

# Generative AI: Mitigating Workforce and Economic Disruptions While Strategizing Policy Responses for Governments and Companies

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**Abstract:** A Systematic Review of AI's Impact on the Labor Market: Challenges, Opportunities, and Future Directions is discussed in this work. The widespread adoption of artificial intelligence (AI) technologies is transforming industries, leading to significant changes in the labor market. This paper explores the effects of AI on job displacement, economic growth, and workplace productivity. We discuss how companies and governments are responding to these changes through policy interventions and the need for upskilling to mitigate risks associated with AI automation. The rapid advancement of artificial intelligence (AI), particularly generative AI, has sparked significant debate about its impact on the labor market. While AI promises to enhance productivity and create new opportunities, concerns about job displacement, inequality, and ethical implications persist. This paper presents a systematic review of the current literature on AI's impact on employment, focusing on the challenges, opportunities, and future directions. We analyze key trends, including the potential for job displacement, the role of AI in reshaping industries, and the need for policy interventions to mitigate risks. Our findings highlight the dual nature of AI as both a disruptor and an enabler, emphasizing the importance of proactive measures to ensure equitable outcomes in the evolving labor market. Navigating the AI Revolution: Challenges, Opportunities, and Solutions for the Future of Work is an area that is discussed.

**Keywords:** Artificial Intelligence, Labor Market, Job Displacement, Generative AI, Automation, Policy Interventions, AI, labor market, job displacement, automation, workplace productivity, Artificial Intelligence, Generative AI, Labor Market, Job Displacement, Skills Gap, Future of Work, Policy Recommendations

## I. INTRODUCTION

Artificial Intelligence (AI) is reshaping the global economy, with profound implications for the labor market. AI technologies are replacing certain jobs, while simultaneously creating new opportunities in emerging fields. Understanding the full scope of these changes is crucial for policymakers, businesses, and workers themselves.

The rapid advancement of artificial intelligence (AI), especially the emergence of generative AI, is poised to reshape the labor market profoundly. While AI offers the potential for increased productivity and economic growth [1], [2], it also raises concerns about widespread job displacement and the exacerbation of existing inequalities [3], [4], [5], [6]. This literature review examines the current understanding of AI's impact on employment, exploring both the potential benefits and the associated risks. The integration of artificial intelligence (AI) into the workplace has become a defining feature of the 21st-century economy. From automating routine tasks to enabling complex decision-making, AI is transforming industries and reshaping the labor market. However, this transformation is not without challenges. While AI has the potential to boost productivity and create new job opportunities, it also poses significant risks, including job displacement, wage inequality, and ethical concerns [7].

Recent studies suggest that AI could affect up to 40% of jobs globally, with some roles being entirely replaced by automation [4]. At the same time, AI is creating new opportunities in fields such as data science, AI ethics, and human-AI collaboration [8]. This dual nature of AI underscores the need for a comprehensive understanding of its impact on the labor market.