Artificial intelligence and the labour market:

AI and Young People's Employment: What It Means for Georgia

Almost four years have passed since ChatGPT appeared. In that time, the mass use of artificial intelligence (AI) has not caused mass unemployment anywhere in the world, but a growing body of research shows that change appears first where people start their careers: in entry-level jobs for young people. This report describes what the research shows, why AI's causal role remains disputed, what is happening in the graduate labour market, and what this means for Georgia, where youth unemployment is already high.

01 What Research Shows About AI and Young People's Employment

The best-known study comes from Stanford University's Digital Economy Lab. Erik Brynjolfsson and his co-authors analyse data on millions of employees recorded by ADP, the largest payroll services company in the US. In August 2025 they showed that employment of 22 to 25 year olds in the occupations most affected by AI had fallen by 13 percent relative to less exposed occupations. Employment of software developers aged 22 to 25 fell by almost 20 percent from its peak in late 2022, while the number of older workers in the same occupation grew.

In August 2026 the authors updated the study with data up to June 2026. By the new estimate, employment of 22 to 25 year olds in the occupations most exposed to AI is 19 percent below its expected level. This expected level shows what their employment would have been had it changed in the same way as the employment of their peers in less exposed occupations. From November 2022 to June 2026, young people's employment in the most exposed occupations fell by about 11 percent, while in less exposed occupations it grew by about 10 percent. The decline appears mainly where AI automates work; where AI assists people, employment does not fall. The change has not shown up in wages: companies are not laying young people off, they are simply hiring fewer of them.

Other independent data support this result. Harvard researchers estimate that in companies that adopted generative AI, the number of junior employees is about 9 percent below the corresponding figure for companies that did not adopt it, while the number of experienced employees keeps growing. According to a US Census Bureau study, employment of 22 to 24 year olds in the industries most exposed to AI fell by 12 percent in the 10 quarters after ChatGPT appeared. According to Danmarks Nationalbank, at Danish firms that adopted AI, employment in the most exposed occupations was about 27 percent below trend by the end of 2025, compared with 12 percent in other occupations, and the change mainly affected people under 30.

At the same time, all these studies agree on one point: AI has not yet caused mass unemployment across the economy as a whole. The Federal Reserve Bank of Dallas estimates that the effect of this change on the overall US unemployment rate is at most 0.1 percentage points.

02 Why AI Is Not the Only Possible Cause

The Stanford authors themselves note that their results are descriptive, not causal. Part of the decline in young people's employment began before ChatGPT appeared. According to the job site Indeed, software development postings in the US peaked in February 2022, nine months before ChatGPT appeared. By November 2022 they had already fallen substantially, and the decline continued afterwards.

Economists point to several other causes. First, the US Federal Reserve began raising interest rates rapidly in March 2022, which reduced hiring at technology companies; the Census Bureau estimates that interest rates explain up to a quarter of the gap in young people's employment. Second, researchers at the Federal Reserve Bank of New York estimate that about 64 percent of the rise in unemployment among graduates under 29 is linked to remote work, because training and hiring junior staff is harder in a remote setting. Third, the effect estimated in the Stanford study almost halves when the analysis takes account of employees' education level.

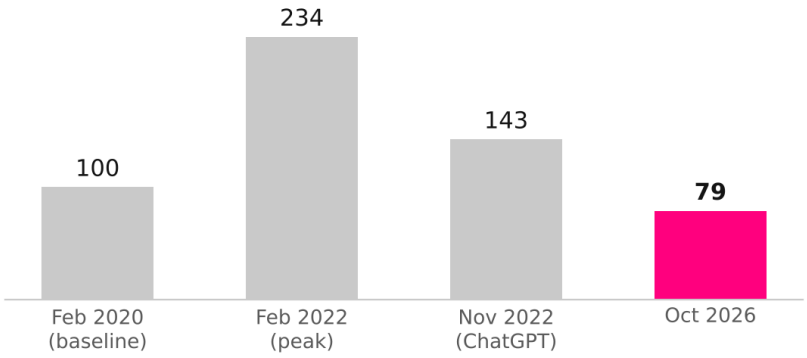


Figure 1. Software development job postings in the US, index (February 2020 = 100). Source: Indeed, FRED.

Some studies even show the opposite result. An analysis of more than 21,000 companies by the financial company Ramp and Revelio Labs found that at the companies spending the most on AI, the number of entry-level employees grew by about 12 percent within two years. The Budget Lab at Yale University did not find a "discernible disruption" of the labour market from AI. According to the Organisation for Economic Co-operation and Development (OECD) in 2026, evidence confirming AI's impact on young workers is "so far limited", and cyclical factors play a larger role.

03 What Is Happening in the Graduate Labour Market

Whatever the cause, finding a job has become harder for young people. In the US, the unemployment rate of graduates aged 22 to 27 was about 5.6 percent in the second quarter of 2026, while the overall unemployment rate was about 4.2 percent. About 42 percent of recent graduates work in jobs that do not require a degree. According to Indeed, by May 2026 entry-level postings had fallen by 7.5 percent year on year, while postings for experienced specialists rose by 14.7 percent.

The picture in Europe is similar. In the United Kingdom, graduate hiring fell by 8 percent in the 2024/25 academic year, although the Institute of Student Employers mainly links this to economic conditions rather than AI. According to the European Central Bank, youth employment in the euro area's information and communication sector fell by 18.6 percent from the first quarter of 2023 to the first quarter of 2026, although the bank does not link this change directly to AI.

04 Young People's Labour Market in Georgia and the Role of AI

In Georgia, the problem of youth employment existed long before AI. According to the European Training Foundation (ETF), unemployment among 15 to 24 year olds was 39.4 percent in 2022, 34.5 percent in 2023 and 28.9 percent in 2024, compared with 14.9 percent in the EU. According to Geostat, overall unemployment in the country was 13.9 percent in 2025. In 2024, 24.1 percent of 15 to 29 year olds were neither working nor studying, compared with 11 percent in the EU. The employment rate of recent graduates aged 20 to 34 is 59.7 percent, against 82.4 percent in the EU. According to a 2026 assessment by the International Monetary Fund (IMF), 36 percent of employed young people have a higher level of education than their job requires.

According to a 2025 estimate by the ISET Policy Institute, about 26 percent of Georgia's workers are in occupations that generative AI affects to some degree, and more than 100,000 people work in occupations with medium or high exposure. Women and young people, as well as people with higher education, are more strongly represented in this group.

The most visible change is in the IT sector. According to a December 2025 report by Galt & Taggart, the number of IT postings on hr.ge and jobs.ge fell from 900 in 2019 to 314 in 2024, while the number of IT bachelor's graduates rose from 635 to 817 over the same period. According to the report, "AI adoption and automation have reduced entry-level labor demand", and demand is shifting towards experienced, specialised and AI-related positions. At the same time, the report names other causes as well: foreign companies hiring Georgian specialists remotely, skills gaps, and hiring through referrals without publishing vacancies.

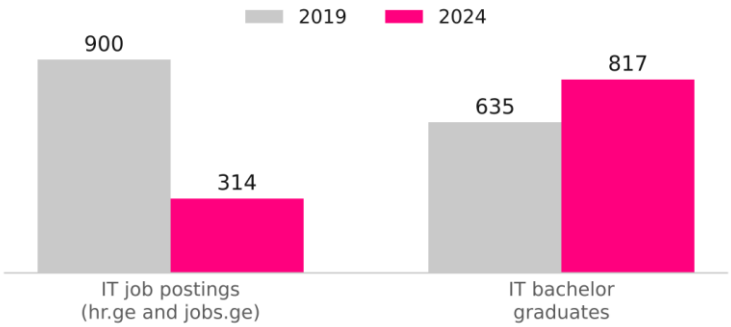


Figure 2. IT job postings on hr.ge and jobs.ge and IT bachelor's graduates in Georgia, 2019 and 2024. Source: Galt & Taggart, December 2025.

According to PMCG, the number of IT postings on jobs.ge in June 2026 was 21.8 percent lower than a year earlier, the largest fall of any category, although this figure changes sharply from month to month. Georgia has no data that show entry-level and experienced vacancies separately, so we cannot say how closely Georgia follows the trend seen in the US. In a 2026 survey by the Business Association of Georgia, 13 percent of member companies had fully integrated AI into at least one process and 47 percent were planning to adopt it, but the survey contains no data on its effect on hiring.

The state and the private sector are beginning to develop AI skills. From the 2026/27 school year, AI is taught as an elective subject in public schools: 12 schools took part in the pilot stage, and up to 30 schools are planned to join in the new school year. At the same time, Georgia has not yet adopted a national AI strategy.

05 Conclusions

First, AI has not yet caused mass unemployment, but data from several countries show that in occupations exposed to AI, young people's employment is falling behind the employment of their peers in less exposed occupations. This change happens through fewer hires, not through layoffs.

Second, AI is not the only cause. The decline began before ChatGPT, and interest rates, remote work and the correction in the technology sector explain a significant part of the fall in young people's employment.

Third, entering the labour market is already difficult for young people in Georgia: youth unemployment is about twice the overall rate, and some graduates cannot find work that matches their qualifications. If AI reduces demand for entry-level positions, this pressure will grow further.

Fourth, between 2019 and 2024 the total number of IT vacancies in Georgia fell, while the number of IT graduates rose. It is therefore important that universities give students the skills that remain valuable when working alongside AI. For the state, it is important to record entry-level and experienced vacancies separately, so that changes become visible in time.

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This analysis was prepared by the academic team of Business and Technology University (BTU) and BTUAI. It draws on publicly available statistics, studies and industry reports and is analytical in nature.

Citation: Business and Technology University (BTU) and BTUAI. (2026). AI and Young People's Employment: What It Means for Georgia. Tbilisi, Georgia.