IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

The Impact Of Artificial Intelligence On Employment In Mncs In India: Challenges And Strategic Solutions

Ramya S[1], Ramprasad S[2]

[1] Assistant professor, Department of MCA, St Agnes College (Autonomous), Mangalore, Karnataka.

[2]Assistant professor, Department of Sanskrit, Kukke Sri Subrahmanyeshwara College, Subrahmanya, Karnataka.

Abstract

Artificial Intelligence (AI) is transforming industries worldwide, including multinational corporations (MNCs) in India. As AI-powered technologies, such as machine learning, robotic process automation, and natural language processing, become increasingly integrated into business operations, they are driving significant improvements in efficiency, productivity, and decision-making. AI enables companies to streamline processes, reduce operational costs, and enhance customer experiences by automating repetitive and time-consuming tasks.

However, while AI presents immense opportunities for business growth and innovation, it also disrupts traditional employment patterns, leading to job displacement across various sectors. Roles that involve routine manual tasks, such as data entry, customer support, and manufacturing, are particularly vulnerable to automation. As AI-driven systems take over these functions, many employees face the risk of redundancy, requiring them to upskill or reskill to remain relevant in the evolving job market.

The impact of AI on employment within Indian MNCs is multifaceted. While some jobs are eliminated, AI also creates new roles that require specialized skills in areas such as AI development, cybersecurity, data analytics, and ethical AI governance. Companies must invest in workforce development programs to equip employees with the necessary technical and soft skills to adapt to the changing employment landscape. Training initiatives, vocational programs, and collaboration with academic institutions can help bridge the skill gap and ensure a smooth transition for workers affected by automation.

Moreover, businesses and policymakers must address key challenges posed by AI-driven automation, including ethical concerns, workforce displacement, and economic inequality. Ensuring that AI adoption is inclusive and benefits all segments of society requires a balanced approach. Strategies such as retraining initiatives, job redesign, and government-backed reskilling programs can help mitigate the adverse effects of automation while maximizing its benefits.

In conclusion, AI is reshaping employment within Indian MNCs by driving efficiency while also necessitating workforce adaptation. Organizations must proactively implement policies that support continuous learning and skill development to create a sustainable workforce. By fostering a culture of innovation and inclusion, Indian MNCs can successfully navigate the AI revolution while ensuring long-term economic stability and job creation.

Key Words: Artificial Intelligence, Employment, Job Displacement, Automation, Workforce Adaptation, Multinational Corporations, India, Technological Advancement, Workforce Sustainability, Productivity Enhancement.

Introduction:

The rapid development of AI has led to a paradigm shift in the Indian job market. MNCs operating in India are integrating AI-driven systems to optimize operations, reduce costs, and improve decision-making processes. From automation in manufacturing to AI-powered chatbots in customer service, these advancements enhance productivity and competitiveness. However, while AI adoption offers significant benefits, it also presents challenges such as job displacement, skill gaps, and economic disparities. Many traditional roles are becoming obsolete, increasing the need for reskilling and upskilling initiatives. This paper aims to analyse the effects of AI on employment in Indian MNCs and suggest policy interventions, workforce training programs, and strategic solutions to balance technological growth with job sustainability.

Objectives:

1. **Assess the Impact of AI on Employment in Indian MNCs** – Examine how AI-driven automation is transforming job roles, leading to both job displacement and the creation of new opportunities in various industries.
2. **Identify Key Challenges Posed by AI Adoption** – Analyze issues such as workforce skill gaps, economic disparities, and the need for continuous learning to ensure employees remain relevant in an AI-driven workplace.
3. **Propose Strategic Solutions and Policy Interventions** – Recommend measures such as reskilling initiatives, government policies, and corporate strategies that can help balance technological advancement with workforce sustainability.

Methodology:

This research adopts a secondary data methodology, relying on existing literature, reports, industry analyses, and case studies to examine the impact of AI on employment in Indian MNCs. By analysing data from government reports, academic studies, corporate white papers, and labour market trends, this study aims to provide a comprehensive understanding of AI-driven workforce transformations. The findings will help identify key patterns, challenges, and opportunities, forming the basis for policy interventions, workforce training programs, and strategic solutions to balance technological growth with job sustainability.

Adoption and Integration of AI in Indian MNCs:

A substantial majority of Indian knowledge workers are incorporating AI into their daily tasks. According to a 2024 report by Microsoft and LinkedIn, 92% of these workers utilize AI at work, with 91% of business leaders acknowledging the necessity of AI adoption to maintain competitiveness. This widespread integration underscores AI's pivotal role in enhancing productivity and efficiency across various sectors.

1. Impact on Employment and Job Roles

The infusion of AI into business processes has led to a nuanced impact on employment within Indian MNCs. A study by the Indian Institute of Management Ahmedabad (IIMA) revealed that 68% of employees anticipate partial or full automation of their roles within the next five years. Despite concerns about job displacement, 53% of respondents believe AI will generate new employment opportunities, particularly in roles requiring advanced skills.

Structured table analysing the data from the study by IIMA:

Survey Findings	Percentage (%)	Interpretation
Employees anticipating partial or full automation of their roles within the next five years	68%	A significant majority foresee AI-driven automation impacting their jobs.
Employees concerned about job displacement	Not explicitly mentioned	While concerns exist, no precise percentage is stated.
Employees believing AI will create new employment opportunities	53%	Over half of employees see AI as a job creator, particularly for advanced roles.
Organizations initiating upskilling programs	71%	Companies are proactively investing in workforce adaptability.

Business leaders share this dual perspective. Over 90% predict that AI will alter certain office jobs, with 83% foreseeing potential job displacement. Nonetheless, a significant portion emphasizes innovation over the preservation of existing roles, suggesting a strategic shift towards embracing AI-driven efficiencies.

2. Strategic Responses and Skill Development

In response to AI's growing influence, Indian MNCs are proactively investing in upskilling their workforce. The IIMA study indicates that 71% of organizations have initiated programs to equip employees with the necessary skills to navigate AI's impact. This commitment to continuous learning is crucial for maintaining relevance in an evolving job market.

Industry leaders advocate for a balanced approach to AI integration. Nandan Nilekani, co-founder of Infosys, suggests that while AI may supplant certain functions, it also holds the promise of creating new roles. He emphasizes the importance of companies developing proprietary AI models tailored to their specific needs, thereby fostering innovation and reducing dependency on external large-scale models.

Impact of AI on Employment in Indian MNCs:

The integration of Artificial Intelligence (AI) into Indian multinational corporations (MNCs) is significantly influencing employment dynamics. Government reports and industry analyses provide insights into this evolving landscape.

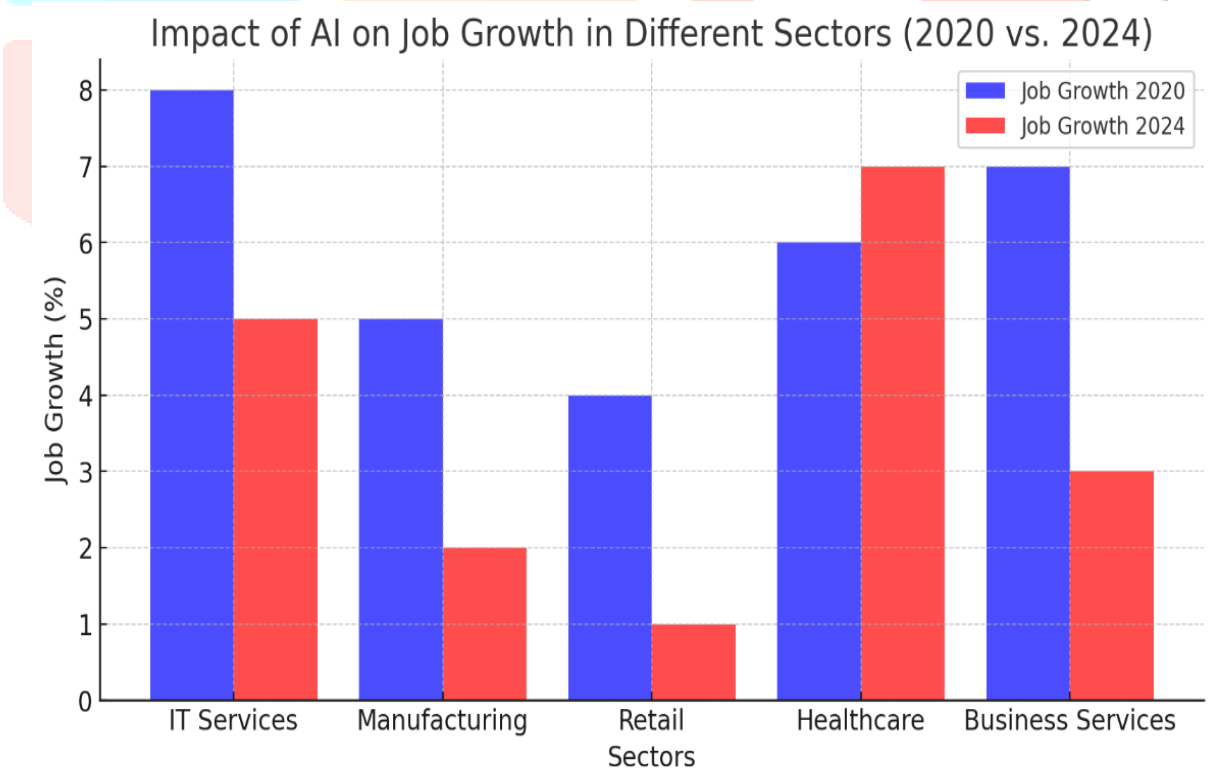
A. Government Perspectives on AI and Employment

The Economic Survey 2023-24, presented by the Union Finance Ministry, highlights concern regarding AI's potential impact on employment across various skill levels. The survey emphasizes the uncertainty AI introduces for workers and underscores the necessity for collaboration between government entities and the private sector to address potential employment challenges.

Table summarizing key government perspectives on AI and employment based on the Economic Survey 2023-24 and related reports:

Government Report	Key Insights	Impact on Employment
Economic Survey 2023-24 (Union Finance Ministry)	AI introduces uncertainty for workers, requiring government-private sector collaboration.	Potential displacement in routine jobs, need for reskilling.
Department of Economic Affairs (Sept 2024)	Observed a 7% decline in job opportunities compared to the previous year.	AI automation likely contributing to job losses.
Ministry of Electronics & IT (July 2023)	AI is augmenting job roles rather than eliminating them.	New job creation in AI-driven fields like data science.
Infosys Co-founder Nandan Nilekani	AI presents an opportunity, but tech industry hiring may slow due to automation.	Restructuring of job roles, limited hiring in tech services.

In its September 2024 monthly economic review, the Department of Economic Affairs observed a 7% decline in job opportunities compared to the same month in the previous year. The report suggests that the growing adoption of AI tools in multiple sectors may be contributing to this downturn, indicating emerging trends of AI deployment displacing workers.

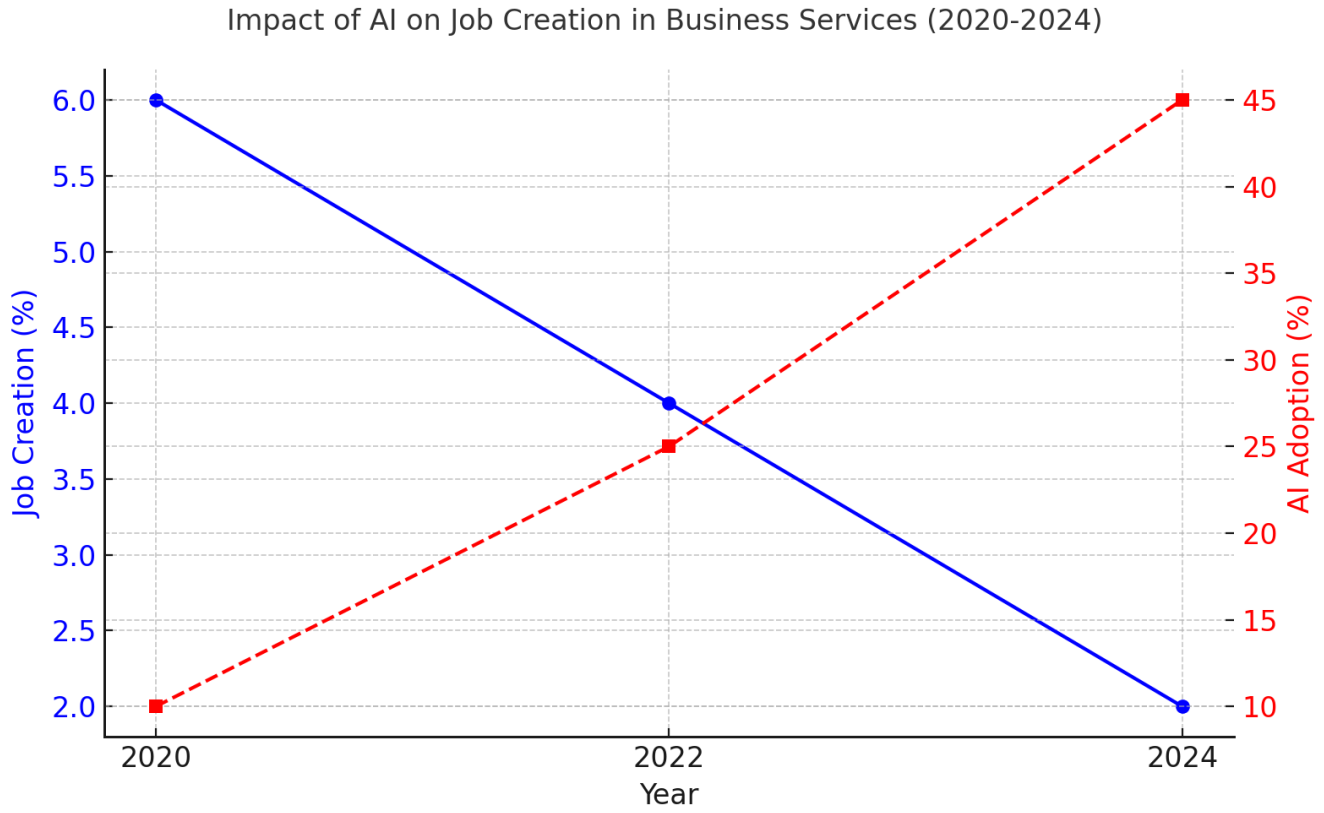


Contrastingly, in July 2023, the Ministry of Electronics and Information Technology stated that AI was not leading to job losses but was instead augmenting capabilities. The ministry acknowledged that while AI might automate certain routine tasks, it also creates new roles in areas like data science and data curation, necessitating reskilling and upskilling initiatives.

B. Industry Insights

Nandan Nilekani, co-founder of Infosys, views AI as an opportunity rather than a threat. He suggests that while AI may replace some functions, it will also create new roles. However, he anticipates limited growth in employment within India's tech services industry due to AI advancements and global economic factors.

The Economic Survey 2023-24 also points out that AI could limit growth opportunities in business services, posing challenges for job creation and the sustainability of India's services sector. The survey calls for the private sector to focus on augmenting labor with AI rather than displacing workers, highlighting the importance of creating jobs to maintain economic growth



The chart shows the inverse relationship between AI adoption and job creation in India's business services sector from 2020 to 2024. As AI adoption increased from 10% to 45%, job creation declined from 6% to 2%, highlighting concerns raised in the Economic Survey 2023-24 about AI limiting employment opportunities.

Impact of AI on Employment in Indian MNCs: Challenges and Opportunities:

The rapid adoption of Artificial Intelligence (AI) in Indian multinational corporations (MNCs) is transforming the employment landscape. While AI-driven automation enhances productivity and efficiency, it also presents challenges related to job displacement, skill gaps, and workforce restructuring. To ensure a balanced transition, policy interventions, workforce training programs, and strategic solutions are essential to align technological advancements with job sustainability.

Challenges of AI Integration in Indian MNCs:

1. **Job Displacement and Workforce Redundancy**
   - Studies indicate that **68% of employees** anticipate partial or full automation of their roles within the next five years.
   - Routine and repetitive jobs in sectors like IT services, customer support, and data processing are at higher risk.

2. **Skill Gaps and Workforce Readiness**
   - AI adoption demands new skill sets such as data science, machine learning, and AI model development.
   - However, many employees lack advanced technical skills, creating a gap between current capabilities and industry demands.
3. **Ethical and Organizational Challenges**
   - AI-driven decisions may raise concerns regarding **bias, transparency, and fairness** in hiring, promotions, and performance evaluations.
   - Organizations need clear frameworks to ensure **ethical AI deployment** and fair employment practices.
4. **Impact on Mid-Level Management Roles**
   - AI is automating decision-making processes, potentially reducing the need for middle-management roles.
   - Managers must adapt by **developing strategic, creative, and human-centric problem-solving abilities**.

Opportunities Created by AI in Employment:

1. **Job Creation in Emerging AI-Driven Fields**
   - While AI automates repetitive tasks, it also generates **new employment opportunities** in fields like AI development, cybersecurity, and cloud computing.
   - **53% of employees** believe AI will create new jobs, especially those requiring advanced skills.
2. **Upskilling and Reskilling Initiatives**
   - **71% of companies** have started workforce training programs to equip employees with AI-related skills.
   - Government initiatives like **Skill India and AI for All** support large-scale digital literacy and AI education.
3. **Improved Productivity and Hybrid Job Roles**
   - AI enhances efficiency by automating mundane tasks, allowing employees to focus on **high-value and strategic activities**.
   - New hybrid roles, such as **AI ethics officers, automation strategists, and human-AI collaboration specialists**, are emerging.
4. **Entrepreneurship and AI-Driven Innovation**
   - AI is enabling new startups and tech-driven business models in India.
   - Increased AI adoption fosters innovation in industries like **fintech, healthcare, and e-commerce**, creating indirect employment opportunities.

Policy Interventions for a Balanced AI Transition:

1. **Workforce Training and Skill Development Policies**
   - Strengthening AI-focused educational curricula in universities and professional training programs.
   - Encouraging **public-private partnerships** to bridge the industry-academia skill gap.
2. **Regulating Ethical AI Implementation**
   - Developing **AI governance frameworks** to ensure fairness, transparency, and accountability in AI-driven employment decisions.
   - Encouraging **responsible AI adoption** to prevent large-scale layoffs without reskilling options.
3. **AI-Driven Job Sustainability Strategies**
   - Incentivizing companies to implement **AI augmentation strategies** rather than full automation.

- Supporting the transition of employees into **AI-assisted roles** instead of outright displacement.

4. **Public and Private Sector Collaboration**
   - Government, industry, and academia must collaborate to design policies that foster a **human-AI synergy**.
   - Expanding access to AI education through **national-level digital learning platforms**.

Strategic Solutions for Balancing AI Growth and Job Sustainability:

- **Human-AI Collaboration:** Instead of replacing jobs, AI should be used to **enhance human capabilities** through augmented intelligence systems.
- **Adaptive Learning Programs:** Organizations should invest in **continuous learning** initiatives to keep employees updated on AI trends.
- **AI Policy Frameworks:** Clear **legal and ethical AI policies** should be established to regulate automation impact and ensure fair employment practices.
- **Innovation-Driven Employment:** The government should incentivize AI-driven **entrepreneurship and startups** to generate new job opportunities.

Conclusion:

AI is fundamentally transforming the employment landscape in Indian multinational corporations (MNCs), introducing both challenges and opportunities. While concerns about job displacement are valid, particularly in repetitive and rule-based tasks, AI also opens doors for high-value job creation in fields like AI development, data science, cybersecurity, and automation strategy. It enhances productivity by automating routine processes, allowing employees to focus on strategic and creative tasks that require human intelligence. Moreover, AI fosters innovation by enabling new business models, startups, and digital transformation across industries.

To balance these changes, Indian MNCs must adopt a proactive approach that includes **policy reforms, workforce upskilling, and responsible AI implementation**. Government initiatives, industry-led skill development programs, and ethical AI governance are crucial in ensuring a smooth transition. By integrating AI responsibly, Indian businesses can **drive inclusive economic growth**, sustain job opportunities, and enhance workforce resilience, ensuring that employees remain competitive in the evolving job market.

Reference:

1. https://bfsi.economictimes.indiatimes.com/budget/union-budget-2024/economic-survey-2024-warns-ais-impact-on-indian-job-market/111923239?utm_source=chatgpt.com
2. https://www.newindianexpress.com/nation/2024/Oct/29/growth-of-ai-disrupting-jobs-says-finance-ministry-report?utm_source=chatgpt.com
3. https://news.microsoft.com/en-in/92-of-indian-knowledge-workers-use-ai-in-the-workplace-finds-microsoft-and-linkedin-2024-work-trend-index/?utm_source=chatgpt.com
4. "AI and Services-Led Growth: Evidence from Indian Job Adverts" International Monetary Fund (IMF), 2024.
5. **"Rebooting Employees: Upskilling for Artificial Intelligence in Indian IT Multinationals"**The International Journal of Human Resource Management, 2021.
6. Artificial Intelligence and Its Impact on Jobs in India" Research and Information System for Developing Countries (RIS), 2020.
7. "Impact of Artificial Intelligence (A.I.) on Employment of Indian Workers" International Journal of Future Generation Communication and Networking, 2024.