

# Entry-Level Tech Hiring Plummetes 73% as Companies Pivot to Production-Ready AI Engineers - Second Talent

*Data reveals collapse in junior developer hiring while demand for senior AI talent doubles, Second Talent sees surge in requests for "ship-ready" engineers.*

CA, UNITED STATES, January 12, 2026 /EINPresswire.com/ -- Entry-level tech hiring has collapsed by 73% over the past year, according to new data from Ravio's 2026 Tech Job Market Report, as companies abandon training junior developers in favor of hiring engineers who can deploy production AI systems on day one.



The decline marks a structural shift in how technology companies build teams. While entry-level positions evaporate, hiring for AI and machine learning roles has grown 88% year-over-year, creating a two-tier market where generalist positions stagnate and specialized AI talent commands unprecedented demand.

"Companies aren't building bench strength anymore, they're buying game-ready players," said Elton Chan, Co-Founder of [Second Talent](#), a global talent platform connecting companies with pre-vetted AI-skilled developers across Asia. "The math is simple: Why spend 18 months training a junior developer when you can deploy a mid-senior engineer with production AI experience tomorrow?"

The Numbers Behind the Shift

Recent data paints a stark picture:

- 73% decline in entry-level (P1/P2) hiring rates in the past year (Ravio)
- 88% increase in AI/ML role hiring year-over-year (Ravio)
- 50% drop in new graduate hiring at the 15 largest tech firms since 2019 (SignalFire)

- 80%+ of Bay Area entry-level postings now require at least two years of experience (Lightcast)
- 3-year increase in average age of technical hires since 2021 (SignalFire)

The trend accelerated in 2025 as companies including Salesforce, Shopify, and others explicitly stated they would meet growth needs with AI rather than headcount expansion.

#### Federal Reserve Confirms AI's Role in Hiring Slowdown:

Minneapolis Federal Reserve President Neel Kashkari confirmed in January 2026 that AI is directly causing large companies to slow hiring, describing the current environment as "low-hiring, low-firing" with businesses seeing "real productivity gains" from AI technology. "AI is really a big company story," Kashkari noted, suggesting smaller companies may have different dynamics—and potentially different opportunities.

#### The Specialist Premium:

According to IEEE Spectrum's Top Tech 2026 report, staffing experts describe the current moment as "a tectonic shift" in technology hiring. Kelly Services' Hugo Malan noted that AI agents aren't replacing workers one-to-one, but rather triggering "a realignment of which jobs are needed, and what those roles look like."

Indeed's Global Head of Attraction & Engagement Jessica Hardeman characterized the current market as fundamentally split: "We have a surplus of applicants for generalist tech roles, but we also have a shortage in the deeply specialized AI space."

This bifurcation has created acute challenges for companies needing to ship AI-powered products. CompTIA reports that 84% of organizations plan to at least moderately increase AI investment in 2026, yet many lack access to engineers with production deployment experience.

#### Global Talent Markets Respond:

The talent shortage has accelerated interest in global hiring, particularly from Asia's established technology centers. Markets including Taiwan, Vietnam, Philippines, India, and Singapore have developed deep benches of engineers with hands-on experience deploying AI systems at scale.

"The assumption that [great AI engineers](#) only exist in San Francisco hasn't been true for years," Elton added. "Companies building AI products are now competing for the same 10,000 people in the Bay Area. Meanwhile, we're seeing engineers in Taipei, Ho Chi Minh City, and Manila who've been shipping production AI systems for the last three years."

Second Talent reports a 340% increase in client inquiries for AI-skilled developers since January 2025, with particular demand for engineers experienced in LangChain, RAG architectures, and production LLM deployment.

## What This Means for 2026

Analysts expect the entry-level hiring freeze to persist through 2026, with several implications:

- Mid-career premium intensifies: Engineers with 3-7 years of experience and production AI skills will command significant compensation premiums
- Geographic arbitrage accelerates: Companies unable to compete for Bay Area talent will increasingly source from global markets
- Skills trump credentials: Industry experience and demonstrated AI deployment capabilities will outweigh traditional qualifications
- Training burden shifts: With companies unwilling to train juniors, the responsibility moves to bootcamps, apprenticeship programs, and self-directed learning

LinkedIn research released January 2026 indicates 93% of recruiters plan to increase AI use in hiring this year, with 60% reporting AI helps them identify "hidden gem" talent they would have overlooked in manual searches.

## About Second Talent

Second Talent is a global talent platform and Employer of Record service connecting companies with AI-skilled developers across nine Asian markets including Taiwan, Vietnam, Indonesia, Malaysia, Philippines, Singapore, China, India, and Hong Kong. The company delivers pre-vetted tech talent within 24 hours, handles cross-border payroll and compliance, and provides full-time employment solutions with no upfront fees. Learn more at [secondtalent.com](https://secondtalent.com).

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