
Reuben Mark Initiative for
Organizational Character and
Leadership Research Series

Mixed Signals: Employer and Employee Responses to Generative AI

Leadership Implications

- Generative AI is significantly reshaping the composition of the white-collar workforce. For business leaders, the question is no longer whether generative AI will reshape the workforce, but how, and at what human cost.
- While companies adjust business strategies to adapt to AI, many employees feel left behind due to a lack of transparency regarding organizational decisions, which has led to a lack of trust in the C-suite.
- The gap between employer adaptation and employee anxiety points to a clear leadership problem, one where leaders could improve communication to guide people through the change.

The release of ChatGPT in November 2022 marked one of the most consequential labor-market shocks in recent memory. Unlike previous waves of automation that primarily displaced manual and routine work, generative AI threatens white-collar roles that were once considered immune to technological disruption. For business leaders, the question is no longer whether generative AI will reshape the workforce, but how, and at what human cost. New research affiliated with the Reuben Mark Initiative for Organizational Character and Leadership, under the auspices of the Bernstein Center for Leadership and Ethics at Columbia Business School, offers the first large-scale empirical evidence on how both employers and employees are responding.

In “Employer and Employee Responses to Generative AI: Early Evidence,” Bernstein Faculty Leader Wei Cai and co-authors Philip G. Berger of the University of Chicago, Lin Qiu of Purdue University, and Cindy Xinyi Shen of Northwestern University, analyzed 13 years of human resources data leading up to and beyond ChatGPT’s release. Their findings reveal a striking mismatch between how S&P 1500 firms and their employees are experiencing the same technological disruption.

Different Responses

Using high-frequency job-posting data from more than 60,000 employer websites, Cai and co-authors found that firms with high concentrations of white-collar workers significantly curtailed hiring after ChatGPT's release. Weekly job postings at firms with the most exposure declined by as much as 18.9 percent, a shock comparable in scale to hiring declines during the COVID-19

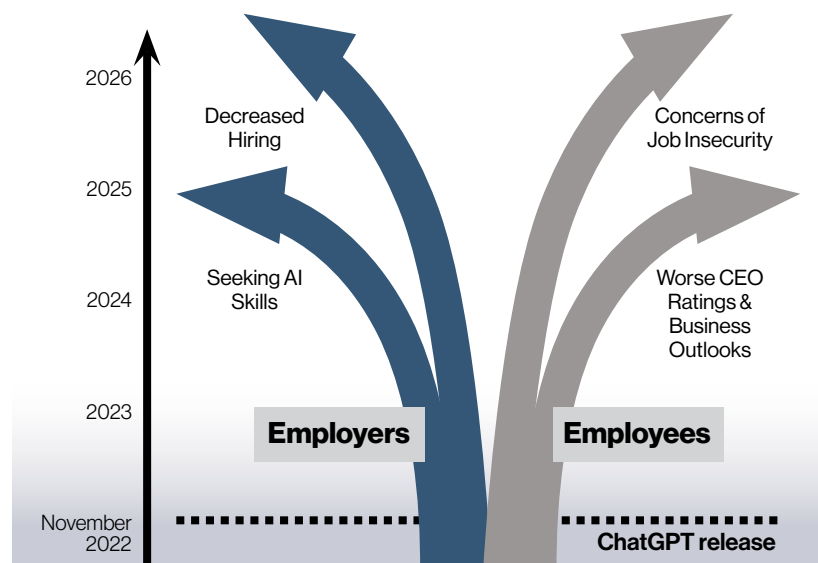
While employers worked to implement strategic shifts in hiring decisions, employees at the same firms felt left in the dark.

pandemic. The decline was not uniform, though. Lower-level white-collar roles, such as administrative positions, junior analysts, and entry-level office jobs, bore the brunt, while demand rose for higher-level technical and managerial roles. Firms with

greater digital readiness, stronger financial positions, and more technically skilled workforces responded most aggressively by cutting lower-level hiring and accelerating demand for AI-related skills.

While employers worked to implement strategic shifts in hiring decisions, employees at the same firms felt left in the dark. Analyzing Glassdoor review data, the researchers found significant declines in CEO approval ratings and business outlook scores, particularly among junior employees. A detailed analysis of employee reviews revealed specific drivers: they increasingly expressed concerns about job insecurity and a lack of transparency from management. The researchers also examined data on more than 15.8 million workers who changed jobs after ChatGPT's release to understand how workers were adapting. They found employees in vulnerable roles were more likely to pivot toward AI-related work or reposition into less vulnerable occupations.

A Gap in Responses



The average effects observed among affected employers and employees reveal a gap that could prove challenging for leaders.

Conclusions

The research surfaces important nuances beneath the headline findings. For example, junior employees bear a disproportionate share of the anxiety as shown by the sharpest decline in CEO approval coming from that group. Interestingly, the negative outlook on the business future is shared across seniority levels, suggesting unease is not confined to those most at risk of displacement. Women face an additional challenge, proving significantly less likely than male colleagues to pursue either of the adaptation strategies, raising questions about gender barriers in navigating AI-driven change. Lastly, firms that might be expected to lead adaptation — those that are R&D intensive — show a different pattern, cutting hiring across all levels rather than redirecting it upward, while simultaneously increasing demand for AI-related skills.

How generative AI is introduced and framed within organizations matters. Leaders who position it as a tool that augments employee capabilities, rather than one used to monitor performance or reduce headcount, are more likely to maintain workforce trust. Transparent communication about how roles will evolve and what new skills will be valued can help reduce the anxiety already taking hold at high-exposure firms.

Read the full working paper:

Employer and Employee Responses to Generative AI: Early Evidence

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Wei Cai

Assistant Professor,
 Accounting Division
 Columbia Business School

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