Knowledge Hyperinflation

By Govert Doedijns

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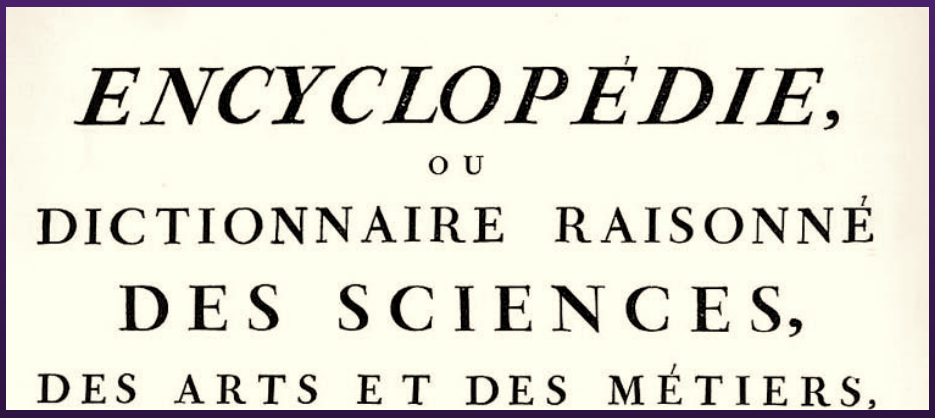
When Knowledge Stops Being Scarce ?



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What Happens to Leadership When Knowledge Stops Being Scarce?

By Govert Doedijns

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Executive Search | Leadership Advisory | Transformation | Enterprise AI

08 June 2026

For much of modern business history, knowledge was scarce.

Expertise took years to build. Access to information was uneven. Professional advantage often came from knowing more than others, seeing more than others, or having access to sources others could not reach.

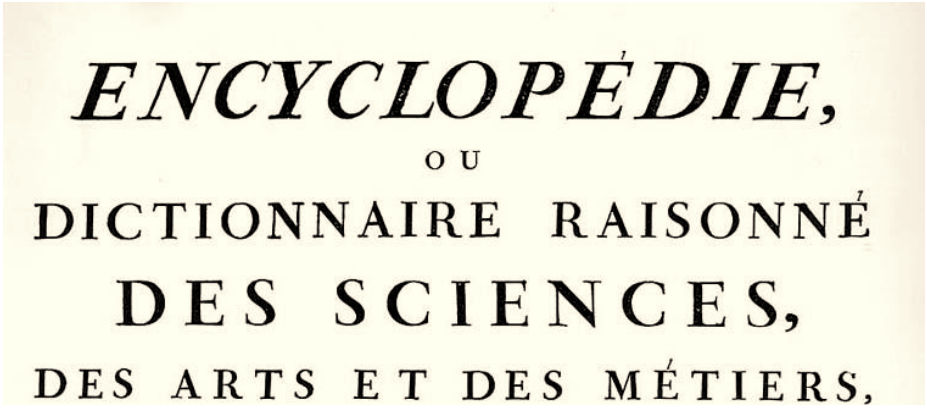
That world has not disappeared. But it is being fundamentally altered.

The internet made knowledge searchable. Smartphones made it immediate. Generative AI is now making competent cognitive output abundant, scalable, and increasingly frictionless. Answers, summaries, analyses, comparisons, arguments, drafts, code, plans and recommendations can be produced at a speed and scale that no traditional professional system was designed around.

This does not mean expertise no longer matters.

It means the value of expertise is changing.

When knowledge becomes abundant, the scarce capability is no longer simply knowing. It is judgment: the ability to interpret context, distinguish signal from noise, ask better questions, make responsible decisions, and stand behind them when certainty arrives too late.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DES SCIENCES,
DES ARTS ET DES MÉTIERS,

Image: Diderot and d'Alembert's Encyclopédie, 1751, public domain. One of history's great attempts to collect, classify and distribute human knowledge.

From knowledge scarcity to knowledge abundance

In the knowledge economy, expertise carried a scarcity premium.

People invested years in education, apprenticeship and professional experience. Organisations relied on specialists because information was difficult to obtain, harder to interpret, and often concentrated in the hands of those with credentials, networks or accumulated experience.

This scarcity shaped professional value. It shaped consulting models, leadership authority, career progression, expert functions and decision-making structures. Seniority was often associated with the amount of knowledge a person had absorbed, the quality of patterns they had seen, and the authority to interpret what others could not.

The Enlightenment project of Diderot and d'Alembert's Encyclopédie captured an earlier version of that ambition: to collect, classify and make human knowledge more accessible. For centuries, progress depended partly on organising scarce knowledge. Today, AI changes the equation by making knowledge-like output abundant.

But the scarcity model has been weakening in stages.

First came search. Then came permanent access. Now comes generative production.

AI does not merely help people find answers faster. It drastically increases the supply of competence-like cognitive output. It can summarise complexity, compare alternatives, draft arguments, generate code, build scenarios, challenge assumptions and simulate forms of expertise-like reasoning.

That changes the economic basis of many forms of knowledge work.

A useful but imperfect metaphor

I call this shift knowledge hyperinflation.

The term is intentionally provocative, but it should not be used loosely.

In monetary hyperinflation, excessive supply erodes purchasing power. Money may still exist, but its value changes because there is too much of it relative to trust, scarcity and productive capacity. The monetary analogy has roots in classic economic work on hyperinflation, including Phillip Cagan's definition of hyperinflation as beginning when monthly price increases exceed 50 per cent. [Cagan, 1956]

Knowledge is not money. That distinction matters. AI-generated output can create real productive capacity. It can improve speed, quality, access and performance in meaningful ways. It is also not free. Compute, energy, integration, verification, risk management and accountability all remain real costs.

So the metaphor has limits.

But it captures something important.

When the supply of knowledge-like output expands dramatically, the value of merely possessing or producing knowledge begins to decline. The question is not whether knowledge loses all value. It does not. The question is which forms of knowledge still create value when answers become abundant.

This is where the leadership question begins.

The industrialisation of cognitive output

Some economists have gone further, arguing that AI pushes the marginal cost of measurable execution toward zero. That claim should be treated carefully. It is best understood as a frontier argument, not as a settled fact. AI is not making execution costless. [Catalini et al., 2026]

But the direction is clear enough.

In domains where performance can be measured, compared and verified, competent cognitive output is becoming dramatically easier and cheaper to produce at scale. The cost of generating a first draft, a summary, an analysis, a comparison or a structured recommendation has fallen sharply.

Empirical research is beginning to show the same pattern in work settings. In Generative AI at Work, Brynjolfsson, Li and Raymond found that access to a generative AI assistant increased productivity by 14 per cent on average, with a 34 per cent improvement for novice and low-skilled workers, and minimal impact on experienced and highly skilled workers. [Brynjolfsson et al., 2023]

That is highly significant.

If the baseline level of acceptable cognitive output rises, then the differentiator moves. It is no longer enough to produce a plausible answer. Increasingly, the question becomes whether the answer is relevant, reliable, timely, context-sensitive and worth acting on.

The shrinking shelf life of static expertise

At the same time, the durability of many skills is shortening. Deloitte notes that the half-life of some technology skills may now be as low as 2.5 years, while the World Economic Forum's Future of Jobs Report 2025 states that employers expect 39 per cent of workers' core skills to change by 2030. [Deloitte, 2024] [WEF, 2025]

This should not be overstated. Not all skills decay at the same speed. Not all expertise is technical. And not everything valuable can be reduced to a skills taxonomy.

But the direction matters.

Expertise can no longer be understood as a static stock of knowledge accumulated once and then defended over a career. In many domains, what you know has to be renewed continuously. What matters is not only the content of expertise, but the capacity to keep learning, integrating, questioning and applying knowledge under changing conditions.

That again shifts the premium from possession to judgment.

Expertise does not disappear

This is an essential point.

Knowledge hyperinflation does not mean the end of expertise. That would be a shallow and misleading conclusion.

Some forms of knowledge are more exposed than others. Explicit, codified, repeatable and measurable knowledge is more vulnerable to rapid replication. It can be summarised, recombined, benchmarked and generated at scale.

Tacit knowledge is different.

David Autor's work on Polanyi's Paradox helps explain why. Autor argues that the challenges to substituting machines for workers remain immense in tasks requiring flexibility, judgment and common sense. [Autor, 2014]

This distinction is central.

Lived experience does not inflate in the same way as information. Stakeholder understanding does not inflate in the same way as content. Ethical judgment does not inflate in the same way as analysis. Pattern recognition built through real consequence does not inflate in the same way as a generated recommendation.

So expertise remains valuable.

But its value migrates.

It moves from possession to interpretation. From answer production to question framing. From knowing more to judging better. From delivering output to taking responsibility for what the output means.

The scarcity shifts to judgment

Herbert Simon famously observed that a wealth of information creates a poverty of attention. That insight becomes even more relevant in an AI-saturated world. [Simon, 1971]

When information was scarce, access mattered.

When information became abundant, attention became scarce.

When answers become abundant, judgment becomes scarce.

This is the core shift.

Agrawal, Gans and Goldfarb have framed AI as lowering the cost of prediction. If prediction becomes cheaper, the human premium shifts toward judgment: deciding which outcomes matter, what trade-offs are acceptable, which risks are tolerable, and where responsibility sits. [Agrawal et al., 2025]

That distinction matters for leadership.

AI can produce options. It can accelerate analysis. It can generate recommendations. It can expose patterns. It can challenge assumptions. But it does not remove the need to decide what matters, why it matters, who is affected, and what consequences an organisation is willing to own.

When answers are scarce, having answers matters.

When answers are abundant, the harder work is deciding which answer matters.

For which context? For which stakeholder? With which trade-offs? With which risks? Under whose accountability?

That is judgment.

Leadership when knowledge stops being scarce

The leadership implication is profound.

If knowledge loses part of its scarcity premium, leadership cannot be grounded mainly in being the person with the answer. It must be grounded in the ability to create orientation when answers multiply, signals conflict, and certainty arrives too late.

This is not a softer version of leadership. It is a more demanding one.

In an environment of abundant output, leaders have to do more than consume information or request analysis. They have to frame the real question. They have to understand the context. They have to identify which signals matter. They have to distinguish credible insight from fluent noise. They have to decide when enough is known to act. And they have to take responsibility for the consequences.

That is where many organisations will feel the real pressure.

AI will increase the volume and speed of cognitive production. More documents. More analyses. More scenarios. More dashboards. More summaries. More apparent certainty.

But more output does not automatically create better decisions.

In some cases, it may create the opposite: faster confusion, more sophisticated noise, and a greater temptation to mistake fluency for insight.

The scarce leadership capability is therefore not access to answers. It is the discipline to judge them.

More than a decade ago, in an article for World Commerce Review, I argued that enterprise leadership was moving toward a broader, more adaptive orientation: agile critical thinking, influence across networks, interpretation of large amounts of data, and the ability to operate through complexity rather than hierarchy alone.

At the time, that was a leadership development argument.

Today, AI makes it a value creation argument.

If knowledge becomes abundant, the differentiator is no longer the leader who has absorbed the most information. It is the leader who can interpret, prioritise, connect, challenge and decide when information has become excessive, contradictory or incomplete.

Boundary conditions

Knowledge hyperinflation is not the end of expertise.

It is the erosion of expertise as a protected scarcity premium in many routine cognitive domains.

That distinction matters.

In high-stakes environments, the value of real expertise may increase rather than decline. When average output becomes easier to produce, the ability to verify, challenge and take responsibility for that output becomes more valuable. When everyone can generate an answer, the scarce professional is the one who knows when the answer is incomplete, misleading or dangerous.

A related question is beginning to surface in many organisations: what happens if AI also absorbs parts of the junior work through which people historically learned to judge expert output? Drafting, checking, modelling, comparing and correcting have never been only production tasks. They are also how people build the pattern recognition required to validate work later. If those learning loops weaken, the future scarcity will not only be knowledge. It will be the lived practice required to know when knowledge is wrong.

The metaphor also has limits.

Knowledge differs from money because knowledge can be productive when replicated. AI-generated output can create value. It can expand access. It can improve decision preparation. It can support learning. It can help people perform tasks that previously required more time, more experience or more support.

But that does not remove the scarcity question.

It sharpens it.

If the production of answers becomes easier, then the premium shifts to the capabilities around the answer: framing, verification, synthesis, contextualisation and accountability.

What becomes scarce?

The central leadership challenge of an AI-saturated world is not simply learning to use new tools. It is understanding what human capability becomes more valuable when knowledge itself becomes less scarce.

More output will not automatically create more value. More analysis will not automatically create better decisions. More answers will not automatically create stronger leadership.

The value moves to the work around the answer: framing the right question, understanding the context, recognising the trade-offs, testing the assumptions, and deciding what an organisation is prepared to stand behind.

That is why knowledge hyperinflation matters.

It does not make expertise irrelevant. It makes static expertise insufficient.

When knowledge becomes abundant, leaders create value less by holding the answer and more by exercising judgment over which answers deserve attention, trust and action.

About the author

Govert Doedijns is Partner Benelux & Nordics at HTP Group, where he works at the intersection of executive search, leadership advisory, transformation and enterprise AI. He brings senior executive experience and a long-standing background in leadership and organisational advisory. Govert holds degrees from INSEAD and HEC Paris and conducted doctoral research in Organisational Behaviour at Henley Business School. He serves as Adjunct Professor and faculty contributor to business schools, contributing to executive education on leadership, organisational development, transformation and AI.

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