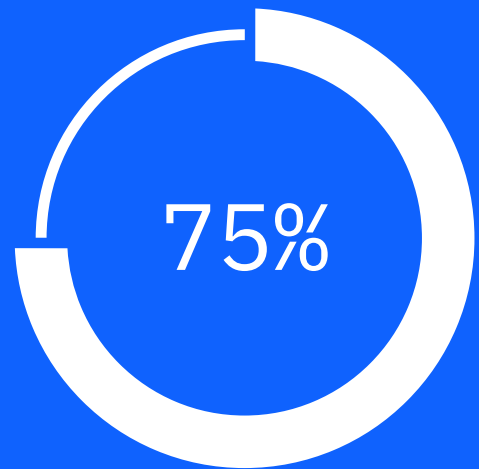


Leadership in the age of AI

New IBM study explores how
leadership is transforming
as UK businesses embrace
generative AI

79%

79% of UK business leaders have already deployed generative AI or intend to deploy it within the next year



97% of UK leaders are actively engaged in shaping new ethical and governance frameworks

75% of UK leaders are planning to **join discussions** with peers or **collaborate with policymakers** on AI regulation

However, while **93% of UK leaders** surveyed said they have a good understanding of the regulatory context around generative AI, **only 50% said they were clear on what it meant** for their business – **amongst the lowest in Europe**

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Foreword

Dr Nicola Hodson
IBM, CEO, UK and Ireland

Over the last twelve months, generative AI has experienced a meteoric rise in popularity.

Heralded as a transformative tool to drive insights, reduce costs, and improve operational efficiencies, it is not surprising that business leaders are acting swiftly to embrace it.

Yet, as executives across the UK and Europe seek to embrace AI, businesses must also navigate the evolving regulatory and ethical landscape surrounding the technology. This poses a crucial question for leaders: what does leadership in the age of AI truly entail and how are leadership roles transforming?

IBM's latest research shows a real sense of opportunity in boardrooms across Europe. In the UK, business leaders are enthusiastically making generative AI deployment a top priority for 2024.

In the UK, almost 80% of business leaders have already deployed generative AI or intend to in the next year, demonstrating just how rapidly this revolution is taking place. The research revealed that the UK was the only country to recognise enhancing the customer experience as the most important benefit of generative AI within their



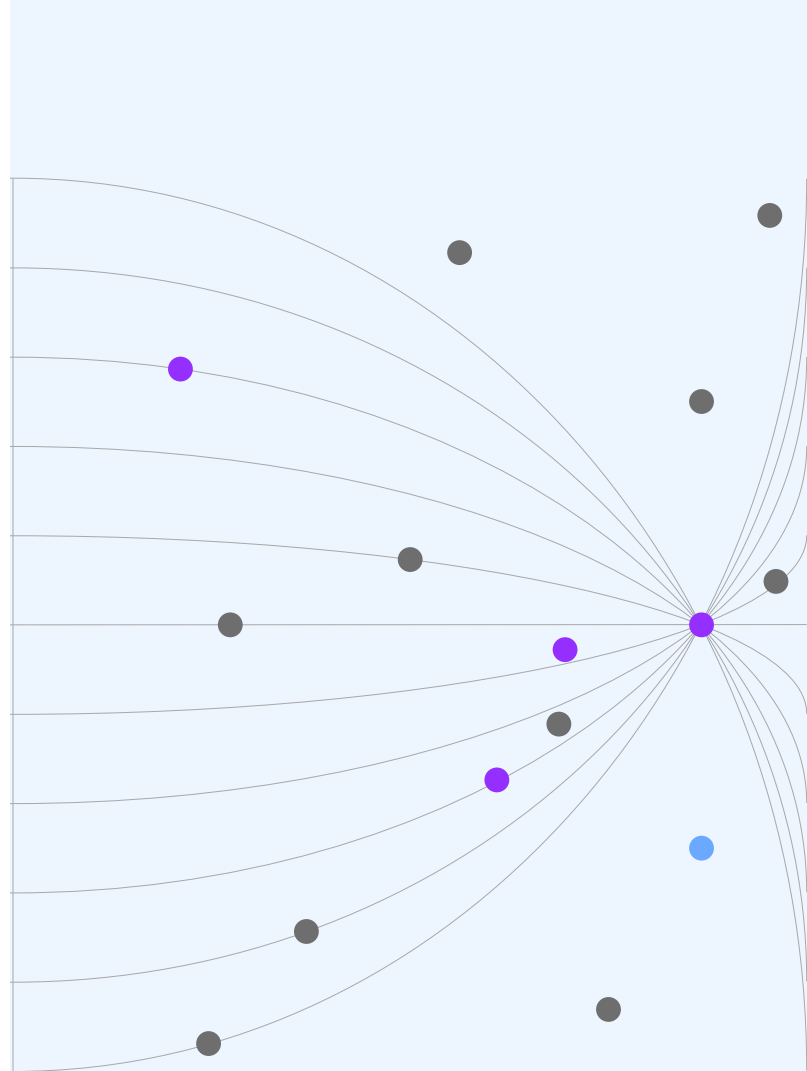
business, indicating the kind of deployments that are taking priority at this early stage.

Our study also provided insights into how UK business leaders are responding to the challenges presented by generative AI, as the technology's transformation of business sparks new debates around governance and ethics.

Alongside their jobs to drive commercial value, business leaders have a duty to lead the generative AI revolution responsibly – embedding trust, transparency and explainability into every step of their adoption. This puts new demands on business leaders who face pressure to deploy rapidly from multiple internal and external stakeholders.

Our research shows that UK business leaders are highly engaged on the issue of AI governance, but there are still key issues that need to be addressed, including a lack of understanding of how the current regulatory environment relates to their business. As organisations embark on their generative AI journeys, business leaders must be equipped with the right skills and knowledge to deploy AI responsibly and ensuring that AI governance is being woven into the fabric of existing risk and ethical frameworks is key.

Generative AI is poised to be a once-in-a-generation business opportunity and leaders are responding quickly to the fast-moving developments. Taking the right approach to leadership in this new era will be vital for success, with far-reaching benefits – on business value, people, and society as a whole.

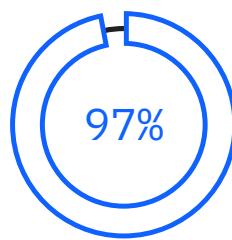


Introduction

The rise of generative AI in 2023 has been nothing short of remarkable. As the technology went mainstream in the consumer market, progressive senior leaders were quick to respond, seeking to secure their place in the emerging transformation.

It is a safe bet that 2024 will be the year businesses follow en masse, and pressure to make the right calls and lead appropriately is being felt across the C-Suite.

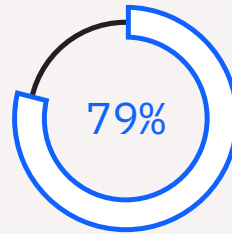
A new European study from IBM of 1,600+ senior business leaders revealed the extent of this shift, with 97% of UK respondents who have deployed or will deploy generative AI actively engaged in shaping new ethical and governance frameworks.



97% of UK executives are actively engaged in shaping ethical and governance frameworks for their AI deployment

As executives across Europe seek to untap the potential of AI while navigating growing concerns and an evolving regulatory and ethics landscape, what does leadership in the age of AI truly entail?

Benefits and challenges to deployment



79% of UK business leaders have already deployed generative AI within their organisation, or plan to deploy it within the next year

According to the study, 79% of UK business leaders have already deployed generative AI within their organisation, or plan to deploy it within the next year.

They also informed us that internally, board members were the strongest advocates for adoption, whilst externally, they felt the biggest driver was competitors.

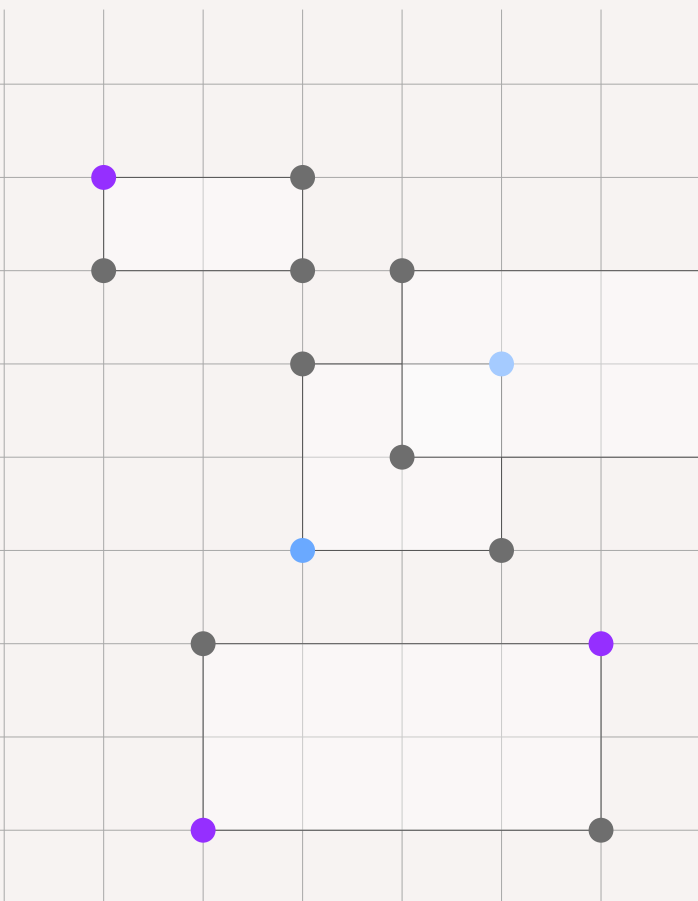
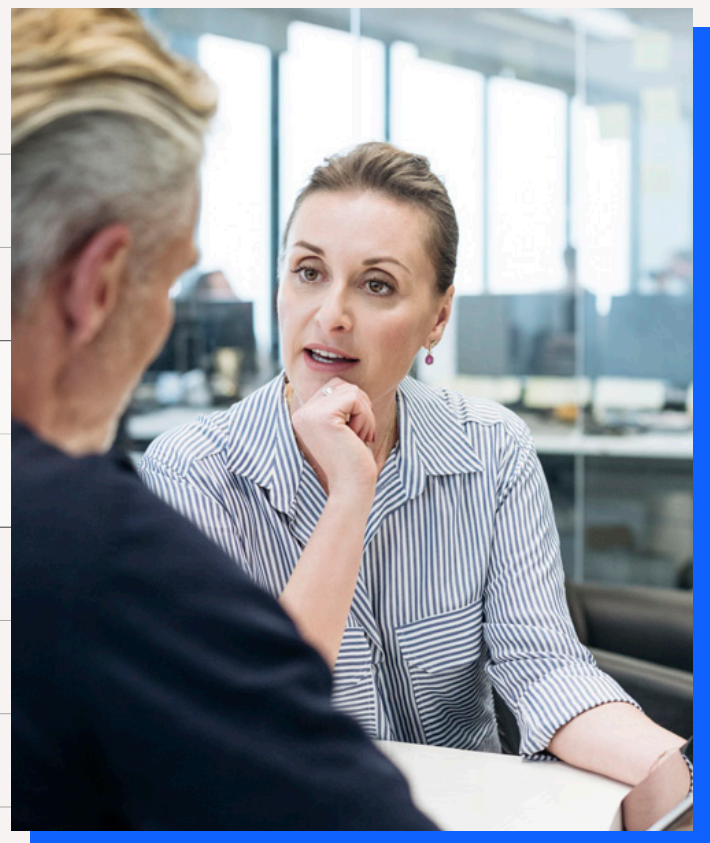
In the UK, this growing anticipation stems primarily from a desire to enhance customer experience in their organisation (50%). This is followed by the desire to modernise and improve operational efficiency (44%) - using

1. Inverse percentage of 'I do not think it will help me make better leadership decisions'.

AI to automate routine processes and free up employees to take on higher value work while helping foster innovation - and to boost sales and revenue (39%).

When it came to the challenges of deploying generative AI, UK respondents identified cost as the top challenge to deployment, followed by the pressure to hire specialist talent.

Respondents were virtually unanimous (93%) on the potential of generative AI to power better leadership decisions.¹



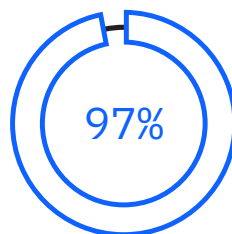
“This new research from IBM suggests there’s a lot of interest from UK organisations in how generative AI can benefit them and the people they serve.

In the NHS, our top priority is delivering the highest standard of care to our patients and supporting the well-being of our hardworking professionals. Advances in Artificial Intelligence, including generative AI, are opening up new ways for us to do this more effectively than ever before, such as the AI-powered virtual assistants helping our HR teams to reduce their admin burden and allocate more time to helping colleagues solve problems.”

**Asif Shah, People Services Digital Lead,
East and North Hertfordshire, NHS Trust**



Taking the lead on transparency and ethics



(97%) of those who have deployed or plan to deploy generative AI told us they are making solid progress on governance

While policy makers across Europe develop AI policy frameworks, business leaders themselves need to take ownership and responsibility for key governance issues. Consistent with the European average, 38% of UK respondents cite security implications (including privacy and surveillance) as the most fundamental to responsible AI.

Data security and privacy should indeed be a top priority and it is important for business leaders to understand the positive role AI can play in security when deployed responsibly. IBM's Global 2023 Cost of Data Breach Report revealed that using AI for

“The only way for leaders to approach AI responsibly is governance-first.”

Bola Rotibi, Chief of Enterprise Research, CCS Insight

security can have a significant impact on reducing breach cycles – an important factor for business leaders to consider as they prioritise areas for AI deployment.²

Promisingly, UK executives understand what is at stake, and are not taking the responsibility lightly.

Almost all (97%) of those who have deployed or plan to deploy generative AI told us they are making solid progress on governance, with the development of impact assessments (49%) and implementation of governance frameworks (35%) as the two top actions taken. The UK is, however, lagging behind the rest of Europe on the development of AI ethics boards with only 29% of respondents making progress in this area.

2. [Cost of a Data Breach Report](#) - IBM, 2023





“There’s an abundance of opportunity for businesses that can make early gains with generative AI, but in order for customers, regulators and other stakeholders to be able to trust the outputs of AI models, having the right governance framework in place is going to be critical.”

Paul Weller, Head of New Customer Propositions & Conversational AI, Natwest

Maintaining focus on continuous skills development

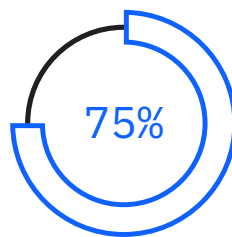
The availability of AI skills was also revealed to be an issue in UK, with less than two thirds of respondents (61%) believing their workforce had the right skills to adopt generative AI.

Consequently, improving AI skills proved to be a key priority, with 93% of UK leaders saying they were taking steps to ensure they have the right AI skills in their organisations.³

Here, respondents rank upskilling their existing workforce just ahead of recruiting new specialist talent and partnering with educational institutions. The emphasis on reskilling is reflected in a recent study from the IBM Institute of Business Value (IBV), *Augmented work for an automated, AI-driven world*, in which UK executives estimate that 41% of their workforce will need to reskill as a result of implementing AI and automation over the next three years.⁴

In terms of their own learning and development, meanwhile, UK leaders are actively engaged in growing their own knowledge of the regulatory and compliance landscape (45%), generative AI technology (43%), and the ethical implications (43%).

Beyond doing their homework, they are also assuming proactive accountability to



75% of leaders are planning to join discussions with peers or collaborate with policymakers on AI regulation

“Improving AI and gen AI skills by investing in accessible training programs and seeking experienced support will ensure that both technologies are used effectively across the organisation.”

Bola Rotibi, Chief of Enterprise Research, CCS Insight

establish the guardrails: 75% of UK leaders are planning to join discussions with peers or collaborate with policymakers on AI regulation.

Despite these promising conversations, however, we still have a way to go. Even though 93% of respondents claim to have a good understanding of the regulatory context, a far smaller proportion (50%) felt clear about what it means for their business.⁵ This was one of the lowest across Europe, indicating the UK respondents feel less informed than their European counterparts.

3. Inverse percentage of ‘We are not taking currently steps to address this’.

4. [Augmented work for an automated, AI-driven world](#) - IBM Institute of Business Value, 2023

5. ‘Yes – I have a good understand of the regulation landscape and how it affects my business’ and ‘Yes - I have a good understanding of the regulation landscape but do not know what the implication on my business will be’ answers combined.

In leaders we trust

These are all key issues that need to be addressed for European countries to fully realise the potential of generative AI – predicted to add between \$2.7 trillion - \$4.4 trillion annually to the global economy.⁶

And with almost 80% of UK business leaders having already deployed it, or planning to within the next year, the stage is set for 2024 to be a significant year for generative AI in the UK.

While no organisation wants to be left behind, in the eyes of their customers, investors, employees, and peers there is a license required to operate this exciting new technology - trust. The age of AI calls for ethical and responsible leadership, instilling good governance into every action taken.

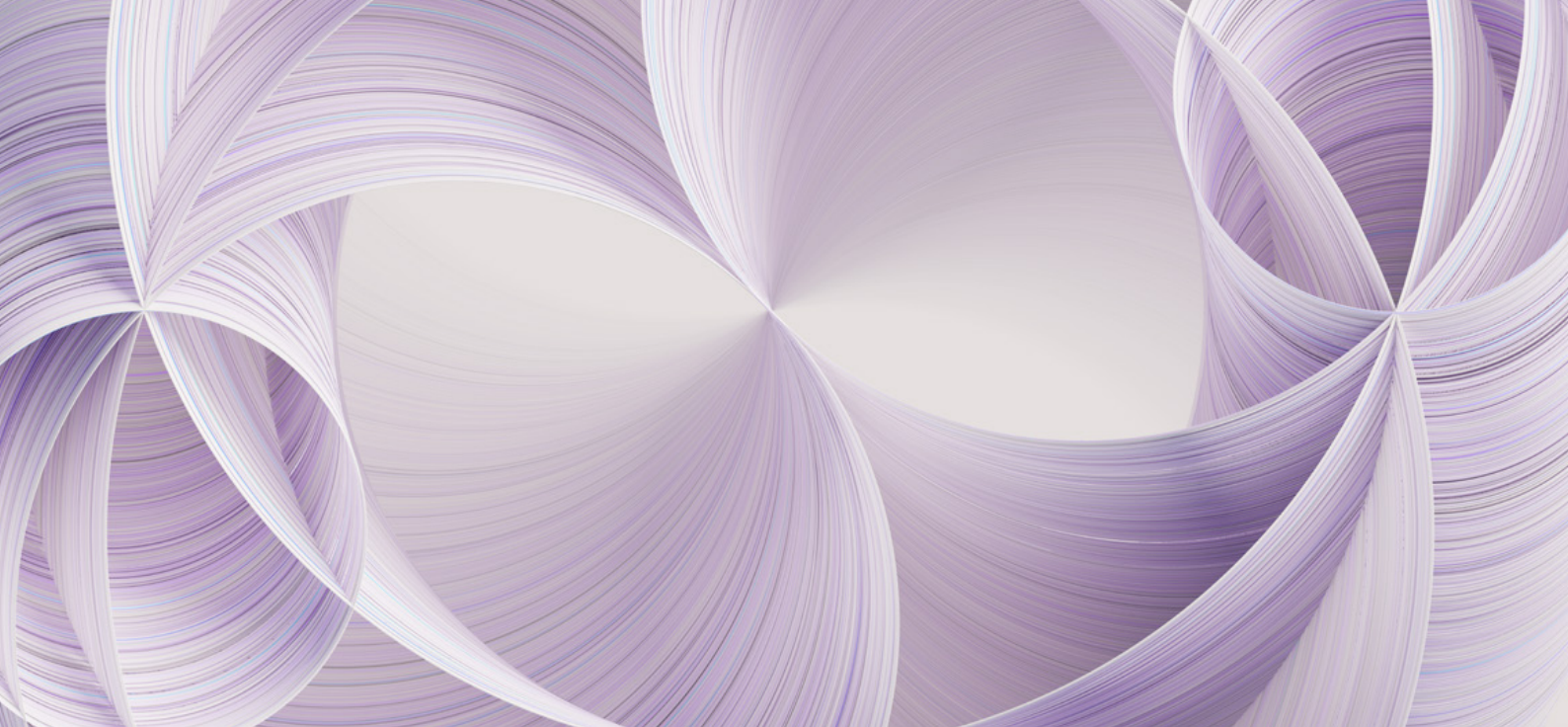
All successful AI strategies will be dependent on effective, responsible AI governance – and getting this right will ensure companies are prepared and ready to reap the benefits of the AI revolution.

“Business leaders are eager and excited, but they’re also aware of the challenges. Finding the balance between the two is the key to leadership in the age of AI”

Bola Rotibi, Chief of Enterprise Research, CCS Insight



6. The economic potential of generative AI: The next productivity frontier – McKinsey, 2023



We recommend following four key principles:

Prioritise value creation

Any enterprise that wants to get the most out of AI should be participating in the full value creation opportunity of foundation models rather than outsourcing their capacity, strategy, and data to third parties.

Ensure your AI can run everywhere, efficiently

By building with open, hybrid cloud technologies, businesses can optimise for cost, performance, and latency. The future of these technologies rests on agile, cost, and energy-efficient options, and the enterprises that succeed will be those that set themselves up to thrive in any environment.

Bet on community

Wherever AI goes in the future, one closed model will not rule them all. By integrating a mix of the best open-source, private, and proprietary models, businesses can make the most of the open community behind the revolution.

Be accountable

Good AI is governed AI, and for those who hope to lead the charge, instilling this principle into everything that they do will go a long way toward cementing their position at the front of the pack.

One thing is certain - success sits firmly in the hands of UK CEOs and senior business leaders as they navigate this dynamic new landscape.



An AI platform that's built for business

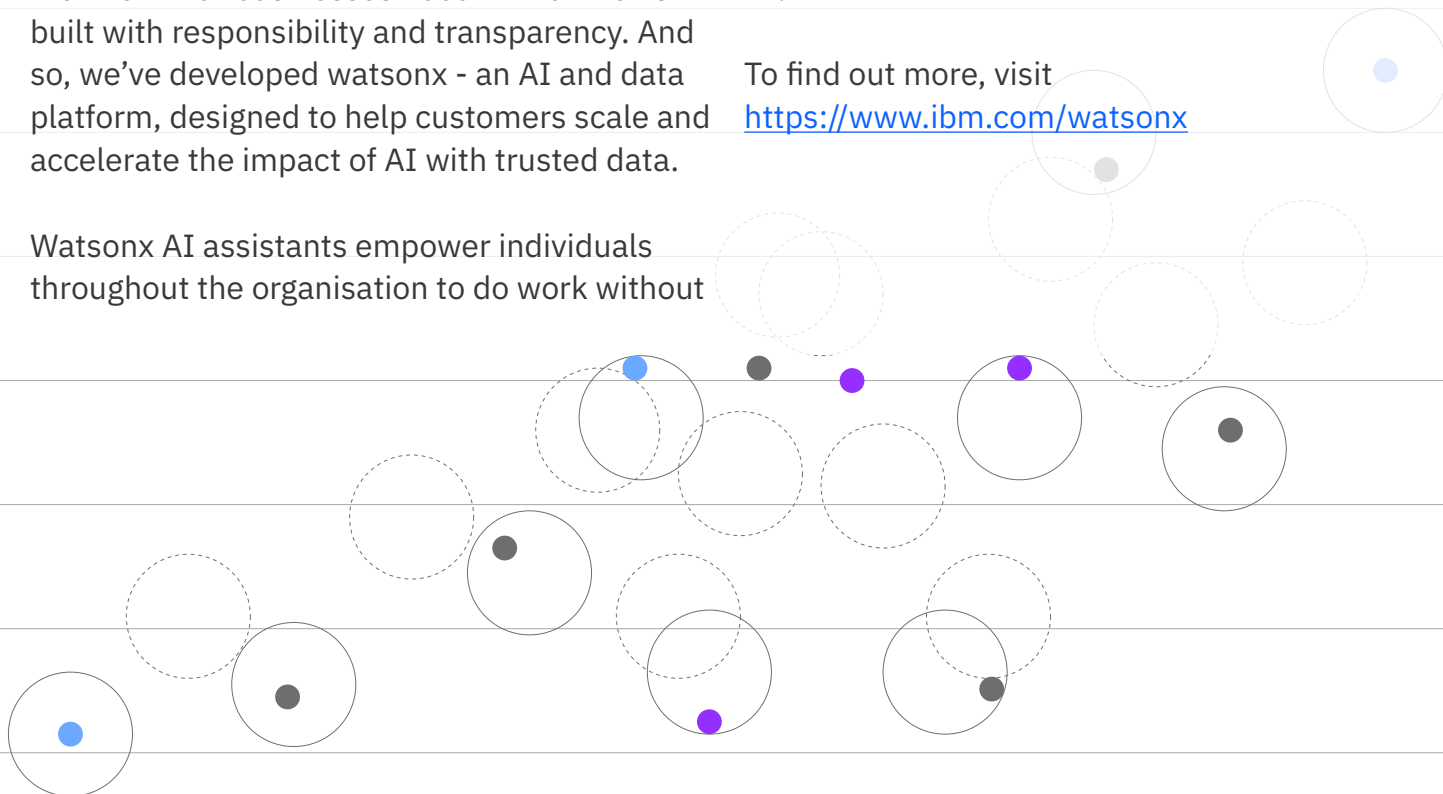
We know that businesses need AI workflows built with responsibility and transparency. And so, we've developed watsonx - an AI and data platform, designed to help customers scale and accelerate the impact of AI with trusted data.

Watsonx AI assistants empower individuals throughout the organisation to do work without

expert knowledge across a variety of business applications, from automating customer service, to key internal workflows.

Ethical principles and governance have been embedded at every level to enable companies to deploy trusted, responsible, and accountable AI.

To find out more, visit <https://www.ibm.com/watsonx>



Research methodology

In partnership with Censuswide, IBM interviewed 1,633 senior business decision makers in companies with 500+ employees across the UK, France, Spain, Germany, Italy and Sweden in September 2023. This was a minimum of 250 respondents per market, with at least 100 respondents in each market at C-suite level, and from 15+ different industries and sectors including Finance, Healthcare, Manufacturing, Retail, Telecoms and Utilities.

