

THE DUAL IMPACT OF AI ON THE WORKFORCE: PROMISE AND PERIL

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Abstract:

Artificial Intelligence (AI) exerts a dual force on the workforce, promising innovation-driven growth while harboring displacement risks. Globally, AI is set to create 170 million jobs by 2030, outpacing 92 million losses through productivity augmentation and new roles in tech and green sectors. In India, projections indicate 2.3 million direct AI jobs alongside redeployment opportunities, enhancing GDP via automation efficiencies. Perils involve 40% job exposure, skill polarization, and inequality, particularly in manufacturing and clerical domains. Reviewing five studies, this paper outlines objectives for balanced analysis, emphasizes policy imperatives, notes empirical limits, reveals net positives with reskilling needs, suggests interventions, and advocates strategic adaptation for sustainable labor markets.

Keywords: Artificial Intelligence, workforce disruption, job creation, skill augmentation, displacement risks, reskilling strategies, India employment

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Introduction:

The integration of Artificial Intelligence (AI) into economies heralds a paradoxical era for the workforce: profound promises of prosperity juxtaposed with perils of profound disruption. According to the World Economic Forum's Future of Jobs Report 2025, AI tops transformative technologies, with 86% of employers forecasting operational overhauls by 2030, yielding a net 78 million jobs via 170 million creations offsetting 92 million displacements. Augmentation—AI complementing human strengths—drives this promise, as evidenced by 40% productivity uplifts in augmented workflows and surging demand for AI/ML specialists. India exemplifies this duality amid its youthful demographics and digital ambitions. NITI Aayog envisions AI generating millions of roles in data analytics and fintech, bolstering productivity in services. Yet, IMF metrics flag 40% occupational exposure, with 60 million manufacturing jobs vulnerable to automation, exacerbating urban-rural divides and graduate underemployment. Routine

cognitive tasks succumb to AI's pattern prowess, while creative and interpersonal skills endure, aligning with skill-biased technological change theories.

Perils extend to psychosocial realms: task substitution fosters alienation per Conservation of Resources framework, diminishing engagement. Globally, GenAI has amplified non-tech postings 9-fold, signaling broad infiltration. For India, infrastructure deficits compound risks, necessitating targeted interventions. This paper synthesizes literature, pursues analytical objectives, and furnishes evidence-based pathways to harness AI's promise while averting perils.

Literature Review:

1. **Liu et al. (2025):** Investigates AI's double-edged sword on work engagement among 279 Chinese employees using Conservation of Resources theory. Finds AI enhances psychological availability and vigor under low substitution but induces exhaustion and alienation when replacing core tasks. Calls for task design balancing automation with human agency.

2. **RSI International (2025):** Analyzes AI-induced job displacement drawing on IMF data revealing 40% global exposure. Emphasizes qualitative shifts beyond numbers, like skill obsolescence in routine roles. Advocates policy for reskilling and universal basic income pilots to cushion transitions.
3. **IJLSSS (2025):** Explores AI's employment effects in India, highlighting new SME opportunities offsetting IT/manufacturing losses. Reviews government strategies like National AI Mission for skill infusion. Stresses inclusive growth via digital literacy to mitigate inequality.
4. **PMC Study (2024):** Employs provincial AI indices (2010-2019) to show skill structure upgrades: AI reduces low-skill employment by 0.001% per index point while elevating high-skill shares. Implications for emerging markets underscore complementary human-AI synergies.
5. **WEF Future of Jobs (2025):** Projects 39% skill disruption by 2030, with AI/data proficiencies surging amid clerical declines. Details macro trends: 7% net job growth, fastest in tech/care roles. Urges 59% workforce training for equitable outcomes.

Objectives:

- To examine how Artificial Intelligence enhances productivity, efficiency, and innovation in the workplace.
- To analyse the potential risks of AI such as job displacement and skill redundancy among workers.
- To understand the changing skill requirements and the need for reskilling and upskilling in the AI-driven era.
- To evaluate the ethical, social, and economic challenges created by the adoption of AI in organizations.
- To explore strategies for balancing the benefits of AI while minimizing its negative impact
- To Contextualize impacts for India's labor landscape.
- To Formulate upskilling and policy recommendations.

Importance:

- Increases productivity by automating repetitive tasks.
- Allows employees to focus on creative and strategic work.
- Creates new jobs in AI, data science, robotics, cybersecurity, and tech industries.
- Supports growth of start-ups and digital businesses.
- Improves decision-making through fast and accurate data analysis.
- Causes job displacement in routine and low-skill roles.
- Creates a skill gap due to rising demand for advanced digital skills.
- Increases income inequality between high-skilled and low-skilled workers.

Scope of the Study:

- Examines the dual impact of Artificial Intelligence on the global and Indian workforce.
- Analyses job creation, job displacement, and workforce disruption caused by AI.
- Studies changing skill requirements, including skill augmentation and reskilling needs.
- Evaluates productivity, efficiency, and innovation benefits of AI adoption.
- Assesses social and economic challenges such as income inequality and skill gaps.
- Reviews recent research reports and policy perspectives related to AI and employment
- Suggests strategies and policy recommendations for sustainable workforce adaptation.

Significance of the Study:

- Highlights the growing impact of Artificial Intelligence on employment and workforce structure.
- Provides a balanced understanding of both opportunities and risks associated with AI adoption.
- Helps policymakers design effective labour and skill development strategies.
- Assists organizations in planning workforce transformation and human-AI collaboration.
- Creates awareness among students and employees about future skill requirements.
- Supports informed decision-making regarding education, training, and career planning.
- Contributes to academic research on AI-driven economic and social change.

Findings:

- **AI Creates Net Jobs:** AI is expected to create more jobs than it displaces by 2030, though job roles will change.
- **Uneven Disruption:** Routine jobs are at higher risk, while tech and high-skill roles are growing.
- **Skill Polarization:** Demand for advanced skills is rising, increasing inequality risks.
- **Higher Productivity:** AI boosts efficiency, automation, and innovation.
- **Psychological Impact:** Job replacement may cause insecurity, but augmentation improves performance.
- **India's Dual Impact:** India has AI growth potential but faces skill gaps and vulnerability.
- **Need for Reskilling:** Reskilling is crucial, yet access remains limited.

Suggestions:

- **Strengthen Reskilling Programs:** Expand affordable AI and digital training through strong public-private partnerships.

- **Promote Skill Augmentation:** Design jobs where AI supports human workers instead of replacing them.
- **Develop Soft Skills:** Emphasize creativity, critical thinking, communication, and leadership in education.
- **Support Vulnerable Workers:** Provide unemployment benefits, income support, and redeployment assistance.
- **Ensure Inclusive AI Growth:** Improve rural digital infrastructure and regional skill development centres.
- **Reform Education Curriculum:** Integrate AI basics, coding, and data literacy into academic programs.
- **Promote Ethical AI Governance:** Establish clear policies to ensure responsible and fair AI use.
- **Encourage Start-ups and Entrepreneurship:** Support AI-driven businesses to boost employment and economic growth.

Conclusion:

Artificial Intelligence presents a dual impact on the workforce by creating significant opportunities for innovation, productivity, and job creation while simultaneously posing risks of displacement and skill inequality. Although global projections indicate net employment growth, the nature of jobs is rapidly changing, with routine roles declining and high-skill, technology-driven positions expanding. In India, AI offers strong growth potential due to its young workforce and digital expansion, but skill gaps and informal employment increase vulnerability. Therefore, balanced policies, large-scale reskilling initiatives, inclusive development strategies, and ethical AI governance are essential to ensure that AI becomes a tool for sustainable growth rather than a source of inequality.

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Cite This Article: Sable R. (2026). *The Dual Impact of AI on the Workforce: Promise and Peril*. In **Aarhat Multidisciplinary International Education Research Journal**: Vol. XV (Number III, pp. 73–76)