AI-Driven Corporate Governance: Innovation, Ethics, and the Future of Business

Assoc. Prof. Dr. Aurela Braholli
aurela.braholli@tbu.edu.al, *Department of Business and Finance, Tirana Business University.*

Assoc. Prof. Dr. Rezart Dibra
rezart.dibra@tbu.edu.al, *Research Centre for Economic and Legal and Studies, Tirana Business University.*

MSc. Sidorela Marini
sidorela.marini@tbu.edu.al, *Research Centre for Economic and Legal and Studies, Tirana Business University.*

Abstract: Corporate Governance (CG) encompasses the frameworks, principles, and processes through which organizations are directed and controlled. With the rapid advancement of Artificial Intelligence (AI), traditional governance models are being redefined, creating both unprecedented opportunities and complex challenges for modern enterprises.

Artificial Intelligence, including its major subfields such as machine learning, deep learning, and natural language processing, is reshaping how businesses operate across marketing, product innovation, human resources, and customer experience. Through automation, predictive analytics, and enhanced decision-making, AI allows organizations to function more efficiently and competitively. Yet its dependence on large datasets raises crucial concerns regarding transparency, accountability, and ethical responsibility.

This paper investigates how AI integration transforms corporate governance structures by influencing decision-making, stakeholder engagement, and trust mechanisms. It explores three fundamental questions: How can companies ensure that AI systems use data ethically and lawfully? What governance mechanisms can enhance transparency and trust in AI-driven decision-making? And how can firms balance innovation with ethical and regulatory compliance?

The study concludes that embedding AI within governance frameworks can accelerate innovation and operational excellence, but it also necessitates the establishment of robust ethical standards, regulatory oversight, and adaptive leadership. The emerging "rules of governance" in the AI era will determine how organizations sustain trust, manage digital transformation, and align corporate strategy with societal expectations.

Keywords: Artificial Intelligence, Corporate Governance, Business Transformation, Data Ethics, Digital Strategy, Responsible AI, Strategic Innovation.

I. Introduction

Every organization across the globe operates with a clear mission and a series of objectives that guide its daily activities. The primary goal among these is profit maximization. To successfully achieve its mission and objectives, an organization must ensure efficient management and coordination. In the case of large and complex organizations, defining and synchronizing activities becomes more challenging, emphasizing the necessity of a well-structured management system capable of maintaining control and oversight. The current trends in Artificial Intelligence (AI) within the business landscape are largely driven by the pursuit of higher productivity and efficiency among companies.

Nowadays, AI has become a familiar concept—often present in both personal and professional environments. More significantly, it has evolved into an essential tool for businesses, influencing numerous industries. Historically, improvements in productivity were associated with tangible manufacturing processes; however, a similar transformation is now taking place in service-oriented firms that are leveraging AI to enhance their performance and outcomes.

Artificial Intelligence facilitates accurate, real-time evaluation of marketing returns, replacing subjective human estimation. In today's digital era, marketing relies heavily on technological interfaces, and with AI's inclusion, this dynamic has shifted even further—affecting how companies engage with clients, design personalized campaigns, analyze behavior, and apply algorithmic management to decision-making processes.

The business transaction landscape has been undergoing significant transformation driven by technological advancements. Generative AI, a subset of artificial intelligence focusing on content generation and complex data patterns, offers revolutionary capabilities that could enhance the business system. AI-driven marketing and business systems are increasingly being used to personalize customer experiences, deleveraged ads, and optimize marketing campaigns. These systems relay on vast amounts of data, from customer purchase histories to browsing behaviors. However, if they collect more data than necessary or analyze sensitive information without clear consent, they risk invading customer privacy and violating data protection laws. It is important to highlight that Artificial Intelligence (AI) opportunities have global impact and enhance productivity. Companies utilize machine-based systems to design business models that are increasingly centered on customer needs. The ongoing digital transformation and the automation of work processes, supported by multiple technological innovations, have placed significant pressure on organizations and the global economy to maintain competitiveness. This rapid progress, coupled with the fear of being left behind, has driven many leaders to proactively

integrate these technologies into their enterprises. Therefore, before adopting an AI-driven strategy, business executives should critically assess their organization, asking key questions to determine the necessity of AI implementation and to evaluate internal capacities, particularly in logistics management and human resource competencies.

Corporate boards must redefine accountability as AI systems begin making or influencing strategic decisions. Traditional governance relies on human judgment, but AI introduces a layer of complexity. For example, if an AI tool leads to discriminatory hiring or biased lending, the board is ultimately responsible for the outcome, even if no individual made the decision.

II. Literature Review

In recent years, AI has started to revolutionize the business industry. Digital technologies play a crucial role in facilitating open innovation in the banking sector. Shetty & Shrinivas (2024) in their scientific research work, brought dozens of recent scientific papers offer multiple viewpoints and contribute to a deeper understanding of the future of employment, the discrepancies between AI's intended objectives and its real-world outcomes, the influence of innovation on social structures, and the link between technological competencies and workforce preparedness. As organizations increasingly adopt AI technologies, a new phase of data-driven management is unfolding—where information is no longer a secondary outcome of business activities, but rather a vital strategic resource.

To reinforce this perspective, findings from the reviewed literature by various scholars reveal the complex influence of AI on business performance - impacting operational productivity, strategic decision-making, customer engagement, and competitive positioning. The analysis underscores AI's essential role in creating business value through greater efficiency, improved decision-making, and enhanced customer experience. Nevertheless, issues such as implementation costs and ethical dilemmas continue to pose significant challenges. Future academic work should focus on addressing these concerns and exploring the sector-specific implications of AI to fully exploit its transformative capacity (Niveditha, Jain, Thakre, Dubey, & Awasthi, 2024).

Artificial Intelligence stands at the center of initiatives designed to increase access to business services, particularly in developing economies such as Albania, where traditional business infrastructures continue to evolve. As AI technologies become more embedded in organizational processes, their impact on corporate governance becomes increasingly significant.

One of the major opportunities AI provides in corporate governance is the improvement of strategic decision-making. AI-enabled systems can process large volumes of structured and unstructured data, generate predictive insights, and support executives in formulating more informed corporate strategies. AI also enhances risk management by detecting early indicators of

fraud, compliance violations, and market fluctuations, enabling firms to respond proactively. Furthermore, the integration of AI into transparency and reporting processes—especially in financial and ESG disclosures - improves accuracy, reduces human error, and strengthens stakeholder trust. AI tools additionally contribute to board effectiveness by assessing skill gaps, monitoring board performance, and supporting long-term governance planning. Likewise, artificial intelligence can improve efficiency and transparency in the public sector while also can be used to identify and prevent corruption (Shurdha & Sqapi, 2025).

Despite these opportunities, several risks accompany AI adoption. Ethical concerns remain at the forefront, particularly when algorithms introduce bias or operate as "black boxes," making decisions that lack transparency. Accountability challenges also arise, as assigning responsibility becomes more difficult when AI systems influence or automate strategic actions. Data governance poses another concern, given that AI systems rely on sensitive corporate and personal data that must be protected through rigorous security and privacy protocols. Finally, regulatory compliance grows more complex as organizations must navigate evolving AI-related legislation such as the EU AI Act and GDPR.

The role of the board is central in ensuring that AI is adopted responsibly and strategically. Boards must provide strong strategic oversight to ensure that AI initiatives align with organizational objectives. They are also expected to demonstrate ethical leadership by establishing principles for responsible AI use. To effectively govern AI, boards should enhance their technological competencies, either by including members with technical expertise or by establishing advisory structures. Continuous monitoring is also essential, including the implementation of AI audit functions, performance metrics, and ongoing evaluation of risks and outcomes.

III. Methodology

This research is a first step to discuss AI as important part of management and corporate governance research tests hypotheses. The findings derived from these analyses assist in guiding decision-making processes and proposing appropriate courses of action. Exploratory research employs diverse approaches, often serving as a foundation for generating ideas that subsequently lead to the formulation of research hypotheses.

Secondary data used in this study are collected from official governmental documents, corporate governance publications, industry analyses, and market research reports. Marketing research, in this context, follows a systematic procedure that includes planning, data collection, situation analysis, and interpretation of information relevant to marketing challenges. Several analytical techniques allow researchers to better understand consumer behavior through the acquisition of primary data.

This study adopts a quantitative research approach, combining both primary and secondary data sources. Primary data will be collected through an online survey, while additional insights will be drawn from academic publications, business databases, and other relevant secondary sources. The target participants include a diverse group of business professionals—such as analysts, operational managers, and traders—representing different sectors of the Albanian economy.

The survey's objective is to gather perspectives from Albanian entrepreneurs regarding the implementation of AI technologies: identifying their specific needs, recognizing areas where AI can provide added value, and evaluating whether these technologies enhance business efficiency or present new challenges. The purpose is to assess whether the Albanian business environment is prepared to adopt and invest in AI solutions, and to determine which sectors demonstrate the highest readiness for digital transformation. Moreover, this study aims to explore how Albania, as a transitioning economy, perceives technological innovation—by identifying internal development requirements and the main obstacles that businesses face in this process.

Based on the recent literature review we have chosen some indicators to analyze and to have in our focus for this study are how AI influence in the organizational performance and economic outcomes, how AI tools impact on the improvement of database performance, on the level of the sales and on the entire business efficiency.

RQ 1: Can Albanian entrepreneurs be oriented correctly and efficiently towards a well-oriented plan for AI in general for year 2025?

RQ 2: How effective is business activity today accompanied by AI?

IV. Results and Analysis

This research primarily relies on descriptive analysis. Statistical examination is a common element across academic studies; however, the type of analysis often varies depending on various methodological approaches. Artificial Intelligence (AI) has the potential to significantly transform Albania's economy by:

a) Enhancing productivity, particularly in the context of corporate governance, where major corporations have already implemented standardized governance practices; and
b) Encouraging innovation across service-oriented sectors such as business operations and management.

The fundamental statistical technique applied here is descriptive analysis, a method frequently used in similar studies. This form of analysis facilitates the preliminary processing of collected

data in order to identify essential characteristics such as measures of central tendency, distribution, and variability. One of the most effective methods for visualizing numerical data is through graphical representation, as it simplifies interpretation for individuals who may find numerical tables challenging to comprehend.

AI systems consistently offer deeper insights into financial markets, consumer behavior, and corporate security management. The questionnaire findings reveal that Artificial Intelligence is rapidly gaining ground within the business and financial sectors—outpacing many other industries. This rapid expansion is largely attributed to the immense volume of data and the diversity of operational activities, which create ideal conditions for AI applications.

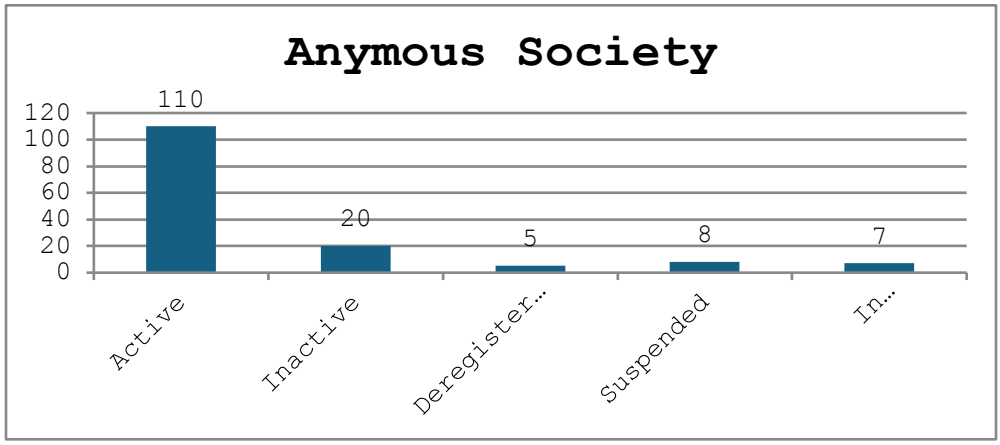
The questionnaire, as the principal research tool used in this study, consists of a series of structured questions presented to participants. Its flexibility allows researchers to obtain the desired results effectively. Questionnaires remain the most widely utilized method for collecting primary data. Prior to field implementation, the research team conducted pilot testing among small and medium-sized enterprises located in key industrial cities such as Fier, Vlora, Tirana, and Durrës, in order to refine and adapt to eliminate uncertainties within the questionnaires. The structure, phrasing, and order of the questions can significantly influence respondents' answers.
The purpose of this section is to display the research findings by providing an in-depth and detailed analysis of the data gathered through the applied methodology. Through quantitative analysis, this study aims to achieve a clear and holistic understanding of how Artificial Intelligence affects business operations and market dynamics. The quantitative approach entails collecting and examining numerical data to identify trends, compute averages, assess correlations, and extract meaningful insights that explain the broader impact of AI.

4.1 Results

Artificial Intelligence (AI) holds the capacity to enhance human well-being by optimizing services across nearly every industry. Nevertheless, it also introduces a range of challenges that organizations must confront, particularly as more companies commit to integrating and benefiting from this technology. The implementation of AI across diverse business sectors creates substantial opportunities, offering advantages not only for consumers but also for enterprises and institutions that adopt it.

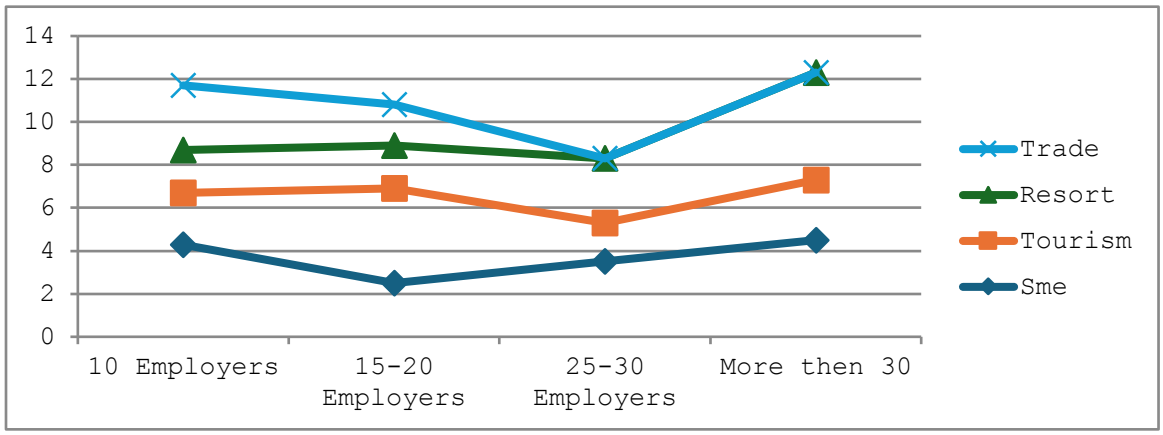
The study aims to investigate AI and the potential to transform the business activities and is based on the model of questionnaires, which were distributed in January 2025 to 150 respondents. The respondents correspond to cities such as Fier, Vlore, Tirana, Durres. To be correct with the anonymity of these activities, we are mentioning them as case study models without specifying confidential data and figures of income or personal benefits, so as we discussed before, this scientific paper is a concrete analysis of opinions, interviews and real and concrete questionnaire.

Figure 1: Status of the Surveyed Companies



This figure illustrates the distribution of companies included in the study based on their legal and organizational status. The diversity in business types—ranging from limited liability companies to family-owned entities - helps contextualize their managerial structures and readiness to adopt AI technologies. Businesses with formal governance systems typically demonstrate greater capacity for technology integration, whereas family-run or informally structured firms may face constraints due to limited digital infrastructure, centralized decision-making, or traditional managerial practices.

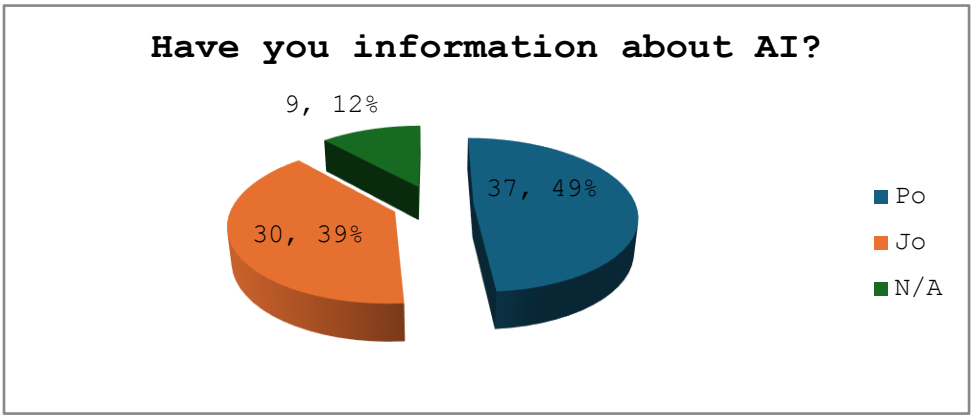
Figure 2: Company Size by Number of Employees



This figure presents the size classification of participating businesses according to the number of employees. Most respondents represent small and medium-sized enterprises (SMEs), particularly those operating in trade and service sectors. Many family-run businesses perform all operational activities internally, resulting in limited openness toward technological innovation. Company size

has significant implications for AI adoption: larger firms, with more departmentalized structures, exhibit greater readiness and resources for AI integration, whereas small firms may require external support, training, and technological investment.

Figure 3: Level of AI Awareness Among Respondents



This figure displays the respondents' knowledge and awareness of Artificial Intelligence, where 37.49% report having prior information about AI tools and applications. The findings indicate that awareness remains moderate within the Albanian business environment, highlighting the need for increased training and informational programs. Awareness is a foundational step toward technology adoption; therefore, limited understanding may hinder effective implementation of AI-driven processes. Strengthening knowledge through capacity-building initiatives can enhance decision-making, improve efficiency, and support long-term business competitiveness.

4.2 Discussion

The majority of respondents have a lot of interest in using fitness technology in the future.The analysis suggests that AI offers transformative opportunities for corporate governance and business practice, but adoption requires careful balancing of innovation and responsibility. In Albania, AI implementation remains at an early stage, but there is clear recognition of its potential value. The major challenge is preparing boards, leaders, and regulators with the necessary skills and ethical frameworks to oversee AI responsibly. From a governance perspective, accountability mechanisms must evolve to assign responsibility clearly for AI-driven outcomes. Future research should explore sector-specific strategies and cross-country comparisons to identify best practices.

V. Conclusion and Recommendations

Corporate governance and AI are no longer separate domains. As AI becomes central to strategic decision-making, governance structures must evolve to ensure that AI is used responsibly, ethically, and in alignment with corporate goals. The future of business depends not just on adopting AI, but on governing it wisely.

Base on the results of the study in which all the participants agreed, a different management approach needs to be implemented AI

Another recommendation is the need to understand the AI business practices, cultural differences, and other issues before making an investment. Albanian SMEs should adopt a broad business view about AI.

At the end of our scientific research, we will recommend some steps for the best development AI activities:

1. Artificial Intelligence enables businesses to assess risks more accurately and consistently, as long as they possess high-quality, comprehensive data and utilize models that are transparent, interpretable, and verifiable.

2. Working together to build an efficient strategic path for the coming years about AI, this requires the inclusive role of business actors in local and central government leaders.

3. Staff Training: Invest in staff training to ensure they are knowledgeable about available technologies and their use because all the companies, especially the companies that has adopt corporate governance used AI or will be used in the near future as a trend of time.

References

Brynjolfsson, E., & McAfee, A. (2017). *Machine, platform, crowd: Harnessing our digital future.* W. W. Norton & Company.

Dwivedi, Yoshed K. & Laurie Hughes & Elvira Ismagilova & Gert Aarts & Crispin Coombs & Tom Crick & Yanqing Duan & Rohita Dwivedi & John Edwards & Aled Eirug & Vassilis Galanos & P. Vigneswara Ilavarasan & Marijn Janssen & Paul Jones & Arpan Kumar Kar & Hatice Kizgin & Bianca Kronemann & Banita Lal & Biagio Lucini & Rony Medaglia & Michael D. Williams (2021). Artificial Intelligence (AI): Multidisciplinary perspectives on emerging challenges, opportunities, and agenda for research, practice, and policy. *International Journal of Information Management,* 57.

Dwivedi, Y. K., Hughes, L., Baabdullah, A., Ribeiro-Navarrete, S., Giannakis, M., Al-Debei, M, & Wamba, S. F. (2023). Metaverse beyond the hype: Multidisciplinary perspectives on emerging challenges, opportunities, and agenda for research, practice and policy. *International Journal of Information Management,* 66, 102642.

European Commission (2021). *Proposal for a Regulation laying down harmonised rules on artificial intelligence* (Artificial Intelligence Act).

Meta, Eda & Elvin Meka (2025), Remaining Future - Proof throughout the AI Revolution: How is AI Reshaping the Financial Industry and its Workforce? *Journal of Economics and Technology.* Vol.1, Issue 1, 7-18. http://revistashkencore.tbu.edu.al/v1i1_2.html

Niveditha, R., Jain, V., Thakre, S., Dubey, R., & Awasthi, A. (2024). Artificial intelligence in business: Opportunities and challenges. *Journal of Business Research,* 162, 113987.

Rahwan, I., Cebrian, M., Obradovich, N., Bongard, J., Bonnefon, J. F., Breazeal, C., & Wellman, M. (2019). Machine behaviour. *Nature,* 568 (7753), 477-486.

Shetty, S., & Shrinivas, R. (2024). Artificial intelligence and digital governance: Implications for corporate decision-making. *Journal of Corporate Governance Studies,* 12 (2), 45-63.

Shurdha, E. & Sqapi, G. (2025), The Role of Artificial Intelligence in Enhancing Transparency and Curbing Corruption in Public Procurement Processes: The Case of Albania. *Journal of Economics and Technology.* Vol.1, Issue 1, 19-33. https://philpapers.org/rec/SQATRO-2

Shrestha, Y. R., Ben-Menahem, S. M., & von Krogh, G. (2019). Organizational decision-making structures in the age of artificial intelligence. *California Management Review,* 61 (4), 66-83.