



# Mechanical Managers: Replacing Human Managers With Programming In The Gig Economy

Insights

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Although legal tests for determining employment status have taken center stage with numerous recent high-profile cases, lurking in the background is a question that may also have implications beyond the gig economy space: what happens if and when traditional “manager” roles are filled by automated systems?

An international team of researchers set out to evaluate drivers’ stake in Uber using this stakeholder theory and, in the process, ran into the conclusion that the ride-sharing platform itself fulfills some traditional manager roles. The most obvious management function handled by the automated platform is the assignment of work, which Uber drivers receive when the system assigns them pickup requests using its algorithm. Of course, unlike traditional manager-subordinate roles, the Uber driver can choose to decline the assignment for any reason.

The system also handles the role of conducting a type of performance review by averaging passenger ratings and feedback regarding the percentage of pickups a driver accepts. The combination of the feedback and ratings can lead to the loss of use of the platform which, in some ways, parallels termination for poor performance. The study quoted a driver as describing the rating system as something that “makes you cautious that what you’re doing is being judged and rated and if you’re rated poorly enough over a period time then eventually the platform could ask you to stop driving for them.” Drivers also may receive requests to work a particular shift if it predicts heavy demand (though the driver can choose not to work without consequences).

Although drivers can decline assignments and choose their own hours, certainly a management platform could be programmed to follow traditional manager-subordinate roles more closely such as making assignments mandatory or automatically scheduling required shifts. Using artificial intelligence to take over some of these traditional management functions may become increasingly appealing in our data-driven age particularly if it results in cost savings by replacing managers with machines.

However, the study did reveal significant shortcomings in such a system. These platforms do not yet seem to have a good way to collect and evaluate ideas or proposals in order to take the best ideas “up the ladder” to improve the company’s products and services. Also, there does not seem to be a way for these systems to recognize interpersonal conflict or challenges between team members, potentially leaving explosive situations unresolved.

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In addition, these systems have little ability to address grievances and investigate complaints. While it may not be the most glamorous part of a manager's role, it is important to the health of the company and workforce for workers to be able to voice their concerns and grievances. And, perhaps most importantly, managers are generally integral to investigations of complaints because they generally have knowledge of the events and circumstances surrounding the complaint as well as the ability to voice the rationale behind business decisions. These investigations can be crucial to identifying and terminating problematic workers while retaining good workers as well as defending against claims or lawsuits.

While machines have not yet replaced human managers, it may only be a matter of time. However, in addition to evaluating any implications for determining independent contractor status, companies should be aware and prepared to address potential issues raised by a mechanical manager, particularly in regard to resolving grievances and investigations.