LUMO INSIGHTS

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AI & the Future of Work: Surprising Data, New Realities

Executive Summary

For companies worldwide, artificial intelligence is proving to be a double-edged sword – not the mass job destroyer some feared, but a catalyst for sweeping changes in roles and skills. New data from the last 48 hours shows that firms embracing AI are often *hiring* more people and paying a premium for human expertise (www.gradually.ai [1]) even as junior-level jobs and routine tasks are being rapidly automated away (www.gradually.ai [2]). The bottom line: success now hinges on how leaders support their people through this transition, redesigning work and retraining teams to thrive alongside AI.

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The Real Impact of AI on Jobs

Despite doomsday predictions, recent labor market data suggests AI has not unleashed an employment apocalypse – at least not yet. In fact, overall job cuts in 2026 are running significantly *lower* than last year (axis-intelligence.com [1]), even as companies adopt AI at scale. August saw the first major drop in AI-linked layoffs: U.S. firms reported just 3,462 job cuts attributed to AI for the month, an elevenfold decrease from the peak in May (axis-intelligence.com [2]). This was the smallest AI-related layoff total since 2025, as more companies cited generic “restructuring” rather than blaming artificial intelligence (axis-intelligence.com [3]) (axis-intelligence.com [4]). Total tech-sector layoffs have indeed been large (over 155,000 this year) but are concentrated in a handful of firms and are tapering off (axis-intelligence.com [5]).

The aggregate statistics paint a calm picture: one analysis found that U.S. unemployment rates have risen by roughly the same amount in highly AI-exposed occupations as in those with little exposure (singularity.kiwi [6]). In other words, whatever softness exists in the labor market cannot yet be pinned primarily on AI. Instead of immediate mass unemployment, AI’s impact has been subtler – often slowing *hiring* for junior positions rather than triggering widespread firings. Stanford researchers have flagged young workers as potential "canaries in the coal mine" (singularity.kiwi [7]): employment among 22–25-year-olds in the most AI-affected jobs is about 19% below where it would normally be, as entry-level roles in areas like software development and customer support dry up or demand more experience (www.gradually.ai [8]). Yet experienced professionals in the same fields haven’t seen any net employment decline (www.gradually.ai [9]), suggesting that companies are rebalancing workforces rather than indiscriminately slashing them.

Indeed, some early adopters of automation are still adding jobs in high-skill areas. Ironically, the very organizations most exposed to AI have also achieved higher overall headcount growth than their peers (www.pwc.com [10]). By automating routine work and refocusing workers on higher-value tasks, these "AI-forward" companies have grown their workforces by 52% since 2018 – far outpacing the 36% growth at less AI-intensive firms (www.pwc.com [11]). It appears that AI is acting as a *force multiplier* for certain industries and roles, allowing humans to be more productive. In turn, these productivity gains can drive business growth, new products, and with them, additional hiring. As one workforce report put it, AI is driving a "two-track" labor market – where many support tasks are being automated, but human expertise has never been more valuable (www.pwc.com [12]).

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New Roles and Shifting Skills

Rather than eliminating work across the board, AI is changing **how** work gets done and what skills are in demand. Many jobs are being redefined into hybrid human+AI roles. Employers are seeking professionals – from marketers to engineers to analysts – who can effectively integrate AI tools into their domains (www.forbes.com [1]). In fact, jobs requiring specific AI skills like machine learning or prompt engineering have grown roughly 69% since 2015 – about eight times the growth rate of the overall labor market (www.pwc.com [2]). These roles often come with hefty paychecks: workers with AI expertise enjoy an average wage premium of 62% over their peers (www.gradually.ai [3]), a gap that has widened each year as companies compete for talent.

A wave of entirely new job titles has arrived as companies retool for the AI era. Positions such as **“Prompt Engineer,” “AI Product Owner,” “AI Coach,” and “AI Ethics Officer”** have emerged to help organizations develop and govern AI-driven processes (amsterdamdataacademy.com [4]). Meanwhile, demand is surging for “AI agent” experts and others to manage and audit smart systems. According to Microsoft’s latest Work Trend Index, 58% of AI-using employees say they’re now accomplishing tasks that were previously impossible without AI (gloat.com [5]). With advanced tools handling more routine work, the value of uniquely human skills – creativity, judgment, complex problem-solving – is rising. Junior roles in many fields are being "*seniorized*" as AI takes over basic tasks: entry-level job postings that are highly exposed to AI are now seven times more likely to list advanced skills like leadership or innovation, and those AI-heavy entry roles have grown 35% since 2019 while other

entry-level jobs declined by 10% (www.pwc.com [6]).

This reflects a broader trend: AI doesn't replace whole occupations so much as it **restructures them**. In fields from medicine to marketing, AI is handling administrative or repetitive chores, freeing up people to focus on higher-order work. For example, an AI can draft routine reports or code, but a seasoned analyst or engineer is needed to review outputs, make decisions, and tailor strategies. This dynamic has led to increased demand for skilled workers who can "drive" the AI – and lower demand for those performing tasks the AI can do. The net effect is that well-trained humans remain in the loop, often overseeing fleets of AI tools rather than doing all the drudge work themselves. As a result, organizations report that productivity is up and new kinds of value are being created – but they also acknowledge that their teams need new skills to fully realize that value (enterprisedna.co [7]) (enterprisedna.co [8]).

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Leadership's High-Stakes Balancing Act

These shifts put leaders under intense pressure to manage change. Many CEOs have publicly praised AI's potential while privately grappling with how to integrate it without disrupting their organizations. Some high-profile executives have gone to extremes – one even declared he would cut nearly half his company's staff because 'intelligence tools have changed what it means to build and run a company' (www.secondtalent.com [1]) – but such cases remain outliers. Surveys show that only about 4% of firms have actually laid off employees due to AI so far (www.secondtalent.com [2]). What's far more common is C-suite anxiety about *getting it wrong*. According to one global poll, 73% of CEOs report stress over AI implementation, and two-thirds fear losing their own jobs if their AI initiatives fail (writer.com [3]).

At the same time, many leaders profess optimism about AI's upside – and for good reason. A strong majority of executives (more than 90%) say they expect AI to significantly improve productivity. But turning that promise into reality requires more than buying new software. Leaders are discovering that AI transformation is, at its core, a people transformation. In practice, this means rethinking workflows, roles, and training from the ground up – and communicating the plan clearly to employees. "Every organization has an AI adoption roadmap. Almost none of them have an honest plan for what AI is doing to their people," one analyst noted, warning that without proactive communication and reskilling, workers can become alienated (www.cnbc.com [4]).

Culture and capability gaps have emerged as major stumbling blocks. In a 2026 enterprise survey, 75% of top executives admitted their AI strategy was *"more for show"* – a buzzword-laden vision with little practical guidance for employees (writer.com [5]). Nearly as many said they lacked a formal plan to drive real business value from AI. The result, often, is confusion and disillusionment on the

front lines. When leaders fail to align technology projects with a clear people strategy, trust erodes. Nearly one in three employees – and an even higher 44% of Gen Z workers – confess to **deliberately undermining or avoiding their company's AI initiatives** out of fear or skepticism (writer.com [6]). In other words, a significant minority are so worried about AI's impact on their jobs that they will resist using the new tools.

Forward-thinking companies are tackling these challenges head-on. Researchers find that in the most successful AI-driven firms, 88% of managers actively model the use of AI in their daily work and decision-making – compared to only 25% in organizations lagging behind (www.bcg.com [7]). These "future-built" companies treat AI as a strategic, CEO-level priority and invest heavily in upskilling and reskilling their workforce (www.bcg.com [8]). On average, they plan to train over half of their employees in new AI skills, far outpacing the roughly 20% of workers being re-trained at less proactive firms (www.bcg.com [9]). They also establish structured learning programs (often carving out dedicated time for AI education) and create cross-functional teams to redesign workflows around intelligent tools. By engaging employees in the process – encouraging experimentation, providing clear guidance on how jobs will change, and being transparent about AI's limitations – these leaders build trust. Such cultural investment pays off: companies that combine technology adoption with strong communication and worker development are seeing higher productivity gains and smoother transformations.

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Guardrails, Pushback and Policies

As AI reaches deeper into the workplace, employees are not remaining passive – they are organizing and advocating to shape how this technology is used. Unions in media, entertainment, tech, and beyond have made AI a central issue in recent negotiations. In some newsrooms, for example, journalists are fighting for contract language to protect their jobs from AI content generators (www.thestand.org [1]). The Seattle Times Guild has publicly demanded that management promise not to replace any newsroom positions with AI over the life of their new contract (www.thestand.org [2]). In Hollywood, writers and actors have similarly insisted on guardrails around the use of AI in content production, seeking guarantees that new tools will *augment* work – not eviscerate their professions. And in the videogame industry, worker action has paid off: Microsoft's gaming division (ZeniMax) signed one of tech's first union contracts in 2025, which included provisions ensuring that generative AI would support employees rather than replace them (smartkeys.org [3]). Those agreements also gave workers a say in **how** AI is deployed and offered laid-off staff first rights to new jobs – innovations meant to keep people in the loop even as technology evolves (smartkeys.org [4]).

This trend is spreading across industries. In 2026, the largest tech-worker unionization effort to date took place at the University of California, where 2,100 IT professionals voted to join a union with the specific goal of influencing their employer's AI rollout (smartkeys.org [5]). Overall union membership in tech remains very low (around 2% (smartkeys.org [6])), but interest is high – one survey found 67% of tech employees would join a union if they could (smartkeys.org [7]). As layoffs and re-orgs sour some workers on the "move fast" approach to AI, collective action and worker advocacy on this issue are likely to grow.

Policymakers are also responding to the challenge of AI in the workplace. Around the world, regulations are emerging to prevent the most dystopian outcomes and encourage responsible use of AI in managing people. In the European Union, for instance, pending legislation would require transparency and risk assessments for AI-driven hiring tools (www.yahoo.com [8]). In the U.S., a patchwork of state laws is taking shape (www.ebglaw.com [9]) (www.ebglaw.com [10]). Notably, California's legislature recently passed the **No Robo Bosses Act**, which would bar companies from firing or disciplining employees solely via algorithms. If Governor Gavin Newsom signs the bill by its September 30 deadline, it will make California the first state to mandate human oversight and disclosure whenever automated systems play a role in termination decisions (www.vizaca.com [11]) (www.vizaca.com [12]). Even if vetoed, the push for such measures underscores a growing consensus: there must be clear *guardrails* on how AI is adopted in order to protect workers' rights and maintain trust in the workplace.

From the factory floor to the boardroom, the lesson is becoming evident – integrating AI into work is as much a human challenge as a technological one. The organisations that thrive in this new era will be those that see AI as a tool to empower their people, not replace them. That means involving employees in the transformation, being honest about risks and limitations, and investing in the new skills and roles needed to unlock AI's potential. The past 48 hours' developments highlight a simple but powerful truth: winning the future of work with AI will depend less on the algorithms themselves, and more on *how leaders lead* through the change.

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Key Statistics

- AI fell to 4th place as a layoff reason in Aug 2026 (3,462 jobs cut), down from 1st place in May (38,579 cuts) ([axis-intelligence.com](https://axis-intelligence.com/ai-layoff-tracker/#:~:text=layoff%20reasons%20for%20five%20consecutive,in%20August%2C%20its%20lowest%20monthly)).
- U.S. announced job cuts in 2026: 529,914 through August – 41% lower than the same period of 2025 ([axis-intelligence.com](https://axis-intelligence.com/ai-layoff-tracker/#:~:text=the%20total,than%20last%20year%2C%20those%20positions)).
- Jobs requiring AI skills increased 69% (2015–2023) vs 9% growth in total jobs, with an average 62% wage premium for AI-skilled workers ([www.pwc.com](https://www.pwc.com/gx/en/news-room/press-releases/2026/pwc-2026-ai-jobs-barometer.html#:~:text=17%25%29%20%E2%80%9CSuper,AI%20is%20rapidly%20reshaping%20the)) ([www.pwc.com](https://www.pwc.com/gx/en/news-room/press-releases/2026/pwc-2026-ai-jobs-barometer.html#:~:text=2025%2C%20based%20on%202018%20baseline,learning%20%E2%80%93%20have%20also%20soared)).
- Future-built companies plan to upskill >50% of employees on AI, far above the ~20% of employees re-trained at AI laggards ([www.bcg.com](https://www.bcg.com/publications/2026/ai-transformation-is-a-workforce-transformation#:~:text=from%20the%20technology%20required%20to,time%20for%20employees%20to%20learn)).
- 29% of employees (and 44% of Gen Z) admit to “sabotaging” or resisting their employer’s AI adoption efforts due to fear or mistrust ([writer.com](https://writer.com/blog/enterprise-ai-adoption-2026/#:~:text=adopt,ROI)).

KEY TAKEAWAY

New evidence shows AI isn’t causing mass layoffs, but it is radically reshaping how people work. Leaders who invest in their workforce – through re-skilling, role redesign, and clear communication – will gain an edge, while those who don’t risk falling behind.

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