OpenVoiceNews U.K.
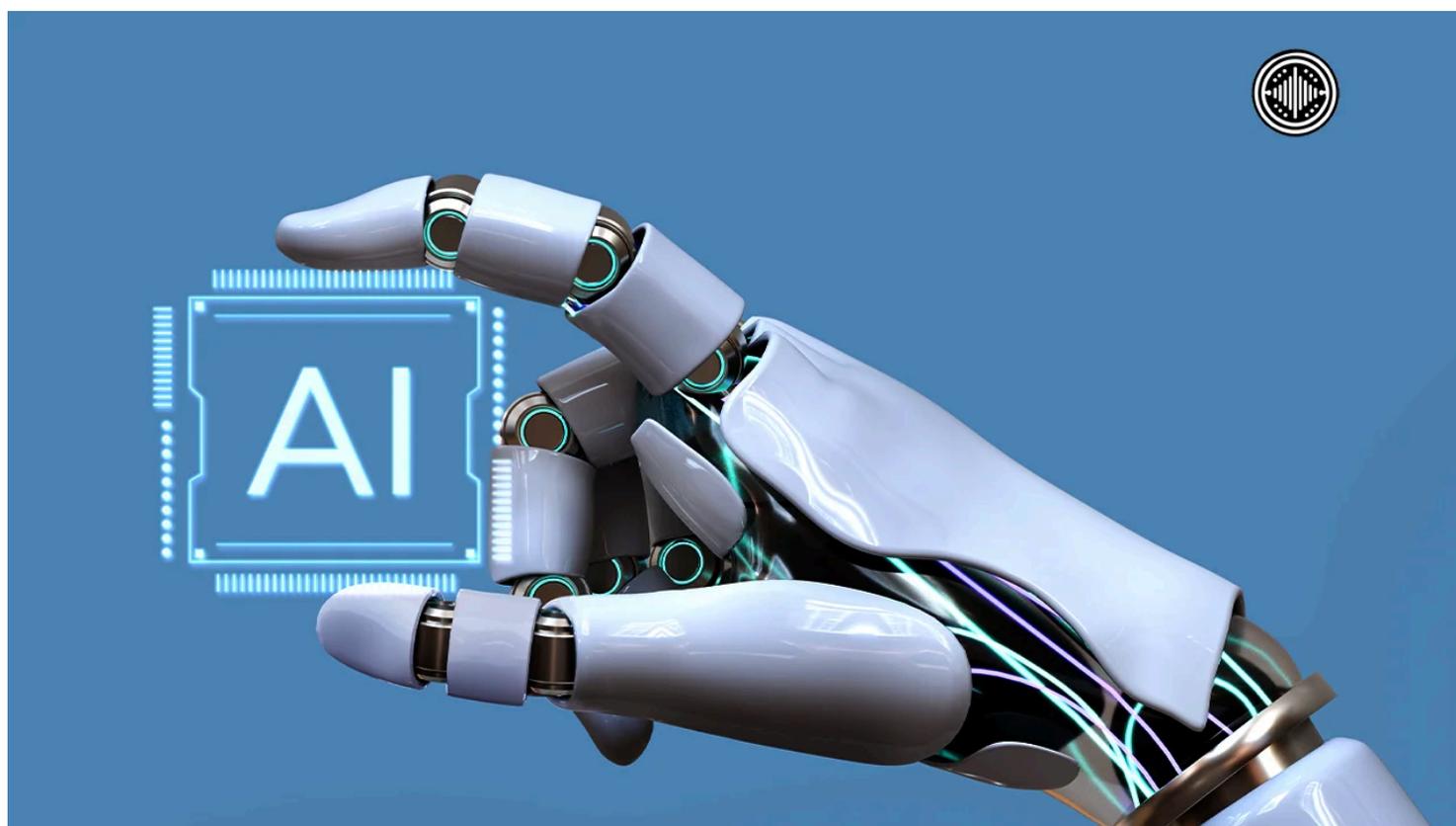
Transparent. Unbiased. Yours.

AI Drives Decline in UK Job Vacancies

July 14, 2025
 — Categories: Finance

Download IPFS

The UK job market is contracting, with artificial intelligence (AI) emerging as a significant factor in the decline of job vacancies. As businesses grapple with sluggish economic growth and elevated borrowing costs, employers are scaling back hiring, particularly in roles vulnerable to AI automation. A recent McKinsey & Co. analysis revealed a 31% drop in online job postings in the three months to May 2025 compared to the same period in 2022, with AI-exposed occupations hit hardest.

Occupations expected to be transformed by AI, such as those in technology and finance, have seen a steeper decline, with job postings falling by 38, nearly double the rate of other sectors. Roles like programmers, management consultants, and graphic designers have experienced vacancy reductions exceeding 50% over the past three years, according to McKinsey. "The anticipation of future productivity gains from AI is prompting companies to reassess workforce strategies and halt recruitment in certain areas," said Tera Allas, a senior adviser at McKinsey, in a recent interview.

This trend compounds existing pressures on the UK labour market. High borrowing rates and a faltering economy are already forcing cuts in lower-skilled sectors like retail and hospitality. The current Labour government's tax hikes have further strained businesses, exacerbating reductions in job openings across industries.

While macroeconomic factors play a role, AI's influence is particularly pronounced in professional services and IT, where vacancy declines persist despite reported sector growth. Data from Indeed's Hiring Lab supports this, showing that fields involving AI development or application, such as data science and analytics, have seen sharp drops. Pawel Adrjan, director of EMEA economic research at Indeed, noted in an interview that job postings in mathematics-related roles, which often include AI-related tasks, have plummeted by nearly 50% since pre-pandemic levels.

Conversely, sectors with minimal AI integration, such as real estate and education, have seen job vacancy growth. This divergence highlights AI's uneven impact across the labour market.

Young job seekers are particularly affected, with entry-level roles like apprenticeships, internships, and junior positions without degree requirements declining by nearly a third since ChatGPT's launch in late 2022, according to Adzuna. "The rapid rise of AI is adding pressure on young job seekers, who are still navigating the economic fallout from Covid, marked by inflation and low business confidence," said James Neave, head of data science at Adzuna, in a recent statement. Tasks such as summarising meetings or document analysis common in entry-level roles, are increasingly automated, accelerating job cuts.

The decline in job vacancies reflects a broader recalibration of the UK workforce as businesses adapt to AI's capabilities. While the technology promises long-term productivity gains, its immediate effect is a leaner job market, particularly for roles susceptible to automation. As companies prioritise cost-cutting amid economic uncertainty, the

government's fiscal policies risk further dampening hiring prospects, leaving both businesses and workers navigating an increasingly challenging landscape.