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'AUTOMATION AND LOW-SKILL LABOR'

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🔍 ABSTRACT

The supply of low-skill labor can have a significant impact on firms' adoption of robots. This paper tests this hypothesis by exploiting an increase in the supply of low-skill labor caused by exogenous immigration into Danish municipalities. Using the Danish employer-employee matched dataset from 1995 to 2019, we demonstrate in a shift-share regression that municipalities with a higher proportion of migrants have fewer imports of robots at the firm-level. We rationalize this finding through a simple model of robot adoption, in which robots and low-skill workers are substitutes. As many advanced economies are facing labor shortages, this paper provides valuable insights into the future of robotization.

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