

Snapshot:

The Effect of AI on Employment in the High-Tech Industry

January 2026

In collaboration
with Zviran

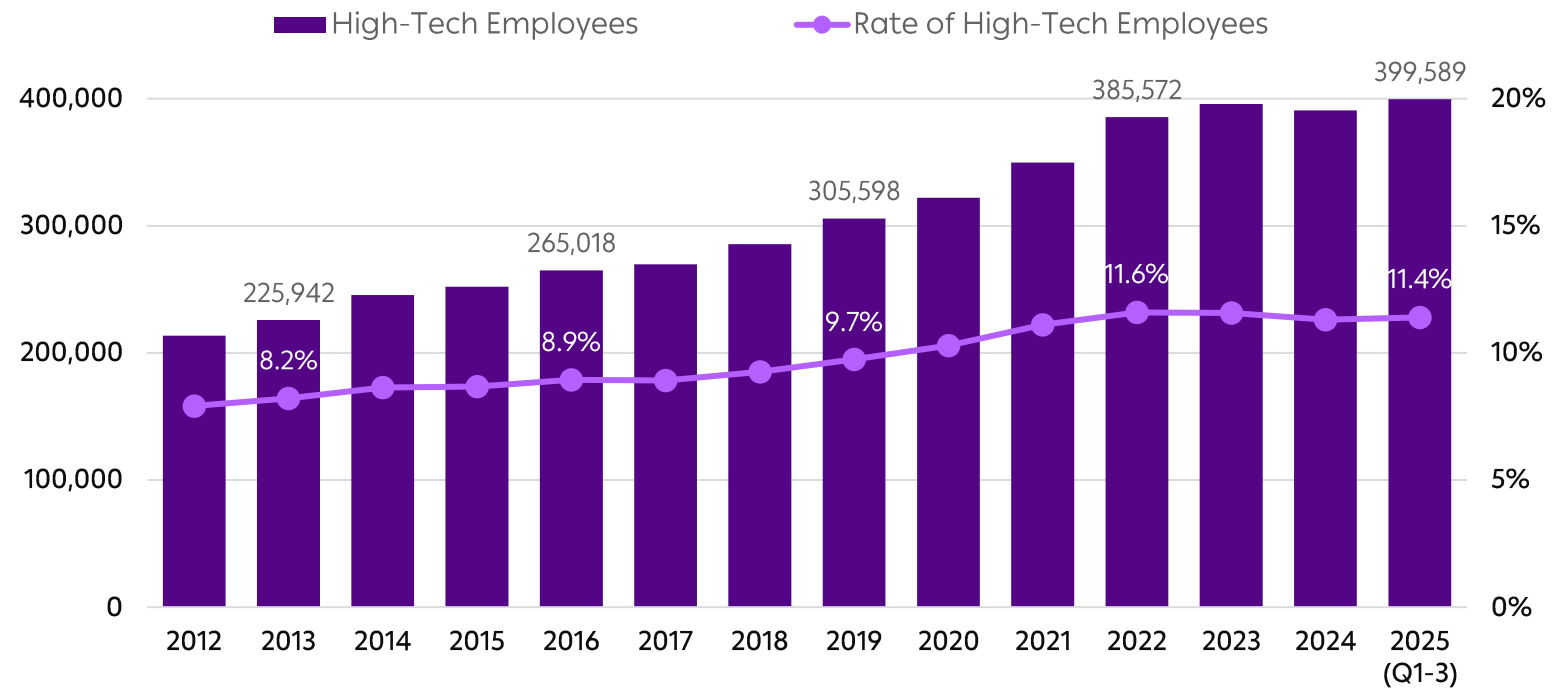


Overview: Employment Trends in the High-Tech Industry – 2025

After years of consistent growth of 5%-6% per year, over the past two years we have been witnessing a stagnation in the growth of the share of high-tech employees out of the total number of employees in the Israeli economy.

Over the past two years, the high-tech employees' share was around 11.5%, and has not increased significantly; it even decreased slightly in 2024 to the level of 11.4%. ([Report on Employment in the High-Tech Industry - 2025](#)).

The number of employees in the high-tech sector per year and the rate of high-tech employees out of the total number of employees in the economy



Source: Innovation Authority adaptation of CBS data

The stagnation may be explained by several factors:

- **Global trend** of a decline in employee recruitment due to uncertainty in international markets. After the workforce in the high-tech industry peaked in 2021-2022, the slowdown may be a "correction" to the trend leading-up to the record years.
- **Domestic trend** of "tightening the belt", due to the conditions in Israel and political-security situation, which affected the growth in the activity of Israeli companies, and consequently, the number of employees.
- **Structural and permanent change** in the number of employees required in the high-tech industry due to the incorporation of AI tools.

The purpose of this paper is to assess AI's contribution to the stagnation the number of employees in the Israeli economy.

To supplement preliminary insights regarding trends in the workforce of the high-tech industry, which have arisen from the survey addressed to **high-tech workers** regarding the adoption of AI tools in [November 2025](#), we approached the **employers** of high-tech companies in the industry through Zviran's semi-annual survey.

Unlike other surveys published in the past year, this survey also offers significant representation to multinational corporations that have a branch in Israel.

The survey was conducted in December 2025. 263 employers took part in the survey, of which 192 were high-tech employers, a representative sample of the employers of approximately 80% of high-tech workers.

Key Findings: Employment Trends in the High-Tech Industry – 2025

Employee layoff trends

- ▶ 35% of high-tech companies laid off employees in the past six months due to downsizing or closure of teams or departments, compared to 22% in all other sectors.
- ▶ Only 5% of the companies noted the implementation of AI as a key reason for organization-wide layoffs; however, in most cases, this was a secondary factor associated with streamlining efficiency or the status of the company's business.
- ▶ 71% of the companies that plan to dismiss employees in the next six months noted that AI had no impact on their planned layoffs.
- ▶ 29% of the companies noted that AI had some effect on planned layoffs, but this effect was limited.

Key Findings: Employment Trends in the High-Tech Industry – 2025

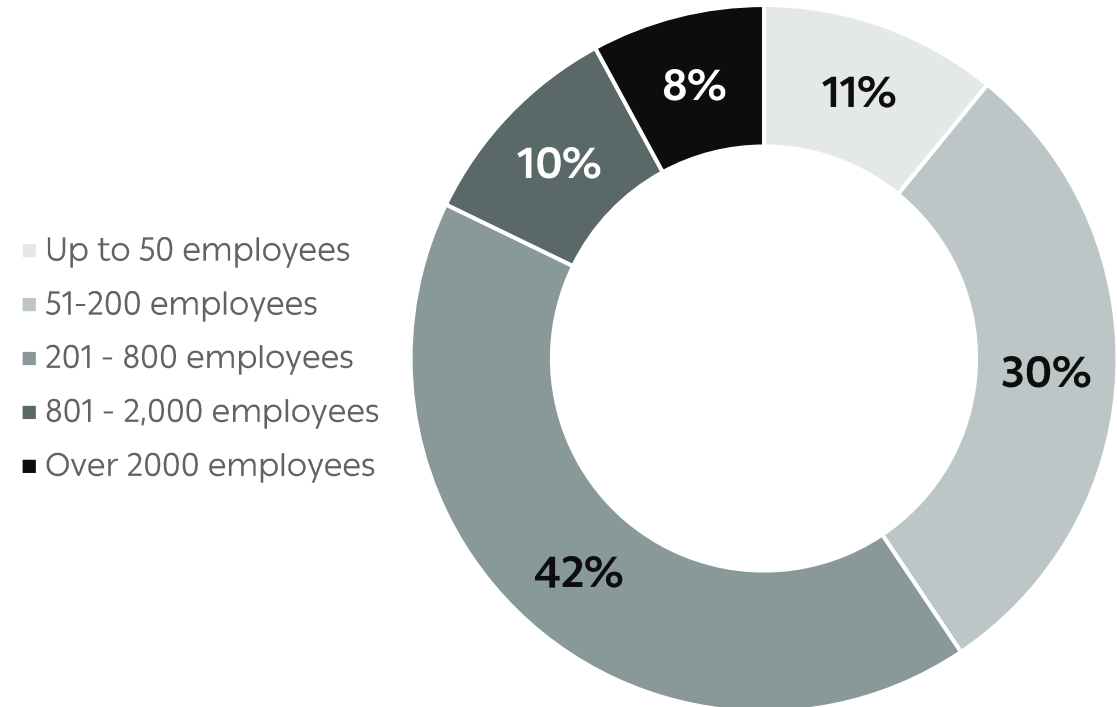
Recruitment trends

- ▶ 94% of the companies recruited new employees this year.
- ▶ Only 3% of the companies noted that they recruited less employees in the past six months due to the integration of AI tools.
- ▶ 23% expect that in 2026 they will recruit less employees than in 2025.
- ▶ 6% of the companies noted the adoption of AI tools as one of the reasons for recruiting less employees (alongside streamlining efficiency or the status of the company's business).

Methodology, sample and respondents

- ▶ 500 employers participated in the survey during the last couple of weeks of December 2025 under a semi-annual survey of Zviran.
- ▶ 263 employers responded to the survey, of which 70% (192) operate in the high-tech sector, which employ in total approx. 112,000 employees, thus account for 28% of high-tech employees in Israel.
- ▶ Most of the companies in the sample (89%) employ over 50 employees.
- ▶ This sample represents employers of 80% of the sector's workforce.
- ▶ Due to the nature of the sample, the trends presented here may not reflect the trends among small employers.

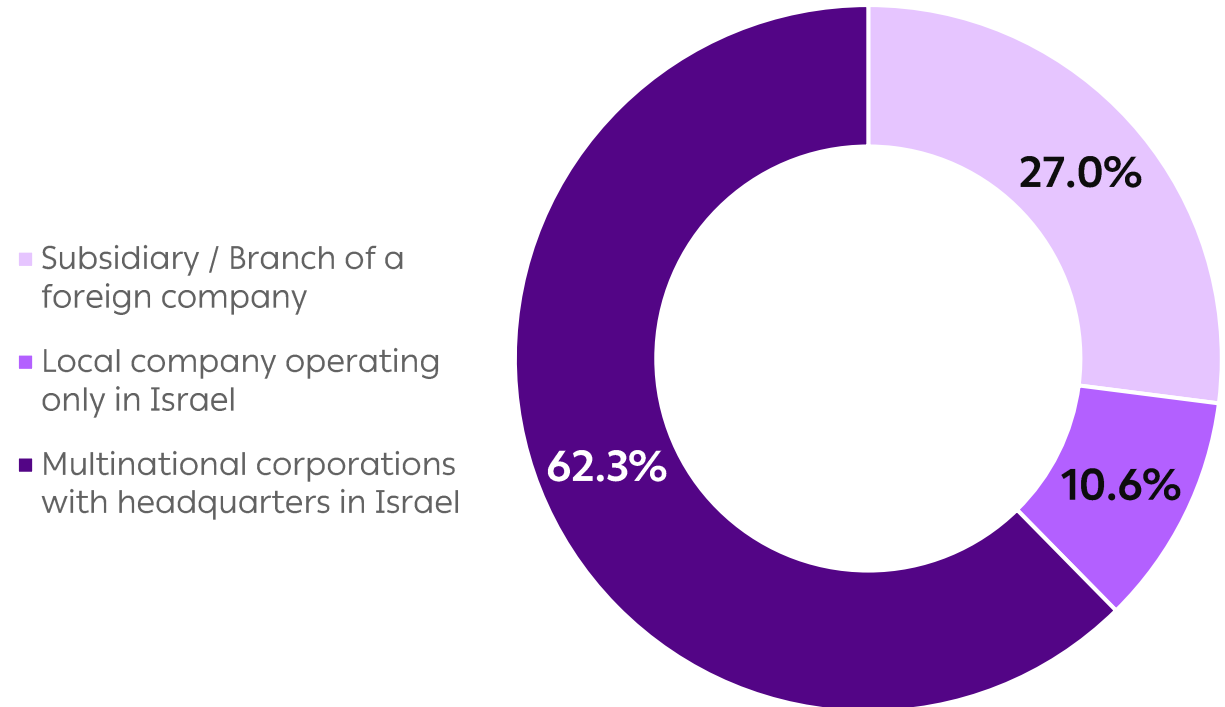
Breakdown of respondents by company size



Source: Zviran's analysis for the Israeli Innovation Authority

- ▶ The headquarters of the majority of high-tech companies - whether local or multinationals - are located in Israel.
- ▶ The high-tech companies included in the sample are engaged in the following fields: internet, gaming, online commerce, hardware, semiconductors, security technology, cyber and information security, biotech and life sciences, medical devices, manufacturing of pharmaceuticals and materials.
- ▶ All other sectors include: Industry, consumer products - food and beverages, suppliers of communication infrastructure, retail and services, banking and finance.

Breakdown of responding high-tech companies – by company type



Source: Zviran's analysis for the Israeli Innovation Authority

Recruitment, layoffs and the effect of AI tools' implementation



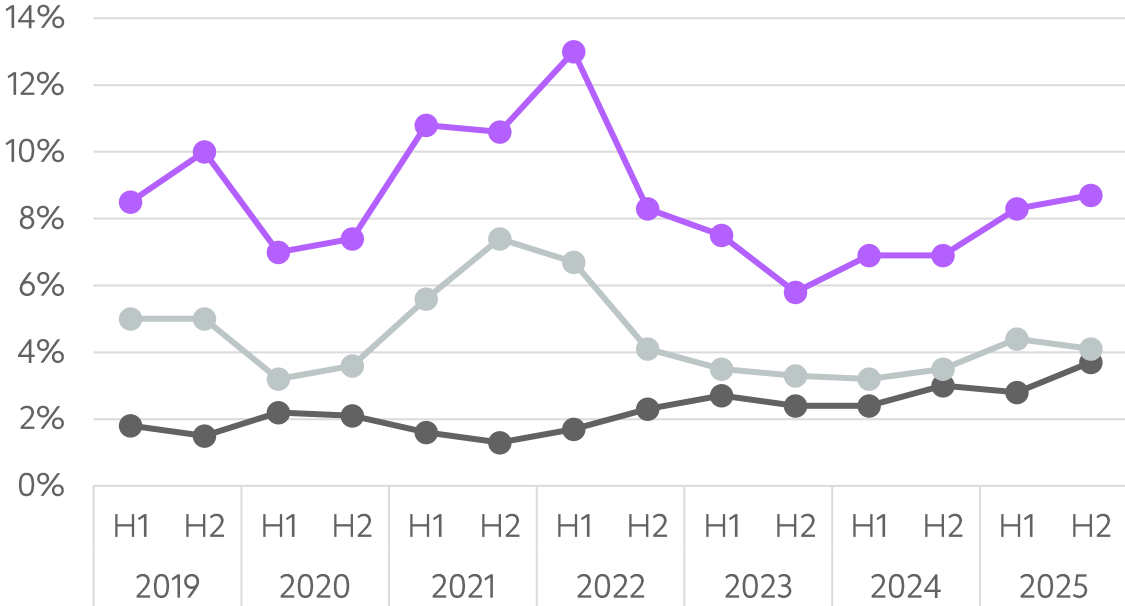
In 2025, we witnessed a recovery in the number of employees recruited by high-tech companies alongside an increase in layoffs.

Looking at long-term trends, one may see the transition from an employee's market in 2021-2022 during which the supply of jobs was high and more employees left jobs of their own volition, to an employer's market as from 2023, where the supply of new jobs is lower and there is an increase in layoffs.

Over time, the rate of employees leaving their jobs voluntarily is in line with the trend of employee recruitment rates and reflects responsiveness: a large supply of jobs increases the number of employees who voluntarily leave their job and vice versa.

In the past 6 months, the 1.2% increase in employee recruitment was accompanied by a 1.1% increase in layoffs, which is not an increase in voluntary departures.

Changes in high tech companies* workforce (% of the workforce that experienced a change)



—●— New employees recruitment rate —●— Layoffs rate —●— Voluntary departure rate

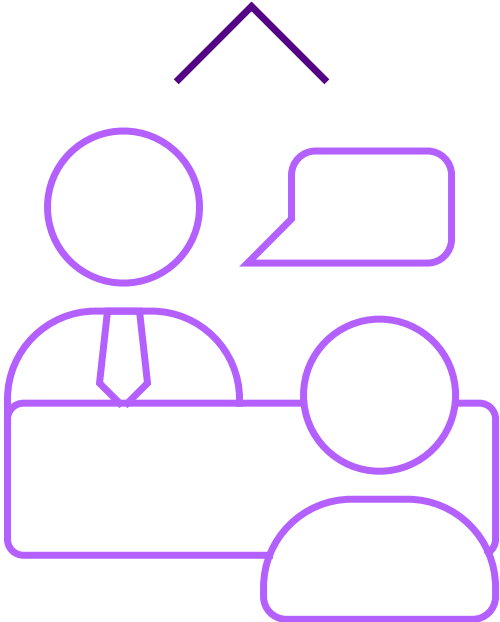
Source: Zviran's analysis for the Israeli Innovation Authority

* In order to allow the presentation of data over time, in this chart, the definition of the high-tech sector does not include companies engaged in the fields of biotech and life sciences, medical devices, and manufacturing of pharmaceuticals and materials.

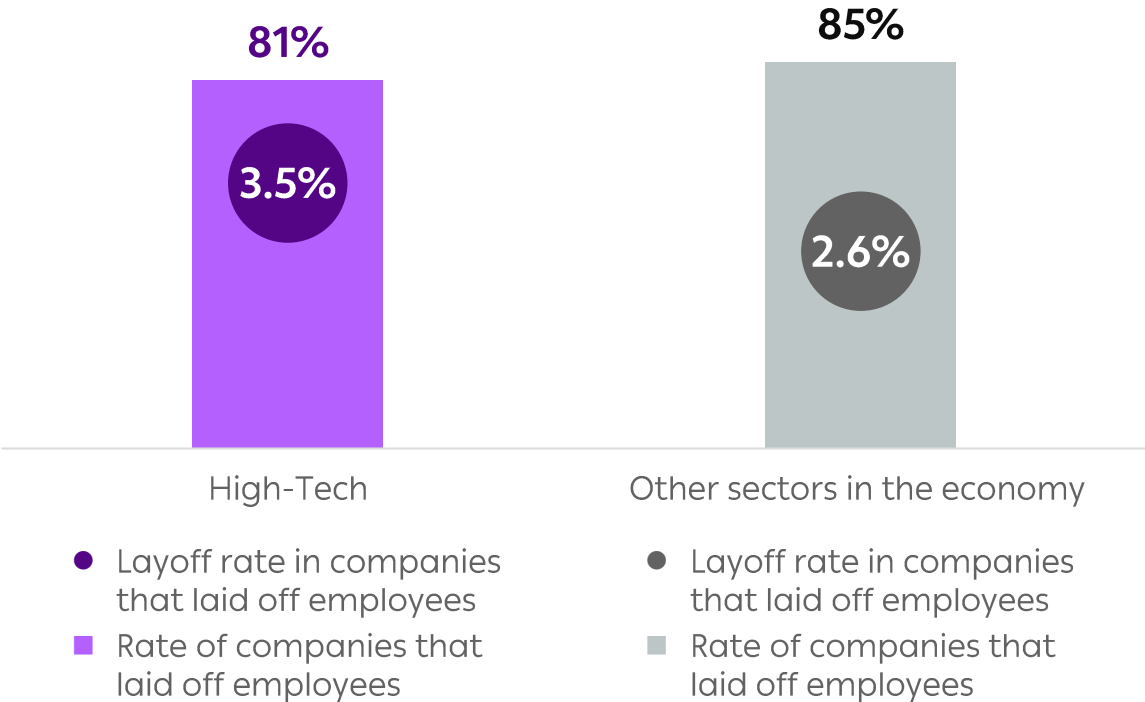
In the past six months layoff rate in the high-tech industry has been higher than the layoff rate in the other sectors of the economy, and stands at 3.5%.

81% of the high-tech companies included in the sample laid off employees in the past six months, a rate which is slightly lower than that of companies in the other sectors of the economy, which stands at 85%.

However, the rate of layoffs out of the total number of employees is higher in the high-tech industry, and stands at 3.5% compared to 2.6% in all other sectors.



Layoffs in the past six months

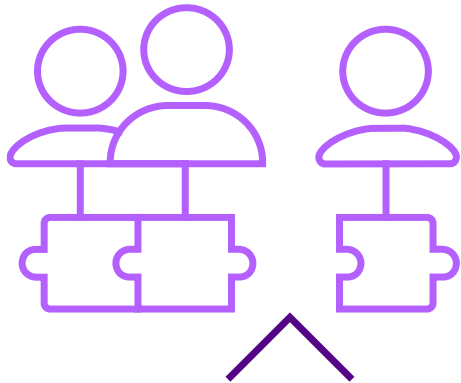


Source: Zviran's analysis for the Israeli Innovation Authority

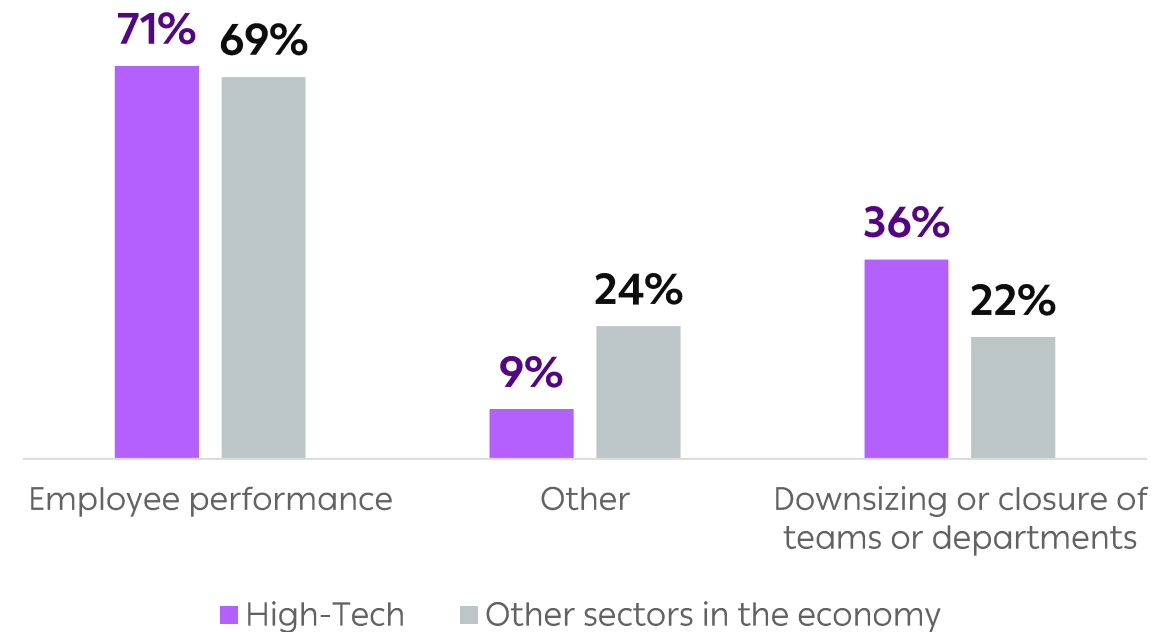
36% of high-tech companies' layoffs conducted in the past six months were due to downsizing or closure of teams or departments

The significant difference between the high-tech industry and all other sectors in the economy is the rate of organization-wide layoffs, which includes downsizing or closures of teams or departments.

In all other sectors, the rate of companies that downsized or closed departments stands at only 22% compared to 36% in high-tech companies.



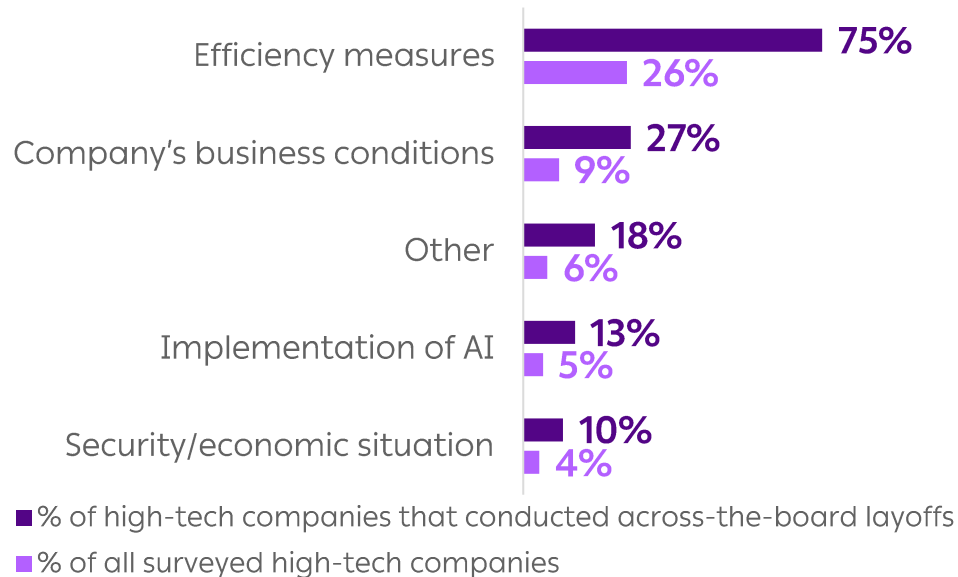
Criteria for layoffs
(Multiple selection, % of all companies in the survey)



Source: Zviran's analysis for the Israeli Innovation Authority

5% of the companies downsized or closed departments due to the implementation of AI, however, in most cases, this was a secondary factor associated with streamlining efficiency or the status of the company's business

What is the main reason for closure/ downsizing of teams or departments? (Multiple choice)



Among high-tech companies that laid off employees due to downsizing or closure of departments, the main reason for dismissals is streamlining efficiency (26% of all companies included in the sample) or the status of the company's business (9% of all companies included in the sample).

Only 5% of the companies noted the adoption of AI as a key factor, and 4% noted the country's economic and security conditions as the key factors.

The implementation of AI tools is usually a secondary factor associated with the company's need to streamline its activities or make cuts due to the status of its business. Only 2 companies noted this as the only factor.

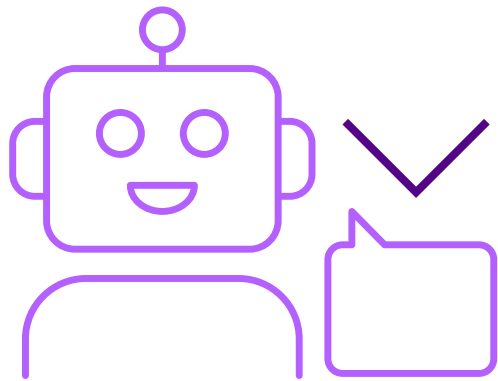
It appears that the adoption of AI is not necessarily a standalone reason for downsizing or closure of departments, but rather a means for the companies to streamline their activities, where such a need arises, or where the company's business encounters difficulties.

Source: Zviran's analysis for the Israeli Innovation Authority

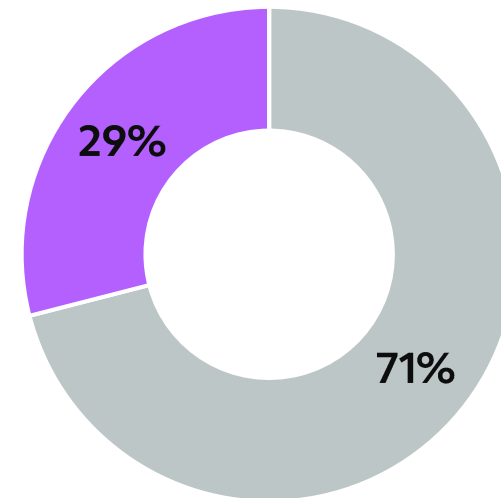
Out of the employers who planned to layoff employees, 71% noted that the implementation of AI tools did not affect the planned layoffs in the coming year, and among the remaining 29% the effect was limited.

15% of high-tech employers have planned layoffs during the next six months; 29% of them noted that the adoption of AI tools has a limited effect on their decision.

None of the employers indicated that the implementation of AI was the most significant factor in their decision to layoff employees.



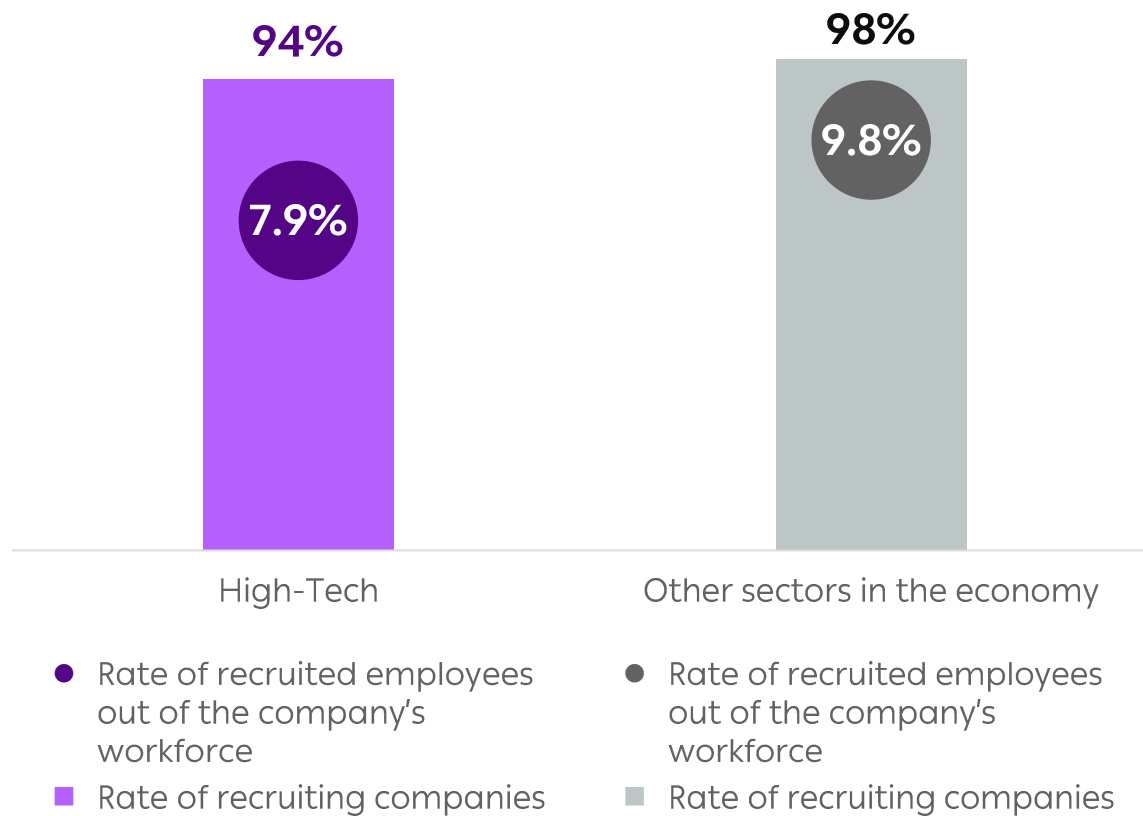
To what extent are the layoffs planned for 2026 affected by the introduction of AI tools?



■ No impact ■ Slight impact ■ High level of impact

Source: Zviran's analysis for the Israeli Innovation Authority

94% of high-tech companies recruited employees in the past six months.



The number of employees recruited represents employees who were recruited to replace others who were dismissed or left, and new recruits who increased the company's workforce.

The rate of employee recruitment in the high-tech industry out of the total number of employees is slightly lower than in the other sectors of the economy.

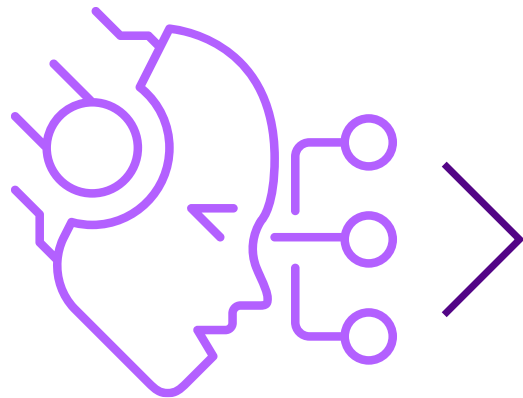
The rate of high-tech companies that recruit employees stands at 94%, while in the remaining sectors of the economy, the rate stands at 98%. In addition, the rate of recruited employees out of the total high-tech workforce is slightly lower and stands at 7.9% compared to 9.8% in the remaining sectors of the economy. This means that fewer companies recruit employees and that, on average, they recruit fewer employees.

Source: Zviran's analysis for the Israeli Innovation Authority

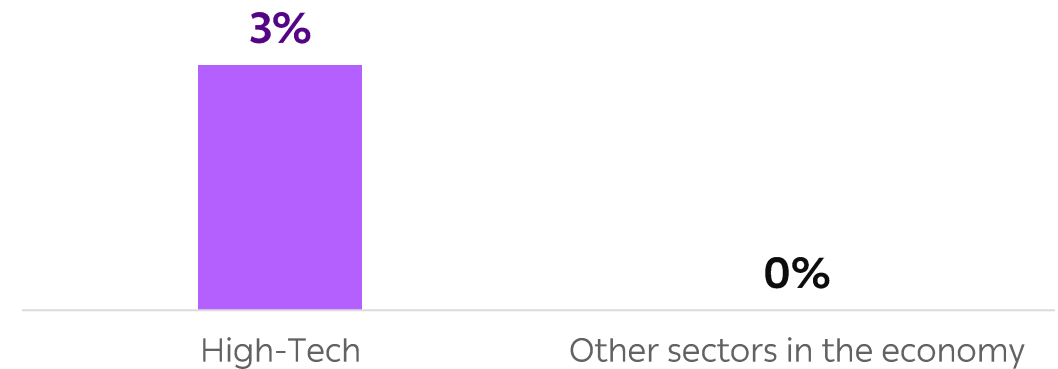
Only 3% of high-tech employers and 0% of the employers in other sectors of the economy noted that they recruited fewer employees in the past six months due to the implementation of AI tools in their work processes

Only 3% of high-tech employers responded that the number of employees they recruited in the past six months declined due to the incorporation of AI tools in their work processes.

From the response to this question, it appears that so far AI did not have an adverse effect on the demand for employees in the high-tech sector or in other sectors of the economy.



Has the number of employees recruited declined due to the implementation of AI tools in work processes?

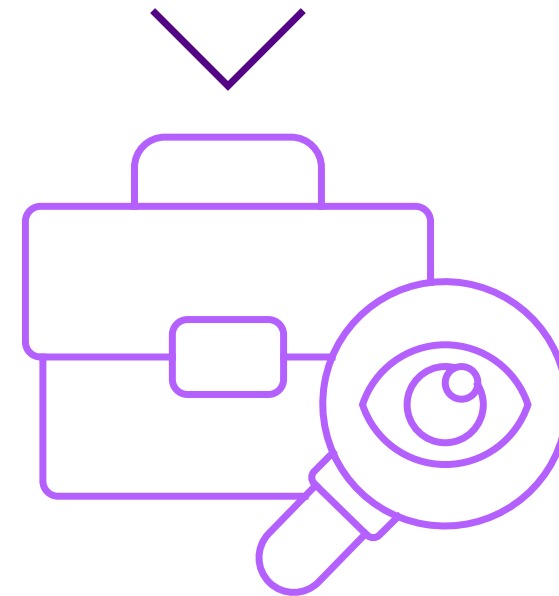
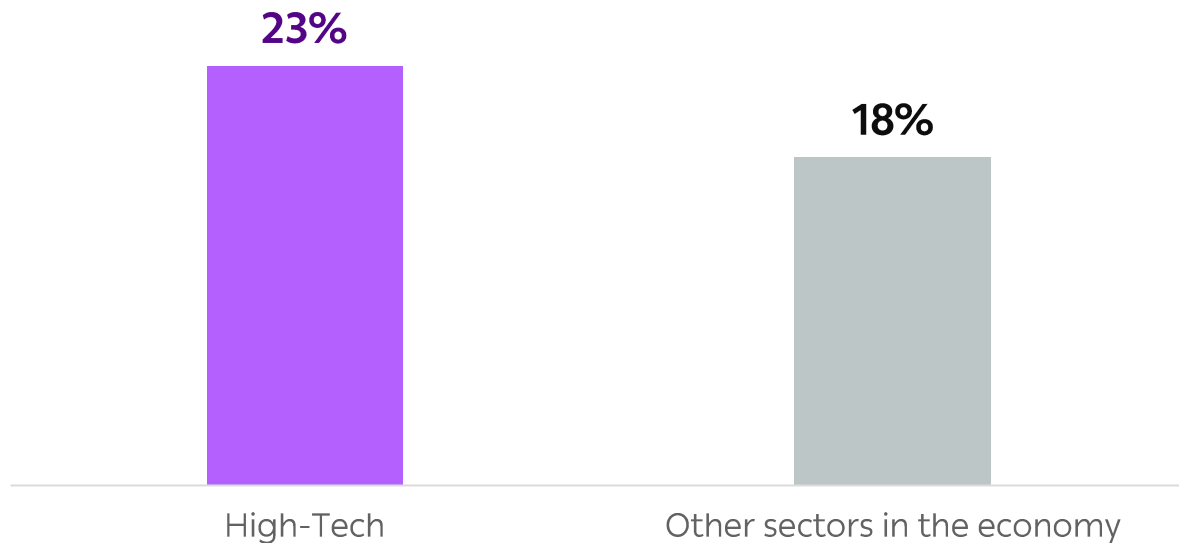


Source: Zviran's analysis for the Israeli Innovation Authority

23% of high-tech companies plan to reducing employee recruitment in the coming year

The rate of companies, which replied that the number of employees they plan to recruit in 2026 is expected to be lower

23% of high-tech companies responded that they plan to reduce employee recruitment, compared to 18% in the remaining sectors of the economy.



Source: Zviran's analysis for the Israeli Innovation Authority

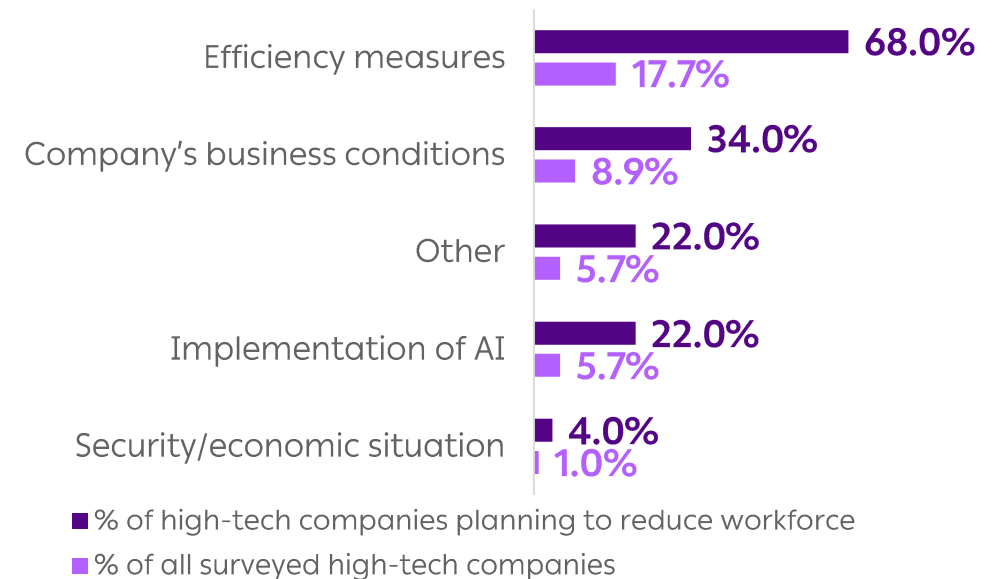
The main reasons for plans to reduce the scope of employee recruitment in the coming year are efficiency programs and the company's financial condition.

The adoption of AI tools is not the leading reason for reducing hiring, but rather an additional factor that accompanies the need for greater efficiency.

The main reasons for reducing employee recruitment are similar to the main reasons for executing organization-wide layoffs; they include the wish to streamline the company's activities and the status of the company's business.

Out of the companies planning to reduce employee recruitment, 5.7% referred to the adoption of AI tools as one of the key reasons; in most cases, this is a secondary factor associated with streamlining efficiency or the status of the company's business.

The main reasons for cutting employee recruitment (Multiple choice)



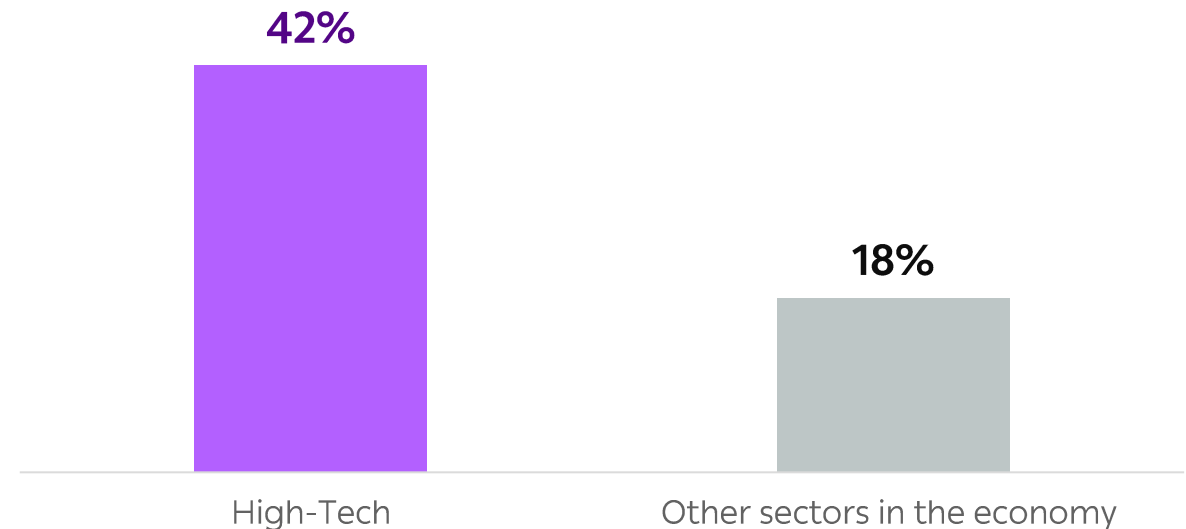
Source: Zviran's analysis for the Israeli Innovation Authority

42% of high-tech employers and 18% of the employers in other sectors in the economy employ workers in positions dedicated to the field of AI

The introduction of AI tools has a bearing on the type of roles for which high-tech companies recruit employees. Therefore, 42% of the companies employ workers in positions dedicated to the field of AI.

In all other sectors of the economy, some employers noted that they recruited workers in positions dedicated to the field of AI, and although the rate is lower, it still reflects a considerable percentage (18%) of employers.

Does the company employ workers in positions dedicated to the field of AI*?



Source: Zviran's analysis for the Israeli Innovation Authority

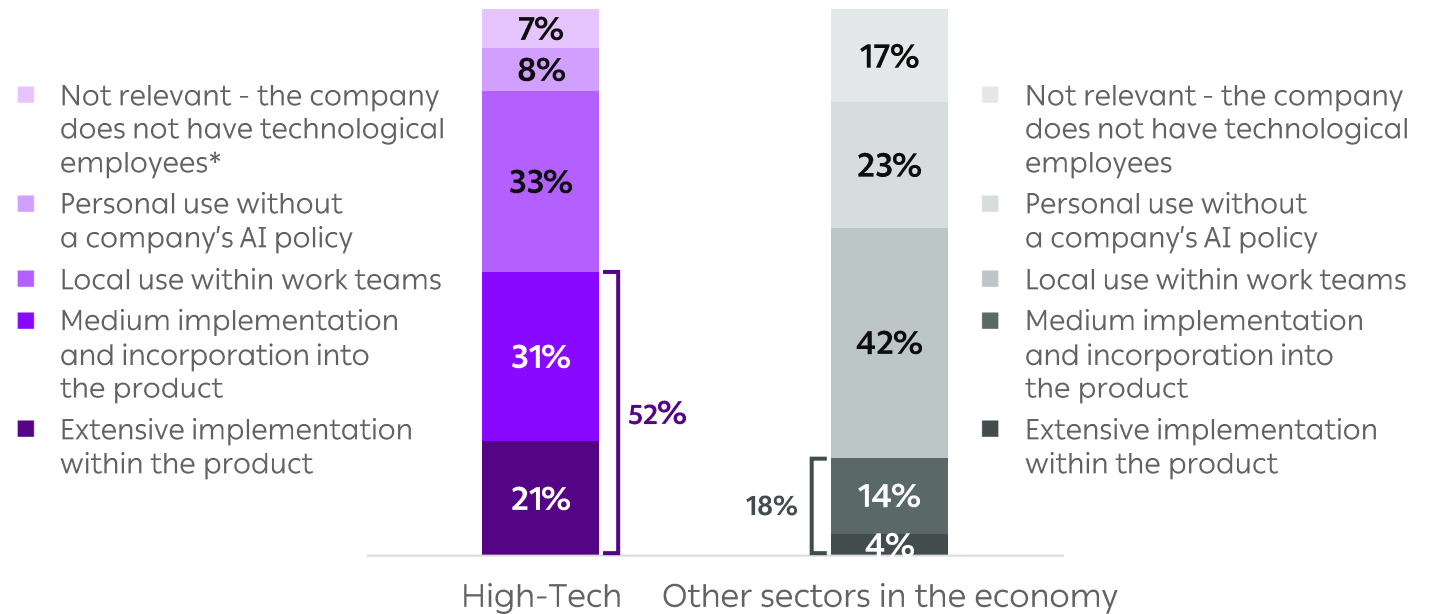
* Positions dedicated to the field of AI - positions pertaining directly to the development, adaptation or incorporation of AI tools, rather than to the use of AI as part of one's work. Positions dedicated to the field of AI include: AI Researchers ,LLM Scientists ,AI Engineers ,GenAI Developers, Prompt Engineers ,AI Implementors ,AI Compliance Managers

52% of high-tech companies incorporated a significant amount of AI tools in the organization's technological work processes, compared to only 18% of the companies in other sectors of the economy

There is a clear gap in the scope and extent of AI tools adoption between the high-tech sector and other sectors when it comes to tech roles.

Such across-the-board implementation and integration into systems and work processes, and not only for local use within a single work team or individual use.

What is the extent of use of AI in tech roles?



Source: Zviran's analysis for the Israeli Innovation Authority

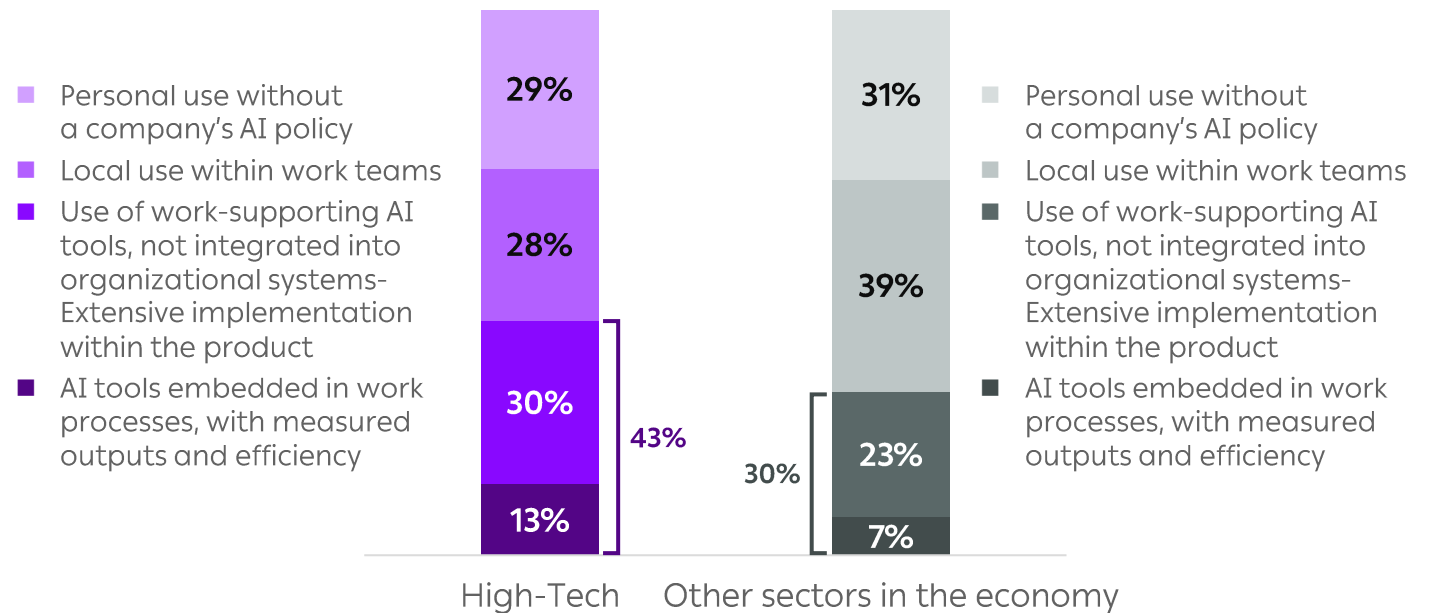
* 7% of the employers in the high-tech industry, which stated that they do not employ tech employees, are from the pharma and life sciences industries.

43% of the high-tech companies integrated a significant amount of AI tools in non-technological roles, compared to 30% of the companies from other sectors in the industry

About 43% of high-tech companies are implementing the use of artificial intelligence tools broadly across non-technological roles, compared with 30% of companies in other sectors.

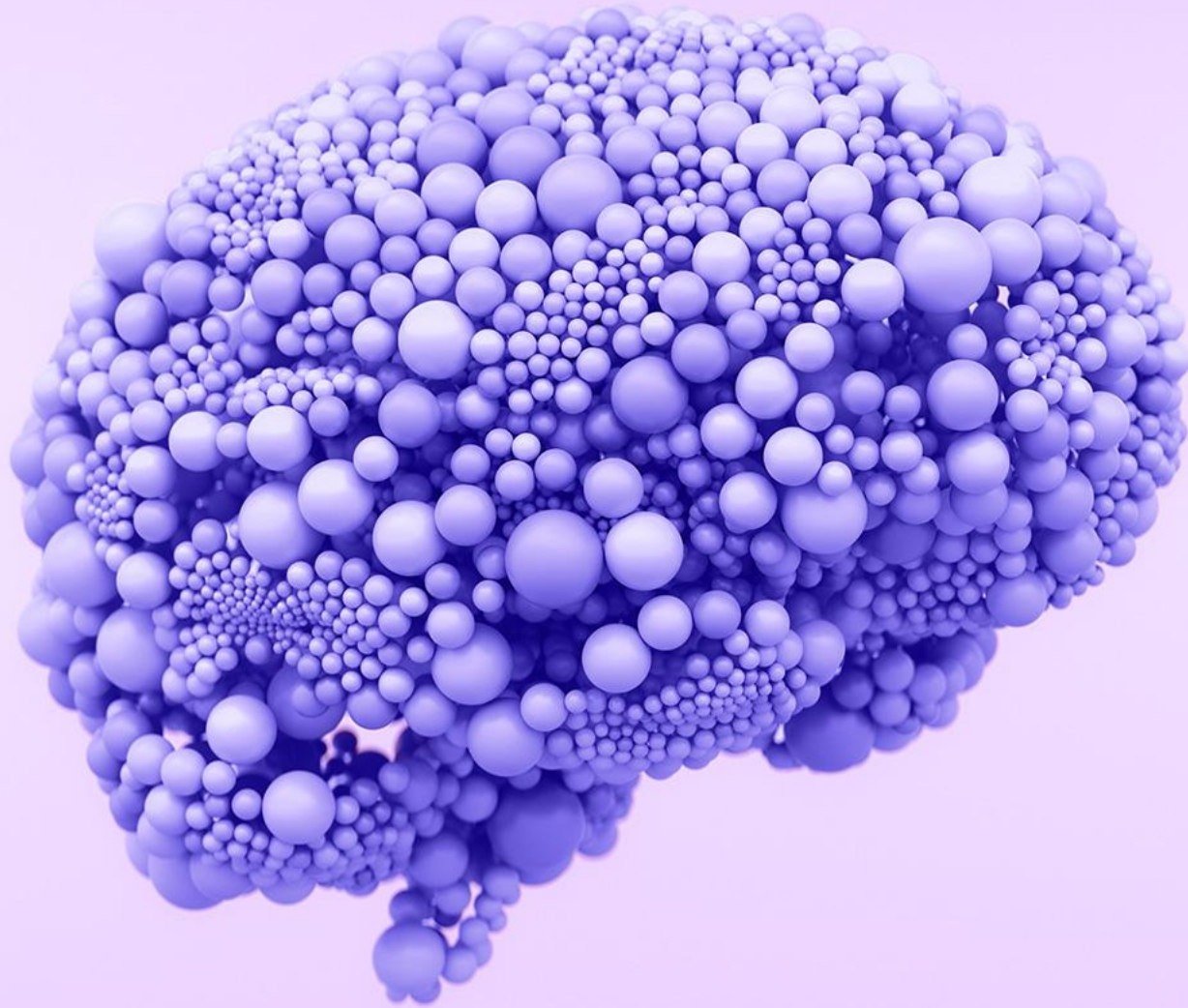
However, the level of across-the-board implementation in work processes with full system integration is twice as high in high-tech companies (13% of high-tech companies versus 7% of companies in other sectors).

What is the extent of use in AI tools in non-tech roles?



Source: Zviran's analysis for the Israeli Innovation Authority

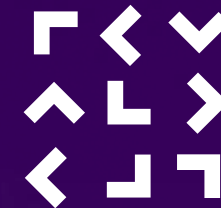
Methodology Appendix



Methodology

- ▶ To establish the impact of implementing artificial intelligence tools on employment trends without introducing response bias, companies were asked about the adoption of AI tools in the organization only after they had been asked about hiring and layoff plans.
- ▶ Respondents were first asked about hiring and layoff plans. They were then asked about the main reasons for layoffs, with the adoption of AI tools presented as one of the possible reasons. Finally, companies were explicitly asked about the impact of implementing AI tools on future hiring and layoff plans.
- ▶ Questions regarding the scope of AI tool implementation in the workplace, as well as the employment of professionals dedicated to this field, were presented

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