Personio

The Personio Index Q3 2026

Real-time workforce signals across European organisations using Personio

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Every day, thousands of organisations use Personio to manage the decisions that shape their workforce.

Taken together, that activity gives us a real-time view of how businesses are growing, investing in their people, and adapting to AI-related workforce changes.

In our Q3 edition of The Personio Index, we check back in on how headcount growth, salary increase budgets, and recruiting activity have shifted over the last quarter. We also track some new workforce signals, including working models, early-career hiring, and job postings mentioning generative AI-specific skills.

Three trends to watch

1. Headcount growth is still trending down as of H1 2026, but our data suggests the decline is easing.
2. Salary increase budgets hit a five-year low across the board, with lower-end budgets getting squeezed the most.
3. Hybrid work is still the working model of choice, with onsite working starting to regain favour.

A trend on the rise

Generative AI-specific skills are starting to spread beyond software engineering roles, as mentions spike in job postings for other functions.

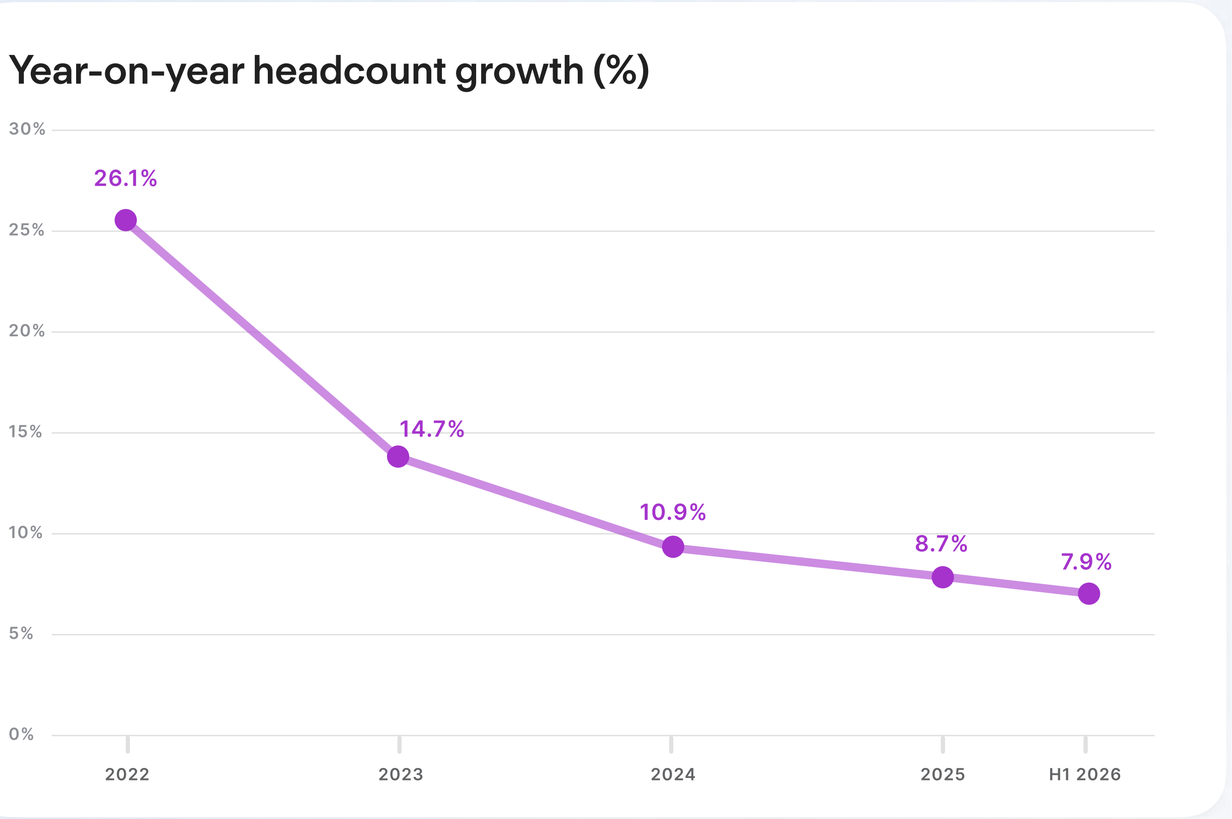
Headcount signals

01

Headcount growth is levelling out after years of steady decline

In our Q2 index, we reported that headcount growth rates have shown a marked decline since 2022. It's a similar story into the first half of 2026, but our data shows that the pace of decline may be starting to level out.

Headcount growth dipped 2.2 percentage points between 2024 and 2025 — but it has only declined 0.8 points between 2025 and H1 2026.[1]

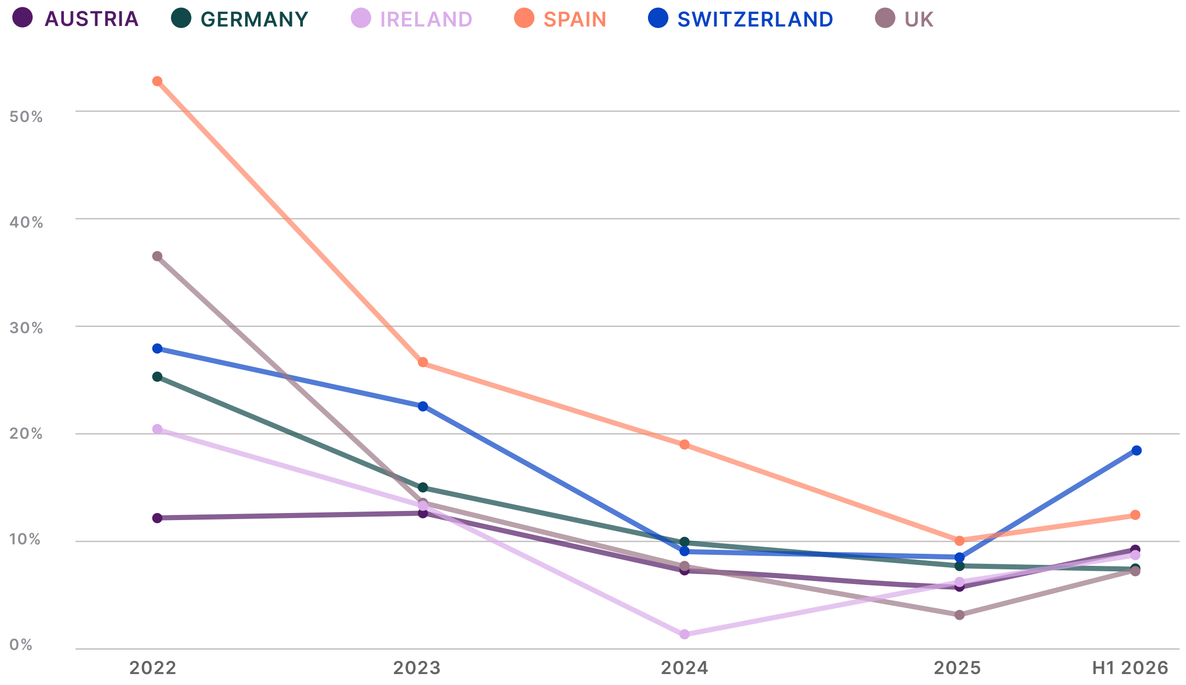


The takeaway

As AI continues to shift how organisations hire, our latest data suggests that global headcount growth may be settling at a new baseline. In practical terms, this could mean reorienting strategy around the mission-critical hires to address glaring capability gaps while placing greater emphasis on internal mobility for the rest.

[1] Figures based on a partial year analysis, and are not indicative of a full year-on-year comparison.

Headcount growth by region



Germany lags as other markets show signs of recovery

Ireland's rebound in our Q2 index is no longer an outlier. Moving into H1 2026, most markets are starting to regain ground. Except, that is, for Germany, where headcount growth has barely shifted since 2025, edging down from 7.4% to 7.2%.

- Switzerland took the top spot for fastest-growing market, more than doubling its headcount growth rate between 2025 and H1 2026.
- After a steep fall, Spain experienced more moderate growth compared to other markets, rising from 9.9% to 11.8%.
- Germany is the only country to see an unbroken year-on-year decline in headcount growth rates.

The takeaway

While none of the markets we measured have bounced back to their 2022 growth rates, we're no longer seeing the convergence we saw in 2025. Shorter headcount planning cycles and AI-assisted scenario modelling may help HR teams adjust hiring to stay in step with changing business needs and market fluctuations — in any direction.

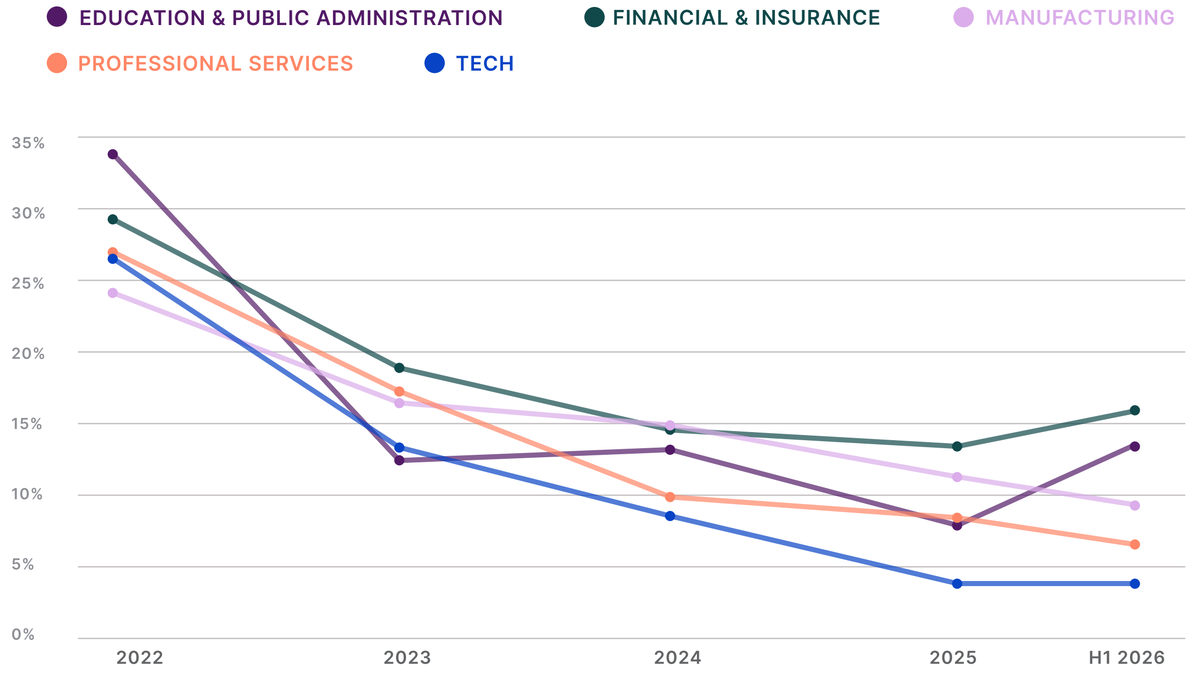
Education and public administration rebounds, but manufacturing continues to decline

H1 2026 has also brought a bit of a shake-up for headcount growth at a sector level.

After experiencing the steepest overall decline since 2022, education and public administration saw headcount growth spring back from 7.5% in 2025 to 13.7% in H1 2026 — the biggest relative increase across all sectors.

- Financial and insurance also started to regain ground, rising from 13.2% to 16.2%.
- The tech sector's headcount growth rate picked up marginally from 3.4% to 4.1% between 2025 and H1 2026, but it still sits at the bottom of the pack.
- Both manufacturing and professional services saw continued cooling of headcount growth rates, declining around 2% each.

Headcount growth by industry



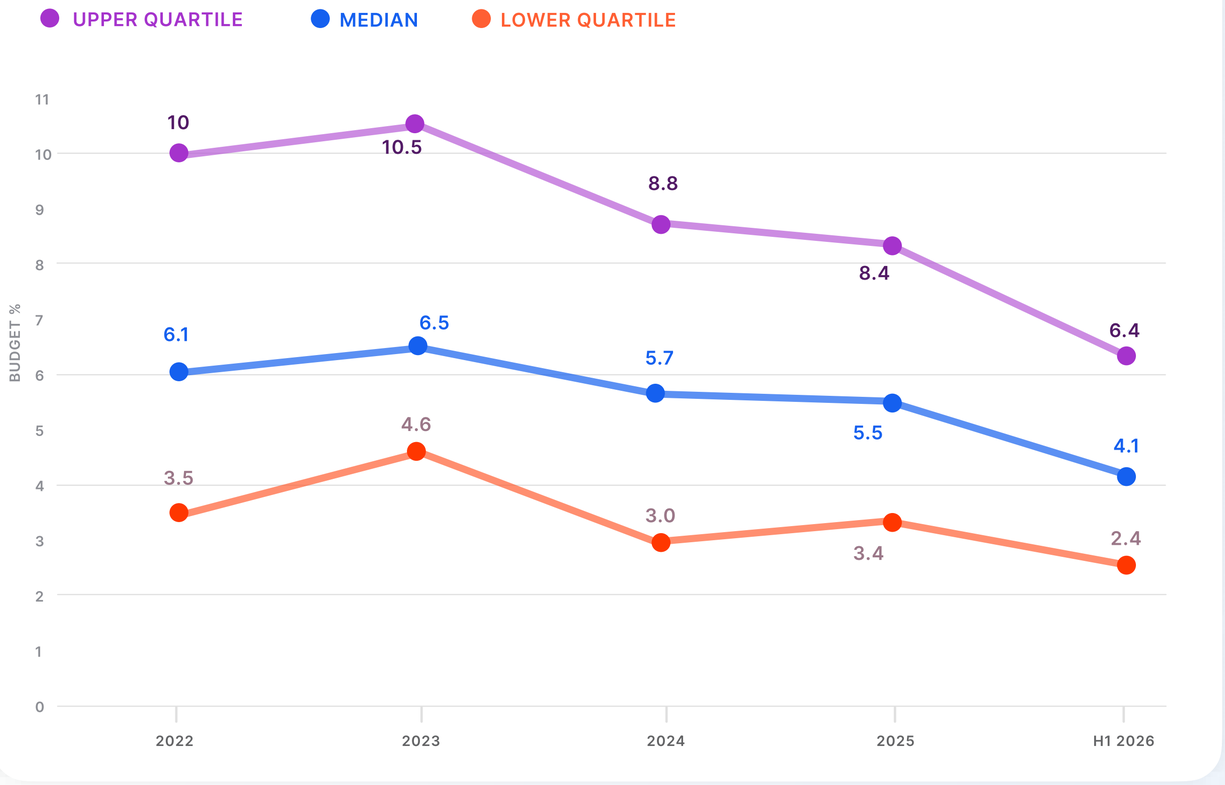
The takeaway

After sectors converged in 2025, our H1 2026 snapshot shows that some sectors are now pulling ahead. But as headcount growth continues to fluctuate, use these partial-year sector-level trends as a directional signal. Ground this data in your organisation's year-on-year hiring patterns to identify cyclical trends and model headcount scenarios based on that data.

Salary increase budgets

02

Salary increase budgets over time



Pay budgets hit a five-year low

Headcount growth may be picking up in some segments, but pay rise pots in 2026 look a lot slimmer than they did in 2022.

In H1 2026, budgets for base salary increases in professional roles continued to dip across the board.[2] But top-end budgets fell the hardest:

- Upper quartile budgets fell two percentage points in H1 2026 from 8.4% to 6.4% — the steepest drop in any reporting period since 2022.
- After remaining relatively stable between 2022 and 2025, median salary budgets also saw a sizable decline, dropping 1.4 percentage points.
- Between 2023 and H1 2026, lower quartile budgets have fallen by almost half, showing a relative decline of 48%.

The takeaway

Top-end salary budgets in H1 2026 (6.4%) are now drawing level with the median budget in 2023. The baseline for what makes a generous pay rise has come down quite a bit since 2022, wherever you sit on the benchmark.

In Q2, we asked: Will salary budgets show further compression at the top end, or re-acceleration?

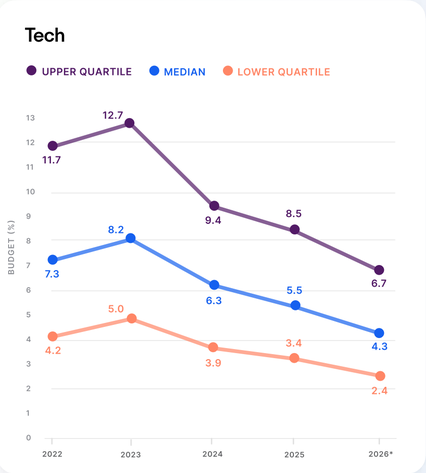
Salary bands are actually settling into a tighter range at a lower level, with compression occurring across the entire distribution. Upper-quartile salary budgets saw the steepest decline, but lower-quartile budgets saw the biggest relative drop.

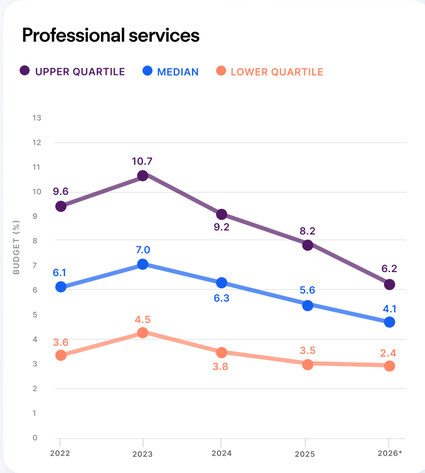
[2] All 2026 data in our salary budget analysis reflects increases granted in H1, limited to companies whose compensation reviews happen mostly in H1.

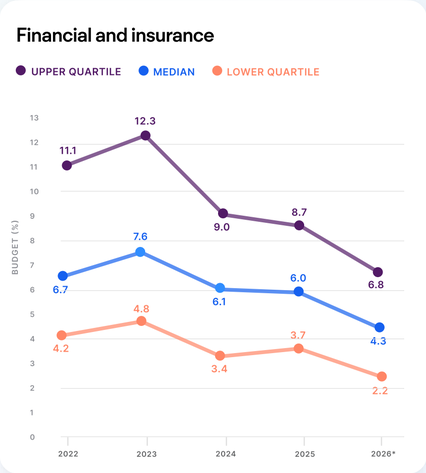
Lower-end budgets take the biggest hit across all sectors

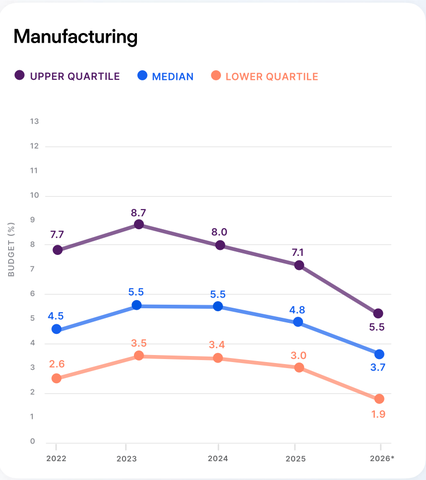
In our Q2 report, early data showed that salary increase budgets were already trending down across all sectors. Our full H1 data confirms that trajectory.

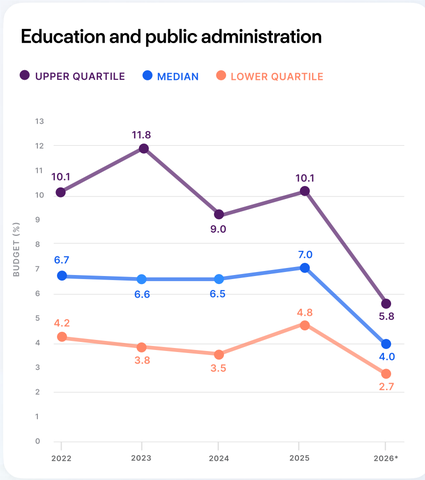
- Education and public administration budgets fell faster than other sectors from 2025 to H1 2026 across all quartiles, with upper-quartile budgets dropping 4.3 percentage points.
- Manufacturing salary increase budgets still sit on the lower end, but declined more sharply into H1 2026.
- Financial and insurance's lower-quartile budget fell 40%, compared to 21% in the upper quartile.











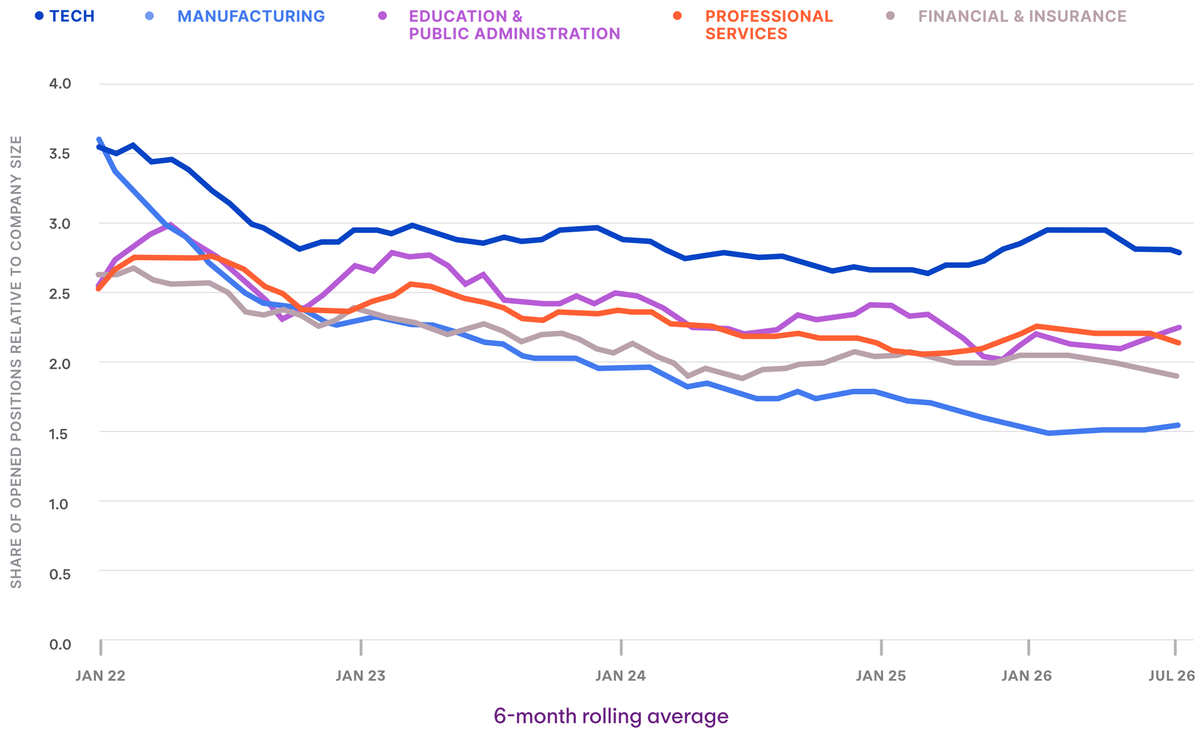
The takeaway

Across four of our five sectors, we saw the biggest cuts in lower-quartile salary budgets, showing that pressure is concentrating among employers paying salaries at the lower end of the market.

Recruiting activity

03

Recruiting intensity over time by industry (%)



6-month rolling average

Tech hiring continues its lead, while education and public administration picks up

Hiring activity remains higher for the tech sector into Q3 2026, with open positions equal to 2.7% of current headcount. In 2026, that number has remained relatively steady, but it is starting to cool slightly. In other sectors:

- Education and public administration hiring activity increased the most, with open positions reaching 2.2% of headcount by Q3 2026.
- Manufacturing recruiting intensity remains low alongside low headcount growth, with a widening recruiting gap compared to all other sectors.

The takeaway

Tech hiring activity remains an outlier compared to other sectors. When viewed in the light of headcount growth rates, this suggests churn-related hiring, rather than growth-related expansion.

In Q2, we asked: Will hiring growth broaden beyond tech and professional services?

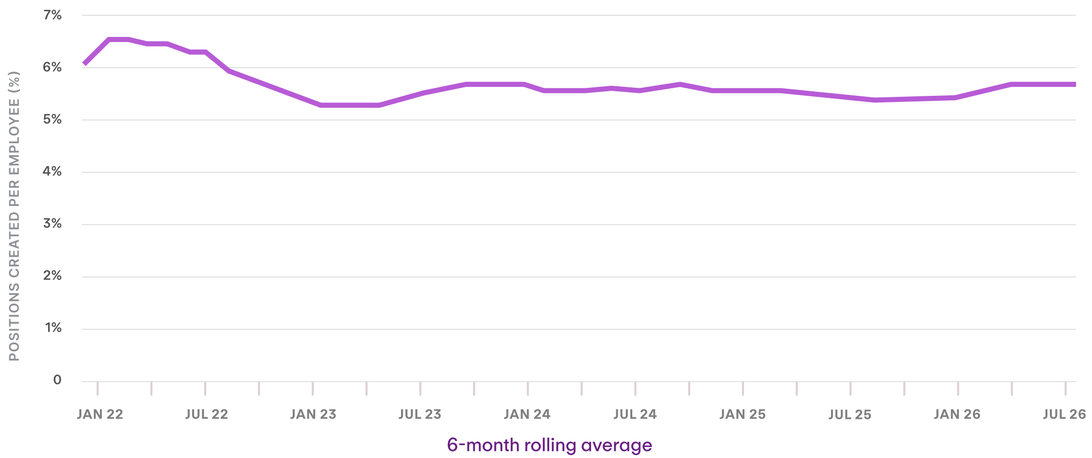
Education and public administration recruiting activity is starting to rebound — but time will tell if this is a cyclical pattern, or a sustained trend.

Recruiting activity holds steady for small businesses

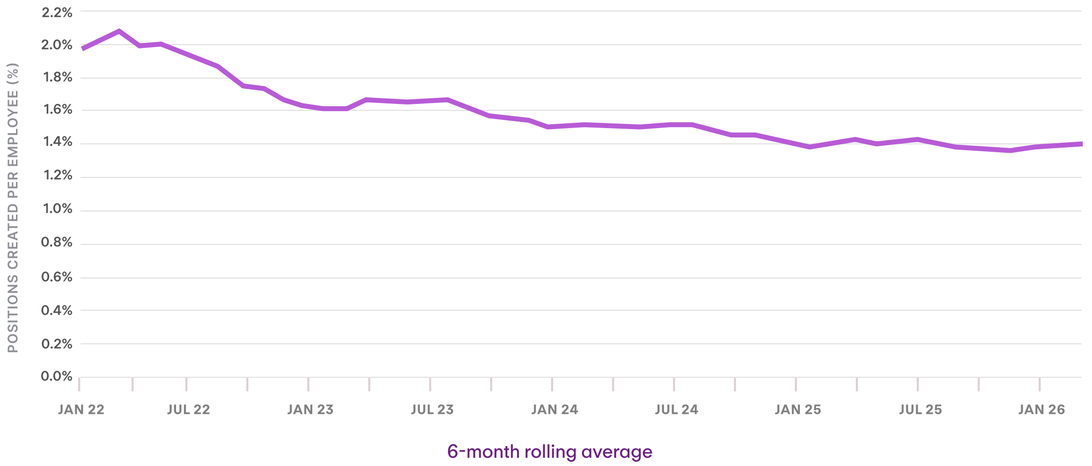
In our Q2 index, we reported that small and micro organisations were starting to see an uptick in hiring intensity. Into Q3, that increase hasn't held. If anything, small business hiring has plateaued at 5.7% — but it's holding well above the lower levels seen in Q1 2023.

Medium and large organisations are seeing a similar plateau, but recruiting intensity is significantly lower than that of smaller businesses, sitting at 1.5%.

Recruiting intensity over time: Small businesses



Recruiting intensity over time: Medium & large businesses



The takeaway

The years-long decline in recruiting intensity across organisations of all sizes is staying steady for now — perhaps suggesting a new baseline for hiring.

In Q2, we asked: Will the recent uptick in medium and large recruiting intensity persist beyond March?

No. The median line for medium and large organisations has stayed flat and low through H1 2026, with no sustained rebound.

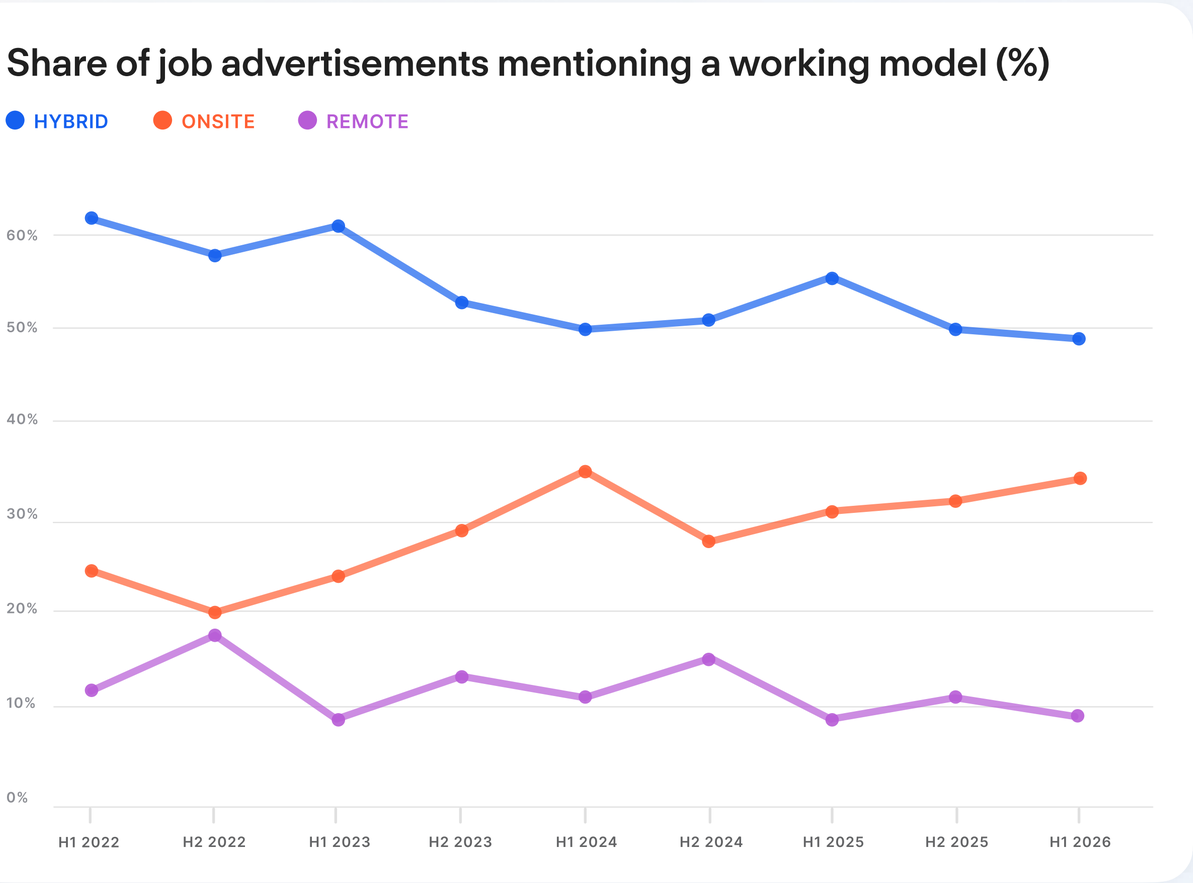
Working models

04

Return-to-office regains ground as hybrid and remote working cool

Several years on from the remote work reckoning, the pendulum is finally starting to swing back to onsite as organisations' preferred working model.

Hybrid work maintains its grip as organisations' favoured operating model overall, making up 49% of all job postings by H1 2026. But the pull of the office is growing stronger: the share of job adverts featuring onsite roles grew from 20.8% in H2 2022 to 34.6% by H1 2026. Meanwhile, remote roles dropped by almost half from 18.3% in H2 2022 to just 9.8% in H1 2026.



The takeaway

As organisations get more selective on hiring, clarity about your working model in your employer branding will help talent decide if your organisation is right for them. Be explicit about how you work, including attendance expectations, communication norms, and how decisions are made.

Early-career hiring signals

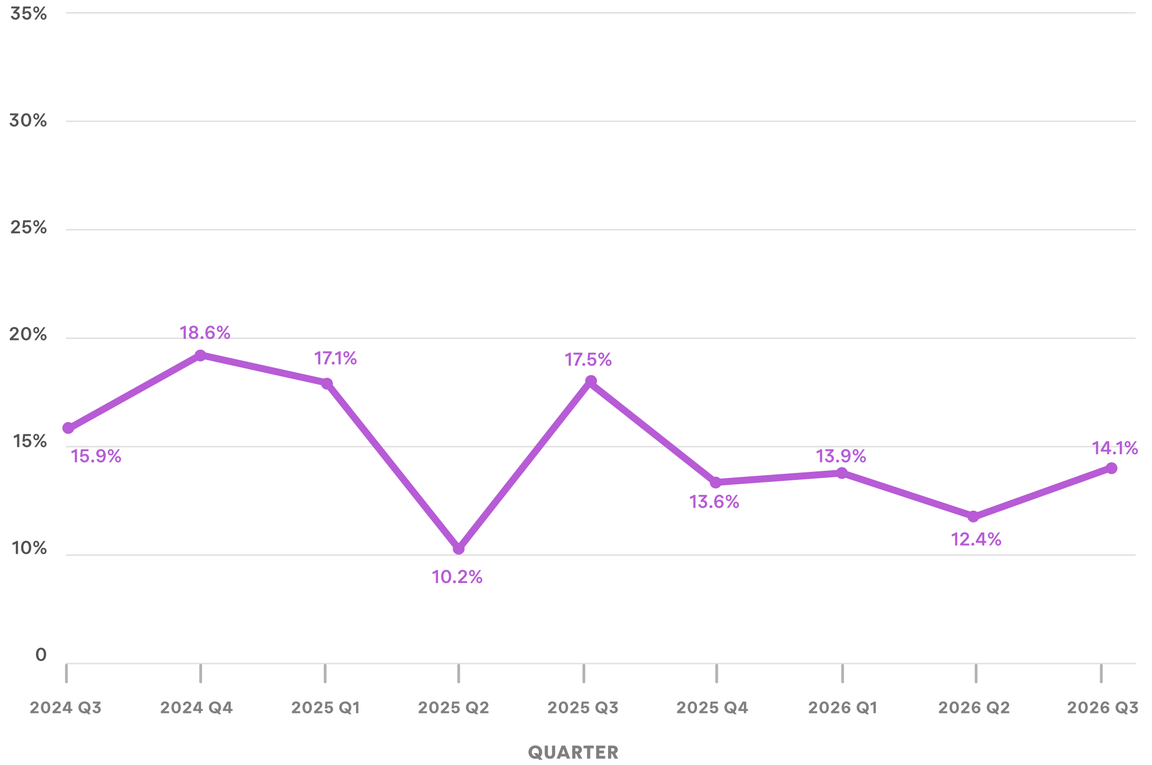
05

Early-career hires are on the rise, but it's slow going

In our Q2 report, our data suggested that organisations hiring for AI talent were prioritising senior individual contributors. But our newest figures give us a more rounded picture of what's happening at the other end of the career ladder.

Since Q2 2024, the share of job postings advertising for entry level, intern, and student talent has trended down, hitting a low point in Q2 2025 at 10.2%. But despite some swings from quarter to quarter, there may be some signs of recovery ahead: job postings for junior talent increased from 12.4% to 14.1% in Q3 2026.

Share of job postings for junior roles (%)

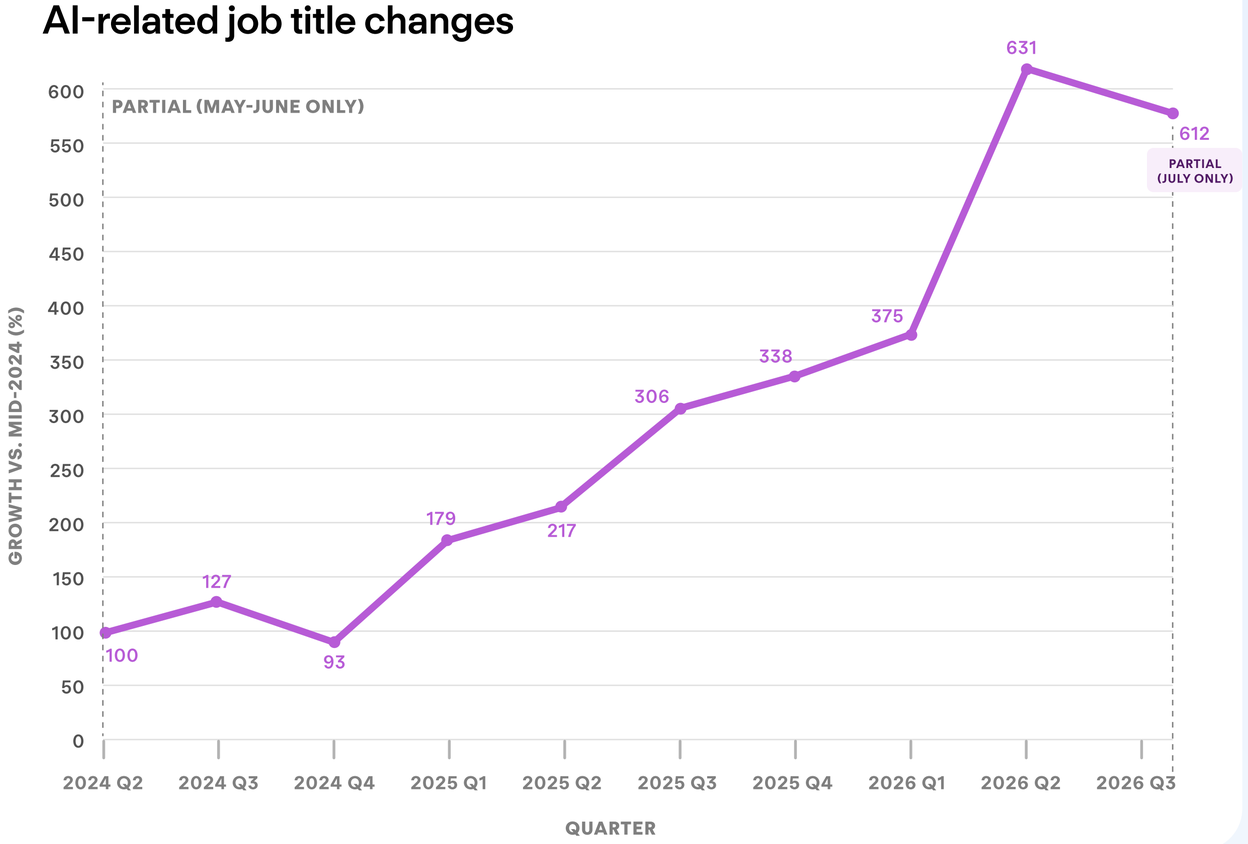


The takeaway

Early-career hiring last picked up in Q3 2025, but it was a trend that fully reversed within a quarter. The baseline for the past 12 months is also a lot lower than the year prior: 13.5% compared to 15.9%.

AI workforce signals

06



AI-related job title changes surge

As organisations build out their AI-enabled workforce, they've been feverishly updating existing roles and job titles to include the word 'AI'.

In our Q2 index, we reported that AI-related job title changes rose to 3.75x the Q2 2024 baseline by Q1 2026. In Q2 2026, that rate of change soared to 6.3x the baseline.

The takeaway

AI is increasingly becoming encoded into how roles are written and defined, and that trend continues into Q3 — but at a more moderate pace. One month into Q2, the index had already overtaken all of Q1. Meanwhile, one month into Q3, and it's just shy of matching Q2's figures.

In Q2, we asked: Will the rise in AI-related job title changes continue to gain pace throughout 2026?

Partially. AI-related job title changes kept climbing into Q3 2026, but the rate of increase is slowing. Early Q3 figures haven't yet matched the full-quarter Q2 total, whereas early Q2 figures had already surpassed all of Q1.

AI skills are becoming a job requirement

As job title changes soar, zooming in on skills demand tells us where organisations are placing their bets for AI talent. And so far, most are focused on technical hires.

In Q1 2024, mentions of generative AI-specific skills appeared in just 3.2% of postings for software engineering roles. But by Q3 2026, that share climbed to almost a quarter (24.5%).

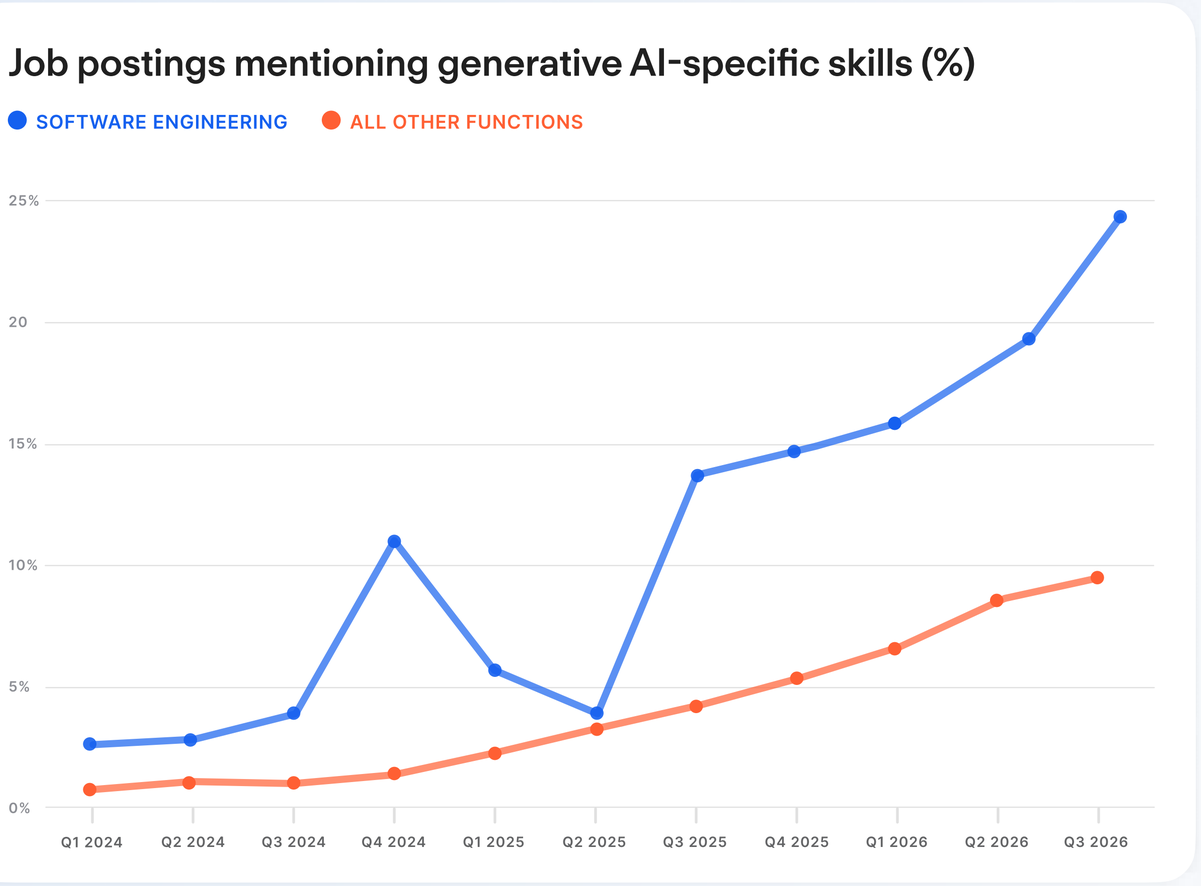
But demand is rising across the broader workforce, too — and relative growth is faster. Mentions in all other functions rose from under 1% to 9.6% over the same period.

How we define generative AI skills

We used a simple text search across listed skills in job postings for named generative AI tools like Claude, Llama, and ChatGPT. We also searched for terms relating to its use and capabilities, such as prompt engineering, agentic AI, and automation.

The takeaway

AI is diffusing across the workforce into non-technical roles at different depths depending on the function and job requirements. But organisations must support non-technical functions in finding where AI fits, helping them identify skills gaps and use cases, and providing role-specific training.



What we're watching next

Our read on 2026 so far isn't showing a rebound for many of our key indicators. Headcount growth is still declining overall with some pockets of recovery, salary budgets are compressing, and recruiting activity is still flat for many sectors.

Over the next quarter, we'll be keeping an eye on how these signals move to see which are near-term fluctuations, and which are longer-term changes. On our minds for the coming quarter:

- Is headcount growth settling at a new baseline, or will we see it start to pick back up?
- Will early-career job postings start to recover, or was the uptick in July just a blip?
- Will generative AI skill mentions in job postings outside of software engineering start to catch up?
- How will salary increase budgets shift into the next quarter?

About our data

The Personio Index is based on aggregated, anonymised trends observed across our European customer base of 16,000+ organisations of varying sizes and sectors. To protect confidentiality, we do not publish customer- or employee-identifiable information.

Each metric is calculated using active organisations, filtered to remove outliers and low-quality data to ensure high accuracy. Metrics tied to specific add-on products (e.g. Personio Recruiting) strictly reflect organisations using those features to avoid distorting results for companies using external tools. To map this data, we rely on self-reported industry classifications and AI-assisted workflows to analyse job postings, employee levels, and job families.

For reporting periods that have not yet fully concluded (e.g. reviewing Q3 in September), metrics are subject to natural censoring and subsequent adjustments as full-period data matures; these instances are explicitly noted within the findings.

For this edition, we analysed seven key factors:

Headcount growth
Changes in recorded employee headcount

Salary increase budgets
Increases in base salary, as a share of total base salary

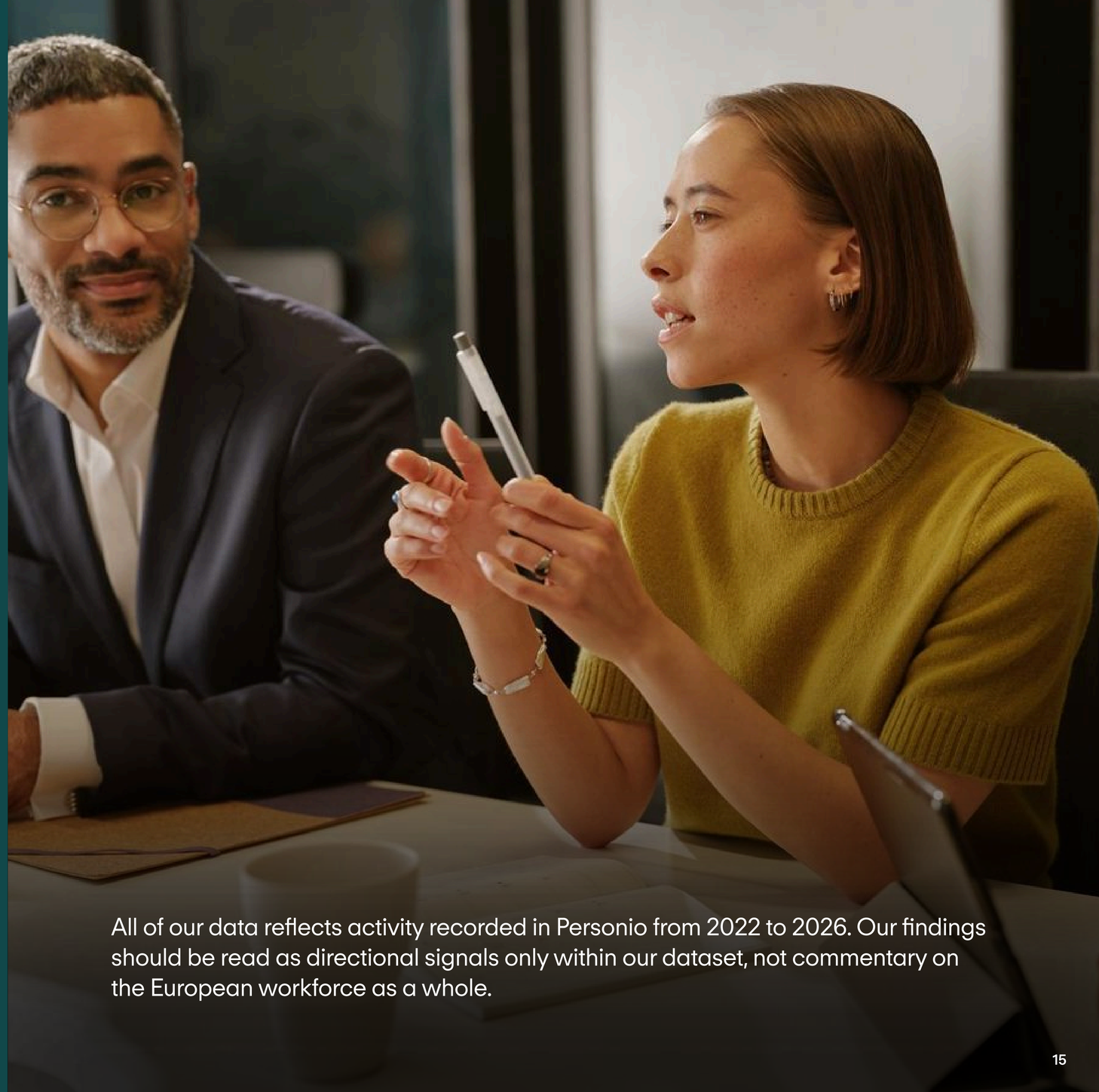
Recruiting activity
Open roles as a share of workforce size

Early-career hires
Entry-level, intern, and student roles as a share of job postings

Working model distribution
Share of job postings mentioning hybrid, remote, or onsite working

Generative AI-related skills
Share of job postings mentioning generative AI-specific skills among software engineering roles and all other functions

AI-related job changes
Employee title updates that include 'AI'



All of our data reflects activity recorded in Personio from 2022 to 2026. Our findings should be read as directional signals only within our dataset, not commentary on the European workforce as a whole.