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The Impact of Artificial Intelligence on an Enterprise and Employment

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ABSTRACT

The growth of Artificial Intelligence and automation technologies have drastically increased its pace and has been a disadvantage to the workforce. Though the technological advancements lead to economic growth, productivity and profitability, the manpower is being replaced by the machines. The paper examines the effects of Artificial Intelligence on a process of an organisation, Manufacturing of an enterprise. The paper mainly focuses on different inferences made on how deep the effects of artificial intelligence on employment, the requirement of a new leader for an organisation through AI. This article aims to highlight the impact of AI on industries and answers an underlying question of “What changes can be seen at the employment level and the organisational level through the use of AI and robots?”

Keywords: *AI (artificial intelligence), workplaces, barriers, leaderships, working environments, organisations.*

I. INTRODUCTION

The potential of Artificial Intelligence (AI) and robotics is increasing rapidly where it's gaining several collaborations around the world for different kinds of purposes and currently are transforming businesses. They will increase productivity and contribute to economic growth. The growing significance of robotics made lives easier and work became faster. However, if we look at the other side of the coin, there has been a large concern arising for human beings as robots are replacing all the jobs in the industries. Though establishing robots for the reason of productivity and profitability as well as incorporating new corporate culture, it is diminishing valuable opportunities for today's human beings. These technologies are transforming the nature of the work and workplace itself. Here the issue arises when AI replaces humans rather but complementing them. Robotics and machine learning have improved productivity and enhanced the overall economy of developed nations. Countries that have invested in innovation have seen tremendous growth in overall economic performance. The companies are advantageous as robots, the artificial fellow beings, can do hard jobs with low pay at any time,

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generating productivity and growth in economy for the world. There is no surprise in seeing robots as caretakers, teachers after they are programmed to sense the feelings of human beings and respond to them.

Wassily Leontief, winner of the 1973 Nobel Prize in Economics, noted in 1952, "*Labour will become less and less important. More workers will be replaced by machines. I do not see that new industries can employ everybody who wants a job*".²

II. THE IMPACT OF AI ON AN ENTERPRISE AND WORK CULTURE

The AI in the work promotes productivity and profitability and introduce a company to a new corporate culture. "*The potential offered using intelligent software lies in a new quality of work which, for example, makes more effective use of resources, promotes self-development and health resources, makes processes more environmentally friendly, enables new working models with direct participation, creates greater transparency or supports people with assistive systems. This can lead to a productive and humane work culture*".³

Due to rapid technological advancements, the developed algorithms may soon be able act without human interference. To be specific their learning and adaptiveness to specific situations will open controlling processes as well as anticipating new problems in production. Up to now, context-dependent learning processes based on a high proportion of implicit knowledge and associated tasks due to a lack of explicit rules of action have been regarded as fundamentally insurmountable barriers to automation and algorithmisation.⁴It can be seen that people are no longer the only said intelligent beings, but AI is complementing or even competing to the humans.

There are various opportunities for AI and robots in the production segment and other processes there. In the Industry, The AI can be used in driverless transportation in company's logistics and collaborating with manpower by which there would be acceleration and the production would be flexible. This could lead to efficiency at large.

The popular study on Artificial Intelligence Adesso study's respondents (2019) confirm that AI approaches enable new procedures and products in sectors including marketing, sales, and

² Leontief, Wassily. "MACHINES AND MAN." *Scientific American*, vol. 187, no. 3, 1952, pp. 150–64. *JSTOR*, <http://www.jstor.org/stable/24950787>. Accessed 03 April 2023.

³ *April 2019: Umsetzungshilfen "arbeit 4.0"* (no date) *Offensive Mittelstand - Gut für Deutschland*. Available at: <https://www.offensive-mittelstand.de/serviceangebote/aktuelle-infos/april-2019-umsetzungshilfen-arbeit-40> (Accessed: 3 April, 2023).

⁴ Hirsch-Kreinsen, H. and Karacic, A. 2019. *Autonome Systeme und Arbeit: Perspektiven, Herausforderungen und Grenzen der Künstlichen Intelligenz in der Arbeitswelt*. Bielefeld: transcript Verlag. <https://doi.org/10.1515/9783839443958>

service. 85% of experts agrees that employing AI in digital marketing reduces waste and saves money, and 54% can envision applying AI-based recommendations for the creation of a new product or service—nearly a third have already done so or are making plans.⁵ Only about a quarter of those surveyed are currently implementing or planning so-called intelligent lead scoring, which forecasts the conversion rate for each customer, despite the fact that 56% of respondents think it's a good idea. Labour-intensive manufacturing industries, such as textile, apparel, leather and footwear, and paper manufacturers are unlikely to adopt high technologies because of their slow growth and need for high capital investments.

III. EFFECTS OF AI ON WORK ENVIRONMENT

Keeping view with the development of technology, AI systems are expected to secure more demanding, efficient and accurate and have a have a improved work-life balance. Continuous education and Training are the factors for mining the potential of intelligent technologies.

Consumers and businesses alike are generally supportive of the usage of AI: For instance, 83% of Germans believe that AI and robots will eventually take over a lot of tedious chores and make life easier, 61% think that AI will benefit them, and 46% can envision utilising an insurance policy that is entirely virtual.⁶

A study concludes that machines compliment human beings in their operations and work together in the better future and the world of work will get enriched by the Artificial Intelligence and other machine learning systems. It is said that these technologies, including Artificial Intelligence, are viewed as an opportunity to make the goals more interesting, flexible and human centric. But technology is less viewed as a replacement for, but rather as a compliment for the human achievements.

Some optimistic views on AI applications in business as well as society are criticized. From the social science point of view, these viewpoints of technology don't go deep enough. It is important to consider the triangle of organisation, human and technology. It was found that the innovations are failed because of different human and organisational barriers and these innovations are associated with many risks. There are constructed fears among theorists about the consequences of AI and automated machines on the society at large, such as loss of manual jobs, cognitive workspaces, the uncertainty of disqualification from the current jobs, the increase of precarious work and stress in the organization.

⁵ (no date) *Künstliche Intelligenz*. Available at: <https://www.adesso.de/de/news/aditorial/aditorial-ausgabe-1-2019/kuenstliche-intelligenz.jsp> (Accessed: April 4, 2023).

⁶ Supra note 5

McKinsey concluded that until 2030, there might have more than 50% of the activities which are automated and around 15% of the workforce around the globe can be replaced by automation. However, during the same period, the economic growth leads to increase in demand for additional labour of around 20-30% of the workforce. It is to be known that these significantly apply for the emerging economies like India. If we do not consider the loss or gain of jobs, there may be a change in the job structure as humans are being complimented by the machines.⁷

A study by German Institute for Employment Research says that a robot has displaced two workers in an industry whereas created more than two outside the industry in the same span of time. It is shown that the AI behaves similarly. A study done earlier found that though automation has destroyed 1.6 million jobs in Europe between a decade, it created 3.4 million jobs in the same period of time. The study is expecting a growth of 56,00,000 net jobs in the coming years.

There are different inferences drawn depending on how deep the forecasting been done for the impact of Autonomous Systems and Artificial Intelligence on Employment. It is expected that forth industry(Industry 4.0) requires more skilled employees initially to build up how to work upon and to make technological investments. These industry 4.0 technologies will eventually could replace workers in the long run.⁸

IV. THE NEED OF NEW LEADER OF ARTIFICIAL INTELLIGENCE

AI application in businesses necessitates a high degree of knowledge interchange as well as a rearrangement of management, collaboration, code determination, and staff qualification. Therefore, in order to be able to respond to the complexity brought on by digital change and the working world's dynamics in the digital age, organisational structures must be flexible and agile. And the working world's dynamics in the digital age. Future leadership operates flexibly within the framework of self-organizing network organisations rather than delegating and making decisions on its own. Flatter hierarchies give workers more leeway, and managers regard themselves as facilitators and coaches of interdisciplinary, democratically organised teams, helping to create the circumstances or participative leadership.

It is vital to examine organisational culture in order to adopt new AI applications in the best

⁷ Manyika, J. and Sneider, K. (2018) *Ai, automation, and the future of work: Ten things to solve for*, McKinsey & Company. McKinsey & Company. Available at: <https://www.mckinsey.com/featured-insights/future-of-work/ai-automation-and-the-future-of-work-ten-things-to-solve-for> (Accessed: April 7, 2023).

⁸ Zew (no date). Available at: <https://ftp.zew.de/pub/zew-docs/gutachten/DigitalisierungundZukunftderArbeit2018.pdf> (Accessed: April 03, 2023).

possible way. Values like trust, an open mind to knowledge, access to necessary further training, decision-making processes, leadership philosophies, etc. should be examined.

The digitalization-driven transformation process adds a lot of new demands to the workforce. Future employment profiles will become more dynamic and call for a higher level of interdisciplinary process and methodological expertise, replacing fixed occupational profiles and static abilities. As a result, it will be important to educate and certify workers, encourage digital participation in the workplace, and support participatory design of socio-technical work systems.

V. WILL HUMANS BE REPLACED?

The growth in autonomous systems and artificial intelligence are a subject of discussion. The main fear in the society is that intelligent robots and automated digital systems will be replaced in the areas that were prominently under the control of actions of human and human responsibilities and may get out of hands.⁹ Artificial Intelligence is therefore viewed as a threat or a challenge for the workforce system. Though AI may soon work on behalf of huge manpower, it can never replace human beings who are the designers, controllers, designers and majorly the experiences, intuitions and practical knowledge and can comprehend the instructions of the boss and his/her orders if said in a different manner. Artificial Intelligence on the other hand is only efficient in reading the data and work accordingly. But AI lacks common sense by which it cant understand the larger contexts. It is said that if the tasks which are supposed to be done by humans are delegated to robots, people can loose their skills in long run. Digitalisations breaks down many activities and empties them the potential to grow.

The hope with digital technology is that monotonous work can be replaced and that individuals will only be left with higher-value jobs. According to a Fraunhofer IAO survey from 2019, most individuals are positive about using robots and AI: Only 8% of respondents currently believe that automation and AI will eventually replace (or "rather replace") human labour in their line of work, but 19% predict it will happen by the year 2030. The majority (57% today, 46% in 2030) envision a balanced connection between substitution and help. Between now and 2030, 35% of respondents will still primarily expect support (or "rather support") for their work.

The automated production of the future won't make people obsolete. In particular, non-linear thinking, decision-making skills, communicative skills, and socioemotional skills will continue to be in demand. This is especially relevant because AI lacks imagination, which is essential for

⁹ Supra note 4.

innovative activities between now and 2030, stays constant at 35%¹⁰

There are two main reasons why human labour is necessary: The systems are only inadequately capable of responding to uncertain situations. And they keep sending out questionable information. Additionally, it might be necessary to deviate from the automated process if priorities change. When it comes to having a direct line of connection with clients, human intervention in technology also makes sense. Or whether it is reasonable to assume that a worker with his expertise and experience would be aware of when maintenance is necessary more accurately and earlier or whether capacity planning needs to be altered.

VI. CONCLUSION AND OUTLOOK

The workplace is changing due to the quickly evolving digitalization and the use of AI in businesses. It is necessary to actively rethink and shape leadership, the role of people in organisations, the design of work, employee needs, organisational structure, and culture. Previous studies have demonstrated: AI offers a great deal of potential for assisting human labour, yet it is possible that it might eventually replace people in some capacities. By giving repetitive tasks to computers and algorithms, human work can become simpler, healthier, and more engaging. Many people are optimistic about how AI and robotics will work together in the future. Additionally, the increasing flexibility of the workplace and working hours benefits employees. Future skill requirements are projected to change more quickly and more drastically; therefore, people must have proper vocational education and training to enter the digitalization process and provide giving them a fresh outlook on their jobs. It is crucial that businesses evaluate their corporate cultures, organisational structures, and managerial practises, and realign them as appropriate. It is feasible to mould technological change in a compassionate way and so contribute to the success and competitiveness of businesses when managers are open to the digital revolution and there is a culture of trust and tolerance for mistakes. These results should be considered in developing research questions, concepts, and the application of AI in businesses in the future.

¹⁰ *Zukunftsarbeit. Zukunftsbilder und Handlungsfelder* (1970) Fraunhofer. FhG. Available at: <https://publica.fraunhofer.de/handle/publica/299413> (Accessed: May 3, 2023).