International Journal of Scientific Research and Engineering Development-– Volume 8 Issue 1, Jan-Feb 2025

Available at www.ijsred.com

RESEARCH ARTICLE OPEN ACCESS

The Impact of AI on the Job Market

Rahil Bhatia*, Swati Uparkar**

*(AIDS, Shah and Anchor Kutchhi Engineering College Email: rahilbhatia.1509@gmail.com)

** (GUIDE, Shah and Anchor Kutchhi Engineering College Email: swati.uparkar@sakec.ac.in)

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Abstract:

AI Impact on Future Job Market Reforms Recent trends suggest that AI will impact on the future job landscape in a positive way. However, it could be expected to conclude that AI will similarly render certain jobs out of vogue whilst at the same time creating new positions thereby signalling expansion for net job availability. AI, and the automation of more routine tasks would result in increased productivity and the rise of new innovative tasks and skills in an economy. This shift in the job market seemingly raises questions and other concerns on whether such types of jobs would be supplying sufficiently trained staff. This paper aims to contribute to this ongoing debate by evaluating and analysing existing studies about other potential impacts of AI on national and international economies. In other words, this paper attempts to systematically analyse the links between productivity levels or economic growth rates and the employment levels in the economies.

Keywords — **AI, Automation, New Roles, Employment Displacement, Ready-made Economies**

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I. INTRODUCTION

AI began as an idea, an innovation, but has developed into a disturbing trend and force for change in societies and various industries. The effects of AI on the work of people have redefined work processes by automating specific tasks that were once manual. Automation has improved processes, increased efficiency, and lowered operational costs through chatbots, robotic automation, and machine learning algorithms. For example, many customer interactions, estimated to be in the millions, are being resolved through chatbots, thereby replacing human agents for most customer service duties. Similarly, AI powered robots can handle the repetitive and gruelling job of manufacturing much more efficiently and faster. But right next to the advantages lies a challenge, a task of integrating the workforce and this technology. According to the International Labor Organization, AI is automating routine and other minimally intellectual tasks and, in the process, creating a new set of workers while rendering some totally unemployed, especially those lacking the necessary skills to fill in the emerging positions. Such a situation has raised panic around job loss and the economic gap. But AI is also a source for shaping economy as well, creating new sectors and jobs such as data science, AI ethics, engineering, robotics that need skilled labour. This paper looks further into AI's disruptive capability in employment markets and its complementary capability to increase production and generate jobs. It takes case studies and industry trends to bring the fullest picture of how AI is causing changes in the labor market and how those changes can be utilized to tackle the challenges AI presents.

II. Positive impacts of AI on employment

Job creation –

In the past several years, AI has changed the face of employment by creating occupations which did not exist 10 years ago. AI ethicists, machine learning engineers and robotic process analysts have now become part of the modern industry. On the other hand, the healthcare sector is advancing with AI-based solutions enabling rapid and accurate diagnostics, to detect a disease in the early stages, while different industries implement AI to enhance their products and systems. Furthermore, logistics and e-commerce are applying AI in the improvement of the supply chain thereby giving rise to many employment opportunities in the areas of analytics and AI systems. The "Job Creation Impact by Sector" bar graph shows how AI is helping jobs in four key industries: technology, healthcare, logistics, and e-

commerce. The relative number of jobs created in these industries because of AI integration is shown by each bar.

E-commerce: Chatbots and recommendation engines are examples of AI-driven technologies that have simplified customer support and product customization, opening new possibilities for system administration and AI-enabled marketing.

Healthcare: AI's contributions to diagnostics, customized medicine, and medical device innovation result in a significant increase in employment. AI-assisted health analysers and bioinformatics experts are examples of new occupations.

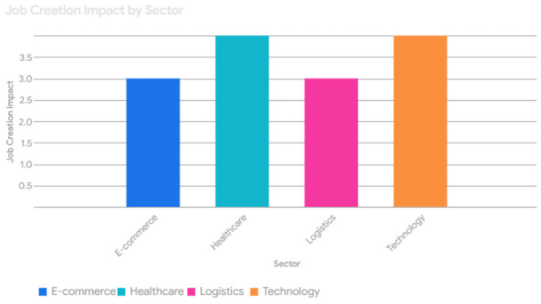

Fig 1. Job Creation Impact by Sector

Logistics: AI has improved supply chain operations by generating jobs in automated system monitoring, inventory control, and predictive analysis.

Technology: As the industry leader, artificial intelligence (AI) is propelling innovation in machine learning engineering, software development, and cybersecurity, greatly increasing employment prospects.

Enhanced productivity –

AI has transformed the way tasks are completed, and productivity is measured, making it an essential booster of workplace efficiency. AI saves time by automating labour-intensive and repetitive tasks, freeing staff members to concentrate on tasks that call for leadership, creativity, and problem-solving skills. By monitoring progress, allocating resources wisely, and identifying any limitations, tools such as AI-powered project management systems optimize operations and promote an innovative problem-solving culture. According to studies, businesses that include AI into their processes frequently see a 30% - 50% increase in productivity, which is an extraordinary instance of how useful AI is in modern day company operations. This increased productivity changes the dynamics of the workplace by enabling workers to put creativity and collaboration among themselves ahead of routine tasks, which results in a more motivated and progressive workforce.

III. Challenges of AI on the job market

Job displacement –

The possibility of job displacement is a significant worry with AI adoption, especially for positions requiring physical or repetitive labour. According to World Economic Forum estimates, the rapid advancement of AI-driven automation may result in the loss of up to 85 million jobs by 2025. This tendency is particularly noticeable in sectors like manufacturing and retail, where automation technologies are quickly displacing conventional methods of work, creating serious problems for the stability of the workforce.

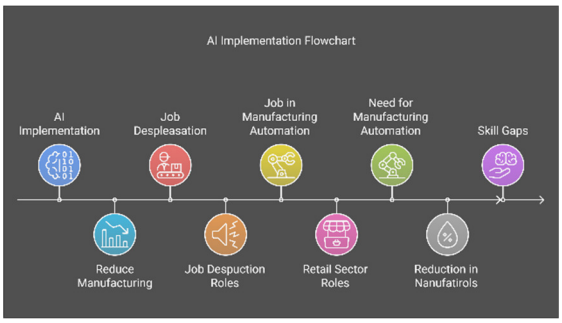

Fig 2. Flowchart: AI and Job Displacement

Skill gaps –

A large skill gap in the workforce has been revealed by AI's ongoing development. Due to a shortage of skilled workers, many positions requiring knowledge of programming, data analysis, and machine learning are still vacant. Strong reskilling programs are required to address this problem and equip people to meet the needs of an AI-driven economy.

	A	B
1	Skill	Projected Growth Rate (%)
2	Machine Learning	45
3	Data Science	40
4	Robotics Engineering	50
5	Cybersecurity	35

Fig 3. Skills in Demand (2024-2030)

IV. Recommendations

When it comes to preparing the workforce for an AI-driven future, governments are crucial. They can equip employees to handle the demands of an evolving employment environment by putting in place thorough training programs with an AI focus. In addition, tax breaks for enterprises who engage in staff upskilling promote long-term economic stability in addition to helping businesses. The most prominent instance of a dual education model worldwide is Germany, which successfully blends technical education with industry-specific requirements to produce a workforce with both academic knowledge and practical abilities. Building a flexible, future ready economic economy that develops alongside AI developments requires such tactics.

Fig 4. Policies which can be implemented by the Govt.

V. Conclusion

Artificial intelligence (AI) has both revolutionary potential and serious drawbacks for the global job market. For workers in industries like manufacturing and retail, it creates economic uncertainty by eliminating traditional roles, especially those that depend on repeated tasks. In contrast, it stimulates innovation and the development of new sectors and occupations that require highly skilled technical abilities. Data scientists, robotics engineers, and AI professionals, for example, are in great demand right now, demonstrating how AI is changing the nature of work. To fully utilize AI while reducing its negative impacts, societies need to implement inclusive and proactive measures. The foundation of skill development is still in place as reskilling and upskilling initiatives prepare people for success in AI-driven economies. Governments are essential because they create laws that promote lifelong learning, incorporate AI literacy into the curriculum of schools, and provide incentives for private sector workforce training expenditures. The dual education approach in Germany, for instance, offers a realworld illustration of combining academic instruction with business demands.

Additionally, cooperation between governments, businesses, and academic institutions is essential to guarantee a fair approach to the integration of AI. Such collaborations can support innovation and fair economic growth by assisting in coordinating AI developments with social goals. Prioritizing ethical issues is also necessary to guarantee that AI technologies be used properly, reduce unfairness, and defend the rights of employees. An integrated approach that involves equal economic practices, focused educational changes, and progressive laws are needed to address these issues. Through this approach, societies may turn the uncertainties presented by AI into possibilities, guaranteeing that technology becomes a vehicle for sustainable and equitable progress rather than an obstacle to progress. In this way, AI can improve economies by creating a workforce prepared for the future, in addition to changing industries.

VI. Acknowledgement

For the essential advice and assistance during this research, I would like to sincerely thank Prof. Swati Uparkar. The quality of this research has been significantly improved by their knowledge and experience. We also want to thank everyone who took the survey for their time and careful answers, which were crucial in providing the data needed for this study. Finally, we thank our fellow students and

institution for their encouragement, which resulted in this work.

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