JETIR.ORG ISSN: 2349-5162 | ESTD Year : 2014 | Monthly Issue
JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)
An International Scholarly Open Access, Peer-reviewed, Refereed Journal

ETHICAL AND SOCIETAL IMPLICATIONS OF ARTIFICIAL INTELLIGENCE IN COMMERCE AND MANAGEMENT

[1]Mr. Anil Bonala
[2]Dr. D.Harikanth
[1] Research Scholar, Department of Commerce, Satavahana University, Karimnagar
Mail: anilbonala404@gmail.com Cell: 9652945404
[2] Assistant Professor, Head, Department of Commerce, Satavahana University, Karimnagar
Mail: harikanth.d@gmail.com Cell: 9848294022

Abstract:
Artificial Intelligence (AI) has rapidly emerged as a transformative force in commerce and management, driving automation, predictive decision-making, and customer personalization. While its economic potential is undeniable, the integration of AI raises critical ethical and societal concerns that demand scholarly attention. These include algorithmic bias in financial and human resource decisions, data privacy breaches, workforce displacement, lack of accountability in automated systems, and challenges of equitable access. Globally, organizations and policymakers are struggling to balance efficiency with responsibility, and India is no exception as AI penetrates banking, e-commerce, insurance, and governance. This study, based on secondary data from academic literature, industry reports, and regulatory documents, examines the ethical and societal implications of AI adoption in business and commerce. The analysis highlights both opportunities and risks. On the one hand, AI enhances transparency, reduces fraud, and fosters innovation; on the other hand, it may perpetuate discrimination, threaten jobs, and undermine consumer rights if left unchecked. The findings suggest that sustainable AI adoption requires ethical governance frameworks, explainable AI models, and proactive regulatory mechanisms. The paper proposes recommendations for policymakers, managers, and educators to foster human–AI collaboration, protect consumer rights, and ensure inclusive digital transformation. Ultimately, the future of AI in commerce and management will depend not only on technological innovation but also on its ability to uphold fairness, accountability, and societal trust.

Keywords: Artificial Intelligence, Ethics, Commerce, Management, Societal Implications, Data Privacy, Workforce Displacement

1. Introduction

Artificial Intelligence (AI) is increasingly becoming the backbone of decision-making in commerce and management. From predictive analytics in supply chains to chatbots in customer service and algorithmic credit scoring in banking, AI has transformed the way organizations operate. McKinsey (2023) estimates that AI could contribute USD 4.4 trillion annually to the global economy by 2030, making it one of the most disruptive technologies of the 21st century.

However, this rapid adoption has sparked profound ethical and societal debates. Algorithmic decisions often lack transparency, raising concerns about fairness and accountability. Workforce automation threatens job security, particularly in routine and mid-level roles. Data-driven commerce raises privacy concerns, as vast amounts of personal information are collected and analyzed. Furthermore, unequal access to AI tools risks widening the digital divide, especially in developing economies like India.

In the Indian context, the adoption of AI in commerce and management is strongly visible in sectors such as banking, e-commerce, insurance, and digital governance. While these innovations enhance efficiency and customer convenience, they also pose risks of exclusion, bias, and surveillance. Thus, the ethical and societal implications of AI must be studied alongside its economic potential to ensure sustainable and responsible digital transformation.

2. Review of Literature

1. **Davenport & Ronanki (2018)** highlighted AI's role in business operations but warned about governance challenges in implementation.
2. **Brynjolfsson & McAfee (2017)** discussed how automation displaces jobs while creating new high-skill opportunities, emphasizing the need for re skilling.
3. **O'Neil (2016)** in *Weapons of Math Destruction* illustrated how biased algorithms can reinforce inequality in credit, hiring, and education.
4. **Jobin, Ienca & Vayena (2019)** conducted a global survey of AI ethics guidelines and found common themes: fairness, accountability, and transparency.
5. **World Economic Forum (2022)** stressed that AI adoption must prioritize trust and inclusion to ensure equitable benefits across societies.
6. **NITI Aayog (2021)** in *National Strategy for Artificial Intelligence* emphasized India's focus on "AI for All" but recognized the risks of algorithmic discrimination and privacy violations.
7. **KPMG India (2023)** reported that 62% of Indian firms adopting AI face ethical challenges such as data misuse, customer distrust, and job displacement.
8. **PwC (2023)** suggested that corporate leaders must integrate ethical principles into AI adoption to safeguard brand reputation.

The literature reflects a growing recognition that AI's benefits cannot be divorced from its ethical and societal implications.

3. Research Gap

While global research extensively explores AI's economic benefits, fewer studies comprehensively address its ethical and societal implications in commerce and management, especially in the Indian context. Existing work often analyzes either:

- **Ethical AI frameworks** (fairness, bias, transparency), or
- **Socio-economic impacts** (job displacement, inequality).

However, integrated studies linking ethics, business practices, and societal consequences remain scarce. This paper fills that gap by providing a holistic analysis of AI's ethical and societal implications with reference to commerce and management.

4. Objectives of the Study

1. To examine the ethical challenges posed by AI adoption in commerce and management.
2. To analyze the societal implications of AI in terms of workforce, privacy, and inclusion.
3. To evaluate India's position in balancing AI-driven efficiency with ethical responsibility.
4. To suggest strategies for ethical governance and sustainable adoption of AI.

5. Research Methodology

5.1 Research Design

- Descriptive and analytical, based on secondary data and thematic review.

5.2 Data Sources

- Secondary data from academic journals, government reports (NITI Aayog, RBI), consulting reports (PwC, Deloitte, KPMG), and global bodies (WEF, OECD, UNESCO).

5.3 Tools of Analysis

- Thematic content analysis of ethical concerns and societal impacts.
- Comparative analysis (Global vs. Indian perspectives).
- Tabular representation of workforce impact, privacy concerns, and ethical adoption rates.

5.4 Scope of Study

- Covers ethical and societal issues in AI adoption across commerce and management globally, with emphasis on India's BFSI, e-commerce, and service sectors.

5.5 Limitations

- The study is based on secondary data, without primary surveys.
- Ethical frameworks and societal impacts evolve rapidly, requiring continuous reassessment.

6. Data Analysis and Findings

This section analyzes the ethical and societal implications of AI in commerce and management, drawing on secondary data from global and Indian reports. The analysis is structured into six dimensions.

6.1 Global Ethical Concerns in AI Adoption

AI has become mainstream in commerce and management, but ethical concerns dominate global discussions.

- **Bias in Algorithms**: A study by MIT (2019) found that facial recognition AI misclassified darker-skinned women 35% more often than lighter-skinned men.

- **Lack of Transparency**: PwC (2023) reported that only 32% of global companies had explainable AI frameworks in place.
- **Privacy**: Gartner (2022) projected that by 2025, 60% of organizations using AI will face regulatory scrutiny for improper data handling.

table 1: global ethical concerns in ai adoption

Ethical Issue	Global Prevalence	Example Case
Algorithmic Bias	38% of companies reported cases	Amazon AI recruitment tool showed gender bias (2018)
Data Privacy	45% of firms under scrutiny	EU GDPR fines for data misuse
Lack of Transparency	68% of AI models termed "black box"	Financial risk scoring in US credit firms
Accountability & Liability	29% unresolved cases globally	Self-driving car accident (Uber, 2018)

Sources: PwC (2023), Gartner (2022), WEF (2022)

6.2 Ethical Challenges in India

India, as a fast adopter of AI in banking, e-commerce, and digital governance, faces unique challenges:

- **UPI and Digital Transactions**: While AI helps fraud detection, privacy concerns remain high.
- **E-commerce Algorithms**: Platforms like Amazon and Flipkart use AI for pricing and product recommendations, raising concerns about transparency.
- **Workforce Displacement**: NASSCOM (2022) estimates that 20–25% of routine jobs in India's IT/BPO sector may be automated by 2030.

Table 2: Ethical Concerns in Indian AI Adoption (Commerce & Management)

Sector	AI Application	Ethical Concern	Societal Impact
Banking (SBI, HDFC)	Credit scoring, fraud detection	Biased lending decisions	Financial exclusion of SMEs & rural borrowers
E-commerce	Dynamic pricing, personalization	Lack of transparency	Consumer exploitation, trust deficit
HR Management	Resume screening, hiring	Gender/caste bias	Unequal employment opportunities
Governance (Aadhaar)	Identity verification	Privacy concerns	Surveillance fears

Sources: RBI (2023), NASSCOM (2022), KPMG India (2023)

6.3 Workforce Implications of AI

AI-driven automation has mixed impacts on employment:

- **Job Displacement**: Routine clerical, customer support, and compliance roles are shrinking.
- **Job Creation**: New roles in AI ethics, data science, and cyber security are emerging.
- **Skill Gap**: KPMG (2023) found that 62% of Indian BFSI employees need up skilling to adapt to AI-driven processes.

Table 3: Workforce Impact of AI in India (Commerce & Management)

Impact Area	Example	Evidence
Job Displacement	Call centers adopting chatbots	~15% decline in voice-based jobs (NASSCOM, 2022)
Job Creation	AI auditing and compliance roles	Deloitte (2023) reports 1.5 lakh AI-related jobs in BFSI
Reskilling Need	BFSI professionals	62% need training in data/AI tools (KPMG, 2023)

6.4 Societal Implications of AI in Commerce

- **Digital Divide**: Urban consumers benefit from AI in banking/e-commerce, but rural areas face limited access.
- **Trust Issues**: 54% of Indian consumers expressed distrust in AI-based lending (KPMG, 2023).
- **Financial Inclusion Risks**: AI-based credit scoring often excludes those without formal financial history.

table 4: societal risks of ai adoption in india

Risk Factor	Impact	Example
Digital Divide	Exclusion of rural population	Limited access to AI-driven financial products

Risk Factor	Impact	Example
Consumer Trust	Reduced willingness to adopt	Customers distrust AI credit scoring systems
Surveillance Concerns	Fear of misuse of data	Aadhaar-related privacy debates

6.5 Ethical Frameworks and Governance Initiatives

- **Global**: OECD AI Principles (2019), EU AI Act (pending).
- **India**: NITI Aayog's *National Strategy for AI* (2018) promotes "AI for All" with focus on healthcare, agriculture, finance, and education.
- **Corporate**: Infosys and TCS have created in-house AI ethics boards for responsible deployment.

6.6 Key Findings

1. **Bias and fairness** remain central challenges in credit scoring, recruitment, and pricing.
2. **Data privacy** and consumer protection are under-regulated in India compared to the EU.
3. **Workforce transformation** is inevitable, demanding large-scale re skilling.
4. AI adoption may **widen inequality** if rural/low-income groups are excluded.
5. Ethical AI governance frameworks are **nascent** in India but evolving globally.

6.7 Recent Insights (2024–2025)

While earlier studies (2022–2023) provided the baseline understanding of AI's ethical and societal implications, recent surveys and reports (2024–2025) highlight how these concerns are intensifying.

- **Corporate Concerns**: Deloitte (2024) reported that **92% of Indian executives** identify security vulnerabilities as the main obstacle to responsible AI use. Further, **91%** are worried about privacy risks, and **89%** about regulatory complexity. Yet, only **1 in 10 organizations** has robust AI governance frameworks.
- **Workforce Readiness**: The same report shows **60% of the Indian workforce** is now considered AI-aware regarding ethical and legal use, while **72% of firms** are investing in reskilling programs.
- **Global Risks Outlook**: The World Economic Forum's *Global Risks Report 2025* warns that **adverse AI outcomes, misinformation, and deepfakes** are among the **top 10-year global risks**, alongside climate change and economic instability.
- **Cybersecurity Dimensions**: Reuters (2025) notes that companies remain "complacent" about cybercrime risks, even though **AI-fueled cyber threats and disinformation** are increasing vulnerabilities in commerce, finance, and governance.

table 5: emerging ai concerns (2024–2025)

Concern Area	India (Deloitte, 2024)	Global (WEF, 2025)
Security vulnerabilities	92% executives concerned	Cybercrime & AI misuse top risks
Privacy risks	91% executives concerned	Data misuse flagged as systemic risk
Regulatory complexity	89% executives concerned	Global lack of AI governance frameworks
Workforce readiness	60% AI-aware; 72% firms reskilling	Global skills gap in AI ethics
Adverse AI outcomes	Growing concern in BFSI & e-commerce	Ranked among top 10-year global risks

7. Discussion

7.1 Global vs. Indian Perspectives on Ethical AI

Globally, AI adoption is advancing in banking, retail, healthcare, and governance. However, challenges of algorithmic bias, privacy breaches, and lack of transparency remain. In the United States, biased recruitment and credit-scoring systems have drawn public criticism (O'Neil, 2016), while in Europe, the EU's forthcoming *AI Act* seeks to regulate high-risk AI applications.

In India, the adoption of AI is primarily visible in banking (SBI, HDFC), e-commerce (Flipkart, Amazon), and governance (Aadhaar-linked services). While these innovations enhance operational efficiency, they also bring risks of bias and data misuse. The Reserve Bank of India (2023) highlighted the growing need for fairness and explainability in digital lending, particularly for rural borrowers and MSMEs. Recent Deloitte (2024) findings reinforce this, with 92% of Indian executives citing AI security vulnerabilities as their biggest concern. Thus, while India's AI adoption mirrors global patterns, its challenges are amplified by issues of financial inclusion, digital divide, and regulatory preparedness.

7.2 Workforce Transformation: Risks and Opportunities

The workforce implications of AI are both disruptive and transformative. According to NASSCOM (2022), 20–25% of routine IT/BPO jobs in India face automation risk by 2030. However, Deloitte (2024) indicates that 72% of Indian firms are actively re skilling employees, suggesting a proactive response.

Globally, AI is creating new roles in ethics auditing, cyber security, and data governance, even as it automates clerical and compliance tasks. In India, the dual challenge lies in protecting vulnerable jobs while simultaneously preparing a future-ready workforce. The opportunity lies in embracing human–AI collaboration, where AI augments rather than replaces human decision-making.

7.3 Ethical Governance and Regulation

The debate on AI ethics has shifted from "whether regulation is needed" to "what kind of regulation is effective." The OECD AI Principles (2019) and the EU's AI Act emphasize fairness, accountability, and transparency. In India, NITI Aayog's National Strategy for AI (2018) set the foundation, but practical enforcement remains limited.

The Deloitte (2024) study revealed that only 1 in 10 Indian organizations has established an AI governance structure, underscoring a significant gap. Moreover, the WEF Global Risks Report 2025 warns that adverse AI outcomes and disinformation rank among the top 10-year global threats, signalling that ethical governance must also cover cyber security**,** misinformation, and systemic risks.

Thus, policymakers must move beyond generic guidelines and adopt sector-specific, enforceable frameworks that mandate explain ability, audit trails, and consumer protection.

7.4 Societal Trust and the Future of AI in Commerce

For AI to achieve sustainable adoption in commerce and management, **societal trust** is indispensable. Surveys indicate that **54% of Indian consumers** distrust AI-driven credit scoring (KPMG, 2023). Trust is further eroded when AI systems appear as "black boxes" with little accountability.

The **WEF (2025)** findings highlight how misinformation, deepfakes, and adverse AI outcomes threaten not just businesses but democracy and social cohesion. In India, these risks are compounded by privacy concerns surrounding Aadhaar-linked systems and fears of surveillance.

The future of AI in commerce must therefore balance innovation with responsibility. If businesses adopt explainable AI (XAI) models, ensure data protection, and demonstrate accountability, public confidence will grow. Otherwise, the societal backlash could slow adoption and undermine the promise of digital transformation.

8. Policy Recommendations

Based on the analysis and discussion, the following recommendations are proposed:

8.1 For Policymakers and Regulators

1. **Strengthen AI Governance Frameworks**: Move beyond voluntary principles to sector-specific regulations (e.g., BFSI, e-commerce, HR).
2. **Adopt Explainable AI (XAI)**: Mandate transparency, auditability, and fairness in high-risk AI applications such as lending, recruitment, and pricing.
3. **Data Privacy & Cyber security Laws**: Update India's Digital Personal Data Protection Act (2023) to align with evolving AI risks (deep fakes, misinformation, and cyber security breaches).
4. **National AI Oversight Body**: Establish a specialized AI Ethics and Governance Commission to monitor risks and certify compliance.
5. **Inclusion First Approach**: Ensure AI policies support rural financial inclusion, MSMEs, and marginalized groups to avoid widening the digital divide.

8.2 For Business Leaders and Managers

1. **Internal AI Ethics Boards**: Corporates (Infosys, TCS) should expand ethics committees to oversee AI deployment across departments.
2. **Bias Auditing**: Regular **third-party audits** of AI models to detect and mitigate gender, caste, or socio-economic bias.
3. **Ethical Supply Chains**: Use AI responsibly in supply chains and e-commerce to prevent exploitative practices such as predatory pricing.
4. **Cyber security Integration**: Treat AI ethics and cyber security governance as interlinked priorities; prepare for AI-fuelled frauds and disinformation.
5. **Transparent Communication**: Educate consumers about how AI decisions (loan approvals, pricing, recommendations) are made to build societal trust.

8.3 For Academia and Educators

1. **AI Ethics in Curriculum**: Introduce AI ethics, governance, and societal impact modules in commerce and management courses.

2. **Industry–Academia Collaborations**: Partner with corporates to co-develop training programs in **responsible AI**.
3. **Reskilling & Upskilling Programs**: Develop certificate and diploma courses in AI governance, compliance, and ethical auditing.
4. **Research Incentives**: Encourage interdisciplinary research linking AI, ethics, and social sciences, not just technical studies.
5. **Awareness Initiatives**: Conduct public awareness drives to sensitize consumers about ethical AI use.

8.4 For International Cooperation

1. **Global Standards Alignment**: India should align with OECD Principles, EU AI Act, and UNESCO AI Ethics guidelines while adapting to local needs.
2. **Cross-Border Regulatory Dialogues**: Participate in G20 and BRICS AI working groups for knowledge-sharing and joint governance frameworks.
3. **AI for Social Good**: Promote international projects where AI supports sustainability, financial inclusion, and rural development.

9. Conclusion

Artificial Intelligence (AI) is reshaping the landscape of commerce and management by enhancing efficiency, decision-making, and customer experience. However, this technological transformation is accompanied by profound ethical and societal challenges. Issues such as algorithmic bias, privacy risks, workforce displacement, and lack of governance continue to dominate debates both globally and in India.

The findings of this study highlight that while AI offers immense opportunities for innovation, its adoption cannot be separated from ethical responsibility. India's rapid digital transformation in banking, e-commerce, and governance reveals both benefits (fraud detection, efficiency gains, financial inclusion) and risks (bias, exclusion, and privacy violations). Recent insights (Deloitte, 2024; WEF, 2025) further confirm that security vulnerabilities, misinformation, and deep fakes are emerging systemic risks requiring urgent attention.

The study concludes that sustainable AI adoption in commerce and management must be built on three pillars:

1. **Ethical Governance** – enforceable laws, explainable AI, and strong oversight.
2. **Inclusive Growth** – re skilling programs, equitable access, and digital inclusion.
3. **Societal Trust** – transparency, consumer awareness, and accountability.

If policymakers, managers, and educators collectively implement these measures, AI can evolve from being a disruptive technology into a responsible enabler of economic growth and social well-being. The future of commerce will not be shaped by AI alone, but by how society governs and integrates it responsibly.

10. References

[1] Brynjolfsson, E., & McAfee, A. (2017). Machine, Platform, Crowd: Harnessing Our Digital Future. New York: W.W. Norton & Company.

[2] Davenport, T., & Ronanki, R. (2018). Artificial Intelligence for the Real World. Harvard Business Review, 96(1), 108–116.

[3] Deloitte. (2024). Responsible AI in India: Building Trust and Governance. Deloitte Insights.

[4] Gartner. (2022). Top Strategic Technology Trends for 2025. Gartner Research.

[5] Jobin, A., Ienca, M., & Vayena, E. (2019). The Global Landscape of AI Ethics Guidelines. Nature Machine Intelligence, 1(9), 389–399.

[6] KPMG India. (2023). AI Adoption in Indian Business: Opportunities and Risks. KPMG Report.

[7] McKinsey & Company. (2022). The State of AI in 2022. McKinsey Global Institute.

[8] NASSCOM. (2022). Future of Jobs in India: AI and Automation. New Delhi: NASSCOM.

[9] NITI Aayog. (2018). National Strategy for Artificial Intelligence: #AIforAll. Government of India.

[10] O'Neil, C. (2016). Weapons of Math Destruction: How Big Data Increases Inequality and Threatens Democracy. Crown Publishing.

[11] PwC. (2023). AI Predictions 2023: Business Transformation and Ethics. PwC Report.

[12] Reserve Bank of India. (2023). AI in Digital Lending and Financial Inclusion. RBI Bulletin.

[13] World Economic Forum. (2022). Global AI Governance Report. Geneva: WEF.

[14] World Economic Forum. (2025). Global Risks Report 2025. Geneva: WEF.

[15] Reuters. (2025). ESG Watch: Companies Complacent About Cybercrime Despite Rise in AI Risks. Reuters Sustainability Desk.