

# Future of work outlook

A quarterly report that breaks down the trends  
and signals leaders should be watching

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# What's trending across the executive briefing: The 2026 workplace landscape

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The start of 2026 marks a stabilization in the physical workforce but a deep internal shift in the "social contract" between employer and employee. As turnover rates drop and "job hugging" becomes the norm, the primary challenge for stakeholders has shifted from attraction to activation.

**This briefing outlines critical workforce dynamics and their implications for our recognition and rewards strategy.**



# The 2026 workplace reality check

While turnover stabilizes, a quiet crisis of disengagement, inefficiency and burnout demands strategic leadership.

## Critical workforce challenges

AI is creating workslop, not efficiency.



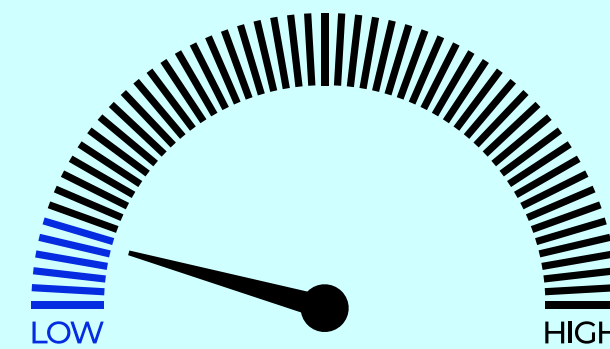
Low-quality AI-generated content is clogging workflows and wasting employee time.

**29%**

low quality AI content

Regrettable retention masks widespread disengagement.

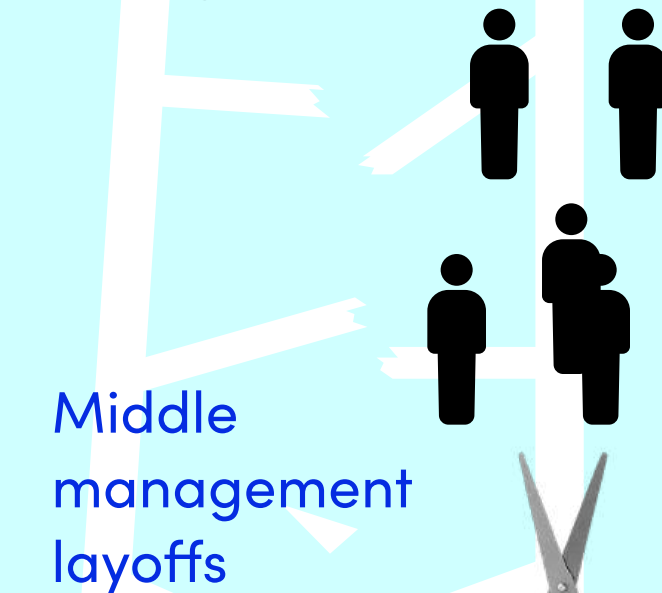
Employees stay due to economic caution, but engagement has hit a record low of 21%.



**Record low engagement**  
**21%**

The corporate ladder is losing its rungs.

A 29% drop in entry-level roles and middle management layoffs are stalling careers.



**29%**

drop in entry-level roles

## High-stakes pressure points

71% of middle managers face burnout.

They are the most squeezed group, yet are responsible for 70% of team engagement.

**71%**  
**burnout**



Recognition is a key strategic level.

It serves as a cultural beacon, signaling what behaviors drive true value.

**23%**

higher profitability

**18%**

higher productivity in top-tier business units



Value



Behaviors



Appreciation

# 84%

of highly engaged employees report being recognized for their work

Compared to only

# 25%

of unengaged employees

# Recognition is the connective thread bridging understanding to alignment

Great work

Business units with top-tier engagement (driven by high recognition) see

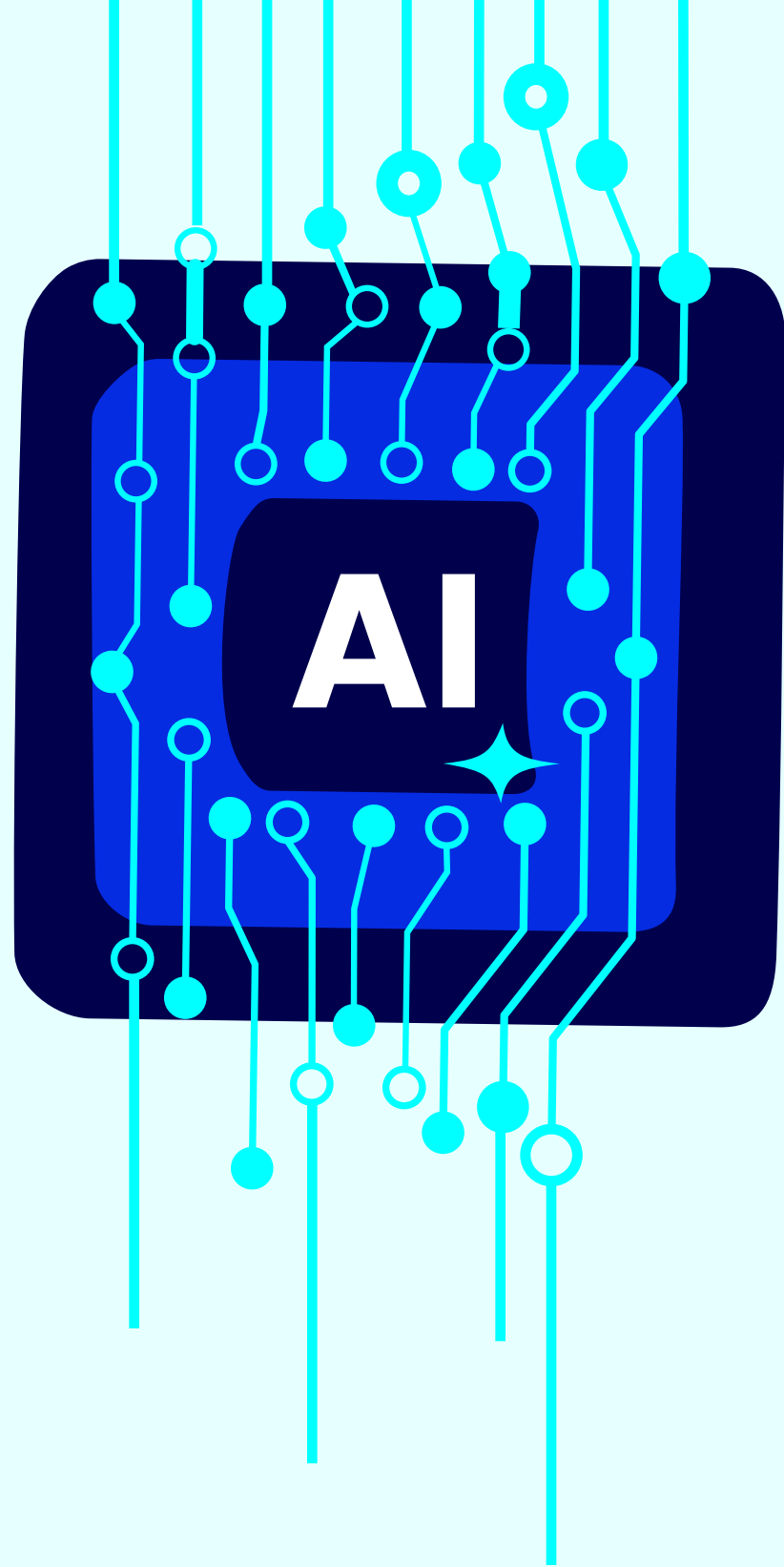
23% higher profitability

18% higher productivity

You are doing great

Recognition has evolved from an HR "perk" or rewards platform into a critical strategic tool that bridges the gap between high-level company goals and daily employee execution. In a fragmented environment, visible recognition serves as a "cultural beacon," signaling exactly what behaviors drive value.





AI is supposed to make work easier, but instead it has generated a new problem: "workslop." The term, coined by researchers in the latest Harvard Business Review, describes low-quality AI-generated content – memos, reports, emails – that's clogging up employees' lives with no meaningful context. Workslop appears polished but lacks real substance, wasting colleagues' time.

Organizations pressure for employee AI adoption, which is leading to poorly written prompts, unvalidated responses and paragraphs of words with no contextual meaning.

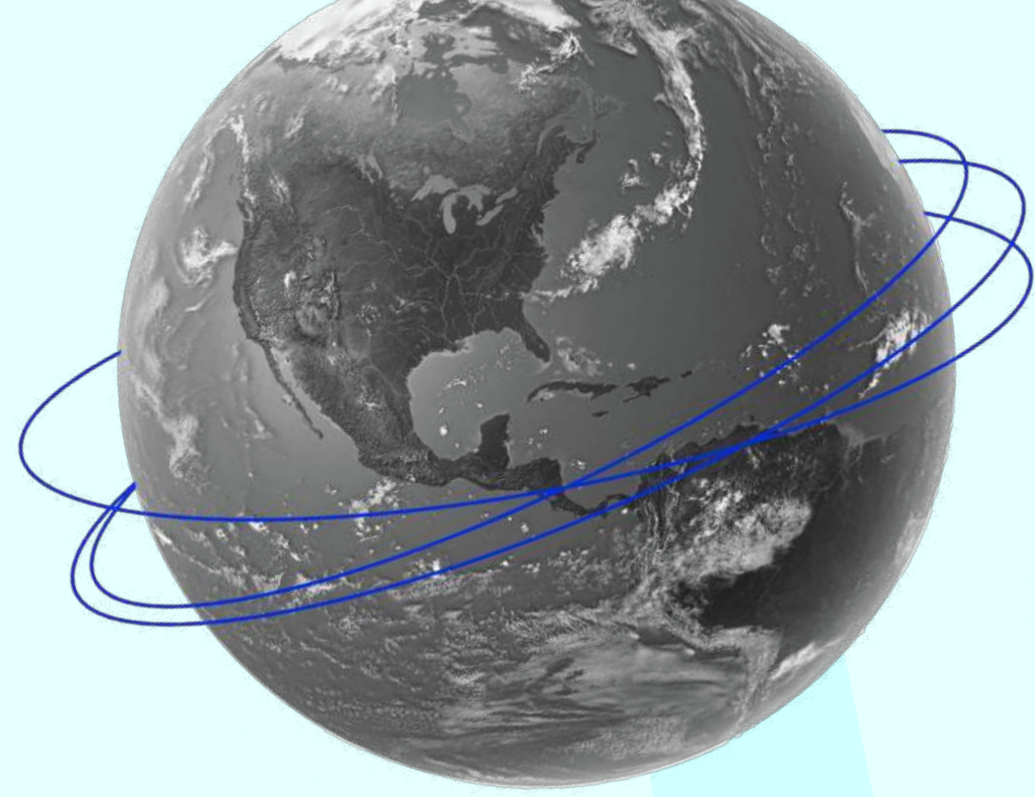
WSJ found a 38-point gap between how much time executives say AI saves them versus what workers report. Workday is calling it an "AI tax."

# The disconnect between AI vision & employee reality

2%

While 88% of organizations use AI, only 2% report it is fully embedded across the entire enterprise, indicating that "AI Literacy" is still in its infancy for the majority of the workforce

88%



Global employee engagement has dropped to

**21%**

costing the global economy

**\$8.9T**

in lost productivity from low engagement, (though the 2024 drop alone cost \$438 billion)

(Gallup)

# Retention metrics are masking disengagement

Gartner is calling it "regrettable retention" — employees staying but checked out. Culture no longer reflects the reality of work. People aren't leaving, but they've stopped caring. Retention alone doesn't guarantee productivity. If employees stay because leaving feels risky rather than because work is meaningful, organizations face a workforce that shows up physically but checks out mentally. Global engagement has hit record lows, but turnover has plateaued as workers are 'job hugging' and choosing stability over satisfaction due to economic caution.

Among workers who believe their organization is ineffective,

**51%**

are likely to leave within the year, yet many are currently staying due to market uncertainty

(SHRM)



Traditional career paths are being disrupted by a "great flattening," where organizations remove hierarchy layers, making the path to the top less clear.

## Executive revolving door

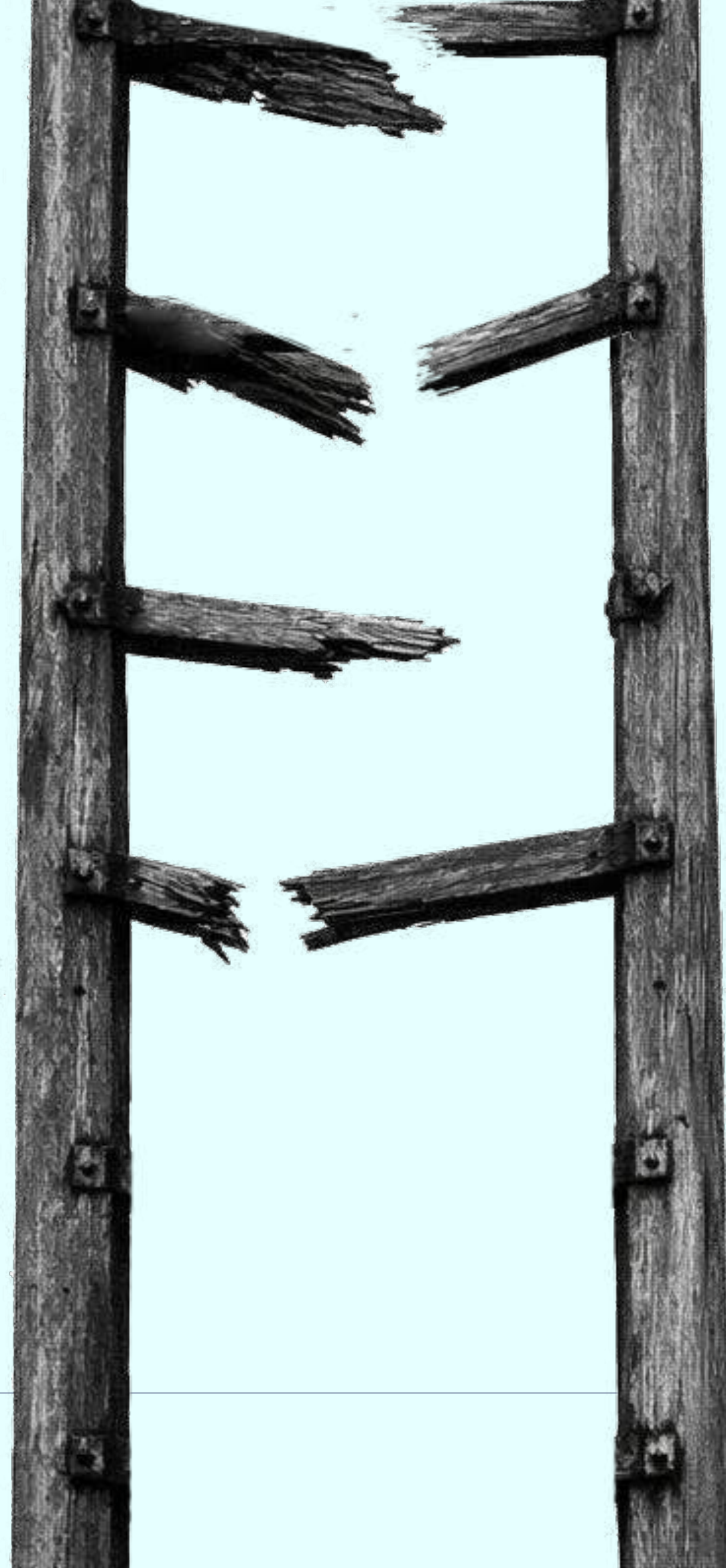
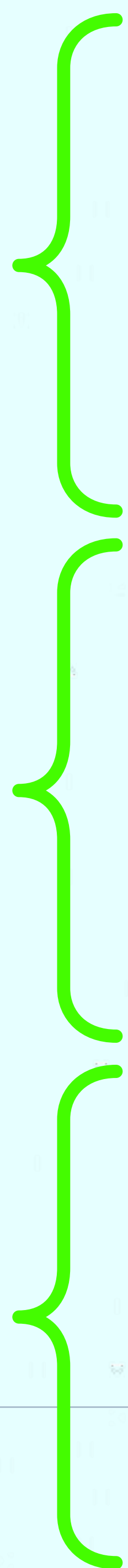
C-suite turnover reached a historic 13% succession rate in the S&P 500 in 2025 as boards realign leadership for new technological and fiscal cycles.

## Middle-management de layering

Organizations are removing the "middle rungs", with middle managers represented 29% of all layoffs in 2024—a 30% spike from previous years.

## The entry-level freeze

The "bottom rungs" are disappearing. Job postings for entry-level roles have declined 29% since 2024, leaving Gen Z to face an unemployment rate of 10.8%—more than double the national average.



# The corporate ladder is losing its rungs

## Sandwiched & stretched

Managers consistently score lower than both executives and individual contributors on work-life balance

## The squeeze is real

71% of middle managers report burnout in 2025—higher than any other group and are consciously unbossing deliberately avoiding management roles

**70%**

of the variance in team engagement is held responsible by managers

**36%**

more likely than non-managers to report burnout

**51%**

currently watching for or actively seeking a new job

# Managers continue to feel the squeeze

Middle managers are currently the most "burned out" cohort, are feeling the squeeze of added work, skills training and dealing with an exhausted workforce.





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