

HUMAN-CENTRED LEADERSHIP IN THE AGE OF ARTIFICIAL INTELLIGENCE: BALANCING AI AND HUMAN INTELLIGENCE FOR SUSTAINABLE DECISION-MAKING

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ABSTRACT

PURPOSE: The study aims to analyse and compare efficiency-oriented and sustainability-oriented governance approaches. It further examines the role of human-centred leadership in organisations in fostering sustainable Artificial Intelligence (AI) governance.

DESIGN/METHODOLOGY/APPROACH: The study draws on findings from the United Nations Educational, Scientific and Cultural Organisation (UNESCO) report and the Organisation for Economic Co-operation and Development's (OECD) principles to conceptually analyse the gaps between efficiency-oriented and sustainability-oriented AI governance. It also examines how human-centred leadership can bridge these gaps to strengthen sustainable decision-making in organisations.

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FINDINGS: AI adoption is increasing among organisations in line with OECD principles, but governance arrangements are inadequate for sustainable AI governance, that is, balancing innovation with accountability and responsibility.

ORIGINALITY/VALUE: The study proposes a Leadership-Mediated Sustainable AI Governance Transformation Framework to provide a more analytically grounded understanding of sustainable AI governance systems.

PRACTICAL IMPLICATIONS: The study highlights the need for organisations to strengthen leadership capabilities, governance resilience, accountability integration, and sustainability-oriented oversight alongside AI expansion.

KEYWORDS: *Human-Centred Leadership; Governance; United Nations Educational, Scientific and Cultural Organisation; Organisation for Economic Co-operation and Development; Leadership Capability.*

INTRODUCTION

Artificial Intelligence (AI) has transformed the way organisations function worldwide, affecting structures, decision-making, and leadership. AI-enabled systems support predictive analytics, workforce management, strategic planning, and operational efficiency, thereby helping leaders manage organisational processes and respond to stakeholders' needs holistically (Aziz *et al.*, 2025). The growing integration of AI into leadership roles creates opportunities for greater productivity and data-informed decision-making. At the same time, it presents ethical implications, cognitive biases, and sustainability considerations that require responsible human management (Albannai and Raziq, 2026). However, there is limited transparency, accountability, and integration of sustainability arrangements in governance frameworks. As more organisations rely on AI systems, the conflict between “business-as-usual” (business efficiency) and “governance-as-usual” (governance for sustainability) has become more pronounced. There is growing evidence in existing research of a more substantial governance approach that prioritises leadership and governance rather than technical aspects to promote sustainable governance practices (Zárate-Torres *et al.*, 2025). Human-centred governance approaches emphasise that AI systems should operate alongside humans, particularly in ethically complex decisions.

In this context, human-centred leadership emerges as a key concept for reconciling technological expertise and ethical reasoning, as well as sustainable practices and responsible organisational governance. Human-centred leadership focuses on transparency, contextual thinking, inclusion, accountability, and consensus-based decision-making in technologically-mediated organisational systems (Uddin, 2023; Altassan, 2025). This leadership style is not an alternative to human intelligence but rather an approach comprising governance mechanisms in which AI works alongside responsible leadership and sustainable organisational goals (González-Reyes *et al.*, 2026). The United Nations Educational, Scientific and Cultural Organisation (UNESCO) and the Organisation for

Economic Co-operation and Development (OECD) continue to develop institutional frameworks that emphasise the need for trustworthy, human-centred, and sustainability-integrated AI governance systems, grounded in responsible leadership practices.

While AI adoption has been frequently discussed in the literature, the ethical requirements for AI and responsible innovation are insufficiently addressed (Yilmaz, 2025). Although the literature has established a relationship between efficiency-driven and sustainability-driven governance approaches, it has not specifically addressed leadership as a mediating factor in organisational decision-making. Additionally, how human-centred leadership can transform governance frameworks, making them more sustainable, has received inadequate focus (Sigfrids *et al.*, 2023).

To address these gaps, this study conducts a comparative analysis of efficiency-oriented and sustainability-oriented AI governance approaches and examines how human-centred leadership can support sustainable organisational decision-making and responsible AI governance. The chapter answers two research questions (RQ):

RQ1: How do efficiency-oriented and sustainability-oriented AI governance approaches differ in shaping organisational decision-making and governance practices?

RQ2: How does human-centred leadership facilitate the transition from efficiency-oriented AI governance towards sustainability-oriented organisational governance?

Research Framework

The research framework draws on evidence of leadership practices, principles of sustainable governance, findings from the UNESCO report, and OECD frameworks. It examines how leadership, as both a category and a function, can serve as a mediator in the transition towards responsible, human-centred, and sustainable AI governance.

Theoretical Backdrop

This research uses concepts from human-centred leadership to explore how the use of AI in organisational environments can produce technologically effective organisational outputs. Tahaei *et al.* (2023) and Mhlanga (2022) highlight the need for human-centred leadership and human-in-the-loop methods to guide and enhance responsible human intervention within AI systems. However, these authors have not supported a complete transition to AI systems without human oversight.

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Moreover, the principles of sustainable AI governance approaches are reflected in this study, primarily in relation to balancing productivity with sustainability, accountability, transparency, and human oversight. Previous studies have pointed to the problems of governance fragmentation, lack of accountability and trust resulting from implementing AI solely for operational effectiveness (Batoool *et al.*, 2023; Sigfrids *et al.*, 2023). It means that social, ethical, and sustainability issues require a more comprehensive approach to adopting and managing AI than one that focuses on operational results (Francisco and Linnér, 2023).

Contribution of the Study

The study contributes to the current body of research by reframing AI governance as a leadership and sustainability issue. It identifies human-centred leadership as a key governance mechanism for balancing technical capability with ethical accountability and sustainability objectives.

LITERATURE REVIEW

Organisations strive to work more efficiently, productively, and competitively, and AI works as a valuable tool in guiding strategic decisions, using predictive analytics, managing human resources, and automating processes (Aziz *et al.*, 2025). The literature mostly examines the use of AI as an instrument to support the optimisation of both strategic and operational aspects, in order to increase organisational performance (Mhlanga, 2022). So far, the extent to which organisations have embraced AI over the past few years has been primarily around changes to governance efficiency, that is, automation, optimisation, and performance improvements. Yet Floridi (2023) claims that in tandem with AI's operational efficiency, governance mechanisms, among others, require ethically responsible action, transparency and sustainability.

Previous studies have also identified unintended asymmetries when a governance structure emphasises AI solely on the basis of its efficiency. Sigfrids *et al.* (2023) argue that many organisations continue to adopt AI systems without adequately developing governance mechanisms to address pertinent issues, such as accountability fragmentation, algorithmic bias, explainability deficits, and weak human oversight. Likewise, Paschen *et al.* (2020) argue that when implementing organisational change through AI, there is a tendency to focus on the technology rather than human governance. Although Sigfrids *et al.* (2023) and Paschen *et al.* (2020) identify governance mechanisms in organisational AI

adoption, they both approach the problem differently. While Sigfrids *et al.* (2023) have emphasised inadequate governance mechanisms, Paschen *et al.* (2020) have identified a greater reliance on technology than human governance.

Apparently, the growing reliance on algorithmic systems in organisations raises concerns regarding transparency, stakeholders' trust, ethical accountability, and managerial responsibility (Uddin, 2023). For example, AI in organisations has the potential to automate repetitive tasks, reducing the likelihood of employee burnout and increasing job satisfaction, but at the same time, over-reliance on AI raises concerns about job insecurity. Also, these studies suggest that governance weaknesses do not arise merely from inadequate ethical principles but from the way organisational structure is implemented.

However, neither study adequately explains which organisational factor can effectively convert governance principles into operational practices. This gap provides a basis for human-centred leadership as a governance-mediating mechanism. A key tenet of human-centred leadership is ethical thinking, together with inclusivity, transparency, judgement, stakeholder well-being and collaborative governance in technologically-mediated systems (Swadhi *et al.*, 2026). Zárate-Torres *et al.* (2025) assert that leadership is key to getting through the intricacies of automated organisational systems that may not be able to match the interpretative expertise and sensitivity required for ethical oversight and decision-making. Likewise, Altassan (2025) concludes that ethical leadership fosters trust, strengthens governance, and improves accountability in AI-supported human resource processes. One of the focus areas for emerging AI leadership research is ethics, sustainability, and responsible governance, as noted by González-Reyes *et al.* (2026).

These findings are in sync with a previous study by Francisco and Linnér (2023) that emphasised the need to shift from the narrow focus of efficiency-driven AI implementation to long-term social responsibility and innovation. Kandasamy (2024) also notes that ethical leadership models play a vital role in organisations operating in AI-driven environments.

AI-driven systems can provide constant performance oversight but could also undervalue employee contributions to more easily measured metrics. Mentoring other employees, dealing with emotionally challenging situations, or supporting team unity can be actions that algorithms do not recognise. Reliance on such the score could result in a shift from contextual judgement to efficiency-oriented governance.

A human-centred approach, thus, would necessitate leaders to look at the score as the result, not the determining factor. The evidence in the literature is overwhelmingly supportive of the significance of human oversight, transparency and accountability. Much of this support comes, however, from the conceptual scholarship and principles of institutional governance rather than from longitudinal evidence of how these principles are applied within institutions (Kandasamy, 2024). This means that the studies are more

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focused on articulating what responsible AI governance should include than on providing guidance on the process of how organisations can move from adoption to governance in a way that is both efficient and sustainable.

Overall, these studies highlight the governance paradox associated with the rollout of AI at the organisational level. The use of AI can increase efficiency in organisational processes, but can also undermine governance safeguards – particularly where the human responses do not keep pace. This paradox forms structural tensions between organisational goals and sustainability goals. The existing scholarship therefore confirms the importance of ethics in governance and leadership to face these challenges. Leadership is not a supporting role within the organisation; it is a mechanism at its heart that must influence the governance decisions and foster stakeholder trust.

Research Gap

While previous studies have emphasised the relevance of ethical and people-centred leadership in AI-driven contexts, comparative studies of how leadership processes support the shift towards a sustainability-driven approach are currently limited. In addition, the literature does not offer an integrated perspective, connecting the roles of AI governance, sustainability-related issues, and human-centred leadership in organisational decision-making processes.

RESEARCH METHODS

This study conceptually analyses the UNESCO (2026) report and the OECD (2024) AI governance frameworks to highlight the gaps between efficiency-oriented and sustainability-oriented AI governance within organisational decision-making processes. Institutional reports and relevant academic literature were critically examined to account for salient governance aspects of operational effectiveness, ethical responsibility, sustainability integration, transparency, human governance, and leadership accountability. These dimensions were subsequently synthesised into broader analytical constructs of AI governance orientation and leadership-mediated governance transformation.

The UNESCO Responsible AI in Practice Report, published in 2026 by the Thomson Reuters Foundation, includes data from 2,972 companies across 11 sectors, of which 60% were from developed markets and 40% from emerging markets. The OECD (2024), on the other hand, covers AI principles adopted in 2019 and updated in 2024 to ensure robust technological policy developments. The European Union, the Council of Europe, the

United States, and the United Nations, along with other jurisdictions, use the OECD AI principles to guide legislative and regulatory frameworks.

These sources were selected because they are globally relevant, governance-focused, and place a strong emphasis on ethical AI, transparency, accountability, human oversight, and sustainability-focused governance practices.

RESULTS AND ANALYSIS

Dominance of Efficiency-Oriented AI Governance (RQ1)

Traditional organisations adopt AI to improve operational efficiency and support timely decision-making. From talent acquisition in human resource departments to data analytics in information technology, AI serves as a reliable decision-support tool for managers and organisational leaders. According to UNESCO (2026), 88% of organisations had implemented AI for automation, 83% for predictive capability, and 84% for operational optimisation. The level of automation implementation remained unchanged from 2024. Overall, the use of AI across organisations increased from 78% in 2024 to 88% in 2025. Despite this increase, there is little evidence of formal AI model registries in the public disclosures of 97.3% of companies. The lack of public disclosure means that AI is used primarily as a performance tool rather than as a governance entity subject to continuous monitoring.

A notable institutional contradiction emerges when these implementation patterns are compared with OECD governance expectations. According to the OECD (2024) principles, the ability to explain, account for, and ensure accountability under meaningful human oversight are the top three concerns for developing trust in AI usage. Despite 97.3% of companies employing AI systems, it has come as a surprise that the companies do not publish the governance models they have in place, showing that there is a disconnect between the use of AI-based systems and their sustainability agendas.

Similarly, UNESCO (2026) provides evidence that accountability, sustainable assessment, and explanation systems are present, but are only loosely coupled as AI operationalisation grows. The current comparison deals with RQ1 and shows that technological maturity is on the increase, while governance readiness is lagging.

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Governance and Sustainability Deficits in Contemporary AI Adoption (RQ1)

The current state of AI deployment and institutional readiness for accountability is creating a widening gap, as evidenced by UNESCO (2026), in which 87.6% of organisations either lack formal AI governance policies or have developed them only partially. At the same time, OECD (2024) governance standards are set out as institutional conditions for the trustworthy AI implementation.

Apparently, operational efficiency is at the centre of organisational resilience. The use of algorithmic systems across recruitment, workforce, and strategic decision-making is increasing, shifting leadership authority towards optimisation-based decision-making systems. UNESCO's concerns regarding inconsistent oversight and accountability therefore directly challenge the OECD (2024) expectations that human oversight should remain central within AI-enabled governance structures. This governance gap is thus more about implementation models, which increasingly shrink the space for reflective leadership practices, than about AI's capabilities. So, the key issue for central governance in AI-integrated companies is leadership preparedness, and not just technical skills.

This imbalance reinforces the need for sustainable AI governance, which argues that technological advancement without equivalent accountability and oversight structures increases governance fragility within AI-enabled organisational systems.

Human-Centred Leadership as a Governance Mediator (RQ2)

The institutional divergence between operational AI expansion and governance preparedness increasingly positions leadership as the central mechanism for governance mediation. At the same time, the OECD (2024) governance guidelines recognise that the responsible deployment of AI systems demands ongoing human oversight, accountability, transparency, and societal responsibility. It is this institutional deficit that makes leadership necessary to transform operational AI systems to achieve sustainable governance aspirations.

The results suggest that efficiency-focused governance approaches increasingly shift decision-making authority within organisations towards efficiency-maximising technological systems, typically for strategic decision-making. In the same contexts, leaders may place more emphasis on operational factors than on ethical aspects. Human-centred leadership brings contextual judgement, accountability, and stakeholder oversight back into organisational systems focused on optimisation. Efficiency-driven governance relies on scalability and speed, while sustainability-driven governance demands slower and more deliberate governance processes. Therefore, leadership plays a critical role in guiding the transition from operational efficiency towards governance resilience. The

results address RQ2 and provide further evidence supporting the validity of human-centred leadership theory as a crucial component for maintaining contextual judgement, stakeholder accountability, and ethical monitoring.

Table 1: Comparative Institutional Analysis of AI Governance Orientations

<i>Governance Dimension</i>	<i>UNESCO Implementation Reality</i>	<i>OECD Governance Expectation</i>
Organisational Priority	Automation and optimisation	Trustworthy and accountable AI
Governance Orientation	Efficiency-driven	Human-centred governance
Human Role	Operationally reduced	Meaningful oversight
Accountability	Inconsistently embedded	Structurally required
Sustainability Integration	Peripheral implementation	Core governance principle
Transparency	Limited explainability	Explainable and contestable systems

Source: Compiled by authors from UNESCO (2026) and OECD (2024) findings

The institutional comparison in Table 1 demonstrates that UNESCO (2026) implementation realities remain predominantly efficiency-driven. As such, they are not in accordance with the OECD (2024) governance expectations that emphasise accountability, explainability, and human oversight. The divergence confirms that governance maturity remains structurally weaker than technological maturity across contemporary AI-enabled organisations.

Efficiency-Oriented Governance vs Sustainability-Oriented AI Governance (RQ1)

The institutional comparison reinforces practical gaps between efficiency-oriented AI implementation and the principles of sustainable AI governance, particularly regarding accountability, explainability, and human oversight. A governance transition framework emerging from the analysis is presented below in Table 2.

Table 2: Efficiency-Oriented Governance vs Sustainability-Oriented AI Governance (RQ1)

<i>Governance Dimension</i>	<i>Efficiency-Oriented AI Governance</i>	<i>Sustainability-Oriented AI Governance</i>	<i>Analytical Interpretation</i>
Organisational Priority	Automation and optimisation	Accountability and sustainability	AI implementation remains predominantly performance-driven despite growing institutional emphasis on governance resilience.
Governance Logic	Operational acceleration	Human-centred governance	Efficiency-oriented systems prioritise scalability, whereas sustainability-oriented governance prioritises institutional responsibility and oversight.

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<i>Governance Dimension</i>	<i>Efficiency-Oriented AI Governance</i>	<i>Sustainability-Oriented AI Governance</i>	<i>Analytical Interpretation</i>
Human Role	Reduced intervention	Meaningful human oversight	OECD governance expectations directly challenge organisational tendencies towards excessive automation and algorithmic dependence.
Leadership Orientation	Performance management	Ethical and strategic stewardship	Leadership shifts from operational supervision towards governance mediation and accountability integration.
Transparency	Limited explainability	Explainable and contestable systems	Governance maturity remains weaker than technological maturity within many organisational AI systems.
Sustainability Integration	Peripheral concern	Embedded governance priority	Sustainability is frequently acknowledged institutionally but remains inconsistently operationalised in practice.
Decision-Making	Algorithmically accelerated	Contextually and ethically mediated	Human-centred governance becomes necessary where automated systems lack contextual and stakeholder sensitivity.
Long-Term Outcome	Operational efficiency	Governance resilience and stakeholder trust	Sustainable AI governance requires balancing technological capability with long-term organisational legitimacy.

Source: Compiled by authors from UNESCO (2026) and OECD (2024) findings

Leadership-Mediated Sustainable AI Governance Transformation Framework (RQ2)

Sustainable AI governance depends on institutional capacity to embed accountability, transparency, and human-centred oversight into AI-enabled decision systems. Figure 1 presents the Leadership-Mediated Sustainable AI governance Transformation Framework, developed through a comparative institutional analysis from the UNESCO (2026) report and the OECD (2024) principles. The proposed model shifts emphasis from governance for technology accountability and ethics compliance, currently considered the prevailing models of AI governance, to the idea of governance transformation as a leadership-mediated institutional process. The framework incorporates multi-stakeholder aspects of sustainable AI governance and human-centred leadership. It conceptualises leadership as the institutional mechanism that mediates the transition from operational AI optimisation to governance resilience and sustainability-oriented organisational transformation.

How Human-Centred Leadership Mediation Drives Sustainable AI Governance

Leaders must consider the balanced interests of stakeholders when deciding whether to adopt AI systems. Focusing on efficiency alone must not be the only criterion (Sagar and Haque, 2025; Iyer *et al.*, 2025). Managers and leaders reinforce governance resilience at the operational level by questioning proposed optimisation outcomes, demanding explanations of algorithmic decisions, maintaining escalation channels for biased outputs, and ensuring designated members are accountable for their roles in implementing technological systems. Organisations should invest in AI-enabled talent acquisition platforms, embed bias-mitigation processes into AI tools, and implement regular checks to ensure transparent and sustainable governance practices (Prakash *et al.*, 2026).

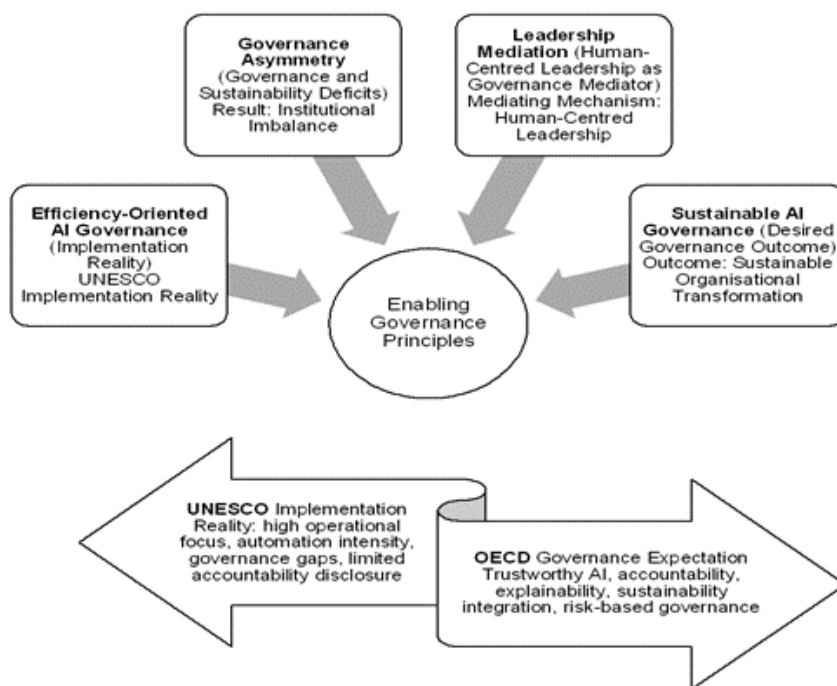


Figure 1: Leadership-Mediated Sustainable AI Governance Transformation Framework

Source: Compiled by authors

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DISCUSSION

The study shows that institutional, not technical, problems will be the primary issues for implementing AI in organisations. Good governance systems are changing at a slower pace, as organisations strive to integrate AI into their strategies and still lack forward-thinking leadership to navigate the changes. This evolution relies more on organisational transformation rather than on further technological enhancement.

The results address RQ1: AI governance oriented towards efficiency aims at automation, optimisation, and decentralisation of operational speed, while sustainability-oriented AI governance aims at having accountability, explainability, transparency, and meaningful human oversight. UNESCO guidelines on AI governance and OECD expectations for governance are used to conduct a comparative analysis to demonstrate technological maturity is advancing at a speed at which governance is not keeping up in AI-enabled organisational systems.

Finally, the findings help to address RQ2 as they point to human-centred leadership as an appropriate governance mechanism in between operational and sustainable AI governance in organisations. The study indicates that sustainable governance of AI is not possible without a foundational shift in the way AI governance is being implemented in organisations, encompassing accountability-building, contextual judgement, and responsibility to stakeholders. A proposed leadership-mediated sustainable AI governance framework, then, extends a governance layer by bringing together the concept of leadership, sustainable growth and governance transformation in the context of AI in organisations.

RECOMMENDATIONS

Organisations should embed sustainable and ethical governance during AI implementation, and not wait for AI to go entirely operational. Leadership development should reinforce ethical thinking, governance capacity, and sustainability-focused decision-making in AI-enabled environments. Moreover, governance should be assessed alongside operational efficiency measures to reflect resilience, stakeholder trust, transparency, and the extent of sustainability integration. To establish co-ordinated and structured governance frameworks, cross-sector data-sharing mechanisms must be adopted to leverage AI ethically (Alotoum *et al.*, 2026). Mechanisms and frameworks developed by UNESCO and the OECD should assist organisations in preparing for institutional governance in parallel with technological development.

LIMITATIONS

The reliance on conceptual design and secondary institutional data limits the scope of the findings. The study does not feature any empirical evidence, which means that the results are interpretive and cannot necessarily be understood as being representative of the organisational governance context of each of the sectors. The proposed framework should be validated through empirical studies and investigations that can be conducted in a sample of organisations in various industries. Further research using sectoral analysis (quantitative and comparative) of leadership capability, governance maturity and sustainable AI implementation can contribute to the understanding of leadership-mediated AI governance transformation.

CONCLUSIONS

The findings in the study highlight that the technological maturity of the organisations grows much faster than the governance maturity, thereby building governance and technology gaps. The report emphasises that governance of AI is not merely about efficiency; it demands leaders who are able to embed accountability mechanisms, transparency and human oversight within the operation of AI tools. The proposed framework puts a strong focus on incorporating human-centred leadership as a core component in the transition towards sustainable governance of AI, shifting the paradigm from mere efficiency to sustainable growth. Finally, the study contributes to the growing area of AI governance scholarship by casting sustainable governance of AI as a challenge to institutional and leadership transformation, rather than just a technological one.

ETHICAL STATEMENT

The study uses publicly available secondary data from the UNESCO (2026) report and the OECD (2024) principles covering different companies; therefore, no data privacy or ethical concerns arise.

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