AI Ethics in Commerce: Balancing Innovation, Accountability and Human Values

Ms Reena Devi

Assistant Professor, Departemnt of Commerce, NIILM University Kaithal

Abstract

One of the 21st century's most revolutionary technologies, artificial intelligence (AI) is changing how companies function, compete, and provide value to stakeholders. Applications of AI in commerce, including supply chain optimisation, algorithmic trading, personalised marketing, predictive analytics, and AI-assisted hiring, have increased productivity, creativity, and expansion prospects to previously unheard-of levels. However, in addition to these developments, the use of AI has spurred moral discussions that call into question long-standing corporate standards and principles. Commercial discourse is increasingly focussing on issues like algorithmic bias, opacity of decision-making processes, customer privacy concerns, and mass job displacement. This chapter integrates theoretical viewpoints, empirical insights, and international case studies to investigate the ethical aspects of AI in trade. In order to assess possibilities and dangers, the process is mainly conceptual and analytical, referencing academic literature, legal frameworks, and business practices. The ways that AI systems, despite being built to maximise efficiency, might inadvertently perpetuate social injustices, jeopardize consumer confidence, or diminish employee dignity are given special consideration. Real-world examples of these difficulties are given by case studies including Walmart's AI-driven logistics, fintech credit score disputes, and Amazon's biassed hiring algorithm.The chapter not only challenges these problems but also suggests remedies based on governance frameworks and ethical theory. To elucidate moral obligations in the AI-driven marketplace, concepts from stakeholder theory, utilitarianism, and deontology are applied. Regulatory viewpoints, such as those from the European Union's AI Act, the OECD's AI Principles, the IEEE Ethics Guidelines, and India's Digital Personal Data Protection Act (2023), further enhance the conversation. These frameworks offer vital standards to guarantee equity, responsibility, and openness in the use of AI.In the end, this chapter suggests a Responsible AI Commerce Model (RAICM), which places a strong emphasis on sustainability, ethical accountability, and diversity. The approach views ethics as a strategic enhancer of long-

term competitiveness, stakeholder trust, and social legitimacy rather than as a barrier to innovation. Businesses can boost their position as socially conscious companies, prevent reputational concerns, and adhere to changing legislation by integrating ethical concepts into AI systems. Thus, this chapter makes the case that the future of AI in business will rely on both technology development and an organization's capacity to match innovation with human values.
Keywords: Artificial Intelligence, Ethics, Commerce, Accountability, Responsible AI, Business Practices

Introduction

One of the most potent and revolutionary technologies of the twenty-first century, artificial intelligence (AI) is changing economies, society, and industries at a rate never seen before. AI is a transformative force in the business world that is changing how companies compete, function, and engage with stakeholders. It is not merely a convenient tool. AI applications have permeated practically every facet of business operations, from high-frequency financial trading to automated customer support chatbots, from predictive analytics to customised marketing campaigns. Businesses can now make better decisions more quickly, allocate resources more efficiently, and provide better customer experiences by utilising machine learning, natural language processing, robots, and advanced data analytics.Notwithstanding these enormous potentials, there are also serious ethical questions raised by the quick adoption of AI in business. If AI is not utilised responsibly, its fundamental strengths—its capacity for learning, prediction, and automation—may have unexpected repercussions. Algorithms created for tailored marketing, for example, may inadvertently perpetuate prejudices, influence customer behaviour, or jeopardise privacy. Similar to this, AI-driven trading systems in financial markets have the potential to create systemic problems due to their ability to make snap judgements that are beyond human scrutiny. These difficulties draw attention to the moral conundrums that companies face: fairness, responsibility, transparency, and respect for human values are now at the forefront of the conversation about artificial intelligence.

The effect of AI on human dignity and work is another urgent concern. Automation increases productivity, but it also eliminates conventional occupations, leading to social and economic inequality if proper reskilling programs are not put in place. Furthermore, companies that rely too heavily on AI run the risk of losing human judgement and empathy in decision-making,

which are essential for maintaining long-term relationships and trust with both consumers and staff. Therefore, concentrating only on innovation and profitability is insufficient as organisations use AI. Adopting appropriate governance mechanisms that guarantee the moral application of AI technologies is imperative.These frameworks ought to place a strong emphasis on accountability for mistakes, removing bias from data, protecting consumer rights, ensuring openness in algorithmic decision-making, and coordinating the use of AI with larger social ideals. In order to preserve stakeholder trust and guarantee long-term company growth, responsible AI is not just a matter of compliance. This chapter tries to address the ethical dimensions of AI in trade in a comprehensive manner. It will explore the benefits and problems provided by AI applications, study real-world ethical dilemmas encountered by organisations, and highlight the significance of building solid ethical rules and governance structures.By doing this, it aims to address a basic query: How can companies use AI's transformational potential while upholding moral standards and guaranteeing justice, accountability, and transparency in business dealings?

Literature Review

Several theoretical and practical viewpoints have influenced the ethical discussion surrounding AI in business. Five fundamental ethical principles for AI in society were put forth by Floridi and Cowls (2019): beneficence, non-maleficence, autonomy, justice, and explicability. These guidelines offer a framework for examining AI applications in commercial settings. Guidelines for the responsible use of AI were further developed by the OECD in 2019, with a focus on human-centered values, transparency, and robustness. Similar to this, the European Commission's proposed AI Act (2021) establishes a legal precedent for AI regulation by classifying AI applications into risk levels. Scholars emphasise AI's dual function in commerce, pointing out that although technology fosters creativity, efficiency, and predictive power, it also poses issues with discrimination, data exploitation, and the loss of human control. While deontological theories emphasise upholding moral obligations regardless of the results, ethical theories like utilitarianism place more emphasis on maximising advantages for the group as a whole. Stakeholder theory is still applicable since companies implementing AI systems must take into account the interests of society, workers, regulators, and customers.

Applications of AI in Business and New Ethical Concerns

Marketing and Consumer Conduct

Marketing has seen a significant transformation thanks to artificial intelligence, which has changed the industry from a one-size-fits-all strategy to a highly customised one. Nowadays, companies use AI-powered technologies to evaluate enormous amounts of customer data, spot buying trends, and make remarkably accurate predictions about future behaviour. Hyper-personalized campaigns, targeted ads, and predictive consumer insights have all been made possible by this technology revolution, which has greatly increased customer engagement and business profitability. AI recommendation systems, for instance, are used by e-commerce sites like Amazon and Flipkart to make product recommendations based on browsing history, previous purchases, and even in-the-moment interactions. This improves customer convenience and boosts sales conversions.These developments present significant ethical questions even though they have enormous monetary worth. The precise algorithms used to personalise experiences may inadvertently sway consumer preferences, affect purchases beyond reasonable necessity, or take advantage of weaker demographics like youngsters, the elderly, or those in unstable financial situations. For example, by limiting high-value product marketing to higher-income groups or presenting certain job-related commercials mostly to men, targeted advertisements can reinforce negative stereotypes and societal inequality.Informed consent and data protection present yet another significant ethical dilemma. Businesses gather and handle sensitive personal data, such as location information, browsing patterns, and biometric identifiers, in order to provide tailored marketing. When giving their approval through drawn-out and intricate privacy agreements, most consumers, however, are either ignorant of the scope of this data collecting or are unable to properly understand the repercussions. Consumer autonomy and trust are weakened by this lack of openness, particularly when data is disclosed to third parties for profit.

Furthermore, there is a chance of algorithmic bias and a lack of accountability when AI is used in marketing. Businesses may try to avoid accountability by pointing the finger at the "black-box" nature of AI systems, while algorithms trained on biassed datasets may inadvertently omit or discriminate against particular demographic groups. These actions undermine long-term trust and brand reputation in addition to hurting customers.Additionally, using AI in marketing raises the

possibility of algorithmic bias and a lack of accountability. The "black-box" nature of AI systems may be used by businesses to escape responsibility, and algorithms developed on biassed datasets may unintentionally exclude or discriminate against specific demographic groups. In addition to harming consumers, these behaviours erode long-term trust and brand reputation.

AI in Finance: Effectiveness and Ethical Issues

One of the first and most eager industries to embrace AI was the banking sector, which uses its analytical capabilities to handle intricate transactions, evaluate risks, and improve decision-making. The speed and accuracy with which financial institutions function has been revolutionised by AI-driven technologies, which are now essential in credit scoring, algorithmic trading, fraud detection, and portfolio management. AI makes it possible to process enormous datasets far more quickly than humans can, which leads to more accurate forecasts, quicker reactions to market fluctuations, and more individualised financial solutions for customers**.** Credit scoring is a prominent use of AI in finance, where algorithms evaluate a person's creditworthiness by examining their spending patterns, digital traces, and financial history. Compared to more conventional approaches, this is more efficient, but it also poses significant ethical issues. Minority groups, women, and people from underprivileged backgrounds may unfairly earn poor credit scores despite being financially responsible due to biassed or inadequate datasets. In addition to being against fairness principles, this kind of algorithmic discrimination maintains social and economic inequality.

Similarly, by boosting liquidity and cutting transaction costs, algorithmic trading—in which AI computers execute deals in microseconds—has transformed international financial markets. But there is a chance that these high-frequency trading algorithms will also lead to systemic dangers. Extremely fast automated decision-making has been shown to increase volatility or cause abrupt market crashes, as evidenced by previous "flash crashes." The absence of human supervision in these situations begs the question of accountability because it is hard to place blame when machine-driven errors cause financial losses.Financial security and fraud detection are two more crucial areas. AI systems are excellent at spotting odd trends in transactions, which helps stop money laundering, identity theft, and cyber-crime. However, this necessitates close observation of individual financial activities, raising privacy and surveillance concerns. Additionally, if

predictive models are overused, organisations may mistakenly identify valid users, eroding consumer confidence.

The financial sector must embrace openness, responsibility, and equity in the application of AI in order to guarantee moral behaviour. In order for clients and regulators to comprehend how decisions—like trading actions or credit approvals—are made, models should be comprehensible. Institutions must continue to be responsible for the results of AI-driven choices rather than placing the responsibility on technology, and regular audits should be carried out to identify biases in datasets. Businesses may preserve consumer interests and market stability by striking a balance between efficiency and responsibility by giving ethical finance top priority.

AI in Human Resource Management: Fairness and Ethical Risks

Through the simplification of hiring, employee performance evaluation, and talent management, artificial intelligence is progressively changing human resource management (HRM). AI-powered solutions are used by businesses to rank applications, scan resumes, forecast staff attrition, and even assess job performance using behavioural data. These apps are frequently marketed as minimising human bias in hiring and appraisal choices and cutting down on administrative workload. Theoretically, AI promises to be more efficient and objective than current approaches, allowing businesses to choose applicants and manage staff more reliably.But in reality, AI in HRM raises serious ethical issues, especially with regard to bias and justice. AI systems are only as objective as the data they are trained on, despite the fact that they are frequently thought of as "neutral." Numerous research have shown that AI models frequently reproduce and even magnify discriminatory trends found in historical datasets, such as age-related bias, ethnic exclusion, or gender imbalances. One well-known example is the experimental hiring algorithm used by Amazon, which allegedly devalued resumes that included signs of feminine identification like membership in women's organisations or women's colleges. This happened as a result of the algorithm being trained on hiring data from the past, which was primarily composed of male applicants. This effectively ingrained discriminatory behaviours from the past into judgements about future employment.

In addition to hiring, there are ethical issues with employing AI to monitor employee performance. Advanced systems can detect keystrokes, analyse communication patterns, and assess productivity in real time. Although employers may view this as a means of boosting

productivity, such practices carry the risk of infringing on employees' liberty, privacy, and dignity. Constant observation can increase workplace stress, breed distrust, and make it harder to draw boundaries between personal and professional life, especially when it comes to remote or hybrid work arrangements.Organisations must incorporate ethical protections into their HRM procedures in order to reduce these risks. This entails carrying out routine recruiting audits, keeping an eye on algorithms to identify discriminatory results, guaranteeing openness in the selection and performance evaluation processes, and enforcing stringent privacy regulations to safeguard employee data. Crucially, AI systems ought to support human judgement rather than take its place, maintaining empathy and contextual awareness when making decisions. Businesses may use AI in HRM responsibly and steer clear of the dangers of digital discrimination by embracing justice, accountability, and respect for individual dignity as guiding principles.

AI in Supply Chain and Resource Management: Efficiency and Ethical Considerations

Organisations must incorporate ethical protections into their HRM procedures in order to reduce these risks. This entails carrying out routine recruiting audits, keeping an eye on algorithms to identify discriminatory results, guaranteeing openness in the selection and performance evaluation processes, and enforcing stringent privacy regulations to safeguard employee data. Crucially, AI systems ought to support human judgement rather than take its place, maintaining empathy and contextual awareness when making decisions. Businesses may use AI in HRM responsibly and steer clear of the dangers of digital discrimination by embracing justice, accountability, and respect for individual dignity as guiding principles.AI-powered automation in logistics, including drones, robotic warehouses, and driverless cars, has significantly increased product distribution speed and accuracy in addition to inventory management. Businesses can create backup plans by using predictive analytics to help anticipate possible disruptions like supplier delays or geopolitical threats. By strengthening global supply chains and lowering operating costs, these technologies increase their resilience and competitiveness.Notwithstanding these advantages, there are significant ethical questions raised by the use of AI in supply chain management. Job dislocation and worker surveillance are major problems. AI-enabled monitoring systems are being used more and more by warehousing and logistics organisations to track employee productivity, frequently down to the smallest parameters like mobility, speed,

and task completion times. Although such surveillance is meant to increase productivity, it can also violate employee privacy, lead to more stress at work, and encourage abusive working conditions. Furthermore, millions of workers are at risk of losing their jobs as automation replaces manual labour through robotic sorting systems, driverless trucks, and AI-managed warehouses. This is particularly true in emerging nations that rely significantly on labour-intensive supply chains.Accountability in predicted decision-making presents another difficulty. The supply chain may experience shortages, delays, or monetary losses as a result of AI systems' erroneous estimates, which may overestimate demand or neglect to take unexpected disruptions into consideration. It is frequently challenging to determine who is responsible for such blunders due to the intricacy and opacity of AI models. Should managers who depend on algorithmic predictions, companies that use these technologies or technology providers bear responsibility? These issues go unanswered in the absence of established frameworks, creating holes in ethical governance.Social and environmental ethics are also relevant. Even while AI can increase productivity and save waste, over-optimization and automation may put immediate financial gain ahead of long-term sustainability. For instance, constant logistical cost-cutting may promote abusive labour practices in subcontracted companies or raise carbon footprints by using quicker but less environmentally friendly delivery techniques.

Businesses need to implement a responsible supply chain governance strategy in order to handle these issues. This entails putting in place retraining programs to assist workers impacted by automation, making sure AI systems are transparent, equitable, and ecologically sustainable, and establishing accountability procedures for prediction errors. Organisations may create supply chains that are not just technologically sophisticated but also socially conscious and sustainable by finding a balance between efficiency improvements and moral commitments.

Ethical Issues in AI-Powered Business

Discrimination and Algorithmic Bias

The quality of the data used to train AI systems determines their dependability. AI models may replicate and even magnify societal biases or historical injustices reflected in training datasets. For instance, credit-scoring algorithms may bias against members of marginalised communities, and recruitment algorithms may unfairly disadvantage women or minority candidates. The

promise of objective decision-making is undermined by such results, which jeopardise commercial justice and sustain structural inequality.

Data security and privacy

Predictive analytics, targeted advertising, and personalised services are all made possible by commerce's growing reliance on personal data. However, there are significant ethical questions about informed permission, transparency, and information misuse brought up by the extensive gathering and processing of consumer data. While businesses frequently share data with third parties without explicit authorisation, many consumers are ignorant of how their data is being gathered or utilised. This ambiguity raises the possibility of identity theft, surveillance, and the degradation of personal freedom.

Responsibility and Transparency

AI-driven choices frequently occur in "black-box" models that are challenging for managers and customers to comprehend. It's not always obvious who should be held responsible for mistakes like supply chain interruptions, incorrect credit denials, or financial miscalculations: the company, the software developers, or the AI system itself. Lack of openness undermines confidence and makes regulatory supervision more difficult, particularly when it comes to important business choices.

Human Dignity and Employment

Millions of jobs could be displaced as a result of the automation of commercial activities, ranging from finance and shipping to human resources and customer service. The shift frequently deepens the divide between skilled and unskilled labour, even while AI can open up new chances in sophisticated sectors. Additionally, overzealous employee monitoring by AI-based monitoring systems violates human dignity and fosters environments where control and fear predominate over cooperation and trust.

Autonomy and Consumer Manipulation

The potential of AI to forecast and affect customer behaviour raises questions regarding deceptive advertising tactics. Recommendation engines and hyper-personalized ads have the power to discreetly influence consumer decisions by encouraging people to make purchases they may not really require or be able to pay. Targeting vulnerable groups like youngsters, the elderly, or those from low-income backgrounds makes this deception especially concerning.

Market stability and security

AI systems are susceptible to hostile manipulation, data breaches, and cyberattacks. Algorithmic trading algorithms, for example, have the potential to unintentionally destabilise markets in the financial sector by making snap choices. Predictive errors have the potential to cause extensive disruptions in supply systems. Due to the growing use of AI in business, security or prediction lapses could have a worldwide impact.

Social Responsibility and the Environment

There are social and environmental ramifications to the use of AI systems. AI processing requires massive data centres, which use a lot of energy and increase carbon emissions. Furthermore, excessive supply chain and logistics optimisation may put speed and cost savings ahead of fair labour standards, environmental practices, and equitable trade.

Framework for Responsible AI in Commerce

1. Overarching Ethical Guidelines

Universally accepted ethical principles that form the basis of decision-making must underpin responsible

Fairness and Non-Discrimination: AI systems ought to be built without prejudices that put people at a disadvantage because of their gender, colour, age, or socioeconomic status.

Transparency and Explainability: In order for organisations and customers to comprehend how decisions are made, algorithms need to be comprehensible. Explainable AI promotes responsibility and builds trust.

Accountability and Responsibility: Businesses using AI must continue to take responsibility for their actions and make sure that "autonomous" systems aren't held responsible for them. It is important to draw clear lines of accountability for mistakes, prejudices, or negative outcomes.

Privacy and Data Protection: Informed consent, strong protections against misuse, and responsible collection, storage and processing of consumer data are required.

Human-Centric Approach: To ensure that empathy, judgement, and ethical reasoning continue to be crucial in business, AI should support human decision-making rather than completely replace it.

Sustainability: AI implementation should take social and environmental effects into account, with the goal of reducing energy consumption and fostering sustainable supply chain methods.

2. Alignment of Governance and Regulation

Both adherence to external regulations and internal governance systems are necessary for a responsible framework:

Internal AI Ethics Committees: Before implementing AI initiatives, companies should set up specialised teams or committees to assess them for ethical compliance.

Frequent Algorithmic Audits: Independent audits can guarantee fairness, identify and address bias, and confirm adherence to industry standards.

Alignment with International Standards: To ensure conformity with international ethical standards, organisations should align their actions with directives like the UNESCO Recommendation on the Ethics of Artificial Intelligence, the OECD Principles on AI, and the EU's AI Act.

Sector-Specific Policies: Since supply chain management, marketing, finance, and human resources all include particular hazards; industry-specific rules ought to be added to broad ethical frameworks.

3. Operational Strategies for Responsible AI

Beyond principles and governance, practical steps are needed to embed ethics into daily operations:

Bias Detection and Mitigation Tools: Deploying technical methods to identify and reduce biases in datasets and algorithms.

Explainable AI Models: Using interpretable machine learning approaches to make decision-making transparent.

Privacy-by-Design: Embedding data protection mechanisms into AI systems from the outset rather than as an afterthought.

Stakeholder Engagement: Involving employees, consumers, and regulators in discussions about AI use to build trust and legitimacy.

Employee Reskilling and Support: Preparing the workforce for AI-driven transformations by offering reskilling programs and ensuring fair transition for workers displaced by automation.

Crisis and Accountability Mechanisms: Establishing clear procedures for addressing AI failures—such as predictive errors in supply chains or discriminatory credit decisions—ensures rapid redress and maintains consumer confidence.

Corporate Social Responsibility (CSR) and AI

Corporate social responsibility must be incorporated into responsible AI in addition to compliance. In order to show their dedication to customers, staff, and the environment, businesses could proactively include ethical AI into their brand identity. By establishing connections based on trust with stakeholders, this not only reduces reputational risks but also generates long-term value.

Case Study

1. Amazon Recruitment Algorithm Bias: To highlight the dangers of biassed data, Amazon terminated its AI recruitment tool after it was discovered to penalise female applicants.
2. Fintech Credit Scoring: Fintech startups have come under fire for using opaque AI-based credit scoring algorithms that might be biassed against under-represented groups.
3. Walmart Supply Chain AI: Although Walmart's use of AI in logistics has increased productivity, it has also minimised human oversight and sparked worries about worker monitoring.
4. Indian Banking Sector: AI is being used by Indian banks for customer service and fraud detection. Nonetheless, ethical discussions about openness and data security are still ongoing.

Conclusion

AI is changing business by boosting creativity, productivity, and rivalry. Adoption of it, however, raises moral questions about responsibility, transparency, fairness, and human wellbeing.Companies must strike a balance between ethical duty and technological advancement to make sure AI advances both societal and commercial objectives. Organisations may create a future in which AI enhances rather than diminishes human values by implementing responsible frameworks, adhering to legal requirements, and placing a high priority on stakeholder confidence. In addition to being morally

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