LUMO INSIGHTS

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Teamsters split on AI as Gartner flags entry-level job cuts

Executive Summary

New findings underscore the uneven impact of AI on jobs. A fresh survey in the supply chain sector shows that many firms have cut entry-level roles as they adopt AI. Meanwhile, a major union is grappling with the technology's mixed effects, and global executives increasingly foresee workforce changes ahead. Together, these developments highlight how AI can simultaneously create and eliminate jobs - reinforcing the need for organisations to proactively redesign roles and reskill workers.

Gartner survey reveals entry-level cuts

A new survey from Gartner suggests that artificial intelligence is already driving significant job reductions in parts of the economy - especially in junior positions. In a press release on 28 October, the analyst firm reported that nearly half of supply chain organisations have cut staff in the last two years due to AI, with those that made cuts reducing their workforce by an average of 10.5% (www.gartner.com [1]). Crucially, 66% of supply chain leaders said these AI-related job cuts were concentrated in entry-level roles (www.gartner.com [2]). That means the bulk of jobs eliminated so far belong to the least-experienced workers. If routine tasks in those roles are being automated, companies may not be hiring new junior staff to replace departing employees.

Gartner warns that this pattern could erode companies' future talent pipeline. "Cutting entry-level positions without redesigning the talent pipeline [creates] a future capability gap that will actually weaken [an] organisation's AI performance," said Tess Frenzel, a Director Analyst at Gartner (www.gartner.com [3]). In other words, organisations risk running out of trained employees to advance into senior roles just as AI transforms their business. Gartner's analysts advise chief supply chain officers to rethink how they develop and retain junior staff to avoid such pitfalls (www.gartner.com [4]) (www.gartner.com [5]).

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Union wrestles with AI’s mixed job impact

Labour groups are also weighing the balance between AI’s benefits and downsides. On 28 October, Reuters reported that Nevada’s Teamsters union - which represents some 30,000 workers - is deeply split over the impact of AI (www.reuters.com [1]). On one hand, a massive boom in data centre construction east of Reno is providing “years of work for thousands of electricians, pipefitters and other union tradespeople” building new cloud infrastructure (www.reuters.com [2]). On the other hand, along Las Vegas’s famous Strip, the very AI running in those data centres is threatening service jobs: self-driving taxis and delivery bots are beginning to replace drivers and valets, robots are mixing drinks instead of human bartenders, and casino operators like MGM Resorts have started slashing customer support roles (www.reuters.com [3]). MGM’s call-centre alone cut hundreds of jobs as more guests turn to AI-powered digital services (www.thestar.com.my [4]).

This stark “split screen” has left union leadership struggling to find a unified stance on AI ahead of upcoming elections (www.reuters.com [5]). “My job is to represent all of our unions,” said Ross Kinson, political director of Teamsters Local 986, noting that members benefit from the tech construction boom but fear losing livelihoods to automation. Kinson called AI “a very, very important issue” that could divide workers by sector, saying, “What is it doing to our jobs?” (www.reuters.com [6]). An analysis by RCG Economics foresees up to 92,000 Southern Nevada hospitality jobs - roughly one-third of that sector - at risk from AI and automation by 2035 (www.thestar.com.my [7]). Union officials argue that workers must have a say in how the technology is deployed and how displaced employees will be supported, rather than being “spectators of technological change” (www.uni-europa.org [8]) (onlabor.org [9]).

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Leaders expect more cuts, despite limited proof

Even as AI’s workforce impact is upending some industries, broad labour market effects have been modest so far - but that may be set to change. In McKinsey’s latest global AI survey, conducted earlier this year, only 14% of organisations reported a reduction in their workforce due to AI over the past year (www.mckinsey.com [1]). That outcome fell well short of the 32% of respondents who had expected to shrink headcount, demonstrating that many early fears did not materialise (www.mckinsey.com [2]). Yet the same survey found that 39% of business leaders now anticipate AI-driven staff cuts in the coming year - a noticeable rise from last year’s 32% (www.mckinsey.com [3]). This growing expectation of job losses suggests more companies are planning for AI to take over certain tasks and roles.

The question is whether those cuts will pay off. Evidence so far indicates a gap between workforce reductions and realised value. A recent Forrester analysis found more than half of CIOs are likely to miss their AI ROI targets next year, and just 22% of AI decision-makers have seen a positive impact on profits from their AI investments to date (www.theregister.com [4]) (www.theregister.com [5]). Similarly, research by Gartner during 2025 found that 80% of large firms piloting “autonomous” AI capabilities reported cutting staff, but those layoffs “do not appear to translate into return on investment” (www.gartner.com [6]). The implication is that simply eliminating jobs is not a guaranteed path to efficiency gains. To capture AI’s benefits, many organisations will need to redesign work processes and combine new technology with human skills - rather than assuming immediate cost savings from a smaller workforce.

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Key Statistics

- 10.5% - average AI-driven workforce reduction at nearly half of supply chain organisations over two years (Gartner)
- 66% - surveyed supply chain leaders reporting AI-related cuts mainly hit entry-level roles (Gartner)
- 14% - organisations reporting AI-driven staff cuts in the past year (McKinsey)
- 39% - organisations expecting AI-driven staff cuts in the next year (McKinsey)
- 22% - AI decision-makers who saw a positive impact on profits from AI in past year (Forrester)

KEY TAKEAWAY

Audit how entry-level roles in your organisation are changing with AI. If junior positions are being cut or downgraded, act now to redesign work and upskill staff - otherwise you risk hollowing out your future talent pipeline.

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