Journal of Law and Legal Research Development
ISSN: 3048-5045

The Governance of Artificial Intelligence: Balancing Ethics, Law and Innovation

Hannah B[1*]

[1*]*Assistant Professor, Department of Commerce, Bishop Heber College (Affiliated to Bharathidasan University, Tiruchirapalli), Tamilnadu, India*

Review Article History

Received: 12-Jul-2025
Revised: 20-Sep-2025
Accepted: 30-Sep-2025
Published: 18-Oct-2025

Keywords

Artificial Intelligence
Ethic
Accountability
Fairness
Governance
Regulation
Human Rights
Responsible AI
Transparency

Abstract

Artificial Intelligence (AI) has become deeply embedded in modern society, influencing diverse sectors such as healthcare, finance, education, and governance. While AI offers immense potential to enhance social welfare through automation, data-driven decision-making, and innovation, it also raises concerns about bias, accountability, privacy, and social inequality. The rapid advancement of AI technologies underscores the urgent need for effective governance that balances innovation with ethical responsibility. This paper reviews recent developments in AI ethics and regulatory frameworks, focusing on the intersection of law, technology, and human values. It highlights ongoing debates among policymakers, researchers, and industry leaders about the adequacy of current legal systems, the role of ethical principles, and the influence of corporate interests on AI standards. Drawing on interdisciplinary scholarship, including the works of Floridi, Hagerty, Bhadani, and Wang, the paper analyses global efforts such as the European Union's GDPR and the proposed Ethical Regulatory Framework for AI (ERF-AI). These initiatives emphasize fairness, transparency, accountability, and human-centered design as core elements of responsible AI. However, challenges persist due to regulatory fragmentation, power imbalances, and the dominance of private sector influence. The study concludes that robust, context-sensitive frameworks integrating ethical, legal, and technical dimensions are essential for ensuring that AI development supports human rights, social equity, and democratic governance while mitigating potential harms.

Corresponding Author:
Dr Hannah B
Assistant Professor, Department of Commerce, Bishop Heber College (Affiliated to Bharathidasan University, Tiruchirapalli), Tamilnadu, India
hannahvasanthan@gmail.com

1. INTRODUCTION

Artificial intelligence (AI) is becoming more and more a part of many parts of society, from important areas like healthcare and humanitarian aid to more everyday uses like dating[1]. AI, which includes embodied robotics and machine learning, could improve social and economic welfare and protect human rights. As dependence on AI increases, there are also growing concerns about its potential misuse and unforeseen consequences. This contrast requires a more in-depth analysis of the convergence of law, ethics, and technology in the regulation of AI systems, a subject that has become increasingly significant, as highlighted by Floridi. AI systems employ statistical learning methodologies to scrutinize large data sets and formulate predictions, resulting in extensive utilization in high-risk domains such as criminal justice (e.g., parole determinations), medical diagnostics, and financial oversight. As AI takes on more and more complicated tasks,

[1] *Martsenko, N. (2022). Artificial intelligence and human rights: a scientific review of impacts and interactions. Studia Prawnoustrojowe, (58).*

new problems come up about who is responsible, whether current laws are good enough to deal with things like discrimination, and the possibility of algorithmic harm. Addressing these complex issues requires the application of knowledge from multiple disciplines. The conversation is about creating ethical, legal, and technical frameworks for AI governance, which covers three main topics- Ethical governance deals with issues like fairness, openness, privacy, the fair sharing of resources, and the possible loss of jobs due to AI-driven automation[2]. Explain ability and interpretability are regarded as yet another essential mechanism for fostering algorithmic accountability and fairness. There are ongoing discussions about a potential "right to explanation" that would enable individuals to comprehend decisions made by automated systems, although the exact parameters of this right are still being determined. Lastly, ethical auditing has been suggested as a way to independently assess AI systems by looking at the inputs and outputs of algorithms to find possible biases or harmful results without having to look closely at how the system works technically. These methods work together to create a basic framework for deploying AI in a responsible and accountable way. There is more and more writing about how to govern AI and robots, which shows how law, ethics, and technology all work together. Even though these fields can work together, it is still up for debate whether they should be used together, as Nemitz and Pagallo pointed out[3]. Global stakeholders, encompassing industry, government, and academia, are engaged in discourse concerning the necessity of legal frameworks versus ethical or technical methodologies in AI governance. Some people want strong rules to protect data, while others point out big holes in the current rules for machine learning and algorithmic systems. In academia, there are more arguments against using technical solutions to solve complex social problems, focusing on the dangers of making terms like "fairness" and "discrimination" too simple. Harambam and colleagues contend that technology, encompassing AI, is influenced by human choices and intentions, necessitating continuous dialogue regarding the ideal framework for AI governance[4]. Political institutions around the world are currently debating important questions about how to govern AI well. This is expected to make important contributions to these discussions. It will also give an overview of the most recent changes in AI governance, including the changing plans for rules, ethical frameworks, and technical methods.

2. THE RISE OF ARTIFICIAL INTELLIGENCE AND ITS SOCIETAL IMPACT

Artificial intelligence (AI) is having a bigger and bigger impact on modern society, changing the economy, society, and politics in big ways. It is now used in many fields, including healthcare, finance, education, law enforcement, urban planning, and transportation. It is also used in personal areas like social networking and entertainment[5]. AI has many advantages, such as better efficiency and resource management, because it can automate tasks, improve the accuracy of predictions, and make better decisions. Machine learning algorithms make it easier to find diseases early and plan personalized treatments in healthcare, for example. AI can also help cities run more smoothly by improving traffic flow and energy use. In disaster response, predictive analytics can help with quick action that could save lives. AI also brings big problems for society, even with these benefits. Automation in the labour market can lead to job loss, especially for jobs that are routine and repetitive. This raises concerns about economic and social equity. Algorithmic bias can keep inequalities going or even make them worse, especially in high-stakes fields like criminal justice or lending money. The widespread use of "black box" systems that are hard to see through makes it even harder to hold people accountable because it's hard to tell how decisions are made and who is to blame for bad results[6]. AI affects the balance of power in society in ways that go beyond just technical problems. It encodes values and priorities that may not be in line with more general ethical standards. Concerns about privacy, data protection, and the protection of human rights highlight the difficulties of governing AI. As AI becomes more common, there is a need to think about these social, ethical, and moral issues to make sure that technological progress helps society as a whole instead of making problems worse. To get the long-term benefits of AI while reducing its possible harms, it is important to set up strong oversight systems that find a balance between innovation and social responsibility. Hagerty, (2019)[7], reviewed over 800 academic sources in multiple languages, the research reveals that AI's effects vary widely by geography and are shaped by local cultural and social contexts. Studies show that AI technologies often reinforce social divides, particularly affecting marginalized groups-a trend evident worldwide. Low- and middle-income countries appear more vulnerable to these negative impacts and less able to access AI's benefits. The study highlights the need for global, ethnographic research to understand and mitigate AI's role in deepening inequality and to guide the development of fair and responsible AI systems. Bhadani et al., (2025)[8] examines the societal impact of Artificial Intelligence (AI) across various sectors, including the workforce, healthcare, and education. They findings indicate that while AI brings about significant efficiency gains, it also

[2] *Xue, L., & Pang, Z. (2022). Ethical governance of artificial intelligence: An integrated analytical framework. Journal of Digital Economy, 1(1), 44-52.*

[3] *Pagallo, U. (2017). LegalAIze: Tackling the normative challenges of artificial intelligence and robotics through the secondary rules of law. In New Technology, Big Data and the Law (pp. 281-300). Singapore: Springer Singapore.*

[4] *Harambam, J., Helberger, N., & Van Hoboken, J. (2018). Democratizing algorithmic news recommenders: how to materialize voice in a technologically saturated media ecosystem. Philosophical Transactions of the Royal Society A: Mathematical, Physical and Engineering Sciences, 376(2133), 20180088.*

[5] *Krönke, C. (2019). Artificial intelligence and social media. In Regulating artificial intelligence (pp. 145-173). Cham: Springer International Publishing.*

[6] *Hassija, V., Chamola, V., Mahapatra, A., Singal, A., Goel, D., Huang, K., ... & Hussain, A. (2024). Interpreting black-box models: a review on explainable artificial intelligence. Cognitive Computation, 16(1), 45-74.*

[7] *Hagerty, A., & Rubinov, I. (2019). Global AI ethics: a review of the social impacts and ethical implications of artificial intelligence. arXiv preprint arXiv:1907.07892.*

[8] *Bhadani, C., & Pathak, R. (2025). The Societal Impact of Artificial Intelligence. IJSAT-International Journal on Science and Technology, 16(1).*

disrupts traditional employment patterns, requiring new skill sets and adaptability in the workforce. The ethical implications of AI, particularly in areas like bias and accountability, necessitate stronger regulatory frameworks to ensure responsible development.

3. LEGAL AND REGULATORY FRAMEWORKS

Since AI is growing so quickly, Governments, International Organizations, and Regulatory bodies have had to create laws and policies to help it be used safely. The European Union, the United States, China, and India all have national AI strategies that stress principles like fairness, accountability, transparency, and designing things with people in mind. These frameworks are meant to keep people safe, protect their rights, and make sure everyone can get the benefits of AI fairly. Legal tools include EU's General Data Protection Regulation (GDPR), which protects personal information, and proposed rules for AI-specific liability and compliance. Regulatory efforts often take a sector-specific approach, focusing on important areas like healthcare, finance, and self-driving cars, where AI mistakes can have very bad effects. Even with these efforts, problems still exist. A lot of AI rules are still not very clear, don't always work, or are heavily influenced by people who work in the industry. This makes people worry that the rules aren't in the public's best interest. The fact that big tech companies have a lot of power over AI standards can make commercial and national interests more important than global ethical concerns. Also, the speed of technological change often outpaces the speed of the law, leaving holes in the rules that put users and society at risk in ways that were not planned. Finding a balance between strict legal oversight and the freedom needed to encourage innovation is still a big problem. To effectively govern AI, legal norms and ethical principles must be in sync, there must be ways to hold people accountable, and everyone must be able to take part in decision-making. AI technologies can only be used responsibly if there are coordinated and comprehensive regulatory efforts that protect human rights, promote fairness, and support long-term technological progress in a variety of social settings. Wang (2024) et al.,[9] contributes to the field of AI ethics by bridging the gap between ethical principles and practical implementation from a regulatory perspective. It introduces the Ethical Regulatory Framework for AI (ERF-AI) to guide governments in designing ethical governance mechanisms. The framework was developed through a systematic review and thematic analysis of literature from 2014–2024 across major databases and international AI standards. Integrating insights from multiple disciplines, it identifies 23 key themes underpinning ethical regulation. Central to the framework are three feedback-loop processes-ethical review, incentive and penalty, and mechanism improvement. The study also proposes a seven-step process for practical mechanism design. By adhering to PRISMA guidelines and using NVivo analysis, it ensures methodological rigor.

4. ESTABLISHING THE FRAMEWORK FOR ARTIFICIAL INTELLIGENCE GOVERNANCE

In the quickly changing field of Artificial Intelligence governance, both academics and government officials are trying to keep up with the flood of new publications, principles, regulatory frameworks, and technical standards that are appearing all over the world. For example, in just six months in 2018, many countries came up with new AI plans, some of which were backed by a lot of government money. At the same time, the private sector has come up with its own AI principles and multi-stakeholder initiatives to set best practices[10]. These industry-led initiatives are commendable; however, they provoke significant inquiries regarding the determination of AI governance agendas, the cultural assumptions that inform these agendas, and the ultimate beneficiaries of such frameworks. It is important to think about these questions because they show the dangers of letting industry take over the governance discourse and point out possible gaps in current research. There have been a lot of worries about machine learning, where complicated social events are often boiled down to overly simple statistical models. Furthermore, the extensive utilization of opaque or "black box" systems in sectors such as finance, education, and criminal justice has elicited cautions regarding their potentially detrimental impacts. Researchers stress that the way people think about and understand AI systems has a direct effect on how governments make decisions and how power is used in society through algorithms. Another worry is that American companies are in charge of most AI development, which could lead to U.S.-centric norms being favoured over a more global view. A small number of leading American companies are responsible for most of the new AI technologies. This raises questions about how much power they have over international regulatory standards, especially since privacy laws are different in places like the European Union. People often say that AI systems are "black boxes," which isn't true because algorithms can be understood. This story, on the other hand, often serves as a reason for the industry to be involved in making rules. Companies like Google and Facebook that own huge data ecosystems use AI not only to improve their market positions but also to gain credibility in regulatory talks. This is a conflict of interest that raises ethical issues. There are many examples of how industry and government are linked. After the Cambridge Analytica scandal, the CEO of Facebook testified before the U.S. Senate and suggested regulatory steps. In the same way, the European Commission's High-Level Expert Group on AI, which is made up mostly of industry representatives, has led to discussions about how civil society voices are not being heard enough. People are becoming more worried that in places like India, policy talks put the needs of the government and businesses ahead of important social and moral issues. Critics advocate for a holistic framework that contextualizes technology within the larger framework of human rights, democratic governance, and the rule of law, emphasizing the excessive power wielded by a select group of corporate entities. Global AI ethics initiatives offer certain pathways for the establishment of norms; however, they frequently neglect the broader regulatory framework and the business models influenced by advertising and attention economics. To achieve effective AI governance, it is necessary to address the complex relationship between regulation, ethical frameworks, and the business culture that exists in industries driven by the internet today.

[9] *Wang, J., Huo, Y., Mahe, J., Ge, Z., Liu, Z., Wang, W., & Zhang, L. (2024). Developing an ethical regulatory framework for artificial intelligence: integrating systematic review, thematic analysis, and multidisciplinary theories. IEEE Access.*

[10] *Güngör, H. (2020). Creating value with artificial intelligence: A multi-stakeholder perspective. Journal of Creating Value, 6(1), 72-85.*

5. CONCLUSION

This article stresses how important it is to carefully look at the current ethical, technical, and regulatory frameworks for AI governance. It recognizes the work that is being done in the industry, but it warns against blindly accepting terms like fairness, accountability, and transparency, as these may miss bigger issues of equity, social justice, and human rights. The authors of this special issue are unhappy with how things are run right now and want to see more democratic principles and legal experimentation used. They emphasize the necessity for stakeholder representation and advocate for initiatives that incorporate viewpoints from the Global South. In general, the talks show that AI governance needs to be more nuanced and include things like ethical governance, explainability, and auditing. They also call for a rethinking of the stories about digital innovation and its effects on society.

Conflict of Interest
Conflict of interest declared none.

Funding
The review presented in the article did not receive any external financial support.

Acknowledgements
The authors would like to acknowledge that no external funding or assistance was received for this research, and therefore, no acknowledgements are necessary.

6. REFERENCES

1. Martsenko, N. (2022). Artificial intelligence and human rights: a scientific review of impacts and interactions. *Studia Prawnoustrojowe*, (58).
2. Xue, L., & Pang, Z. (2022). Ethical governance of artificial intelligence: An integrated analytical framework. *Journal of Digital Economy*, *1*(1), 44-52.
3. Pagallo, U. (2017). LegalAIze: Tackling the normative challenges of artificial intelligence and robotics through the secondary rules of law. In *New Technology, Big Data and the Law* (pp. 281-300). Singapore: Springer Singapore.
4. Harambam, J., Helberger, N., & Van Hoboken, J. (2018). Democratizing algorithmic news recommenders: how to materialize voice in a technologically saturated media ecosystem. *Philosophical Transactions of the Royal Society A: Mathematical, Physical and Engineering Sciences*, *376*(2133), 20180088.
5. Krönke, C. (2019). Artificial intelligence and social media. In *Regulating artificial intelligence* (pp. 145-173). Cham: Springer International Publishing.
6. Hassija, V., Chamola, V., Mahapatra, A., Singal, A., Goel, D., Huang, K., ... & Hussain, A. (2024). Interpreting black-box models: a review on explainable artificial intelligence. *Cognitive Computation*, *16*(1), 45-74.
7. Hagerty, A., & Rubinov, I. (2019). Global AI ethics: a review of the social impacts and ethical implications of artificial intelligence. *arXiv preprint arXiv:1907.07892*.
8. Bhadani, C., & Pathak, R. (2025). The Societal Impact of Artificial Intelligence. *IJSAT-International Journal on Science and Technology*, *16*(1).
9. Wang, J., Huo, Y., Mahe, J., Ge, Z., Liu, Z., Wang, W., & Zhang, L. (2024). Developing an ethical regulatory framework for artificial intelligence: integrating systematic review, thematic analysis, and multidisciplinary theories. *IEEE Access*.
10. Güngör, H. (2020). Creating value with artificial intelligence: A multi-stakeholder perspective. *Journal of Creating Value*, *6*(1), 72-85.