

The automation trap

Companies chasing short-term AI savings are triggering a six-phase performance decline. Most won't recognize it until reversing course is expensive.

The technology isn't the problem. The people strategy is.



The strategic question every leader is already answering.

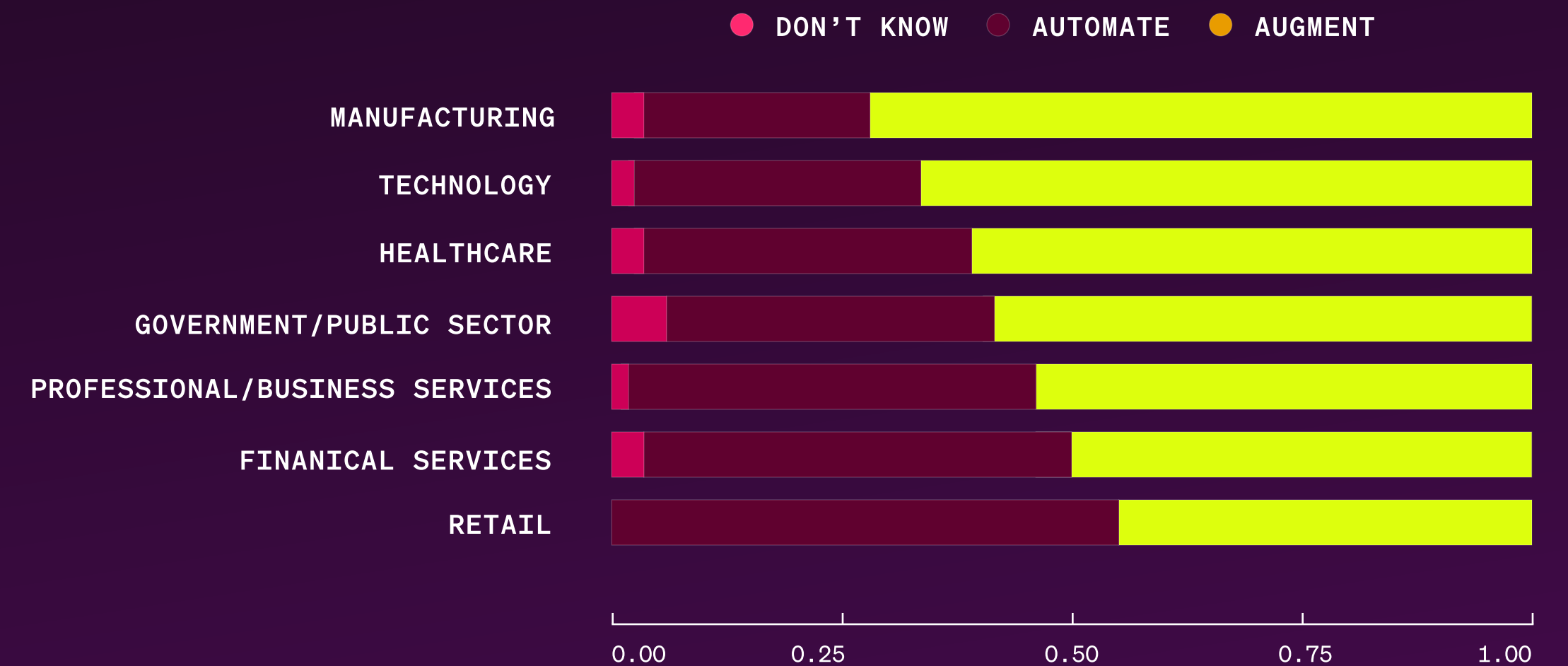
Will you use AI to replace people, or to develop them? Most organizations say they are pursuing augmentation, but their actions suggest automation.

The consequences of each path are more predictable than leaders realize.

1. De Neve, Hancock, Niederhoffer. "Two Roads Diverged: Why AI Winners Will Choose Augmentation Over Automation." BetterUp Labs, 2026. Additional sources: McKinsey 2025; Goldman Sachs 2025; Indeed Hiring Lab 2025; Bellet et al 2024; Maasoum & Lichtinger 2025; Tampe et al 2021.

What employees believe about leadership's intent shapes how they adopt AI, how hard they work, and whether they stay.

What do you think your organization's ultimate motivation is?



50% of employees in retail and professional services believe their company is using AI to eliminate their jobs, not empower them.¹

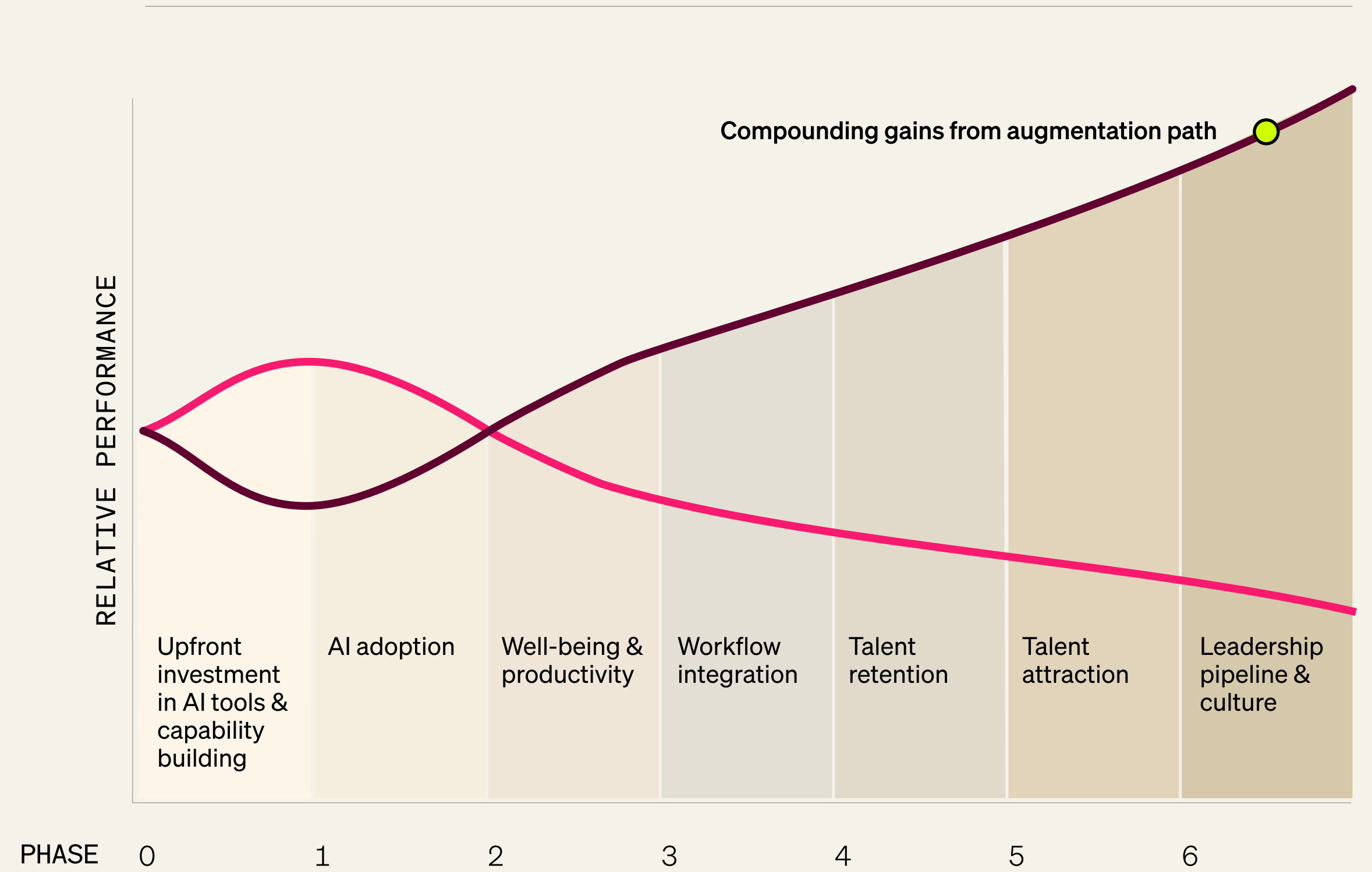
Two strategies. Two trajectories.²

1. Automation curve	→	Early gains.	Gradual decline.
2. Augmentation curve	→	Initial investment dip.	Compounding gains.

AI users report meaningful time savings — but the majority redirect that time into more of the same tasks, not innovation or deeper client work.³

The investment required to rewire an organization for AI augmentation may be 10x the cost of the technology itself.⁴ Most companies skip it. That's the gap between early gains and lasting ones.

Augmentation vs. automation



2. De Neve, Hancock, Niederhoffer. "Two Roads Diverged: Why AI Winners Will Choose Augmentation Over Automation." BetterUp Labs, 2026. Additional sources: McKinsey 2025; Goldman Sachs 2025; Indeed Hiring Lab
 3. Indeed Workforce Insights Report, ~80,000 workers, eight countries
 4. De Neve, Hancock, Niederhoffer. "Two Roads Diverged: Why AI Winners Will Choose Augmentation Over Automation." BetterUp Labs, 2026. Additional sources: McKinsey 2025; Goldman Sachs 2025; Indeed Hiring Lab 2025; Bellet et al 2024; Maasoum & Lichtinger 2025; Tampe et al 2021.

AI is saving time.
Leaders are filling it
with more of the same.

How workers report redirecting AI-saved time:⁵

- + More of the same tasks

- + Other tasks/projects

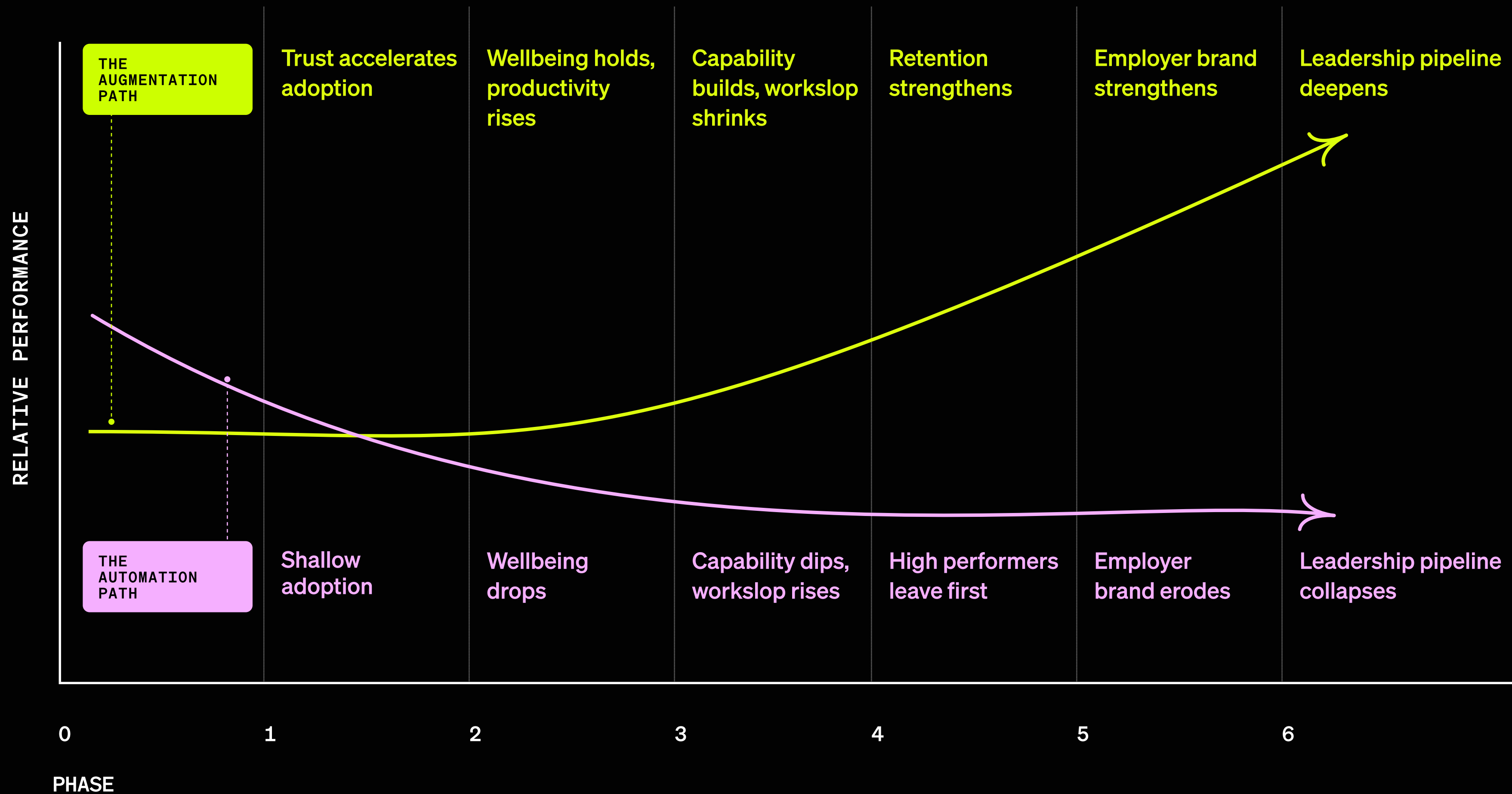
- + Improved work-life balance / stress management

- + (Only then) Innovation, creative work,
increased client interaction

These are all reasonable outcomes. The question is why innovation keeps landing last. Most leaders can picture AI doing more. Fewer can picture AI doing different.

5. Indeed Workforce Insights Report, ~80,000 workers, eight countries

The two paths



The automation decline is predictable. So is what prevents it.

Leaders face a binary choice. Hybrid approaches don't work — signaling both investment and disposability simultaneously undermines trust and the efficiencies that are hoped for.


What credible commitment looks like

Saying "we're investing in our people" isn't the commitment. What you do before you say it is.



■ The precedent exists.

During the Covid pandemic, Aon CEO Greg Case pledged no redundancies for a 50,000-person workforce, funding the commitment through executive pay cuts. Aon's current AI strategy follows the same logic: train people to work with AI, not around them.



■ The pattern holds across disruptions.

Satya Nadella led Microsoft's shift to cloud and AI by pairing transformation with a culture reset — moving from “know-it-all” to “learn-it-all.” Instead of cutting jobs, Microsoft invested in reskilling and redesigning roles, enabling employees to work alongside new technologies.

The signal that changes everything

Codevelop

Build AI tools and processes with employees, not around them

Invest visibly

Capability-building investment must be as visible as technology investment

Communicate clearly

Tell people whether you're augmenting or automating.
Ambiguity is its own form of harm.

“ The AI revolution will not be won by those who replace people fastest, but by those who empower them best.

– Kate Niederhoffer

“ Augmentation is about seeking to invent the future rather than automating the past.

– Jan-Emmanuel De Neve

Research from



Jan-Emmanuel De Neve

Professor of Economics & Behavioural Science and Director, Wellbeing Research Centre, University of Oxford



Jeff Hancock

Director of the Stanford Social Media Lab and Professor, Stanford University



Kate Niederhoffer

Senior Vice President, Chief Scientist, Head of BetterUp Labs, BetterUp

Survey conducted January 2026, n=1,294

[Learn more →](#)