

AI Is Changing More Than Jobs. It's Challenging What Organizations Reward.

If two employees have the same job but create substantially different value, should they be paid the same way? AI is challenging how organizations define—and reward—value.



The conversation around artificial intelligence is largely focused on productivity, job replacement, and [workforce disruption](#). But beneath the headlines, a more fundamental shift is underway.

AI is forcing organizations to reconsider a foundational question that shapes talent and [compensation strategies](#):

What exactly are we paying people for?

For decades, compensation strategies have been built around a relatively stable assumption: jobs are the primary unit of work. Organizations have benchmarked roles against the market, created salary structures around those roles, and rewarded employees based on the responsibilities outlined in their [job descriptions](#).

As AI rapidly changes how work is performed, it is challenging that foundation.

A head of Total Rewards recently shared an example with us that brings this challenge to life. An employee had asked for a raise based on the value he was creating through AI. His argument? Instead of personally completing the work

outlined in his job description, he was directing, overseeing, and checking the work of AI agents. In effect, he was now managing a team and applying managerial skills, even if none of his "direct reports" were human.

Just as importantly, he argued, his contributions had changed. Work that once took hours for him to complete on his own could now be completed in minutes, freeing him to focus on higher-value analysis and insights. And his peers weren't producing the same results. While they may share the same title, and the same job description, he was leveraging AI to create substantially more value for the organization.

If a job description no longer captures an employee's contribution, how should organizations assess—and reward—the value that employee creates?

Sure, organizations could continue to add AI skills and deliverables to job descriptions. But as those skills and the work itself continue to evolve, the descriptions could be outdated again within months, if not weeks. Constantly updating job descriptions creates more work without solving the fundamental problem: **paying for a job that doesn't reflect the work being done or the value being created.**

Instead of relying on job descriptions to figure out what to pay people, we need to challenge compensation models built around the assumption that the job itself is the best proxy for value.

As work within the same role becomes more variable and evolves more quickly than ever before, organizations need new ways to recognize what individuals bring to and through their work, and what that enables the organization to achieve.

While different levels of contribution across a peer group have always been a reality, AI is accelerating the divide and challenging how organizations differentiate and reward value. As we've explored in previous Acera blogs, organizations are already looking beyond traditional job-based pay and experimenting with approaches that recognize skill attainment and demonstrated proficiency, giving employees more ways to influence their pay progression.

At first glance, Skills-based pay that recognizes differences a job title alone cannot capture seems like the obvious evolution: **If jobs are changing rapidly, pay for the skills people have.**

But that answer may not go far enough.

Emerging Challenges With Skills-Based Pay

If organizations focus on paying for skill acquisition, they risk creating a new version of an old problem: **rewarding what someone has, like a certification or degree, rather than the value they create.**

But a degree alone does not create business impact. Neither does completing an AI training course. Even demonstrating proficiency is only part of the equation. Business value emerges only when employees apply those skills to solve problems, improve customer outcomes, innovate, lead teams, and drive results.

Willis Towers Watson makes this important distinction between simply possessing a skill and applying it in ways that create value. **Skills may be an input to value, but they aren't the same as value.** ([WorldatWork](#))

This is where skills-based pay needs to evolve into a more **skills-informed approach to compensation**: one that considers skill attainment and proficiency but ultimately connects rewards to how those capabilities are applied to create value and advance organizational strategy.

We're already seeing signs of that evolution. As our definition of value expands, so are the ways organizations reward it. In a recent WorldatWork interview, compensation strategist Tom McMullen, senior client partner and North America Total Rewards group lead with Korn Ferry, notes that organizations are starting to incorporate AI-related outcomes into incentive plans and exploring project-based rewards and retention incentives. ([WorldatWork](#))

So, what does paying for value actually look like?

Paying for Value, Not Just Jobs

The job remains an important anchor, but it is increasingly one of several dimensions organizations need to consider. A more complete view of value considers the market value of the role alongside **capability, scope, and outcomes.**

Moving from a single primary unit of value—the job—to multiple dimensions of value creates new questions for compensation and incentive design. But it doesn't require organizations to reinvent their rewards programs overnight. **It starts with getting clearer about what creates value, where that value is coming from, and how it should be recognized.**

Here are four areas organizations can focus on as they make that shift:

1. Start with outcomes, not activity.

If AI allows an employee to complete work in a fraction of the time, hours spent or volume of activity become less meaningful measures of contribution. Look instead at what that increased capacity produces.

Did the employee solve more complex problems? Improve quality or cycle time? Generate better insights? Increase revenue? Improve the customer or employee experience?

The question increasingly shifts from *What did you do?* to *What changed because of what you did?*

2. Recognize capability, not simply skill possession.

Knowing how to use AI is a skill. Redesigning a workflow, directing AI agents, evaluating their output, applying judgment, and translating the results into better business decisions is a capability.

Organizations need to distinguish between employees who possess emerging skills and those who can combine and apply them to create meaningful business value.

3. Account for expanded scope, even when there are no additional people on the org chart.

Traditional definitions of scope often rely on familiar markers: direct reports, budget, geography, or functional responsibility. AI introduces another dimension: **the breadth, scale and complexity of work an individual can own and orchestrate.**

Consider the employee managing AI agents. The new capabilities required to direct, evaluate, and apply the work of those agents matter. But so does the expanded scope they enable. One individual may now oversee workflows, analyze AI insights, produce outputs, or influence decisions at a scale that previously required multiple people...or simply wasn't possible within the role.

That creates two distinct sources of value: **the new capabilities the employee has developed and the greater scope those capabilities allow them to carry.**

Job evaluation methodologies will need to account for both, recognizing not only *how* someone is working differently, but also **how much more they are now able to own, influence, and deliver.**

4. Match the reward to the value created.

The final step is to link rewards with the value created. But creating more value does not automatically mean increasing base pay. The reward should reflect **what changed and how durable that change is.**

If an employee is consistently operating at a higher level of scope, complexity, or accountability, that may indicate the job itself has evolved and warrant a change in level or base pay. If the employee brings a scarce or strategically important capability that increases their value in the role and the market value of the role, a capability premium or differentiated pay progression maybe appropriate. And if the value comes primarily from exceptional outcomes—greater productivity, innovation, cost savings, or project impact—variable pay or a one-time award may be the better mechanism.

The underlying logic is clear: sustained increases in scope and accountability should influence fixed pay; differentiated capabilities can command higher pay within a salary range or warrant a premium; and exceptional outcomes can be recognized through incentives pay or one-time awards.

Getting this right requires organizations to understand **where additional value is coming from, how significant it is, and whether it is durable. Only then can you determine how to reward it.**

The Bigger Opportunity: Rethinking How We Define Value

This is where the opportunity becomes much bigger than AI.

AI is making more visible something that has always been true: **people with the same job title don't necessarily create the same value.**

At Acera Partners, we see AI as a catalyst for a conversation that organizations have needed to have for some time:

How do we get better at recognizing—and rewarding—the value people create?

The goal isn't to put a price tag on every contribution. It's to create enough flexibility to recognize when someone's value has meaningfully outgrown the assumptions built into their job. This requires a more dynamic approach to assess multiple dimensions of value.

Here's the equation we have been working with to help clients do this:

Role + Capabilities + Scope + Outcomes = Value

This framework allows us to see an employee more fully, not simply as a job description or a collection of credentials, but through the capabilities they apply, the scope they take on, and the impact they create.

That's where we believe compensation is headed. The job will remain an important anchor for determining market value. Skills will matter. But increasingly, organizations will need to account for what employees *do with those skills*, the scope they take on, and the outcomes they produce.

For organizations and Total Rewards leaders, that's the opportunity ahead: **How do we measure value more dynamically and build rewards systems flexible enough to recognize it?**