

As organizations rapidly deploy generative AI tools, survey respondents expect their industries and workforces.

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The latest annual [McKinsey Global Survey](#) on the current state of AI confirms the explosive growth of generative AI (gen AI). Less than a year after many of these tools debuted, one-third of our survey respondents say they use gen AI regularly in at least one business function. Amid recent advances, AI has risen from a topic relegated to the sidelines to a top priority for company leaders: nearly one-quarter of surveyed C-suite executives say they are personally using gen AI, and one-quarter of respondents from companies using AI say gen AI is already on their boards' agendas. Most respondents say their organizations will increase their investment in AI overall because of advances in AI, but these are still early days for managing gen AI-related risks, with less than half of respondents saying they are even the risk they consider most relevant: inaccuracy.

The organizations that have already embedded AI capabilities have been the first to explore gen AI's potential. The organizations that have most value from more traditional AI capabilities—a group we call AI high performers—are already outputting gen AI tools.^[1]

The expected business disruption from gen AI is significant, and respondents predict meaningful changes in the workforce. They anticipate workforce cuts in certain areas and large reskilling efforts to address shifting talent needs. To address these needs and spur the adoption of other AI tools, we see few meaningful increases in organizations' adoption of the tools. The number of organizations adopting any AI tools has held steady since 2022, and adoption remains concentrated in a few functions.

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1. It's early days still, but use of gen AI is already widespread

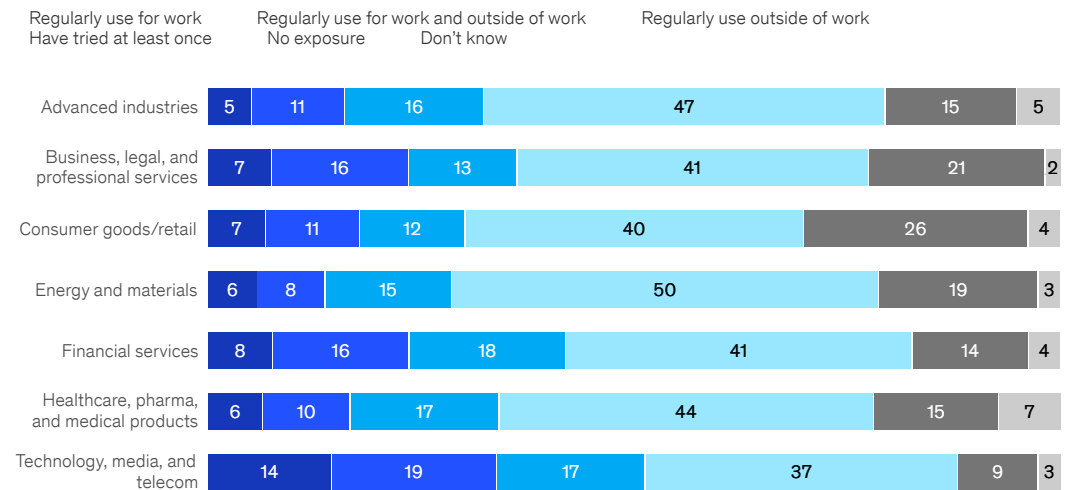
The findings from the survey—which was in the field in mid-April 2023—show that, despite gen AI's nascent experimentation with [the tools](#) is already relatively common, and respondents expect the new capabilities Gen AI has captured interest across the business population: individuals across regions, industries, and seniority levels for work and outside of work. Seventy-nine percent of all respondents say they've had at least some exposure to gen AI, either for work or outside of work, and 22 percent say they are regularly using it in their own work. While reported usage levels, it is highest among respondents working in the technology sector and those in North America.

Interactive

Respondents across regions, industries, and seniority levels say they are already using generative AI tools.

Reported exposure to generative AI tools, % of respondents

Select demographic



Note: Figures may not sum to 100%, because of rounding. In Asia-Pacific, n = 164; in Europe, n = 515; in North America, n = 392; in Greater China (includes Hong Kong and Taiwan), n = 337; and in developing markets (includes India, Latin America, and Middle East and North Africa), n = 276. For advanced industries (includes automotive and assembly, aerospace and defense, advanced electronics, and semiconductors), n = 96; for business, legal, and professional services, n = 215; for consumer goods and retail, n = 128; for energy and materials, n = 96; for financial services, n = 248; for healthcare, pharma, and medical products, n = 130; and for technology, media, and telecom, n = 244. For C-suite respondents, n = 54; for senior managers, n = 437; and for middle managers, n = 339. For respondents born in 1964 or earlier, n = 143; for respondents born between 1965 and 1980, n = 268; and for respondents born between 1981 and 1996, n = 80. Age details were not available for all respondents. For respondents identifying as men, n = 1,025; for respondents identifying as women, n = 156. The survey sample also included respondents who identified as "nonbinary" or "other" but not a large enough number to be statistically meaningful.
Source: McKinsey Global Survey on AI, 1,684 participants at all levels of the organization, April 11–21, 2023

Organizations, too, are now commonly using gen AI. One-third of all respondents say their organizations use generative AI in at least one function—meaning that 60 percent of organizations with reported AI adoption use generative AI, and 40 percent of those reporting AI adoption at their organizations say their companies expect to use generative AI, and 28 percent say generative AI use is already on their board's agenda. The most common functions for using these newer tools are the same as those in which AI use is most common overall: marketing and sales, product development, and service operations, such as customer care and back-office support. This suggests that the most value is in these new tools where the most value is. [In our previous research](#), these three areas, along with software development, have the potential to deliver about 75 percent of the total annual value from generative AI use cases.

Exhibit

In these early days, expectations for gen AI's impact are high: three-quarters of all respondents expect a disruptive change in the nature of their industry's competition in the next three years. Survey respondents in financial-services industries are the most likely to expect disruptive change from gen AI. [Our previous research](#) shows that in industries where gen AI is indeed likely to see some degree of disruption, the level of impact is likely to vary.^[2] Industries such as knowledge work are likely to see more disruption—and potentially reap more value. While our estimates for knowledge-based industries such as banking (up to 5 percent), pharmaceuticals and medical devices, and education (up to 4 percent) could experience significant effects as well. By contrast, manufacturing, aerospace, automotives, and advanced electronics, could experience less disruptive effects. This stands in contrast to previous technology waves that affected manufacturing the most and is due to gen AI's strengths in labor-intensive tasks opposed to those requiring physical labor.

Responses show many organizations not yet addressing risks from gen AI

According to the survey, few companies seem fully prepared for the widespread use of gen AI—or the risks it brings. Just 21 percent of respondents reporting AI adoption say their organizations have established policies for the use of gen AI technologies in their work. And when we asked specifically about the risks of adopting gen AI, 67 percent of companies are mitigating the most commonly cited risk with gen AI: inaccuracy. Respondents cite inaccuracy, cybersecurity and regulatory compliance, which were the most common risks from AI overall in previous years. While they're mitigating inaccuracy, a smaller percentage than the 38 percent who say they mitigate cybersecurity, this figure is significantly lower than the percentage of respondents who reported mitigating AI-related cybersecurity risks. Overall, much as we've seen in previous years, most respondents say their organizations are not addressing the risks of gen AI.

Exhibit

2. Leading companies are already ahead with AI

The survey results show that AI high performers—that is, organizations where respondents say at least 20 percent of their value is attributable to AI use—are going all in on artificial intelligence, both with gen AI and more traditional AI. AI high performers that achieve significant value from AI are already using gen AI in more business functions than other companies, including product and service development and risk and supply chain management. When looking at all AI capabilities, including machine learning capabilities, robotic process automation, and chatbots—AI high performers also are using AI in product and service development, for uses such as product-development-cycle optimization, testing and validation of new products, and creating new AI-based products. These organizations also are using AI more often than other companies for uses within HR such as performance management and organization design and workforce planning.

“AI high performers are much more likely than others to use AI in product and service development.”

Another difference from their peers: high performers' gen AI efforts are less oriented toward cost reduction than other organizations. Respondents from AI high performers are twice as likely as others to say their organization is using AI to create entirely new businesses or sources of revenue—and they're *most* likely to cite the increase in revenue through new AI-based features.

Exhibit

As we've seen [in previous years](#), these high-performing organizations invest much more than others in AI. AI high performers are more than five times more likely than others to say they spend more than 20 percent of their budget on AI. AI high performers also use AI capabilities more broadly throughout the organization. Respondents from high performers are more likely to say that their organizations have adopted AI in four or more business functions and that they have a wide range of AI capabilities. For example, respondents from high performers more often report embedding knowledge management in business function process, in addition to gen AI and related natural-language capabilities.

While AI high performers are not immune to the challenges of capturing value from AI, the results suggest that they are more mature in their AI efforts. While others struggle with the more foundational, strategic elements of AI, high performers most often point to models and tools, such as monitoring model performance in production and retraining models over time, as their top challenge. By comparison, other respondents cite strategy issues, such as lack of vision that is linked with business value or finding sufficient resources.

Exhibit

The findings offer further evidence that even high performers haven't mastered best practices regarding learning-operations (MLOps) approaches, though they are much more likely than others to do so. For respondents at AI high performers report that where possible, their organizations assemble existing c them, but that's a much larger share than the 19 percent of respondents from other organizations who

Many [specialized MLOps technologies and practices](#) may be needed to adopt some of the more trans applications can deliver—and do so as safely as possible. Live-model operations is one such area, wh up instant alerts to enable rapid issue resolution can keep gen AI systems in check. High performers : room to grow: one-quarter of respondents from these organizations say their entire system is monitor alerts, compared with just 12 percent of other respondents.

3. AI-related talent needs shift, and AI's work is expected to be substantial

Our latest survey results show changes in the roles that organizations are filling to support their AI am organizations using AI most often hired data engineers, machine learning engineers, and AI data scier commonly reported hiring in the previous survey. But a much smaller share of respondents report hirir the most-hired role last year—than in the previous survey (28 percent in the latest survey, down from : engineering have recently emerged, as the need for that skill set rises alongside gen AI adoption, with organizations have adopted AI reporting those hires in the past year.

The findings suggest that hiring for AI-related roles remains a challenge but has become somewhat easier over the past year, layoffs at technology companies from late 2022 through the first half of 2023. Smaller shares of respondents than in the previous roles such as AI data scientists, data engineers, and data-visualization specialists, though responses suggest that hiring machine le owners remains as much of a challenge as in the previous year.

Looking ahead to the next three years, respondents predict that the adoption of AI will reshape many roles in the workforce. employees to be reskilled than to be separated. Nearly four in ten respondents reporting AI adoption expect more than 20 percent will be reskilled, whereas 8 percent of respondents say the size of their workforces will decrease by more than 20 percent.

Looking specifically at gen AI's predicted impact, service operations is the only function in which most respondents expect to see their organizations. This finding generally aligns with what [our recent research](#) suggests: while the emergence of gen AI increased worker activities that could be automated (60 to 70 percent, up from 50 percent), this doesn't necessarily translate into the autom:

AI high performers are expected to conduct much higher levels of reskilling than other companies are. Respondents at these companies are more likely than others to say their organizations will reskill more than 30 percent of their workforces over the next three years as a

4. With all eyes on gen AI, AI adoption and use remain steady

While the use of gen AI tools is spreading rapidly, the survey data doesn't show that these newer tools have driven a significant increase in overall AI adoption. The share of organizations that have adopted AI overall remains steady, at least for respondents reporting that their organizations have adopted AI. Less than a third of respondents continue to have adopted AI in more than one business function, suggesting that AI use remains limited in scope. Manufacturing and service operations continue to be the two business functions in which respondents most often report AI use, consistent with previous four surveys. And overall, just 23 percent of respondents say at least 5 percent of their organizational revenue is attributable to their use of AI—essentially flat with the previous survey—suggesting there is much more work to be done.

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Organizations continue to see returns in the business areas in which they are using AI, and they plan to continue to invest in AI ahead. We see a majority of respondents reporting AI-related revenue increases within each business area. More than two-thirds expect their organizations to increase their AI investment over the next 12 months.

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About the research

The online survey was in the field April 11 to 21, 2023, and garnered responses from 1,684 participants across 100 countries, 15 regions, 15 industries, company sizes, functional specialties, and tenures. Of those respondents, 913 said their organizations use AI in at least one function and were asked questions about their organizations' AI use. To adjust for differences in population size, responses are weighted by the contribution of each respondent's nation to global GDP.

1. We define AI high performers as organizations that, according to respondents, attribute at least 20 percent of their EBIT to AI.
2. "The economic potential of generative AI: The next productivity frontier," McKinsey, June 14, 2023.

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