

The EU Labour Market: Unlocking Competitiveness in the Age of AI

June 2026



Introduction

The European economy is navigating a period of heightened uncertainty shaped by geopolitical tensions, slowing productivity growth, and rapid technological change. These forces are reshaping industries and labour markets across the region, exposing long-standing inefficiencies in how skills, jobs, and opportunity are matched. As economies struggle to keep pace with the speed of technological progress, mismatches between labour market supply and demand risk holding back productivity, innovation, and long-term competitiveness.

Against this backdrop, European leaders are increasingly focused on strengthening the continent's innovation capacity and global economic position, with particular emphasis on leadership in the development, deployment, and governance of artificial intelligence. The European Commission's 2025 AI Continent Action Plan reflects this ambition. By advancing investment in computing and data infrastructure, supporting AI development and adoption across key sectors, and expanding Europe's skills and talent base, the strategy seeks to ensure that AI contributes to stronger productivity, competitiveness, and economic growth across the Union.

Investment in computing power, data access, and technical infrastructure will be critical for Europe to compete in the next phase of technological change. Yet the long-term success of Europe's AI ambitions will ultimately depend on its workforce.

As innovation moves from breakthrough development toward widespread deployment across industries, the decisive factor will be whether Member States can mobilise, train, and retain a workforce capable of building, implementing, and responsibly using AI systems at scale. The EU's renewed focus on skills and human capital, as reflected in the Union of Skills agenda, signals a growing recognition that talent and workforce capability underpin effective adoption of new technologies. As European Commission President Ursula von der Leyen has noted, "skills are the bridge between uncertainty and opportunity."

As the world's largest professional network, with more than 1.3 billion members globally, LinkedIn provides a uniquely detailed and real-time view of how work and skills are evolving. Data drawn from hiring patterns, job postings, and shifting professional skillsets across the platform enables policymakers, employers, and educators to better understand how technology is reshaping labour markets and where demand for new capabilities is emerging.

This report draws on LinkedIn's labour market insights to examine how artificial intelligence is reshaping hiring and skills demand across the European Union in 2026. It highlights the scale of the workforce transformation already underway, identifies where demand for AI-related skills is growing most quickly, and explores what policymakers and employers can do to ensure Europe's workforce is ready to thrive in an AI-powered economy.



Key Findings

- 1 EU hiring remains significantly below pre-pandemic level, driven primarily by macroeconomic conditions and business uncertainty.**
Tight financial conditions and deteriorating business sentiment have pushed executive confidence to its lowest level since 2023, leading firms to delay or freeze hiring. Overall hiring in the EU is down roughly 26% compared with January 2019 and ~15% year-over-year. France (-31%) and Italy (-30%) are among the weakest performers relative to peers such as the US (-16%).
- 2 Small businesses are propping up job creation—helped by AI lowering barriers to start and scale.**
Hiring at the smallest firms (1-10 employees) is up 13% in the EU since 2019, providing to be most resilient in a difficult macro environment. Entrepreneurship is also surging across some EU countries—up 33% in Germany, 23% in France, and 18% in Spain—with founder activity accelerating as AI tools lower barriers to starting and scaling companies.
- 3 No AI hiring shocks yet.**
Occupations with higher AI exposure are not experiencing steeper hiring declines than other roles. In fact, “AI-augmented” jobs—roles that combine AI-replicable tasks with human-centric skills, such as business development and marketing positions—are holding up best. As these dynamics evolve, it will be important to continue tracking changes, with a focus not only on exposure to AI but also on workers’ ability to adapt to these shifts. Currently, 12% of EU workers are concentrated in high-AI-exposure roles with low skill adaptability, suggesting that any future pressure on AI-exposed jobs would disproportionately affect those least equipped to adjust.
- 4 Entry-level hiring trends remain broadly in line with experienced hiring—though some gaps are emerging within “AI-augmented” roles.**
At an economy-wide level, we do not yet see a meaningful difference between entry-level and experienced hiring trends. However, within some AI-augmented occupations, experienced hiring appears more resilient. We do not yet know whether this reflects demand for workers who employers believe can apply experience and judgment to using AI tools, broader labour market dynamics, or other factors.
- 5 AI is creating new jobs—but the EU is behind on key talent and struggling to attract highly mobile AI engineers.**
The EU has created over 256,000 AI-related jobs since 2023, led by AI engineers, heads of AI, and AI-infrastructure roles. At the same time, the EU lags behind leading countries in some critical AI talent pools and has seen a sustained weakening in its ability to attract and retain high-demand, highly mobile AI engineers since 2022.

1

Overall hiring picture



Global hiring slows more than 20% below pre-pandemic levels driven primarily by macro conditions and business uncertainty

EU hiring is down 26% since pre-pandemic and 15% year-over-year. Tight financial conditions and ongoing trade and geopolitical uncertainty have driven executive confidence in the EU to its lowest level since 2023, leading firms to take a cautious approach to hiring.

Change in Hiring Today vs. Pre-Pandemic

 India	44%
 United Arab Emirates	36%
 Brazil	6%
 Germany	-15%
 Singapore	-16%
 United States	-16%
 Ireland	-17%
 Australia	-18%
 Poland	-21%
 United Kingdom	-24%
 Sweden	-25%
 Spain	-25%
 EU-27	-26%
 Italy	-30%
 France	-31%

The LinkedIn Hiring Rate is the percentage of members who added a new employer to their profile (in the same month the job began) divided by the total number of members in that country. The current versus pre-pandemic period is comparing the hiring rate in January 2019 to January 2026. The EU hiring rate was calculated using the average hiring rate across the 27 Member States.

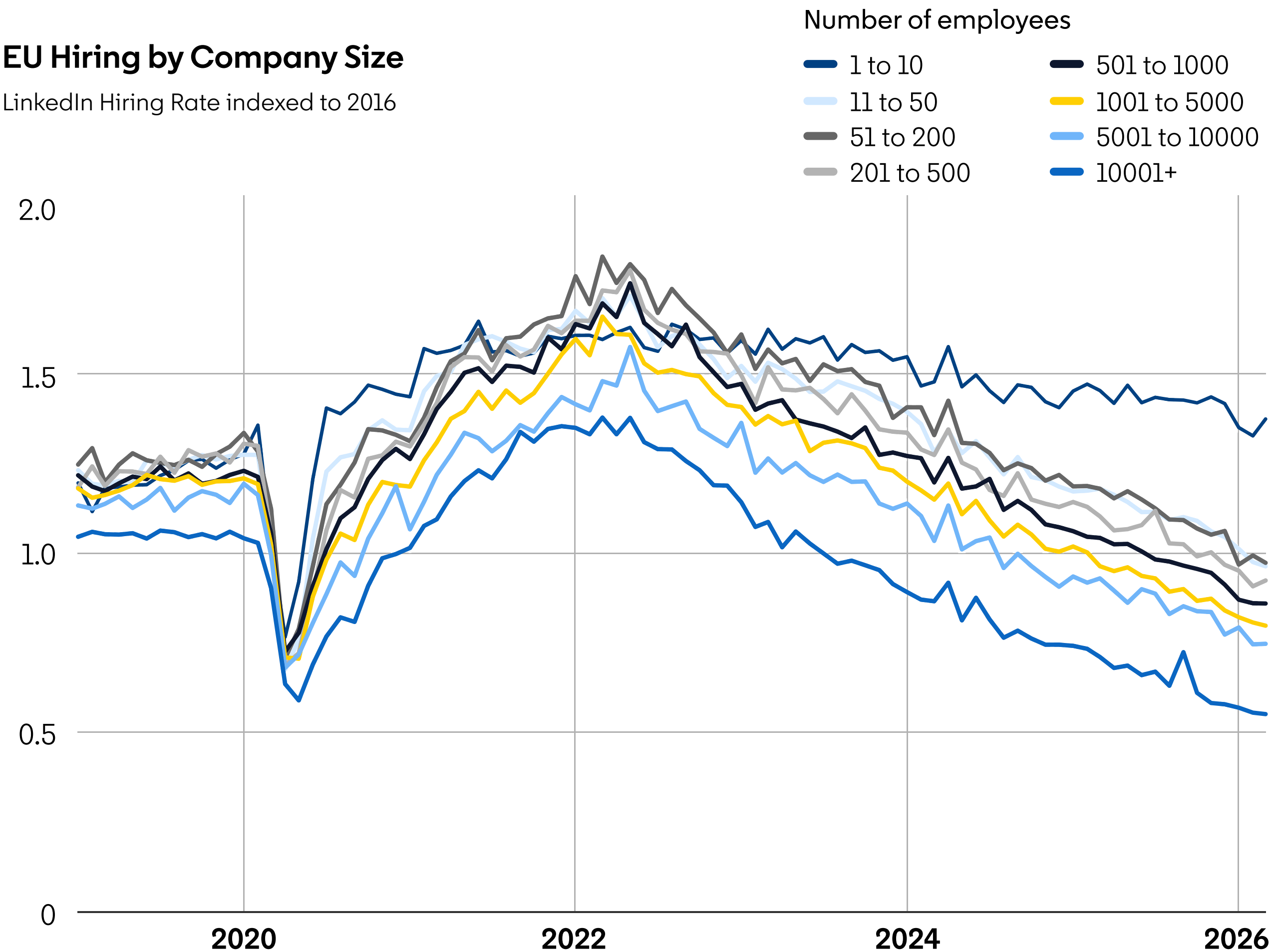
Small businesses are propping up EU job creation

Hiring at the smallest EU firms has been most resilient. Entrepreneurship is also surging across some EU countries—up 33% in Germany, 23% in France, and 18% in Spain in the last year—with founder activity accelerating as AI tools lower barriers to starting and scaling companies.

The LinkedIn Hiring Rate is the percentage of members who added a new employer to their profile (in the same month the job began) divided by the total number of members in that country. Entrepreneurship is calculated using the number of members adding “founder” to their profile.

EU Hiring by Company Size

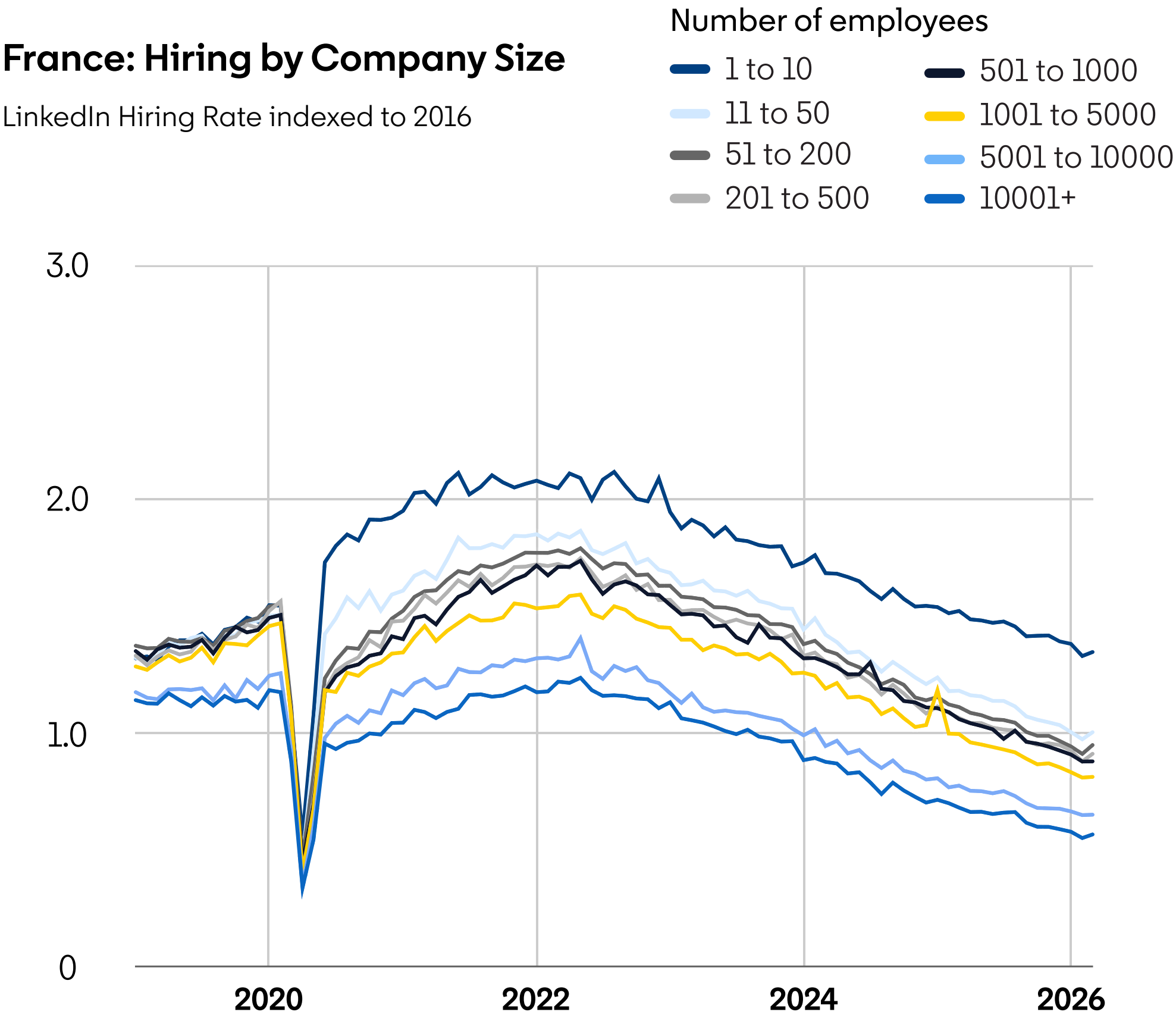
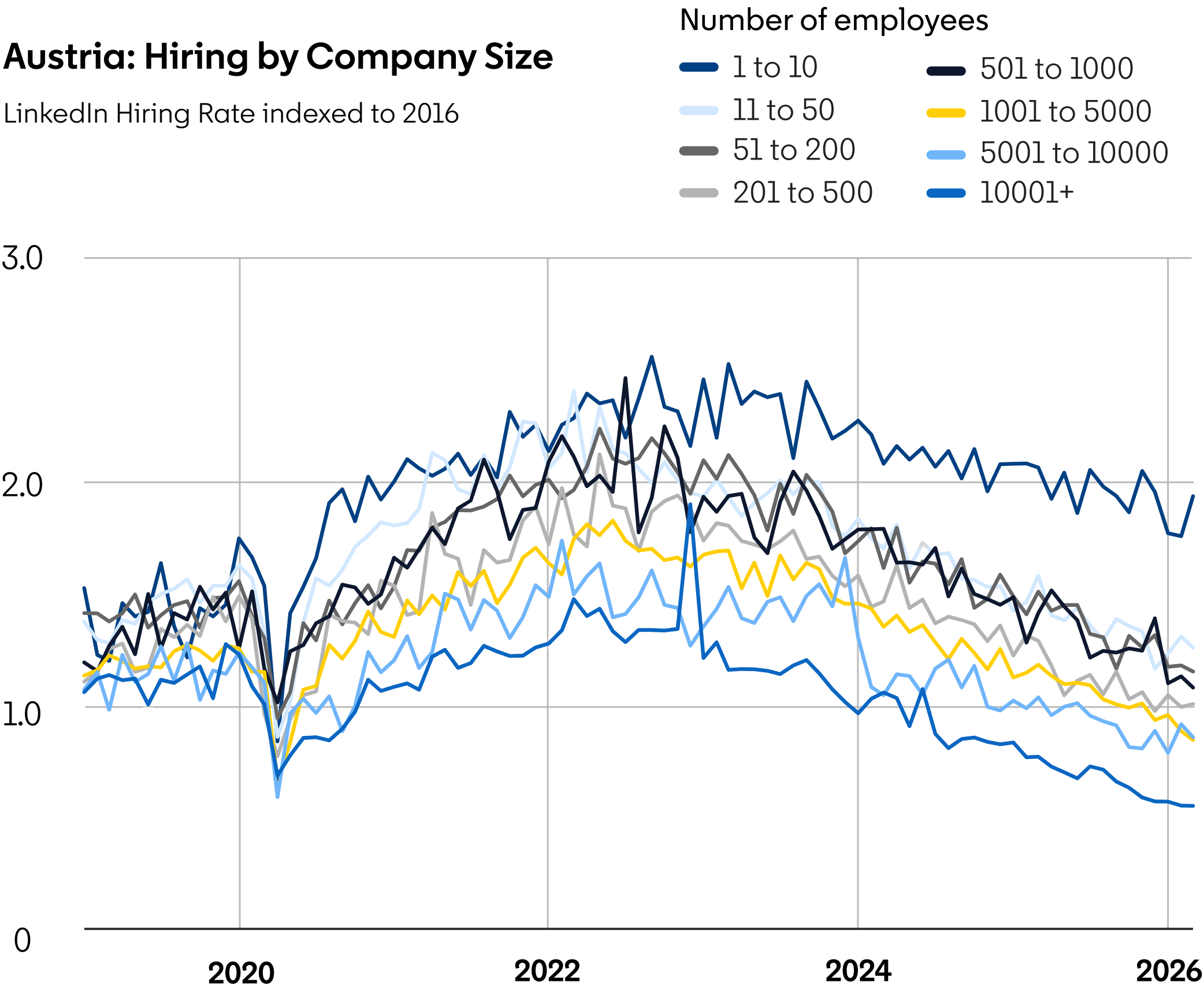
LinkedIn Hiring Rate indexed to 2016



The EU hiring rate by company size was calculated using the average hiring rate across the 27 Member States.

France and Austria show the largest small-to mid-sized company hiring gap in the EU

Hiring rates have grown fastest at the smallest firms in both Austria and France, moving from parity with mid-sized companies pre-pandemic to a current ~45% and ~37% gap, respectively.



2

How AI is changing the labour market



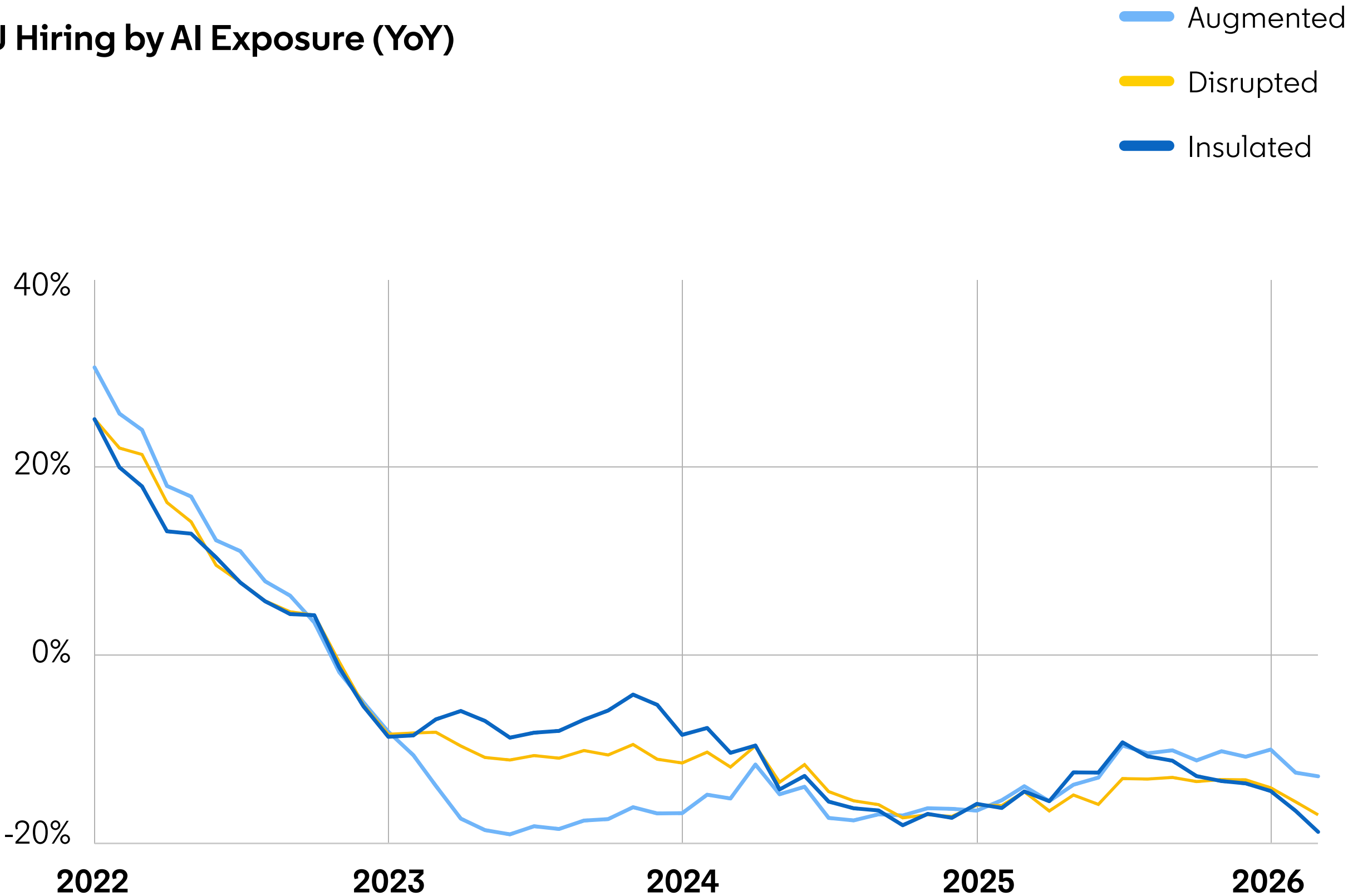
We are not seeing widespread AI-driven hiring shocks yet

Jobs with the highest AI exposure (“disrupted”) have not seen sharper hiring declines than insulated ones. Jobs combining AI and human skills (“augmented”) have held up best.

This trend holds up in the EU and in many other economies, including the UK, US, and India.

For more information on the methodology for AI exposure classification, see Carpanelli et al. (2024). [“Generative AI’s Impact of the Workforce: A Technical Framework”](#). Augmented occupation examples: Marketing Manager, Data Analyst, Software Engineer. Disrupted occupation examples: Customer Service Representative, Translator, Administrative Assistant. Insulated occupation examples: Nurse, Veterinarian, Farmer.

EU Hiring by AI Exposure (YoY)



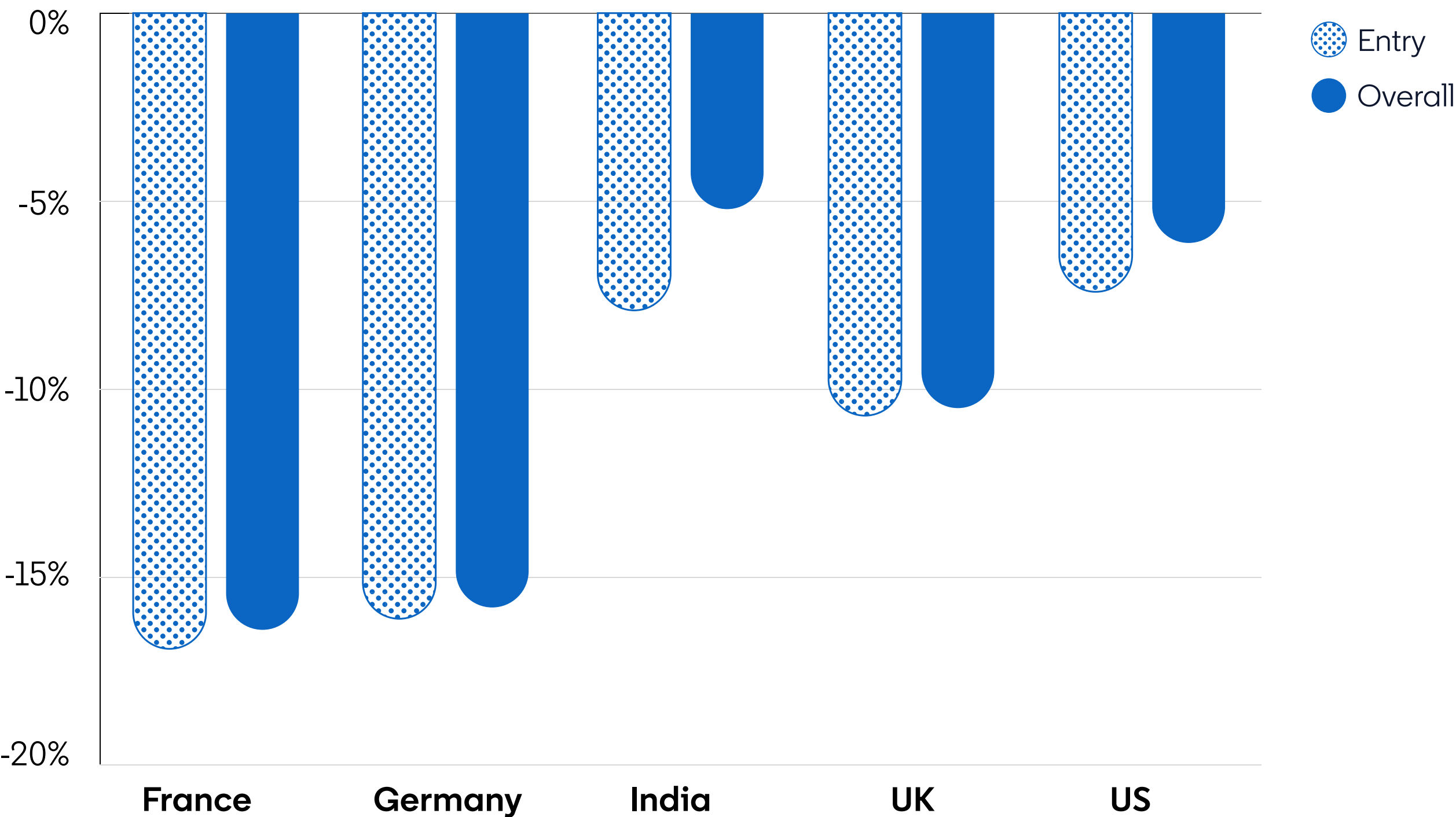
The LinkedIn Hiring Rate is the percentage of members who added a new employer to their profile (in the same month the job began) divided by the total number of members in that country. The LinkedIn Hiring Rate is displayed for the 3-month trailing average.

Entry-level hiring is holding steady overall

Across the US, UK, France, Germany, and India, entry-level hiring has fallen broadly in line with overall hiring.

Hiring for Entry-Level vs. Overall (YoY)

Jan-Mar 2026 average. Entry-level hiring closely mimicked overall hiring last quarter.



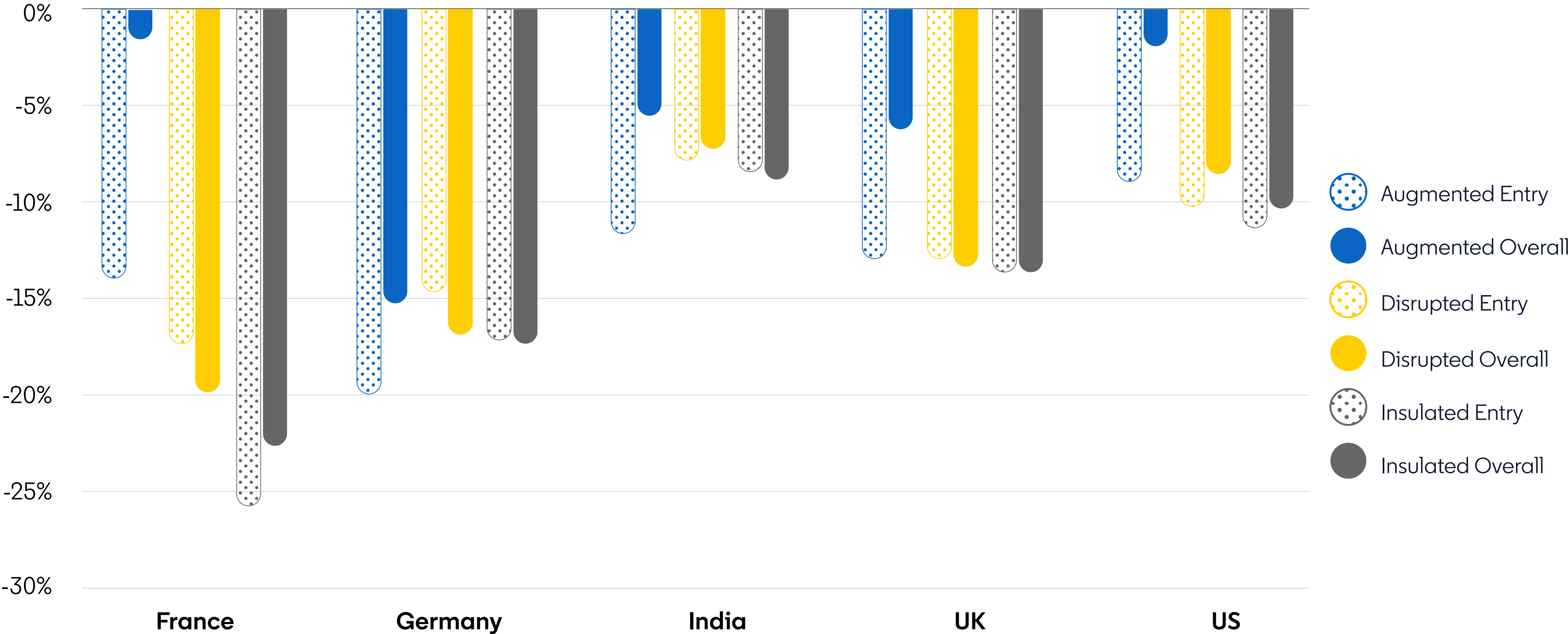
Experienced hiring in AI-augmented roles is holding up best

Hiring in AI-augmented roles remains relatively strong overall, with resilience concentrated among more experienced workers (e.g., France entry-level fell -14% YoY vs -2% overall).

Hiring for Entry-Level vs. Overall by AI Exposure (YoY)

Jan-Mar 2026 average.

Hiring for augmented occupations is more robust than disrupted and insulated roles. However, entry-level hiring for augmented occupations has larger YoY declines than augmented roles overall.



Navigating AI's Impact: How to build workforce resilience



Adaptability will be key for all workers, and skills play an essential role.

Most AI-exposed workers globally have high skill overlap with many other jobs, positioning them to more easily navigate AI impacts. Workers with high AI exposure and low adaptability – an estimated 12% of the EU workforce — however, are most at-risk for long-term displacement.

AI Exposure (X-Axis): The percentage of a job’s core tasks that can be assisted or performed by Generative AI. Adaptability Score (Y-Axis): A measure of how easily a worker can pivot. This is calculated based on skill transferability (member-weighted skill overlap between an occupation and all other occupations).



AI is changing what skills matter.

AI is reshaping the skills mix across nearly all professions, with demand rising for both AI capabilities and uniquely human skills.

This trend is evident across multiple countries—including Australia, Brazil, India, Singapore, the UK and the US—and across diverse European economies, from tech- and logistics-driven markets like the Netherlands to tourism- and services-oriented economies like Spain.



Skills on the Rise
in the Netherlands

- AI Skill
- Human Skill

For more information,
see the [Skills on the Rise](#) 2026 list.

Rank	Business Development	Sales	Information Technology	Education	Healthcare Services
1	AI Literacy	AI Literacy	Leadership	AI-Literacy	Multidisciplinary Collaboration
2	Persuasiveness	Decision-Making	Stakeholder Management	Multidisciplinary Collaboration	Planning
3	GTM Execution	Stress Resilience	AI Literacy	Stress Resilience	Stress Resilience
4	Automation	Onboarding	Budgeting	Multitasking	Reporting
5	Strategic Leadership	Managing Revenue Targets	Risk Analysis	Mentorship	Qualitative Research

EU findings are based the fastest growing and highest demand skills from a subset of EU countries—Spain, the Netherlands, Italy, Germany, and France.

Skills on the Rise in Spain

— AI Skill

— Human Skill

For more information, see the [Skills on the Rise 2026](#) list.

Rank	Business Development	Sales	Administration	Education	Engineering	Human Resources	Finance	Marketing
1	Stakeholder Management	Artificial Intelligence	Artificial Intelligence	Artificial Intelligence	Langchain	Artificial Intelligence	Artificial Intelligence	Artificial Intelligence
2	Generative AI	Sales Planning	Organizational change management	Key Performance Indicators (KPIs)	Prompt Engineering	Stakeholder Management	Investment Strategies	Stakeholder Management
3	Go-to-market Strategy	Objection Handling	Documentation preparation	Educational Psychology	Large Language Models (LLMs)	Key Performance Indicators (KPIs)	Investment Management	Campaigns
4	Commercial Insights	Customer Success	Reporting and analytics	Mentoring	Systems Design	Communication	Profit and Loss (P&L) Management	Event Marketing
5	Growth Strategy	Conflict Management	Planning and calendar management	Conflict Resolution	FastAPI	Human Resources Technologies (HRIS)	Strategic Thinking	Product Launches

3

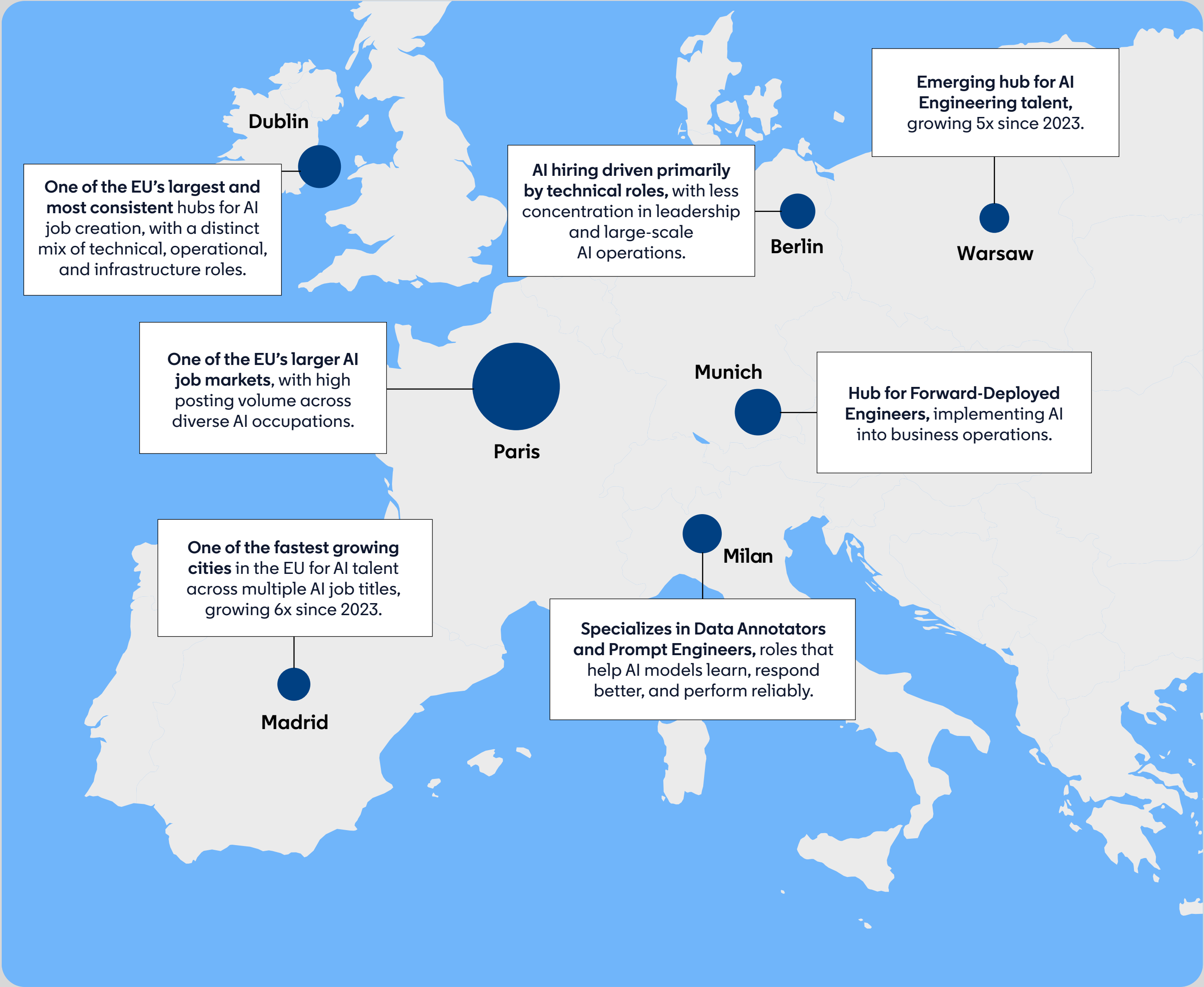
Building the AI talent ecosystem to accelerate adoption in the EU



256K new AI jobs created in the EU

Data annotators drive most job creation, but we also see growth in AI engineering and AI infrastructure jobs.

Number of new AI job postings published between 2023 and 2025. AI jobs include the following: AI Engineer, Head of AI, Forward-Deployed Engineer, Prompt Engineer, Data Annotator, AI Forensic Analyst, Responsible AI, and Data Centre jobs. The circle sizes correspond to the relative number of AI jobs by location.



AI engineering talent concentration varies widely across EU countries

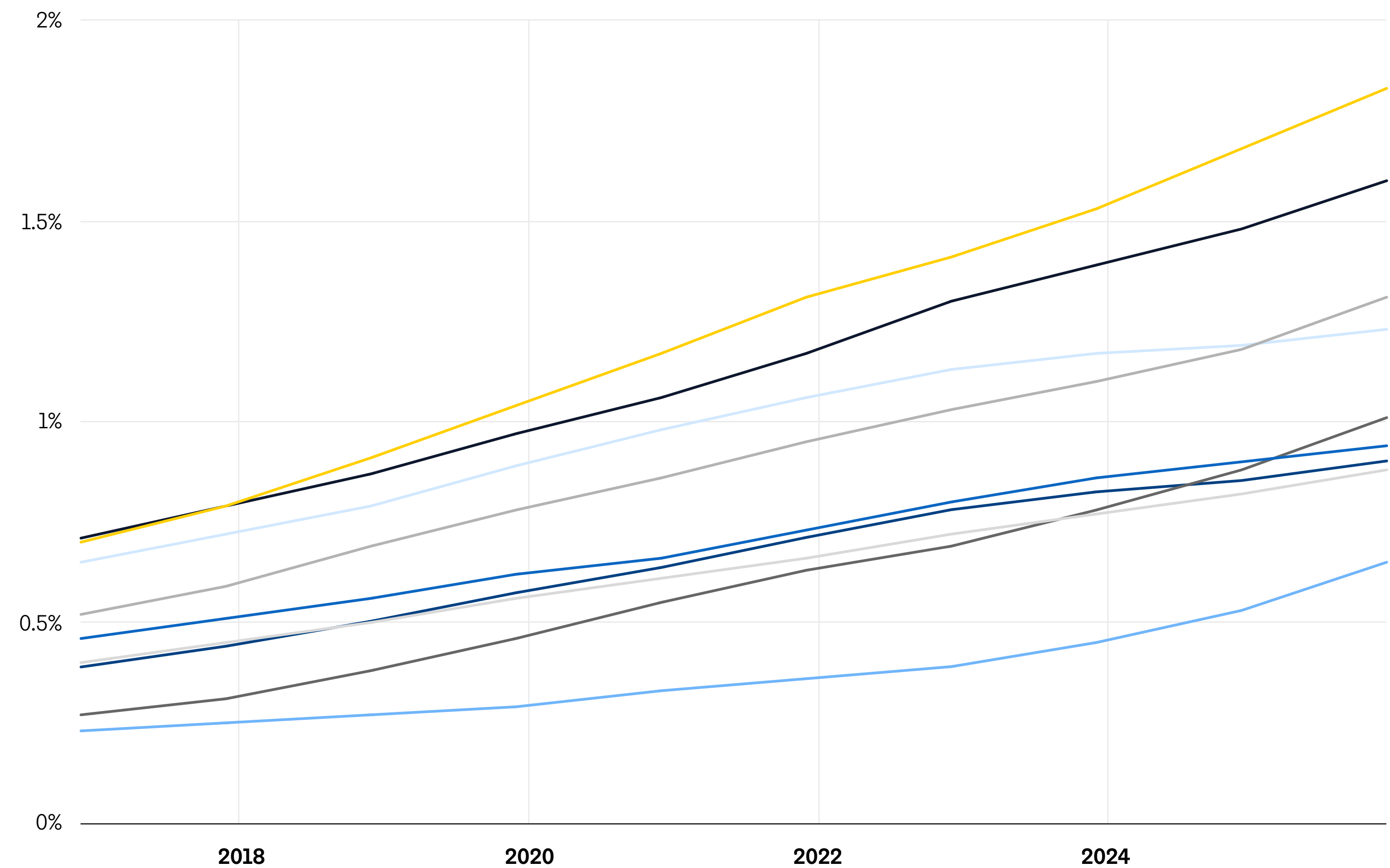
Rank	Country	AI Engineering Talent Concentration (2025)	Rank	Country	AI Engineering Talent Concentration (2025)
1	Luxembourg	1.60%	13	Austria	0.84%
2	Ireland	1.31%	14	Greece	0.84%
3	Finland	1.23%	15	Czechia	0.80%
4	Estonia	1.15%	16	France	0.80%
5	Germany	1.15%	17	Latvia	0.73%
6	Lithuania	1.10%	18	Belgium	0.69%
7	Netherlands	1.06%	19	Slovenia	0.67%
8	Poland	1.0%	20	Portugal	0.66%
9	Cyprus	0.95%	21	Spain	0.66%
10	Denmark	0.93%	22	Romania	0.62%
11	Sweden	0.92%	23	Croatia	0.61%
12	EU Average	0.90%	24	Italy	0.43%

Data is not available for Bulgaria, Hungary, Malta, and Slovakia. 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. A LinkedIn member is considered AI engineering talent if they have explicitly added at least two AI engineering skills to their profile and/or they are or have been employed in an AI job. Examples of AI jobs include (but are not limited to): Machine Learning Engineer, Artificial Intelligence Specialist, Data Scientist, Computer Vision Engineer.

AI Engineering Talent Concentration Across EU Leaders and Global Economies

Ranked highest to lowest AI talent concentration, 2025

- Singapore
- Luxembourg
- Finland
- Ireland
- India
- United Kingdom
- EU Average
- United States
- United Arab Emirates

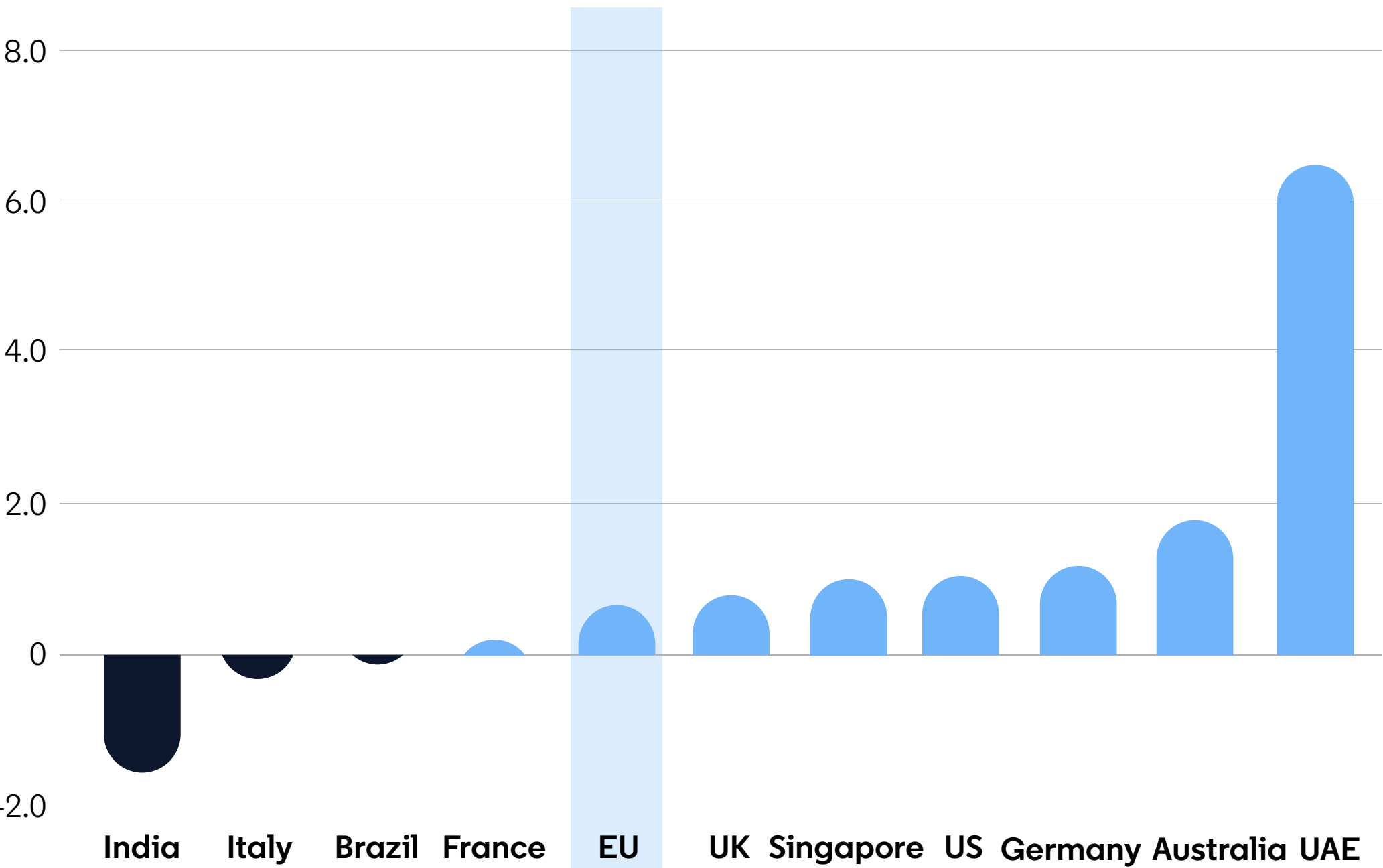


AI engineering talent is in high demand and highly mobile

Hiring for AI engineers is 25% higher in the EU than the overall hiring rate and AI engineers are 8x more likely to move countries than the average LinkedIn member. AI talent inflows into the EU remain positive overall since 2021, though recent volatility suggests growing competition for talent.

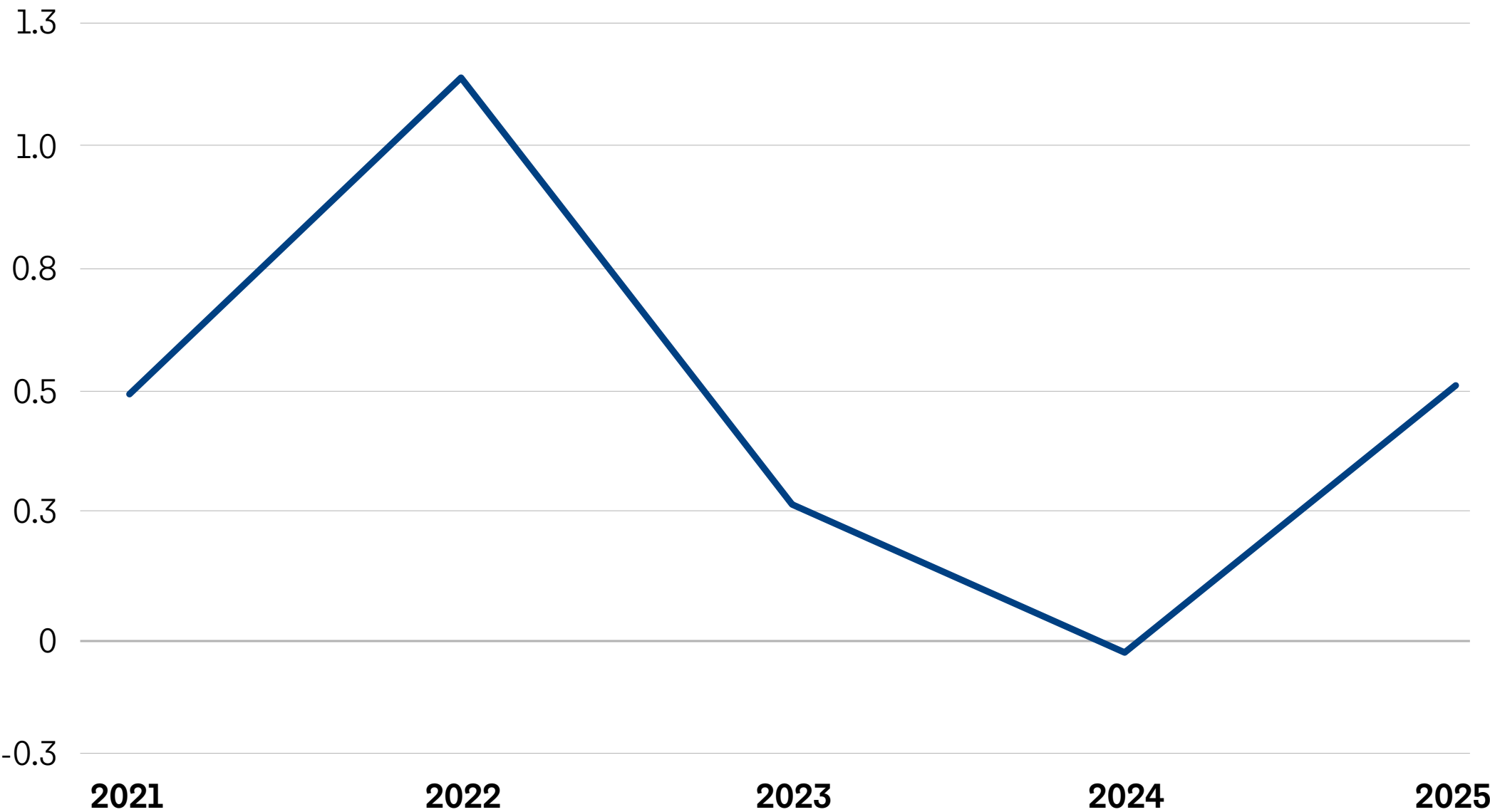
Net Migration of AI Engineering Talent

Per 10k members, 2025



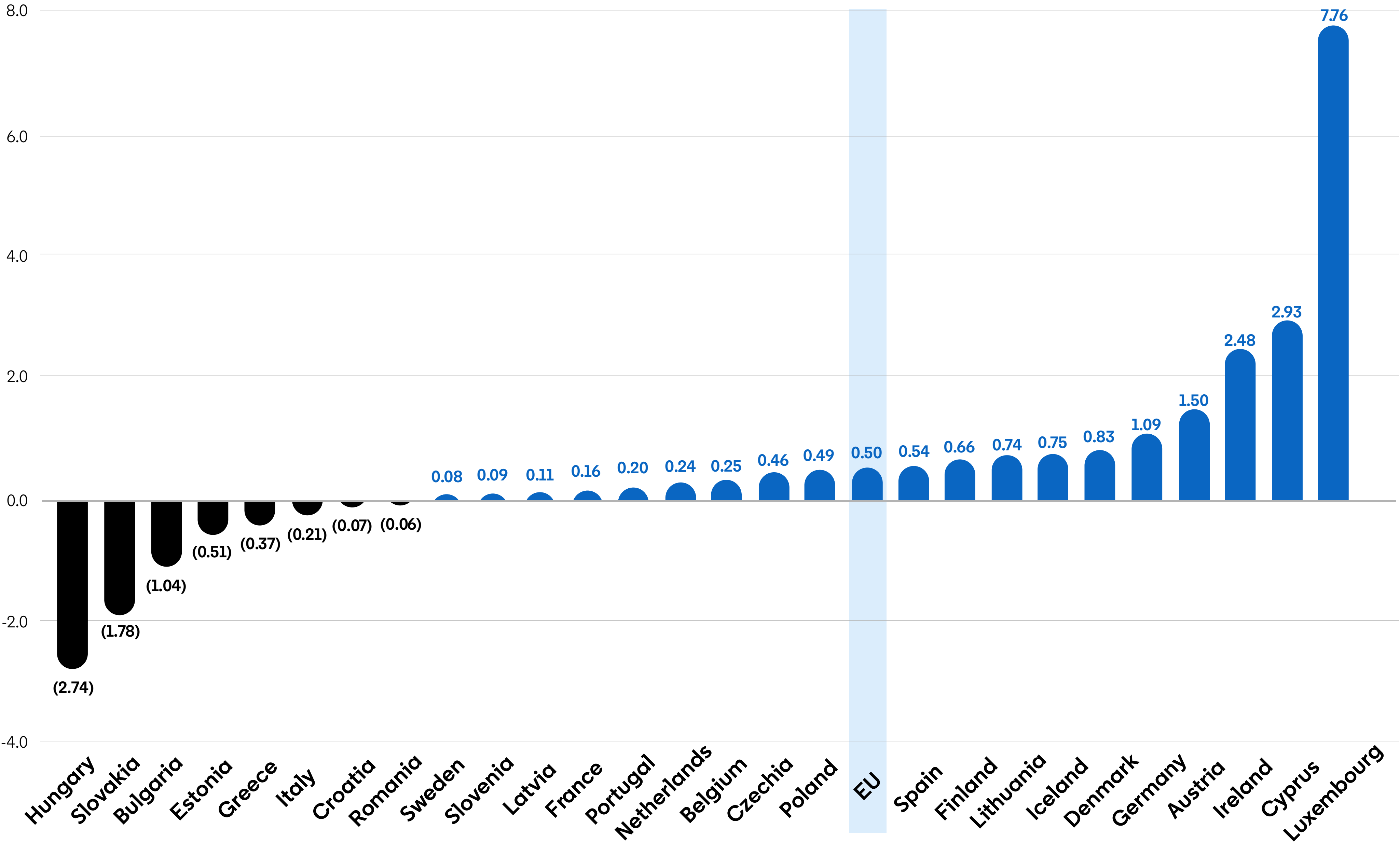
Net Migration of AI Engineering Talent to/from the EU

(per 10k members)



Net Migration of AI
Engineering Talent

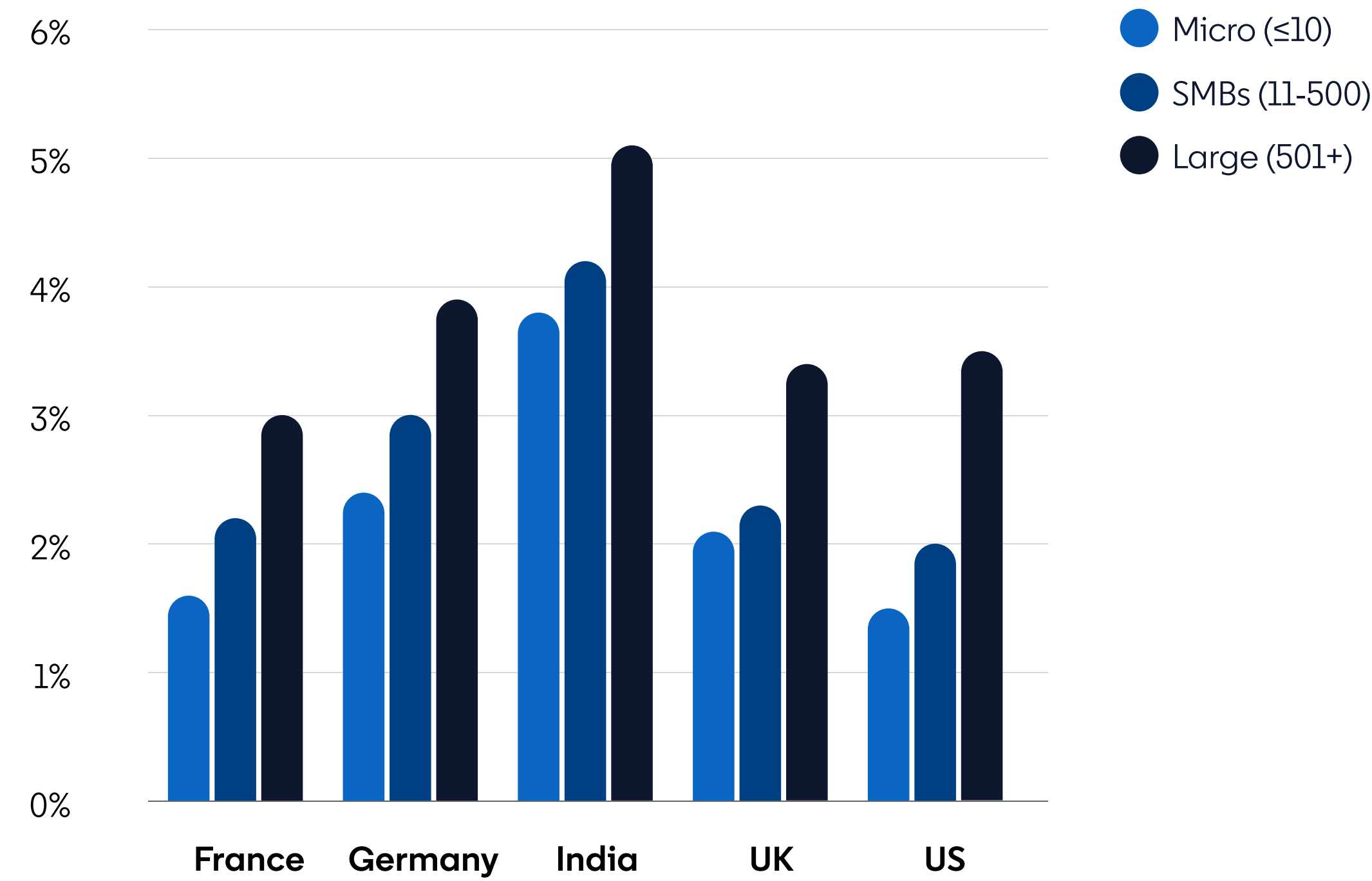
(per 10k members), 2025



AI adoption shows early signs of diffusion beyond large firms

Share of LinkedIn members with AI engineering skills, by company size (2025).

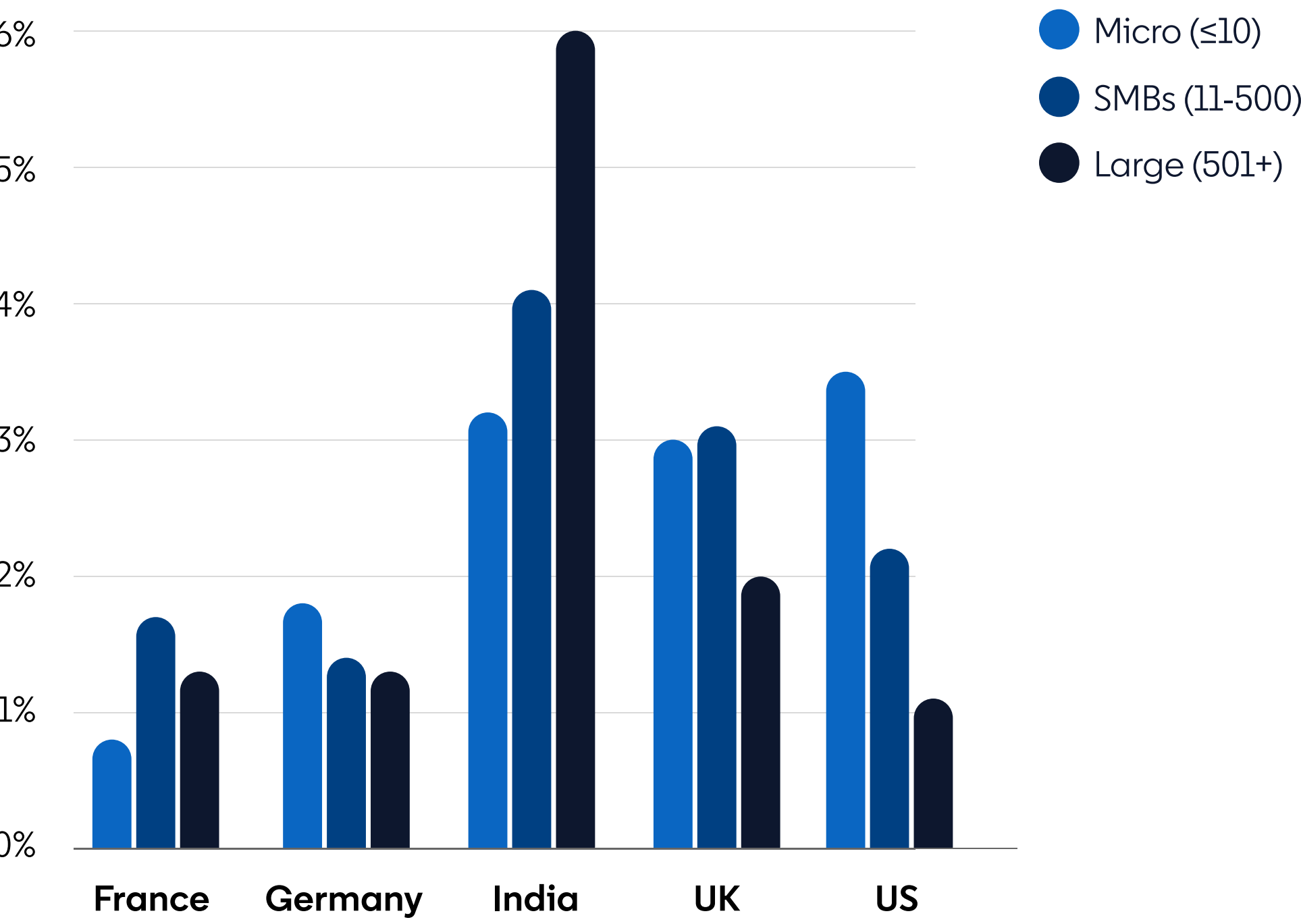
Larger companies have higher concentrations of AI talent.



AI talent remains concentrated in large firms, but rising AI hiring intensity among SMBs indicates they are increasingly competing for talent and narrowing the gap.

Share of LinkedIn job posts requiring AI engineering skills, by company size (2025).

SMBs in France and Germany are hiring more for AI engineering skills than large firms.

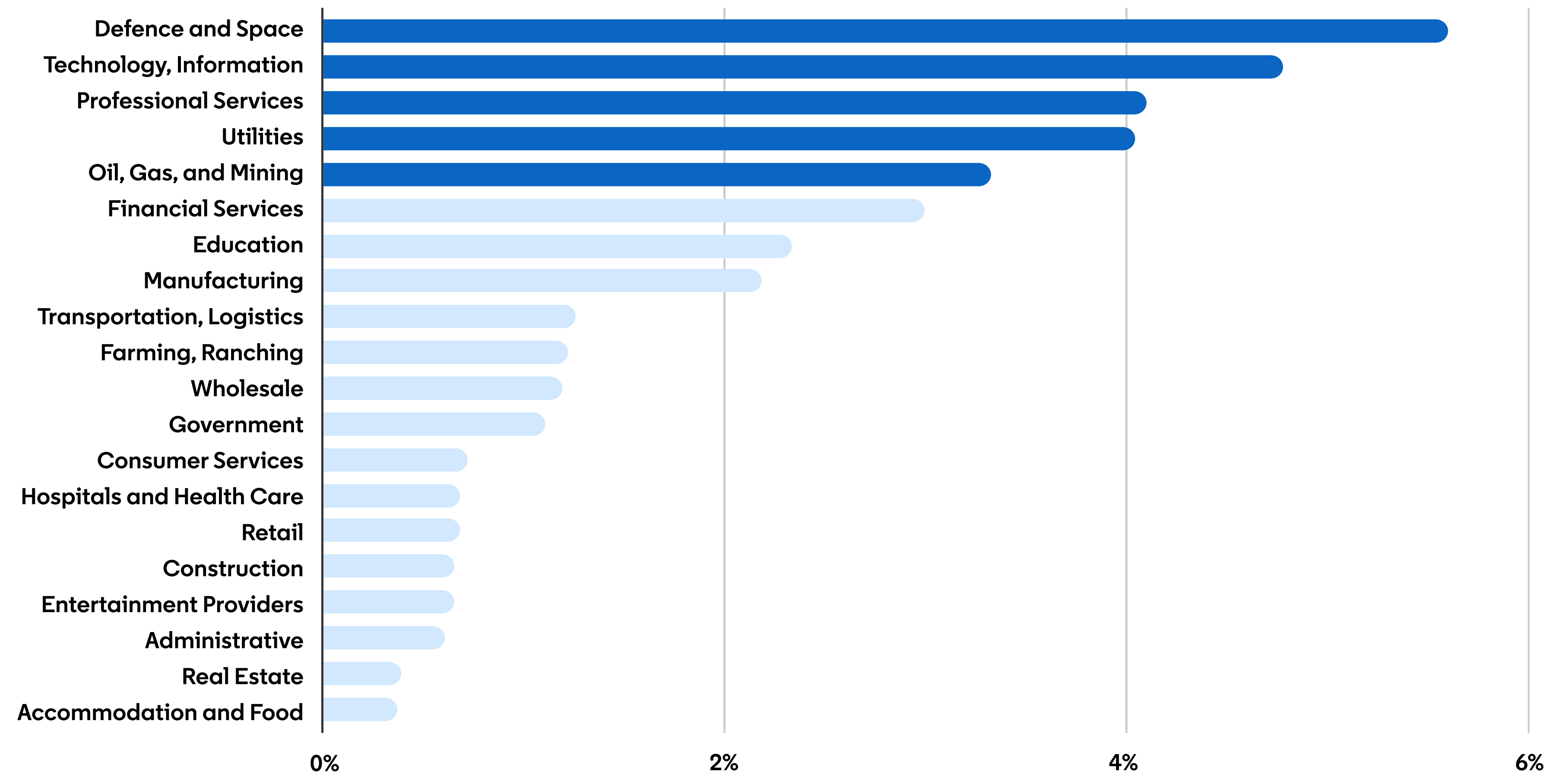


AI skills in the EU extending beyond Tech industry

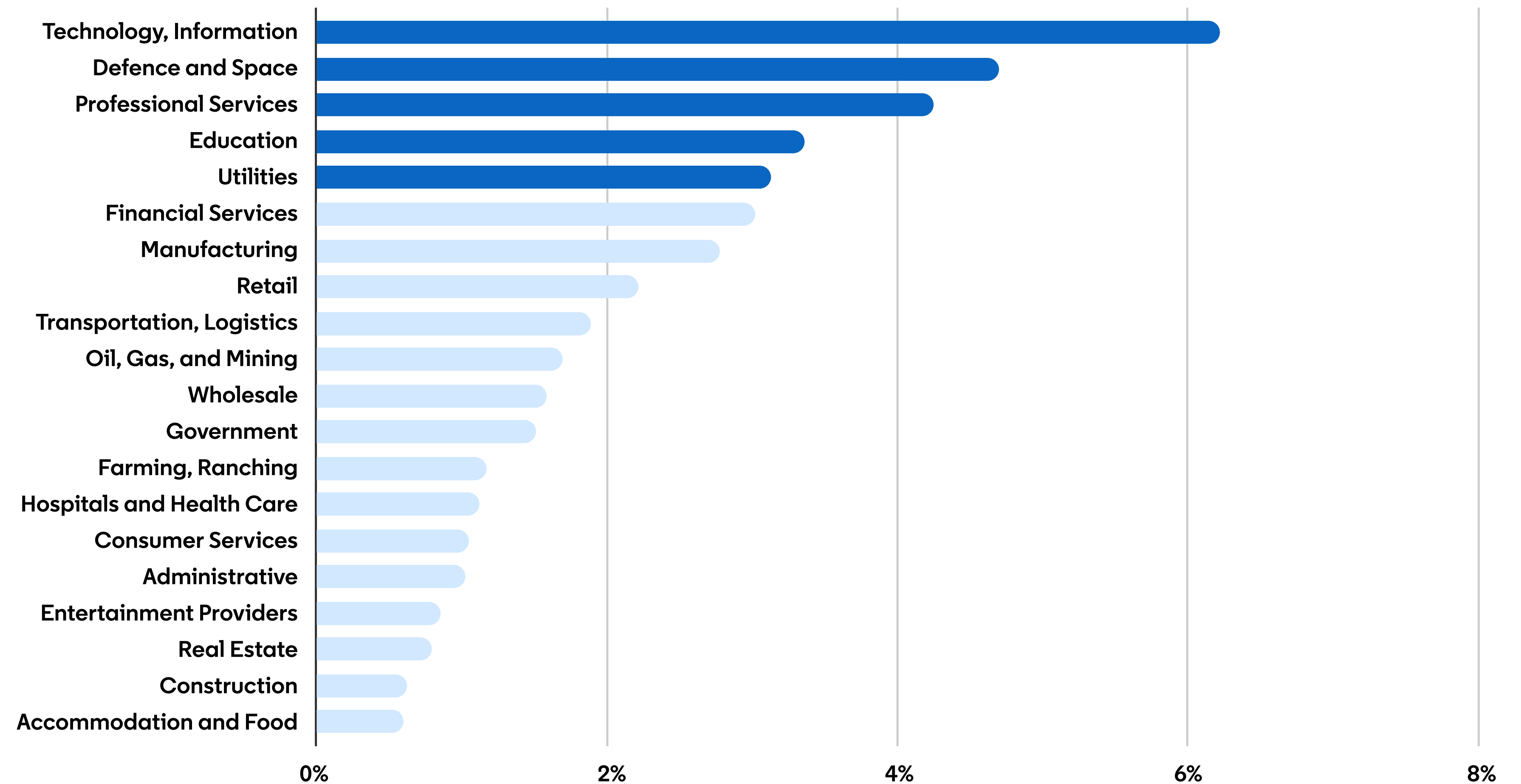
While Defense, Tech, and Professional Services lead, the presence of AI talent in Financial Services, Utilities and Education points to gradual adoption across the broader economy.



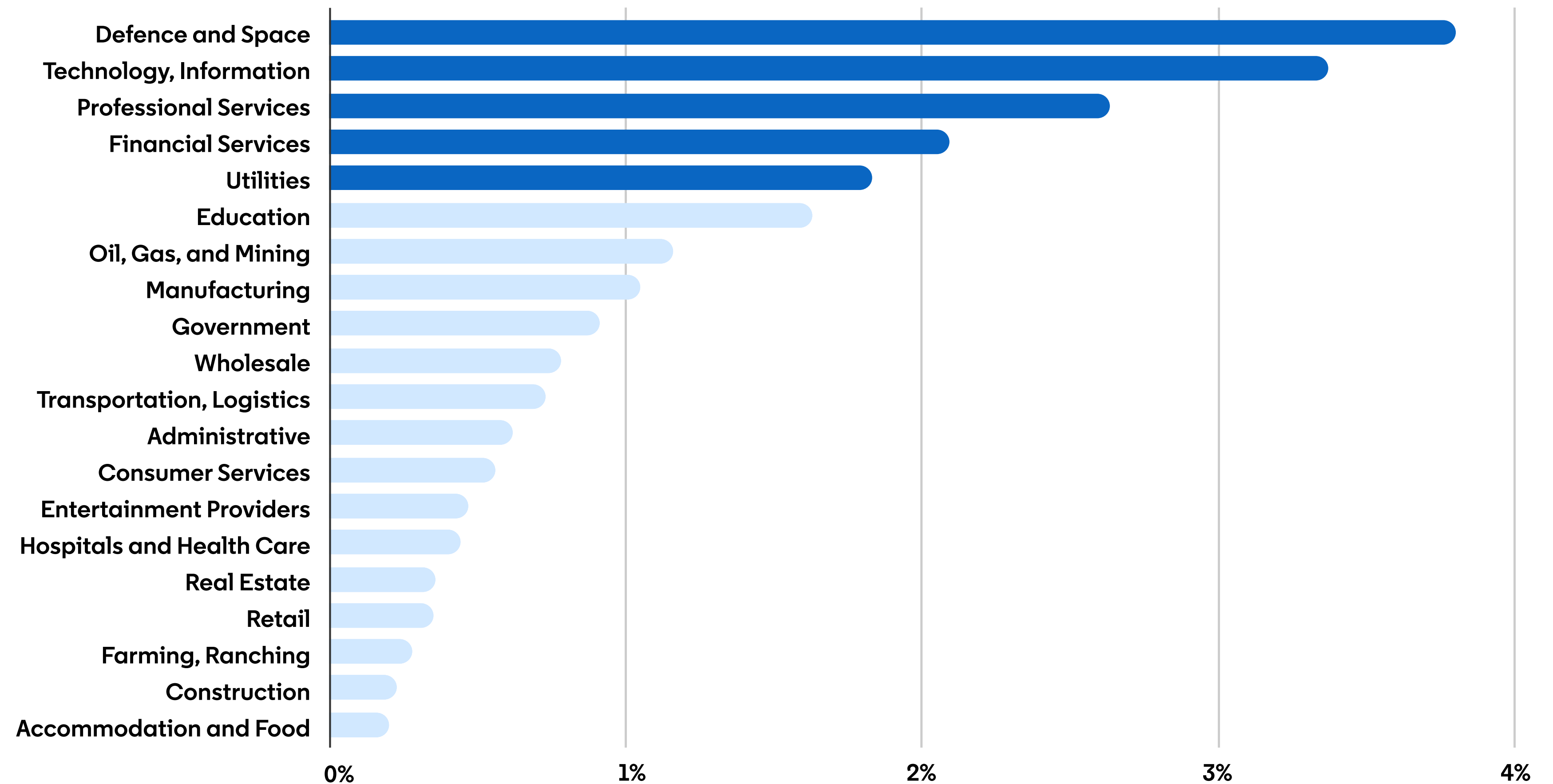
Share of AI
Engineering
Talent by Industry
in France (2025)



Share of AI
Engineering
Talent by Industry
in **Germany** (2025)



Share of AI
Engineering
Talent by Industry
in Italy (2025)



Policy Recommendations

Europe's Skills Gap Is Now a Competitiveness Gap

The EU has set ambitious 2030 targets for digital skills and AI adoption, but current progress shows it is off track. The latest EU assessments project just **12.4 million ICT specialists in employment by 2030**, far short of the **20 million target**. Fewer than **60% of adults are expected to have basic digital skills** (against an 80% goal), and only **35.9% of enterprises are on track to use AI**, less than half of the 75% target.

Beyond these headline gaps, broader assessments, including Mario Draghi's 2024 competitiveness analysis, underscore a structural challenge: European workers are not yet sufficiently prepared to benefit from the rapid digitalisation of work. Findings from our report reinforce this view, showing that the EU remains behind leaders in terms of AI talent, facing especially strong competition to attract AI engineering talent.

EU leadership is clear-eyed about what is at stake. The launch of the **Union of Skills in 2025**, alongside skills-focused components across this mandate's flagship initiatives, reflects strong political momentum. Yet the scale and speed of change remain daunting. Sustaining momentum will require sharper execution. Beyond the imperative of scaling AI education and training across the workforce, EU leaders should ground skills policy in real-time labour market intelligence, strengthen EU labour mobility, and make better use of existing talent.

The following three calls to action aim to do precisely that.



1 Invest in Skills Intelligence to Anticipate Change, Not React to It

AI is accelerating the pace at which skill requirements change, even within the same job title. Policymakers need far better, more timely insights into how these shifts are unfolding across regions, sectors, and occupations. Without this, training systems will remain reactive and fragmented.

LinkedIn welcomes the Commission's plans for an **European Skills High-Level Board** and the launch of the **European Skills Intelligence Observatory**. These initiatives should move quickly to strengthen the overall evidence base and shared labour market intelligence on how AI is reshaping jobs and skills. This includes developing common approaches to measure and track the impact of AI on tasks within occupations, including through indicators of AI exposure, as well as improving the timeliness and granularity of labour market data on skills demand, vacancies and job transitions. Strengthening workforce data systems by better integrating public and private sources can further improve the ability to track emerging trends and move from reactive to more anticipatory responses. Enhancing the comparability of national data across Member States is also critical to build a more coherent understanding of developments across Europe. Together, these will help policymakers, employers and training providers to identify shifts in jobs and skills requirements early, and respond on the basis of transparent, up-to-date and comparable evidence.

2 Strengthen EU Labour Mobility Through Skills Portability

Many sectors have reached high levels of integration in the Single Market, but the EU labour market remains fragmented, particularly when it comes to recognising skills and qualifications. This friction slows hiring, raises costs for firms, and limits workers' opportunities to move where skills are most needed. Improving skills portability would immediately expand effective talent supply across Member States.

LinkedIn looks forward to the Commission's upcoming **initiative on skills portability**. In the case of non-regulated and vocational qualifications, formal recognition should be required only when justified by necessity, rather than as a default requirement. National or European digital solutions for access to public services online should also be leveraged to allow workers to store and share their skills credentials seamlessly across borders, reducing administrative burden for both employers and individuals.

3 Make Better Use of Existing AI and Digital Talent Through Skills-Based Hiring

The EU cannot afford to underutilise the AI and digital talent it already has. Skills-based hiring offers one of the most effective ways to expand candidate pools, surface hidden talent, and improve matches in roles with scarce or specialised skills. In today's increasingly fluid and busy labour market, jobseekers are realizing that visibility matters and are increasingly signalling their skills. However, employer adoption of skills-based practices continues to lag, often due to lack of tools, training, or confidence.

Policy action should focus on enabling adoption at scale. Governments can lead by example by reviewing public-sector hiring practices to remove unnecessary credential requirements where possible. Procurement rules and funding programmes can be used to reward employers that adopt skills-based approaches across in-demand roles. Business leaders, for their part, should reassess degree and tenure filters, embed skills signals throughout hiring processes, and invest in training managers to hire for capability rather than traditional proxies for talent like job titles or education institution.

