AI Labor Market Update

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KEY INSIGHTS

LinkedIn's Economic Graph provides a real-time view of how AI is reshaping the global labor market across 1.3B+ members. In this edition, we find that AI adoption is advancing unevenly in the US, UK, India, France, and Germany, shaped by macroeconomic conditions, firm size, geography, and industry dynamics.

1. Macroeconomic effects or AI: A closer look at entry-level hiring

- **Entry-level hiring is slowing but not collapsing disproportionately:** Across the US, UK, France, Germany, and India, entry-level hiring in the last three months has fallen broadly in line with overall hiring, likely due to economic uncertainty.
- **Productivity gains may be reshaping junior pipelines in AI-augmented occupations:** In AI-augmented occupations (like Software Engineer and Data Analyst) entry-level hiring has softened more sharply in the last three months (-8.9% YoY in the US vs. -1.9% overall), but hiring still remains most resilient in AI-augmented roles compared to roles that are AI-disrupted or AI-insulated.

2. How company size affects AI adoption

- **Using AI talent hires as a proxy for AI adoption, large firms are in the lead:** Large companies employ the highest share of AI talent, 4% of employees on average, reflecting their greater capacity to invest in infrastructure, governance, and large-scale deployment.
- **SMBs and micro firms are catching up:** In France and the UK, SMBs posted a higher share of AI roles in 2025 than large firms (1.7% vs. 1.3% in France; 3.1% vs. 2.0 % in the UK), while micro firms (which can include startups) in Germany (1.8% share) and the US (3.5%) showed the strongest AI talent demand. This push for AI hiring comes at a time when US startups are operating with fewer employees, with average headcount down 26% in their first year compared to 2021, possibly due to AI-driven efficiencies.
- **SMB skill growth reflects practical deployment:** The fastest-growing AI skills in SMBs, such as AI Agents, LLMOps, AI Productivity, and Azure AI Studio (Foundry), suggest a focus on pragmatic, productivity-enhancing uses of AI.

3. The geography of AI talent: AI talent hubs

- **Local ecosystems are crucial in shaping AI adoption:** Cities like Cambridge (3.2% share), San Francisco (3.0%), Bengaluru (3.0%), and Grenoble (1.6%) far exceed national averages of AI engineering talent, underscoring the role of universities, research strength, and anchor employers in tech and advanced industry.
- **AI demand is spreading nationally:** In the last three months, the share of AI job posts grew by +55% YoY in Germany versus +38% in Berlin, and in France, national growth (up +10% YoY) persisted even as Grenoble declined (-7%), indicating demand is diffusing beyond core hubs.

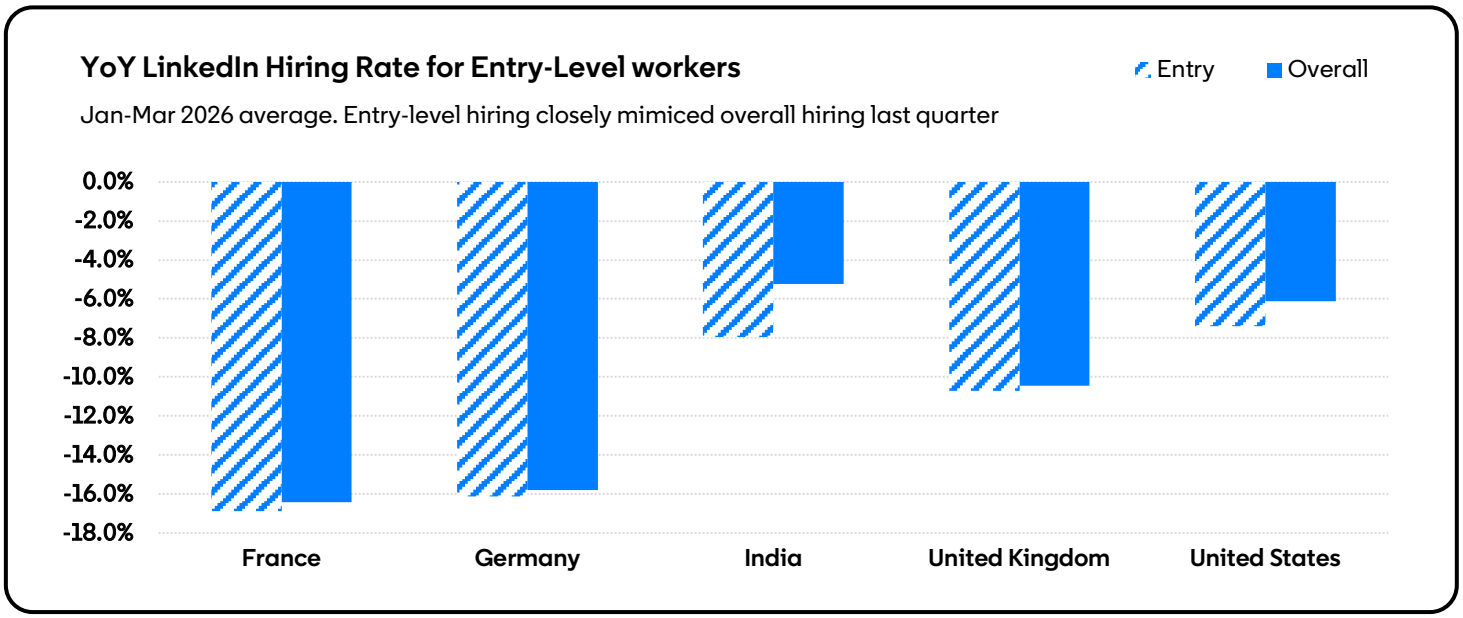
4. Sector deep dive: Manufacturing

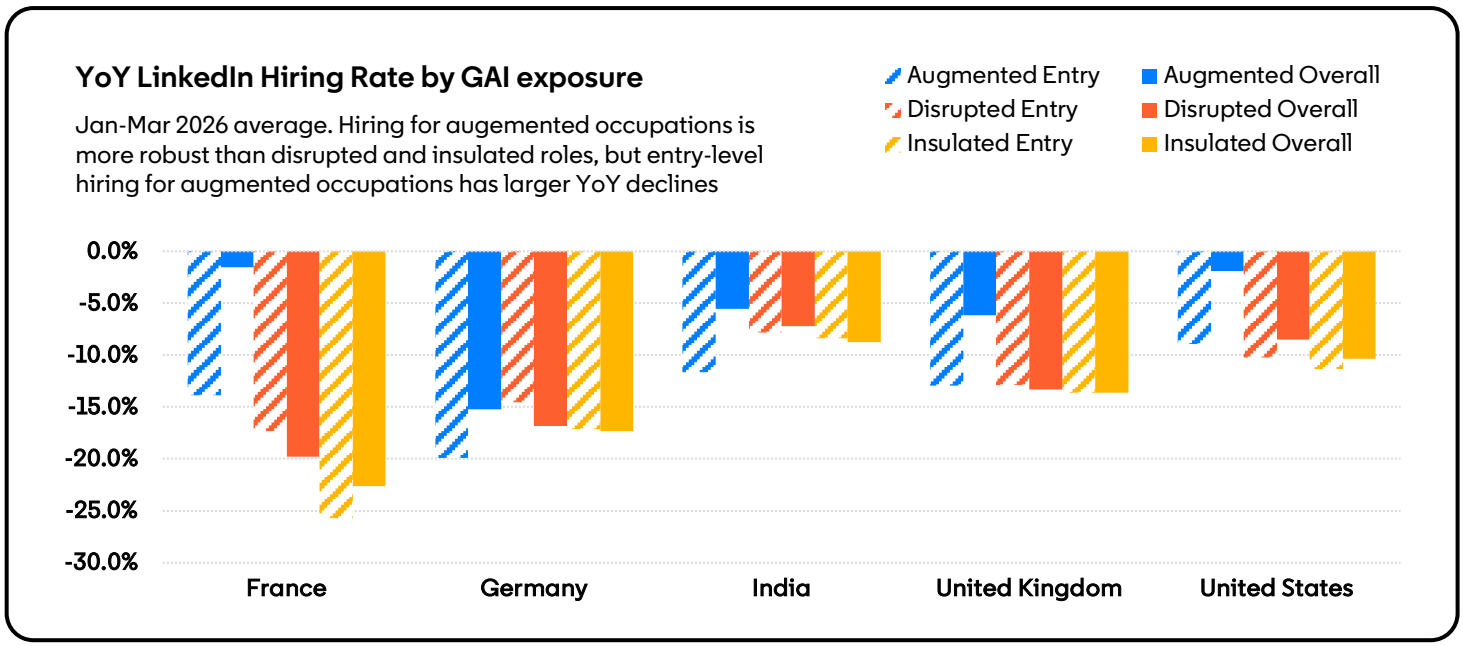
- **Manufacturing's demand for AI talent has softened despite workers' efforts to upskill:** The share of AI engineering talent in manufacturing continues to grow, up 2.5x in Germany since 2016 and 4x in India, while the share of manufacturing AI job posts has softened. This levelling of AI demand is not unique to manufacturing and reflects the broader trend in national AI job posts in last quarter's AI Labor Market Update.

MACROECONOMIC EFFECTS OR AI: A CLOSER LOOK AT ENTRY-LEVEL HIRING

AI is increasingly framed as displacing jobs, especially entry-level roles, but hiring data suggests a more nuanced story that is hard to separate from broader economic uncertainty. Across the UK, US, Germany, France, and India, entry-level hiring has declined at roughly the same pace as overall hiring, rather than collapsing disproportionately.

Compared to disrupted or insulated roles, hiring remains most resilient in AI-augmented roles, which require a combination of AI replicable and human centric skills. However, entry-level hiring within augmented occupations has seen larger YoY declines than augmented roles overall. Analyzing the last three months, US entry-level hiring for augmented roles fell -8.9% YoY, compared to -1.9% for augmented roles overall. At the same time, entry-level hiring for disrupted and insulated roles is declining broadly in line with overall trends, not diverging sharply. Taken together, the data suggest that employers may be pulling back on junior hiring in roles where AI could be boosting productivity, potentially relying more on experienced workers to implement and scale new tools (like software engineers). However, this may be cyclical and organizational, rather than evidence that AI is uniquely shutting young workers out of the labor market.

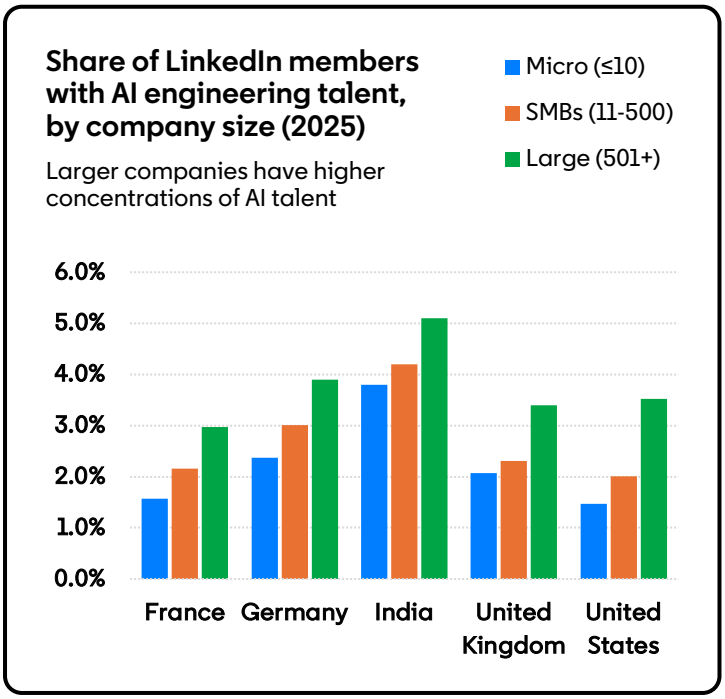


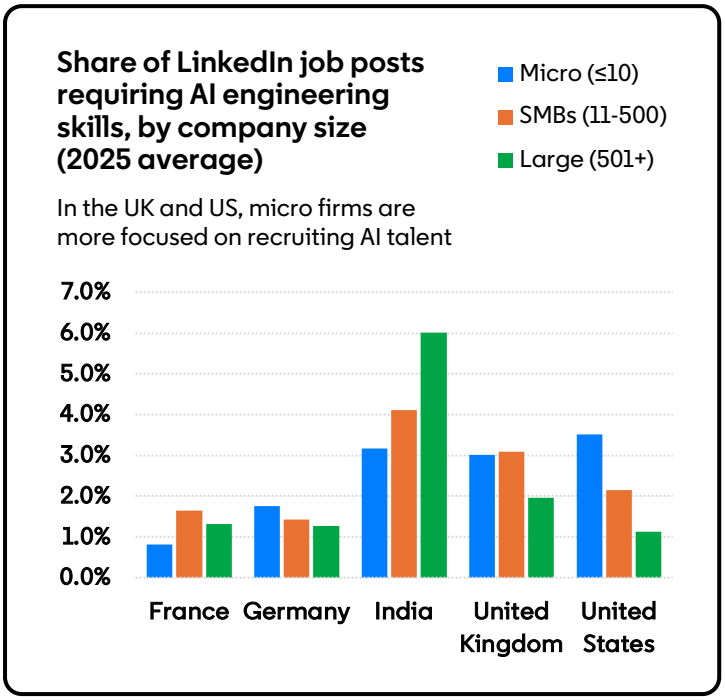


HOW COMPANY SIZE AFFECTS AI ADOPTION

Larger companies employ a greater share of AI talent, reflecting their capacity to invest in infrastructure, governance, and large-scale deployment. Using the share of AI engineering talent as a proxy for AI adoption, this gradient suggests that while AI capability accumulates as firms scale, SMBs serve as a bridge between early experimentation and full enterprise deployment, rather than being left behind. This is also highlighted by the larger share of AI job posts from SMBs in France (1.7% of job posts compared to 1.3% from large firms) and the UK (3.1% to 2.0%). Micro firms (which can include startups) in Germany (1.8%) and the US (3.5%) have the largest share of AI job posts, but SMBs still hold a greater share than large firms. This push for AI hiring comes at a time when US startups are operating with fewer employees, with average headcount down 26% in their first year compared to 2021, possibly due to AI-driven efficiencies.

The fastest-growing AI engineering skills in SMBs in 2025, such as AI Agents, AI Productivity, LLMOps, and Azure AI Studio (Foundry), point to a focus on operationalizing AI with lean teams. SMBs could benefit most from recent AI advancements, adopting AI pragmatically to leverage platforms, agents, and tooling to boost productivity without the scale advantages enjoyed by large enterprises, and without the greenfield flexibility of micro firms like startups.





AI Engineering upskilling in SMBs

In 2025, SMBs upskilled in the latest AI tech, like AI Agents, and skills required to operationalize AI

Skill Rank	France	Germany	India	United Kingdom	United States
1	LLMOps	AI Agents	AI Agents	AI Agents	AI Agents
2	Responsible AI	AI Productivity	AI Productivity	AI Productivity	AI Productivity
3	OpenAI API	OpenAI API	Azure AI Studio	AI Strategy	Azure AI Studio
4	LangChain	LLMOps	Intelligent Agents	LLMOps	AI Strategy
5	Artificial Intelligence	Responsible AI	Automated Feature Engineering	OpenAI API	Amazon Bedrock

THE GEOGRAPHY OF AI TALENT: AI TALENT HUBS

A small number of hubs far exceed national averages for AI talent concentration, underscoring the importance of local ecosystems in shaping AI adoption. Across countries, the leading hubs share recurring features: proximity to top research universities, deep pools of technical talent, and strong links to anchor employers in tech or advanced industry. University-anchored ecosystems stand out: Cambridge (where 3.2% of members have AI talent), Oxford (1.7%), Grenoble (1.6%), and Karlsruhe (1.5%) all benefit from world-class engineering and computer science institutions that act as long-term talent pipelines. At the same time, global tech centers such as San Francisco (3.0%), Seattle (2.4%), and Bengaluru (3.0%) combine research intensity with dense networks of AI startups, big tech offices, and venture capital.

Most hubs show rising AI job demand, but national growth is often keeping pace, and in some cases outpacing leading cities. Germany's national AI job posts share grew by +55.2% YoY versus +37.6% in Berlin, and France grew by +9.7% nationally despite a -7.3% decline in Grenoble, pointing to a broader demand for AI talent regionally. That said, several hubs stand out for their rapid acceleration in AI job demand: AI job posts in Munich increased by +67.0% YoY and in Toulouse by +67.3% YoY.

Share of LinkedIn members with AI engineering talent by market area

Jan-Mar 2026 average. A small number of hubs far exceed national averages, led by Cambridge (3.2%), San Francisco (3.0%), and Bengaluru (3.0%)

	France	Germany	India	United Kingdom	United States
1	Grenoble 1.6%	Berlin 2.1%	Bengaluru 3.0%	Cambridge 3.2%	San Francisco 3.0%
2	Toulouse 1.5%	Munich 1.8%	Hyderabad 1.9%	Reading 1.7%	Seattle 2.4%
3	Paris 1.4%	Karlsruhe 1.5%	Vijayawada 1.7%	Oxford 1.7%	Austin, Texas 2.3%
National	**0.8%**	**1.2%**	**1.0%**	**0.9%**	**0.9%**

Share of LinkedIn job posts requiring AI engineering skills by market area, Year-over-Year

Jan-Mar 2026 average. The YoY growth in the share of AI job posts shows national growth alongside hub expansion

	France	Germany	India	United Kingdom	United States
1	Grenoble -7.3%	Berlin +37.6%	Bengaluru +52.3%	Cambridge +50.5%	San Francisco +32.6%
2	Toulouse +67.3%	Munich +67.0%	Hyderabad +51.0%	Reading +20.5%	Seattle +15.5%
3	Paris +17.9%	Karlsruhe +13.1%	Vijayawada +45.5%	Oxford +37.7%	Austin, Texas +16.4%
National	**+9.7%**	**+55.2%**	**+59.5%**	**+32.3%**	**+24.7%**

SECTOR DEEP DIVE: MANUFACTURING

Across major manufacturing economies, the supply of AI engineering talent continues to rise, even as employer demand cools. Germany's AI engineering talent concentration in manufacturing grew from 1.1% in 2016 to 2.8% in 2025, while India continues to rapidly scale its AI talent workforce (a quadrupling to 2.0% in 2025). At the same time, hiring demand has instead softened: the share of manufacturing job posts requiring AI engineering skills declined from 1.5% in 2021 to 0.9% in 2025 in the US, and from 1.3% in 2020 to 0.8% in Germany. The divergence in these two trends may reflect firms embedding AI into existing workflows rather than expanding dedicated AI hiring. This levelling of AI demand is not unique to manufacturing and reflects the broader trend in national AI job posts in last quarter's AI Labor Market Update.

Fastest growing AI Skills in the Manufacturing Sector

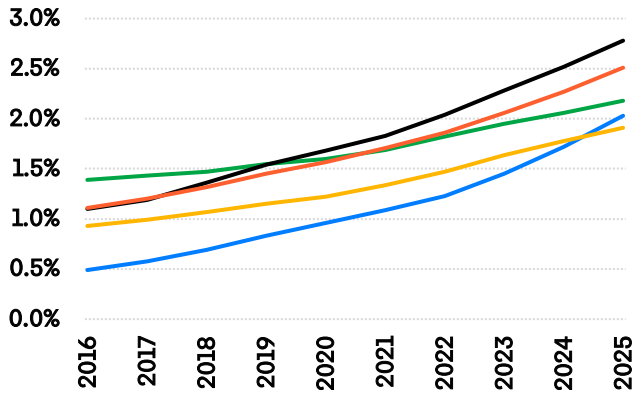
A regional divide emerges between upskilling in the latest AI tech and prioritizing Responsible AI

Skill Rank	AI Engineering Skill	AI Literacy Skill
France	Responsible AI	AI Prompting
Germany	AI Productivity	AI Prompting
India	AI Agents	AI Prompting
United Kingdom	Responsible AI	Prompt Engineering
United States	AI Agents	Anthropic Claude

AI upskilling varies by region and has shifted toward deployment and usability. In France and the UK, Responsible AI is now the fastest-growing AI engineering skill, reflecting a growing emphasis on safety, compliance, and governance as AI is integrated into manufacturing environments. At the same time, upskilling is keeping pace with newer AI capabilities: AI Agents are growing fastest in India and the US, supporting use cases such as production scheduling and supply chain optimization. Broader AI literacy efforts are also evolving, with upskilling increasingly focused on prompting, and a notable shift toward adoption of Anthropic's Claude in the US (compared to the previous year's upskilling efforts in Midjourney (#2 in 2024) and ChatGPT (#3 in 2024)).

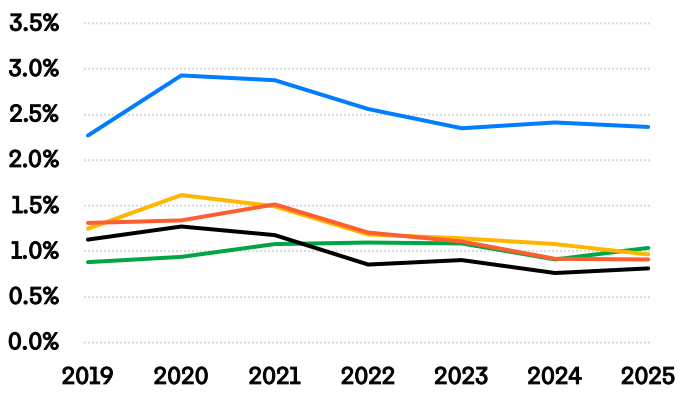
Share of LinkedIn members in manufacturing with AI engineering talent

Germany leads with a 2.8% share of AI talent in its manufacturing workforce



Share of LinkedIn manufacturing job posts requiring AI engineering skills (yearly average)

Job posts requiring AI skills make up a small fraction of





APPENDIX

Methodology

AI Talent. A LinkedIn member is considered AI talent if they add AI skills to their profile and/or they have ever held an AI occupation.

The LinkedIn Hiring Rate (LHR) is a measure of hires divided by LinkedIn membership in the country. This analysis looks at the changes in hiring rate between this month and the same month in the previous year. This is based on members' profile updates using the start date of a new job.

LinkedIn AI job posts. A job post is labelled as requiring AI talent if it either (i) lists at least two AI engineering skills, or (ii) is associated with an AI occupation. Talent demand is defined as the proportion of all job post in a country that meet these criteria.

AI Talent Concentration. The counts of AI talent are used to calculate talent concentration metrics, e.g., to calculate the country-level AI talent concentration, we use the counts of AI talent in a country divided by the counts of LinkedIn members in that respective country.

GAI-Exposure Occupations. Augmented occupations require a mixture of skills that are GAI replicable and human-centric, disrupted occupations utilize skills largely replicable by GAI, and insulated occupations use few GAI replicable skills.

Company size. For analysis by firm size, companies are classified as Micro (1–10 employees), SMBs (11–500 employees), and Enterprise firms (501+ employees).

Further reading

AI Labour Market Update (Jan 2026)

AI Data Partnerships - LinkedIn Methodology (2026)