



The Impact of Artificial Intelligence Technology on Corporate Governance Transparency: A Systematic Literature Review

Ika Putriani*^{id} and Wahda Wahda^{id}

Hasanuddin University, Makassar, Indonesia

*putriani24a@student.unhas.ac.id

Abstract. This study systematically synthesizes the academy literature to assess the influence of (AI) on corporate governance transparency. The primary objective is to identify domains where AI enhances management visibility and domains where it creates oversight limitations. Furthermore, this study aims to develop a conceptual framework to map ethical and practical dilemmas in the use of AI to support good governance principles. The literature selection process involved initially identifying 85 articles, which were then narrowed down to 21 relevant articles for analysis. AI shows great potential to enhance transparency through improvements in the quality of environmental information disclosure (EID) and ESG performance, as well as enhancing investment efficiency and data driven decision making through reduced information asymmetry. AI has also been shown to reduce corporate fraud and strengthen internal oversight. However, significant challenges arise from the lack of transparency and explainability of AI decision making processes, the absence of a standardized AI reporting framework, and the risk of algorithmic bias and potential abuse for tax avoidance. Therefore, a comprehensive conceptual framework is needed to promote transparency, accountability, fairness, and robust oversight in AI implementation to achieve ethical and effective corporate governance.

Keywords: Artificial Intelligence, Corporate Governance, Transparency, Employee Performance, Systematic Literature Review.

1 Introduction

Corporate governance, often referred to as Good Corporate Governance (GCG), the framework for company oversight and value creation for all stakeholders in the long term, while ensuring that the company operates transparently, responsibly, accountable, independent and fairly [1]. The traditional governance paradigm focuses on internal mechanisms such as the company's board, audit committees, and internal control systems [2]. However, in this of rapid technological advancement, disruptions have emerged that challenges conventional governance models. Digital transformation has fundamentally changed the business landscape, forcing companies to adopt new tech-

nologies to remain competitive [3]. One of the most important and transformative technologies is artificial intelligence. AI can increase efficiency in detecting and responding to mitigating data breaches and other risks by addressing cyber threats in real time and costly system downtime [4].

Artificial intelligence, with its ability to process large amounts of data, identify patterns, and make predictions, has been integrated into a variety of business functions. AI is being used to optimize corporate governance transparency, enhance customer experience, manage financial risks, and even automate decision making processes [5]. Implementing AI in corporate operations brings a variety of benefits, including increased efficiency, accuracy, and speed [6]. However, beyond these benefits, there are complex implications for transparency and accountability in corporate governance. Therefore, legal evolution is needed to ensure that AI enhances, rather than weakens, corporate governance standards in the digital age [7].

Transparency is a key principle of good corporate governance. Transparency ensures that relevant information, including financial performance, risk and strategic decisions, is communicated clearly and openly to stakeholders such as investors, employees and the public [8]. This principle aims to build trust, reduce information asymmetry and prevent unethical practices. By being transparent, companies allow stakeholders to make better decisions and can be held responsible for what they do [9]. This not only enhances a company's reputation but also promotes market stability and attracts investment [10]. Ultimately, transparency forms the basis for strong corporate accountability, which is essential for long term growth and sustainability [11].

The integration of AI into governance systems poses an interesting dilemma. On the one hand, AI has the potential to increase transparency. For example, AI can be used to analyze financial data in real time, detect anomalies, and generate more accurate and detailed reports [11]. This can help stakeholders gain deeper insight into a company's performance. On the other hand, AI also creates a black box, it's challenging to explain how decision were made or track. Complex AI algorithms, especially in machine learning models, often do not provide a clear explanation of why decisions are made. This lake of explainability poses a serious challenge to the principles of transparency and accountability. If a company cannot explain how AI based decisions are made, it is difficult for stakeholders to verify whether those decisions are fair, ethical, and free from bias. A study by deloitte found that 62% of companies criticized the lack of transparency about source and information when using AI programs. This suggest that many companies struggle to understand how their internal AI systems operate [12]. The black box phenomenon extend beyond the technical domain, encompassing matters of trust and regulation. As AI is increasingly integrated into core corporate operations, the need for explainable AI becomes increasingly urgent. Without the ability to understand and explain AI decisions, companies risk losing the trust of customers, investors, and regulators, as well as facing potentially serious legal and ethical consequences. Therefore, developing a robust AI governance framework, encompassing principles of transparency, accountability, and fairness, is essential to ensure that AI can be used responsibility and sustainably [13].

Given this emerging dilemma, there is an urgent need to comprehensively understand how artificial intelligence technologies actually impact transparency in corporate

governance. While many studies have addressed this topic, the existing literature is still scattered and unsystematic. Existing studies often focus in single case studies or specific aspects of the technology, without providing a holistic picture of the impact of AI on transparency across industries. This is exacerbated by the paradox of AI integration: on the one hand, it improves reporting efficiency while on the other, it actually worsens the traceability of decisions. This situation then creates a tension between algorithmic efficiency and principles of transparency that underpin good corporate governance.

Therefore, a systematic literature review is highly relevant. This research aims to synthesize findings from various relevant studies, identify trends, research gap, and develop theoretical models. By conducting a systematic review, this research can provide a clearer and more comprehensive understanding of the mechanisms by which AI impacts corporate governance transparency, both positively and negatively. The results of things review will significantly contribute to academics, practitioners, and policymakers in devising appropriate strategies and regulations to optimize the benefits of AI while minimizing to transparency and accountability.

Research by [14] shows that AI can improve the efficiency of financial reporting, but it does not address the clarity of algorithmic decisions. While this research shows that AI can improve efficiency in financial reporting, it does not specifically discuss or analyze in depth how these efficiency gains contribute to or affect the transparency of corporate governance. This means that the research addresses the operational and efficiency aspects of AI use in accounting, while a systematic literature review to be conducted has the potential to fill this gap by systematically examining how AI directly affects transparency and clarity in corporate governance practices, which are different and broader than the efficiency of financial reporting. There is no systematic synthesis across studies that simultaneously assesses the various impacts of AI on transparency, especially those that compare sectoral or regional contexts. This theoretical gap hinders the development of governance regulations and practices that are appropriate to AI disruption.

This study aims to systematically synthesize the academic literature that assesses how artificial intelligence impacts corporate governance transparency, identifying domains where AI enhances management visibility and domains where it creates oversight limitations. It also aims to develop a conceptual framework to map the ethical and practical dilemmas in using AI to support good governance principles.

2 Literature Review

2.1 Theory

Explainable AI (XAI) theory by [15] is a field of study focused on developing methods and techniques that enable humans to understand, interpret, and trust the results and decisions made by artificial intelligence (AI) systems. In the context of addressing transparency challenges, XAI plays a crucial role. XAI offers various approaches to unlocking the black box of AI and increasing transparency:

Model Interpretation. Aiming to make AI models easier to interpret, it's not just about knowing the output, but also understanding the factors that influence that output.

Various Lighting Techniques. There are several XAI techniques developed to provide easy to understand explanations, namely SHAP (Shapley Additive Explanations) is used to fairly calculate the contribution of each input feature to the model output. LIME (Locally Interpretable Model agnostic Explanations) to explain individual predictions from a black box model by creating a simpler and more interpretable proxy model around the data points to be explained. Visualization is used to help users understand AI results intuitively. Intrinsic methods are designed to be interpretable, making them more transparent and easy to understand.

Building User Trust. By providing explanations of how AI works, XAI help build trust between users and AI systems. When people understand the rationale behind decisions, they are more likely to accept and trust them.

Facilitate Audit and Accountability. XAI simplifies the audit process by providing transparent, detailed data that can be reviewed. This allows organizations to meet legal and regulatory requirement and track accountability if issues arise.

Identifying and Addressing Bias. With the explanations provide by XAI, developers can identify data features or patterns that may contribute to bias in AI decisions. This allows for interventions to reduce or eliminate bias, ensuring fairness in the us of AI.

Model Improvement and Validation. The benefits of XAI explainability are not only for end users but also for developers. By understanding why a model makes certain decisions, developers can validate its performance, identify weaknesses, and make targeted improvements.

Explainable AI (XAI) theory is essential to address the challenge of transparency in AI systems. By enabling humans to understand, interpret and trust AI decisions, XAI not only enhances the use of this technology but also ensures more ethical, fair and responsible use of AI. The implementation of XAI is an important step towards a future where AI can provide maximum benefits to society while maintaining the principles of transparency and accountability.

Institutional theory is a theoretical framework that explains how organizations operate within a broader social environment, where norms, values, beliefs, rules, and practices shape organizational behavior. In the context of responsible to adopt AI practices that align with societal and regulatory expectations. There are three main types of institutional pressures that are often discussed in this theory:

Coercive Pressure. This pressure comes from formal or informal coercion from institutions with power, such as governments, regulatory bodies, or parent organizations [16].

Mimetic Pressure. This pressure arises when organizations imitate other organizational practices or structures that are considered successful or legitimate, especially in uncertain circumstances [17].

Normative Pressure. This pressure comes from professionalism, education, and professional associations that spread certain norms and standards of practice [18].

Legitimacy represents a fundamental tenet of institutional theory, and organizations make concerted efforts to both acquire and sustain it, the perception that their actions are appropriate, and justified as part of a system of shared societal expectations, values, beliefs, and definitions. Adopting responsible AI practice is not only about compliance but also about building and maintaining a positive reputation among stakeholders. Organizations that are perceived to be responsible in their use of AI tend to gain trust, attract investment, and retain market share. Conversely, organizations that face criticism for unethical use of AI may lose legitimacy, experience boycotts, or have difficulty recruiting talent [19]. In short, institutional theory explains that responsible use of AI is not simply a rational decision based on efficiency, but also the result of external pressures and the organization's desire to be accepted and recognized as a legitimate entity in its environment.

2.2 Literature Review

Below, the researcher presents literature from several past studies as reference material for the study, namely:

Methodologies in Digital Twin for Manufacturing Industry: A Systematic Literature Review. Methodological inquiries into digital twin applications within the industrial sector have garnered substantial attention in recent years. This heightened focus is driven by the challenges inherent in designing, developing, and deploying sustainable solutions. This study employs a systematic literature review to synthesize current findings and pinpoint research gaps. While the volume of relevant research continues to expand, a notable deficiency exists, most publications do not provide a comparative analysis of the benefits, advantages, and limitations associated with various methodological approaches [20].

Artificial Information Governance and ESG Performance: Quasi Experimental Evidence from China. This research demonstrates that artificial intelligence can enhance corporate governance and support sustainability initiatives. AI's positive influence on a company's ESG (Environmental, Social, and Governance) performance operates through three primary channels, it improves the transparency of environmental

information, optimizes supply chain operations, and reduce agency costs. While AI offers valuable tools for fostering sustainable and socially responsible growth, its effective and ethical deployment requires addressing significant challenges such as data privacy, algorithmic bias, and managerial complexity through the the establishment of comprehensive ethical guidelines and robust governance mechanisms. To investigate this relationship, the study employs a quasi experimental design, analyzing the effects of AI within China's National AI Innovation and Development Pioneer Zone [21].

Can Artificial Intelligence Mitigate Corporate Fraud? Exploring the Influence of Institutional Cross Holdings and Financial Misallocation. This study demonstrates a significant contribution of artificial intelligence (AI) to the reduction of corporate fraud. It finds that institutional cross holdings act as a partial mediator in this relationship, suggesting that AI not only directly curbs fraud but also indirectly reduces it by attracting institutional cross holdings, which in turn enhances corporate surveillance. The analysis is based on a sample of companies from the Chinese A-Share market from 2005 to 2021, using AI data from the China Securities Regulatory Commission. A firm fixed effect model was employed to control for time invariant firm characteristics and overall time trends [22].

Software Project Management Tools in Practice in the Bangladesh IT Industry. The widespread adoption of software project management and its associated tools (SPMT) has fundamentally altered the global software development landscape. This study examines the state of SPMT adoption, focusing specifically on Bangladesh, where the pace has been gradual but is now accelerating. Key findings from this research indicate that approximately 50% of Bangladesh companies have integrated SPMT into their workflows, with Jira being the predominant choice. The methodology for this investigation involved a two pronged approach, a systematic literature review to contextualize global and developing country trends, and a comprehensive survey to gather detailed insights into the practice, challenges, and acceptance levels within the Bangladesh IT sector [23].

Artificial Intelligence and Corporate Green Innovation: Evidence from China. A study on Chinese A-Share listed companies from 2010 to 2023 reveals that a higher level of corporate AI adoption is strongly associated with an increase in the amount of green innovation. The research, which uses a quantitative panel data approach, suggests that AI drives this effect by improving data-driven decisions, fostering collaboration between humans and AI, and lessening information imbalances. The findings also highlight that the influence of AI on green innovation is not uniform and differs significantly based on a company's ownership structure, industry, and geographical location [24].

3 Methodology

3.1 Research Variables

Independent Variable. The independent variable of this study is Artificial Intelligence Technology. Artificial intelligence technology is a set of technologies that enable and machines to simulate, imitate, and even surpass human intellectual capabilities. The goal is for systems to be learn, understand, solve problems, make decisions, recognize patterns, understand language, and perform complex tasks that typically require human intelligence [25].

Dependent Variable. The dependent variable of this study is Corporate Governance Transparency. Corporate governance transparency is an important principle in corporate governance that refers to the openness and clarity of information regarding a company’s operations, policies, decisions, performance, and impact on stakeholders. This means that companies must actively and timely disclose relevant and material information to various stakeholders, such as investors, employees, customers, regulators, and the public [26].

3.2 Research Stages

This research method uses a systematic literature review. This method was chosen because the main objective of the study is to synthesize, evaluate, and comprehensively summarize findings from the existing literature. This approach ensures a structured, objective, and replicable research process. The detailed stages of the research process adopted in this study are illustrated in Fig. 1.

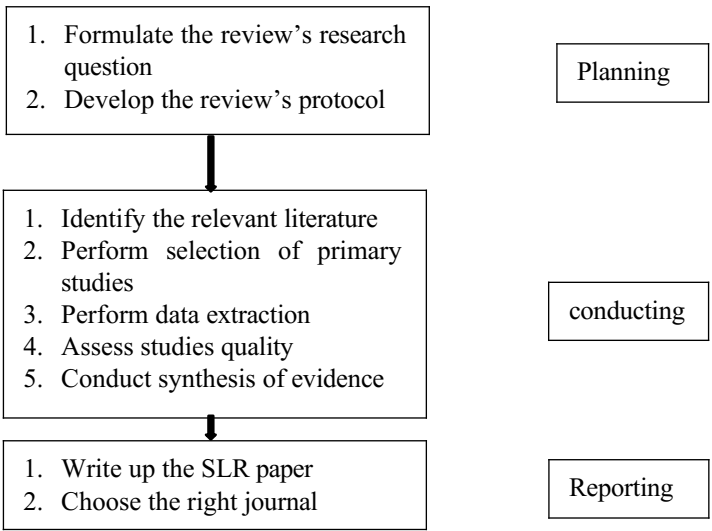


Fig. 1. Research Stages

This systematic literature review method ensures that this research can provide an accurate, structured and objective picture of the complex relationship between AI and transparency in corporate governance [27].

3.3 Systematic Literature Review Protocol

This study utilizes the Systematic Literature Review (SLR) protocol based on the PRISMA guidelines to ensure a structured and replicable review process. The protocol elements applied in this study, including the search strategy, database selection, inclusion and exclusion criteria, and quality assessment procedures, are presented in Table 1.

Table 1. Table systematic literature review protocol

Protocol Element	Implementation Details
Search Strings	The comprehensive search utilized a combination of key terms related to the independent and dependent variables: (Artificial Intelligence OR AI) AND (Corporate Governance Transparency OR CG Transparency OR Corporate Accountability OR Explainable AI OR XAI)
Database	Journals and conference proceedings were retrieved from major academic database, including but not limited to Scopus
Timeframe	A search range was set from 2020 to 2025
Inclusion Criteria	Articles focusing on the direct or indirect impact of AI technology on corporate governance principles (specifically transparency, accountability, or ethics), articles presenting primary research findings (e.g., empirical studies, case studies, or other systematic literature review), articles are published in English
Exclusion Criteria	Articles deemed irrelevant to the core topic (not discussing AI's impact on CG transparency, non scholarly content (e.g., editorials, opinion pieces, book reviews, or non academic reports, articles not written in English (as per the started exclusion in the PRISMA diagram)
Quality Assessment	The quality of each selected article was assessed based on its methodological rigor, the credibility of the publication venue (Scopus) and its direct relevance in addressing the review's research question, only high quality articles were retained for the final data synthesis

4 Results

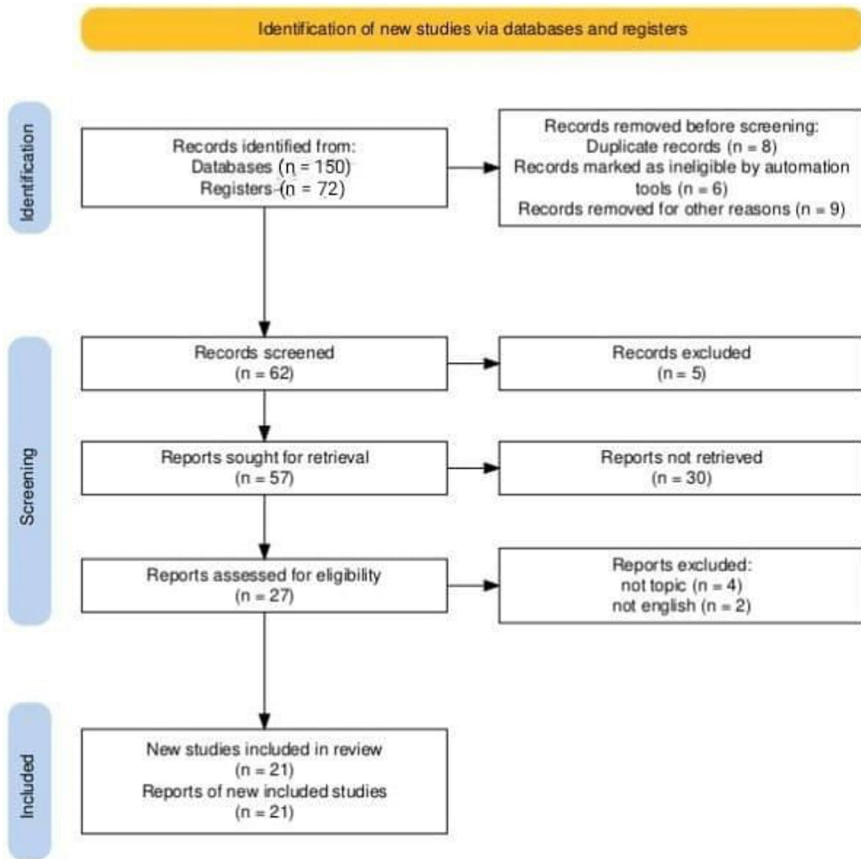


Fig. 2. PRISMA Diagram

The process of identifying, screening, and selecting studies in this research followed the PRISMA framework, as illustrated in Fig. 2. The diagram presents the stages of article identification, duplicate removal, screening, eligibility assessment, and final inclusion of studies used in this systematic literature review. The identification phase involved collecting articles from databases (n=150) and registration (n=72), with a total of 85 articles identified. A total of 8 duplicate articles, 6 articles were flagged as ineligible by the automation tool and 9 articles were removed for other reasons, leaving articles for 62 articles for screening. In the screening phase, 62 articles were screened, and 5 articles were excluded. Of the 57 articles sought to be used as the research sample, 30 were unsuccessful. Ultimately, 27 articles were deemed eligible, with 4 articles excluded as not relevant to the topic and 2 articles excluded as not in English. This resulted in 21 articles eligible for use as the research sample.

The articles selected and used as the primary data sources in this systematic literature review are summarized in Table 2. The table presents the titles of the studies, publication years, and the main conclusions related to the role of artificial intelligence in enhancing transparency, accountability, and corporate governance practices.

Table 2. Table research data sources

No	Title	Year of Publication	Conclusion
1	A shallow defense of artificial intelligence technology: examining the political harms of algorithmic governance in the government domain [28]	2020	AI has the potential to make better decisions than humans when dealing with complex political issues that arise in corporate governance. However, the challenge to decision making is transparency, which AI decision making processes can be understood and explained.
2	Artificial intelligence and ethics in the food sector: developing a common language for the use technology across the supply chain [15]	2022	The use of AI promises many benefits, namely efficiency, security, data transparency and fast decision making.
3	Assess whether artificial intelligence is an enabler or barrier to sustainability at the indicator level [29]	2021	Artificial intelligence (AI) serves as a pivotal enabler for advancing sustainability transformations and achieving the sustainable development goals (SDGs).
4	Disclosure about algorithmic decision making in corporate reports of Western European Companies [30]	2023	The use of ADM by large Western European Companies remains limited and unstandardized. This study suggests an urgent need to develop standardized AI reporting frameworks to support digital transparency, ethics, and accountability in an era if advanced technology.
5	Towards a deliberative framework for responsible innovation in artificial intelligence [31]	2021	AI innovation can only be successfully implemented if it is supported by multi stakeholder efforts to ensure that AI is well understood, explained and monitored. This way, the benefits of AI can be maximized while risks such as data bias and negative impacts can be minimized.
6	Using artificial intelligence to improve e government services [32]	2022	Levering the intelligence of artificial intelligence (AI) and the internet of things (IoT) is crucial for enhancing e government service, thereby fostering an effective,

			transparent, and ethical public administration.
7	The impact of regional artificial intelligence development on corporate environmental information [33]	2025	The advancement of artificial intelligence (AI) demonstrably enhances the quality of corporate environmental information disclosure (EID), particularly in the Eastern region. This finding highlight AI's instrumental role in promoting information transparency and improving environmental governance, though its impact varies across different regions and industries.
8	Artificial intelligence, corporate information governance and ESG performance: quasi experimental evidence from China [34]	2025	This study finds that China's National AI Development Pilot Zone policy enhances corporate environmental, social and governance (ESG) performance by promoting the adoption of artificial intelligence (AI)
9	Artificial intelligence and corporate green innovation: evidence from China [21]	2025	The intensified use of artificial intelligence (AI) has been shown to substantially increase the quantity of green innovation, particularly high quality and large scale innovations. This effect is attributed to key mechanisms, including enhances data driven decision making, improved human AI collaboration and a reduction in information asymmetry.
10	Artificial intelligence and corporate investment efficiency: evidence from China [35]	2025	Artificial intelligence (AI) enhances investment efficiency by elevating the quality of internal controls and refining social environment assessments.
11	The role of artificial intelligence in enhancing corporate environmental information disclosure: implications for energy transition and sustainable development [36]	2025	Artificial Intelligence (AI) enhances the quality of corporate environmental information disclosure (EID) by optimizing internal controls, which consequently reduce costs and improves the accuracy of the disclosures.

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| 12 | Artificial intelligence and corporate fraud: evidence from China [37] | 2025 | AI has been shown to reduce companies' motivation and opportunities to commit fraud, with a 2.1% reduction in the probability of fraud. |
| 13 | Artificial intelligence, supply chain finance and corporate investment efficiency [18] | 2025 | AI significantly improves corporate investment efficiency by optimizing information collection and processing, as well as the dynamics of investment decision-making through machine learning and other technologies such as NPL and blockchain. |
| 14 | Is new technology always good? Artificial intelligence and corporate tax avoidance: evidence from China [19] | 2025 | The impact of AI on tax evasion is stronger when the intensity of tax supervision is low and the tax burden is high. |
| 15 | Intensity of media supervision and adjustments in corporate financial strategies: the catalytic role of artificial intelligence technology [29] | 2025 | Strong media scrutiny significantly reduces corporate finances, with different effects on loss-making and profitable companies. |
| 16 | Artificial intelligence and corporate ESG performance [9] | 2025 | AI capabilities have been shown to significantly improve ESG performance, particularly through green innovation initiatives, which are a key mechanism by which AI strengthens sustainability. Organizational resilience reinforces AI's positive impact on ESG, particularly in technology-based industries. |
| 17 | Can artificial intelligence reduce corporate fraud? Exploring the influence of institutional cross-holdings and financial misallocation [36] | 2025 | AI effectively blocks direct and indirect corporate fraud by increasing cross-institutional ownership that strengthens oversight. |
| 18 | Software project management tools in practice in the Bangladeshi IT industry [37] | 2025 | This study demonstrates the increasing awareness and acceptance of SPMT in Bangladesh's growing IT industry, while identifying challenges and opportunities for better implementation to support the sustainable growth of the country's IT sector. |

19	Implications of algorithmic bias in AI-driven emergency response systems [35]	2025	This research combines economic theory with principles of algorithmic fairness to evaluate how data quality and algorithmic design biases influence the efficiency of resource allocation, the equity of response times, and overall health and social welfare during time-sensitive emergencies.
20	Artificial intelligence enables microstructure prediction in AI alloy castings [5]	2024	This study combines physics simulation and AI for accurate and efficient microstructure prediction of aluminum alloys, offering practical and interpretative solutions to improve casting quality in the automotive and manufacturing industries.
21	Overview of objective measurement technologies for nutritional, food-related consumer and marketing research [19]	2022	AI becomes an objective and accurate measurement technology to control personal and financial reports and perform service actions to customers.

5 Discussion

The potential benefits and risks associated with the implementation of artificial intelligence in corporate governance are summarized in Table 3. The table highlights key governance aspects related to transparency, decision-making, supervision, ethics, and accountability, along with the opportunities and challenges arising from AI adoption. The following present the dilemmas facing AI in corporate governance [4]:

Table 3. Table research data sources

Governance Aspects	Potential (Benefits)	Risk (Limit
Transparency and Reporting	- Improved data accuracy: AI enables more accurate and high-quality collection, processing and analysis of ESG (Environmental, Social, and Governance) and EID (Environmental Information Disclosure) data. - More in-depth report:	- Black Box AI: AI decisions and recommendations are often difficult to explain or understand, creating a “black box” that prevents transparency. - Data Manipulation:

	Companies can present more detailed data-based sustainability reports, demonstrating stronger environmental responsibility.	AI can be used to manipulate or hide information for profit, especially if there is no standard reporting framework.
Making decisions	New skills and insights: AI can optimize strategic decision-making and investments by rapidly analyzing large volumes of data using machine learning, NLP, and other technologies. Green innovation: Helps identify market trends and opportunities for green innovation, driving more sustainable decisions.	- Algorithm bias: If the data used is not representative, AI can produce biased, unfair decisions and reduce transparency in terms of fairness. Too dependent: - Reliance on AI can diminish the important role of humans in weighing ethical values and contexts that data cannot measure.
Supervision and Control	- Strong internal controls: AI can improve the effectiveness of internal controls and detect anomalies that may indicate fraud or error. - Risk management: Provides highly accurate tools for measuring and managing risk, including financial and operational data.	- Limited human supervision: The autonomous nature of AI can reduce the ability of humans to oversee its operations, creating limitations on oversight. - Potential for abuse: AI can be misused for illegal purposes such as tax evasion, especially in environments with weak oversight.
Ethics and Accountability	- Consistent ethical principles: In the context of government, AI can help create more effective, transparent and ethical services by consistently enforcing regulations. - Data-based accountability: Enables companies to measure and track ESG performance more objectively, increasing public accountability.	- Unclear accountability: It is difficult to determine who is responsible when AI decisions are wrong or unethical. - Lack of ethical standards: Without standard ethical guidelines and practices, the use of AI can pose significant reputational and legal risks.

To address this dilemma, companies need to develop AI governance guidelines that focus on four key pillars:

- **Explanation (*Explainability*).** Implement technology that enables logical explanations behind every AI decision.
- **Accountability.** Assign clear responsibility for every AI decision.

- **Justice.** Ensure AI systems are free from bias and non-discrimination.
- **Human Surveillance.** Build a mechanism where humans always have a supervisory and intervention role.

With this approach, companies can harness the enormous potential of AI while mitigating the inherent risks, ensuring that this technology becomes an asset, not a liability, in achieving good corporate governance. Humans must remain the primary oversight body and have the power to review and overturn AI decisions. Furthermore, transparency in algorithms and ethical reporting are key to rebuilding legitimacy and trust.

6 Conclusion

Artificial intelligence has considerable transformative potential to strengthen corporate governance by improving transparency, operational efficiency, and the quality of oversight. The literature reviewed indicates that AI can enhance the reliability and timeliness of environmental disclosure and broader ESG performance metrics, while also supporting more efficient investment decisions through advanced data analytics and evidence-based evaluation. In addition, AI-enabled monitoring tools can reduce opportunities for fraud and reinforce internal control systems by detecting anomalies and elevating the organisation's capacity for continuous supervision. These benefits position AI not merely as an operational instrument, but as a governance-enabling capability that can reshape how firms document, evaluate, and justify strategic and compliance-related decisions.

Nevertheless, the governance value of AI is contingent on addressing substantive risks and institutional constraints. The adoption of AI introduces serious challenges linked to limited transparency and explainability of automated outputs, the absence of standardised reporting practices for AI deployment, and the persistence of algorithmic bias which may reproduce or amplify inequities. Furthermore, AI can be misapplied in ways that undermine governance objectives, including facilitating sophisticated forms of manipulation such as tax avoidance or regulatory circumvention. Consequently, maximising the governance benefits of AI requires a comprehensive framework grounded in openness, accountability, fairness, and robust oversight. Practically, companies should formalise clear policies on AI use and embed explainability mechanisms so that stakeholders can understand the rationale behind AI-supported decisions. They should also conduct periodic audits of both data and algorithms to evaluate bias, validity, and performance over time, while ensuring that responsibility for decisions remains clearly assigned to accountable human actors. Finally, effective governance demands a hybrid model in which AI capabilities are complemented by well-trained human supervision, enabling organisations to monitor, evaluate, and intervene when necessary, thereby ensuring that AI strengthens rather than substitutes the ethical and accountable exercise of corporate authority.

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