



Recruitment Trends Report

October 2026

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About Manatal

Manatal AI recruitment software is a next-generation Applicant Tracking System (ATS) designed to simplify and accelerate the entire hiring process. Established with the vision of democratizing access to advanced recruiting technology, Manatal has transformed the recruiting industry by making enterprise-grade AI accessible to teams of all sizes.

At its core is a proprietary AI engine, trained on millions of data points, which delivers industry-leading accuracy in resume parsing, candidate analysis, and profile enrichment. This intelligence empowers recruiters to engage talent more effectively and ensures frictionless collaboration among hiring managers and agencies, from initial sourcing to final onboarding.

Today, Manatal continues to pioneer the market with cutting-edge AI innovations, including the first MCP server integrations with ChatGPT and other AI chatbots, an autonomous AI interviewer, and advanced recommendation algorithms.

Since its launch in 2019, the platform has been adopted by over 10,000 organizations across 140 countries.

LOVED BY 10,000+ TEAMS WORLDWIDE


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Executive Summary

The late 2026 labor market is being reshaped by six interconnected shifts: operational AI adoption, changing skill demand, declining entry level opportunities, persistent employee turnover, uncertainty over AI returns, and a growing preference for job stability. Although overall U.S. employment remains relatively stable, employers are changing what they hire for, how they develop talent, and where they invest in workforce capabilities.

For HR leaders, talent acquisition teams, and business executives, the challenge is to translate these changes into sustainable strategies. In this report we will examine six recruitment trends shaping late 2026 and outlines how organizations can adapt hiring priorities, strengthen talent pipelines, retain critical skills, and prepare their workforces for continued technological change.

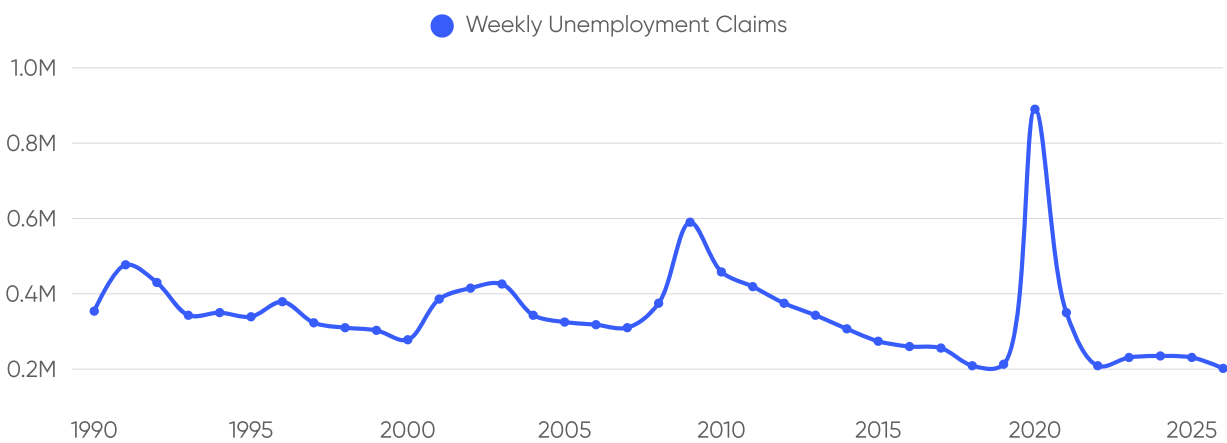
The Core Shifts

- 1** Tech shifts the AI load: Non-tech industries now account for 63% of all AI job listings while U.S. employment holds steady.
- 2** AI exposed jobs are projected to grow at a median rate of 3.3%, but demand is shifting toward specialized, high paying roles and away from routine administrative work.
- 3** Widespread LLM adoption has triggered a hiring slump for fresh graduates, cutting entry level earnings by 13% and driving graduate unemployment to 5.7%.
- 4** UK job vacancies fell to 702,000, while declining demand for graduate level roles highlights growing barriers for early career technical talent.
- 5** AI exposed graduates saw starting pay drop 13% and employment fall 5%, while UK computer science graduates entering software roles fell from 40% to 28%.
- 6** Gallagher reports that 63% of U.S. employers face annual employee turnover of at least 10%, while AI investments take an average of 28 months to deliver financial returns that outweigh adoption costs.
- 7** Gartner warns that 30% of employees laid off due to AI could need rehiring by 2029, while companies that reinvest AI productivity gains in innovation and upskilling are better positioned for long term growth.
- 8** The Stepstone Group finds that 77% of workers prioritize job security over career advancement, while 74% of candidates report greater difficulty securing interviews.

Tech Cuts, but AI Hiring Gains Ground

U.S. initial jobless claims reached a seasonally adjusted 196,000 for the week ended September 12, 2026, falling by 10,000 to their lowest level since mid July and coming in below economists' expectations of 208,000. The four week moving average also declined by 2,750 to 203,250, reinforcing signs of labor market stability.

US unemployment claims fell to 196,000 per week



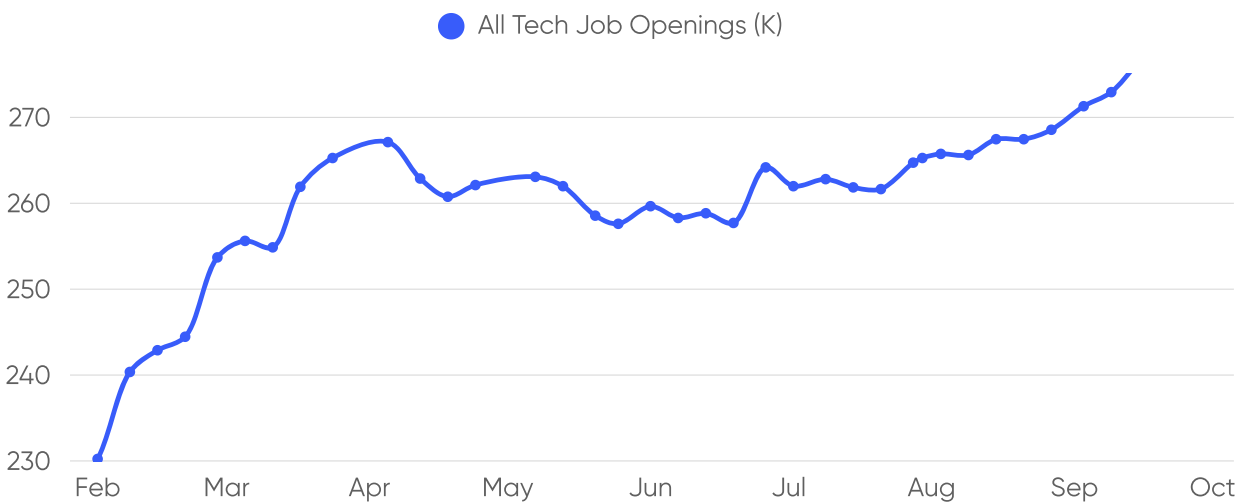
Source: LinkedIn

The U.S. unemployment rate held at 4.1% in August, unchanged from July. Economists cautioned that Labor Day seasonal fluctuations may have influenced weekly jobless claims, making it unclear whether the decline signals sustained labor market improvement.



Tech Cuts, but AI Hiring Gains Ground

Tech job openings jump



Source: [Business Insider](#)

In the technology sector, employment grew by 86,000 in August even as U.S. tech companies cut roughly 14,700 positions underscoring a structural shift. During September, total active tech job postings reached nearly 600,000. Over 320,000 of these listings required AI related skills, reflecting a 4.5% month over month increase, with non tech industries like retail, manufacturing, and administrative services driving 63% of all AI related postings.

Tech Cuts, but AI Hiring Gains Ground

What Leaders Should Do

CEOs, CHROs, and CIOs in non tech sectors should capitalize on broader labor market and tech sector restructuring to absorb employment seeking workers specializing in AI.

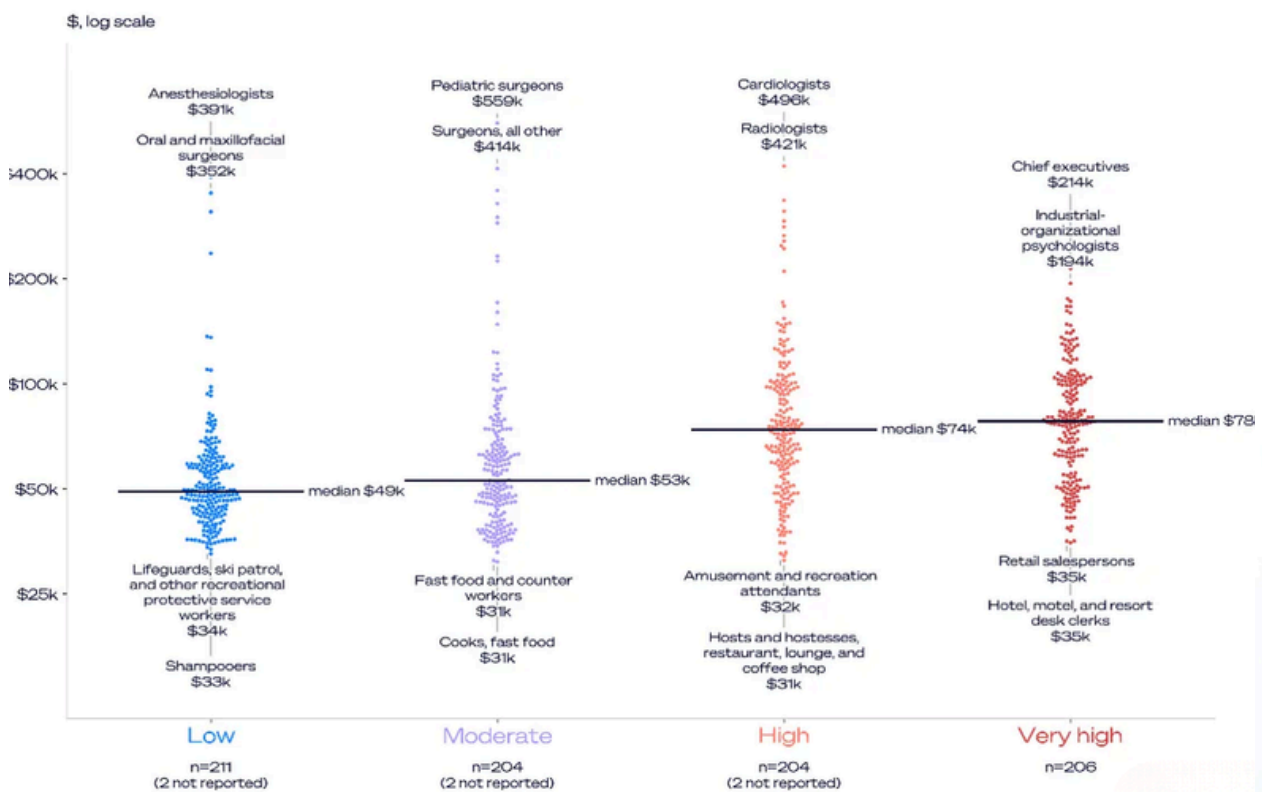
How Manatal Helps

Manatal's AI Advanced Search and Candidate Enrichment Engine help recruiters identify potential candidates by searching for relevant skills, experience, and professional information across more than 20 public platforms. The Sourcing Hub, which provides access to over 700 million external candidate profiles, expands the search beyond active applicants, helping non-tech organizations uncover specialized AI talent and build targeted talent pools without relying solely on incoming applications.

AI exposed Jobs Real Impact

Looking at the overall U.S. workforce, median annual earnings vary significantly by AI exposure level. The typical white collar occupation with very high AI exposure earns a median salary of \$78,000, compared to \$49,000 for occupations with low AI exposure which tend to involve hand on or physical labor.

Median annual wage by AI exposure category



Source: Recruitonomics

AI exposed Jobs Real Impact

The latest figures show renewed job losses, with payroll employment falling by 13,000 in July, matching the revised June decline and bringing cumulative cuts since autumn 2024 to 190,000. Retail and hospitality have been hit hardest, losing 140,000 and 100,000 jobs since January 2024, while healthcare added 145,000 jobs over the past two and a half years.

The BLS combines five external studies to create its own AI exposure metric

AUTHORS	MEASURING	SOURCE OF MEASUREMENT
Felten, Raj, and Seamans (2020)	Whether AI capabilities are related to occupational abilities	Humans: mTurk survey respondents
Eloundou, Manning, Mishkin, and Rock (2023)	Whether LLM capabilities could decrease the time needed to complete occupational tasks	Humans: LLM experts LLM: GPT-4
Eisfeldt, Schubert, Taska, and Zhang (2023)	Whether LLM capabilities could decrease the time needed to complete occupational tasks	LLM: GPT 3.5 Turbo
Massenkoff and McCrory (Anthropic, 2026)	AI observed exposure based on Claude data	LLM: Claude
Tomlinson, Jaffe, Wang, Counts, and Suri (Microsoft, 2025)	AI applicability to occupational activities based on Microsoft Copilot data	LLM: GPT-4o, GPT-4o-mini, and GPT-5

BLS relative AI exposure scale

The five sources above are combined and clustered into four ordered categories of relative AI exposure



Source: Recruitonomics

AI exposed Jobs Real Impact

What Leaders Should Do

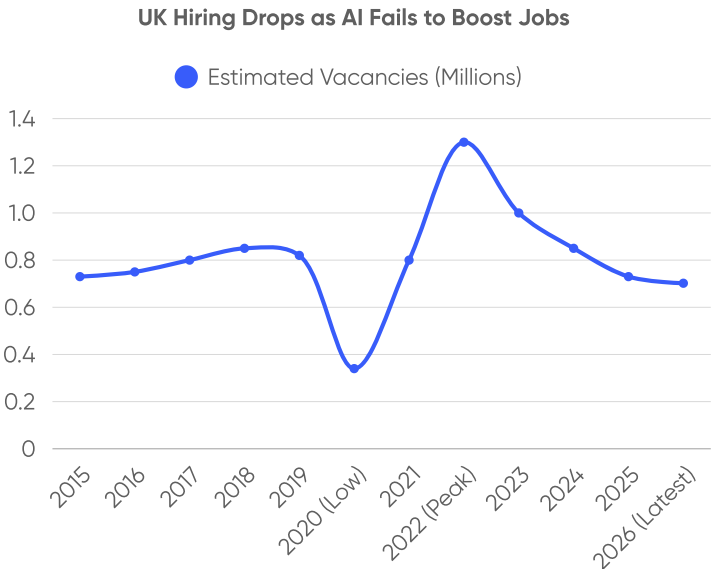
Workforce planning teams and department heads should treat high AI exposure as a signal to redesign job roles rather than cut overall headcount. Instead of eliminating junior positions as AI absorbs routine tasks, leadership must transition entry level roles into AI augmented supervisory positions focused on strategic oversight and communication.

How Manatal Helps

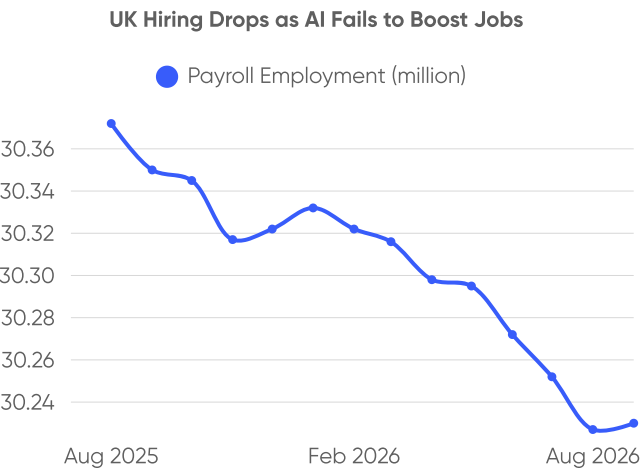
Manatal's AI Recommendation Engine & Candidate Scoring solve this by shifting candidate screening from rigid past tenure toward skills first criteria like core competencies, learnability, and technical certifications. Recruiters can fine tune match weightings to surface adaptable talent for AI augmented supervisory roles, while centralized Talent Pool Management enables teams to organize early career candidates and safeguard their future leadership pipeline.

UK Hiring Slump Continues Into September

The UK Office for National Statistics reported in September 2026 that job openings fell to 702,000, marking the weakest hiring market since 2014 apart from a brief period during the pandemic. Total vacancies dropped 4.9% year on year, driven by feedback from the ONS Vacancy Survey indicating that smaller businesses are scaling back hiring due to rising employment costs.



Source: Recruitonomics



Source: Recruitonomics

The UK labor market saw payrolled employment drop to 30.2 million in August after losing 26,000 jobs. Since peaking at over 30.4 million in early 2024, the market has shed a cumulative 220,000 positions. Despite the unemployment rate holding steady at 4.9%, overall hiring demand shrank for the 34th month in a row.

Annual GDP grew by over 2% in early 2026, yet the UK labor market continues to weaken. Rising employment costs and other economic pressures are weighing on hiring across traditional industries, while early-career technical talent faces additional challenges.

UK Hiring Slump Continues Into September

What Leaders Should Do

To offset statutory wage increases and National Insurance headwinds, enterprise teams should pivot from high volume graduate hiring toward targeted apprentice programs, dual vocational pathways, and AI augmented junior roles. Leadership must regularly audit total hiring expenses reallocating budget away from traditional recruitment agency fees toward internal upskilling and skills based assessments.

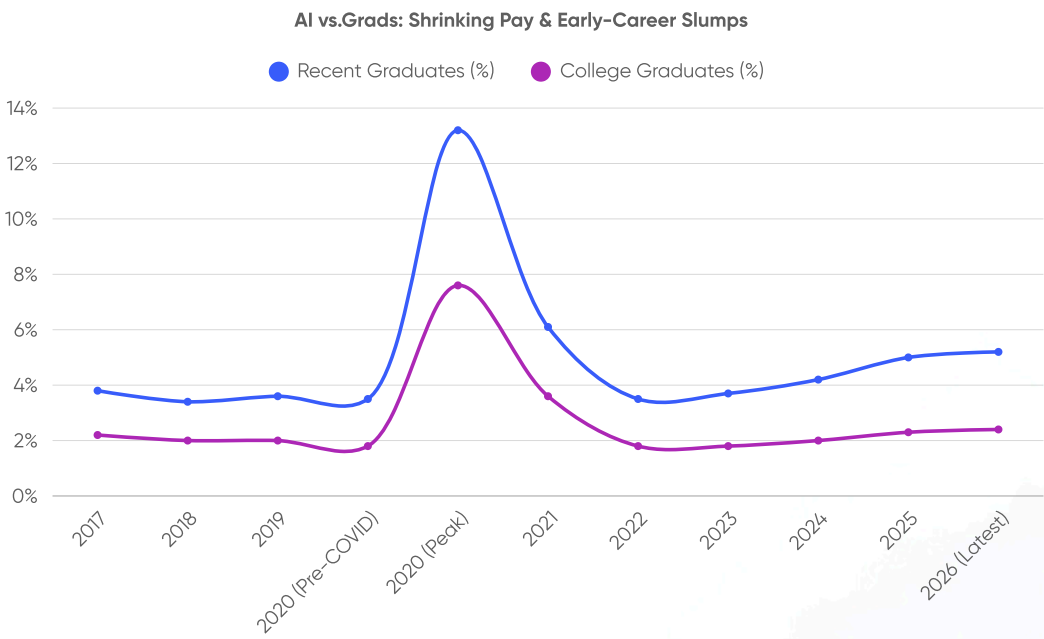
How Manatal Helps

Manatal's Recruitment Analytics provides clear visibility into hiring performance and recruitment costs, helping leaders identify expensive stages in the process, evaluate channel effectiveness, and allocate budgets more efficiently. This enables organizations to streamline early career hiring and manage graduate recruitment expenses without compromising on quality.

AI vs. Grads: Shrinking Pay & Early Career Slumps

A September 2026 study reported by Bloomberg found that college graduates entering AI exposed fields saw starting earnings drop by 13% and employment fall by 5% following generative AI's adoption. Beyond AI, broader macroeconomic cooling, shrinking corporate training budgets, and a preference for mid career hires pushed recent graduate unemployment to 5.7% in June 2026 nearly double the 2.9% rate for all degree holders.

The unemployment rate for recent graduates is nearly twice that of all graduates



Source: Bloomberg

AI vs. Grads: Shrinking Pay & Early Career Slumps

Internationally, early career opportunities experienced a similar contraction. In the UK, the share of computer science graduates securing coding jobs dropped from 40% to 28% in a single year, while overall graduate level employment fell to 50%, down from over 60% two years earlier.

The figures point to growing challenges for early career jobseekers, driven by a combination of AI adoption and broader hiring conditions.

As employers reassess workforce needs and hiring demand shifts, some graduates may accept lower paying jobs outside their fields of study. This could limit opportunities to build relevant experience and weaken long term career progression.

AI vs. Grads: Shrinking Pay & Early Career Slumps

What Leaders Should Do

Campus recruitment teams and department managers can strengthen early career hiring by redesigning entry level roles around practical skill development and AI assisted work. Rather than reducing graduate intakes, employers can automate routine tasks while giving graduates hands-on experience in critical thinking, problem solving, and job specific responsibilities. Structured onboarding, mentorship, and training in AI assisted workflows help graduates build relevant experience and prepare for future specialist roles.

How Manatal Helps

Manatal's AI Interviewer automates initial high volume screening at scale, enabling hiring teams to evaluate early career candidates efficiently and consistently. Paired with the AI Recommendation Engine & Match Scoring, the platform shifts evaluation away from rigid work histories toward skills first metrics such as core competencies, technical credentials, and learnability ensuring recruiters identify top graduate talent quickly without getting bogged down in manual resume reviews.

Turnover and AI Costs Shape Workforce Growth

Findings from Gallagher’s 2026 US Workforce Trends Report based on a survey of 3,717 US employers show a persistent gap between revenue growth expectations and staffing capacity, as elevated employee turnover throttles organizational momentum. While 61% of surveyed US employers anticipate revenue expansion by 2027, only 50% expect workforce headcounts to increase, highlighting significant workforce capacity constraints. Furthermore, 63% of employers reported yearly turnover rates of 10% or higher, elevating retention to a top HR priority for 57% of organizations and a top operational concern for 39%. Despite conducting engagement surveys, 57% of employers have failed to turn employee feedback into actionable retention solutions.

US Workforce Trends: Contrasting Growth vs. Hiring Constraints



Turnover and AI Costs Shape Workforce Growth

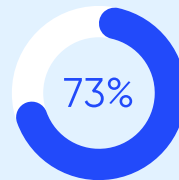
The integration of artificial intelligence introduces structural adoption timelines and workforce dynamics. According to Gallagher's survey findings, 71% of organizations have partially or fully operationalized AI, with employers reporting that financial returns take an average of 28 months to outweigh adoption costs. Future HR AI adoption remains strong, as 73% of employers expect to expand AI use by 2028.

At the same time, maintaining employee trust and addressing security concerns remain critical implementation factors, with 29% of organizations identifying loss of trust as a key barrier to navigate.

AI ROI Dynamics



28-Month Payback Period



Headcount Increase



Trust Barrier

Turnover and AI Costs Shape Workforce Growth

What Leaders Should Do

Business unit heads and workforce strategy teams should treat AI productivity gains as resources for reinvestment rather than an automatic trigger for headcount cuts. Before eliminating roles, department managers can assess opportunities to redeploy employees into growth initiatives and provide training for evolving responsibilities. Regular reviews of AI driven efficiency gains, skill gaps, and future staffing needs help organizations reduce the risk of costly rehiring while preserving institutional knowledge and supporting long term innovation.

How Manatal Helps

Manatal's Employee Portal provides a centralized space designed specifically for internal staff to explore open positions, apply for transfers, and manage their internal recruitment journey. By leveraging the Employee Portal to support internal mobility, organizations enable employees to seamlessly switch into roles that better match their evolving skills and career goals, helping retain institutional knowledge and reducing reliance on external hiring.

AI Layoffs Could Lead to Costlier Rehiring

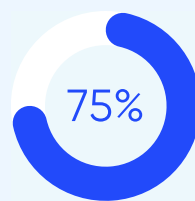
Gartner predicts that by 2029, 30% of employees laid off due to replacement by AI will need to be rehired, often at a significantly higher cost. The research indicates that while workforce cuts deliver short term financial gains, they deplete talent pipelines and erode institutional knowledge. Additionally, flat or declining global labor force growth increases competition for required talent, which raises recruitment, training, and onboarding expenses.

Furthermore, Gartner projects that by 2027, 75% of organizations focused on capturing AI productivity gains purely as cost savings will be outperformed by competitors that reinvest those gains into innovation, modernization, and workforce upskilling.

Hidden financial risks of AI-driven headcount cuts



Rehiring Penalty by 2029



Performance Lag by 2027

AI Layoffs Could Lead to Costlier Rehiring

What Leaders Should Do

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How Manatal Helps

Manatal's Internal Employee Portal allows employees to view and apply for internal job openings, supporting internal mobility as business needs evolve. By giving employees greater visibility into available roles, organizations can retain experienced talent, preserve institutional knowledge, and reduce reliance on external recruitment.



Why Job Hunters Are Choosing Safety Over Growth

Hiring is becoming more challenging at both ends of the talent pipeline. Recent research from The Stepstone Group shows workers placing greater emphasis on job security, while early career candidates encounter significant barriers to securing their first opportunities. Driven by economic uncertainty, employees are increasingly risk averse, while graduates and career starters face a constrained hiring market.

Labor Market Trend	Percentage	Key Takeaway
Prioritizing Security Over Career	77%	Over three quarters of employees value job security over career advancement.
Finding Interviews Harder	74%	A vast majority of candidates report increased difficulty getting invited to interviews.
Facing Higher Job Requirements	65%	Candidates report experiencing stricter hiring standards than three years ago.
Recruitment Difficulty	46%	Nearly half of HR decision makers find recruiting harder than last year.
Skills Shortage Bottleneck	44%	Employers cite finding candidates with the required skills as their top hurdle.

Why Job Hunters Are Choosing Safety Over Growth

What Leaders Should Do

Talent acquisition teams and employer branding specialists should strengthen their employer value proposition by highlighting career stability, professional development, and the value of gaining experience with a recognized industry leader. A strong employer brand gives candidates a compelling reason to join, including the opportunity to build marketable skills, work on meaningful projects, and add a respected company name to their résumés. Clear career progression, structured mentorship, and transparent job requirements further reinforce this appeal while helping attract skilled candidates in a more competitive hiring market.

How Manatal Helps

Manatal's Career Page helps organizations strengthen their employer brand by showcasing company culture, values, and job opportunities in one place. By presenting a professional and consistent candidate experience, employers can communicate what makes their organization an attractive place to work and encourage qualified candidates to apply.

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- *UK: September 2026 – GDP Keeps Growing Thanks to AI as Job Losses Mount*
- *AI may be denting computer science graduates' job prospects, UK data shows*
- *Poor talent retention continues to throttle company growth*
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- *Gartner Identifies 4 Shifts Shaping the Future of Work*

Acknowledgements

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Thank You

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