

WHITE PAPER

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# Leading AI Transformation When People Fear What It Means for Them

*Addressing the concerns that shape participation across the workforce and leadership.*

Paper 1 in the Leading the Human Side of AI Transformation series. For CEOs, CHROs and the leaders responsible for AI adoption.

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## EXECUTIVE SUMMARY

# Leadership decisions that shape participation in AI transformation

Leaders should examine staffing plans, workload expectations and recognition before treating limited AI use as an employee capability problem. Many concerns in this paper arise from decisions executives control: what happens to staffing, who benefits from improvements, how performance is judged and what employee data is used for. Resolving these concerns requires leaders to make and explain those decisions. Training, tool limitations and professional objections also require attention, but each calls for a different response.

Organizations asking people to embrace AI are asking them to help change work on which their livelihoods, professional standing and sense of purpose depend. Sharing a successful use of AI raises questions about the future of a role. Experienced professionals want to know whether expertise built over decades will still be valued. Managers and executives face the discomfort of asking basic questions in areas where others expect them to be knowledgeable.

These concerns affect what the business learns from its investment. Employees who expect higher workloads or fewer jobs have reason to keep useful discoveries to themselves. Managers accountable for unchanged targets have little room to support experimentation. Executives who approve investments without understanding the work are poorly placed to judge the support people need or the results to expect.

Employees will judge AI plans alongside decisions about staffing, workload, recognition and how people are treated while learning. A credible approach addresses what people reasonably believe they could lose, gives them opportunities to benefit and involves them in shaping how the work changes. Leaders should decide how time saved will reduce repetitive work or create opportunities for employees to develop skills and exercise more professional judgment.

## OUR RECOMMENDATION

*Before treating limited AI use as a training problem, examine the decisions that shape the employee's experience.*

State the staffing assumptions, decide how gains will be used, align performance measures with the changed work and publish the rules for employee data. Managers need authority and funded time to support learning. Employees need clear responsibilities and a credible opportunity to benefit.

## EIGHT GROUPS OF CONCERN

# Why employees may hesitate to use AI at work

Octant groups these concerns into eight areas to clarify the decisions and responsibilities involved. The table identifies who holds the main authority to respond. Responsibilities overlap: employees contribute experience and professional judgment, managers address team practices, and executives decide employment terms, policy and investment.

| GROUP                                | CONCERNS COVERED IN THIS PAPER                                                        | WHO CAN CHANGE THE CONDITIONS                                                                                                               |
|--------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Economic fear</b>                 | Job loss; who keeps the gain; training their replacement                              | Executive with HR and finance: staffing assumptions, use of gains, recognition and redeployment.                                            |
| <b>Identity and skill</b>            | Pride in the craft; losing skills; loss of human contact                              | Executive and manager: valued expertise, professional standards, human contact and development. Employees contribute professional judgment. |
| <b>Social risk</b>                   | Looking inexperienced while learning; stigma; credit                                  | Executive and manager: credit, evaluation and responses to questions. Employees support colleagues and follow agreed disclosure rules.      |
| <b>Trust in the output</b>           | Accuracy; accountability                                                              | Business owner with technical and risk teams: quality, review and accountability. Employees check outputs and escalate failures.            |
| <b>Practical friction</b>            | Slower for the actual task; poor fit with existing tools; no time or support to learn | Manager and system owner within an executive budget: workflow fit, access, integration and practice time. Employees test real tasks.        |
| <b>Rules and risk</b>                | Unclear policy; confidentiality; surveillance                                         | Executive with security, privacy, legal and HR: approved data use and monitoring. Managers apply the rules; employees follow them.          |
| <b>Values</b>                        | Ethical objections; distrust of vendors                                               | Accountable executive with relevant specialists: acceptable uses, vendor requirements and human involvement. Employees raise objections.    |
| <b>Signals from the organization</b> | Leaders do not engage with the tools; incentives go the other way; mixed messages     | Executive leadership team: consistent staffing messages, incentives, budgets and conduct. Managers raise unresolved conflicts.              |

## Economic fear

**Job loss.** “If I show this works, they may need fewer people doing my job.” A company that presents AI primarily as a way to reduce costs or headcount gives employees reason to consider the personal consequences of helping it succeed.

**Who keeps the gain.** When each hour saved produces a higher target at the same pay, employees have reason to question who benefits from sharing an improvement. Leaders need to explain how additional capacity will be used and how the contribution will be recognized.

**Training their replacement.** Asking people to document work for automation raises a direct question about their future role. An invitation to share expertise needs a credible discussion of employment plans, development and future opportunities.

## Identity and skill

**Pride in the craft.** Writers, analysts, engineers and clinicians invest years in developing expertise. AI changes which contributions are visible and valued. Employees deserve clarity about how professional judgment will count when a tool performs part of the work.

**Losing skills.** Delegating work to AI reduces opportunities to practice it. Experienced staff worry about retaining their abilities; managers need junior colleagues to develop the judgment to evaluate a result, including when the tool is wrong. Learning plans should specify which tasks people must still perform themselves and where AI assistance supports development.

**Loss of human contact.** In sales, care and advisory work, relationships are part of the service. Reducing administrative work gives leaders an opportunity to increase personal attention, provided workloads and service expectations support that choice. Replacing personal attention changes what customers receive. Employees need a voice in deciding where human involvement remains essential.

## Social risk

**Looking inexperienced while learning.** Asking a basic question or showing an unsuccessful attempt feels exposing when others rely on your expertise. This affects employees, managers and executives. When admitting uncertainty carries a reputational cost, people have reason to avoid practice, conceal difficulties or claim confidence before they have developed it.

**Stigma.** Employees who expect AI use to be judged as laziness, cheating or lack of competence face a conflict between the company's encouragement and the response they anticipate from colleagues. Formal permission is insufficient when everyday evaluations penalize the same behavior.

**Credit.** "Will this still count as my contribution?" Uncertainty about recognition, performance reviews and promotion creates a reason to keep AI use private. Employees remain responsible for the result and need to understand how their contribution will be assessed.

## Trust in the output

**Accuracy.** Confident mistakes, invented sources and inconsistent answers create work for the person responsible for the result. That person needs evidence that the tool is dependable enough for the task and that checking and correction leave a worthwhile benefit.

**Accountability.** "My name is on this. If it is wrong, I answer for it." Employees need clear review requirements, responsibility for errors and a route for escalating uncertain results. Pressure to use AI without those arrangements leaves them carrying a risk they have little authority to resolve.

## Practical friction

**Slower for the actual task.** Editing an unsuitable draft can take longer than preparing the work directly. A successful demonstration on one task does not establish that the same tool will help with another. Selective use can reflect informed judgment about where it adds value.

**Poor fit with existing tools.** Switching windows, copying information and transferring results add steps to the work. A tool that cannot access the approved information and systems a task requires needs to deliver enough benefit to justify that additional effort.

**No time or support to learn.** Access without useful training, protected practice time or help with failures leaves people to learn on top of their existing workload. Unchanged output expectations make experimentation costly for employees and managers alike.

## Rules and risk

**Unclear policy.** Employees need to know which tools, tasks and information are approved. Ambiguous instructions transfer the risk of interpretation to the individual, especially when a mistake has serious consequences.

**Confidentiality.** People handling client, patient, deal or government information need a specific answer about what they are permitted to enter into an AI tool. Approval must account for the tool's configuration and the obligations governing that information. Until those questions are resolved, withholding sensitive inputs is a responsible choice.

**Surveillance.** Prompts, activity logs and AI-based assessments raise questions about how employees will be monitored and judged. People need to know what is collected, who sees it and whether it affects performance reviews or other employment decisions. Unexplained monitoring gives them reason to limit what they disclose.

## Values

**Ethical objections.** Copyright, bias, environmental costs and effects on customers deserve consideration when selecting tools and approving uses. An employee's objection to one application does not establish opposition to AI generally. The organization needs to explain how it evaluated the concern and who has authority to change the proposed use.

**Distrust of vendors.** Employees are entitled to question a provider's claims about reliability, data use and responsible conduct. Company approval carries more weight when leaders explain the evidence behind the choice, the safeguards required and how concerns about the provider will be reviewed.

## Signals from the organization

**Leaders do not engage with the tools.** Executives who mandate AI use need enough firsthand understanding to judge its practical demands and discuss employees' experience. Their own work need not mirror every employee's tasks, but visible disengagement weakens the credibility of the request.

**Incentives go the other way.** Billable-hour expectations, volume targets and performance reviews often reward established ways of working. Where these measures conflict with experimentation, employees and managers have to choose which instruction to follow.

**Mixed messages.** Encouragement to use AI alongside job cuts or unexplained target changes invites questions about the connection. Leaders need to address that connection directly, including when the decisions are unrelated.

## Several concerns can shape one decision

An analyst might welcome help drafting a report while worrying about confidential inputs, responsibility for errors and recognition for the finished work. Training could clarify approved data use and review requirements, but technical instruction alone may leave questions about credit or career consequences unanswered. The analyst may use AI selectively or keep its use private.

Another analyst may face none of those concerns and simply find the approved tool unhelpful. Similar usage figures could conceal very different experiences. Leaders need to avoid deciding what a person's behavior means before understanding the task, the available tools and the consequences the person expects.

Some objections will rest on incomplete information and can be addressed through explanation or experience. Others will identify a limitation or a management decision that needs attention. A credible response allows for both possibilities, including cases where using AI is inappropriate.

## What the research supports

The research supports taking employment and reputational concerns seriously while pursuing the performance and learning benefits of well-designed AI assistance. It also supports asking people about their experience rather than inferring it from usage alone.

### Reputation affects willingness to disclose use

Jessica Reif, Richard Larrick and Jack Soll found a social evaluation penalty for AI use across four experiments involving more than 4,400 participants. AI users received less favorable evaluations of competence and motivation, and participants anticipated negative judgments. Evaluators' own AI use and the task context affected the response.<sup>1</sup>

### Employment concerns coexist with hope

Pew Research Center's October 2024 survey found that 52% of U.S. workers were worried about future workplace AI use, while 36% were hopeful. The responses were not mutually exclusive. About a third expected fewer job opportunities for themselves in the long run. These are workers' expectations, rather than forecasts of job losses.<sup>2</sup>

### Positive experiences do not settle questions about the employer

The OECD's review describes positive experiences of workplace AI alongside concerns about work intensity and the collection and use of worker data. Its underlying surveys covered manufacturing and finance in seven countries and AI more broadly than generative tools. Support for the technology and concern about an employer's practices can coexist.<sup>3</sup>

### Useful assistance improves performance and supports learning

Erik Brynjolfsson, Danielle Li and Lindsey Raymond studied 5,172 customer-support agents and found a 15% average increase in issues resolved per hour after access to AI assistance. Benefits varied across workers, with important gains for less experienced staff and evidence of learning. The study examined assistance for human agents in one setting.<sup>4</sup>

These findings give leaders reasons to invest in useful assistance and to address the conditions under which people use it. Neither higher usage nor positive attitudes alone establish that an organization has improved business performance.

## WHAT LEADERS CAN DO

## What leaders and managers need to address

Executives' fear of appearing uninformed deserves attention. A leader who feels unable to ask basic questions risks approving plans they cannot adequately challenge or demanding certainty from managers who are also learning. Leadership teams should examine how they respond to uncertainty, failed attempts and disagreement, including their own.

### State the staffing plan and how gains will be used

Before asking a team to redesign its work, the executive sponsor and HR leader should state whether the current business case assumes reduced headcount, slower hiring, redeployment or additional capacity. Give the next decision

date where the plan is unresolved. Explain how improvements will affect workload, recognition and development. Do not promise job security beyond what the organization can commit to.

## Change the measures when the work changes

If AI removes routine customer inquiries, the service leader should approve measures suited to the remaining complex cases before rollout. Decide which handling-time target changes, how resolution quality will be assessed and how much coaching time managers receive. Finance and HR should reconcile the change with budgets and performance reviews. Set a review date using actual case mix and results.

## Publish the rules for use and employee data

The accountable business owner, with security, privacy and HR, should publish approved tasks and information, required review and escalation routes. State what prompts and activity data are recorded, who can inspect them, how long they are retained and whether they enter performance decisions. Check the tool's actual settings against that statement. Where a policy is disputed, name who will decide and when.

## Protect learning time and define competent performance

Fund practice within working hours and decide which output expectations will be adjusted during it. Specify the judgment people must demonstrate, how AI-assisted work earns credit and which skills junior staff must develop themselves. Include managers and executives in practical learning. Leaders should discuss a task they tried, what required correction and where they needed help; asking questions should carry no performance penalty.

Employees retain responsibilities to follow approved rules, check their work, develop relevant skills and report problems. Managers need to distinguish a skill gap from a concern they lack authority to resolve. Concerns about professional standards, vendors or reduced human contact need a named decision-maker with authority to change or limit the use.

### BUSINESS PERFORMANCE

## How these concerns affect business performance

When useful AI practices stay private, leaders lack evidence for decisions about investment, staffing and service performance. They cannot reliably distinguish a method worth extending from one that saves drafting time but adds review work. Nor can they judge whether limited use reflects an unsuitable tool, inadequate support or concern about the consequences of sharing results.

## What stays unknown when useful practices go unshared

### ILLUSTRATIVE EXAMPLE

A hypothetical service team and the decisions its leaders need to make.

Consider a 200-person service team in which 80 employees use an approved AI tool but keep their methods to themselves. Leaders see tool activity, yet have little information about the tasks involved, the corrections required or the outcomes. They also lack a sound basis for deciding whether any of those methods would help the other 120 employees.

One employee has developed a method for preparing case summaries. The team is missing its response-time target, and the service leader must decide whether to add staff or fund a wider trial of the method. Before making that decision, the leader needs answers to three questions:

| QUESTION TO RESOLVE                 | EVIDENCE NEEDED                                         |
|-------------------------------------|---------------------------------------------------------|
| Does the method improve the work?   | Net time after review; accuracy and service quality.    |
| Who else would benefit?             | Comparable tasks, approved inputs and support required. |
| How will the business use the gain? | A funded plan for demand, workload and staffing.        |

The business exposure extends beyond the value of a single time saving. A staffing plan built on untested productivity assumptions risks leaving the team unable to meet demand. A useful method that receives no support remains confined to individual users. Both decisions require evidence about the work and its results.

### The decision leaders need to make

The service leader should fund a trial with a defined scope and end date, agree quality and service measures with the team and state how verified improvements will affect workload and staffing. Finance should compare the measured benefit with the costs of training, review and support. The result should determine whether to extend the method, change it or stop using it.

Employees also need a credible reason to share what they have learned. If they expect disclosure to trigger job cuts or higher targets without discussion, asking for more openness leaves the underlying concern unresolved. The executive sponsor must address those consequences as part of the evaluation.

### The role of independent assessment

Before expanding an AI program, leaders need to establish whether the obstacle lies in the tool, the work, employment expectations or decisions that cut across functions. More training will leave an unresolved staffing concern untouched; a policy announcement will not repair a tool that produces unusable results. Octant examines the evidence behind these problems and develops a Transformation Plan with priorities and responsibility, helping leaders decide what to change, what to test and where further spending is justified.

#### TALK TO OCTANT

Octant Advisory provides independent organizational AI diagnostics. Its AIR-O<sup>SM</sup> assessment examines eight organizational conditions and produces an evidence-based Transformation Plan. Octant sells no software and does not bid on implementation work.

To discuss the leadership and workforce issues affecting your AI results, contact us.

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## THE AUTHOR

# About the author

Maria Chaloux is the Co-Founder and Managing Partner of Octant Advisory. She began her career in investment banking, evaluating what drives company performance, and has spent the two decades since applying that standard to leadership in executive search and leadership assessment. She founded and ran three executive recruiting firms and led executive recruiting for a Fortune Global 500 company subsidiary during a period of hyper growth as it scaled into a multi-billion-dollar business. She had the privilege of hiring many of the senior leaders responsible for that growth, including the AI leadership. She is a Hogan Certified Practitioner, holds the SHRM-SCP and is certified in AI Business Strategy by Johns Hopkins University.

Her work focuses on the leadership and workforce conditions that influence how organizations adopt AI and improve business performance. This series examines executive decisions, manager behavior, employee participation and the development of expertise as work changes.

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## SOURCES AND RESEARCH NOTES

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The quoted perspectives and examples are illustrative.

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