

Short-Term Labor Market Adjustments of Resilient Men in Prime Working Age

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With rapid advancements in automation technology including artificial intelligence (AI), the question of how technological changes affect work has regained attention in recent decades. Similar to fears in earlier times, policy makers, the public and scientists alike are concerned about technology-driven job losses. While there is little evidence suggesting that predictions of disappearing work will materialize anytime soon, it is also clear that the nature of work is changing rapidly, demanding high degrees of adaptability of workers. We use administrative, individual-level panel data for West Germany from 1990 to 2008 to examine how workers have navigated the labor market in recent decades. To frame our empirical analysis, we construct a simple model of workers' decisions regarding the tasks they perform and occupational mobility in the face of changing task content of production. We find that workers alter the tasks they perform at the workplace and also use occupational mobility to adjust to the changing demands. The results suggest that resilient workers are more responsive in terms of task input adjustments, and that they tradeoff wage increases for higher employment stability.