# UK businesses face challenges and regrets after AI-related redundancies



A recent report from organisational planning platform Orgvue reveals significant challenges faced by UK businesses following the adoption of artificial intelligence (AI), including widespread regrets over redundancies linked to AI deployment. According to the data, 39% of UK companies made redundancies with the expectation that AI would transform their operations, but more than half (55%) later acknowledged these decisions were mistaken.

The aftermath of these AI-induced redundancies has been marked by widespread internal confusion, increased employee turnover, and a decline in productivity, contradicting original hopes that AI would enhance business efficiency. This experience has led to a shift in perspectives, with fewer leaders now believing that AI will fully replace human workers.

The report exposes substantial uncertainty among business leaders regarding AI's impact on the workforce. Despite the increasing integration of AI technologies, 38% of leaders admitted to not fully understanding how AI affects their businesses, and 25% were unsure about which roles might be most vulnerable to automation. Interestingly, fewer managers—48% compared to 54% the previous year—believe AI will replace some workers, yet there appears to be less emphasis on protecting employees from redundancy.

Oliver Shaw, CEO of Orgvue, commented on the findings to Tech Radar, highlighting the challenges: "While 2024 was the year of investment and optimism, businesses are learning the hard way that replacing people with AI without fully understanding the impact on their workforce can go badly wrong. We’re facing the worst global skills shortage in a generation and dismissing employees without a clear plan for workforce transformation is reckless."

Looking forward, concerns persist about the uncontrolled use of AI by employees, with 47% of businesses expressing fear over this issue. In response, 80% of businesses plan to increase their AI investments in 2025, even as 27% still lack a clear strategic roadmap for AI implementation. To mitigate risks, four out of five companies intend to retrain employees to effectively use AI tools. This is reflected in increased budgets for learning and development, with 41% of firms having already adjusted their expenditure, 51% introducing internal AI usage policies, and 43% collaborating with external AI specialists.

Despite the apparent essential role of human workers alongside AI systems, the Orgvue report underscores a pervasive lack of understanding among companies about how AI will reshape the workforce in the near future. Shaw concluded, "While it’s encouraging to see investment in AI continue to grow, businesses need a better understanding of how the technology will change their workforce in the coming months and years."

The findings illustrate the complex and evolving relationship between AI technology and workforce management in UK businesses, highlighting the sector’s ongoing adjustment to rapid technological advances.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.orgvue.com/news/81-of-financial-services-firms-have-invested-in-ai-despite-feeling-unprepared/> - This Orgvue report highlights that 81% of financial services firms have invested in AI, yet 45% agree it will completely disrupt their industry, reflecting the challenges faced by UK businesses in AI adoption.
2. <https://www.orgvue.com/news/firms-pressing-ahead-with-investment-in-ai-despite-being-unclear-on-business-impact/> - This study reveals that 82% of firms are investing in AI despite 50% being unclear on its business impact or implementation, corroborating the widespread uncertainty among UK businesses regarding AI's effects.
3. <https://www.orgvue.com/solutions/workforce-and-ai/> - Orgvue's insights into AI's impact on the workforce underscore the internal confusion and increased employee turnover experienced by UK businesses post-AI deployment.
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5. <https://www.orgvue.com/resources/articles/understand-your-workforce-skills-gaps-before-you-rush-to-bring-in-ai/> - Oliver Shaw's article emphasizes the importance of understanding workforce skills gaps before implementing AI, addressing the lack of understanding among UK companies about AI's impact on the workforce.
6. <https://www.orgvue.com/resources/articles/assessing-the-leadership-divide-on-ai-deployment/> - This article highlights the disconnect between senior leaders and departmental heads regarding AI deployment, reflecting the uncertainty among UK business leaders about AI's impact on the workforce.
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