

The benefits of getting it right

The application of AI for building better organizations holds promise, particularly when companies manage AI with practical, ethical, and risk-related concerns in mind.

First, McKinsey surveys show a strong impact of AI on efficiency.⁴ Companies that have seen the biggest bottom-line returns from applied AI—those that attribute at least 20 percent of EBIT to their use of AI—are more likely to have set themselves up for success by aligning AI and business strategies. Moreover, the share of respondents in those surveys reporting at least 5 percent of EBIT attributable to AI have remained comparable year over year (27 percent in the most recent survey results; 27 percent and 22 percent in the two prior years' results, respectively).

Second, AI amplifies talent. It helps business leaders improve the speed and efficiency of candidate hiring, make their resource deployment more effective, increase the personalization of capability development, and improve employee experience and engagement. In line with that, McKinsey research shows that organizations with strong use of people analytics see an 80 percent increase in recruiting efficiency, a 25 percent rise in business productivity, and a 50 percent decrease in attrition rates.⁵

Third, applied AI (machine learning, in particular) can help organizations perform with speed and precision, thereby improving resilience. Individual and team decision making can be pushed to the edges of the organization, removing obstacles to action, responding to market needs faster, and accounting for factors such as human bias and politics. This translates into quantifiable, organizational impact.

Issues to address

AI deployment brings a number of challenges, many of which build on the issues that companies may already be facing with digital deployment.

One common challenge is resistance to change. Some employees may be wary of a class of technology that can be abused or exploited if proper guardrails and privacy protections aren't set—or which could result in losing their jobs.

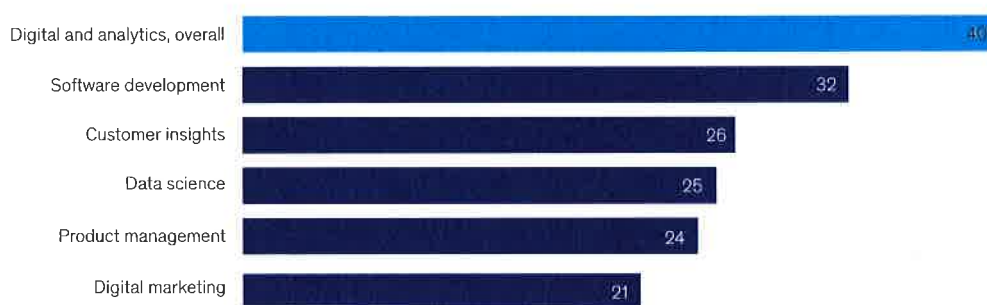
Another common challenge to implementing AI is the lack of talent and capabilities needed to drive technological change (Exhibit 6). The required digital and analytical skills include software development, customer insights, and data science.

A third common challenge is AI-related risks and ethical concerns. In the 2022 McKinsey Global Survey on Digital Trust, 55 percent of respondents report incidents in which active AI had produced

Exhibit 6

Survey respondents report existing or impending capability gaps in technology-oriented roles.

Technology capability gaps, by role, % of respondents (n = 489)¹



All respondents were asked to select the top 3 trends for their organizations. For these data, an additional question was posed to respondents: For which roles are you about to face or already facing capability gaps? The response options displayed are the top options selected, have the largest gaps compared with other roles, and represent a sufficient number of responses to be meaningful.
Source: McKinsey State of Organizations Survey, >2,500 leaders in organizations with ≥1,000 employees across industries in Canada, China, France, Germany, India, Japan, Spain, UK, and US, May–June 2022