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Evaluating the Impact of AI on Labor Market in the Era of Feeling Economy

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I. Introduction

The emergence of AI in recent years has triggered significant changes to society, greatly reshaping the global labor market. Traditionally, AI is considered as only able to integrate and summarize big data and charts and potentially reduce the need for lower skill repetitive labor of mankind. However, the outstanding performance of generative AI model in reasoning and creative tasks will shift the society from the “thinking economy”, which emphasize analytical and logic skills, to the new “feeling economy”, where humans will need to recalibrate and capitalize on strengths beyond pure intelligence—like intuition, empathy, creativity, emotion and people skills (Rust & Huang, 2021). This great shift poses both challenges and new opportunities. On the one hand, AI technology is expected to replace 300 million jobs globally each year (Fan & Yang, 2023), bringing the problems of mass unemployment. There will also be concerns about information security, widening income gap and protection of intellectual property. On the other hand, AI can improve productivity of mankind and generate new demands for various mental jobs. This paper will evaluate the impacts of AI on labor market, analyze potential conflicts that could emerge with the shift in labor market demand, and provide recommendations for policies makers and workers on how to adapt to the new era.

II. The impact of AI on labor market demand

The rapid development of AI models has greatly changed the value of different skills in the labor market, shifting demand from traditional thinking economy skills to feeling economy skills. According to World Economic Forum (WEF)’s report (WEF, 2024), demand for the following skills will fall most significantly:

Firstly, Demand for reading, writing and mathematics skills will decrease by 4%, ranking the second fastest declining skill. According to OpenAI’s study, approximately 80% of US workforce will have more than 10% of their writing tasks helped by large language models (LLMs) (Tyna, et al, 2023).

Secondly, Programming skill is considered as core skill in the future by only 17% of surveyed employers, ranking 23 out of 26 skills. Generative AI models are showing improved performances in coding tasks and a report predicts a 10% decline in programming employment in US by 2032 (Bryan, 2025).

Thirdly, multi-lingualism skills will also be replaced by AI translators due to AI’s punctuality and enhanced ability in word-processing. Currently, 50% of translation jobs are already being distributed to AI software and an Oxford University research predicts that AI will replace literal translation within ten years. (Cawley, 2024)

The decline in demand for these thinking economy skills will be shown on the employment market. According to research from Goldman Sachs, generative AI has the potential to automate 46% of tasks related to office and administrative support, 44% on legal services, computer and mathematical by 29%, 32% in management (Briggs & Kodani, 2023).

Despite the large improvement in AI on thinking economy skills, AI’s emotional intelligence is still limited, thus the significance of feeling economy skills in the labor market increases. One of the distinct examples is leadership and social influence skills, which together are recognized as core skills by 61% of employers, increasing by 56% from last survey. (WEF, 2024) Not only the employers, in a study by Pew Research Center, 42% of employees also consider social skill the “most important skills”, ahead of all other surveyed skills. The need for social skills increased in 94% of occupations since 1990 in relative terms (Pew, 2020).