

JANUARY 2026



Workforce Optics

INSIGHTS, NUMBERS & KNOWLEDGE FOR A COMPETITIVE WORKFORCE

Welcome! In this first 2026 issue of Workforce Optics, we take a long look at 2025 and ask two economists to consider the road ahead for employers and workers. In addition, we share news and updates designed to keep you up to date on the world of work.

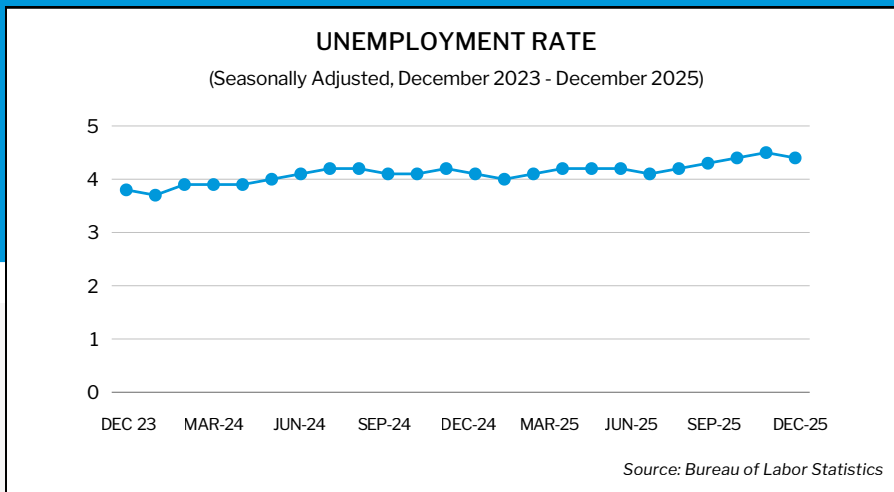
Jobs Update

The first employment report of 2026 underscores much of what was seen by employers and job seekers in 2025: **a cooling job market with enough resilience to keep unemployment low and competition for talent alive**. The unemployment rate edged down to 4.4% from a revised 4.5%. This drop was welcome sign that layoffs remain limited even as hiring momentum weakens. Employers added 50,000 jobs in December, bringing total job gains for 2025 to 584,000.

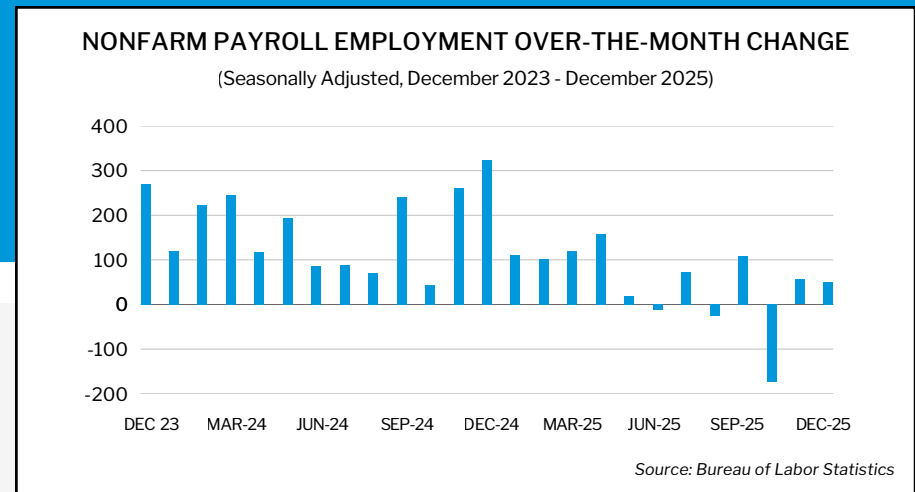
The composition of recent hiring remains focused on health care and social assistance, which continued to generate steady job growth and reflects durable demand in essential services. In addition, the food and beverages services sector added 27,000 jobs. **Wage growth remained solid, with average hourly earnings up 3.8% over the year**, helping sustain worker income amid ongoing cost pressures.

Those positive indicators were **balanced by job challenges in other areas of the labor market**. Retail employment declined in December, and the pace of hiring across most industries was muted. For employers, this signals a market that is easing rather than contracting. Recruiting pressures are moderating, but competition for talent persists in select sectors. **As 2026 begins, the labor market appears slower, more selective, and increasingly uneven across industries**.

Source: BLS Employment Situation Summary – January 2026



Note: Data for October 2025 were not collected due to the federal government shutdown.



4.4%
National Unemployment Rate
DECEMBER 2025
0.2% MoM Change



7.5 MILLION
Unemployed Persons
DECEMBER 2025
278k MoM Change



2026 Outlook Varies Based on Where You Sit

Analyzing job market and economic data has become more challenging over the last several months. [Government shutdown disruptions, delayed releases, and large-scale revisions have made recent economic signals noisier and less conclusive.](#) With that in mind, Staffmark is grateful to welcome back economists Daniel Zhao of Glassdoor and Svenja Gudell of Indeed to share their early thoughts on what employers should expect in the year ahead.

As we begin 2026, both economists note that the [mixed indicators we grew accustomed to in 2025 may reflect a new normal](#) rather than a temporary period of confusion. Instead of a single dominant trend, the economy appears to be moving in several directions at once. This means balancing various information rather than putting the emphasis on one report or factor.

For example, despite slow job growth, Gudell pointed out there are reasons for optimism. Financial markets remain relatively strong, and the overall employment picture does not suggest a precarious downturn. Gudell emphasizes that slower growth does not mean a weak economy, and selective positive signals continue to emerge.

According to these two experts, the story of 2026 will depend heavily on where you sit. They predict [conditions will vary widely across sectors such as healthcare, transportation, marketing, and technology.](#) This unevenness reinforces the need for employers and policymakers to move beyond headline numbers and focus on industry specific dynamics. Gudell encourages employers to “think meta” and dig into the data that impacts their industry, their market, and their customers rather than getting lost in the sweeping, big picture.

Looking ahead, Zhao emphasized flexibility as the defining strategy for 2026. Scenario planning, adaptable workforce models, and disciplined evaluation of technologies will be essential to moving forward in a mixed market.

ABOUT THE EXPERTS

Svenja Gudell is the Chief Economist at Indeed, where she leads economic research and analysis on global labor market trends. Her work focuses on workforce dynamics, hiring demand, and the intersection of technology and employment.



Daniel Zhao is the Chief Economist at Glassdoor, where he oversees labor market research and workplace analytics. He specializes in employee sentiment, job search behavior, and economic forces shaping the modern workplace.



One More Hour: The AI Productivity Effect



AI tools are already reshaping the workday. Research from Indeed Hiring Lab shows that across eight countries, including the U.S., UK, and Canada, **more than 80% of employed workers who use AI save at least one hour per day**. Most workers reinvest that time into other tasks and projects, while many use it to improve the quality and efficiency of their existing work and increase overall productivity.

Workplace Flexibility Is Pulling Back

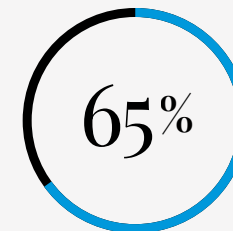
Support for location-based flexibility is declining, according to Gartner's *Return to Office and Hybrid Work Trends and Benchmarks*. According to Gartner's findings, **more organizations plan to reduce where employees can work** while fewer worry that increased on site requirements will drive attrition. The report advises CHROs to reassess work models carefully, weighing impacts on collaboration, innovation, and culture before making changes.



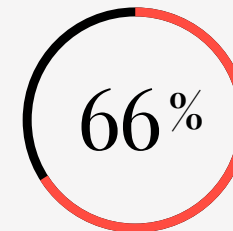
The Talent Gap Widens in 2026

New research from LinkedIn points to growing strain on both sides of the labor market. Nearly 80% of people say they feel unprepared to find a job in 2026, even as more than half plan to search for a new role. **Competition remains intense, with U.S. applicants per open role doubling since 2022**, and nearly two thirds of workers saying job hunting has become more difficult.

Recruiters face similar pressure, as two thirds report increasing difficulty finding qualified candidates while being asked to fill roles faster. In response, **both job seekers and recruiters are leaning into AI** to boost confidence, surface overlooked skills, and gain an edge in a more competitive hiring landscape.



OF PEOPLE
say the job search
has become harder



OF RECRUITERS
say it's harder to
find qualified talent

Source: LinkedIn Research, Indeed Hiring Lab, Gartner Labor Market Trends

MANUFACTURING UPDATE

Manufacturing Ends 2025 on a Cautious Note

U.S. manufacturing closed out 2025 in contraction, according to the Institute for Supply Management. The December Manufacturing PMI registered 47.9, down slightly from 48.2 in November and the lowest reading of the year, marking the sector's **10th consecutive month below 50**.

For employers, the picture is mixed and familiar. Production remained in expansion (51.0), suggesting many manufacturers are keeping operations moving where possible. At the same time, new orders continued to contract (47.7), signaling that **demand has yet to meaningfully rebound**. The labor environment remains cautious as well, with employment in contraction at 44.9, reflecting ongoing headcount management rather than broad-based hiring.

Cost pressures also continue to shape decisions. The prices index held at 58.5, indicating that raw material and input costs remain elevated. Combined with ongoing trade and tariff uncertainty, these **pressures are making it difficult for manufacturers to confidently plan for growth**, even as customer inventories remain lean and production capacity stays available.

Taken together, the data suggests a sector that is stabilizing in places but still **waiting for a clearer demand signal**. Many manufacturers appear to be holding steady, balancing cost control and operational readiness while watching closely for signs of improvement in the months ahead.

After briefly touching expansion early in the year, manufacturing trended downward in 2025 as demand and employment stayed constrained.

2025 MANUFACTURING TRENDS	
MONTH	MFTG PMI
January 2025	50.9
February 2025	50.3
March 2025	49.0
April 2025	48.7
May 2025	48.5
June 2025	49.0
July 2025	48.0
August 2025	48.7
September 2025	49.1
October 2025	48.7
November 2025	48.2
December 2025	47.9

12-month average: 48.9

High: 50.9 (Jan 2025), Low: 47.9 (Dec 2025)

Sources: [Manufacturing ISM® Report On Business®](#) & Institute of Supply Management 01/05/2026 Newswire Release

About Staffmark Group

STAFFMARKGROUP.COM

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From the bustling floors of manufacturing facilities to the dynamic environments of technical and professional firms, we offer the widest range of specialized workforce solutions. The expertise of our specialty brands, Advantage Technical, Digital People, Hunter Hamilton, Advantage xPO, Employee Management Services and Staffmark, ensures the talent and customized solutions to propel your business forward.



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