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From Human Oversight to Algorithmic Accountability: Directors' Role in AI Governance

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ABSTRACT

The increasing use of Artificial Intelligence (AI) by Corporates to make decisions has created a new responsibility for corporate directors because they now need to manage automated systems which use AI technology instead of monitoring workers. The study investigates this transformation while assessing algorithmic accountability through existing AI governance systems which operate under corporate, IT, and data governance procedures. The study uses qualitative exploratory methods which rely on secondary data sources such as peer-reviewed journal articles and industry reports and regulatory frameworks and corporate case studies. The literature review presents key themes for analysis through AI governance frameworks and digital transformation board responsibilities and AI systems ethical accountability. The study uses a deductive approach to test whether traditional governance theories apply to environments which use AI technologies. The study identifies three main obstacles which include transparent operations and who should take charge of situations and different rules for the system. The study finds that organizations need to establish better governance systems while developing board member skills and adopting ethical AI practices to make directors accountable in companies which depend on AI systems.

Keywords: AI Governance, Algorithmic Accountability, Corporate Directors, Board Responsibility, Ethical AI, Digital Governance

1. Introduction

Directors in India face challenges when artificial intelligence (AI) becomes part of corporate governance because it requires organizations to establish system-based control mechanisms instead of conventional human monitoring methods. It is imperative for organizations to develop operational systems that will enable them to undertake their digital transformation initiatives since they have to contend with both the legal issues as well as the ethical considerations along with challenges arising out of AI systems operating autonomously and being non-transparent[2]. India is actively engaging with AI, recognizing its potential for transformation across various sectors while simultaneously grappling with the associated legal and ethical complexities. The increasing demand for ethical AI practices encounters a major obstacle in India because the country does not yet have proper regulations to govern

[1] Assistant Professor, ILSR, GLA University, Mathura

[2] Dr. Tanvir Kaur, Dr. Jaskaran Singh. "Regulating AI in India: A Comparative Analysis with International Standards." Economic Sciences, vol. 21, no. 1, Apr. 2025, pp. 595–601. Crossref, https://doi.org/10.69889/ksaa2139.

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emerging technologies which develop at an excessive speed[3]. Organizations now make decisions through AI which have become integrated into their operations so these systems create new challenges which require organizations to establish new methods for monitoring their operations. Organizations today make their strategic, operational, and financial decisions through algorithm-controlled systems which manage all aspects of their operations[4].

The current development requires a fresh evaluation of how directors should perform their responsibilities regarding AI governance. The efficient operation of algorithmic systems leads to their classification as "black boxes" which create challenges for evaluating their fairness and transparency and their operational hazards. Directors need to develop from their current role of observing organizational operations to active participation in establishing responsibility for algorithmic systems through their expertise in artificial intelligence systems and their capability to decrease biases and maintain regulatory standards and protect stakeholder rights[5]. The corporate governance environment requires directors to take initiative because they must establish connections between new technological developments and their associated legal and ethical obligations. The concept of algorithmic accountability requires organizations to establish effective governance systems which enable directors to monitor operations while taking an active part in developing responsible artificial intelligence practices for their organizations[6].

Objectives of the study –

- To understand the changing role of corporate directors in AI governance from traditional human decision-making to supervising AI-based and automated decision systems.
- To examine algorithmic accountability and existing AI governance frameworks fits with corporate, IT, and data governance systems.
- To identify challenges and suggest ways to improve directors' accountability in AI-driven organizations.

The study investigates how company directors govern artificial intelligence through their transition from standard human monitoring toward the new system of algorithmic accountability. The research investigates how directors can meet their fiduciary responsibilities in an AI environment through transparent and fair and ethical implementation of algorithm systems. The study examines current regulatory systems while developing governance methods that achieve both responsibility and progress through effective risk

[3] Gupta, Sejal. "India's AI Regulation at the Crossroads: A Comprehensive Law or a Sectoral Mosaic?" Journal of Development Policy and Practice, vol. 11, no. 1, Oct. 2025, pp. 120–132. Crossref, https://doi.org/10.1177/24551333251382704.

[4] Bibi, Palwasha. "Establishing transparency and accountability in AI: Ethical standards for data governance and automated systems." *Birkstedt, T., Minkkinen, M., Tandon, A., & Mäntymäki, M.(2023). AI governance: themes, knowledge gaps and future agendas. Internet Research* 33.7 (2024): 133-167.

[5] Brand, Vivienne. "Directors' duties and AI regulation." *Griffith Law Review* 33.4 (2024): 324-354.

[6] Birkstedt, Teemu, et al. "AI governance: themes, knowledge gaps and future agendas." *Internet Research* 33.7 (2023): 133-167.

management. The study has significance because it helps to expand the discussion about how corporate governance operates in the time of artificial intelligence.

The implementation of AI technology in crucial decision-making processes requires directors to control risks associated with algorithmic bias and transparency issues and unintentional stakeholder damage. The research study holds particular value for policymakers and corporate leaders and legal scholars because it connects traditional governance concepts with contemporary technological problems while it facilitates responsible development of sustainable AI methods.

There are certain boundaries to this research study that define the scope of the work. The methodology of doctrinal and conceptual analysis is utilized in this research study because there isn't enough empirical data concerning the application of AI governance by the directors. This research deals with the major governance challenges in relation to AI governance but not with technical challenges.

2. Literature review

The application of AI in corporate governance is now an essential topic in the research on contemporary law and management in which different authors elaborate on its impact on the functioning of boards, the roles and liabilities of directors and regulatory environment. Agnese, Arduino, and Di Prisco (2025)[7] state in their article that AI is reshaping the functions, abilities, and internal processes of boards of directors by increasing the ability to analyze and make decisions more effectively and, simultaneously, creates such dangers as opaqueness and over-reliance. They propose that boards should structuralize by bringing in AI skills, such as the creation of special AI committees to deal with new risks and opportunities. Likewise, Kumar (2026)[8] considers AI to be an augmentative instrument of governance that empowers and does not eliminate the position of the independent directors.. He proposes a model according to which AI helps directors in the following functions: anomaly detection, predictive analysis, and regulatory monitoring but overall responsibility and fiduciary accountability must remain in the hands of human actors.

On the other hand, Gupta (2024)[9] points to the practical dilemma that the directors face when they need to choose the extent to which they should rely on the systems of AI.. He claims that although AI introduces efficiencies and scalabilities, directors must at all times be able to make their independent judgment and follow the statutory requirements under the frameworks such as the UK Companies Act, 2006 and the Indian Companies Act, 2013.

[7] Agnese, Paolo, et al. “The Era of Artificial Intelligence: What Implications for the Board of Directors?” Corporate Governance: The International Journal of Business in Society, vol. 25, no. 2, June 2024, pp. 272–287. Crossref, https://doi.org/10.1108/cg-06-2023-0259.

[8] Kumar, CR Suthikshn. "AI-Augmented Corporate Governance: Enhancing the Effectiveness of Independent Directors." *Authorea Preprints* (2026).

[9] Gupta, Aditya. "Artificial intelligence (AI) and directorial decision making." *Corporate Governance* 6.1 (2024).

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Reddy (2025)[10] also builds this conflict as he does not believe AI will ever be able to fulfill the legal requirement of a director. The literature is also very keen on accountability and regulatory issues that arise with the use of AI. Banerjee and Prakash (2025)[11] affirm that AI is disruptive to the traditional processes of corporate responsibility in India because it introduces the following types of risks: algorithmic bias, data breach, and uncertainty in terms of accountability in the context of automated decisions. Further, Solanki et al. (2026)[12] provide a comparative analysis of the Indian and international regulations like the EU AI Act, OECD AI Principles and regulation in the United States of America, identify the flaws in its governance and propose a hybrid strategy that will combine statutory reform, algorithmic transparency, ethical oversight and establishing AI ethics committees at the board level. In a more policy-oriented approach, Joshi (2024)[13] examines the AI governance in India through the prism of the political economy and claims that the current policy framework promotes a data-driven scheme of informational capitalism and is extremely rooted in the system of corporate self-governance, even though the state still retains a significant degree of control over the digital infrastructure and market relationships.

The original concept of AI participation in the boardrooms where the concept of the so-called Robo-Directors is negotiated is developed by Panda (2025)[14], regarding the Indian Companies Act, 2013 and international tendencies in governance. He argues that current legal systems lack recognition of artificial intelligence as corporate directors which lead to substantial legal problems and ethical dilemmas about determining AI systems' decision-making power and official duties. Reddy (2025) also agrees with this perspective and does not believe that it is possible to replace human directors with AI systems; moreover, he notes that such a change would be unable to comply with the conventional ideas of corporate law.

The authors all agree that AI can enhance corporate governance through its ability to deliver improved data analysis which helps decision-making, but human judgment should remain the final decision-making element. The implementation of AI requires adaptive legal systems and advanced board member expertise plus strong regulatory frameworks which will ensure operational transparency and accountability and fulfill fiduciary responsibilities.

Research gap: When analysed through the prism of the theme From Human Oversight to Algorithmic Accountability: Directors Role in AI Governance, the available body of literature on the topic of Artificial Intelligence (AI) in corporate governance opens a considerable and complex research gap. Although other studies like Agnese et al. (2025) and

[10] Reddy, Vydhrithi. “Corporate Boards: Human or Bot?” SCRIPTed: A Journal of Law, Technology & Society, vol. 22, no. 1, Sept. 2025, pp. 76–100. Crossref, https://doi.org/10.2218/scrip.22.1.2025.11650.

[11] Banerjee, Jyotirmoy, and Bharath Prakash. "The Rise of Artificial Intelligence in Corporate Accountability: Legal Implications for Corporate Governance in India." *Available at SSRN 5291831* (2025).

[12] Solanki, Shashank, et al. "AI Corporate Governance and Legal Accountability: Comparative Indian–International Frameworks." *Legal Challenges of AI Across Interdisciplinary Sectors*. IGI Global Scientific Publishing, 2026. 1-42.

[13] Joshi, Divij. "AI governance in India – law, policy and political economy." *Communication Research and Practice*, vol. 10, 2024, pp. 328 - 339. https://doi.org/10.1080/22041451.2024.2346428.

[14] Panda, Biranchi Naryan P. "Boardroom in AI Age, Scope for" Robo-Directors": An Analysis of the Indian Companies Act, 2013 and International Trends." *Athens JL* 11 (2025): 143.

Kumar (2026) recognize the radical change brought about by AI in board functions and how AI is used as a decision support tool, they mostly limit the discussion to AI as a decision support system as opposed to critically considering the radical change in accountability towards algorithms. Likewise, Brand (2024) and Gupta (2024) believe that the traditional responsibilities of directors, including, but not limited to, the duty of care, diligence, and independent judgment, Despite the fact that Reddy (2025) and Panda (2025) pose significant conceptual questions about whether AI can serve to act as Robo-Directors and that they raise concerns about the issue of legal status, fiduciary responsibility, and the black-box nature of algorithms, their analyses are mostly theoretical and lack practical. In addition, Banerjee and Prakash (2025) and Solanki et al. (2026) also identify such crucial regulatory concerns as algorithmic bias, data privacy, and fragmented governance structures and propose the following measures, including algorithmic audits and AI ethics committees, yet they do not respond to the question of how such processes can be operationalized at the board level and how directors can practically implement, Despite the fact that Joshi (2024) offers an essential macro-level assessment of the AI policy environment in India, it does not address the gap between the national policy-regulatory practices and the micro-level involvement of corporate boards, The inaccessibility of a comprehensive and holistic framework that re-institutionalizes the role of directors not as supervisors of AI, but as actors in holding algorithms accountable, thus, constitute the research gap.

3. Methodology

The research uses qualitative methods and exploratory research to study secondary data. The research uses journal articles and industry reports and regulatory frameworks and case studies as its sources. The researchers conduct a systematic literature review to study AI governance and board-level oversight. The research investigates two topics which are accountability and ethical AI practices. Thematic analysis enables researchers to discover patterns which exist within algorithmic decision-making and its associated governance systems. The research studies how different governance frameworks perform through its comparative analysis method. The research employs a deductive research method which examines existing theories in AI-based environments.

4. Transformation of Directors' Role in the Age of AI

The prevalent adoption of Artificial Intelligence (AI) across corporate governance systems brings a fundamental change to corporate directors' duties which now require them to supervise AI systems and automated technologies. Directors need to completely change their fiduciary duties because their responsibilities now require them to understand technology better and create new governance standards. Directors of corporations operate under fiduciary duties which require them to protect company interests and stakeholder needs through responsible conduct and decision-making[15]. Directors need to understand AI technology because it dominates financial oversight and risk management and strategic decision-making processes. Directors need to develop a complete understanding of the AI systems which their

[15] Agnese, Paolo, et al. "The Era of Artificial Intelligence: What Implications for the Board of Directors?" Corporate Governance: The International Journal of Business in Society, vol. 25, no. 2, June 2024, pp. 272–287. Crossref, https://doi.org/10.1108/cg-06-2023-0259.

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organizations use according to the duty of care requirements. Directors need to assess whether AI system information provides reliable decision-making support because complex algorithms often create hidden information. Directors' ability to fulfill their fiduciary duties decreases when they delegate too much to AI systems without understanding their functions and monitoring their operations[16].

The duty to monitor corporate officers extends to their responsibility which includes tracking how AI systems operate and how people use these systems. The situation requires special attention because people tend to trust machine-generated results which make them likely to disregard essential mistakes and ethical issues. The legal system in India is currently undergoing changes to adapt to AI technology which has an impact on the duties and responsibilities of corporate leaders who manage business organizations under statutory regulations like the Companies Act of 2013[17]. The new responsibilities of directors require them to develop complete knowledge about various technological advancements. AI governance frameworks require this knowledge because organizations need to maintain automation advantages while ensuring human monitoring and ethical standards. The concept of "algorithmic accountability" is central to this shift.

AI systems need to justify their decisions because they handle complex situations which require explanation of their decision-making processes[18]. AI technology adoption in India should set up accountability measures since the current social biases lead to algorithmic discrimination. Human beings have to use their social and technical environment to exercise their authority in order to establish effective AI governance. The organization needs to come up with the mechanisms of monitoring AI system updates and training materials and performance review as this is the required foundation of responsibility through continuous monitoring and strict examination processes. The concept of algorithmic resignation shows how the directors should use such an approach as a tool of controlling crucial decision-making processes through the mechanism of embedded governance structures that distribute the authority between the automated systems and human participants[19].

The board of directors needs to establish the various dimensions of AI governance because this process helps them understand the organizational hazards and supports their efforts to follow legal requirements. The Digital Personal Data Protection Act of 2023 and proposed AI regulations enable India to implement structured governance systems even though complete AI-specific legislation is still being created.

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[16] P.R., Biju, and Gayathri O. “Algorithmic Solutions, Subjectivity and Decision Errors: A Study of AI Accountability.” Digital Policy, Regulation and Governance, vol. 27, no. 5, Nov. 2024, pp. 523–552. Crossref, https://doi.org/10.1108/dprg-05-2024-0090.

[17] Manoj Kumar, Ka, et al. “Ethical AI Conundrum: Accountability and Liability of AI Decision Making.” 2023 IEEE Technology &Amp; Engineering Management Conference - Asia Pacific (TEMSCON-ASPAC), IEEE, 2023, pp. 1–6. Crossref, https://doi.org/10.1109/temscon-aspac59527.2023.10531445.

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[19] Reddy, Vydhrithi. “Corporate Boards: Human or Bot?” SCRIPTed: A Journal of Law, Technology & Society, vol. 22, no. 1, Sept. 2025, pp. 76–100. Crossref, https://doi.org/10.2218/scrip.22.1.2025.11650.

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5. Algorithmic Accountability and Governance Integration

Algorithmic accountability requires AI systems to provide explanations for their decisions which function beyond basic transparency. The present situation holds particular importance because AI systems today must navigate many social environments which contain different cultural norms and bias tendencies which people exhibit in India, demonstrates that AI systems continue to amplify societal biases which exist in the society through their system design flaws and implementation errors which stem from caste and religious and gender and socio-economic biases. The study emphasizes that organizations must establish strong accountability systems to prevent AI systems from creating more severe historical injustices[20].

The process requires organizations to keep complete documentation which captures all stages of AI system progress including the different system editions and the data used for training and the assessment results. The ability to trace back decision-making enables organizations to conduct AI audits while tracing back their AI decision-making process. The absence of national AI liability laws in India creates difficulties for resolving these matters through existing cybersecurity legislation which fails to address the needs of AI and algorithmic bias situations[21]. Humans still need to oversee AI systems because these technologies provide substantial automation advantages. The process demands more than merely establishing a basic system which includes human operators because it needs organized methods which should be used to monitor AI systems and detect hazards and treat issues whenever needed.

Directors and governance bodies must be equipped to understand the contexts in which AI is used and how humans interact with these systems particularly given the tendency for humans to over-rely on machine-generated outputs[22]. The concept of "algorithmic resignation" proposes that AI systems should include governance mechanisms which require human supervision for high-stakes decision-making. Organizations must create specific roles for accountability which include a risk owner an independent auditor and a clinical champion of AI applications. These roles help ensure that AI systems align with the company's ethical commitments and regulatory obligations which reduces risks and enables boardroom accountability[23]. The "RACI model" (Responsible, Accountable, Consulted, Informed) shows that AI can take "Responsible" duty to perform anomaly detection yet humans who possess

[20] Criado, J. Ignacio, and Ariana Guevara-Gomez. “Who Evaluates the Algorithms? An Overview of the Algorithmic Accountability Ecosystem.” Proceedings of the 25th Annual International Conference on Digital Government Research, ACM, 2024, pp. 19–28. Crossref, https://doi.org/10.1145/3657054.3657247.

[21] David, Dharish, et al. “Algorithmic Bias and Discrimination in India: A Looming Crisis.” Journal of Development Policy and Practice, vol. 11, no. 1, Aug. 2025, pp. 81–104. Crossref, https://doi.org/10.1177/24551333251343358.

[22] Biju, P. R., and O. Gayathri. “Analysis of Data Policies, Structural Oppression and AI Algorithms in India.” International Journal of Public Law and Policy, vol. 10, no. 4, 2024, pp. 449–471. Crossref, https://doi.org/10.1504/ijplap.2024.141731.

[23] P.R., Biju, and Gayathri O. “Algorithmic Solutions, Subjectivity and Decision Errors: A Study of AI Accountability.” Digital Policy, Regulation and Governance, vol. 27, no. 5, Nov. 2024, pp. 523–552. Crossref, https://doi.org/10.1108/dprg-05-2024-0090.

legal and ethical responsibility must make final decisions. The use of AI in organizations requires them to prioritize ethical standards which include beneficence non-maleficence autonomy and justice.[24]

The existing regulations in India require AI-specific legislation which is currently being developed while the Digital Personal Data Protection Act 2023 and upcoming AI regulations make progress toward establishing data and AI governance frameworks. The Information Technology Act 2000 together with existing legal frameworks fails to provide sufficient solutions for the new challenges which AI technology brings through its algorithmic bias and automated decision-making processes[25]. Corporate directors need to establish basic knowledge about AI technology which includes its strengths and weaknesses and its usage in their business operations. Directors need to acquire this literacy to perform their fiduciary duties because their duty of care now requires them to understand their organization AI systems and assess the trustworthiness of AI-generated information[26].

6. Challenges and Enhancing Directors' Accountability in AI-Driven Organizations

Artificial Intelligence (AI) integration into corporate operations creates transformative opportunities while establishing major difficulties for corporate directors because it changes their responsibility to them. Directors need multiple solutions to improve their responsibility in AI organizations because their duties require them to develop new skills and understand technology and data and AI systems and create strong algorithmic monitoring systems and meet new regulatory and ethical standards[27].

Directors must now exercise due diligence in understanding the AI systems adopted by their organizations. The assessment requires people to understand an AI system's operational capabilities and its constraints and the algorithms that power it and the data that feeds it and the potential biases which may produce incorrect or discriminatory results[28]. Directors need to assess whether AI systems deliver enough data for their decision-making needs, especially when complex algorithms operate in hidden ways. The Companies Act 2013 and other statutory systems in India provide director duties which now undergo

[24] Bharati, Rahul. "Navigating the Legal Landscape of Artificial Intelligence: Emerging Challenges and Regulatory Framework in India." SSRN Electronic Journal, 2024. Crossref, https://doi.org/10.2139/ssrn.4898536.

[25] Sharma, Ms. Sheetal. "Governance in the Age of Algorithms: Ethical Dilemmas and Administrative Reforms." International Journal of English Literature and Social Sciences, vol. 10, no. 2, 2025, pp. 379–388. Crossref, https://doi.org/10.22161/ijels.102.58.

[26] Bansal, Saurabh, and Dr. Neelesh Jain. "A Comprehensive Study Assessing the Transformative Role of Artificial Intelligence in India\'s Governance Policy Framework." International Journal for Research in Applied Science and Engineering Technology, vol. 11, no. 7, July 2023, pp. 1748–1756. Crossref, https://doi.org/10.22214/ijraset.2023.54973.

[27] Zhao, Jingchen. "Promoting More Accountable AI in the Boardroom through Smart Regulation." Computer Law & Security Review, vol. 52, Apr. 2024, p. 105939. Crossref, https://doi.org/10.1016/j.clsr.2024.105939.

[28] Gaske, Matthew. "Corporate Officers' Fiduciary Duty to Monitor Generative Artificial Intelligence." SSRN Electronic Journal, 2023. Crossref, https://doi.org/10.2139/ssrn.4664899.

assessment because AI technology changes how corporate leaders operate and take responsibility[29].

The need for AI literacy in the acquisition of essential AI knowledge is the basis that should be established first before the companies achieve the objective of attaining accountability. The term AI literacy does not simply imply appreciating AI's strengths but involves having knowledge about the practical application of the technology in their own organization and knowing how it might cause discrimination[30]. Directors need this literacy to carry out their extended fiduciary responsibilities because it enables them to supervise their duties properly. The board requires two actions which include making educational programs a permanent feature of their operations while bringing in directors who possess essential technological skills to address their existing knowledge deficiencies. Algorithmic accountability guarantees that AI systems achieve operational efficiency while maintaining their fairness and transparent and justifiable operations[31].

The process requires complete documentation about AI system development which includes all system versions and training datasets and performance evaluation documents. Traceability enables organizations to track AI decision-making processes from their inception until they reach final outcomes which need to be assigned to specific individuals[32]. Organizations need to establish specific functions that each individual must perform when handling AI-related hazards. The process requires identification of a risk owner together with an independent auditor and a champion who will oversee AI applications to ensure compliance with ethical and legal requirements. The "RACI model" (Responsible, Accountable, Consulted, Informed) demonstrates that humans who possess legal and ethical authority must take responsibility for all decisions that AI systems execute[33].

AI-related risks which include data privacy breaches and algorithmic bias and cyber-security vulnerabilities need to be integrated into current enterprise risk management systems. This body can focus on developing AI policies to monitor AI deployment while ensuring compliance with ethical and regulatory standards. Organizations need to conduct ongoing assessments which evaluate AI systems social impacts and ethical implications and

[29] Agnese, Paolo, et al. "The Era of Artificial Intelligence: What Implications for the Board of Directors?" Corporate Governance: The International Journal of Business in Society, vol. 25, no. 2, June 2024, pp. 272–287. Crossref, https://doi.org/10.1108/cg-06-2023-0259.

[30] Narne, Suman, et al. "AI-driven decision support systems in management: enhancing strategic planning and execution." *International journal on recent and innovation trends in computing and communication* 12.1 (2024): 268-276.

[31] Criado, J. Ignacio, and Ariana Guevara-Gomez. "Who Evaluates the Algorithms? An Overview of the Algorithmic Accountability Ecosystem." Proceedings of the 25th Annual International Conference on Digital Government Research, ACM, 2024, pp. 19–28. Crossref, https://doi.org/10.1145/3657054.3657247.

[32] Zhang, Yufeng. "Artificial Intelligence Intervention in Corporate Governance: Directors' Fiduciary Duties." Interdisciplinary Humanities and Communication Studies, vol. 1, no. 7, June 2024. Crossref, https://doi.org/10.61173/jse43g13.

[33] de Lima, Igor Silva. "Artificial Intelligence in Corporate Governance: A Few Inquiries on the (Non-) Compliance of Directors' Duties from a Portuguese Law Perspective." Uniform Law Review, vol. 28, no. 3–4, Dec. 2023, pp. 455–461. Crossref, https://doi.org/10.1093/ulr/unae010.

operational effects especially in critical decision-making environments[34]. The organization should deliver on-going AI technology training to board members while hiring external experts to provide guidance on complicated AI governance matters.

7. Discussion

This research shows that the functions of corporate directors are changing significantly the past model of human control to an algorithmic accountability model. Agnese et al. (2025) firmly believe in this change and claim that AI restructures the work of boardrooms and prompts structural modifications, including AI-oriented committees. In the same manner, Suthikshn Kumar (2026) notes that AI ought to complement, but not to substitute the roles of directors by improving the monitoring and decision-making processes. The current research correlates with both sides also by stating that directors need to incorporate AI into the governance structures and still have the final responsibility. Meanwhile, Panda (2025) coined the term of Robo-Directors and proposes a more radical shift, although the current research diverges, denying the substitution of human directors but insisting on the existence of a hybrid version, in which AI is only an assistant but never replaces human judgment.

The works of Brand (2024) and Gupta (2024) are also an excellent source of support of the study, especially the fact that fiduciary duties remain relevant in an AI-driven environment. Brand claims that the current frameworks of directors' duties can be easily adjusted to meet AI issues, and Gupta emphasizes the dilemma that the directors have to follow AI-based decisions or make independent judgments. These perspectives are shared in the current study, and it is important to note that the responsibility of understanding the AI systems, their risks, and limitations has become a duty. Moreover, the results align with those of Solanki et al. (2026) and Banerjee and Prakash (2025), who find regulatory fragmentation and lack of accountability in the Indian AI regulation system. The current research also notes that the current legislation, such as the Companies Act, 2013, IT-related regulations, is not well suited to combat such challenges as algorithmic bias, opacity, and diffusion of liability.

Also, it is possible to note that the issues suggested by Biju & Gayathri (2024) and Dharish David et al. (2025) on algorithmic bias and social inequalities embedded in algorithms are particularly relevant to the present research, especially in the Indian context. Although these writers pay more attention to the societal and policy meaning, the current research paper pushes their arguments to the corporate governance system by highlighting the duty of directors to alleviate such biases using ethical AI frameworks and monitoring systems.

Lastly, the study is consistent with Reddy (2025), Criado & Guevara-Gomez (2024), and Joshi (2024) in emphasizing the larger governance and accountability issues of AI. Reddy emphasizes the legal ambiguity and black box of AI, whereas Criado and Guevara-Gomez emphasize the necessity of an ecosystem of algorithmic accountability through audits and assessment tools. The current paper extends these lessons by suggesting organized governance mechanisms to include constant monitoring, role assignment (e.g., risk owners

[34] Ahmed, Fazail Asrar, Seema Gul, and Salman Shahzad. "Ensuring accountability and transparency in AI-driven corporate governance." *International Journal of Social Sciences Bulletin* 3.5 (2025): 330-341.

and auditors), and responsible models. Nevertheless, one of the differences is detected with Joshi (2024), who focuses on a self-regulatory and market-driven economic model of AI regulation in India. To the contrary, this paper contends that self-regulation is not enough and that it should be supplemented by more robust board-level responsibility and regulatory control.

8. Conclusion

The role of company directors has been greatly changed with the introduction of artificial intelligence (AI) into the corporate governance. The transition to the algorithmic responsibility of responsibilities that are previously held by human beings means that directors should not simply be passive observers of AI-based decision-making systems but rather participate in their functioning. The technology of artificial intelligence improves work efficiency while it helps people make better decisions at work. The technology needs directors to adapt their skills to the changes in the environment which require responsible technology usage. The research shows that traditional fiduciary duties which include care and diligence and independent judgment still exist because they need to understand and monitor artificial intelligence systems.

Directors have to acquire fundamental expertise in AI, perceive the outputs of algorithms, and make sure that the decisions are reasonable and justified. The latter, in turn, brings in the notion of algorithmic accountability, the role of which is to render AI systems transparent and explainable and subject to checks and audits. The research also shows that the legal and regulatory provisions have loopholes especially in India. The current legislation is not fully equipped to deal with the issue of algorithmic discrimination, data security, and responsibility in AI-driven decisions. That is why it is necessary to improve the governance practices through improving regulations, ethical guidelines and internal controls such as AI oversight committees and risk management systems. In Conclusion, AI is not to be viewed as a substitute to the directors but rather as their assistant. Human judgment and accountability are still required in corporate governance. Directors should be at the forefront in their pursuit of knowledge on the AI, mechanisms of ethical conduct and good governance. The notion of accountability and responsible use of AI through balancing innovation and responsibility will lead to the future of corporate governance.

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