# Artificial Intelligence and Labor Market Transformation: A Critical Socioeconomic Analysis

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**Abstract:** *Because to the improvement of modern computer hardware and the ongoing development of algorithms, the use of artificial intelligence is becoming more widespread in all areas of life. In this work, we look at how artificial intelligence is being applied in fields like finance, healthcare, industry, information, education, and social life, with a special focus on the manufacturing sector. This trend is growing rapidly and seems unstoppable. For future careers, the rise of artificial intelligence is both exciting and challenging. It creates many new job opportunities but also leads to the disappearance of some low-cost, labor-intensive jobs, putting pressure on the job market. The employment standards have risen significantly, with AI-savvy managers and experts earning much more than manual workers. As a result, the revenue levels of workers are gradually increasing. The arrival of AI technology has also caused major changes in the job market, as automation technologies are replacing many repetitive and basic skilled jobs.*

**Keywords:** AI, Labor Force, Intelligent Innovation

## 1. Introduction

With the improvement of computer performance and the progress of algorithmic thinking, Artificial Intelligence (AI) technology has made significant advances in recent years. It is widely believed that AI will become a key driver of a new wave of industrial transformation, reshaping economic activities like production, distribution, exchange, and conspicuous consumption. It will also lead to the creation of new products, services, and industries, causing major changes in the economic structure and boosting the overall productivity of society. As we work to promote economic growth and adjust industrial structures, it is important to guide the balanced development of AI and the economy, creating a favorable environment for the new AI-based economy. In this work, we explore the applications of AI, its effects on all areas of life, and how technology can help free up human effort and improve work efficiency. We also examine how AI influences job markets. Some low-skilled jobs may be replaced by AI, but new jobs will also emerge because of it. In the future, the market will have a greater demand for innovative talents.

### The Preliminary Application of Artificial Intelligence Technology in Various Aspects

Artificial intelligence is becoming a substantial part of many region of life, like finance, healthcare, manufacturing, information technology, education, and everyday social activities. In manufacturing, AI is helping with dangerous and hard tasks that people can't or shouldn't do, using machines to take over. This mix of AI and manufacturing is a growing trend that can't be stopped. When AI is paired with biometrics, it helps make medical information more secure. AI's skills in replica processing and understanding human language are very useful in healthcare. These tools help with things like first health checks, diagnosing diseases, assisting during surgeries, and tracking recovery. In finance, AI is being used a lot with tech like big data, cloud computing, and blockchain to handle tasks such as customer data collection, identification, risk management, financial advice, and customer support. Since finance is all about digital transactions, AI has been used there the most and in the widest ways. In education, AI is helping teachers and students learn more effectively through interactions between humans and computers. All these uses are thanks to the ongoing growth and spread of AI technology, which is now part of almost every part of daily life, such as smart transportation, smart logistics, smart stores, and smart homes. The use of AI is slowly transforming the way people reside and work.

### The Impact of the Development of Artificial Intelligence Technology on Employment

In terms of future careers, AI create both new possibilities and new challenges. As artificial intelligence develops, many new jobs and occupations will appear, creating more opportunities in the job market. However, as AI replaces many traditional industries and jobs, workers who only have basic operational skills are at risk of losing their jobs and facing lower incomes. For the mechanics population density, the rapid process of AI technology contributes to higher unemployment rates. Looking back at the expansion of human science and technology, we can see that major technological advancements often lead to big changes in industries. AI stands out because of its strong automation and intelligence. As smart machines gradually replace traditional employee roles, many jobs will disappear. As a result, companies will need fewer human workers, which may cause some people to become unemployed and put pressure on the job market. According to McKinsey Global Research Institute, by the middle of this century, nearly 49% of the world's jobs could be replaced by AI, especially those that are low-cost and labor-intensive. Because AI is becoming more widespread, many jobs that were once physical or mental, or even some intellectual tasks, are being taken over by AI. This means the entry level for jobs has gone up. Workers who have qualities like innovation and flexibility will become more valuable and competitive. Also, AI is changing how people work, which affects income levels between different types of workers. In other words, people who understand and use AI, like managers, technicians, and specialists, are likely to earn more, while those in lower-level or service jobs may earn less.

| Industry / Sector | 2024 Estimated Avg Salary (₹) | 2025 Estimated Avg Salary (₹) | Growth (Nominal) |
|---|---|---|---|
| Agriculture (broad) | ₹1,80,000–₹2,20,000 | ₹1,95,000–₹2,40,000 | 8–10% ↑ |
| Manufacturing (broad) | ₹3,50,000–₹4,00,000 | ₹3,75,000–₹4,30,000 | 7–8% ↑ |
| Electricity & Utilities | ₹3,80,000–₹4,20,000 | ₹4,10,000–₹4,60,000 | 8–9% ↑ |
| Accommodation & Catering | ₹2,50,000–₹3,00,000 | ₹2,70,000–₹3,30,000 | 8–10% ↑ |
| Information & Communication / IT | ₹6,00,000–₹8,00,000 | ₹6,50,000–₹8,50,000 | 8–10% ↑ |
| All Industries Avg (national) | ₹3,45,000–₹3,90,000 | ₹3,80,000–₹4,20,000 | 7–9% ↑ |

The 2024–2025 table for India shows a **clear and persistent wage hierarchy across sectors**, driven mainly by differences in skill intensity, formality of employment, and productivity. **Information & Communication / IT** stands out as the highest-paying sector, with estimated average annual salaries rising from about ₹6–8 lakh in 2024 to ₹6.5–8.5 lakh in 2025. This reflects strong demand for digital skills, export-oriented services, and a high share of formal employment. Growth of around 8–10% indicates continued expansion, though increases are incremental rather than explosive, suggesting a maturing IT labor market.

**Manufacturing and electricity & utilities** form a middle-income tier. Manufacturing wages (₹3.5–4.0 lakh in 2024, rising to ₹3.75–4.3 lakh in 2025) grow at a slightly lower rate of about 7–8%, reflecting moderate productivity gains and cost pressures, especially in labour-intensive segments. Electricity and utilities show marginally higher pay and growth (around 8–9%), largely because these jobs are more formal, capital-intensive, and often linked to public or regulated enterprises, which provide relatively stable wage progression.

**Accommodation and catering** remains a lower-paid sector despite healthy growth of 8–10%. Average annual earnings of roughly ₹2.5–3.0 lakh in 2024 rising to ₹2.7–3.3 lakh in 2025 highlight the dominance of informal, casual, and seasonal employment. Wage growth here is driven more by post-pandemic recovery, higher demand for services, and inflation pass-through than by structural productivity improvements.

**Agriculture continues to sit at the bottom of the wage distribution**, with estimated annual earnings of ₹1.8–2.2 lakh in 2024 and ₹1.95–2.4 lakh in 2025, even though its percentage growth appears relatively high (8–10%). This growth largely reflects minimum wage adjustments, inflation, and government support rather than fundamental income transformation. The absolute income gap between agriculture and non-farm sectors remains wide, reinforcing long-term structural challenges in rural livelihoods.

Overall, the **all-industry national average** rising from about ₹3.45–3.9 lakh in 2024 to ₹3.8–4.2 lakh in 2025 (7–9% growth) masks substantial inequality across sectors. High-skill, formal sectors pull up the average, while large segments of the workforce in agriculture and hospitality remain low-paid. The table therefore illustrates that **India's wage growth is broad-based but uneven**, with structural transformation favouring services and formal industries far more than traditional, informal sectors.

### *AI Technology is Related to changes in the Job market*

As a symbol of the high level of science and technology at this stage, AI can greatly improve the labour efficiency of social industries and drive the rapid expansion of the overall economy. From the historical experience of the three industrial revolutions experienced by mankind, we can know that the jobs formed by each industrial revolution are mostly from new industries. From the perspective of the application of artificial intelligence technology, there will be many jobs set around AI in the future, which will produce more new occupations and new opportunities that are difficult to evaluate. Under the significant impact of the field of artificial intelligence, the structure of the workforce is undergoing a large transformation, with the proportion of blue-collar workers gradually decreasing while the proportion of white-collar workers in the new knowledge economy is expanding. Talent-guided work is already the key to career acquisition, with profound implications for many physical and intellectual workers. For some traditional industries, the choice to embrace the changes brought about by artificial intelligence can be regarded as a passive strategy. In the era of artificial intelligence, if workers want to adapt to the development and requirements of the new technological revolution, they should not only master the existing technology and knowledge but also constantly update their own knowledge system and skill system and actively cultivate their own innovation ability and innovation consciousness. With the arrival of the era of artificial intelligence, the impact of new science and technology on the job market is wide and deep. However, on the whole, the advantages outweigh the disadvantages. Employees should actively meet the challenges of new technologies and maximize their intellectual potential to improve their employment level. The workforce is living in a rapidly changing technological environment, and it is fortunate that they are always aware of fundamental changes in their working patterns and methods. As the labour market changes and diversifies, the skills required are becoming more comprehensive and richer, which makes it necessary for employees to continuously improve their overall quality. The workplace demand of artificial intelligence technology will quickly reflect to the labour market. Job seekers must face the new job demands, according to their personal knowledge and skills, and make appropriate adjustments to cope with the constant changes in the market. In general, those who are engaged in day-to-day, demanding jobs are more likely to be replaced by AI in the future, which may lead to their employment opportunities and benefits being cut at the same time. However, for those workers with high-end technical expertise or cognitive technology, the variability of their unique skills makes it difficult for AI and automation technologies to replace them, so their employment demand may increase. AI and automation technologies, which primarily replace repetitive and more basic skills, create higher demand for higher-skilled workers, which may exacerbate income inequality pressures in the near term.

## 2. Conclusion

In this work, we look at how AI has affected society. AI has greatly changed the way people live, the economy, and the

**Volume 15 Issue 1, January 2026**
**Fully Refereed | Open Access | Double Blind Peer Reviewed Journal**
**www.ijsr.net**

Paper ID: SR26115121717
DOI: https://dx.doi.org/10.21275/SR26115121717
999

structure of society. It has caused big changes in work and jobs across different areas and groups. This advancement has led to the rise of new industries and the transformation of traditional ones, creating both new jobs and making some old ones disappear. For workers, there are both chances and difficulties. The government, businesses, and workers all need to deal with these changes, understand how AI is developing, and prepare for the future of intelligent innovation.

**Citation**
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**Volume 15 Issue 1, January 2026**
**Fully Refereed | Open Access | Double Blind Peer Reviewed Journal**
**www.ijsr.net**

Paper ID: SR26115121717      DOI: https://dx.doi.org/10.21275/SR26115121717      1000