LUMO INSIGHTS

Wednesday, 6 May 2026

# AI upheaval in the workplace: hard data, new roles, and a leadership wake-up call

## Executive Summary

In the last 48 hours, multiple events have highlighted how artificial intelligence is reshaping work in unexpected ways. Tech firms are invoking AI to justify major layoffs even as new AI-related roles emerge - creating a talent paradox. Meanwhile, employees are voicing anxiety (and even unionising over AI ethics), and forward-thinking companies are scrambling to put proper leadership and training in place. These developments are a wake-up call for leaders to rethink people strategy now.

## AI layoffs: efficiency or excuse?

(www.techtimes.com [1])The start of 2026 has seen a surge in corporate layoffs attributed to AI-driven efficiency. In the first quarter of the year, more than 80,000 tech workers lost their jobs - the worst tech job cut quarter in at least three years. Industry giants such as Meta, Microsoft, Amazon, and others all announced major staff reductions within weeks of each other, frequently citing automation and “do more with less” initiatives as justification.

This week, crypto exchange Coinbase added a stark example. The company revealed plans to shed roughly 700 employees - about 14% of its workforce - to trim costs and reposition the business for the artificial intelligence era (finance.yahoo.com [2]) (money.usnews.com [3]). Beyond the immediate cuts, Coinbase’s management is also reshaping teams around AI-driven workflows to boost productivity among remaining staff (finance.yahoo.com [4]). This mirrors a broader trend of firms framing staff reductions as necessary to fund AI projects and keep pace with technological change.

(www.techtimes.com [5])However, some industry experts are questioning whether AI is truly the primary driver of all these layoffs. They argue that automation has become a convenient scapegoat - a 'get-out-of-jail-free card' - for downsizing decisions that are actually rooted in pandemic-era overexpansion or general economic headwinds (www.techtimes.com [6]). In other words, not every job being eliminated is genuinely being automated away by AI. Blaming “AI” for layoffs can backfire, eroding trust and morale if employees sense that leaders are using technology as an excuse for cuts that might have been avoided with better planning.

References:

[1] www.techtimes.com — https://www.techtimes.com/articles/316328/20260504/big-tech-slashed-80000-jobs-early-2026-ai-may-not-real-reason.htm#:~:text=bloodbath%20is%20far%20less%20futuristic,on%20April%2023%20that%20it

[2] finance.yahoo.com — https://finance.yahoo.com/markets/crypto/articles/crypto-exchange-coinbase-to-cut-about-14-of-workforce-110441620.html#:~:text=4%3A04%20AM%20PDT2%20min%20read,a%20slowdown%20in%20trading%20activity

[3] money.usnews.com — https://money.usnews.com/investing/news/articles/2026-05-05/coinbase-to-cut-about-14-of-workforce#:~:text=%28Reuters%29%20,With%20still%20subdued%20trading

[4] finance.yahoo.com — https://finance.yahoo.com/markets/crypto/articles/crypto-exchange-coinbase-to-cut-about-14-of-workforce-110441620.html#:~:text=profitability%2C,of%202026%20%E2%81%A0and%20to%20incur

[5] www.techtimes.com — https://www.techtimes.com/articles/316328/20260504/big-tech-slashed-80000-jobs-early-2026-ai-may-not-real-reason.htm#:~:text=jobs%20in%20Q1%202026%20and,actually%20behind%20the%20mass%20layoffs

[6] www.techtimes.com — https://www.techtimes.com/articles/316328/20260504/big-tech-slashed-80000-jobs-early-2026-ai-may-not-real-reason.htm#:~:text=jobs%20in%20Q1%202026%20and,actually%20behind%20the%20mass%20layoffs

## New roles, new skills gap

(invezz.com [1])The flip side of these AI-linked layoffs is a burst of new kinds of jobs - and a struggle to fill them. By early May, an estimated 275,000 AI and machine-learning roles were unfilled worldwide (invezz.com [2]), even as tens of thousands of workers were being let go. This paradox highlights a severe talent shortage: while AI is automating certain tasks, it is simultaneously creating demand for people with new skills that are in short supply.

(www.aihr.com [3])One recent HR industry report found that nearly 8 in 10 companies have now deployed AI in at least one function, but only 1 in 5 has actually restructured how work gets done to fully leverage these tools. In many organisations, job definitions and workflows haven't kept up with the new AI-driven reality - and without thoughtful job redesign and upskilling, companies risk investing in powerful algorithms that their teams aren't prepared to use effectively. In this sense, the "skills gap" is really a strategy gap: companies that fail to plan for new capability needs may find themselves with state-of-the-art AI tools but not enough internal talent to make the most of them.

Leading organisations are starting to tackle this challenge. Google, for instance, recently pledged $10 million to help train 40,000 U.S. workers in AI skills for the manufacturing sector (www.foxbusiness.com [4]). And LinkedIn's 2026 "Top Companies" list for career growth is dominated by firms such as Microsoft, Amazon, and JPMorgan - employers known for heavy investments in internal mobility and AI-focused employee development (www.drjobpro.com [5]). By proactively reskilling their workforces and creating new career paths (from data-centric project managers to AI prompt engineers and ethics leads), these companies aim to fill critical roles from within. Just as importantly, they are signalling to their people that human talent can grow alongside AI, helping to reduce fear and boost retention.

References:

[1] invezz.com — https://invezz.com/news/2026/05/04/is-big-techs-725b-ai-splurge-being-funded-by-mass-layoffs/#:~:text=Tech%20layoffs%20hit%2081%2C747%20in,week%20is%20that%2081%2C747%20tech
[2] invezz.com — https://invezz.com/news/2026/05/04/is-big-techs-725b-ai-splurge-being-funded-by-mass-layoffs/#:~:text=Tech%20layoffs%20hit%2081%2C747%20in,week%20is%20that%2081%2C747%20tech
[3] www.aihr.com — https://www.aihr.com/resources/AIHR_HR_Priorities_2026_Report.pdf#:~:text=cross,workers%20fear%20reduced%20job
[4] www.foxbusiness.com — https://www.foxbusiness.com/technology/google-partners-ai-training-thousands-american-manufacturing-workers#:~:text=Google%20is%20contributing%20%2410%20million,MI%29%2C%20the%20nonprofit
[5] www.drjobpro.com — https://www.drjobpro.com/blog/global-job-market-trends-2026-ai-reshapes-hiring-as-300-mill#:~:text=recruitment%20industry%20to%20new%20valuations,labor%20market%20indicators%20as%20global

## Employee anxiety and pushback

(gizmodo.com [1])The human side of this transformation took centre stage when staff at Google's DeepMind AI lab in London voted to unionise - reportedly the first-ever union at a major AI research unit. This unprecedented move came in direct response to Google's recent decision to let the U.S. Department of Defence use DeepMind's AI technology for military applications (gizmodo.com [2]). Many employees see that Pentagon contract as a betrayal of Google's previous pledge not to develop AI for warfare, and they are demanding a stronger voice in how their work is used - including a say in the company's ethical policies.

(www.businesswire.com [3])The unionisation drive is a vivid sign of a broader wave of employee anxiety about AI. A global survey found that 40% of workers now fear AI will make their jobs obsolete - a jump from 28% just two years ago (www.businesswire.com [4]). Furthermore, 62% of employees believe their leaders underestimate the psychological and ethical impact of AI on the workforce (www.businesswire.com [5]). If left unaddressed, the report warns, this anxiety will "impede value

creation and productivity" as AI tools spread (www.businesswire.com [6]). In other words, when people feel threatened or disempowered by new technology, they’re less likely to adopt it productively - and may even resist changes that they perceive as harmful.

Low morale in the workplace only adds to the challenge. Gallup data shows that global employee engagement fell to just 20% in 2025 (down from 23% in 2022) - the first time in recent memory that engagement dropped two years in a row. Managers are among the most affected; their engagement has plunged nine percentage points since 2022, reflecting growing burnout at the very level of leadership tasked with implementing change. This decline in enthusiasm and trust makes it harder for organisations to successfully navigate transitions. It underscores the need for empathetic change management - clear communication, support for employees, and visible commitment to ethical, responsible AI use - so that fear doesn’t fester and stall progress.

References:


[1] gizmodo.com — https://gizmodo.com/deepmind-workers-vote-to-unionize-following-googles-pentagon-ai-deal-2000754603#:~:text=By%20Bruce%20Gil%20Published%20May,letter%20to%20management%20on%20Tuesday
[2] gizmodo.com — https://gizmodo.com/deepmind-workers-vote-to-unionize-following-googles-pentagon-ai-deal-2000754603#:~:text=Union%20as%20their%20joint%20representatives,broke%2C%20more%20than%20600%20Google
[3] www.businesswire.com — https://www.businesswire.com/news/home/20260114371775/en/As-Organizations-Race-to-Adopt-AI-in-2026-Marshs-Mercer-Says-Empower-Talent-and-Redesign-Work#:~:text=anxiety%20is%20key%20to%20success,enablement%20through%20transparent%20communication%2C%20employee
[4] www.businesswire.com — https://www.businesswire.com/news/home/20260114371775/en/As-Organizations-Race-to-Adopt-AI-in-2026-Marshs-Mercer-Says-Empower-Talent-and-Redesign-Work#:~:text=anxiety%20is%20key%20to%20success,AI%E2%80%99s%20emotional%20and%20psychological%20impact
[5] www.businesswire.com — https://www.businesswire.com/news/home/20260114371775/en/As-Organizations-Race-to-Adopt-AI-in-2026-Marshs-Mercer-Says-Empower-Talent-and-Redesign-Work#:~:text=anxiety%20is%20key%20to%20success,enablement%20through%20transparent%20communication%2C%20employee
[6] www.businesswire.com — https://www.businesswire.com/news/home/20260114371775/en/As-Organizations-Race-to-Adopt-AI-in-2026-Marshs-Mercer-Says-Empower-Talent-and-Redesign-Work#:~:text=anxiety%20is%20key%20to%20success,as%20part%20of%20their%20digital


## Leading Human+AI integration

(www.peoplematters.in [1])For executives, this week’s developments serve as a clear signal that leading an AI-driven transformation requires rethinking organisational structures and culture. One striking data point: an IBM survey of 2,000 CEOs reports that 76% of enterprises now have a Chief AI Officer in 2026 - a massive leap from just 26% in the prior year (www.peoplematters.in [2]). The rise of this C-suite role shows companies moving quickly to embed AI expertise and governance at the top, recognising that AI is now a strategic priority.

At the same time, leaders are learning that technology alone doesn’t guarantee success. Many firms have poured resources into AI only to see mixed results. Gartner research indicates that merely 1 in 50 AI initiatives yields truly transformational value, and just 1 in 5 produces any measurable ROI (www.forbes.com [3]). Similarly, an MIT study of hundreds of companies found 95% of AI pilot projects brought no tangible profit improvement (www.forbes.com [4]). Often what’s lacking is not more advanced algorithms but what Mercer calls "intentional work redesign" - fundamentally rethinking how jobs and workflows are structured to enable humans to partner effectively with AI (www.businesswire.com [5]).

The differentiator between organisations that flourish with AI and those that falter is how well leadership manages the human element of change. Forward-thinking companies are consciously redesigning processes and roles to integrate AI in ways that amplify their people’s strengths (www.deloitte.com [6]). They emphasise continuous learning and transparency to build employee trust - addressing ethical concerns and clarifying how AI will support (not supplant) employees. By aligning their C-suite, HR, and managers around a shared human+AI vision, these leaders are beginning to see AI deliver productivity gains without alienating their workforce. The message is clear: to lead an

AI-powered workplace transformation without losing people, focus on enabling and empowering those people as much as the technology.

References:
[1] www.peoplematters.in — https://www.peoplematters.in/news/ai-and-emerging-tech/76percent-of-firms-now-have-a-chief-ai-officer-up-from-26percent-in-a-year-ibm-49550#:~:text=Emerging%20Tech%2076,is%20moving%20from%20a%20technical
[2] www.peoplematters.in — https://www.peoplematters.in/news/ai-and-emerging-tech/76percent-of-firms-now-have-a-chief-ai-officer-up-from-26percent-in-a-year-ibm-49550#:~:text=Emerging%20Tech%2076,is%20moving%20from%20a%20technical
[3] www.forbes.com — https://www.forbes.com/sites/cindyrodriguezconstable/2026/02/27/most-ai-investments-are-failing-the--problem-isnt-the-technology/#:~:text=Sullivan%2FGetty%20Images%29%20,300%20publicly%20disclosed%20AI%20deployments
[4] www.forbes.com — https://www.forbes.com/sites/cindyrodriguezconstable/2026/02/27/most-ai-investments-are-failing-the--problem-isnt-the-technology/#:~:text=finds%20that%20only%20one%20in,of%20AI%20in%20Business%202025
[5] www.businesswire.com — https://www.businesswire.com/news/home/20260114371775/en/As-Organizations-Race-to-Adopt-AI-in-2026-Marshs-Mercer-Says-Empower-Talent-and-Redesign-Work#:~:text=These%20initial%20insights%2C%20from%20one,its%2011th%20year%2C%20highlights%20the
[6] www.deloitte.com — https://www.deloitte.com/nl/en/about/press-room/state-of-ai-in-the-enterprise-2026.html#:~:text=their%20AI%20journey.%20,Mittal%2C%20wereldwijd%20AI%E2%80%91lead%20bij%20Deloitte

## Key Statistics

- In Q1 2026, more than 80,000 tech employees were laid off - the worst quarterly total in 3 years ([www.techtimes.com](https://www.techtimes.com/articles/316328/20260504/big-tech-slashed-80000-jobs-early-2026-ai-may-not-real-reason.htm#:~:text=bloodbath%20is%20far%20less%20futuristic,on%20April%2023%20that%20it)).
- 76% of organisations now have a Chief AI Officer in 2026, up from just 26% in 2025 ([www.peoplematters.in](https://www.peoplematters.in/news/ai-and-emerging-tech/76percent-of-firms-now-have-a-chief-ai-officer-up-from-26percent-in-a-year-ibm-49550#:~:text=Emerging%20Tech%2076,is%20moving%20from%20a%20technical)).
- Only 1 in 50 AI investments delivers transformational value, and just 1 in 5 shows any measurable ROI ([www.forbes.com](https://www.forbes.com/sites/cindyrodriguezconstable/2026/02/27/most-ai-investments-are-failing-the--problem-isnt-the-technology/#:~:text=Sullivan%2FGetty%20Images%29%20,300%20publicly%20disclosed%20AI%20deployments)).
- Roughly 275,000 AI-related jobs are currently unfilled, as companies struggle to find workers with the right skills ([invezz.com](https://invezz.com/news/2026/05/04/is-big-techs-725b-ai-splurge-being-funded-by-mass-layoffs/#:~:text=Tech%20layoffs%20hit%2081%2C747%20in,week%20is%20that%2081%2C747%20tech)).
- 40% of workers worldwide fear AI will make them redundant, up from 28% two years ago ([www.businesswire.com](https://www.businesswire.com/news/home/20260114371775/en/As-Organizations-Race-to-Adopt-AI-in-2026-Marshs-Mercer-Says-Empower-Talent-and-Redesign-Work#:~:text=anxiety%20is%20key%20to%20success,AI%E2%80%99s%20emotional%20and%20psychological%20impact)).

KEY TAKEAWAY

Laid-off today, talent shortage tomorrow - this week’s AI shake-ups show the need to double down on your people. Avoid knee-jerk 'AI = cost cuts' moves; focus on reskilling, ethical clarity, and work redesign to capture AI’s benefits without losing trust or talent.

### Sources

76% of firms now have a Chief AI Officer, up from 26% in a year: IBM – People Matters
https://www.peoplematters.in/news/ai-and-emerging-tech/76percent-of-firms-now-have-a-chief-ai-officer-up-from-26percent-in-a-year-ibm-49550

Crypto exchange Coinbase to cut about 14% of workforce in AI-driven restructuring – Reuters (via Yahoo Finance)

https://finance.yahoo.com/news/crypto-exchange-coinbase-cut-14-110441620.html

Big Tech Slashed 80,000 Jobs in Early 2026 — But AI May Not Be the Real Reason – TechTimes
https://www.techtimes.com/articles/316328/20260504/big-tech-slashed-80000-jobs-early-2026-ai-may-not-real-reason.htm

DeepMind Workers Vote to Unionize Following Google's Pentagon AI Deal – Gizmodo
https://gizmodo.com/deepmind-workers-vote-to-unionize-following-googles-pentagon-ai-deal-2000754603

As Organizations Race to Adopt AI in 2026, Marsh's Mercer Says Empower Talent and Redesign Work – Business Wire
https://www.businesswire.com/news/home/20260114371775/en/As-Organizations-Race-to-Adopt-AI-in-2026-Marshs-Mercer-Says-Empower-Talent-and-Redesign-Work

Google partners on AI training for thousands of American manufacturing workers – Fox Business
https://www.foxbusiness.com/technology/google-partners-ai-training-thousands-american-manufacturing-workers