learn that speed outweighs discernment—and that lesson reshapes the risk profile of every AI-enabled workflow. Culture shifts long before policy notices.

Right now, the signals are blurry

Employees say the performance signals are already getting harder to read. Fifty percent say AI makes it harder to receive fair credit for their work. Set alongside the earlier findings on preparedness and challenge, a broader concern comes into focus: many people are still working out how contribution, judgment, and accountability get evaluated once AI is part of the job.

That uncertainty is consequential, because people rarely optimize for what leaders intend. They optimize for what appears to be rewarded. When expectations are unclear, employees go looking for clues—which behaviors earn recognition, which ones advance careers, which ones leaders celebrate out loud. That is not a side effect of culture. That is how culture forms.

50% of employees say AI makes it harder to receive fair credit for their work.

Reward the great catch

Organizations further along in AI transformation grasp this instinctively. They recognize the engineer who halts a flawed model release. The representative who spots a recurring bias pattern. The manager who slows a launch long enough to investigate an anomaly. None of these moves maximizes short-term throughput; all of them protect long-term performance.

Effective leaders make those moments visible. They celebrate the great catch, not just the fast launch. They treat responsible intervention as evidence of performance rather than resistance to progress—because whatever an organization rewards is what it ultimately scales.

Trust is what makes the signal credible

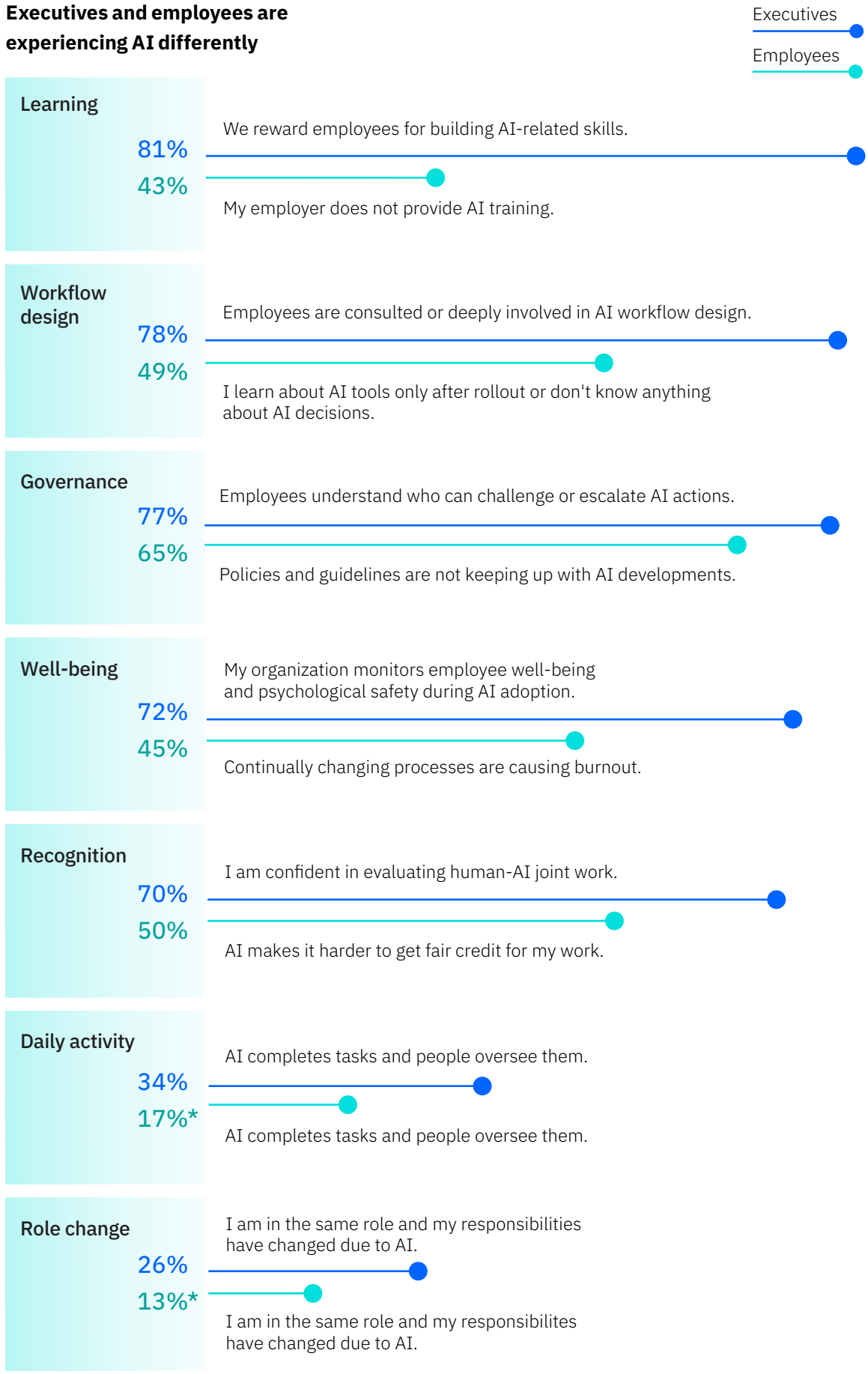
Rewards matter. But leadership credibility decides whether anyone believes them. Among organizations most successful at AI-related change, 74% say employees trust leadership's guidance on AI transformation. Among everyone else, just 49% do. Those same high-trust organizations are far more likely to cite visible change leadership—leaders repeatedly modeling the behavior they're asking for—as a driver of adoption.

This distinction matters because employees watch closely at exactly the moments AI creates friction. Do leaders back the employee who questioned the output? Do they support the manager who escalated a concern? Do they reward judgment even when it slows a decision down for the right reason? Those moments become proof. And proof is what turns a principle into a norm.

In AI-enabled enterprises, the three reinforce one another in sequence: permission makes challenge possible, practice makes judgment repeatable, and proof determines whether either one survives contact with reality.

FIGURE 4

Executives and employees are experiencing AI differently



**Entry-level employees*

Case study

The human operating model in action: Tahto's gains in engagement and efficiency[2]

Tahto, a Brazilian customer experience and business process outsourcing provider, confronted a challenge increasingly common in AI-enabled workplaces: how to raise productivity while preserving the empathy that defines frontline service. Operating in fast-paced contact center environments, the company needed a clearer way to understand performance, support employee motivation, and streamline operations—without diminishing the human connection that drives customer satisfaction.

By examining how work actually moved through the organization, Tahto analyzed 112 performance indicators across more than 200 activities. This allowed leaders to translate fragmented data into shared insight and define role-specific goals, responsibilities, and competencies. Integrated into Tahto's internal platforms, these insights enabled personalized development paths, gamified experiences, and targeted actions that strengthened engagement rather than pressure. Operational processes were redesigned and simplified, dropping from 40 to just five, giving agents more room to deliver the empathetic, attentive service that anchors customer trust.

The results reflect a broader pattern seen across AI-enabled enterprises: when clarity and motivation improve together, performance follows. Tahto achieved a 10% increase in employee satisfaction, a 5% lift in productivity, and $2.7 million in cost reduction—showing that investing in people, not just tools, generates durable gains in both morale and efficiency.

Operational processes were redesigned and simplified, dropping from 40 to just five.

Action guide

AI adoption is exposing weaknesses in how organizations make decisions, scale judgment, and reinforce behavior—weaknesses that were always there but can no longer be ignored. Redesigning the human operating model makes work more intentional, consistent, and accountable, building trust in day-to-day operations while shaping a stronger culture.

Strategy leaders

Introduce leadership reviews focused specifically on AI-driven decision patterns, not model performance.	This view enables executives to manage the system rather than the tool. This keeps leaders anchored on how AI is shaping real work, not just how the technology is scoring. Executives point to the top two things getting in the way of good AI-related decisions: weak oversight and not enough leadership direction. Strategic reviews can help address both of these issues.
Require every major AI-affected domain (e.g., products, operations, HR, finance) to produce a single decision-authority map.	Define what's automated, what requires human judgment, and when escalation or override is mandatory. This can be a point of differentiation for forward-thinking organizations. Why? Because only 32% of enterprises expect codified decision rights for human-AI work to be present in a mature 2028 organization. A decision-authority map can help get organizations there sooner.
Enforce decision rights through policy and governance agents.	In more than two-thirds of organizations (68%), unclear decision rights are already slowing AI adoption. Reinforcing them via agents can help reverse that trend.

Operations leaders

Embed judgment checkpoints and pause points into workflow orchestration tools and AI decision assistants.	Seven in 10 executives say AI-related execution issues have increased over the past year. Deliberately inserting checkpoints and brief pauses allows leaders and teams to catch those issues before they multiply.
Classify AI decisions by risk and consequence.	Assign required human involvement levels to each class. Prioritize the most critical AI-embedded workflows.
Define the core performance metrics that capture the business value of AI-supported work.	Place them directly on the dashboards used to run the operation, not on separate AI scorecards. Success today is measured most by adoption/usage rates (27%) and productivity gains (26%). Only 21% measure business performance outcomes and just 6% measure customer/citizen outcomes. These numbers indicate most organizations are still utilizing tool-level scorecards instead of those focused on business outcomes.

People leaders

Use scenario simulations and sandbox environments to rehearse good judgment.	Publish exemplars through knowledge management systems so teams can emulate what “good” looks like: interpretation, escalation, exceptions, and judgment calls.
Treat major AI-enabled workflow change as a people adoption challenge.	Define exactly what employees need to know, be able to do, and feel confident about before the new workflow can perform as designed. Then build a structured adoption plan that tests for those conditions, trust, clarity, and capability, before scaling the change.
Update performance management systems to reward learning, appropriate escalation, and responsible challenge.	This aligns incentives with judgment. One-third of organizations have not formally reviewed performance accountability and success measures to incorporate the role of AI.

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Matt Candy is Global Managing Partner and Service Line Leader for Strategy & Transformation at IBM Consulting, and a member of its Global Leadership Team. He leads IBM Consulting's strategy, transformation, and AI-powered business reinvention capabilities, working with clients across industries to redesign operating models, accelerate enterprise transformation, and drive sustainable growth.

With more than 27 years of consulting experience at PwC and IBM, Matt has led complex digital and multichannel transformation engagements across industries. His previous roles include Global Managing Partner for Generative AI and Global Managing Partner of IBM Interactive Experience, IBM Consulting's digital agency and customer experience group. He is a leading voice on the role of design in business transformation, and on the intersection of creativity, technology, and AI-led reinvention.

Neil Dhar

Senior Vice President, Americas
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Neil Dhar is Senior Vice President of the Americas for IBM Consulting. He is a recognized thought leader on business transformation and value creation. Neil engages with clients on the opportunities and challenges presented by technological disruption, evolving workforce models, and changing economic conditions.

Throughout his career, he has advised CEOs, investors and senior C-suite executives on growth, transformation, value creation, and large-scale organizational change. With more than three decades of consulting and advisory experience, Neil has held senior leadership roles focused on growth, client relationships, and enterprise transformation. Prior to joining IBM, he spent 30 years at PwC, where he served in several executive leadership positions.

Stephen Kelly

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Stephen Kelly is Chief HR Officer for IBM Consulting. He focuses on helping the business build the talent, leadership, and culture needed to drive performance in an AI-enabled world, with a growing emphasis on integrating human and digital labor across the talent lifecycle.

With nearly 30 years of experience across Europe and the United States, Stephen has held senior HR leadership roles across major global organizations, including Avanade, Logica, the BBC, and British Telecom. Throughout his career, he has focused on aligning brand, technology, and people to build high-performing, inclusive workplaces and deliver exceptional client experiences. He is a strong voice on the role of culture, learning, and leadership in helping organizations navigate transformation and sustain long-term performance.

Monica Logan

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Monica Logan is Enterprise Operations Leader for IBM Consulting, where she leads the firm's evolution toward an AI-enabled enterprise through large-scale transformation initiatives that improve performance, enable growth, and embed new ways of working. She is recognized for uniting global teams to tackle complex enterprise challenges and drive measurable client and business outcomes at scale.

Previously, Monica was a Senior Partner in Business Transformation Services within IBM Consulting, where she helped shape strategic planning, incubate new business areas, advance quality initiatives, and strengthen data-driven business management. With more than 20 years of consulting experience, she works at the intersection of strategy, business design, technology, and enterprise transformation. She plays a leadership role on IBM's Culture Amplification Team, a senior leadership group driving culture change and new ways of working to accelerate growth.

Cathy Fillare

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Cathy Fillare is Global Research Leader for Talent Transformation at the IBM Institute for Business Value. She leads thought leadership on how AI is reshaping the human operating model, helping senior leaders redesign how decisions are made, work gets done, and organizations adapt to sustained change in an AI-enabled enterprise.

With more than 25 years of experience spanning strategy consulting, talent, learning, and workforce transformation, Cathy brings deep expertise in organizational change, leadership, culture, and skills development. Her work focuses on helping organizations translate technological disruption into new ways of working, stronger workforce capabilities, and measurable business outcomes.

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Methodology

This research is grounded in a multi-layered study design with the analytic plan developed by the IBM Institute for Business Value (IBV) Analytics Hub to examine how organizations operationalize AI—and how the human system surrounding AI, including leadership, governance, and employee behavior, influences performance outcomes.

The analysis brings together insights from two complementary global surveys conducted in the first half of 2026: an executive survey on AI operating models and governance, and an employee survey focused on adoption, experience, and behavioral dynamics across the workforce.

Executive survey
The executive survey, conducted in partnership with Oxford Economics, includes responses from 1,000 senior leaders with responsibility for AI, data, technology, or related enterprise capabilities. Respondents represent organizations across 14 geographies and 21 industries. A structured sampling methodology was used, with quotas applied by geography and industry to support broad representation. All respondents were screened to ensure direct involvement in AI-related decision-making.

Employee survey
The employee survey, conducted in partnership with SurveyMonkey, includes responses from more than 8,400 employees worldwide. The survey was designed to capture workforce-level perspectives on AI adoption, experience, and organizational culture.

Respondents were full-time employees with at least a basic awareness of AI and reflected a mix of roles, industries, organization sizes, and geographies. The survey explored work experience, organizational culture, AI usage, and perceptions of AI's impact, providing a behavior view of how AI transformation is experienced in practice.

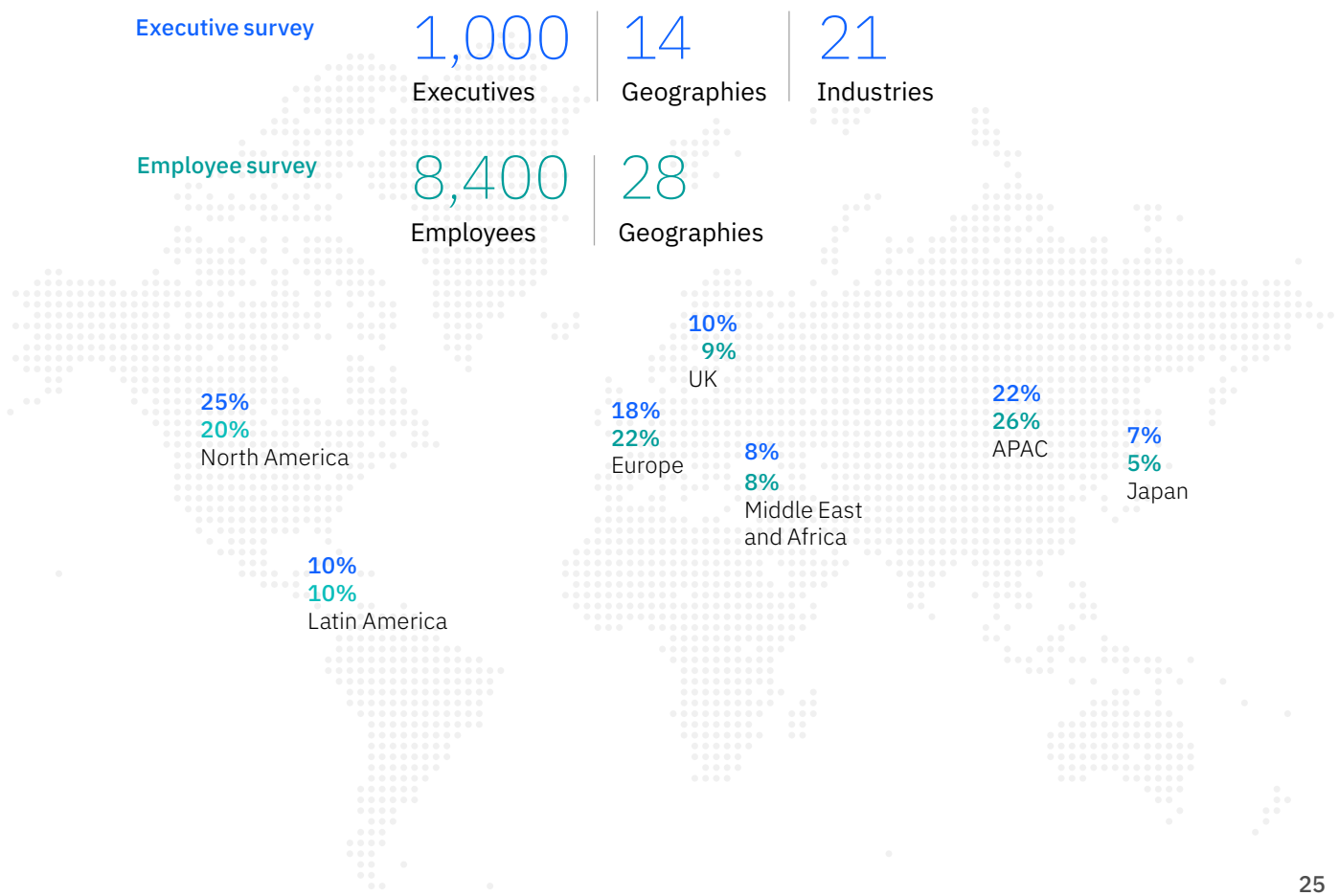
Analytical approach
Value realization analysis
The study's analytical centerpiece is a value realization comparison grounded in the human operating model for AI (see Figure 2). The model positions organizational culture as the foundation, three building blocks (Permission, Practice, Proof) as the operating layer, and financial performance as the outcome.

To quantify value realization, we identified organizations that have progressed significantly in their AI-first transformation, specifically those already operating and optimizing AI at scale. Within that group, we compared organizations with moderately or highly effective change capabilities against all other AI-mature organizations. The two groups were then assessed on self-reported financial performance, including current and projected revenue growth and operating margin.

Analytical routes explored

Several complementary analytical routes were explored during the course of the research to deepen understanding of the relationships within the model:

- Descriptive and cross-tabulation analysis was used to establish baseline patterns and compare results across industries, geographies, and transformation maturity levels.
- Composite indices were developed to operationalize each building block: a decision clarity index (Permission), a judgment consistency index (Practice), and a performance reinforcement index (Proof).
- A culture index was constructed from the seven employee-reported dimensions at the base of the model: psychological safety, leadership, fairness, trust and transparency, ethics, AI system reliability, and quality of work. These were combined into a single normalize score reflecting overall organizational culture health.
- Statistical significance testing, including t-tests and ANOVA, was used to assess differences between high- and low-performing groups.
- Mediation analysis was conducted to evaluate the direct and indirect effects of organizational culture on the relationship between AI-first transformation maturity and productivity improvement through human-AI collaboration.



How IBM can help

IBM helps organizations redesign the human operating model for AI-enabled work, redefining how decisions are made, how work flows, and how performance is managed across the enterprise. Grounded by IBM's own "client zero" reinvention and scaled through extensive client experience, this approach has been deployed across hundreds of workflows to clarify decision rights, streamline execution, strengthen governance, and embed accountability into day-to-day operations. As organizations move from experimentation to scaled AI adoption, this operating model becomes critical, enabling human and AI collaboration to drive sustained productivity, accelerate decision velocity, and unlock measurable business value. For more information, please visit ibm.com/consulting/business-transformation

IBM Institute for Business Value

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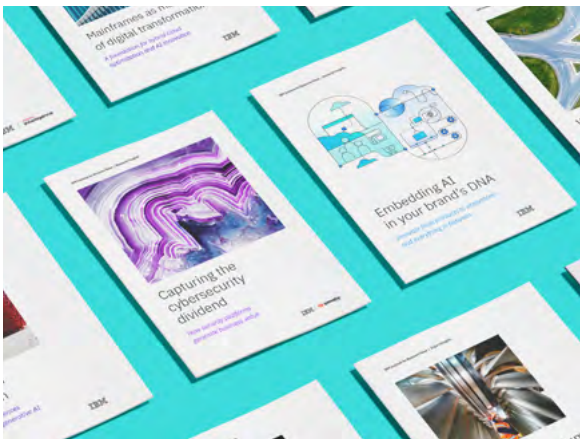
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Notes and sources

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