

# Measuring the Invi'sible: AI and the Gobal South Workforce



**Traditional metrics focus strictly on headline unemployment**

**“No systematic increase  
in unemployment”**

— Anthropic U.S. Labor Study

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Traditional AI-employment studies focus heavily on automation risk within formal jobs. In advanced economies, this framework makes sense: if AI displaces workers, unemployment rates spike, and governments intervene.

# Global South labor markets operate fundamentally differently

**60%** of workers worldwide are informal.

They juggle multiple jobs and lack formal contracts.

They operate completely outside official unemployment statistics.

When AI disrupts these markets, the pain does not register on traditional economic monitors.

# The indicators of economic disruption are entirely distinct



## The Visible Impact

- Formal jobs are automated.
- The metric of failure is Headline Unemployment.



## The Hidden Signals

- Jobs aren't lost; they are degraded.
- The metrics of failure are Wage Squeezes, Underemployment, and Informalization of Work.

# Millions of vulnerable workers are hidden in the jobs gap

**402 Million**

The ILO estimated global jobs gap in 2024, combining the unemployed, underemployed, and discouraged.

**\$3.65/day**

The working poverty line for a majority of workers in parts of Africa and South Asia. AI efficiency gains may manifest as lower wages, not lower headcounts.

**18–29%**

The unemployment rate for educated youth in India. A drop in entry-level roles will systematically squeeze an already strained demographic.

# Four realities obscuring the true impact of AI



## High Informality

Workers pushed into informal gigs or family enterprises are excluded from standard job-loss metrics.



## Youth Underutilization

28% of young people in low-income countries are already NEET. Shrinking entry-level roles will quietly inflate this number.



## Working Poverty

The threshold for survival is so low that workers accept earnings compression (falling wages/hours) rather than unemployment.



## The Digital Divide

8–12% of jobs in Latin America could leverage GenAI, yet half lack reliable internet. Without infrastructure, local workers cannot compete.

# Unemployment rates will understate the pain

## Earnings Compression

Job counts remain stable, but wages and hours fall rapidly, particularly in the services sector.

## Informalization

Formal workers are quietly pushed into precarious gig work.

## Youth Job-Entry Squeezes

Graduate hiring freezes; opportunities evaporate before they are ever formally counted.

## Labor Chain Effects

Global BPO and outsourcing contracts shrink, reducing local demand without triggering a surge in official unemployment figures.

# A bespoke early-warning system for developing economies

To capture these hidden signals, governments require a new monitoring framework.

## **Global South AI-Labor Index and Risk Dashboard**

Purpose: Designed to detect AI-driven stress behind the scenes and reveal when livelihoods are being reshaped long before layoffs occur.

# Six multi-dimensional indicators track the invisible shifts



## Informal Employment (%)

ILO SDG data. Rising informality signals formal jobs are evaporating.



## Earnings Compression

National household surveys. Tracks falling real wages in AI-exposed sectors.



## Youth Employment Pathways

ILO/UNESCO data. Captures youth NEET rates and graduate hiring metrics.



## Sectoral Exposure

Labor force surveys. Tracks employment share in AI-vulnerable industries like BPO and IT.



## Underemployment Rate

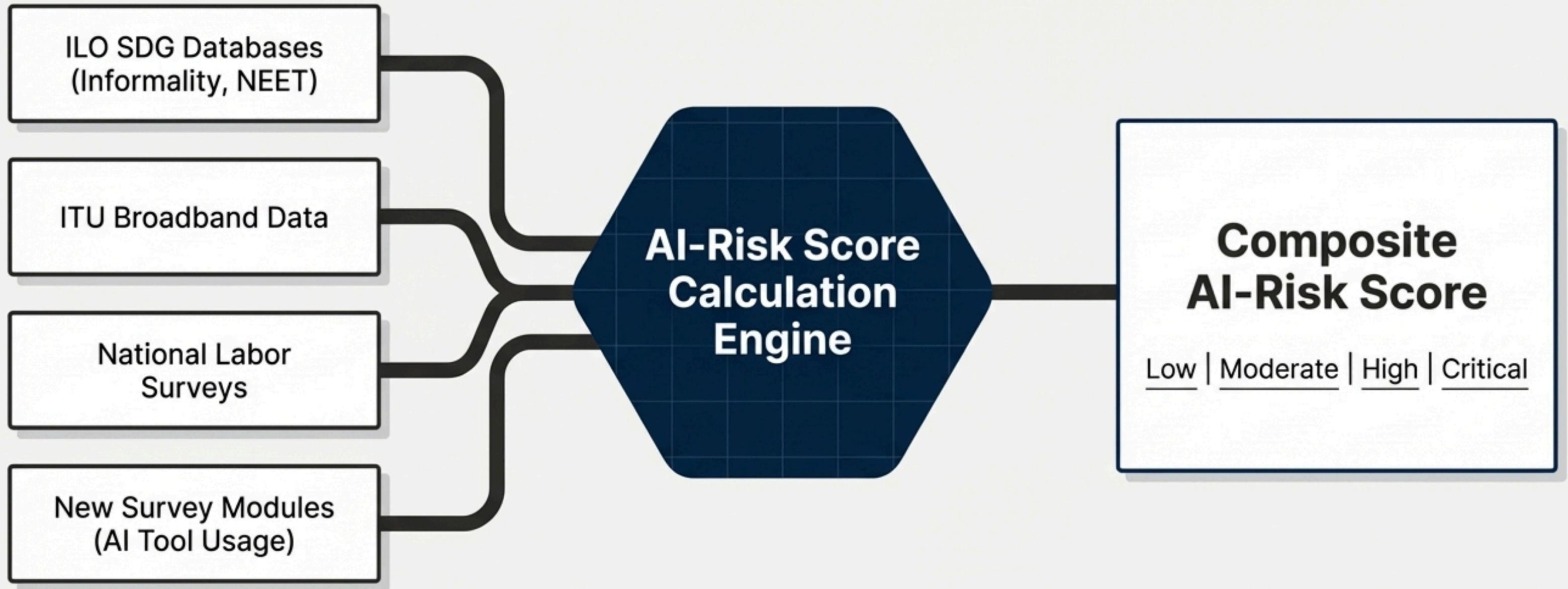
ILO data. Measures the percentage of employed workers actively seeking more hours.



## Digital Infrastructure

ITU/World Bank data. Measures access to broadband and AI tools, tracking the digital divide.

# Leveraging existing institutional data to build the Index



Actionable Now: The GS-ALI does not require starting from zero. It aggregates established data sources quarterly or annually allowing governments to reliably monitor macroeconomic trends.

# The AI-Labor Risk Dashboard

## Purpose:

Operationalize the GS-ALI for immediate policymaker visibility.

## Scoring Scheme:

0–25: Low Risk

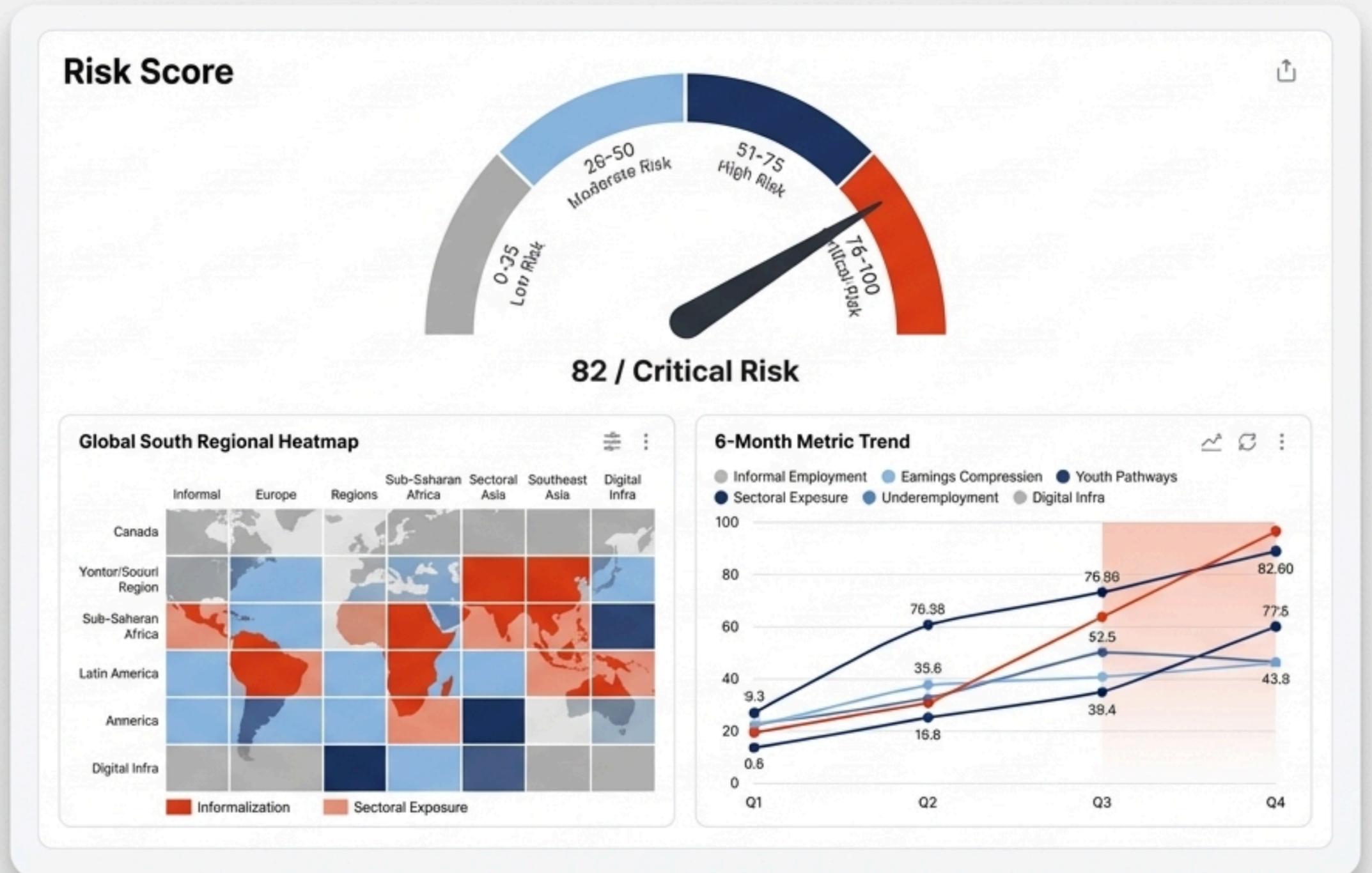
26–50: Moderate Risk

51–75: High Risk

76–100: Critical Risk

## Functionality:

Guides targeted responses, such as deploying upskilling programs in high-risk industries or reinforcing safety nets in regions facing severe informalization.



# Detecting structural distress before layoffs spike



Alert Notification

## **CRITICAL ALERT: Earnings & Informality**

A sudden jump in informal employment paired with a drop in real wages in the service sector triggers an immediate distress warning.



Alert Notification

## **HIGH RISK: Youth Entry Squeeze**

An increase in the youth NEET rate coinciding with plateauing IT/BPO hiring highlights a critical entry-level job squeeze.



Alert Notification

## **MODERATE RISK: Hidden Distress**

A spike in working poverty (or a rising share of low-income earners) within formal sectors indicates hidden, unmeasured economic distress.

# Proactive policy steps to safeguard the workforce (1/2)



## Strengthen Labor Statistics

Expand national surveys to capture informality, underemployment, and multi-job holdings. Collaborate with tech platforms for anonymized AI usage data.



## Early-Warning Monitoring

Institutionalize an AI-Labor Observatory. Assign a government agency to publish quarterly risk reports using the GS-ALI to enable preemptive retraining.



## Invest in Digital Infrastructure

Address the World Bank gap. Invest in affordable broadband, mobile networks, and local data centers. Promote AI tools in local languages.

# Proactive policy steps to safeguard the workforce (2/2)



## Protect Vulnerable Workers

Ensure AI productivity gains translate into fair pay, not just higher quotas. (Example: If call-center agents handle more calls via AI, wages or time-off must adjust accordingly).



## Support AI-Augmentation Training

Integrate AI tools into university and vocational curricula. Prepare youth for hybrid roles by emphasizing critical thinking and digital literacy.



## International Cooperation

Engage multilateral bodies (ILO, UNESCO) to adopt the GS-AI globally. Fund representative pilot projects and urge tech companies to share de-identified usage data.

# AI must be a tool for inclusive growth, not invisible decline

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- Without new metrics, AI-driven distress in developing economies will remain hidden in poverty, informality, and unmet youth aspirations.
- The Global South AI-Labor Index and Risk Dashboard provide the foundation to see around corners—spotting informal surges and graduate hiring dips long before they impact official unemployment.
- The time to institutionalize these broader indicators is now.



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