LUMO INSIGHTS

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AI’s workplace shake-up: hard truths and surprises for leaders

Executive Summary

In the past 48 hours, business leaders have received stark evidence of AI’s accelerating impact on work. Reports document record-high layoffs attributed to AI and a widening gap between companies that integrate AI effectively and those struggling to realise value. Meanwhile, employee anxiety and backlash towards AI adoption is mounting, underscoring an urgent need to rethink people strategy in the face of rapid AI-driven change.

AI job market: displacement and redeployment

In May 2026, U.S. employers announced roughly 97,000 job cuts, and nearly 40% of those were attributed to AI - up from just 7% in January. The technology sector led these cuts with its heaviest layoff wave since early 2023, even as it simultaneously announced around 80,000 new AI-related hires in the same month. Rather than an instant “job apocalypse,” experts see this as a structural shift: companies are redeploying resources in an AI-driven economy instead of simply eliminating jobs.

As AI automates certain tasks, it is also creating new opportunities and changing the nature of many roles. Job postings requiring AI skills have been growing 69% since 2019, nearly eight times faster than the overall labour market. Companies most adept with AI are actually growing their workforces and wages faster than peers that lag, with 52% headcount growth (versus 36% at low-AI adopters) and a 24% vs 17% higher wage growth. Moreover, more than two-thirds of workers say AI has already taken over the most repetitive parts of their jobs, freeing them to focus on more complex, higher-value tasks.

Not everyone is benefiting equally from AI’s advance. Early-career and junior support roles appear to be bearing the brunt of automation. Entry-level positions in areas like software coding, data entry, and customer service are particularly exposed to generative AI, putting entry-level career opportunities in these fields at risk. One analysis found that employment for workers aged 22 - 25 in such highly AI-exposed occupations fell by around 14% compared to pre-AI norms, even as older colleagues were less affected. With AI increasingly handling work that used to train new talent, companies may need to rethink how they develop early-career employees and preserve critical institutional knowledge.

Employee sentiment and pushback

Beneath the industry excitement, employee sentiment has turned markedly anxious. A new Pew Research Centre poll finds that only 16% of Americans believe AI will benefit society over the next 20 years, while 40% expect it will do more harm than good. Nearly two-thirds also say AI is advancing too quickly. Even younger workers - often considered digital natives - are uneasy: 48% of adults under 30 believe AI’s societal impact will be mostly negative, despite 66% of that age group already using AI

tools like chatbots or voice assistants.

For many employees, the breakneck pace of AI adoption is fuelling stress and resistance. Workers across sectors report feeling pressure to use AI tools to keep up, even if they have misgivings - a majority (62%) say their leaders underestimate the psychological and emotional toll of these rapid AI-driven changes. One professor described his students experiencing “resignation” and “despair”, caught in an “arms race” where they feel forced to use AI to keep up. Many say they “hate it” but feel they must “submit or fail” rather than be left behind. This dynamic - with managers often more enamored of AI than their teams - leaves people feeling alienated and fearful about their futures.

Some are beginning to push back in unexpected ways. Reports have emerged of frustrated staff deliberately undermining new AI systems (so-called “AI sabotage”) by feeding them bad data or finding workarounds. In one striking case, a software engineer even secured a religious exemption to avoid being forced to use AI at her job. Meanwhile, labour unions are negotiating stronger AI safeguards in contracts, from requiring advance notice and training before automation is introduced to demanding transparency and protections against algorithmic displacement of workers. European policymakers have even floated an “AI displacement tax” on companies that eliminate roles due to automation, directing the funds to worker retraining programmes. The common thread is a growing insistence that workers have a voice in how AI changes their jobs, forcing leaders to actively manage the human side of AI-driven transformation.

Leading through the Human+AI transformation

At the leadership level, there is widespread agreement that AI will transform business - but a clear plan is needed to capture its benefits without alienating people. In Mercer’s global survey, 98% of executives said they intend to redesign work around AI in the next two years. However, barely half of these leaders feel their organisations are prepared for the human-machine era, with only 51% confident today (down from 65% in 2024). Tellingly, nearly half of corporate directors say AI is still not a formal board agenda item, exposing a gap in top-level governance amid this rapid change.

What separates organisations successfully integrating AI is a focus on strategy and people, not just technology. Boston Consulting Group found that having a clear AI strategy significantly improves outcomes - even firms with limited tools saw better results when guided by an explicit plan. Leaders at these AI front-runners treat adoption as a holistic transformation: they are re-engineering processes, redefining team roles, and establishing new positions (from AI ethicists to “prompt engineers”) to facilitate human-machine collaboration. By contrast, companies that merely bolt AI onto old workflows without investing in employee capabilities often see poor returns - one study found 95% of organisations reported no meaningful ROI from their early AI initiatives.

Encouragingly, deliberate investment in people is paying off. Surveys show 72% of workers say the skills needed for their job are changing due to AI, yet only 36% feel they have sufficient training for these new requirements. It’s little surprise that 63% of employees would even give up a 10% pay raise for more AI and digital upskilling opportunities. This strong appetite for learning signals that workers want to adapt - and companies that satisfy this need can reap the benefits. When organisations provide robust AI training and support, the share of employees who feel positive about using generative AI jumps from just 15% to 55%. By partnering with their workforce in the AI journey, leaders can drive innovation and efficiency while protecting morale. Ultimately, the real competitive edge will go to those who build a culture of trust, transparency, and continuous learning in a human+AI world.

Key Statistics

- 40% of U.S. job cuts in May 2026 (38,579 of 97,000) were attributed to AI ([resources.rework.com](https://resources.rework.com/news/ai-jobs-skills/challenger-may-2026-ai-40-percent-layoffs-ceo#:~:text=actually%20tells%20you,and%20it%20marks%20the%20third)).
- Only 16% of Americans think AI will have a positive long-term societal impact, while ~40% expect it to have a negative impact ([techcrunch.com](https://techcrunch.com/2026/06/17/only-16-percent-of-americans-think-ai-will-have-a-positive-impact-on-society-a-new-study-shows/#:~:text=reveals.%20Only%2016,A%20similarly%20skeptical)).
- Nearly 45% of corporate board directors say AI is not yet on their board's agenda ([www.deloitte.com](https://www.deloitte.com/us/en/insights/topics/leadership/successful-ai-oversight-may-require-more-engagement-in-the-boardroom.html#:~:text=directors%20and%20executives%2C%20almost%2050,in%20the%20United%20States%20with)).
- 63% of employees would sacrifice a 10% pay raise for AI and digital skills training ([resources.rework.com](https://resources.rework.com/news/ai-jobs-skills/ai-workforce-readiness-gap-2026-chro#:~:text=years%20,of%20leaders%20rate%20their)).
- 74% of frontline workers now use AI regularly, and 42% of those users save about one workday per week thanks to it ([www.bcg.com](https://www.bcg.com/publications/2026/ai-at-work-why-strategy-matters-more-than-tools#:~:text=BCG%27s%20eAlert%20on%20artificial%20intelligence,limited%20access%20to%20AI%20tools)).

KEY TAKEAWAY

Leaders must urgently recalibrate their people strategies as AI-driven disruption accelerates. Success requires clear strategy, serious upskilling and attention to employee concerns - not just new tech - to capture AI's benefits without losing talent.

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