LUMO INSIGHTS

Thursday, 20 August 2026

AI’s workforce shake-up: surprising new realities for jobs and leaders

Executive Summary

Over the past 48 hours, fresh evidence on AI’s impact at work is challenging conventional wisdom. Yes, AI is driving job losses in some areas (www.forbes.com [1]), but counterintuitively it’s also creating hiring surges elsewhere (www.forbes.com [2]). Leaders are learning that harnessing AI’s potential requires rethinking people strategies as much as tech strategies.

References:

[1] www.forbes.com — https://www.forbes.com/sites/alonzomartinez/2026/08/17/new-york-wants-employers-to-measure-ais-impact-on-jobs-thats-harder-than-it-sounds/#:~:text=taking%20people%27s%20jobs,legislation%20that%20would%20require%20many
[2] www.forbes.com — https://www.forbes.com/sites/johnschroyer/2026/08/18/small-businesses-are-hiring-workers-hit-by-ai-driven-layoffs/#:~:text=many%20smaller%20firms%2C%20which%20are,526%20HR%20professionals%20at%20small

AI layoffs and unexpected hiring

For months, the narrative around AI in the workplace has centred on looming job losses. Indeed, U.S. companies have cited artificial intelligence in tens of thousands of recent layoffs (www.forbes.com [1]), fuelling employee anxiety about displacement. Yet, in the last two days, an unexpected counter-trend emerged: other organisations - particularly smaller, agile firms - are seizing this moment as a hiring opportunity.

According to a new report, 81% of small businesses in the U.S. and U.K. say they’ve actually benefited from AI-driven staff reductions at larger companies (www.forbes.com [2]). In a June - July survey of 526 HR leaders at firms with under 1,000 employees, 47% had hired someone laid off from a big company due to AI-driven cuts (www.forbes.com [3]). Moreover, about two-thirds of these small businesses plan to keep adding staff through the rest of 2026 - often to help them scale faster and meet rising demand in the marketplace (www.forbes.com [4]).

Meanwhile, the hard data confirm that AI is indeed cutting into certain jobs. As AI tools take over routine tasks, some sectors are seeing employment levels fall sharply below historical trends (www.cnbc.com [5]). Call centres stand out: in the US, call centre employment is now about 39% lower than would be expected based on pre-AI trends (www.cnbc.com [6]). Software publishing, consulting, and advertising services have also seen noticeable job shortfalls as AI-driven automation begins to bite (www.cnbc.com [7]).

It’s not just isolated roles - entry-level positions are disproportionately feeling the squeeze from automation. Goldman Sachs found that AI-related “headwinds” to employment are strongest among those at the start of their careers (www.cnbc.com [8]). Job growth for entry-level workers in highly AI-exposed occupations is significantly slower than for other groups, suggesting AI may be raising the bar for new talent. This counterintuitive outcome - that junior employees could face more disruption from AI than seasoned workers - is forcing companies to rethink how they will develop early-career talent in an AI-first world.

References:

[1] www.forbes.com — https://www.forbes.com/sites/alonzomartinez/2026/08/17/new-york-wants-employers-to-measure-ais-impact-on-jobs-thats-harder-than-it-sounds/#:~:text=taking%20people%27s%20jobs,legislation%20that%20would%20require%20many
[2] www.forbes.com — https://www.forbes.com/sites/johnschroyer/2026/08/18/small-businesses-are-hiring-workers-hit-by-ai-driven-layoffs/#:~:text=many%20smaller%20firms%2C%20which%20are,526%20HR%20professionals%20at%20small
[3] www.forbes.com — https://www.forbes.com/sites/johnschroyer/2026/08/18/small-businesses-are-hiring-workers-hit-by-ai-driven-layoffs/#:~:text=talent,be%20expanding%20headcounts%20to%20%E2%80%9Cscale
[4] www.forbes.com — https://www.forbes.com/sites/johnschroyer/2026/08/18/small-businesses-are-hiring-workers-hit-by-ai-driven-layoffs/#:~:text=findings%2C%20which%20were%20based%20on,in%20AI%20over%20human%20staffers
[5] www.cnbc.com — https://www.cnbc.com/2026/08/19/goldman-ai-impact-employment-jobs.html#:~:text=run%20trend%20outside%20the%20U,capable%20of%20automating%20work%20are
[6] www.cnbc.com — https://www.cnbc.com/2026/08/19/goldman-ai-impact-employment-jobs.html#:~:text=headwinds%20across%20other%20developed%20markets,effects%20appear%20to%20be%20more
[7] www.cnbc.com — https://www.cnbc.com/2026/08/19/goldman-ai-impact-employment-jobs.html#:~:text=run%20trend%20outside%20the%20U,capable%20of%20automating%20work%20are
[8] www.cnbc.com — https://www.cnbc.com/2026/08/19/goldman-ai-impact-employment-jobs.html#:~:text=already%20visible%20in%20industries%20where,level%20workers%2C%20the

Workflows rewired: augmentation beats automation

For forward-looking organisations, the focus is shifting from pure automation to **augmentation** of human capabilities. Many firms have learned that simply layering AI on top of existing processes doesn’t magically boost productivity (www.ceotodaymagazine.com [1]). Instead, real success with AI comes from redesigning workflows and roles so that human expertise and machine intelligence complement each other. In fact, 63% of senior executives now say that reimagining work around AI is the single most important people-centric initiative for boosting return on investment (ROI) (www.ceotodaymagazine.com [2]).

Leading companies are actively realigning their organisations to maximise human+AI synergies (www.weforum.org [3]). This often means **embedding AI specialists and tools within business units** rather than confining them to a separate tech division. At Procter & Gamble, for example, data scientists and AI engineers were placed directly in supply chain, marketing, and product teams rather than siloed in a central analytics group, allowing real-time integration of AI insights into daily decision-making (www.weforum.org [4]). Such changes ensure that AI solutions are developed hand-in-hand with domain experts, so technology augments (instead of replaces) human judgment in context.

Beyond org charts, companies further along in their AI journey are simplifying how work gets done. Many have **flattened hierarchies and streamlined reporting lines** to speed up decision-making in an AI-powered environment (www.ceotodaymagazine.com [5]). Some are even experimenting with operating structures where AI agents and human employees collaborate within the same workflows and teams (www.ceotodaymagazine.com [6]). These adjustments aim to make organisations more adaptive, ensuring AI doesn’t remain stuck in pilot projects but is woven into core processes enterprise-wide.

However, a large share of organisations are still in the early stages of AI adoption. JLL’s global Future of Work survey found that only 15% of companies have moved beyond pilots into fully integrating and optimising AI across their operations, while the majority are still just monitoring trends or running limited trials (www.jll.com [7]). Common hurdles are holding these firms back:

- **Skills and talent gaps (36%)** - a lack of employees with AI, data, and analytics expertise (www.jll.com [8])

- **Limited change management know-how (26%)** - insufficient experience guiding people through tech-driven change (www.jll.com [9])

- **Organisational silos (25%)** - fragmented structures that slow cross-team AI integration (www.jll.com [10])

- **Difficulty measuring impact (23%)** - challenges proving ROI, which can inhibit broader buy-in (www.jll.com [11])

Addressing these barriers requires deliberate investment in organisational capability. The companies pulling ahead with AI tend to invest as much in training people and redesigning processes as in technology itself (www.ceotodaymagazine.com [12]). By focusing on human capital and breaking down internal barriers, they avoid the pitfalls of treating AI as just a cost-cutting tool. In contrast, firms that race to automate without restructuring often see productivity gains stall - and many later find themselves scrambling to rehire for skills they lost in hastily removing jobs (www.forbes.com [13]). (One notable fintech that replaced 700 customer service reps with an AI chatbot had to reverse course after customer satisfaction plummeted, admitting it went “too far” and bringing back human support roles (www.forbes.com [14]).)

References:

[1] www.ceotodaymagazine.com — https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=requirements%20rather%20than%20simply%20adding,centralize%20governance%2C%20flatten%20hierarchies%2C%20expand

[2] www.ceotodaymagazine.com — https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=layered%20onto%20existing%20structures,agents%20and%20human%20workers%20are

[3] www.weforum.org — https://www.weforum.org/stories/artificial-intelligence/ai-transformation-reshaping-work-hr-leaders-must-help-redesign-it/#:~:text=lesson%20carries%20direct%20relevance%20for,chief%3A%20The%20future%20of%20work

[4] www.weforum.org — https://www.weforum.org/stories/artificial-intelligence/ai-transformation-reshaping-work-hr-leaders-must-help-redesign-it/#:~:text=decisions%20remain%20human,wide%20learning%20systems%20that%20keep

[5] www.ceotodaymagazine.com — https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=beginning%20to%20influence%20how%20businesses,agents%20and%20human%20workers%20are

[6] www.ceotodaymagazine.com — https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=beginning%20to%20influence%20how%20businesses,shift%20comes%20as%20investors%20become

[7] www.jll.com — https://www.jll.com/en-us/newsroom/ai-redesigns-jobs-not-cuts-them#:~:text=what%20they%20are%20doing%20defines,analyzing

[8] www.jll.com — https://www.jll.com/en-us/newsroom/ai-redesigns-jobs-not-cuts-them#:~:text=human,the%20vulnerabilities%20of%20an%20increasingly

[9] www.jll.com — https://www.jll.com/en-us/newsroom/ai-redesigns-jobs-not-cuts-them#:~:text=human,the%20vulnerabilities%20of%20an%20increasingly

[10] www.jll.com — https://www.jll.com/en-us/newsroom/ai-redesigns-jobs-not-cuts-them#:~:text=drive%20sustainable%20growth.,and

[11] www.jll.com — https://www.jll.com/en-us/newsroom/ai-redesigns-jobs-not-cuts-them#:~:text=drive%20sustainable%20growth.,and

[12] www.ceotodaymagazine.com — https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=investors%20are%20paying%20closer%20attention,workforce%20plans%20in%20Mercer%E2%80%99s%20survey

[13] www.forbes.com — https://www.forbes.com/sites/jonmarkman/2026/03/04/why-todays-ai-driven-layoffs-are-becoming-tomorrows-rehiring-crisis/#:~:text=should%20make%20every%20board%20of,PROMOTED

[14] www.forbes.com — https://www.forbes.com/sites/jonmarkman/2026/03/04/why-todays-ai-driven-layoffs-are-becoming-tomorrows-rehiring-crisis/#:~:text=dropped%2022,This%20pivot%20happened%20just%20before

Employee jitters and the Skills gap

For many employees, the rapid advance of AI is accompanied by growing **uncertainty and anxiety**. Surveys show that more than half of workers worry whether their current skills will remain relevant as AI technologies spread (www.ceotodaymagazine.com [1]). One newly coined acronym encapsulates this anxiety: **FOBO**, short for the 'fear of skills becoming obsolete' - and it isn’t only affecting junior staff. Even seasoned professionals and leaders are grappling with the uneasy question of whether AI could make their expertise outdated (www.forbes.com [2]). This kind of fear, if left unaddressed, can erode morale and openness to change right when organisations most need their people to embrace new ways of working.

There are signs that employee confidence has indeed taken a hit during the AI upheaval. In a global study, the percentage of workers who described themselves as 'thriving' in their jobs plunged from 66% in 2024 to just 44% in 2026 (www.ceotodaymagazine.com [3]). Concerns about job security, shifting skill requirements, and broader uncertainty have contributed to this sharp drop

(www.ceotodaymagazine.com [4]). For leaders driving transformation, this dip in trust and well-being is more than a morale issue - it can become a tangible drag on change efforts, as a workforce in survival mode is less able to innovate and adopt new tools.

The good news is that companies are beginning to tackle the **skills gap** and related fears head-on. A majority of organisations are investing in upskilling their people so they can work effectively with AI. Notably, over 70% of small and mid-sized businesses say they have already put money into employee AI training programmes to boost internal capabilities (www.forbes.com [5]). We're also seeing firms roll out AI "bootcamps" and mentorship initiatives, pairing tech-savvy staff with colleagues to spread AI fluency. By actively helping employees build new skills - and by clearly communicating how roles will evolve rather than be eliminated - employers can replace fear with a sense of opportunity.

Crucially, leaders are learning that introducing AI in a vacuum, without employee buy-in, can backfire. Across industries from entertainment to education, workers and their unions have pushed back on uncontrolled use of AI, demanding transparency and fairness in how these tools are deployed. New York's recent legislation requiring disclosure of AI-related job impacts is one example of the growing pressure for openness (www.forbes.com [6]). Experts caution that companies which treat AI purely as a technical upgrade, rather than a workforce transformation, are far more likely to face employee resistance (and even public reputational damage) down the line (news.lrionline.com [7]). By contrast, engaging employees in the AI rollout - through open dialogue, ethical guidelines, and assurances around job security - can foster a culture of trust and adaptability, making change management far smoother.

References:

[1] www.ceotodaymagazine.com — https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=leadership%20teams%20face%20pressure%20to,Mercer%20found

[2] www.forbes.com — https://www.forbes.com/topics/ai-future-of-work/#:~:text=By%20Bill%20Conerly%2C%20Contributor%20Aug,Aug%2017%2C%202026%20New%20York

[3] www.ceotodaymagazine.com — https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=skills%20is%20arriving%20faster%20than,is%20also%20emerging%20between%20executive

[4] www.ceotodaymagazine.com — https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=handle,with%20uncertainty%20are%20harder%20to

[5] www.forbes.com — https://www.forbes.com/sites/johnschroyer/2026/08/18/small-businesses-are-hiring-workers-hit-by-ai-driven-layoffs/#:~:text=otherwise,AI%20thus%20far%2C%20General%20Assembly

[6] www.forbes.com — https://www.forbes.com/sites/alonzomartinez/2026/08/17/new-york-wants-employers-to-measure-ais-impact-on-jobs-thats-harder-than-it-sounds/#:~:text=employees%2C%20enabled%20a%20broader%20restructuring,The%20required%20employment

[7] news.lrionline.com — https://news.lrionline.com/ai-is-changing-the-workplace-unions-are-responding/#:~:text=AI%20Is%20Changing%20the%20Workplace%2C,more%20likely%20to%20encounter%20resistance

Leadership and policy: steering the transition

The conversation about AI has swiftly moved into the boardroom and C-suite. Business leaders now recognise that implementing AI is not just an IT project but a strategic, organisational transformation. The most successful AI initiatives are driven by a three-way partnership: business leadership setting the vision and goals, the CIO providing the right technology and governance, and the CHRO leading the human side of change (www.weforum.org [1]). This collaborative approach ensures that AI adoption is aligned with business strategy and that workforce considerations - from job design to training - are front and centre.

"The decisive differentiator will not be access to technology, but the ability to orchestrate human transformation around it," one HR executive observed in a recent World Economic Forum report (www.weforum.org [2]). Reflecting this insight, many companies are expanding the role of HR and people teams in technology initiatives. Chief Human Resource Officers are taking on responsibilities as "design architects" of work, ensuring clarity on which tasks AI augments versus which remain human-led, and building continuous learning systems to keep the workforce's skills evolving with the

technology (www.weforum.org [3]) (www.weforum.org [4]). In short, leadership in the age of AI must be as much about culture and capabilities as about code.

Policymakers are also stepping in to guide a responsible transition. New York's pioneering AI transparency law will require large employers to report annually on how AI has affected their workforce - tracking metrics such as jobs eliminated, new roles created, and changes in hours due to AI (www.forbes.com [5]). This kind of oversight is likely to become more common, pressing companies to be more thoughtful and data-driven in managing the impact of automation on their people. Other regions are debating similar measures, alongside calls for updated regulations on AI ethics and worker re-training incentives.

As the dust begins to settle, a clearer picture is forming of what separates the AI winners from the laggards. The divide between organisations that thrive with AI and those that struggle is widening (www.weforum.org [6]). Yet these outcomes are not predetermined - they hinge on choices leadership makes now. The takeaway for executives is that embracing AI's potential goes hand-in-hand with a commitment to their workforce. Companies that treat their employees as partners in the transformation, invest in their development, and redesign work to leverage human + AI strengths will not only mitigate the risks of disruption, but also unlock new levels of performance and innovation. In contrast, those who focus on short-term automation gains at the expense of their people may find themselves winning a few quick cost victories, only to lose in agility, talent, and trust over the long run.

References:

[1] www.weforum.org — https://www.weforum.org/stories/artificial-intelligence/ai-transformation-reshaping-work-hr-leaders-must-help-redesign-it/#:~:text=transformations%20are%20driven%20by%20a,and%20distinct%20role%20in%20this
[2] www.weforum.org — https://www.weforum.org/stories/artificial-intelligence/ai-transformation-reshaping-work-hr-leaders-must-help-redesign-it/#:~:text=That%E2%80%99s%20why%20the%20CHRO%20must,supported%2C%20and%20where%20accountability
[3] www.weforum.org — https://www.weforum.org/stories/artificial-intelligence/ai-transformation-reshaping-work-hr-leaders-must-help-redesign-it/#:~:text=CHRO%20reimagines%20how%20work%20gets,time
[4] www.weforum.org — https://www.weforum.org/stories/artificial-intelligence/ai-transformation-reshaping-work-hr-leaders-must-help-redesign-it/#:~:text=pace%20with%20AI,adoption%20catalyst%2C%20the%20CHRO%20ensures
[5] www.forbes.com — https://www.forbes.com/sites/alonzomartinez/2026/08/17/new-york-wants-employers-to-measure-ais-impact-on-jobs-thats-harder-than-it-sounds/#:~:text=job%20losses%20complicated,employees%20displaced%20or%20whose%20hours
[6] www.weforum.org — https://www.weforum.org/stories/artificial-intelligence/ai-transformation-reshaping-work-hr-leaders-must-help-redesign-it/#:~:text=Excellence%20AI%20transformation%20is%20failing,moderately%20skilled%20players%2C%20armed%20with

Key Statistics

- 81% of small businesses in the U.S. and U.K. report benefiting from AI-driven layoffs at larger firms ([www.forbes.com](https://www.forbes.com/sites/johnschroyer/2026/08/18/small-businesses-are-hiring-workers-hit-by-ai-driven-layoffs/#:~:text=many%20smaller%20firms%2C%20which%20are,526%20HR%20professionals%20at%20small))
- U.S. call centre employment is now 39% below its pre-AI trend level ([www.cnbc.com](https://www.cnbc.com/2026/08/19/goldman-ai-impact-employment-jobs.html#:~:text=headwinds%20across%20other%20developed%20markets,effects%20appear%20to%20be%20more))
- 63% of C-suite leaders say redesigning work for AI is the most important people initiative for ROI, but only 32% believe their workforce effectively blends human and AI capabilities ([www.ceotodaymagazine.com](https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=layered%20onto%20existing%20structures,agents%20and%20human%20workers%20are)) ([www.ceotodaymagazine.com](https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=layered%20onto%20existing%20structures,Some%20organizations%20are))
- Employee "thriving" rates dropped from 66% in 2024 to 44% in 2026 amid rising job security fears and AI-driven uncertainty ([www.ceotodaymagazine.com](https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=skills%20is%20arriving%20faster%20than,is%20also%20emerging%20between%20executive))

- Goldman Sachs found AI-related job headwinds are strongest for entry-level roles, with high-exposure junior positions experiencing up to a 0.6% annual employment drag for every 10% increase in AI exposure ([www.cnbc.com](https://www.cnbc.com/2026/08/19/goldman-ai-impact-employment-jobs.html#:~:text=already%20visible%20in%20industries%20where,level%20workers%2C%20the))
- Over 70% of small businesses are investing in employee AI training and upskilling to address skills gaps ([www.forbes.com](https://www.forbes.com/sites/johnschroyer/2026/08/18/small-businesses-are-hiring-workers-hit-by-ai-driven-layoffs/#:~:text=otherwise,AI%20thus%20far%2C%20General%20Assembly))

KEY TAKEAWAY

Recent developments reveal that successful AI transformation is less about cutting jobs or chasing new tech, and more about investing in people. Leaders who prioritise reskilling, role redesign, and transparency over quick cost cuts will retain talent and see greater long-term value from AI ([www.ceotodaymagazine.com](https://www.ceotodaymagazine.com/2026/06/mercer-ai-workforce-redesign-report-2026/#:~:text=investors%20are%20paying%20closer%20attention,workforce%20plans%20in%20Mercer%E2%80%99s%20survey)) ([news.lrionline.com](https://news.lrionline.com/ai-is-changing-the-workplace-unions-are-responding/#:~:text=AI%20Is%20Changing%20the%20Workplace%2C,more%20likely%20to%20encounter%20resistance)).

Sources

AI redesigns jobs, not cuts them: JLL study reveals business leaders expect workforce growth ahead
https://www.jll.com/en-us/newsroom/ai-redesigns-jobs-not-cuts-them

Small Businesses Are Hiring Workers Hit By AI-Driven Layoffs
https://www.forbes.com/sites/johnschroyer/2026/08/18/small-businesses-are-hiring-workers-hit-by-ai-driven-layoffs/

Goldman studied where AI is squeezing labor markets. Here's what it found
https://www.cnbc.com/2026/08/19/goldman-ai-impact-employment-jobs.html

Why AI Economic Surge Waits On Robots, Not Software
https://www.forbes.com/sites/billconerly/2026/08/18/why-ai-economic-surge-waits-on-robots-not-software/

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

AI transformation is reshaping work. HR leaders must help redesign it
https://www.weforum.org/stories/artificial-intelligence/ai-transformation-reshaping-work-hr-leaders-must-help-redesign-it/

New York Wants Employers To Measure AI's Impact On Jobs. That's Harder Than It Sounds
https://www.forbes.com/sites/alonzomartinez/2026/08/17/new-york-wants-employers-to-measure-ais-impact-on-jobs-thats-harder-than-it-sounds/

Why Today’s AI-Driven Layoffs Are Becoming Tomorrow’s Rehiring Crisis
https://www.forbes.com/sites/jonmarkman/2026/03/04/why-todays-ai-driven-layoffs-are-becoming-tomorrows-rehiring-crisis/

How To Avoid AI-Driven Fear Of Becoming Obsolete (FOBO)
https://www.forbes.com/sites/johnbremen/2026/08/17/how-to-avoid-ai-driven-fear-of-becoming-obsolete-fobo/

AI Is Changing the Workplace, Unions Are Responding
https://news.lrionline.com/ai-is-changing-the-workplace-unions-are-responding/