

Education, Future Jobs and Smart Systems in the Age of Artificial Intelligence, Part B

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Education, Future Jobs and Smart Systems in the Age of Artificial Intelligence, Part B: Smart Systems and Future Employment in the Age of AI

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INVESTOR IN PEOPLE

*To
Alexandru and Maria,
Dimitris, Hara and Katerina*

*With love and hope, we dedicate this volume to you – the dreamers, innovators
and builders of the future. May your journey in this ever-evolving world be guided
by curiosity, wisdom and the courage to shape a better tomorrow.*

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Chapter 1

Regulating Artificial Intelligence for Social Impact

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Abstract

In the context of increasing global competition and the need to find efficient and rapid solutions to be successful in this process (at private business or state level), factors such as knowledge, technology, innovation and more recently Artificial Intelligence (AI) are considered elements that can be exploited in order to create competitive advantages and increase the added value for the participants. The aim of this chapter is to examine the opportunities and challenges that AI creates, in the context of the increasing need for regulation to supervise the development and deployment of AI in different sectors. The increasing adoption of AI has already produced significant transformations in many sectors: education, healthcare, finance, manufacturing, transportation by increasing efficiency, improving innovation and facilitating service delivery. At the same time, these advances have raised questions related to solutions for job replacement, data privacy, fairness and societal inequalities. In this chapter, the authors aim to highlight how different countries have regulated AI and the differences between general regulations on AI, such as the EU AI Act, and the sector-specific regulations prevalent in some countries, such as the United States, Japan, China or Canada.

Keywords: Ethics; smart systems; Artificial Intelligence; social impact; regulation

Introduction

The current increased integration of Artificial Intelligence (AI) and automation into the labour market is reshaping the demand for skills and competencies across various industries. In this context, occupations requiring routine cognitive and manual tasks are increasingly at risk of being replaced by robots, automation and advanced technologies while the demand for nonroutine analytical, creative and interactive tasks is increasing. This transformation requires a change in education, to face the current need, emphasizing the development of critical thinking, creativity and problem-solving skills. Educational systems need to align to the new and evolving landscape of AI-driven industries. This way, schools and universities, as well as different institutions, as the provider of lifelong learning services, can prepare students for future job markets that demand adaptability based on lifelong learning and increased flexibility (Mean & Mochel, 2023).

The rapid adoption of AI requires a robust regulatory framework to ensure that its deployment and use promotes social equity and minimizes harm for different participants. It should align with ethical and societal values, that is why regulations must address ethical concerns and manage the risks of labour force displacement while promoting trust in AI technologies. The focus should be on policies that support innovation for using AI and automation while ensuring that society can promote AI's potential for positive social impact. Ensuring equitable access to opportunities and the equitable distribution of the benefits of AI supports a vision in which intelligent systems promote education, empower workers and contribute to broader societal well-being. Using real-time data and predictive analytics to track skill changes can improve labour force readiness, ensuring that individuals remain competitive in an era defined by intelligent systems.

The increasing complexity of technological skills, such as those required for software engineering and various business applications, requires organizations to renew strategies to remain competitive, highlighting the transformative role of technology, especially AI, in redefining skill requirements across industries and professional roles. Education systems must respond by integrating training and courses that ensure the skills needed to use AI tools, having as final goal increased productivity. The need for regulatory frameworks to ensure equitable access to education and employment opportunities remains a necessity and challenge (EY, 2023).

Rapid advances in AI are restructuring labour force and education requirements, leading to significant changes in how skills are developed, applied and improved. Integrating the use of AI into work tasks requires organizations to focus on continuous learning and upskilling to adapt to human-machine collaboration. This involves a reshaping of workplace roles and brings not only a transformation but also multiple challenges. The negative impact on jobs and digital overload must be carefully managed.

AI in the Modern Economy: Regulatory Challenges and Sectoral Transformations

The increasing use of AI in local, national and global economic activities generates profound effects on jobs, economic structures and social well-being, highlighting the urgent need to balance between promoting innovation and AI and maintaining social stability. Even AI offers opportunities to improve productivity and create new development in different economic sectors, its rapid adoption has led to concerns such as job displacement, job losses and increasing inequalities. It should be mentioned that AI can increase the risks for those groups that were already at risk even before the increasing use of AI. This will be a challenge for our current societies which are striving for more inclusion and preparedness for all their citizens. Addressing these economic challenges requires regulatory frameworks that ensure that all segments of society benefit from innovation and the use of AI. Until now, the current concept to define these groups were *vulnerable*, but the context imposes a new concept of *AI-vulnerable*.

There are some challenges that must be carefully considered and addressed in order to make this shift a successful step for all the participants (Fig. 1.1). Currently, the global standards are missing and this absence led to fragmented and discontinuous policies in different countries, situation that can create barriers and difficulties in international cooperation, effective governance and general social reliance. However, the ethical concerns and ambiguity, the differences in cultural and social factors in terms of long term orientation, uncertainty avoidance, individualism or motivation towards achievements and success (Schram, 2024) related to AI create difficulties in developing, accepting and establishing general accepted rules, considering these differences in economic, social, cultural values and priorities.

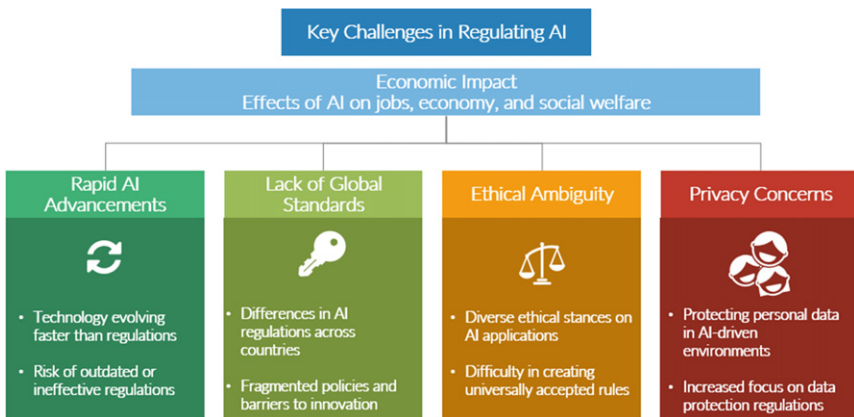


Fig. 1.1. Key Challenges in Regulating AI. Source: Authors' own contribution.

One important issue in balancing AI and regulation is that the rapid advances in AI are overpassing the adaptation of regulatory systems, and this can lead to the risk of using outdated, out of scope or ineffective, unreliable policies. However, one other aspect should be considered. As with many other aspects of business and education that must carefully consider privacy concerns, AI increasingly relies on personal data, which is why it requires strict regulations to protect data security, individual rights and promote public trust. These aspects represent essential challenges that highlight the complexity of the regulatory framework for AI and that require a strict framework to maximize its benefits, without neglecting the multiple risks at the economic, social or personal data protection levels.

There are many studies analyzing the sectors highly affected by AI and the need for flexible regulation to mitigate the risk and social impacts. Finance is a sector where AI is performing risk assessment checks; it detects fraud attempts, enhances predictive systems and portfolio management and makes a major part of customer service activities while also raising concerns about transparency and traceability (Bahoo et al., 2024; Weber et al., 2024). In healthcare sector, based on AI use, diagnostics are improved and also administrative processes and patient care. Also, AI has acted as a transformative engine revolutionizing medical research, early disease detection and decision support. As in all other sectors, there are concerns especially related to reliability and patient safety (Meskó & Topol, 2023; Talati, 2023). Education is another sector highly impacted both by AI and digital transformation. Its impact refers to personalized teaching methods and improving teaching efficiency, offering immediate support, and skill development, content generation, etc. Open AI act as virtual teaching assistants, assisting students during study process while enabling educators to save time and improve pedagogy. There are major concerns in education related to reliability, data quality and ethical considerations. The use of AI for content generation has introduced new academic integrity issues, forcing institutions to develop and use innovative detection tools and clear policies to avoid the cheating risks. The use of AI and its effect should be considered and addressed to ensure equitable access and opportunities, reduce the effects of digital divide and overpass ethical issues and concerns (Adeshola & Adepoju, 2023; Labadze et al., 2023; Montenegro-Rueda et al., 2023; Su & Yang, 2023). Another impact observed in some sectors, like transportation or manufacturing, is that AI creates job losses risks but also improvements in efficiency and sustainability as result of automatization of routine tasks. In transportation, AI plays and will play an increasing role in adaptive intelligent traffic management systems, congestion control, reducing energy consumption, improving mobility conditions and building smart cities architecture. In manufacturing, AI use and AI applications contributes to predictive maintenances, quality assurance for production flows and optimization of processes. Challenges are related to reliable data acquisition platforms, trust, data security and interoperability, implementation complexity, especially for small and medium sized enterprises. Also, infrastructure limitation especially for transportation remains crucial (Bharadiya, 2023; De Simone et al., 2023; Jafari et al., 2023; Plathottam et al., 2023). For all the sectors, labour force skills and competencies represent one of the major concerns, highlighting the critical need for lifelong learning, reskilling and upskilling to ensure the labour force flexibility and adaptability.

Strategic Policy Recommendations for AI Regulation

The use of AI has created new opportunities in different economic fields, and this has generated significant ethical, social and economic challenges. As AI is widely used in areas such as health, finance, education or transport, the need for clear and effective regulatory frameworks has become a priority for policymakers. Policies must create a balance between encouraging innovation using AI and the risks that arise, such as privacy, job loss or replacement, access to reliable data or risks related to secure access to information. Even if the concerns and risks are similar, regulations differ reflecting national or regional priorities and the orientation of governance models. Regulations regarding AI target, on the one hand, general aspects, such as transparency, fairness, safety and responsibility, but also aspects specific to different sectors of activity. This approach allows to create tailored and flexible answers for the AI challenges.

In European Union (EU), the AI Act ([European Parliament, 2024](#)) represents the first comprehensive framework for using AI, highlighting the need of safety, transparency and accountability. The Act refers to unacceptable risks, such as social scoring, real-time biometric surveillance or manipulative applications, and also categorizes the other risks in high, limited or minimal. The high risks refer to sectors such as healthcare, education, law and employment. Limited risks refer to the use of chatbots and other AI systems in compliance with transparency obligations to inform users of their AI nature. The minimal risks refer to aspects with a low risk to safety of rights. The high risks are highly regulated and penalties are mentioned for non-compliance.

In United States of America, the approach is different in regulating AI. Despite the EU, where there is a single regulation governing the use of AI, in United States, there is a sector-specific approach, with regulations applied to different industries or to particular AI applications. Different institutions regulate domains, for example Healthcare (Food and Drug Administration), Finance (Federal Trade Commission) or Transportation (Department of Transportation). There are also state-level initiatives in states like California and Illinois related to the use of personal data (California) or AI in hiring (Illinois). At US federal level, there are policy guidance: The Blueprint for an AI Bill of Rights ([White House, 2022](#)), National Institute of Standards and Technology AI Risk Management Framework ([NIST, 2023](#)), etc.

In Japan, there are guidance that are non-binding, reflecting the commitment to support responsible AI development. Currently, there are discussions regarding the draft of the 'Basic Law for the Promotion of Responsible AI', a document that would set the limits of AI models. However, the Ministry of Economy, Trade and Industry (METI) released some guidance for business (voluntary guidance for AI developers, providers or users), for the implementation of AI principles (a framework for AI companies to implement AI principles effectively) and for AI governance in Japan (clarifies trends in AI and rule-making ([METI, 2024a,b,c](#))).

China has been proactive in AI regulation. It targeted a balance between technological innovation and ethical consideration, under state supervision. The mix of these aspects is highly important for state development in a global context. The China Aerospace Studies Institute ([CASI, 2023](#)) was the institution that

introduced one of the first regulatory frameworks on generative AI globally. It promotes innovation while addressing concerns about privacy, transparency and data security, applicable to both domestic and foreign companies. However, rules on rigorous testing of AI models to ensure compliance with political and ethical concerns can smother creativity and innovation.

In Canada, *Artificial Intelligence and Data Act* aims to mitigate the risks, to establish compliance and enforcement mechanisms, and to promote transparency and accountability among AI developers and users. Also, the objective of the *Pan-Canadian Artificial Intelligence Strategy* was to position Canada as a global leader in AI research and innovation by high investments in the field. *Canadian Sovereign AI Compute Strategy* tries to enhance research and development capabilities and to ensure the competitiveness and sovereignty in the global AI landscape. As strategy, Canada uses investment incentives and legal actions to achieve the target of positioning it as a leader in sustainable AI infrastructure.

AI regulations in different countries reflect diverse approaches shaped by regional priorities and governance models. From a risk-based approach, ensuring safety and transparency while addressing societal risks in the EU, to a sector-specific model, relying on voluntary guidelines to address the use of AI in industries such as healthcare, finance and transport, in the United States, to a centralised, prescriptive approach, emphasising state oversight to align AI development with national priorities, particularly in areas such as surveillance and public safety, in China, current AI regulations highlight the need for increased adaptability and uniformity (Table 1.1). Not only governments are playing a central role in creating legal frameworks but also industry groups and NGOs contribute by setting standards, promoting ethical practices and promoting societal interests. Effective AI governance requires collaboration between these actors to ensure innovation while mitigating risks, promoting rights and encouraging trust in AI systems globally.

Discussion and Conclusion

In order to ensure equitable access to education and career opportunities, regulatory frameworks remain an essential necessity and challenge. The need for regulatory frameworks to guarantee the distribution of education and employment opportunities continues to be an essential requirement and challenge. Combining dynamic workforce with regulatory frameworks that prioritize societal well-being, AI can be used to build inclusive, innovative and adaptable education and employment systems that maximize both human potential and social impact.

As new AI technologies emerge and are applied in the market, there is an immediate need for well-articulated, flexible, transparent, actionable and inclusive regulatory policies. This has required a combination of transparency, fairness, public engagement and continuous oversight to address the risks of AI while tapping its transformative potential. All the involved stakeholders: governments, civil society, industries must collaborate and joint their efforts to ensure that AI

Table 1.1. Comparative Overview of Global AI Regulations.

Region/ Country	Regulatory Body	Key AI Regulations and Policies	Focus Areas
European Union	European Parliament and Council of EU	AI Act https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024R1689	High-risk AI, transparency
United States	Federal Trade Commission; Food and Drug Administration; Department of Transportation	<ul style="list-style-type: none"> • Sector-specific regulations, e.g. healthcare, finance, transportation • US federal level – Blueprint for an AI Bill of Rights (White House Office of Science and Technology Policy), AI Risk Management Framework (The National Institute of Standards and Technology) • State-level: California Consumer Privacy Act (California); Artificial Intelligence Video Interview Act (Illinois) 	Data privacy, competition, Safety,
China	Ministry of Industry Cyberspace Administration of China AI Standards Committee	<ul style="list-style-type: none"> • Multiple AI regulations – establishing strict standards for AI ethics, security, and data governance 	Surveillance, cybersecurity
Japan	Ministry of Internal Affairs	<ul style="list-style-type: none"> • AI Guidelines for Business Ver. 1.0 (Ministry of Economy, Trade and Industry) • Governance Guidelines for Implementation of AI Principles Ver. 1.1 (Ministry of Economy, Trade and Industry) 	Innovation, ethics

(Continued)

Table 1.1. (*Continued*)

Region/ Country	Regulatory Body	Key AI Regulations and Policies	Focus Areas
Canada	Innovation, Science, and Economic Development Canada; National Research Council Canada; Canadian Government Ministries	<ul style="list-style-type: none"> • AI Governance in Japan Ver. 1.0 (Ministry of Economy, Trade and Industry) • Basic Law for the Promotion of Responsible AI (e Working Group members of the AI Project Team) • Artificial Intelligence and Data Act (Innovation, Science and Economic Development Canada) • Pan-Canadian Artificial Intelligence Strategy • Canadian Sovereign AI Compute Strategy • Responsible Use of AI in Government 	Ethics, transparency

Source: Authors'.