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AI’s workplace shake-up: layoffs, new roles & new rules

Executive Summary

In the past 48 hours, major companies and new data showed how sharply AI is reshaping work. Thousands of jobs are being cut to make way for automation even as evidence mounts that AI can also boost productivity and create new roles. These rapid, sometimes contradictory developments highlight an urgent need for leaders to rethink how they organise, train, and support their people in the age of AI.

AI’s mixed impact on jobs: layoffs and growth

One of the world’s tech giants just offered a stark example of AI-driven workforce disruption. In its latest annual report, Oracle revealed that it has reduced its total workforce by 13% over the past year - about 21,000 jobs - and explicitly linked this restructuring to the deployment of AI across its operations (www.cnbc.com [1]). In a rare moment of candor, Oracle’s filing even warned investors that the “adoption and deployment of AI technologies across our operations have resulted, and may continue to result, in reductions to our workforce” (www.cnbc.com [2]). This frank admission underscores how seriously companies are taking AI’s capacity to automate tasks and eliminate roles.

Oracle’s move is not an isolated case. Over the last few months, other major firms have made similar choices: Meta, for example, laid off 8,000 employees (around 10% of its workforce) in May, with CEO Mark Zuckerberg telling colleagues that success "isn’t a given" in the age of AI (www.cnbc.com [3]). Meanwhile, in April Microsoft offered voluntary exit packages to roughly 7% of its U.S. staff as part of an AI-driven restructuring (www.cnbc.com [4]). These high-profile decisions reflect a broader trend - companies investing heavily in AI and cloud capabilities often see workforce reductions as an inevitable tradeoff.

The scale of AI-related job upheaval is becoming more evident in data. A leading layoff tracking firm tallied over 50,000 U.S. job cuts in 2025 that employers directly attributed to AI efficiencies (www.cnbc.com [5]). In early 2026 alone, nearly 78,000 tech workers worldwide have been laid off, with almost half of these layoffs blamed on AI-driven automation (thenextweb.com [6]). These numbers provide a dose of reality: AI-driven displacement is not just a hypothetical future concern - it’s already unfolding across industries that are early adopters.

Yet at the same time, there is also emerging evidence that AI can be a job creator for organisations bold enough to rethink roles and business models. A new global analysis by PwC found that companies with the highest exposure to AI have actually grown their headcounts about **52%** faster than companies with low AI adoption, and even saw wage growth outpacing their peers (24% vs 17%) (www.pwc.com [7]). In other words, firms treating AI as a tool to augment and "professionalise" work - using it to boost human productivity and open new markets - are expanding employment, not just

cutting costs (www.pwc.com [8]). The contrast between these AI-fuelled growth stories and the recent wave of AI-linked layoffs is a reminder that technology's impact on jobs is complex and often determined by strategic choices, not preordained fate.

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Reimagining roles and workflows for AI

Why are some organisations benefiting from AI while others struggle? A key factor is whether leaders merely bolt AI onto old processes, or truly redesign work to leverage human-machine collaboration. It's telling that 98% of executives in one global survey say they plan to revamp organisational structures in the next two years to better integrate AI (www.ceotodaymagazine.com [1]) - essentially, rethinking job roles, team workflows, and even org charts to fit an AI-enabled operating model. And nearly 99% of those leaders expect AI to cause at least some reduction in headcount along the way (www.ceotodaymagazine.com [2]).

As the consultancy Mercer bluntly put it, this is "not simply a technology story… it is becoming a management story" (www.ceotodaymagazine.com [3]). Many companies are discovering that AI doesn't automatically boost productivity when it's layered onto existing structures and legacy processes (www.ceotodaymagazine.com [4]). To get real value from AI, organisations often have to change the way people work - how decisions are made, how teams are organised, and how humans interact with intelligent systems.

Recent research reveals a glaring gap between ambition and execution on this front. Mercer's study found **63%** of C-suite leaders believe that redesigning work around AI and automation is the single most important people initiative for boosting return on investment - yet only 32% feel their workforce is effectively integrating human and AI capabilities today (www.ceotodaymagazine.com [5]). Similarly, a McKinsey global survey of 10,000 executives reports that while 88% of organisations have deployed AI technologies, less than 20% have seen significant positive impact on their business operations so far (www.work-self.com [6]). In short, simply adopting AI tools is not enough; organisations need the right skills, structures, and culture to unlock AI's potential.

In response, forward-thinking companies are actively redesigning work itself to enable human + AI integration. Executives in the Mercer survey described plans to flatten hierarchies, simplify reporting lines, centralise governance of AI projects, and expand agile, cross-functional teams (www.ceotodaymagazine.com [7]). Some are even beginning to treat AI systems as "digital workers" that operate alongside humans - managing algorithmic agents within the same teams and workflows as human staff (www.ceotodaymagazine.com [8]). By fundamentally reimagining processes and roles for an AI era, these organisations aim to not only achieve efficiency gains but also make work more meaningful for employees, freeing them from rote tasks and enabling them to focus on higher-value activities.

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Employee sentiment and the skills challenge

For many employees, the rapid advance of AI is a source of both excitement and anxiety. New data suggests that overall employee morale has been wavering. According to a recent global survey, the share of "thriving" workers - those who feel good about their well-being and growth - has dropped to **44%** in 2026, down sharply from 66% in 2024 (www.ceotodaymagazine.com [1]). Workers report rising concerns about job security, the pace of AI-driven change, and general economic uncertainty (www.ceotodaymagazine.com [2]). For companies in the midst of large-scale transformations, this decline in confidence is more than a cultural issue - it’s an operational risk, as a workforce gripped by uncertainty is less able to adapt and embrace change (www.ceotodaymagazine.com [3]).

Even when job losses are not on the table, introducing AI can strain trust between employers and employees if mishandled. In a recent MetLife survey, 67% of HR decision-makers observed that AI is already creating new “points of friction and mistrust” in their workplaces (www.cnbc.com [4]). These frictions often stem from workers feeling left behind or fearing that indiscriminate automation will undervalue their contributions. Without clear communication, transparency, and guardrails on how AI is implemented (and how it isn’t), even well-intended efficiency moves can backfire - creating pushback, morale issues, or slow adoption.

A key pain point is the widening skills gap. As companies race to infuse AI into products and operations, they are finding that employees need new competencies just as urgently. Yet only about **12%** of workers say they’re receiving sufficient AI training from their employer to fully realise productivity benefits (www.ey.com [5]). The rest often fend for themselves: in the same study, as many as 23 - 58% of employees across industries were reportedly engaging in “shadow AI” - bringing their own third-party AI tools into work without formal approval - because official support wasn’t meeting their needs (www.ey.com [6]). This highlights a critical disconnect: companies want AI to boost performance, but many employees haven’t been prepared or empowered to use it effectively.

At the same time, it’s important to note that employees are eager to learn and adapt when given the chance. In fact, a surprising number of workers say they’d trade some of their future pay growth for more opportunities to develop AI and digital skills (www.ceotodaymagazine.com [7]). Unfortunately, demand for these new skills is arriving faster than traditional corporate training programmes can handle (www.ceotodaymagazine.com [8]). This lack of readiness, combined with rising worker anxieties, underscores the importance of thoughtful change management. Leaders who invest in robust upskilling, clear communication, and support structures can help their people embrace AI’s potential - reducing fear and unlocking higher engagement and productivity.

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Leadership, policy, and Human+AI integration

The latest developments suggest that leadership teams and policymakers are beginning to address the human side of AI transformations more directly. Many companies are appointing specialised leaders to oversee AI initiatives and ensure they deliver value responsibly. A new IBM global survey, for instance, found **76%** of large organisations have now established a Chief AI Officer (CAIO) role - a huge jump from just 26% in 2025 (www.cnbc.com [1]). This rapid rise of AI-focused leadership (with firms like HSBC and Lloyds Bank publicly installing CAIOs (www.cnbc.com [2])) demonstrates how quickly AI has become a board-level priority. It also signals that oversight of AI's use - from data ethics to workforce impact - is being elevated to the C-suite.

Regulators and labour groups are also moving to manage how AI affects work. In Europe, the rollout of the EU's AI Act will require employers to consult employee representatives (such as works councils or unions) before deploying certain high-risk AI systems affecting workers (conventuslaw.com [3]). Meanwhile, courts in China set a precedent by ruling that companies cannot fire employees solely for being replaceable by AI (thenextweb.com [4]) - the first legal protection of its kind. And in the US, industry unions have begun pushing for contractual guardrails around AI: Hollywood's actors and writers recently secured new contract terms to ensure that studios cannot use AI to replace performers or repurpose their work without consent and compensation (variety.com [5]). These policy and legal interventions reinforce that integrating AI into the workplace is not just a technical endeavor but a societal one - and that leaders must navigate regulatory and ethical expectations alongside business goals.

In the end, the gap between organisations that thrive in the AI era and those that falter often comes down to how well they align technology with their people. The companies reaping rewards from AI are doing more than investing in algorithms - they are reorganising workflows, redefining roles, and cultivating an AI-ready culture. They are proactively training their workforce, engaging employees in the process, and setting clear rules to ensure AI is used ethically and transparently. Those that fail to take these steps, by contrast, risk losing the trust of their employees, inviting regulatory scrutiny, and missing out on AI's true potential. This week's revelations serve as a powerful reminder that successful AI transformation is as much about leadership and people as it is about technology.

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Key Statistics

- Oracle cut roughly 21,000 jobs (13% of its workforce) in fiscal 2026, citing the impact of AI adoption ([www.cnbc.com](https://www.cnbc.com/2026/06/23/oracle-ai-job-cuts-layoffs-21000.html#:~:text=Bhaimiya%20Key%20Points%20Oracle%20reduced,your%20favorite%20stocks%20CREATE%20FREE)).
- Companies with highest AI exposure saw headcount grow 52% vs 36% for low-exposure peers, and wages rise 24% vs 17% ([www.pwc.com](https://www.pwc.com/gx/en/issues/artificial-intelligence/job-barometer/2026/2026-global-ai-jobs-barometer-global-findings.pdf#:~:text=organisations%20are%20using%20AI%20to,the%20most%20AI%20exposed%20jobs)).
- 63% of global executives say redesigning work around AI is the top people initiative for ROI, but only 32% believe their workforce effectively combines humans and AI today ([www.ceotodaymagazine.com](https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=story,influence%20how%20businesses%20are%20organized)).
- 88% of surveyed companies have adopted AI, yet less than 20% have seen significant operational benefits so far ([www.work-self.com](https://www.work-self.com/insights/mckinseys-2026-state-of-organizations#:~:text=The%20headline%20is%20uncomfortable%2C%20but,three%20forces%20driving%20every%20problem)).
- Only 12% of employees report receiving sufficient AI training from their employer to realise productivity benefits ([www.ey.com](https://www.ey.com/en_gl/newsroom/2025/11/ey-survey-reveals-companies-are-missing-out-on-up-to-40-percent-of-ai-productivity-gains-due-to-gaps-in-talent-strategy#:~:text=increase%20in%20their%20workloads%20due,employees%20surveyed%20across%20various%20sectors)).

KEY TAKEAWAY

AI’s impact on work is here and it’s complicated. Cutting jobs to fund AI can yield short-term gains but risks eroding skills and morale. The companies seeing real AI returns are those investing in people - upskilling teams, redesigning workflows, and transparently addressing employee concerns - not just throwing technology at problems.

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