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# Artificial Intelligence and Its Impact in Iraq

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**ABSTRACT:** Throughout history, technological changes have significantly influenced how people conduct business. The internet is one of the most recent examples of how businesses must adapt to stay successful in the market. Although the idea of artificial intelligence (AI) has existed since the 1950s, its impact on corporate governance has been largely overlooked. While the current developments in AI are not the first major shift and won't be the last, every industry has been affected. Whether in healthcare, education, manufacturing, or e-governance, AI is making a global impact. Research suggests that digital transformation is a challenging process for businesses. Transitioning from traditional methods to technology-based solutions often meets resistance from employees. Integrating AI into corporate governance can be seen as a form of digital transformation. This paper reviews the literature on how this transformation can happen within corporate governance and the factors that need to be considered. A qualitative research approach was used for this study. Data was collected through semi-structured interviews. A set of prepared questions ensured the discussion stayed on topic. Twenty interviews were conducted with twenty participants. These participants were divided into three groups: AI experts working in the private sector, senior corporate professionals, and public servants handling IT projects in the government. The participants' responses were analysed and presented in this paper. The analysis shows that the participants are cautiously optimistic about using AI in corporate governance. They recognize benefits such as transparency, accountability, and faster, unbiased decision-making. However, they also express concerns about a lack of regulations, the potential for misuse, ethical issues, and a shortage of skilled workers.

**KEYWORDS**: artificial intelligence, corporate governance, Iraq, digital transformation.

## INTRODUCTION

Industry or the Fourth Industrial Revolution, is expected to bring digital transformation to every sector, leading to fast technological improvements in the early years of the twenty-first century. The history of technological progress shows how these changes are inevitable and capable of changing the way businesses operate completely. Artificial Intelligence (AI) and other automation technologies have made huge progress in recent years, creating a global impact. This transformation isn't limited to a few countries—it's happening worldwide. New technologies and applications are reshaping how traditional businesses work, and this trend is expected to continue as technology evolves further. Thanks to AI, businesses have improved and streamlined their operations, contributing to this global change. For example, medical professionals are now using AI-based tools to help diagnose and treat patients. In the finance sector, AI predicts market trends and offers personalized financial advice. In manufacturing, AI predicts when machines need maintenance, increasing productivity. Retail and e-commerce platforms use AI to provide personalized recommendations and manage inventory effectively. Other industries like security, education, and energy also benefit from AI, ultimately helping shape a future were efficiency and innovation drive business success. The power of AI isn't just in the external operations of businesses. It also has a significant role in internal operations, such as corporate governance. With AI, decision-makers have access to powerful tools and data, helping them make informed decisions, comply with laws, and manage risks more effectively. AI algorithms can process large volumes of data quickly, helping businesses uncover patterns and insights, leading to a more efficient and innovative business environment. Having real-time monitoring in place, AI can help decision-makers analyse key performance indicators, plan for different scenarios, and predict future outcomes. This helps them handle the complex challenges modern businesses face. AI can also support governing bodies by offering data-driven recommendations, aiding in making swift and informed decisions in critical situations. It's clear that AI is still evolving and will continue to influence corporate governance in the future. However, the issue of AI safety in boardroom discussions should not be ignored. The recent incident at Open AI highlights the need for a strong, efficient framework to fully leverage AI's potential while maintaining legal, ethical, and moral standards. In Iraq, digital transformation has been growing rapidly through partnerships between international organizations, government bodies, and private service providers. This teamwork has been aimed at improving government services, promoting e-governance, and boosting the country's economic development. For example, the Iraqi government has worked with the United Nations Development Programme (UNDP) to improve and strengthen public digital services. This effort is meant to streamline government processes, make services more accessible to citizens, and boost the digital economy. As a result, the system is becoming more accountable, efficient, and transparent. Digital transformation in Iraq is also evident because the country had over 33.72 million internet users in 2023, with an internet penetration rate of approximately 75%. Around

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this time, over 23.50 million residents were active social media users, representing 56% of the total population. While challenges related to IT infrastructure and digital literacy remain, these numbers show a growing digital presence in the country.

**RESEARCH**

Businesses in Iraq are also taking part in the digital transformation happening around the world. The COVID-19 pandemic pushed Iraqi companies to use more digital tools, especially for communication and working from home. In the telecom industry, companies like Asiacell have played a big role. They have 17 million users and provide fast 4G internet services across the country. Many businesses in Iraq have already started using smart technologies in their everyday work. This research looks at how AI can help improve how companies are run in Iraq. Twenty people agreed to take part in the study, which involved a series of open-ended questions. These questions let the participants talk freely about their thoughts and opinions. Out of the twenty people, five work as AI experts in private companies, nine are professionals who manage or watch over AI projects in their organizations, and six are government workers involved in IT-related government projects.

**LITERATURE REVIEW**

As mentioned before, history shows that new technologies often change how businesses operate. This is also true for digitalization and its effect on how companies are managed. When a company starts using digital tools, the impact goes beyond just their internal processes. It also affects all the people and groups connected to the business, including shareholders, suppliers, and managers at different levels. Today, businesses are using information and communication technologies (ICTs) to focus more on long-term goals rather than just short-term profits. This change shows that leaders are starting to care more about sustainability and creating value, not just making money.

A 2018 study by Alkhaffaf and others looked at how ready Iraqi businesses are for using IT skills, especially during the ongoing civil conflict. The research focused mainly on accounting professionals, so it didn't cover many other job roles. However, the study found that being ready for technology is connected to how well people have IT skills. It pointed out three main things that help with this readiness: people's motivation, willingness, and enthusiasm. The research also showed that better IT readiness leads to better IT skills among Iraqi accountants. The study found that there's not much research on using AI in corporate governance in Iraq. While there is some talk about AI and how it will change business, there's little discussion about how this applies in Iraq. A report from a Singapore-based news channel, Channel 8, published in January 2024, talked about how Iraq is using AI. It mentioned that the country's economy depends a lot on oil, with 92% of government money coming from it. This has caused debates in the past, but the country needs to fix its economic problems to develop other industries. The report suggested that AI and related services could be a good way to develop the economy, as long as the government supports it actively. Another article from the Centre for a New American Security notes that AI industries are not using much technology. So, there is a need to fill the skill gap and get more resources so that AI can be used properly. Because of these things, for Iraq to use AI, it needs to build the right infrastructure, including people, algorithms, computers, and data. Scharre says the country should give AI as much attention as it gives to oil. The government should focus on data integration, research, creating algorithms, and training people. A PwC report on AI's impact in the Middle East doesn't mention Iraq. Other countries, like Egypt, Saudi Arabia, UAE, and others in the Gulf Cooperation Council, use AI to boost their economies. AI contributes about 7.7% to Egypt's economy, 12.5% to Saudi Arabia, 13.6% to the UAE, and an average of 8.4% in the Gulf countries. So, Iraq should look into AI as a valuable resource for its future. It hasn't used these systems well so far, but if it invests in money and people, it could gain a lot in the future. Although moving away from oil will take time, it's time for Iraq to start preparing instead of being left behind in the fast-changing tech world. Given these findings, there's a clear lack of research on AI in corporate governance in Iraqi businesses. To help fill this gap, interviews will be conducted with participants, and they will be asked questions on the following topics: - The role of AI in shaping corporate governance in Iraq - How AI is being used in decision-making - Challenges faced in integrating AI into corporate governance - Benefits and risks of relying on AI for corporate governance - Future trends and possibilities of AI in shaping corporate governance - The role of AI in risk management and compliance in Iraqi industries.

**QUALITIVE RESEARCH**

In this study, we used qualitative research to look into previous work and understand how technology has changed businesses over time. We also examined the challenges companies face in managing their governance, how digital changes intersect with governance, the difficulties related to digital systems in Iraq, and the possible use of AI in the country's infrastructure, industries, and business organizations. Another part of this research involved semi-structured interviews with participants. This method combines the strengths of both structured and unstructured interviews. In these interviews, both the interviewer and the interviewee can go beyond the set questions and discuss in detail. The initial interview questions were: i. Can you explain how AI is shaping corporate governance in Iraq? ii. How has the use of AI affected decision-making in corporate governance in Iraq? iii. What are the main challenges of using AI in corporate governance in Iraq? iv. What are the benefits and risks of relying on AI in corporate governance? v. What do you think are the future trends and possibilities of AI in corporate governance in Iraq? vi. How can AI help with risk management and compliance in Iraqi businesses? The researcher contacted 47 people and 20 agreed to participate. They were told about the research purpose and how their participation could help existing studies. These participants were divided into three groups: first, AI experts working in the private sector; second, senior managers or board members overseeing AI projects; and third, government employees handling IT-related projects. After setting up virtual interviews, the researcher reviewed the participants' answers. Then, they looked for patterns and themes in the responses and checked if the findings could be applied more widely. The results are explained in the next section.

**RESULTS**

From the first set of responses, it's clear that participants are cautiously optimistic about using AI in corporate governance. They see AI's potential but also express concerns about ethics, data protection, data availability, and technical and human resources. More research is needed to create

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suitable rules and regulations, offer training programs, and explore how responsible AI development can improve corporate governance. The responses to the second question show that AI's full impact on corporate governance decisions is still developing. Participants believe AI can improve decision-making through data analysis, automation, and predictive analytics. However, they also note a concern about bias in algorithms, which often reflect the biases of their creators. The third question's responses highlight the challenges in adopting AI in corporate governance. These challenges include a complex set of obstacles that prevent successful integration. Industry experts and senior managers worry about regulations, data bias, and a lack of skilled workers, while government officials stress the need for better IT infrastructure and training. Answers to the fourth question show a need to balance the benefits and risks of using AI in corporate governance. Benefits include accountability, transparency, automation, and consistent decisions, while risks like bias, lack of rules, and a shortage of skilled workers need attention. To fully use AI across all sectors in Iraq, responsible parties must work together to bring positive changes. The future of AI in Iraq will have both challenges and opportunities. Participants identified trends like automation, predictive analysis, and risk management, along with the benefits of accountability and transparency. However, challenges like bias, unclear rules, and a lack of skilled workers remain. If these challenges are addressed, AI can help improve corporate governance in the country. In terms of risk management and compliance, AI offers a big opportunity for businesses in Iraq. However, any company using AI in its governance function must invest in people, processes, and technology. It's also important to ensure that the AI systems used are trained on quality data, are free from bias, and include predictive analysis to foresee new situations.

## CONCLUSION

Technological changes can change how most industries and governments operate. In the past few decades, the Internet has been a good example. Although AI has been studied and developed since the 1950s, it wasn't widely used in business management for a long time. Recently, the connection between AI and business has become very popular around the world, and almost every company now uses or plans to use AI in some way. Changing the way, a workplace works from old methods to new ones has already been a tough process for many businesses. This is because it requires people to change their habits and ways of doing things. As one person said, using AI in business management is just another example of a digital transformation. The research that was done showed that there is still a lack of information about using AI in business management in Iraq. Even though most people in the country use the Internet, the technology systems are still old and sometimes not working well. Because of the political situation in the country, businesses are often afraid to invest in new things because of the uncertainty and conflicts. Looking at what the people who took part in the study said, AI could be a good investment for the country and its businesses. It has the ability to bring more honesty and responsibility to the system and can also help with tasks that are boring and repeatable. Since AI systems make decisions based on data, they can help reduce situations where personal opinions or biases affect logical thinking. However, these are issues and risks that need to be looked at more carefully in the future. For example, getting high-quality data that is free from any biases is a problem. How will the people involved in AI get this kind of data? This is one question that could be studied more in the future. Other issues found in this research include the lack of rules and guidelines, not having enough skilled workers, worries about the money spent on AI, and the support from the government. These are all areas that could be looked into in more detail and possible solutions could be suggested.

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