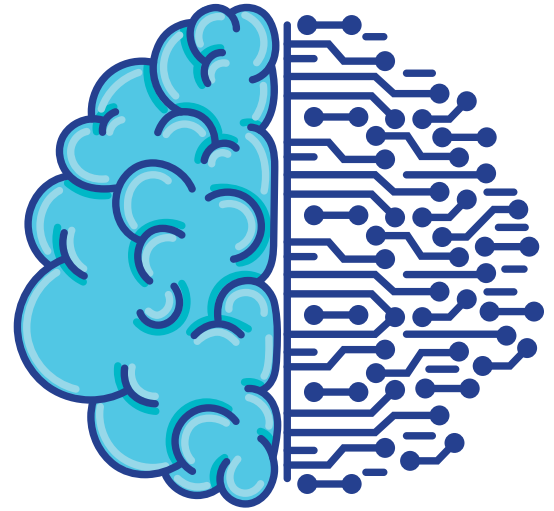


Key Factors for Managing AI in Business



With a particular focus on the impact of Artificial Intelligence (AI) in business management and its central role in decision automation, this article explores the importance of AI in business. The author outlines AI's role in supporting human intelligence rather than replacing it, particularly in operational and decision-making processes. In addition, the article examines the impact of AI on business organizational models and the collection of personal data. In particular, it highlights the paramount importance of business ethics in mitigating the downsides of large-scale data aggregation.

ARTIFICIAL INTELLIGENCE (AI)//AUTOMATION//INNOVATION//PRIVACY//ETHICAL GOVERNANCE



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Some advances in knowledge and its application undoubtedly arouse more interest than others, raising many hopes for solutions to humanity's problems. In this case, we are referring to "artificial intelligence," which has become the subject of debate and competition between the supporters and detractors of a discipline that is now at the center of the world's attention because of its importance and the pitfalls it conceals. Although artificial intelligence (AI) was first discussed in the late 1950s, when American mathematician John McCarthy coined the term that has become the subject of heated debate in recent years, it is only recently that AI has been brought back into the spotlight by developments that were unthinkable just a short time ago. In

order to understand the reasons for the great interest worldwide on the part of institutions, politicians, administrators, and academics, we need only mention the contributions that have led to the distinction of several versions of the technology, among which one of the most advanced is generative intelligence, known as GenAI, which is capable of imitating human creativity.

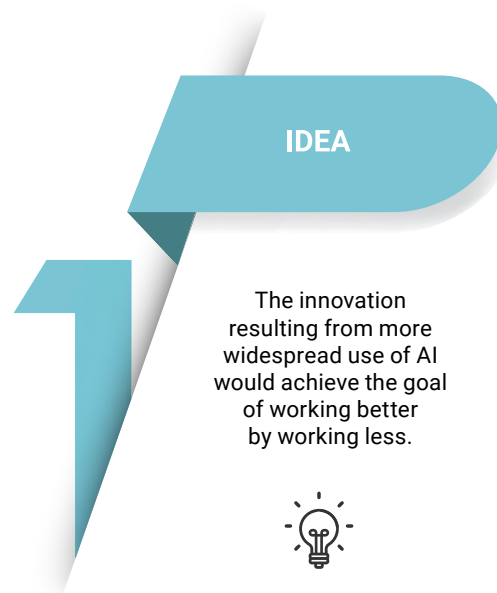
There are therefore many points that could be addressed in a general analysis of the subject. However, given the venue, we think it is preferable to focus on the consequences of the proliferation of AI in the corporate world, and in particular to reflect on how it affects the exercise of the managerial function.

The impressive development of artificial intelligence is indeed linked to the progress of information technology in the field of automated decision-making, with important consequences for production sectors, organizational models, management practices and functions. Before going any further, however, it is worth clarifying the relationship between artificial intelligence and human intelligence in decision making and establishing the proper boundaries between the two. Indeed, the goal of AI cannot be to replace humans, but to support them in operational and decision-making processes at a qualitative level of efficiency.

This is most evident in the increase in the level of automation and in the “routinization” of a series of decisions, leaving the more “problematic” decisions to humans. Thus, it must be agreed that the recent development of information technology and automation applications will ensure an increasing contribution not only to the implementation of operational functions, but also – and this is the profile of greatest interest – to managerial functions, making the most of the collection, accumulation, and processing of useful data to operate and make decisions more efficiently. The application of AI to business processes will free the manager from repetitive questions, for which it will be easier

to arrive at optimized solutions with the help of algorithms based on experience. By systematically collecting the available, increasingly numerous and refined data, it will be possible to “structure” many decisions and focus the attention of business leaders on problematic strategic and organizational choices.

With the development of AI, the degree of automation of the IT process is increasing, just as it has long been the case in the field of production organization. In short, the process of automation is moving beyond the factory floor and into the upper echelons of management. Automation can only mean efficiency and the replacement of humans in tasks that can be performed by machines. This has the potential to reduce the number of employees, as companies are already experiencing on a large scale. Thus, the current evolution would result in a generally positive effect of increased productivity, which would require a profound transformation of work patterns on the one hand, and (unfortunately) a significant loss of jobs on the other. According to the rash predictions of some futurologists, this loss could even be in the hundreds of thousands



in a few years. Even in the face of a less catastrophic expectation, companies should begin to respond to this evolutionary process by imagining and implementing interventions aimed at adapting business processes to the advance of technological progress, such as redesigning managerial profiles or reorganizing the working week. In fact, it is likely that a significant reduction in work activity could be achieved, as is already happening in the companies that are most likely to spread the motivational benefits of a reduction in the working week for the same compensation (see the experiment initiated by Luxottica and, more tentatively, by Tod's). The innovation resulting from a more widespread application of AI would thus make it possible to work better by working less. By expanding general knowledge, time spent on mundane tasks is reduced, thereby expanding the scope for innovative endeavors, and pushing the boundaries of creative behavior.

Returning to the role of AI in corporate decision-making, and to the individual or group problems of adaptation and conversion to a new organizational model, it has already been mentioned that, in general, information technology as a decision-making tool has limitations in the case of choices that require prior "structuring" or framing.

Thus, AI can assist in decision-making, but it cannot make the final decisions. In other words, there seems to be a very limited space for "thinking" machines capable of dealing with difficult and delicate options, often involving ethical considerations that could in no way be included in decision-making processes based on more or less proven case histories or algorithms. Reality is always more complex than history and statistics. Therefore, any attempt to base decisions on past data about problems that are not always assimilable to those most frequently encountered in the management of any organization operating in a dynamic and unpredictable environment seems ambitious. When claiming that AI can "solve problems," it is therefore important to

clearly understand the contexts and limits within which this result can be achieved, distinguishing between decisions of a strategic nature, for which the contribution of human intelligence remains irreplaceable. This is all the more true when the choice has to do with moral values related to the ethics of the person responsible for the decision.

The main advantages of AI are obtained by leaving ample space for the collection of both general and personal information. The fundamental problem remains, above all, that of guaranteeing confidentiality through formulas that regulate access, and thus concerns all those forms of protection that safeguard the wealth of information accumulated and enriched over time. In fact, access to such a repository of data, for purposes of commercial promotion or political hostility, should never take place without the direct consent of those concerned. Information is power, and the accessibility and availability of ever-increasing amounts of data can have both positive and negative effects on those involved in corporate governance.

Specific reference is made to protecting and respecting confidentiality in the collection and use of information and limiting the power to influence human behavior. In this respect, references to management style and the management of relationships with customers and suppliers may prove useful.

The manager may exert unethical pressure on employees, suppliers, and consumers for the very purpose of applying AI.

In the first two cases, these pressures could arise from the bargaining power that comes from having information about employees and suppliers, and from the demand for greater productivity and convenience in the contractual relationship; in the third case, consumers (to be turned into customers) could be pressured by business techniques that lack any ethical principles. Instead, ethical management should be able to establish lasting cooperative relationships with external stakeholders, i.e., suppliers and acquired customers. The most important

relationship is undoubtedly that between management and the world of consumption: many choices can in fact be conditioned by what responds to the technique of “profiling” the decision-making agent, based on the collection of personal data, which should in any case be protected with respect for privacy. Data that is legitimately collected on the basis of knowledge of past behavior and choices, but that should remain private in any case, through the creation and control of mechanisms of protection against unjustified access by third parties.

Who is not a frequent online shopper today, who is not surprised that sales organizations such as Amazon, eBay, and Alibaba, to name a few, create buyer profiles and, based on them, repeatedly and annoyingly solicit further purchases? In this way, companies, especially large and very large ones, can actually influence consumers in their choices of where to spend their income, what needs to be met, and what products to buy. How can the fundamental right to privacy and the legitimate use of information be demanded and guaranteed without compromising the freedom of choice of consumers, citizens, and voters? In reality, established laws, norms, and constraints will always encounter obstacles to enforcement or opportunities for misconduct and violation of inalienable rights, which is why the guiding and supporting role of ethics, with the affirmation of its moral values, is essential.

The existence of too many databases, too many sources of information, too many media, which are nonchalantly used for purely commercial or political purposes, essentially risks generating much higher costs than the substantial benefits guaranteed by technological progress. The latter, as in the case of AI, must always be an opportunity, not a threat, and must be properly regulated in order to be truly beneficial. The ultimate goal, then, is to ensure that AI does not lead to the sacrifice of privacy, the compression of intelligence, which in its fullest sense can only be an exclusive and inalienable attribute of the human mind, and, finally, to the decay of moral

values, which are fundamental to implementing governance models adapted to technological progress.

It is therefore understandable that institutions at various levels are concerned about innovations in the information cycle that could degenerate if not properly regulated.

At the political level, laws and regulations are the tools to control and even facilitate the proper use of AI, but they do not seem sufficient in this case because of the difficulty of designing and implementing adequate measures. Business ethics must come to the rescue, meaning that an effective balance between advantages and disadvantages, or rather between opportunities and threats, can only be achieved through the moral values of those involved in business.

MANAGERIAL IMPACT FACTOR

- Automation of operational decisions:** AI enables significant advances in decision automation, allowing managers to focus on more complex and strategic decisions.
 - and consider interventions such as redesigning management roles.
- Ethical issues and privacy:** AI raises ethical questions about the collection and use of data. It is critical to ensure the confidentiality of information, protect personal data, and avoid unethical influences on employees, suppliers, and consumers.
- Increased efficiency and productivity:** applying AI to business processes reduces the time spent on routine tasks, improving overall efficiency, and increasing productivity.
- Reorganization of management models:** AI requires a reorganization of work models and management profiles to adapt to technological advances. Organizations need to anticipate and manage change
 - business ethics become critical in guiding the proper use of AI. Managers must balance the technological benefits with the protection of privacy and the preservation of moral values that are fundamental to balanced corporate governance.