THE STATE OF PERFORMANCE ENABLEMENT

AI and the Employee Experience:
Balancing Opportunity and Anxiety

betterworks

2025 GLOBAL **HR RESEARCH REPORT**

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TOP FINDINGS

Letter From the CEO

Since generative AI burst onto the scene and became a massive part of the public consciousness, we've seen it go from an astonishing new technology full of hype and hope to a transformative tool that our customers use daily to vastly improve their performance management processes.

As the most powerful general-purpose tool ever introduced to the workplace, AI is reshaping industries, changing the very nature of work, and offering innovative solutions to long-standing challenges. But with its immense opportunities come significant hurdles—chiefly, how we empower all employees to leverage AI to drive productivity and innovation while addressing anxieties around its power and potential. **AI could emerge as a great equalizer or a great destabilizer.**

Leaders must act decisively to seize opportunities and mitigate risks. We must ask ourselves: How do we ensure AI benefits every employee, not just a select few? How do we reduce the risks of disengagement, inequity, and skill obsolescence that AI can introduce and instead unlock its potential to create a more engaged and agile workforce?

Betterworks has explored these questions, which affect the very heart of workplace performance. This year's *State of Performance Enablement* report highlights both the promise and the perils of this moment. While senior leaders and early adopters of AI are seeing gains, many employees remain

uncertain, unprepared, or inadequately trained, causing underutilization across organizations. Bridging this divide and accelerating widespread adoption is crucial. CEOs must prioritize equitable AI learning and adoption, and HR leaders must drive key culture shifts that facilitate AI's use in core processes.

We view AI **not as a replacement for human** talent but as an **igniter of human potential.**

AI can liberate employees from repetitive tasks, enhance decision-making, exponentially boost productivity, and create space for strategic contributions. Achieving this requires prioritization, investment, communication, a shared vision across the organization, and a structure for embedding AI into the fabric of the organization. CEOs must lead with clarity and confidence, with HR as a strategic partner,

to ensure AI becomes a tool for empowerment and alignment — a catalyst for enlarging the boundaries of what's possible.

As Jamie Aitken and I shared in our book, *Make Work Better*, the key to thriving in today's workplace lies in aligning your organization's vision with the needs of your workforce. By reframing modern performance management as a launchpad for employee potential and creating systems that enable and empower teams, leaders can drive lasting success.

This year's report is a call for leaders to embrace AI, to be ready to act. The stakes are high, and we need to prepare to lead our organizations into an AI-enabled future, especially since our employees are using AI, whether we want them to or not.

I encourage you to explore these findings, engage in bold conversations with your teams, and take proactive steps to harness AI's transformative power for the benefit of your employees and your business.

Together, we can redefine what's possible for the future of work.

Sincerely,

Doug Dennerline

Doug Dennerline
CEO, Betterworks

Executive Summary

Solving the AI puzzle

AI is reshaping the modern workplace at breakneck speed, promising unparalleled productivity gains—but also provoking deep uncertainty. This year's *Betterworks State of Performance Management* report reveals a workforce torn between excitement, anxiety, and indifference as employees grapple with AI's meteoric ascent. While some worry it may render their skills obsolete, others see AI as the key to unlocking new levels of performance and growth. Still, others seem to be unaware or unconcerned about AI's impact. This fundamental tension is reshaping how employees view their careers, their roles, and the organizations they work for.

A call to action for HR leaders and organizations

The data in this year's research shows that AI's impact is anything but uniform. Senior leaders and tech-savvy employees are reaping the rewards, while many individual contributors find themselves on the sidelines. **This uneven adoption is fueling frustration but also risks widening the gap between high-performing, AI-savvy talent and those who get left behind.**

Moreover, high-performing talent is becoming more mobile. Employee expectations are high, and companies that fail to embrace inclusive AI strategies could lose their best talent to competitors who prioritize innovation and skill-building.

To thrive in this AI-driven landscape, companies need a culture shift that makes AI accessible and valuable for everyone, not just a select few, and prioritizes building AI "IQ" across the workforce. By democratizing AI access and empowering managers as AI champions, organizations can unlock AI's full potential—boosting productivity, aligning goals, and transforming performance management from a routine process into a powerful driver of growth and engagement.

Key observations:

1 **AI is transformative, though adoption is uneven:** While AI is being embraced widely, its benefits are skewed toward higher-level employees and certain roles, leaving individual contributors lagging and often unaware of or apathetic toward its import. This gap in usage is a missed opportunity to distribute AI's potential across the workforce to increase efficiency, productivity, and innovation.

2 **Productivity gains are not universal:** Overall, we see a pattern where senior leaders are reaping substantial productivity benefits while many individual contributors lag behind. To achieve AI's full value, companies need a culture of acceptance and must provide training and appropriate tools across all roles. A strategy built on awareness, education, and the right tools will close these gaps and enable employees to leverage AI's potential. Organizations must foster — and even expect — a culture of routine AI engagement that reaches every level of the organization.

3 **AI's potential is underutilized for strategic tasks:** AI adoption is currently focused on routine and operational tasks, while its transformative potential for strategic and creative applications remains largely untapped. By positioning AI as a driver of high-value work, organizations can align employees' contributions with both their career aspirations and the company's goals.

Key observations:

4

Familiarity breeds both optimism and anxiety: As employees grow more familiar with AI, they report both higher trust in its value and heightened anxiety about its impact on job security. This dual sentiment underscores the importance of transparency and continuous upskilling to foster a supportive, AI-positive culture. Clear, people-centered AI strategies will not only build trust but also reduce turnover as employees see their future within an AI-forward company.
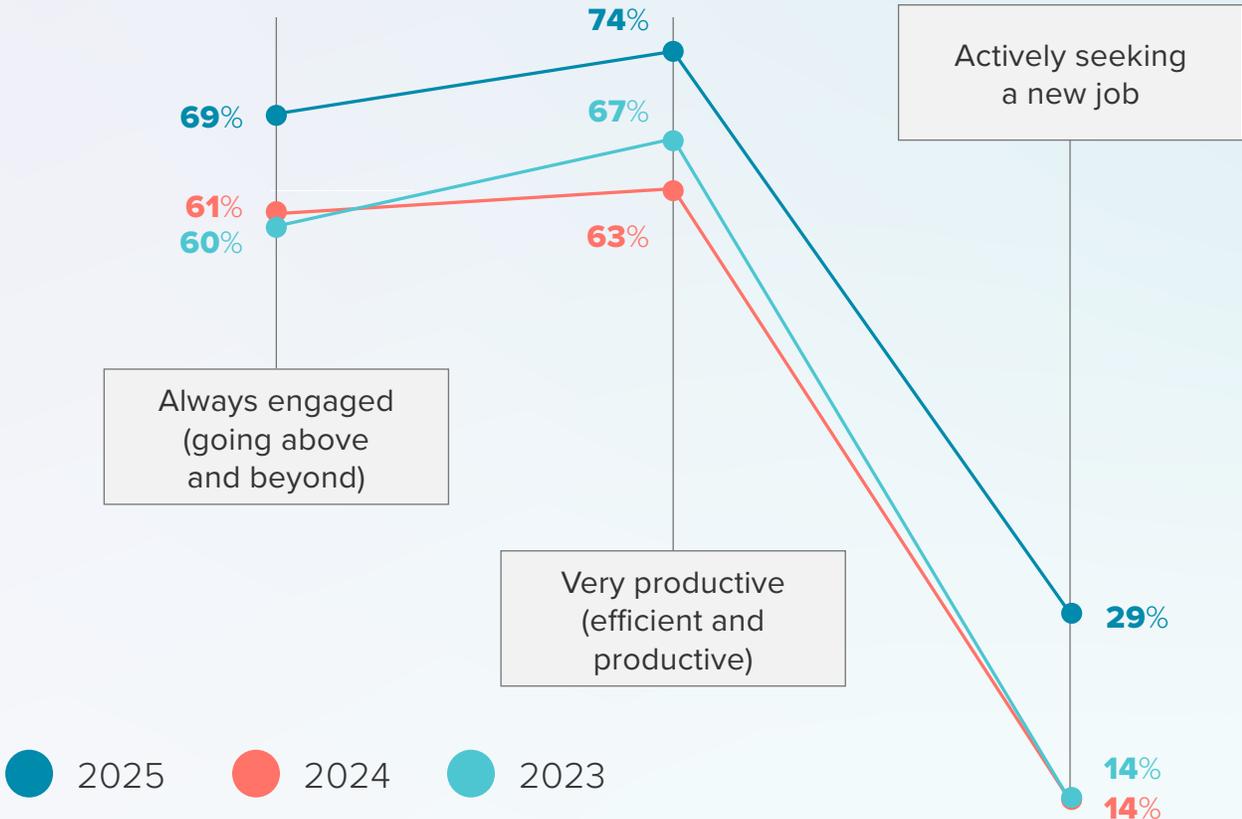
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High productivity — but also high churn: Turnover intent remains high despite rising engagement and productivity levels. This year's research suggests a particular challenge for organizations in retaining their top AI-savvy talent, who may seek out companies with a stronger commitment to AI innovation. Highlighting AI's role in career progression and aligning it with company values can create a compelling reason for these high performers to stay.
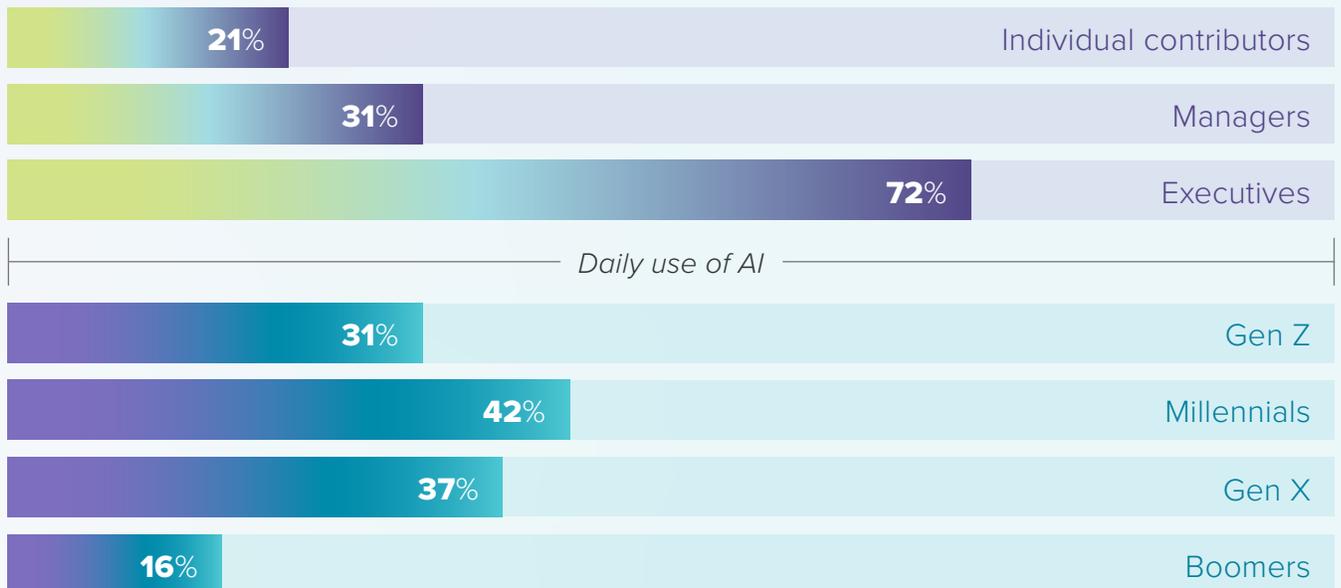
6

Human-centric, AI-augmented future: A key learning from this year's survey is that AI's true power lies not in replacing human roles, but in augmenting them. Betterworks envisions a future where AI boosts productivity and efficiency, nurtures empathy, supports better data-driven decisions, and provides managers with conversational tools that deepen their connections with employees. By adopting a "people-first" approach, organizations can ensure AI serves as a tool that enriches the employee experience and underscores the value of human insight.

High productivity — and high churn

74%

69%

67%

61%
60%

63%

Actively seeking
a new job

Always engaged
(going above
and beyond)

Very productive
(efficient and
productive)

29%

14%
14%

⬤ 2025　⬤ 2024　⬤ 2023

AI adoption is significantly higher
at the top of the organization

21% — Individual contributors

31% — Managers

72% — Executives

Daily use of AI

31% — Gen Z

42% — Millennials

37% — Gen X

16% — Boomers

Executive Summary

High enthusiasm among AI users

Feelings about AI, by frequency of use

● Very positive   ● Somewhat positive   ● Neutral   ● Somewhat negative   ● Very negative

Daily

| 80% | 15% | 4% | 1% |

Weekly

| 42% | 42% | 14% | 1% |
| | | | 1% |

Monthly

| 22% | 39% | 31% | 6% | 2% |

Rarely

| 8% | 28% | 43% | 18% | 3% |

Never

| 3% | 10% | 49% | 19% | 19% |

# Shaping a resilient, AI-driven workforce

As AI continues to permeate every aspect of the workplace, the divide between those who embrace it and those left behind grows starker — with lasting consequences for organizational competitiveness. To bridge this gap, companies must treat AI as not just a tool — but a pathway to individual and organizational growth. Empowering employees at all levels, fostering AI literacy, and embedding AI into performance management are essential for enabling organizations to build agile, future-ready workforces.

AI-infused performance management provides the structure to help employees excel in their work and promote greater manager effectiveness with capabilities like AI-powered skills detection, feedback, and evaluations. Likewise, AI delivers insights that empower HR leaders to make strategic workforce planning decisions — ones that enable organizations to be agile and ready for what happens next.
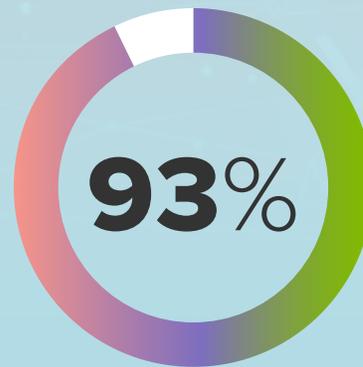
Let's explore the key findings from this year's survey for a deeper look at the opportunities and challenges that AI brings to the modern workplace.

FINDING 1

AI is Accelerating Productivity, but Strategic Potential is Stuck in First Gear
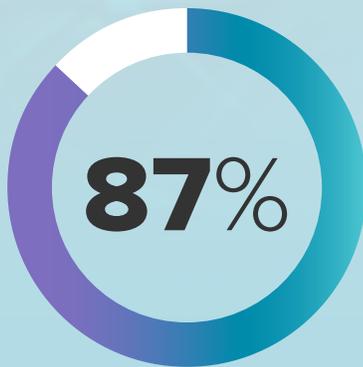
87% of daily AI users say they are more productive thanks to generative AI

93% say it still has big untapped potential

AI holds immense potential to redefine productivity, yet AI's transformative capabilities remain underutilized. To unlock its full value, organizations must shift from merely adopting AI to embedding it as a driver of strategic and creative impact.

Most employees are only scratching the surface of AI's capabilities. While 87% of the employees who use generative AI daily or weekly say it makes them more productive, the vast majority use it for routine, task-based work — leaving its higher-order strategic and creative potential largely unexplored. A striking 93% of daily AI users believe there are ways AI could help them at work that they are not currently using — but many are unsure where to start.

This gap between potential and practical use is unsurprising, given AI's rapid evolution. As **IDC reports**, AI platform software revenue grew 44.4% year over year to $27.9 billion in 2023 and is projected to hit $153 billion by 2028. With so many new tools on the market, organizations and employees likely struggle to evaluate and apply them effectively.

To unlock AI's full value, organizations need to establish a culture that prioritizes engaging all employees in agile AI exploration — testing use cases, implementing the ones that work, and disposing of those that don't — to better understand the landscape of AI tools. Choosing proven AI solutions, training employees, and empowering managers as AI champions will amplify the technology's impact across teams, driving individual and organizational growth.

"**Gaps are widening:** One between companies that still haven't implemented AI tools and the **early adopters who are forging ahead** with experimentation and iterative learning. Another is within organizations whose leaders think their employees are better trained than the employees say they are. Companies will quickly need to close these gaps by making AI adoption an imperative."

Cheryl Johnson
*Chief Product and Technology Officer, Betterworks*

AI users are more productive

Ninety percent of daily AI users report being very productive, versus only 63% of those who do not use AI; 86% of daily AI users attribute this productivity directly to AI.

AI directly improves work

Among employees who use generative AI daily or weekly, 87% agree that it has improved their work along multiple dimensions.

AI has improved work

66% Yes, speed

48% Yes, accuracy

13% No
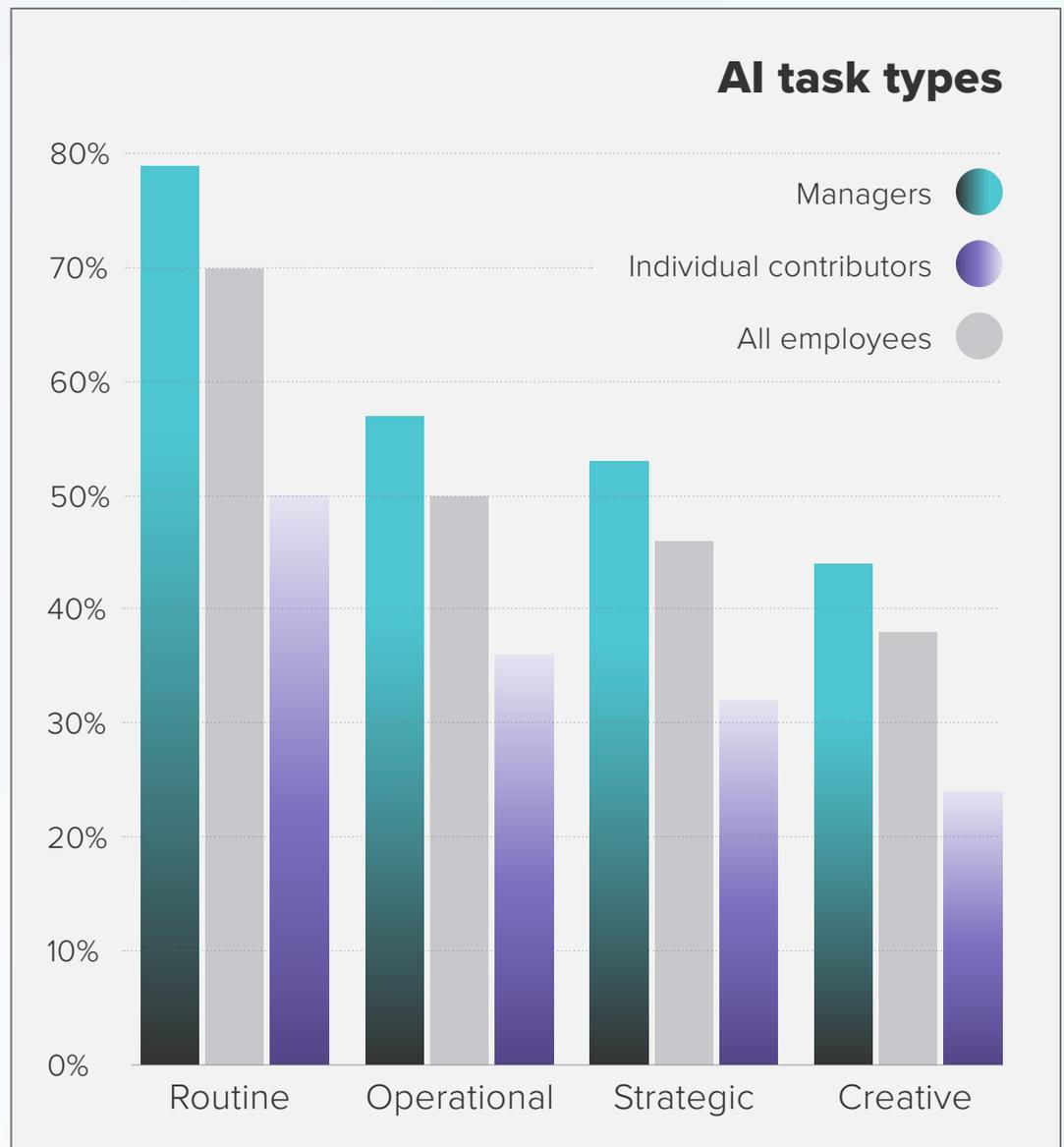
49% Yes, quality

46% Yes, creativity
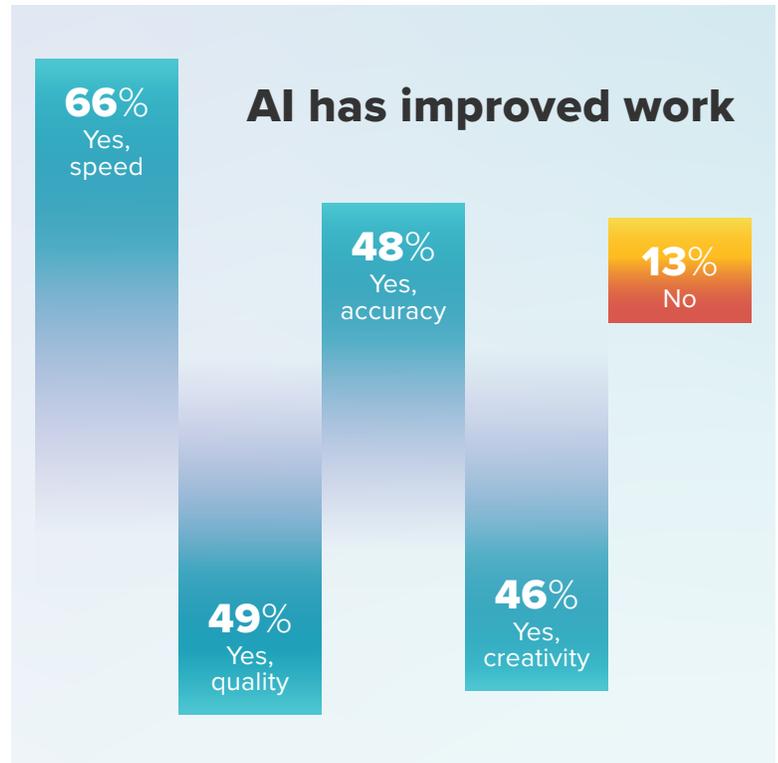
AI is largely underutilized by organizations

Organizations may not be leveraging AI to its full potential. Top uses of AI include routine tasks, such as drafting business communications (like emails), data analysis, and document drafting. Managers are more likely to use generative AI across the board, but even they are most likely to use it for routine, task-based work.

Higher-value strategic and creative uses of generative AI have not been as widely adopted. For example, of the 46% who use it for strategic tasks, only 22% use it for strategic planning.

70% Routine

Drafting business communications, personnel communications, and employee evaluations

Data analysis and insights

Document drafting, transcription, or summarization

50% Operational

Translation and localization

Software/hardware development

Customer relationship management

46% Strategic

Research and decision-making

Strategic and workforce planning

Brainstorming, outlining, and ideating

38% Creative

Writing creative content

Designing visual content

AI task types

Legend:
- Managers
- Individual contributors
- All employees

Chart values (approximate):

Task type	Managers	All employees	Individual contributors
Routine	79%	70%	50%
Operational	57%	50%	36%
Strategic	53%	46%	32%
Creative	44%	38%	24%

FINDING 1

Employee outlooks on AI depend on the tools they can access

Ninety percent of those who have the right tools are positive about AI, whereas 83% of those who do not have the right tools say they are very negative. More than half of all employees say their company provides them with AI text-generation tools such as ChatGPT.

Positivity about AI

● Very positive   ● Very negative

90%   **10**%

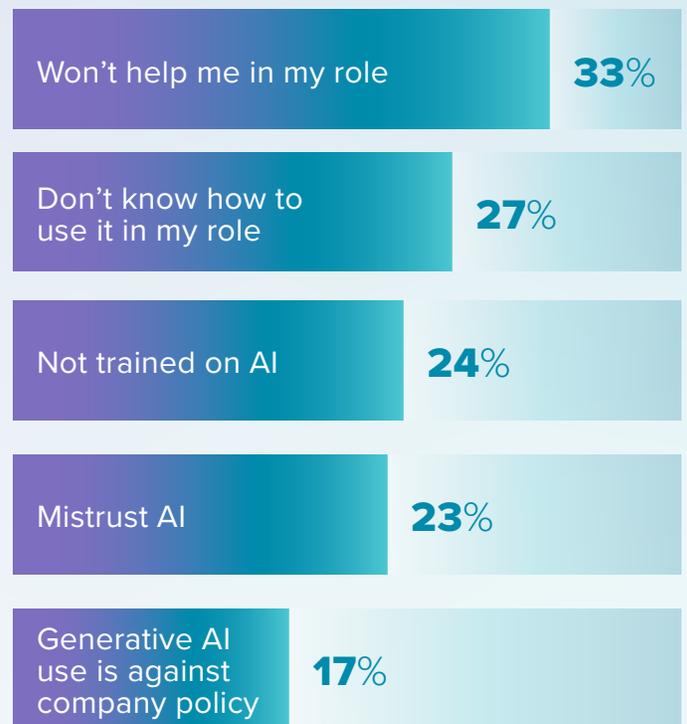Have access to the right AI tools

17%   **83**%

Don't have access to the right AI tools

Non-AI users don't know how to best use AI

Why aren't people using AI? Most say it's because they aren't really sure how — or they lack training. While about 1 in 5 say they don't trust it, only 1 in 6 aren't using it because it is against company policy.

Why employees don't use AI

Won't help me in my role	**33**%
Don't know how to use it in my role	**27**%
Not trained on AI	**24**%
Mistrust AI	**23**%
Generative AI use is against company policy	**17**%

With the overwhelming number of AI tools coming onto the market every day, it is challenging for companies to parse reputable vendors and the most appropriate and safe tools for their workforce.

FINDING 1

Betterworks' Take

Elevate AI as a strategic imperative: Your ability to attract and retain top talent — and maintain a competitive edge — hinges on effective, equitable AI adoption. Making AI utilization a requirement for career advancement can cultivate AI fluency and strong usage habits, helping attract and retain top talent.

Provide structure and incentives for widespread AI adoption: Executives may use AI more frequently due to a natural inclination toward being "career-forward" and overcoming challenges through reinvention. The broader pool of employees looks to management to model the way by creating a structure that encourages AI use and demonstrating how these tools can be used every day.

Empower teams with the right tools: Equip individual contributors and managers with targeted AI tools for their role requirements. Training and tool selection may differ across job levels and departments to ensure effectiveness and relevance.

Leverage AI to support overburdened managers: As reported in our *2024 State of Performance Enablement* report, 9 in 10 managers face heavier workloads. AI can relieve pressures by automating routine tasks and simplifying conversations, feedback, and evaluations, allowing managers to focus on meaningful coaching and communication.

Establish long-term AI governance: Work with IT or other internal stakeholders to implement governance to standardize AI tool selection, prioritizing solutions with proven performance and security. For performance management, consider solutions with a strong track record in data privacy and early AI adoption, such as self-hosted large language models (LLMs).

Use performance management to drive AI adoption: With small changes, you can leverage your existing performance management processes to prioritize AI learning within your workforce. Encourage individuals to create at least one quarterly goal related to AI learning or adoption, develop feedback and performance questions related to AI adoption, and add tags in your recognition tools to highlight AI adopters.

FINDING 1

FINDING 2

AI Laggards Plan to Stay, While AI Superstars Look to Leave

65% of less engaged individual contributors plan to stay

78% of high performers actively seek new companies

The talent gap is in danger of widening, as the employees who embrace AI and fuel innovation are also the ones most likely to walk out the door. Those least interested in AI — who see it as a threat or are indifferent — are planning to stay, potentially weighing down their company's productivity and progress.

This divide also reveals a clear opportunity for companies to foster an AI-positive culture that values continuous skill development and aligns AI proficiency with career growth. Otherwise, organizations may find themselves with a workforce that stagnates while their top talent moves on.
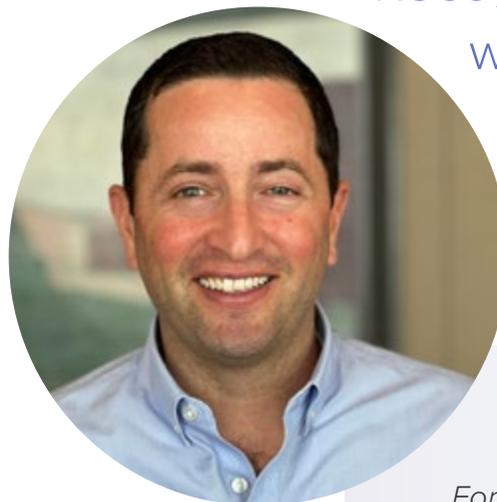
According to our survey, employees who are indifferent to AI tend to be more disengaged and static in their roles, with no plans to leave the organization. This group also shows lower productivity, less interest in upskilling, and minimal concern about AI's impact on their jobs.

On the other hand, high performers — often AI-savvy employees — are actively looking for opportunities elsewhere, seeking to leverage their AI expertise and stay ahead of technology's rapid evolution. **This talent imbalance presents a significant retention challenge for companies eager to stay competitive in a rapidly evolving landscape, as organizations risk losing their most capable and forward-thinking contributors to companies that prioritize AI innovation.**

"**Engage employees at all levels** to help co-create a future of work powered by AI. Foster innovation by encouraging experimentation, asking employees to **reimagine their roles in an AI-augmented world**, and sharing lessons from successes and failures. Recognize employees who invest time and thought leadership in driving change."
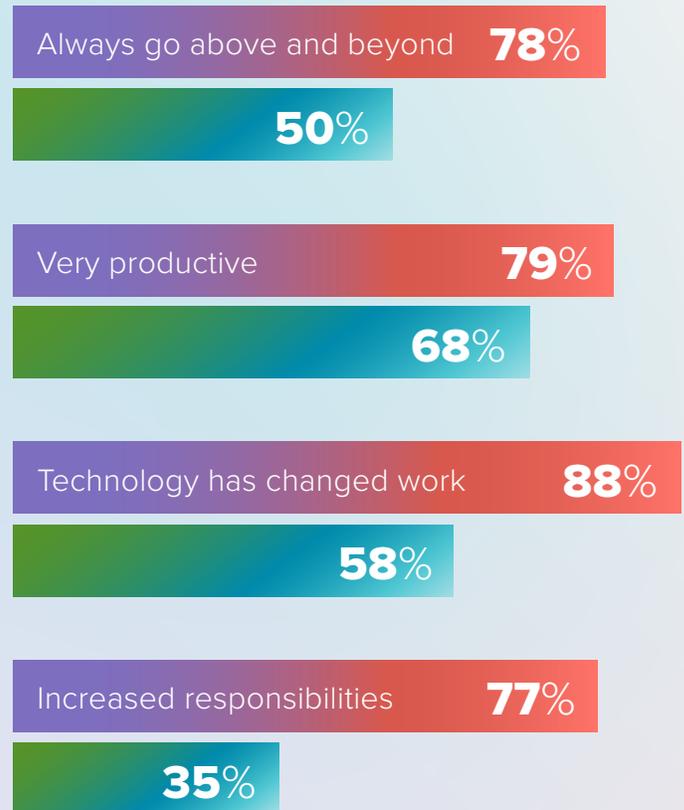
David Landman
Talent Strategist and Former Global HR Leader, Goldman Sachs; Betterworks HR Advisory Council

FINDING 2

Engagement and productivity are lower for workers who plan to stay

People who plan to stay in their jobs have significantly lower engagement and productivity compared to those who are actively looking for work. Of the individual contributors who were less than fully engaged, nearly two-thirds (65%) are also not actively looking for new roles — representing 1 in 4 of all survey respondents.

Those who are looking for work are also far less likely to say that their role has become stagnant in the past two years — 88% said technology has changed their work, and 77% said they have had an increase in responsibilities.

● Actively looking for work   ● Plan to stay in their current role

| Always go above and beyond | **78**% |
| **50**% | |

| Very productive | **79**% |
| **68**% | |

| Technology has changed work | **88**% |
| **58**% | |

| Increased responsibilities | **77**% |
| **35**% | |

# AI use, positivity, and concern are lower among stayers

People who plan to stay in their jobs have significantly lower use of AI, less positive views of AI, and less fear of AI replacing them. In other words, they are increasingly out of tune with the opportunities of using AI at work and the future impact on their roles.
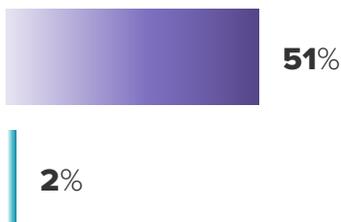
Astonishingly, almost none who plan to stay are worried about AI taking their jobs, compared to just over half of employees who are looking elsewhere. Among "stayers," fewer than 1 in 10 have a "very positive" view of AI.

Staying workers are less worried about AI

Use AI (Daily, Weekly, or Monthly)
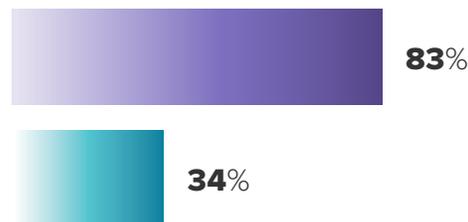
81%

31%
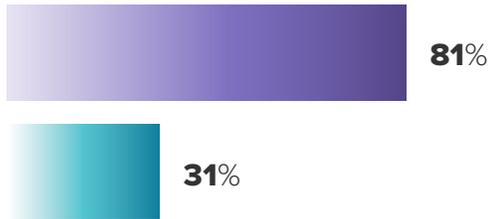
Yes, worried AI will take their job

51%

2%

Staying workers are less AI-savvy

View AI very positively

59%

8%

See potential for AI

83%

34%

- Actively looking for work
- Plan to stay in their current role

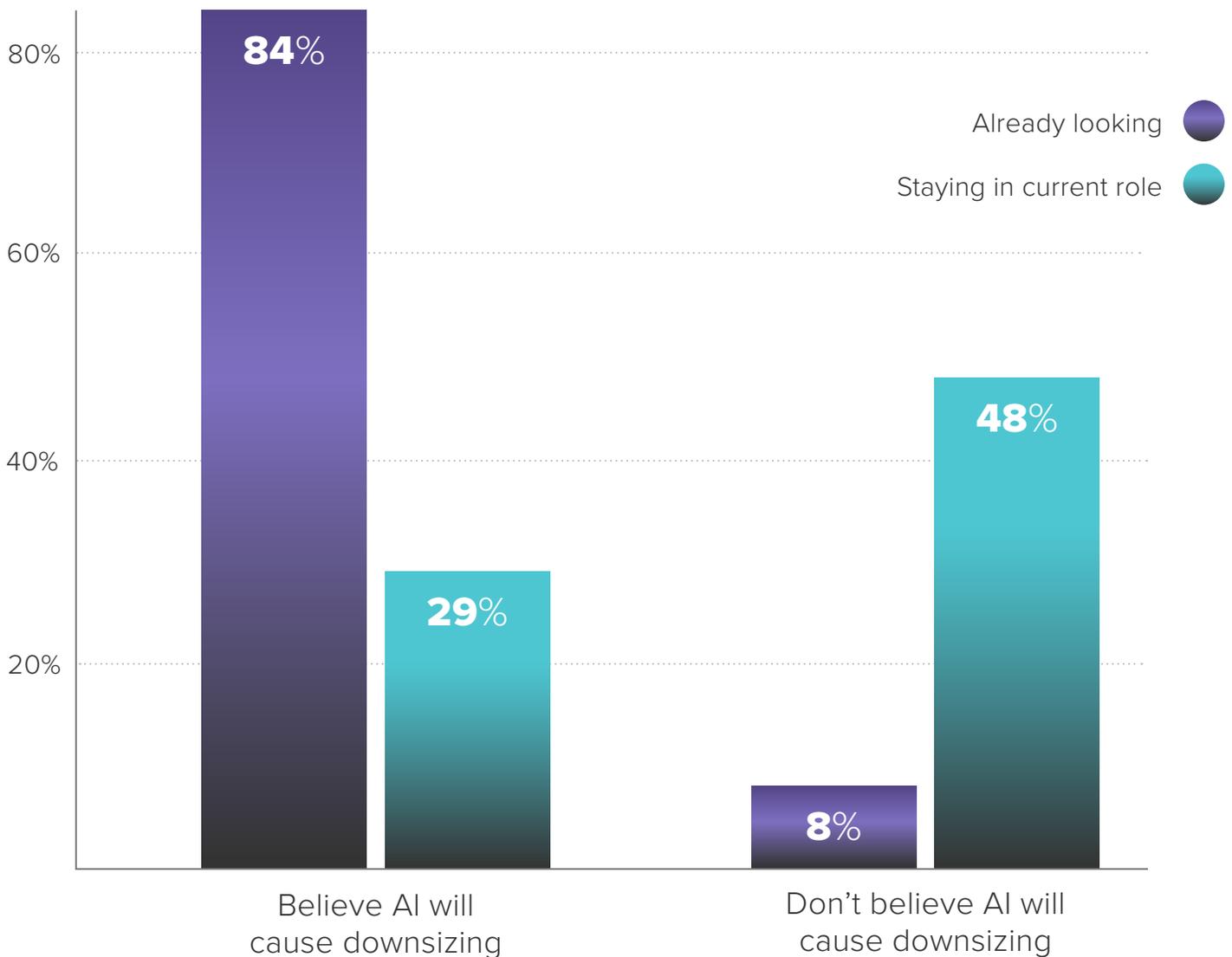## Only 1 in 6 stayers see upskilling as very important

The survey reveals that 70% of active individual contributor job seekers think it's very important to keep skills up to date, compared to only 18% of those staying put. This highlights the imperative for organizations to ensure employees' skills remain updated — particularly in the expanding area of generative AI. This will ensure that companies can bring all employees up to speed and keep their company current with the skills needed to prosper.

Upskilling is important

18%
Staying put

70%
Actively looking for work

FINDING 2

Companies are most likely to lose AI-savvy, high-performing employees

Those who believe AI will cause downsizing — your most AI-savvy — are also those who are actively seeking new work. This is a clear message to leaders to prioritize AI adoption companywide. Organizations must bring in the right tools to retain top talent.

Legend:
- Already looking
- Staying in current role

Chart data:

	Believe AI will cause downsizing	Don't believe AI will cause downsizing
Already looking	84%	8%
Staying in current role	29%	48%

FINDING 2

Betterworks' Take

Build processes that establish a culture of AI learning and exploration: Create processes that build space for learning. Establish regular training on AI tools to help employees remain competitive and contribute to ongoing innovation. Managers can track AI proficiency to help retain top talent and foster continuous improvement while conveying that experimentation and failure are a natural part of learning how to use generative AI tools.

Drive companywide AI adoption: Select AI tools that align with organizational goals and are relevant to each employee's specific role. Drive broad adoption to keep AI skills current and ensure employees meet company standards.

Set AI skills as performance objectives: Make AI proficiency a core performance goal for all employees and create the time for them to learn and use AI as part of their workday. Setting clear expectations, tracking usage, and measuring outcomes can prevent adoption from stalling.

Reduce change resistance through consistency: Regular AI use cultivates comfort and trust, helping employees develop good habits and reducing apprehension toward AI.

Tie AI proficiency to career growth: Make it clear that adopting AI skills can advance employees' careers, while failure to do so may limit growth opportunities.

Establish AI centers of excellence: Form cross-functional teams to experiment with AI tools, explore best practices, share insights, and ensure the adoption of the most effective solutions organization-wide, creating a culture of AI acceptance and learning.

Promote AI champions: Identify and support AI ambassadors within your organization who can share knowledge through internal channels like Teams or Slack, and provide updates, tools, and resources. Engage managers to adopt and model effective AI use to boost efficiency and productivity in their teams and to enhance measurable business outcomes.

Familiarity Breeds Anxiety — The Paradox of AI Optimism
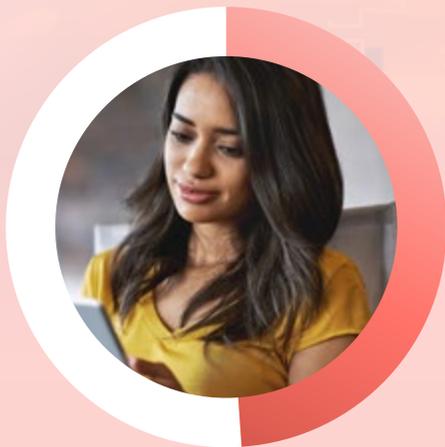
49%

of employees who are enthusiastic about AI also worry it will replace them

The paradox of AI is that familiarity increases both enthusiasm and fear. Employees who see AI's potential also worry about job security, especially when restructuring or layoffs occur.

The more employees embrace AI, the more they fear it will replace them. This paradox runs deep in this year's data. People who feel very positive about AI are more likely to be worried about AI taking their jobs *and* more likely to feel it might create opportunity.

Employees who are positive about AI are:

3x

more worried about losing their jobs to AI

3.5x

more likely to see AI as an opportunity creator

While they see AI's potential to transform productivity and open new doors, they can't ignore the looming fear that it may lead to job cuts. For these employees, AI is both an opportunity and a threat. They value its ability to enhance work, but with 69% of workers reporting they've already been affected by restructuring or layoffs, the sense of job insecurity persists.

The outcome of these worries has led to an intense focus on building skills. And some of these fears may have merit, given managers' inclination to use AI to cut underperformers.

This mixed sentiment suggests a pressing need for companies to foster trust through transparency and development opportunities.

FINDING 3

The more employees use AI, the more they fear for their jobs

Those who use AI daily are especially affected, with nearly half worrying their company will downsize due to AI's capabilities. This highlights the psychological impact of increased AI familiarity. **Psychological safety in the Information Age is something employers will need to address before employees preemptively take flight.**
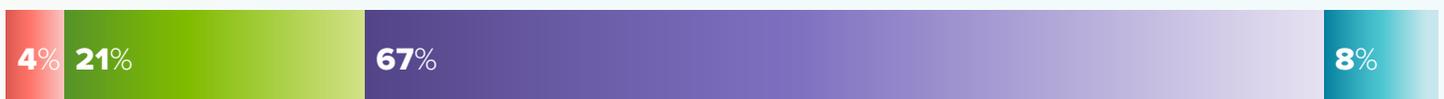
Familiarity with AI breeds fear and excitement

● Very worried ● Somewhat worried ● Not worried ● Think AI will create opportunity

Daily

| 45% | 16% | 19% | 20% |

Weekly

| 27% | 31% | 27% | 15% |

Monthly

| 17% | 30% | 43% | 10% |

Rarely

| 4% | 21% | 67% | 8% |

Never

| 3% | 17% | 70% | 10% |

FINDING 3

"**Unlocking AI's potential begins with fostering employee trust. Be transparent about AI initiatives and address concerns like bias and organizational accountability.** Foster psychological safety by showing employees how AI enhances innovation and meaningful work. When employees see AI as a tool for growth, not a threat, they're empowered to embrace its potential, driving both personal and organizational success."
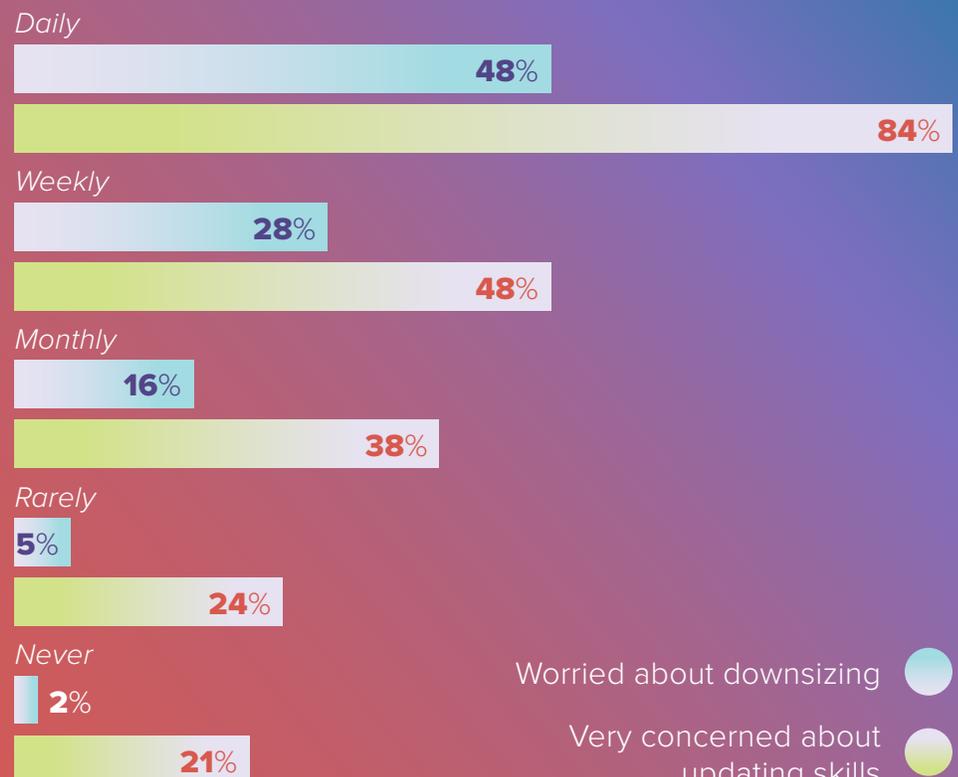
Andrea Lagan
Chief Operating Officer,
Betterworks

Regular AI users are focused on skill-building

Employees using AI daily report a heightened focus on skill development, driven by both opportunity and fear of obsolescence.

### Worry over jobs and skills jumps with frequency of AI use

Daily
48%
84%

Weekly
28%
48%

Monthly
16%
38%

Rarely
5%
24%

Never
2%
21%

Worried about downsizing ●

Very concerned about updating skills ●

FINDING 3

Managers see AI as a way to remove low-performing employees

Not every employee would be at risk, but this fear is not unfounded: 62% of managers view AI as a tool to replace *underperforming* employees, underscoring the need for transparent communication and a commitment to skill development from leadership.

Is AI a tool to identify and remove underperforming employees?

12%
I'm not sure

62%
Yes

26%
No

FINDING 3
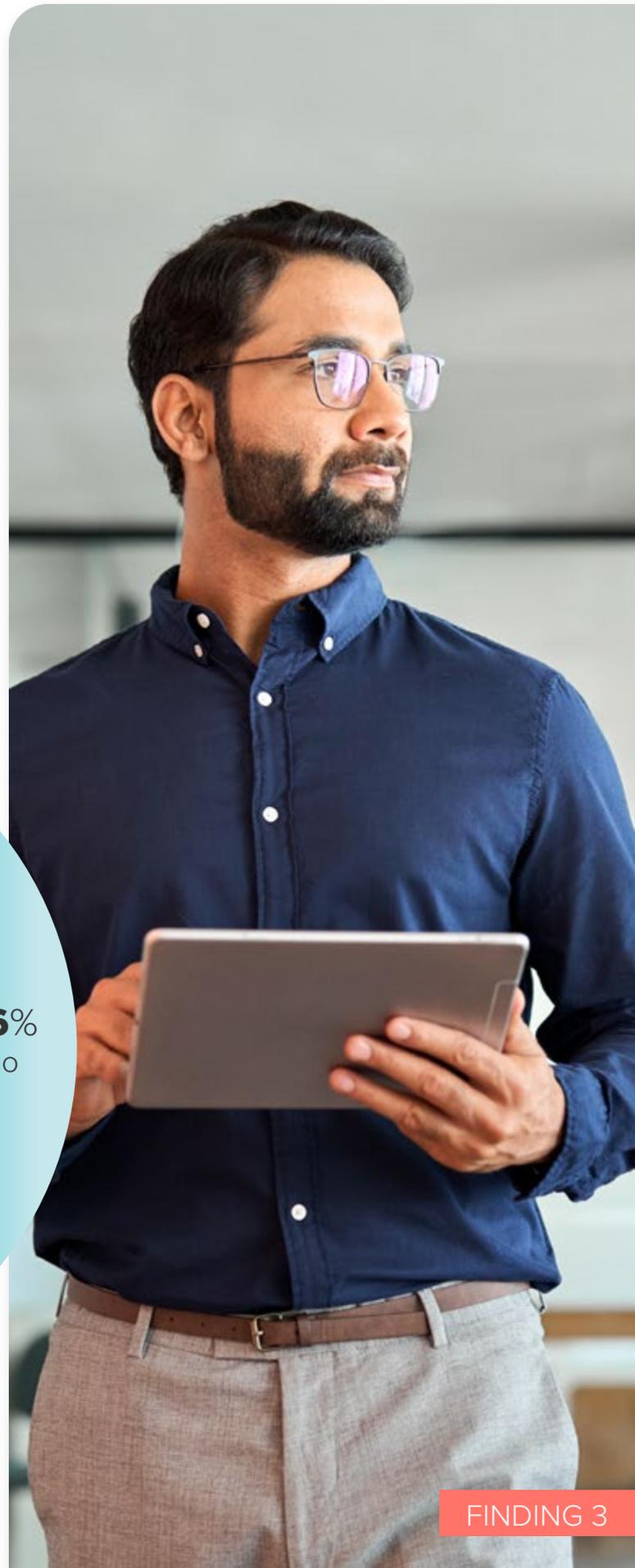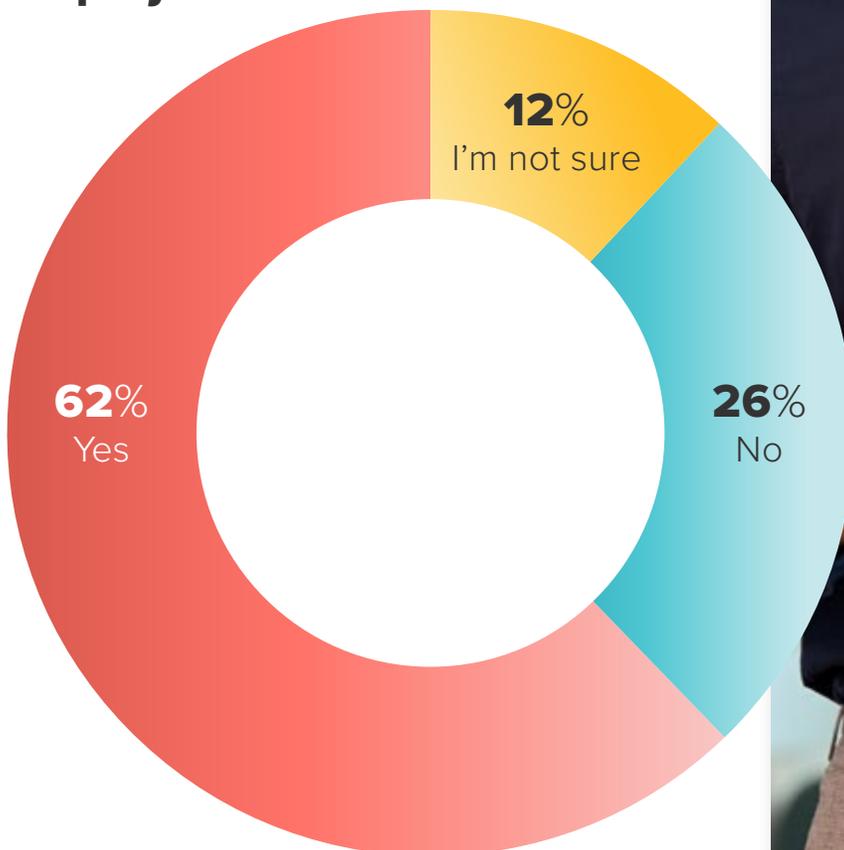
Betterworks' Take

Communicate AI's role with transparency: Be clear about how AI will be used within the organization. Transparent communication builds trust and reduces uncertainty, helping employees feel more secure in their roles.

Invest in continuous upskilling: Equip employees with AI training to bolster their confidence and demonstrate the company's commitment to their growth. This support can alleviate fears by ensuring employees remain relevant in an AI-enhanced workforce.

Position AI as a support tool, not a way to downsize: Frame AI as a tool for productivity and support, not a means of cutting back the workforce. Leaders should foster a culture where AI empowers employees, which can reduce anxiety and foster innovation.

Encourage incremental AI adoption: Motivate employees to engage with AI tools on a weekly basis, building familiarity and reducing resistance. This steady approach can ease employees into AI adoption, increasing their comfort and readiness for the future.

FINDING 3

FINDING 4

AI Spots Skills, Managers Unlock Potential: The Perfect Team

More than half of all employees (53%) and **8 in 10 regular AI users (84%)** believe AI is best suited for identifying needed skills and career development opportunities

As AI gains ground in the workplace, employees are increasingly drawn to its potential for objective, data-driven career guidance, trusting AI to pinpoint needed skills and identify development opportunities, while still relying on managers for coaching.

This shift reflects a growing expectation that organizations embrace AI not just to boost effectiveness but to modernize career development and succession planning — making them more transparent and inclusive.

Roughly half of employees feel their organizations' current people-based methods for skill-building and succession planning are adequate, meaning there is much room for improvement in development and internal mobility, two areas that are key to retaining talent.

Using AI-enabled tools like skills libraries and talent profiles can generate greater opportunities for internal mobility that benefit both the company and the employee. These tools provide everyone with a clear view of available skills, opening up new possibilities for employees. Coupled with a more transparent approach to succession planning, organizations will likely improve employee satisfaction and retention, ensuring that career development doesn't remain an exclusive process behind closed doors.

Employees' enthusiasm about AI as a more reliable guide for career and skill development creates a pivotal opportunity for organizations to blend AI's insights with managerial support, empowering managers to focus on coaching and higher-value guidance.

FINDING 4

Companies are falling short on career and skills development

Only 48% of individual contributors say their company has processes and tools in place to guide employees in career advancement.

6 in 10 employees have access to career opportunities

Among individual contributors, 63% have access to career advancement and job opportunities in their organization. Just over half (57%) say they engage in satisfactory conversations with managers that help improve their skills development.

Individual contributor access to career advancement resources

33% No

48% Yes

19% I'm not sure
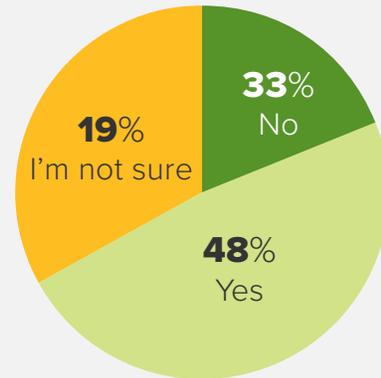
Do you regularly have access to information about career advancement and job opportunities within your organization?

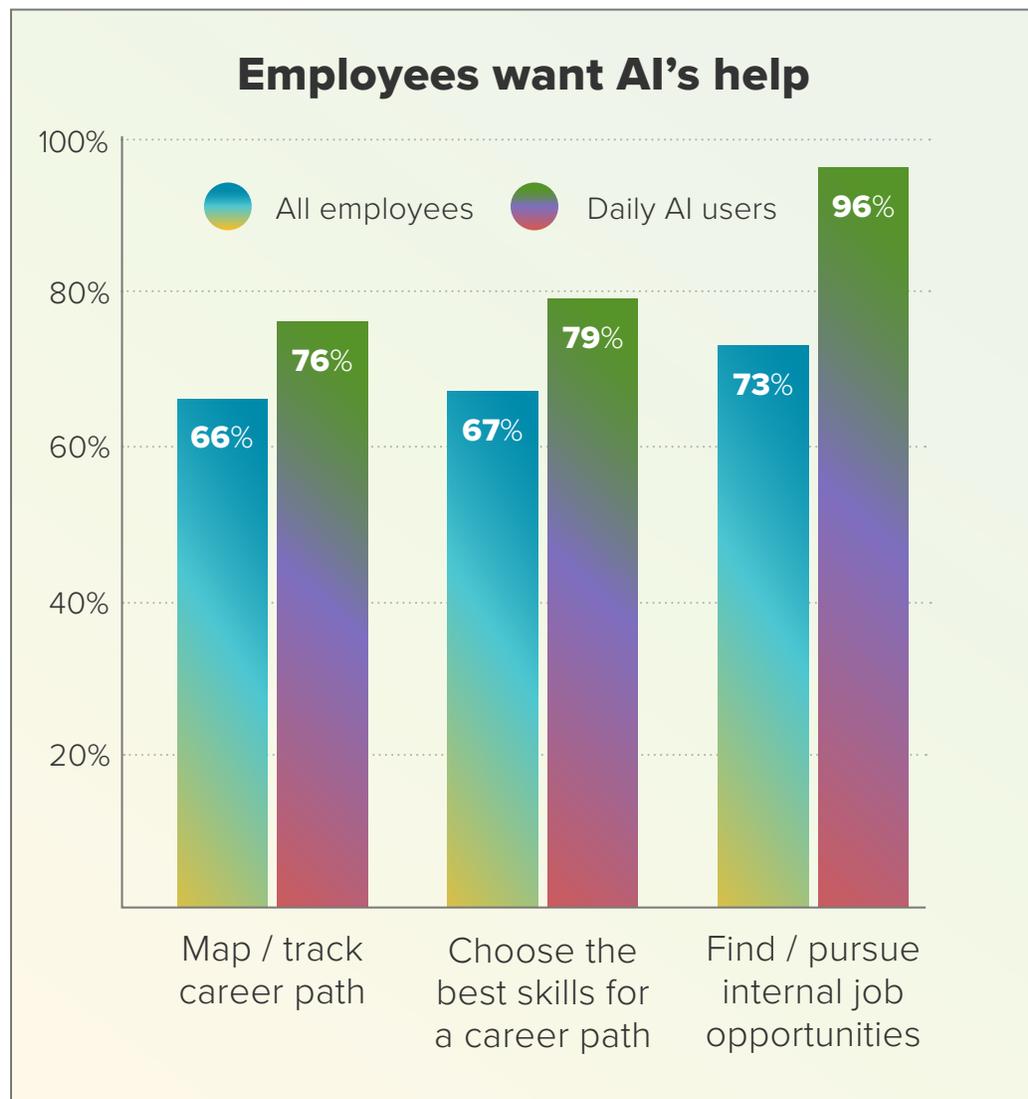|	
Yes	**63**%
No	**28**%
I'm not sure	**9**%
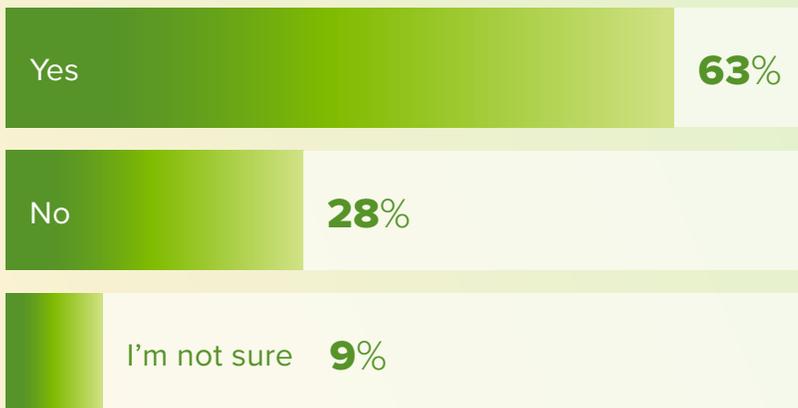
Approximately 1 in 4 individual contributor employees (24%) lack confidence in their organizations to help them develop skills to be successful, and while 53% said they have access to skills training related to their current role, only 30% have access to skills training based on their career aspirations.

Employees want AI's help with careers and skills

Employees are increasingly open to using AI for upskilling and career development, especially those familiar with the technology. Among daily users, 76% are interested in leveraging AI to map and track their career paths, while 79% would use AI to select the most relevant skills for their career goals. Notably, 96% are eager for AI to assist in identifying growth opportunities and guiding their professional advancement.

Employees want AI's help

	Map / track career path	Choose the best skills for a career path	Find / pursue internal job opportunities
All employees	66%	67%	73%
Daily AI users	76%	79%	96%

There's also high confidence in AI for skills forecasting. Of those whose organizations already use AI in forecasting, 93% say AI is at least somewhat accurate and 66% say it is highly accurate.

# Trust in AI for skills identification and career guidance is rising

More than half of all employees believe AI is better than their human managers at identifying skills and helping them sort opportunities for internal advancement, and this trust climbs sharply among daily AI users, rising 30 percentage points to about 85%.

Once needed skills have been identified by AI, companies have the opportunity to more efficiently use their managers' time on the higher-value activity of providing coaching to employees. For example, managers can help employees determine the sequence of skills to build to meet project needs and business priorities, provide opportunities for employees to use and reinforce skills as they're being learned, and help employees overcome individual challenges that might arise in learning.

Once AI has surfaced career advancement opportunities, managers can create stretch projects to help employees sharpen certain skills to prepare for desired roles or grow in their current roles, ideate on adjacent or soft skills, and make introductions to other managers or leads in the teams with whom the employee is interested in working.

Employees prefer AI for identifying skills and career opportunities

53%	All employees

84% Skills identification	Daily AI users
85% Career advancement	
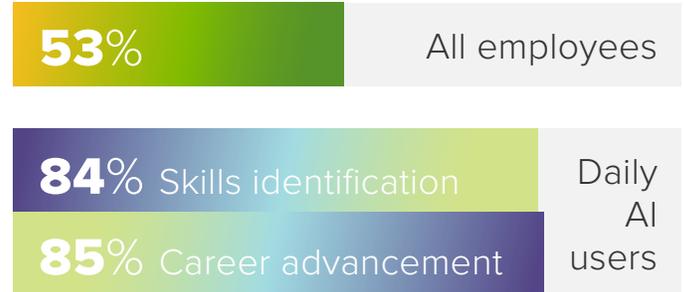
"**Managers are vital to the future of work. AI doesn't replace them — it amplifies their impact.** By automating routine tasks, AI frees managers to focus on uniquely human roles like coaching, guiding skills development, and driving innovation. This transformation empowers managers to elevate their teams, unlock potential, and shape the organization's strategic future."

Jamie Aitken
VP of HR Transformation, Betterworks

# Open up succession planning to drive retention

4 in 10
employees feel overlooked by
succession planning

80%
of individual contributors say
they'd stay longer at a company
where succession planning
extended beyond leadership

For many companies, succession planning
is an opaque process that takes place
behind closed doors, and employees often
perceive that they're being passed by. This
may contribute to the 44% of employees who
feel overlooked by the succession planning
process in their organization — and the 14%
who aren't sure if they're overlooked or not.
Employees would stay if succession planning
was used in more positions, signaling a desire
for more inclusive career development.
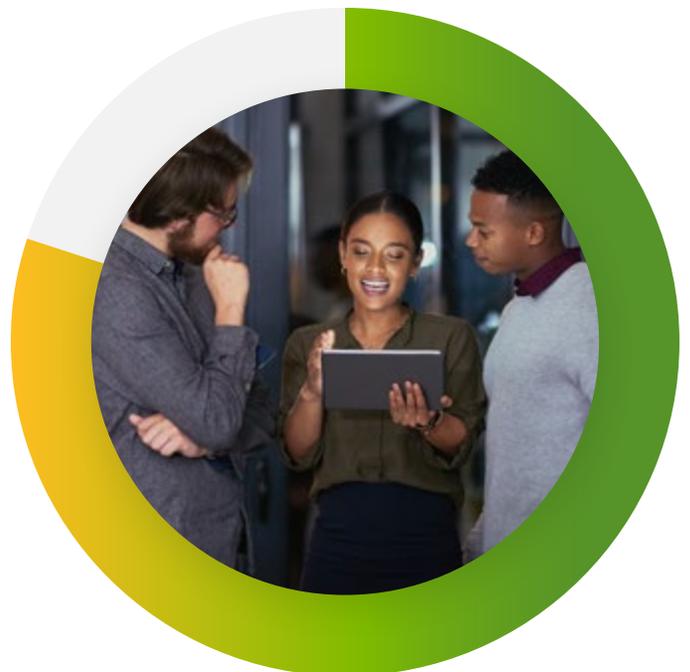
Betterworks' Take

Leverage AI for skills and career development: Integrate AI-driven tools into skill identification and career planning programs. This allows managers to focus on high-touch coaching while AI provides employees with concrete insights into their development paths, improving satisfaction and retention.

Expand succession planning beyond leadership roles: Broaden the scope to include non-leadership positions, giving more employees a stake in their future with the organization and increasing loyalty.

Use performance data to inform succession planning: Combine AI-driven insights with performance metrics like goal achievement, skill-building progress, and peer feedback to create a more comprehensive view of potential succession candidates.

FINDING 4

FINDING 5

AI Powers Up Performance Enablement

89%
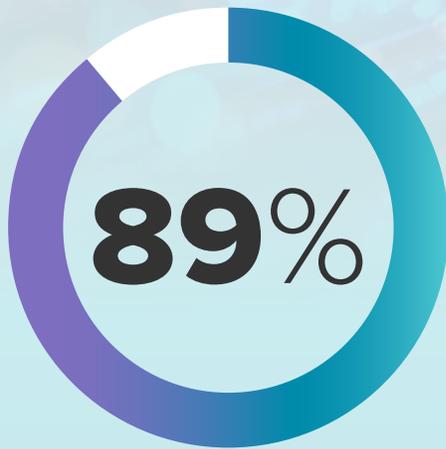
When AI is used in performance management, **89% of managers and employees report high satisfaction**, and only **10% say they're uncomfortable** with AI in performance management

Performance management remains an incomplete or frustrating process for many individual contributors, but AI has the power to change that. AI's role elevates the employee experience and frees managers to focus on high-impact coaching. In organizations where AI is embedded in performance management, satisfaction skyrockets, with employees experiencing greater objectivity, efficiency, and alignment with their goals.

Doing better by individual contributors: Performance management software and technology tools have made progress, modernizing how organizations track and assess performance. However, they have fallen short for 51% of individual contributor employees who don't love or like their performance management and for the 54% who report they do not have full performance enablement with structured goal setting, regular feedback, and impactful career conversations.

Managers and employees are both more satisfied when AI is in the mix: When broadening the scope to all employees — both managers and individual contributors — the impact of AI integration becomes even clearer. Without AI, satisfaction with the performance process is limited, with just under half of individual contributors feeling positive about it. By contrast, 89% of managers and employees with AI-driven performance management report high satisfaction, finding AI's role in objectivity and accuracy invaluable.

Employees are overwhelmingly comfortable with AI playing a role: In organizations that use AI for performance tracking, goal setting, and learning and development, satisfaction rates climb as AI alleviates routine managerial tasks, freeing managers to focus on high-value coaching and feedback. Indeed, only 10% of employees who use AI say they'd be uncomfortable using it in the review process. A comprehensive approach to performance management and goals, supported by AI, fosters a more empowered workforce and aligns both personal and organizational goals.

Individual contributors lag in satisfaction with performance management

Among individual contributors, only 46% report experiencing full performance enablement, and of those, just 49% feel positive about their current performance management process. These insights reflect the need for enhanced tools and support in guiding their performance and development.

How would you rate your current performance management and review process in your organization?

I love it	**21**%
I like it	**28**%
I am indifferent	**36**%
I don't like it	**11**%
I hate it	**4**%

High satisfaction with AI's role in performance management

When examining all employees — managers and individual contributors — we see that AI significantly enhances performance management. Six in ten (61%) say AI plays a role in their performance process, 27% said AI plays no role, and 12% were not sure. The most common uses are to track performance, write goals, and for learning and development (L&D).

AI use in performance management

Track performance/accomplishments	**41**%
L&D	**35**%
Write performance and/or development goals	**35**%
Manager tracks performance	**32**%
Organization tracks/suggests skills	**32**%
Write self-evaluations	**31**%
Organization predicts future skilling needs	**31**%
Org. analyzes/calibrates performance ratings	**29**%
Manager writes performance reviews	**27**%
Manager writes feedback	**27**%

Among those with AI integrated into their performance process, 89% say they like or love the performance management and review process compared to only 40% of all employees who don't have AI in that process.

FINDING 5

Overall, for both managers and individual contributors, the benefits of AI significantly outweigh potential concerns by a factor of 1.5x to nearly 3x when it comes to accuracy, fairness, comprehensiveness, and personalization.

Why do employees prefer AI in performance management?

43%	More accurate
40%	More fair/objective
39%	More comprehensive/ thorough
35%	More personalized

...than my manager

⟵ 0   100% ⟶

Missed Targets:
AI-enhanced goal-setting correlates with success

Traditional goal-setting often lacks alignment with day-to-day work, leaving employees without clear direction — but AI can make all the difference.

Only 57% of employees currently use formal goal software, but those who integrate AI into goal-setting see substantial improvements. AI's predictive power enables more personalized, impactful goals, helping employees work smarter and more efficiently.

The data speak volumes:

» Employees with goal software report **3x greater alignment** and **satisfaction** than those without.

» **90% of regular AI users report meeting goals more efficiently** since the introduction of AI tools.

» **84% of frequent AI users believe generative AI could set better, more relevant goals** for them and their organizations.

FINDING 5

Betterworks' Take

Embed AI into performance management tools: Use AI in evaluations, goal-setting, and feedback processes to increase satisfaction, and simplify and speed up performance management for managers and employees. Consider platforms with built-in AI capabilities for a seamless experience.

Leverage AI for fairness and efficiency: AI can standardize performance evaluations, improving fairness and consistency by providing comprehensive, data-backed insights from a performance management system. AI also streamlines routine tasks, giving managers more time to coach and support employees' growth.

Train teams on AI-enhanced goal setting: Help employees and managers use AI to streamline and improve goal-setting quality, ensuring goals align with both individual career aspirations and organizational priorities.

Align goals with organizational and personal aspirations: Help employees align their objectives with company goals. Doing so will transform performance management into a platform for growth and success.

Final Thoughts

Shaping an AI-forward, people-first workforce

As AI becomes a cornerstone of productivity and strategic advantage, it also presents a defining challenge for organizations: how to integrate its power without leaving any employees behind. This year's findings reveal that while AI boosts productivity and engagement, disparities in access and understanding threaten to deepen divides within the workforce. Companies that embrace AI as a strategic, inclusive tool for all employees — not just those in top roles — will unlock both individual and organizational potential.

That's where we come in. Betterworks is uniquely positioned to help organizations bridge this gap. With tools designed to democratize AI access, enhance performance management with AI insight and assistance, and foster goal alignment, Betterworks empowers organizations to build a culture where AI is not a source of anxiety but a pathway to growth.

By leveraging Betterworks' AI-enhanced solutions, HR leaders and executives can equip employees at every level with the skills and confidence to thrive in an AI-augmented workplace — ultimately creating a more resilient, future-ready workforce.

Ready to unlock AI's potential for your team? Contact Betterworks to learn how we can support your journey toward an AI-enabled future.
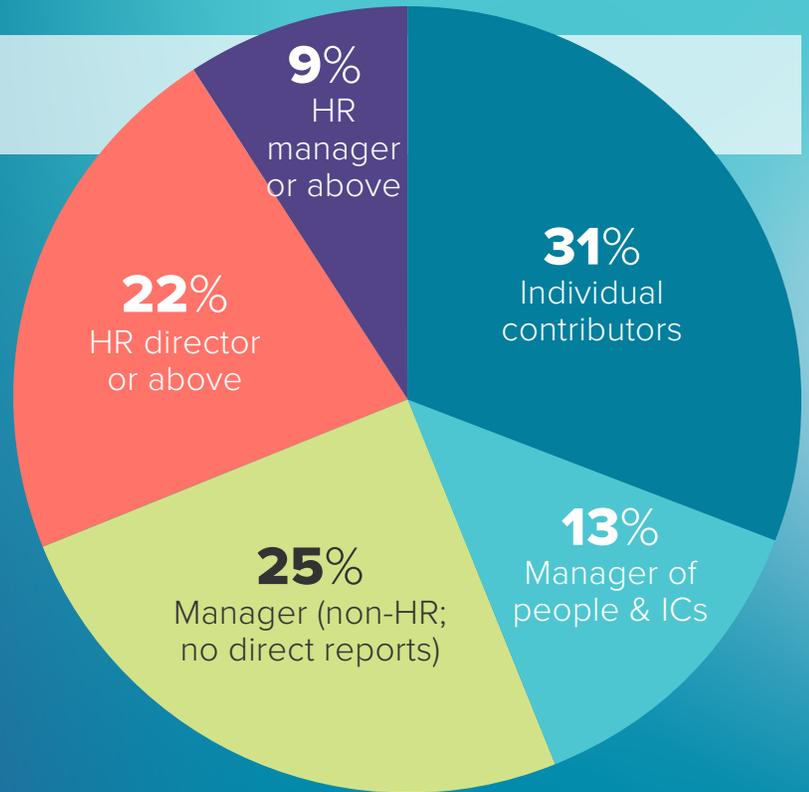
About This Report

2,109 RESPONDENTS

Fully-employed workers

Age & gender balanced

9% HR manager or above

22% HR director or above

31% Individual contributors

13% Manager of people & ICs

25% Manager (non-HR; no direct reports)

Discover Betterworks

Founded in 2013, Betterworks is the pioneer in intelligent performance management solutions that help workforces and organizations achieve their highest potential. Betterworks reimagines performance management for all with an enterprise-ready platform that fosters greater manager effectiveness and employee performance, leading to higher satisfaction and retention and better business outcomes.

Our customers' employees are proven more engaged and satisfied in their roles, which is why industry leaders like Colgate-Palmolive, Intuit, ATB Financial, Freddie Mac, Arcesium, and the University of Phoenix rely on Betterworks to manage and enable excellent performance. Betterworks is backed by Kleiner Perkins, Emergence Capital, and John Doerr.

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