## Transformation

# Adaptability is the new job security: AI and the future of work

**14 May 2026**

## Key takeaways

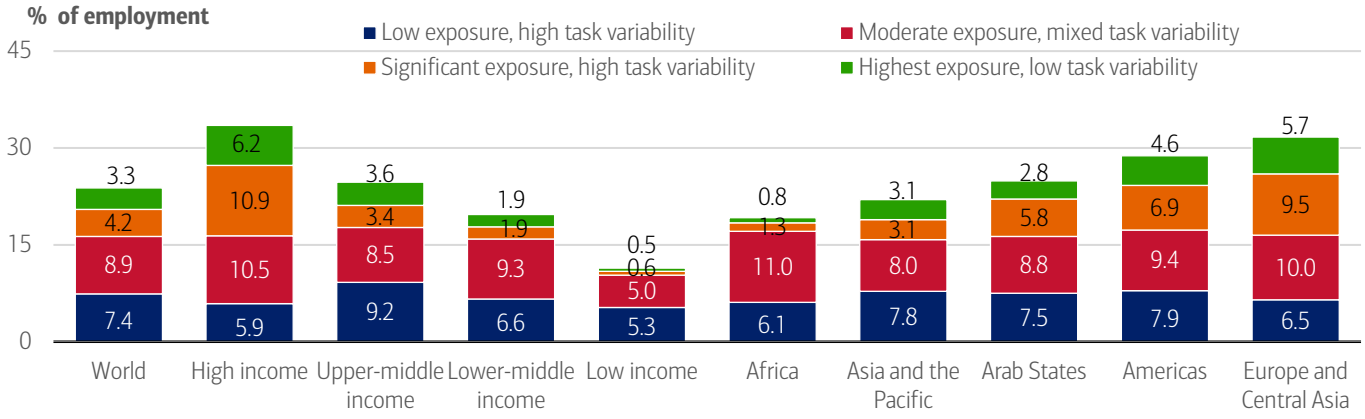
- As AI becomes deeply embedded in the workplace, its labor market impact appears to be increasingly uneven across regions and industries. An estimated 24% of jobs are exposed to generative AI (genAI), with exposure highest in higher-income economies (33.5% of jobs), where non-routine cognitive work is more prevalent.
- Exposure metrics highlight where AI pressure may be greatest, but BofA Global Research believes labor market outcomes depend more on an economy's ability to adapt through skills, institutions and workforce quality. As a broad, general-purpose shock to cognitive labor, AI appears to be reshaping how jobs are done rather than simply replacing them.
- According to BofA Global Research, if economies invest in complementary skills, AI is more likely to augment work and help moderate inequality. At the same time, policy frameworks must ensure that productivity gains are shared between labor and capital, with accelerated efforts to provide clear top-down guidance to private firms - encouraging responsible, inclusive AI deployment.

Discussion about AI's role in the workplace has grown as technology becomes more capable. AI systems are increasingly used to assist with tasks such as writing, coding, analysis and diagnostics – areas that have traditionally relied on human expertise. At the same time, the extent to which AI is adopted differs widely across regions and industries, reflecting variations in workforce skills, technological infrastructure, demographics and the complexity of work being performed.

## Job exposure varies by region

According to the International Labour Organization's (ILO) 2025 research, roughly one in four jobs globally – up to 840 million positions – are exposed to generative AI (genAI), meaning some of their tasks can be done or supported by AI (Exhibit 1). Exposure is greatest in higher-income countries (one in three, or 33.5% of jobs), where non-routine cognitive work is more prevalent, and falls to about 11% in lower-income countries.

**Exhibit 1: An estimated 24% of jobs worldwide are likely to be exposed to genAI**
Global estimates of occupations potentially exposed to genAI (% of employment)




**Source:** ILO - CC BY 4.0[1], BofA Global Research
**Note:** "High exposure" means job's tasks have high potential to be automated by AI tools, while "low task variability" means most tasks in that job look alike as they are repetitive, predictable.
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[1] Gmyrek, P., Berg, J., Kamiński, K., Konopczyński, F., Ładna, A., Nafradi, B., Rosłaniec, K., Troszyński, M. (2025). *Generative AI and Jobs: A Refined Global Index of Occupational Exposure,* ILO Working Paper 140 (Geneva, ILO). https://doi.org/10.54394/HETP0387

In higher-income economies, genAI-exposed jobs also tend to have higher exposure intensity (a larger share of roles with high exposure scores). These countries may be better positioned to capture productivity gains, but the inequality risk could be significant: firms that lead the AI evolution may capture a disproportionate share of gains unless access to AI tools broadens, according to BofA Global Research.

Regionally, AI exposure is highest in Europe and Central Asia (31.7% of jobs), followed by the Americas (28.8%), Arab States (24.9%) and Asia-Pacific (APAC) (22%), according to the ILO's research. However, BofA Global Research notes that relative shares alone understate the global impact: because a disproportionate amount of global employment is concentrated in APAC, about 442 million jobs there could face some level of exposure – roughly equal to all other regions combined. This highlights that the scale of disruption depends on both exposure rates and the size of the workforce at risk.

## Labor and resource reallocation are key

Exposure metrics show where AI pressure may be highest, but BofA Global Research notes that outcomes depend more on how well economies adapt through skills, institutions and workforce quality. According to International Monetary Fund (IMF), job qualifications are evolving. "New skills" – especially in AI and information technology (IT) – are now required in roughly one in 10 job postings in advanced economies and one in 20 in emerging markets.[2]

Many roles are therefore more likely to be redesigned than eliminated – for example, marketing specialists may spend more time on strategy and message refinement while AI drafts content and analyzes data. Whether workers adjust depends on transferable skills and access to retraining. As a result, countries with stronger human-capital systems may face less disruption even at similar levels of AI exposure.

Recent research from the Yale Budget Lab similarly highlights that the trajectory of AI's economic impact may hinge on the balance between productivity gains and labor supply effects. While stronger productivity growth could materially improve long-term economic and fiscal outcomes, declines in labor force participation could partially offset these gains – underscoring the importance of how economies adapt to technological change.[3]

## AI impacts: Job redesign, not replacement

AI is increasingly viewed as a broad, general-purpose shock to cognitive labor – not a narrow, sector-specific automation wave – according to BofA Global Research. The key question is therefore not whether AI affects jobs, but how it reshapes work. Analysts point to three questions that frame the long-term labor market impact:

1. In AI-exposed occupations, does AI primarily function as an augmenting tool or as a substitute to human input?
2. Will these occupations persist, with only the composition and allocation of tasks changing, rather than the jobs themselves disappearing?
3. Will rising income and productivity gains in the economy lead to stronger labor demand in occupations that are less exposed to AI?

The range of potential outcomes remains wide. Research from Yale Budget Lab points to considerable uncertainty across key variables such as productivity growth, labor force participation and unemployment, suggesting that AI's long-term impact will depend not just on technological capability, but on the pace and breadth of adoption.[4]

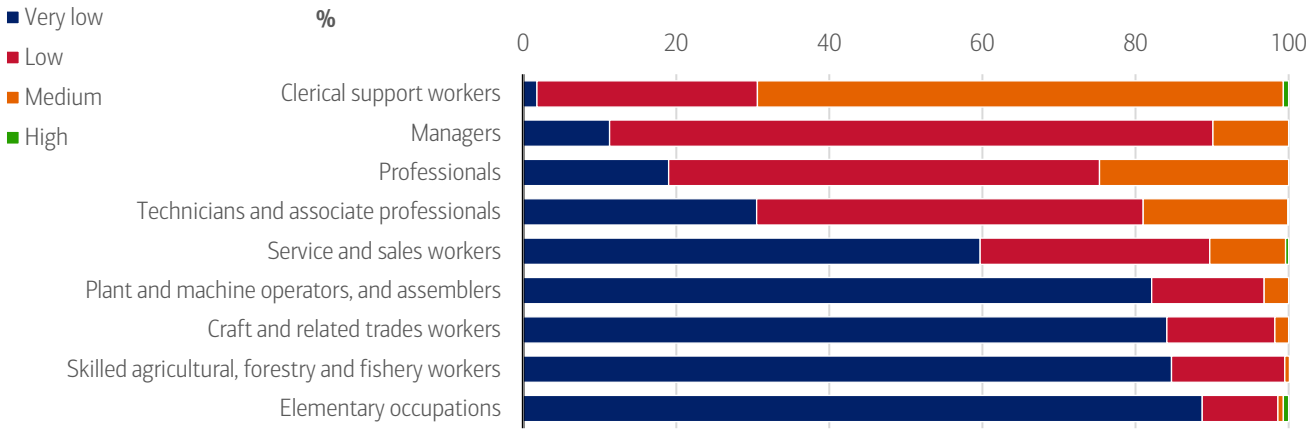
### Different jobs, different AI impacts

There are certainly jobs that are highly exposed to AI, such as clerical work, professional services, technicians and customer support. They rely heavily on tasks that genAI can automate or augment, from document drafting to data processing and customer interaction (Exhibit 2).[5]

But different exposure can mean different outcomes. While clerical, administrative and customer support roles are more susceptible to AI-driven automation because many core tasks are standardized and substitutable, by contrast, professional services and many managerial roles are more likely to see AI-led augmentation, where tools complement human judgment, coordination and decision-making.

[2] Georgieva, K. (2026, January 14). *New skills and AI are reshaping the future of work.* IMF.
[3] Yale Budget Lab. (2026, May 6). *What might AI adoption mean for the fiscal and economic outlook?*
[4] Ibid.
[5] Berg, J., Gmyrek, P., et al. (2025, May). *Generative AI and jobs: A 2025 update.* ILO.

**Exhibit 2: Jobs, such as managers, professionals, technicians and clerical support workers, are most exposed to genAI**
Exposure levels to genAI by occupational category (%)




**Source:** ILO – CC BY 4.0[6], BofA Global Research
Note: Based on microdata for 59 countries.

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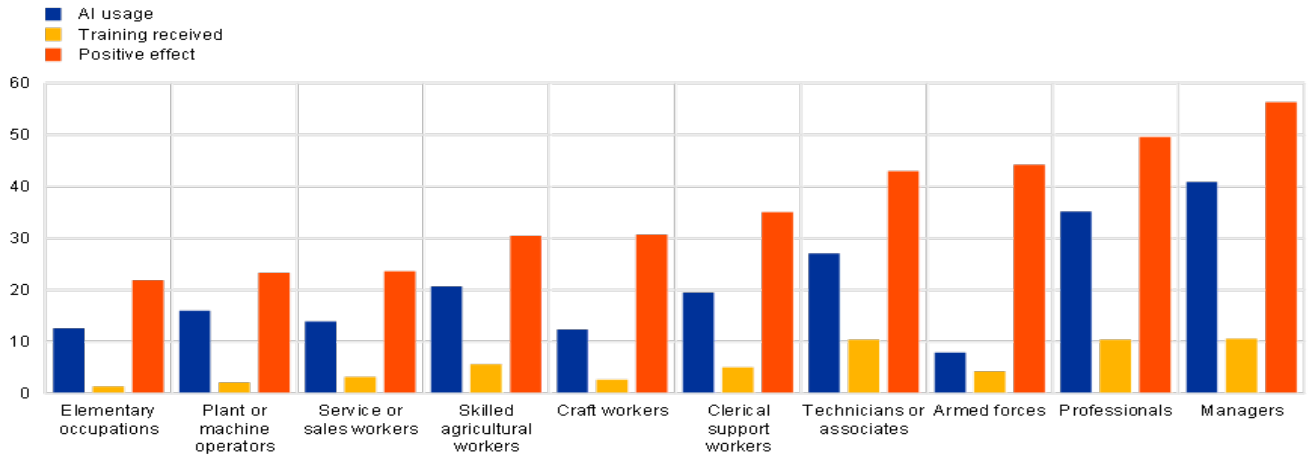
Evidence from the European Central Bank's (ECB) 2024 survey across 11 European Union (EU) countries is consistent with this split: managers, professionals and technicians are the most likely to use AI in daily work and are the most optimistic about its benefits, with more than half of managers expecting AI to improve their roles (Exhibit 3). According to BofA Global Research, if augmentation dominates across exposed occupations, the main labor market risk is near-term task displacement and job reconfiguration, not large-scale unemployment.

**Exhibit 3: Managers, professionals and technicians are the groups most likely to integrate AI into their daily work**
AI usage and perceptions of impact across occupations




**Source:** European Central Bank (ECB)[7]
Note: The shown perception percentages exclude workers who expect either no effect or negative effect of technological advancements (such as AI or automation) on their current or future employment prospects. Perceptions are reported for all workers independently of their AI usage.

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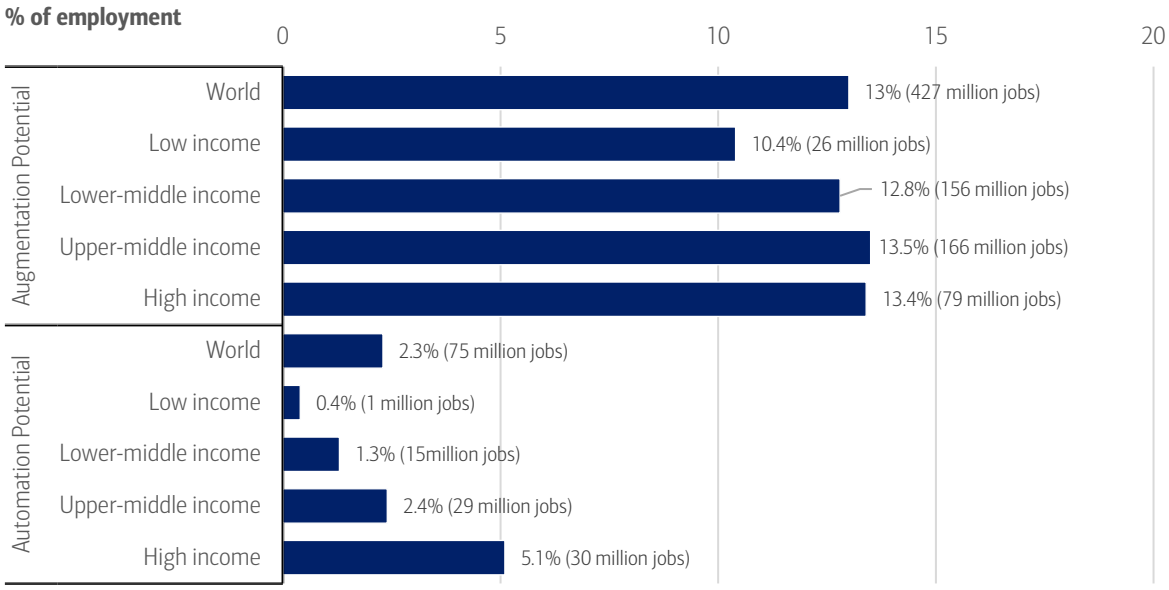
Recent research aligns with this view. Drawing on findings from the ILO, BofA Global Research points to widespread task exposure, with impacts skewing toward job transformation. In other words, genAI appears to have greater potential to augment or complement human labor than to automate or replace it (Exhibit 4).

In the past, paradigm-shifting technologies have displaced tasks but ultimately boosted employment. For example, automated teller machines (ATMs) reduced routine cash-handling tasks, but by lowering operating costs, they enabled banks to open more

[6] Gmyrek, P., Berg, J., Kamiński, K., Konopczyński, F., Ładna, A., Nafradi, B., Rosłaniec, K., Troszyński, M. (2025). *Generative AI and Jobs: A Refined Global Index of Occupational Exposure*, ILO Working Paper 140 (Geneva, ILO). https://doi.org/10.54394/HETP0387
[7] European Central Bank. (2025, January 31). *ECB consumer expectations survey results – December 2024.*

branches and redeploy tellers into sales and customer service roles, increasing total teller employment. While AI is accelerating the displacement of certain tasks, it has the potential to transform more, according to BofA Global Research.

**Exhibit 4: The number of jobs in the augmentation category is significantly higher than the number of jobs that have automation potential**
Global estimates for jobs with augmentation and automation potential as share of total employment




**Source:** ILO – CC BY 4.0[8], BofA Global Research
Note: Based on microdata for 59 countries. Augmentation potential refers to the likelihood that AI will assist humans rather than replace them. Automation potential refers to the likelihood that AI can fully replace a task or job.

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## AI substitutes tasks, not entire jobs

Analysts generally expect tasks to be reallocated within occupations rather than entire professions collapsing. Breakthrough technologies often bolt onto existing processes before reorganizing them. Electrification, for instance, first powered old factory layouts and only later enabled redesign. BofA Global Research expects a similar two-stage path with genAI.

In the near term, firms are likely to layer copilots and automation onto current workflows, reducing bottlenecks in documentation, data entry, research and coordination. The early payoff comes from task-level augmentation; the larger productivity step-up follows as firms redesign roles, teams and processes around AI. For more on how task-level integration is already visible in consumer AI use, read our publication: Not quite mAInstream: A consumer AI profile.

As adoption deepens, labor markets may adjust through hybridization and specialization.[9] Hybridization combines overlapping tasks across roles as routine subtasks are automated, creating broader jobs. Specialization occurs when clusters of AI-related tasks cohere into new specialties.

GenAI is also creating new roles (e.g., prompt engineers and AI trainers) focused on interfacing with, supervising and improving model output. It can scale creative production too, increasing demand for editors, designers and strategists who guide and refine AI-generated content. Even as tasks shift, interpretation, judgment, accountability, social interaction and ethical responsibility remain human-anchored.

## Jobs with low AI exposure: Greater scope for growth

AI's primary economic effect is to raise productivity. Historically, productivity growth does not reduce aggregate labor demand unless overall demand is fixed – an uncommon outcome, according to BofA Global Research. As productivity lifts real incomes, it typically expands consumption and demand across the economy.

That dynamic can disproportionately benefit jobs with lower AI exposure. As incomes rise, demand often shifts toward labor-intensive services, making roles in healthcare, nursing, elder care and education both more affordable and more valued. These sectors scale with demographics, human interaction and trust – factors that remain difficult to automate.

[8] Gmyrek, P., Berg, J., Kamiński, K., Konopczyński, F., Ładna, A., Nafradi, B., Rosłaniec, K., Troszyński, M. (2025). *Generative AI and Jobs: A Refined Global Index of Occupational Exposure*, ILO Working Paper 140 (Geneva, ILO). https://doi.org/10.54394/HETP0387
[9] Jobs and Skills Australia. (2025, August 14). *Our Gen AI Transition.* Australian Government.

### Labor market trajectory may hinge on a race between AI advancement and workforce adaptability

Some observers now worry earlier estimates of genAI's labor market effects were conservative because they were based on earlier models, according to BofA Global Research. The rapid rise of agentic AI could bring more structural, far-reaching changes than prior waves of genAI (Exhibit 5).

Agentic AI has scaled quickly since 2025, contributing to the rise of the "OPC" (one person company) theme. These agents can orchestrate workflows, monitor systems, schedule work and execute multi-step tasks with minimal human involvement. BofA Global Research argues this could reshape processes by adding scalable "digital labor supply." To read more on agentic AI, check out our earlier publication: On the clock: Agentic AI in the workplace.

**Exhibit 5: Agentic AI may feature more advancement than previous genAI**
Table illustrating key differences between agentic AI and genAI

| Earlier Gen-AI Framework (2023-24) | Agentic AI Framework (2025-26) |
|---|---|
| Task-level exposure analysis | Workflow-level & production function analysis |
| AI as tool for workers | AI as worker itself |
| Human-in-the-loop assumption | Human-out-of-loop possible |
| Productivity through augmentation | Productivity through substitution + automation of entire chains |
| Slow adoption (due to integration friction) | Rapid adoption (self-hosted, chat-controlled agents) |

**Source:** BofA Global Research

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Anthropic similarly notes a gap between what large language models (LLMs) could theoretically do and what is being automated in practice. If that gap closes as technology advances, labor impacts could widen – especially in management, business and finance, computer and math, legal, arts and media, and life and social sciences.

Taken together, the labor market trajectory may hinge on a race between rapid AI advancement and the workforce's ability to adapt. According to BofA Global Research, this remains both a risk and an opportunity in an environment of fast-evolving technological change. While there may be hesitancy about job displacement amid the expansion of agentic AI, the emergence of OPCs also underscore how genAI can reduce barriers to entry for many business activities, which can accelerate entrepreneurship and small business formation, contributing to net job creation.

## How will AI impact wage inequality?

Automation has long displaced routine task specialists and contributed to wage inequality. However, the current AI wave reaches deeper into cognitive work, shifting which jobs are exposed. The open question is whether AI changes inequality dynamics relative to past technology shocks.

It's still early days in the AI revolution. To date, analysts observe some divergence in wage effects within occupations but find little evidence of any direct negative impact across occupations. A recent Dallas Fed study finds no meaningful deviation in wages across occupations in the US labor market. Comparing the percentage difference between experienced and entry-level wages across 205 occupations with varying levels of AI exposure, they found no significant relationship between an occupation's AI exposure and its post-2022 wage growth.

Within-occupation wage dispersion, on the other hand, may still widen, according to BofA Global Research. As AI improves, lower-wage routine tasks become more automatable, raising inequality risk within roles. In the Dallas Fed analysis, wages rose faster in AI-exposed industries even as employment growth lagged – especially for younger workers – consistent with augmentation for experienced workers and substitution at entry levels.

## Labor market impact depends on demographics and skill supply

GenAI's labor market impact will hinge on demographics and skill supply, shaping wages, consumption and fiscal pressures, according to BofA Global Research. When technology outpaces education and training, the wage premium for high-skill labor rises and inequality widens; when education keeps pace and builds complementary skills, productivity gains are more broadly shared.

### Younger workers and women are typically more exposed to AI

The ILO finds that women are more exposed to AI than men, particularly in advanced economies, largely because they are overrepresented in administrative roles with routine, language-based tasks well suited to genAI automation or augmentation. In higher-income countries, greater digitization of these female-dominated roles further raises exposure relative to many male-dominated manual or technical jobs.

Younger workers also tend to be more exposed because they are more likely to hold roles with automatable tasks and to adopt AI tools earlier – creating both higher vulnerability and greater upside from productivity gains. Older workers, on the other hand, are generally less exposed because their jobs rely more on experience, interpersonal skills and other non-routine tasks.

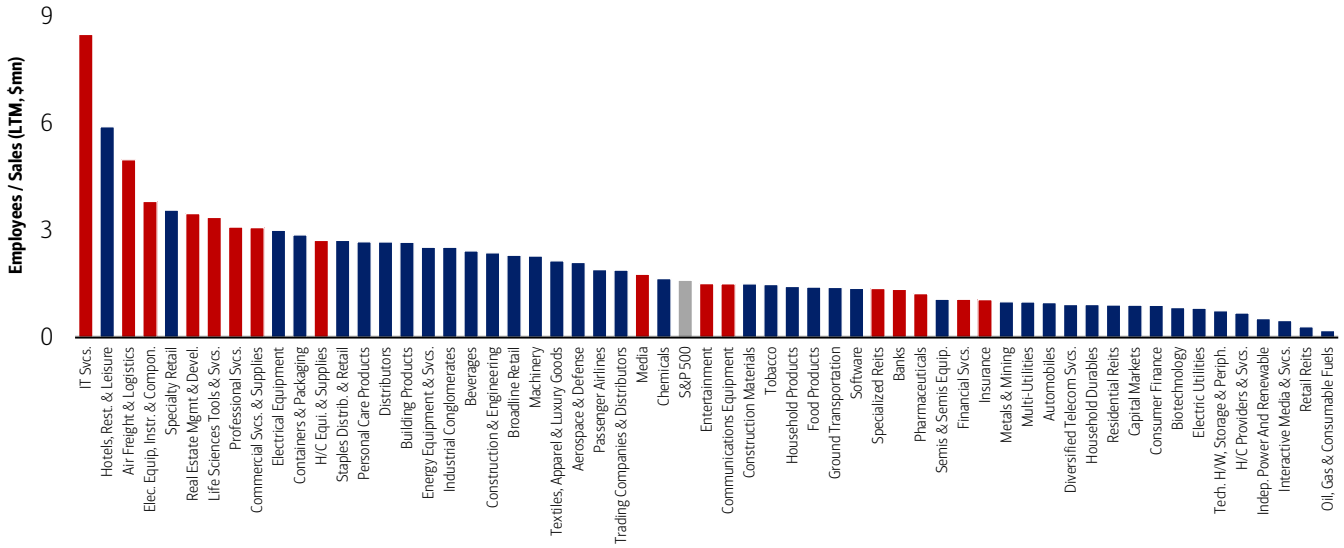
### Aging economies with talent pools could be the ones to benefit the most

Aging societies (Europe, North Asia and parts of North America) face labor shortages and rising care needs, increasing the value of AI that can lift productivity and extend workforce participation. This elevates the role of assistive technologies and targeted task automation in healthcare, public services and caregiving. Regions with demographic headwinds but strong education levels, digital infrastructure and innovation capacity may benefit disproportionately from AI adoption.

## AI's effects on employment in the US are still uncertain

According to BofA Global Research's US equity strategy team, a number of sub-industries have potential use cases for AI (Exhibit 6). Analysts note that AI could significantly disrupt employment in some of the most labor-intensive sectors, particularly those with a high employee-to-sales ratio, such as information technology (IT) services, logistics, electronic equipment and real estate management.[10] Taken together, these industries account for roughly one-quarter of US employment, according to their estimation (Exhibit 7).

**Exhibit 6: AI potentially disrupts employment in some of the most labor-intensive industries**
Employee/sales ratio ($, millions) by S&P 500 industry group (red = industries with potential use cases for AI, according to BofA Global Research)




**Source:** FactSet, BofA Global Research

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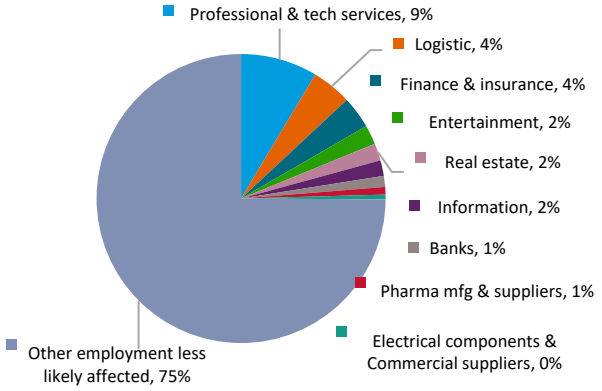
### What does BofA Global Research's recent equity analyst survey say about the US labor market?

What about the direct impact? A recent BofA Global Research equity analyst survey indicates that 52% of BofA US fundamental analysts expect AI to modestly reduce headcount, whereas 42% foresee no impact (Exhibit 8). If these survey expectations prove accurate, some employment pressures could arise in the near term.

[10] Note that employee-to-sales is a first-pass indicator of exposure rather than a definitive measure. Labor intensity does not always equate to AI susceptibility, according to BofA Global Research, and outcomes will also depend on factors such as task composition.

**Exhibit 7: About one-quarter of total employment in the US is in industries with potential use cases for AI**
Share of total employers in AI-exposed industries in the US




**Source:** Bureau of Labor Statistics (BLS), BofA Global Research estimates

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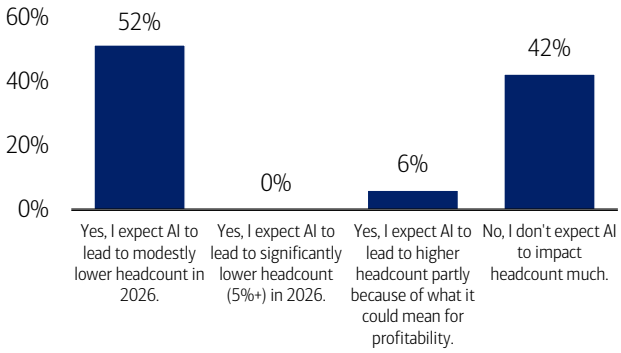
**Exhibit 8: 52% of BofA US fundamental analysts expect AI to modestly lower headcount next year, while 42% don't expect an impact**
BofA US fundamental analyst survey: "Do you expect that headcount at your companies will be impacted by AI in 2026?"




**Source:** BofA Global Research
Note: The survey was conducted from November 3-14, 2025 and includes responses from 33 BofA analysts covering US stocks.

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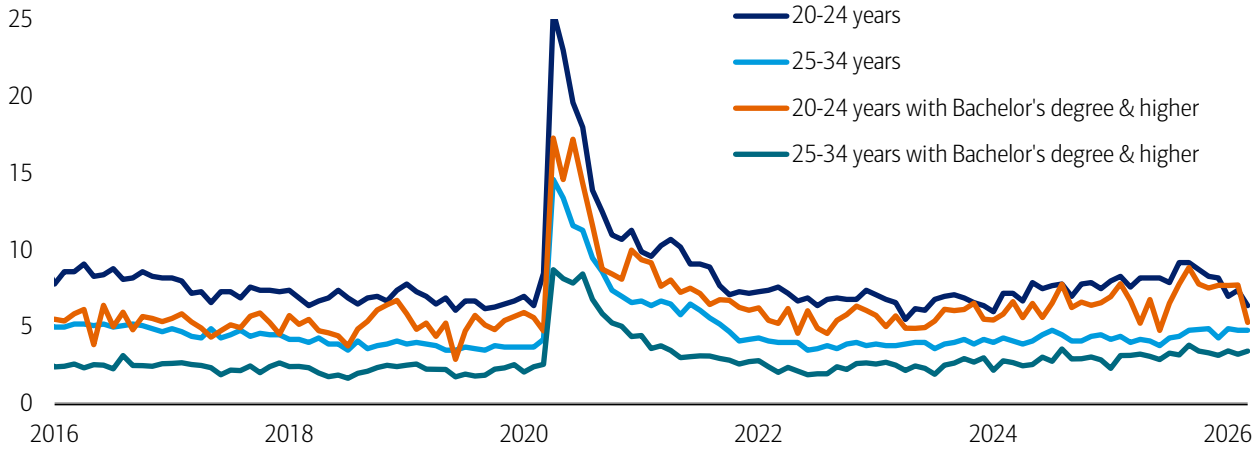
Unemployment among 20–24-year-olds rose to decade highs in the second half of 2025, but the recent easing suggests pressures on this cohort may have peaked. BofA Global Research interprets the earlier increase as slower hiring amid post-pandemic demand normalization and weaker activity in select sectors – occurring alongside faster AI adoption – rather than outright AI displacement. However, pressures are most evident among the 25-34 cohort, where unemployment is still high even for degree holders, pointing to softer demand for early to mid-career roles where AI-related efficiency gains may be having a more tangible impact in an otherwise low hiring environment (Exhibit 9).

**Exhibit 9: Unemployment for early careers workers (25-34 years) with higher education remained elevated**
Unemployment rate by age and education (%)




**Source:** BLS, Haver Analytics, BofA Global Research
Note: BofA Global Research used the seasonal adjustment function in Haver for the non-seasonally adjusted unemployment rate with education and age. They also used the interpolate function in Haver to obtain October unemployment rates during the government shutdown.

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## What comes next?

At a macro level, productivity growth remains the single most important determinant of long-term economic outcomes. As AI adoption accelerates, the extent to which productivity gains outweigh potential reductions in labor supply may play a key role in shaping both growth and distributional dynamics.[11]

AI's distributional impact will depend on whether education and skill supply keep pace with technology's demands. If economies invest in complementary skills – digital literacy, problem-solving and adaptability – AI is more likely to augment workers, moderate inequality and spread productivity gains, according to BofA Global Research. If skill supply lags, AI could amplify wage

[11] Yale Budget Lab. (2026, May 6). *What might AI adoption mean for the fiscal and economic outlook?*

polarization. Higher-skill workers who can leverage AI may see rising returns, while lower-skill workers risk displacement or stagnation. As AI reaches further into cognitive tasks, the premium on adaptability and continuous learning may be even greater.

At the same time, policy frameworks must ensure that the productivity gains are shared fairly between labor and capital, supported in part through appropriate fiscal tools. According to BofA Global Research, governments would need to accelerate efforts to refine top-down policy guidance for private companies, encouraging responsible and inclusive AI deployment rather than strategies focused solely on cost-minimizing automation. Countries that act swiftly are better positioned to turn disruption into dividends.

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