

32 A Changing Organizational Pyramid

In a 2026 study of the US labor market, the European Central Bank found “growing evidence that **AI is negatively affecting employment for junior workers in highly exposed occupations**” but its overall impact on labor was muted so far.¹

It stands to reason. With current employees using AI to do more with less, fewer ground-up trainees are needed to do the more repetitive, entry-level work.

That efficiency could create another challenge. As current workers upskill and AI automates entry level work, how does HR develop the talent pool to fill experienced middle-management roles?

AI is Reshaping Hiring

In another early signal, Mark Zandi, chief economist at Moody’s Analytics, said that **AI might be influencing the slowdown in jobs** in NYC.² “There is a general view in financial services and professional services that A.I. holds enormous promise for doing things with less people,” he said, adding, “That does affect hiring decisions.”

AI “Doesn’t necessarily mean we’re going to lay off employees who are currently doing those jobs,” said **Chief People Officer Amy Cappellanti Wolf**, “but it may enable them to do higher-order work or be retrained in other areas. These workers have institutional knowledge, and we want to keep that in the company.”³

While many jobs still require human judgment, creativity, and context that AI cannot replicate, executives are seeking concrete evidence that human involvement is essential before approving new hires. **All of that said, HR execs are wise to assume that some entry level jobs will be combined, and eventually eliminated.**

The Shrinking Base

Any reduction in entry level jobs will require HR to fill voids so that the organization doesn't lose the institutional knowledge new associates would have otherwise developed over time.

A mental visual image may help depict the gap.

Typical organizational structures resemble pyramids, with a wide base of entry level workers gradually rising into a smaller number of mid-career and management employees. The triangle is topped off by a small apex of senior leadership.



Typical Organizational Chart

Assuming AI reduces the number of entry level workers needed, the outer and lower edges of the pyramid will be clipped. **The resulting organizational structure will look more like an A-Frame house, rather than a pyramid.**



The AI-Induced Org Chart

The Risk of a Weak Center

HR executives are right to be concerned about a narrower base because of what it might do to the middle and top of the house. Assuming normal attrition and turnover remain constant, the middle floors of the house will shrink, and potentially the apex as well.

Organizations who don't replenish their foundation may be left with fewer experienced mid-career people who know the business. **Their house may start looking like an arrow.**



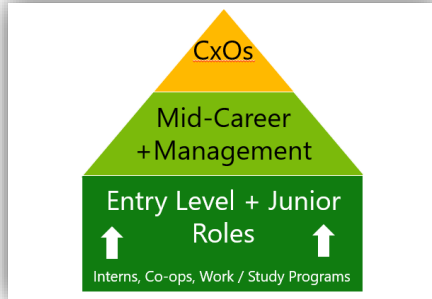
The Risk of a Hollow Middle

Homes with weak load bearing walls have problems, and organizations without a well-staffed middle layer may too. They'll lack knowledgeable resources who know their customers, competition, and processes. They'll also lack a strong pool of executives in training.

Shoring up the Middle

Savvy HR executives are planning to address the vacuum in the middle. Since they can't expand the width of the pyramid again, they **can** fortify the base of their organization in a new way - making the house *taller* - by building another layer that lifts the house upward.

One way to do this is by expanding their recruitment pool of undergraduate students, in the form of co-ops and internships. Selective hiring of second-and-third year students gives the organization a temporary, AI-savvy workforce, and a shortcut to offer top performers future full-time employment. This replenishes the overall available pool of resources that can fill the middle layer, albeit on a longer timeframe.



A Taller Base Can Replenish the Middle

Firms with college recruitment experience and especially those with university relations personnel will have a leg up here. Many large consultancies (BCG, Accenture, Bain) are offering interns return offers at the start of their senior year in college, preparing them to start ~12 months later.

Today such programs may simply be onboarding shortcuts, but as they mature, they can start to develop the skillsets and company culture that will qualify their bottom layer for mid-career and management employees. This will help to overcome the missing corners of the base and avoid a vacuum of knowledge in the middle.

Summary

The benefits may only be realized over a longer time horizon, but is one of the ways HR can ensure a strong pipeline of talent in the age of AI and overcome a shrinking entry-level workforce. Another key to success in the AI era is by upskilling its entire staff, the subject of the next chapter.

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- ¹ https://www.ecb.europa.eu/press/economic-bulletin/focus/2026/html/ecb.ebbox202604_01~d9259db536.en.html
- ² <https://economictimes.indiatimes.com/news/international/us/new-york-city-job-market-2025/articleshow/123322601.cms>
- ³ <https://www.raconteur.net/talent-culture/hr-2025-resolutions>