LUMO INSIGHTS

Thursday, 11 June 2026

AI at work: hard data, surprising insights & new rules for leaders

Executive Summary

Rapid advances in AI are already reshaping the workforce in surprising ways. New reports this week show a surge in AI-driven job cuts, even as companies invest in retraining employees and creating new AI-focused roles. Leaders now face rising employee anxiety, skills gaps, and a growing divide between organisations that successfully integrate AI and those falling behind.

AI-Driven job cuts: by the numbers

A wave of new data underscores how rapidly AI is upending the job market. In May 2026, U.S. employers announced 97,000 job cuts, with nearly 40% of those layoffs attributed to AI as the primary cause (up from just 7% in January) (fortune.com [1]) - making AI now the top-cited reason for workforce reductions ahead of economic or market factors . This represented a sharp jump from earlier in the year and pushed the total announced AI-related job cuts to 87,714 in the first five months of 2026, exceeding the 54,836 such cuts recorded in all of 2025 (fortune.com [2]).

Experts note that these AI-driven layoffs have been heavily concentrated in certain sectors - especially tech . The technology industry has been hit hardest, with over 123,000 tech jobs cut so far in 2026, a staggering 66% increase over the same period last year . Yet paradoxically, the broader labour market remains resilient for now; in the U.S., payrolls actually rose by 172,000 in May, more than double expectations (www.microsoft.com [3]). This indicates that while AI disruption is very real, its immediate job impacts are uneven across the economy.

Some analysts also caution that companies may be citing AI to justify layoffs that would have happened for other reasons . They warn of 'AI scapegoating' - firms using automation as a convenient excuse for deeper cost cuts without proven efficiency gains . Despite such scepticism, there’s no doubt AI is becoming a significant factor in corporate workforce decisions. The challenge for leaders is to discern where AI truly necessitates changing roles and where it’s simply a handy rationale for difficult cutbacks.

References:

[1] fortune.com — https://fortune.com/section/future-of-work/#:~:text=Future%20of%20Work%20News%2C%20AI,and%20where%20%E2%80%94%20we%20work

[2] fortune.com — https://fortune.com/section/future-of-work/#:~:text=Future%20of%20Work%20News%2C%20AI,how%20%E2%80%94%20and%20where%20%E2%80%94

[3] www.microsoft.com — https://www.microsoft.com/en-us/research/wp-content/uploads/2024/12/NFWReport2024_1.27.2025.pdf#:~:text=COVID,powered%20by%20large%20AI%20models

Redesigning roles and teams for AI

Beyond the headlines of job losses, many leading organisations are proactively reshaping roles and team structures around AI's capabilities. In some cases this means creating much leaner teams: Cloudflare, for instance, eliminated roughly 20% of its workforce (about 1,000 employees) after deploying new AI tools, explaining that it no longer needed numerous middle-management, operations, and support roles that AI could handle . Similarly, enterprise software giant Cisco acknowledged that its recent decision to cut 4,000 jobs was driven by AI adoption automating tasks once done by those employees; even outside the tech sector, General Motors let go of several hundred IT workers with plans to hire new staff with AI skills to 'push AI for everyday work and everything else' .

Other organisations are choosing to redeploy and reskill employees rather than lose them outright. At Meta, thousands of workers were told their jobs would shift to focus on in-house AI initiatives to boost productivity and make work more rewarding (www.forbes.com [1]). This pivot reflects an emerging strategy: transitioning employees into new, AI-enhanced roles instead of making them redundant. Tech companies have also begun hiring in areas of AI growth even as they trim headcount elsewhere. Notably, despite leading in AI-driven layoffs, the tech industry also announced over 11,000 new jobs in May 2026, many tied to AI-focused projects . And in an extreme case, Coinbase's CEO described cutting certain departments down to a single person equipped with AI "agents" to perform the work of many - a radical new one-person-team model for the AI age .

All these moves show that AI is not just automating tasks - it's redefining work itself. The very notion of a 'job' is evolving: instead of executing routine tasks, employees increasingly find themselves guiding, monitoring, and collaborating with AI tools to achieve outcomes. When done right, this can free people to focus on higher-level problem-solving and creativity, with mundane work handled by machines. But if organisations don't thoughtfully redesign workflows and roles, they risk confusion, overload, or eroding accountability in this new human+AI working environment.

References:

[1] www.forbes.com — https://www.forbes.com/topics/ai-future-of-work/#:~:text=Transformation%3A%20Future%20of%20Work%20Presented,emerging%20trends%20and%20read%20expert

Employee anxiety and pushback

With roles in flux, it's no surprise that employee anxieties are running high. A new survey finds 53% of Americans fear that the rise of AI could put them or someone in their household out of work, a concern spanning age, gender, and education alike (www.forbes.com [1]). Only about a third of respondents express little or no concern, which shows how widespread the angst has become. Many workers see how quickly AI is being adopted and worry about what it means for their own futures.

These fears are already leading to pushback. In one striking example, University of Arizona students booed former Google CEO Eric Schmidt when he discussed AI's impact on jobs at a recent graduation ceremony (www.forbes.com [2]). From Hollywood writers protesting the use of AI in scriptwriting, to retail employees challenging algorithmic scheduling, people are starting to resist changes that feel like they threaten their livelihoods or the quality of their work. If employees feel blindsided or disposable in an AI-driven transition, trust in leadership can collapse just when it's most needed.

Increasingly, labour organisations and regulators are weighing in. In China, a court recently ruled that companies cannot dismiss or demote an employee solely because an AI system can perform their job duties . And in Australia, a major tech union pressed one employer to consult with staff and explain

how new AI systems would be implemented to avoid unnecessary layoffs, before allowing 2,000 planned AI-linked job cuts to proceed (www.cnbc.com [3]). These actions send a clear message: leaders must involve employees in AI-driven changes and ensure the technology is used responsibly. Engaging with workers - through communication, training, and fairness measures - can make the difference between a smooth AI transition and a disruptive backlash.

References:

[1] www.forbes.com — https://www.forbes.com/sites/maryroeloffs/2026/06/04/tech-industry-loses-123000-jobs-this-year-ai-is-the-most-cited-reason-for-layoffs/#:~:text=since%20August%202024,Jensen%20Huang%20called%20CEOs%20who
[2] www.forbes.com — https://www.forbes.com/sites/maryroeloffs/2026/06/04/tech-industry-loses-123000-jobs-this-year-ai-is-the-most-cited-reason-for-layoffs/#:~:text=being%20replaced%3A%20,ed%20that
[3] www.cnbc.com — https://www.cnbc.com/2026/06/05/ai-is-now-the-leading-reason-companies-give-for-cutting-jobs-says-new-report-what-that-means-for-workers.html#:~:text=According%20to%20the%20report%2C%20which,in%20January

Bridging the Skills Gap

Embracing AI at scale isn't possible without investing in people. Many organisations are finding they lack sufficient in-house AI expertise, leading to a growing capability gap. In fact, a global CEO survey revealed that while 77% of chief executives expect positive returns from AI, they also anticipate that 30% of their workforce will need retraining within the next three years . Recognising this, forward-thinking companies and governments are ramping up large-scale upskilling efforts.

In the United Kingdom, IBM recently expanded its free SkillsBuild education programme by launching a new AI learning pathway aimed at equipping 10 million workers with AI skills by 2030 . This public-private initiative - part of the UK's national "AI Skills Boost" plan - will offer training to people at all career stages, ensuring the workforce can thrive in an AI-powered economy. In the United States, the Department of Commerce just announced a $25 million "AI Upskill Accelerator" grant programme to fund industry-led partnerships for AI workforce training (www.microsoft.com [1]). These partnerships will bring together employers, universities, and nonprofits to design programmes targeting the skills needed for an AI-enhanced workplace.

Companies themselves are also fostering a culture of continuous learning. Many employees aren't waiting for permission - they're already experimenting with tools like ChatGPT to automate parts of their jobs, even when formal training or policies aren't in place. It's become a leadership imperative to support this grassroots adoption with proper guidance, resources, and ethical guidelines. By proactively closing the skills gap - through education initiatives, clear policies on AI use, and opportunities for hands-on practice - leaders can boost productivity and reassure their people that they have a vital role in an AI-driven future.

References:

[1] www.microsoft.com — https://www.microsoft.com/en-us/research/blog/new-future-of-work-ai-is-driving-rapid-change-uneven-benefits/#:~:text=to%20work%20faster%20or%20from,This%20year%2C%20the%20shift

Leading in the Human+AI Era

Perhaps the most counterintuitive insight from this week's news is that successful AI transformation depends less on cutting-edge tech and more on culture and leadership. Despite the buzz, 75% of executives concede their AI initiatives lack a real strategy and are "more for show" than truly actionable (openai.com [1]) - which helps explain why only about 3 in 10 companies have seen significant ROI from AI so far (openai.com [2]). Too often, businesses treat AI as a series of small experiments or add-ons, rather than a comprehensive transformation that requires alignment across teams and processes.

By contrast, the organisations pulling ahead take a different approach. They start with clear, high-impact use cases and empower the people closest to the work to drive AI adoption (openai.com [3]). In one study, roughly 40% of employees in non-technical roles have already become adept "AI super-users" who leverage these tools daily to amplify their productivity (openai.com [4]). Leaders actively identify and support such talent, and it pays off: these "frontier" users save about 4.5× more time per week than their peers, and 87% of executives say super-users are at least 5× more productive than the average employee (openai.com [5]). Not surprisingly, those who master AI have been roughly 3× more likely to earn promotions or raises in the past year, reflecting how valuable these skills are to the organisation (openai.com [6]).

True leadership in this new era also means setting the tone for responsible innovation. Some companies are establishing formal AI oversight at the highest levels. For example, Deloitte UK just appointed its first-ever Chief AI Officer on June 1, 2026, putting AI strategy directly into the firm's C-suite and tasking that executive with embedding the technology across the business (www.mckinsey.com [7]). Meanwhile, prominent tech CEOs are imploring their peers to lead AI-driven change with care. Nvidia's CEO Jensen Huang has chastised executives who prematurely blame AI for layoffs as 'lazy' , and OpenAI's CEO Sam Altman warns against "AI washing" - using AI as a scapegoat for unrelated cutbacks .

As the AI revolution accelerates, every new capability means little unless an organisation is prepared to harness it. Thriving in this era requires a people-first mindset: companies that succeed with AI invest as much in developing their talent, skills, and trust as they do in deploying new technology. By actively involving employees in the AI journey and communicating a clear vision of human-AI collaboration, leaders can turn today's disruptions into lasting progress and ensure their organisations flourish in the future of work.

References:

[1] openai.com — https://openai.com/index/the-state-of-enterprise-ai-2025-report/#:~:text=history%20of%20general%20purpose%20technologies%E2%80%94from,Enterprise%20AI%20now

[2] openai.com — https://openai.com/index/the-state-of-enterprise-ai-2025-report/#:~:text=this%20rapid%20consumer%20adoption%20has,Enterprise%20AI%20now

[3] openai.com — https://openai.com/index/the-state-of-enterprise-ai-2025-report/#:~:text=how%20organizational%20leaders%20are%20turning,weekly%20messages%20in%20ChatGPT%20Enterprise

[4] openai.com — https://openai.com/index/the-state-of-enterprise-ai-2025-report/#:~:text=enterprise%20AI%20adoption%20is%20accelerating,into%20expanding%20products%20and%20services

[5] openai.com — https://openai.com/index/the-state-of-enterprise-ai-2025-report/#:~:text=of%20structured%20workflows%20such%20as,Growth

[6] openai.com — https://openai.com/index/the-state-of-enterprise-ai-2025-report/#:~:text=processes,expanding%20both%20the%20extensive%20margin%E2%80%94more

[7] www.mckinsey.com — https://www.mckinsey.com/mgi/media-center/a-new-years-resolution-for-leaders-redesign-work-for-people-and-ai#:~:text=A%20new%20year%E2%80%99s%20resolution%20for,is%20already%20on%20the%20agenda

Key Statistics

- AI was cited as the reason for 40% of announced job cuts in May 2026 (up from 7% in January) ([fortune.com](https://fortune.com/section/future-of-work/#:~:text=Future%20of%20Work%20News%2C%20AI,and%20where%20%E2%80%94%20we%20work)).
- 87,714 AI-related job cuts were announced in Jan - May 2026, surpassing the 54,836 attributed to AI in all of 2025 ([fortune.com](https://fortune.com/section/future-of-work/#:~:text=Fortune%20fortune,how%20%E2%80%94%20and%20where%20%E2%80%94)).
- 53% of Americans fear AI could put someone in their household out of work ([www.forbes.com](https://www.forbes.com/sites/maryroeloffs/2026/06/04/tech-industry-loses-123000-jobs-this-year-ai-is-the-most-cited-reason-for-layoffs/#:~:text=since%20August%202024,Jensen%20Huang%20called%20CEOs%20who)).

- 75% of executives say their AI strategy is ‘more for show’ than actual guidance ([openai.com](https://openai.com/index/the-state-of-enterprise-ai-2025-report/#:~:text=history%20of%20general%20purpose%20technologies%E2%80%94from,Enterprise%20AI%20now)).
- 30% of the workforce will require retraining or reskilling in the next 3 years to unlock AI’s benefits .

KEY TAKEAWAY

The impact of AI on work is accelerating, demanding an urgent, people-centric response. Companies investing in reskilling, role redesign, and clear communication will retain talent and stay competitive. Treating AI as just a cost-cutting tool risks alienating employees and falling behind.

Sources

'AI is now the leading reason companies give for cutting jobs,' says new report—what that means for workers
https://www.cnbc.com/2026/06/05/ai-is-now-the-leading-reason-companies-give-for-cutting-jobs-says-new-report-what-that-means-for-workers.html

Tech Industry Loses 123,000 Jobs This Year—AI Is The Most Cited Reason For Layoffs
https://www.forbes.com/sites/maryroeloffs/2026/06/04/tech-industry-loses-123000-jobs-this-year-ai-is-the-most-cited-reason-for-layoffs/

IBM launches new AI learning pathway to upskill workforces at scale
https://www.prnewswire.co.uk/news-releases/ibm-launches-new-ai-learning-pathway-to-upskill-workforces-at-scale-302792729.html

Commerce Department Announces $25 Million For AI Upskilling Initiative
https://www.forbes.com/sites/shalinjyotishi/2026/06/01/commerce-department-announces-25-million-for-ai-upskilling-initiative/

Key findings from our 2026 AI adoption survey — and why CMOs should care
https://writer.com/blog/ai-adoption-survey-2026/

Australia Union Seeks Urgent Talks With WiseTech Over AI driven Job Cuts
https://money.usnews.com/investing/news/articles/2026-02-26/australia-union-seeks-urgent-talks-with-wisetech-over-ai-driven-job-cuts

Half of Americans Fear AI Could Put Someone in Their Household Out of Work, Reuters/Ipsos Poll Finds
https://www.usnews.com/news/top-news/articles/2026-06-10/half-of-americans-fear-ai-could-put-someone-in-their-household-out-of-work-reuters-ipsos-poll-finds

Deloitte UK appoints first Chief AI Officer
https://www.deloitte.com/uk/en/about/press-room/deloitte-uk-appoints-first-chief-ai-officer-2026.html