**International Conference**

**Israeli Industrial Relations Research Association (IIRRA)**

**In cooperation with International Labour Organization (ILO)**

**and Friedrich-Ebert-Stiftung (FES)**

# The Interaction between AI and labour market, economic growth, working conditions and professional skills

**Conference held on 13.11.25.**

**Location: International Institute of Leadership, Bet Berl, Kfar Saba**

**Edited and coordinated**

**Adv. Joseph Gattegno**

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International Conference

November 13, 2025:

**AI Impact on the Labour Market, Economic Growth,**

**Working Conditions and Professional Skills[1]**

## Introduction

During the opening session, representatives of all parties involved in the conference made opening remarks. The speakers, IIRRA Chair Dr. Lilach Litor and chair of the steering committee, Dr. Roby Nathanson, addressed the choice of this year's theme, a result of the ongoing collaboration of the Industrial Relations Research Association of Israel, the International Labour Organization, and the Friedrich-Ebert-Stiftung, all three elements of the tripartite cooperation, along with representatives from worker unions, employer associations, government officials from the Labour Ministry, and researchers and lecturers.

**Mr. Emmanuel Julien**, Deputy Regional Director, for Europe and Central Asia ILO

**Mr. Yaki Halutzi**, Union of Cellphone, Internet and Hi-Tec Workers

**Adv. Michal Waxman Hilli**, Head, Labour and HR Division, Manufacturers Association of Israel

**Mr. Micky Drill**, Project Manager, FES- Israel

**Adv. Libkah Halabi-Hasson**, Regional Officer for Labour Relations (Tel Aviv and Central Districts), Ministry of Labor

The importance of continuing these conferences was underlined, as these events are an opportunity to exchange information, ideas, and opinions, producing a deeper understanding and partnership regarding developments in labour markets of Israel and the world.

Speakers discussed the AI revolution, continuing to unfold and the profoundly impact labour markets in Israel and the rest of the world. This technology, just recently introduced into our lives, is advancing with exponential speed and many are grappling with the unknown influences it will bring in the future. This is why the majority of articles and opinions regarding AI are still speculative as people attempt to predict the myriad implications for the workplace.

Questions regarding AI focus on the scope of this revolution, meaning work process streamlining, work hour reduction, regulation, changing definitions of employer-employee relations, the impact on worker groups in terms of their professional fields and/or the eradication of their jobs, the need for a new level of transparency in the workplace due to technological progress, exposure of workers and employers to these changes the application of "Decent Work" principles, and also–what actions need to be taken by workers, employers, and their representatives to best utilize and adapt to this new reality? What is the role of government, and specifically what should governments do to collaborate with workers, employers, and their representatives?

**Remarks by Emmanuel Julien, ILO representative:**

Let me first thank wholeheartedly IIRRA for this invitation, this year again, in spite of difficult financial circumstances for the ILO. I am happy to exchange with you again, although remotely, to address this burning issue .

While the European Union stands at the forefront of addressing this transformation by seeking to balance the development of innovation with the need to safeguard fundamental rights in the use of AI, other regions of the world are front-runners in implementing Artificial Intelligence solutions and massively investing in it.

Like electricity one century ago, like computers 40 or 50 years ago, Artificial Intelligence stands to redefine work across sectors, occupations, and countries. The immediate impact might not be the one we think. Our internal research of 2025 suggests that the category of jobs most at risk comprises only

3.3% of global employment. But the long-run consequences might be well beyond what we can imagine today, notably if the workforce is poorly prepared.

Already, AI-based technologies are automating routine tasks in fields such as customer service, enhancing worker productivity and offering new pathways for skills development and training. However, these advancements are extremely uneven among countries or sectors and also bring challenges that demand our urgent attention .

Comparative figures between the US and Europe, for instance, are very eloquent about the positive impact that investment in AI has on growth.

A first major concern is the displacement of jobs because AI can challenge the employment landscape by automating roles traditionally held by humans. This raises questions about how we can create new opportunities to replace the lost jobs and how we can ensure a fair transition for those that will need to evolve. Our research shows pretty clearly that higher income countries will be the most affected.

Because estimates point out at women - over-represented among clerical occupations and routine tasks as being much more exposed than men, the ILO believes that we have to ensure that AI technologies are deployed in ways that promote gender equality and empower marginalized groups. Promoting gender-sensitive AI frameworks is crucial to mitigate the potential gender biases in AI application and allow more women to succeed in emerging technologies .

This is why there is a need for a concerted effort to develop ethical guidelines and governance structures that prioritize inclusivity and fairness. At the same time, we must closely monitor potential risks to workers' personal data and fundamental rights. And we must do all this without killing or even slow down the dynamics that AI gives to the economy.

While AI more or less spontaneously leads to higher productivity, we must ensure that productivity gains are more equally shared. We are aware that there are different perspectives on this, but AI-related jobs must meet the standards of decent work like any other job .

The challenge of job displacement underscores the importance of social dialogue. Wherever possible, workers and employers need to be involved in the design and implementation of AI technologies. My colleague Janine Berg will notably touch upon this in her presentation. The role of research is key ate

the very moment when this revolution is taking place, and the ILO needs evidence to be able to suggest policies.

Social protection systems should be strengthened to buffer the impact of sudden job losses, providing economic stability during transition periods. We must accordingly establish education and training programs that equip the workforce with the skills to prosper in a digital economy .

In closing, let us reaffirm our commitment to a future where technological progress goes hand-in-hand with decent work. Together, let us harness the power of AI to build societies that not only thrive economically, but also keep in mind equity, fairness, the well-being of individuals and their capacity to bring value to the community.

I would like to thank again Dr Nathanson for his encouraging words and his wisdom, and wish that the financial situation next year will allow the ILO to resume its support and maybe even facilitate our physical participation

**Introduction**

Only a few years ago, AI developments and their implications began to truly appear, clearly a phenomenon with potential for significant improvements across varied fields. This evolution offers substantial efficiency leaps in the workplace, innovations in many areas, advances in medicine, law, occupational structures, and fundamental changes in job content that it may soon eliminate some occupations

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The IIRRA, along with its two partners, the International Labour Organization and the Friedrich Ebert Foundation, focus on AI consequences for the workplace and social relations. This subject intersects with numerous systems, and its significance cannot be ignored. This is particularly true at a time when we are all inundated with public discourse, dilemmas, and a multitude of articles, research, responses, and massive investments that testify to its importance.

This conference focuses on the sudden emergence of AI in our lives and its impact on the labor market, employment, HR management, changes in the occupational landscape and content, and transformations in labor relations. To attempt to reach conclusions and insights into the areas mentioned, roundtable discussions were held.

Are we witnessing a revolution reshaping familiar reality and trans formatively upgrading systems and occupations, or will this change be limited to partial improvements in various systems and nothing more? Does AI development and use necessarily make advancements in the current cutting-edge technologies operating in similar or adjacent fields redundant, consigning them to the dustbin of history?

An initial impression suggests this is indeed a groundbreaking change and quantum leap towards potentially tremendous improvement. Nevertheless, academics and others have expressed skepticism regarding the negative implications of AI, warning it may take over vast areas of human occupation by removing the human element. They cite various forms of misinformation or inaccuracies in responses when using these tools in daily life and in academia. It was also argued that AI will widen intergenerational gaps significantly and exacerbate the loss of nonverbal communication—something deeply human and essential to interpersonal relationships.

For example, the advertising industry has seemingly enjoyed a boost through the use of the term "AI" with almost every marketed device (many age-old items) now being sold as cutting-edge AI tech to enhance its branding.

In response, AI supporters argue that this is a relatively new process still being developed and many of the shortcomings will improve over time. Breakthroughs of new technologies take time, as does the process of human adaptation to innovation.

Regarding jobs and the emerging labor market, the WEF (World Economic Forum) published a survey indicating that the global labor market will lose 9 million jobs as a direct result of AI applications by the end of the decade but will concurrently add approximately 17 million new jobs. Obviously, workers who lose their jobs will not necessarily be the ones to obtain the new ones given the need for appropriate education and new cognitive flexibility. Additional improvements are expected in fewer working hours for workers as AI is increasingly focused on core tasks designed for efficiency.

Currently, AI is generally used as a highly convenient tool for end users, a user-friendly search engine (a kind of "super Google") available and accessible for receiving and delivering information across broad areas of interest. However, this is still a fairly basic technical improvement in information consumption and rapid processing.

According to a daily publication on November 25, 2025, one recent survey reported approximately 95% of high-tech workers use AI at varying levels.

AI supporters speak of the enormous potential of this tool, which will continue to develop and generate new companies and frameworks dedicated to its advancement. Vast amounts of capital have already been allocated to the development of this field.

The upcoming AI evolution is expected to be a stage of AI learning and increased human-machine synergy, and the next stage is predicted to produce AI developing independent and proactive capabilities.

Israel's current economy and preparations for advancing AI: Professionals in Israel have warned that the State has only recently begun grappling with AI implications, still lacks a cohesive national strategy, and is failing to invest the necessary financial resources. Developing AI is vital for the public sector and its readiness, given its impact on administrative occupations so prevalent in this sector, employing large numbers of women and potentially jeopardizing such positions.

**Note: During the period this report was drafted, positive data has been published regarding capital investments in Israeli high tech companies engaged in AI development. In this particular report, authors claimed Israel's belated efforts to address AI proved beneficial as this may have avoided mistakes made by other high tech sectors around the world during the first stage.**

**Review: Reports and Research**

**Nagel Committee,** the National Committee for Accelerating the Field of Artificial Intelligence[2]

This committee focused primarily on accelerating institutional processes and the institutional structure needed to advance AI at the national level, including rapid government decision-making and the concentration of efforts to promote the plan. The report states that the Israeli economy entered this field late, including many other high tech occupations.

Among the committee's recommendations is a massive investment in cultivating human capital, an effort which should be led by a national AI authority in full cooperation with the Ministry of Education and VERA (Association of University Heads in Israel). This investment will include a national talent-

[2] https://www.gov.il/he/pages/event-ai050825

recruitment program, the establishment of a national AI institute, an expansion of excellence tracks (from high school, through military service, and academic studies), and setting an ambitious goal of doubling the number of graduates in the field at all levels. The committee recommends enacting a project similar to that being carried out in the medical field; these efforts would focus on drawing AI talents to Israel, specifically Israelis and jews worldwide. A national AI institute would significantly accelerate this promotion of human capital proficient in AI occupations, a place to empower leading figures from the private sector to collaborate with academia.

**Bank of Israel Report: Findings and Data**

Approximately two-thirds of public sector employees work in professions where AI may provide complementary benefits. Widespread AI integration will require professional training. AI is expected to create new demand in high tech sectors but will also reduce demand for many technological occupations as it replaces a large portion of their tasks.

**"Replaceable" occupations* – professions in which a high percentage of tasks can be performed using AI (for example, customer service, general clerks, sales workers, and travel agents). The demand for professionals in these occupations is expected to decline sharply as the use of AI expands.

***"Occupations with low AI applicability"*– mainly blue-collar jobs, such as construction workers, agricultural laborers, and unskilled workers. This is only relevant until AI is fully integrated to complement work (for example, through robotic assistance).

**Bank of Israel: Recommendations**

*Public sector* – many employees will need to engage in technological advancement and undergo professional training. This should be combined with adaptation of labor agreements and regulations to improve efficiency.

*High-tech sector* – professionals in technology-related occupations will need to update their knowledge and adapt it to meet market demands.

**Taub Center[3]: Findings and Data**

The Taub Center report indicates approximately 30% of Israel's workers (around 1.3 million people) are expected to experience high positive exposure to AI—meaning AI is predicted to improve and enhance their work. For about 23% (around 1 million people), AI is expected to put their jobs at risk. As for the remaining workers, exposure is low, so the question of substitutability is not significant.

For data analysis, Taub Center researchers used the *complementarity index*. This assesses AI impact on each occupation as a complementary factor to human labour which improves and enhances performance and increases worker productivity or conversely putting them at risk of replacement (acting as a substitutive production factor).

Research shows that AI is expected to benefit workers in high tech sectors, such as software developers. In contrast, finance and insurance workers have a high level of exposure and most workers in these sectors are expected to be negatively affected. AI will replace many agents and analysts and even some accountants and legal professionals. In the education sector, most workers exposed to AI are expected to benefit from it, with only a negligible percentage expected to be harmed.

Educated workers exposed to AI are expected to benefit, whereas less-educated workers are expected to be negatively affected. One exception are workers in physically demanding jobs who will be less affected due to high demand for their labor.

Surprisingly, people who work primarily from home, highly exposed to AI, are evenly split between occupations likely to benefit or suffer hardship. In contrast, workers in high-exposure occupations who generally do not work from home, a larger proportion is expected to benefit from AI.

**Taub Center: Recommendations**

The education sector requires the development of relevant and contemporary tools to help teachers in daily teaching tasks, such as homework management and assignment grades.

[3] https://www.taubcenter.org.il/research/ai-labor-market/

**The Israel Democracy Institute (IDI)[4] Report – Findings and Data**

Two parallel forces are at play in shaping today's labor market. On the one hand is the substitutive force entailing automation of repetitive or rule-based tasks, and on the other is an empowering force designed to augment worker capabilities. The expectation is that most professions will not be replaced but instead undergo significant changes. High tech and fintech sectors are expected to adopt the new tools with relatively little disruption. Conversely, traditional professions (education, transportation, and commerce) which have lagged technologically are expected to further fall behind due to a shortage of skilled personnel, inadequate advanced technological infrastructure, and inequality in appropriate training levels. Even with extensive initial AI use, there is still weakness in solving new problems and adapting efficiently through flexible thinking and innovative solutions.

Vulnerable populations pose a particularly difficult issue, as people with disabilities, older workers, residents of peripheral areas, and those with lower education may lack exposure, suitable skills, and access to high-quality, relevant training. In Israel, this population segment is largely prevalent in the Arab and Haredi sectors.

**Israeli Employment Service Report[5]**

**Employment Service Report – "Generative AI and Job Seekers: Spatial Analysis of AI Exposure in Geographic and Socioeconomic Peripheries":** The research aims to identify exposure levels and their impact, with an emphasis on peripheral areas. Also, it examines AI use to promote technological and economic development and reduce socioeconomic gaps.

**Employment Service: Recommendations**

Report findings indicate it is possible to overcome gaps between the periphery and center of the country by implementing training tools according to education levels, making appropriate investments, and

[4] https://www.idi.org.il/media/28474/the-impact-of-artificial-intelligence-on-the-labor-market-and-the-required-preparedness.pdf
[5] https://govextra.gov.il/media/dxvck4cm.pdf/

introducing programs tailored to different ages and education levels. Emphasizing activity in peripheral areas is expected to boost these regions.

**Dr.Janine Berg, Senior Economist Research Department, ILO**

Main Findings：ILO Research on AI, specifically the potential effects on occupations and implications for working conditions, including social dialogue.

The research primarily examined the level of AI exposure and its effects on occupations. A model on this topic was also implemented in Poland.

**Background:** The IMF has described the impact of AI development as a "tsunami", warning of a potential labor market apocalypse that could eliminate jobs and create unemployment. **One report finding shows** more occupations will undergo changes in job content than the number of eliminated occupations, and new occupations will emerge to replace them.

**To determine whether this finding is positive or negative, it is necessary to monitor the quality of change management.**

**Analysis of impact on gender in the workplace,** AI is expected to disproportionately harm female workers. AI impact scope varies among countries, regions within the same country, and even at the district level.

**The tripartite framework and partners** can improve the quality of professional training and employment stability to anticipate job losses and changes in job content in remaining professions.

It is noteworthy that there are many occupations being replaced by innovations in robotics and automated equipment are often relatively vulnerable workers with precarious wages and employment security.

Testimonies by female workers were presented regarding technological changes in telephone service and hotel work, mainly complaints about increasing pressure in providing service and software that does not facilitate efficient service delivery.

Internal rules for adopting AI in workplaces were analyzed on a progressive axis and revealed that job content and performance improve the more employees are involved in the design processes of technological integration.

It is important and recommended to combine technological innovations with social dialogue to achieve better implementation of changes.

**Recommendation:** Substantive issues arising from the adoption of new technologies should be regulated through collective agreements to lay the groundwork for efficient and flexible tools to manage upcoming change.

**Prof. Eldar Haber, Haifa University: "Intelligence Does Not Comprehend"[6]**

Technology and AI raise have raised public debates on many issues, such as responsible AI use, ethics, advancement, and stability.

Innovation, technological revolutions, and evolution unsettle the stability of existing systems and sectors, including workplace structures. Automation is altering work operations and processes, placing discussions on the future of work front and center. AI and other technologies evoke challenging questions regarding privacy and data protection.

AI critics point to the lack of "humanity" in AI and the absence of the intuitively emotional structure inherent to humans. While this deficiency may improve in time, this limitation leads to errors in operating technological tools and AI tools often provide contradictions and misinformation, further opening the door to ostensibly credible fake statements.

The next stage of AI implementation will entail *learning AI* and expanded human-machine integration, as AI is based on "next word" prediction algorithms which continuously improve but are certainly not perfect.

[6] https://prezi.com/view/Ioua6tngUmT442dEwsev

**Adv. Abraham de Wolf: "*Knowledge is power—software deployed in the workplace, employee rights in the age of AI"***

**Differences Between Regular Software and AI**

Transparency and continuous information updates of knowledge delivered in the right amount and time are critical to increasing trust between management and employees and also reduce workplace anxiety and instability. Attention must be given to copyright issues regarding software, and appropriate regulation should be drafted.

Discussion: Insights, and Conclusions from Roundtable Discussions: *Artificial Intelligence and the Labor Market – Economic and Social Challenges*
*Chair: Dr. Roby Nathanson*

**Discussion**

An analysis of AI exposure of workers was conducted, with most speakers noting technological changes that global and local economies have experienced over the years. Labor relations and the employment market currently seem to be successfully adapting to changes, showing some strengthening of existing systems.

Efficiency gains resulting from AI create free time for training and skill development, better work-life balance, and easier remote work conditions. Experiences in Iceland and other examples indicate improved productivity resulting from reduced working hours and increased leisure time. Another positive finding was lower unemployment.

Another topic was better access to information enabled by AI, with many employees newly exposed to significant facts regarding their working conditions, rights, and other topics. This challenges labor

unions and will require a lengthy process of learning and adaptation to the new situation. Nevertheless, there was no outright opposition to the consequences of the new system. AI produces a flood of information that must be defined, organized, and analyzed. At this stage of development, errors in the information system are clearly emerging. Information must go through control systems to correct and prevent errors.

**Roundtable Insights and Conclusions**

- Examining the system with the goal of reducing working hours.
- Operating within the tripartite framework to promote precise assessments and establish a broad system of professional training which addresses challenges posed by this technological shift.
- Learning lessons from past technological changes in various sectors. One example is the printing sector and the changes it has undergone.
- Promoting relevant collective agreements (as a rule, not through legislation) to address issues, such as increased transparency, internal regulatory rules, flexible working hours, and the obligation to inform employees about AI deployment and implications.
- Strengthening dialogue processes at all levels to accelerate adaptation to changes in formal frameworks and informal interactions.

**Discussion: AI and Labor Relations**

**Chair, Mr. Yaki Halutzi, Histadrut**

**Discussion Topics: Productivity – Privacy – Information Security**

A short video was presented showing images of a café using cameras to monitor work efficiency instead of its original purpose of preventing theft. This scenario could also occur in the age of AI. Cases were also mentioned where job applicants are required to provide personal information even if they are not ultimately hired. This information could later be used for purposes other than the original intent and may even be classified using keywords generated by AI as a method of screening candidates.

An example was given of a bus company installing cameras under the pretext of security control but using them cameras to monitor driver performance.

A brief discussion took place regarding the loss of employee identities as they are increasingly treated merely as numbers by an AI-based programs, the lack of the "human touch" in the AI workplace, and the need to separate business and personal information.

**Insights and Conclusions**

Worker unions are needed to effectively address these challenges and ensure that employees can influence company decisions as they integrate AI-based systems, with the goal of enhancing work capabilities and/or competitiveness.

Regarding AI, it was emphasized that employees need to be aware of changes implemented within the company and in relevant processes.

The establishment of a joint workplace council or committee was discussed to address these issues—not just in legislation or when drafting collective agreements but also defining the right to appeal decisions.

The need for professional training and continuing education was highlighted, particularly for employees at risk of losing their jobs due to the introduction of new technologies using AI.

**Changes in Work Competencies, Occupational Content, HR Management, and the Platform Economy**

**Chair, Mr. Peni Kimelman, Head of HR Osem Nestle Israel**

Exponentially increasing pace of changes due to AI will soon take over tech innovation with 10 million users

| **Period** | **Tech Innovation** | **10 million users** |
|---|---|---|
| End of 19th century | Radio | 50 years |
| 1920s | TV | 13 years |
| 1990s | Internet | 3 years |
| Early 20th century | Facebook | 1 year |
| 2023 | ChatGPT | 1 month |

**Changes in work skills and occupational content**

Conclusions and Main Insights

- The pace of change will be very rapid
- Biggest impact is expected to affect knowledge-based professions (white collar)
- Work skills and occupational content will change and be adapted
- Workers with AI and advanced tech skills with a strong affinity for computerized and complex systems will be needed
- Workers with emotional and social intelligence will be in demand
- Some occupations will disappear, but others will develop (AI experts, AI model trainers, tech ethicists)
- AI tools which replace repetitive tasks will lead to higher worker satisfaction
- Conclusions and Main Insights
- There will be a need for workers who are agile thinkers capable of constant learning
- There will be a need for workers who are adaptive to new tools and changes
- The need for developing AI literacy (critical thinking/judgement)
- Self-learning skills will be necessary

**Managing Human Resources in the AI world**

- Discussion: Conclusions and Main Insights
- *Efforts are needed to nurture a future-ready workforce
- *Consolidation of a doctrine to manage human resources by incorporating humanity with data
- *Worker training to improve AI literacy relevant to the new business environment (AI up-skilling/capabilities building)
- *Professional training by companies for workers in occupations made redundant by AI
- *Government assistance and support for workers' professional training
- *Leveraging workers' empowerment (shift to more judgement-oriented occupations)
- Discussion: Conclusions and Main Insights
- *The increasing presence of AI in our lives, and particularly the workplace, is inevitable and its impact will be far reaching

- *In the current technological age, and organization which does not utilize, and leverage AI uses will be left behind
- *Beyond its advantages, AI adoption is crucial to surviving a rapidly changing world

  ***The Presentation Was Prepared Using AI Technology**

**Conclusions**

To establish this framework, it is necessary to define an intermediate status with clear criteria regarding employees in this sector and freelancers in other sectors.

Also, there is also a critical need for coordination between relevant government ministries to develop a national plan.

It should be noted that certain steps have already been taken to promote reflection and draw conclusions within the Ministry of Innovation, Science and Technology.

- *The presentation used the AI tool.

**Concluding Remark**

Policy makers need to partner with social partners to design balanced policies, providing proper guidance for the establishment and implementation of broad, innovative, and advanced professional training infrastructures that address new needs and update the skills of employees across different sectors.

It is imperative to immediately establish a tripartite body to consolidate policies concerning the labor market, changes in job content, and their consequences. This body would also address social issues and the impact of AI, particularly regarding job losses.

Critically, attention must be given to emerging sectors, supported by education and professional training, such as advanced robotics.

This body, and others, must operate within a flexible oversight framework to guide AI development, recognizing that these tools are still evolving and it is not possible to fully predict the direction of their implementation.

Preferably, most of the necessary issues should be regulated through the autonomy granted in collective agreements rather than through legislation.

A proper partnership between social partners and the government can formulate policies at the right time and implement measured, relevant steps beneficial to Israeli's future economy.