

Regulatory and enforcement agencies in the US are increasingly taking a closer look at AI and its potential for bias and other harms, but a new Baker McKenzie study has found many in the C-Suite are overconfident in assessing AI threats. Meanwhile, critical blind spots exist in HR and hiring tools oversight.

## TAKEAWAYS FROM BAKER MCKENZIE AI STUDY

 Business leaders underappreciate the risks associated with using AI.

 CAIOs will be an essential appointment for enterprises moving forward.

 Regulatory and litigation risk to companies and their shareholders looms.


## PROOF POINTS

- Just **4%** of respondents consider the risks associated with using AI to be "significant."
- 38%** believe their company's Board of Directors is not fully aware of how AI is being used across the organization.
- Only **41%** of respondents said they have AI expertise at the Board level.
- Only **36%** of respondents currently have a Chief Artificial Intelligence Officer (CAIO) in place.
- 64%** of respondents who were currently lacking CAIOs are in no rush to hire or appoint one.
- 24%** of respondents say their corporate policies for managing AI risks are undocumented – or they do not exist at all.
- Only **54%** of respondents say their organization involves HR in the decision-making process for AI tools.
- Less than half (**47%**) of respondents can override some AI-enabled outcomes with all their AI tools.

## NEXT STEPS

 **A risk assessment of AI tools** is required in order to correctly manage the regulatory compliance, use, audit and reporting requirements of such tools.

 **AI oversight and governance policies** need to be developed and promulgated in order to mitigate identified risks associated with the use of AI.

 **Companies should ensure that AI tools are transparent, explainable, fair, and empirically sound** while also fostering accountability and respecting data privacy laws. This requires a tailored approach based on the type of AI in use and the corporate culture of the business.

 **C-suite and Board-level governance and oversight procedures are critical** — as is the need to train and foster a cross-functional AI team.

 **Businesses should consult with practitioners who have strong insights** into the mindset of law enforcement and regulators such as DOJ and the SEC in the US; the SFO, FCA, HMRC and CMA in the UK; the European Commission and AIC in Mainland China, among other jurisdictions. As regulation of the AI increases, so will the enforcement of new regulations.

*Methodology:*

*Insights were taken from a survey of 500 US-based C-level executives who self-identified as part of the decision-making team responsible for their organization's adoption, use and management of AI-enabled tools. This survey was conducted by Baker McKenzie in collaboration with Coleman Parkes.*

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## ADDITIONAL RESOURCES:

- Eye on AI
- DT and Cloud Survey
- Human-Centered AI for Human Resources

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