

Navigating Tomorrow by Harnessing the Power of AI

Ibec Global is pleased to launch the second edition of The Global Compass, Our quarterly editorial for business leaders that succinctly outlines how current megatrends will shape business in the foreseeable future both in the EU and beyond.

Our choice to address AI is evident from the profound effects this transformative technology is already having on both our economies and societies, and the need for guidance as to the actions and the orientations that business leaders must be aware of in the short term as we head into a 2024 that will be defined by several developments in this field.



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In the rapidly evolving corporate world, Artificial Intelligence (AI) has exploded as a pivotal topic in C-suite discussions and at the top of boardroom agendas across all sectors and industries. Indeed, AI has been declared the “Word of the Year” for 2023 by Collins Dictionary, underscoring the significant influence that this technology has wielded over conversations globally over the past 12 months. AI has long been present in our lives from customer service chatbots to determining the ads we see online, and it has become increasingly critical for organisations seeking to streamline processes, strengthen cybersecurity, make data-driven decisions and drive innovation.

Although AI has been around for some time, generative AI – a system that can be prompted to create various types of brand-new content – is much newer. This surge in interest is in no small part due to the emergence of ChatGPT over a year ago, which unleashed a tidal wave of momentum in generative AI technologies. The shift to generative AI is considered by some to be the most important technological breakthrough since the advent of the internet.



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However, despite its omnipresence in dialogues across industries and in the news headlines worldwide, AI broadly remains a nebulous concept, leaving leaders grappling with more questions than answers. The task for today’s leaders is not just about understanding and adopting AI, but navigating its complexities responsibly and strategically.

The Current Landscape.

A Global Snapshot of AI

Europe's embrace of AI reflects a commitment to advancing technological frontiers while safeguarding societal values. Key sectors like finance, healthcare, automotive, and energy have been at the forefront of this innovation. In finance, AI is revolutionising how we approach everything from fraud detection to personalised customer service, including digital investment managers. In healthcare, it's enabling predictive diagnostics and personalised medicine, transforming patient care paradigms. The automotive industry is not far behind, with AI playing a crucial role in developing autonomous driving technologies. Simultaneously, the energy sector leverages AI for optimising renewable energy distribution and consumption.

The Regulatory Environment

There is a global race to regulate AI: business leaders should be aware of trends and the main risks and opportunities they bring. For starters, the EU has been particularly proactive. The EU AI Act – in its final stages at time of writing - is a testament to this approach, whose stated aim is to regulate high-risk AI applications while encouraging innovation in lower-risk areas. This regulatory framework aims to be a precedent for how AI might be governed globally. According to EU lawmaker Brando Benifei, one of the architects of the bloc's AI rules, the AI Act will serve as a “blueprint” that countries around the globe could use for their legislation. However, the recent coordination and agreement among France, Germany, and Italy on how to regulate AI stands in stark contrast to EU-level efforts. Their view towards so-called foundation models favours self-regulation, and will most likely impact the direction of travel of the AI Act, which had shifted towards a more stringent regulatory approach.

Concurrently, US Congress is looking to pass significant legislation to address potential harms caused by AI. President Biden recently signed a surprise executive order requiring developers of AI systems that pose risks to share the results of safety tests with the government before they are released to the public. The UK's recent AI Safety Summit last month also produced an international declaration to address risks with the technology, as well as a multilateral agreement and expert AI panel akin to the Intergovernmental Panel on Climate Change, to test advanced AI models before they are released.

As AI becomes more pervasive, ethical and responsible development and use (“trusted AI”) is increasingly in the spotlight – not least due to the ongoing public discussions about AI safety. Trusted AI is paramount for leaders considering developing an AI strategy for their organisation. This requires a commitment to developing and deploying AI systems that are safe, robust, transparent, fair, and accountable, safeguarding organisations, people and rights.

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Companies must navigate this terrain by establishing clear guidelines and governance frameworks that adhere to evolving international standards and ethical principles. Engaging diverse stakeholders and impact assessments is critical. This approach not only safeguards societal values but also strengthens public trust in AI, fostering a sustainable and inclusive future where technology serves humanity's best interests.



AI, elections, and geopolitics

One of the key areas of political concern is how AI misuse could potentially affect elections. Understanding the potential effects is critical ahead of 2024 which will be a bumper year for elections globally – not least including the world’s largest democracies, the EU, US, UK and India. The potential for AI-generated content to be a powerful tool for manipulation and disruption of the democratic process is significant – particularly in relation to deepfakes, a deception method that uses AI-generated videos and audios to create hyper-realistic impersonations of identities. The malicious use of deepfakes is something which we witnessed in the days leading up to the recent Slovakian elections when a fake audio conversation of a candidate was shared online. Although the audio was denounced swiftly, the damage had already been done. This should serve as a cautionary tale and testament to the evolving threat landscape of elections, and the prevalence of AI-generated content demands a reevaluation of the tools to protect democracy, in particular as misinformation in digital channels has the potential to cause offline harm and political violence.

We have witnessed in previous elections the role that misuse of social media can have in disinformation. Responsible use of AI will be critical to ensuring trust in the electoral process, particularly as new technologies are further adopted. This development does not mean that we should see AI technologies inherently as “bad” ones. It does, however, further highlight the immediate actions that we must all take as business and government leaders to invest in education initiatives so that populations can be less prone to manipulative tactics – whether they come from internal political parties or from foreign actors whose intent is to sway the course of an election or the overall narrative on a complex topic. Geopolitical tensions are at an all time high, and deceptive messaging that could be delivered and exacerbated through AI could also affect businesses negatively. False attributions to a company or an industrial sector’s involvement in foreign trade and investment transactions could quickly escalate into a crisis. Businesses must be prepared for such potential events, and we must all promote critical thinking skills so people are better equipped to discern the truth. We live in a fast-paced environment where reacting quickly to information might come at the expense of critically evaluating information prior to forming an opinion.

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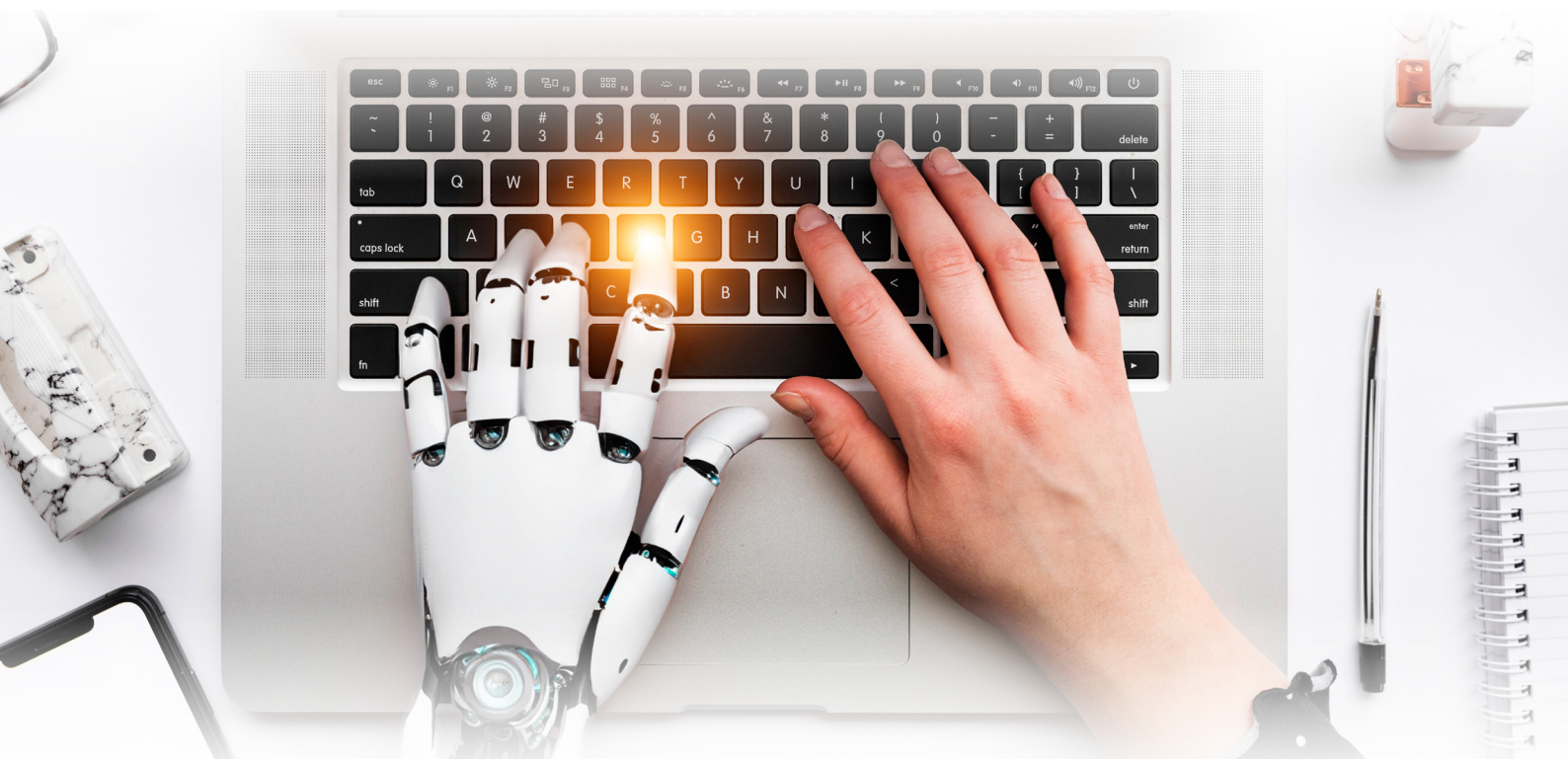
The Role of **Skills**

As AI rapidly reshapes economies and societies, the “AI revolution” underscores an urgent need for a skilled workforce. AI systems have the potential to impact all industries and occupations that rely on data and information, and presents significant opportunities for innovation, productivity and wellbeing. There’s a pressing demand for professionals with the skills required to develop, design, maintain and implement AI solutions to optimise production processes, enhance customer experiences, and drive innovation.

As AI becomes more widespread, it will be increasingly important for workers in various occupations to possess a broad range of skills to effectively develop and interact with AI systems. It will be also important for professionals to not only understand AI technologies but to also navigate the ethical, legal, and social implications of these advancements. To this end, European educational institutions are increasingly integrating AI and machine learning into their curricula.

But it’s not just technical skills that matter. Leaders must develop an AI literacy that enables them to make informed strategic decisions that drive growth and innovation, and envision how AI can be aligned with business objectives. With AI literacy, business leaders can identify opportunities for automation, streamline operations, and unlock new avenues for business expansion. It can enable leaders to envision possibilities that AI can bring to their organisations and leverage these technologies for competitive edge. To go from diagnosis to solution, business and government leaders must work together to identify how to achieve short and long term financing to reach these skilling goals for adults who are already in the labor market and for the younger generations who are preparing to enter the workforce.

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Rise of AI

Automation and its Impact on Workforce Dynamics

The workplace is where people will most likely see and experience the imminent impacts of AI. AI's role in automation is reshaping work of the future, and this has been the subject of concern for some; while it promises unparalleled efficiency and cost savings, it also raises concerns about task and/or job displacement particularly in industries that rely on routine and repetitive tasks.

Leaders are polarised over AI's potential: will it substitute or complement workers, give rise to better or worse labour market conditions, and ultimately will it deliver better or worse labour market opportunities? AI is increasingly seen as a tool to augment human capabilities rather than replace them, shifting the workforce focus to more strategic and creative roles. However, will this benefit those in jobs that are typically more autonomous and well paid? Because of this dichotomy, AI has been the subject of intense scrutiny over whether it will benefit some but be detrimental to others. Latest OECD data points to task displacement and redeployment of task, not job losses.

As AI continues to advance and become more integrated into various industries, quick adaptability lies in understanding how skills can be transferred and how jobs can be kept through modification – reshaping and creating new roles. This transition necessitates a significant investment in upskilling and reskilling programs, ensuring leaders and employees are equipped to thrive in an AI-augmented workplace.

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Risk Mitigation:

Embracing AI as a Strategic Imperative

For business leaders, the challenge lies in navigating this complex regulatory and ethical terrain. The balance between complying with evolving regulations and adopting a principles-based approach that aligns with your own company values and ethics is delicate yet fundamental. It requires establishing robust governance frameworks for AI implementation, ensuring compliance, and upholding ethical standards.

A clear step-by-step strategy is crucial for businesses at the cusp of AI adoption: identify specific business challenges AI can address, identify opportunities for value creation and capture, collaborate with AI experts to understand potential solutions and their feasibility, develop pilot projects to test these solutions, conduct audits and gather data and insights to inform a broader rollout.

With great power comes great responsibility, and this is particularly true for AI. Missteps in AI implementation can have serious reputational consequences. To mitigate these risks, transparency is key. Companies must be open about how they use AI, actively engage with stakeholders, and pre-emptively address potential ethical concerns. Conducting regular reviews of AI systems is essential to ensure they align with ethical standards and regulatory requirements.

The journey to integrating AI into your strategies is as challenging as it is exciting. The evolving landscape in the EU, and globally, requires a nuanced approach that balances innovation with ethical responsibility and regulatory compliance. The future belongs to those who can successfully navigate this complex landscape, leveraging AI not just as a technological tool but as a strategic asset that drives long-term organisational success, and keeping in mind the pivotal role that human judgment plays in designing and implementing AI ethically and responsibly.

As we approach 2024, when there will no doubt be a push to bring AI into every facet of organisations, integrating AI into your business strategy is not just about staying competitive; it's about reimagining how your organisation operates and resourcing your AI-led efforts accordingly. By adopting a proactive and responsible approach, businesses can unlock AI's potential while maintaining trust and credibility. In this regard, AI integration may be more of a marathon than a sprint. But regardless, the race is on.

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