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LIGHTS - Leadership

Inclusive leadership as ethical stewardship in the age of Artificial Intelligence

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Abstract

The rapid integration of Artificial Intelligence (AI) necessitates a fundamental shift in how organizations conceptualize inclusive leadership. Rather than acting as direct operational decision-makers, contemporary leaders must evolve into ethical stewards, that is, active architects who govern the socio-technical systems that increasingly shape people's decisions. By examining the pressure of automation alongside the subtle, systemic risks of second-generation bias, this paper introduces a streamlined framework for ethical vigilance regarding automated processes and algorithmic management. We present a model of AI leadership competencies, specifically, Technical Literacy, the Empathetic Interface, and Responsible Governance, and operationalize these concepts through a practical, multi-stakeholder organizational audit matrix. Ultimately, we demonstrate that AI integration elevates the necessity for human leadership, turning technological implementation into a proactive force to sustain and create workforce equity.

Keywords: algorithmic management, ethical stewardship, automation-augmentation paradox, inclusive leadership

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Introduction

Artificial Intelligence (AI) has transcended its role as a mere support tool to perform leadership functions through task allocation, performance monitoring, and strategic narrative building (Van Quaquebeke & Gerpott, 2023). While supervisors themselves remain human, the logic defining everyday organizational life is becoming increasingly algorithmic (Jarrahi et al., 2021). This rapid, unexamined delegation of standardized metrics to algorithms creates a fundamental ethical tension: if optimization algorithms are inherently backward-looking, trained on historical, exclusionary datasets, and if human decision-makers are increasingly isolated from the process, how can we prevent AI from reinforcing historical exclusion and bias?

The solution requires a paradigm shift toward ethical stewardship, reframing the core tenets of inclusive leadership (Lal et al., 2026). This has been traditionally defined as a leader's requirement to value uniqueness while promoting a sense of belonging and inclusion among diverse team members (Nishii & Leroy, 2022). We propose that inclusive leadership in the digital era must expand beyond interpersonal relations to become an exercise in systemic governance. As such, inclusive leaders must step forward as ethical stewards, that is, individuals dedicated to safeguarding human dignity and diversity against pure automation and optimization.

To ground this challenge, we consider a contemporary running example of AI-supported talent acquisition and performance evaluation platforms. Global consumer goods company Unilever famously used an automated digital pipeline to process and optimize over 1.8 million job applications annually¹. While the initiative successfully reduced traditional hiring times by 75%, it vividly highlights the core dilemma facing modern management: how can leaders exploit the immense efficiencies of AI without automating human prejudice? Recent data suggests that people, digital agents, and algorithms will increasingly work side by side. In this environment, traditional command-and-control approaches fall short. It is no longer enough for a leader to be the smartest operational actor in the room. Instead, they must act as ethical stewards who curate the socio-technical context in which these automated processes unfold.

Two critical shifts reshaping leadership

Inclusive leadership through ethical stewardship is the direct response to two macro-trends reshaping contemporary organizational design.

1. The socio-technical shift: from operational actor to strategic architect

As AI models displace traditional management layers in routine logistical tasks like scheduling and initial applicant screening, the human leader's role undergoes a fundamental socio-technical shift. Leaders are moving from the center of daily operations to the periphery, evolving from operational actors into strategic architects (Van Quaquebeke & Gerpott, 2023). In this environment, they manage the machines that guide

¹ <https://unas.dk/blog/ai-recruitment-unilever-effect>

the humans, bearing ultimate responsibility for the design and moral boundaries of the broader socio-technical environment.

This shift is an immediate matter of corporate survival. Dataiku's Global CEO Report (2025) revealed that 80% of global CEOs state that their jobs will be at risk by the end of 2026 if their organization's AI initiatives fail or trigger an ethical crisis². Furthermore, the report shows that 80% of CEOs already question or actively challenge AI outputs, while 51% strictly mandate human approval for business-critical algorithmic decisions. We argue that ethical stewardship provides the conceptual answer to this trust gap as it moves leaders away from passive technological acceptance and toward active socio-technical governance, motivating and enabling people to contribute to collective goals while explicitly protecting human dignity from cold algorithmic optimization.

2. The automation-augmentation paradox

Modern leaders face an intense paradoxical tension between automation (using AI to replace human tasks for cost efficiency) and augmentation (using AI to empower and extend human capabilities) (Raisch & Krakowski, 2021). Immediate organizational pressure for cost-cutting often drives an uncritical shift toward pure automation. Over-reliance on automation risks dehumanizing the workplace and erasing human agency, whereas pure augmentation may fail to capture the necessary efficiency gains offered by AI (Raisch & Krakowski, 2021).

As such, inclusive leadership in the digital age requires a paradoxical "both-and" cognitive approach (Van Quaquebeke & Gerpott, 2023). Under this framework, leaders utilize the efficiency of automation to handle routine administrative tasks specifically to reinvest human cognitive bandwidth into augmentation. Returning to the Unilever example, the organization saved thousands of hours of recruiter interview time through automated screening. An ethical steward ensures that this reclaimed human bandwidth is not treated purely as an opportunity to downsize personnel. Instead, that time must be aggressively reinvested by inclusive leaders into deep, human-to-human connection, psychological safety, and personalized employee onboarding. When employees perceive AI as an administrative support system rather than a hostile replacement threat, their creative self-efficacy increases significantly (Jeong & Jeong, 2025).

Second-generation bias as a primary barrier

The primary barrier to achieving a truly inclusive workspace is second-generation bias, which refers to the subtle, covert, and systemic prejudices embedded in societal and algorithmic norms that remain invisible to the naked eye (Newstead et al., 2023). Algorithms optimize for a historical, narrow "ideal worker" profile, which is an organizational archetype historically modeled around total availability and uninterrupted, linear career trajectories (Acker, 1990). When an AI system evaluates video interview sentiment or historical CV patterns, it can automatically penalize candidates with gaps due to caregiving duties, neurodivergent communication styles, or non-traditional backgrounds (Ho et al., 2025). Because algorithms reflect the data of their historical environments, technology acts as an amplifier of past inequities and biases. Inclusive leaders cannot treat AI outputs as objective truth, but rather, must treat them as highly

² <https://www.dataiku.com/stories/blog/confessions-from-500-global-ceos>

suspect historical summaries requiring constant oversight. Ultimately, they can no longer create belonging simply through direct face-to-face conversations but must actively protect their teams from the structural, second-generation biases embedded in the software being increasingly integrated in organizations.

Moving inclusive leadership towards ethical stewardship

The tripartite model of AI competencies

To practice ethical stewardship effectively, inclusive leaders must cultivate what we call a digital backbone, that is, the moral courage to override algorithmic biases and recommendations when they likely threaten equity and wellbeing of the workforce. This digital backbone is built on three core capabilities as outlined in Table 1.

Table 1: Tripartite Model of Leadership Competencies

Competency	Core Focus	Operational Action for Managers
1. AI Literacy <i>(Technical)</i>	Understanding model training and identifying data gaps or historic imbalances (Van Quaquebeke & Gerpott, 2023; Wang et al., 2023).	Demanding explicit transparency from AI vendors regarding data provenance and training demographics.
2. Empathetic Interface <i>(Emotional)</i>	Mitigating workplace isolation and the physical gap created by digital mediation (Sacavém et al., 2025; Zeike et al., 2019).	Reinvesting automated time savings back into direct human mentoring and psychological safety checks.
3. Responsible Governance <i>(Ethical)</i>	Retaining final moral accountability; rejecting automation bias where machine choices are blindly trusted (Nadeem et al., 2022).	Implementing explicit, friction-free pathways for employees to challenge and appeal algorithmic assessments.

Operationalizing stewardship: the multi-stakeholder audit matrix

To move ethical stewardship from a philosophical ideal into an everyday corporate practice, organizations must establish clear lines of responsibility. Crucially, ethical stewardship is not just an isolated trait of an individual leader but becomes a shared organizational responsibility orchestrated by leadership. In this way, while the inclusive leader sets the ethical vision and cultural expectations, maintaining systemic algorithmic inclusion requires cross-functional collaboration across executive, technical, and human resource boundaries.

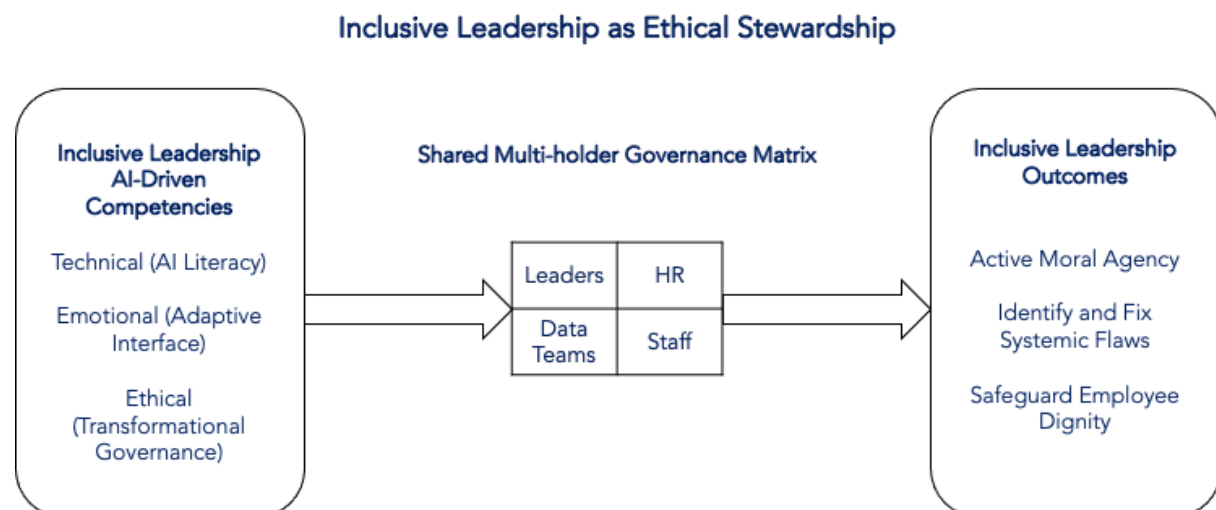
Table 2: The Ethical Stewardship Audit Matrix

Stakeholder	Responsibility	Core Audit Metric / Action
Executive Leaders	Systems Architecture & Accountability	Establish organization-wide policy that algorithmic recommendations are never final and always require human-in-the-loop validation for high-stakes talent decisions.
Human Resources (HR)	Bias Mitigation & Employee Advocacy	Conduct recurring audits on hiring/performance AI tools to verify selection ratios across protected demographic groups, actively checking for second-generation bias (Newstead et al., 2023).
Data & Engineering Teams	Technical Transparency & Data Integrity	Monitor AI models for data drift, checks what historical data trained the system, and explicitly documents specific data vectors to eliminate opaque logic.
Employees/ Teams	Contestability & Active Feedback	Use established, psychological-safe channels to flag automated decisions, such as biased scheduling algorithms or skewed performance metrics, without fear of reprisal.

Proposed conceptual model

Through this integrated framework, and by asserting ethical stewardship, we believe that inclusive leaders can become moral agents who transition from direct operational decision-making to ensuring that the broader digital transformation remains grounded in moral foundations. This structural flow, moving from core competencies through systematic governance, is visualized below in Figure 1. By embedding this multi-stakeholder matrix across the organization, the model demonstrates how abstract ethical concepts can transform into measurable outcomes, specifically shifting leaders from reactive problem-solvers to active moral agents who proactively dismantle systemic bias and protect employee dignity.

Figure 1: Inclusive Leadership as Ethical Stewardship



Conclusion

The rapid digital transformation of the workplace does not mark the obsolescence of leadership, but rather elevates the necessity for its most human elements. As machines increasingly take over the labor of calculation, the downstream effectiveness of these systems relies heavily on the moral and ethical commitment of their human users.

This transformation explicitly unites inclusive leadership and ethical stewardship in that an inclusive leader can no longer facilitate belonging simply through direct conversation but must actively protect their teams from the structural biases embedded in the software running the company. By asserting this stewardship, leaders ensure that the cold logic of the algorithm remains permanently secondary to the flourishing of the person (Sacavém et al., 2025).

Ultimately, inclusive leadership as ethical stewardship transforms innovation from a potential vehicle for historical exclusion into a proactive force for true equity in an automated world. It is now up to leaders to invest in these capabilities, shift their mindsets regarding their architectural roles, and augment digital transformation with a concrete commitment to safe, transparent, and inclusive workspaces.

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