Ethics and Accountability in Artificial Intelligence-Based Managerial Decision Making

[1]Abdul Gani, [2]Didit Darmawan

[1]*Universiti Malaysia Sabah, Malaysia*
[2]*Sunan Giri University of Surabaya, Indonesia*

A R T I C L E   I N F O

A B S T R A C T

The use of Artificial Intelligence (AI) in managerial decision-making has the potential to improve organizational efficiency, accuracy and productivity. However, this technology also raises major challenges related to business ethics and accountability. The main issues that arise are the potential for algorithmic bias that can exacerbate discrimination in the decision-making process as well as the lack of clarity regarding accountability when decisions made by AI adversely affect the company or other stakeholders. Reduced transparency in the decision-making process generated by AI also adds uncertainty for stakeholders in understanding the basis of the decision. While AI can improve business effectiveness, it is important for organizations to develop policies that ensure the use of AI maintains ethical values, transparency, and accountability. Adequate human monitoring of AI decisions is essential to ensure that they are fair, accountable, and do not harm any party. Companies should carefully craft clear guidelines and ensure that the use of AI is in line with widely accepted principles in society to maximize the benefits of AI and mitigate ethical risks.

INTRODUCTION

Artificial Intelligence (AI) has penetrated various sectors, making managerial decision-making easier. This technology has proven effective in analyzing large amounts of data, improving operational efficiency, and supporting faster and more informed decision-making. Managerial uses of AI are limited to data analysis, and include business process automation and market trend prediction. For example, many companies use AI to determine marketing strategies, monitor employee performance, and plan product development that better matches market demand. AI adoption is expanding in an increasingly connected global environment, changing the way decisions are made at almost every level of an organization (Shrestha et al., 2019).

Along with these advancements, the use of AI also raises various issues related to ethics in business. AI can amplify existing biases in the data used, further influencing the decisions made by managers. For example, algorithms used in recruitment or performance appraisal may exacerbate gender or racial inequalities, even if they are unintended. Reliance on AI in managerial decision-making may also lead to reduced individual responsibility in the organization,

as important decisions may be driven more by machines than by human judgment. This raises concerns about the long-term impact on ethics and company social responsibility.

One of the main problems in using AI for managerial decision-making is the lack of clarity regarding the responsibility for the resulting decisions. AI works by processing data and applying algorithms to generate decisions without direct human intervention (Jarrahi, 2018). AI-based decision-making can reduce the role of humans, which raises the question of who should be responsible for decisions made by automated systems. When AI-based decisions turn out to be detrimental to certain parties or violate business ethics, companies often struggle to determine who should bear the consequences of such decisions, given that AI only acts on pre-programmed data and algorithms. Fully AI-based decision-making is often difficult to explain or understand to the affected parties, especially if the algorithms used are complex and cannot be easily understood (Huynh et al., 2021). This creates great confusion and problems in terms of accountability and transparency in the business world. A clear policy by the company on AI accountability is important.

The ethical use of AI in business is also an increasingly important concern. When companies rely on AI to make consumer-related decisions, such as product pricing, availability, or promotions, it is possible that the algorithms are not entirely fair or transparent (Walker et al., 2019). This could potentially lead to discrimination or unfairness in the way products or services are offered to customers. There is a risk that companies will sacrifice ethical values for financial gain in maximizing the use of AI. There is a need for stricter regulations and standards regarding the use of AI in business to ensure that this technology is not misused.

It is important to pay attention to the impact of using AI in managerial decision-making and business ethics, as more and more organizations are adopting this technology in their daily activities. Without proper oversight, AI has the potential to create unfairness, non-transparency and shifting responsibilities that can undermine public trust in companies and the technology itself (Mayer et al., 2021). This will affect the relationship between companies and consumers, as well as create broader social impacts, especially in terms of welfare and justice in society. Careful oversight and the development of policies that support the ethical use of AI are crucial for business sustainability and social welfare.

The purpose of this discussion is to examine the impact of the use of artificial intelligence in managerial decision-making on aspects of business ethics and accountability in organizations. By understanding these implications, it is hoped to provide insight into the challenges that arise in the integration of AI technology into business processes, as well as how companies can maintain integrity and social responsibility in the use of this technology.

RESEARCH METHOD

In understanding the impact of AI on managerial decision-making and business ethics, a literature review approach is an effective method to explore the diverse perspectives and findings that have existed in previous research. This approach allows researchers to collect, assess, and analyze articles, journals, and books relevant to the topic under review. This literature study aims to identify various concepts and findings on the application of managerial AI, as well as the ethical challenges that arise along with the implementation of such technology in the business world. According to Bryman and Bell (2015), literature review plays an important role in enriching the understanding of the research problem by providing a comprehensive view of existing sources. In this way, researchers can assess and integrate relevant findings within a broader scope, as well as explore the potential impact of AI technology on the ethical and accountability aspects of business decision-making.

The literature review also provides an overview of the development of important concepts related to artificial intelligence and business ethics, which are evolving along with the rapid pace of technology and changes in the global business environment. Previous studies have revealed the challenges companies face in using AI for decision-making, such as issues related to algorithm transparency, fairness in decision distribution, and personal data protection (Mittelstadt, 2019). By utilizing the literature review, we were able to explore the influence of AI on changing managerial dynamics, as well as how companies can balance technological efficiency and ethical considerations in their business decisions. This study allows researchers to delve deeper into the ethical principles that can inform the use of AI, as well as provide insights for policies governing the use of this technology in business.

RESULT AND DISCUSSION

The development of AI in today's organizational operations has brought about significant changes in the way company function. AI enables automation of business processes, reduces manual workload, and improves operational efficiency. Organizations can optimize resources, reduce costs, and increase service speed by leveraging AI technology. AI also helps in better decision-making through in-depth data analysis, providing insights that can improve business strategies.

AI implementation also faces challenges, such as the need for good governance to ensure ethical and safe use. Organizations need to consider the social and ethical aspects of AI implementation, including its impact on the workforce and data privacy (Leoni et al., 2021). AI can be a powerful tool to improve competitiveness and innovation in organizations with the right approach, creating new opportunities in the ever-evolving digital era. The development of AI has now become a key driver in the operational transformation of organizations in various sectors. With the ability to automate business processes, AI reduces manual workload and improves efficiency and accuracy in decision-making (Selvarajan, 2021). Organizations that adopt AI technology can leverage more in-depth data analysis to understand customer behavior, predict market trends, and optimize supply chains (Tambe et al., 2019). For example, in the retail industry, AI can be used to analyze purchasing patterns and provide more relevant product recommendations, thereby improving customer experience and driving sales. AI also plays a role in product and service innovation, enabling companies to develop more sophisticated solutions that meet market needs.

Despite the huge potential of AI, its implementation is not without challenges. One of the key issues is the need for good governance to ensure ethical and responsible use of AI. Organizations must consider the social impact of AI implementation, including the risk of job replacement and data privacy concerns. Stakeholder engagement in the decision-making process regarding the use of AI is essential to create fair and transparent policies. This will also help ensure that the use of AI not only benefits the organization, but also does not harm the other parties involved. Organizations need to invest in training and skills development for employees so that they can adapt to the changes brought by this technology. This investment in skills development will not only mitigate potential negative impacts, but also prepare the workforce for the challenges of an ever-evolving era. AI can be an effective tool to enhance competitiveness and innovation, and create added value for organizations in the evolving digital era with a careful and strategic approach (Wang et al., 2020).

Managers are addressing AI by adopting these technologies to improve productivity and competitiveness, while also facing challenges related to ethics, impact on the workforce, and data privacy. They are focusing on employee training and stakeholder engagement to ensure successful implementation. Managers today are increasingly realizing the immense potential that AI holds in improving operational efficiency and decision-making (Davenport, 2018). By leveraging AI tools, they can automate many routine tasks that used to take time and resources. AI helps organizations reduce costs and improve overall performance. This allows teams to focus more on strategic work that can add value to the organization. AI is also used to improve performance management, where data analysis can provide more precise and relevant feedback to employees.

Managers are also faced with challenges that need to be overcome. One of the main issues is the ethics of using AI where they must consider the impact of this technology on the employees (Bankins, 2021). Concerns about potential job displacement highlight the need for managers to plan retraining to help employees adapt to changes. This has the potential to create uncertainty among employees and trigger resistance to new technologies. Managers should identify the new skills required to work with AI and ensure that employees have access to appropriate training (Kolding et al., 2018). This not only helps employees stay relevant in an increasingly automated world of work, but also gives them opportunities to contribute in more strategic and value-added areas. Data privacy is an equally important concern, and managers must ensure that the use of AI complies with applicable regulations.

An effective AI implementation strategy is key for managers to face these challenges. They need to involve stakeholders in the decision-making process to create fair and transparency policies (Felzmann, 2020). By involving various parties, managers can ensure that all aspects related to the use of AI are well considered. Investment in training and skills development for employees is also crucial so that they can utilize this technology optimally. Well-planned training will enable employees to not only operate the new technology, but also optimize its use in their daily work. AI can be used to its full potential to improve efficiency and competitiveness without causing unintended negative impacts with a structured and careful approach.

Managers should have a strategic and cautious approach in adopting AI. They can leverage AI as a tool to increase competitiveness and innovation within the organization with planning and executing the right strategy. The right approach starts with in-depth planning of how AI will be applied in various operational aspects, from data processing to strategic decision-making. This includes not only selecting the appropriate technology, but also ensuring that AI is applied in a way that aligns with the organization's goals and values. Managers can turn AI into a tool that empowers employees and improves overall organizational performance. AI-based automation and analytics can reduce the burden of unproductive routine work, allowing employees to focus more on value-added tasks. This will help organizations adapt quickly to market changes, and create a more productive and efficient work environment.

Managers' proactive attitude towards AI reflects their understanding of the importance of this technology in the modern business world. Proactive managers not only keep up with technology trends, but also strive to harness the potential of AI in a strategic way, to create a competitive advantage. They can create added value for the organization and ensure sustainability amidst challenges with leveraging AI wisely. The success of AI implementation will largely depend on managers' ability to manage change and prepare their teams for a future that is increasingly influenced by technology. Managers who are aware of the changes taking place in the business world will plan steps to ensure that their employees are prepared for the challenges that come with AI adoption. Managers must be able to lead this transition process in a way that emphasizes clear communication and realistic expectation management, so that employees can understand and accept the change. Proactive managers not only focus on implementing technology now, but also on the future sustainability and resilience of organizations that are increasingly connected to technological advancements.

The use of AI in managerial decision-making has changed the way many organizations operate. It enables the processing of large amounts of data quickly and accurately, and results in more efficient decisions compared to traditional methods. For example, in marketing, AI can analyze consumer behavior and develop more targeted strategies (Gkikas & Theodoridis, 2021). In human resources, AI is used to select the most suitable candidates based on analysis of historical data and individual characteristics (Zhang et al., 2021). Decisions made through AI are often more objective as they are based on measurable data and are not influenced by subjective human factors. This is particularly useful in various aspects of business, from strategic decision-making, which previously took a lot of time and effort for humans to analyze.

While AI can improve efficiency and accuracy in decision-making, the use of this technology also presents significant ethical challenges. One of the most fundamental issues is how AI algorithms can reinforce biases that already exist. For example, algorithms used in recruitment systems may not be completely neutral, and may favor one particular ethnic or gender group based on biased historical data (Binns, 2018). The long-term impact is the formation of a less inclusive and diverse organizational culture, which is contrary to the goals of diversity and equality. This can lead to unconscious discrimination, even if there is no intention to do so. It is important to understand how AI can influence managerial decisions that have complex ethical implications (Brendel et al., 2021). This includes ensuring that algorithms are designed with high transparency and accountability, as well as continuously monitoring the results generated by AI to detect and correct potential biases.

AI-generated decisions may lead to a reduction in the role of humans in the accountability of such decisions. If an important business decision is made by an AI system, who should be held accountable if the decision adversely affects the company or other stakeholders? In many cases, it is difficult to define clear responsibilities between machines and humans. While AI developers or users may be able to design a fair system, it is not always easy to account for all the variables that affect the outcome of the decision, which then exacerbates the accountability problem (Levine, 2019). AI algorithms work with data that has been collected and processed, but the data is often incomplete or distorted, or may not include all relevant factors. Decision outcomes often rely on learned assumptions or patterns, allowing for incompatibilities in every situation. More companies are facing difficulties in defining who should be responsible for the decisions generated by these technologies.

Another impact is reduced transparency in the decision-making process. AI systems are usually based on very complex algorithms, which are often difficult to understand even by the developers themselves (Hagendorff & Wezel, 2020). These algorithms work by analyzing large amounts of data and looking for patterns that are not always obvious or easily understood by humans. When decisions are made based on AI, especially in situations involving many connected variables, it is difficult for third parties to know how the decision was made. As a result, the parties involved, such as employees, consumers, or even regulators, do not have a clear picture of the basis for the decision. This can affect the trust and integrity of the company as stakeholders may feel that the decisions made are not fully transparency (Zeng, 2020). Trust is an essential element in long-term business relationships, and without adequate transparency, companies can face challenges in maintaining solid relationships with various stakeholders, which can be detrimental to their position in the market.

There is also a risk of injustice in the application of AI in business. One obvious example of this is in the pricing of products or services using AI algorithms. AI can be used to adjust prices based on consumer behavior, location, or even individual purchasing power. While this can increase profits, it also has the potential to create inequities, such as price discrimination against certain consumers. For example, consumers from lower economic groups may be charged higher prices than other consumers. This raises major ethical issues regarding how far companies should go in utilizing consumer data for their financial benefit. It is important to consider fairness in the application of AI so that the decisions made do not harm any party (Mittelstadt, 2019). As AI becomes more popular in business, companies must also ensure that they promote ethics and fairness, and avoid using technology that could exacerbate social inequality or cause unfair price discrimination.

The managerial use of AI can also affect power dynamics in organizations. More automated decision-making through AI may reduce the role of managers and executives in processes that previously relied entirely on human judgment. As a result, decision-making may become more system-centric, reducing the human interaction that is essential in determining the direction of the company. This raises questions about how decisions generated by AI systems can take into account broader social and cultural values that are often difficult to measure quantitatively. It is important to align AI with company values so as not to sacrifice human-based decisions that have ethical considerations.

AI has the potential to improve the efficiency of managerial decision-making, which can increase productivity and performance. AI systems can automate a large number of administrative and operational tasks that previously required human time and effort. As such, organizations can reduce operational costs and speed up the decision-making process, ultimately providing a competitive advantage in an increasingly competitive market. For example, AI can assist in production planning, logistics, and human resource management more quickly and accurately, giving organizations a greater edge in facing business challenges (Bryman & Bell, 2015).

While these efficiency benefits are undeniable, it is important to remember that AI is not a substitute for strategic human decisions. AI can only make decisions based on patterns in the data, but it cannot assess situations that rely heavily on social, cultural, or emotional factors that often determine the success or failure of a decision. The use of AI in decision-making must be balanced with human monitoring that allows for adjustments or clarifications if needed (Vincent, 2021). The human role in decision monitoring and evaluation remains indispensable. Humans should be involved in evaluating and adjusting decisions made by AI, especially when those decisions have the potential to affect a wider range of parties. This oversight allows for clarification or modification of decisions if they are found to be inconsistent with the company's long-term goals or broader social impacts.

From a business ethics perspective, one of the issues that needs to be addressed is the potential misuse of AI for personal or company interests that are inconsistent with the principles of fairness and transparency. For example, companies may use AI to collect users' personal data without explicit permission or for price manipulation for greater profits. Such practices can damage a company's reputation, reduce consumer trust, and may even lead to legal action. Companies need to adopt strict guidelines on the use of these technologies, ensuring that AI is used for legitimate purposes and does not harm others (Mittelstadt, 2019).

Ethical application of AI can strengthen a company's integrity and build long-term relationships with customers and other stakeholders. When companies publicly demonstrate their commitment to fair and transparency in the use of AI, it can enhance brand image and strengthen customer loyalty. For example, some companies have begun to adopt the principle of "explainable AI," which enables transparency in algorithm-based decision-making and provides an opportunity for stakeholders to understand the basis for decisions made by the system. Companies can create a more fair and ethical system.

Overall, while the use of AI in managerial decision-making offers many benefits, such as efficiency and accuracy, there remain major challenges related to ethics and accountability. These technologies bring about major changes in the dynamics of decision-making in companies, and it is important for companies to carefully balance the advantages that AI offers with their ethical responsibilities towards employees, consumers, and society. In the face of these technological developments, effective oversight and transparency in AI implementation will be key to creating financially successful businesses that adhere to strong ethical principles. Thoughtful oversight and transparency in AI implementation can help companies to make optimal use of this technology, without compromising their ethical responsibilities.

CONCLUSION

The use of AI in managerial decision-making has a significant impact on business ethics and accountability in organizations. Decisions that were previously based on human intuition, experience, and analysis can now be made by AI systems that are able to process large amounts of data more efficiently and accurately. While AI can improve efficiency, accuracy, and productivity, ethical challenges related to algorithm bias, lack of accountability, and reduced transparency should be a major concern. Organizations adopting AI need to develop clear guidelines to mitigate the risks associated with using this technology, including ensuring fairness in any decisions made by AI systems. These guidelines may include measures to mitigate bias in algorithms, ensure accountability, and increase transparency in the decision-making process. Ethical and transparency use of AI can strengthen an organization's reputation, increase stakeholder trust, and ensure alignment between technology and societal values.

It is important for companies to create policies that ensure AI is not misused and still maintain human responsibility in making important decisions. Human monitoring is still needed to ensure that AI-generated decisions remain within the ethical corridors of accountability. The integration of the principles of transparency, accountability, and fairness in the use of AI will strengthen the company's position in the global market, build better relationships with consumers, and ensure long-term sustainability. The development of clear and consistent policies on the use of AI within organizations should be a top priority so that this technology can be optimally utilized without ignoring applicable ethical values. This policy can help companies maximize the potential of technology and ensure that they stick to principles.

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