CATALYST & COQUAL

TWO-THIRDS OF BUSINESS LEADERS IN THE UK, FRANCE AND GERMANY ARE NOT READY TO LEAD IN THE AI AGE

- **UK leaders (49%) more likely to be AI-skilled, than in France (26%) or Germany (19%) but skills alone are not translating into better business performance**
- **New research identifies leadership capability as a decisive factor in whether AI investment translates into commercial advantage**
- **A third of employees in the UK, France and Germany are worried about being replaced by automation and report anxiety, mistrust and exclusion as AI reshapes work**
- **Data shows organisations prioritise AI-driven growth over equitable and inclusive adoption**
- ***"The findings suggest that while many organisations are investing in AI tools and upskilling initiatives, far fewer leaders have the mindset, skills and behaviours needed to unlock the human commitment required for AI to drive sustained growth*," said Dr Ellie Smith, Director of Research, Europe, Catalyst.**
- **"*The data in this report reveal that in many cases, organisations, facing strong headwinds and market pressures to fulfil the promise of their AI investments, have sidelined the talent development and employee wellbeing that encourages innovation in the first place. But, the good news is that many leaders already possess the leadership traits needed to bridge this disconnect and drive powerful and resilient transformation,"* said Emilia Yu, Co-Executive Director of Coqual's Global Lab.**

Nearly two-thirds, 63%, of business leaders across the UK, France and Germany are not ready to lead effectively in an AI-enabled world, according to new research from Coqual, a leading global, nonprofit think tank dedicated to better work futures, and Catalyst, the global nonprofit accelerating organizational performance and women's progress.

The study, based on responses from 2,891 business leaders and employees in the three countries, alongside in-depth qualitative interviews, finds that as AI adoption accelerates across organisations, leadership capability has emerged as the critical constraint on performance.

Leaders in the UK, 49%, are significantly more likely to describe themselves as AI-skilled than their counterparts in France, 23%, or Germany, 17%. However, the research shows that technical capability alone does not drive results. Business performance improves only when leaders are also able to support, involve and motivate their workforce through change. In other words, how leaders lead matters as much as what technology they adopt.

Introducing the 'Convergent Leader'

The research identifies a new leadership profile it terms the 'Convergent Leader'. Convergent Leaders bring together AI skills to make confident, informed decisions about technology,

inclusive leadership behaviours that build trust, fairness and psychological safety, and a flexible mindset (see info box) that enables them to lead through uncertainty and change. It is this combination, the research finds, that differentiates organisations seeing strong commercial returns from AI.

More than a third of leaders in the study, 37%, are identified as Convergent Leaders. They are most likely to be based in the UK, 55%, followed by Germany, 25%, and France, 20%.

In practice, Convergent Leaders create environments where people feel safe to speak up, experiment and adapt as AI reshapes work. They prioritise fairness and inclusion, balance human judgement with technology and are more comfortable leading through uncertainty and change. Organisations led by these leaders consistently report stronger business performance than those led by non-convergent leaders.

Convergent leaders deliver stronger business outcomes

Compared with non-convergent leaders, organisations led by convergent leaders report better results:

- **A boost in team productivity**: 93% vs 34%
- **An increase in market share or entry into new markets**: 41% vs 17%
- **Increased revenue or profit margin**: 53% vs 26%
- **Greater customer loyalty or satisfaction**: 58% vs 22%
- **Operational efficiencies and reduced costs**: 54% vs 30%
- **Reduced employee turnover or improved retention**: 27% vs 18%
- **Launched innovative new products or services**: 45% vs 18%

These findings point to leadership capability as a decisive factor in whether AI investment translates into commercial advantage.

Leaders are not planning for the human impact of AI

Despite rapid adoption of AI, many organisations are failing to plan for or address its human impact.

More than a third of employees, 34%, fear being replaced by automation, with similar levels reported across all three countries. Only about one in three, 35%, say their organisation helps them build AI skills relevant to their role.

Long-term planning also remains weak. Only 28% of leaders, and 29% of employees, say senior leaders in their organisation are planning for the long-term impact of new technologies on employees. For leaders, this falls to 20% in France and 22% in Germany, compared with 38% in the UK.

What is a flexible mindset behind convergent leadership?

The study highlights the flexible mindset as a defining feature of convergent leaders, made up of several distinct but connected qualities:

Cognitive flexibility
The ability to deliver results in the present while actively preparing for what comes next.

Relentless curiosity
A willingness to challenge assumptions, experiment with new approaches and continually build new skills and knowledge.

Grace under fire
Remaining calm, decisive and supportive when facing uncertainty or rapid change.

Human-centred judgement
Balancing data, technology and analytical thinking with creativity, cultural intelligence, openness and empathy when assessing and developing talent.

Most (95%) leaders also cannot quantify the impact of AI because their organisation is not tracking it. Some are struggling to come up with appropriate metrics, whereas others do not see tracking impact as a priority investment. Among those who do track outcomes, innovation is of far greater interest (52% of leaders) than employee engagement (38%) or retention (31%).

Why equity risks remain

While the research did not find significant differences between men and women in current AI access or usage, this should not be read as evidence that gender equity has been achieved. Instead, the findings point to a broader organisational gap: most employers are not yet taking deliberate steps to ensure AI is adopted responsibly and inclusively across their workforce.

Dr Ellie Smith, Director of Research, Europe, Catalyst said: “Right now, organisations are far more focused on using AI to drive growth than on how those tools are governed or adopted equitably. That matters, because when equity is not built into AI adoption from the start, gaps in access, skills and usage do not disappear. They grow over time, across gender and other identity groups.”

While 61% of organisations report having a responsible AI policy, only 21% of leaders say their organisation is adopting AI solutions that minimise the negative impact on employees. Fewer than half say their policy addresses equity, 49%, or inclusion, 48%. Nearly four in five employees (78%) also disagree that leaders at their organisation are making efforts to create a more inclusive culture.

Leadership, not technology, will determine AI’s success

Dr Ellie Smith, Director of Research, Europe, Catalyst, said: “The findings suggest that while many organisations are investing in AI tools and upskilling initiatives, far fewer leaders have the mindset, skills and behaviours needed to unlock the human commitment required for AI to drive sustained growth.

“With nearly two-thirds of leaders still unprepared for AI, this research shows just how urgent the challenge has become. Convergent leaders stand out not just for what they know, but for how they learn and how they respond to uncertainty. What will differentiate successful leaders is the ability to integrate AI into teams and workflows in a way that prioritises fairness, inclusion and trust, and helps employees see technology as an opportunity rather than a threat.”

Emilia Yu, Co-Executive Director of Coqual's Global Lab, said: "We're at an inflection point for AI, and leaders and organisations have important choices to make in order to sustain growth through this transformation. The most successful leaders prioritise not only AI skills, but also responsibility, accountability, and the human traits technology cannot replace. Organisations must reprioritize employee wellbeing and address their anxieties if they want to create the right conditions for innovation. Only by empowering the people who are doing the work will leaders unlock the potential of AI to augment human ingenuity.”

- **ENDS -**

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Notes to Editors

Study Methodology: In total, 2,891 business leaders and employees from France (34%), Germany (31%), and the UK (35%) were surveyed. Of the overall sample, 34% were business leaders and 47% were women. The best represented industries were Finance and Professional Services (24%), Manufacturing and Engineering (15%), and Healthcare and Pharmaceuticals (11%). These are largely reflective of the biggest industries of the represented countries.

We collected qualitative insights from a total of 31 individuals not affiliated with the survey: this included executives, function leaders, and team leaders at multinationals headquartered in Europe, and subject-matter experts in AI, talent management, IT, and data science.

Survey participants were asked about their skills, mindsets, and behaviours related to AI. For example, leaders responded to items such as, 'How well do you understand how AI systems operate (e.g., data input, pattern recognition, model training)?' Questions were measured using a combination of Likert rating scales and binary outcomes (e.g., yes/no). Leader and employee items were not always identical, as each was designed to reflect the unique demands and expectations of their respective roles, but in many cases were complementary. Data were collected through an online platform, and analyses were conducted using IBM SPSS Statistics.

Qualitative insights were collected in the form of semi-structured interviews. Names of interviewees throughout the report and key findings were changed to protect the anonymity of participants.

About Catalyst

Catalyst is a global nonprofit that has been the recognized expert at the forefront of women's advancement and inclusion since the 1960s. Today, Catalyst accelerates organizational performance and women's progress through research-backed insights, high-impact convenings, proven solutions, and unparalleled support that fuel organizations to make inclusion a business practice at scale.

About Coqual

Coqual is a leading global, nonprofit think tank dedicated to better work futures by helping organizations navigate complexity and lead with clarity. Since 2004, the organization has equipped companies to navigate complexity, challenge broken systems, and build cultures where everyone can thrive by providing the tools to redesign how they work and lead. Coqual's research combines deep data and lived experience surfacing what is often overlooked and translating it into insight leaders can act on. Their work explores the forces reshaping work and asks the questions that lead to better solutions across identity, inclusion, leadership, and the future of work.