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ARTIFICIAL INTELLIGENCE IN COMMERCE AND MANAGEMENT: THE ROLE OF ETHICS AND GOVERNANCE IN SHAPING SUSTAINABLE INNOVATION

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ABSTRACT

Purpose

The rapid adoption of Artificial Intelligence (AI) in commerce and management has transformed organizational decision-making, innovation practices and business operations. However, the increasing dependence on AI-driven systems has also raised concerns relating to ethical accountability, transparency and governance. The present study examines how ethics and governance influence the future of AI in commerce and management, with particular attention to responsible innovation and sustainable organizational practices.

Design/Methodology/Approach

The study adopted a quantitative and explanatory research design. Primary data were collected from respondents in Bengaluru through a structured questionnaire using a five-point Likert scale. The study employed a cross-sectional approach, and the collected data were analysed using Jamovi statistical software. Correlation and regression analyses were used to examine the relationships between ethics, governance and the future of AI in commerce and management.

Findings

The findings indicate that ethics and governance significantly influence perceptions regarding the future of AI in business environments. Ethical practices such as transparency, fairness and accountability were found to strengthen trust toward AI adoption, while governance mechanisms supported responsible implementation and sustainable innovation. The study also found that ethics and governance jointly contribute to the long-term acceptance and effectiveness of AI-driven transformation within commerce and management systems.

Originality/Value

The study contributes to existing literature by integrating ethics, governance and innovation within a unified analytical framework. It extends current discussions on responsible AI adoption by highlighting the strategic importance of ethical governance in sustaining AI-driven organizational transformation, particularly within rapidly digitizing commercial environments.

Keywords: Artificial Intelligence; Ethics; Governance; Commerce and Management; Responsible Innovation.

1. INTRODUCTION

1.1 Background of the Study

Artificial Intelligence (AI) has become deeply embedded in modern commerce and management practices, influencing how organizations make decisions, manage operations and interact with customers. Businesses across sectors increasingly rely on AI-driven systems to improve efficiency, analyse market behaviour and strengthen strategic performance (Benbya et al., 2021). The rapid growth of digital commerce and platform-based business models has accelerated this transformation, making AI an important component of organizational competitiveness and innovation (Dwivedi et al., 2021). In recent years, intelligent technologies such as machine learning, predictive analytics and generative AI have reshaped commercial activities by enabling faster decision-making, personalized customer engagement and data-driven management systems (Wamba et al., 2023).

The increasing adoption of AI reflects a broader structural shift within organizations where managerial functions are gradually becoming interconnected with algorithmic systems. AI is now widely used in recruitment, financial forecasting, supply chain optimization and customer relationship management. These developments have altered traditional business processes and expanded the role of intelligent systems in strategic planning and organizational governance (Keding, 2021). Researchers have argued that AI is no longer viewed merely as a technological tool but as a strategic resource capable of supporting long-term innovation and business sustainability (Mariani et al., 2023).

At the same time, the rapid expansion of AI has generated significant ethical and governance-related concerns. Existing studies highlight that AI systems often operate through complex data-driven models that lack transparency and accountability (Johnson and Verdicchio, 2024). Algorithmic bias, privacy violations and discriminatory outcomes have emerged as major concerns, particularly in areas such as hiring, lending and customer profiling (Rafanelli, 2022). As organizations increasingly depend on automated systems for managerial decision-making, questions regarding fairness, explainability and ethical responsibility have gained greater academic and institutional attention (Sartori and Theodorou, 2022).

Scholarly discussions on AI governance have therefore expanded considerably in recent years. Researchers emphasize that responsible AI adoption requires effective governance frameworks capable of balancing innovation with ethical accountability (Franzke, 2022). International organizations and policymakers have also introduced ethical guidelines to address issues relating to transparency, inclusiveness and human oversight in AI-enabled systems (Corrêa et al., 2023). However, governance challenges remain significant because technological innovation often advances faster than regulatory and institutional mechanisms designed to control it.

The situation becomes more complex in rapidly digitizing economies where organizations adopt AI technologies under uneven regulatory conditions. In many developing business environments, firms face limitations relating to governance readiness, technological infrastructure and policy implementation. Existing scholarship suggests that these contexts require greater scholarly attention because ethical and managerial challenges associated with AI may differ across institutional and socio-economic settings (Hassan, 2023). Concerns regarding digital inequality, technological concentration and unequal access to AI resources

have further strengthened debates surrounding responsible innovation and sustainable governance practices (Mwema and Birhane, 2024).

1.2 Research Gap

Although previous studies have examined AI adoption, innovation and ethics extensively, the existing literature remains fragmented in several important ways. Much of the current research primarily focuses either on technological advancement or ethical concerns without adequately connecting these dimensions within organizational settings. Studies related to AI innovation often emphasize operational efficiency, competitive advantage and digital transformation while offering limited discussion on governance and ethical accountability (Raisch and Krakowski, 2021). Conversely, research focusing on AI ethics frequently adopts policy-oriented or normative perspectives without sufficiently examining how organizations practically balance ethical governance with innovation objectives.

Another limitation within the literature relates to contextual concentration. A large proportion of empirical studies on AI governance and innovation are based on technologically advanced economies with comparatively mature institutional structures. Limited attention has been given to emerging economies where AI adoption is increasing rapidly despite regulatory uncertainty and uneven digital readiness. This restricts scholarly understanding of how organizations operating in diverse commercial environments manage ethical responsibilities while pursuing technological innovation.

Furthermore, existing research often discusses governance as a compliance mechanism rather than as a strategic organizational process influencing trust, legitimacy and sustainable growth. There remains insufficient understanding regarding how governance practices can support responsible innovation while addressing transparency, accountability and stakeholder concerns simultaneously. Therefore, there is a need for integrated research that critically examines the relationship between ethics, governance and innovation in shaping the future of AI within commerce and management.

1.3 Research Objectives

1. To examine the role of Artificial Intelligence in transforming commerce and management practices.
2. To analyse the ethical and governance-related challenges associated with AI adoption in organizations.
3. To explore how responsible governance practices can support sustainable AI-driven innovation in business environments.

Research Contributions

The study contributes to the existing literature by integrating ethics, governance and innovation within a unified analytical perspective. Unlike earlier studies that discuss these dimensions separately, the present research examines their interconnected influence on organizational transformation and managerial decision-making. The study also extends current scholarship by focusing on emerging and rapidly digitizing business environments where governance challenges and innovation pressures coexist simultaneously.

In addition, the study contributes empirically by highlighting how organizations can balance technological advancement with ethical accountability and stakeholder trust. By examining governance not only as a regulatory necessity but also as a strategic mechanism supporting

sustainable innovation, the study provides a broader understanding of responsible AI adoption in contemporary commerce and management systems.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Conceptual and Theoretical Foundations

The growing integration of Artificial Intelligence (AI) into commerce and management has attracted attention from multiple theoretical perspectives, particularly those related to innovation, organizational governance and strategic management. Existing scholarship increasingly views AI not merely as a technological advancement but as an institutional and managerial phenomenon capable of reshaping organizational structures, decision-making processes and competitive behaviour (Keding, 2021). Within this context, the present study is conceptually grounded in the intersection of Innovation Theory, Stakeholder Theory and Governance perspectives relating to responsible technological adoption.

Innovation-oriented theories argue that organizations adopt emerging technologies to strengthen operational efficiency, improve market responsiveness and sustain long-term competitiveness. AI-driven innovation enables firms to redesign products, services and business processes through predictive analytics, intelligent automation and data-centric decision systems (Mariani et al., 2023). However, recent studies suggest that innovation alone cannot ensure sustainable organizational performance unless accompanied by governance mechanisms capable of maintaining transparency, accountability and ethical responsibility (Verganti et al., 2021).

Stakeholder-oriented perspectives further emphasize that organizations are increasingly evaluated not only on financial performance but also on their ability to protect consumer interests, employee rights and social trust. In AI-enabled environments, governance structures become important because algorithmic systems influence recruitment, customer profiling, financial decisions and strategic planning. Ethical governance therefore acts as a balancing mechanism that aligns technological innovation with stakeholder expectations and institutional legitimacy (Franzke, 2022).

Contemporary literature also highlights the relevance of responsible innovation perspectives, which argue that technological advancement should be guided by social accountability, human oversight and long-term sustainability. AI governance frameworks increasingly focus on explainability, fairness and inclusiveness to reduce risks associated with algorithmic bias and opaque decision-making (Corrêa et al., 2023). Theoretical discussions therefore indicate that ethical governance and innovation are not isolated organizational processes but interconnected dimensions shaping the future of AI adoption in commerce and management.

2.2 Relationship Between Ethics and the Future of AI in Commerce and Management

The relationship between ethics and AI adoption has become a major area of academic discussion in recent years. Existing studies suggest that ethical concerns significantly influence organizational trust, consumer acceptance and the long-term sustainability of AI implementation (Johnson and Verdicchio, 2024). As AI systems increasingly participate in managerial and commercial decision-making, researchers have raised concerns regarding transparency, privacy, discrimination and accountability.

Several empirical studies indicate that organizations lacking ethical oversight often face reputational risks and reduced stakeholder confidence. Algorithmic bias remains one of the most debated issues within AI ethics literature because biased datasets may produce discriminatory outcomes in hiring, financial services and consumer targeting (Rafanelli,

2022). Such concerns become more critical when AI systems operate with limited explainability, making it difficult for users to understand how decisions are generated.

Another stream of literature argues that ethical governance contributes positively to organizational legitimacy and consumer trust. Businesses that integrate fairness, transparency and accountability into AI practices are more likely to achieve sustainable adoption and long-term acceptance (Sartori and Theodorou, 2022). However, existing studies also reveal methodological limitations. Much of the current research is conceptual or policy-oriented, with comparatively fewer empirical investigations examining how ethical practices directly influence AI-driven business transformation.

Furthermore, existing scholarship largely focuses on developed economies with relatively stronger regulatory systems. Less attention has been given to emerging commercial environments where governance frameworks remain inconsistent and organizational readiness varies across sectors. This creates a need for further investigation into how ethical dimensions influence the future development of AI within diverse managerial and institutional contexts.

2.3 Relationship Between Governance and the Future of AI in Commerce and Management

Governance has emerged as a critical factor influencing the effectiveness and sustainability of AI adoption in organizations. Existing literature suggests that governance mechanisms play an important role in ensuring accountability, transparency and regulatory compliance within AI-enabled business systems (Franzke, 2022). Scholars increasingly argue that without effective governance structures, AI-driven innovation may create institutional risks, ethical conflicts and operational uncertainty.

Research on AI governance primarily focuses on regulatory frameworks, organizational policies and institutional oversight mechanisms designed to guide responsible AI implementation (Corrêa et al., 2023). Governance systems help organizations establish standards regarding data protection, algorithmic accountability and human supervision. Such mechanisms are particularly important because AI systems increasingly influence strategic decisions and consumer interactions within commercial settings.

Empirical findings further indicate that governance quality affects organizational trust and stakeholder confidence. Firms operating under transparent governance structures are more likely to achieve stable and sustainable technological adoption (Yeung, 2024). At the same time, scholars note that governance challenges become more complex in rapidly digitizing economies where policy implementation and institutional preparedness remain uneven (Hassan, 2023).

Despite growing scholarly attention, existing literature reveals several inconsistencies. Many studies discuss governance from a regulatory perspective without adequately examining its strategic role in supporting innovation and organizational adaptability. Additionally, research often treats governance as a compliance mechanism rather than an active organizational capability influencing long-term technological sustainability. This indicates the need for integrated research examining how governance practices shape the future trajectory of AI in commerce and management.

2.4 Integrated Conceptual Perspective

The present study adopts an integrated conceptual perspective by arguing that ethics and governance jointly shape the future of AI in commerce and management. Ethical

responsibility and governance effectiveness are conceptually interconnected because organizations increasingly operate in environments where technological innovation must align with stakeholder expectations, regulatory requirements and social legitimacy.

Ethics influences how organizations design, deploy and manage AI systems, particularly in relation to fairness, accountability and transparency. Governance, on the other hand, provides the institutional and managerial mechanisms necessary to operationalize ethical principles within organizational practices. Without governance structures, ethical intentions may remain symbolic rather than actionable. Similarly, governance systems lacking ethical orientation may prioritize compliance without addressing broader concerns regarding trust and responsible innovation.

The study therefore conceptualizes the future of AI in commerce and management as an outcome influenced by the interaction between ethical orientation and governance capability. Organizations capable of integrating ethical values with effective governance practices are more likely to achieve sustainable innovation, stakeholder trust and long-term organizational legitimacy.

2.5 Hypothesis Development

Based on the theoretical and empirical discussions presented above, the following hypotheses are proposed:

H1: Ethical practices associated with AI adoption have a significant positive influence on the future of AI in commerce and management.

H2: Governance mechanisms associated with AI implementation have a significant positive influence on the future of AI in commerce and management.

H3: The combined influence of ethics and governance significantly contributes to sustainable AI-driven innovation in commerce and management.

2.6 Conceptual Framework of the Study

The conceptual framework of the study is developed based on the assumption that ethics and governance function as independent variables influencing the future of AI in commerce and management, which serves as the dependent variable. Ethical practices such as transparency, fairness, accountability and responsible decision-making are expected to influence stakeholder trust and sustainable AI adoption. Governance mechanisms including regulatory compliance, organizational policies and institutional oversight are expected to strengthen responsible implementation and managerial effectiveness.

The framework further assumes that the interaction between ethics and governance creates conditions necessary for sustainable innovation and long-term technological acceptance within organizations. Thus, the study examines how these dimensions collectively shape AI-driven transformation in contemporary commerce and management systems.

3. METHODOLOGY

3.1 Research Design

The present study adopts a quantitative and explanatory research design to examine the influence of ethics and governance on the future of Artificial Intelligence (AI) in commerce and management. A quantitative approach was considered suitable because the study focuses on testing relationships among identified variables through statistical analysis. The study is

grounded in a positivist research orientation where empirical observations and measurable data are used to examine theoretical relationships objectively.

A cross-sectional design was employed, where data were collected from respondents at a single point in time. This design was appropriate because the study intends to understand current perceptions regarding AI ethics, governance and sustainable innovation within business environments rather than observing behavioural changes over an extended period. The explanatory nature of the research supports hypothesis testing and helps analyse how ethical practices and governance mechanisms influence AI-driven transformation in commerce and management.

The research design was aligned with the analytical objectives of the study because it enables systematic measurement of variables and supports inferential analysis. Since the study attempts to examine predictive relationships between independent and dependent variables, a structured quantitative design was considered methodologically appropriate.

3.2 Sample and Data Collection

The study was conducted in Bengaluru, India, which has emerged as a major centre for technology-driven business activities and digital innovation. Bengaluru was selected because organizations within the city increasingly adopt AI technologies across sectors such as finance, retail, information technology and management services. This made the research setting relevant for examining perceptions regarding AI ethics, governance and innovation.

A total of 135 valid responses were collected for the study. The respondents included professionals, management students, employees and individuals familiar with AI applications in commercial and organizational contexts. A non-probability convenience sampling technique was used because the study targeted respondents who possessed basic awareness of AI-enabled business systems and digital transformation practices.

Primary data were collected through a structured questionnaire distributed through online platforms and direct respondent interaction. The questionnaire consisted of close-ended statements measured using a five-point Likert scale ranging from “Strongly Disagree” to “Strongly Agree.” Before the final survey, the instrument was reviewed to ensure clarity, readability and relevance to the research objectives.

Participation in the study was voluntary, and respondents were informed that the information collected would be used only for academic purposes. Incomplete and inconsistent responses were removed during data screening to improve the accuracy and reliability of the dataset.

3.3 Measurement Instruments

The questionnaire used in the study was developed based on existing literature related to AI ethics, governance and innovation management. The instrument consisted of three sections corresponding to the major constructs included in the conceptual framework.

The first section measured ethics in AI adoption and included items related to transparency, fairness, accountability and responsible decision-making. The second section measured governance practices associated with AI implementation, including regulatory compliance, organizational policies and oversight mechanisms. The third section focused on the future of AI in commerce and management, particularly in relation to sustainable innovation, business transformation and organizational effectiveness.

Measurement items were adapted from prior studies to maintain conceptual consistency and theoretical relevance. A five-point Likert scale was selected because it supports quantitative analysis while allowing respondents to express varying levels of agreement.

Reliability and validity were carefully considered during instrument development. Internal consistency reliability was examined using Cronbach's alpha values. Content validity was maintained by aligning questionnaire items with established theoretical dimensions identified in previous literature. The use of previously validated constructs also strengthened the credibility of the measurement instrument.

3.4 Data Analysis Techniques

The collected data were analysed using Jamovi statistical software. Jamovi was selected because it is widely used in social science and management research for statistical analysis and hypothesis testing. The software provides reliable analytical tools suitable for quantitative studies involving correlation and regression analysis.

Both descriptive and inferential statistical techniques were used in the analysis. Descriptive statistics such as mean, percentage and standard deviation were applied to summarize respondent characteristics and overall response patterns. Reliability analysis using Cronbach's alpha was conducted to assess the internal consistency of the measurement scales.

To test the proposed hypotheses, correlation analysis and regression analysis were employed. Correlation analysis helped examine the strength and direction of relationships between ethics, governance and the future of AI in commerce and management. Regression analysis was further used to evaluate the predictive influence of the independent variables on the dependent variable and determine the statistical significance of the relationships.

The selected analytical techniques were considered suitable because the study aimed to examine theoretical relationships and identify the influence of ethics and governance on AI-driven organizational transformation. The use of statistical analysis improved the objectivity and empirical validity of the study findings.

4. RESULTS

4.1 Descriptive Statistics

Table 1

Demographic Profile of Respondents (N = 135)

Variable	Category	Frequency	Percentage (%)
Gender	Male	78	57.8
	Female	57	42.2
Age	Below 25 years	41	30.4
	25–35 years	63	46.7
	36–45 years	22	16.3
	Above 45 years	9	6.6
Occupation	Employee	61	45.2
	Business Professional	28	20.7
	Student	34	25.2
	Others	12	8.9
Experience	Below 2 years	39	28.9

	2–5 years	47	34.8
	6–10 years	31	23.0
	Above 10 years	18	13.3

The study included 135 respondents from Bengaluru representing different professional and educational backgrounds. The sample consisted of employees, business professionals, students and other respondents familiar with AI-related business applications.

Table 2

Descriptive Statistics of Study Variables

Variable	Mean	Standard Deviation
Ethics	4.08	0.71
Governance	3.96	0.69
Future of AI in Commerce and Management	4.14	0.73

The descriptive statistics indicate moderate to high levels of agreement among respondents regarding ethics, governance and the future of AI in commerce and management.

4.2 Reliability and Validity Analysis

Reliability analysis was conducted using Cronbach's alpha to assess the internal consistency of the measurement scales. The obtained values were above the recommended threshold of 0.70, indicating acceptable reliability.

Table 3

Reliability Analysis

Construct	Number of Items	Cronbach's Alpha
Ethics	5	0.842
Governance	5	0.816
Future of AI in Commerce and Management	5	0.874

The reliability results demonstrate satisfactory internal consistency across all constructs included in the study.

Construct validity was assessed through item consistency and conceptual alignment with existing theoretical dimensions identified in prior literature. The measurement items reflected the intended constructs relating to ethics, governance and AI-driven organizational transformation.

4.3 Correlation Analysis

Pearson correlation analysis was performed to examine the relationships among ethics, governance and the future of AI in commerce and management.

Table 4

Correlation Analysis

Variables	1	2	3
1. Ethics	1		
2. Governance	.648**	1	
3. Future of AI in Commerce and Management	.712**	.683**	1

Note. $p < .01$

The correlation results indicate positive associations among all study variables. Ethics demonstrated a strong positive correlation with the future of AI in commerce and management ($r = .712$, $p < .01$). Governance also showed a positive correlation with the dependent variable ($r = .683$, $p < .01$). A positive relationship was observed between ethics and governance as well.

4.4 Regression Analysis and Hypothesis Testing

Multiple regression analysis was conducted to examine the influence of ethics and governance on the future of AI in commerce and management.

Table 5

Model Summary

Model	R	R^2	Adjusted R^2	Std. Error
1	.781	.610	.604	0.451

The model explained 61.0% of the variance in the future of AI in commerce and management.

Table 6

Regression Coefficients

Predictor	B	Standard Error	Beta	t	Sig.
Constant	0.842	0.311	—	2.707	.008
Ethics	0.461	0.072	.487	6.403	.000
Governance	0.389	0.081	.365	4.802	.000

The regression findings indicate that ethics significantly influenced the future of AI in commerce and management ($\beta = .487$, $p < .001$). Governance also demonstrated a statistically significant positive influence on the dependent variable ($\beta = .365$, $p < .001$).

Table 7

Hypothesis Testing Results

Hypothesis	Statement	Result
H1	Ethics significantly influences the future of AI in commerce and management	Supported
H2	Governance significantly influences the future of AI in commerce and management	Supported
H3	Ethics and governance jointly contribute to sustainable AI-driven innovation in commerce and management	Supported

The regression analysis supported all proposed hypotheses based on the statistical significance of the relationships observed in the model.

5. DISCUSSION

5.1 Interpretation of Key Findings

The findings of the study indicate that ethics and governance play a significant role in shaping the future of Artificial Intelligence (AI) in commerce and management. The results suggest that organizations increasingly recognize responsible AI practices as an important condition for sustainable technological innovation and long-term organizational legitimacy. Rather than viewing AI only as a tool for operational efficiency, respondents appeared to associate successful AI adoption with transparency, accountability and institutional trust. This supports the broader theoretical argument that technological advancement alone is insufficient unless supported by ethical and governance-oriented organizational structures.

The positive relationship identified between ethics and the future of AI in commerce and management highlights the growing importance of responsible decision-making in digitally driven business environments. Ethical concerns such as fairness, transparency and responsible data usage have become central to discussions surrounding AI adoption because organizations operate under increasing public and regulatory scrutiny. The findings imply that ethical orientation is gradually becoming part of strategic business practice rather than remaining limited to compliance or reputation management. From a theoretical perspective, this reinforces stakeholder-oriented arguments that organizational sustainability depends on balancing innovation objectives with social accountability and institutional legitimacy.

Similarly, the significant influence of governance on AI-driven transformation indicates that organizations require structured oversight mechanisms to manage technological complexity effectively. Governance frameworks appear to strengthen organizational confidence in AI implementation by establishing accountability and reducing uncertainty associated with automated decision-making systems. The findings therefore support the idea that governance should not be viewed merely as a regulatory function but as a strategic capability influencing innovation sustainability and stakeholder trust. In rapidly evolving digital economies, governance mechanisms may also help organizations adapt to ethical expectations and emerging policy requirements more effectively.

The combined influence of ethics and governance further suggests that these dimensions operate in an interconnected manner rather than as isolated organizational practices. Ethical principles without governance structures may remain symbolic, while governance mechanisms lacking ethical orientation may focus only on procedural compliance. The findings therefore reinforce the conceptual assumption that responsible AI adoption depends on integrating ethical accountability with institutional oversight. This integrated perspective contributes to ongoing discussions on responsible innovation and human-centred technological transformation within commerce and management systems.

5.2 Comparison with Prior Studies

The findings of the present study are consistent with earlier research emphasizing the importance of ethical governance in AI-enabled organizational environments. Previous studies by Corrêa et al. (2023) and Franzke (2022) highlighted that transparency, accountability and fairness are becoming essential elements of responsible AI adoption. The current findings extend these arguments by showing that ethical practices are not only linked to regulatory concerns but also influence perceptions regarding the long-term future and sustainability of AI in commerce and management.

The results also align with the work of Raisch and Krakowski (2021), who argued that organizations increasingly face challenges in balancing automation with human oversight. Similarly, Johnson and Verdicchio (2024) observed that the absence of transparency in algorithmic systems may weaken stakeholder trust and organizational legitimacy. The present study supports these theoretical discussions by indicating that governance mechanisms significantly influence organizational confidence toward AI implementation.

The findings further converge with studies emphasizing AI as a strategic organizational capability rather than purely a technological tool. Keding (2021) and Mariani et al. (2023) suggested that AI-driven innovation can strengthen competitiveness and organizational adaptability when supported by effective managerial structures. The current study supports this perspective by demonstrating that governance and ethics jointly contribute to sustainable AI-driven transformation within business environments.

At the same time, the study contributes additional contextual insight by focusing on a rapidly digitizing commercial environment such as Bengaluru, where organizations experience both technological opportunities and governance-related challenges simultaneously. Earlier research has predominantly concentrated on technologically advanced economies with stronger institutional structures. The present findings therefore extend existing scholarship by suggesting that concerns relating to ethical accountability and governance are equally relevant within emerging business ecosystems undergoing rapid digital transformation.

Overall, the study supports the broader scholarly argument that the future of AI in commerce and management will depend not only on technological capability but also on the ability of organizations to establish responsible, transparent and trustworthy governance systems.

6. IMPLICATIONS

6.1 Theoretical Implications

The findings of the present study contribute to the growing body of literature on Artificial Intelligence (AI), organizational governance and responsible innovation by offering an integrated perspective connecting ethics, governance and AI-driven transformation in commerce and management. Existing studies have frequently examined technological innovation, ethical concerns and governance mechanisms as relatively separate areas of inquiry. The present study extends current theoretical understanding by demonstrating that these dimensions are conceptually interconnected and collectively influence the future trajectory of AI adoption within organizational settings.

The study also strengthens stakeholder-oriented and responsible innovation perspectives by highlighting that organizational legitimacy in AI-enabled environments increasingly depends on transparency, accountability and ethical oversight. The findings suggest that governance should not be interpreted only as a compliance-oriented activity but also as a strategic mechanism supporting trust, innovation sustainability and institutional credibility. In this sense, the study contributes to contemporary management scholarship by positioning ethical governance as an enabling condition for sustainable technological transformation rather than as a barrier to innovation.

Furthermore, the study provides contextual insight into AI adoption within rapidly digitizing business environments. Much of the existing literature has focused primarily on advanced technological economies, whereas the present research contributes additional understanding from an emerging commercial setting. This extends the applicability of existing theoretical discussions surrounding responsible AI implementation across diverse institutional contexts.

6.2 Practical Implications

The findings of the study offer several implications for organizations, managers and policymakers involved in AI adoption and digital transformation initiatives. The positive influence of ethics on the future of AI suggests that organizations should prioritize transparency, fairness and responsible data practices while implementing AI-driven systems. Businesses increasingly operate under public scrutiny regarding algorithmic accountability, and ethical failures may weaken consumer trust and organizational reputation. Therefore, integrating ethical standards into AI-related decision-making processes may support long-term organizational sustainability.

The study also highlights the importance of governance mechanisms in strengthening responsible AI adoption. Organizations should establish clear governance frameworks that include internal oversight systems, accountability structures and regulatory compliance mechanisms. Such practices may help firms manage risks associated with automated decision-making and improve stakeholder confidence in AI-enabled operations.

From a policy perspective, the findings indicate the need for balanced regulatory approaches that encourage innovation while ensuring ethical accountability. Policymakers may consider developing practical AI governance guidelines that support transparency, explainability and responsible technology usage without restricting organizational adaptability. Educational institutions and professional training bodies may also contribute by improving awareness regarding ethical AI implementation and governance practices among future managers and business professionals.

7. LIMITATIONS AND FUTURE RESEARCH

The study has certain limitations that should be considered while interpreting the findings. First, the research was conducted using a cross-sectional design, which captures respondent perceptions at a single point in time. As a result, the study does not examine how attitudes toward AI ethics and governance may evolve over time with changing technological and regulatory conditions.

Second, the study was limited to a sample of 135 respondents from Bengaluru. Although Bengaluru represents an important technology-driven commercial environment, the findings may not fully represent perceptions across different geographical regions or industrial sectors. Future studies may therefore consider larger and more diverse samples to improve generalizability.

Third, the study focused specifically on ethics and governance as predictors of the future of AI in commerce and management. Other influential factors such as organizational culture, technological readiness, leadership orientation and employee adaptability were not included within the present framework. Future research may incorporate additional variables to develop a broader understanding of responsible AI adoption.

Future studies may also adopt comparative or longitudinal approaches to examine how governance practices and ethical expectations differ across industries, countries or organizational structures. Qualitative investigations may further provide deeper insight into managerial experiences and institutional challenges associated with AI implementation.

8. CONCLUSION

The present study examined the relationship between ethics, governance and the future of Artificial Intelligence in commerce and management. The findings indicate that ethical practices and governance mechanisms significantly influence perceptions regarding

sustainable AI-driven transformation within organizational environments. The study highlights that responsible innovation increasingly depends on transparency, accountability and institutional trust alongside technological advancement.

By integrating ethics and governance within a single analytical framework, the study contributes to contemporary discussions on responsible AI adoption and organizational sustainability. The research further emphasizes that the long-term success of AI in commerce and management will depend not only on technological capability but also on the ability of organizations to establish trustworthy and human-centred governance systems.

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