DOI https://doi.org/10.30525/2661-5150/2025-2-11

THE ROLE OF ARTIFICIAL INTELLIGENCE IN ECONOMIC TRANSFORMATION: FROM AUTOMATION TO THE DATA ECONOMY

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Abstract. The purpose of this paper is to explore the transformative role of artificial intelligence (AI) in shaping the structure and dynamics of modern economies. Particular attention is given to AI's impact on labor markets, the evolution of new professions, and the development of human capital. As AI technologies continue to permeate production, services, and public administration, they are reshaping not only economic processes but also the very nature of work and professional identity. The primary objective of this research is to identify both the strategic opportunities enabled by AI integration and the key risks it poses, especially in terms of employment disruption, technological inequality, and ethical challenges. In doing so, the paper proposes frameworks for sustainable and inclusive adaptation to the AI-driven economy. *Methodology.* The study is based on a comprehensive literature review combined with the analysis of recent statistical data and forecasts from leading international organizations, such as the World Economic Forum, the World Bank, and the International Labor Organization. To capture the practical implications of AI transformation, comparative and sectoral case studies are employed, focusing on industries including manufacturing, logistics, finance, healthcare, and agriculture. These are supplemented by empirical indicators related to education, employment, and technological adoption. *Results.* The study finds that AI significantly accelerates automation, transforming both manual and cognitive labor by replacing repetitive tasks and supporting decision-making processes. This transition reduces the demand for low-skilled labor while increasing the demand for highly specialized professionals in AI development, data analysis, AI ethics, and cybersecurity. However, it also raises profound concerns related to job displacement, unequal access to retraining, data privacy, and algorithmic transparency. The development of human capital through lifelong learning, digital upskilling, and educational reform is identified as a core component of economic resilience in the AI era. Additionally, the emergence of remote and hybrid work models is reshaping employment practices and necessitating new regulatory frameworks. The paper emphasizes that successful integration of AI into economic systems requires a balanced approach that promotes innovation while safeguarding social cohesion. Governments, businesses, and educational institutions must collaborate to ensure that the benefits of AI are broadly shared and that societies remain adaptable in the face of accelerating technological change.

Keywords: artificial intelligence, labor market transformation, automation, new professions, human capital, remote work, economic inequality, digital economy.

JEL Classification: O33, J24, O15, M15

1. Introduction

The labor market has always been one of the key pillars of economic development, directly shaping the level of societal well-being and the growth potential of various industries. Historically, transformations in the nature of labor have been driven by technological innovation – from the industrial revolution to the rise of digital technologies. Today, the emergence and rapid advancement of artificial intelligence (AI) is catalyzing a new wave of economic and social transformation, the scale and speed of which are unprecedented.

AI is no longer limited to the automation of repetitive or routine tasks. It now enables machines to perform analytical, creative, and managerial functions that were previously considered the exclusive domain of human intelligence. From financial forecasting to medical diagnostics, AI systems are being deployed

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across a wide array of sectors, fundamentally reshaping how value is created and delivered. These developments raise critical questions about the future of work: What will the workforce of tomorrow look like? Which skills will be essential in an AI-driven economy? And how can societies ensure a just and inclusive transition?

At the same time, the increasing integration of AI into economic processes presents both enormous opportunities and significant challenges. On the one hand, AI can boost productivity, enhance decision-making, and open up new avenues for innovation and entrepreneurship. On the other hand, it poses serious risks such as job displacement, widening income gaps, and ethical concerns regarding transparency, accountability, and data privacy.

This article aims to examine the multifaceted impact of AI on the world of work and the broader economic system. It investigates how AI is changing labor practices, influencing employment structures, and driving the creation of new professions that require advanced technical and analytical competencies. Special attention is given to the role of human capital development in adapting to these shifts, including investments in education, upskilling, and lifelong learning. Furthermore, the paper explores the socio-economic implications of automation, the emergence of flexible work models, and the regulatory and institutional responses needed to ensure that AI contributes to sustainable and equitable development.

2. Automation and Its Impact on the Labor Market

Automation is a key driver of transformation in today's labor market, affecting all aspects of economic activity – from traditional manufacturing to innovative sectors. It alters the nature of work, creates new professional opportunities, while also posing significant challenges for both employees and companies. First and foremost, automation changes the balance between human labor and technology in performing routine tasks. In the manufacturing sector, the implementation of robotic systems has significantly reduced the demand for manual labor. Over 60% of production processes in high-tech industries have already been automated, resulting in lower labor costs and improved product quality. For example, car manufacturers like Tesla use automated assembly lines to build their electric vehicles (Kostyk, 2024).

At the same time, automation presents serious social challenges. Low-skilled workers who previously performed repetitive tasks are most vulnerable to layoffs. For instance, in the service sector, the use of automated checkout systems and self-service terminals has already reduced the number of cashier positions in supermarkets. A similar trend is observed in logistics, where robotic systems like Amazon's Kiva robots are replacing warehouse workers. This increases the risk of social inequality, especially in regions dependent on low-skilled labor (Table 1).

Table 1
Industries Most Affected by Automation

Industry	Example of Automation	Outcome
Logistics	Amazon's robotic warehouses	Reduced labor costs, faster order processing
Manufacturing	Automated assembly lines	Increased precision, reduced demand for low-skilled labor
Finance	Automated transaction analysis	Decline in entry-level analytical positions, improved operational efficiency

Source: (Khmara, 2023)

Moreover, automation has a profound impact on intellectual labor. In the financial sector, for example, AI-powered analytical tools can already process large volumes of data, generate forecasts, and assess risks faster than humans. This reduces the demand for entry-level analysts while increasing the need for specialists who can work with these tools and use their outputs to make strategic decisions.

The impact of automation on developing economies also deserves special attention. In countries like Ukraine, automation is beginning to penetrate key industries, such as agriculture. The use of drones for field monitoring, yield prediction systems, and automated data processing tools significantly improves efficiency but simultaneously reduces the number of jobs available to low-skilled workers. This creates the need to develop national retraining programs and provide support to employees who lose their jobs due to the adoption of new technologies (Stashkevych, 2021).

Nevertheless, automation presents new challenges for governments and businesses. Issues such as labor market regulation, the implementation of social protection standards for vulnerable worker groups, and support for retraining programs are becoming top priorities. The future of the labor market depends on how effectively society can integrate automation while maintaining a balance between human capital and technology (Lysyi, 2024).

Thus, automation is an integral part of economic progress. It transforms the labor market, creating development opportunities as well as adaptation challenges. Successful implementation of automation requires coordination between businesses, governments, and educational institutions to ensure a balance between technological advancement and social stability.

3. Development of New Professions

The development of artificial intelligence (AI) and automation is transforming not only existing professions but also giving rise to new ones that were almost unknown just a few years ago. This transformation is a key driver of economic growth, stimulating demand for highly skilled professionals in various fields.

One of the most in-demand professions is that of AI developers and engineers who design algorithms, machine learning models, and integrate these technologies into business processes. According to the International Labor Organization, the number of job postings for AI engineers increased by 74% between 2018 and 2023, and this figure continues to rise (Azmuk, 2024). This is particularly true for tech giants such as Google, Microsoft, and OpenAI, which are actively seeking experts to develop innovative solutions. Data analysts and big data specialists are also in high demand. Their responsibilities include analyzing large volumes of information, making forecasts, and supporting data-driven business decisions. In the context of the modern digital economy, data has become a vital resource that defines a company's competitiveness. In 2023 the global demand for data analysts rose by 58%, with professionals needed in both tech and traditional industries like finance and healthcare (Lysyi, 2024).

Alongside technical professions, roles related to AI ethics are gaining importance. AI ethics consultants help organizations ensure that their technologies comply with ethical standards and mitigate risks such as discrimination and data misuse. According to Azimuth Consulting Group, by 2024 more than 30% of large corporations had already established or planned to introduce positions dedicated to AI ethics.

Another emerging profession is that of AI model trainers who adapt models for specific tasks and improve their accuracy. In 2023, demand for AI model trainers grew by 40%, particularly in industries requiring service personalization such as healthcare and retail (Khmara, 2023).

Educational platforms and universities play a crucial role in supporting the development of these new professions. Academic institutions are expanding their curricula to include AI, data analysis, and cybersecurity. Leading U.S. universities like MIT and Stanford offer machine learning courses that have become highly popular among students. According to Coursera, more than 12 million students enrolled in AI-related courses in 2023, demonstrating global interest in these technologies.

In the long term, the emergence of new professions offers additional opportunities for economic growth. Countries that invest in human capital development and support the population's adaptation to new technologies are more likely to succeed in the global economy. Successful integration of new professions and worker reskilling can significantly reduce social tensions related to automation and foster an innovative society (Stashkevych, 2021).

Thus, the evolution of new professions driven by AI is a key component of economic progress. It stimulates innovation, expands opportunities for workers, and opens new horizons for society. To maximize these benefits, it is essential to ensure accessible education, reskilling programs, and active involvement from both governments and businesses.

4. Development of Human Capital

Human capital is the aggregate of knowledge, skills, competencies, and other attributes that enable individuals to effectively perform professional tasks, thereby contributing to labor productivity and economic growth. The concept of human capital gained popularity through the works of Theodore Schultz and Gary Becker, who emphasized that investments in education, healthcare, and professional development are critical for enhancing a country's competitiveness.

The development of human capital is a key factor in economic progress. The World Bank annually publishes the Human Capital Index (HCI), which takes into account indicators such as health, education, and expected labor productivity. In 2023, countries like Singapore, Finland, and Japan achieved high HCI scores. Meanwhile, developing countries showed significant potential but also faced challenges such as insufficient funding for education and healthcare. For example, Ukraine ranked in the middle of the index, indicating the need for increased investment in human capital. The economic impact of human capital is reflected in labor productivity and innovation. According to the World Economic Forum, countries that invest more than 5% of their GDP in education demonstrate 30% higher rates of economic growth. For instance, South Korea's focus on technological education has positioned it among the world's leading innovation-driven economies over the past two decades (World Bank, 2023).

Figure 1 shows the average Human Capital Index (HCI) across five global regions: Europe, Asia, Africa, Latin America, and North America. North America (0.85) and Europe (0.80) demonstrate the highest HCI scores. Their leadership is attributed to the following factors:

– High levels of investment in education, healthcare, and professional development;
– Developed infrastructure providing access to quality services;
– Focus on innovation and technology that drive economic growth;

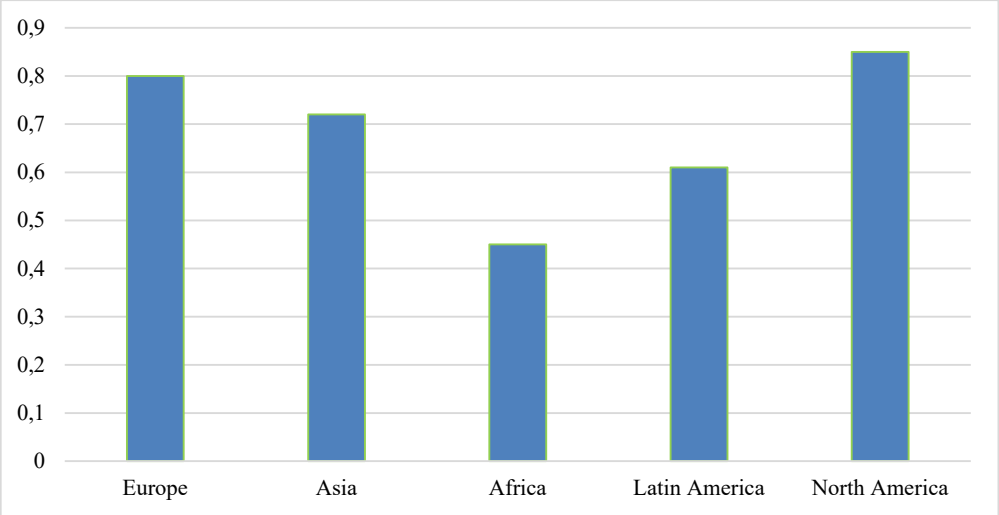

Figure 1. Average Human Capital Index (HCI)

Source: (World Bank, 2023)

– Governmental and private initiatives aimed at skill development.

Asia (0.72) holds a middle position. Some countries, such as Singapore and South Korea, show strong results due to technological investments and advanced education systems. However, economically weaker countries (e.g., India) lower the region's average due to disparities in access to education and healthcare.

– Latin America (0.61) scores below the global average due to:

– Limited resources for educational infrastructure;

– Inequities in access to vocational training, especially in rural areas;

– Political instability in some countries affecting economic development.

Africa (0.45) shows the lowest HCI score among all regions. Major contributing factors include:

– Chronic underfunding in education and healthcare;

– High levels of poverty and inequality, limiting access to quality education;

– Lack of infrastructure, particularly in rural areas where most people live.

Thus, regions with high HCI scores invest heavily in human capital, ensuring access to education, healthcare, and professional training. Meanwhile, regions with low scores face limitations in funding, inequality, and infrastructure. To improve the situation in developing countries, comprehensive reforms are needed to expand access to basic services and attract investment in human capital.

At the same time, there are significant challenges related to inequality in access to education and retraining. In developed countries, more than 60% of employees have access to professional development programs, while in developing countries this figure is only 15% (Lysyi, 2024). Such disparity deepens social imbalances and slows economic growth in countries with low levels of human capital.

Educational technologies play a vital role in the development of human capital. In 2023, the number of students enrolled in online platforms such as Coursera and Udemy increased by 25% compared to the previous year. Courses focused on artificial intelligence and data analysis became the most popular among students in more than 100 countries worldwide (Azmuk, 2024).

Investments in human capital also help address demographic challenges. Younger generations demonstrate greater adaptability to new technologies, whereas older workers often struggle to acquire modern skills. Mentorship and training programs tailored for older employees are essential for maintaining their participation in the labor market. Only 30% of workers over the age of 50 actively participate in reskilling programs, indicating the need for additional incentives.

Thus, the development of human capital is an integral part of any economic growth strategy. Investments in education, healthcare, workforce retraining, and reducing knowledge-access inequality enable countries to ensure sustainable development and adapt to modern technological challenges.

5. Work Flexibility and Transformation of Working Conditions

Work flexibility and the transformation of working conditions are among the most notable changes occurring in the labor market due to the influence of artificial intelligence (AI) and automation. The adoption of new technologies enables companies to establish

new forms of work organization that are adapted to the demands of the global economy.

One of the key changes is the widespread adoption of remote work. In 2023, over 40% of companies in developed countries transitioned to hybrid work models that combine remote and office-based employment (Lysyi, 2024). These models provide greater flexibility for employees and help employers reduce office space costs. According to the World Economic Forum, 75% of workers reported that work flexibility enhances their productivity and job satisfaction.

Figure 2 illustrates the increasing percentage of companies that have adopted remote or hybrid work models over the past five years. A significant spike occurred in 2020 due to the COVID-19 pandemic, and the trend has continued as the advantages of flexible work became more apparent.

Technologies such as video conferencing tools, automated task management systems, and productivity monitoring platforms play a crucial role in enabling flexible work conditions. For example, platforms like Microsoft Teams and Zoom have become integral to corporate culture, allowing teams to collaborate regardless of physical location. However, the use of AI to monitor employees raises ethical concerns about privacy and trust.

Remote work also expands access to employment for individuals who previously faced labor market barriers. In 2023, more than 30% of jobs on international freelancing platforms were filled by workers from developing countries (Azmuk, 2024). This helps reduce global inequality and creates opportunities for professional growth regardless of geographic location.

However, the implementation of flexible work models brings challenges. For instance, many employees experience higher stress levels due to the lack of clear boundaries between work and personal life. 60% of remote workers report emotional exhaustion due to task overload and constant communication. To address these issues, companies must implement employee support policies, such as flexible schedules, psychological support, and initiatives to strengthen team cohesion (Khmara, 2023).

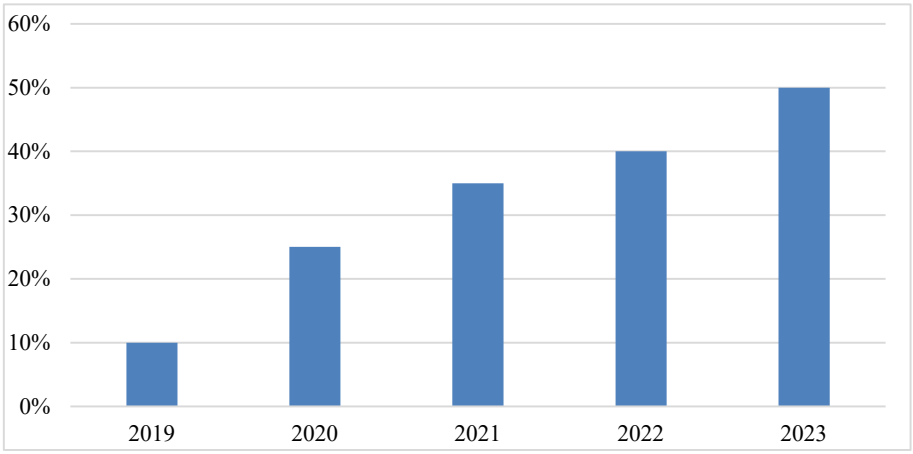

Figure 2. Growth of Remote Work (2019–2023)

Source: (World Economic Forum, 2023)

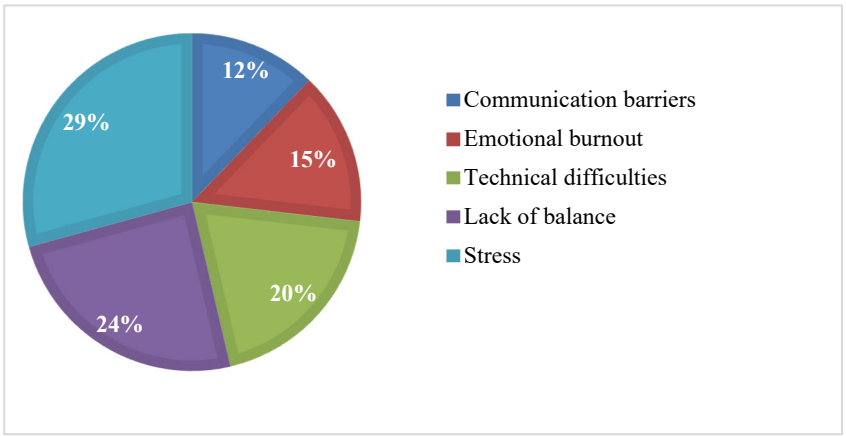

Figure 3. Challenges of Remote Work

Work flexibility also fosters the growth of new employment formats. Project-based and short-term contract work is gaining popularity, allowing companies to respond quickly to market changes while creating opportunities for highly specialized professionals. At the same time, this form of employment requires workers to possess greater financial literacy and independently manage their career development.

Thus, work flexibility and the transformation of working conditions are essential elements of the modern labor market, ensuring adaptability to technological changes. To effectively harness the benefits of flexible work models, it is crucial to create conditions that balance productivity, employee well-being, and social protection.

6. Challenges and Risks of AI Implementation

Artificial intelligence (AI) plays a crucial role in transforming economies and labor markets, but its implementation is accompanied by significant challenges and risks. These aspects require attention from both governments and businesses to ensure responsible and balanced use of technology.

One of the major challenges is the risk of job losses due to automation. According to the World Economic Forum, in 2023 over 25% of jobs could be automated, especially in sectors such as manufacturing, transportation, and financial services (Figure 4). This poses a serious threat to low-skilled workers who lack access to retraining opportunities.

Figure 4 shows the sectors where job roles are most likely to be automated. These include repetitive tasks in manufacturing, logistics, and financial operations that can be efficiently handled by AI systems.

Ethical concerns are another critical issue. Using AI for employee monitoring, automated decision-making, and data analysis can violate human rights, particularly the right to privacy. More than 40% of workers express concerns about AI-based monitoring of their activities (Khmara, 2023).

Technological inequality is also a pressing issue. In developing countries, access to innovation is limited due to inadequate infrastructure and low levels of digital literacy. This exacerbates economic disparities between developed nations and the rest of the world. Countries with high levels of AI investment experience more rapid economic growth, while others fall behind, increasing the risk of global imbalance (Lysyi, 2024).

AI safety deserves special attention. Technologies such as generative AI can contribute to the spread of misinformation, cybercrime, and manipulation. According to McKinsey (2023), about 60% of companies consider cybersecurity to be one of their top priorities when implementing AI. Figure 5 illustrates the distribution of business priorities related to AI implementation, with the most attention focused on cybersecurity (40%) and process automation (30%) (McKinsey & Company, 2023).

To address these challenges, a multi-level approach is required. Governments should develop policies regulating AI usage, provide social support for affected workers, and invest in human capital. Meanwhile, businesses must adopt ethical AI principles, invest in cybersecurity, and establish retraining programs.

Thus, AI offers great opportunities but also entails risks. To ensure sustainable development and mitigate adverse effects, a balance must be struck between technological innovation and social responsibility.

7. Conclusions

Artificial intelligence (AI) affects various aspects of the modern economic environment, including labor market transformation, human capital development, and the organization of working conditions. AI serves as a major driver of change, stimulating automation,

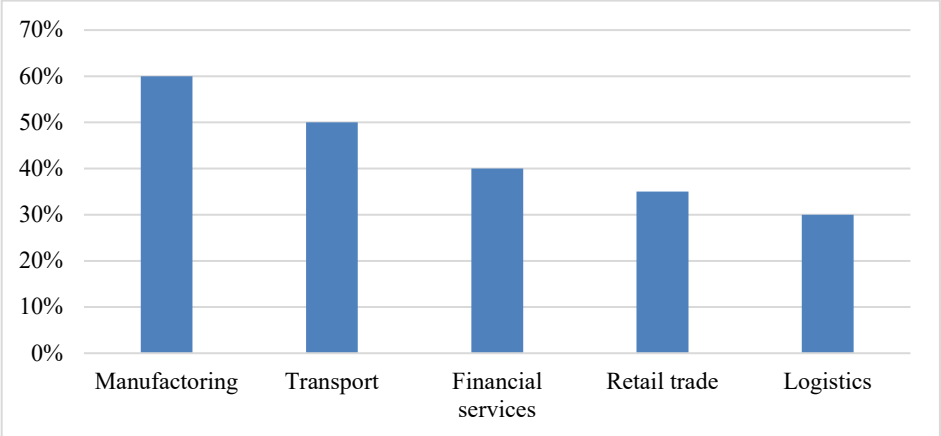

Figure 4. Sectors Most Susceptible to Automation

Source: (World Economic Forum, 2023)

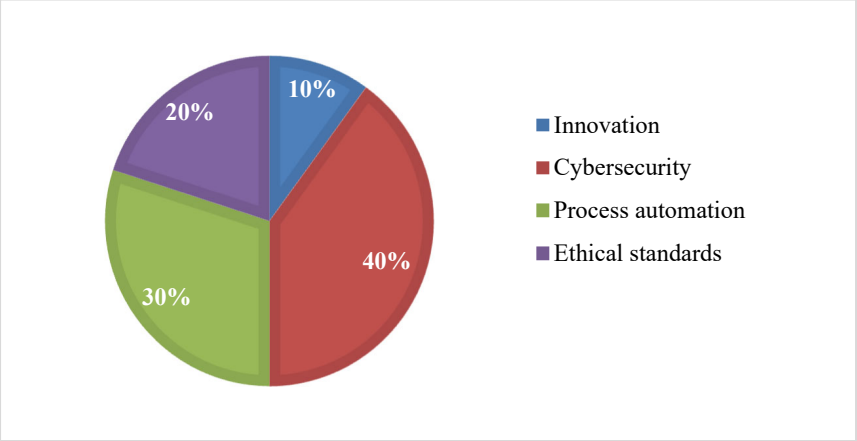

Figure 5. Business Priorities in AI Implementation

Source: (McKinsey & Company, 2023)

the emergence of new professions, the development of technological solutions, and unlocking productivity gains across multiple economic sectors.

One of the main outcomes of AI implementation is the automation of production processes, which not only enhances efficiency and reduces costs but also reshapes the nature of work. At the same time, automation presents social challenges, such as job displacement for low-skilled workers, particularly in traditional sectors like logistics and manufacturing. This highlights the importance of investing in retraining and upskilling programs.

AI also contributes to the creation of new professions that are crucial to the development of the digital economy. Occupations related to AI development, data analysis, and ethical deployment are becoming increasingly in demand in the global labor market. This underscores the need for educational systems to adapt to the challenges of the technological revolution. In this context, human capital plays a central role. Investments in education, healthcare, and workforce retraining are essential for supporting economic growth and competitiveness.

Work flexibility has become one of the most visible consequences of AI adoption. Remote work, hybrid employment models, and digital task management tools have significantly boosted productivity while also introducing new challenges, such as employee burnout. It is important to ensure a balance between productivity and employee well-being, taking into account social and ethical considerations.

The integration of AI also brings multiple challenges, with particular attention required for issues such as technological inequality, ethical dilemmas, and cybersecurity. Addressing these challenges requires a comprehensive approach, including regulatory policies, ethical business standards, and investment in infrastructure. Only a harmonious combination of innovation and social responsibility will ensure sustainable development.

Therefore, AI opens up vast prospects for economic progress but demands a thoughtful approach to societal integration. Ensuring access to educational resources, developing human capital, and addressing ethical concerns will enable countries to adapt to change and fully harness AI's potential for global prosperity.

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Received on: 20th of April, 2025
Accepted on: 06th of June, 2025
Published on: 30th of June, 2025