# Boomerang graduates face worsening job market as AI reshapes recruitment



It’s boomerang season again—a time of year when adult children, rather than flying the nest, return home in record numbers. This phenomenon appears to occur increasingly earlier, creating an alarming trend for recent graduates. As many universities shift towards online assessments and dissertations instead of traditional exams, third-year students are intuitive enough to cut their food bills and head home shortly after Easter, often without prospects for employment.

The stark reality facing these young people is underscored by the troubling data emerging from the job market. Many graduates, armed with degrees from esteemed Russell Group universities, find themselves underemployed or scrambling to secure employment in bars or through extensive international travel. A significant part of the challenge stems from the impersonal nature of modern recruitment processes, heavily influenced by artificial intelligence. The experience of submitting a CV only to be evaluated by an algorithm, rather than a human being, feels deeply disheartening; applicants are acutely aware that their chances may hinge on an AI's mechanical preciseness rather than their own merits. The Institute of Student Employers notes an alarming ratio of 140 applications for every new graduate position, an increase of nearly 60% over the previous year. This flood of applications does not enhance the recruitment process but rather amplifies frustrations for both job seekers and employers alike.

In conversations with individuals like Noah and Jamie, recent graduates who studied subjects such as economics and philosophy, the struggles of navigating the labour market come into sharp focus. The wage premium often associated with having a degree has considerably diminished over the past decade, particularly in the humanities, where graduates are often left facing underemployment or lower salaries. Consequently, students are compelled to engage with AI tools to mass-generate applications, an approach that ultimately results in diminished quality and increased rejection rates.

While some sectors, particularly those in teaching, have experienced a rise in job opportunities, the overall landscape grows increasingly bleak, especially in competitive regions like London, which has seen a staggering 22% drop in graduate vacancies. In contrast, sectors demanding technical skills, such as IT and finance, face a sharper decline. This trend speaks volumes about the widening chasm between educational output and marketplace needs. Research suggests a clear divergence, with degrees in STEM subjects yielding the most rewarding employment prospects, further marginalising graduates in the creative arts and humanities.

In addressing these systemic issues, experts advocate for better alignment between university offerings and labour market needs, stressing the importance of transparency in the value of courses and salary forecasts. Interestingly, some academics contend that mismatches in the labour market may reflect a loss of essential skills in critical sectors rather than merely economic fluctuations. This argument highlights a more complex interplay between education and employment, suggesting that students might benefit from a more nuanced understanding of their career prospects.

Furthermore, the pervasive influence of AI raises pressing concerns about job displacement for new entrants. Many entry-level roles traditionally filled by graduates are increasingly susceptible to automation, which threatens to erode foundational opportunities for career growth. The implications are profoundly significant, as companies may find themselves automating tasks long deemed essential training experiences for young professionals.

Against this backdrop of uncertainty, it’s crucial to maintain a forward-looking perspective. Despite the hardships many graduates face today, historical trends suggest they will eventually find their footing, albeit through more winding paths than previous generations had to navigate. The current economic malaise cannot last indefinitely, and the skills that graduates possess continue to carry a lifetime premium when they manage to secure a position.

However, the situation has broader implications for societal expectations. The frustration stemming from unfulfilled promises of educational investment and career opportunities can only lead to greater resentment among young people. As the cycle of reassurance and disappointment perpetuates, it’s essential to recognise that if we continue to propel students through an education system predicated on guaranteed rewards, the ensuing anger could eventually reverse onto society itself.

In contemplating the role of AI in the evolving job market, we also witness a dual-edged sword. While some fear job losses, the World Economic Forum projects that AI will create 97 million new jobs by 2025 across a variety of sectors, provided individuals are equipped with the necessary skills. Career roles tailored to human creativity and complex problem-solving are expected to flourish, suggesting that adaptability and continuous skill development will be vital competencies for future job seekers.

Ultimately, while the challenges faced by today’s graduates are formidable, a collaborative approach involving educational institutions, employers, and the graduates themselves could pave the way toward a more promising future.

### Reference Map

1. Paragraphs 1, 2, 3, 4, 5, 6, 7, 8
2. Paragraph 2, 3, 4, 5
3. Paragraph 3, 4
4. Paragraph 5
5. Paragraph 8
6. Paragraph 8
7. Paragraph 8

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.theguardian.com/commentisfree/2025/may/13/young-people-degrees-labour-market-ai> - Please view link - unable to able to access data
2. <https://www.ft.com/content/cd134613-367c-4070-a02a-6f2ca359642a> - The UK is facing a challenging job market for recent graduates, with many struggling to find employment despite having completed university degrees. Graduates like Noah and Jamie, who studied economics, finance, and philosophy, have found the path to full-time work difficult amidst a sluggish labor market, increased competition, and impersonal, automated hiring processes. Job postings catering to new graduates have decreased more sharply than the overall job market. Additionally, the graduate wage premium has dwindled significantly over the past decade, particularly affecting women and those in humanities fields. Although a degree still offers long-term career and income benefits, there is growing concern over the mismatch between chosen fields of study and current labor market demands. Research shows that degrees in STEM and high-demand professions like medicine and economics provide the greatest financial returns, while creative arts and some humanities may result in lower earnings or underemployment. Experts suggest improving access to information about course value and labor market trends, and better alignment between higher education and employer needs. Nonetheless, some academics argue that mismatches aren’t necessarily negative for individuals, but may signal a loss of critical skills in sectors vital to economic growth.
3. <https://www.ft.com/content/99435752-ac15-44de-8dd6-79467c277611> - UK graduates are currently facing intense competition in a challenging job market affected by a slowdown in hiring and the increased use of artificial intelligence (AI) in recruitment. According to the Institute of Student Employers (ISE), employers received an average of 140 applications per vacancy in 2024, a 59% increase from the previous year. This has led to a "vicious circle" where the ease of submitting applications through AI has diminished their quality, resulting in more rejections. Graduate vacancies have seen marginal growth, but sectors like digital, IT, finance, and professional services have reported significant declines. The job market contraction is notably severe in London, with a 22% decrease in postings for graduate roles. Although some sectors like teaching have shown increased demand, most areas have tightened. The process of job applications has become more demanding, with students often needing to submit approximately 50 applications to secure a job. Despite some students using AI tools to aid their applications, these technologies haven't proven effective in personalization, highlighting the ongoing struggle with the recruitment process.
4. <https://www.ft.com/content/f62d184d-cd19-46bf-9627-ebe0bb792a35> - Graduates are increasingly anxious about the impact of AI, specifically large language models like ChatGPT, on their careers. A BestColleges poll reveals that six in ten US college students worry that AI diminishes the value of their degrees, with over half fearing it will devalue their worth to employers. There's a particular concern for women, who are under-represented in STEM degrees, potentially being shut out of the job market as AI becomes more pervasive in various business functions. While AI can simplify data work and programming, requiring advanced technical skills, it also creates opportunities for liberal arts graduates, especially in writing-intensive roles. AI's role in customer service is generating demand for writers to create chatbot scripts, a field with a higher female representation. Employers acknowledge that AI will change workflows in financial services, marketing, and law, impacting entry-level job structures. Although AI presents risks to job availability and workplace diversity, it might also favor new graduates comfortable with AI tools. This shift emphasizes strong communication skills and the ability to manage AI tools, potentially benefiting women and those with liberal arts backgrounds. As AI integration progresses, adaptability and training in managing AI-human interactions will become crucial for all graduates.
5. <https://www.accruepartners.com/the-impacts-of-ai-on-the-job-market> - While there are concerns about AI leading to job displacement, the reality is that AI is also creating new job opportunities. The World Economic Forum predicts that AI will create 97 million new jobs by 2025. These roles will span various sectors, including technology, healthcare, finance, and logistics, offering diverse opportunities for those with the right skills. AI is driving demand for positions such as AI Specialists, Data Analysts, and Automation Engineers. Additionally, roles that require a human touch, such as those in creative industries or those involving complex problem-solving, are expected to thrive alongside AI advancements. The key for job seekers is to continuously upskill and adapt to these new roles, ensuring they remain competitive in the AI-driven job market.
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