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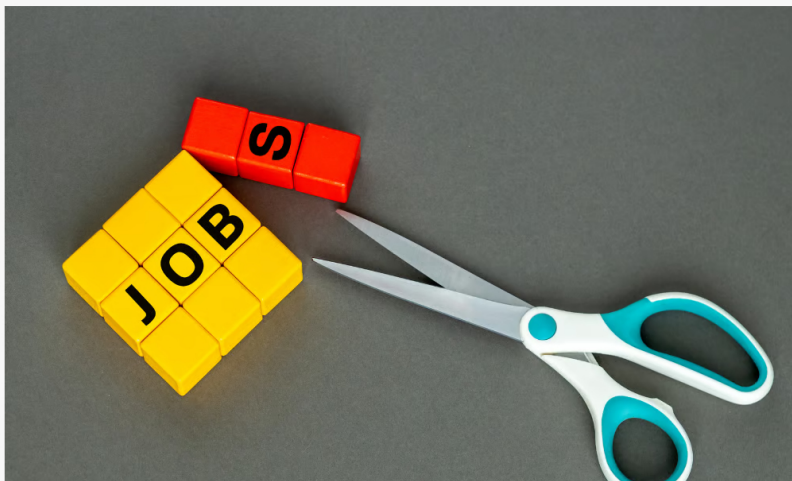
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News

When AI redundancies backfire: Employers now scrambling to rehire humans

AI redundancies come full circle as forecasts warn employers will need those workers back



By [Dexter Tilo](#)

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Employers that cut staff as they rolled out artificial intelligence may soon be hiring many of those workers back, according to new predictions that suggest AI-triggered layoffs have overshot.

Gartner now forecasts that by 2027, 50% of companies that attributed customer service headcount reductions to AI will rehire staff to perform similar functions, even if the roles return under different titles.

Forrester's 2026 future of work outlook, released late last year, reaches a similar conclusion.

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"We expect half of AI-attributed layoffs to be quietly reversed, with jobs returning offshore or at lower wages," the report read.

"The AI-washing and mirage of future AI collides with operational reality, and many firms are realising that replacing humans with machines isn't always cheaper, or smarter, unless they have a complete approach that accounts for the people on whom all AI success will depend."

Both forecasts point to a growing risk for employers – and HR leaders in particular – that early, high-profile cuts justified by AI may prove both short-lived and costly to unwind.



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Have we gone too far?

The prediction comes amid recent reports of **widespread redundancies due to AI**. Amazon was previously reported to axe 16,000 jobs to push for AI and efficiency, following an earlier 14,000 layoffs across the organisation.

Data from **Challenger, Gray & Christmas** revealed that AI was responsible for 54,836 announced layoff plans in 2025, and has been cited in 71,825 job cut announcements since 2023.

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But according to **Gartner**, the story behind recent staff reductions is more complicated than a simple productivity revolution.

"While AI-driven layoffs have captured attention, the reality is more complex," said Kathy Ross, senior director analyst in Gartner's Customer Service & Support practice.

Gartner's October 2025 survey of 321 customer service and support leaders found that only 20% had actually reduced agent staffing because of AI.

Most said headcount remained steady even as they handled more customers, indicating that AI was primarily augmenting human work rather than replacing it.

Forrester also noted that some organisations are engaging in an "AI washing" trend, where they attribute layoffs for future AI implementation despite the cuts being financially motivated.

"AI simply isn't mature enough to fully replace the expertise, empathy, and judgment that human agents provide. Relying solely on AI right now is premature and could lead to unintended consequences," said Emily Potosky, senior director, research in the Gartner Customer Service & Support practice.

Layoff boomerang trend



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Layoff boomerang trend

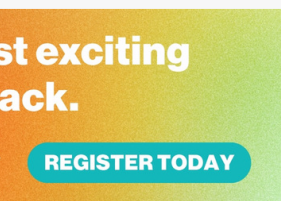
This consequence was felt first-hand by the Commonwealth Bank of Australia, which last year **walked back on its decision** to lay off a number of employees following the introduction of a new voice bot system.

"CBA's initial assessment that the 45 roles in our Customer Service Direct business were not required did not adequately consider all relevant business considerations and this error meant the roles were not redundant," a CBA spokesperson previously told *HRD*.

The situation is part of what experts are calling a new "layoff boomerang" trend, according to **Axios**, citing data from people analytics firm **Visier**.

Its recent report showed that 5.3% of terminated employees are being rehired by their former employers, an uptick from a relatively stable rate since 2018.

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Andrea Derler, Visier's head of research and value, told Axios that was an indicator of AI-driven hiring and firing practices.

"The idea that now AI is coming and replacing absolutely every job is still really not proven," she said.

In fact, data indicates that employers are realising the limits of AI and are being forced to reinvest in human employees.

"As organisations encounter the limits of AI and rising customer expectations, they will need to reinvest in human talent to sustain service quality and growth," Ross stated.

What should employers do?

Experts all suggested the need to plan carefully in the future when managing job cuts related to AI.



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The advertisement features a dark red background with white text. On the right side, there is a photograph of several people sitting around a table in a meeting room, with bright light coming from a window. A red button with the text "READ MORE" is located below the main text.

"Businesses should take HR tech as a tool to support their AI strategy, not as a replacement."

