Israel Innovation Authority Employer Survey Finds AI Embedded in High-tech, While Employment Impact Remains Limited

Survey conducted with Zviran shows AI adoption is reshaping work processes and skill needs, but has yet to lead to significant workforce reductions

Dror Bin, CEO of The Israel Innovation Authority (Credits: Israel Innovation Authority)

JERUSALEM, ISRAEL, February 2, 2026 /EINPresswire.com/ -- The Israel Innovation Authority announced today the release of findings from a new employer survey, conducted by Zviran, Israel's leading and largest consulting firm specializing in employee Total Rewards, examining the impact of artificial intelligence on the labor market. The survey finds that while AI is already deeply embedded in Israel's High-tech sector and is reshaping work processes and skill needs, its impact on overall employment levels remains limited.

Israel's High-tech sector is entering a more mature and measured phase. After a period of rapid growth and aggressive hiring, the industry is shifting toward more cautious operating patterns, with an emphasis on productivity, quality, and responsible technology adoption. Artificial intelligence is not viewed as a tool for reducing workforce size, but rather as a strategic tool for improving processes, strengthening capabilities, and increasing business value. The data suggests this process is being implemented in a gradual and deliberate manner, while maintaining employment stability and recognizing that human capital remains a central component of companies' competitiveness.

The survey, conducted in December 2025, included 263 employers from 192 High-tech companies, representing employers of approximately 80% of employees in Israel's High-tech sector. The sample includes both local and multinational companies operating in Israel across a

wide range of fields, including software, hardware, cyber, semiconductors, internet, gaming, defense technology, biotech, and life sciences.

Dror Bin, CEO of the Israel Innovation Authority, said: “The data point to a significant gap between the public discourse around AI and what is actually happening on the ground. AI is already embedded in the core operations of Israel’s High-tech companies and is transforming them, but so far it is not replacing employees at significant scale. At this stage, the labor market appears to be undergoing a gradual adjustment rather than a shock. The main challenge is not job loss, but skills adaptation, workforce training, and the effective integration of new technologies.”

While public and media discourse around AI often focuses on worker replacement, widespread layoffs, and dramatic labor market disruption, the new employer survey presents a far more nuanced and measured picture. AI is already widely and deeply integrated into the operations of Israel’s High-tech companies, but at this stage, its direct impact on overall employment levels remains limited.

The survey findings indicate a process of structural adjustment rather than a sharp break. In 2025, cautious signs of recovery were recorded in hiring volumes, alongside continued efficiency measures. 94% of High-tech companies in the sample reported hiring new employees over the past year, but the share of hires out of total employment stands at only 7.9%, slightly lower than in the rest of the economy.

At the same time, around 23% of companies estimated that their hiring volumes in 2026 will be lower than in 2025. The main reasons for this are not technological but rather stem from efficiency considerations and business conditions, with the implementation of AI tools being, in most cases, only a secondary factor.

Layoff data also do not indicate AI as a major driver. 35% of High-tech companies reported laying off employees over the past six months, due to downsizing or closing teams and departments. However, when examining the reasons for these layoffs, AI is not the primary factor. It is notable that the percentage of companies in the broader economy that carried out broad layoffs over the past six months was significantly lower, at approximately 22%.

Among the companies surveyed, 26% cited efficiency measures as the main reason (which constitute 75% of the companies that reported laying off employees), and 9% cited the company’s business conditions (which are 27% of the companies that laid off employees). Only 5% of the companies participating in the survey (which are 13% of the companies that carried out broad layoffs) cited the implementation of AI as one of the reasons for layoffs, and in most cases, this was a contributing factor rather than the sole reason.

Looking ahead, the trend is even clearer. Fifteen percent of employers in the sector are planning layoffs in the coming six months, but 71% of them stated that AI has no impact on the decision,

while the rest reported only a minor impact. No company indicated that AI implementation is a significant factor in the decision to lay off employees.

Alongside the limited impact on overall employment levels, the survey points to deep penetration of AI into work processes themselves. 52% of High-tech companies reported significant implementation of AI tools in technological work processes, meaning deep integration into systems, development, and infrastructure, not merely occasional or personal use.

In addition, 43% of High-tech companies reported using AI tools in non-technological roles such as marketing, sales, operations, and Human Capital functions. However, only 13% of companies reported full organization-wide implementation with deep integration into organizational systems, indicating that the process is still ongoing.

These findings reinforce the understanding that this is, at this stage, a gradual transformation, in which companies adopt new tools, assess their impact on productivity and efficiency, and progress step by step.

One of the most notable findings relates to changes in the composition of roles in High-tech. 42% of High-tech companies reported employing workers in dedicated AI roles, including AI researchers, GenAI engineers, model developers, implementation specialists, and compliance managers.

Some penetration of AI roles was also recorded in non-High-tech industries, but at a much lower scale. This means that, at least for now, demand for the workforce is not disappearing but shifting toward new skills and deeper integration between technology, data, and people.

The survey also shows that over the past two years there has been a gradual but clear shift from a labor market led by employees to one led by employers. After the peak years of 2021 and 2022, which were characterized by strong demand for workers and unusually high voluntary turnover, the data indicate a pattern change: the supply of new jobs is shrinking, voluntary turnover rates are declining, and workforce adjustments are increasingly carried out through layoffs rather than natural attrition. Even the moderate rise in hiring in 2025 was accompanied by a parallel rise in layoffs, rather than a return to a highly competitive labor market for employees, indicating an ongoing structural shift rather than a temporary fluctuation.

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