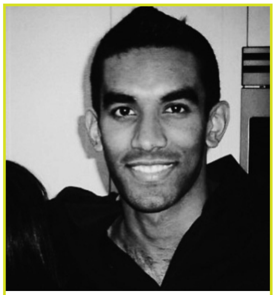
Automation, Artificial Intelligence, and the Moral Responsibility of Business Leaders



Jonathan Laxmi

Q: Some predict that the rise of artificial intelligence and automation will lead to an unprecedented disruption of the labor market. These changes have the potential to leave large numbers of people not just unemployed, but unemployable, in that there will no longer be productive work for them to do. Do businesses—which profit from technological innovation—have a moral responsibility to respond to such a disruption? Do they owe anything to their employees or society beyond the fulfillment of their responsibilities to their shareholders and customers? Does the CEO have a moral or ethical obligation to manage the introduction and use of innovative technology if it appears this even will lead to job loss and adverse effects on society?

"Singularity is coming!" We have all heard the warning cries—futurist AI prophecies, increased data/computer science offerings and opportunities, and consulting firms' reports on projected job loss from automation. Let us first understand how today's businesses and CEOs have been addressing the issue and the rationale behind their decisions. Managers globally have been aggressively integrating technology within their companies' operations, ranging from automating certain functions, to investing in technologies for new business opportunities.

> **"As a matter of fact, capitalist economy is not and cannot be stationary. Nor is it merely expanding in a steady manner. It is incessantly being revolutionized from within by new enterprise, i.e., by the intrusion of new commodities or new methods of production or new commercial opportunities into the industrial structure as it exists at any moment."**
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> **— JOSEPH SCHUMPETER**

This is expected. Public companies hold a fiduciary responsibility to their shareholders and financial stakeholders. This is law, and for a reason. Shareholders hold equity or debt claims in the company, to which the company's management is held contractually accountable. Management and a board of directors may execute decisions on behalf of shareholders, but these must be in the interest of maximizing shareholder value. In most cases, including for private companies, almost all decisions will purely prioritize profits, as companies can only survive over the long-term if they continually provide returns. There are instances when decisions are more nuanced, and issues such as the environment, image in the press, and other semantically ethical considerations come into play. Regardless, underlying these decisions are profit incentives—the moral, utilitarian foundation of value exchange—without taking into account the environment, you may be regulated, without public support, you may lose business, etc.

> **"The essential point to grasp is that in dealing with capitalism we are dealing with an evolutionary process."**
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> **— JOSEPH SCHUMPETER**

Companies, fundamentally, are a group of individuals working towards a goal to create value for another group of individuals. So what is moral at this elemental level—the level of the individual? Morality within the realm of human existence, can be defined as exercising actions that are "good." So what is "good?" If we hold life as the paramount value, then "good" is that which furthers life—and typically, that which causes pleasure and avoids pain over the longterm, is in accordance with that goal state. Money, profit, and revenues are "good" and moral in this respect. Hence individuals, both on the customer side, as well as the company side, would support technological implementation and innovation. But what if their very jobs, their livelihoods, are at stake?

This, is a matter of attitude. Technological innovation is a constant, a byproduct of human curiosity and ambition. Humans have not only adapted to these changes since the dawn of existence, but have intentionally disrupted the status quo, embraced change and flourished. If certain jobs are automated, new ones will be created. If certain skill sets are needed, we will learn them. I am deeply optimistic about the resilience and evolution of the human spirit.

Howard P. Milstein is no stranger to the virtues of business and ethical considerations as he successfully advocates a new form of giving—"venture philanthropy"—bringing business sense to the art of philanthropic initiatives. All parties win. Similarly, we must put our business hats on and use ethics as a pragmatic tool, not a limiting framework, to address our well-being both inside and outside the workplace. Let us not fear technology, ethics, or business, but celebrate them.

ABOUT THE AUTHOR

Jonathan Laxmi is an MBA candidate at the NYU Stern School of Business and is a member of Stern's Adam Smith Society. Before business school, Jonathan worked at the White House National Economic Council, NASA, and several Fortune 500 companies, including J.P. Morgan Chase and NBCUniversal. He has also worked with several startups and venture capital firms. Most recently, Jonathan worked with an AI software company using machine-learning algorithms to predict the likelihood that certain pieces of legislation would pass. Currently, he is leading market due diligence for the AI, AR/VR and financial technology sectors for Newark Venture Partners. Jonathan describes himself as "a business guy who loves science" and "a die-hard proponent of free-market laissez-faire capitalism."

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