

“Impact of Artificial Intelligence on Business Around the World”:

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Introduction

Artificial intelligence is changing world trade by making cross-border business faster, cheaper, and more data-driven. It helps firms forecast demand, manage supply chains, automate customs work, translate documents, and reach new markets with less time and cost. At the same time, AI is not equally available to all countries and firms. Large companies and developed economies often gain faster, while small businesses and developing countries may face gaps in skills, infrastructure, data access, and regulation.

Artificial intelligence has had a broad and deeply uneven impact on business around the world. In the strongest cases, it is raising productivity, improving decision-making, accelerating innovation, and creating new business models; at the same time, it is forcing firms to redesign workflows, reskill workers, manage new risks, and rethink competition.

The key points of the topic “impact of artificial intelligence on business around the world”:

AI boosts productivity by automating repetitive tasks and improving efficiency across departments like customer service, manufacturing, finance, and logistics.

AI supports better decision-making by analyzing large amounts of data and giving businesses faster, more accurate insights.

AI drives innovation by helping firms create new products, services, and personalized customer experiences.

AI improves global supply chains through demand forecasting, inventory optimization, route planning, and disruption management.

AI is changing jobs and skills, reducing some routine work while increasing demand for AI, data, and strategy-related roles.

AI gives companies competitive advantage by helping them work faster, reduce costs, and respond better to market changes.

AI is affecting international business by reshaping trade, global operations, and how multinational companies coordinate across countries.

AI also brings risks such as bias, privacy concerns, cybersecurity issues, and overdependence on automation.

KEYWORD- Artificial intelligence, Business, Global economy, Productivity, Automation, Innovation, Jobs and skills, Competitive advantage.

Business transformation

AI has moved from a niche technology to a mainstream business capability. A 2025 OECD publication says AI can help address sluggish productivity growth in OECD countries, while a 2025 IBM study found enterprises expect AI-enabled workflows to expand sharply as they scale automation and decision support. A McKinsey-linked 2025 summary also notes that many firms use AI in at least one function, but far fewer have scaled it across the whole organization, which means most companies are still capturing only part of its potential value. For business leaders, this shift matters because AI is no longer only about software; it is about organizational redesign. Companies that get real value tend to rethink processes, not just add a chatbot or analytics tool on top of existing workflows.

Productivity gains

The clearest effect of AI is on productivity. OECD research on generative AI says it automates repetitive tasks, supports skill development, and improves operational efficiency, especially in writing, summarizing, translating, coding, and research-heavy work. The same OECD work estimates that AI could lift annual aggregate labor productivity growth by about 0.4 to 0.9 percentage points over a 10-year horizon, with total-factor productivity gains around 0.25 to 0.6 percentage points annually. These gains often appear first in task-level improvements rather than full-company profit jumps. McKinsey-linked 2025 reporting says many firms see use-case benefits, but only a minority report enterprise-level EBIT impact so far. That suggested AI is often creating local wins inside departments before it transforms the whole balance sheet.

Revenue and innovation

AI is also changing how businesses create revenue and launch new products. The OECD's 2025 review says generative AI can foster creativity, accelerate research and development, and lower entry barriers for firms and entrepreneurs. IBM's 2025 enterprise survey also says leaders see improved decision-making, cost reduction through automation, competitive advantage, better employee experience, and stronger talent retention as major benefits.

This is especially important in marketing, sales, product development, and customer service, where AI can personalize offers, speed up content creation, and shorten experimentation cycles. A McKinsey-linked 2025 summary says innovation is one of the most common reported benefits, even where financial impact is still limited. In plain terms, AI is helping firms test more ideas faster, and some of those ideas become new products or services.

Jobs and skills

AI is reshaping employment rather than simply eliminating it. The World Economic Forum's Future of Jobs 2025 reporting says 92 million jobs may be displaced by 2030, but 170 million new ones could be created, for a net gain of 78 million. The same report says 80 percent of employers plan to upskill workers with AI training, and two-thirds plan to hire people with specific AI skills.

That means the biggest workforce impact is likely to be task substitution, not total job disappearance. Routine and rule-based work is most exposed, while roles that combine domain knowledge, judgment, creativity, and human interaction become more valuable. Businesses that invest in training are better positioned to capture AI's benefits without triggering avoidable talent shortages.

Sector differences

AI's impact varies sharply by industry. Microsoft's global industry overview highlights manufacturing, health care, public services, and retail as strong use-case areas, with manufacturing focused on predictive analytics and operations management, and retail emphasizing predictive analytics and customer service. In health care, AI supports risk management, knowledge creation, and eventually more complex diagnostics, while public-sector adoption is often driven by smart-city goals and traffic, pollution, and crime prediction.

The global pattern is similar across sectors: AI tends to be most useful where businesses face large volumes of data, repetitive decisions, or high coordination costs. That is why finance, logistics, retail, software, manufacturing, and customer support often lead adoption.

Competitive effects

AI is changing competition by widening the gap between firms that adapt quickly and those that do not. PwC's long-running projection estimated AI could raise global GDP by 14 percent, or about \$15.7 trillion, by 2030, with much of the gain coming from productivity improvements. Even though such forecasts are optimistic, they point to a real possibility: firms that use AI well may scale faster, produce at lower cost, and respond more quickly to customer needs.

This is creating a new kind of competitive advantage based on data, workflow design, and model integration. IBM's 2025 study says executives increasingly view AI agents as essential rather than experimental, and many expect AI-first approaches to contribute meaningfully to revenue growth and margin improvement. In practice, AI is becoming part of the core operating system of business rather than a side project.

Risks and limits

AI's business impact is not purely positive. The OECD notes that trust, human expertise, and long-term effects remain important concerns, and the effectiveness of AI depends on the user, the task, and how well it is integrated into work. There are also environmental costs: one 2023 business analysis noted that training large AI systems can consume significant energy, even though AI can later help support efficiency and climate goals.

Other major risks include hallucinations, bias, cybersecurity exposure, privacy issues, and over-automation. These risks matter because a system that is fast but unreliable can damage reputation, create legal problems, or lead to poor business decisions. So the challenge is not simply adopting AI, but governing it well.

Overall picture

The broad story is that AI is already changing business everywhere, but at different speeds and with different outcomes. It is strongest as a productivity tool, a decision aid, and an innovation engine, and it is beginning to reshape workflows, jobs, and competition worldwide.

The most successful businesses are likely to be the ones that combine AI with human judgment, redesign their processes, and invest heavily in skills. AI is not just making businesses more efficient; it is changing what businesses are, how they work, and which firms will lead the next phase of global growth. Would you like this turned into a formal essay with introduction, body, and conclusion style?

Pros of AI in world trade

Lower trade costs through automation, smarter logistics, and faster compliance work

Better productivity because firms can process information and make decisions more quickly Improved market access for MSMEs and exporters, especially in digital and e-commerce trade. Stronger customs and trade facilitation through anomaly detection, document screening, and predictive systems.

Better use of data for planning, forecasting, and risk management in global supply chains

Cons and losses

Job displacement in routine trade, logistics, clerical, and compliance tasks.

Unequal benefits, because advanced economies and large firms can adopt AI more easily than small firms and poorer countries. Regulatory fragmentation, since different countries may create different AI and data rules. Data privacy and security risks when trade depends on large-scale digital data flows Overdependence on technology, which can create errors, bias, and trust problems if systems are poorly designed.

Short paragraph for report

Research gap

A major research gap is that existing work still lacks a unified empirical model linking AI adoption to trade outcomes across countries, sectors, and time periods. Another gap is the limited evidence on how AI affects trade in developing countries compared with advanced economies, especially where digital infrastructure and institutional quality differ sharply. There is also a gap in measuring AI exposure consistently, because studies use different proxies such as AI-related occupational exposure, machine translation usage, or customs automation measures. A useful gap statement for your brief is: “Although prior literature suggests that AI can reduce trade costs and expand international commerce, there remains limited cross-country evidence on its heterogeneous effects by income level, sector, and regulatory environment.”

Methodology

A strong methodology for this topic would be a mixed empirical design. One option is panel data analysis using country-year or country-sector data, with trade flows as the dependent variable and AI adoption or AI exposure as the key explanatory variable. Control variables could include GDP, population, digital infrastructure, education, logistics performance, tariffs, exchange rates, and institutional quality. You can also use a gravity model of trade, which is standard in international economics, and extend it by adding AI variables such as AI adoption intensity, AI-related patents, AI exposure indices, or AI-enabled customs modernization. If you want a more policy-oriented brief, a qualitative comparative approach using OECD, WTO, and UNECE documents can complement the econometric analysis by explaining how trade facilitation, data governance, and standards shape outcomes.

Conclusion

Artificial intelligence is becoming a powerful force in world trade because it improves efficiency, reduces trade costs, and helps businesses reach global markets more easily. At the same time, it also creates challenges such as job displacement, unequal benefits between rich and poor countries, data risks, and new regulatory problems. Overall, the topic shows that AI is not only a technology issue but also a trade, policy, and development issue. Its final impact will

depend on how well countries invest in digital skills, build fair rules, and use AI to support inclusive growth rather than deepen inequality. A strong final sentence for your assignment could be:

Therefore, artificial intelligence has the potential to transform world trade positively, but only if governments and businesses manage its risks and ensure that its benefits are shared widely across countries.

References

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"Evaluating the impact of artificial intelligence on international trade".

Ready-to-use thesis line

Artificial intelligence is transforming world trade by lowering costs, improving efficiency, and enabling new digital trade models, but its benefits are unevenly distributed and depend heavily on data governance, digital infrastructure, and regulatory coordination.