SEPTEMBER 2026

Workforce Optics

INSIGHTS, NUMBERS & KNOWLEDGE FOR A COMPETITIVE WORKFORCE

Welcome! Today's labor market isn't falling apart, but it isn't taking off, either. Instead, it has settled into an uneasy middle ground—where hiring remains selective, workers are staying put, and job market experiences increasingly depend on industry, location, and skills. This month, Workforce Optics examines why job security and burnout are rising side by side, how AI is reshaping hiring, and what the latest BLS, ISM, and employee confidence data reveal about where the workforce stands and where it may be headed.

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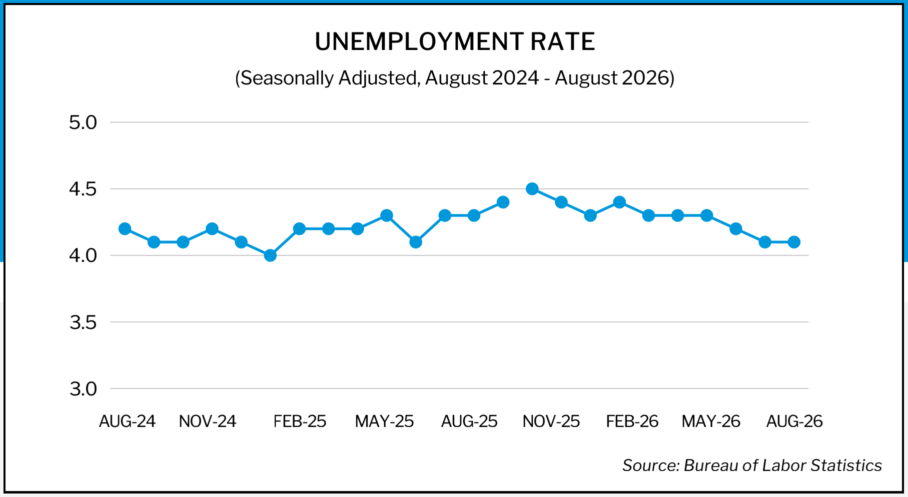
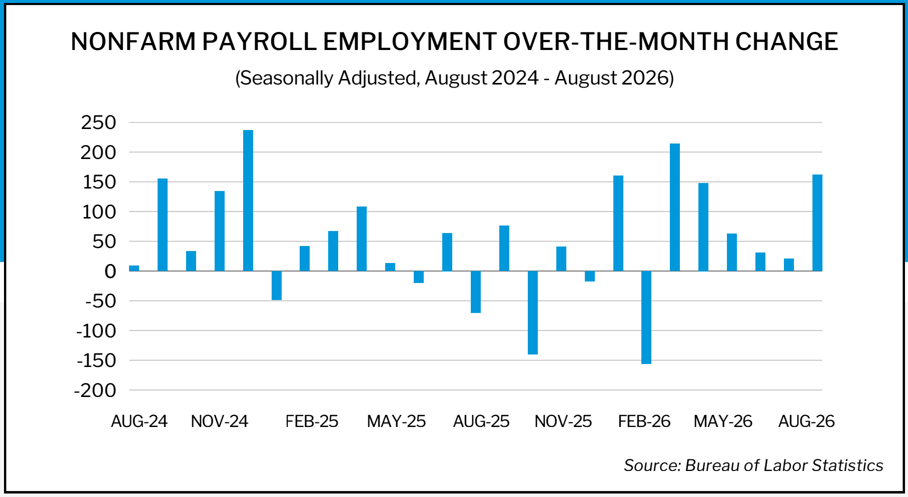
Jobs Update

The U.S. labor market regained momentum in August, with employers adding 162,000 jobs, well above the average monthly gain of just 31,000 over the previous 12 months. The unemployment rate held steady at 4.1%, representing about 7 million unemployed Americans. Labor force participation edged up to 61.6%, while the number of people working part time for economic reasons fell by 414,000 to 4.4 million.

August's gains, however, were concentrated in a handful of industries. Manufacturing added 16,000 jobs, bringing gains from its December 2025 low to 58,000. Healthcare added 13,000 jobs, below its 32,000 average monthly gain over the prior year. Meanwhile, information employment fell by 23,000, while most other major industries showed little change.

Wage growth remained steady, with average hourly earnings rising 0.3% in August and 3.1% over the past year, while the average workweek increased to 34.4 hours. Overall, the report points to a labor market that has stabilized rather than broadly accelerated. Unemployment remains low and job creation improved, but hiring strength remains uneven, with talent conditions increasingly dependent on industry, occupation and geography.





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

4.1%

National Unemployment Rate

AUGUST 2026

0% MoM Change

7.0 MILLION

Unemployed Persons

AUGUST 2026

0.1% MoM Change

A Labor Market in a Holding Pattern

The labor market remains stuck in a low-hire, low-fire holding pattern, with workers and employers adjusting to limited movement. Indeed economist Laura Ullrich said July's weaker numbers did little to change that assessment: hiring, layoffs, and quits remain low, while Indeed's job-postings index has essentially been "bouncing along the bottom" for months.

National averages, however, increasingly mask differences by occupation and geography. Conditions that appear weak overall can be stronger for certain workers and markets. Ullrich pointed to production and manufacturing workers in the Southeast as an area where finding work remains comparatively easier. For employers, this makes local, occupational, and industry-level data increasingly important alongside headline measures like unemployment.

For workers, the subdued market is also reshaping expectations. Glassdoor economist Daniel Zhao said some employees are prioritizing stability and job security, even when that means accepting lower pay or limited career opportunities. That helps explain how job satisfaction can coexist with growing burnout. Burnout mentions in Glassdoor reviews rose 65% year-over-year in the first quarter of 2026 and were 2.5 times higher than pre-pandemic levels. With companies reluctant to hire, remaining employees are often being asked to accomplish more with fewer resources.

AI adds another layer of uncertainty. Ullrich pointed to employers shifting investment toward AI and away from labor, combined with weaker demand in occupations such as software engineering. Zhao emphasized that AI's impact can vary significantly even within professions, with elite AI talent commanding high compensation while less-experienced workers may face a tougher market. Longer term, AI-driven productivity could shift those dynamics again, underscoring how difficult it remains to predict who ultimately benefits from the technology.

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.

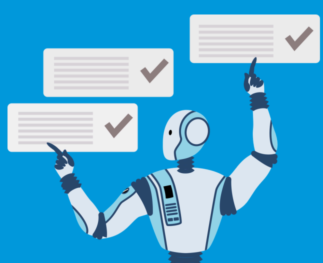
EMPLOYMENT NEWS OF NOTE

Worker Confidence Ticks Up, but Anxiety Remains High

Employee confidence improved slightly in August after hitting a record lo in July, according to Glassdoor's EmployeeConfidence Index. The share of employees reporting a positive six-month outlook for their employer rose to 44.1%, up from 43.6% in July. Despite the rebound, concerns about job security, layoffs, and AI remain, suggesting stabilization rather than a significant shift in sentiment.

Some brighter spots emerged by seniority. Entry-level confidence rose 1.8 percentage points in August, while senior-level confidence is now 4.9 points higher than a year ago. The findings reinforce a familiar labor market trend: worker sentiment may be stabilizing, but experiences continue to vary significantly by industry and career level.

More Applicants, More AI – and More Risk of Missing Talent



As employers contend with overwhelming applicant volumes, AI is increasingly becoming a key gatekeeper in hiring. Korn Ferry reports that AI use in HR jumped from 26% in 2024 to 43% in 2025, with automated platforms now processing applications at extraordinary scale. One leading platform rejects 8,950 applications every half hour and is used by 60% of Fortune 500 firms.

For employers, the challenge is balancing AI's efficiency with human judgment. Automated screening can streamline high-volume hiring but may overlook potential and diverse experience. Staffmark Group uses AI intentionally to create more space for the human moments that make work work. Learn more in our Finding Heart in the Agentic Era series.

Sources: Glassdoor, August 31, 2026 and Korn Ferry, August 14, 2026; Staffmark Group

Supply Chain's Next Stress Test Is Coming

Supply-chain leaders are navigating growing disruptions, from geopolitical conflicts and shifting trade routes to the potential arrival of a powerful El Niño. Korn Ferry reports a 90% chance of a "very strong" El Niño this year, creating risks that could extend beyond shipping delays to semiconductor manufacturing and AI data centers.

These challenges are increasing demand for experienced, agile supply-chain talent skilled in scenario planning, alternative sourcing, and rapid response. Yet many organizations still overlook supply chain as a strategic function, with only 25% formally discussing supply-chain issues at the board level.

Source: Korn Ferry, August 19, 2026

MANUFACTURING UPDATE

Manufacturing Growth Continues, Signs of Softening Emerge

U.S. manufacturing remained in expansion territory in August, although momentum moderated from July's four-year high. The ISM Manufacturing PMI registered 54.6%, down from 55.6% in July, marking the eighth consecutive month of manufacturing growth and the 22nd straight month of expansion for the overall economy. Production remained particularly strong at 58.3%, while 15 of 18 manufacturing industries reported overall growth, signaling continued strength across much of the sector.

Underneath the headline number, however, several indicators point to softer momentum ahead. New orders fell three percentage points to 53.7%, backlogs dropped to 51.8%, and employment slipped 1.6 points to 51.2%. Hiring remains especially cautious: among the six largest manufacturing industries, only transportation equipment reported employment growth. The combination of slowing orders and restrained hiring suggests manufacturers are balancing current production needs against uncertainty about future demand.

For workforce leaders, August's report paints a manufacturing sector that is still growing but showing signs of caution. ISM also noted weakening demand sentiment, which could keep employers hesitant about adding permanent headcount even as production remains strong. Manufacturing conditions are healthier than they were throughout much of 2025, but the pullback in hiring and new orders bears watching. Employers may increasingly prioritize flexible staffing and workforce strategies that allow them to respond quickly as demand shifts while maintaining the talent needed to support continued production.

ISM'S EMPLOYMENT INDEX

EMPLOYMENT	% HIGHER	% SAME	% LOWER	NET	INDEX
Aug 2026	11.8	76.7	11.5	+.03	51.2
July 2026	16.3	70.4	13.3	+3.0	52.8
June 2026	16.2	70.0	13.8	+2.4	49.7
May 2026	17.0	67.6	15.4	+1.6	48.6

THE TAKEAWAY ▶

Manufacturing remains firmly in growth mode, but signs of softer momentum are emerging. Slowing new orders, cautious hiring, and persistent cost pressures suggest employers are balancing strong production with uncertainty about future demand. Amid ongoing economic, trade, and supply-chain concerns, manufacturers remain focused on maintaining output while staying disciplined on headcount and workforce planning.

Sources: Manufacturing ISM® Report On Business® & Institute of Supply Management, August 2026

About Staffmark Group

STAFFMARKGROUP.COM

Staffmark Group (SMG) is one of the largest staffing companies in the United States and is a portfolio company of RGF Staffing and Recruit Group, renowned for pioneering brands like Indeed and Glassdoor. Harnessing our global strength and innovation, we power your business with the people, flexibility, and data insights you need to succeed in your market.

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, Employee Management Services and Staffmark, ensures the talent and customized solutions to propel your business forward.

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