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AI’s workplace shake-up: hard data and surprising lessons for leaders

Executive Summary

The past 48 hours underscored how artificial intelligence is dramatically reshaping the world of work in surprising ways. Even as companies announce large-scale layoffs in the name of "efficiency", new data and emerging practices reveal that success with AI is less about technology and far more about people - their roles, skills, and trust in leadership. This briefing unpacks the latest developments to help leaders rethink their people strategy in an AI-transformed workplace.

AI’s job impact: A double-edged sword

In the past two days, several high-profile companies have doubled down on AI initiatives while also announcing significant staff cuts - a trend that captures the uneasy paradox of AI’s impact on jobs. Global tech layoffs in 2026 have now surpassed 92,000 positions lost in just five months (economictimes.indiatimes.com [1]), with April alone marking the worst wave of job cuts in years. Firms like Cloudflare and Intuit - both financially healthy - have eliminated 15 - 20% of their workforces in sweeping restructurings aimed at becoming “AI-driven” organisations (www.hcamag.com [2]) (www.fastcompany.com [3]). Upwork’s CEO, for instance, told employees that a quarter of their jobs would go as the firm bets on "leaner" teams supercharged by automation - a startling move for a company built on human talent marketplaces (officechai.com [4]).

Yet even as AI is cited as a reason for staff reductions, we are seeing an equally strong surge in demand for new skills and roles that AI creates. A leading tech industry survey shows a 92% jump in hiring for AI-related jobs, often with salary premiums well above the norm (www.techtimes.com [5]). Companies are carving out entirely new positions - from machine learning engineers and prompt designers to AI ethicists - aiming to capture the opportunities this technology brings. The World Economic Forum projects that by 2030, AI and automation could displace 92 million jobs worldwide but create 170 million new ones (www.cnbc.com [6]), highlighting potential net growth in the long run. As Boston Consulting Group research suggests, in the near term more than half of all jobs will be “reshaped” by AI in the next 2 - 3 years rather than completely eliminated (www.bcg.com [7]). In other words, while tasks across many roles will be automated, most workers will find their roles evolving - not vanishing - if they can adapt to new ways of working alongside machines.

That doesn’t mean the current turbulence isn’t real. There’s a growing concern that some companies may be leveraging AI more as a cost-cutting narrative than a ready-to-implement capability. Gartner found that only 20% of customer-service leaders who reduced headcount actually did so because AI had automated work - the vast majority were responding to broader economic pressures (www.forbes.com [8]). Analysts warn of a possible boomerang effect: in a notable prediction, Gartner expects that by 2027 about half of the organisations that cut jobs citing AI will end up rehiring for

similar roles (www.forbes.com [9]). The implication is stark - if the technology's benefits don't materialise as fast as promised, companies could be left understaffed and scrambling to recover lost talent. This short-term cycle of "fire and rehire" is an expensive lesson. It's a caution to business leaders: trimming headcount without a clear people-centric AI strategy may win a brief stock price bump (www.forbes.com [10]), but it risks long-term pain in the form of operational gaps, rehiring costs, and damaged morale.

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Redesigning the Organisation for AI

Amid the upheaval, a different kind of AI-driven transformation is quietly taking hold at the leading edge of industry: an organisational redesign that puts humans and machines on the same team. A new global IBM study finds that 76% of large enterprises have now appointed a Chief AI Officer to drive their AI strategy, up from just 26% a year ago (newsroom.ibm.com [1]) - making this arguably the fastest creation of a C-suite role in history. Moreover, nearly 60% of CEOs say their Chief Human Resources Officer's influence will grow in coming years (newsroom.ibm.com [2]). These shifts signal that companies are getting serious about AI at the highest levels, recognising that leadership must evolve. In fact, two-thirds of CEOs now say they're comfortable relying on AI for major strategic decisions (newsroom.ibm.com [3]). But they are also aware that unleashing AI's potential requires rethinking how their organisations function at every level, not just adding new tech roles at the top.

This sentiment is echoed by the World Economic Forum, which warns that many corporate "AI transformations" falter not due to technical shortcomings but because companies fail to reimagine their structures and processes (www.weforum.org [4]). The firms most successful with AI are those that deliberately redesign how humans and AI systems work together day to day. In one example, Procter & Gamble embedded data scientists and AI engineers directly within business and operational teams - rather than isolated in an analytics department - to infuse AI into supply chain and marketing decisions in real time (www.weforum.org [5]). Such integration of tech expertise into core operations breaks down silos and accelerates the impact of AI on performance. IBM's research similarly found that companies which revamped five key areas - including technology, people, and workflows - were four times more likely to achieve their business goals with AI (newsroom.ibm.com [6]). The lesson: AI success isn't about algorithms alone, but about redesigning job roles, decision rights, and workflows to fully leverage those algorithms.

Some leaders are embracing bold moves to restructure their workforces for an “AI-first” era - even if it means painful change. On May 7, Upwork’s CEO Hayden Brown announced the freelancing platform would cut 25% of its staff to reorganise into smaller, cross-functional teams built around AI. As Brown put it, ‘two pizza teams are dead’ - in other words, compact squads equipped with powerful AI tools can now outperform larger teams by moving faster and more efficiently (officechai.com [7]). This approach aims to streamline product development and operations by giving each remaining employee the leverage of AI. However, such dramatic shifts also raise tough questions about workload and burnout - as companies ask fewer people to “do more with less” using AI - and whether a wholesale reduction of headcount is the only path to an AI-ready organisation. The contrast between proactive redesign and reactive downsizing is becoming clearer, and it underscores the need for thoughtful change management alongside technological change.

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The skills gap: racing to reskill and upskill

Another striking trend emerging in the latest data is the gap between AI’s rapid adoption in daily work and workers’ readiness to harness it. A new professional survey revealed that 85% of employees are now using AI tools regularly, yet only 26% feel truly prepared for an AI-driven career (www.prnewswire.com [1]). A majority say their organisations have not equipped them for the AI era, with 71% of professionals feeling their employers are falling short on training and support (www.prnewswire.com [2]). Despite this, the same survey found 76% of workers plan to invest their own time and money in AI-focused learning to stay employable (www.prnewswire.com [3]). In effect, employees are taking charge of their future, determined to close the skills gap even if their companies aren’t helping enough.

Forward-thinking organisations are starting to recognise that bridging this capability gap is mission-critical - and some are responding at unprecedented scale. Global consulting giant Accenture, for example, logged 44 million hours of AI training for its employees last year and aims to have 80,000 workers proficient in new AI technologies by the end of 2026 (www.ciodive.com [4]). Logistics leader FedEx has launched an AI literacy programme for its entire 500,000-strong workforce, partnering with Accenture to embed AI training into roles from warehouse staff to managers. The philosophy is clear: if AI is going to transform half of all tasks employees do, as many studies predict, then constant learning isn’t a luxury - it’s a core business imperative. Indeed, IBM’s CEO survey indicates companies expect 29% of their people will need to be completely retrained into new positions and over half will require significant upskilling in the next two years to keep up with AI-driven changes (newsroom.ibm.com [5]).

Crucially, this is not just about offering more online courses or workshops - it's about creating continuous learning cultures where acquiring new digital and cognitive skills is part of everyone's job. Traditional one-off training programmes can't keep up with AI's pace (www.weforum.org [6]). That's leading some companies to embed ongoing AI education into daily workflows and career paths, so employees constantly refresh their capabilities as technology evolves. A former executive at Zurich Insurance described how they built an enterprise-wide AI learning ecosystem combining broad AI literacy with deep, role-specific training, emphasising flexible skills that allowed staff to be redeployed as their roles changed (www.weforum.org [7]). By investing in their existing workforce's development, organisations not only fill new AI roles internally but also send a powerful message to employees: that they have a future in an AI-powered workplace. This can be a potent antidote to fear, turning anxiety into engagement as people see a path to grow alongside the machines.

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Leading change with trust and transparency

Perhaps the most counterintuitive lesson of this week's events is that successfully navigating AI-driven change might depend less on technology and more on psychology and trust. C-level leaders are learning that they cannot simply assure employees that "no one will lose their job" and call it a day. In fact, if workers sense that management is downplaying the impact of AI on their jobs, they are likely to distrust leadership, resist new technologies, or even work against them (www.imd.org [1]). The International Trade Union Confederation warned that too often AI and algorithmic management tools are rolled out without consulting employees, eroding trust, fragmenting jobs, and undermining labour rights (www.ituc-csi.org [2]). Both the morale and the long-term success of AI initiatives suffer when people feel deceived or disempowered.

It's clear that leaders must take a more empathetic and proactive approach to change management around AI. This means being transparent about how AI will alter job responsibilities and being honest about the uncertainties ahead. It also means involving employees - and their representatives - in the AI transition process. Global labour organisations are calling for workers to have a voice in how AI is implemented, pushing for collective agreements and policies that ensure a "just digital transition" in which no one is left behind (www.ituc-csi.org [3]) (www.ituc-csi.org [4]). At a company level, proactive CEOs are beginning to take this to heart. Many are elevating their HR and people teams to co-lead AI transformation, recognising that success hinges on helping employees adapt and thrive. In the recent IBM survey, a striking 83% of CEOs acknowledged that their organisation's AI success depends more on employees adopting new technology than on the technology itself (newsroom.ibm.com [5]).

The upshot for senior leaders is that building trust and supporting your people is not just a ‘nice to have’ - it’s the make-or-break factor in the age of AI. Research shows that when employees believe their company is truly investing in their development, they are over five times more likely to feel confident and engaged in using AI (cerevisor.com [6]). By contrast, today only 22% of workers globally feel their jobs are secure from automation, and anxiety is running high (mediacenter.adp.com [7]). Leading an AI-enabled organisation without losing people will require addressing that anxiety head-on - through reskilling programmes, clear communication about AI plans, and genuine opportunities for employees to shape how technology is used. Ultimately, organisations that treat AI adoption as a collaborative journey with their workforce will not only avoid the pitfalls of resistance and turnover, but also unlock far greater innovation and performance. In the words of one industry expert, “The decisive differentiator will not be access to technology, but the ability to orchestrate human transformation around it” (www.weforum.org [8]).

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Key Statistics

- Tech companies have cut over 92,000 jobs in the first five months of 2026 amid AI and cost-cutting drives ([economictimes.indiatimes.com](https://economictimes.indiatimes.com/news/new-updates/over-92000-tech-layoffs-in-just-5-months-of-2026-ai-replacing-jobs-faster-than-expected-as-meta-microsoft-amazon-job-cuts-trigger-fear-in-us/articleshow/131010353.cms#:~:text=IST%20Synopsis%20Tech%20layoffs%202026%3A,are%20investing%20heavily%20in%20AI)).
- 76% of surveyed enterprises now have a Chief AI Officer, a huge jump from just 26% in 2025 ([newsroom.ibm.com](https://newsroom.ibm.com/2026-05-04-ibm-study-ceos-are-reshaping-c-suite-roles-for-the-ai-era#:~:text=IBM%20Study%3A%20CEOs%20are%20Reshaping,thirds%20of)).
- 85% of professionals use AI at work, but only 26% feel prepared for AI’s impact on their career ([www.prnewswire.com](https://www.prnewswire.com/in/news-releases/only-1-in-4-professionals-feel-ready-for-what-ai-brings-next-reveals-simplilearns-2026-professional-sentiment-survey-302751659.html#:~:text=levels,after%20skills%20for)).
- Only 22% of global workers strongly agree their job is safe from elimination, with 78% feeling anxious about AI ([mediacenter.adp.com](https://mediacenter.adp.com/2026-03-25-ADP-Research-Only-22-of-Workers-Confident-Their-Job-is-Safe-from-Elimination,-Underscoring-the-Importance-of-Talent-Strategies-that-Prepare-Employees-for-the-Future,1#:~:text=the%20world%20of%20work%20at,bottom%20of%20the%20management%20hierarchy)).

KEY TAKEAWAY

Leaders must treat AI transformation as a human transformation. Data shows that companies get the best results when they redesign work and invest in upskilling and transparency. Relying on tech alone or cutting staff without a people plan risks backfiring.

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