morson

Investing in AI **without understanding your people.**

The case for clarity in an unprecedented space

Contents

Prepared by

Luciana Rousseau
Group Head of Client Innovation, Morson Group

E: luciana.rousseau@morson.com

Organisations across every sector are accelerating AI investment at a pace that has almost no historical parallel. Yet the evidence is unambiguous, the technology is not the problem. The people are the missing variable. From MIT to McKinsey, BCG to Gallup, the data tells the same story, capital is being deployed into a human void, producing stranded assets, invisible waste, and organisational paralysis dressed up as transformation.

We make the case for why understanding your workforce is not a soft, optional add-on to AI strategy, it is the single most consequential factor in whether your investment returns anything at all.

In a space this opaque, this new, and this consequential, a small amount of clarity about your own people is not just sensible, it is commercially decisive.

The race with no map

There is a phenomenon now visible across boardrooms everywhere, the competitive panic of AI adoption. Organisations are watching their sector peers announce AI programmes, and the instinct is immediate “we must not be left behind”, but behind what?

This is the bandwagon effect operating at industrial scale. Fearing competitive disadvantage, companies adopt AI technologies without thorough evaluation, often rushing into deployments that neither their processes nor their people can absorb.

The problem with setting off when you have no map is that speed amplifies exposure. You are not sprinting toward a known finish line, you are sprinting into genuinely unknown territory. AI in the organisations is, categorically, an unprecedented space. There is no industry playbook refined over decades. There is no settled consensus on what good looks like for workforce adoption. The tools are new, the behaviours are uncharted, the psychological responses are only beginning to be documented. Governance opacity is a structural feature of this landscape, not a temporary gap. Workers frequently don’t know when they are interacting with an AI system, cannot understand how it makes decisions, and have no clear line of accountability when things go wrong.

Into this mix, organisations are deploying significant capital and then wondering why adoption stalls.

The scale of the waste problem

The financial case for paying attention to people readiness before deploying AI capital is not theoretical. It is, at this moment, one of the most well-evidenced cost stories in enterprise management.

The headline failure rate

MIT's NANDA research programme, based on analysis of over 300 public AI deployments, 52 organisational interviews, and 153 executive surveys, found that despite enterprise investment of $30–$40 billion in generative AI, **95% of organisations report no return.** Only 5% of AI pilots transition into production with quantifiable value. These are not edge cases or early-adopter missteps, they are the dominant outcome.

95%
Report no return

5%
Produce a quantifiable value

60%
Report little or no impact

93%
Ai budgets failing to deliver meaningful returns

17% → 43%
Rise in companies abanoning their AI programmes

88%
Proofs-of-concept that don't make it to production

BCG corroborates this starkly, although most companies are now experimenting with AI, **only about 5% are generating value at scale**, and nearly 60% report little or no impact to date. Deloitte's analysis finds that just **10% of organisations are realising significant ROI from AI**, with 93% of AI budgets failing to deliver meaningful returns. McKinsey is equally stark, **only 6% of organisations capture real value** from their AI investments.

The companies abandoning their AI initiatives entirely is rising sharply. In one year, the proportion of companies abandoning the majority of their AI programmes **jumped from 17% to 42%**. The percentage of AI proofs-of-concept that **never make it to production sits at 88%.**

What this looks like in actual expenditure

The anatomy of a single failed AI project (at conservative estimates) runs as follows;

- **Infrastructure waste:** Azure/cloud AI capacity, supporting infrastructure, and monitoring at approximately £22,000/month = £264,000 per year
- **Engineering waste:** Integration development and maintenance in year one = approximately £300,000
- **Opportunity cost waste:** If 100 employees could save 10 hours/week each through AI at a loaded cost of £80/hour, but adoption is only 5% rather than 100%, the annual opportunity cost is approximately £4 million

A single failed AI project can cost in excess of £4.5 million in year one alone, at conservative estimates.

Most organisations have five to ten such projects running simultaneously.

This is what stranded CapEx looks like at the human layer. The infrastructure exists. The licences are paid. The integrations are built. But if people don't use the tools, don't trust them, don't understand them, aren't ready for them, every pound of capital expenditure becomes a liability rather than an asset.

The engagement collapse

Gallup's State of the Global Workplace report, one of the most comprehensive ongoing surveys of employee experience, shows that global employee engagement has now fallen for a second consecutive year, sitting at **20% in 2025**, down from a peak of 23% in 2022. Low engagement costs the global economy approximately **$10 trillion in lost productivity, equivalent to 9% of global GDP.**

Critically, only **12% of employees strongly agree that AI has fundamentally changed how work is done in their organisation**, despite widespread tool deployment. The gap between investment and impact is not a technology gap, it is a readiness and engagement gap.

Gallup concludes directly, "The success of AI in the workplace will depend less on the technology itself and more on how organisations manage people."

Why people are the variable being ignored

The training illusion

When organisations do acknowledge the people dimension, the response is typically training. But training (as conventionally delivered) is structurally insufficient for the scale of this challenge. BCG's analysis identifies three stages required for genuine AI capability;

- **Foundational knowledge**
- **Applied practice**
- **Embedded habit**

Traditional training stops at stage one. Yet the impulse is to equate completion rates with capability, and capability with adoption.

WalkMe's State of Digital Adoption research makes the gap visible, while **79% of executive leaders are optimistic about achieving their AI transformation objectives**, only **28% of employees report having received sufficient training to leverage AI effectively.** Only **25% have actually enhanced their work efficiency with AI.**

The gap between executive confidence and employee reality is not a communications problem. It is a structural readiness problem and spending more on tools does not close it.

The opacity problem and its human cost

What makes AI adoption uniquely difficult compared to previous technology transitions is the fundamental opacity of the technology itself. This is not a case of introducing new software with a clear user interface and a training manual. AI operates through probabilistic, often unexplainable outputs. Its decisions are difficult to understand and accountability is diffuse. For employees operating in safety-critical, regulated, or high-consequence environments (infrastructure, defence, energy, healthcare) this opacity is not merely confusing. It is actively threatening.

Research published in peer-reviewed literature confirms that algorithmic opacity directly affects employee trust through two distinct pathways;

- challenge appraisals (where the unknown is experienced as stimulating)
- threat appraisals (where the unknown is experienced as dangerous).

The proportion experiencing threat appraisals is substantially higher in organisations that have deployed AI without preparation. An unchecked AI rollout risks undermining employee trust and organisational legitimacy across the entire workforce.

This is the foundation of shadow AI, when the sanctioned environment is opaque, threatening, or unhelpful, employees route around it using unsanctioned tools. Shadow use is not disloyalty, it is a workforce voting against its current tools. This carries its own costs in data governance, compliance exposure, and fragmented institutional knowledge.

The competitive race amplifies, not resolves, the problem

INSEAD describes the enterprise AI reality as an "AI clarity gap", where early pilots look promising in controlled conditions but stall when they encounter messy workflows, unclear decision rights, and poor collaboration. The competitive pressure to race faster makes this worse, not better. The bandwagon dynamic means organisations are committing capital to AI not because they have assessed readiness, but because they are afraid of being left behind.

The result, consistently, is what the research terms "overdelivering on technology and underdelivering on people".

The sunk cost fallacy then compounds the problem. Once significant capital has been deployed, organisations are psychologically resistant to admitting the investment is underperforming. Research by Arkes and Blumer showed that 85% of people continued a failing programme when prior investment was mentioned, with only around 10% making the same choice without it.

This is a structural cognitive trap, and it keeps failing AI projects alive, consuming ongoing resource, while the root cause (people readiness) goes unaddressed.

The ROI inversion. where value actually lives

The evidence for where AI ROI is captured inverts the typical investment logic. Organisations that treat AI as a people capability challenge, not a technology deployment challenge, achieve fundamentally different outcomes.

McKinsey's research consistently demonstrates that **transformations with strong people-centric approaches are 1.5 to 2 times more likely to succeed.** Enterprises with a well-implemented digital adoption strategy see digital transformation ROI increase **from 22% to 64%.** AI-capable teams see **3× faster adoption and higher ROI.** The ROI differential between organisations that invest in people readiness and those that don't is not marginal, it is structural and compounding.

1.5 to 2
times more likely to succed

3x faster
adoption & higher ROI from AI-capable teams

22% → 64%
ROI Increase

Critically, McKinsey's analysis of what separates AI "high performers" from the majority identifies one consistent factor, **they invest 70% of their strategic focus on people, organisation, and process and only 20% on the technology stack.** The average organisation inverts this ratio.

CIPD and the Institute for the Future of Work draw the same conclusion across eight case studies: "The success of an AI rollout is rarely determined by the software itself, but by the talent ecosystem it sits within." Speed does not equal maturity. Organisations that moved too fast without employee buy-in created a legacy of mistrust that undermined even technically advanced tools.

What clarity actually means in this space

This is where the argument for AI archetype mapping becomes not just commercially compelling but strategically essential. The unprecedented nature of AI adoption means organisations genuinely do not know what they are deploying into. They do not know:

- Which employees are psychologically ready to engage with AI-assisted workflows
- Which are experiencing threat appraisals that will produce resistance, workarounds, or attrition
- Which are already using AI in unsanctioned ways (shadow AI) that carry compliance risk
- Which have the curiosity and latent capability to become internal champions, the catalysts of genuine adoption
- Where the pockets of anxiety, algorithmic distrust, or technostress are concentrated and how this maps onto the critical roles and functions that AI is supposed to transform

Without this intelligence, every pound of AI CapEx is deployed blind. The organisation has visibility into its infrastructure costs, its licence fees, its implementation timelines but zero visibility into the human terrain the technology is landing in.

AI archetype mapping provides the only instrument currently available that converts this opacity into intelligence. Rather than assuming employees are either ready or resistant in binary terms, archetype mapping reveals a structured, segmented picture of the human landscape, where readiness exists, where fear is concentrated, where curiosity can be activated, and where mandated adoption will backfire. It answers the fundamental question that every CFO, CTO, and CHRO should be asking before a single additional pound of AI investment is committed:

What are we actually deploying into?

The framing is not about slowing down AI investment. It is about making current and future investment recoverable. The technology spend is largely already committed or in-flight. The question is whether it will sit idle (a stranded asset in human form) or whether it will generate the returns the business case promised. Clarity about your people is the only bridge between those two outcomes.

The cost of continuing without clarity

The case against inaction is not speculative. It is the current default outcome experienced by the majority of enterprises globally.

Without people intelligence, organisations will continue to:

Deploy AI into disengaged or hostile terrain

Producing the shadow AI phenomenon, compliance risk, and visible non-adoption that discredits internal AI programmes

Miss the ROI inversion

Failing to understand that the 70/30 investment ratio (people-first) is the consistent predictor of value, while the technology-first approach remains the consistent predictor of failure

Lose investment to attrition

With one in four technology professionals already leaving roles where upskilling is absent, organisations risk haemorrhaging the very people capable of driving AI value.

Fall into the sunk cost trap

Continuing to pour resource into failing implementations because past spend creates psychological commitment to continuation, regardless of return

Mistake access for capability

Treating licence provisioning as equivalent to adoption, while actual productivity gains remain uncaptured

The CIPD frames the obligation with precision: “To capture true ROI, you must rebalance the relationship between people and technology.” That rebalancing requires knowing where the imbalance lies and that is exactly what Morson’s AI Archetype mapping delivers.

Message to leadership. the clarity argument

You are investing in a technology that operates in a space that is, by any measure, genuinely new, genuinely opaque, and genuinely risky for human performance.

There is no mature playbook. There is no settled evidence on how your specific workforce will respond. The failure rate for enterprises globally sits at 80–95% by multiple independent measures. The primary cause of failure is not the technology, it is the unexamined human terrain.

AI investment without people intelligence is exactly that, released capital with no environmental due diligence on the most consequential variable.

Your workforce is not a passive recipient of technology. It is the activation mechanism. Without activation, the CapEx is stranded.

Every other form of significant capital investment your organisation makes is subject to due diligence on the environment it enters.

You assess market conditions before launching a product. You assess site conditions before building infrastructure. You assess counterparty risk before acquiring a business. You do not simply release capital and hope the environment is favourable.

Archetype mapping is the environmental survey for the human terrain.

It is not a cost, it is the instrument that makes your existing and future AI investment recoverable. In a space this unknown, this opaque, and this new, clarity is not a luxury. It is the only commercially rational response.

Conclusion

First-Mover Advantage Belongs to Those Who Know Their People

The race to AI is real. The competitive pressure is real. But the evidence is now unambiguous that the first-mover advantage in AI does not accrue to those who deploy fastest, it accrues to those who deploy most effectively. And effectiveness, consistently, is a people question before it is a technology question.

Organisations that invest in understanding their workforce's readiness, archetypes, anxiety profiles, and adoption behaviours before scaling AI will unlock the returns that the majority of enterprises are currently failing to capture. They will reduce attrition, prevent stranded CapEx, and convert AI investment from a competitive liability into a genuine advantage.

In an unprecedented space, the scarcest resource is not capital, it is clarity. Morson's AI Archetype mapping provides it.

morson

At the sharp end.

If you have any queries or are curious about how the Morson Group ecosystem can unlock even greater value for your projects, we are just a message away.

E: connect@morson-group.com
E: luciana.rousseau@morson.com

www.morson-group.com