

Global
Study

Beyond Productivity: Measuring the Real Value of AI

A new blueprint for the next era of AI-fueled organizational growth.



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Executive summary.

The promise of AI in the workplace has largely been framed around productivity—saving time, automating routine tasks, and helping employees do more in less time. New research from Workday shows that while many organizations are realizing these gains, a substantial share of that value is being quietly lost to rework and low-quality output.

Therefore, productivity gains alone are not translating into better outcomes for most organizations. While AI is helping employees complete tasks faster, far fewer are using it to improve the quality of their work or support higher-value judgment and decision-making. In fact, only 14% of employees consistently achieve net-positive outcomes from AI use.

As a result, roughly 37% of the time saved through AI is being offset by rework. Employees report spending significant time correcting, clarifying, or rewriting low-quality AI-generated content—essentially creating an AI tax on productivity. For every 10 hours of efficiency gained through AI, nearly 4 hours are lost to fixing its output.

1.5 weeks

The amount of time lost to fixing AI outputs, per highly engaged employee, per year

This hidden loss highlights a critical blind spot in how organizations assess AI performance. Most leaders focus on **gross efficiency**—how much time AI saves. But this metric alone obscures the real picture. When time lost to rework is taken into account, the net value of AI is often much lower than expected.

To capture AI's real return, organizations must move beyond measuring hours saved and begin accounting for outcomes achieved. **Net value**—time saved minus time lost—provides a more accurate view of whether AI is improving how work gets done, or simply accelerating activity without improving results.

The research shows that low-quality AI output is not limited to a specific industry or region. It appears wherever AI is adopted without corresponding changes to skills, role design, and support. At the same time, the data reveals clear patterns that distinguish employees who consistently generate net gains from those who absorb the cost of rework—and points to specific actions organizations can take to close that gap.

3 things leaders should know to get more out of AI.

1. Nearly 40% of AI's promised productivity is silently lost to rework, reducing the net value of efficiency gains.
2. The most enthusiastic users often carry the highest burden, spending disproportionate time verifying and correcting output.
3. Organizations that reinvest AI gains into their people outperform those that reinvest primarily in technology, achieving stronger outcomes and more sustainable value.



A hidden productivity drag holding back workplace transformation.

The erosion of AI's value is not abstract—it shows up in everyday work. Teams are moving faster but not necessarily further.

Consider a common scenario: a team is preparing materials for a high-stakes meeting with senior leadership. A slide deck generated by a newly adopted AI tool arrives quickly and looks polished at first glance. But the narrative lacks context, the data sources are unclear, and the tone misses the audience. What should have been a time-saving starting point becomes a multi-day effort to verify, rewrite, and align the work.

In moments like these, AI delivers speed—but not the strategic lift it promised. Instead of reallocating time toward judgment, creativity, and decision-making, employees spend it correcting low-quality output. At scale, this pattern compounds, translating into millions of lost hours each year in large organizations.

This drag is structural, not individual. Employees are not misusing AI; they are operating within systems that have not kept pace with its adoption.

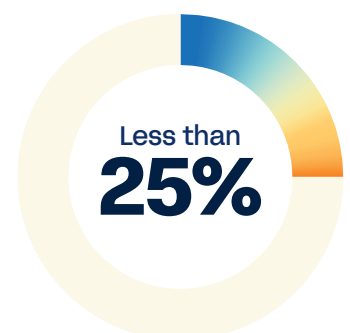
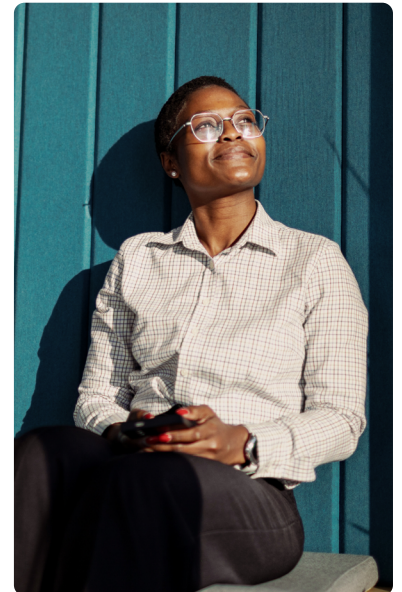
Skills, roles, and the source of rework.

While two-thirds of leaders (66%) cite skills training as a top investment priority, that investment is not consistently reaching the employees most exposed to rework. Among employees who use AI the most, only 37% report increased access to training—a nearly 30-point gap between stated intent and lived experience. As a result, many employees are expected to produce higher-quality outcomes with AI without the guidance or support needed to do so efficiently.

The issue is compounded by lagging role design. Across the full sample, nearly 9 in 10 organizations report that fewer than half of their roles have been updated to include AI-related skills. AI has been layered onto roles that were never updated to accommodate it—forcing employees to use 2025 tools within 2015 job structures. Rather than reducing effort, this mismatch often increases it, as employees are left to reconcile faster production with unchanged expectations around accuracy, judgment, and accountability.

For employees already doing a large share of rework, outdated role definitions make it harder to capture AI's benefits. Without clear expectations for how AI should be used—and where human judgment must apply—employees default to verification and correction, absorbing the cost of low-quality output themselves.

This burden does not fall evenly across the workforce. The data reveals clear patterns by function, generation, and geography—highlighting where rework concentrates and where targeted intervention can have the greatest impact.



of roles are reported as AI-ready in organizations struggling to achieve net productivity gains

The demographics of the drain: Heavy AI users pay the highest price.

The productivity drag created by low-quality AI output does not affect all employees equally. Understanding where AI creates value—and where it creates friction—requires looking beyond adoption and time saved to how effectively employees are using these tools.

The baseline metrics show that the volume of use is there:

- **Adoption is high:** Nearly 9 in 10 employees (87%) are using AI at least a few times a week, with nearly half (46%) using it daily.
- **Productivity is rising:** Over three-quarters (77%) of employees report they are more productive due to AI use over the past 12 months.
- **Time is being saved:** The vast majority (85%) of employees personally save between 1 and 7 hours per week on their tasks.

However, these gross efficiency metrics mask a more uneven reality. In practice, the highest productivity drag concentrates among employees who use AI most frequently.

While usage and time savings are widespread, the quality of that time—and the degree to which it translates into net value—varies significantly by employee type.



Enter: the **net productivity matrix**—a framework that segments employees based on time saved using AI (x-axis) and time spent fixing AI output (y-axis).

Net productivity matrix: Employee personas.



Analyzing the workforce through this lens clarifies where AI is generating net gains—and where it is quietly absorbing time and energy. More importantly, it helps organizations identify where targeted interventions can shift employees from rework-heavy use toward sustained value creation.

The demographics of the drain: Who captures AI's gains—and who absorbs its costs.

The productivity drag created by low-quality AI output is not evenly distributed across the workforce. Instead, it clusters in specific generational, functional, and regional pockets—revealing where AI adoption is most likely to create friction rather than net gains.



Younger employees carry a disproportionate burden.

Employees aged 25 to 34 emerge as a consistent hot spot for AI-related rework. While often assumed to adapt most easily to new technologies, this group accounts for nearly half (46%) of employees experiencing the highest levels of verification and correction of AI output.

These employees tend to use AI frequently and with confidence, but they also report spending significantly more time auditing results—adding a hidden layer of work rather than eliminating it. In practice, AI accelerates output, while responsibility for ensuring quality remains squarely with the employee.



Different roles, different rework burdens.

Rework also concentrates by function, reflecting differences in how AI is applied to daily work.

IT roles are more likely to be Augmented Strategists (32%)—converting AI use into net productivity gains. These employees tend to apply AI to pattern recognition, system optimization, and exploratory analysis—use cases where imperfect output is acceptable and easy to refine.

Human resources, by contrast, bears a disproportionate share of the rework burden. HR professionals represent the largest share (38%) of employees experiencing the highest levels of AI-related rework. Their work involves people decisions, communications, and compliance-sensitive processes, where “good enough” output is rarely acceptable. As a result, HR teams audit AI-generated work with exceptional rigor, absorbing the time cost required to ensure accuracy, tone, and fairness.



Regional differences reflect reinvestment choices.

Geography further shapes how AI productivity gains translate into value. North American organizations report the highest initial efficiency gains, with 83% of employees citing increased productivity from AI use. However, these organizations are less likely to reinvest those gains into workforce development.

Only 64% of North American organizations report reinvesting AI savings into people, compared with 84% in EMEA and 89% in APAC. In regions where reinvestment in skills and workforce resilience is higher, employees are more likely to convert time savings into sustained improvements rather than rework.

Taken together, these patterns show that AI's productivity drag is not random. It concentrates where usage is high, expectations for quality are non-negotiable, and organizational support—through training, role design, and reinvestment—has not kept pace.

Paying a premium: A closer look at burnout.

The data shows a clear paradox at the center of AI adoption: the employees most eager to use AI are often the ones paying the highest price in rework, cognitive load, and sustained effort.

Daily AI users are overwhelmingly optimistic about AI's potential. More than 90% of daily users (many of whom fall into the Low-Return Optimists) say AI increases their confidence of success in future roles.

Yet their confidence masks a significant operational burden. These employees are also the most likely to spend time verifying, correcting, and refining AI output—77% say they audit AI work with the same or more rigor than human work.

This burden is not matched by corresponding investment in support. While 66% of leaders identify skills training as a top priority, only 37% of employees experiencing the highest levels of AI-related rework report increased access to training. This gap leaves employees responsible for closing the quality loop on AI output without the tools or guidance to do so efficiently.

66% of leaders cite skills training as a top investment priority, yet only **37%** of the Low-Return Optimists employees report increased access to skills training

This is further compounded by misdirected efforts: addressing symptoms, not root causes. Organizations invest heavily in flexible work arrangements and well-being initiatives to reduce fatigue, yet underinvest in the skills and role clarity that would reduce rework at its source. In fact, there is a 30-point gap between executive intent and the reality employees are experiencing.

The result is a retention paradox. While 95% of these employees intend to stay in their role next year, only 56% said they would choose the same job again. Benefits and flexibility may keep employees in place, but the cumulative cost of rework erodes long-term engagement.

Taken together, the findings suggest that burnout in the AI era is less about resistance to change and more about sustained exposure to low-quality output without adequate organizational support. Without targeted intervention, organizations risk paying a growing premium—in both productivity and talent retention—for AI gains that never fully materialize.



The people imperative: Reinvest AI gains into the workforce.

The research points to a clear conclusion: organizations that translate AI productivity gains into sustained value do so by reinvesting in their people—not just in technology.

Our Augmented Strategists, who consistently generate net productivity gains, report markedly different organizational conditions. Among these employees, 79% report increased skills training and 57% increased investment in team connection. These environments are also associated with stronger advocacy and engagement; nearly all (98%) would recommend their organization as a place to work.

With the time saved through AI productivity gains, leaders must focus on employee training and fostering uniquely human skills. Doing so is a win-win for organizations: employees gain new skills and the quality of AI outcomes improves.

This shift is the ultimate competitive advantage—and leaders know it.

Four in five agree that organizations that reinvest productivity gains into workforce development will be more competitive and resilient over the long term. However, current reinvestment patterns do not yet reflect this intent.

Today, many organizations continue to direct AI-related savings toward technology and infrastructure.

However, actions have not yet caught up to intent.

Organizations still favor technology over people when it comes to AI reinvestment—allocating 39% of cost savings to technology and infrastructure, versus just 30% to workforce development.

Time savings follow a similar pattern: leaders prioritize increased work volume and digital infrastructure over employee development.

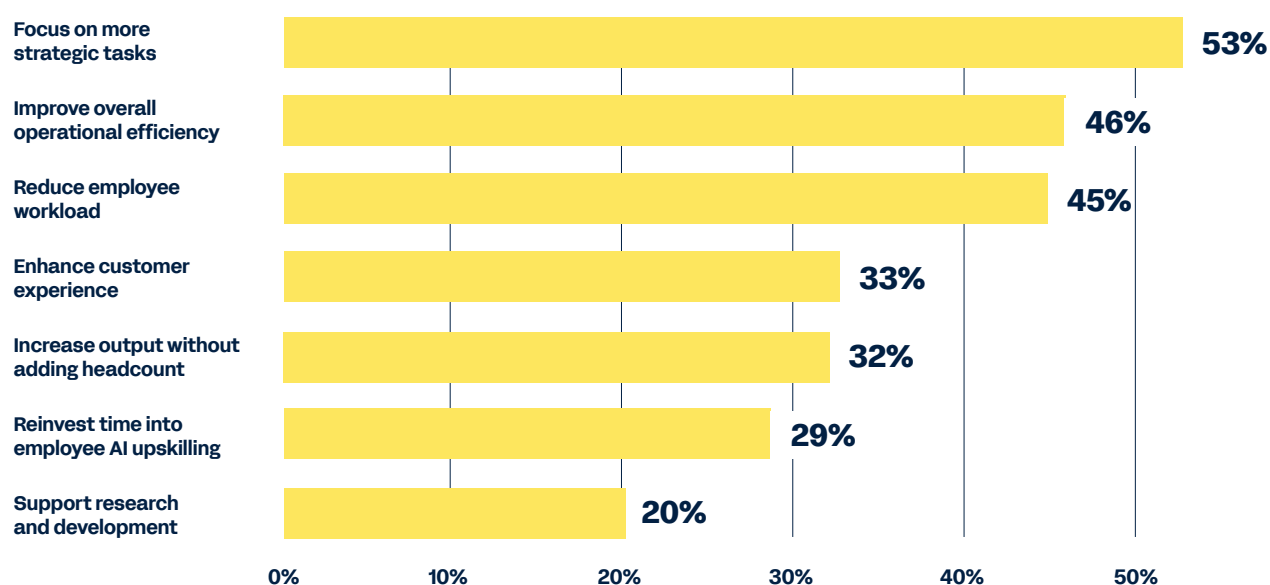
In our most recent [“Global Workforce Report,”](#) we found that most leaders allocate AI gains to strategic work and workplace efficiency over employee AI upskilling.

Thus, reinvesting time into accelerating employees’ AI comprehension—and upleveling output—is a prime opportunity to get ahead.



Where do AI's gains go? Leaders prioritize strategic work.

Allocation of AI productivity gains.



Source: Business leader survey, n=1,700

Next steps for leaders.

The findings point to several practical actions leaders can take to convert AI adoption into sustained value. These steps focus less on accelerating usage and more on improving how AI-supported work is measured, supported, and designed.

The first step is rethinking how AI productivity is measured. Measuring success solely by hours saved obscures the real impact of AI on work quality and outcomes. Instead, leaders should evaluate productivity in terms of value created—accounting for both time saved and time lost to rework. Measuring true outcomes, rather than outputs, will help establish benchmarks and allow leaders to track progress over time.

In practice, this means prioritizing outcome-based measures over speed:

- In HR, emphasizing **quality of hire** over time to fill
- In finance, focusing on **forecast accuracy** rather than transaction speed
- In operations, valuing **first-pass yield** over total output volume

These measures better reflect whether AI is improving decisions and results, not just throughput.

Target investment where friction is highest.

Then, pinpoint the functional, geographic, and generational hot spots where the Low-Return Optimists group is concentrated—shifting investment dollars away from wellness perks (i.e., symptoms) and toward targeted employee training where the costs of AI's outputs are highest. For example, target the 25 to 34 age demographic for prompt engineering to reduce their rework burden.



Update roles to reflect AI-enabled work.

AI cannot simply be added to existing roles without consequence. Many employees are using advanced tools within job structures that were designed before AI adoption.

With 54% of struggling users reporting their required skills haven't been updated, leaders should conduct role reviews in high-friction departments, updating job descriptions to clarify where AI is expected to assist, where human judgment is essential, and how success is measured.

Use AI-enabled time to strengthen human connection.

Finally, organizations that realize net gains from AI explicitly authorize employees to use saved time for activities that improve collaboration, learning, and strategic thinking—not just increased task volume. This is a strategy already used by 57% of Augmented Strategists' organizations.

Training managers to recognize high-friction points and encouraging teams to reinvest time in connection and problem-solving helps ensure that efficiency gains translate into stronger performance and engagement over time.



Your checklist for AI readiness.



Measure net value, not just time saved: Evaluate productivity based on outcomes and rework, not hours alone.



Focus investment where rework concentrates: Target skills development in high-friction roles and demographics.



Update job design: Formally rewrite job descriptions to include AI competencies.



Reinvest time in people: Use AI gains to strengthen employees' skills and give them more time for collaboration and strategic thinking.

Paying a high tax on AI efficiency is not inevitable. It is the cost of implementing AI without investing in the humans who use it.

The findings in this report show that AI delivers its greatest value when productivity gains are paired with reinvestment in skills, role design, and human judgment. When organizations focus solely on speed, employees absorb the cost through rework and fatigue. When they reinvest in people, AI becomes a durable source of improved outcomes and resilience.

Methodology.

This study draws on data from a global survey administered online in November 2025 by Hanover Research. The analysis includes a total of 3,200 respondents (split evenly between leaders and employees); employee-only questions use n=1,601.

To ensure the findings reflect the realities of the modern enterprise, all respondents were required to be employed full time at organizations with at least \$100 million in annual revenue and 150 or more employees. The sample was evenly split between “leaders” (director-level and above) and “employees” (manager-level and below) to capture both strategic intent and frontline experience.

- **Regional breakdown:** North America (n=700), EMEA (n=1,250), and APAC (n=1,250).
- **AI exposure:** All respondents were required to be currently using or personally exposed to AI in their daily work. Leaders were required to have at least influence over the AI strategy decisions for their organization.

Calculating the AI tax: To quantify the “AI dividend divide,” we developed a proprietary calculation comparing gross efficiency gains against the time lost to rework.

The “AI tax” was calculated by determining the ratio of time spent fixing low-quality AI outputs to the total time saved by using AI tools.

- **Gross efficiency (time saved):** Respondents estimated personal time saved on work tasks per week due to AI use.
- **Operational drag (time lost):** Respondents estimated the total time spent each week clarifying, correcting, or rewriting low-quality AI outputs received from others.

Using the midpoints of the reported ranges, these totals were aggregated to derive the global tax rate.

The net productivity matrix: To segment the workforce, “employee” and “leader” respondents were grouped into four distinct personas based on two factors:

- 1 **Time saved:** The amount of time they personally save using AI (high vs. low)
- 2 **Time fixing:** The amount of time they spend correcting poor AI content (high vs. low)

