

Mergers and Acquisitions, Human Capital Reallocation, and the Costs of Technological Change

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Abstract

Mergers and acquisitions (M&As) reallocate assets, reshape firm boundaries, and can accelerate technological change through modernization. This paper examines how technology transfer in M&As influences human capital reallocation and spills over to long-run career trajectories of workers. We show that acquisitions by technologically advanced firms disproportionately impact workers in occupations exposed to the acquiring firm's technology specialization. These effects are large and highly asymmetric: workers in software- and robot-exposed occupations experience long-run wage declines of up to 15%, while those in AI-exposed occupations see wage gains of 3.5%. Our findings highlight the labor market consequences of M&As and the uneven costs of technological reallocation across different types of human capital inside firms.