



Navigating AI disruption: The moderating role of flexible management in employment outcomes of younger employees

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Abstract

The application of artificial intelligence (AI) to the workforce continues to disrupt employment at all levels, and in all industries. That being said, younger workers are most at risk. As automation increasingly affects entry-level and routine tasks typically filled by these younger workers, the risk of job loss increases. However, rather than framing AI as an inevitable threat to younger employees, flexible management practices (FMPs) are offered as moderators in mitigating this technological displacement. The different FMPs are shown to potentially interact with characteristics of the younger workforce (i.e., neuroplastic and lifestyle options) enabling firms and institutions to redirect AI disruption into sustainable pathways in regard to the younger workforce, benefiting both the organization and the employees.

Keywords: FMPs; Flexible Management Practices; AI; Artificial Intelligence; Youth workforce



1. Introduction

Artificial intelligence (AI) is rapidly redefining how global labor markets are viewed----often in a negative way. Indeed, countless academics have discussed the current, and forthcoming difficulties (e.g., Chiarini et al., 2024; Soueidan & Shoghari, 2024). These range from job losses in the legal profession, to transportation, to customer service, etc. (Nnamdi et al., 2023). The effects of AI are particularly profound among younger individuals in the workforce. This is due to the fact that those in this demographic traditionally hold roles emphasizing routine, administrative, or customer-facing tasks—domains that are seen as more and more vulnerable to the automation brought about by AI. As such, the relationship between younger employees and AI disruption represents a considerable challenge of both economic and ethical proportions. Furthermore, although the effects of AI have diminished middle-tier jobs at scale, but the displacement of workers is now cascading into low-skilled, entry-level sectors (i.e., those that have a disproportionate number of younger workers) (Acemoglu & Restrepo, 2020). This is supported by organizations, such as the International Labour Organization, in which they project a widening gap between youth employability and market demands (Grimshaw, 2020).

This overview frames the problem of AI's entrance into the workforce not as a technological inevitability, but rather as a governance issue (i.e., as managerial design becomes a catalyst to alleviating inequality brought about by the current and forthcoming AI interruption). This is governance issues can best be couched in flexible management practices (FMPs). These are systemic, strategic, and operational mechanisms that enable organizations to dynamically adapt to changing labor demands. Institutions capable of real-time configuration, task decentralization, and modular employment pipelines can redirect the effects of AI in a way that offers younger employees an opportunity to capitalize on their abilities (e.g., neuroplasticity) to adapt rather than be displaced. Youth, paradoxically, are simultaneously the most vulnerable to automation and the most adaptive to this digital change. Hence, the role of FMPs becomes central in shaping how this duality is managed by corporations. This study aims to offer a framework that interprets FMPs as moderating constructs. It can be an institutional force that tempers the effects of AI and mediate its impact across the younger workforce. It is argued that when embedded deeply into workforce strategies, FMPs can absorb the displacement potential of AI and reintegrate youth into more meaningful, future-aligned roles.

2. Technological Transitions

The history presented by industrialization shows obvious patterns during disruption in the labor market by how societies have integrated, or failed to integrate, younger workers. For example, the first industrial revolution (i.e., the mechanization of manual labor) disrupted agricultural and artisanal jobs, but also created new roles in emerging industries. The second and third industrial revolutions introduced mass production and digital computing, respectively. Both these phenomena redefined the composition of jobs. In all cases, younger workers were particularly

impacted, as younger individuals were often overrepresented in the lowest-skilled and most easily automated roles. That being said, research suggests that technological evolution does not necessarily destroy jobs; rather, it shifts demand toward new, highly-valued skill sets. When public and private institutions proactively implement training programs and flexible labor pathways, technology-based disruption can be mitigated (Brynjolfsson & McAfee, 2014).

An example of mitigating workforce disruption can be seen in post-World War II Europe. There was focused investment in vocational education and labor-market intermediaries, helping younger workers navigate the shift to factory and service economies (Thelen, 2004). Alternatively, more recent transitions, like the diffusion of digital technologies in the 1990s and 2000s, resulted in a different outcome. Countries lacking adaptive education systems and responsive labor governance experienced sharp youth unemployment spikes. This current disruption, by AI, is quite unique. Not merely due to its speed, but also due to the vast generality of the technology. AI is not simply in one specific sector or skill tier; but rather it transcends domains. This poses challenges to both manual and cognitive roles. This disruption places a significant burden on the adaptability of organizations. Unlike past transitions that could rely on macroeconomic interventions or potential retraining of an entire sector, the current changes in workforce demands will require a high level of flexibility on both the company, and also the part of the individual. These flexible systems are defined by layered responsiveness. That is to say, simultaneous adaptation at the strategic structural and behavioral levels. As such, the difficulties of finding a place in an AI driven workforce for the younger individuals in the workforce need to be addressed by individuals organizations and even governments (Sushil, 2016).

3. Flexible Management Theories and Dimensions

The construct of flexible management is multifaceted, having been developed out of organizational behavior systems theory and strategic management. Fundamentally, it addresses the organization's ability to adapt its internal structures processes and human capital configurations in a way that properly responds to external challenges and changes. When considering AI disruption this adaptability is paramount for institutional resilience and longevity. This flexibility has been seen by scholars as a layered responsiveness by the organization not, simply an isolated managerial tool. As such these strategic structural and behavioral flexibilities must be intertwined into the company in order to navigate changes in the environment (Sushil, 2015). Strategic flexibility is the organization's ability to refocus its long-term objectives in response to external disruption. This includes such things as entering new markets, altering and redefining business models or quickly and efficiently redirecting resources. When considering AI disruption and displacement of younger employees, strategic flexibility can involve such things as investment and digital onboarding platforms forming public and private partnerships to the co-development AI literacy programs are restructuring career ladders (Teece et al., 2016).



Structural flexibility focuses on the organization's architecture. It deals with such aspects as teams, the decentralization of authority and management, and the redesigning of tasks. Researchers have shown the firms with high structural flexibility often implemented task behaviors as rotational job design and cross functional teams to increase learning across technological interfaces. For younger employees, such structural designs offer vital exposure this is the type of non-routine tasks that AI is not suited for (Fachrunnisa et al., 2020). As such this enhances the needs of the organization for such workforce individuals. Temporal flexibility is seen as the organization's ability to alter and change the scheduling duration and intensity of work. Research clearly shows that organizations that are able to introduce flexible work schemes tend to have lower job turnover from their employees (e.g., Berkery et al., 2020). Likewise, temporal flexibility lends itself to the needs of the employees, adjusting for such things a childcare hours and work life balance. Behavior flexibility addresses psychological and cultural aspects of a management team's ability to adapt to an external stimulus. It involves being receptive to new ideas and open to ambiguity and experimentation. It has been argued that firms that are high in psychological safety tend to see higher levels of innovation. When AI is adopted young employees are often hesitant to challenge established norms, and behavioral flexibility can often result in higher levels of engagement (Csaszar & Steinberger, 2022). These different types of organizational flexibility work together to aid firms in surviving disruption. As AIs recent effect on the workplace can certainly be construed as a disruption, the importance of using a combination of these flexibilities by organizations cannot be overstated.

4. AI's Impact on Youth Employment

As AI currently (i.e., and in the future) replaces both manual and cognitive employment positions it blurs the line between traditional skilled and unskilled labor. Furthermore, it has been especially effective at replacing low wage service sectors such as clerical occupations fast food phone centers. Younger workers, defined by Blanchflower and Freeman (2000) as those between the ages of about 18 to 25, often enter the workforce taking on jobs that are typically repetitious routine and have limited decision making authority. These are the types of jobs that are disproportionate risk of AI disruption. Researchers showed that the effect of AI has been especially difficult for low wage service sectors and limited autonomy (i.e., positions that are disproportionately filled by young workers) (Acemoglu & Restrepo, 2020). AI disruption of youth positions can be seen throughout the world. For example, in India, AI has automated many back office tasks leading to the layoff of junior analysts (Youvan, 2024). Likewise many organizations in the United States and Europe have adopted cashier less checkout systems often not considering the potential retraining of the existing staff (Szabó-Szentgróti et al., 2023)---staff that are typically younger employees. That being said, although AI threatens the illumination of roles and positions that have historically gone to younger people (i.e., and as such removes potential gateways to promotion and career positions), the AI disruption also creates new opportunities in areas such as human computer interaction,



digital platform entrepreneurship and various other domains to which the younger generation is often better prepared for due to their lifelong exposure to technology (Mullens & Shen, 2025). This displacement opportunity-paradox can be seen as a bridge for young employees to move onto positions that AI has made readily available.

5. Flexible Management as a Moderating Construct

FMPs can effectively moderate the relationship between AI disruption and youth employment outcomes. FMP's can affect not only the conditions under which the youth are employed, but also the ability to retrain those youth in new areas. The framework presented will aid in absorbing the technological shock and disruption to the youth workforce that is caused by the best implementation of AI. Many disciplines show support for flexible management models interacting with AI adoption when considering the youth workforce. Indeed, Soundararajan and Singh (2017) showed that adopting adaptive decision-making architectures often retain employees at a higher rate, during technological disruption. They emphasize the decentralized decision structure and task modularity that act as enablers for role flexibility. These features allow companies to tailor job tasks in near real time to fit the evolving needs of younger employees. In such situations flexibility becomes an asset. When role responsibilities are more fluid, that enables new employees to rotate between tasks and skill domains. This can become a necessity when considering AI disruptions and workflows, as the systems and tools constantly evolve. Molek (2024) discussed this concept by presenting firms that embedded AI training directly into entry level roles. They found an increase in perceived employee agency. This is especially important for young workers as they often feel anxiety due to potential job displacement by automation. These younger employees felt more empowered and confident, as they believed they were often working with AI rather than being replaced by it. Building AI into job design and allowing opportunities and growth organizations can mitigate the induced stress that comes with the changes that AI in the workplace presents, particularly among young people who are still building their occupational identity. Likewise neuroscience offers a biological perspective that validates such organizational planning and strategies. Ramos-Galarza and Gaibor (2025) purport that the brains of young adult workers consistently show higher levels of neuroplasticity. This is a phenomenon in which the brain can reorganize itself and form new pathways developing new skills at a high rate of speed. This plasticity is quite evident in late teenage years and early 20s, allowing younger workers to be extremely adapt and excelling under dynamic conditions. The obvious conclusion is that flexible systems are not simply economically efficient, but they are also neuro developmentally attuned towards young minds. As such, it has been suggested that although older workers may be overwhelmed by the change that AI brings about, younger workers are likely to accelerate their maturation when placed in such intellectually challenging environment (Kayser & Cadigan, 2021).

Furthermore, the characteristics of flexible management can actively shape the architecture and decision-making parts of a young person's brain. Specifically, the readings of the brain responsible



for executive function and abstract reasoning (i.e., the prefrontal cortex) continue to develop in the mid-20s (Blakemore & Choudhury, 2006). This prolonged development time is an opportunity for which adaptable workplace situations can develop not only job readiness in the young worker but also a lifelong ability to adapt to new situations. As such, the training environment provided by the rapid AI adoption that is occurring could create a reinforcing loop of an ever-changing system that creates adaptability and innovation potential in young workers (i.e., allowing them to adjust to the next change that AI will present).

Although older workers often have a higher level of institutional knowledge, an additional characteristic of younger employees is that they are often more agile when it comes to situations such as corporate required relocation and nontraditional work schedules. This characteristic is the result of various social and economic factors. Unlike their older counterparts, many younger employees in the workforce do not have the burden of mortgage responsibilities, nor do they have long-term family obligations. Not only do they typically not have children, but they also have parents that are either still in the workforce or self-sufficient. That is to say, they typically do not need to give their parents additional aid yet (Frank et al., 2019). As a result, they are often more adaptable in the areas of nontraditional work hours and also relocations---outcomes that have shown to be results of the adoption of AI in the workplace. The reasoning behind flexible management being a moderator for the AI disruption/youth workforce relationship is that although AI creates disruptions, flexibility can translate those disruptions into opportunity to retrain and reassign employees that hold the adaptability needed to make such changes. Applied to the youth workforce the moderating effects are obvious.

6. Discussion

The negative outcomes of the current AI disruption on youth employment cannot be overstated. These are far reaching, intersecting with national policies, educational systems, labor law ramifications; and indeed, the fundamental design of many jobs in the workplace. The purpose of this examination was to show how FPS can serve as a moderating construct in an effort to reduce this disruption. This is not just a theoretical concept but a pragmatic pathway for organizations. The adoption of FMP's into an organization's strategy may result in a sustained competitive advantage during this time when the economy lacks the historical consistency to which companies have become accustomed. At the societal level, the potential unemployment of younger workers that may be caused by a disruption has long-term socioeconomic costs. These include an increase in public welfare burdens, atrophy of skills and significantly reduced lifetime earning potential. That being said, as we have discussed, the demands that AI is placing on the workforce can potentially match the neural developmental and lifestyle flexibility of the younger individuals in the workforce. As discussed, young adults possess higher neuroplasticity and adaptive capability than their more mature peers. As such, this gives them the ability to thrive in an AI driven environment. In order to take advantage of this, companies must be prepared to introduce



flexibility into all areas of the organization---as this biological advantage that the youth provides can only prosper when the proper training exposure and malleability of the organization exists. As such, firms need institutionalized flexibility in all areas of the organization. Firms that adopt behaviors of flexibility can create conditions in which younger workers can develop work related competencies and skills without fear of failure.

Geographic mobility on the part of the workforce, and the foresight and flexibility of the organization to be able to foresee how assets would best fit into different areas of organization are likely to be a byproduct of AI disruption. As older employees often have significant obligations that tie them to a single area this burden is not realized by younger workers. This agility can become an organizational asset when our consolidated operations in a specific location or where AI human interaction is needed. Strategic flexibility allows the company to manipulate the big picture so that it can have the properly trained workforce in the proper locations. As discussed above, the youth workforce are more likely to not only more adapt at learning the skills, but are also more flexible (i.e., and able to be relocated). Likewise template flexibility will allow the organization to redistribute its workforce In a manner that is not only advantageous to the organization in regard to AI disruptions but also often falls within acceptable inconveniences of a youth workforce. This is a unique opportunity for the younger workforce. Traditional career ascension typically requires extensive tenure before the opportunity of skilled diversification is presented. Alternatively, AI disruption provides an opportunity for a workforce that is willing to be malleable with job task job location etcetera. Indeed, AI hybrid adjacent roles that did not exist 10 years ago are being developed on a daily basis. Research shows that older employees are less willing to make the change to these roles. As such, this provides an opportunity for the younger workforce when the company adopts such flexibility. Firms that offer such openings to the younger workforce are more likely to retain talent, and in doing so will build up institutional knowledge that as the younger workforce matures will be carried with them.

Education systems both inside and outside the organization must also adopt a new paradigm in response to disruption. These systems should be built upon not only the neuro adaptability of the younger workforce but also on their native technological knowledge. Having grown up with computer literacy, this generation of workers is already in a technological pipeline. Companies should build upon this by creating as environments that are AI dense. In this way, the education to employment pipeline becomes an expanded extension of FPS. It will prepare the up-and-coming workforce for not just static roles, but also for the mayor ability that is needed for the AI environment. Essentially the youth workforce should not be treated in the same manner as their less technology savvy, senior counterparts. With the proper flexible structure in place the younger workforce could work jointly with AI to become the dryer behind adaptive innovation and transformation. As such, FMP's are more than simply operational tools, they are social technical



infrastructures that allow the younger workforce to not only be successful but also to be a unique resource for organizations.

7. Conclusion

The complex relationship between artificial intelligence youth employment and flexible management practices has been explored. As the world adjusts to AI's unprecedented technological transformation the younger generation workforce finds themselves both disproportionately at risk, and are being replaced by automation and also possessing the tools that can make them very successful and this new AI driven realm. The effect that AI will have on traditional employment pathways is not set in stone. Instead, the degree to which the younger workforce is able to integrate and adapt to this new environment is a direct result of the organization's capacity to manage this change in an effective manner. Flexible management practices, when used as strategic structural behavioral and temporal measures, can act as a moderating force in this transition. They can temper the organizational shocks of automation that are occurring and will continue to affect the workplace environment. As such, organizations capable of systematic adaptation can not only mitigate youth displacement but also create sustained competitive advantage for the organization.

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