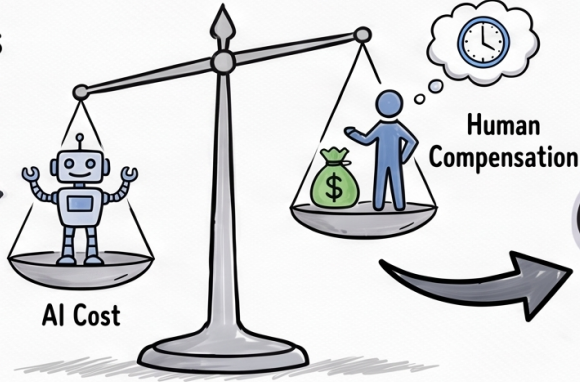


The Human-AI Substitution Framework: Beyond the Hype

The Risk-Adjusted Cost Equation

Risk Penalties



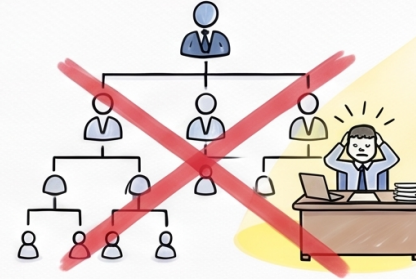
Substitution only happens when AI Cost + Risk Penalties are **LOWER** than Human Compensation.



The Economics of Replacement

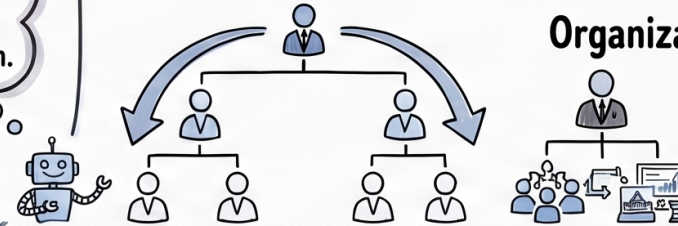


The Middle Management "Vulnerability Zone"



Substitution likelihood peaks at middle levels where compensation is high but accountability risks are manageable.

Organizational Flattening

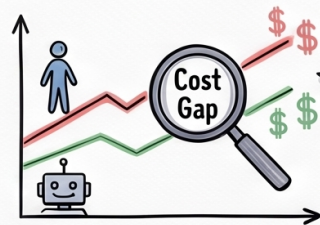


AI reduces managerial layers while widening the "span of control" for remaining leaders.



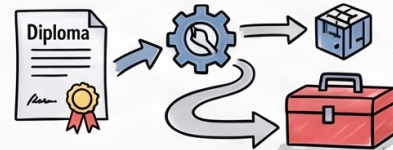
Strategic Organizational Responses

Monitor Substitution Thresholds



Track the "cost gap" between roles and AI to predict sudden, discontinuous transitions.

Shift to "Employability Security"



Replace traditional job security with commitments to continuous upskilling and career transition assistance.

Focus on the "Contested Zone"



Target training toward workers whose tasks are narrowing in cost-gap but still hold human value.