LUMO INSIGHTS

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Federal Reserve signals AI already affecting hiring

Executive Summary

New evidence from the US central bank, industry surveys and a major UK employer shows AI is already reshaping workforce strategies. Some companies are slowing hiring after AI-driven productivity gains, while others face skill gaps preventing them from realising AI's potential. A high-profile digital overhaul at the BBC - including experiments with AI - highlights how planning and communication are critical as technology changes how work gets done.

Federal Reserve finds AI slowing hiring

In a noteworthy sign of AI's real-world impact on jobs, the US Federal Reserve has reported that some companies are already tapping the brakes on hiring after implementing artificial intelligence. In its mid-October Beige Book survey of economic conditions, the Fed said that in five of its 12 districts, firms have either reduced staff through attrition, postponed recruitment, or expect to create fewer new jobs because AI has made their existing employees more productive (www.federalreserve.gov [1]). This marks one of the first times the US central bank has explicitly flagged AI as a factor in labour market decisions. For business leaders, the message is clear: AI can deliver efficiency gains that change staffing needs sooner than many anticipated.

While these early adjustments are targeted and gradual - essentially not replacing some departing employees - they underscore how AI is altering tasks within roles rather than eliminating whole occupations overnight. The Federal Reserve's findings echo a growing sentiment among executives that the primary benefit of AI is improved productivity, not immediate headcount reduction. Leaders should therefore monitor how AI-driven efficiency improvements might allow their organisations to refocus human workers on higher-value activities, even as they potentially slow new hiring in certain support functions. The key is to proactively plan for these shifts in workforce demand: identify which tasks can be automated, retrain staff for new value-adding roles, and manage the transition carefully. By doing so, companies can harness AI's productivity boosts while mitigating the risk of understaffing critical areas or losing hard-won talent.

References:

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Supply chain leaders warn of AI skills gap

A new industry survey highlights a major barrier to adopting AI at scale: many employees may not yet have the skills to effectively use these tools. On 14 October, the Association for Supply Chain Management (ASCM) and the Digital Supply Chain Institute (DSCI) unveiled a joint report on "The People Paradox in Supply Chain AI Integration." It reveals that while a resounding 91% of organisations in the supply chain sector plan to use AI primarily to augment their human workers - not

to replace them - 83% say their workforce is not prepared to use AI effectively (www.ascm.org [1]). The vast majority of respondents cite significant skills gaps and unclear return on investment as the top obstacles holding back wider AI implementation. In practice, this means planned automation projects are often slowed or scaled back until employees can be re-skilled and the business value is clearer.

For corporate leaders, the lesson is that successful AI adoption depends as much on people as on technology. In the near term, AI's most profound effect appears to be the need to **retool jobs and retrain staff** rather than simply cut positions. Companies that invest in comprehensive training and change management - redefining job roles to integrate AI and developing clear metrics for ROI - are more likely to realise the productivity and efficiency gains AI can offer. In contrast, organisations that neglect skill development or deploy AI without clarifying its value may face internal resistance and stalled progress. The survey's findings reinforce that to change work through AI, businesses must first ensure their workforce is ready and able to use it.

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[1] www.ascm.org — https://www.ascm.org/about-ascm/newsroom/new-ascm-and-dsci-research-finds-83-of-supply-chain-leaders-say-their-workforce-isnt-ready-for-ai/#:~:text=CHICAGO%20%28Oct,unprepared%20to%20use%20AI%20effectively

BBC's digital overhaul raises workforce questions

The BBC - one of the UK's largest media employers - offers a cautionary tale about how AI and digital transformation can drive difficult workforce decisions. In late September, new Director-General Matt Brittin said in a BBC interview that he would even be open to a television programme made and presented by AI "within guardrails," as an experiment to see what the technology can and cannot do (www.thenational.scot [1]). This comment came as the broadcaster pushes ahead with a major digital overhaul to modernise operations and cut costs. The BBC announced in June that it aims to save £500 /million by 2028 - 29 by moving more content online and integrating automation into workflows, and around 2,000 jobs - largely in content and technical roles - are expected to be eliminated in the process (www.independent.co.uk [2]).

The prospect of AI-driven productions, even with assurances that they won't replace human creativity (www.thenational.scot [3]), has heightened anxiety among staff already facing redundancy. Media representatives and unions have criticised the idea of AI-generated presenters as a provocation, calling it a "slap in the face" for employees whose jobs are on the line (www.thenational.scot [4]). For executives beyond the media industry, the BBC's experience is a reminder that implementing AI and digital efficiencies should go hand-in-hand with **careful stakeholder management**. Transparent communication, employee involvement in tech experiments, and clear ethical guardrails can help maintain trust and morale during an AI-driven reorganisation. In an age of rapid change, the human implications of technological shifts must be anticipated and addressed to ensure long-term success.

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Key Statistics

- Five US Federal Reserve districts where companies have cut or slowed hiring after AI boosts productivity (Federal Reserve, Oct 2026)
- 83% of supply chain leaders saying their workforce isn’t ready for AI (ASCM & DSCI, Oct 2026)
- 84% of organisations that have not redesigned jobs or workflows around AI (Deloitte global survey, 2026)
- 74% of global professionals using AI tools at least weekly (Thomson Reuters Institute, 2026)

KEY TAKEAWAY

Audit your organisation’s AI readiness and upskilling plans now. Ensure you have a clear strategy to redeploy and reskill staff as AI alters tasks, and manage any workforce changes transparently to capture AI benefits without harming morale.

Sources

Beige Book - October 2026 (Federal Reserve, National Summary)
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New ASCM and DSCI research finds 83% of supply chain leaders say workforce isn’t ready for AI
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