



BOARDS: IN AN AI-HUMAN ENVIRON

Humans have sustainable competitive advantages. i.e., strengths, as does AI. Harnessing both human and AI strengths—while minimizing human and AI weaknesses—leads corporations to better results. Dr. Izzy Nelkin and I recently wrote an article, “[The Rise of the Humans and Their AI Agents](#),” that utilizes a SWOT analysis of humans and AI, combined with deep research into economic substitution and factors of production, impacts of AI on markets, education, and the central banks. What’s of most importance from this research for Boards in an AI-Human environ are:

- **Strategic:** The amount of time on future strategy and the building by the Board of more useful relationships with the CEO is essential because the speed of change is increasing due to AI working—and improving—at computer-science speeds.
- **Risks:** Humans—including Board Directors—have a different cadence than AI...and Agentic AI does not wait for humans: it “plans, reasons, and acts independently toward a goal, using reasoning, planning and feedback loops to continuously adapt to context and outcomes.”¹
- **Governance:** Nuances in the way Boards oversee the direction of the CEO are emerging because the distrust between the two parties under the pressure of increasing structural changes (there’s five of them in process right now: geopolitics, gender roles, labor/location shifts, levels/types of debt/currency, and AI emergence) is immense.

What could be most beneficial for Board Directors to enhance results in these three categories are:

Strategic:

- **Fact:** There is a disconnect between what CEOs want from Boards and what many Board Directors are delivering. CEOs are focused on fast growth to stay ahead of market disruptors—which involves taking risks—while many Directors are focused on past financials and interacting with the CEO in former common communication patterns. CEOs are “calling on their Boards to serve as strategic advisors for nuanced expertise, real world experience, and access to valuable networks.”²
 - **Approach:** After establishing genuine trust through actions and deeds (because Boards have the power to remove most CEOs), Board Directors can change their focus to being supportive of the CEO’s plans while offering considerations/advice in the form of questions—but no “why” questions, rather “how,” “what if,” “help me understand”—i.e., the non-accusatory questions. Also, Board Directors can change the focus of attention from past performance results/reviews/discussions to new value creation via asking:
 - ✓ Questions regarding stress-testing novel strategies.
 - ✓ “What-if” questions regarding other ways to consider tackling risks in new strategies, operating systems, etc.
 - ✓ “How” questions to stimulate more ample deliberation on “how will we know when “NEW” delivers—or fails to deliver—i.e., “how will we know expected value at each point in the whole strategy to execution period?”
- **Fact:** “Recent Deloitte research with 100 C-suite leaders reveals that most organizations are taking a tech-focused approach when it comes to AI. But **those taking a tech-focused approach are 1.6x more likely to not realize returns on AI investments that exceed expectations compared to those that take a Human-centric approach.**”³
 - **Approach:** Board Directors in tech-focused AI implementation modes could use a “what-if” question(s) with the CEO: “what if we add/change Board’s Compensation Committee direction to consider what would a “Human-centric AI approach look like for the corporation? In fact, many Board Compensation Committees are now changing their strategic AI focus to first considering what management’s human workforce dynamics are that will need training, realigning etc., then adding AI tech strategy to complement/strengthen both AI and humans efforts/alignment to corporate culture, ethics, and production goals.
 - ✓ Do note that many employees are [stressed to the gills](#) because of the amount of changes going on in the workplace and in the world. Stabilize those workers needed in the corporation by considering first their role and then what the impacts from their stress could have on the success of AI endeavors. **Avoid “workforce culture eating corporate strategy for breakfast,”** as your workforce could be disconnected, stressed, scared...or all three.

Risks:

- **Fact:** [AI] is making people working with AI “feel much more powerful overall” [and] worried about losing their skills if they rely too much on AI.” “The great majority of everyone (coders) I spoke to was really kind of jazzed and excited about the new powers that AI was giving them...the fun of being a developer is you take an idea you have, and through sweat and work, you turn these magic words into a machine that does things for you. And that feels like magic, right, something from Tolkien.”⁴...Feeling powerful or feeling fearful produces different reactions in different people, from changes (little to much...or not at all) in physiology, behavior, voice, and performance.^{5,6}
 - **Approach:** As part of the Compensation Committee, Board Directors can request to see the more granular employee engagement, exit interviews, and employee turnover reports. Looking for differences in the reports—as well as an approved appropriate walk through various corporate locations—can provide a wealth of information useful to determining the overall morale level of the workforce and whether differences in individuals at various levels in the corporation that are more closely impacted/working with AI are experiencing significant emotions of power or fear.
- **Fact:** “According to SEO firm Graphite, as of May 2025, more than half of new web articles were generated primarily by AI, up from 5% before ChatGPT...this synthetic wave could contaminate data quality for everything from SEO to model training. Many organizations are now questioning the legitimacy of data about both people and their performance at work. This is not a distant technological problem: it’s a pressing business risk that could affect an organization’s brand, reputation, finances, and operational performance. Leaders will likely need to expand from focusing on cybersecurity to focusing on disinformation security. **Example:** Forty-one percent [of workforce polled] say they have used AI to automate part of their job, often without employer awareness.”³
- **Fact:** According to Salesforce, way back in November 2023, more than half of GenerativeAI (includes ChatGPT) users use unapproved tools at work and 64% have passed off GenAI content as their own.⁷
- **Fact:** “Boards and managers will need to learn how to fact check output before relying on AI. This will require deeper [executive] familiarity with the data. Boards will need to be educated on these and other limitations of this technology.” **Examples:** (i) An industrial manufacturer puts AI on the Board to surface risks; the directors learn it could be manipulated for personal agendas.⁸ (ii) When cybersecurity company Pindrop realized it needed to take action, it discovered that 1 in 6 job applications in its own organization were showing clear signs of fraud; many candidates were using deepfake technology during live interviews.”³
 - **Approach:** Board Directors can—after establishing genuine trust through actions and deeds and being supportive of the CEO—challenge portions of the operating/execution premises in the form of non-accusatory questions that are focused on stimulating trains of thought that encourage value creation that actually delivers its promised value.

Governance:

- **Fact:** “Pressures on organizations are no longer sequential, but compounding. Technological advancement is converging with economic volatility, geopolitical tensions, societal expectations, and a rapidly shifting workforce. The boundary between planning and execution is collapsing, even as cost pressures, efficiency mandates, and questions of trust and clarity intensify. Tensions once manageable over time are now tipping points, where hesitation risks missed opportunities and lasting [corporate/people] consequences. Three tipping points stand out: [i]“From Human + machine to Human x machine,” [ii]“From cost efficiency to value creation,” [iii]“From static plans to dynamic orchestration.”³
 - **Approach:** Be a Board Director who serves as a strategic advisor for the CEO, providing nuanced expertise, real world experience, and access to valuable networks, in addition to offering the latest and best fiduciary and legal practices.

Dr. Izzy Nelkin wrote an article “[The Rise of the Humans](#)” for *HQ Financial Views*, my company’s newsletter, eighteen years ago when the consensus was that human traders were becoming dinosaurs, replaced by emotionless, scalable quantitative program trading driven by computer algorithms. It turns out that many of the proprietary human-less systems “were, in fact, variations of the same model,” which, along with the overreliance on quantitative models and leverage, resulted in a spectacular crash. There was, of course, a backlash with a resulting re-employment of humans as traders AND of humans in the previously human-less risk management systems that had, unfortunately, not captured scenarios most likely to result in catastrophic losses.

History might not repeat itself, but is this period again a time that it will be the same tune? In other words, first a consensus that humans are replaceable, then a major crash, followed by humans back in roles that utilize their strategic sustainable competitive advantages with computers and now AI supporting them, making the end products/services better?

Let’s skip the crash and go right to using AI and technology to accelerate analysis, clarify uncertainty, and do repetitive or time-consuming work quicker, freeing up workers, Boards, and CEOs to focus on meeting corporate purposes and values that are in alignment with sound strategies that truly minimize risks and are bound by effective governance practices.

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