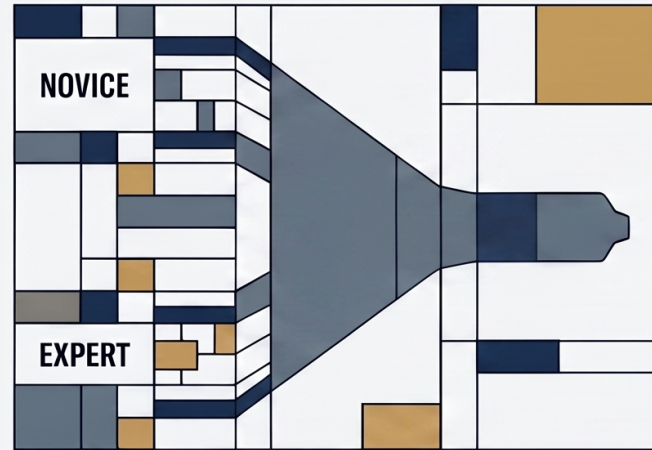


THE GREAT COMPRESSION: LABOR COMMODITIZATION IN THE AI ERA

How generative AI is devaluing traditional credentials and strategic organizational responses to this shift.

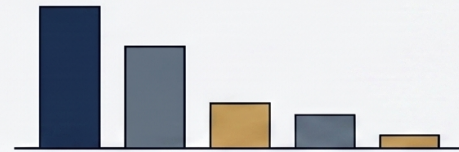
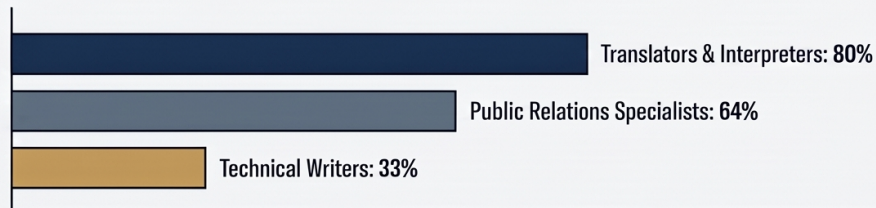
THE COMMODITIZATION PROBLEM



SKILL-BIASED COMPRESSION

AI disproportionately assists lower-skilled workers, narrowing the performance gap between high and low-credential employees.

AI TASK EXPOSURE % BY OCCUPATION



8% DROP IN SIGNAL VALUE

Predictive importance of human capital signals declined 8% in AI-exposed categories following ChatGPT's release.



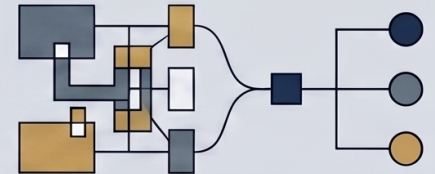
QUALITY CONVERGENCE

Worker outputs become similar despite different underlying capabilities, making workers increasingly substitutable to employers.

STRATEGIC ORGANIZATIONAL RESPONSES

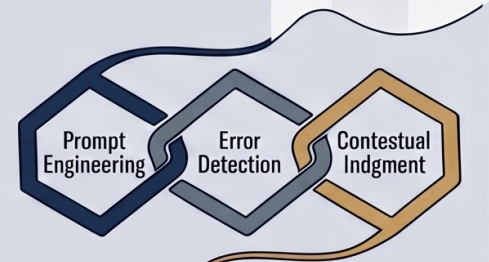
SHIFT TO OUTPUT-BASED ASSESSMENT

Move evaluation from credential proxies to direct measurement of impact, originality, and client satisfaction.



CULTIVATE "PIVOT SKILLS"

Train for AI-complementary capabilities like prompt engineering, error detection, and contextual judgment.



DISTRIBUTE LEADERSHIP

Empower frontline teams with AI experimentation authority to accelerate adaptation and maintain engagement.

