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## CHARACTERISTICS CHANGES IN LEADERSHIP OF CORPORATES IN THE ERA OF ARTIFICIAL INTELLIGENCE



## ABSTRACT

**Objectives:** The aim of this article is to analyze extant trends in the mid-level and top-level management in corporate sector for building a competitive advantage in the era of Artificial Intelligence. The text discusses various changes occurring in the corporate sector, modern leadership trends in the organizations, their determinants, and characteristic features and manifestations. The first part will share the historical context on the leadership characteristics and skills observed in the corporate sector, followed by an overview of global trend in relation to the AI among big corporate giants' management. The last section will present the case studies in difference sectors followed by a conclusion of the topic.

**Research method:** The primary research method is a qualitative method. In addition, comparative method is used to understand the practical effects of AI in different sectors where the corporate culture exists.

**Results:** Leaders will have to adapt to the new era of Artificial Intelligence and strategize more efficiently to survive and succeed in the corporate sector.

**KEYWORDS:** *Artificial Intelligence, technology, corporate, leadership, management, skills, human values, competences, adaptability.*

## INTRODUCTION

The advent of AI has given an entirely new mindset to the leaders in organizations by modifying the management process they have been accustomed to. The transition from a legislative management style to a more facilitating style of administration has been observed (Janowski, 2015, pp. 221–236), especially as AI technologies are extensively applied to organizational processes. Organizations are recognizing the importance of empowering teams and supporting their decision-making with data-driven insights. This shift has become pertinent due to the fact that AI can very rapidly analyze massive sets of data (Hashem et al., 2014, pp. 98–115), thereby allowing an informed judgement on the part of the leader to improve both strategic foresight and operational efficiencies.

In this new world, leaders would need to marry new capabilities such as emotional intelligence, flexibility, and knowledge of the opportunities and limitations of AI with more traditional traits like charisma and authority. With leaders faced with navigating the demands of a virtual workplace and creating spaces for collaboration between various human and AI endeavors,

the demand for soft skills has now greatly increased. This shift not only impacts individual leadership styles but also incites organizational structure and tools of decision-making to be reformulated to promote ethical and inclusive practices in tandem with technological advancement (Chandler et al., 2018, pp. 75–89).

Current discussions about AI in business leadership center around its ethical implications involving algorithmic biases, data privacy, and potential job losses, among others. For these reasons, leaders must work against any possible misuse of the technology (Duan, Edwards, & Dwivedi, 2019, pp. 63–71) while ensuring that AI applications remain consistent with the foundational values of the organization.

The growing need for an all-inclusive approach to AI integration demands that continuous development and training be offered, whereas in order to see their way through some of the challenges posed in an AI-enhanced corporate world, executives must promote a culture of flexibility and resiliency (Dey et al., 2023, pp. 5417–5456).

An outright philosophical evolution toward a more integrated, moral, and data-oriented approach distinguishes the evolution of leadership traits in the age of artificial intelligence. Balancing technological achievements with the emotional and psychological demands of the workforce has required leaders to engage AI for productive purposes while remaining agents of human value and ethical leadership.

## HISTORICAL CONTEXT

The integration of artificial intelligence (AI) into business settings brings a vehement change in the leadership style that creates a radically different company environment and mode of decision-making. Traditionally, leadership has made choices based on intuition, prior performance, and individual experience. Most of the time, this kind of input is backed up by human intuition.

For the last 60 years, computers and information technology have been the support systems for decision-making, but the introduction of AI has changed substantially the way leaders are interacting with data and insights (Newman, Levy, & Nielsen, 2015).

With AI technologies increasingly penetrating decision making, organizational hierarchies, and structures have begun to see dramatic shifts. A traditional top-down management approach is being challenged as AI creates a decentralized decision-making environment, providing data-driven insights to so-called 'low' levels of the organization to facilitate faster and better decisions. In addition to redefining roles within organizations, this shift has put the burden upon executives to make an advanced understanding of the capabilities and limitations of AI in order to keep being able to take effective decisions on behalf of their constituencies (Venkatasubramanian, 2018, pp. 466–478).

The post-COVID era has put many more CEOs on high alert, seeing AI as an existential threat, thus encouraging them to operationalize deliberate strategies that incorporate AI into core corporate processes in a way tempered by human values (De Jong & Hartog, 2007, pp. 41–64). It has now become an expectation for leaders to co-create a balance between the ethical questions emerging from AI applications and advances in technical ability, seeing to it that not a single implement of an AI solution threatens the emotional and psychological needs of their people. Therefore, AI leadership past characteristic build history lands itself in a sharp divergence from tradition towards an integrated approach of moral data steering.

## CHANGES IN LEADERSHIP QUALITIES

The emerging paradigm of AI has, with time, altered the traits and expectations of successful leadership within a corporate environment. Leaders now face the challenge of orchestrating an AI-laden future through a composite of new and old competencies (Haider & Sundin, 2022).

In the big picture, leaders are changing from a more prescriptive leadership into facilitating for their people to utilize AI in routine matters. This transition takes leadership to a place where, within a technology-driven environment, they should be able to spend most of their time on strategic planning and fostering human connections, which ensure organizational success.

The ability in which executives balance staying the course in organizational management with transformation initiatives is another area where they need to

grow into their roles as change leaders. This calls for further soft skill importance, for instance, emotional intelligence, listening abilities, and communication.

While old-world dimensions such as charisma and authority deserve consideration, flexibility, agility, and a solid understanding of the possibilities and limitations conferred by AI are now also indispensable. Such a transformation is needed for leaders who find themselves dodging between the perils of AI technology and the ethical consequences of its application.

Modern executives should be fostering skill development within their organizations through an environment of continuous learning, one that is enhancing not just AI but also human capabilities.

As soft skills have assumed greater importance for leadership, the virtual work culture has assumed another dimension. Resilience, a growth mindset, and trust-building collaboration are now paramount. And indeed, effective leadership training programs are vital so that leaders can acquire the capacity for efficiently managing their teams in digital environments.

Bringing AI into the decision-making process, however, signifies a fundamental transformation that would change not only how leaders think about strategy but even how they engage in operations. The promise of AI is that it can make potentially critical policymaking actions from precisely well-analyzed data; such tasks were previously human-cognized, laborious analysis. Therefore, and by this much-changed shift, leadership is data-driven and makes managers agile so they respond faster to market changes and go less dependent on a gut feeling.

In order for leaders to escape resorting to conventional decision-making methods, they will have to start using AI technologies capable of generating insight and foresight (Lin, Bekey, & Abney, 2008).

## SKILLS AND COMPETENCIES FOR FUTURE LEADERSHIP

Under AI, the dimensions of skills that are essential for effective leadership have undergone huge fluctuations. With rapid improvements in technology, organizations would require leaders to master a blend of traditional leadership skills with competencies that attend to the opportunities and challenges that come with integrating AI into their companies.

In order to successfully navigate the intelligence revolution, leaders have to possess a number of essential abilities:

- **Agility:** The change provoked by AI technologies has reached a velocity never seen before. Quite, leaders saw this change not as an effort but as an opportunity to grow themselves. Growth in personal and organizational level thinking, adapting, and innovating much more in a flowing environment is basic to succeed.
- **Emotional Intelligence (EI):** Emotional Intelligence will further become very critical with increasing automation of workplaces. Leaders must model emotional intelligence behaviors so that they create a culture of kindness and encouragement for employees. Such leaders are to foster close ties with their capacity to handle interpersonal issues necessary for organizational success.
- **Seeming Concentration:** It is imperative to remain focused on strategic goals in the light of the deluge of information and the speed at which things are changing. To cut through the confusion and hype that usually accompanies AI developments, leaders must give priority to projects and technologies that support organizational objectives.
- **Collaboration and Communication:** A leader must be an excellent communicator who can explain well complicated AI concepts, since AI changes the workflow. This ability enables collaboration and partnership in creating a more inclusive atmosphere whereby different teams will work together towards AI-enabled solutions (Zhao & Fariñas, 2022, pp. 1–39).

## LEADERSHIP IN ADAPTABILITY AND CHANGE

Modern managers increasingly need to be change agents in their organizations. They must balance operational management within the ceaseless flow of change that artificial intelligence demands. This requires a shift in leadership style from directive to more facilitatively oriented thinking (Gelfand, Erez, & Aycan, 2006, pp. 479–514).

Therefore, to plug the gaps between the new technologies and knowledge of employees, a leader needs to encourage a culture of continuous learning and establish some training initiatives by which staff members will be trained on AI literacy that will enable them integrate AI into the current systems with minimal aversion to change (Arnold, 2021, pp. 121–139).

Leaders that are heavy on learning and development with the recognition of having a priority should ensure that staff members are fully cognizant of the new technology in order to facilitate the speed and ease of adoption of the technology into the organization.

Last but not least, these days, leaders have to deal with moral crossroads in using technologies like AI. They should ensure that the application of AI would complement human welfare and the organization's core mission. In simple terms, it involves constantly checking on how AI transforms processes and sustaining moral values while creating opportunities for innovativeness (Feuerriegel et al., 2023, pp. 111–126).

## LEADERS' CHALLENGES OF AI AGE

Today's emerging business challenges for leaders are dramatically increased by the integration of AI into their respective industries. Anticipated, however, these discrepancies all stem from the need to manage that thin line between moral questions and a balanced approach to inclusion and effective communication with technology advancements.

The biggest challenge facing most CEOs today is the integration of AI within existing practices. Many executives find it difficult to understand the present applications of AI in their company's business. Lack of knowledge often

leads to over-regulatory practices that hamper creativity rather than foster an environment that is flexible and progressive. To successfully navigate this landscape, executives must initially identify their own gaps in AI knowledge and create a culture that encourages open dialogue and appreciation of the merits versus demerits of the technology.

Artificial intelligence (AI) poses serious questions about prejudice and inclusion while offering great opportunities to improve operational efficiencies and decision-making. While leaders express their will to use AI to automate repetitive tasks, they acknowledge the potential for exacerbating the existing systematic biases core to many AI systems. Thus, this tension between inclusiveness and efficiency complicates organizational decision making and requires a very sophisticated approach to the implementation of AI that weighs ethical questions as seriously as productivity gains do (Hahn et al., 2014, pp. 463–487).

While for leaders, that would be yet another major consideration in their lives, ethical implications are now in a new dimension for most leaders. AI technologies could create moral dilemmas concerning algorithmic justice, data privacy, and possible job loss. It is upon the leader to ensure that his company is guided by ethical principles and governance structures that would support the ethical application of AI. Strong audits would be established against risks from AI deployments, and clear accountability for outcomes established by using the technology would be delineated (Schwartz et al., 2022).

With AI technology developing at a very fast pace, leaders need to have a diversified workforce that possesses the required skills to optimally use these breakthroughs. Ensuring investment into training and talent development programs where constant learning and flexibility are values is because organisations mostly favour crossroads between innovation and complexity. Diversity and inclusion in an organisation increase the promising prospects of innovative thinking in this era of AI. (Dahalan, Alias, & Shaharom, 2023, pp. 1279–1317).

## CASE STUDIES

### *USE OF AI IN HEALTH CARE*

Among the greatest cases of integrating AI into business leadership, the IBM Watson Health case is notable. This project has changed the patient's treatment due to leveraging artificial intelligence data to allow them to make better decisions when designing a patient's treatment regimen. Watson uses volumes of medical data to enhance accuracy in diagnosis and results in treatment outcomes to show how AI reorients leadership models in healthcare settings towards being patient-centric and data-based approaches (Wakefield et al., 2021).

### *TOWARDS CORPORATE CULTURE BY AI*

Contemporary studies discuss how the culture of an organisation has widespread influence on the acceptance and internalisation of technology such as AI. Hofstede's parameter depicts cultures to have a great influence on how employees will exhibit their attitudes and behaviours towards AI and how this in turn influences their overall performance. In the development of AI up to an innovative and flexible culture, leaders will have to adopt their approaches without infringing basic principles and values. Be change agents themselves to see that all AI transformations are within the realms of the routine managerial principles.

### *LEADERSHIP STYLES IN TECHNOLOGY*

Leadership styles tell about the various applications that could be there for AI, which are seen in the leadership philosophies of some of the massive tech companies. For instance, leaders like Apple and Google have proven their capabilities in using AI for improved operational efficiency and better innovation. The visionary and systematic leadership styles underscore the idea of using AI not only to epitomise an operational boost but also to reinforce the organisational strategy aligned towards a future vision with the respective AI capabilities. Such alignment is important because the organisation may better use AI to improve its operations and create a resilient culture against the changes in technology.

*MANAGING THE TRANSITION OF A WORKFORCE TO AI*

For business leaders, the advent of a workforce driven by AI offers many problems. They will have to do double duty in bringing real talent into play and simultaneously bringing in AI technology. Besides being technically competent, such leaders would attach importance to the soft skills development associated with enhancing teamwork and emotional intelligence (Schwartz et al., 2022).

This strategy not only focuses on engaging employees but also ensures that human creativity and empathy are utilized effectively in the AI-augmented workforce. Empirical evidence of various case studies shows that organizations with such dual capabilities have a greater advantage in overcoming the challenges associated with AI integration and keeping themselves ahead in selected sectors.

This is the new reality for business leadership in an age where artificial intelligence (AI) is assumed to play such a central role. As they become increasingly integrated into companies' strategic planning and decision-making processes, so too will the way in which leaders are expected to function change in response to a rapidly transforming environment.

AI is not simply new technology; it is going to redefine how companies convene strategy and execute effectiveness. The role of predictive advanced machine-learning algorithms will soon be significant in foresight by the year 2025, propelling predictive analytics high within the strategic planning equation and allowing businesses to foresee market-potential shifts in behavior with unseen precision. This skill would enable leaders to make proactive, data-driven decisions and shape plans in real time, enhancing competitiveness in an unpredictable environment (Rana et al., 2019).

There has been a considerable thanks from traditional leadership styles that thrived on certainty and instead towards research and agility as corporations capitalize on AI. Defining not clear answers only but now are also supposed by leaders to go through uncertainty and ask the correct questions. This transition means that organizations need to move toward a culture of continuous learning, where leaders and employees are encouraged to interface with innovative AI technologies to gain new competencies that go with these advanced developments.

With the emergence of AI, these ethics of leadership shall be incrementally apparent (Väyrynen, Helander, & Jalonen, 2022). They will have to accompany AI technology with an emphasis on human values in order for human emotions, creativity, and ethics to be observable in their reasoning interpreting what is indicated in their choices. In addition to that, future leadership shall also be closely judged by human ability to apply AI in enhancing human capacities without compromising ethics and responsibility toward society.

## CONCLUSION

The accelerated pace of change in technology effectively makes the issue of lifelong learning paramount. It will prove critical in determining the relevance and success of executives in continuing to lead their companies through the complexity that AI brings. Businesses would do well to place a premium value on building a culture of learning and growth, helping them adjust to the new changes that market forces and emerging technologies will bring.

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