International Labour Organisation

Topic: The Impact of Artificial Intelligence on Employment and the Future of Work

1. Introduction

Artificial intelligence has rapidly become one of the most influential developments in the modern world. From customer service and healthcare to education and manufacturing, AI is changing the way businesses operate and how employees carry out their work.

While these developments offer opportunities for economic growth, increased productivity, and the creation of new industries, they have also raised concerns about the future of employment. As businesses increasingly incorporate AI into their operations, many questions have emerged about job security, workers' rights, wage inequality, and the responsibilities of employers and governments.

One of the biggest concerns about AI is its ability to perform tasks that were previously done by human workers. Although this does not for sure mean entire occupations will disappear, numerous roles may face significant changes, requiring employees to develop new skills or adapt to different work environments.

The scale of this transformation is already becoming apparent. According to a 2025 study by the ILO, approximately one in four workers worldwide are employed in occupations with some degree of exposure to generative AI. However, the study also suggests that job transformation is more likely than complete replacement for most jobs.

The issue is therefore not simply whether AI will replace human workers, but how countries can prepare their populations for a changing labour market while ensuring that technological progress does not come at the expense of workers' rights.

The ILO must consider how governments, employers, and workers can cooperate to ensure that the integration of AI into the workplace is fair and sustainable.

2. Understanding Artificial Intelligence and Its Impact on Employment

AI refers to computer systems designed to perform tasks that typically require human intelligence, including: analysing information, recognising patterns, generating content, and making predictions.

In the workplace, AI can be used to assist employees and perform certain tasks independently. Its applications range from automated customer service systems to advanced data analysis.

It is important to distinguish between two ways AI can affect employment:

Job augmentation: Ai supports employees by helping them complete tasks more efficiently or perform work that would otherwise need additional time and resources.

Task automation: AI takes over specific tasks previously performed by human employees. Depending on the occupation and how extensively these tasks are automated, this can reduce the demand for certain roles or change the responsibilities/wage of existing employees.

These two developments are not mutually exclusive. In many workplaces, AI may automate certain responsibilities while creating new opportunities for employees to focus on more demanding aspects of their work.

3. Potential Benefits of AI in the Workplace

AI offers several opportunities for workers, businesses, and national economies.

Increased productivity and efficiency
AI can process large amounts of information, assist with repetitive tasks and reduce time required to complete certain tasks. This allows businesses to improve efficiency and potentially expand operations.

Creation of new employment opportunities
The expansion of AI related industries has increased demand for professionals in areas like cybersecurity and AI research. New occupations may also emerge as industries adapt to tech advancements.

Improved working conditions
When implemented responsibly, AI can reduce employees' exposure to repetitive or physically demanding tasks. It can also assist in identifying workplace risks and improving certain safety procedures.

Economic development
Countries that successfully integrate AI into their economies may benefit from increased competitiveness and investment. Developing industries around emerging technologies can also create opportunities for international trade and cooperation.

The World Economic Forum's *Future of Jobs Report* 2025 provides and indication of the scale of expected labour-market changes. It estimates that, across all major labour-market trends combined, 170 million new jobs could be created and 92 million displaced by 2030. This would represent a net increase of 78 million jobs.

It is important to note these figures are not only for AI. They include several factors, such as tech development and demographic changes.

4. Key Challenges and Areas of Concern

A. Job Displacement and Employment Security

One of the main concerns surrounding AI is the possibility that business may reduce reliance on humans as certain tasks become automated.

The ILO's 2025 global research found that approximately 3.3% of global employment falls into the highest category of exposure to generative AI. The difference between men and women is also significant: 4.7% of female employment, compared with 2.4% of males.

These figures highlight the impact of AI is unlikely to be distributed equally.

B. Economic Inequality and the Digital Divide

The benefits of AI are unlikely to be distributed equally between countries.

More developed economies generally have better access to advanced technologies and specialised education. Developing countries may struggle to adopt similar technologies due to financial and structural barriers.

This could widen the economic gap between countries and make it harder for developing countries to compete in an increasingly technology-driven global market.

The ILO's 2025 global exposure highlights this difference. Approx 34% of employment in high-income countries is exposed to generative AI to some degree, compared with 11% in low-income countries.

Within individual countries, there is also a risk that workers with access to advanced education will benefit disproportionately, while those in lower-paid occupations face greater uncertainty.

C. Skills Gap and Workforce Retraining

As AI becomes increasingly integrated into the workplace, the skills needed by employers are also changing.

Workers may need to develop digital literacy, technological knowledge and other skills that allow them to work alongside AI systems.

However, not everyone has equal access to training opportunities.

According to the OECD's 2026 report *AI and Skills*, approx 40% of employers in manufacturing and finance who have not adopted AI identify a lack of relevant skills as a major barrier. The report also finds that more than half of small and medium-sized enterprises (SMEs) not using generative AI face similar skills-related barriers.

This suggests that preparing workers for an AI driven economy doesn't necessarily mean turning everyone into a programmer. Instead, governments should consider how education and training systems can help ordinary employees adapt to changing environments.

5. The Role of the ILO

The International Labour Organisation's main objective is to promote social justice and internationally recognised labour rights while improving working conditions and employment opportunities.

As AI continues to reshape employment, the ILO needs to ensure that tech developments are followed by appropriate labour protections for workers to adapt.

However, countries differ considerably in their economic resources and employment structures. Measures that may work really effectively in highly developed countries may not be equally achievable in developing countries.

Finding an approach is crucial to recognise these differences while promoting fair employment opportunities.

6. References/Further Reading

1. **International Labour Organisation (2025) - Generative AI and Jobs: A 2025 Update**

https://www.ilo.org/publications/generative-ai-and-jobs-2025-update
2. **International Labour Organisation (2025) - Generative AI and Jobs: A Refined Global Index of Occupational Exposure**
https://www.ilo.org/publications/generative-ai-and-jobs-refined-global-index-occupational-exposure
3. **International Labour Organisation - Artificial Intelligence**
https://www.ilo.org/topics-and-sectors/artificial-intelligence
4. **World Economic Forum (2025) - The Future of Jobs Report 2025**
https://www.weforum.org/publications/the-future-of-jobs-report-2025/
5. **International Labour Organisation (2025) - Navigating the Digital and Artificial Intelligence Revolution in Arab Labour Markets**
https://www.ilo.org/publications/navigating-digital-and-artificial-intelligence-revolution-arab-labour
6. **OECD - Artificial Intelligence and the Labour Market**
https://www.oecd.org/en/topics/policy-issues/artificial-intelligence.html