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**Written Testimony**

**of**

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*Understanding AI's Economic Impact on Workers and Employers*

**Before the U.S. House of Representatives Committee on Education & Workforce,**

**Subcommittee on Workforce Protections**

*Submitted for the record*

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Chairman Mackenzie, Ranking Member Omar, and members of the Subcommittee, thank you for the opportunity to submit testimony on the psychological impacts of artificial intelligence (AI) on workers, the workforce, and the economy.

The impact of AI on workers will be determined not only by technological capability and market forces, but also by how people understand, trust, and adapt to these systems. In that sense, AI is not only a technological or economic issue. It is fundamentally a human one, operating alongside important economic and technological forces.

I am Dr. Dennis Stolle, Executive Lead Psychologist for Applied Psychology at the American Psychological Association (APA), the nation's largest scientific and professional organization representing psychology. APA represents more than 190,000 psychologists, students, and affiliates across clinical, research, educational, and applied settings. For over a century, its mission has been to advance and apply psychological science to benefit society and improve lives.

Public discussion of AI often focuses on code, computational power, and economic disruption. These are important considerations. But AI systems are designed by people, introduced into organizations, and used by workers whose decisions and behaviors determine whether these tools enhance productivity or create risk. Outcomes depend on factors such as trust, cognitive load, perceived fairness, and how individuals and teams adapt to change.

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Applied psychology—including industrial-organizational psychology, human factors psychology, and applied social psychology—provides a scientific foundation for understanding these dynamics. Decades of research show how people interact with technology and how those responses affect performance and well-being, with downstream implications for economic outcomes. We do not have to rely on speculation alone to understand many of these well-studied dynamics.

## **I. AI Is a Human and Organizational System, Not Just a Technical One**

AI systems do not operate in isolation. They are introduced into workplaces through human decisions, embedded in organizational structures, and used by workers whose perceptions and behaviors shape their impact. As a result, the economic effects of AI cannot be understood solely through technical performance or market analysis. They depend on how people respond to these systems in real-world settings. These effects are not uniform. They vary by role, task structure, and how the technology is implemented.

Research in applied psychology and related fields shows that AI frequently reshapes tasks within jobs, depending on how it is deployed. It may change the composition of work—shifting tasks, redistributing cognitive effort, and altering skill requirements. In many cases, these changes can outpace adjustments in training, role design, and performance expectations. As a result, workers may experience increased role ambiguity and workload intensity, even where AI is intended to improve efficiency. In some contexts, AI augments human capability. In others, it replaces discrete tasks. Most applications fall between these extremes and require deliberate choices about how work is structured.

A related but often overlooked dynamic is the presence of what is sometimes described as hidden labor. In some implementations, workers spend time verifying, correcting, and supervising AI-generated outputs. These activities are not always fully captured in traditional productivity measures, yet they affect workload, job satisfaction, and the realized value of these systems.

Several well-established psychological factors shape whether AI systems are effectively used and deliver their intended benefits. **Trust** is central. Workers' willingness to rely on AI is shaped by how systems are experienced in practice, including their perceived reliability, transparency, and alignment with workplace goals. When these conditions are not met, employees may hesitate to use or fully engage with systems, even when they have the potential to improve performance.

**Cognitive load** is another key factor. AI can reduce mental burden when it simplifies complex tasks. But in other cases, particularly when systems are difficult to interpret or require continuous monitoring, AI can increase strain and reduce effectiveness.

Perceptions of **fairness and control** also matter. Workers attend to how AI is used in decisions that affect their work, including evaluation, scheduling, and task assignment. When systems are experienced as opaque or inconsistent, they can undermine engagement and organizational commitment over time.

Finally, **adaptation within teams** and organizations is critical. AI reshapes roles, workflows, and informal norms. Effective use depends not only on individual skill, but also on team coordination, leadership communication, and organizational support for adjustment.

Taken together, this research points to a consistent conclusion: AI's impact on productivity, worker well-being, and economic outcomes is shaped not only by the technology itself, but also by human behavior and organizational context.

## **II. The Impact of AI on Work Is Real, but It Is Conditional**

Artificial intelligence is already reshaping how work is performed across a wide range of occupations. Evidence from applied psychology and related fields shows that, in some contexts, AI can enhance productivity, support decision-making, and expand human capability. At the same time, it can introduce risks, including job insecurity, reduced autonomy, and concerns about fairness. **The key point is not a single, uniform outcome, but a more actionable insight: AI's impact on work is real, but it is not automatic. It is conditional.** It depends on how it is introduced, how work is organized around it, and how people experience it in practice.

AI can augment human performance, particularly in work involving information processing, idea generation, and problem-solving. In practice, these systems extend human thinking by providing new inputs and reducing the effort required to generate and evaluate options. But these benefits are not evenly distributed. Workers who can interpret, question, and refine AI-generated outputs are more likely to benefit. AI does not replace the need for human judgment. It changes the conditions under which judgment operates.

These dynamics extend to the design of work itself. AI can increase autonomy by enabling workers to complete tasks more efficiently or independently. It can also narrow roles, standardize

processes, or shift decision authority away from individuals. These effects often emerge together: greater efficiency alongside reduced control, or increased capability alongside new constraints. This reflects a core reality: AI functions as a job design technology, not just a productivity tool.

The psychological experience of work is also changing. AI can introduce uncertainty about roles and expectations. Supportive organizational practices—such as training, transparency, and opportunities for skill development—can help workers adapt and maintain engagement in many cases. This reinforces a broader point: the consequences of AI adoption depend not only on the technology, but on how it is implemented and integrated.

A central issue in practice is trust. **The goal is calibrated judgment—knowing when to rely on AI and when to question it.** Trust is shaped by factors such as transparency, consistency, perceived fairness, and prior experience with system performance. In higher-stakes contexts, such as hiring or performance evaluation, these dynamics become more pronounced. Both over-reliance and under-reliance carry risk. Effective use depends on maintaining the right balance.

Concerns about bias and fairness deserve careful attention based on existing evidence in some applied contexts. At the same time, the pathways through which bias can emerge are complex and vary across stages of development and use. This underscores the need for careful, evidence-based evaluation and ongoing oversight, rather than broad assumptions about system performance.

Taken together, the evidence supports a consistent conclusion. **AI is neither inherently beneficial nor inherently harmful in the context of work.** Its effects depend on interacting factors, including human capacities, job design, organizational practices, and trust. The most important question is not whether AI will change work—it already is—but how those changes are shaped, and by whom.

This perspective shifts the focus from technology alone to the broader system in which it is embedded. It highlights the role of human skill, organizational choice, and psychological process in determining outcomes. The future of work with AI will be defined not only by advances in technology, but by how effectively we understand and manage the human side of that integration.

### **III. Human Psychological Capacity Is a Central Determinant of AI Outcomes at Work**

If the impact of artificial intelligence on work is conditional, the next question is direct: what determines those conditions? What separates environments in which AI enhances human capability from those in which it creates friction, uncertainty, or diminished control?

A key part of the answer lies in how people engage with the technology—specifically, the skills, judgment, and adaptive capacity they bring to working with it.

In practice, the same AI system can produce very different outcomes depending on the individual and the context. Some workers use AI to extend their thinking and improve performance. Others experience confusion, reduced confidence, or disengagement. These differences reflect variation in how individuals interpret and respond to technological change, alongside differences in system design and organizational context.

Several psychological factors help explain this variation. Individuals differ in their confidence using new technologies, their ability to evaluate and refine AI-generated outputs, and how they adapt to changing task demands. They also differ in how they respond when systems produce unexpected results or disrupt established routines.

These are not new constructs, and they are not specific to AI. What is new is the environment in which they operate. AI can increase the speed, complexity, and ambiguity of many work processes. In that context, these capacities appear to become more visible and more consequential in shaping performance. They also influence workers' sense of control, predictability, and confidence—factors closely tied to well-being.

Again, a central mechanism linking these capacities to outcomes is trust. Individuals must decide when to rely on AI, when to question it, and how to interpret its outputs. These are not purely technical decisions. They are psychological ones.

Emerging evidence suggests that these dynamics extend beyond individual decision-making to the social fabric of work. Recent research finds that when help is delivered through AI systems, recipients perceive less warmth, feel less obligation, and are less likely to reciprocate. In other words, **the introduction of AI into routine interactions may subtly weaken the interpersonal dynamics that support cooperation and trust in organizations.**

Research on human–automation interaction shows that effective use depends on calibrated trust—neither over-reliance nor under-reliance. Individual differences in experience, confidence, and cognitive skill influence how well people make these judgments. Those with stronger adaptive capacity are often better positioned to engage productively: to use AI without over-relying on it, to question outputs without dismissing them, and to adjust behavior as system performance varies.

In contrast, environments where individuals have less support, experience, or confidence can produce less stable outcomes. Some may underutilize AI, avoiding beneficial tools due to uncertainty or lack of confidence. Others may over-rely on AI, accepting outputs without sufficient scrutiny. Both patterns are well documented and are associated with reduced effectiveness and increased risk of error.

Importantly, these capacities are not fixed, and they are not solely individual attributes. Decades of research in organizational psychology show that they are shaped by organizational conditions. Training, leadership behavior, clarity of expectations, and opportunities for skill development influence whether individuals feel capable of learning and working effectively with new tools. In the context of AI, these same factors shape whether individuals can engage effectively with these systems. **Organizations that provide structured support for learning and adaptation are more likely to see positive outcomes.** Those that do not may experience greater variability in performance and increased resistance to change.

“Psychological capital” provides one useful lens, grounded in well-established evidence. Psychological capital is a person’s positive mental resources that help them succeed and perform well. Psychological capital integrates capacities such as self-efficacy, resilience, hope, optimism, and goal-directed thinking into a coherent model. While direct research on psychological capital in AI-specific contexts is still emerging, there is substantial evidence supporting these underlying capacities and their role in performance, adaptation, and well-being. As a result, psychological capital provides a useful lens for understanding—and developing—the human capacities that matter most in AI-enabled work.

The implication is straightforward. If we want AI to enhance work rather than degrade it, we must attend not only to system design, but also to the capacities of the people who use it. A narrow focus on technology alone will miss a critical determinant of success.

The future of work with AI will be shaped not only by advances in machine capability, but by whether individuals and organizations build the psychological capacity required to use those capabilities effectively and with sound judgment.

## **Conclusion**

Artificial intelligence is not a distant prospect. It is already reshaping how work is performed. AI can enhance performance, expand capability, and improve efficiency. It can also introduce uncertainty, reduce perceived control, and raise legitimate concerns about fairness. The difference lies not in the technology alone, but in how it is designed, implemented, and used.

Three points follow.

**First, AI is a job design technology.** Its impact depends on how work is structured—how tasks, decisions, and responsibility are allocated between human and machine. These are organizational choices, not technical inevitabilities.

**Second, trust is a governing mechanism.** Individuals must decide when to rely on AI and when to question it, based on factors such as transparency, consistency, perceived fairness, and prior experience with system performance. Systems that are accurate but not trusted will be underutilized. Systems that are trusted without sufficient scrutiny introduce different risks.

**Third, human psychological capacity is a critical determinant of outcomes.** The ability to engage with AI effectively—to interpret outputs, adapt to change, and exercise sound judgment—varies across individuals. These capacities can be developed and supported through training, experience, and organizational conditions, or they can be neglected. That choice has consequences.

The implication is straightforward. Efforts to address AI in the workplace should not focus exclusively on the technology, including efforts by policymakers. Together, these policies must address the human and organizational conditions that shape its use, including relevant training, job design, mandating transparency, and integrating psychological competencies required to work effectively with complex systems.

AI will continue to evolve. The question is not whether it will change work, but how those changes will be guided. **A balanced approach—combining technological advancement with**

**attention to human capacities and organizational design—offers the most reliable path forward.**

The American Psychological Association believes AI holds significant potential to improve workplaces. Realizing that potential will require policies that seek to intentionally embedding psychological science across the AI lifecycle—from design to deployment to oversight.

APA and its member scientists stand ready to work with this subcommittee and Congress to help ensure that AI is developed and used in ways that are safe, reliable, and promote human flourishing.

Thank you for your attention to these issues.



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