2026

EMPLOYER NEEDS SURVEY REPORT

NC works COMMISSION

NC DEPARTMENT of COMMERCE
LABOR & ECONOMIC ANALYSIS

In the modern age, we are blessed with an abundance (some would say, an over-abundance) of data, which we need to gather and analyze, in order to enhance our ability to make sound decisions and recommendations. In that spirit, the NCWorks Commission, the state of North Carolina's workforce development board, has partnered with the Labor and Economic Analysis Division (LEAD) of the N.C. Department of Commerce to produce Employer Needs Surveys every other year since 2014. We are charged with making sure that North Carolina's workforce system is responsive to employers, so that we can all continue building opportunity here in our great state.

In 2025, Governor Josh Stein created his Council on Workforce and Apprenticeships as an advisory body within the NCWorks Commission, and this latest Employer Needs Survey supports the Council's goals and strategies. Among them are engaging 50,000 employers to continue to strengthen the alignment between workforce programs and employer demand and expanding Work-Based Learning. These same themes are part of our state's new First in Opportunity strategic plan, which emphasizes the connections between workforce development coordination and economic development success, including the need to strengthen data utilization.

The 2026 survey represents a snapshot of a North Carolina economy that has many strengths, with a notable decline in the reported difficulty in hiring. At the same time, significant challenges remain to ensure that businesses have the talent they need, and that everyone can successfully participate in our workforce. In addition, the survey contains important insights into how North Carolina employers are experiencing an issue that is on nearly everyone's mind today: the use of Artificial Intelligence (AI) in the workplace.

The members of the NCWorks Commission are proud to present this report, in hopes that it will guide and inform policymakers, businesses, workforce development professionals and partners. We are honored to serve North Carolina under the strong leadership of Governor Stein and N.C. Commerce Secretary Lee Lilley. We extend our thanks to the Commission staff, the team at LEAD and everyone who has contributed their expertise and dedication to this survey report.

Tom B. Rabon, Jr

Tom Rabon, Jr.

Chair, NCWorks Commission

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Overview of Findings

The labor market has shifted dramatically in the past several years as we've moved further from the pandemic. Hiring was easier for North Carolina employers since our last report in 2024. But that doesn't necessarily mean the "skills gap" closed or that serious challenges don't remain. Difficulty looks cyclical—swaying with the economy. But the mismatch between employers and the workforce appears structural, more entrenched, and harder to overcome.

The fact that hiring difficulty eased could have been predicted given the economic conditions across the state and nation—slower growth and greater economic uncertainty, leading to lower numbers of new jobs and fewer workers jumping to new opportunities. Just one in three (33%) employers who tried to fill entry-level positions reported any difficulty, down from 62 percent in 2024 and 95 percent at the post-pandemic peak in 2022, and closer to the previous survey low of 43 percent in 2018.

Key Takeaways from the 2026 Employer Needs Survey:

- Hiring difficulty eased dramatically to the lowest recorded through this survey.
- A low number of applicants and employability issues were cited as the top reasons for difficulty.
- Employability skills (qualities such as a strong work ethic, professionalism, reliability and motivation) are the most commonly-cited applicant deficiency.
- While credentials still matter, demonstrated skills and experience are seen as more important for entry-level hires.
- Fewer than half of employers use work-based learning.
- Just one in three employers use AI–with little effect on jobs so far.

What did not change are the reasons that employers with difficulty continue to cite—too few applicants, and employability issues such as poor work ethic or a lack of professionalism among those who do apply. These two have consistently topped employers' frustration in past surveys. That persistence points to a more enduring mismatch rather than a passing shortage.

The 2026 survey is also the first in which LEAD asked employers directly about artificial intelligence. The results so far are modest. Only 30 percent of employers report using AI. 95 percent of those users saw no change in total employment over the past year. And most expect human-centered skills such as communication, problem-solving, and creativity to become more important over the next two years, not less. Adoption of AI is still low, so our findings are not meant to discount the capacity of this technology to make a more dramatic impact in the future. But they dampen the assumption that AI is already significantly reshaping entry-level hiring in North Carolina.

This report also identifies opportunities to better support employers, including expanding efforts to attract applicants; addressing barriers to work such as transportation, child care and housing; encouraging more businesses to offer work-based learning; and helping companies leverage existing resources available from the state's workforce development system.

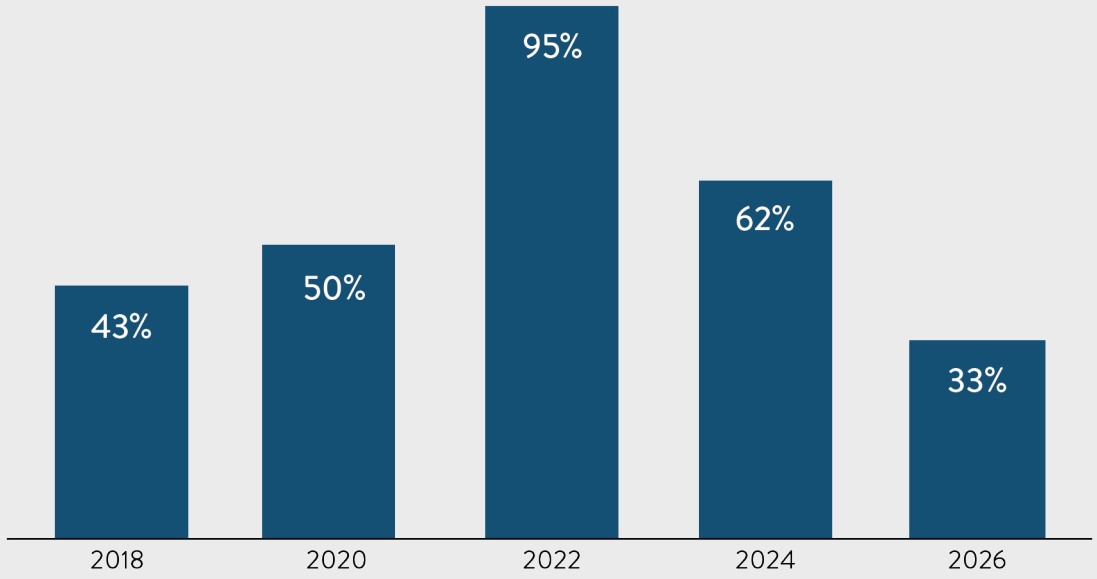
Record low difficulty in hiring.

Hiring difficulty eased dramatically to the lowest recorded throughout this survey.

We asked those employers who had tried to hire for entry-level positions in the previous 12 months if they had experienced any difficulty in their hiring. As in past versions of this survey, we set a low threshold for measuring difficulty hiring, where an employer could report difficulty filling even one position. This time 1 out of 3 (33%) said they had experienced any difficulty. This means that 2 out of 3 employers who tried to hire entry-level positions reported no hiring difficulty at all. Manufacturers and Health Care businesses reported a similar rate to the overall sample while nearly half (47%) of Education and Child Care employers reported difficulty. This higher level of difficulty reflects the unique challenges of Child Care employers, who make up just over half of that sample and reported an even higher percentage of difficulty (60%).

This frequency of hiring difficulties is a large drop from the past several surveys. Sixty-two percent of hiring employers reported difficulty with entry-level positions in 2024, and 95 percent said yes in 2022, reflecting the disruptions to the labor market associated with the post-pandemic recovery. The current level of difficulty was closer to the 43 percent of hiring employers reporting difficulty in 2018.

Percentage of Employers reporting Hiring Difficulties for Entry-Level Positions in the Last 12 Months, Overall Sample



Why have hiring difficulties eased over the past few years? Labor markets had tightened in the years leading up to the brief pandemic recession in 2020, with fewer jobseekers available per job opening. The disruptions to the economy and labor market associated with the first few months of the pandemic were quickly followed by strong demand for workers over the next two years as the economy rapidly recovered and businesses offered incentives such as hiring bonuses, flexible work arrangements, and higher wages to compete for workers. As the labor market cooled beginning in 2023, demand for new workers gradually eased and employers reported less hiring difficulty overall. With low hiring demand from employers in NC and the US over the past year, those employers who do try to hire may have an easier time than in the past. This may be particularly true for those hiring entry-level positions since work experience and credential demands are lower.

Number of job applicants remains a concern.

We asked employers about the factors they felt contributed to their entry-level hiring difficulties, and they reported the following:

A low number of applicants and employability issues were cited as the top reasons for difficulty.

For those employers who have had hiring difficulties, common challenges persist, particularly getting enough applicants and a perceived lack of employability skills—such as a strong work ethic, professionalism, reliability, and motivation—among those who do apply. These issues were also the top reasons employers gave in the previous two versions of the survey. Other top issues include applicants' unwillingness to accept the offered wages and a lack of soft skills on the part of applicants.

There were a few significant differences compared to the 2024 reasons for entry-level hiring difficulty. Almost half of employers (48%) pointed to applicants' unwillingness to accept the offered wages this time, up from 32 percent in 2024. This suggests that entry-level wages may not be high enough to attract interest from entry-level workers, particularly in an economy characterized by persistent inflation. A lack of soft skills (47%) was also higher than 26 percent in 2024, and a lack of education (42%) was up from 28 percent of employers last time. The percentage of those citing employability skills was lower this time (50%) than 72 percent last time, although it remained a top reason for hiring difficulty.

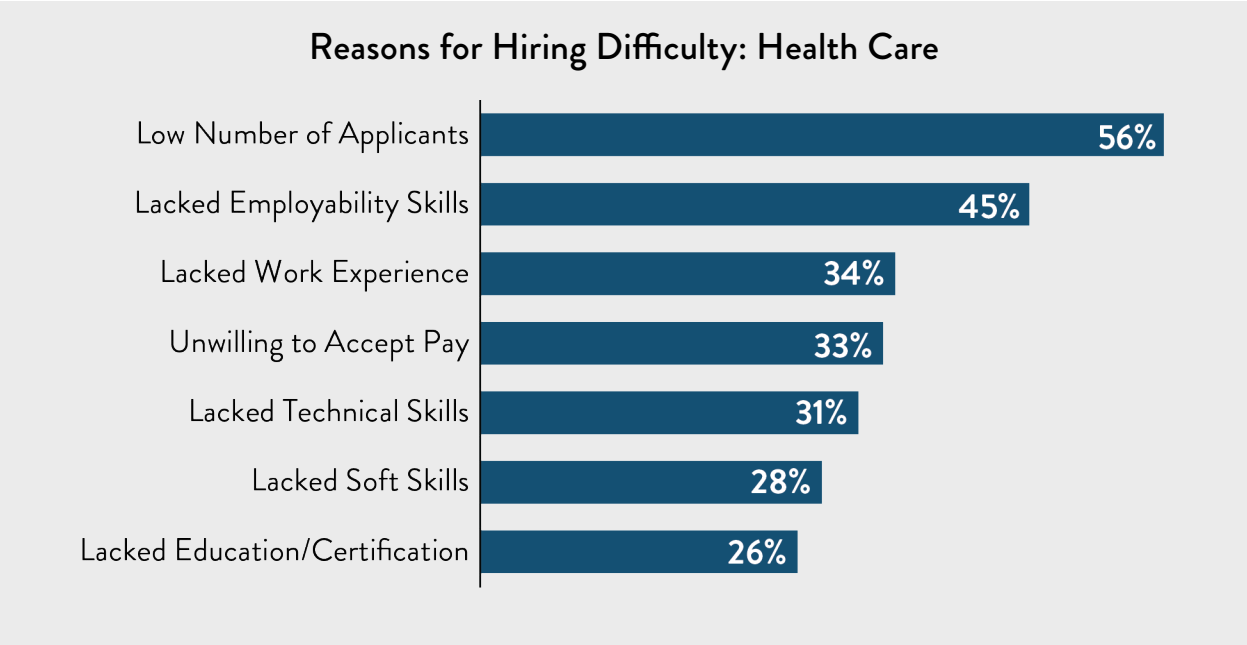
When comparing the results of the two surveys, it appears there was a more mixed set of reasons for difficulty this time, while the 2024 results were dominated by employability issues. Although employability is still a top challenge this time, it was chosen by about the same percentage of employers as low pay and soft skill issues. This may be a reminder that several of these issues are important to employers rather than reflecting a shift in the qualities of job applicants.

Employability skills are the most commonly-cited applicant deficiency across industries.

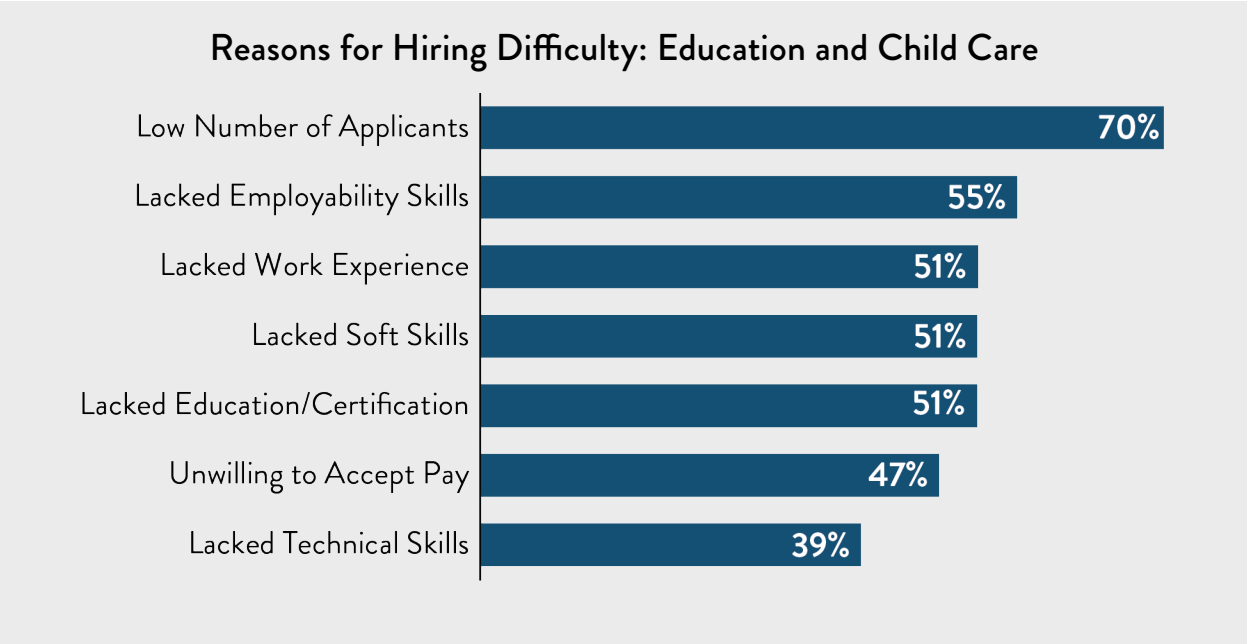
Although there was a good deal of overlap, there were some statistically significant differences among the industry samples.

Employability skills are qualities such as a strong work ethic, professionalism, reliability and motivation.

Manufacturers were more likely to cite employability issues (71% of employers) and technical skills (42%) as issues, although a low number of applicants (40%) was a less common reason for this industry.



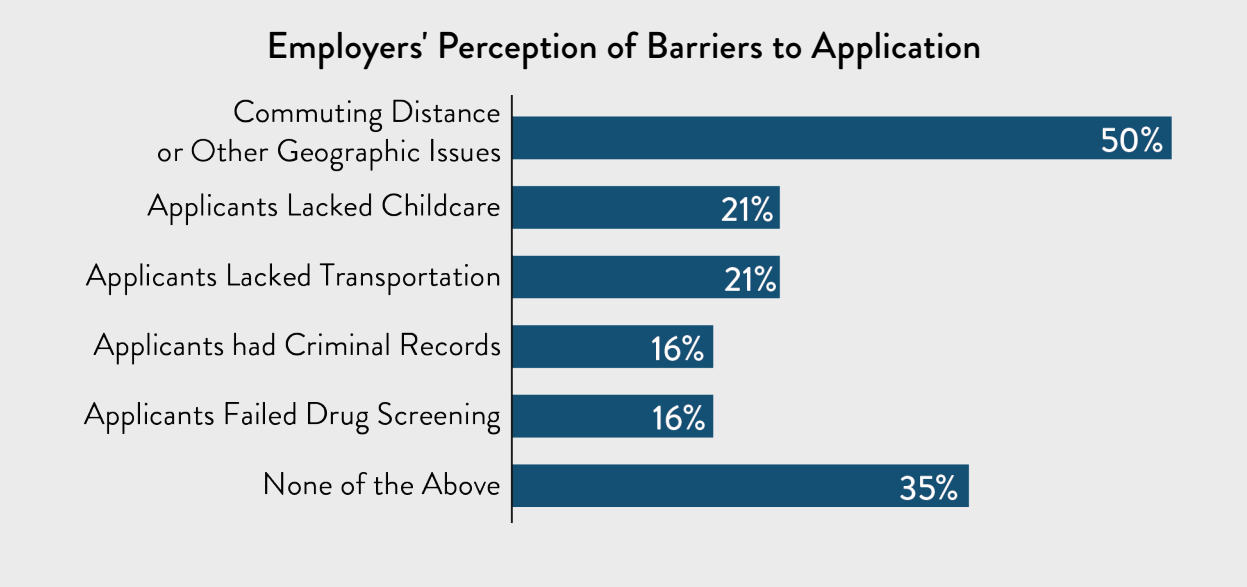
Health Care employers were similar to the overall sample although less likely to cite low pay (33%), a lack of soft skills (28%) or a lack of education/certifications (26%).



Education and Child Care employers selected a low number of applicants as the top reason (70%) followed by employability skills (55%) but were more likely to cite a lack of work experience (51%) and technical skills (39%) than the overall sample.

Employers recognize that barriers exist for some in just applying.

While conditions have eased in general for most employers, some barriers remain. Employers reporting hiring difficulties were also asked to consider some possible barriers preventing them from getting more qualified applicants.



How should we interpret these findings?

Issues with commuting distance and transportation might point to geographic mismatches between where jobseekers live and where jobs are available, particularly for employers in more rural areas. Half of employers with hiring difficulty reported commuting distance as an issue, up sharply from 17 percent in the previous survey. However, because of the low number of employers reporting difficulty this may disproportionately reflect the experiences of a few employers from harder-to-reach locations. Regardless of location, however, a lack of affordable housing for workers in many areas could result in workers having to commute further to job centers.

Childcare issues can be driven both by high demand for childcare from working parents and by a low supply of providers, leading to high costs that may make taking a lower-paid job a harder tradeoff. As with housing, there may also be geographic mismatches between where workers need childcare and where it is readily available. Having a criminal record or being unable to pass a drug screening may be non-negotiable barriers for some types of jobs, although these do not seem to be the main issues for most employers.

Among the 3 industry samples, about half of employers did not feel any of these were barriers for jobseekers and only about 25 percent thought commuting distance or geography was a barrier. The other responses were similar to the overall sample, although drug screening was a barrier for far fewer Education and Child Care employers (7%).

Of course, these perceived barriers only reflect the perspective of employers, while prospective job applicants may differ in their reasons for not applying to open positions. Because labor force participation has been declining for years (mainly due to the aging of the population), any reductions in the barriers to applying and being able to work are worth taking seriously by employers and policymakers.

Employers highly value Work Experience and Demonstrated Skills.

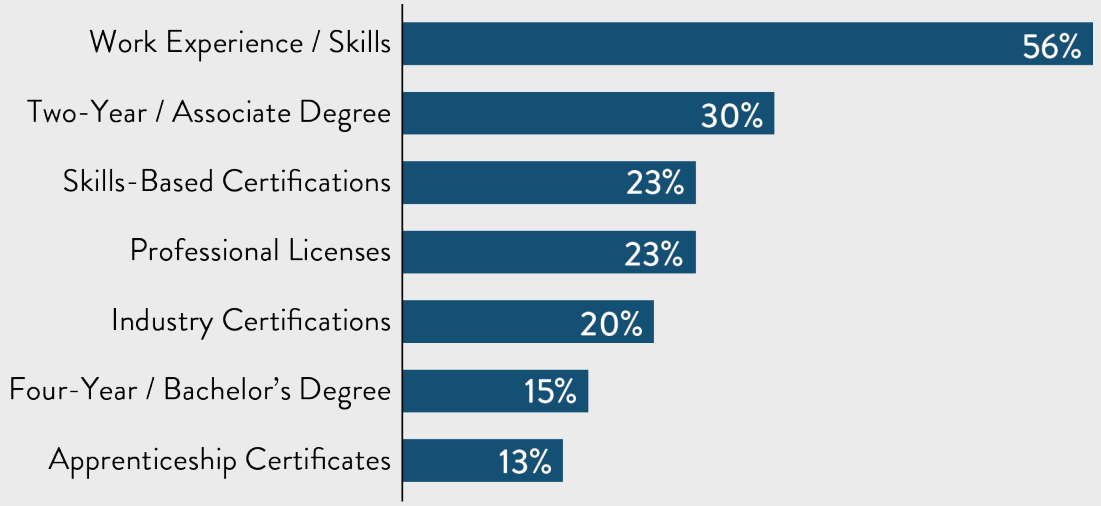
While credentials still matter, demonstrated skills and experience are seen as more important for entry-level hires.

Those employers who had tried to hire for entry-level positions were then asked about the importance of various credentials to their decisions. Over half (56%) of hiring employers said work experience/demonstrated skills were "important" or "very important", followed by industry certifications (30%) and professional licenses (23%) and four-year degrees (23%). At the other end of the spectrum, 87 percent of respondents said skills-based certificates were "not important" or only "somewhat important", a similar percentage to Apprenticeship certificates (85%).

This isn't to say credentials don't matter to employers, but it seems most employers agree that experience and skills are more important than a particular credential to getting a foot in the door.

Importance of Credentials for Entry-Level Hiring, Overall Sample

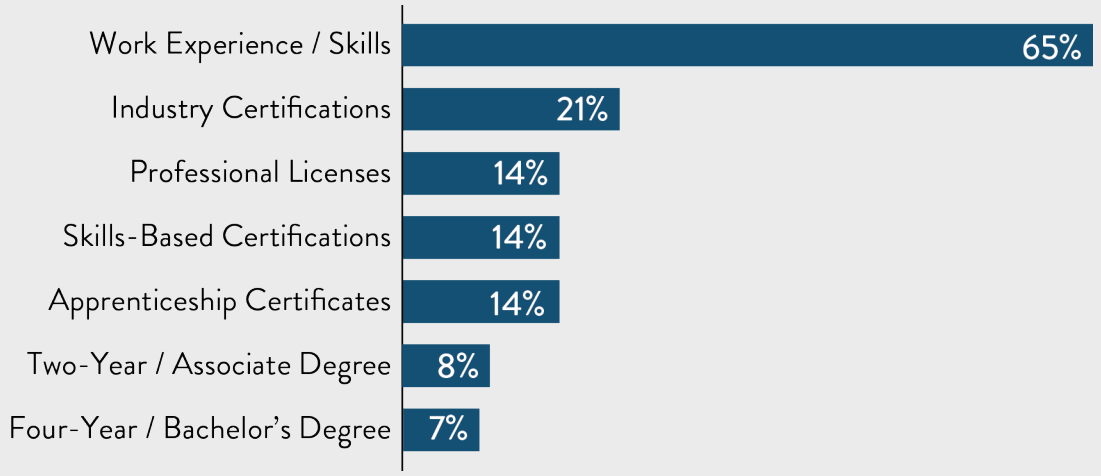
Note: Responses reporting "important" or "very important" only.



The three industry groups also selected work experience/demonstrated skills as the most important credential, including 65 percent of Manufacturers, 71 percent of Health Care employers, and 82 percent of Education and Child Care businesses saying it was important or very important to their hiring. Education and Child Care were also more likely to see other credentials as important or very important as well, including Two-year/ Associate degrees (52%) and industry certifications (48%). Health Care employers also rated professional licenses as more important to their industry (38%).

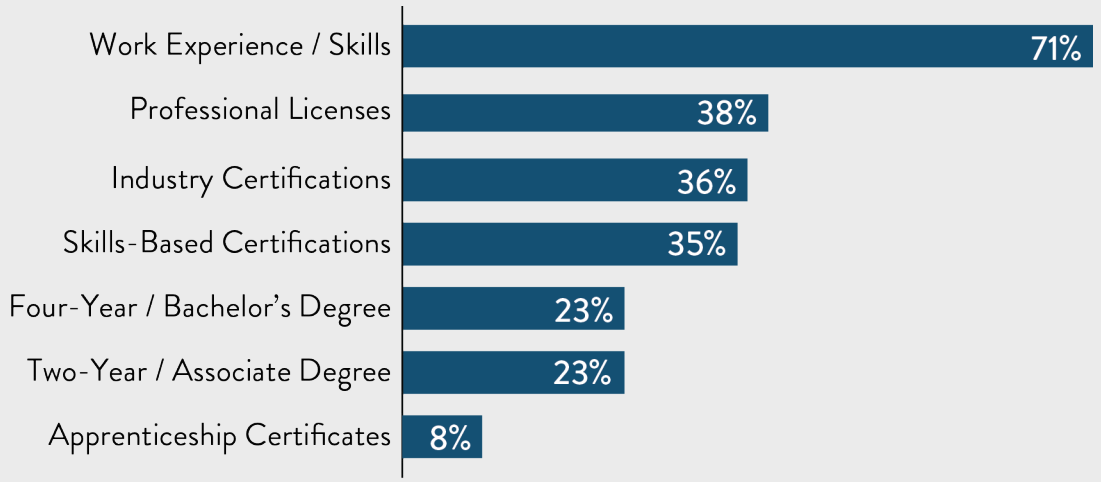
Importance of Credentials for Entry-Level Hiring, Manufacturing Industry

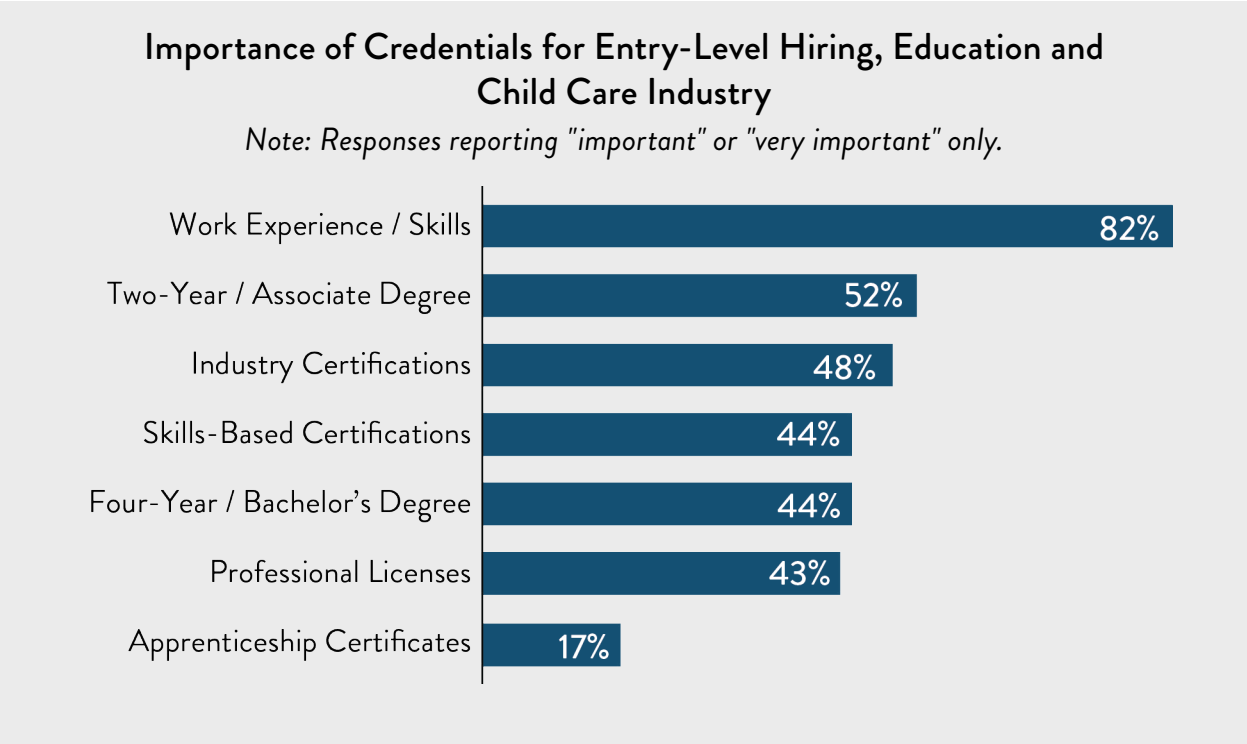
Note: Responses reporting "important" or "very important" only.



Importance of Credentials for Entry-Level Hiring, Health Care Industry

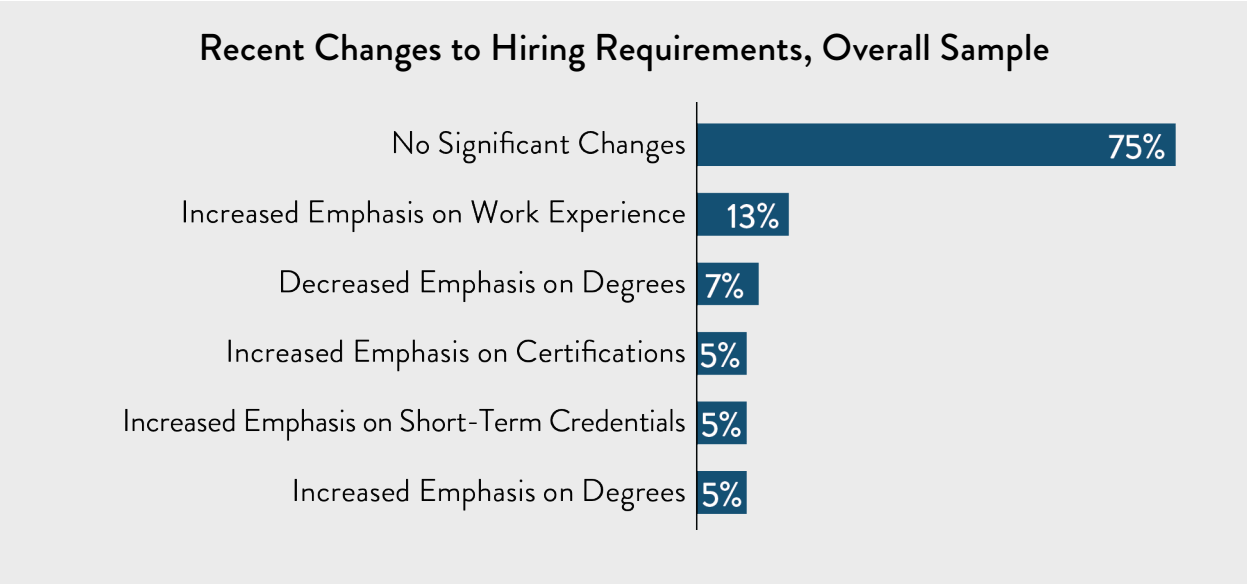
Note: Responses reporting "important" or "very important" only.





Employers haven't significantly changed hiring requirements.

Three out of four employers reported no significant changes to their hiring requirements over the past two years, with others reporting few changes.



The largest reported change was an increased emphasis on work experience, perhaps not surprising given how important this was ranked earlier in the survey. There was also a bit less emphasis on degrees, and a bit more emphasis on certifications and short-term credentials, although these percentages were low. While this may reveal a trend away from formal degrees and towards work experience and other credentials, the extent of this shift seems small at the present for most employers.

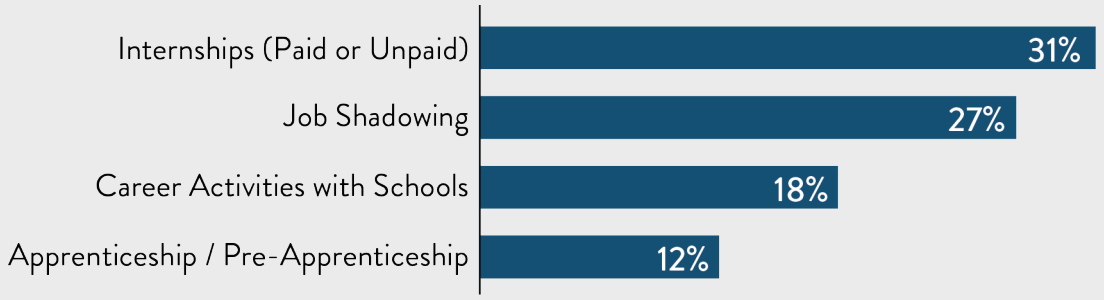
Among the industry groups, more Manufacturers cited an increased emphasis on work experience (28%) and certifications (11%) over the past 2 years. Health Care employers were more likely to report an increased emphasis on short-term credentials (9%) and degrees (8%). Education and Child Care employers differed in several ways from the overall sample and reported an increased emphasis on work experience (30%), certifications (23%), degrees (21%), and short-term credentials (19%). These differences most likely reflect the specific credentialing needs of each industry.

Work-Based Learning has room to grow among employers.

Only about half (49%) of employers reported participating in any of several types of work-based learning activities.

Fewer than half of employers use work-based learning.

Employer Participation in Work-Based Learning, Overall Sample

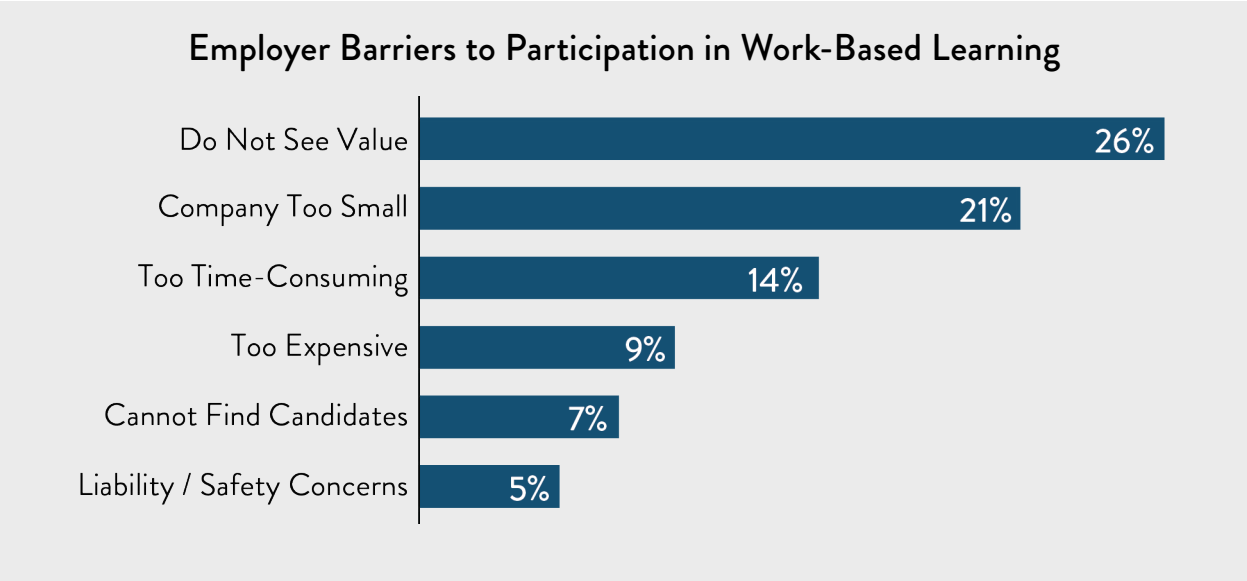


Employers in the industry-specific samples were more likely to have participated in work-based learning than the overall sample, with internships and job shadowing among the most popular. All three industry groups were also more likely to offer internships and carry out career-related activities with schools.

Familiarity with registered apprenticeship programs is relatively low, with almost half of employers (48%) not at all familiar with them, and only 29 percent were somewhat or very familiar with these types of programs.

Manufacturers were more familiar with apprenticeships than the overall sample, which may be because these employers are more likely to use them. Education and Child Care employers also reported more familiarity with these programs, while Health Care looked similar to the overall sample.

Employers need to see the value in work-based learning, and more funding could help.



The most common written comments employers provided were that they were unfamiliar with work-based learning programs or that these programs were not applicable to their specific business or industry. Among the industry groups, Manufacturers and Education and Child Care employers were more likely to report not being able to find candidates for work-based learning, and all three industry samples had higher concern about liability and safety concerns related to work-based learning.

When asked about the single most valuable support for work-based learning, the most common answer was financial subsidies (24%), followed by help recruiting candidates (11%) and training for supervisors and mentors (9%). The industry groups reported similar results, with Education and Child Care employers more likely to select financial subsidies and partnerships with educational institutions as most valuable to promote work-based learning at their companies.

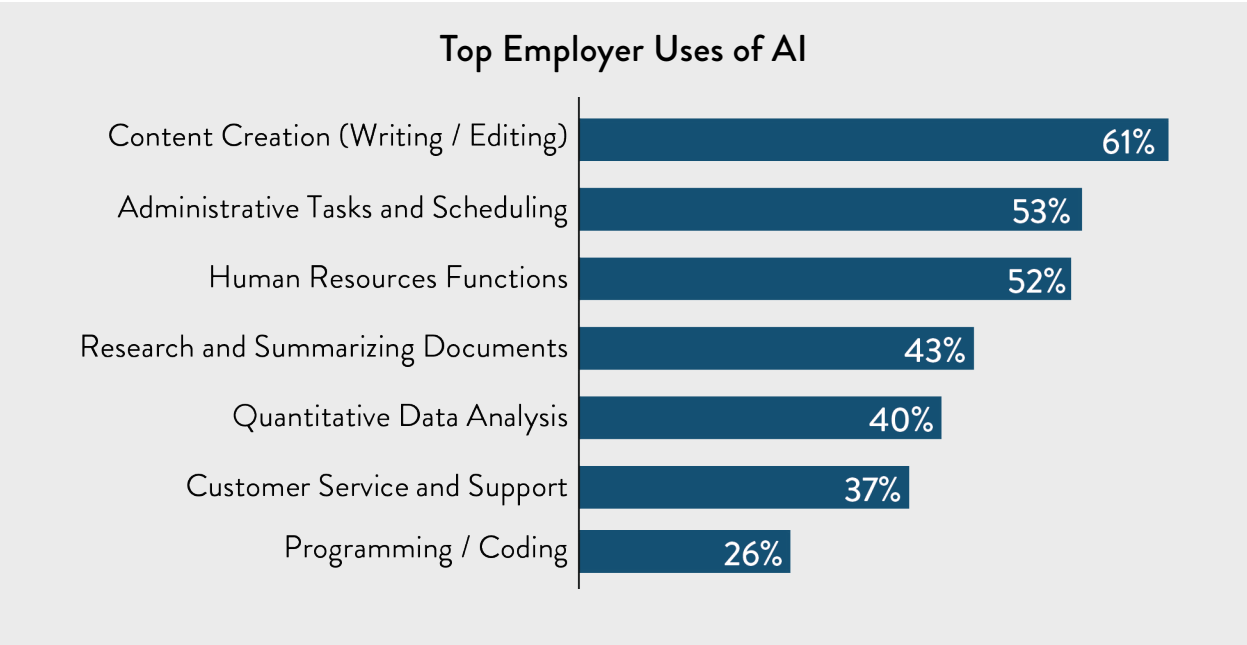
Despite these barriers, there is interest in work-based learning. 641 respondents (38% of total) said they would be interested in learning more about work-based learning opportunities for their company, and contact information for these companies was shared with the NCWorks Commission staff for further outreach.

When asked about engagements with education and workforce groups in the past 12 months, the most common partners were community colleges (38%), followed by four-year colleges or universities (29%), high schools (25%), and local NCWorks Career Centers or Workforce Boards (17%). Manufacturers (46%) and Education and Child Care (50%) businesses were more likely to partner with community colleges, while Health Care (39%) and Education and Child Care (49%) companies were more likely to have engaged with four-year colleges and universities. Manufacturers (27%) were also more likely to have partnered with a local NCWorks Career Center or Workforce Board.

AI is not widely adopted by employers... yet.

Just one in three employers use AI–with little effect on jobs so far.

Only about one-third (30%) of employers reported currently using Artificial Intelligence (AI) or AI-incorporated technologies, and forty percent of Education and Child Care employers said they were using AI.



Four out of ten (43%) employers anticipate starting or expanding AI use in the next 2 years, with similar levels across all the industry samples. This was roughly double the 21 percent who planned to expand their use of automation technology including AI in the 2024 version of the survey.

AI use has had little impact on employment in the past year.

Nearly all employers (95%) currently using AI said there had been no changes to their total employment in the past year. When asked if they expected AI to impact the demand for certain types of workers, about three-quarters of employers expected no changes and smaller percentages anticipated fewer entry-level workers (-9%) and more experienced-level workers (+13%).

Human-centered skills will be most important going forward.

Regardless of their current use, the majority of employers (57%) felt AI skills would be "not very important" or "not at all important" in the next 2 years while 33 percent felt these skills would be "somewhat" or "very important".

When asked about the importance of specific kinds of skills for their workforce in the future, employers focused on human-centered skills:

Future Skill	Less Important	About the Same	More Important
Communication/interpersonal skills	4%	32%	64%
Problem-solving/critical thinking	5%	34%	60%
Creativity and innovation	8%	42%	50%
AI and digital literacy	19%	43%	39%
Data analysis skills	19%	52%	29%
Programming/coding skills	24%	58%	18%

In general, employers felt skills such as communication (+60 percentage points on net), problem-solving and critical thinking (+55) and creativity and innovation (+42) would become more important in the future, while on net programming and coding skills were thought to become less important (-5). AI and digital literacy (+20) and data analysis (+9) had more mixed results, with more employers on net believing these skills will become more important, although a fair number of respondents disagreed. These results suggest employers will value human-centric strengths and perhaps will rely more on technologies such as AI to handle more of the programming and coding tasks.

The industry samples looked similar to the overall sample, with the same top 3 future skills and most agreeing programming/coding would be less important. Of course, only about 3 out of 10 employers are currently using AI, meaning these results should be interpreted with caution.

Employers are not very concerned about future retirements.

North Carolina's workforce is expected to be challenged as the population ages, birth rates decline and immigrant labor becomes scarcer due to federal policies. Yet most employers are not concerned about succession and future employee retirements: 75 percent said they were not concerned, with another 14 percent saying they were somewhat concerned, 4 percent saying they were concerned, and 8 percent saying they were very concerned. These results are similar to previous versions of the survey, in which 65 percent were not at all concerned, 19 percent were somewhat concerned, 9 percent were concerned, and 7 percent were very concerned. Health Care was similar to the overall samples, while Manufacturers and Education employers were more likely

to note any concern about retirements, with more employers choosing "somewhat concerned". It is unclear whether employers are planning to do more with less, perhaps through automation and AI, are unaware of the overall demographic trends, or simply too focused on the immediate needs of their businesses to worry about what is ahead.

Steps can be taken to facilitate better job matching

If one goal of the workforce development system is to help facilitate better and more efficient matches between employers and jobseekers, what lessons can we suggest based on the results of this and previous surveys? In particular, what can be done to address employability issues through our education and workforce practitioners?

Employer-Led Strategies to Increase Workforce Capacity

Expand Efforts to Attract More Applicants

The top reason for hiring difficulty, a low number of applicants, can be tackled through a combination of improving recruitment and taking steps to to develop a pipeline of future workers. This could start by reassessing the things employers can control about their company, including offering competitive wages and benefits, as well as striving to improve job conditions and ensuring there are opportunities for advancement within the company and industry.

Recruitment techniques may also need to be reevaluated with regard to job postings and screening practices in an era of rapid technological change. While new technologies and platforms may make it easy to post and apply for positions, the screening and matchmaking functions of the hiring process can be even more challenging today.

Promote Greater Opportunities for Work

Workforce Development Practitioners can help bring attention to and address barriers to jobseekers even considering applying for open positions. Commuting and transportation challenges, child care and other barriers such as a lack of affordable housing can restrict the pool of talent, so employers may need to take on complicated issues not traditionally part of running their businesses. Allowing remote work and flexible schedules, providing on-site or subsidized child care programs, and even facilitating getting employees to and from work may help widen the pool of potential applicants (and help retain existing workers).

Encourage Employers' Participation in All Forms of Work-Based Learning

In the medium to long term, developing the pipeline of future workers through work-based learning and engagement with education and workforce partners will be key. This could involve formal programs such as registered apprenticeships and pre-apprenticeships or simpler outreach to K-12 students, bringing students into business locations, career fairs, and other low-cost, less time-intensive activities that increase awareness of opportunities students may have never considered. In addition to producing more potential job applicants, work-based learning can also help individuals gain basic employability skills such as work ethic, motivation, and punctuality.

Better Leverage Existing Business Resources

North Carolina is fortunate to have a robust system of higher education as well as an active workforce development system, but more can be done. The NC Department of Commerce itself has numerous resources that can be applied to employers' challenges. For example, the Labor and Economic Analysis Division (LEAD) produces timely data on wages by industry, occupation, and region, which can be used to help employers assess their own competitiveness. Local workforce development boards currently rely on their Business Service Representatives (BSRs) to engage employers directly and these frontline professionals could serve as a conduit for getting this data into their hands.

Governor Stein's goal to engage 50,000 employers to partner with The Council on Workforce and Apprenticeships casts a wide net to employers across the state, recognizing that not all 50,000 will engage in the same way. To track engagement and understand how employers want to partner with our workforce system, the NC Deparment of Commerce has created an interest form at commerce.nc.gov/employers for employers to indicate their interest in engagement.

Background and Methodology

Since our first survey in 2014, LEAD has carried out a biennial statewide survey of businesses on behalf of the NCWorks Commission to better understand and respond to employers' experiences on a range of topics including hiring and hiring difficulties, recruitment and retention, training, and other topics of interest to the Commission. The 2026 version of the Employer Needs Survey also aimed to support the goals of the Governor's Council on Workforce and Apprenticeships, including increasing participation in work-based learning, integrating artificial intelligence (AI) into sector-based strategies and creating workforce development strategies for three key industries—manufacturing, education, and health care.

While the original 2014 survey emerged out of concerns about "skills gaps" on the part of jobseekers, employers responses have led us to focus more on potential mismatches within the labor market. The low number of job applicants and the lack of foundational employability characteristics in those who do apply have consistently outweighed technical skills, hard skills, and educational credentials. For this reason, we have focused on hiring attempts and hiring difficulties and sought to explore potential causes for these missed opportunities to make good matches between the two groups. These challenges could be about specific characteristics of jobseekers, employers, or factors outside the control of either group—from labor shortages (not enough workers in general), geographic mismatches (distance between jobseekers and employers is too

great), occupational mismatches (the wrong type of workers for employers' needs), or characteristics of the workplace or industry that may not appeal to jobseekers. In addition, inefficiencies in recruiting practices or a lack of competitive wages and benefits could also prevent efficient matches.

LEAD designed the 2026 survey and contracted with NC State University's Center for Urban Affairs and Community Services to conduct phone interviews beginning in November of 2025 through February of 2026. As in previous versions, this was a statewide survey of establishments with at least 10 employees and included four samples: 1) an overall sample of employers from all industries drawn to be representative of the state's industrial mix; 2) a Manufacturing sample; 3) a Health Care and Social Assistance sample (minus Child Care), and 4) an Education and Child Care sample. Each sample was weighted by industrial mix and size class in order to make them representative of the state's employers. One change from previous versions of the survey was to combine Child Care employers with other Education employers in order to better capture their experiences. Each sample received over 400 responses, providing enough cases to produce statistically representative statements about the larger population of employers.