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The stealthy killer: Is AI coming for my job?

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The feared AI jobs Armageddon may not entail a jobs bloodbath at all. It may simply become harder for the next generation to get a foot in the door, writes Cobus Venter

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Views on artificial intelligence (AI) range from fears of mass layoffs to a future in which technology raises productivity without reducing overall employment. There are even the true believers that predict a future in which humanity experiences radical abundance and the end of poverty.

The evidence so far supports neither extreme, but this is a fast-moving subject. In a recent research note for the Bureau for Economic Research (BER), **Will artificial intelligence be the jobs Armageddon so many people fear?**, I ask what the likely impact of AI will be on the South African jobs market.

The latest evidence suggests that we should be neither AI alarmists nor AI cheerleaders. The technology is changing rapidly, and we simply don't yet know what its full effect on employment will be.

Consider Denmark, where linking large-scale AI-adoption surveys to payroll records found no measurable effect on pay or hours worked, even in accounting, journalism, law, software development and customer support.

That is a striking result given that AI is already being widely used. In the US, the share of businesses using AI rose from less than 4% at the end of 2023 to about 10% by the end of 2025. But in most businesses, workers are using AI for ordinary tasks, like writing and editing documents. In short, AI is helping an employee do an existing job rather than replacing that employee.

So far, then, the much-feared jobs apocalypse has not arrived. But that does not mean South Africa is not vulnerable.

The first labour-market effects may show up in slower hiring rather than firing

There is a real possibility that, at first, AI could change the South African labour market quietly – by making companies hire fewer beginners, fail to replace people who leave, and by changing the kind of skills that employers want. This would be far more difficult to observe than outright retrenchments, but it matters enormously in a country where getting a first job is already so difficult.

Imagine a company that used to employ ten junior people to do relatively routine work. As AI becomes better, it may decide that it needs only six people – but rather than dismiss four existing employees, it simply chooses not to replace people who leave and hires fewer young recruits.

From the outside, the company may look perfectly healthy. But for a 23-year-old looking for a first job, the difference is stark.

This is particularly important in South Africa given that 5 million 15- to 34-year-olds are unemployed. Even more concerning is that more than three-quarters of the unemployed have been without work for more than a year.

In many richer countries, economists studying the impact of AI can assume that someone who loses a job will eventually find another one. That is a much less comfortable assumption here.

For South Africa, the question is therefore not only what happens if AI replaces workers? It is also a question of what happens if AI makes it harder for young people to get onto the first rung of the jobs ladder.

South Africa's formal sector is the most vulnerable

Many have assumed that South Africa is less exposed to AI than rich countries because a much larger share of our workforce is employed in manual jobs and other work that is difficult to automate.

It is true that tasks that are routine, structured or easily traded are generally more exposed to automation, while those requiring unpredictable physical work, interpersonal interaction or judgement in less structured settings are less so.

However, in South Africa the jobs most exposed to AI are concentrated in the formal economy. They include clerical and professional occupations – precisely the kinds of jobs that many young people hope to enter as they build careers. They are also disproportionately important to the tax system.

More than half of personal income tax is paid by the relatively small share of taxpayers earning more than R1 million a year. Many of these high earners work in professional occupations where AI could have a significant impact.

That creates an unusual risk for South Africa. AI could make some highly skilled people much more productive and better paid. But it could also reduce demand for some professional work or put pressure on these wages. Either way, this could have consequences for government revenue.

The bigger long-term risk is failing to create new work

Not every machine destroys jobs permanently. Advanced economies have managed to combine automation with the creation of new kinds of skilled work. In the US, more than six in ten workers in 2018 were employed in specialised occupations that did not exist in 1940.

AI can do several things simultaneously: it can fully automate tasks that people currently perform; allow someone with limited experience to perform more valuable work; make skilled workers even more productive; and create demand for new skills and tasks.

If South Africa can use AI to help workers overcome skills constraints and raise productivity, the gains could be substantial. The risk is that adoption reduces demand for existing work without enough new tasks and occupations emerging alongside it.

What are the policy implications?

Trying to stop technological change is unlikely to work, and protecting every existing job from technology can make an economy less productive and less competitive. But simply allowing the technology to arrive and hoping that the benefits will accrue naturally is not smart either. What is needed is longer-term strategic thinking.

For starters, we need to watch what is happening on the ground because the South African AI jobs crisis, if it comes, may not arrive with mass retrenchments and dramatic headlines. It may simply become even harder for the next generation to get a foot in the door.

The useful warning signs will not necessarily be found in the headline unemployment rate. We should be looking at entry-level hiring rates, vacancies, job advertisements, wages in AI-exposed occupations and the kinds of jobs companies are creating – and no longer creating.

One implication is that South Africa should be cautious about unnecessarily raising the cost or complexity of employing people, while doing much more to strengthen routes into formal work through apprenticeships, training and better foundational education.

AI may eventually cause substantial disruption to employment. It may also create enormous opportunities. Right now, neither is inevitable. What South Africa should do is watch carefully where the effects are emerging, make it easier for young people to enter work, and position workers and firms to benefit from the technology rather than trying to hold it back.

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