

# LEAD ✦ Insights



THEME

Artificial intelligence  
management







# Artificial intelligence management

Dear reader

In this issue of LEAD Insights, we focus on artificial intelligence management. It's an urgent leadership task - and one that's at the top of the agenda for most Danish leaders. Many of your employees are already using ChatGPT and other AI assistants in their work, and unless you're further ahead than most, employees lack strategic direction, frameworks and guidelines on how to use AI in the organization.

In this magazine you can read about the typical challenges of AI - and the possible solutions. You'll meet five different employee archetypes and their reactions to AI, which are very different. We also talk about what characterizes the good, the bad and the ugly leaders' use of AI, and what you need to pay special attention to when managing AI.

AI reinforces the need for clear leadership. It is a technology that is available to all employees

and they are already using it - whether management approves of it or not. Therefore, there is a need for a strategic discussion about what the organization wants with AI and how it will be implemented in practice.

Find out more in the September issue of LEAD Insights.

Happy reading.

Thor Molly-Søholm  
CEO of LEAD



# What's new in generative AI - and how should it be managed?

Chat GPT and the other generative artificial intelligences have changed how we talk about and think about digitalization - and actually changed how we use digital solutions. But is GPT really so different from all other digitalization and how should you lead it?

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In an article about the novelty of generative AI and how it differs from other forms of digitization, it's natural to start by asking ChatPGT who answers:

*"When we talk about traditional digitalization, we're referring to what we've been using for many years to automate and streamline various work tasks. This includes systems for finance, document management and self-service.*

*These systems work by following fixed rules and instructions programmed by humans. Generative artificial intelligence is a newer technology that works completely differently. Instead of following set*

*rules, it learns from large amounts of data. It can analyze patterns and then use that knowledge to create something new, such as text and images.*

*Generative AI is complex and can be used to solve tasks where the solution is not defined in advance. It is good for tasks where creativity or complex analysis is needed."*

To summarize, where traditional professional systems are based on calculator logic (7 x 7 always equals 49), generative AI is based on probabilities. Generative AI that creates text guesses what the most likely next word is, so to speak.

This is why AI is good at generating ideas and input, but bad at facts and making decisions. And for this reason, generative AI can sometimes hallucinate, i.e. very convincingly claim something that we humans know is not true. Fortunately, we still need humans in the overall equation and should understand generative AI as co-intelligence, as researcher and

author Ethan Mollick calls it.

## **Systematic bias**

We must also be aware that AI is always biased, i.e. it is influenced by the data it is trained on. If you train AI on historical data about crime and punishment in the US, it will predict with high confidence - based on its probabilistic logic - that the next criminal will be a black American. Why? Because historical data shows that there is an overrepresentation of black people in US prisons and because they receive harsher sentences for a given crime than others.

All technology has an inherent technological uncertainty that we must learn to manage. With generative AI, that uncertainty grows quite significantly because it is based on probabilities and patterns rather than calculator logic. This is often referred to as the 'black box' problem because it is so difficult to account for logic and processes in generative AI. As a result, it's often quite difficult to



predict what results you might get when you start experimenting with generative AI.

It may not be as important when you ask ChatGPT to write a party song for Aunt Oda, but it's even more important when you're looking for help with your health insurance or understanding decisions from an authority. For this reason, being transparent about your AI solutions - not least about where and when in the process human intelligence comes into play - is becoming a competitive parameter.

A good example is the Danish Business Authority's artificial intelligence solution for analyzing the business environment. The agency uses AI to find examples of possible breaches of the law, for example, if an accountant for company A also owns company B together with the CEO of company A. Suspicious cases are found, and the human intelligence then assesses and makes a decision. AI is thus used as decision support as it is faster than human intelligence at finding patterns in large amounts of data. The Danish Business Authority calls it **EXRAI**, which stands for **EXplainable and Responsible AI**. If a company complains, the agency can explain both the decision and the process.

### **Dreams and details**

When the outcome is so difficult to predict in advance, and generative AI has enormous potential to change virtually every process, we need to be able to handle transformations. In this context, a transformation should be understood as a major change where we cannot describe the end goal or process precisely. This is in contrast to when we implement a financial system, for example, where it is possible to describe both the end goal and the process quite precisely.

To accompany that point, a job center manager recently exclaimed

at a leadership workshop I held on generative AI: "Does that mean I have to tell my employees that I don't know where we're going and that I think we'll stumble and fall along the way?" Well, that's one way to describe it.

Another could be to set a vision and keep track of the necessary details, as Jim Snabe and Michael Trolle point out in their book "Dreams and Datasets", which describes the digital transformation of organizations. At the job center, the dream could be to go from 30 hours of documentation and 7 hours of contact with citizens and companies to the opposite. And the details could be better knowledge of generative AI and a solid analysis of data, as well as getting a handle on IT security.

### **Democratizing digitalization?**

Anyone with internet access can use the free version of ChatGPT via mobile or desktop. In this way, ChatGPT has democratized digitalization and everyone has access to learning how to create results with the new digital solution. It offers opportunities for innovation to happen from the bottom up. Employees just get started and continuously come up with new ideas.

I know organizations that have tried to prevent their employees from starting to use ChatGPT at first. Only to find out that the employees had already been at it for a long time. So the right solution is to provide a framework for the use of generative AI, not to ban it.

Quite simply, the framework boils down to:

- Never sensitive personal data
- Never business data
- Never concrete case management
- Always a human in the loop.

But what does this mean for managing generative AI? Generally speaking, generative AI is good at generating ideas, i.e. for decision



support, but must never make the decisions.

As a leader, you must therefore be able to be in the uncertainty and facilitate the process. This requires recognizing that the leader is typically not the best in the field. But the leader needs to have an understanding and sufficient language about AI to be able to talk about it. And the leader must be aware that the leadership role is to set the vision, manage the details and lead all their employees.

You can read more about this in my book "Leading in the digital jungle - a handbook on digitalization for public leaders", which you can download right here.

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E-BOOK HERE**

**\*DANISH VERSION ONLY\***





# Masterclass in managing AI - From prompting to management

There are many courses on how to prompt. But there are few targeted offers for managers who want to learn more about leading AI.

The need is both great and evident. Because no matter what AI guidelines your organization has in place, some of your employees are applying AI to work-related tasks as you read this. And leading AI - how employees use AI and how your organization creates value from AI - is more than farting. Being curious about farting is just the first step on the way.

At the same time, the web is overflowing with hyperbole about how many fantasy millions you can save by using AI. This masterclass does not give you fantasy millions, but rather the ability to create and manage real use cases you can apply in your own organization.

LEAD bases this masterclass on extensive experience, e.g. from a study in the

administrative area of public authorities, which included surveys among hundreds of employees and workshops with dozens of employees and managers. The results showed, among other things, that leaders must be able to manage five archetypes of employees to get everyone on board. And this requires a management approach that takes into account the major differences between employee types.

LEAD also bases the masterclass on the latest research. For example, international researchers find that AI makes employees both lonelier and more helpful. How do leaders counter loneliness and how do leaders promote helpfulness? And how does the leader do both so that it helps the organization's goals?

## Target group and benefits

The target group for the masterclass is all public managers, especially managers of employees, managers of managers and HR managers.

The masterclass gives you understanding, overview and concrete tools so you can work strategically with generative AI in your own organization. You will gain an understanding of the business opportunities and managerial dilemmas of generative AI. You will also gain practical experience of how you can create value with AI in your own area.

## After the masterclass you can

- Work strategically with generative AI in your own organization
- Lead all your employees in generative AI
- Find use cases that create value in your organization
- Challenge and inspire your management colleagues

**CLICK HERE TO  
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*\*THE MASTERCLASS IS IN DANISH\**



Do you have any  
questions about the  
Masterclass?



**Get in touch**

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# AI and the work environment: The good, the bad and the cruel leader

Artificial intelligence is here to stay. New products and opportunities are presented weekly, and the focus is on how we can make gains. However, an overlooked aspect of AI is how it affects the work environment and how managers approach the integration of AI and the work environment. The manager can be good, bad or cruel.

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Since the advent of ChatGPT, artificial intelligence has been on everyone's lips, but what few people realize is that artificial intelligence is also part of the work environment. As a manager, how you approach artificial intelligence has a major impact on the well-being of your employees - and thus on the effects your organization can get from using artificial intelligence.

As a manager, you need to be able to integrate the management of the psychological work environment with the digitalization processes that artificial intelligence is part of. This means understanding both the positive and negative consequences that digitalization can have on employee well-being.

This point can be illustrated with an example that references Sergio Leone's famous spaghetti western "The Good, the Bad and the Ugly" from the late 1960s starring Clint Eastwood. By

distinguishing between the good, bad and cruel leader, we can exemplify how leaders can use AI in a way that promotes or harms the psychological work environment.

## 'It's AI's fault'

The example comes from a company that uses artificial intelligence to provide managers with information about employees' potential salary increase based on parameters such as performance and value in the job market. Wim, a specialist from a Western European country and part of the manager's team, expresses a desire to increase his salary quite significantly, specifically by 10%. A key element of well-being and a good working environment is the feeling of being fairly rewarded and recognized for the work you do. Therefore, as a manager, it's natural to look at salary data and the analysis that artificial intelligence





does on salary data. So let's explore how the good, the bad and the ugly manager will approach the salary conversation - and start from the back:

**The cruel manager** blindly trusts the technology and uses the AI solution to reject the request for a 10% pay rise. The manager bases the rejection solely on information generated by AI. When Wim asks for reasons, he gets the explanation: "The system says so, so it's the AI's fault". The cruel manager relies on artificial intelligence to explain his rejection and then blames the same artificial intelligence, thus failing to acknowledge Wim's request for a pay rise.

**The evil manager** is happy that the AI solution can provide a clear answer so that the salary negotiation can be concluded quickly. The manager happily points to the screen and shows that the calculations from the system emphasize that Wim is already high compared to other employees. The answer is marginally better than what the cruel manager gave, but hardly satisfactory for Wim - and thus does not promote the psychological work environment. The answer creates obscurity rather than transparency and does not reassure the employee that the manager can be humanly present during the salary discussion, but only refer to artificial intelligence as the reason for his decisions.

A conversation that the manager wants to get over as quickly as possible.

**The good manager**, on the other hand, understands how the algorithm behind the AI solution works. In the specific example of Wim, there was actually a good explanation as to why the system categorized the 10% increase as "too high". Because of specific national conditions in the Western European country, Wim's salary development was significantly higher than that of his colleagues from other countries. In that country, all workplaces have to adjust wages for inflation, so a few months earlier Wim had received an 11% pay rise, which was about 10 times what most others in the company received that year. When Wim heard the reason, he thanked them for the explanation and left the conversation understanding the situation.

The good manager uses the AI solution curiously and thoroughly as part of their preparation and argumentation, but is also open about why the solution shows what it does - and is even humanly present during the conversation so that AI ends up supporting the work environment instead of harming it.

### Human presence

This example illustrates a larger point: With the proliferation of artificial intelligence, managers

need to pay extra attention to their human presence and navigate the technology's influence in the workplace. This means understanding how it works and being able to open up the closed system that AI can easily become.

Technology should not replace human interaction, but rather act as a tool to support and improve work processes and create a better basis for decision-making. It should be a human who makes the decisions and stands by the fact that he or she made them, not the artificial intelligence.

In Denmark, the Danish Business Authority is one of the authorities that has come furthest in using artificial intelligence to support its core mission. As part of their work, they have developed a thorough data strategy. The strategy states that artificial intelligence is only used as decision support, not as a reason for decision-making. This means that it is always a human who makes the actual decision.

The strategy also clarifies that the use of artificial intelligence must be permeated by transparency and comprehensibility, and that the Danish Business Authority must be able to explain how it uses artificial intelligence results. The agency calls it 'EXR-AI'. EX stands for 'EXplainable' and R for 'Responsible'. So the use of artificial intelligence must be both explainable and responsible. Otherwise, it risks damaging the work environment and undermining the relationship between manager and employee, which becomes more cruel than good.



# 1 Knowing everything and being a novice at the same time

It's important for employees that leaders set direction and goals. This is also true for employees working with generative AI, according to an analysis we conducted at LEAD. But how can managers set clear goals for something that involves so much uncertainty? And how should employees be involved in achieving the goals?

## SOLUTION

Firstly, the leader needs to recognize that a large number of employees, especially younger ones, are smarter than the leader when it comes to AI. Secondly, leaders can apply *transformational leadership* (articulating a vision and focusing on the necessary competencies and other crucial details) and accept learning mistakes in an iterative process. This is in contrast to *transition leadership*, which requires the leader to clearly describe both the end goal and the path to get there.

# 2 Ethical use of generative AI

Generative AI can deliver content that is *biased*, discriminatory or otherwise contains unfortunate and potentially unethical undertones. Building your knowledge or allowing your decisions to be influenced by this content or output without being able to credibly account for how to account for discriminatory data can have consequences.

## SOLUTION

As a leader, you need to formulate clear ethical guidelines for how the organization uses generative AI. This means training employees to recognize and problematize unethical output. And it's a management task to be aware of where and how bias can occur.

# 3 Employees' fear for their jobs

Many employees experience fear or uncertainty about the impact AI technologies could have on their jobs. This uncertainty leads to resistance to change.

## SOLUTION

Managers can communicate openly about the role that generative AI has and will have in the organization - highlighting the opportunities it can provide to improve work processes rather than replace employees. At the same time, managers can invest in training their employees so they can more easily integrate AI into their tasks. With workforce challenges, many workplaces are short of employees, so it will often be beneficial to be able to support task completion with AI.

# 8 challenges

## Generative AI can give

Generative AI has become many people's go-to tool. It's great at generating everything from images to text. But generative AI is not only a positive technology, it also presents challenges that managers need to consider and outline a solution for.

# 4 Data security and privacy

The use of AI means dealing with large amounts of data. And the risk of data leakage or misuse can raise concerns.

## SOLUTION

As a leader, you need to implement strict security protocols and measures to protect data. Of course, you need to comply with GDPR, but you also need to be transparent about how data is used and stored. This includes distinguishing between AI in your own secure IT environment. And AI in open IT environments, for example when employees use the free version of ChatGPT.

# Challenges: Generative AI gives managers a headache

Generative AI is our new best friend at work because it's helping us create images and text to video and music. However, it's also a disruptive technology, and it brings with it a number of challenges. Here we list eight common challenges and solutions to each of them.

## 5 Who makes decisions and who is responsible?

When AI is used to make decisions, a question of responsibility naturally arises: Who is actually responsible for the decision, a human or a technology?

### SOLUTION

Generative AI works best as decision support, not *decision* making. This is an important distinction. It must always be a human who makes the final decision. And the organization must be aware that it is in charge from start to finish of the process.

## 6 Implementation leads to resistance

When AI is implemented, it can lead to changes in work processes and organizational culture. Changes that can lead to resistance from employees if they are not ready or feel prepared for them.

### SOLUTION

The leader must be strong in change management and involve employees early and clearly in the implementation. The organization's culture must be able to accommodate and support the changes, but it may also be necessary to adapt the organizational culture.

## 7 Public trust

Public organizations in particular need to ensure that citizens trust that AI is being used in a way that is both responsible and in the public interest. Distrust will naturally damage the relationship between citizens and the public sector.

### SOLUTION

Again, transparency is key. The leader must be able to communicate clearly and openly about how AI is used, what benefits it brings, and what precautions the public authority and private company are taking to protect citizens.

## 8 Standing firm and letting go

No one can fully understand or predict how AI will affect our work and skills. For this reason, leaders need to let go of the reins while retaining management responsibility.

### SOLUTION

The leader must, within a clear framework, let the most eager and talented employees investigate and explore what artificial intelligence can do. The leader must be able to evaluate - to see the good solutions - and then be able to scale them in a safe environment to the entire organization.



# Artificial intelligence and the five types of employees

Employee reactions to artificial intelligence vary widely. Some are excited and curious, while others are pessimistic and nervous. Through extensive analysis, we have identified five typical ways in which employees encounter AI. The task of managing them all at the same time is complex, but far from impossible.

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With ChatGPT, artificial intelligence (AI) made its popular breakthrough. Seemingly everything and everyone, from employees to CEOs and board members, are talking about AI and its huge potential for the future. But beneath the hype, there are other movements and skepticism: How do we work with it? And what consequences could it have for me and my work?

LEAD has helped Fremfærd, which is a collective agreement between KL and a number of trade unions, to analyze the needs and competence challenges that AI brings with it, especially for administrative employees. The analysis shows a much more nuanced and varied picture, which points to a complex management task. We have summarized the results of the analysis in this danish e-book *Kunsigt Intelligens - mellem hallucinaioner og hverdagspraksis\**.

## Five approaches to AI among employees

In the analysis, we found that employees can have five different approaches to AI. However, organizations typically only address one of them. We see this when organizations offer courses in the generic language models, typically chatGPT. The courses are open and offered to the curious or what we call the *opportunity seekers*. But only the curious get to participate - and not everyone else.

However, it is a mistake to assume that the broad group of employees find AI interesting. Employees come with different assumptions and experiences, which calls for customized skills training and space for all five types of employees:

\*The e-book is based on: A survey with more than 750 responses; almost 1000 inputs from 7 workshops with managers and employees from more than 20 municipalities; a reference group covering more than 10 municipalities that have been actively involved in the report and 15 expert interviews with employees and managers in municipalities, researchers and suppliers.



## The Opportunity Seekers

They are excited and use AI at work and at home. They explore the potential of the technology and are often further ahead of the organization. They need playgrounds and clear frameworks for use, even if they don't necessarily ask for them. It is crucial that the framework does not become a ban. A government agency had banned everyone from using ChatGPT to be on the safe side, but the opportunity seekers do it anyway, and now in secret.



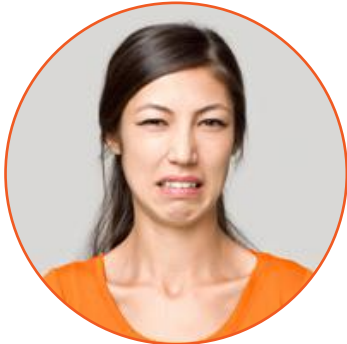
## They're worried

They've read about massive savings opportunities with AI. About the 'fantasy lions'. They don't feel very confident, and perhaps they've been asked to come up with ideas for streamlining workflows. They hear it as "sawing off the branch they're sitting on." They need security and certainty for their future.



## The pragmatic ones

De har hørt om mange digitale mirakelløsninger gennem tiden og tager det tilbagelænet. "Vis os nogle konkrete og praktiske kvalitetsgevinster og steder, hvor AI kan gøre min hverdag lettere, så er jeg med", siger de. De har behov for konkrete værktøjer og afprøvede brugsscenerier.



## The critical ones

They are concerned that AI makes mistakes and hallucinates, has bias, is opaque, and that AI is replacing human relationships. You can argue from here on out forever about the blessings of AI, but if you can't listen to their critical reflections, they are lost.



## The wait-and-see

They are similar to the pragmatists, but even when there are clear benefits, they hope it will pass. They're generally skeptical of new technology and are waiting for the hype to die down so they can get back to their jobs.

*Managing all five types is a difficult leadership task. On the next page, we give our best suggestions for the three most important leadership advice for the five types. →*



## 3 good advice

### - Leadership for all five types

It is a difficult leadership task to be able to lead all five types. To be able to offer and organize competence development for the opportunity-seeking, the waiting and the critical. Can we afford to lose the last ones on the floor? To let the train run?

As a manager, you can follow these three tips to successfully include different types of employees in AI competency programs:

**1** Differentiate your offerings with your employees' needs, experiences and concerns in mind. Be aware of the different types of employees, but make sure you don't pigeonhole people. Of course, there will be overlaps and nuances between types in the real world.

**2** Reduce the focus on the technology itself and make sure that the competence efforts and AI tools can help the administrative employee free up time and increase the quality of their tasks. This requires a focus on the core task and use cases that are relevant to different disciplines.

**3** 8 out of 10 employees can't think of a successful digitalization-related training program. Employees want clear leadership support and prioritization, so it's important that you set the direction for AI work and communicate the need for skills development to employees.





# Network for AI and digitalization management

The management of AI and digitalization is one of the most popular topics among public sector leaders. At the same time, it's a difficult and challenging area because the pace of development is so rapid. For example, how do you develop a strategy for AI when the technology may have changed so much between the start of the strategy and its completion that it is already outdated? How do you gather best practices from a rapidly changing field? And where and how can you learn from others' experiments and experiences - both the good and the not so good?

To provide answers to questions like these and many others, we at LEAD have chosen to offer a brand new network that focuses exclusively on the management of AI and digitalization.

The network is aimed at you who are a manager in or near the public sector and who want to become better at managing AI and digitalization. This includes being able to understand and communicate the digital opportunities and

challenges you and your peers experience.

You can be a manager, middle manager, leader or have another role where you are responsible for or influence the digital strategy, management and development in the organization.

In this leadership network, you can develop your leadership skills, be inspired by others' experiences and strengthen your network among professionals.

## Your benefits

There are a number of benefits to joining the AI and Digitalization Leadership Network with your leadership colleagues from other parts of the sector.

First and foremost, you become part of a vibrant network that extends beyond the network's physical meetings.

In the network, we develop, design and commit to the professional content together. In this way, we ensure that the content is always highly topical and relevant to you. In addition, you get access to the latest knowledge and the best proven methods from

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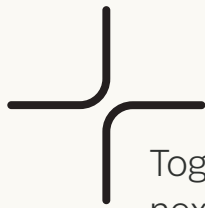
research and practice on the angles, topics and dilemmas from AI and digitalization management that matter most to you. The network's facilitator and trainers also have extensive experience in advising, consulting and implementing at all levels of management in the public sector. på alle ledelsesniveauer i den offentlige sektor.

**Do you have questions  
about the network?**



**Get in touch**

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Together, we take people and organizations to the next level so they can make a difference for others and society.

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