Microsoft

May 2026

2026 WORK TREND INDEX ANNUAL REPORT

# Agents, human agency and the opportunity for every organisation

As AI and agents take on execution, our own agency expands. The question is whether organisations are built to capture it.



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# Foreword



**by Dr Karim Lakhani**

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Every era of business is defined by a dominant managerial question. The industrial era asked how to scale production. The information age asked how to digitise and coordinate the enterprise. The emerging AI era asks something more fundamental: How should work itself be designed when intelligence can be embedded, distributed and increasingly delegated?

The 2026 Work Trend Index Annual Report argues that the most consequential change underway is not simply the adoption of new tools. It is the emergence of a new operating model. That distinction matters. Business models describe how firms create and capture value, but operating models determine how that value is actually delivered – through workflows, roles, decision rights, governance and the everyday architecture of execution. When the operating model changes, management changes with it.

That is why the rise of AI agents should be understood as more than the next wave of software. As AI moves from assisting with isolated tasks to participating in workflows across functions and systems, leaders must rethink the fundamental design of the enterprise. Work is no longer organised only around people, processes and applications. Increasingly, it is organised across people, agents and the systems that connect them. The central task of leadership, therefore, is shifting from deploying technology to leading and enabling their teams to redesign work and processes.

## Foreword

The most forward-looking organisations are beginning to see that AI does not merely automate execution; it changes the location of human value. As execution becomes more scalable, the premium on judgement rises. As expertise becomes more abundant, the ability to orchestrate it becomes more important. As experimentation becomes easier, organisations must become better at learning. In that sense, the firms that will benefit most from AI are unlikely to be those that simply accumulate the largest number of tools or pilots. They will be the ones that build operating models capable of turning local gains into institutional advantage.

This report offers an important window into that shift. It usefully focuses attention on three interdependent levels of change: the employee, the leader and the organisation. At the employee level, AI expands what individuals can accomplish and changes the boundary between execution and higher-order work. At the leadership level, it raises new questions about delegation, accountability, escalation and trust. At the organisational level, it makes learning itself a source of advantage, because the firms that capture, codify and diffuse what they learn will improve faster than those that leave insight trapped in local experiments.

At the same time, leaders should resist the temptation to treat this transition as frictionless or inevitable. The path from adoption to advantage is neither linear nor automatic. AI can extend capability, but it can also create overconfidence. Agents can accelerate work, but they can also expose brittle processes, unclear decision rights and weak governance. Productivity gains at the edge do not automatically become enterprise transformation at the core. For that reason, the challenge ahead is not simply technical. It is managerial, organisational and strategic.

For leaders everywhere, the practical implication is clear. The question is no longer whether AI matters. It is whether the firm is willing to redesign itself around what AI now makes possible.

## Foreword

That means rethinking how work is divided, where judgement resides, how expertise is codified, how incentives reinforce reinvention and how governance keeps pace with increasingly agentic systems. It also means recognising that the organisations that learn fastest – not just those that deploy fastest – will be best positioned to lead.

The value of this report is that it does not confuse experimentation with transformation. Instead, it helps clarify what this next era demands from leadership: a willingness to rearchitect the operating model of the firm for a world in which intelligence is increasingly available on demand, but responsible direction remains a human responsibility. If earlier eras of management were defined by the design of scale, this one will be defined by the design of judgement, learning and coordinated action across humans and machines. That is the challenge this report puts before leaders, and why it deserves careful attention.

# Introduction

The opportunity for human potential at work has never been greater. People are using AI and agents to expand what they can do and who gets to do it, and new research shows that's only accelerating. Call it the new agency equation: as agents take on more of the execution, humans increasingly have more agency – more room to direct the work, make the calls and own the outcomes. For every firm, the imperative now is to turn that agency into unprecedented value.

We analysed trillions of anonymised Microsoft 365 productivity signals and surveyed 20,000 workers using AI[1] across 10 countries. We also spoke with leading experts in AI, work and organisational psychology to help us unpack the insights from the data and understand where all this is going. The anxiety around AI at work is real – from fears of job loss to the pressure to keep up with rapidly evolving technology. But our research shows something else: that a growing share of workers are using AI in advanced, resourceful ways. The problem? Most organisations aren't keeping up.

In many cases, people are ready. The systems around them are not.

The constraint for most firms is the gap between what their employees can now do and what their organisations are built to support. Our data shows that organisational factors – culture, manager support, talent practices – account for twice the reported AI impact[2] of individual effort alone.

Bridging that gap means redesigning the operating model across employees, leaders and the organisation. The ones already doing it – Frontier Firms – are pulling ahead fast. Employees are using AI to lift the ceiling on what they can do. Leaders are rearchitecting work itself, deciding what humans and AI do. And organisations are turning into **Learning Systems** – because the companies that learn fastest from their own work will be the ones that win.

Here's what Frontier Firms do differently – and how we can all take control of what comes next.

**1**

**AI users:** Survey respondents who reported using generative AI for work at least occasionally (from less than once a month to more than once per day). Respondents who selected 'never' (or 'don't know') were screened out of the survey.

**2**

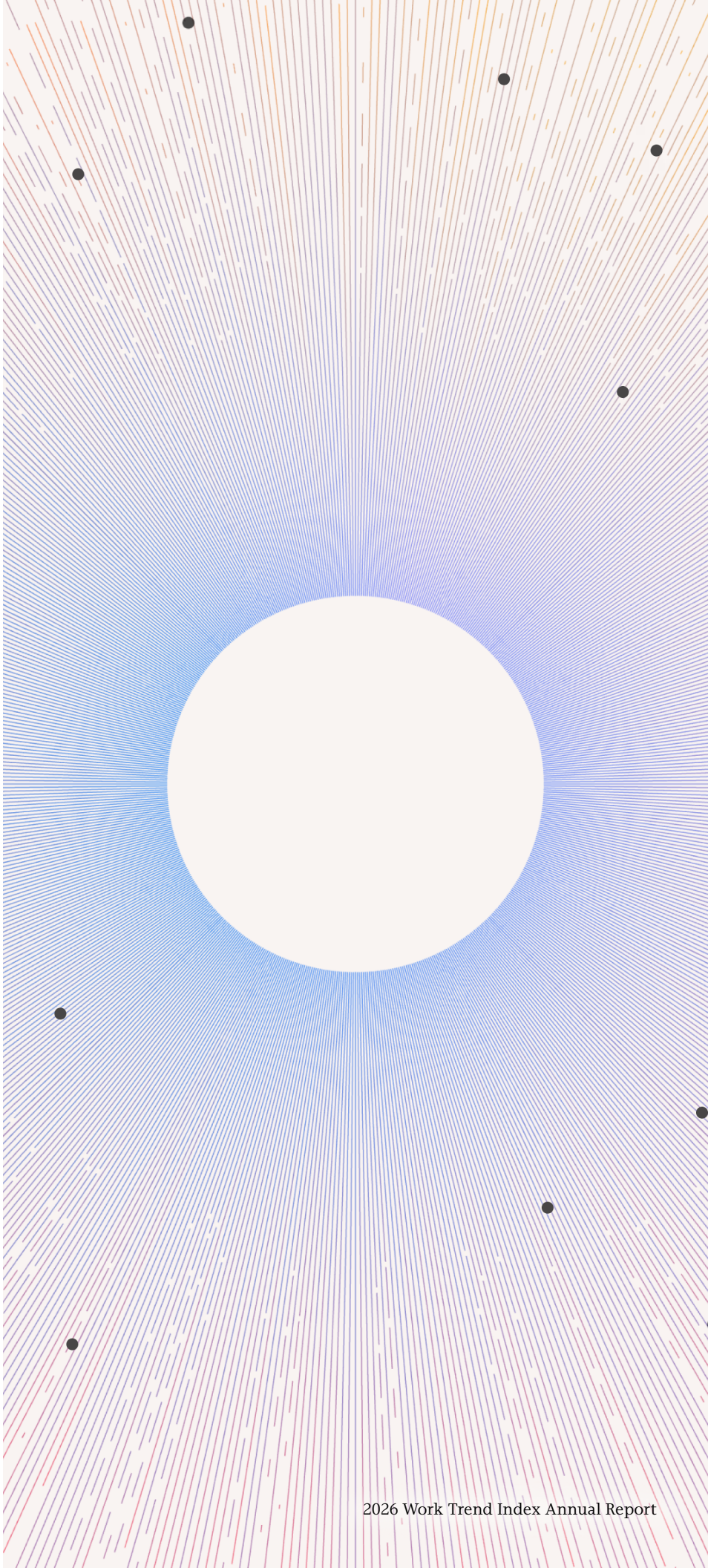
**AI impact:** A combination of outcome variables about how AI users report that AI is making an impact, including being more creative, doing new kinds of work, giving higher-quality first drafts, improving work ability, collaboration, feeling in control, improving career prospects, doing high-value work and being more likely to stay at my company because of AI. See 'Every firm is a Learning System' section or 'AI Impact Analysis' in methodology for more details.

EMPLOYEES

# AI lifts the ceiling on individual potential

**AI is expanding what we can do – and putting a premium on judgement, clarity of intent and the design of work itself.** A privacy-preserving analysis of more than 100,000 chats in Microsoft 365 Copilot shows that **49%** of all conversations support cognitive work – helping workers analyse information, solve problems, evaluate and think creatively. The remainder splits among working with people (**19%**), finding information (**15%**) and producing work (**17%**).[3]

Employees at every level now have a partner that helps them analyse, synthesise and deepen their own expertise, while also building expertise in other areas. AI is not just helping us do things faster. It's expanding who can do high-value work.



The data backs this up: **66%** of AI users we surveyed[4] say AI has allowed them to spend more time on high-value work and **58%** say they're producing work they couldn't have a year ago. That rises to **80%** among **Frontier Professionals**, the most advanced AI users in our research. Frontier Professionals use agents for multi-step workflows and building multi-agent systems. They routinely rethink workflows and identify where agents can augment or automate. And they participate in practices like creating shared AI standards for their team or organisation. They represent a small, but disproportionately valuable group: **16%** of the AI users we surveyed.

But as AI expands what people can do, it also raises the premium on good judgement. Most AI users we surveyed recognise this. Asked which human skills are more important as AI takes on more work, they said two topped the list: quality control of AI output (**50%**) and critical thinking – that is, analysing information objectively and making a reasoned judgement (**46%**). And **86%** say they treat AI output as a starting point, not a final answer and that they "stay responsible for the thinking." They see their role is shifting from generating answers to evaluating, refining and owning them.

Frontier Professionals are even more aware of the importance of human judgement when working with AI. They rank higher across every measure in the survey related to critical thinking and quality control – and that shows up in how they work. They are more likely than non-Frontier Professionals to say they intentionally do some work without AI to keep their skills sharp (**43% vs. 30%**) and to say they intentionally pause before starting work to decide what should be done by AI versus a human (**53% vs. 33%**). Frontier Professionals refuse to outsource their thinking – they know long-term success means continuing to build human skills and not letting them atrophy.

**3**

See 'Share of User Goals by O*NET Generalised Work Activities' in the methodology for more details.

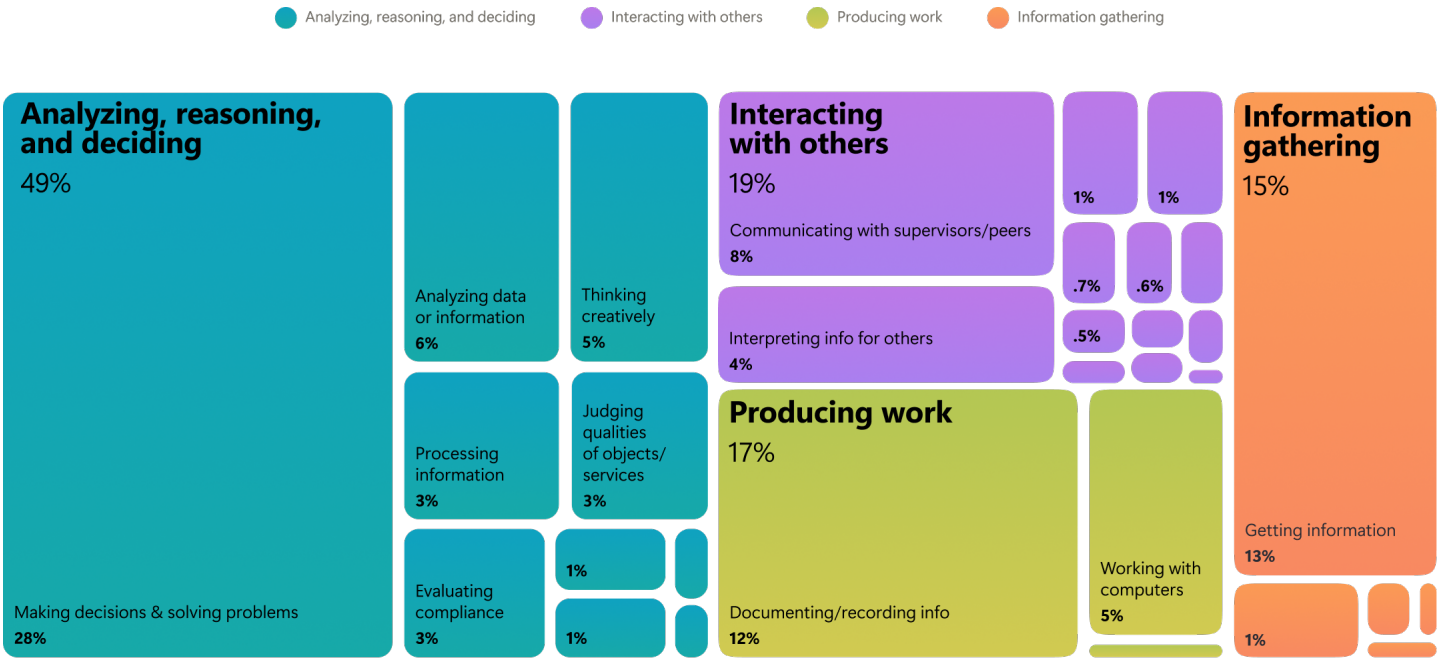
**4**

See 'Work Trend Index Survey' in methodology for more details.

FROM EXPERTISE TO AGENCY

## AI expands who can do high-value work

Nearly half of Microsoft 365 Copilot chat use supports analysis, decisions and problem-solving – the kind of high-value work that once required deep expertise. The rest helps people work with others (19%), produce outputs (17%) and find information (15%).




Microsoft 365 Copilot telemetry, one week in February 2026. Percentages show each activity's share of classified Copilot user goals – not time spent, not session count. Each interaction is classified by user intent against the O*NET Intermediate Work Activities taxonomy and then mapped to Generalised Work Activities (GWA) (underlying filter: IWA share ≥ 0.05% (Counts, S., Chen, Y., Dong, J., Sharma, H., Zaikin, A., Hu, R., Kok, A. and Ozer Yilmaz, G. (2025). "How people use M365 Copilot Chat.' Microsoft Working Paper.) and grouped into the four O*NET Work Activity Categories: 4.A.1 Information Input, 4.A.2 Mental Processes, 4.A.3 Work Output, 4.A.4 Interacting With Others

As AI use matures across all employees, the most effective AI users won't be the ones who do more things faster. They'll be the ones who redefine their value around what only humans can do: setting clear intent – defining the desired outcome and quality bar – and designing how the work gets done across humans and AI.

They apply judgement and taste, build trust and shape systems that produce better outcomes. The question stops being 'What tasks define my job?' and starts being 'What outcomes am I now positioned to drive?'

BEYOND THE PROMPT

## The four modes of working with AI

How people work with AI depends on two things – how they engage with the work and how much they use the agent. Four modes fall out: delegation, collaboration, asking and exploration.




**Notes**

What sets Frontier Professionals apart isn't which mode they use; it's knowing which mode a task calls for. Routine execution, research and synthesis get delegated. As AI does more of the work, humans stay involved by setting direction and taking responsibility for how outputs are used.

*Human directing → Human supervising (human intensity)*
Describes how the human engages with the work in a session. This dimension is informed by user-intensity signals such as engagement depth, back-and-forth turns, time spent reviewing and responding and returning to a task over multiple turns. It reflects patterns of involvement and cognitive investment and not task ownership or effort share.

*Agent assistant → Agent teammate (agent intensity)*
Describes how the AI is used in a session. This dimension is informed by agent-intensity signals such as tool use, orchestration depth, reasoning steps and response complexity. It reflects how much backend work the system performs and not the value or quality of the outcome.

Human intensity and agent intensity are measured independently and are not inverses; both can be high or low within the same interaction.

Illustrative framework developed by the WTI 2026 research team, informed by patterns in Microsoft 365 Copilot usage and survey findings on how Frontier Professionals describe their AI work. This is a conceptual framework, not a data visualisation; the placement of each mode is qualitative.

PERSPECTIVES: LEADING EXPERTS WEIGH IN

## If humans are no longer doing the work that agents take on, what does 'human' work look like now?

"The human brain remains the most complex, incredible object in the known universe and it has existed far longer than the machines and technology that defined the industrial age. We're going to go back to some of the fundamentals that make us, us."



**Aneesh Raman**
*Chief Economic Opportunity Officer*
**LinkedIn**

*"What I'm excited about is how we might start thinking about how to solve problems that we never thought we could solve before."*



**Dr Laura Hamill**
*Director of Research, AI@Work Thought Leadership*
**Microsoft**

**"The future of human work absolutely lies in judging quality of output, figuring out directions to point AI and ultimately bringing people along with them."**

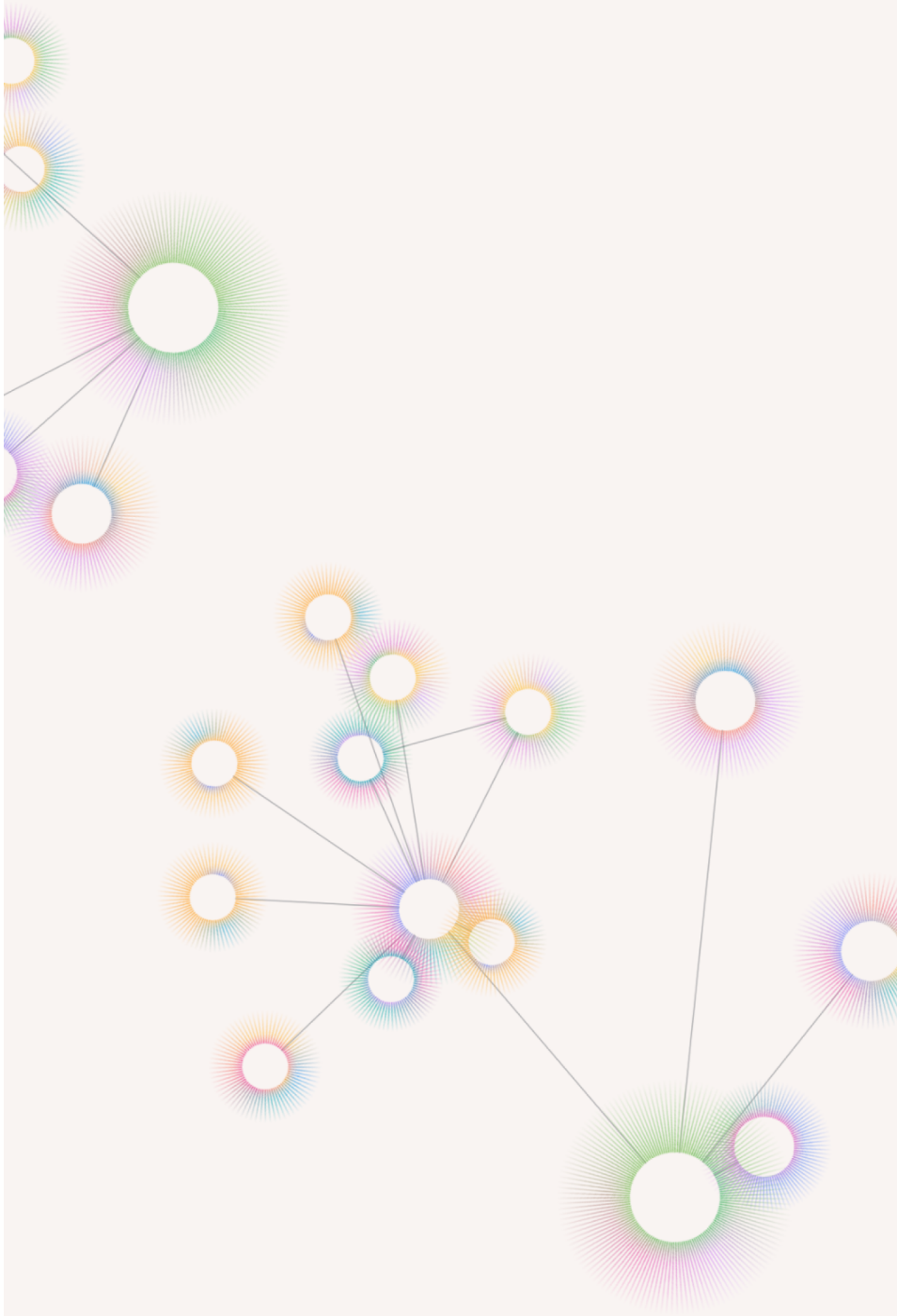


**Conor Grennan**
*CEO and Founder*
**AI Mindset**

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LEADERS

# The job of every leader is to rearchitect work



**Most organisations are not yet built to capture the value of this expanded human agency.** The challenge is not isolated to tools or individuals – it's a breakdown across the system that connects leadership, culture, management practices and how work is measured.

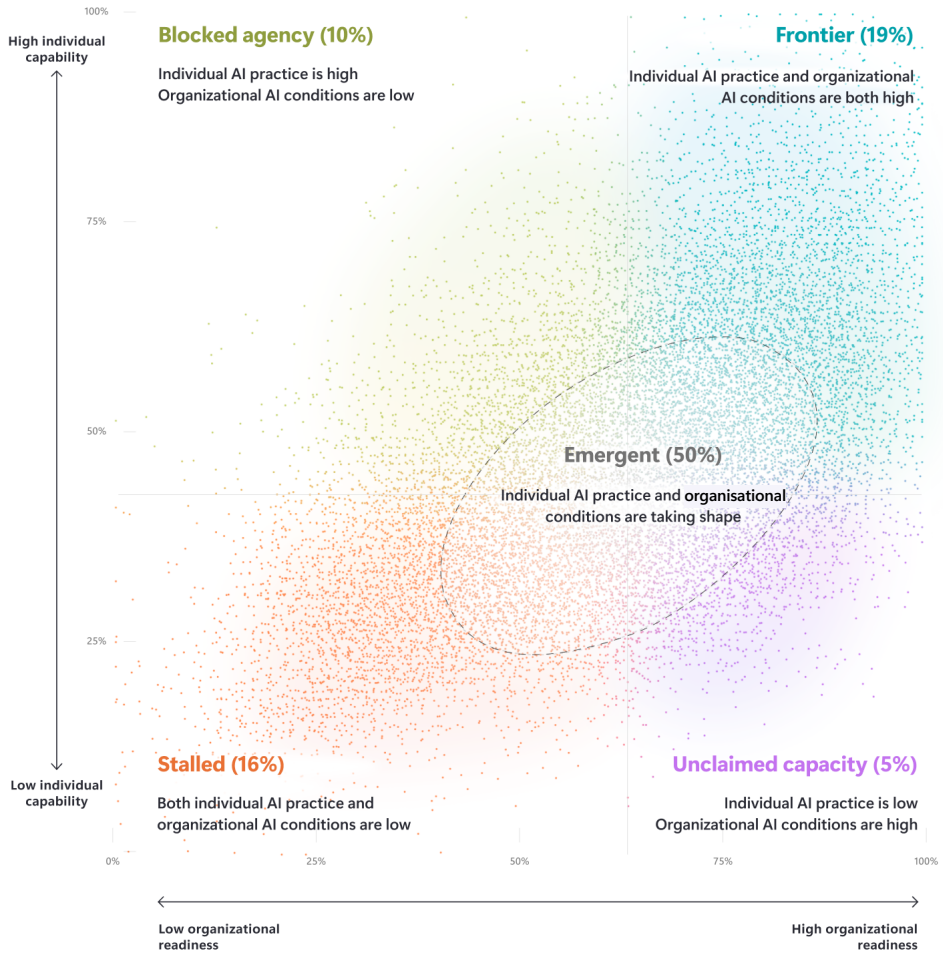
To understand where this breakdown occurs, we mapped survey respondents across two dimensions: their capability with AI and their organisation's readiness to absorb it.

Individual capability reflects how broadly respondents report using AI and how confidently they direct it, judge its output and learn from it. It also includes how actively they experiment and share learnings, and whether they report creating new value with AI – from improving work quality and processes to enabling work they couldn't do before.

THE TRANSFORMATION PARADOX

## Workers are ready. Their organisations aren't.

Roughly one in five workers are in the Frontier zone, where individual capability and organisational readiness reinforce each other. About one in 10 are blocked: skilled workers in companies that haven't yet caught up  About half of all workers sit in the emergent zone in between.




**Notes**

19% of AI users are in the Frontier, the sweet spot where organisational capability and individual readiness are both reinforcing each other. 31% of AI users are misaligned. The rest are still emerging, where both individual AI capability and organisational conditions to support it are still taking shape.

Microsoft WTI 2026 Global Survey | 10 markets (US, BR, AU, IN, JP, FR, DE, IT, NL, UK), fielded by Edelman Data x Intelligence, February 18–April 20, 2026 | Analysed n = 20,000 sample; 16,971 plotted with complete data on both axes. Both axes are self-reported composite scores normalised 0–1 within each market before pooling. Individual readiness combines items from Q1 (self-efficacy), Q4 (AI usage sophistication), Q6 (proactive AI behaviours) and Q22 (value creation). Organisational readiness combines items from Q11 (governance maturity), Q12 (manager support), Q14 (AI in performance evaluation) and Q19 (organisational AI culture). All values are self-reported survey responses; no telemetry or behavioural observation is used.

The Transformation Paradox is, at its core, a systems problem. And systems don't fix themselves – they have to be redesigned.

Organisational readiness reflects the environment around them, including: culture and management practices that support AI use, clear rules and guidelines for how people and AI work together and whether AI use is encouraged and recognised.

The results reveal five groups of AI users. And in many cases, employees are moving faster than the organisations around them.

Only **19% of AI users** are **Frontier**, the sweet spot where organisational capability and individual readiness are both high and reinforcing each other. At the other end, **16%** are **stalled**, with low capability and limited organisational support. The rest are misaligned: **10%** fall into **blocked agency**, where individuals have built strong skills, but lack the systems to apply them. **5%** sit in **unclaimed capacity,** where organisations are ready, but employees have yet to catch up. The largest share sits in the messy middle, or **emergent** zone, where both individual practice and organisational conditions are still taking shape.

This misalignment is reinforced at the top. Only one in four AI users surveyed (**26%**) say their leadership is clearly and consistently aligned on AI. Leaders surveyed are also more likely than employees to say AI-driven reinvention feels safe and rewarded.[5]

What emerges is a pressure point within the organisation where the pull to perform collides with the push to transform. **65%** of AI users fear falling behind if they don't use AI to adapt quickly, yet **45%** say it feels safer to focus on current goals than to redesign work with AI. And only **13%** of AI users say they're rewarded for reinvention of work with AI even if results aren't met.

We call this the **Transformation Paradox**: Employees are ready to reinvent how they work, but the system around them – metrics, incentives and norms – continues to reinforce the old way. The same forces accelerating AI adoption are holding it back.

## Leadership must redesign the system to match the work

The job of every leader right now is to make change stick. That means setting strategy at the top and ensuring the metrics, incentives and expectations reward people for changing the way they work.

Once that strategy is set, it's managers who operationalise it and the data shows the impact of their ability to do so.

A separate Microsoft-led study[6] of 1,800 workers globally found when managers actively modelled AI use, employees reported a **17-point** lift in reported AI value,[7] a **22-point** lift in critical thinking about their AI use and a **30-point** lift in trust in agentic AI. When managers created psychological safety around experimentation, employees reported up to **20 points** higher AI readiness and value – and were **1.4×** more likely to be high-frequency users of agentic AI.

Frontier Professionals in our survey consistently work in this kind of environment. Compared to non-Frontier Professionals, they are significantly more likely to say their manager openly uses AI (**85% vs. 64%**), sets quality standards for AI work (**83% vs. 57%**), creates space for experimentation (**84% vs. 61%**) and encourages more ambitious work redesign (**87% vs. 61%**). They are also **2×** more likely to say they are rewarded for the reinvention of work with AI regardless of outcome (**26% vs. 11%**).

Individual potential can compound when leadership sets direction, culture supports experimentation and learning and management practices reinforce new ways of working.

The Transformation Paradox is, at its core, a systems problem. And systems don't fix themselves – they have to be redesigned.

**5**

Leaders in our survey were more likely than employees to report feeling safe suggesting new ways of working with AI (81% vs. 67%) and that their managers create space for AI experimentation (78% vs. 59%). They were also 2× more likely to report that reinvention of work with AI is rewarded regardless of outcome (21% vs. 10%).

**6**

Survey responses from 1,800 employees globally as part of the Microsoft People Science Agentic Teaming & Trust Survey (July 2025), including 819 leaders (C-suite, VP, Director), 520 managers and 461 individual contributors external to Microsoft.

**7**

AI value was measured using a composite of self-reported survey items assessing realised individual and team value from agentic AI use. Individual value (Agent RIVA) includes whether respondents report that agentic AI reduces work-related stress; improves productivity; improves the quality of work or output; enables faster task completion; supports better decision-making; and simplifies complex work tasks. Team value (Agent RTVA) includes whether respondents report that agentic AI improves team efficiency and the quality of their team's output. Items are combined to reflect overall perceptions of AI value.

PERSPECTIVES: LEADING EXPERTS WEIGH IN

**People are working in new ways with AI, but most companies aren't set up to maximise those efforts. What can leaders do to get up to speed with their own employees?**

*"If leaders are totally bought in, especially the absolute top leadership, it changes everything."*



**Conor Grennan**
*CEO and Founder*
**AI Mindset**

"You have to invest a ton of time and effort to map the dependencies that exist between people and processes. Then ask, where might I make a difference?"



**Dr Karim Lakhani**
*Professor of Business Administration*
**Harvard Business School**

"Leaders actually need to use AI. They need to play with it. They need to try to build new things with it. Because if you don't do that, you don't get it, you don't understand what we're talking about."



**Dr Laura Hamill**
*Director of Research, AI@Work Thought Leadership*
**Microsoft**

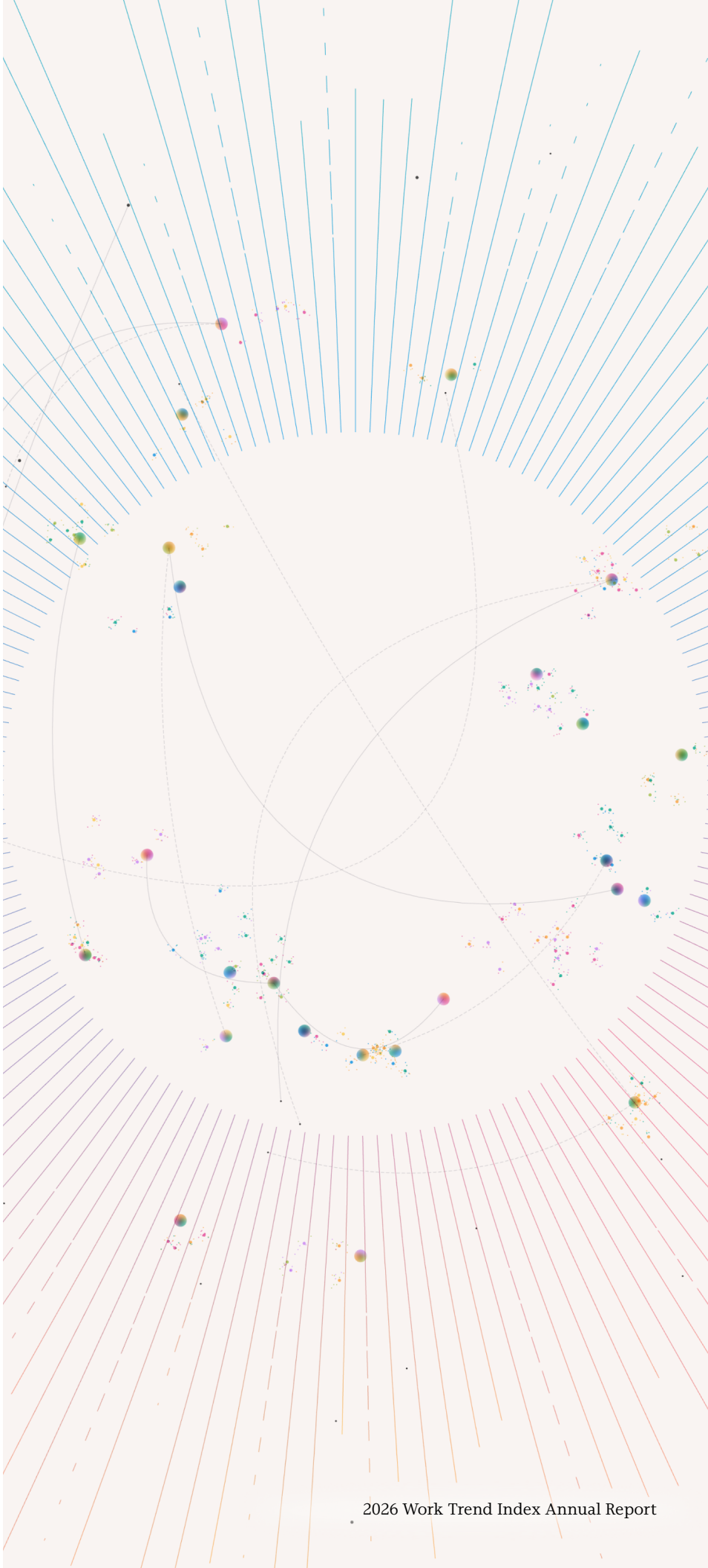
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ORGANISATIONS

# Every firm is a Learning System

**The firms pulling ahead are focused on AI absorption rather than just AI adoption, redesigning how work gets done and turning output into insight.** When that insight gets captured, shared and built into how the organisation operates, it creates a self-reinforcing **Learning System.**

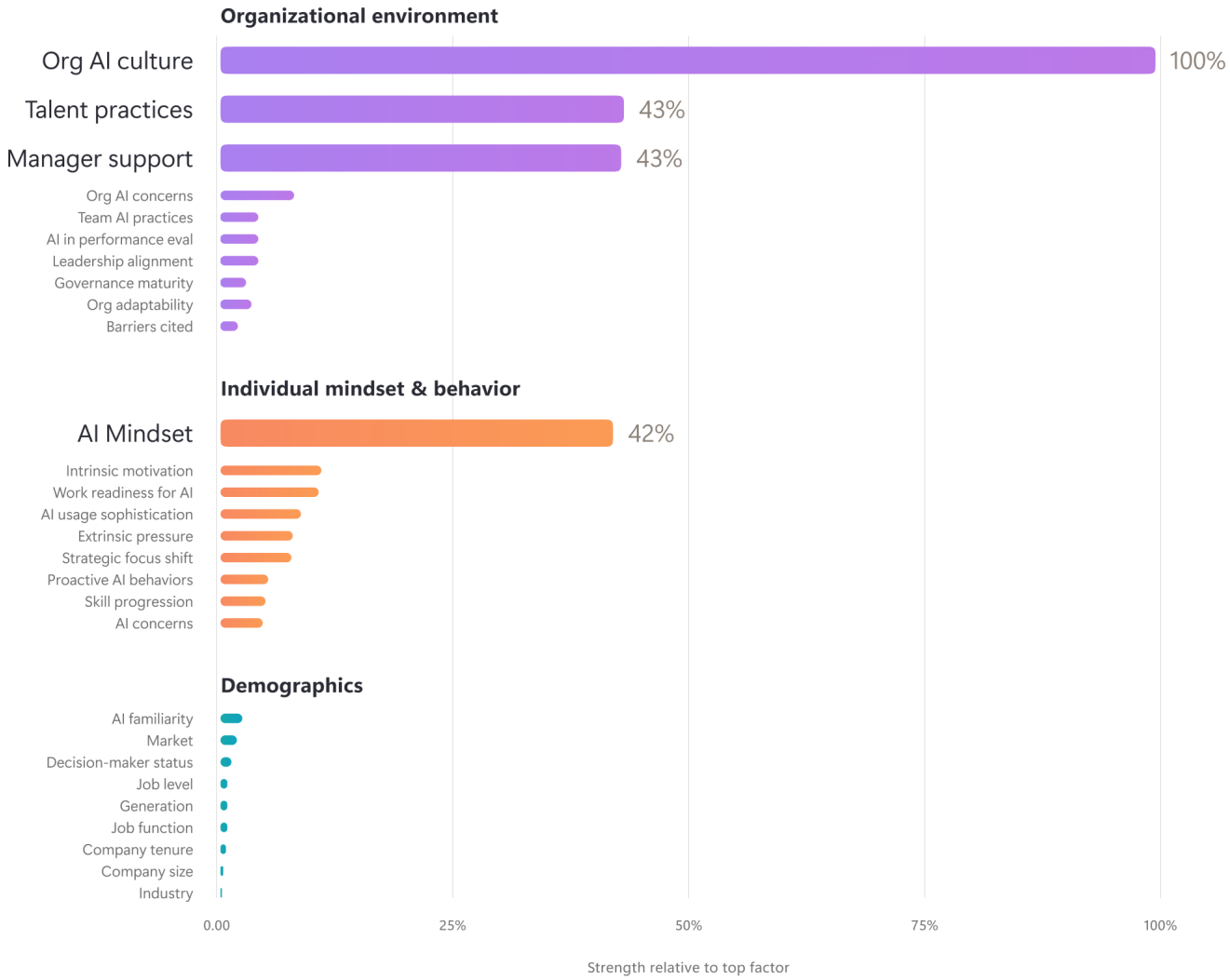
Many leaders focus on hiring the right people and assume results will follow. But our data shows that it's something else: the conditions leaders create for that talent to thrive, enabling work they couldn't do before.



AI VALUE

# The biggest factor behind AI impact isn't individual. It's organisational.

Organisational factors – culture, manager support, talent practices – account for 2× of AI's real impact (67%) as individual mindset and behaviour (32%)




**Notes**

AI's impact correlates less strongly with the individual worker than with the environment around them.

The strongest correlates are a culture that supports new ways of working with AI, managers who model AI use and encourage experimentation and talent practices that reflect AI in how people are evaluated and developed.

How we measured AI impact: A combination of outcome variables about how AI is making an impact on employees, including being more creative, doing more kinds of work, giving higher-quality first drafts, improving work ability, collaboration, feeling in control, improving career prospects, doing high-value work and being more likely to stay at their company because of AI.

Each bar represents one of 29 factors we measured. The longer the bar, the more strongly that factor is connected to workers reporting real value from AI – like creativity, higher-quality drafts, better collaboration and career prospects. Each bar relates to a given factor's strength compared to the strongest factor, with the strongest one being set to 100% as a reference point. Colour indicates which category the factor belongs to: organisational environment (purple), individual mindset and behaviour (orange) or demographics (teal). The top three factors are all organisational. The strongest single factor, the organisation's AI culture, is about two and a half times as strong a signal as the top individual factor.

Microsoft WTI 2026 Global Survey | 10 markets (US, BR, AU, IN, JP, FR, DE, IT, NL, UK), fielded by Edelman Data x Intelligence, February 18–April 20, 2026 | Analysed n = 20,000 sample; 19,854 analysis sample after listwise removal on 29 predictors | Bars show random forest permutation importance, normalised so the top factor equals 100 percent. Ranking holds across three model families – test $R^2$ of 0.680 (elastic net), 0.689 (random forest) and 0.690 (XGBoost) | 29 factors: 10 organisational, 9 individual, 10 demographic | Outcome is a 10-item Q27 composite measuring self-reported AI outcomes. Predictors are self-reported perceptions of the respondent's work, workplace and AI use. Values show a statistical association, not a causal effect.

We analysed responses from our global survey and tested a broad set of organisational, individual and demographic factors against self-reported AI impact[8] – whether employees say AI helps them produce higher quality work, collaborate more effectively, expand the type of work they do and more.

The results show that organisational factors[9] like culture, manager support and talent practices account for **more than 2×** the reported AI impact of individual factors like mindset and behaviour (**67% vs. 32%**).

The findings underscore the importance of an AI-ready environment: a culture that treats AI as a strategic advantage and encourages experimentation, managers who model and incentivise AI use and talent practices that build skills and create space to apply them.

The real question isn't whether people have the right skills. It's whether the organisation is built to unlock them.

## Redesigning systems and processes

The number of active agents in the Microsoft 365 ecosystem has grown **15×** year over year, rising to **18×** in large enterprises.[10] As agents take on more, they also generate valuable signals: what worked, what failed, where outcomes drifted. In many organisations surveyed, those signals stay local or spread slowly. Frontier Firms treat them differently. They capture these signals and encode them into shared routines, improving future work while preserving accountability and control.

For example, Frontier Professionals are more likely than non-Frontier Professionals to say their teams brainstorm and refine business processes together to identify AI opportunities (**63% vs. 32%**), share AI tips, new agents, learnings and mistakes (**61% vs. 36%**) and discuss quality standards for AI-assisted work (**54% vs. 29%**).

They are also more likely to report that agent workflows, human handoffs and quality standards are documented and repeatable at the team (**26% vs 19%**), function (**29% vs. 17%**) and organisation level (**25% vs. 14%**).

**8**

**AI Impact**: A combination of outcome variables about how AI users report that AI is making an impact, including being more creative, doing new kinds of work, giving higher-quality first drafts, improving work ability, collaboration, feeling in control, improving career prospects, doing high-value work and being more likely to stay at my company because of AI. See 'AI Impact Analysis' in methodology for more details.

**9**

**Organisational & individual factors:** Based on composite indices capturing respondents' perceptions of AI culture, manager support and talent practices, as well as their own AI mindset, each derived from multiple survey items assessing behaviours, attitudes and workplace conditions related to AI use. See 'AI Impact Analysis' in methodology for more details.

**10**

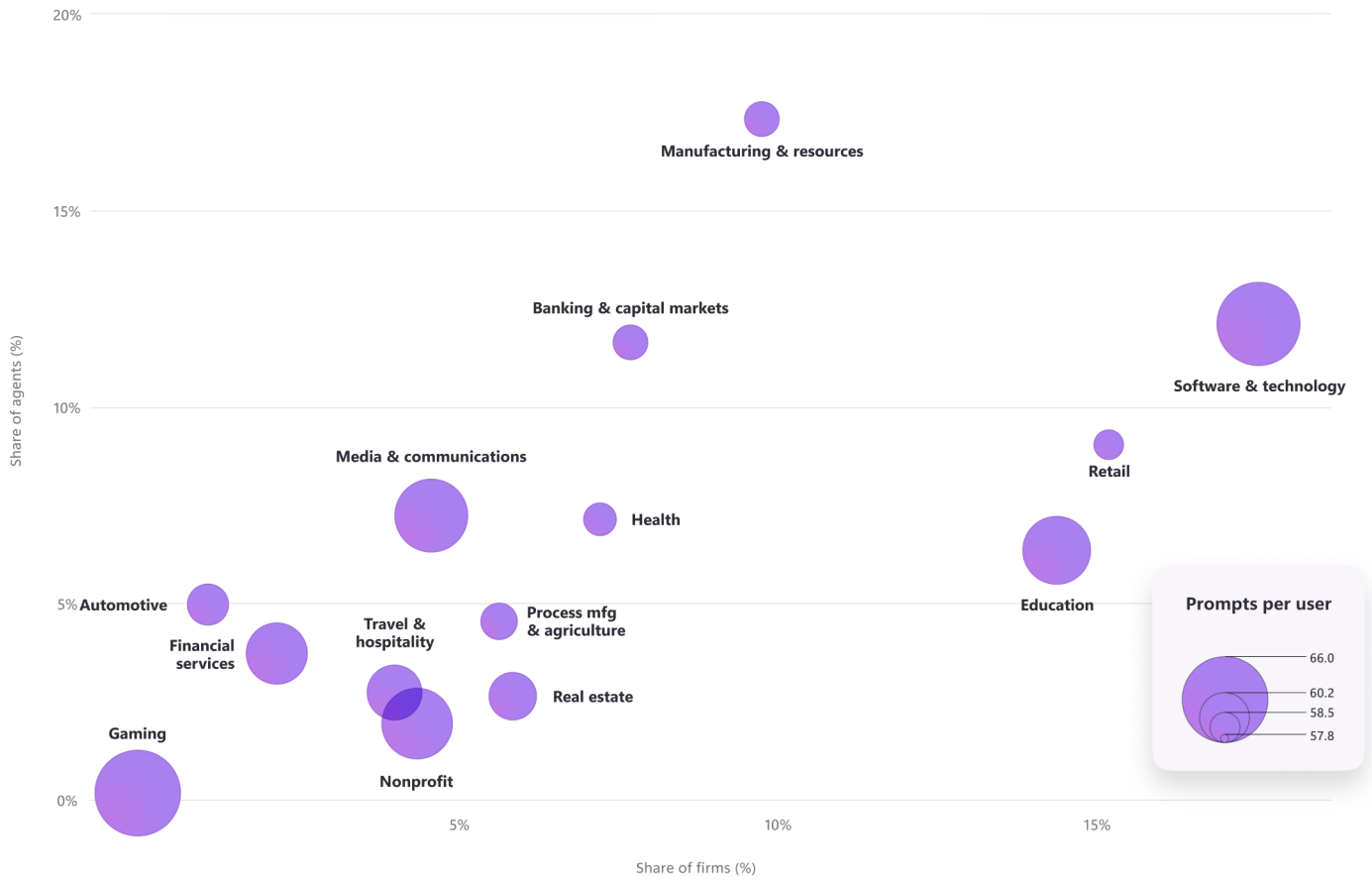
Year over year change in the count of unique active agents in the Microsoft 365 Copilot Agents platform and SharePoint in a rolling 28-day period. See methodology for more details.

The real question isn't whether people have the right skills. It's whether the organisation is built to unlock them.

STATE OF AGENTS

# AI scales differently by industry: breadth in some, depth in others

Agents are now used in every industry, but the pattern of adoption varies widely.




**Notes**

In software and technology, adoption is broad, accounting for nearly one in five of all firms using agents. Others, like manufacturing, account for fewer share of companies using agents, but deploy them at much greater scale within each organisation.

What remains consistent is individual behaviour, as people across industries use agents at similar levels. The real difference lies in where agents are embedded and how extensively organisations have integrated them into their workflow.

Microsoft 365 Copilot agent telemetry | March 2025 through March 2026 | All metrics expressed as shares and ratios. No absolute counts.

## Building an evaluation infrastructure

Creating those systems requires a disciplined approach to holding humans accountable for the work that agents execute. Many functions that deploy agents at scale will start to see a pattern: the more agents execute, the higher the stakes around human evaluation. Approving one bad output is manageable, but when bad outputs make it through at scale, the risk compounds. The key is to build an evaluation infrastructure that can keep up with agents.

It starts with three questions that every Frontier Firm will need to answer: Who reviews agent performance? Who has the authority to update the workflows that agents run? How does a local win get captured and scaled across the organisation? Organisations that can answer these questions are building **Owned Intelligence** – institutional know-how that compounds over time, is unique to the firm and hard to replicate.

Building that infrastructure also requires coordinated reinvention across four roles: employees, who rearchitect their work around intent and review; leaders, who redesign processes around outcomes and agent autonomy; IT, who builds the infrastructure for agent operations at scale; and security, who ensures that trust is woven into the system itself.

For IT leaders, this means treating agents as managed entities with identities, permissions, policy enforcement and lifecycle management. IT becomes the control plane for agent operations, extending the same rigour already applied to people and applications so that scale does not come at the cost of visibility.

For security leaders, this means accounting for the new risk that agents introduce: data exfiltration, unintended system actions and unauthorised access. Securing agents requires embedding monitoring, policy enforcement and auditability directly into the platform, so that trust operates as a structural property of the system.

When these four roles work in concert, the organisation becomes a Learning System: one in which work continuously produces insight, and insight continuously reshapes how work gets done.

> Every Frontier Firm needs to build Owned Intelligence – institutional know-how that compounds over time, is unique to the firm and hard to replicate.

PERSPECTIVES: LEADING EXPERTS WEIGH IN

## What opportunities are companies missing right now with AI, and what should they be doing instead?

"You want an automated learning loop where every single interaction of an agent both positive and negative is being captured and analysed, so that the feedback needs to be captured and fed back into the design of the systems. You're building systems that will keep changing because the AI systems keep changing."



**Dr Karim Lakhani**
*Professor of Business Administration*
Harvard Business School

"It's an investment in processes, technology and also your people."



**Meghana Dhar**
*Founder*
Tea in Tech

*"You have to build workflows entirely differently now around AI. And that's not even the finished product. You then have to build work entirely differently around human capability."*



**Conor Grennan**
*CEO and Founder*
AI Mindset

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# Looking ahead

The firms that build a new operating model today won't just move faster in the short term. They'll build something more durable, setting themselves up to create value in ways that we can't yet conceive of: an organisation that learns faster than its competitors, compounds its own intelligence and gets harder to catch with every cycle.

This shift won't happen easily. Some jobs will change. Some will go away. And many that don't exist yet will emerge. According to LinkedIn's 2026 Labour Market Report, in the past two years, employers have created at least 1.3 million AI-related job opportunities, which include data annotators, AI engineers and forward-deployed engineers. These roles didn't exist five years ago, but they have quickly become essential to digital economies. This kind of dynamism isn't new to work, but the pace and scale of it are – and the uncertainty people feel is real.

What's also real: The potential for employees to make impact has never been higher. Leaders are starting to redesign the systems around them. The organisations capturing what their work is teaching them are learning faster than the ones that aren't. None of that happens by accident.

The opportunity in front of every leader and organisation is to take control: to build a place where agents amplify what people can do, where human judgement stays at the centre of the work that matters and where we all have the agency to decide what comes next. This is what AI can mean for all of us – if we choose to do the work to get there.

Get detailed executive guidance on how to build a Frontier Firm operating model across employees, leadership and the organisation.

**EXPLORE OUR FRONTIER FIRM RESOURCES**

# Methodology

## Microsoft 365 telemetry

All data is based on aggregated and anonymised Microsoft 365 productivity signals.

**Prompts per user**

Number of prompts per user in a rolling 28-day period. Includes all countries and customer segments (including EU). Excludes government industry. Data spans March 2025 through March 2026. Agent creation platforms included are Agent Builder and Microsoft 365 Agents Toolkit.

**Share of user goals by O*NET generalised work activities**

The percentage of total Intermediate Work Activities (IWAs) detected in Microsoft 365 Copilot conversations that are mapped to Generalised Work Activities (GWA). This is calculated using a fractional share method: if a conversation contains multiple IWAs, each is counted fractionally (e.g., two IWAs in a conversation means each gets a count of 0.5). Commercial segments (excluding EDU). Includes North American countries only. 105,000 samples from one week of February 2026 data.

**Monthly active agents growth**

Year over year change in the count of unique active agents observed through telemetry across the Microsoft 365 Copilot Agents platform and SharePoint agents in a rolling 28-day period. An agent counts as active if it has at least one day of user-initiated usage in the 28-day period or completes at least one autonomous run in that period. Includes all countries and customer segments (including EU). Data spans March 2025 through March 2026. Agent creation platforms included are Agent Builder and Microsoft 365 Agents Toolkit.

**Monthly active firms**

Count of unique firms who had at least one user who made at least one intentional usage with an agent in a rolling 28-day period. Includes all countries and customer segments (including EU). Data spans March 2025 through March 2026. Agent creation platforms included are Agent Builder and Microsoft 365 Agents Toolkit.

## Study: Empowering managers for an AI-first future

This analysis examines the evolving role of managers in AI-first organisations. The Microsoft People Science team analysed survey responses from 1,800 employees globally as part of the Microsoft People Science Agentic Teaming & Trust Survey (July 2025), including 819 leaders (C-suite, VP, Director), 520 managers and 461 individual contributors.

## Work Trend Index Survey

The Work Trend Index survey was conducted by an independent research firm, Edelman Data x Intelligence, among 20,000 full-time employed or self-employed knowledge workers who use AI at work across 10 markets between February 18, 2026 and April 7, 2026. This survey was 20 minutes in length and conducted online, in either the English language or translated into a local language across markets. 2,000 full-time workers were surveyed in each market, and global results have been aggregated across all responses to provide an average. Global markets surveyed include: Australia, Brazil, France, Germany, India, Italy, Japan, Netherlands, United Kingdom and United States. Audiences mentioned in the report are defined as follows:

**AI users**

AI users are knowledge workers who reported using generative AI for work at least occasionally (less than once a month, up to more than once per day). Respondents who selected 'never' (or 'don't know') were screened out of the survey.

**Employees**

Knowledge workers who are not in middle to upper job levels or have no influence on decision-making related to hiring, budgeting, employee benefits, internal communications, operations, etc.

**Organisation vs. employee AI readiness index**

The Organisation vs. Employee AI Readiness Index places each respondent on two self-reported dimensions: how ready they are as an individual to work with AI (a composite of usage sophistication, self-efficacy, proactive behaviours and self-reported value creation) and how ready their organisation is to support AI use (a composite of organisational AI culture, manager support, governance maturity and AI in performance evaluation). Both dimensions are normalised 0 to 1 within each market before pooling. Each respondent is then assigned to one of five mutually exclusive zones: Frontier (clearly above median on both readiness dimensions, 19%), Blocked Agency (high individual, low organisational, 10%), Unclaimed Capacity (low individual, high organisational, 5%), Stalled (clearly below median on both, 16%) and the Emergent Zone (50%). The index is calculated on 16,971 respondents. Pearson correlation between the two readiness dimensions is $r = 0.55$.

**Frontier Professionals**

To identify Frontier Professionals, we used a definition grounded in how people self-report how they are working with AI. Respondents were classified as Frontier Professionals only if they reported a combination of three distinct sets of behaviours: Advanced use of AI agents to complete complex or multi-step work; routine redesign of workflows to take advantage of what AI can do well; participation in structured, repeatable AI-enabled practices that can scale beyond individual use. They represent 3,233 of the 20,000 AI users surveyed. 44% are business decision makers, and 56% are employees. 50% are millennials, 23% Gen X, 22% Gen Z and 4% Boomers. Frontier Professionals are more likely to work in tech (35%) or financial services (12%), with roles in IT (36%) or finance and accounting (11%). They tend to be in larger organisations (53% in companies with 500+ employees).

# Methodology

**Leaders**

Knowledge workers in middle to upper job levels (i.e., Senior Director, Vice President (VP), Senior Vice President (SVP), Executive Vice President (EVP), General Manager (GM), President, C-Suite (e.g., CEO, CFO, COO) and have at least some decision-making influence related to hiring, budgeting, employee benefits, internal communications, operations, etc.

**AI Impact Analysis**

The AI Impact Analysis identifies which of 29 measured factors are most strongly associated with workers reporting that AI is delivering real impact at work. The 29 factors are organised into three categories – organisational environment (10 factors describing the workplace), individual mindset and behaviour (nine factors describing the worker's own orientation toward AI) and demographics (10 factors including job level, industry, market, generation and AI familiarity). Importance is measured by random forest permutation, with cross-validation by elastic net regression and gradient-boosted trees. All three model families produce the same category ranking and the same top correlates, with held-out test $R^2$ of 0.680, 0.689 and 0.690 respectively. The analysis was run on 19,854 respondents, after removing respondents' missing values on any of the 29 factors. Every variable in the analysis is self-reported by the same respondent at the same moment, so the relationships shown are statistical associations, not causal effects.

- AI Impact: A combination of outcome variables about how employees report AI is making an impact on them including being more creative, doing new kinds of work, giving higher-quality first drafts, improving work ability, collaboration, feeling in control, improving career prospects, doing high-value work and being more likely to stay at my company because of AI.
- Org AI culture: How strongly the respondent says their organisation has a culture aligned with AI, such as whether the organisation overall is open and curious about AI, whether it feels safe to suggest new ways of working with AI and whether people have confidence in their ability to use AI. Built from 10 survey items about the respondent's perception of their current workplace culture.
- Manager support: How much the respondent says their direct manager actively supports them using AI, including encouraging experiments, modelling AI use themselves, making room for AI-enabled work in how the respondent is evaluated and making it feel safe to try new things. Built from five items about the manager-employee relationship around AI.
- Talent practices: How much AI is built into the company's talent practices, such as investing in building people's skills, encouraging employees to try new domains or projects and whether their manager is helping with professional development. Built from six items about the company's talent practices.
- AI mindset: The respondent's own attitude toward AI, for example how confident they feel using it, openness to working with it and how much they trust AI. Built from 10 items about the individual's own orientation toward AI.

# Core 10 Market Data

| Key global trends | By market |
|---|---|
| **16%** of total workers are Frontier Professionals, whereas the remaining **84%** are not. | **Australia:** –<br>**Brazil:** 27%, 73%<br>**France:** 8%, 92%<br>**Germany:** 12%, 88%<br>**India:** –<br>**Italy:** 10%, 90%<br>**Japan:** 13%, 87%<br>**Netherlands:** 9%, 91%<br>**UK:** 16%, 84%<br>**US:** 17%, 83% |
| **58%** of AI users say they're producing work they couldn't have a year ago. That rises to **80%** among Frontier Professionals, the most advanced AI users in our research. | **Australia:** –<br>**Brazil:** 72%, 82%<br>**France:** 49%, 72%<br>**Germany:** 54%, 78%<br>**India:** –<br>**Italy:** 55%, 76%<br>**Japan:** 43%, 71%<br>**Netherlands:** 50%, 72%<br>**UK:** 63%, 85%<br>**US:** 58%, 81% |
| Asked which human skills are more important as AI takes on more work, AI users said two topped the list: quality control of AI output (**50%**) and critical thinking – that is, analysing information objectively and making a reasoned judgement (**46%**). | **Australia:** –<br>**Brazil:** Quality Control (53%), Critical Thinking (53%)<br>**France:** Quality Control (43%), Critical Thinking (37%)<br>**Germany:** Quality Control (48%), Critical Thinking (41%)<br>**India:** –<br>**Italy:** Quality Control (39%), Critical Thinking (36%)<br>**Japan:** Quality Control (51%), Critical Thinking (37%)<br>**Netherlands:** Quality Control (50%), Critical Thinking (47%)<br>**UK:** Quality Control (51%), Critical Thinking (49%)<br>**US:** Quality Control (50%), Critical Thinking (49%) |

(–) Additional country data will be coming on a rolling basis.

## Core 10 Market Data

| Key global trends | By market |
|---|---|
| And **86%** of AI users say they treat AI output as a starting point, not a final answer and that they "stay responsible for the thinking." | **Australia:** –<br>**Brazil:** 93%<br>**France:** 85%<br>**Germany:** 81%<br>**India:** –<br>**Italy:** 83%<br>**Japan:** 83%<br>**Netherlands:** 89%<br>**UK:** 86%<br>**US:** 83% |
| Frontier Professionals are more likely than Non-Frontier Professionals to say they intentionally do some work without AI to keep their skills sharp (**43% vs. 30%**) and to say they intentionally pause before starting work to decide what should be done by AI versus a human (**53% vs. 33%**). | **Australia:** –<br>**Brazil:** (42% vs. 30%) (55% vs. 37%)<br>**France:** (35% vs. 24%) (45% vs. 30%)<br>**Germany:** (38% vs. 31%) (43% vs. 30%)<br>**India:** –<br>**Italy:** (25% vs. 26%)* (45% vs. 30%)<br>**Japan:** (30% vs. 20%) (53% vs. 21%)<br>**Netherlands:** (41% vs. 31%) (41% vs. 25%)<br>**UK:** (47% vs. 35%) (58% vs. 41%)<br>**US:** (50% vs. 33%) (57% vs. 37%) |
| Only one in four AI users (**26%**) say their leadership is clearly and consistently aligned on AI. | **Australia:** –<br>**Brazil:** More than one in three (38%)<br>**France:** One in five (20%)<br>**Germany:** Nearly one in four, (24%)<br>**India:** –<br>**Italy:** Nearly one in five, (18%)<br>**Japan:** Only one in ten, (14%)<br>**Netherlands:** Nearly one in five (19%)<br>**UK:** One in three, (30%)<br>**US:** Nearly one in three, (29%) |
| **65%** of AI users fear falling behind if they don't adapt with AI quickly, yet **45%** say it feels safer to focus on current goals than to redesign work with AI. | **Australia:** –<br>**Brazil:** 79%, 40%<br>**France:** 53%, 43%<br>**Germany:** 58%, 45%<br>**India:** –<br>**Italy:** 63%, 43%<br>**Japan:** 66%, 30%<br>**Netherlands:** 65%, 47%<br>**UK:** 70%, 45%<br>**US:** 60%, 49% |

**(–)** Additional country data will be coming on a rolling basis.

**(*)** Global data point does not hold in a specific market.

## Core 10 Market Data

| Key global trends | By market |
|---|---|
| And only **13%** of AI users say they're rewarded for reinvention even when it doesn't immediately produce results. | **Australia:** –<br>**Brazil:** 16%<br>**France:** 12%<br>**Germany:** 10%<br>**India:** –<br>**Italy:** 11%<br>**Japan:** 8%<br>**Netherlands:** 10%<br>**UK:** 13%<br>**US:** 15% |
| Compared to Non-Frontier Professionals, Frontier Professionals are significantly more likely to say their manager openly uses AI (**85% vs. 64%**), sets quality standards for AI work (**83% vs. 57%**), creates space for experimentation (**84% vs. 61%**) and encourages more ambitious work redesign (**87% vs. 61%**). | **Australia:** –<br>**Brazil:** (89% vs. 75%), (86% vs. 71%), (91% vs. 78%), (90% vs. 75%)<br>**France:** (78% vs. 57%), (71% vs. 49%), (73% vs. 60%), (84% vs. 53%)<br>**Germany:** (83% vs. 62%), (79% vs. 55%), (81% vs. 61%), (82% vs. 61%)<br>**India:** –<br>**Italy:** (83% vs. 59%), (78% vs. 52%), (80% vs. 53%), (80% vs. 56%)<br>**Japan:** (78% vs. 54%), (75% vs. 41%), (81% vs. 53%), (77% vs. 51%)<br>**Netherlands:** (75% vs. 56%), (69% vs. 52%), (77% vs. 56%), (78% vs. 59%)<br>**UK:** (88% vs. 68%), (85% vs. 59%), (87% vs. 61%), (91% vs. 61%)<br>**US:** (86% vs. 63%), (88% vs. 60%), (86% vs. 58%), (91% vs. 62%) |
| Frontier Professionals are more likely than Non-Frontier Professionals to say their teams brainstorm and refine business processes together to identify AI opportunities (**63% vs. 32%**), share AI tips, new agents, learnings and mistakes (**61% vs. 36%**) and discuss quality standards for AI-assisted work (**54% vs. 29%**). | **Australia:** –<br>**Brazil:** (70% vs. 41%), (66% vs. 42%), (60% vs. 34%)<br>**Germany:** (54% vs. 26%), (56% vs. 34%), (51% vs. 29%)<br>**France:** (53% vs. 31%), (53% vs. 31%), (37% vs. 22%)<br>**India:** –<br>**Italy:** (49% vs. 24%), (52% vs. 27%), (41% vs. 22%)<br>**Japan:** (54% vs. 16%), (67% vs. 29%), (54% vs. 18%)<br>**Netherlands:** (59% vs. 31%), (48% vs. 36%), (31% vs. 24%)<br>**UK:** (67% vs. 38%), (67% vs. 38%), (56% vs. 34%)<br>**US:** (68% vs. 37%), (62% vs. 38%), (58% vs. 31%) |

(–) Additional country data will be coming on a rolling basis.

## Core 10 Market Data

**Key global trends**

Frontier Professionals are also more likely than Non-Frontier Professionals to report that agent workflows, human handoffs and quality standards are documented and repeatable at the team (**26% vs. 19%**), function (**29% vs. 17%**) and organisation level (**25% vs. 14%**).

**By market**

**Australia:** –
**Brazil:** (30% vs. 25%), (25% vs. 20%), (28% vs. 21%)
**France:** (28% vs. 17%), (27% vs. 14%), (22% vs. 14%)
**Germany:** (23% vs. 20%), (28% vs. 18%), (24% vs. 13%)
**India:** –
**Italy:** (24% vs. 21%), (29% vs. 18%), (27% vs. 14%)
**Japan:** (25% vs. 15%), (24% vs. 10%), (24% vs. 8%)
**Netherlands:** (26% vs. 16%), (27% vs. 15%), (25% vs. 10%)
**UK:** (23% vs. 22%), (28% vs. 20%), (26% vs. 13%)
**US:** (25% vs. 21%), (33% vs. 18%), (23% vs. 15%)

(–) Additional country data will be coming on a rolling basis.

