# Sridhar Vembu urges caution on AI job displacement claims



As discussions about artificial intelligence (AI) continue to capture global attention, particularly around its potential to reduce costs and displace jobs, Sridhar Vembu, CEO of Zoho, has offered a measured viewpoint on the subject. Speaking to The Economic Times, Vembu highlighted that claims predicting significant workforce reductions from AI adoption should be considered with caution.

Vembu pointed to recent research indicating that despite the rapid advancements in AI technologies, especially generative AI such as chatbots, the immediate effects on the labour market have been modest. Referring to a study titled "Large Language Models, Small Labor Market Effects" by researchers Anders Humlum and Emilie Vestergaard, he shared insights from data collected in Denmark. The study reveals that although companies have invested heavily in AI tools and integrated them within workplaces, there has been little observable impact on productivity or employment patterns in the initial years of use.

The research suggests that unlocking AI’s full potential requires companies to not only invest but also to reorganise work processes and prioritise employee training. While new AI-driven tasks have emerged, overall labour market changes remain gradual. Even after two years of widespread generative AI deployment, significant shifts in earnings or productivity have yet to be seen.

In response to the study and the broader AI debate, social media users expressed varied but thoughtful opinions. Some drew parallels to earlier technological disruptions and emphasised the importance of continuous skill development. One user noted that early fears surrounding AI echo historic concerns about computers in the 1970s and 1980s. They argued that AI’s immediate effect may centre on automating low-skilled technical roles but predicted a longer-term transformation requiring a realignment of workforce skills.

Others highlighted the confusion prevalent in public discourse, pointing out misunderstandings between AI in general and generative AI specifically. These commentators suggested that as the technology matures over the next couple of years, people and organisations will adapt through upskilling and strategic adjustments, thus mitigating adverse impacts.

Additional voices suggested that while AI might not directly eliminate jobs, improvements in productivity could lead to workforce redeployment. Workers freed from routine tasks may find new opportunities that better utilise their capabilities. There was also a recurring view that attention should not focus exclusively on the novelty of AI; established, existing technologies still offer substantial potential for enhancing efficiency and business outcomes, despite their less glamorous reputation compared to AI.

Vembu himself has long championed the value of upskilling. He highlighted, for instance, that AI’s contribution to software development is largely in automating repetitive, boilerplate coding rather than replacing the nuanced problem-solving that human developers provide. Drawing on concepts from the classic software engineering book The Mythical Man-Month, he differentiated “accidental complexity,” which AI can handle effectively, from “essential complexity” demanding human ingenuity.

He elaborated, “While AI excels at recognising and reproducing existing patterns, can it ever develop the instinct or ‘taste’ required to discover truly novel solutions—something humans do through intuition, experience, and conviction?”

In sum, the conversation around AI and the labour market remains nuanced. Current empirical evidence indicates limited immediate disruption, with future impacts hinging on broader organisational changes and workforce adaptation. Meanwhile, voices from industry leaders and the public alike advocate for continuous learning and a balanced understanding of the evolving technological landscape.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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2. <https://www.financialexpress.com/trending/zoho-ceo-sridhar-vembu-explains-why-ai-hasnt-yet-caused-major-labor-market-shifts/3823483/> - Corroborates Vembu's warnings on AI impact, referencing a study that found minimal changes in productivity and employment, despite significant AI investment.
3. <https://www.businesstoday.in/amp/latest/trends/story/ai-vendors-promise-job-cuts-and-savings-but-sridhar-vembu-warns-its-just-the-beginning-473717-2025-04-26> - Reiterates Vembu's views on AI's current limited impact on the labor market and emphasizes the gap between hype and reality.
4. <https://www.ndtv.com/offbeat/labor-market-impact-is-small-zohos-sridhar-vembu-on-ai-taking-over-jobs-8261543> - Confirms that, according to Vembu, the current labor market impact of AI has been small despite promises of cost savings through job cuts.
5. <https://economictimes.indiatimes.com/magazines/panache/zohos-sridhar-vembu-warns-there-is-still-a-chance-to-protect-your-income-before-ai-takes-away-your-job/articleshow/120639484.cms> - Reinforces the message that, despite AI advancements, immediate job displacement has been limited, emphasizing the importance of upskilling.
6. <https://economictimes.indiatimes.com/magazines/panache/zohos-sridhar-vembu-warns-there-is-still-a-chance-to-protect-your-income-before-ai-takes-away-your-job/articleshow/120639484.cms?utm_source=google&utm_medium=organic&utm_campaign=googlesearch> - This URL, while similar to others listed, generally supports the discussion around AI's limited current impact on the labor market.
7. <https://news.google.?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data