

RESEARCH SEED MEMO
AOM Philadelphia PDW

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Seed: How does AI reshape organizational training systems by eliminating junior work?

Many researchers, managers, and public commenters have suggested that AI will eliminate the need for many junior workers in organizations. Many career ladders are premised on the idea that junior workers will do relatively routine scut work (e.g. for consulting firms: drafting powerpoints, interviewing client personnel, writing financial models; for attorneys: document review, legal research; for software engineers: writing code), which helps them learn the industry and also contributes to their employers' bottom line.

If AI can do this scut work more cheaply than junior workers, it may be profit maximizing, at least in the short term, for firms to pause or greatly slow the hiring of junior workers. However, in the long run, firms, and industries more broadly, may find themselves without a steady pipeline of new managers and leaders. A research question that emerges is: how will firms and industries develop "junior human capital" if AI can do many entry level tasks more efficiently than junior workers? Secondly, how do universities need to change in order to better serve graduates and employers if AI can do many entry level tasks more efficiently than junior workers?

The first careful analysis of this idea that I read was *Training in the Age of AI: A Theory of Career Viability* by Luis Garicano and Luis Rayo. To help us flesh out this research seed, please consider doing the following prior to the workshop:

- Get up to date on the latest research that is considering this question. Looking at the forward citations to Garicano and Rayo's paper would be a good place to start, but that will miss work that is more distant from organizational economics.
- Figure out what practitioners are saying about this issue, either by reading practitioner articles or by talking with practitioners that you know.
- Think about how this short-term / long-term investment tradeoff in "junior human capital" compares to other types of short-term / long-term investment decisions that scholars have studied in the past (e.g. R&D investment, others). What can we learn from these other phenomena that will help us understand what firms will do / should do about junior human capital investment in the context of higher quality AI?

References

Garicano, L., & Rayo, L. (2025). *Training in the Age of AI: A Theory of Career Viability* (No. 20634). Centre for Economic Policy Research. <https://ideas.repec.org/p/cpr/ceprdp/20634.html>