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A moment of choice: Harnessing artificial intelligence for decent work

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▶ A moment of choice: Harnessing artificial intelligence for decent work

Report of the Director-General

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Preface

Artificial intelligence (AI) is transforming many aspects of our economies and societies. I see its applications expanding rapidly across the world of work, reshaping how work is organized, how value is created and how decisions are made. For the ILO and its constituents, this is a moment of both excitement and disquiet.

On the one hand, AI can boost productivity and create new opportunities for workers and enterprises alike. It can also improve public services and labour administration, including by strengthening labour market governance and social protection systems. On the other hand, it raises profound concerns about rights, equality and social inclusion – and about social justice more broadly. Some voices have gone further, predicting a future marked by large-scale job scarcity, in which work becomes the exception rather than the norm.

I do not dismiss these concerns. They reflect real anxieties about the pace and scale of technological change. But I also believe that they risk overshadowing what we know from experience. History has shown that technological change often goes hand in hand with market expansion and the creation of new jobs in roles that were previously unforeseen.

It is clear that exposure to AI varies widely – across tasks, occupations and sectors, and depending on skills, gender, age and national context. These differences reflect the persistent digital divides. While some economies lead in AI investment and deployment, many low- and middle-income countries are experiencing its effects more indirectly, through broader processes of digitalization rather than large-scale AI development.

For this reason, I am persuaded that technological change is not an irresistible force producing uniform outcomes. We are not powerless in the face of disruption. Policy choices, institutions and governance matter. Human intelligence matters.

In adopting the ILO Centenary Declaration for the Future of Work (2019), we committed ourselves to a human-centred approach to shaping the future of work. In the context of AI, I believe that this means something very concrete: not assuming that technological progress will automatically advance decent work and social justice, but taking a proactive role in shaping its direction – by managing risks and harnessing opportunities in line with the ILO's mandate.

As the Declaration of Philadelphia reminds us, work is not only a source of income. It is also a foundation of dignity, autonomy and human development. How AI reshapes this meaning of work is therefore central to a human-centred future of work.

For me, this reflection on harnessing AI for decent work is particularly timely. It takes place not only in a context of uncertainty about the future of work, but also amid strained multilateralism and democratic backsliding. As I have stressed in my previous reports to the International Labour Conference, work and democracy are in a symbiotic relationship. It is for this reason that a sober and evidence-informed examination of the implications of AI – and of the policy choices before us – is essential. I am confident that the ILO, with its tripartite structure and normative mandate, is uniquely placed to contribute to this examination. By bringing together governments, employers and workers, we can help shape a human-centred approach to AI – one that keeps people, rights and dignity at the core of this new chapter of technological progress.

Gilbert F. Houngbo
Director-General

During the preparation of this report, the Director-General used Open AI's ChatGPT Enterprise tool for improving the readability and language quality of some parts of the text. Following the use of this tool, the Director-General carefully reviewed and edited all content, and assumes full responsibility for the document's content. No material subject to intellectual property rights, including third-party material, was used without acknowledgment and permission.

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Chapter 1

A moment of choice: Harnessing artificial intelligence for decent work

1. In reflecting on the theme of this year's report *A moment of choice: Harnessing artificial intelligence for decent work*, I begin with a simple observation: that the lessons of the past remain highly relevant today. Technological change has indeed reshaped work and labour markets for centuries. From mechanization and electrification to digitalization, each major wave of innovation has altered how work is organized, how value is created, and how risks and benefits are distributed. These transformations have never been automatic, and neither have they been socially neutral. I believe that artificial intelligence (AI) is following this long trajectory of change. As with every technological transition, it will bring job losses, job creation and changes in how work is performed. New occupations will emerge and tasks within existing jobs will be reorganized, including through new forms of human–machine interaction. At the same time, changes in the nature of work may also affect how certain occupations are valued, with implications for social status and labour market dynamics.

2. AI encompasses a broad range of computational systems and techniques that enable machines to perform tasks normally requiring human intelligence, such as pattern recognition, prediction and content generation. Some applications are already embedded in everyday life, including autocorrect and spam filtering. Others have only recently come to prominence, following the release of multiple generative AI tools. The world of work is now a central arena for AI deployment, with applications extending across production processes, service delivery and labour market governance, including through algorithmic management systems that increasingly support – and shape – decision-making in the workplace.

3. While the full magnitude, timing and distribution of the impacts of AI remain uncertain, the scale of current investment, deployment and policy attention points to a transformation with potentially far-reaching consequences. These implications extend well beyond workplaces. They affect broader dimensions of social justice, including social cohesion, institutional trust and democratic processes. They also raise new questions about the environmental footprint of expanding digital and AI infrastructures.

4. As I have emphasized in my previous reports, the outcomes of technological change depend critically on policy choices and institutional arrangements. Whether such change translates into shared prosperity or widening inequalities depends on how innovation is governed. AI can complement human work, support skills development and enhance productivity. But it can also intensify work, displace tasks and shift risks to the most vulnerable. I believe that ensuring balanced outcomes for the ILO constituents and, ultimately, societies requires investment in people's capabilities, strong institutions of work to ensure the adequate protection of all workers, and policies that promote sustained, inclusive and sustainable economic growth, productive employment and decent work. This perspective is fully consistent with the ILO Centenary Declaration for the Future of Work (2019) (Centenary Declaration), which offers a human-centred framework for shaping technological change.

5. Against this backdrop, I wish to frame in this introductory chapter four guiding questions, which are further unpacked in the chapters that follow, namely: what marks AI a transformative force in socio-economic terms? What is known – and what remains uncertain – about the impacts of AI on

the world of work? How might AI reshape human agency and intelligence, and systems of labour governance? And, lastly, what, in my view, are the key premises of effective AI governance?

6. History provides more than general lessons – it offers concrete evidence of how technological change reshapes the world of work. The industrial revolution transformed production and living standards, but in its early phases was associated with job displacement, longer working hours, work intensification and stagnant wages. Similarly, the expansion of information technologies improved efficiency and connectivity, but also contributed to labour market polarization and new forms of outsourcing, often accompanied by weaker labour protections. In both cases, productivity gains were initially uneven and only translated into broader social progress over time, when supported by labour institutions, social protection systems, trade union action and collective bargaining. AI is no exception. Technology alone does not determine outcomes. Policies and institutions do.

7. What distinguishes AI from earlier waves of technological change is both its accelerating pace and its expanding scope. It is diffusing rapidly across sectors and occupations, affecting not only routine tasks but also increasingly cognitive, communicative and decision-making activities traditionally associated with human judgement. This expanded capacity to affect both routine and non-routine tasks marks a significant departure from earlier waves of automation, which were largely concentrated in manual and repetitive work. As a result, a much wider range of occupations – including those involving higher skills and creative functions – may be affected. In countries undergoing rapid industrial and technological change, particularly large emerging economies, the combined deployment of AI and robotics may further accelerate automation, affecting patterns of employment, productivity and structural transformation. [1]

8. I believe that we must approach these developments with a sense of humility. Our understanding of the full implications of AI remains incomplete. Despite a rapidly growing body of research, evidence on productivity gains, employment effects, distributional outcomes and working conditions is still partial and evolving. Much remains uncertain, and this uncertainty calls for careful analysis and ongoing policy learning.

9. At present, many of the observed impacts of AI are concentrated in economies and enterprises with advanced digital infrastructure and high levels of technological adoption. This points to persistent digital divides, both within and across countries. Gaps in digital infrastructure and access risk constraining the ability of large segments of the global population to benefit from AI. [2] As I reflect on this situation, I see important and still largely unresolved questions, particularly for many low- and middle-income countries. How might AI influence prospects for structural transformation in economies that have not fully industrialized? What role can it play in supporting transitions from the informal to the formal economy?

10. Uneven AI deployment can also reinforce market and productivity concentration, already evident in parts of the digital economy. Firms with greater access to data and capital and with greater technological capabilities are better positioned to scale adoption. This may widen productivity gaps and distort competition, placing micro, small and medium-sized enterprises (MSMEs) at a particular disadvantage. At the same time, AI-driven change may have disproportionate effects

[1] See Cai Fang, *New Trends in China's Employment: How Artificial Intelligence Is Reshaping the Labour Market* (CITIC Press, 2026) (available in Chinese only).

[2] See, for example, Paweł Gmyrek, Hernan Winkler and Santiago Garganta, "Buffer or Bottleneck? Employment Exposure to Generative AI and the Digital Divide in Latin America", ILO Working Paper 121 (ILO and the World Bank, 2024).

on certain groups, including women and young people, especially in occupations with a high share of routine tasks.

11. Beyond market concentration, AI also raises broader societal concerns. The concentration of informational power enabled by AI – including its use in shaping political messaging and influencing electoral processes – raises questions for democratic accountability. This is particularly relevant in contexts marked by shrinking civic space and weakening respect for freedom of association and collective bargaining rights. As I have stressed in previous reports, democracy is not only a political value in itself; it is also a condition for the efficiency, legitimacy and sustainability of economic growth and innovation.

12. AI also raises governance and ethical questions within the world of work. Algorithmic management systems, for instance, can reshape key elements of the employment relationship, including supervision, autonomy and performance evaluation. The real-time collection and processing of workplace data raise concerns about privacy, transparency and accountability. These developments may also challenge the role of employers' and workers' organizations, as AI-powered decisions can affect issues such as pay, working time, occupational safety and health and access to social protection, areas typically negotiated by humans – managers and workers – through social dialogue.

13. Another dimension that, in my view, deserves careful attention is the impact of AI on human intelligence itself. [3] The way AI systems are designed and used can influence how workers and managers think, learn, exercise judgement and make decisions. Excessive or uninformed reliance on automated systems may erode critical human capacities, including reasoning, creativity and empathy. If work becomes organized around compliance with machine directives rather than human agency, unintended consequences may arise, including increased stress and unfair treatment. I am therefore strongly convinced that a human-centred approach to AI must protect not only jobs and rights; it must also protect the development and exercise of human capabilities – a core element of the Centenary Declaration. Our foundational principle that labour is not a commodity, and that all human beings have the right to pursue their material well-being and spiritual development in conditions of freedom and dignity, remains as relevant as ever.

14. The current fascination with AI should not lead us to lose sight of the need to stay vigilant of other new risks. I am particularly concerned by the need to reflect on how AI systems are developed across complex value chains, including through often invisible labour such as data annotation. Emerging evidence points to significant decent work deficits in this respect. [4]

15. At the same time, I see important opportunities in the development and appropriate use of AI. When designed and deployed responsibly, AI can not only boost productivity and growth, but also strengthen labour administration, improve public services, expand access to social protection, enhance labour inspection and compliance, support occupational safety and health, and facilitate transitions to formality.

16. I would like to highlight three interconnected observations that underpin the analysis in this report.

[3] See Jordi Agustí-Panareda and Jaume Agustí-Cullell, "Responding to the challenge of AI: Retrieving human intelligence through labour", *International Labour Review* 164, No. 4 (2025).

[4] See, for example, Uma Rani, Morgan Williams and Nora Gobel, "The human cogs in the AI machine: Exploring decent working conditions in the AI-driven BPO sector in India and Kenya" in *Research Handbook on Decent Work,* ed. Ishbel McWha-Hermann, Christian Yao and Noelle Donnelly (Edward Elgar Publishing Ltd., 2026).

17. First, I believe that clear, transparent and predictable "rules of the game" are essential to ensure that productivity gains do not come at the expense of human dignity or well-being. Such rules are also essential to provide regulatory certainty for enterprises and public institutions navigating the digital transformation. AI governance must strike a balance between enabling innovation and protecting workers' rights. It must address data use, transparency and accountability in decision-making, and consider the implications of AI-enhanced monitoring for labour rights and industrial relations. Existing international labour standards remain highly relevant, including those related to employment policy, skills development, termination of employment, social protection and social dialogue, and, of course, the fundamental principles and rights at work. At the same time, we should remain open to considering whether additional guidance may be needed to address emerging challenges.

18. Second, I see social dialogue in the era of AI as both a condition for legitimacy and a driver of effectiveness. Social dialogue – in its various forms – can help ensure that AI technologies are adapted to national, sectoral and workplace realities. It can contribute to reducing bias and inaccuracies in AI systems, while also helping enterprises anticipate legal and operational risks. Where workers are meaningfully involved in the design and deployment of AI systems in the workplace, outcomes tend to improve – not only in terms of rights protection, but also in terms of productivity and organizational performance. [5] In this context, the business case for social dialogue is, in my view, stronger than ever.

19. Third, encouragingly, I see growing recognition that AI raises governance challenges that no country can address alone. As reaffirmed in the Doha Political Declaration [6] and the Global Digital Compact, [7] international cooperation is essential to bridge digital divides, manage risks and harness AI for inclusive development. I see this convergence both as an opportunity and a responsibility for the ILO. Through its convening power and normative mandate, our Organization is well placed to contribute to shaping a human-centred approach to AI and to help prevent a race to the bottom in labour standards.

20. I am persuaded that societies that govern AI in an inclusive manner – taking into account the perspectives of the tripartite partners – will be better positioned to harness its potential while advancing social justice. This raises the question of how such governance can be realized in practice across different national contexts and levels of development.

[5] See, for example, ILO, *Social Dialogue Report 2024: Peak-level social dialogue for economic development and social progress*, 2024, 129.

[6] UN General Assembly, resolution 80/5, Doha Political Declaration of the "World Social Summit" under the title "the Second World Summit for Social Development", A/RES/80/5 (2025).

[7] UN General Assembly, resolution 79/1, The Pact for the Future, A/RES/79/1 (2024), Annex I.

Chapter 2

The reshaping of labour markets by AI: Possible implications for job quantity and job quality

21. Historical experience shows that the effects of technological change on labour markets need to be assessed along two closely related dimensions: job quantity and job quality. Job quantity refers to employment levels, job creation and displacement effects associated with the adoption of new technologies. This dimension has traditionally received greater attention in public debate and media coverage, often driven by concerns about technological unemployment.

22. Job quality, by contrast, relates to the conditions under which work is performed. It includes wages, working time, occupational safety and health, opportunities for learning and career progression, and the degree of worker control over tasks and processes, including autonomy and work intensity. Work organization – particularly where tasks are increasingly directed through semi-automated or algorithmic systems – plays an important role in shaping these outcomes. Many, though not all, dimensions of job quality are influenced by international labour standards, national legislation and collective agreements, as well as by workplace-level consultation and cooperation. While less visible in public debate, changes in job quality have historically had far-reaching consequences.

23. From the outset, I would stress that neither job quantity nor job quality is technologically predetermined. Their evolution depends on how AI technologies are introduced, designed and used in practice. These choices are shaped by governance frameworks, institutional capacity and social dialogue. There is no single or automatic outcome of technological progress.

The potential impact of AI on the quantity of employment

24. Until recently, the automating effects of new technologies were largely associated with manual and routine tasks. Advances combining machine precision with digital execution primarily affected repetitive activities in production processes. The current wave of AI differs in its expanding ability to automate not only routine but also non-routine cognitive tasks – including in sectors with higher skill content – which were previously considered less susceptible to technological substitution.

25. It is this shift that has fuelled concerns about widespread job losses. While it is still too early to observe the full extent of these effects in labour market data, task-based approaches developed by the ILO provide a useful framework to assess potential exposure across occupations.

26. In conducting such an assessment, it is useful to view occupations as "bundles of tasks". Workers perform a range of activities, and new technologies affect specific tasks rather than entire occupations at once. These task-level changes can alter labour demand, skill requirements and working conditions in ways that are often uneven across occupations, sectors and countries. [8]

[8] See David H. Autor, "Why Are There Still So Many Jobs? The History and Future of Workplace Automation", *Journal of Economic Perspectives* 29, No. 3 (2015): 3–30; and David Autor, "Applying AI to Rebuild Middle Class Jobs", National Bureau of Economic Research Working Paper No. 32140, 2024.

27. Where a large share of tasks within an occupation can be automated, the risk of job loss increases. This is particularly the case for occupations with low task variability. Historical examples include typists, lift attendants and switchboard operators.

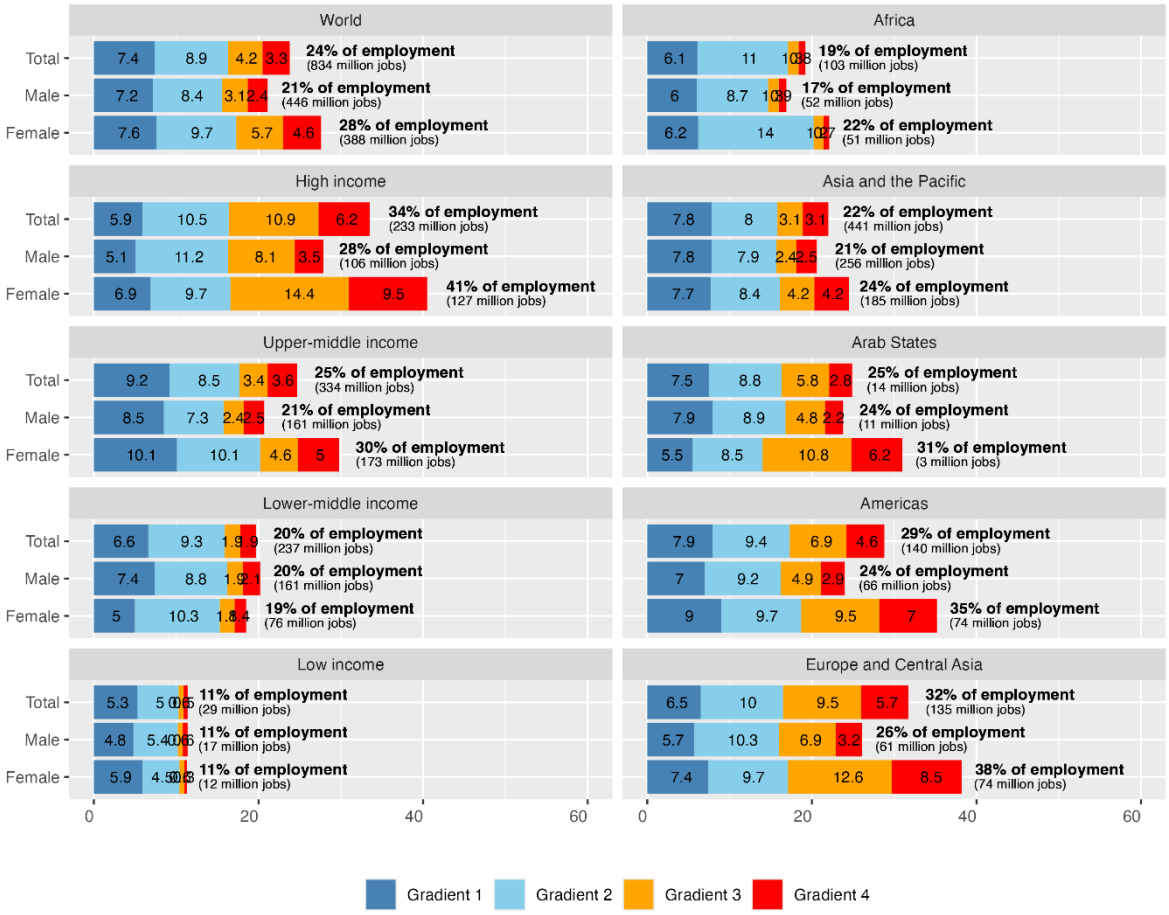
28. In many cases, however, only part of an occupation is affected. The more likely outcome is transformation rather than elimination. By automating selected tasks, AI changes how work is performed and can generate new tasks alongside those that disappear. This pattern has already been observed in highly digitalized occupations – such as software development – where work processes and task composition have evolved rapidly.

29. To assess these dynamics more systematically, the ILO has developed an AI exposure index that classifies occupations according to their potential exposure to generative AI. [9] Occupations are grouped into "exposed" and "non-exposed" categories, with exposed occupations further divided into four exposure gradients. The lower gradients (1 and 2) refer to occupations estimated to have low and moderate exposure to generative AI, where AI is more likely to complement and enhance, or "augment", a person's work, rather than replace it. The higher gradients (3 and 4) identify occupations estimated to have significant and high exposure to generative AI, where a larger share of tasks is at risk of being automated (see figure). [10] As can be seen in the figure, most employment that is "exposed" falls into the lower gradients.

[9] See ILO, "How might generative AI impact different occupations?".

[10] This research does not reflect the potential effects of embedding generative AI into manufacturing, including robotics, which could have an additional impact on employment.

▶ **Global estimates of occupations potentially exposed to generative AI** (percentage of employment by sex)



Source: Paweł Gmyrek et al., "Generative AI and Jobs: A Refined Global Index of Occupational Exposure", ILO Working Paper 140, 2025.

30. At the global level, around one quarter of total employment falls within these exposure categories, with notable differences between men and women. For male workers, approximately one fifth of employment is exposed, with a relatively small share falling into gradients 3 and 4. For women, both the overall exposure and the share of employment that falls into the higher gradients are greater than for men.

31. The male–female disparities are even more pronounced in high-income countries, where exposure is higher overall. [11] While these estimates reflect technical potential rather than actual outcomes, they indicate that women's employment may be more affected where AI capabilities are fully deployed.

32. Potential exposure also varies significantly across countries. In high-income economies, a larger share of employment involves tasks that can be affected by AI, reflecting higher levels of digitalization. In lower-income economies, constraints related to infrastructure, skills and costs reduce both the risks of AI-driven automation and the potential for productivity gains from AI adoption, as further discussed in Chapter 3.

[11] In these countries, 28 per cent of male employment is exposed, with only 3.5 per cent in gradient 4. In comparison, 41 per cent of female employment is potentially exposed, with close to 10 per cent in gradient 4.

33. Overall, the evidence available at this stage suggests that AI is reshaping employment primarily by transforming tasks and work organization rather than eliminating jobs on a large scale. This is consistent with previous technological transitions. In practice, outcomes reflect a balance between task displacement and task creation, as well as economic and institutional factors that influence adoption. At the same time, even relatively modest changes can have significant distributional effects, particularly where alternative employment opportunities are limited and social protection systems are weak.

The transformation by AI of work and job quality

34. Beyond employment levels, AI is likely to have profound implications for job quality. These changes may occur even where employment remains broadly stable, making job quality a central dimension of the impact of AI.

35. One key channel is work intensity. By accelerating information processing and task execution, AI can reduce the time required for certain activities. However, these gains are not always translated into reduced workloads. Depending on the organizational context, they may lead to higher output expectations, tighter deadlines or compressed recovery time, increasing pressure on workers.

36. AI can also reshape autonomy. In some contexts, AI systems support decision-making by providing recommendations and real-time information, enhancing professional judgement. In others, they prescribe workflows and standardize procedures, reducing discretion. These changes affect job satisfaction, skill use and the meaning workers derive from their work. As AI capabilities expand, these effects are likely to extend beyond routine tasks to white-collar occupations traditionally associated with high levels of autonomy and human judgement.

37. The integration of AI into work processes is often accompanied by expanded data collection and monitoring. AI systems can track outputs, behaviours and work rhythms in real time, enabling new forms of performance measurement. While this may improve coordination, it also raises concerns about digitally driven surveillance and information asymmetries between employers and workers. Workers may not always be aware of what data are collected or how they are used, particularly where regulatory safeguards are weak.

38. Occupational safety and health is another important dimension. AI can support risk prevention, predictive maintenance and the early detection of hazardous conditions. At the same time, increased work intensity, cognitive overload and continuous monitoring may create new psychosocial and ergonomic risks.

39. AI may also affect opportunities for learning and career development. By automating routine tasks, it can free up time for more complex activities and support on-the-job learning. However, it may also reduce opportunities for skill acquisition, particularly in entry-level roles that traditionally serve as stepping stones for young workers. Emerging evidence suggests possible declines in junior positions in some highly digitalized sectors – for example, information technology and finance – a trend that would have longer-term implications for career progression and skills formation. [12] In this context, training on the design and implementation of AI systems becomes critical, with effective approaches hinging on workplace-level practices and bipartite social dialogue to ensure that workers can adapt and benefit from technological change. I return to the importance of training and skills enhancement in Chapter 4.

[12] See Erik Brynjolfsson, Bharat Chandar and Ruyu Chen, "Canaries in the Coal Mine? Six Facts about the Recent Employment Effects of Artificial Intelligence", Stanford Digital Economy Lab, 2025.

40. More broadly, AI can reshape work organization by redistributing tasks across roles, creating hybrid functions or fragmenting jobs. These organizational changes can alter team structures and coordination mechanisms and often precede observable changes in employment levels.

AI and human resource management

41. One of the most significant areas where AI is reshaping the world of work is human resource management. AI systems are increasingly used in recruitment, compensation, scheduling and performance management, often under the promise of greater efficiency and objectivity. Yet their rapid adoption has not always been accompanied by a thorough assessment of associated risks, either legal, ethical or organizational.

42. Many human resource decisions involve complex and multidimensional considerations. When these are reduced to measurable indicators, there is a risk of misalignment between what is measured and what organizations genuinely value. AI systems may give an impression of precision while relying on incomplete or biased proxies, often based on historical data that may no longer reflect current realities. [13]

43. Recruitment illustrates these tensions clearly. AI tools can process large volumes of applications and predict job fit, but they may also reproduce existing patterns of discrimination. Machine-learning systems identify correlations in historical data without a clear theoretical understanding of why those correlations exist, confusing statistical association with causation. This can undermine fairness and effectiveness. The opacity of proprietary systems further complicates accountability, leaving both employers and workers with limited insight into how decisions are made, and employers exposed to legal risks.

44. Similar concerns arise in compensation and performance management. AI tools aimed at personalizing pay or dynamically adjusting incentives may counter advances in pay transparency made over the past decade and risk exacerbating gender pay gaps. In performance management, reliance on easily measurable indicators – such as keystrokes or screen time – may fail to capture the full value of work. Where performance metrics are narrowly defined and continuously recalibrated by opaque algorithms, workers may experience intensified surveillance and diminished autonomy, with implications for job quality and occupational safety and health.

45. Experience suggests that outcomes depend critically on governance. AI systems developed with worker involvement and designed with transparency are more likely to generate trust and effective results. By contrast, off-the-shelf solutions adopted without adequate expertise or consultation may be difficult to align with organizational values and labour standards. Ultimately, outcomes depend on the clarity of objectives, the quality of data and the extent to which human judgement and social dialogue remain central in decision-making.

46. While AI presents risks, it also offers opportunities to improve job quality and working conditions. In some occupations, AI may reduce exposure to physically demanding or repetitive tasks, lower cognitive strain, enhance occupational safety and health outcomes, and support the emergence of new or hybrid roles that combine human judgement with technological support. [14] Whether these benefits materialize depends on design choices and governance frameworks.

47. Taken together, the analysis in this chapter confirms my belief that the labour market effects of AI are not technologically predetermined. They depend on how technologies are introduced,

[13] See Janine Berg and Hannah Johnston, "AI in human resource management: The limits of empiricism", ILO Working Paper 154, 2025.

[14] ILO, *Revolutionizing health and safety: The role of AI and digitalization at work*, 2025.

organized and governed. The implications extend beyond individual workplaces, pointing to the central role of institutions, governance frameworks and social dialogue, as examined further in the following chapters.

Chapter 3

Risks of widening inequalities

48. Let me now turn to another major concern for the ILO and its constituents: the impact of AI technologies on inequalities. I would begin by noting that broad-purpose technologies are not inherently unequal in their effects. The same technology can expand opportunity or deepen exclusion, depending on how it is deployed and governed. As I see it, AI is no exception. It does not enter a neutral environment. Rather, its transformative potential unfolds within labour markets and societies already shaped by structural differences in levels of development, institutional capacity and access to resources.

49. As highlighted in the ILO's recent assessment of the state of social justice, the world has made significant social and economic progress over recent decades. [15] Poverty has declined, health outcomes and educational attainment have improved, and social protection coverage has expanded. At the same time, deep inequalities persist – within and between countries, for persons with and without disabilities, across gender and age groups, and across income levels. In this context, AI adoption is unlikely to produce uniform outcomes. Instead, it interacts with unequal starting points in terms of exposure, capacity to adapt and ability to benefit. This leads me to conclude that there is a heightened risk that AI may amplify existing disparities across workers, enterprises, sectors, regions and countries at different stages of development.

Digital divides and inequalities

50. These unequal starting points operate through several interrelated channels, beginning with differences in digital infrastructure and access to technology. Digital divides act as a powerful amplifier of inequalities in the context of AI. As discussed in Chapter 2, ILO research shows that high-income countries have a larger share of employment in occupations that can potentially be augmented by AI, and are thus better positioned to realize productivity gains. Moreover, high-income countries have widespread access to computers, reliable internet connectivity and complementary digital tools. Stronger public institutions, greater fiscal space and more developed social protection systems further enhance their capacity to manage transitions associated with technological change.

51. In contrast, in lower- and middle-income countries, exposure to AI is more limited, reflecting employment structures that remain concentrated in agriculture, manual services and small-scale trade. At first glance, this limited exposure may appear to offer a degree of protection from any AI-driven disruption. In practice, however, this apparent buffer is fragile and can become a constraint, limiting the opportunities associated with AI adoption. It may also affect the ability of these economies to remain competitive in a rapidly evolving global environment.

52. Our joint research with the World Bank shows that, in many lower-income contexts, a substantial share of jobs that could theoretically benefit from AI-driven augmentation lack the basic digital conditions required for such benefits to materialize. [16] Workers in occupations with augmentation potential often do not have regular access to computers or reliable internet connectivity. As a

[15] ILO, *The state of social justice: A work in progress*, 2025.

[16] See, for example, Gmyrek et al., "Buffer or Bottleneck? Employment Exposure to Generative AI and the Digital Divide in Latin America".

result, productivity-enhancing effects remain out of reach, even where the task content of jobs would otherwise allow for meaningful complementarity between workers and AI systems.

53. These dynamics become even more pronounced when differences in task content across countries are taken into account. Many global assessments of AI exposure assume that occupations involve similar tasks across countries. However, evidence from harmonized skills and task surveys suggests otherwise. Applying assumptions derived from high-income countries to lower-income contexts tends to overestimate the transformative potential of AI, while underestimating the asymmetry between disruption and benefit. [17]

54. Even within the same occupation, task composition varies systematically across levels of development. In lower-income countries, workers tend to perform fewer non-routine analytical tasks and a greater share of routine or manual activities with low exposure to AI than their counterparts in high-income countries. This distinction matters, as the productivity gains associated with AI – particularly generative AI – are concentrated precisely in non-routine cognitive tasks. In addition, workers in lower-income countries often spend less time working with computers and have far less access to the internet, let alone the high-speed internet, than their counterparts in high-income countries, which further constrains the potential to benefit from digital technologies.

55. At the same time, workers in occupations most exposed to AI-driven automation tend already to have access to digital infrastructure, even in lower-income settings. This creates an asymmetry: disruptive effects may materialize more quickly than productivity gains. In such contexts, AI may widen inequalities by exposing workers to risks without enabling them to benefit from the corresponding opportunities.

56. These dynamics echo earlier concerns about uneven development pathways. With AI, the risk is not delayed industrialization, but the delayed integration of low-income countries into the global AI economy in ways that constrain structural transformation. The digital divide does not simply delay adoption; it changes the balance between risks and benefits. Workers and firms that cannot access AI may still be affected by its disruptive effects. Under such conditions, it becomes evident that AI can widen inequalities not only between those who can harness its potential and those who cannot, but also between those better positioned to absorb shocks and those more vulnerable to displacement.

The unequal effects of AI across the workforce and across enterprises and sectors

57. Within countries, exposure to AI varies across the workforce, depending on characteristics such as gender, age, employment status, education and income.

58. Patterns of occupational segregation between women and men are particularly significant. [18] Women are often over-represented in clerical and administrative roles that exhibit relatively high exposure to AI-driven automation. While these roles have historically provided important entry points into formal employment and upward mobility, their transformation or decline may disproportionately affect women's labour market prospects.

[17] See Paweł Gmyrek, Mariana Viollaz and Hernan Winkler, "Disruption without Dividend? How the Digital Divide and Task Differences Split GenAI's Global Impact", ILO Working Paper 166, 2026.

[18] See ILO, "Gen AI, occupational segregation and gender equality in the world of work", ILO Research Brief, 2026.

59. At the same time, women remain under-represented in science, technology, engineering and mathematics occupations and in the development of AI systems themselves. This limits their access to emerging opportunities and reduces their influence over how technologies are designed and deployed. These dynamics are compounded by the unequal distribution of unpaid care responsibilities, which continues to constrain women's labour market participation and career progression.

60. Age-related effects are also a key consideration when it comes to assessing the impact of AI on inequalities. The evidence suggests that junior and entry-level positions in highly digitalized sectors are particularly exposed to AI-driven automation, as they often involve routine cognitive tasks. Where such roles serve as entry points for skills acquisition and career progression, their reduction can weaken career ladders and limit opportunities for young workers. In some countries, sectors such as digital services and business process outsourcing have provided formal employment opportunities for educated young people. If AI reduces demand for such roles without creating new pathways, the consequences may extend beyond immediate employment effects to longer-term impacts on skills development and social mobility.

61. Older workers face different challenges. In many labour markets, earlier waves of digitalization revealed generational differences in digital skills. Where such gaps persist, adapting to AI-driven changes may require significant retraining. In contexts with limited access to lifelong learning opportunities and weak income protection, existing age-related inequalities may be exacerbated.

62. More broadly, the ability to benefit from AI depends critically on foundational digital skills. In many lower-income contexts, skills gaps remain significant, even where basic infrastructure exists. Differences in education, digital literacy and access to training limit the capacity to integrate AI tools into work processes. Where employment is largely informal, opportunities for structured training are often limited. Under these conditions, AI adoption may increase productivity for a small segment of workers while leaving many others behind.

63. Similar differences exist across firms. Not surprisingly, larger enterprises are generally better positioned to adopt AI, given their financial resources, technical expertise and access to data. Smaller enterprises, on the contrary, particularly in lower-income contexts, face more significant constraints, limiting their ability to benefit from AI at scale.

64. The costs associated with AI adoption are a key factor. Licensing, integration and maintenance can be substantial. Tools that are affordable in high-income settings may represent a significant burden elsewhere. More advanced applications require additional investment in data management, cybersecurity and training. In contexts characterized by informality and limited access to finance, these barriers can be prohibitive, increasing the likelihood that productivity gains are concentrated among larger and more formal enterprises.

65. Sectoral patterns reinforce these trends. AI exposure is often concentrated in sectors such as finance, professional services and public administration. In many developing economies, these sectors account for a significant share of high-quality formal employment. Disruption in these areas may therefore have broader multiplier effects on inequalities and social cohesion.

The concentration of AI technology

66. Inequalities also arise from countries' positions within the AI production process. The development of AI systems relies on global value chains involving data collection, labelling, content moderation and model training. Advanced economies tend to concentrate on higher-value activities, such as model design, system integration and platform ownership. By contrast, many lower-income countries participate in labour-intensive tasks that are often

outsourced. I am concerned that, in these countries, tasks may be performed under precarious conditions, while opportunities for skills upgrading and value capture are far more limited. [19]

67. This asymmetry is reinforced by an observed concentration of AI development within a small number of enterprises and countries. As I noted in my report to the International Labour Conference at its 113th Session (2025), concerns around market concentration and market power have already been evident in the digital era. [20] Indeed, high investment requirements, notably in computing infrastructure, data and research capacity, create barriers to entry and uneven control over core technologies. As a result, productivity gains are likely to be concentrated where technological capabilities are strongest. While some developing countries have favourable conditions for expanding digital infrastructure – including physical space and renewable energy potential – limitations in skills and financing constrain their ability to participate in higher-value segments of the AI ecosystem. I therefore strongly believe that the distribution of gains will largely depend not only on domestic policies, but also on international cooperation and technology transfer.

The importance of macroeconomic dynamics and institutional governance

68. The distributive impact of AI depends not only on the direct substitution or augmentation of jobs, but also on broader macroeconomic dynamics. Productivity gains may generate employment where consumer demand expands, but in sectors with stable demand they may lead to labour displacement rather than job creation. Recent modelling suggests that AI may increase the share of income accruing to capital relative to labour, depending on institutional arrangements. [21] The magnitude of these effects remains uncertain. However, the direction of risk is consistent with previous episodes of technological change, where technological advances tended to increase demand for higher-skilled workers while displacing or reducing demand for others, and to shift income towards capital when production became more capital-intensive.

69. Taken together, these dynamics suggest that AI does not have a single, uniform effect on inequalities. In the absence of deliberate policy choices and effective governance, it is likely to amplify existing structural divides. Outcomes will depend on institutional capacity, including the capacity of labour market institutions, social protection systems and frameworks for managing technological change.

70. The central challenge, therefore, lies not only in the scale of AI adoption, but in how it is governed. Where AI is introduced in contexts with weak worker representation and limited protections, risks are more likely to concentrate among vulnerable groups. On the contrary, where institutions are stronger and social dialogue is effective, productivity gains may be more broadly shared. The distribution of AI's benefits and risks ultimately reflects broader inequalities in bargaining power, representation and institutional strength. Decisions on skills, income protection, financing and technology diffusion will therefore be critical in shaping outcomes.

[19] While digital platform work extends beyond AI-related activities, a significant share of data labelling, content moderation and other training tasks for AI systems is organized through digital labour platforms. See ILO, *Realizing decent work in the platform economy*, ILC.113/Report V(2), 2025.

[20] ILO, *Jobs, rights and growth: Reinforcing the connection*, ILC.113/Report I(B), 2025.

[21] The ILO is currently engaged in analytical collaboration with the World Bank using the MANAGE-WB computable general equilibrium model to examine the macroeconomic implications of generative AI. A presentation of initial findings is available as part of AI for Good series, organized jointly by the ILO and the International Telecommunication Union. See ILO, "The macroeconomic impacts of AI".

Chapter 4

Supporting human-centred transitions in response to AI and digitalization

71. Let me begin this chapter by noting that the adoption of new digital technologies, including AI, is likely to trigger significant occupational transitions and shifts in skill profiles in the coming years. Some workers will need to adapt as tasks are automated or augmented, while others may need to move across occupations or sectors. Enterprises will also face adjustments, particularly MSMEs, which may either benefit from productivity gains or face increased competitive pressures from firms that are better able to adopt AI.

72. Human-centred transitions require the placing of people at the core of the transformation, in line with the Centenary Declaration. Technology must complement human capabilities, not replace them indiscriminately. We should avoid the low road to automation that sidelines human intelligence. At the same time, it is equally important to be prepared for transitions that may negatively affect workers and enterprises. What is needed, in my view, is a broader and more integrated policy approach – one that combines enabling opportunities with the effective management of risks.

73. In this chapter, I stress that strengthening skills development and lifelong learning, together with social protection systems, is essential to support such transitions. This course of action is consistent with the Centenary Declaration, which emphasizes the need to invest in people's capabilities. However, supply-side measures alone will not be sufficient. We need a broader, more integrated policy approach – one that also supports decent work and productive employment. The links between such an approach and rights and other protections is addressed in greater depth in Chapter 5.

Digitalization and AI are reshaping skills demand

74. As discussed in Chapter 2, ILO research indicates that AI is likely to reshape labour markets primarily by transforming tasks within occupations rather than eliminating most jobs outright, at least in the short term. This is already reflected in the rising demand for digital and AI-related skills, such as data analysis and machine learning, although these specialized skills are likely to remain concentrated in specific sectors and countries. At the same time, I would caution that this does not imply that countries should focus solely on advanced AI skills. While such skills are important – particularly for those seeking to develop domestic AI industries – they represent only part of the broader skills agenda. [22]

75. For most workers, a range of jobs already involve the use of AI tools at the front end, without requiring direct involvement in their development. In this context, what matters is the ability to combine different types of skills. These include foundational digital and cognitive skills, as well as socio-emotional capabilities such as problem-solving in non-routine settings and people

[22] As highlighted in ILO's flagship report *Lifelong Learning and Skills for the Future,* 2026; and ILO, *Navigating the digital and artificial intelligence revolution in Arab labour markets*, 2025.

management. [23] Domain-specific expertise will remain essential, even as AI tools are integrated into work processes.

76. Within this broader "bundle of skills", AI literacy is becoming increasingly important. Workers and jobseekers need not only to use AI tools effectively, but also to understand their limitations, including potential biases, privacy concerns and risks associated with misuse. For MSMEs, targeted support will be needed to build awareness and capabilities among business owners and managers, including through training programmes that address specific constraints, including those faced by women entrepreneurs.

77. What experience suggests is that responding to these evolving demands requires flexible and coordinated approaches to skills development. Lifelong learning systems must support individuals throughout their careers, helping them adapt to changing labour market conditions. This requires stronger links between formal education, vocational training and work-based learning, as well as better integration with employment services and active labour market policies.

78. National skills policies and qualification frameworks need to become more dynamic, drawing on up-to-date evidence and social dialogue. Training systems must be more responsive, including through modular programmes and accelerated pathways for adult learners and displaced workers. Technical and vocational education and training systems will play a central role in bridging skills supply and demand.

79. Micro-credentials are increasingly seen as part of the policy response. They allow learners to acquire targeted skills in flexible formats. However, their effectiveness depends on quality assurance and their integration into broader qualification systems that are recognized in the labour market. Recognition of prior learning also remains essential to support inclusion and mobility.

80. At the same time, I believe it is important to recognize that skills investments alone do not guarantee better outcomes. Without strong links to labour market demand, training programmes risk being ineffective. In some cases, they may raise expectations without delivering tangible employment opportunities, particularly for young people.

Strengthening data and evidence-based approaches

81. A first step towards more effective skills policies is improving the evidence base. Labour market information systems remain central for informed decision-making. However, traditional data sources often lag behind rapid technological change.

82. Encouragingly, new data sources, including online job vacancy data, are increasingly used to capture emerging skill demands. At the same time, these sources need to be interpreted carefully and complemented with traditional data such as labour force surveys and enterprise surveys. The good news is that AI itself is helping improve data collection and analysis, offering opportunities to strengthen labour market information systems and support more timely policy responses.

83. Skills anticipation and forecasting systems should move beyond tracking occupations and focus more closely on task-level changes. This allows for a better understanding of how AI is reshaping specific activities and skill requirements, including emerging digital and AI-related skills alongside the foundational cognitive and socio-emotional skills that complement technology, as mentioned above.

[23] In line with ILO, *Global framework on core skills for life and work in the 21st century*, 2021.

84. Based on the ILO's experience, it is clear that such analysis should be embedded in social dialogue. Employers' and workers' organizations play a key role in validating findings, identifying sectoral trends and ensuring that insights are translated into policy adjustments. Institutionalizing dialogue through sectoral skills councils has been a key step taken in many countries to strengthen coordination between employers, trainers and workers.

Social protection in times of AI transitions

85. The digital transformation of the world of work has important implications for the design, financing and administration of social protection systems, and our efforts to promote universal social protection. Social protection systems must remain capable of providing income security and access to healthcare throughout the life cycle, while adapting to new forms of employment and the labour market risks associated with the digital transformation and AI.

86. As discussed in Chapter 2, I note that some occupations, particularly those involving routine cognitive tasks, are more exposed to AI-driven automation. This raises concerns about employment transitions and potential increases in unemployment spells, particularly among young workers entering the labour market.

87. For this reason, I believe that social protection systems should be prepared to support an increasing number of unemployed workers transitioning between jobs and first-time jobseekers making the transition from school to work. Stronger linkages between social protection systems, training systems, employment services and active labour market policies will be essential to facilitate integration or reintegration into the labour market. [24]

88. Social protection systems may also need to expand coverage, including by adapting eligibility criteria and contribution requirements to more fragmented work histories. As work arrangements and employment relationships evolve – across both digital and traditional sectors – it is essential that social protection benefits are attached to the individual rather than to a specific employer or contract. Ensuring the portability of benefits across jobs, sectors and even countries will therefore become increasingly important.

89. As seen in Chapter 3, digital divides risk compounding existing inequalities, thus posing additional challenges for social protection systems. As automation reshapes labour markets, including through increased wage dispersion and a growing divide between secure, well-protected "insider" jobs and more vulnerable, less-protected "outsider" jobs (dualization), demand for non-contributory benefits may rise. At the same time, financing pressures may intensify: as employment relationships evolve, social security contributions may decline, while general government revenues – used to finance non-contributory benefits – may also come under strain due to reduced income and corporate tax receipts.

90. I am encouraged to see that digital technologies can support the transition from the informal to the formal economy, which holds great potential to expand the collection of taxes and social security contributions. International labour standards provide that social protection systems should be financed in a collective, adequate and sustainable manner, based on the principle of solidarity. Achieving this may require a mix of financing mechanisms, including reforms to tax systems as digitalization reshapes revenue mobilization. In this context, options such as levies on digital platforms, robot taxes and the taxation of digital profits are increasingly being discussed. [25]

[24] See ILO, *World Social Protection Report 2020–22: Social protection at the crossroads – in pursuit of a better future*, 2021; International Social Security Association, *Priorities for Social Security – Global 2022: Trends, challenges and solutions*, 2022.

[25] See OECD, *Tax Challenges Arising from Digitalisation – Interim Report 2018: Inclusive Framework on BEPS*, 2018.

91. These developments also point to broader debates on tax justice and for progress in the ongoing negotiations on the proposed United Nations Framework Convention on International Tax Cooperation. There is growing consensus on the need to adapt fiscal systems to these changes. [26] In an increasingly digitalized economy, ensuring that tax systems remain fair and effective will be critical for financing social protection.

92. As highlighted earlier in the case of skills and lifelong learning systems, social protection systems must also adapt to this new reality by making better use of data to assess implications for costs, revenues and programme design. The health sector offers a clear example. Digital transformation – including telemedicine, AI-supported diagnostics and personalized medicine – is already reshaping service delivery and may require adjustments to benefit packages and provider payment systems. Social health insurance schemes will need to integrate these developments into actuarial projections and reimbursement frameworks, as reflected in emerging practices across countries.

Using AI to improve the delivery of services that underpin human-centred transitions

93. Beyond responding to its impacts, I see that AI presents clear opportunities to improve the delivery of services that support jobs, skills and social protection, helping to shape better outcomes for decent work. At the same time, appropriate safeguards are essential to prevent bias, discrimination and other harmful outcomes arising from automated processes that may fail to account for individual circumstances. Human oversight must remain central, particularly in the delivery of public services that are critical to people's lives.

94. In education and training, I observe that AI is already being used to assess learners' profiles and needs, and to recommend tailored learning pathways aligned with labour market demand. Digital platforms and AI-enabled tools can also expand access to training, including for groups that are less well integrated into mainstream systems. For persons with disabilities, for example, AI-powered applications such as real-time captioning, speech-to-text and sign language interpretation can help bridge otherwise inaccessible communication channels. [27]

95. Similarly, digital technologies offer opportunities to improve the administration and financing of social protection systems. Mobile contribution systems have facilitated the voluntary enrolment of self-employed workers into health schemes and enabled more flexible payment options into pension schemes. [28] In parallel, automating routine administrative processes – such as claims management, registration and payments – can reduce costs and improve efficiency. Some institutions are already using machine learning to detect evasion, errors and fraud, strengthening compliance and contribution collection.

96. In parallel, it is important to recognize that the use of digital technologies may also lead to higher costs. By improving access to benefits, identifying coverage gaps, strengthening outreach and reducing administrative barriers, these tools can increase the uptake of social protection. As coverage expands, this will require commensurate increases in investment, depending on how systems are financed.

[26] See UN General Assembly, resolution 79/323, Sevilla Commitment, A/RES/79/323 (2025); and Doha Political Declaration.

[27] See ILO, "AI's double-edged sword: A new frontier for employment of people with disabilities?".

[28] See ILO, *World Social Protection Report 2020–22*.

97. Importantly, I also see that AI is being used to enhance the effectiveness of public employment services, including through improved job matching, the profiling of jobseekers, skills assessments and personalized career guidance. Yet, I believe that while such tools can expand reach and efficiency, they should complement – not replace – human counsellors, who remain essential, particularly for vulnerable groups and those with limited access to digital infrastructure. In many low- and middle-income countries, further support will be needed to strengthen data systems, labour market information systems and service delivery capacities. [29]

The need for a comprehensive policy approach to promoting decent work and productive employment

98. In this chapter, I have highlighted the central role of skills development, lifelong learning and social protection in supporting human-centred transitions in response to digitalization and AI. Yet these efforts will not be sufficient unless they are embedded in broader, coherent policy frameworks. Supporting workers through transition must go hand in hand with policies that foster job creation, productivity growth and enterprise development.

99. From the ILO's experience, we have learned that supply-side measures, such as skills development, must be complemented by demand-side policies that support investment, productivity and job creation. In the context of AI, this means not only fostering technology-driven industries, but also supporting sectors that can generate decent jobs at scale, particularly in developing countries. Experience from initiatives, such as the Global Accelerator on Jobs and Social Protection for Just Transitions, has also underscored the importance of linking job creation with social protection, employment services and active labour market policies. Supporting MSMEs and building sustainable enterprises remains central, as they continue to be key drivers of employment.

100. Looking ahead, I see these efforts grounded in the guidance provided by international labour standards, although we must remain attentive to emerging gaps. As digital and AI technologies reshape economies, existing policy frameworks may need to evolve to address broader macroeconomic shifts and structural change. Many national AI strategies place strong emphasis on skills, often giving less attention to other dimensions of decent work. Moreover, the growing geopolitical dimension of AI industrial policy risks leaving smaller and developing countries behind. In that respect too, we must strengthen our knowledge base, data and policy advice in order to be able to help the constituents navigate these changes and ensure that the benefits of AI are shared more widely.

[29] See ILO, *Global report: Technology adoption in public employment services Catching up with the future*, 2022.

Chapter 5

Strengthening institutions: Governance and social dialogue in the age of AI

101. As AI reshapes the world of work, I am aware that questions of governance and regulation naturally come to the fore. Indeed, as highlighted in the previous chapters, outcomes depend on how AI is introduced, shaped and governed, notably through strong labour market institutions and social dialogue. Since its creation, the ILO has sought to ensure that technological change contributes to fairness and stability; AI should be no exception. In my view, what is at stake is therefore not only the pace of technological change, but the capacity of our institutions to guide it for the benefit of all.

102. At the outset, let me specify that the AI regulatory landscape is today quite limited and fragmented, with scant attention being given to its impact on the world of work. There is thus significant space for improvement in addressing existing or potential challenges to working conditions, including the possible effects of algorithmic management. At the same time, we need regulation that fosters more coherent approaches to managing AI use and impact, grounded in effective social dialogue as the most reliable way to ensure coherence, legitimacy and practical relevance.

The adequacy of existing regulations

103. Regulating is not just a matter of providing solutions for the problems we face, but also for those that are yet to come. This creative exercise becomes more complex in the digital world, where the very subject matter to be regulated evolves rapidly, often leaving policymakers struggling to keep pace. Within this broader transformation, AI stands out as particularly cross-cutting, transformative and difficult to frame.

104. Yet this difficulty should not deter action. I am convinced that, more than ever, a proactive approach is needed – one that identifies opportunities while anticipating risks. This requires a willingness to move forward, even where solutions remain imperfect, recognizing that "learning by doing" is part of effective governance. Sound regulatory frameworks can strengthen trust and support adoption. Regulation is therefore a continuing imperative, requiring a careful balancing of private and public interests and ensuring that innovation is enabled and protection remains adequate. The question before us is how to do so effectively. This calls for sustained dialogue with workers, employers and other stakeholders, while keeping administrative burdens proportionate and regulatory approaches practical and adaptable.

105. We are currently witnessing a notable shift in how technology is governed. The global community is moving from reliance on voluntary ethical guidelines towards more binding regulatory frameworks. This reflects a broader change in how AI is perceived: no longer as a neutral tool of efficiency, but as a socio-economic force requiring oversight to protect rights, ensure decent work and adapt occupational safety and health frameworks to new risks, particularly as AI systems become increasingly self-learning.

106. Regulatory initiatives are emerging across jurisdictions, with some adopting comprehensive, risk-based approaches that seek to balance innovation with the protection of fundamental rights. At the same time, multilateral forums are increasingly incorporating AI into their agendas,

promoting common principles and coordination. Taken together, these developments underline that AI governance has become a central issue in policy debates and highlight the importance of international cooperation to avoid a race to the bottom in labour protection. High-level international dialogues on AI – such as those at recent global AI summits [30] – illustrate how countries are beginning to align priorities and explore shared approaches to AI governance.

107. At the same time, important gaps remain. Many ethical guidelines on the use of AI address world-of-work issues, but make limited reference to international labour standards, including the fundamental principles and rights at work. [31] We cannot allow areas such as workplace surveillance, recruitment or automated decision-making to evolve without the normative compass that existing international labour standards provide. While algorithmic management is not explicitly addressed in existing standards, the principles they embody – such as non-discrimination and occupational safety and health – remain directly relevant. [32]

108. Beyond these issues, international labour standards also provide guidance for managing broader labour market adjustments associated with technological change, including provisions on collective dismissals, income protection and social dialogue during enterprise restructuring. In that respect, international labour standards do not only mitigate risks; they also offer a framework for managing transitions in ways that balance enterprise sustainability with worker protection.

109. The challenge is to ensure that governance frameworks remain aligned with the established principles and rights at work as technological change accelerates. Through its tripartite approach, the ILO can help examine how existing standards apply in the age of AI and, where appropriate, support efforts to clarify or develop guidance that safeguards decent work. The ongoing standard-setting process on the platform economy is one example of how the Organization can respond, when requested, to emerging forms of work and work organization by building on established principles. Nevertheless, the ILO recognizes that standard-setting is only one of several avenues of action, alongside other forms of guidance, capacity-building and policy support for governments and the social partners.

The potential of AI tools to support compliance and risk prevention

110. The expansion of AI also creates new opportunities for strengthening compliance with labour legislation and the fundamental principles and rights at work. Employers can, for instance, use AI tools to improve internal compliance systems. Properly designed applications can support occupational safety and health monitoring, help prevent risks, detect patterns of discrimination and improve compliance with working time and wage regulations. By enabling real-time analysis, AI can help shift from reactive enforcement to preventive approaches, reducing legal exposure while fostering safer, fairer and more transparent workplaces. At the same time, I would again caution that these benefits depend on strong governance. Without appropriate safeguards – including data protection, social dialogue and institutional capacity – AI may introduce new risks, including the misuse of surveillance and ineffective compliance enforcement.

[30] Including the series that began with the AI Safety Summit hosted by the United Kingdom of Great Britain and Northern Ireland in 2023, followed by the AI Seoul Summit in the Republic of Korea in 2024, the AI Action Summit in France in 2025 and the AI Impact Summit in India in 2026. The next global AI summit will take place in Switzerland in 2027.

[31] See Daniel Samaan, "Governing AI in the World of Work: A review of global ethics guidelines", ILO AI and Work Series, 2025.

[32] A normative gap analysis on decent work in the platform economy concluded that, while existing standards apply in principle, they do not comprehensively address the specific challenges posed by digital labour platforms and algorithmic management, which led the Governing Body to consider that a standard-setting double discussion on this topic was appropriate. See ILO, *A normative gap analysis on decent work in the platform economy*, GB.347/POL/1, 2023, para. 61.

111. Labour inspectorates can also benefit from AI. AI can help address resource constraints and improve effectiveness. AI-powered predictive tools can help identify non-compliance, prioritize inspections and allocate resources more strategically. The ability to analyse data across administrative systems can strengthen risk assessment and reduce reliance on reactive or complaint-driven enforcement approaches. [33]

112. When embedded in robust governance frameworks, these tools can improve both the speed and quality of decision-making. At the same time, their effectiveness depends on continuous use and learning. Data generated through inspections can be used to refine these systems over time, strengthening their predictive capacity. [34] Gradual implementation and repeated use can therefore create a virtuous cycle of improvement that is worth exploring.

The role of social dialogue in shaping the adoption of AI

113. AI is a multifaceted phenomenon, but its implications for the world of work are particularly significant. It is therefore, in my view, not only a question of how actors adapt to AI, but also how AI is shaped to respect international labour standards and especially the fundamental principles and rights at work. In this context, social dialogue emerges as a practical and credible governance mechanism to align innovation with decent work. [35]

114. Bipartite and tripartite dialogue can help ensure that decisions on AI adoption are fair, inclusive and grounded in workplace realities. Negotiation, consultation and information exchange on the design and deployment of AI can result in better outcomes with respect to worker productivity and working conditions while establishing safeguards to ensure that this new technology augments, rather than replaces, human agency. [36]

115. National and sectoral level (peak-level) social dialogue on AI governance – notably on the protection of privacy and data, transparency and accountability in the design of algorithms and safeguarding of workers' rights to information – has recently emerged but remains rare and mostly concentrated in Europe. Where it exists, particularly at the enterprise level, it can help reconcile productivity objectives with workers' rights. Workers' involvement can also improve the design and deployment of AI systems, as they bring knowledge about tasks and work processes.

116. Social dialogue requires enabling conditions. Protecting, promoting and realizing the enabling rights of freedom of association and the effective recognition of the right to collective bargaining for all workers is paramount for social dialogue to exist. At the same time, meaningful dialogue requires that all parties operate on an informed and equal footing. AI poses challenges in this regard, as its rapid development and technical complexity remain only partially understood. Strengthening the capacity of managers, [37] and of employers and workers and their representatives, to understand and engage with AI systems is essential to informed decision-making at the workplace. [38] An important question to consider is: how can these rights be upheld

[33] See Ada Huibregtse and Eleni Alogogianni, Data mining and machine learning: Supporting labour inspectorates to address undeclared work (ILO, 2024).

[34] See Ada Huibregtse, "AI provides innovative ways to improve compliance with labour laws", ILO AI and Work Series, 2025.

[35] See for example Virginia Doellgast et al., "Global case studies of social dialogue on AI and algorithmic management", ILO Working Paper 144, 2025.

[36] See ILO, *Social dialogue report 2024*, 129.

[37] See Janine Berg and Hannah Johnston, "AI in human resource management".

[38] See Uma Rani, Annarosa Pesole and Ignacio González Vázquez, *Algorithmic Management practices in regular workplaces: case studies in logistics and healthcare* (European Commission and ILO, 2024), 49.

as technological change reshapes work arrangements, including across the formal and informal economy, and blurs the boundaries between dependent and independent work?

117. In the context of AI, effective social dialogue can help anticipate impacts on employment, working conditions, skills and social protection. It can also address information asymmetries by ensuring access to relevant and understandable information about AI systems. At different levels, it can support shared principles on data protection, transparency and accountability. Given the cross-border nature of AI, cross-border dialogue becomes increasingly important in this area.

118. At the same time, social dialogue itself must remain fit for purpose in the face of rapid technological change. New institutional forms may be needed to better integrate technical expertise and oversee AI deployment. This could include dedicated AI committees, monitoring bodies or ethics councils.

119. Looking ahead, I am convinced that strengthening the capacities of social dialogue actors will be essential to ensure that policies and institutions remain effective and future-ready in the digital age.

Privacy, information and bargaining in the AI workplace

120. AI systems rely on extensive data collection, including personal, behavioural and, in some cases, biometric data. This, understandably, raises significant challenges in respect of workers' rights to privacy and data protection. Continuous monitoring through algorithmic management tools, wearable devices or digital surveillance platforms can blur the boundary between legitimate managerial oversight and intrusive control, potentially undermining workers' autonomy and dignity.

121. Beyond these privacy concerns, the right to information is a central issue in workplaces where AI tools are deployed. I am particularly concerned that workers may be subject to decisions made or supported by automated systems without a clear understanding of how these systems function, what data they rely on, or how outcomes are generated. Limited transparency can constrain the effective exercise of workers' rights, including in relation to working conditions, career progression and job security. Where AI systems are treated as proprietary or technically complex, workers may have little insight into their operation, affecting both their agency and their ability to engage meaningfully with workplace processes.

122. AI adoption can thus intensify information asymmetries between employers and workers. I note that these asymmetries are not solely the result of employer decisions. In many cases, employers rely on off-the-shelf systems provided by external technology vendors. Such systems may not be fully aligned with labour law or ethical standards. While employers retain legal and ethical responsibility for compliance, they may lack a full understanding of how these systems operate, including with respect to their logic, accuracy, biases or data practices. This can expose employers to liability while limiting their ability to assess or adjust the tools they deploy. At the same time, upstream technology providers – who shape system design and data inputs – may remain largely outside direct regulatory scrutiny.

123. These challenges extend beyond individual workplaces. Labour inspectorates, courts and regulatory bodies may also lack the technical expertise or access to data needed to assess whether AI systems comply with labour regulations. This raises important questions about the allocation of responsibility across the value chain. Should accountability extend to technology providers? How can relationships between employers and vendors be structured to ensure transparency and compliance? Without greater clarity, both workers and employers face risks:

workers may be exposed to unregulated impacts on working conditions, while employers may assume responsibility for systems they cannot fully evaluate.

124. Taken together, these issues – relating to workers' rights, information asymmetries and shifting power dynamics – underscore the importance of social dialogue in shaping the digital transition. They also point to the need for clear rules and institutional mechanisms that make accountability and worker representation effective in AI-mediated workplaces.

Towards a human-centred approach to labour governance in the age of AI

125. The central policy question is therefore how AI can be governed in a manner consistent with human rights, international labour standards and decent work. A human-centred approach requires that transparency, accountability and worker involvement are effective in practice.

126. Tripartism provides a strong foundation for this effort. Governments, employers and workers bring complementary perspectives. Through social dialogue, these perspectives can be aligned to ensure that governance arrangements are both workable for enterprises and credible for workers.

127. For social dialogue to be fit for purpose in the context of AI, new institutional arrangements may be needed. For instance, structured governance spaces – such as data trusts and data commons – and public intermediaries can facilitate secure information exchange and oversight. These mechanisms can support verification, risk assessment and dispute resolution, while preserving intellectual property rights and legitimate commercial confidentiality.

128. The establishment of such digital governance structures is particularly relevant in complex AI value chains, where responsibilities are distributed across multiple actors. They can help ensure that human oversight remains central to AI development and deployment, and that labour law obligations are clear, transparent and enforceable across these chains.

129. Looking ahead, AI governance must move beyond fragmented approaches towards more integrated and participatory frameworks. By reinforcing tripartism and maintaining human control, such governance can support inclusive and sustainable outcomes.

130. The ILO is uniquely placed to contribute to this effort, drawing on its tripartite approach and accumulated experience in shaping labour governance, and in taking into account existing evidence as well as the priorities of its constituents – an issue to which I now turn in the next chapter.

Chapter 6

Shaping the path ahead

131. The analysis presented in this report leads me to a clear conclusion: whether or not AI advances decent work will depend on the choices we make. The question before the ILO and its constituents is therefore not whether AI will transform economies, businesses and labour markets – it already does – but how to govern this transformation so that it delivers decent jobs and shared prosperity.

132. Based on the analysis, I believe that four key elements can help guide our reflection and inform the choices before us.

133. **First, with respect to rights,** the protection of the fundamental principles and rights at work remains the cornerstone of a human-centred approach to AI. New technologies do not diminish their relevance; they make them more essential than ever. Ensuring transparency, accountability and meaningful human oversight in AI-mediated workplaces will be critical, particularly in areas such as recruitment, performance management and workplace surveillance. Existing international labour standards provide a strong foundation, but their application in this context requires continued attention.

134. **Second, regarding employment,** the evidence suggests that AI is more likely to transform jobs than eliminate them at scale. Yet, even incremental changes can have significant distributional effects, including across gender, age groups and levels of skills. Supporting transitions will therefore be essential. This can be done, among other things, through active labour market policies, skills development and support to enterprises – particularly MSMEs. Ensuring that productivity gains translate into more and better jobs will be critical. Without policies to that end, there is a risk that AI will reinforce existing labour market segmentation and inequalities.

135. **Third, in relation to social protection,** systems must adapt to more fluid and uncertain labour market trajectories. This implies strengthening income protection during transitions and ensuring that all forms of employment provide access to social protection coverage. As digitalization reshapes employment relationships and revenue bases, ensuring the sustainable and equitable financing of social protection will require renewed policy attention, including through international cooperation.

136. **Fourth, on social dialogue actors and institutions,** the analysis in this report points to their central role in shaping outcomes. Where workers and employers are meaningfully involved in the design and deployment of AI, outcomes tend to be fairer and more balanced. At the same time, social dialogue itself must evolve to remain effective, including by strengthening capacities, addressing information asymmetries and exploring new institutional arrangements.

137. Across all these dimensions, countries at different levels of development face distinct and often asymmetric challenges in the context of AI. Differences in digital infrastructure, skills, institutional capacity and access to data and finance shape both exposure to risks and the ability to harness opportunities. While some countries face the challenge of managing rapid technological adoption, others confront constraints that limit productivity gains while still exposing workers and enterprises to competitive pressures. These asymmetries call for coherent and appropriately differentiated policy responses, that take into consideration national circumstances and development priorities. Ensuring that all countries can participate meaningfully in shaping and

benefiting from AI remains essential to avoid a widening of inequalities between countries and to support more inclusive development pathways.

138. Attention must also be given to the broader structural challenges. Digital divides continue to shape both exposure to risks and access to opportunities, often reinforcing existing inequalities within and across countries. Market concentration in parts of the AI ecosystem may affect competition, innovation and the distribution of gains. The environmental footprint of expanding digital infrastructures also warrants closer attention. The growing integration of AI with robotics and other technologies is likely to introduce further challenges.

139. The ILO is already engaged in supporting its constituents in navigating these developments. The ILO Observatory on AI and Work in the Digital Economy and our expanding body of research in this area contribute to building the evidence base. The ongoing standard-setting discussion on the platform economy illustrates how the Organization can respond through its normative function. The forthcoming general discussion on harnessing technology to foster structural transformation of the economy, higher productivity and decent work at the 115th Session (2027) of the International Labour Conference, [39] as well as the discussions at sectoral, technical and expert meetings – such as the recent meeting on AI in manufacturing [40] – further contribute to advancing shared understanding and building consensus among constituents.

140. More broadly, the ILO continues to exercise its convening power by building on existing initiatives with the United Nations system as part of the follow-up to the Global Digital Compact and under the auspices of the Global Coalition for Social Justice. In doing so, it seeks to ensure policy coherence and avoid siloed approaches to digital transformation. This includes, for example, the Network of Observatories on AI and Work established with the French Ministry of Labour and the Organisation for Economic Co-operation and Development, as well as our collaboration with the International Telecommunication Union on the AI for Good initiative. It also includes engagement in initiatives to support United Nations agencies and Member States in responding to digital transformation, such as those spearheaded by the Government of the Republic of Korea and those led by the Government of Switzerland, with the latter drawing on Geneva's ecosystem of international organizations, expertise and infrastructure to support both digital governance and the development of practical digital solutions. Ensuring that world of work issues are effectively reflected in global AI discussions, including at international summits – such as the next global AI summit, to be hosted by Switzerland in 2027 – will remain an important priority as we deepen our understanding of AI's implications for the world of work.

141. Against this backdrop, your guidance is essential in shaping the way ahead. If, as I have argued, the future of work in the age of AI is not predetermined, then your role as ILO constituents is key in helping to clarify the direction we wish to take collectively, and the priorities that should guide both national action and the work of the ILO in supporting you, in particular in areas such as knowledge generation, normative action, policy advice, capacity-building and development cooperation. There are many questions that have to be answered.

142. On rights, how can we ensure that the fundamental principles and rights at work are effectively protected in AI-mediated workplaces? Are existing international labour standards sufficient, or is there a need for further guidance in specific areas, such as algorithmic management and workplace surveillance? How can meaningful human oversight be ensured in practice?

[39] ILO, *Agenda of future sessions of the Conference,* GB.353/INS/2/1(Rev.1), 2025.

[40] See ILO, "Technical meeting on challenges and opportunities for promoting decent work, productivity and a just transition arising from artificial intelligence in the manufacturing industry". The meeting was held in Geneva from 13 to 17 April 2026.

143. On employment, what policies are most effective in supporting job-rich growth in the context of AI? How can countries ensure that productivity gains translate into more and better jobs? How can these policies also address unequal impacts for women and men, young and older workers, and workers at different skill levels? What role should industrial, innovation and competition policies play in shaping inclusive outcomes, particularly for MSMEs and in developing economies?

144. On social protection, how should systems adapt to more fragmented and dynamic labour market trajectories, as well as new forms of employment? What approaches can ensure adequate income protection during transitions, particularly for workers most exposed to displacement or exclusion? How can social protection systems be sustainably financed in an increasingly digitalized economy?

145. On social dialogue, how can we strengthen the capacity of employers' and workers' organizations to engage effectively with AI-related issues? What new forms of dialogue or institutional arrangements may be needed? How can information asymmetries be addressed to ensure that dialogue is meaningful and informed, including for those groups whose voices are often less represented?

146. Beyond these areas, reflection must continue on a number of cross-cutting questions. How can digital divides be addressed so that all countries can benefit from AI? How can policies better address the risk of widening inequalities – within countries, across workers and enterprises, and between countries at different levels of development? How should emerging issues – such as AI and robotics – be integrated into our future work, including in ways that strengthen coherence across policy domains?

147. The answers to these questions – and the actions we take – will shape whether this new chapter of technological progress advances dignity, equity and social justice for the generations to come, reflecting our shared commitment to a human-centred future of work.