

# CAMO 2025

## The Great Compression: When AI Meets Organizations

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AI

# What is not Going to Change in the Age of AI?

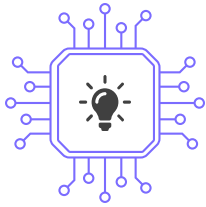


I very frequently get the question: 'What's going to change in the next 10 years?' And that is a very interesting question; it's a very common one. I almost never get the question: '**What's not going to change in the next 10 years?**' And I submit to you that that second question is actually the more important of the two -- because you can build a business strategy around the things that are stable in time.

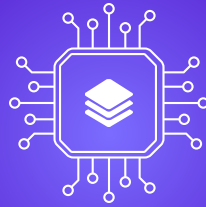
Jeff Bezos

# Purpose of the Talk

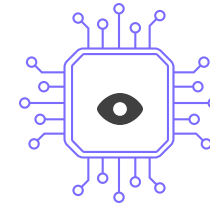
## Address permanent issues



**Skill**



**Motivation**



**Coordination**

**Focus on a common theme: Great Compression**

**Explore its implications on organizational transformation**

What changes do organizations and workers need to make to **thrive together?**

# Generative AI at Work



What's new about  
Gen AI?



Traditionally: output  
as prediction or  
number



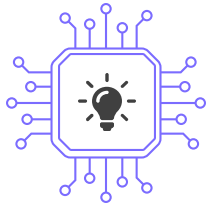
Knowledge as  
output



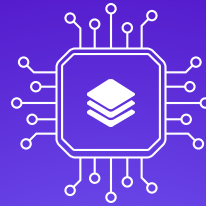
Expands the set of tasks  
machine can perform: writing,  
drawing, coding software,  
providing feedback...



# Brynjolfsson, Li, and Raymond (QJE 2025)

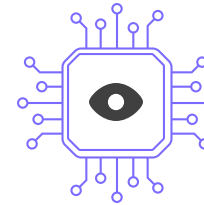


**Technical customer support  
chat: one of the top use of  
GenAI**



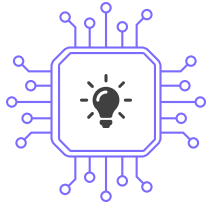
**Conversational customer  
support assistant**

- real-time recommendations for how to communicate
- long, difficult conversations on tax/payroll/website

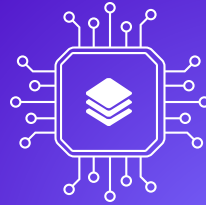


**Large Fortune-500 software  
firm: 3 mil conversations from  
5179 agents, each  
conversation 40-50 mins long**

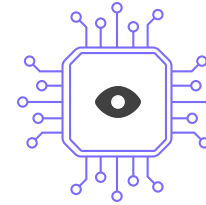
# Main Findings: Average effects



**Significant improvement in number of resolutions per hour (14%).**

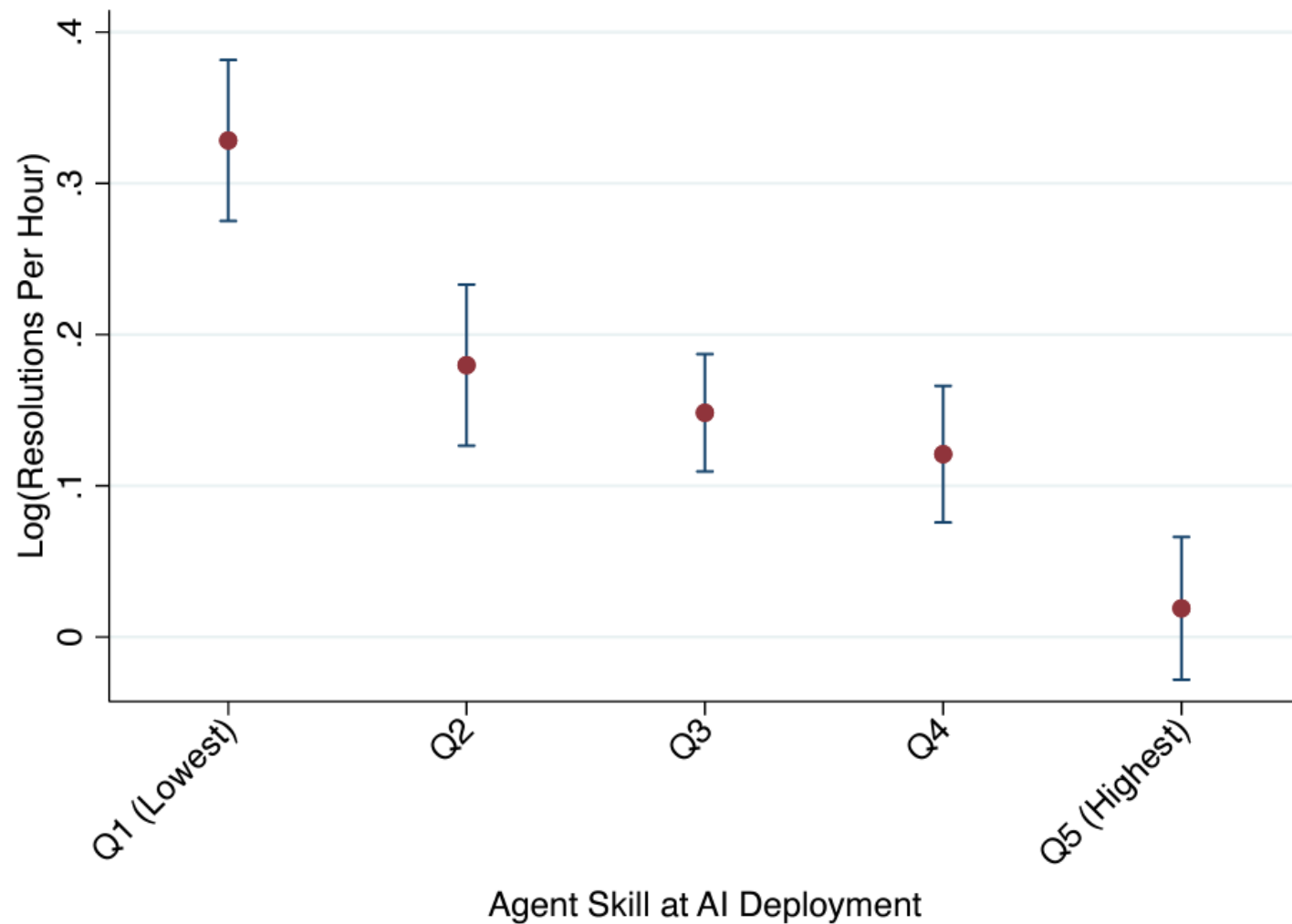


**GenAI reduces yelling/swearing**

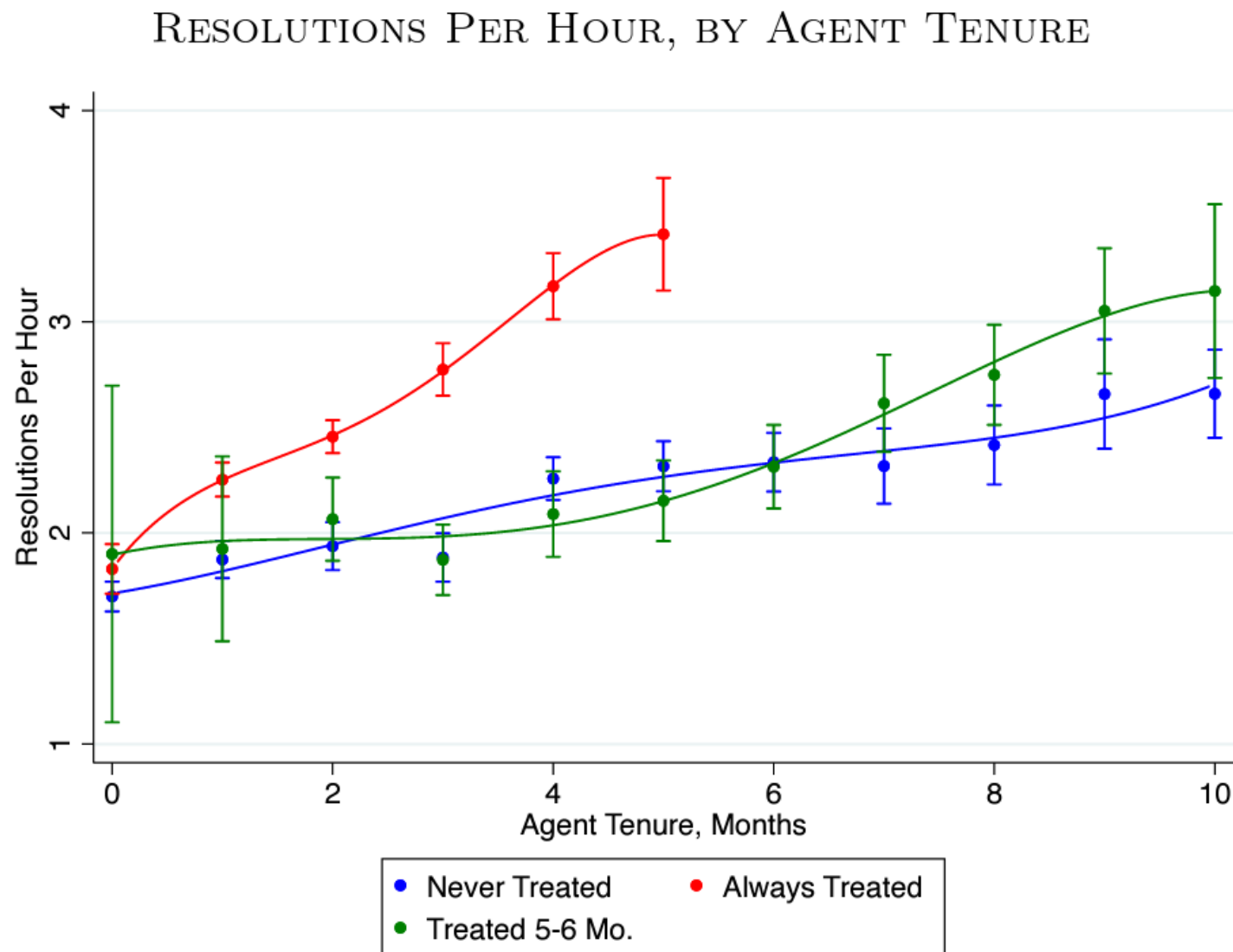


**Slightly increase customer satisfaction (NPS)**

# Compression in Skill Levels



# Compression in Skill Development



# Skill Compression: Implications on Talent Management

Use AI to “prolong” the shortest plank of the bucket

- Not replacing workers
- Empowering workers by rebundling skills

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Use AI to accelerate talent development

- What (not) to teach?
- Which skill becomes more important?





# Creative Process: Traditional Method



Information collection



Sketch



Draw details



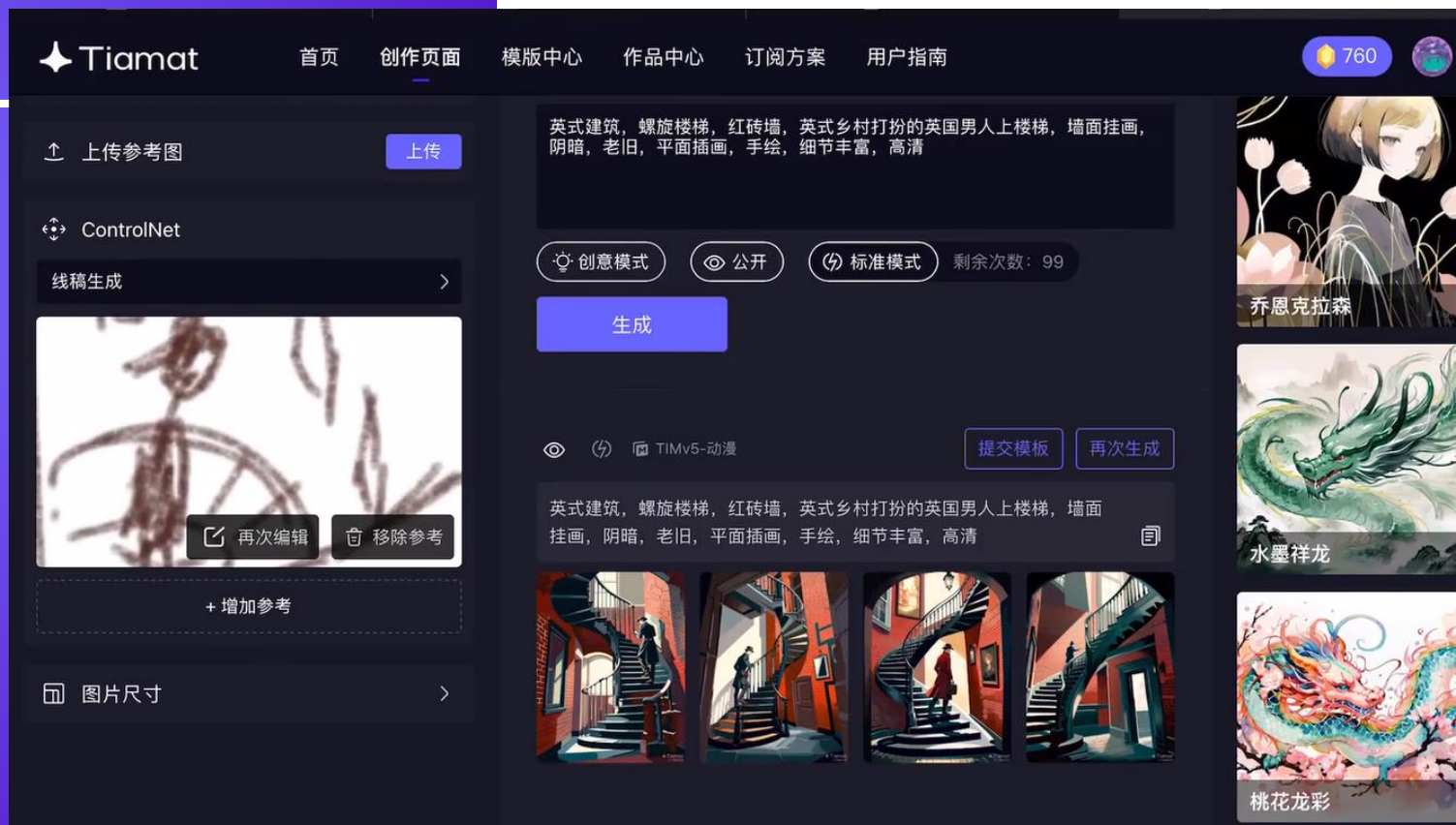
Submit

← 20% time →

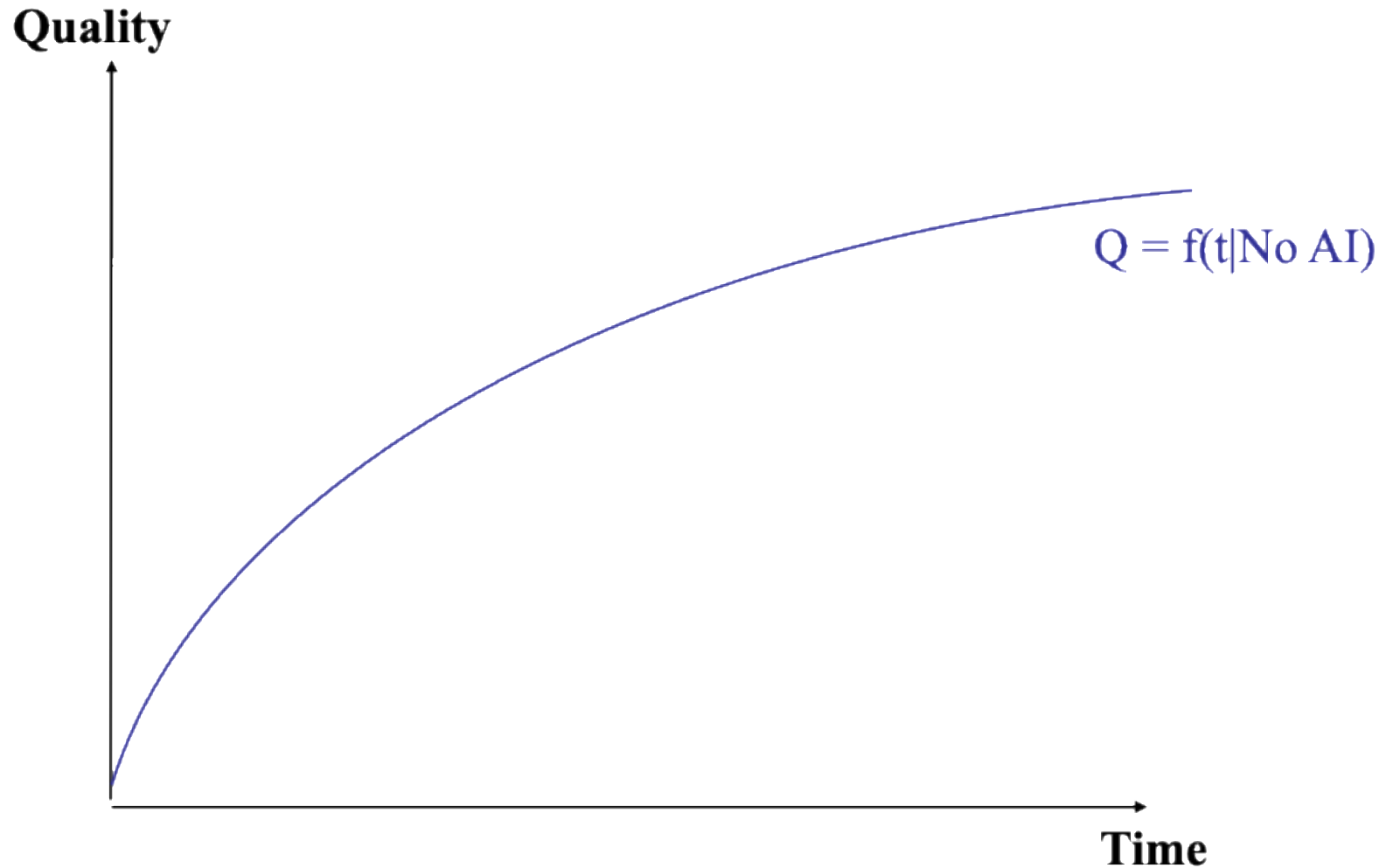
← 80% time →

# Creative Process

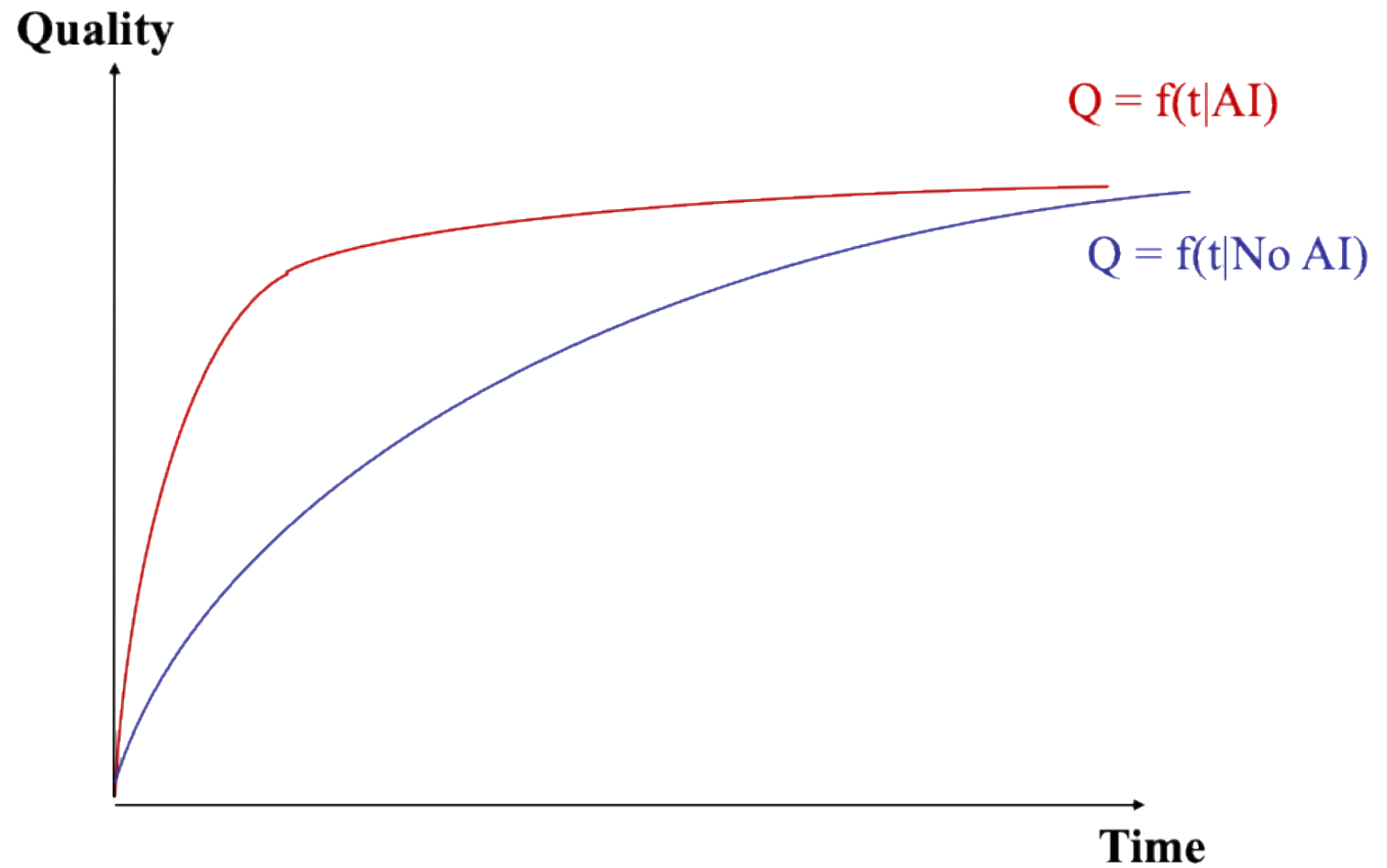
## The AI Way



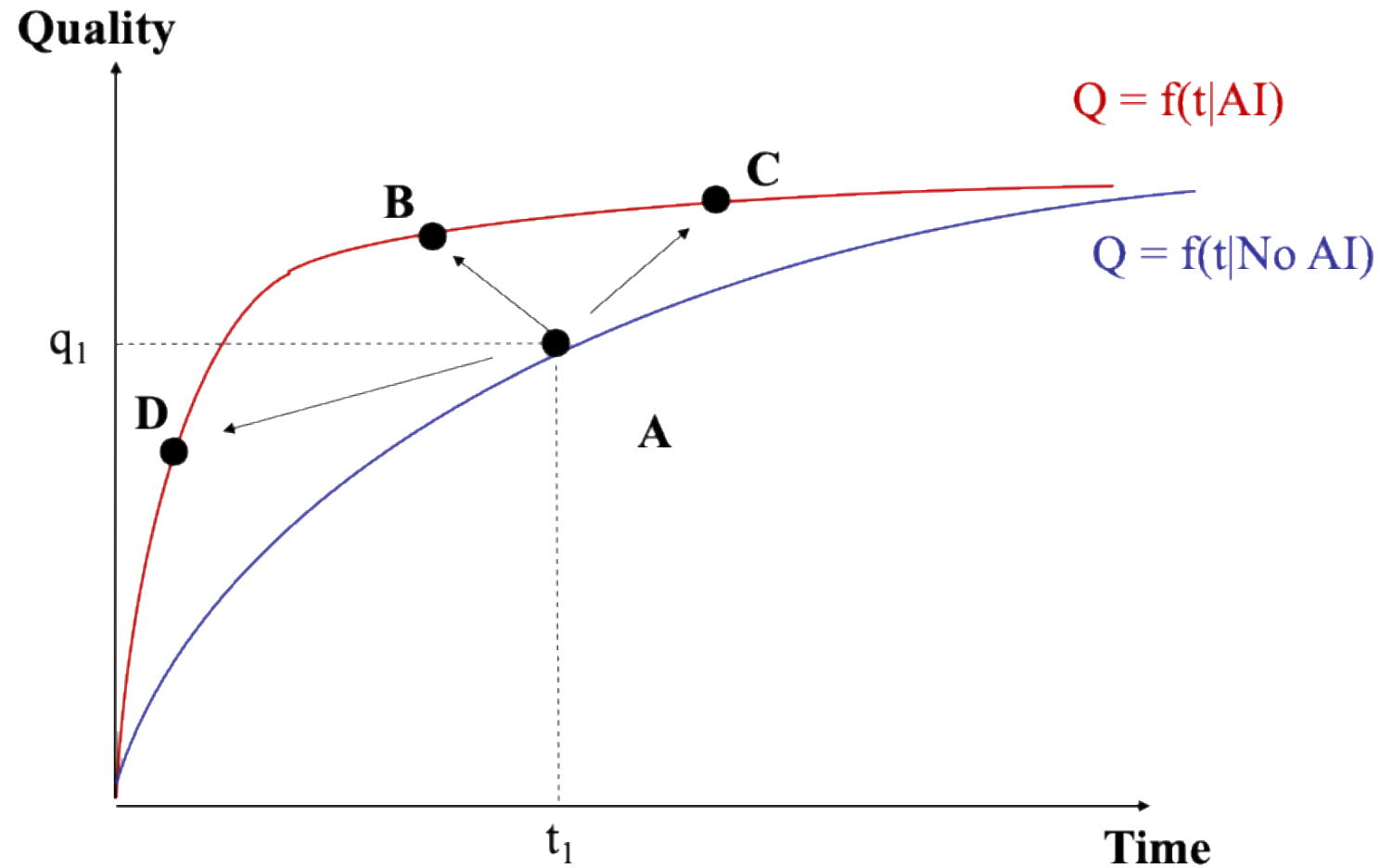
# The Productivity Curve



# The Productivity Curve

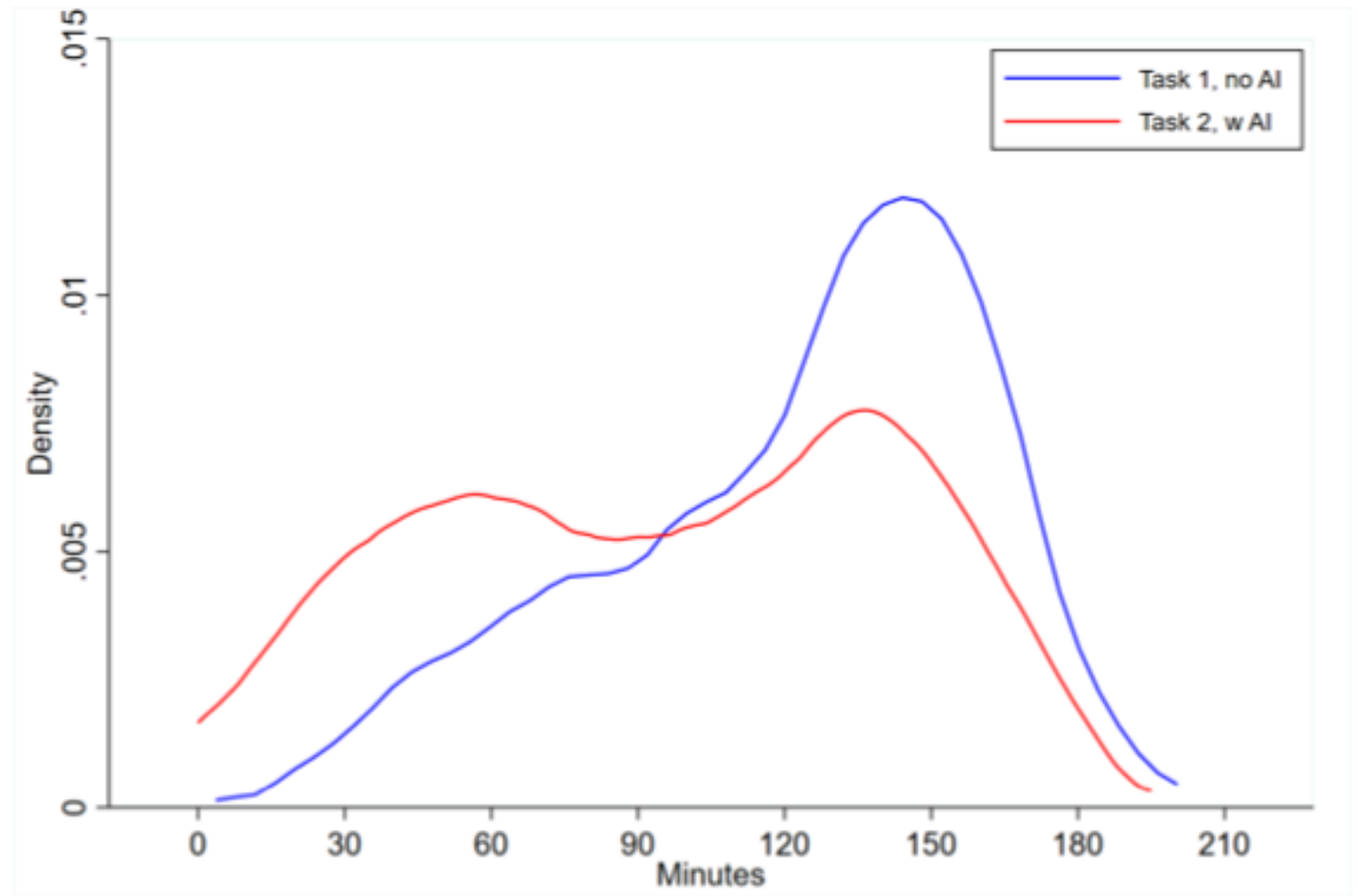


# Technology Curve, Time Choice, and Incentive





# Motivation Compression and the Curse of the 80s



# Motivation Compression: Strategy and Organization

Compression makes the middle  
vanish: 80 or 95?

- Quality vs Quantity
- 

## Quality-based strategy

- How to change incentive structures?
- How to find intrinsically motivated workers?

## Quantity-based Strategy

- How to leverage skills (mega store manager)?
- How to select super managers?
- How to redesign the organization hierarchy?

# God-like Technology, Paleolithic Emotion, and Medieval Institutions

“

People should stop training radiologists now. It's just completely obvious within five years deep learning is going to do better than radiologists.

Geoffrey Hinton, 2016



# The Complexity of Organizational Transformation

## TOP 10 REASONS FOR AI USAGE BELOW EXPECTATION

