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# How Automation Will Rescue Middle Management



By [Quy Huy](#) , INSEAD Professor of Strategic Management

## **We should view automation as an opportunity to liberate human managers.**

The rise of AI has sparked worldwide fears that technology will soon become advanced enough to replace human workers on a grand scale. If you share those fears, I have good news and bad news for you.

First, the bad news:

According to a January 2017 McKinsey Global Institute [report](#), about half of employees' current tasks could be automated by adapting existing technologies. It is not a question of whether, but rather of when, the technology will be good enough to perform on par with humans. Indeed, millions of workers in the global manufacturing sector are already at risk of being replaced by robots. But the moment of truth is coming for knowledge workers too, perhaps even in the next ten years.

Asia is not immune—if anything, it's ahead of the curve. Earlier this year, for example, a Japanese insurance company began [replacing 34 claim](#)

**workers** with IBM's Watson Explorer AI platform. Officials at South Korea's Ministry of Science, ICT and Future Planning have promised to deliver "intelligent AI, capable of processing a wide range of professional knowledge" starting in 2022.

Now, the good news. I am convinced that automation will make human managers more important, not less, to organisations. I say this as an academic researcher who has spent 20 years working closely with a host of organisations undergoing strategic change.

### **The emotional challenges of change**

Continuous change is becoming a survival imperative rather than an option. Companies need to change so that they can keep up with worldwide competitors and/or lower their cost structure so as to make adequate returns and survive. Yet, 70 percent of strategic change efforts fail to meet their goals. Beating the odds requires sophisticated emotional engagement from managers, **particularly middle managers**—the ones who interact with frontline employees directly. A workforce that receives insufficient emotional attention from management will resist change or participate half-heartedly, no matter what threats are made or rewards are promised.

Having no emotions themselves, intelligent machines are incapable of empathy. Even if they could be programmed to fake empathy realistically—which is improbable—it would have little impact as long as people knew they were talking to a machine. Thus, intelligent machines may become very useful support tools, but are unlikely to displace the best managers.

Moreover, as automation advances there will be even more demand for top-tier techies. Engineers, computer designers, data scientists, etc. will be increasingly able to write their own ticket. Yet they, too, are human and need emotionally supportive and encouraging managers. Otherwise, companies will have a hard time winning loyalty from these priceless talents.

### **The trap of "professionalism"**

Unfortunately, I have encountered few organisations that I would describe as emotionally sophisticated, hence the sky-high failure rate of strategic change. Most companies make little room for emotion in their definition of "professionalism". They privilege the "left brain"—cold logic and

economics—over the “right brain”—the realm of subjectivity, humanity and affect.

Most companies that acknowledge emotions do so superficially, with an emphasis on happy talk and other forms of manufactured positivity. Negative emotions such as sadness, anger and fear are viewed as counterproductive. But my research shows that genuine emotional sophistication includes the ability to convert negative emotions into positive energy for change. That is obviously impossible if employees are strongly discouraged from expressing those emotions in the first place.

### **Asian working cultures**

I want to emphasise that this is a global issue. My research has taken me all across Asia, Europe and North America, and the problems I’ve seen have been largely the same.

Yet many Asian working cultures have unique features that prevent emotional sophistication from taking root. Hierarchy and conformity are still common core values in South Korea and other Asian countries. Senior leaders’ preferences and pronouncements take automatic precedence over communal emotional needs. Even little things like seating arrangements and office space constantly remind employees of the dominating voice of their superiors. For individual employees, the extreme regimentation breeds robotic behaviour, devoid of creativity and initiative-taking. In a sense, automation has already happened and curtailed the innovative potential of Asian companies.

Asian firms can become more emotionally sophisticated by leveraging innate cultural strengths. It won’t work to simply relax rules around independent thinking and emotional expressiveness. The culture shift is too great for employees to absorb without guidance. In Asian cultures, it’s better to replace one rigid set of rules with another. Though it sounds paradoxical, one can issue a top-down edict demanding that employees disregard hierarchy.

### **What Longfor did right**

In Chongqing, China, real estate giant Longfor Properties did exactly that. In 2005, as the 12-year-old company prepared for an ambitious nationwide expansion, CEO and co-founder Madam Wu was concerned for the survival of Longfor’s special culture. She rightly credited Longfor’s success to its long-

standing commitment to innovation and customer service, rejecting the more traditionally Chinese focus on following rules and toadying to superiors.

To ensure Longfor remained Longfor as it grew, Madam Wu and her senior management team issued a pamphlet titled “Longfor: Personnel, Organisation and Culture”. It explicitly forbade familiar practices of Chinese companies such as windy speeches flattering bosses, senior executives hogging the best offices, and internal newsletters with fawning articles about company leaders. In this way, Madam Wu prevented Longfor from turning into just another big Chinese company full of submissive and order-taking employees.

Longfor’s cultural intervention was prompted by an impending expansion, but looming automation could be a similar impetus for other Asian companies. Like it or not, technology will be grabbing all the work it can in the years to come. Instead of fearing automation, we should view it as a liberating opportunity. Let the machines do what they do best—executing commands—and set humans free to create, innovate and inspire one another.

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