

Workplace Intelligence
Forecast for 2027

The 10 Trends Businesses Need to Focus On

By Dan Schawbel, Managing Partner

WORKPLACE INTELLIGENCE

workplaceintelligence.com



Contents

Executive Summary 3

The Top 10 Workplace Trends for 2027 4

01 AI agents join the org chart 4

02 AI becomes the leading reason for layoffs, and the scrutiny follows 5

03 The first rung of the career ladder breaks 6

04 The Great Flattening creates a leadership pipeline crisis 7

05 Job hugging turns into quiet stagnation 8

06 AI intensifies work and burnout rises 9

07 Healthcare costs hit a 20-year high and shift to workers 10

08 Physical AI arrives on the frontline 11

09 The retirement gap keeps older workers on the job 12

10 Office mandates become a headcount tool 13

Conclusion 14

Acknowledgements 15

Endnotes 16



Executive Summary

The workplace in 2027 is defined by a single tension. AI is now powerful enough to reshape how organizations are built, but most companies are restructuring faster than they are proving the results. Layoffs, flatter org charts, and frozen entry-level hiring are being justified by AI, while workers stay put out of fear, absorb heavier workloads, and pay more for their healthcare.

The biggest shift is that **AI has moved from a tool workers use to a workforce that workers manage**. AI agents are joining the org chart, and supervising them is becoming a core job skill. At the same time, AI became the most cited reason for layoffs in 2026, even though the evidence that those cuts improve returns remains thin. In 2027, employees, investors, and regulators will start asking companies to prove it.

The **structure of the organization is also changing**. Companies are cutting management layers and skipping entry-level hires, which saves money today but weakens the pipeline of tomorrow's leaders. The first rung of the career ladder is breaking just as the middle rungs are being removed.

Workers are responding with caution. **Job hugging** has become the norm, with most employees staying in roles out of fear rather than commitment. Those who stay are absorbing more work, as AI raises output expectations instead of lightening the load. Burnout tied to AI is now measurable.

Costs are rising on every side. **Employer healthcare costs are projected to post their steepest increase in two decades**, and more of that burden is shifting to workers. Older employees plan to work longer to make up for it, but many are pushed out before they are ready. Meanwhile, return-to-office mandates keep tightening, and many employees now see them as a quiet way to reduce headcount.

On the frontline, **physical AI is arriving** in warehouses and factories, turning operations workers into robot collaborators and technicians.

Taken together, these trends point to a year where **proof, trust, and pipeline** matter most. Employers who can show that AI investments deliver real results, who protect the development of future talent, and who are transparent about their decisions will earn the loyalty of a cautious workforce. Workers who learn to direct AI rather than compete with it will be best positioned for what comes next.

Trend #1:
AI agents join the org chart

For the past three years, AI was something employees used. In 2027, it becomes something employees manage. AI agents that can complete multistep tasks on their own are moving from pilots into daily operations, and companies are starting to treat them as digital coworkers. BCG's 2026 AI at Work survey found that 47% of workers now spend more time managing and directing AI tools than performing the underlying tasks themselves.[1]

Adoption is accelerating quickly. In that same BCG survey, 30% of workers said AI agents are integrated into their workflows, more than double the share from the year before.[1] Gartner forecasts that spending on AI agent software will grow from $206.5 billion in 2026 to $376.3 billion in 2027.[2] With that level of investment, boards will expect agents to show up in how work actually gets done.



47%

of workers spend more time managing and directing AI than doing the underlying tasks

This changes what it means to be a good employee and a good manager. KPMG found that 92% of executives expect managing AI agents to become a critical skill within five years, and projects that digital assistants will grow from 28% to 36% of core technology teams by 2027.[3] Delegating to an agent, reviewing its work, and catching its mistakes are becoming as important as doing the work directly.

The risks are growing alongside adoption. A Cloud Security Alliance survey found that 82% of organizations discovered previously unknown agents operating inside their companies in the past year.[4] When no one knows which agents are doing what work with which data, accountability breaks down.

Leading organizations are responding by treating agents like part of the workforce. That means assigning each agent a human owner, defining what it can access, tracking its performance, and retiring it when it is no longer useful. HR and IT are increasingly sharing responsibility for this new layer of workers.

For employees, the message is clear: the most valuable skill in 2027 is not using AI, but directing it. Workers who learn to delegate to, supervise, and audit AI agents will become more valuable. Organizations that build clear ownership and governance for their digital workforce will capture the productivity gains. Those that let agents multiply unchecked will inherit new risks without the returns.

Trend #2:

AI becomes the leading reason for layoffs, and the scrutiny follows

In 2026, AI moved from a productivity story to a restructuring story. Companies began citing AI openly in layoff announcements, earnings calls, and regulatory filings. According to Challenger, Gray & Christmas data, AI became the most cited cause of U.S. layoffs in 2026, after accounting for roughly 5% of announced cuts in 2025.[5] By August, AI-attributed layoffs had reached 205,000 workers, already surpassing the total for all of 2025.[6]

The cuts have been concentrated in technology but are spreading. Oracle cut about 21,000 roles, roughly 13% of its workforce, tying the move to an AI cloud reorganization in its filings.[7] Challenger also reported that AI was the leading reason cited for chemical industry cuts in 2026.[5] Customer service, software development, HR, and internal communications roles have been among the most exposed.



The problem is that the payoff is unproven. Gartner surveyed executives at large companies deploying AI agents and automation and found that about 80% had reduced their workforce, yet studies have found no correlation between AI-related layoffs and improved ROI.[5] In many cases, companies are cutting people to fund massive AI infrastructure spending rather than because AI is already doing the work.

This gap will draw scrutiny in 2027. Employees who survive layoffs will question whether leadership has a real plan. Investors will ask for evidence that headcount reductions translate into results. Policymakers are already paying closer attention to how companies disclose AI-related job losses.

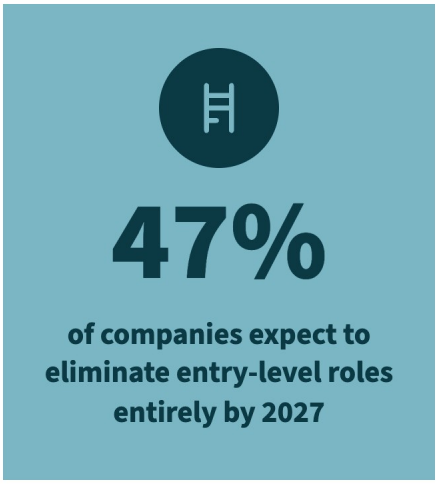
The smartest employers will separate the AI story from the cost story. They will be specific about which work AI is actually handling, redeploy talent where possible, and measure outcomes before announcing cuts. Companies that use AI as a convenient label for traditional cost-cutting risk damaging trust with employees and the public.

The age of the "AI layoff" is here. In 2027, the question is no longer whether companies will cite AI, but whether they can prove it.

Trend #3:
The first rung of the career ladder breaks

For generations, a college degree and an entry-level job were the reliable start of a professional career. That path is breaking down. Recent college graduates faced a 5.7% unemployment rate in the first quarter of 2026, well above the 4.3% national average, and 41.5% were underemployed in jobs that do not require their degree, according to the Federal Reserve Bank of New York.[8]

Employers are rethinking whether they need junior workers at all. A Resume.org survey found that 21% of companies have already frozen entry-level hiring because of AI, and 47% expect to eliminate entry-level roles entirely by 2027.[9] Many of the tasks once given to new hires, like research, drafting, data cleanup, and first-pass analysis, are now handled by AI tools.



Even "entry-level" jobs are becoming harder to enter. Indeed's chief economist has noted that more tech employers are moving away from hiring new graduates, with a growing share of postings asking for three to five years of experience.[10] Graduates are being asked for experience that fewer companies are willing to give them.

AI is not the only cause. A May 2026 study from the London School of Economics found that remote work is a better predictor than AI of the decline in entry-level hiring, because it raises the cost of supervising and training new employees.[10] Whatever the mix of causes, the result is the same: fewer places for young people to learn how work actually gets done.

This creates a long-term risk for employers. Today's entry-level hires are tomorrow's managers, specialists, and executives. Companies that stop hiring juniors to save money now may face a shortage of experienced talent in five years, with no internal pipeline to fill it.

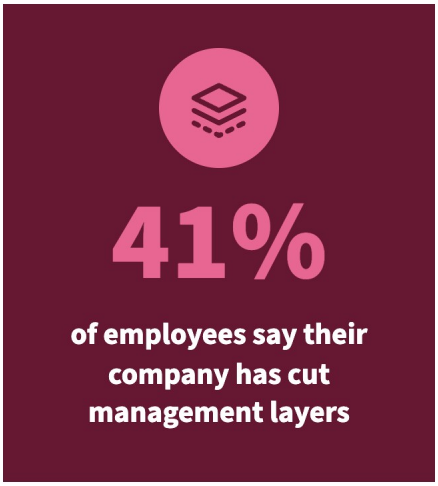
Some employers are betting the other way. Salesforce CEO Marc Benioff publicly pushed back on the idea that AI will kill entry-level jobs, announcing plans to hire 1,000 new graduates and interns to help build the company's AI systems.[11] Forward-looking organizations are redesigning entry-level roles around AI, pairing new hires with AI tools from day one and building structured apprenticeships that teach judgment, not just tasks.

The companies that rebuild the first rung will own the next generation of talent. Those that remove it will eventually have to buy experience at a premium.

Trend #4:
The Great Flattening creates a leadership pipeline crisis

Last year, we predicted that middle managers would be squeezed harder than ever. In 2026, many were simply removed. Companies cut management layers in the name of speed, cost, and AI efficiency. Gartner predicted that through 2026, one in five organizations would use AI to flatten their structure and eliminate more than half of their middle-management positions.[12]

The cuts have been high profile. Uber cut about 3,300 roles in September 2026, targeting a 20% reduction in managers and removing layers far below the CEO.[13] Across corporate America, Korn Ferry found that 41% of employees say their company has cut management layers.[14]



The consequences are now showing up. Among employees at companies that cut layers, 43% say leadership alignment has suffered and 37% feel directionless without enough guidance.[14] Remaining managers inherit larger teams, senior executives absorb more operational work, and frontline employees lose the coaching and career support that managers once provided.

The bigger risk is what happens to the next generation of leaders. Middle management has always been the training ground for senior leadership. When those roles disappear, so does the path to the top. And interest in that path is already low: only 6% of Gen Z and millennial workers name reaching a leadership position as their primary career goal, according to Deloitte's 2026 survey.[14]

How companies flatten makes a difference. A Blind survey of tech professionals found that organizations that redeployed managers into individual contributor roles saw faster decision-making and less disruption, while those that cut managers outright reported more productivity and communication problems.[15]

In 2027, organizations will need to rethink how they develop leaders in a flatter world. That means creating new paths to leadership through project ownership, rotational roles, and formal development programs, rather than relying on the old management ladder.

The leaders companies will need in 2030 are the managers they are tempted to cut today.

Trend #5:
Job hugging turns into quiet stagnation

The Great Resignation is a distant memory. Today's workers are holding onto their jobs as tightly as they can. A ResumeBuilder survey found that the share of workers who identify as "job huggers" jumped from 45% in August 2025 to 57% in February 2026, and 70% of them worry that AI could affect their job security within six months.[16]

The broader labor market explains why. The U.S. economy added just 29,000 jobs in September 2026, unemployment rose to 4.2%, and wage growth slowed to its lowest level since May 2021.[17] The voluntary quit rate has hovered around 2%, among the lowest levels in nearly a decade outside the pandemic.[18] Workers see few safe places to go.



On the surface, low turnover looks like good news for employers. In reality, it often hides disengagement. Many employees are staying out of necessity rather than commitment, and they are not bringing their best effort or ideas to work. Teams are full, but energy is low.

Job hugging also has a cost for workers. Atlanta Fed data shows that job switchers earned median wage growth of 4.7%, compared with 3.6% for those who stayed put.[19] Employees who stay too long in the wrong role miss out on pay increases, new skills, and career momentum.

The trend is not likely to reverse quickly. In the ResumeBuilder survey, 71% of workers said they expect to keep job hugging for at least another six months.[16] But when hiring picks up again, employers could face a sudden wave of departures from employees who have been waiting for an exit.

In 2027, smart employers will treat low turnover as a warning sign, not a victory. Regular stay interviews, visible internal mobility, and honest conversations about career growth can turn reluctant stayers into engaged contributors.

Companies that take loyalty for granted will be surprised when the market turns.

Trend #6:
AI intensifies work and burnout rises

AI was supposed to give workers time back. Instead, many employees are finding that the time AI saves is immediately filled with more work. A February 2026 ResumeTemplates survey found that 31% of workers say their workload has increased since AI was introduced at their company, while only 16% say it has decreased.[20]

Expectations are rising faster than efficiency. Among workers whose workload grew, 33% say they are now expected to do twice as much work as before.[20] AI use has also become an obligation: 60% of workers say their managers expect or require them to use AI.[20] The productivity gains are being captured by organizations as more output, not by employees as more balance.

The mental toll is becoming measurable. About 37% of workers report AI fatigue, describing exhaustion from constantly learning new tools and keeping pace with changing workflows.[21] Researchers from BCG, publishing in Harvard Business Review, coined the term "AI brain fry" to describe the mental fatigue that comes from overusing or overseeing AI tools beyond one's cognitive limits, and linked it to more errors, decision fatigue, and intention to quit.[22]

This is landing on top of an already stressed workforce. Robert Half reports that about 60% of employees describe some kind of burnout, driven by heavier workloads and a tough job market that keeps people clinging to their roles.[23]



31%

of workers say their workload increased after AI was introduced, versus 16% who say it decreased

The good news is that the way AI is deployed matters. The same BCG research found that workers who used AI to reduce time spent on routine and repetitive tasks reported burnout levels 15% lower than those who did not.[22] When AI replaces work, it helps. When it simply adds to work, it hurts.

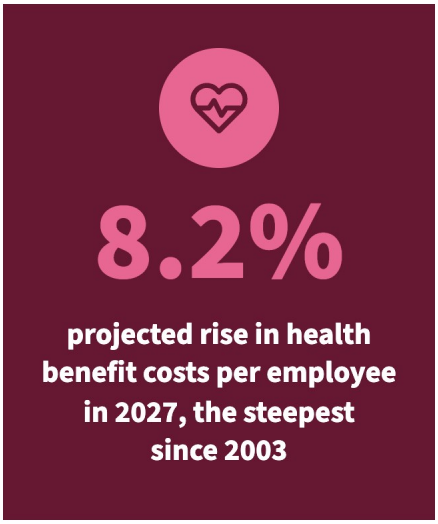
In 2027, employers will need to decide what to do with the time AI saves. Leaders who reinvest some of those gains into focus time, skill development, and sustainable workloads will see better retention and better work.

Those who treat every efficiency gain as room for more output will burn out the very people they need to make AI work.

Trend #7:
Healthcare costs hit a 20-year high and shift to workers

Healthcare costs were a major pressure point in 2026. In 2027, they become a crisis. Marsh projects that total health benefit cost per employee will rise 8.2% in 2027, the steepest increase since 2003, and that costs would rise about 11% before employers make plan changes.[24] Other major surveys point the same way: Aon projects a 9.5% increase that will push average costs above $19,000 per employee, and WTW projects an increase of 11.1% before plan changes.[25,26]

The longer view is even more striking. Business Group on Health found that employers expect a median 9.2% increase in 2027, and that healthcare costs could rise a cumulative 76% over the ten years from 2018 to 2027, more than double the rate of general inflation.[27] For three years in a row, actual costs have come in higher than employers predicted.[27]



The drivers are hard to control. Employers cite catastrophic claims, specialty drugs including GLP-1s, cancer care, chronic conditions, and hospital prices.[28] These are not costs that can be trimmed with small plan tweaks.

More of the burden is moving to employees. About two-thirds of large employers expect to increase workers' share of premium costs, according to Marsh.[24] Workers will feel this through higher premiums, higher deductibles, and narrower networks, at the same time that wage growth is slowing.

This turns benefits into a retention issue. Employees who are already job hugging may stay put partly to keep their coverage, while those who feel the cost increases most may disengage or look elsewhere. For employers, every dollar shifted to workers risks eroding the value of the total rewards package.

In 2027, the employers who stand out will be the ones who attack the underlying costs rather than simply passing them along. That includes greater transparency into where healthcare dollars go, value-based arrangements with providers, smarter pharmacy benefit strategies, and clear communication with employees about why changes are being made.

Healthcare is no longer just a line item. It is a test of whether employers can protect their people's financial health.

Trend #8:
Physical AI arrives on the frontline

Most of the conversation about AI at work has focused on desk-based jobs. In 2027, AI moves onto the warehouse floor, the factory line, and the loading dock. Physical AI, which combines robotics with the same advances powering generative AI, is attracting record investment. More than 70% of robotics venture funding in the first quarter of 2026 went to warehouse and industrial applications.[29]

The largest operators are already deep into automation. Amazon runs the world's largest warehouse robotics fleet, and retailers like Walmart are using AI-powered automated systems across their supply chains.[29] The next wave is more flexible robots that can learn new tasks and work in spaces designed for people. In April 2026, Accenture, Vodafone Procure & Connect, and SAP piloted humanoid robots in a Vodafone warehouse in Germany, where the robots received tasks from the warehouse management system and carried out inspections on their own.[30]



70%+

of Q1 2026 robotics venture funding went to warehouse and industrial uses

The pitch for these systems is as much about people as productivity. Companies point to fewer worker injuries, less overtime, and relief from labor shortages that are getting worse as populations age and fewer workers want physically demanding jobs.[29,30] Robots are increasingly taking on the heaviest, most repetitive, and most dangerous parts of frontline work.

The reality will be gradual. Gartner expects few companies to roll out humanoid robots in their supply chains before 2028, while simpler task-focused robots are already succeeding in warehouses today.[31] For most frontline workers in 2027, physical AI will look less like a humanoid coworker and more like smarter machines, mobile robots, and AI systems that guide their daily work.

This shift creates new kinds of frontline jobs. Workers will need to operate, monitor, troubleshoot, and maintain robotic systems, and to work safely alongside them. Operations roles are becoming more technical, and the skills gap that has hit office workers is now reaching the frontline.

In 2027, the employers who succeed with physical AI will be those who bring frontline workers into the process early, invest in training them as robot collaborators and technicians, and communicate clearly about how the technology will change their jobs.

Physical AI can make frontline work safer and more skilled, but only if workers are prepared for it.

Trend #9:
The retirement gap keeps older workers on the job

Retirement at 65 is becoming a goal rather than a guarantee. Rising costs and weak savings are pushing more Americans to plan for longer careers. According to the Employee Benefit Research Institute's 2026 Retirement Confidence Survey, 56% of workers plan to retire at 65 or older, yet Gallup puts the actual average retirement age at 61 to 62.[32]

That gap tells an important story. Many workers do not get to choose when they leave. Allianz Life's 2026 retirement study found that 42% of retirees left the workforce earlier than planned, often because of health issues, layoffs, or caregiving demands.[32] Workers are planning for years of income they may never earn.



56%

of workers plan to retire at 65 or older, but the average retiree stops at 61 to 62

Confidence is slipping. EBRI found that workers' confidence in having enough money to live comfortably in retirement fell 6 percentage points to 61% in 2026.[32] Some retirees are going back to work: a ResumeBuilder survey found that nearly 1 in 8 Americans age 65 and older have already returned to work or plan to rejoin the workforce in 2026, with cost of living as a major driver.[33]

For older workers who want to stay, the job market can be unwelcoming. AARP research found that nearly two-thirds of older workers believe it would be challenging to find another job, and older workers typically face longer stretches of unemployment than younger people.[34] In a year of layoffs and AI restructuring, experienced employees are often among the first considered for cuts.

This creates a paradox for employers. As entry-level hiring shrinks and management layers disappear, older employees hold much of the institutional knowledge organizations depend on. Losing them abruptly, especially without a plan to pass that knowledge on, leaves companies exposed.

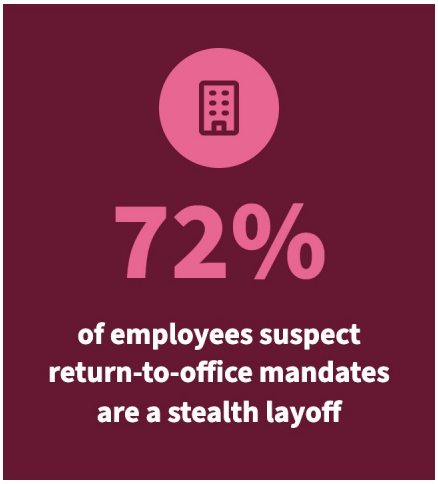
In 2027, forward-thinking employers will treat older workers as a strategic asset. That means offering phased retirement and flexible schedules, including experienced employees in AI training, and pairing them with younger workers to transfer knowledge.

With five generations in the workforce, the companies that make room for longer careers will hold onto expertise that cannot be easily replaced.

Trend #10:
Office mandates become a headcount tool

The return-to-office debate is no longer about where people work best. Increasingly, employees see it as a way to manage headcount. An Enhancv survey found that 72% of U.S. employees suspect return-to-office mandates are a "stealth layoff" designed to drive people to quit without the cost of severance.[35]

Mandates keep getting stricter. About 30% of companies now require employees to be on-site five days a week, up from 28% in 2025, and companies adding in-office days outnumber those reducing them by more than two to one.[36] Instagram moved to five days a week in February 2026, and Truist and TikTok made the same move earlier in the year, while Microsoft began requiring hybrid workers to come in at least three days a week.[37]



Much of the tightening is happening quietly. Only 23% of employers made formal changes to their remote or hybrid policies in the past year, meaning most of the shift is informal "hybrid creep," where expectations rise without an official announcement.[36] Employees feel the pressure even when the policy has not technically changed.

Employers have more leverage than before. In a weak job market, fewer workers are willing to walk away. A MyPerfectResume survey found that only 7% of workers would leave their job rather than accept a forced return to the office.[38] Compliance is rising, but that does not mean commitment is.

The costs show up in hiring. Greenhouse found that 42% of candidates would reject a job that requires five days in the office.[39] Strict mandates shrink talent pools, especially for experienced and in-demand workers who still have options. Working parents, caregivers, and employees who live far from offices bear the heaviest burden.

In 2027, transparency will separate employers who build trust from those who lose it. If the goal of a mandate is collaboration, leaders should explain why and design office time around it.

If the goal is reducing headcount, employees will figure that out, and the damage to trust will last long after the attrition target is met.



Conclusion

The workplace of 2027 is being rebuilt around AI, but the foundations are still being poured. Companies are adding AI agents, removing management layers, and cutting entry-level roles faster than they can show the results. At the same time, workers are holding on tight, absorbing heavier workloads, and paying more for the basics.

What unites these trends is a growing **proof gap**. Employers are making big bets on AI, flatter structures, and office mandates, while employees are waiting to see whether those bets pay off and whether their own futures are part of the plan. Trust is the currency that will decide who comes out ahead.

There is real opportunity in this moment. Organizations that measure what AI actually delivers, protect the pipeline of future talent at both the entry level and in management, and share the gains of productivity with their people will build a workforce that is both more capable and more committed. Workers who learn to direct AI, rather than compete with it, will become indispensable.

The next phase of work will not be defined by how much AI a company deploys, but by how well it leads people through the change. In 2027, success will come to those who pair bold technology decisions with **transparency, investment in people, and patience to build for the long term**.

2027 at a glance

47%	01 AI agents join the org chart	**205K**	02 AI becomes the leading reason for layoffs
47%	03 The first rung of the career ladder breaks	**41%**	04 The Great Flattening hits the leadership pipeline
57%	05 Job hugging turns into quiet stagnation	**31%**	06 AI intensifies work and burnout rises
8.2%	07 Healthcare costs hit a 20-year high	**70%+**	08 Physical AI arrives on the frontline
56%	09 The retirement gap keeps older workers on	**72%**	10 Office mandates become a headcount tool

Acknowledgements

About Workplace Intelligence

WORKPLACE INTELLIGENCE

Workplace Intelligence is an award-winning thought leadership and research agency focused on the world of work. We help companies, and their executives, tell their workplace story in a meaningful, relevant, and impactful way using primary data, insights, and interviews. We work with our clients to develop, publish, and promote content that generates publicity and marketing leads, and positions them as industry leaders.

About the Author

Dan Schawbel, Managing Partner

Dan Schawbel is a New York Times bestselling author and the Managing Partner of Workplace Intelligence, a thought leadership and research agency focused on the world of work.

WORKPLACE INTELLIGENCE

workplaceintelligence.com

Endnotes

1. Boston Consulting Group. AI at Work 2026.
2. Gartner. AI agent software spending forecast, 2026 and 2027.
3. KPMG. Global Tech Report 2026.
4. Cloud Security Alliance and Token Security. AI agent visibility survey, April 2026.
5. Challenger, Gray & Christmas and Gartner data. AI Layoffs by Company tracker, 2026.
6. Challenger data via Outsource Accelerator. AI-linked layoffs hit 205,000 workers in 2026.
7. Oracle SEC filing, as reported by Forbes, June 23, 2026.
8. Federal Reserve Bank of New York. The Labor Market for Recent College Graduates, Q1 2026.
9. Resume.org. Entry-level hiring and AI survey.
10. Indeed Hiring Lab at Fortune Workplace Innovation Summit 2026; London School of Economics, May 2026.
11. Salesforce. CEO statement on new graduate hiring, 2026.
12. Gartner. Prediction on AI-driven organizational flattening.
13. Uber workforce reduction, September 2026.
14. Korn Ferry. Workforce 2025 Survey; Deloitte. 2026 Gen Z and Millennial Survey.
15. Blind. Middle management flattening survey, May 2026.
16. ResumeBuilder.com. Job hugging survey, February 2026.
17. U.S. Bureau of Labor Statistics. The Employment Situation, September 2026.
18. Korn Ferry. The mounting ranks of job huggers.
19. Federal Reserve Bank of Atlanta. Wage Growth Tracker, February 2026.
20. ResumeTemplates.com. AI and workload survey, February 2026.
21. ResumeTemplates.com survey via Allwork.Space, February 2026.
22. Boston Consulting Group researchers in Harvard Business Review. AI brain fry study, 2026.
23. Robert Half. Burnout survey, 2026.
24. Marsh. 2026 National Survey of Employer-Sponsored Health Plans.
25. Aon. 2027 U.S. health care cost projection.
26. WTW. 2026 Best Practices in Healthcare Survey.
27. Business Group on Health. 2027 Employer Healthcare Strategy Survey.
28. International Foundation of Employee Benefit Plans. Health Care Costs Pulse Survey: 2027 Cost Trend.
29. Warehouse and logistics robotics market overview, 2026.
30. Accenture. Accenture, Vodafone Procure & Connect and SAP pilot humanoid robotics, April 22, 2026.
31. Gartner. Humanoid robot adoption outlook.
32. EBRI 2026 Retirement Confidence Survey; Gallup, April 2026; Allianz Life 2026 Retirement Study.
33. ResumeBuilder.com. Seniors rejoining the workforce survey, December 2025.
34. AARP Research, as reported by Business Insider.
35. Enhancv. Return-to-office survey, March 2026.
36. WorkTime. Return-to-office statistics 2026.
37. Return-to-office mandates from major corporations, 2026.
38. MyPerfectResume. Return-to-office survey, 2026.
39. Greenhouse. Candidate survey on office requirements.