

CORONAVIRUS PANDEMIC

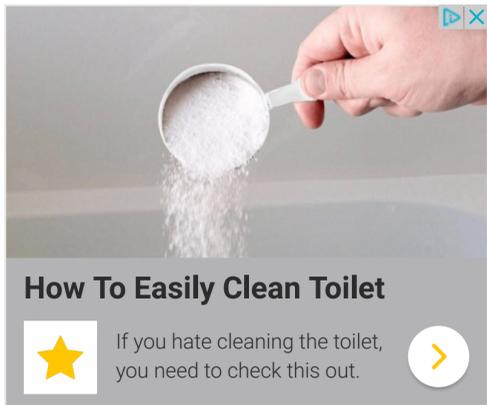
The robots-are-taking-our-jobs threat is real

The future of labor is changing, with a sharp push from COVID-19.

By ANJANI TRIVEDI • Bloomberg Opinion

If there was ever a good time for the robots-taking-over-jobs argument, this may be it. Not just because factory owners don't want to pay for rising labor costs, but because workers don't want to gather every day in petri dishes.

Chinese manufacturing is facing a challenge since employees returned to production lines: keeping them on the job. Some companies reported a 90% turnover in workforce after the economy started reopening in March, compared to 25% to 30% in a normal year. Such spikes are expected worldwide as lockdowns ease.



The pandemic has made “humans the risk to continued operations” in supply chains, note analysts from Sanford C. Bernstein & Co.

Leave aside how businesses reopen. The bigger question is, how will they be thinking about the future of their factories?

Re-enter the robot, or more precisely, automation, a trend that was already alarming labor advocates and will be aggravated by COVID-19. Nascent signs from the order books of industry giants like Fanuc Corp., Keyence Corp. and Harmonic Drive Systems Inc. point to businesses wanting to get their operations up and running — increasingly without humans.

There's room for robots. Worldwide, density remains low as many companies have had little desire to deal with integrating them into operations, or in triggering politically sensitive social backlash. Still, nearly 60% of production work globally is in areas that can easily be automated. In China, almost 40% of jobs are machine-replaceable. Differences across and within industries matter — robots do most of the stamping and welding in car factories, while humans conduct final inspections. Tasks requiring significant dexterity remain difficult for machines.

A big change in the COVID-19 era may be the lowering of barriers to adoption, which have largely come down to attitude. South Korea and Germany can be held out as positive examples that have achieved high factory-automation levels while keeping unemployment low. A more pointed prod, though, may be simple necessity, which has driven most big changes in the way we use technology.

The global health emergency has hamstrung companies in a way most never expected. A survey by PricewaterhouseCoopers LLC of almost 300 chief financial officers found that they didn't get what they needed to make informed decisions and response times were delayed. More automation could improve agility.

While most CFOs of industrial production companies surveyed plan to cancel or defer investments, only 15% are planning to cut investments for automation, artificial intelligence and industrial internet-of-things.

The post-coronavirus dilemma looks like the old one, but worse. The world will need more productivity, and automation is a way to get it. But what will happen to displaced, less-skilled workers? The pandemic could reduce working hours by 6.7% across the world, equivalent to 195 million full-time workers, according to the International Labor Organization.

For now, governments are offering wage subsidies to businesses to retain employees. The onus will eventually also fall on companies to reskill and accommodate their workers. Separately, governments are incentivizing the transition to the robotic future. Japan wants companies to bring supply chains home from China. Where there aren't enough skilled workers, more machines will be needed to collaborate — or so-called Cobots. In China itself, industrial subsidies that support automation loom large. “New infrastructure” has become a way to justify fiscal stimulus that will put billions of dollars toward 5G and other technologies that will employ far fewer people.

This doesn't mean the end of productive human labor, or the loss of jobs en masse. It does require more openness to exploring options in addition to, and beyond, people. The reality is, companies that invest in automating processes now are likely to come out faster — and perhaps stronger — on the other side. Not only because robots won't be sick or afraid in the petri dish, but because the future of work is changing.

No one wanted the COVID-19 experiment. But companies and people have to come to terms with it.

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