AI, GENTRIFICATION, AND JOBS: IMPLICATIONS FOR BOARDS OF DIRECTORS AND CORPORATE GOVERNANCE

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Abstract

The major research question or issue in this paper is to develop strategies for companies and boards of directors to seize opportunities from emerging technological advances, instead of being threatened by artificial intelligence (AI), gentrification, and other new technologies. For example, in 2019 Microsoft made a $500 million positive response to Seattle's gentrification (Coleman & Rosenberg, 2019) while Amazon made a negative gentrification response by withdrawing its New York City headquarters offer (De Rugy, 2019). The major sections of this paper are gentrification, positive and negative responses to gentrification, the evolving technology environment for jobs, "adapt or die" strategy with implications for companies and boards of directors, related stakeholder and sustainability focus, strategies to avoid "Fear of Missing Out," and summary.

The advances in automation technologies, including AI and robotics, will have enormous social impacts on the job market. Frey and Osborne (2017) estimate that 47% of U.S. jobs could be automated within the next two decades. Nedelkoska and Quintini (2018) find that 14% of jobs across 32 countries are highly automatable, defined as having at least a 70% chance of automation. A further 32% were slightly less vulnerable, with a

probability between 50% and 70%. A 2016 survey addresses the timing issue: When will AI exceed human performance and reach the goal of high-level-machine intelligence (HLMI)? The aggregate forecast suggests a 50% chance of HLMI occurring within the next 45 years and a 10% chance of it occurring within nine years. There were also predictions of median estimates and milestones for AI achieving human performance in various functions and tasks, such as 8 years for Programming Code for Simple Algorithms, 7.8 years for Transcribing Speech, and 5.6 years for Folding Laundry (Castelluccio, 2017b).

Companies and their boards of directors should feel obligated to help their employees meet the challenges of tomorrow and ensure the organization's survival into the future, especially with a broader stakeholder and sustainability perspective, as opposed to the narrow shareholder perspective (Grove & Lockhart, 2019). Palmer (2017c) advocates an "Adapt or Die" strategy, which involves a seven-step process for digital transformation. The seven steps are Awareness, Literacy, Strategy, Governance, Culture, "Test, Fail, Learn" and "Build a Yellow Brick Road". Korn Ferry Institute (2019) derives and defines the five-key future-oriented leadership qualities – the ADAPT dimensions, which encompass the ability to anticipate, drive, accelerate, partner and trust. Another strategy was to create person/machine partnerships to keep pace with the evolving technology environment (Marr, 2017; Palmer, 2017a; Rao, 2017). Palmer (2017a) recommends six steps for job retraining in this environment where today will be the slowest day for technology change in this lifetime. An additional strategy was to benchmark the 50 Smartest Companies in the world in order to try to adopt their best business practices (Castelluccio, 2017a; Rotman, 2017). The emergence of AI and robotics replacing jobs can be viewed as a positive trend if the relevant strategies are developed and employed to take advantage of these technological breakthroughs and address the workforce transitions (Ma, 2017).

The main limitation of this study is how fast technology is changing, especially concerning the key topics of the evolving technology environment for jobs and the "adapt or die" strategy. There are implications for companies and boards of directors concerning stakeholder and sustainability focuses and strategies to avoid "Fear of Missing Out". Recommended future research includes field studies of companies dealing with such technical challenges, especially concerning organizational, corporate governance, and gentrification impacts. Also, another possibility for future research is the ethics of AI technology and related implications for corporate leaders and boards of directors.

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