LUMO INSIGHTS

Wednesday, 24 June 2026

Laid off or levelled up? AI’s workplace impact is not what it seems

Executive Summary

New evidence and events in the past 48 hours reveal how AI is truly changing work, with some surprising twists. While AI is boosting productivity and even job satisfaction for some, it’s also driving layoffs, raising skill gaps, and sparking pushback from the workforce. For executives, the message is clear: capturing AI’s benefits without losing talent will demand as much focus on people and organisation as on technology.

Jobs lost and gained: AI’s dual impact on employment

Despite popular fears of an AI-driven jobs apocalypse, early data suggests a more nuanced reality. Most companies adopting AI are pursuing productivity and efficiency, not explicitly aiming for layoffs; for instance, 64% of firms cite process efficiency as a top AI objective, while only 24% prioritise headcount reduction (www.spglobal.com [1]). Yet this year has seen a subtle but significant shift: a major global survey found the net impact of AI on jobs turned slightly negative for the first time - with about 5% more businesses cutting headcount due to AI than those increasing it (www.spglobal.com [2]). This modest downturn in AI-related employment, after years of neutrality or optimism, signals that automation is indeed replacing some roles, even if outright workforce reduction isn’t the primary goal for most firms.

Large-scale staff cuts linked to AI are making headlines. In the past 48 hours, enterprise software giant Oracle disclosed it shed 21,000 jobs - roughly 13% of its workforce - over the last year, explicitly citing AI deployment and automation as a factor in the reductions . This revelation is part of a broader wave: tech sector layoffs spiked to their highest monthly level in years this May, with artificial intelligence the most frequently invoked reason for the cuts. One analysis estimates more than 150,000 employees worldwide lost their jobs in just the first half of 2026 due to AI-related layoffs, already about 50% higher than the total AI-driven job losses in 2025.

However, analysts caution against reading every layoff as a direct AI replacement. Many of the roles being eliminated had ballooned during the pandemic-era hiring surge, suggesting companies may be using AI as a convenient rationale for broader downsizing corrections. Even for genuine automation-driven redundancies, there are risks: Oracle itself warned that such rapid restructuring can be disruptive - potentially causing shortages of skilled employees in certain roles, loss of institutional knowledge, and damage to morale . In short, cutting people without careful planning can backfire - a lesson not lost on leaders who must maintain both innovation and organisational health.

On the other side of the ledger, AI is creating new jobs and demand for talent. LinkedIn data suggests AI has already added over 1.3 million new roles - from AI engineers and data annotators to 'forward-deployed' experts - along with more than 600,000 new AI-related data centre jobs (www.udacity.com

[3]). 'AI Engineer' now ranks as the fastest-growing job title in the United States (reports.weforum.org [4]). Forward-thinking companies are hiring for roles that barely existed a couple of years ago: Box's CEO recently noted his firm has positions like AI model evaluators and automation engineers today that did not exist two years ago (reports.weforum.org [5]). In fact, businesses that fully embrace AI are often expanding rather than contracting - a new PwC analysis found the most AI-enabled companies grew their headcounts by 52% since 2018, outpacing the 36% growth of less AI-focused peers (www.ceotodaymagazine.com [6]). And looking ahead, the World Economic Forum projects a net gain of 78 million jobs globally by 2030 as AI creates more new roles (such as AI specialists) than it displaces (www.microsoft.com [7]).

References:

[1] www.spglobal.com — https://www.spglobal.com/en/research-insights/special-reports/ai-impact-on-employment-2026#:~:text=Alexander%20Johnston%2C%20and%20Sophie%20Malin,than%20the%20primary%20objective%20of

[2] www.spglobal.com — https://www.spglobal.com/en/research-insights/special-reports/ai-impact-on-employment-2026#:~:text=Global%20Purchasing%20Managers%27%20Index%20survey,the%20average%20planned%20adoption%20rate

[3] www.udacity.com — https://www.udacity.com/report/state-of-ai-at-work-report-2026#:~:text=Based%20on%20global%20research%2C%20the,powered%20workplace

[4] reports.weforum.org — https://reports.weforum.org/docs/WEF_Organizational_Transformation_in_the_Age_of_AI_How_Organizations_Maximize_AI's_Potential_2026.pdf#:~:text=Organizational%20Transformation%20in%20the%20Age,their%20workflows%2C%20operating%20models%20and

[5] reports.weforum.org — https://reports.weforum.org/docs/WEF_Organizational_Transformation_in_the_Age_of_AI_How_Organizations_Maximize_AI's_Potential_2026.pdf#:~:text=decision%20rights%20to%20harness%20AI,source%20of%20sustained%20enterprise%20advantage

[6] www.ceotodaymagazine.com — https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=more%20to%20do%20with%20organizational,requirements%20rather%20than%20simply%20adding

[7] www.microsoft.com — https://www.microsoft.com/en-us/research/blog/new-future-of-work-ai-is-driving-rapid-change-uneven-benefits/#:~:text=shifting%20from%20merely%20doing%20work,improving%20the%20work%20of%20AI

Organisations redesigning work for AI

For many companies, the challenge has shifted from experimenting with AI tools to fundamentally reorganising around them. According to Mercer's latest Global Talent Trends study, 98% of executives plan to change their organisational design within two years to better leverage AI, and 99% expect AI will lead to at least some reduction in workforce (techcrunch.com [1]). Boards and investors are pressing for results from heavy AI investments, and it's becoming clear that technology alone won't deliver them - management and structure must change in tandem (programs.com [2]).

However, a major capability gap is evident. While 63% of C-suite leaders believe redesigning work around AI is the most important people initiative for ROI, only 32% feel their workforce currently integrates human and AI capabilities effectively (programs.com [3]). This stark gap between ambition and reality is forcing leadership teams to rethink how work gets done. Companies are realising that simply layering AI onto old organisational charts and processes won't work - roles, workflows, and culture all need to evolve.

Organisations are already experimenting with new models of working. Executives report plans to simplify reporting lines, centralise AI governance, flatten hierarchies, expand agile teams and build more flexible workforce models (www.artificialintelligence-news.com [4]). In some cases they are even preparing operating structures where AI agents are managed alongside human employees within the same teams (www.artificialintelligence-news.com [5]). This level of integration requires reimagining job definitions and team dynamics, not just automating tasks in isolation.

A few firms have taken bold steps in this direction. Coinbase, for instance, recently flattened its organisation to just five layers and said it will experiment with 'one-person teams' - single employees empowered by AI to handle work that used to require multiple specialists . CEO Brian Armstrong explained that AI has changed the pace of work so much that 'engineers use AI to ship in days what used to take a team weeks' . It's a glimpse of how AI can enable leaner, cross-functional teams - a

trend likely to grow as companies strive for greater speed and agility.

References:

[1] techcrunch.com — https://techcrunch.com/2026/06/22/the-running-list-major-tech-layoffs-in-2026-where-employers-cited-ai/#:~:text=A%20running%20look%20%E2%80%94%20in,AI%20as%20a%20stated%20factor
[2] programs.com — https://programs.com/resources/ai-layoffs/#:~:text=List%20of%20Companies%20Announcing%20AI,reorganisations%20of%20its%20product%20focus
[3] programs.com — https://programs.com/resources/ai-layoffs/#:~:text=changes%20at%20Unity%20following%20revenue,reorganisations%20of%20its%20product%20focus
[4] www.artificialintelligence-news.com — https://www.artificialintelligence-news.com/#:~:text=Growth%20www.artificialintelligence,AI%2C%20and%20emerging%20tech%20worldwide
[5] www.artificialintelligence-news.com — https://www.artificialintelligence-news.com/#:~:text=learning%2C%20deep%20learning%2C%20enterprise%20AI%2C,and%20emerging%20tech%20worldwide

Workforce reactions: anxiety, resistance, and adaptation

Not surprisingly, many employees are anxious about what AI means for their futures. Fresh survey data shows a steep decline in workforce morale: the share of workers who say they are 'thriving' has plummeted from 66% in 2024 to just 44% in 2026 (www.channelstv.com [1]). Uncertainty about job security and the pace of AI-driven change is driving this unease. Over half of employees worry their current skills will soon become irrelevant, and many even say they'd willingly swap future pay raises for opportunities to develop AI and digital skills (www.channelstv.com [2]).

Interestingly, employees who have embraced AI are experiencing a mix of excitement and strain - what Boston Consulting Group calls a 'joy paradox'. In BCG's new global survey of 11,000 workers, 67% of those using AI regularly say it has improved their job satisfaction, yet 41% also report increased mental load and stress at work . In other words, AI is making work better and more engaging for many people, but it's also making work more cognitively demanding. Without clear guidance and support, this added strain could undermine the benefits over time.

In some organisations, tensions have already flared into resistance. At Meta, for example, employees recently pushed back against a new internal programme that tracked their mouse movements and keystrokes on work laptops to gather data for AI training (www.cnbc.com [3]). Workers launched an online petition and even posted office flyers asking, "Don't want to work at the Employee Data Extraction Factory?" - urging colleagues to rally against the covert surveillance. The outcry was loud enough that Meta paused the monitoring initiative after a data leak exposed sensitive employee data internally (techcrunch.com [4]). This incident highlighted how crucial transparency and trust are when rolling out AI-driven workplace changes.

Labour unions are also entering the fray to set boundaries on AI's use. Earlier this month, Hollywood's actors' union (SAG-AFTRA) ratified a new contract with strict limits on digital 'AI performers'. The agreement allows studios to use synthetic actors only if they provide 'significant additional value' beyond what a real actor or their digital replica could offer . The union has argued that this language - enforced via arbitration - will restrict AI replicas to a handful of edge cases, protecting human actors' jobs and likeness rights . This high-profile fight underscores broader concerns across industries: workers and their representatives want a say in how AI is implemented, to ensure it augments jobs rather than undermines them.

References:

[1] www.channelstv.com — https://www.channelstv.com/2026/06/23/oracle-cuts-21000-jobs-amid-global-ai-adoption/#:~:text=driven%20by%20the%20adoption%20of,AI%20across
[2] www.channelstv.com — https://www.channelstv.com/2026/06/23/oracle-cuts-21000-jobs-amid-global-ai-adoption/#:~:text=Oracle%20Cuts%2021%2C000%20Jobs%20Amid,continued%20restructuring%20its%20business%2C%20partly
[3] www.cnbc.com — https://www.cnbc.com/2026/06/23/oracle-ai-job-cuts-layoffs-21000.html#:~:text=workforce%20stands%20at%20141%2C000%20full,severance%20payments%20and%20other%20exit
[4] techcrunch.com — https://techcrunch.com/2026/06/22/the-running-list-major-tech-layoffs-in-2026-where-employers-cited-ai/#:~:text=in%20reductions%20to%20our%20workforce%2C%E2%80%9D,because%20for%20many%20of%20these

The skills race: closing the AI capability gap

Facing these human-capital challenges, companies are increasing their efforts to upskill employees for an AI-powered future. Corporate learning budgets are being redirected towards AI and automation skills; for example, the average 2026 reskilling spend among large manufacturers has risen 9% year-on-year to about $1,340 per employee . Many firms now demand that each training dollar show a clear link to productivity or risk reduction . Governments are also offering incentives, such as new skills tax credits and support for employer - union training partnerships, to encourage workforce development in the AI era .

Employers are realising that investing in human talent is essential to unlocking AI's full value. Plenty of workers are eager to learn: as noted earlier, more than half of employees would feel better prepared if they had more AI training opportunities - some even willing to trade future pay increases to get them (www.channelstv.com [1]). Forward-looking organisations are launching internal AI academies, hiring or redeploying AI specialists, and creating clear career pathways so that their people can grow alongside new technologies.

In some cases, companies are reimagining entry-level roles entirely instead of eliminating them. IBM's approach is telling: even as the company uses AI to automate certain support functions (replacing roughly 200 back-office jobs like HR administration with AI systems), it has announced plans to triple its entry-level hiring in the US for AI-related roles . IBM's chief HR officer said these junior positions are being redesigned to focus less on duties that 'AI can do' - like basic coding or data processing - and more on engaging with clients and overseeing AI systems . The logic is that by bringing in young talent and immediately focusing them on higher-value tasks, companies can cultivate the next generation of AI-savvy employees rather than leaving a void in their workforce.

Indeed, AI is raising the bar for skills in many jobs. A global analysis found that entry-level roles most exposed to AI are now seven times more likely to require traditionally 'senior' skills such as leadership and creativity, and these high-skill junior jobs have grown 35% since 2019, even as other entry-level roles declined by 10% (www.ceotodaymagazine.com [2]). Moreover, roles explicitly requiring AI expertise are proliferating - growing almost 8 times faster than the overall job market - and they command a significant pay premium, with AI-skilled workers earning 62% more on average than their peers (www.ceotodaymagazine.com [3]). These trends make it clear that companies need to both retrain their existing workforce and hire new kinds of talent to fill the AI capability gap.

References:
[1] www.channelstv.com — https://www.channelstv.com/2026/06/23/oracle-cuts-21000-jobs-amid-global-ai-adoption/#:~:text=Oracle%20Cuts%2021%2C000%20Jobs%20Amid,continued%20restructuring%20its%20business%2C%20partly
[2] www.ceotodaymagazine.com — https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=sustainable%20returns%20from%20those%20investments,attracting%20people%20with%20critical%20digital
[3] www.ceotodaymagazine.com — https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=approximately%2012%2C000%20executives%2C%20employees%2C%20HR,Mercer%20found%20that%2063

Leading through AI-Driven change

As these changes unfold, the role of leadership and governance has become even more crucial. Corporate boards are now demanding real returns on AI investments and looking closely at how management plans to translate new technology into business performance. Mercer's research indicates that investors are most impressed by companies that pair their AI initiatives with a comprehensive workforce transformation - aligning strategy, data, processes and people - rather than those treating AI as just another IT project. In effect, adopting AI isn't just a technology upgrade; it's an organisational change that leaders must actively guide.

Clear strategic direction is emerging as a key differentiator in AI success. A recent survey by BCG found that having a well-defined AI strategy boosts impact on performance by 25 percentage points, whereas simply giving employees better AI tools only yields about a 5-point improvement . Leaders who articulate how AI will reshape work - and prepare their people for it - are seeing far greater gains than those who assume tech alone will carry the day. Without that strategic clarity, the initial AI hype often fades quickly, and productivity benefits fail to materialise.

Effective change management also means aligning leadership priorities with employee experience. Currently, many executives are laser-focused on rapid AI deployment, workforce analytics and new tech skills, while HR leaders concentrate on core employee experience and talent processes . This disconnect can slow transformation at the very moment organisations need everyone moving in unison. Bridging the gap requires involving HR early in the AI roadmap, communicating clearly about how roles will change, and ensuring employees feel supported through transitions - from addressing ethical risks to assuaging fears of job displacement.

To build AI readiness at the top, companies are even creating new leadership roles. An IBM survey found that one in four companies now has a Chief AI Officer (CAIO) or equivalent in the C-suite, and two-thirds of business leaders expect most firms will add a dedicated CAIO within the next two years . This reflects a growing recognition that AI demands focused oversight at the highest levels. With regulators sharpening their focus on AI governance and ethics, and workforce anxieties running high, boards that lead in establishing clear AI principles, accountability structures and robust upskilling plans will position their organisations to thrive in the era of human+AI collaboration.

Key Statistics

- 98% of executives plan organisational design changes in the next 2 years, and 99% expect AI to result in at least some workforce reduction ([techcrunch.com](https://techcrunch.com/2026/06/22/the-running-list-major-tech-layoffs-in-2026-where-employers-cited-ai/#:~:text=A%20running%20look%20%E2%80%94%20in,AI%20as%20a%20stated%20factor))
- Global net employment impact of AI adoption over the past year: -5 percentage points (more firms cutting jobs due to AI than those adding) ([www.spglobal.com](https://www.spglobal.com/en/research-insights/special-reports/ai-impact-on-employment-2026#:~:text=Global%20Purchasing%20Managers%27%20Index%20survey,the%20average%20planned%20adoption%20rate))
- Only 28% of AI initiatives fully met ROI expectations, while 20% failed outright
- 67% of regular AI users report higher job satisfaction, but 41% also report increased cognitive load at work (the 'joy paradox' of AI)
- Jobs requiring AI skills are growing ~8× faster than the total job market (69% vs 9% growth), with an average wage premium of 62% for AI-skilled talent ([www.ceotodaymagazine.com](https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=approximately%2012%2C000%20executives%2C%20employees%2C%20HR,Mercer%20found%20that%2063))

KEY TAKEAWAY

AI’s promises only pay off if paired with a people strategy. These developments make clear that leaders must reorganise work, invest in upskilling, and address employees’ concerns alongside tech adoption to capture AI’s full value.

Sources

The AI and labor landscape 2026: Increased investment, persistent productivity gains and a recalibrated employment outlook – S&P Global
https://www.spglobal.com/en/research-insights/special-reports/ai-impact-on-employment-2026

Oracle sheds 21,000 roles over the past year amid wave of AI layoffs from tech giants – CNBC
https://www.cnbc.com/2026/06/23/oracle-ai-job-cuts-layoffs-21000.html

The running list: major tech layoffs in 2026 where employers cited AI – TechCrunch
https://techcrunch.com/2026/06/22/the-running-list-major-tech-layoffs-in-2026-where-employers-cited-ai/

List of Companies Announcing AI-Driven Layoffs (June 2026 Update)
https://programs.com/resources/ai-layoffs/

The 20 New Agentic AI Jobs Box, McKinsey, And LinkedIn All See Coming – Forbes
https://www.forbes.com/sites/sandycarter/2026/06/02/the-20-new-agentic-ai-jobs-box-mckinsey-and-linkedin-all-see-coming/

AI reshapes global labour market into two distinct paths (2026 Global AI Jobs Barometer) – PwC
https://www.pwc.com/gx/en/news-room/press-releases/2026/pwc-2026-ai-jobs-barometer.html

Mercer Report Finds AI Driving Major Workforce Redesign – CEO Today
https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/

Meta is using mouse-tracking software on employees. Now they're pushing back. – Fast Company
https://www.fastcompany.com/91542004/meta-is-using-mouse-tracking-software-on-employees-now-theyre-pushing-back

Meta to Pause Internal Mouse-Tracking Tech While Examining Data Security Issues – Reuters
https://money.usnews.com/investing/news/articles/2026-06-22/meta-to-pause-internal-mouse-tracking-tech-while-examining-data-security-issues

SAG-AFTRA Members Approve Four-Year Deal With AI Terms – Variety
https://variety.com/2026/tv/news/sag-aftra-ratification-ai-pension-merger-1236767288/

AI Is Reshaping Jobs Faster Than Companies Are Reshaping Work (AI at Work Survey 2026) – BCG (Press Release)
https://www.bcg.com/press/3june2026-ai-reshaping-jobs-faster-than-companies-reshaping-work

Reskilling Budgets and Skills Tax Credits: What Employers Fund in 2026 – Beyond Tomorrow
https://beyondtmrw.org/article/reskilling-budgets-and-skills-tax-credits-what-employers-fund-in-2026

IBM will hire your entry-level talent in the age of AI – TechCrunch
https://techcrunch.com/2026/02/12/ibm-will-hire-your-entry-level-talent-in-the-age-of-ai/

Gartner finds only 28% of AI projects deliver ROI as most fail to deliver results – TechStartups
https://techstartups.com/2026/04/07/gartner-finds-only-28-of-ai-projects-deliver-roi-as-most-fail-to-deliver-results/