Leadership and partnerships for purposeful AI

Position paper

CEC EUROPEAN MANAGERS

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Leadership and partnerships for purposeful AI - Position paper

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part 1

Why we need leadership on AI

„AI is not primarily about technology – it is about how consumers and citizens want to live, workers want to work, and businesses want to create value for society.

In the world of work, it is also about the ability of the workplace and wider ecosystem to benefit from the technology.“

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Introduction

To make Artificial Intelligence (AI) a success in the EU requires a clear purpose, inclusiveness, and innovation partnerships. Today, the EU counts around 10 million managers who take millions of decisions a day. Therefore, it is key to consider how leaders approach Artificial Intelligence. With legislative EU developments through the AI Act and liability rules, it is now time to promote AI leadership, bottom-up governance and innovation made in Europe.

> An increasingly complex work and business context shifts the leadership role on AI.

The purpose of this CEC position paper on Artificial Intelligence is to lay out the role of leaders in promoting AI development. Since technologies reflect societal choices and cultures, leadership plays a key role in clarifying the vision, values, and processes around AI development – within the workplace, in policymaking and beyond. Against that background, the positions taken here by CEC are based on the core values that underpin our work: Sustainable Leadership, democratic values, and human responsibility for the impact of AI systems.

1. AI in management today

Artificial Intelligence has entered the world of management. Managers generally recognise AI's potential for productivity gains[1] and streamlining for certain processes. With a general decline of productivity growth and an uneven distribution in productivity growth among sectors, there is a greater need for innovation, dealing with economic complexity, and technology transfers. Within a workplace context, managers value opportunities for enhancing decision-making, supporting teams and workflows, as well as promoting business development[2].

From what we can see, AI is often not replacing labour, but used for reorganising tasks[3]. Within an increasingly complex work and business context, this shifts the leadership role on AI - increasingly towards soft skills, context understanding, ethical considerations, systems thinking, futures thinking, team empowerment and life cycle design. With the AI tools at hands, leaders need to adapt them to the specific purpose, needs and competences of the organisation.

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1 KPMG 2023: Generative AI Survey

2 Ledarna 2020: AI Beyond The Hype (Sweden)

3 ILO 2023: Generative AI and Jobs

However, evidence suggests that lacking leadership and managerial competences are an obstacle for making AI a purposeful and adapted tool for the unique needs of the business and workplace – attitudes, competences and AI use remain siloed[4]. Furthermore, it is key that leaders are conscious about (unconscious) bias. Data selection biases, the lacking diversity in development teams and design of AI systems can reproduce gender[5] and other cultural biases and discrimination[6].

AI is not primarily about technology – it is about how consumers and citizens want to live, workers want to work, and businesses want to create value for society. In the world of work, it is also about the ability of the workplace and wider ecosystem to benefit from the technology. The successful implementation of AI tools depends on leadership and smart design within the specific workplace context.

4 BCG 2023: AI at work

5 Toby Newstead et al, How AI can perpetuate—Or help mitigate—Gender bias in leadership, Organizational Dynamics (2023)

6 NYU 2022: Gender bias in algorithms

2. Safeguarding rights and democracy

The impact of Artificial Intelligence[7] depends on how leaders and developers design it. To limit harmful uses of AI and safeguard human rights and democratic values, the EU has adopted a risk-based approach in its regulatory measures on AI, namely the AI Act and liability rules on AI. From a managerial perspective, such legislation needs to be as close to the managers' working reality as possible.

With the more recent growth in algorithmic management software (example: Microsoft 365 Co-pilot), in some workplaces, managerial activities that involved controlling team members have been automated. On one hand, digital solutions that track tasks and working hours, and plan activities have the potential to improve the productivity of managers. On the other hand, AI driven tools that are designed to flag employee behaviour that may indicate depression, burnout or leaving the company are pushing the limits of personal privacy and workplace rights.

7 Impact on economic, social, and environmental systems (as defined by the United Nations' Sustainable Development Goals)

Additionally, there is no solid evidence that partial indicators (e.g. hours worked or emails sent) used by such systems are actually indicative of performance. Neither has macroeconomic labour productivity made AI-induced jumps, beyond specific sectors. The design of AI systems often insufficiently allows tailoring the solutions to workplace and workers' needs.

By breaking down tasks into microtasks, the autonomy and agency of workers and managers is decreasing, and potentially innovative and more performance-prone ways of working are being excluded. In most cases, trust-based management that focuses on outcomes and empowers workers has been evidenced to outperform "control-and-command" systems and enhance organisational capabilities and resilience over time.

Adapted AI systems that promote the informed autonomy of workers and managers are therefore supportive leadership tools. Looking beyond the workplace, policymakers can further support the development of responsible governance, leadership competences, accessible AI infrastructures, development hubs and innovation networks on AI.

3. Re-envisioning AI potential in Europe

We see that strong AI capabilities are an essential contribution to developing competitive advantages and data driven innovation in the Digital Single Market. With the regulatory focus in the EU, now more attention now needs to be paid on promoting the development of AI systems that are fit for purpose in the EU.

From the point of view of CEC, we principally support and encourage the responsible adaption of AI tools, with the below considerations:

It is the firm view of CEC that the EU needs a sustainable vision and practical next steps for Artificial Intelligence made in Europe. If the development of AI systems is to have purpose beyond the regulatory field (AI Act) and avoiding harmful AI impacts, we need to take a proactive role in how we can design conditions for AI to have a positive impact.

It is our view that the development of an increasingly monopolistic platform economy is not beneficial for the interests of managers nor for European data-driven innovation in general. Tech monopolies often bring about challenges with fiscal incomes, employment protection, or competition law.

Furthermore, while there is potential for reducing emissions through AI, conscious design choices and regulatory action may be needed[8]. In Europe, AI systems should support the decentralised structure of the European economy with a great share of employment and innovation backed by SMEs. This may imply strengthening the competitive advantages of AI systems made in Europe, as well as developing more collaborative innovation ecosystems and infrastructure that can create more distributed value for people, planet, and prosperity.

Such a strategic orientation requires leaders across sectors to be able to understand and design purposeful AI systems by involving internal and external stakeholders, including co-workers, customers, social partners, public administration, and civil society. In this time of polarization, AI has made wise human leadership and social partnership more important than ever.

Human leadership is a key determinant of the relevance, quality, and impact of Artificial Intelligence systems in business and the wider economy. Shared leadership at collective level becomes social partnership. CEC European Managers is convinced that social partnership (with an own voice for managers) - at company, sectoral, national, and European level - is a key ingredient for designing purposeful AI-supported value creation cycles.

In addition to the regulatory top-down logic of the EU's AI Act, there is a need to promote dynamic governance models through social partnership and leadership development. If sufficiently developed, social partnership can become a flexible, agile, adaptive, and co-creative driver of innovation, well-being and shared AI value creation for the workplace and beyond.

8 European Parliament report on Artificial Intelligence in a Digital Age 2022

part 2

Recommendations to leaders on AI

„CEC envisions social partnership as a driver of innovation and shared value distribution.

The risk-based approach of the AI Act could be complemented by promoting both social partnership and non-legislative measures on AI opportunities.“

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4. Leadership principles on AI

Leaders shall ensure that AI systems are developed and applied in line with fundamental human values and with clear human responsibilities. To promote trust and the purposeful development of AI, leaders make sure to incorporate key principles: promoting the diversity and inclusivity of AI leadership and development teams, AI system transparency and explainability, purposeful and inclusive AI system design, promotion of personal agency through AI system, workplace tailoredness of AI systems, cultural awareness, and responsible impact management (economic, social, environmental; e.g. responsibility for resource use and emissions). This involves a culture that embraces and processes that work with these values, as well as walking the talk on these principles in concrete terms as a leader.

5. The right to a manager

We recommend promoting regulation and agreements on the "right to a human manager" responsible to deal with AI-system related requests by regulators, workers, customers, users etc. The EU's "human in control" approach needs to be translated into making responsible leaders and developers behind the AI system liable, visible, and accessible. It should always be clear and transparent who is responsible for the work performed by autonomous systems. In this respect, legal liabilities also need to be clarified, particularly in high-risk areas.

6. Empowering sustainable start-ups

AI could become an enabler of opportunities across domains. The risk-based approach of the AI Act could be complemented by promoting non-legislative measures on AI opportunities (e.g. through project funding) for AI systems developed for positive economic, social and environmental impact. Sustainable AI start-ups made in Europe could benefit from more favourable (legal and fiscal) conditions as they promote local and regional economic activities, SME growth, contribute to climate and biodiversity action or support fair, distributive value creation.

7. Promoting social partnership on AI

We recommend enabling conditions in which managers, workers and employers can create constructive social partnerships around AI development at the workplace. CEC envisions this partnership as a driver of innovation and shared value distribution, as well as a governance body. In developed social dialogue systems, social partnership can act as such a body. In the absence of social partnership structures, the examples listed below can promote social dialogue on AI through public policies.

Social partners should have shared knowledge about the collection of staff's personal data, AI systems in use at the workplace, human resource applications (recruitment, promotion, dismissal) or AI tools in leaders' decision-making. This dialogue could be based, among other things, on the support of a review clause. Applications to monitor workers or managers shall only be allowed if their use is negotiated and agreed with trade unions and/or workers'/manager representatives. Health and Safety legislation, agreements and principles will need to be applied to AI use in workplaces.

EXAMPLES

Corporate AI Ethics Committee: An Ethics Committee can ensure maintaining a trust relationship between the providers and the users of AI systems in different sectors. Social partners can organise structured dialogues with relevant stakeholders (such as AI developers, consumers, youth, environmental groups etc.) relevant to the AI systems and ethical considerations linked to it. The Committee could discuss ethical questions both ex ante and ex post for the development and implementation of AI products.

Stakeholder Value Radar: A Stakeholder Value Radar can monitor the value created by the application is economically, socially and environmentally sustainable, with value distributed fairly among the stakeholders and along the value chain. In addition, the tool can facilitate the awareness of all stakeholders of the positive and negative aspects of the application of the AI, thus creating a symmetry of information.

Establishing AI tool registries in companies: AI projects of organisations can be recorded with a description and evaluation of the AI projects. An early involvement of stakeholders in the organisation around this record can allow to strengthen accountability through collective decision making and monitoring. To enable accountability, high-risk systems could appear transparently in a public database. Furthermore, the registry could indicate how many workers, under which contractual arrangements, are involved in the process of AI development, including microtasking jobs to train the algorithm.

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