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ARTIFICIAL INTELLIGENCE AND AUTOMATION: THE FUTURE OF LABOUR LAW

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ABSTRACT

The accelerating convergence of artificial intelligence and automation is exerting unprecedented pressure upon the foundational assumptions of labour law. Employment relationships built on stable presumptions an identifiable employer, a dependent employee, human managerial oversight are now in active contest. Algorithmic hiring systems screen millions of candidates; intelligent management platforms allocate tasks and initiate terminations without meaningful human intervention; and gig-economy platforms mobilise vast workforces through digital architectures that function economically as employers while evading the legal obligations of employment. This paper undertakes a systematic legal examination of how AI and automation are reshaping the future of labour law across four dimensions: the transformation of work and employment structure; the regulatory response to algorithmic management and automated decision-making; the evolving classification of platform workers; and the human rights implications of pervasive workplace surveillance. Through comparative analysis of the EU AI Act (Regulation (EU) 2024/1689), the EU Platform Work Directive (Directive (EU) 2024/2831), United States state-level legislation, and India's Code on Social Security 2020, the paper argues that existing labour law is structurally inadequate to the present technological moment and that only comprehensive, rights-centred reform grounded in algorithmic transparency, worker participation, and portable social protection can preserve the dignity and security of work in the age of intelligent automation.

Keywords: Artificial Intelligence; Automation; Labour Law; Algorithmic Management; Gig Economy; EU AI Act; Worker Classification; Workplace Surveillance; Future of Work.

I. INTRODUCTION

Labour law, from its earliest industrial-era origins, has always responded to the dominant technology of the age. The factory system generated the first employment contracts; the telegraph demanded the first workplace safety statutes; and the mass production line provoked the great collective bargaining movements of the twentieth century. Today, a qualitatively different technological revolution driven by artificial intelligence, machine learning, robotics, and algorithmic management is disrupting the architecture of work with a speed and scope that existing legal frameworks were not designed to accommodate.

The scale of the transformation is staggering. The World Economic Forum's Future of Jobs Report 2025 estimates that, across the global formal economy of approximately 1.2 billion positions, 170 million new jobs will be created and 92 million displaced by 2030 a structural labour market churn affecting nearly

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one quarter of all formal workers.[906] McKinsey Global Institute's 2025 study, 'Agents, Robots, and Us', finds that technologies already demonstrated today could theoretically automate activities accounting for approximately 57 percent of US work hours nearly double the figure projected just two years earlier.[907]

The legal consequences are profound. Labour law systems built upon the binary distinction between employer and employee, upon the presumption of human managerial decision-making, and upon the premise of place-bound work face simultaneous pressure. Algorithmic systems now make decisions on hiring, task allocation, performance rating, and dismissal. Platform companies employ millions of workers in conditions of economic dependency while classifying them as independent contractors. AI-powered surveillance monitors workers with a granularity no human manager could achieve. Each of these phenomena generates acute questions that existing frameworks struggle to answer.

This paper proceeds as follows. Part II surveys the technological landscape. Part III situates the current disruption in historical context. Parts IV and V examine algorithmic management and regulatory responses. Part VI addresses the gig economy and worker classification. Parts VII and VIII examine surveillance and collective rights. Part IX undertakes a comparative survey. Part X proposes a reformed framework. Part XI concludes.

II. THE TECHNOLOGICAL LANDSCAPE

A. Defining the Technologies

Any rigorous legal analysis must distinguish between forms of technological change that are frequently conflated. 'Automation', classically, refers to the replacement of human effort by machines operating on fixed, pre-programmed rules. 'Artificial intelligence' refers to systems that learn from data, identify patterns, and generate outputs—including decisions—that were not explicitly programmed. AI-generated decisions pose qualitatively different challenges for legal accountability: they are not easily traceable to specific human choices, may perpetuate historical biases, and are often opaque even to their creators.[908]

Generative AI represents the most recent and disruptive manifestation of this broader category. Systems capable of producing human-quality text, code, images, and audio have, within three years, achieved competence in tasks previously considered the exclusive preserve of educated professionals—legal drafting, medical diagnosis, software engineering, and financial analysis. The ILO's 2025 Generative AI and Jobs update finds that one in four workers globally is now in an occupation with some degree of generative AI exposure.[909]

B. Labour Market Impact: Evidence and Projections

The empirical evidence on automation's labour market effects is complex and contested. Acemoglu and Restrepo's seminal 2020 study demonstrated that each additional robot deployed in US manufacturing displaced an average of 3.3 workers and significantly depressed local wages.[910] McKinsey Global Institute estimates that by 2030, some 400 to 800 million workers globally could be displaced by automation, while new roles requiring fundamentally different skills will simultaneously be created.[911] Accenture estimates that 40 percent of working hours across global

[906]) World Economic Forum, The Future of Jobs Report 2025 (Geneva: WEF, January 2025), p. 8.
[907]) McKinsey Global Institute, 'Agents, Robots, and Us: Skill Partnerships in the Age of AI' (November 2025), p. 4.
[908]) Carl B. Frey and Michael A. Osborne, 'The Future of Employment: How Susceptible Are Jobs to Computerisation?' (2013) 114 Technological Forecasting and Social Change 254.
[909]) International Labour Organization, Generative AI and Jobs: A 2025 Update (Geneva: ILO, October 2025).
[910]) . Daron Acemoglu and Pascual Restrepo, 'Robots and Jobs: Evidence from US Labor Markets' (2020) 128(6) Journal of Political Economy 2188.
[911]) McKinsey Global Institute, Jobs Lost, Jobs Gained: Workforce Transitions in a Time of Automation (December 2017, updated 2024)

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industries could be automated or augmented by generative AI.[912]

Frey and Osborne's foundational 2013 Oxford study found that approximately 47 percent of US occupations were at high risk of computerisation over a 10 to 20-year horizon.[3] Their findings have been refined but not substantially refuted: routine, codifiable tasks face the greatest displacement risk, while work requiring social intelligence, creativity, and complex physical dexterity is more durable. The distribution of displacement risk is deeply unequal—lower-income workers, women, and workers in the Global South face disproportionately high exposure.

Crucially, automation concentrates productivity gains within technologically advanced firms and geographies, potentially deepening existing inequalities in wages, wealth, and opportunity. Brynjolfsson and McAfee argued that the central economic challenge of the AI era is not job destruction per se but the risk that productivity gains accrue primarily to the owners of capital rather than to the workers whose efforts generate them.[913]

III. HISTORICAL CONTEXT: LABOUR LAW AND TECHNOLOGICAL CHANGE

The present moment is not the first time that transformative technology has forced labour law to renegotiate its foundational categories. Labour law responded to the factory system by elaborating the contract of employment and the first protective statutes. It responded to scientific management and mass production by building the institutional apparatus of collective bargaining, minimum wage legislation, occupational health law, and social security. Each legal response shared a common architecture: it identified the employment relationship as one meriting special regulation because of the fundamental economic inequality of power between the parties, and it addressed that inequality through mandatory standards enforced by the state.

The emergence of the platform economy in the 2000s exposed a fundamental gap in this architecture. Platform companies mobilised workforces of unprecedented scale while categorising their workers as independent contractors rather than employees. This categorisation, contested by workers, trade unions, and courts across multiple jurisdictions, revealed that the binary distinction between employment and self-employment—constructed for an industrial economy of large, stable, place-bound firms—was ill-suited to the complex, triangular, algorithmically mediated relationships of the gig economy.[914]

What distinguishes the current AI-driven disruption from its predecessors is not merely its speed and scope but its qualitative character. Previous technological revolutions displaced physical labour and routine cognitive tasks while creating demand for higher-level skills. The current wave of AI threatens to automate precisely those higher-level cognitive tasks—legal analysis, medical diagnosis, financial reasoning—that previous automation could not reach. Some legal commentators argue that AI introduces no genuinely new legal problems—that existing frameworks of anti-discrimination law, privacy regulation, and employment protection are adequate provided they are applied with rigour. This view underestimates the ways in which AI differs structurally. The opacity of algorithmic decision-making makes it far harder for workers to know when they have been discriminated against. The scale at which biased algorithms operate transforms individual legal wrongs into systemic social harms. And the replacement of human managerial judgment by algorithmic systems raises deep questions about accountability that existing doctrine was not designed to address.

[912]) Accenture, A New Era of Generative AI for Everyone (2023), p. 12.
[913]) Erik Brynjolfsson and Andrew McAfee, The Second Machine Age (New York: W.W. Norton, 2014), p. 97.
[914]) OECD, Employment Outlook 2023: Artificial Intelligence and the Labour Market (Paris: OECD Publishing, 2023).

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IV. ALGORITHMIC MANAGEMENT AND AUTOMATED DECISION-MAKING

A. The Architecture of Algorithmic Control

Algorithmic management—the use of data-driven software to perform functions of direction, monitoring, evaluation, and discipline traditionally exercised by human managers—has become a pervasive feature of contemporary workplaces. A 2024 OECD survey found that over 70 percent of consulted managers reported that their firms used at least one automated tool to instruct, monitor, or evaluate employees.

The specific applications are extensive and consequential. Applicant tracking systems score and rank candidates, often screening out qualified applicants on the basis of proxies that correlate with protected characteristics. AI-powered interview platforms assess candidates' verbal and non-verbal behaviour, claiming to predict leadership potential. Automated performance evaluation systems analyse productivity data to generate employee ratings without meaningful human review. Algorithmic scheduling determines shift patterns in ways that may systematically disadvantage workers with caregiving responsibilities. And automated systems can initiate disciplinary proceedings or terminations without human decision-makers playing any substantive role.[915]

B. Algorithmic Bias and Discriminatory Impact

The central legal problem with algorithmic decision-making in employment is its propensity for discriminatory impact. AI systems trained on historical data will necessarily reflect the biases embedded in that data. A hiring algorithm trained on employment records of a historically male-dominated firm will systematically disadvantage female applicants. A performance evaluation system using historical productivity data will penalise workers who took protected medical or parental leave.

The scale of algorithmic discrimination compounds the harm dramatically. As Ogletree Deakins has observed, 'a single biased algorithm can impact thousands of candidates or employees, exponentially increasing the liability risk compared to biased individual human decisions.'In Mobley v. Workday Inc. (2024), a US federal court held that an AI vendor could be held liable for employment discrimination as an 'agent' of the employer, extending anti-discrimination law's reach beyond the immediate hiring firm.[916] In August 2025, a class action was filed against Sirius XM Radio alleging systemic race discrimination in hiring through AI-powered applicant screening tools, and disabled Amazon workers accused the company of using AI systems to automatically deny disability accommodation requests.[917]

C. Transparency, Explainability, and Accountability

A distinctive feature of modern machine learning is its opacity. Unlike rules-based systems, neural networks do not generate human-readable explanations of their outputs. A model that predicts candidate success may achieve high accuracy without any intelligible account of the features it weights. This poses fundamental challenges for transparency and accountability that lie at the heart of labour law.[918]

The right to explanation is not merely a procedural courtesy but a substantive condition for meaningful access to legal remedies. A worker rejected by an automated hiring system cannot effectively challenge that decision if its reasons are genuinely opaque. It is not sufficient for a worker to be told that 'an algorithm made the decision'; they must be provided with enough information about the algorithm's operation to identify whether they have been discriminated against and on what grounds.

[915]) Ogletree Deakins, 'The Intersection of Artificial Intelligence and Employment Law' (June 2025).

[916]) Mobley v. Workday Inc., No. 23-cv-00770 (N.D. Cal. 2024).

[917]) Cooley LLP, 'AI in the Workplace: US Legal Developments' (September 2025).

[918]) Valerio De Stefano and Simon Taes, 'Explanability in the Automated Workplace' (2024) 53 Industrial Law Journal 1.

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V. REGULATORY RESPONSES TO AI IN EMPLOYMENT

A. The European Union: AI Act and Platform Work Directive

The EU AI Act, which entered into force on 1 August 2024, represents the world's first comprehensive, legally binding regulation of artificial intelligence and constitutes the most significant legislative response to the challenges of AI in the workplace. The Act adopts a risk-based architecture, classifying AI systems into four tiers—prohibited, high-risk, limited risk, and minimal risk—and calibrating regulatory obligations accordingly.

For employment purposes, the Act's most consequential provisions are its prohibitions and high-risk system requirements. With effect from 2 February 2025, certain AI practices in the employment context are outright banned: emotion recognition systems in workplaces, biometric categorisation systems inferring protected characteristics, and real-time biometric surveillance. AI systems used in employment—recruitment screening, task allocation, performance monitoring, promotion, and disciplinary proceedings—are classified as 'high risk' under Annex III. This triggers extensive obligations: risk management systems, fundamental rights impact assessments, data quality standards, human oversight mechanisms, retention of system logs for at least six months, and meaningful explanations of AI-assisted decisions.

The Act carries notable extraterritorial reach: US employers are covered without a physical EU presence if AI outputs are intended for use in the EU—for example in recruiting EU-based candidates or deploying global HR tools used by EU teams.[919] Penalties for breach are severe: up to €35 million or 7 percent of global annual revenue for the most serious violations.

Critical analysis reveals significant limitations. The Centre for Democracy and Technology has observed that the Act's principal contributions in the employment context are the restriction of emotion recognition, notice obligations, and explanation mechanisms—a modest toolkit relative to algorithmic management's impact. Scholars have criticised the Act's failure to require independent third-party audits of high-risk systems, its absence of any role for trade unions in AI governance, and its grant of rights only to 'affected workers' individually rather than to workers collectively.[920]

The EU Platform Work Directive, adopted on 23 October 2024, addresses the specific challenges of algorithmic management in the gig economy.Article 9 requires digital labour platforms to inform workers about automated monitoring and decision-making systems, the data involved, and the criteria used. Article 11 goes beyond transparency to require human review before decisions significantly affecting workers take effect—including account suspension, payment refusal, or negative evaluation[921]. Crucially, the Directive introduces a 'rebuttable presumption of employment' for platform workers, reversing the evidential burden: platform companies must demonstrate that workers are genuinely self-employed, rather than requiring workers to prove employment status.

B. The United States: State-Led Regulation

The United States has enacted no comprehensive federal legislation governing AI in employment. The Biden administration's Executive Order on AI, issued in October 2023, was rescinded by the Trump administration in January 2025, reflecting a policy preference for innovation over regulation. In the absence of federal action, states have moved to fill the regulatory vacuum. In 2024 alone, over 400 AI-related bills were introduced across 41 US states.

[919]) Executive Order No. 14,110, 88 Fed. Reg. 75191 (1 November 2023) (rescinded by Executive Order No. 14,148, 90 Fed. Reg. 8237, 28 January 2025).

[920]) Alexandros Minotakis, 'Regulating AI in the Workplace: A Critique of the EU AI Act and the Platform Work Directive' (2025) Sage Journals.

[921]) 'Decent Work in the Gig Economy: An Appraisal of the EU and ILO Regulation of Digital Labour Platforms' (2025) European Papers.

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The principal state-level developments include: New York City's Local Law 144 (2023), the first US law imposing bias audit and notice requirements on automated employment decision tools, though widely criticised as 'toothless' for its narrow scope and absent enforcement authority;[13] the Colorado Artificial Intelligence Act, effective from June 2026, imposing risk management, documentation, and bias audit requirements on developers and deployers of 'high-risk' AI systems in employment;[922] and the Illinois amendment to its AI video interview law, enacted September 2024, requiring employer notice when AI is used for hiring, discipline, or discharge.

California's Civil Rights Council finalised employment regulations on Automated Decision Systems effective 1 October 2025, confirming that such systems can violate state anti-discrimination laws and explicitly extending liability to third-party software vendors.[923]The EEOC settled its first AI-related discrimination claim against a tutoring company whose hiring tool had systematically excluded women over 55 and men over 60. The FTC has launched investigations into AI hiring tools alleged to produce discriminatory outputs.

The Harvard Journal on Legislation has characterised federal efforts as consisting of 'high-level, broad statements that do little more than confirm the obvious: existing laws apply to AI tools', while state-level regulation produces a patchwork of inconsistent obligations that create compliance burdens without providing meaningful worker protection.

C. India: Labour Codes and Platform Workers

India's engagement with AI and automation has proceeded primarily through the prism of the gig economy rather than through direct regulation of algorithmic management. The Code on Social Security 2020 establishes, for the first time in Indian law, a framework for the social security protection of 'gig workers' and 'platform workers'. NITI Aayog estimated India's gig and platform workforce at 7.7 million workers in 2022, with projections of rapid growth.[924]

Chapter IX of the Code provides for welfare funds funded through platform company contributions to support life insurance, accident insurance, and health coverage for platform workers. The 2024 draft notifications represent India's most consequential legislative attempt to extend social security protections to this previously excluded workforce.[925] However, scholarly analysis has identified significant limitations: the voluntariness of worker registration, structural ambiguities in the definition of 'aggregator', and the absence of dispute resolution mechanisms substantially undermine the scheme's transformative potential.

VI. THE GIG ECONOMY AND THE CRISIS OF WORKER CLASSIFICATION

A. The Binary Classification Problem

The most urgent challenge that AI-enabled platform work poses to labour law is the crisis of worker classification. Traditional labour law systems are built upon a binary distinction between 'employees'—who enjoy minimum wage, maximum working hours, anti-discrimination rights, unfair dismissal protection, and social security—and 'self-employed independent contractors'—who enjoy none of these protections. Platform companies have systematically exploited this binary, characterising their workers as independent contractors while retaining algorithmic control over those workers' activities that is, in economic terms, functionally equivalent to employment.[926]

Jeremias Adams-Prassl, in his monograph Humans as a Service, argued that

[922]) Colorado Artificial Intelligence Act (SB 21-169), enacted 2024, effective June 2026 (as amended by SB25B-004
[923]) California Civil Rights Council, Final Employment Regulations Regarding Automated Decision Systems, effective 1 October 2025.
[924]) Harvard Journal on Legislation, 'The Sound and Fury of Regulating AI in the Workplace' (2025).
[925]) 'Impact of the 2024 Labour Code Amendments on Gig Economy Workers' (2024) Indian Journal of Law and Legal Research 397.
[926]) Jeremias Adams-Prassl, Humans as a Service: The Promise and Perils of Work in the Gig Economy (Oxford: OUP, 2018), p. 63

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platform companies operate as 'employers without the obligations of employment'—exercising control, extracting surplus, and managing risk in ways structurally identical to traditional employers while evading the legal framework designed to regulate those relationships. The legal consequence is a regulatory arbitrage that has excluded millions of workers from the protections of labour law while enabling platform companies to externalise the risks and costs of the employment relationship onto those workers.

B. Judicial Responses: From Uber to Deliveroo

Courts across multiple jurisdictions have grappled with the classification of platform workers, with results broadly but not uniformly favourable to workers. The UK Supreme Court's 2021 decision in Uber BV v. Aslam held that Uber drivers were 'workers' within the meaning of the Employment Rights Act 1996—a category conferring some but not all employee protections—on the basis that Uber exercised substantial control over the terms of work, price charged, and driver conduct.

However, the 2024 UK Court of Appeal decision in Independent Workers' Union of Great Britain v. Deliveroo partially reversed gains from the Uber case, illustrating the fragility of judicially established protections and the need for legislative consolidation.[927]

The 'ABC test', which gained legislative traction through California's Assembly Bill 5, takes a more worker-protective approach by presuming employment status and placing the burden on the platform company to demonstrate three conditions: (A) that the worker is free from the hiring entity's control; (B) that the work is outside the usual course of the hiring entity's business; and (C) that the worker is customarily engaged in an independently established trade or occupation. When applied, courts consistently find that platform workers are employees. Platform companies have correspondingly resisted legislative adoption of the ABC test through intensive lobbying, exemplified by the industry-funded Proposition 22 campaign in California.[928]

C. Legislative Frameworks and Third Categories

In the absence of consensus on binary classification, several legal systems have experimented with a 'third category' of worker status—intermediate between employee and self-employed—conferring some but not all employment protections. The UK's 'worker' category, France's 'travailleur indépendant économiquement dépendant', and Spain's 'trabajador autónomo económicamente dependiente' reflect this approach.

The New York State Bar Association advocates for a 'Fair Tiered Classification Framework'—a three-tiered federal model replacing the binary employee-contractor distinction with a structure mapping rights and protections to actual conditions of work. The absence of such a framework has allowed platform labour to operate in a 'jurisdictional vacuum' where legal status depends less on the nature of work than on political geography.

The ILO has recognised a category of 'economically dependent worker'—a worker who provides services to a specific company under a commercial contract but whose economic dependence is functionally equivalent to employment. This approach suggests that the legal response to platform work should focus on economic reality rather than formal contractual characterisation. India's Karnataka High Court's 2023 ruling in a case involving app-based workers advanced judicial thinking on platform worker employment status by focusing on the degree of algorithmic control exercised by the platform as a determinant of employment status.

[927]) CBR Platform Work Index, 'Labour Rights in the Digital Economy: A First Look' (Cambridge: Centre for Business Research, June 2025).

[928]) New York State Bar Association, 'Reimagining Workers' Rights in the Gig Economy' (August 2025).

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D. The COVID-19 Pandemic as Regulatory Catalyst

The COVID-19 pandemic exposed the costs of legal ambiguity in worker classification with particular clarity. Gig workers—delivery drivers, personal shoppers, ride-hailing drivers—provided essential services while lacking access to paid sick leave, hazard pay, unemployment insurance, or occupational health protection. Many received protective equipment only after sustained industrial action, public pressure, and regulatory intervention. The pandemic demonstrated that the exclusion of platform workers from employment protection was not merely a technical legal question but a public health imperative.[929]

VII. WORKPLACE SURVEILLANCE, PRIVACY, AND DIGNITY

AI-enabled surveillance technologies have transformed worker monitoring with a comprehensiveness that no prior generation of labour law anticipated. Contemporary workplace surveillance encompasses keyboard and mouse tracking, email and messaging monitoring, automated scoring of customer service calls, facial recognition for attendance and engagement, real-time location tracking, analysis of productivity through screen capture, and AI-powered sentiment analysis of employee communications.[930]

The EU AI Act's prohibition on emotion recognition in workplaces, effective February 2025, represents a significant legal development. Emotion recognition systems—claiming to infer workers' emotional states from facial expressions, vocal patterns, or physiological signals—have been extensively criticised by psychologists and AI researchers for their lack of scientific validity, their tendency to encode cultural and racial biases, and their inherently invasive character. The GDPR provides baseline protections, including requirements of transparency, purpose limitation, data minimisation, and the right to object to automated decision-making under Article 22. The EU AI Act layers additional obligations on top of the GDPR framework, prohibiting certain surveillance practices outright and requiring human oversight for high-risk monitoring applications.

The fundamental tension in this area is between the legitimate managerial interest in measuring productivity and the worker's interest in privacy, dignity, and autonomy. Labour law systems have historically recognised that the employment relationship does not require workers to surrender their entire personhood to their employers; the question raised by pervasive AI surveillance is whether that recognition is being eroded in practice even where it is formally maintained in law.

VIII. COLLECTIVE LABOUR RIGHTS IN THE ALGORITHMIC WORKPLACE

Collective bargaining—the primary institutional mechanism through which workers have historically countered the power asymmetry of the employment relationship—faces novel challenges in the algorithmic workplace. First, algorithmic management individualises the relationship between worker and employer, replacing the collective experience of shared working conditions with personalised metrics and disaggregated performance data. When each worker's experience of management is unique—because the algorithm responds dynamically to each individual's behavioural profile—the shared grievances that historically motivate collective organisation are more difficult to identify and articulate.[931]

Second, the opacity of algorithmic management makes it difficult for workers and their representatives to identify when systems are operating unlawfully, or to gather information necessary to substantiate grievances. Third, the gig economy's

[929]) International Journal of Science and Research Archive, 'The GIG Economy and Its Implications for Labor Laws and Worker Protections' (2024) 13(1) IJSRA 3405.

[930]) TIAA Institute, 'AI and the Future of Work: Reshaping the Landscape of Human Work' (October 2025).

[931]) NITI Aayog, India's Booming Gig and Platform Economy (New Delhi: NITI Aayog, 2022), p. 3.

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atomisation of the workforce creates structural barriers to organisation: platform workers are geographically dispersed, episodically employed, and without access to shared workplace facilities.[932]

The EU AI Act's Article 26 confers upon workers the right to receive 'clear and meaningful explanations' of AI-assisted decisions affecting them. The Platform Work Directive's Article 9 requires platforms to consult worker representatives before implementing new automated monitoring or decision-making systems.[12] However, scholars have criticised these provisions as falling well short of genuine participation. As De Stefano and Taes have argued, meaningful worker involvement in AI governance requires not merely the right to receive information but the right to co-determine the conditions under which algorithmic systems are deployed, access independent technical expertise, and seek legal remedies for algorithmically generated harms.

A notable precedent for more substantive worker participation was the March 2025 agreement between SEIU Local 668 and the Governor of Pennsylvania, establishing a worker board to oversee the implementation of generative AI tools in public service provision. This agreement represents an early institutional model for integrating worker voice into AI governance.[933]

IX. COMPARATIVE PERSPECTIVES

The regulatory landscape for AI in employment is characterised by significant variation across jurisdictions in both the ambition and design of legal responses. A comparative survey reveals three broad approaches: the comprehensive risk-based regulatory model of the EU; the fragmented state-level regulation of the United States; and the social security-centred approach adopted by India and other developing economies.

A. European Union: Comprehensive Risk-Based Regulation

The EU has adopted the most comprehensive and systematically integrated regulatory approach. The combination of the AI Act and the Platform Work Directive creates a multi-layered framework addressing algorithmic management across both conventional employment and the gig economy. The AI Act's risk-based architecture has the advantage of proportionality—imposing heavier obligations on higher-risk systems—and its extraterritorial reach ensures non-EU companies serving EU markets are not exempt. However, the Act's reliance on employer self-assessment—without mandating independent third-party audits—limits its effectiveness as a worker protection instrument, and the right to explanation imposes no enforceable obligation to correct AI decisions found to be discriminatory.

B. United States: Innovation-Prioritising, State-Led Regulation

The US regulatory approach reflects a fundamental tension between innovation policy and worker protection. The Trump administration's rescission of the Biden executive order signals a federal preference for minimising regulatory barriers to AI development. State-level regulation has partially compensated for federal inaction, but the result is a patchwork of inconsistent requirements providing uneven protection to workers depending on their geographic location.[934] Over 30 US states have formed AI committees or task forces, suggesting that the current regulatory vacuum will be progressively filled through state action even in the absence of federal leadership.[935]

[932]) Gustavo R. Pilatti et al., 'Systematic Literature Review on Gig Economy: Power Dynamics, Worker Autonomy, and the Role of Social Networks' (2024) 14 Administrative Sciences 267.

[933]) SEIU Local 668 and Governor Shapiro, Joint Statement on Generative AI Implementation Partnership (28 March 2025).

[934]) Hunton Andrews Kurth LLP, 'The Evolving Landscape of AI Employment Laws: What Employers Should Know in 2025' (February 2025).

[935]) Fisher Phillips LLP, 'Comprehensive Review of AI Workplace Law and Litigation as We Enter 2025' (January 2025

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C. Australia and the United Kingdom: Incremental Reform

Australia's Fair Work Legislation Amendment Act 2024 significantly improved the situation of gig workers by extending access to basic labour rights to workers engaged through digital platforms. The 2024 Labour Rights Index identifies Australia as having made among the most substantial improvements in gig worker legal protection of any country tracked.[19] The UK's approach is characterised by incremental judicial and legislative development. The government's Employment Rights Bill proposes further reforms to address gig worker protections, though platform companies continue to use strategic litigation to resist the extension of worker rights, as demonstrated by the Deliveroo case of 2024.

D. India and the Global South

The regulatory challenges in the Global South differ from those in developed economies. Lower levels of formal employment, weaker enforcement infrastructure, and the economic significance of informal and platform-mediated work create a distinctive regulatory context. India's approach—focusing on social security rather than employment status—may offer a more pragmatic model for contexts where the full apparatus of formal employment protection is practically unenforceable. The ILO's ongoing work on a Convention on Decent Work in the Platform Economy, currently in its second round of General Conference discussion and expected to be finalised in 2026, represents the most significant attempt to establish binding international minimum standards for platform work.

X. TOWARDS A REFORMED LABOUR LAW FRAMEWORK

The foregoing analysis demonstrates that existing labour law frameworks are structurally inadequate to address the challenges posed by AI and automation. Addressing those challenges requires not merely the incremental adjustment of existing rules but the construction of a new legal framework—grounded in fundamental rights, responsive to the economic realities of AI-mediated work, and capable of global application. This Part proposes the core elements of such a framework.

A. Rethinking the Employment Relationship

The foundational reform required is the abandonment of the binary employee/self-employed distinction as the organising principle of labour law. The reality of AI-mediated work—characterised by algorithmic control, economic dependency, and de facto subordination regardless of formal contractual characterisation—demands a functional approach determining worker status on the basis of economic reality rather than contractual label.

A reformed framework should adopt the ILO's 'economic dependency' criterion: where a worker's income is primarily derived from a single platform and where that entity exercises substantial control over the conditions of work through algorithmic mechanisms, the worker should be presumptively entitled to employment protection. The burden of demonstrating genuine independent contractor status should rest on the platform company.

B. Algorithmic Transparency and Accountability

A reformed legal framework must establish enforceable rights to algorithmic transparency and accountability. At minimum, this requires: a worker's right to know when algorithmic systems are used to influence decisions affecting their employment; a right to a meaningful explanation of factors and weightings used; a right to challenge algorithmic decisions before an independent body; and mandatory third-party audits of algorithmic systems for bias and accuracy.[936]

[936]) TimeForge, 'The Intersection of Technology and Labour Laws: What's Next?' (February 2025).

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The EU AI Act's framework for high-risk AI systems provides a partial model but requires strengthening. The obligation of self-assessment should be replaced by mandatory independent audit, conducted by accredited bodies with access to training data, system parameters, and decision outputs. The right to explanation should be accompanied by a right to challenge, enforceable before labour courts with specialist AI expertise. And the rights conferred should extend to workers collectively—through their trade union representatives—rather than only to individual 'affected workers'.[29]

C. Portable Social Protection

The fragmentation of the workforce demands social protection that is portable—attached to the worker rather than to any particular employment relationship. Workers should be entitled to social security protections—health insurance, unemployment benefits, pension contributions, sick pay—regardless of employment classification. The 'portable benefits' approach, developed by scholars at the Brookings Institution and others, would establish individual benefit accounts to which employers, workers, and the state all contribute in proportion to work performed. India's Code on Social Security 2020, with its platform worker welfare fund, represents an early iteration of this model.[937]

D. Expanding Collective Rights and Reskilling Obligations

A reformed legal framework must expand collective labour rights to address the algorithmic workplace. Workers and their representatives should have a legally enforceable right to be informed and consulted before the introduction of algorithmic management systems, with a genuine right to co-determination on matters substantially affecting working conditions. Existing prohibitions on employer interference with the right to organise should be extended to cover the use of algorithmic systems to identify and suppress union activity.

Labour law reform must also address medium-term adjustment costs. Employers who automate work functions should bear a legal obligation to support the reskilling and redeployment of displaced workers—through funded training programmes, adjustment periods, and preferential access to new roles. The WEF estimates that 59 percent of all workers will need training by 2030 to remain relevant in the labour market; meeting this challenge requires a coordinated response from employers, training institutions, and governments that cannot be left to market mechanisms alone.

XI. CONCLUSION

The transformation of work by artificial intelligence and automation is not a distant prospect but an accelerating present reality. The legal frameworks through which societies have historically mediated the power asymmetry of the employment relationship—employment protection legislation, collective bargaining, social security, anti-discrimination law—were constructed for an institutional context that AI is actively dismantling. Existing labour law is inadequate to the challenge: too slow, too binary, too territorial, and too individual in its orientation to respond effectively to algorithmic management, platform work, pervasive surveillance, and the gig economy's exclusion of millions of workers from basic protection.

The regulatory responses surveyed in this paper represent genuinely significant advances: the EU AI Act's prohibition of emotion recognition and its high-risk framework; the Platform Work Directive's presumption of employment and human oversight requirements; US states' emerging requirements for bias audits and algorithmic transparency; and India's Code on Social Security's extension of welfare mechanisms to platform workers. But none of these responses is yet adequate, and none addresses the fundamental structural

[937]) Code on Social Security, 2020 (India), Chapter IX (Gig Workers and Platform Workers).

challenge: that the legal categories through which labour law operates are insufficiently flexible to accommodate the economic realities of AI-mediated work.

The path forward requires legislative courage and institutional imagination. Labour law must move beyond the employment/self-employment binary towards a functional, economically grounded approach to worker status. It must establish enforceable rights to algorithmic transparency—not as abstract principles but as practically exercisable individual and collective entitlements. It must construct systems of portable social protection that follow workers through episodic, platform-mediated careers. And it must reinvigorate collective labour rights, equipping trade unions and worker representatives with the information, access, and legal powers needed to participate meaningfully in the governance of the algorithmic workplace.

The question of how labour law responds to artificial intelligence is, ultimately, a question about the kind of society we wish to inhabit: one in which the productivity gains of technological innovation are broadly shared, work retains its dignity and security, and democratic accountability extends into the workplace; or one in which the benefits of automation accrue to the owners of capital while the risks are borne by workers who have been reclassified, surveilled, and deprived of the collective instruments needed to assert their rights. Labour law alone cannot resolve this question, but without reformed labour law, the answer will be determined by market power rather than by democratic choice.

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