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Comprehensive study of labor landscape automation, economic dynamics and the role of tourism

Mustafakulova S.E. ¹, Boynazarov S.I. ², Mustafakulov I.B. ³, Djuraeva Z.A. ³ and Shokirov Z.B. ⁴

¹ "Silk Road" International University of Tourism and Cultural Heritage, Uzbekistan.

² Westminster International University, Tashkent, Uzbekistan.

³ Samarkand State Medical University, Samarkand, Uzbekistan.

⁵ Samarkand University, Samarkand, Uzbekistan.

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Abstract

This manuscript of overview about highlighting the significance of comprehending how the labor market is evolving and how it will affect social and economic stability. Finding a balanced solution to the problems posed by globalization, automation, and labor market regulations is crucial.

Keywords: Tourism; Employment; Economic growth; Saving

1. Introduction

The labor demand and technology relationship are changing dramatically in the fast-paced twenty-first century. An unparalleled period of change in the global labor market has been brought about by the rapid speed of technological growth, which is typified by advancements in automation, artificial intelligence, and digitalization. It is critical to examine how these breakthroughs affect labor demand as businesses look to take advantage of the benefits and efficiency they offer. I will go into more detail about important topics and earlier study findings in this overview of the literature, highlighting the significance of comprehending how the labor market is evolving and how it will affect social and economic stability. Finding a balanced solution to the problems posed by globalization, automation, and labor market regulations is crucial, and it's important to consider the various consequences on various demographic groups.

This research review's subsequent sections go into further detail about the effects of trade, automation, minimum wage laws, and wage dynamics during recessions. They also highlight how complicated labor market dynamics are and how they affect both workers and politicians.

2. Body part

Acemoglu and Restrepo (2018) talk about how the labor market and economic growth are affected by automation and the creation of new jobs. They present a framework that takes into account elements such as capital accumulation, technology endogeneity, and the influence on factor pricing and employment, fusing task-based models with directed technological change models. The authors discover that the development of new tasks and automation have opposite effects on labor share and employment, with the former increasing and the latter decreasing. For continued economic growth, it is critical to keep these two forces in balance.

* Corresponding author: Shokirov Z.B

Certain requirements must be met in order to create a balanced growth path that advances both automation and the creation of new activities simultaneously, highlighting the requirement for new tasks to have exponential productivity growth. Entrepreneurship and business expansion are promoted by a business-friendly environment that is defined by a few regulatory obstacles, effective administrative processes, and property rights protection. Businesses are more likely to boost labor demand when they find it easy to operate and grow (Boppart and Krusell, 2016). The caliber of the labor force is also important. Programs for education and skill development can raise the labor force's human capital, increasing its appeal to employers. Technology affects earnings as well. Acemoglu and Restrepo also explore how technological monopolists and intellectual property laws influence technological advancement. It is backed by the notion that innovation, growth, and intellectual property protection can all persist in the IT sector. Because they will enjoy legal protection and a just economic advantage, industry participants are motivated to participate in the research and development of innovative technologies (Tuan, 2023). He talks about equilibrium circumstances in an economy with endogenous technology and emphasizes the role that scientists play in creating new technologies.

Authors also discuss the function of creative destruction, the effects of automation and the addition of new tasks on pay disparity, and the employment prospects for low-skill workers. A thorough examination of the effects of automation and the creation of new jobs on the labor market, economic growth, and inequality is given by Boppart and Krusell (2016). It highlights the necessity of a well-rounded strategy to sustain steady growth and provides information on how technology and intellectual property rights influence the economy.

In their 2017 article, Acemoglu and Restrepo outline a study that looks at how industrial robots affect employment and salaries in US labor markets. They create a model where human labor and robots compete to do various jobs, demonstrating how robots can lower employment and wages. The effects of robots on salaries and employment in each local labor market by regressing the change in these variables on the exposure to robots. The findings show that robots have significant and persistent negative effects on salaries and employment across commute zones. According to Acemoglu and Restrepo (2017), the influence of robots is different from that of other variables like imports, outsourcing, and IT capital.

According to their estimates, the employment to population ratio drops by 0.18–0.34 percentage points and salaries by 0.25–0.5 percent for every 1,000 workers. According to earlier research, industrial robots have a big impact on the labor markets in the US, especially for manufacturing and regular manual laborers with less than a college degree. Crucially, no occupation or educational level shows counter employment increases according to the findings. Autor (2015) emphasizes the detrimental effects of robot adoption on employment and earnings in US labor markets and stresses the need for a more thorough understanding of these effects going forward. He clarifies the intricate dynamics of technological advancement and how they affect the job market. Autor alludes to past occurrences in his writing, such the Luddite movement's opposition to textile manufacturing automation and the 1950s and early 1960s worries about automation. A commission that was formed as a result of these historical discussions came to the conclusion that automation lost jobs but did not pose a threat to employment as a whole.

Previous studies draw attention to current automation issues and speculate that improvements in robotics, artificial intelligence, and processing capacity could result in a larger replacement of labor. Examining the reasons why automation hasn't resulted in the abolition of jobs, stressing that technology complements labor rather than replaces it, creating a need for more workers. In the context of automation, the idea of complementarity emphasizes that automation frequently enhances human labor rather than completely replacing it. Talking about how automation is affecting many employment categories, ranging from manual, low-paying jobs to professional, technological roles. According to Autor (2015), wage polarization may not always follow automation, even though it may cause polarization around employment. Additionally, his research looks at how technical advancement and information technology contribute to the polarization of the labor market and how it affects wages. It draws attention to how the labor market is impacted by variables like business cycles, trade, globalization, and technological advancement.

The aforementioned works highlight the need of concentrating on jobs that are challenging to automate and frequently call for flexibility, judgment, and creativity, raising concerns about the future of automation and employment. Conclusion in each of those works by talking about the necessity for a more comprehensive governmental response as well as the possible distribution issues brought on by fast automation. While some experts contend that automation would boost productivity and provide new employment, others are concerned that technology will cause job displacement and worsen income inequality (Panel, 2023). Employment and wage polarization result from lower capital costs, beginning with interior automation. More automation, in particular, forces employees to take on jobs at both the lower and higher ends of the task distribution (Acemoglu and Loebbing, 2022). For instance, Autor and Hanson examined a thorough analysis in their work that looks at the effects of China's quick rise in the world economy, specifically focusing on how it will affect American workers. China went from being a closed economy with outdated

technology to the third-largest manufacturer in the world in less than 20 years. They investigated how the rise in Chinese exports affected American workers by analyzing data from the U.S. Social Security Administration.

The numerous important conclusions drawn from "TRADE ADJUSTMENT: WORKER LEVEL EVIDENCE"

Trade Exposure and Employee Results: Employees in sectors of the economy most vulnerable to Chinese import competition saw declines in their annual income, employment, and cumulative wages. Low-paid workers, those with short tenure at their first firms, and employees' at large enterprises with low wage levels were those that saw the most unfavorable consequences.

Differential Impacts: High-paid employees moved to other companies, frequently outside of manufacturing, and adjusted more swiftly than their lower-paid counterparts. On the other hand, low-wage workers were more likely to leave their original employer amid mass layoffs, which resulted in larger earnings losses, and they also stayed longer in their initial trade-exposed enterprises and industries.

Trade-Induced Separations: Whether they left before or during widespread layoffs, low-paid workers suffered large wage cuts. The study discovered that workers exposed to trade were more likely to leave their original employment.

Benefits from Social Security Disability Insurance: As a result of increased exposure to the trade, more people applied for Social Security Disability Insurance (SSDI) and received benefits for longer periods of time, which reflected the difficulties faced by impacted workers.

Strong Results: The results demonstrate the consistency of these conclusions by remaining stable when subjected to a variety of control factors and other trade exposure measures.

When trade-related disruptions occur, lower-paid workers suffer disproportionately, whereas higher-paid people are better able to adjust and recover. It highlights the various ways that American workers react to trade shocks and offers insightful information about the effects of rising import competition from China on the labor market. Autor and Hanson (2013) provide crucial information for stakeholders and policymakers worried about how globalization is affecting the workforce. They also advance our knowledge of the intricate interaction between labor markets and international trade.

The atypical dynamics of labor markets are examined by Truman F. Bewley, in particular the wage sector's resistance to declines during recessions. He questions why labor markets are different from other markets and why, in hard times, companies don't lower salaries to stave off layoffs. In order to explore these concerns, Bewley defied conventions in economic research by conducting a poll during the recession of 1990–1993. Since most labor-market data only provide information about employment and compensation, ignoring the underlying motives of workers and employers, he concentrated on the motivations guiding employment and compensation decisions. The survey's results cast doubt on accepted economic theory. Employers place a higher importance on collaboration, autonomy, and morale than on financial incentives and pressure. They contend that motivated and contented employees frequently demonstrate initiative, inventiveness, and commitment. It is thought to be quite desirable to have this cheerful attitude, particularly in employment that involves public interaction.

Bewley also explores the idea of downward wage rigidity, which explains why salaries do not decrease in times of heavy unemployment. Wage cuts are resisted by employers because they that employees' loyalty to the company would be weakened, which could undermine long-term unity. Employers are wary even if the effects of actual pay cuts are typically less negative than expected. The overqualification phenomenon, in which jobless people frequently struggle to get positions paying far less. Because they worry that these employees may be unsatisfied and likely to leave when better possibilities present themselves, employers label these employees as overqualified. Bewley's work highlights the importance of morale and the unwillingness to cut salaries, revealing the complex relationships between employers and employees. It also highlights the difficulties experienced by jobless individuals and the pervasiveness of overqualification. These discoveries gave conventional economic theories a run for their money and shed light on the behavior of the labor market.

The effect of raising the minimum wage on employment, considering a number of factors like education and age. Meer and West (2013) assess the connection between minimum wage laws and employment expansion using several criteria and data sets. According to their findings, raising the minimum wage has a significant detrimental impact on employment. The impacts vary depending on the demographic group. The most impacted are younger workers, especially those between the ages of 16 and 19, who see notable drops in employment. Even so, the impacts are less pronounced for people between the ages of 20 and 21. The effects taper off for people in their 22s and 24s, and for

people beyond 35, they stop being statistically significant (Meer and West, 2013). Furthermore, workers with lower education levels—that is, those without a high school diploma—bear the brunt of the negative effects of higher minimum wages, according to research on the influence of education on job outcomes. Even though the effects are less pronounced, workers with an associate degree or some college education still face severe consequences. Conversely, those holding a bachelor's degree or above seem to be less impacted by rises in the minimum wage (Meer and West, 2013). The effects of minimum wage laws on employment are complicated overall and change depending on factors like education and age. It emphasizes how crucial it is to take these things into account when evaluating how minimum wage adjustments will affect the job market. Policymakers and scholars can gain useful insights into the complex dynamics of minimum wage policies by referring to the prior findings.

Amid these discussions on labor dynamics, it is pertinent to consider the role of tourism in the evolving global economy. Tourism, a multifaceted industry that encompasses a diverse range of jobs, from hospitality to cultural services, contributes significantly to labor market dynamics. The demand for skilled and creative individuals in the tourism sector aligns with the literature's emphasis on the importance of tasks that are challenging to automate.

Furthermore, as technological advancements continue, the tourism industry adapts, integrating innovations to enhance customer experiences. This intersection of technology and tourism echoes the discussions on the balance between automation and job creation. Just as the literature underscores the need for a comprehensive governmental response to automation challenges, tourism management requires strategic planning to harness technological advancements while ensuring job opportunities and economic stability.

3. Conclusion

To conclude, the survey of literature offers a thorough understanding of labor market dynamics by analyzing the several factors that impact employment, wages, and economic growth. Research indicates that the effects of automation and the development of new jobs on the labor market might have contradictory effects on rates of employment and labor force participation. This is one of the main themes of the study. For long-term economic prosperity, balanced growth encourages job creation as well as automation is essential. Emphasis is placed on how education, workforce skills, and a supportive corporate climate may boost economic growth and labor demand. Technological monopolists and intellectual property rights both contribute significantly to the advancement of technology and can flourish when new ideas are given legal protection. Integrating the role of tourism into this discourse highlights the industry's contribution to job creation and the need for adaptive strategies in the face of technological advancements. As we navigate the complexities of automation and its potential effects, a holistic approach that considers diverse sectors, including tourism, becomes essential for fostering resilient and inclusive economies. The literature also examines the idea of creative destruction, the job prospects of low-skilled workers, and the impact of automation and the introduction of new tasks on pay disparity. The necessity of taking a balanced approach to handle the issues raised by automation and its possible effects on employment is a recurrent theme.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

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