

Artificial Intelligence in Corporate Decision- Making: Some Insights

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Agenda

1. Short introduction
2. Current examples: Vital, Alicia T, Einstein Guidance
3. AI terminology
4. Three levels of AI involvement including important questions:
 - a. *AI as directors?*
 - b. *AI as delegates?*
 - c. *AI as information source for corporate decision-making?*
 - d. *(AI for shareholder decision-making)*
5. Research Idea and Questions

Corporate Law

Five fundamental characteristics of corporations all around the world:

- Legal personality
- Limited liability
- Transferability of shares
- Delegated management
- Investor ownership

Agency Theory

- Adam Smith in his *An Inquiry into the Nature and Causes of the Wealth of Nations*
- Costly corporate governance mechanisms to align incentives

AI is the solution?

Practice: AI in Corporate Decision-Making

Vital: Deep Knowledge Ventures (Hong Kong)

‘ROBOT becomes world's first artificial intelligence company director’

‘Algorithm appointed board director’

‘Investment firm appoints robot to its board’

‘VITAL Named To Board’

Alicia T: Tieto (OMX)

Einstein Guidance: Salesforce

AI Terminology

The feature that computer programs can perform tasks that require some kind of human intelligence.

- AI: 'machine learning', 'deep learning', 'natural language processing'
- Computer programs: algorithms or robots

Defining intelligence: from weak or narrow AI to strong AI (including AGI)

AI as Directors? (AGI)

Theory: solves the agency problem?

But:

- Is AI able to direct a company in a transparent way?
- Current regulatory framework?
- Personhood and liability?

AI as Delegates? (AGI)

The current corporate law frameworks already offers opportunities

Delegation of powers from the board level is generally country-specific, but some general elements, including:

- Certain powers cannot be delegated (board cannot be deprived of all of its powers; core decisions)
- Instructions and monitoring
- Delegation is revocable
- AoA

AI as Delegates? (AGI)

Executive committee:

- Belgium: ‘directiecomité’ (part Ibis, article 524bis and 524ter WvV, *current law*)
- DCGC 2016: “a committee which is closely involved in the decision-making of the management board, and which, in addition to members of the management board, may also include members of senior management.”
- No delegation of ‘*bestuurstaken*’ and monitoring

Employee members: elected and dismissed by the management board, but can you hire an AGI?

AI as Information Source for Corporate Decision-Making?

Director duties:

- Fiduciary duties
- Duty of care

But, for instance:

- Reporting and transparency?
- Narrow AI sufficient (no AGI)?

Research Idea and Questions

Research Idea:

- Further comparative study of AI involvement in corporate decision-making, including shareholder decision-making as fourth level
- Constituting the (minimum) requirements framework for a responsible use of AI
- Types of AI
- Challenging the current corporate law framework (implications for limited liability, supervisory and non-executive directors, personhood of AI, etc.)