HR Insights

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4 Midyear HR Trends to Monitor

As 2026 moves into its second half, HR leaders are navigating a workforce that is being reshaped on several fronts at once. Artificial intelligence (AI) is changing hiring patterns, gig work is becoming a mainstream labor arrangement, burnout is reaching a measurable tipping point and employee confidence in the labor market remains historically weak.

This article explores the latest HR trends worth watching as organizations plan for the remainder of 2026 and into 2027. These trends are explained in more depth in Zywave's 2026 Midyear HR Market Outlook.

1. AI Reshapes the Labor Market

AI has already made headlines with major employers announcing tens of thousands of job cuts and citing AI adoption as a contributing factor. However, the full picture is more nuanced. The displacement many predicted, which would be sudden or sweeping, hasn't fully materialized. Instead, AI is reshaping the workforce through structural shifts that are quieter and, in many ways, more consequential.

Outplacement firm Challenger, Gray & Christmas reports that companies are citing AI as the leading reason for job cuts through the first half of 2026, and 2026 Global Talent Trends report, which surveyed 825 C-suite leaders and 1,650 HR leaders, found that 99% of those executives expect AI to drive headcount reductions over the next two years. Yet the Bureau of Labor Statistics (BLS) data shows total job numbers are not especially abnormal.

An analysis of U.S. job postings found that postings for occupations built on structured, repetitive tasks dropped 13% after ChatGPT's launch, while postings for analytical, technical or creative roles rose 20%, suggesting AI is redirecting labor demand rather than eliminating it outright. AI's expansion is generating demand in adjacent sectors, such as energy, technology and for roles with AI skills.

2. Gig Work Becomes a Mainstream Labor Arrangement

Upwork's 2026 Future Workforce Index found that 39% of all U.S. workers freelance, up four percentage points from 2025, with analysts projecting that freelancers will make up more than half of the U.S. workforce by 2027. Generation Z is leading the shift; a Harris Poll report describes Gen Z as America's first true "side hustle generation," and 57% of Gen Z workers report having a side hustle compared to just 21% of boomers.

Employers are navigating this landscape from two directions at once: as potential users of gig labor and as employers competing against it for talent. In addition, many of their own employees are likely doing gig work on the side, whether they allow it or not. On the opportunity side, gig platforms can provide access to specialized skills, enable cost flexibility and support project-based staffing (e.g., deliveries, IT projects or marketing campaigns). But they introduce compliance exposure. Employers should watch for compliance exposure under the Fair Labor Standards Act, since worker misclassification risk grows as more employees take on gig work. They should also expect to compete on flexibility and autonomy, not just wages, to retain talent.

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3. Employee Burnout Reaches a Tipping Point

Spring Health's 2026 Workplace Mental Health Annual Report, which surveyed more than 2,000 HR leaders and employees across five countries, found that 74% of employees have experienced burnout and 61% of HR professionals say burnout has increased in the past year, with 40% of burned-out employees describing a state of "silent burnout," where they are physically present but mentally checked out. A Glassdoor poll found that 53% of job seekers have paused their job search entirely to protect their mental health, and mentions of burnout in Glassdoor company reviews surged 65% year over year in the first quarter of 2026.

MetLife's Workforce Trends report found that half of employees feel disconnected and undervalued at work, a disconnect that feeds directly into emotional fatigue and disengagement. Helping employees see how their day-to-day work ties back to organizational purpose is one of the more durable defenses against burnout, and employers are responding by leaning harder into recognition, autonomy and career development to address what's driving the disconnect.

Employers should equip managers to recognize early warning signs and normalize conversations about mental health, since visibility and manager engagement, not benefits alone, are what close the gap between what employers offer and what employees actually use.

4. Employee Confidence Stays Near Record Lows

Employee confidence ticked up slightly in June 2026, rebounding from a record low in May, according to the Glassdoor Employee Confidence Index, though sentiment remains down year over year across most industries. Glassdoor data showed just 44% of employees reported a positive six-month business outlook for their employer in June, and BLS data showed the economy added only 57,000 jobs that month, a sharp slowdown from May, even as job openings in the May JOLTS report climbed to a two-year high of roughly 7.59 million and hires slipped to 5.17 million, a sign that open roles aren't converting into offers as quickly as before.

Entry-level workers are experiencing the sharpest confidence declines of any career stage; hiring site ZipRecruiter reports that unemployment among recent college graduates has climbed to roughly 5.6%, well above the overall rate.

Even with June's uptick, confidence remains historically weak. Several forces are still weighing it down:

- Hiring has slowed even as unemployment stays steady, leaving fewer places for job seekers to land.
- Layoff anxiety is outpacing actual layoff activity, as fear becomes disconnected from hard data.
- Wage growth is softening, cutting workers' leverage to negotiate raises or switch jobs.
- Entry-level and mid-level employees face the sharpest squeeze between AI's absorption of junior tasks and leaner management layers.
- Rising energy costs are adding pressure on consumer-facing industries.

General labor metrics indicate a relatively stable employment economy; however, worker sentiment shows a different picture. Confidence isn't rebuilt through a single policy, perk or benefit. It's rebuilt through consistent signals that employees can trust their employer and their place within it, and that starts with transparency. As organizations plan for the second half of 2026 and into 2027, rebuilding trust one consistent message at a time may do more for retention than any single new benefit or program.

Conclusion

AI adoption, the growth of gig work, employee burnout and eroding labor market confidence are all reshaping how HR teams support their workforce. The second half of 2026 is a good time to revisit reskilling investments, contractor compliance and manager training before heading into 2027 planning.

Contact us for more resources about these trends or for Zywave's 2026 Midyear HR Market Outlook.