LUMO INSIGHTS

Wednesday, 3 June 2026

AI’s workplace revolution, reality-checked: surprising new lessons for leaders

Executive Summary

New data and events over the last 48 hours reveal that AI’s impact on the workforce is more nuanced than headlines suggest. Major companies are rethinking layoffs, employees are both anxious and eager, and leaders face culture and governance challenges. The common thread: successfully navigating AI-driven change requires focusing on people as much as on technology.

Reality check: AI’s impact on jobs

In the past two days, a notable voice offered a reality check on the much-feared 'AI jobs apocalypse'. OpenAI CEO Sam Altman acknowledged at a June 2 forum that fears of AI triggering mass unemployment may have been overstated (ainewswire.com [1]). Four years after the debut of ChatGPT, he admitted that widespread displacement of office jobs hasn’t happened as quickly as he once expected (ainewswire.com [2]). While Alton confirmed that AI technology has progressed rapidly - largely as forecast - he conceded that his earlier assumptions about immediate economic disruption were too pessimistic. Workplaces, it seems, are adapting to AI in more gradual and complex ways than the overnight revolution many predicted.

That said, the scale of AI’s influence on jobs is undeniable. Fresh analysis updated this week indicates an estimated 85 million jobs worldwide have already been displaced by AI and automation as of 2026. The tech sector, in particular, has seen a wave of high-profile cuts tied to AI efficiency drives - more than 45,000 tech jobs were lost in the first quarter of 2026 alone, with executives explicitly citing AI as the reason for about 20% of those layoffs. Block (the company led by Jack Dorsey) made headlines by cutting 40% of its staff in an aggressive automation push. And in the year’s biggest single layoff event, Oracle let go of up to 30,000 employees in April via a blunt early-morning email, as it redirected billions in savings towards AI data centres and software investments. Clearly, some roles are being eliminated as companies race to harness AI for cost reduction and productivity.

However, these losses tell only part of the story. Even as AI renders certain tasks obsolete, it is also creating new jobs and demands for new skills. LinkedIn’s global data shows that AI has added about 1.3 million fresh jobs in recent years - including entirely new categories like AI prompt engineers, AI data annotators, and machine learning ethics specialists (www.weforum.org [3]). The World Economic Forum projects that by 2030, while 92 million jobs could be displaced by automation, around 170 million new roles will emerge, resulting in a net gain of 78 million jobs globally. In short, the labour market is rotating rather than simply contracting, as workforces shift from roles that AI can handle to new opportunities that AI unlocks - for those with the skills to seize them.

For business leaders, a key takeaway is that augmentation often beats pure automation. Studies indicate that employees who adeptly use AI tools become more valuable - one analysis found these workers earn 21% more on average than those who don't, highlighting the economic upside of being augmented by AI rather than replaced (www.replacedbai.com [4]). Conversely, companies that rushed to automate every possible task are hitting pitfalls. In one cautionary example, the fintech company Klarna eliminated 700 customer service jobs, replacing them with a generative AI chatbot, only to watch customer satisfaction and quality plummet; by mid-2025, management had to rehire human agents to restore service levels (www.forbes.com [5]). CEO Sebastian Siemiatkowski later admitted they had 'focused too much on efficiency and cost' at the expense of quality (www.forbes.com [6]). Such hard lessons are prompting many firms to recalibrate their approach: recognising that human expertise remains essential even as AI takes over repetitive work.

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Redesigning roles & creating new opportunities

As the dust settles from AI's initial disruption, leading organisations are shifting from reactive cost-cutting to proactive redesign of work. At the World Economic Forum this year, 25 major companies - including Cisco, ServiceNow and Wipro - jointly pledged to expand access to AI, invest in digital skills, and create new 'AI-native' roles throughout their ranks (aimagazine.com [1]). Their goal, endorsed at the 2026 Davos summit, is to reach over 120 million workers with upskilling initiatives by 2030 and open up new career pathways in an AI-driven economy. This collective commitment signals a notable change in tone: instead of simply allowing AI to displace jobs, these firms are intent on using AI to elevate and transform jobs, preparing their people for new kinds of work.

A striking example of this shift comes from IBM. In a sharp reversal of its earlier stance, IBM's HR chief announced that the company will triple its U.S. entry-level hiring in 2026 - yes, for the very roles IBM's CEO once predicted would be automated away by AI (timesofindia.indiatimes.com [2]) (www.forbes.com [3]). Just three years ago, IBM had effectively paused hiring for certain back-office and junior roles, anticipating that up to 7,800 positions could be replaced by AI systems (www.forbes.com [4]). Now IBM is "lifting that pause" in a big way. These entry-level jobs are not coming back in their old form, though - they're being redefined with an AI twist. New hires in areas like HR and software development will focus more on uniquely human tasks such as creative problem-solving and customer engagement, while letting AI handle the repetitive, data-heavy work (timesofindia.indiatimes.com [5]). IBM's new approach aims to prevent a future skills drought and acknowledges that AI is reshaping work, but not eliminating the need for fresh talent.

Beyond rehiring, entirely new roles are emerging as companies double down on AI capabilities. A recent IBM global survey revealed that 76% of organisations now have a Chief AI Officer (CAIO) in their C-suite, up from just 26% a year ago (www.peoplematters.in [6]). This explosion of CAIOs - a new executive position that barely existed a few years prior - reflects how quickly businesses are

institutionalising AI leadership. Firms with an AI-focused leader at the helm have reportedly scaled 10% more AI initiatives across the enterprise than their peers (www.peoplematters.in [7]). Meanwhile, on the front lines, job boards in 2026 are full of postings for 'prompt engineers', 'AI ethicists', 'automation coordinators', and other novel roles dedicated to building, auditing, and managing AI systems. Far from wiping out human work, AI is catalyzing a redesign of jobs and teams - creating demand for new expertise and hybrid human+AI workflows.

In day-to-day operations, leading firms are blending AI tools into workflows to boost - not replace - human performance. For example, Morgan Stanley has embedded OpenAI's GPT-4 into the workflow of its wealth management advisors, dramatically improving how they find information and serve clients; today, over 98% of the firm's advisor teams actively use this internal AI assistant (openai.com [8]). Importantly, Morgan Stanley's management presents the tool as a 'co-pilot' that amplifies their advisors' effectiveness rather than rendering them redundant (dafinchi.ai [9]). In healthcare, hospitals are using AI-powered 'medical scribes' to handle note-taking and documentation, allowing doctors to spend more time with patients. Across many industries, tasks like drafting reports, answering routine customer inquiries, or parsing data are being handed off to AI. By redesigning processes and team structures around human-AI collaboration, these organisations aim to capture AI's efficiency and quality benefits while keeping employees focused on uniquely human strengths.

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Employee sentiment & the change management challenge

Inside organisations, employees' feelings about AI range from excitement to anxiety - and this emotional mix is making change management more complex. Recent data reveals that only 17% of employees can be considered avid 'AI champions' (high adopters who feel positive about AI), while a much larger 56% are 'AI resisters' with low usage and apprehension about AI's impact (www.gartner.com [1]). In other words, a relatively small group of early adopters is racing ahead with AI, but the majority of employees are either hesitant or struggling to see personal benefits. This dynamic sets the stage for a two-speed workplace, where some people become dramatically more productive with AI as others lag behind - a recipe for division if not addressed.

Indeed, many workers are worried. One global survey found nearly 80% of employees feel they lack the skills needed to succeed in an AI-transformed job market (www.weforum.org [2]). In Australia, where digital tools are spreading quickly, almost one in four workers report feeling frustrated by how AI is changing their role, and many are more uncertain than ever about their long-term job security (www.gartner.com [3]). A big reason for these fears is a communication and training gap: only about half of employees say their employer has clearly communicated how their job will evolve with AI or

provided sufficient training to prepare them (www.gartner.com [4]). Without that support, it's easy for rumors and resistance to grow.

At the same time, there is genuine eagerness among employees to leverage AI - if it helps make their work better. A recent large-scale survey across 12 countries found that more than 70% of employees are already using AI tools at least weekly for tasks like writing, data analysis and meeting prep (www.hcamag.com [5]). Most of those who use AI report that it boosts their productivity and even quality of work (www.hcamag.com [6]). In that study, 79% of workers said they'd enjoy their jobs more if they could offload repetitive tasks to AI (www.hcamag.com [7]), and an overwhelming 89% described feeling optimistic, excited or inspired by the AI tools in their workplace (even though many simultaneously felt cautious) (www.hcamag.com [8]). This indicates a strong appetite for AI's benefits among staff - provided it is introduced in a way that helps them do their jobs better.

One challenge is that employees aren't waiting for formal permission - they're moving ahead on their own. That same survey uncovered a surge in "shadow AI" use, where employees adopt AI apps without organisational approval. Over 70% of workers said they use AI regularly now, yet roughly a third of those are doing it without any IT oversight (www.hcamag.com [9]). And it's no wonder: nearly one in three respondents said their employer offers no training on how to use AI at work, and about 22% said their company hasn't provided any approved AI tools at all for them to experiment with (www.hcamag.com [10]). In the absence of guidance, employees feel they must figure out AI for themselves to stay effective - even if that means using unvetted tools. This can create security risks, inconsistent practices, and further divides between those who have managerial support and those who don't. It's a clear reminder that successful AI integration isn't just a tech rollout; it requires actively managing people's fear and enthusiasm so that the whole team moves forward together.

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Leadership, strategy & policy in an AI-Driven workplace

For executives, the latest developments are a stark reminder that leading AI-driven change is as much about culture and strategy as software and algorithms. Despite surging investment - a majority of companies (59%) now spend over $1 million annually on AI projects (writer.com [1]) - many leaders worry their organisations aren't fully prepared. In one survey, 75% of executives admitted their AI strategy is 'more for show' than substance (writer.com [2]). This indicates that while boards feel pressure to embrace AI, in practice most companies still lack a clear, actionable gameplan that

resonates throughout the ranks. That gap between saying “AI-first” and actually doing it is becoming a source of internal tension.

Strong governance and oversight are no longer optional. In late 2025, the U.S. SEC’s Investor Advisory Committee formally recommended that companies be required to disclose how their boards are supervising AI usage and managing its risks (www.forbes.com [3]). Across the Atlantic, the European Union’s AI Act - set to take effect by August 2026 - will mandate that organisations deploying 'high-risk' AI systems implement rigorous risk assessment, transparency and human oversight measures. These regulatory moves underscore that directors and C-suite leaders will be expected to take accountability for how AI is adopted and its impacts on employees. Forward-leaning firms are already establishing AI ethics boards, appointing senior leaders for AI governance, and stress-testing their algorithms for bias, security and compliance.

Leaders are also hearing directly from their workforce - and from labour regulators - about AI. In one high-profile example, the union at ProPublica, a major nonprofit newsroom, staged a 24-hour strike in April to demand stronger protections against AI-driven job cuts. They join a growing list of employee groups negotiating guardrails on AI deployments: at least 58 media outlets have now secured contract language to limit AI’s use in replacing or surveilling workers. Unions in industries from entertainment to tech are pushing for requirements on advance notice, retraining options, and a voice in how AI gets implemented. The takeaway is that if leaders don’t proactively address employees’ concerns about AI - from job security to ethical use - they may face backlash or even legal hurdles.

Ultimately, the organisations that are thriving in the AI era are those that put people at the centre of their transformation. As one Gartner analyst observed this week, companies seeing the greatest returns from AI are 'those focused on workforce enablement, not just technology deployment' (www.gartner.com [4]). Encouragingly, over half (51%) of business leaders now say that reskilling their workforce is a strategic priority in the AI age, and 41% have increased their learning and development budgets to help employees adapt (techrseries.com [5]). By investing in their teams - teaching employees to use AI tools, redesigning jobs to be more rewarding, and fostering an innovative culture - these firms are turning AI into a source of competitive advantage.

Meanwhile, companies that viewed AI purely as a cost-cutting play are encountering hard realities. Nearly four in ten large organisations have already laid off staff due to AI implementation, but 55% of those now admit they made a mistake in who or how they cut (techrseries.com [6]). Many are finding they need to quietly rehire to regain critical expertise and capacity they lost. In fact, Forrester analysts predict that over half of all AI-related layoffs will be reversed in the coming years, as businesses realise the operational drawbacks of removing humans too quickly (hrexecutive.com [7]). The message to the C-suite is clear: adopting AI is not about replacing your people. It’s about empowering them - and redesigning your organisation - so that human talent and AI can work together effectively. The companies that heed this lesson are not just avoiding backlash; they’re positioning themselves to excel in an AI-enabled future.

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Key Statistics

- 1.3 million new jobs - from AI engineers to data annotators - have already been created by AI, with annual AI-related job growth projected at 6 million for 2026 ([ailog.page](https://ailog.page/is-ai-coming-for-your-job-the-2026-data-tells-a-complicated-story/#:~:text=LinkedIn%20data%20shows%20AI%20has,different%20people%20in%20different%20sectors)).
- 54% of C-suite executives say adopting AI is "tearing their company apart", while 56% report it has created internal power struggles ([www.hrgrapevine.com](https://www.hrgrapevine.com/us/content/article/2026-04-09-ai-adoption-is-tearing-companies-apart-says-new-report#:~:text=Internal%20tensions%20are%20intensifying%20as,say%20AI%20has%20created%20tension)).
- 76% of organisations 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=into%20operations,foreword%20to%20the%20study%2C%20IBM)).
- 55% of employers who laid off staff due to AI now acknowledge those cuts were a mistake ([techrseries.com](https://techrseries.com/artificial-intelligence/55-of-businesses-admit-wrong-decisions-in-making-employees-redundant-when-bringing-ai-into-the-workforce/#:~:text=39,This%20year%2C%20the%20research)).
- Over half of AI-driven layoffs will be quietly reversed by the end of 2026, according to Forrester’s forecast ([hrexecutive.com](https://hrexecutive.com/the-ai-layoff-trap-why-half-will-be-quietly-rehired/#:~:text=Work%20report%20contains%20a%20stark,report%20regretting%20laying%20off%20workers)).

KEY TAKEAWAY

For leaders: AI’s workforce impact is complex and demands a people-first approach. The winners aren’t just deploying tech; they’re retraining staff, redefining roles, and actively managing change. Ignoring the human side risks culture clashes, talent loss and stalled transformation.

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