LEADERSHIP
OF RESPONSIBLE AI

1 **What is it?**

The significance of stakeholders in corporate management practices arose around 1984 when stakeholder theory (SKT) gained prominence. Dr. R. Edward Freeman is frequently referred to as the "father of stakeholder theory" since he pioneered the application of SKT in organizational management and business ethics, which addresses morals and values associated with capitalism (Freeman, 2010).
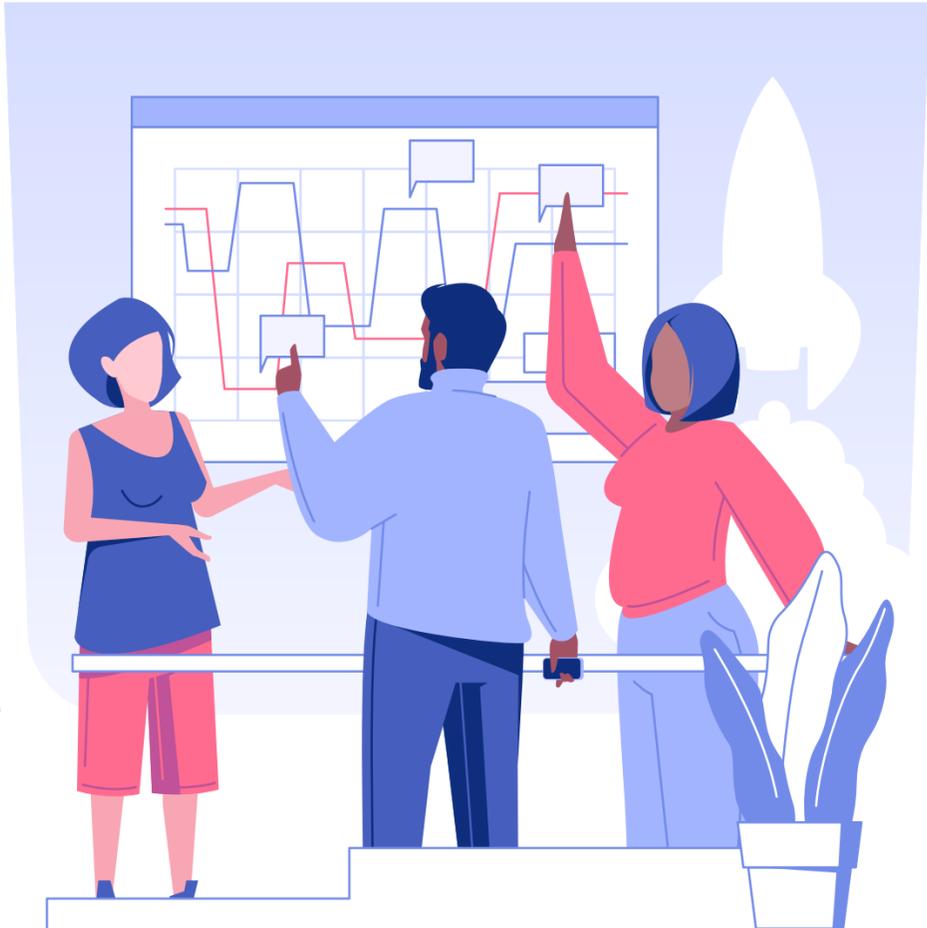
2 **In Practice**

SKT assists organizational leaders in gaining clarity about how they wish to do business and the precise kinds of relationships they wish to develop with their stakeholders to accomplish their objectives. Responsible AI (RAI) is intended to gain clarity about how we do "Artificial Intelligence" (AI) and how we can engage employee stakeholders to accomplish our objectives in AI.

Mapping Stakeholder Theory to Responsible AI

Responsible AI Considerations

3

SKT emphasizes the interconnectedness of businesses, their customers, suppliers, employees, investors, and communities (Freeman et al., 2004).

Despite SKT's significance to business practice there have been no studies published to date linking employee stakeholders impacted by AI harm to participation in the innovation process.

According to Abdul et al. (2018), individuals must be able to comprehend how technology may affect them and others, trust it, and feel in control of it. Responsible leadership should demonstrate how to engage employee stakeholders.

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Suggested Application of STK Managerial Practice to RAI

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Many articles have been analyzed on SKT. Laplume et al. (2008), identify five key aspects of SKT's influence on managerial practice. These considerations result from an analysis of how businesses have adopted SKT over time.
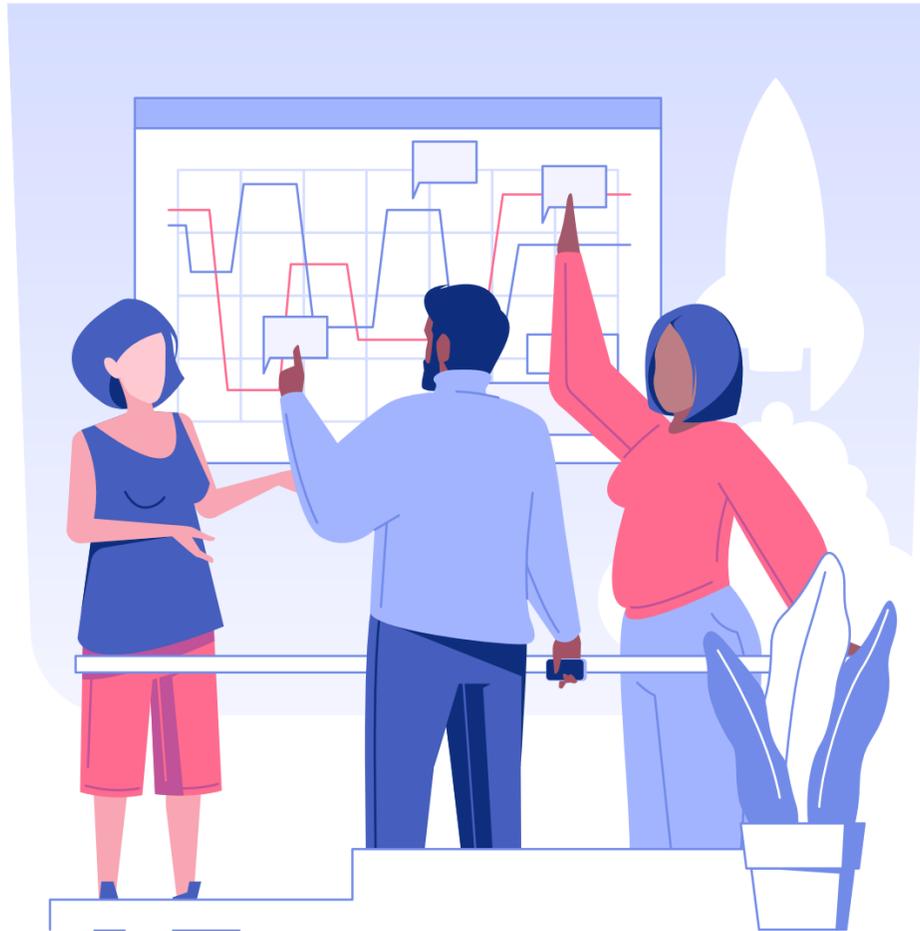
Themes were uncovered across a broad spectrum of disciplines, demonstrating the strong appeal of SKT, its current organizational significance and now as a vital source of guidance for RAI system development.

This table includes these considerations along with how they can be applied to RAI.

SKT Influence on Managerial Practice	Suggested Application for RAI and RAI "shaping artifacts"
1. Stakeholder definition and salience: businesses have developed an understanding of how stakeholders should be identified, assessed for relevance and ranked.	It is critical to understand where employee stakeholders fall within the context of all stakeholders and how their viewpoints will be prioritized in RAI design and development.
2. Stakeholder actions and reactions: businesses have determined that managers must go beyond identifying stakeholder interests and make predictions about the influencing methods that stakeholders will likely employ.	By developing connections with employee stakeholders, managers could promote shared learning responsibility to better understand how RAI may affect the business in the future.
3. Firm actions and responses: businesses have concluded they need to balance interests across decisions (instead of within decisions) to generate more instrumental value.	By educating the organization on the importance of employee stakeholders and their role in SKT, organizations may receive support from a group traditionally out of the RAI innovation loop.
4. Firm performance: businesses have determined they need to define the relationship between financial performance and social performance to identify the organization's prospects for survival	Cross-collaboration between financial teams and employee stakeholder groups interested in RAI could become a standard practice within of RAI.
5. Theory Debates: organizations have identified they need to determine if SKT is the best theory to adopt, if an enhanced version is more appropriate or if a competing theory is better suited for the organizational practice.	RAI procedures should include an assessment process that involves employee stakeholder participation in decision-making to identify how employee stakeholder groups evolve and or change in response to organizational culture shifts.

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