

# Wired For Change? Clean Technology Adoption and Labor Market Transitions

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## Abstract

Whether the energy transition will harm or benefit workers is a central policy concern. This paper provides the first ex-post estimates of transition costs when small and medium enterprises adopt clean technologies. I study heating service firms in France as they shift from installing fossil fuel boilers to heat pumps. Tracking workers through matched employer-employee data, I document substantial within-firm labor reallocation but low transition costs overall. While displaced workers recover their earnings within one year, stayers adjust by working longer hours. Hourly wages rise for those exposed early to the technology or facing smaller skill gaps, but primarily through employer changes rather than within-firm raises. These results demonstrate that market incentives can facilitate on-the-job skill updating, keeping adjustment costs low even amid significant labor reallocation.

**Keywords:** decarbonization, transition costs, labor reallocation, skills upgrading

**JEL codes:** Q52, J24, O33

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