

For whom the bell tolls: the effects of automation on wage and gender inequality within firms

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This paper investigates the impact of investment in automation- and AI- related goods on within-firm wage inequality in the French economy during the period 2002-2017. We document that most of wage inequality in France is accounted for by differences among workers belonging to the same firm, rather than by differences between sectors, firms, and occupations. Using an event-study approach on a sample of firms importing automation and AI-related goods, we find that automation/AI spikes are not followed by an increase in within-firm wage and gender inequality. Instead, wages tend to increase at different percentiles of the distribution, revealing a relatively spread allocation of rents from automation/AI within the firm. This adds to previous findings showing picture of a 'labor friendly' effect of the latest wave of new technologies.