

ETHICAL AND LEGAL CONSIDERATIONS OF USING AI IN BUSINESS EDUCATION

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Abstract

As artificial intelligence (AI) tools become more deeply integrated into business education, ethical and legal implications demand critical attention. This paper investigates the core ethical and legal challenges involved in implementing AI technologies within business education frameworks. Emphasizing issues such as data privacy, algorithmic bias, informed consent, and compliance with international regulations, the study provides a roadmap for ethically and legally sound integration of AI in business curricula. It further explores best practices to ensure transparency, accountability, and academic integrity.

Keywords: *Artificial Intelligence, Business Education, Ethics, Legal Compliance, Data Privacy, Academic Integrity*

Introduction

The present scenario of business education in India is marked by rapid transformation and increasing relevance in the context of globalization, technological advancement, and changing industry demands. Business programs such as BBA, MBA, and PGDM continue to be among the most popular choices for students, with institutions ranging from prestigious ones like the IIMs and ISB to a large number of private and public universities offering these courses. One of the most significant developments is the integration of technology into teaching and learning. The rise of AI, data analytics, and digital learning platforms has led to hybrid and blended learning models, making business education more interactive and accessible. Online platforms such as Coursera, UpGrad, and Swayam, along with the use of AI tools like ChatGPT, are helping both students and faculty adapt to a more flexible, skill-oriented learning environment.

Curricula are also evolving to include skill-based and experiential learning, with greater emphasis on case studies, internships, and live projects. This shift reflects the growing importance of soft skills such as leadership, critical thinking, and communication, in addition to technical knowledge. The influence of globalization has led to international collaborations, exchange programs, and dual degrees, exposing students to global business practices and cross-cultural management skills. At the same time, the Indian government's support for start-ups and entrepreneurship has encouraged many institutions to introduce dedicated courses, incubation centers, and innovation labs.

Despite these advancements, the sector faces several challenges, including disparities in the quality of education across institutions, faculty shortages, and a mismatch between curriculum and industry requirements in many tier-2 and tier-3 colleges. Accreditation and regulatory bodies such as AICTE, NAAC, and NBA are working to improve the overall standards, but there remains a significant gap between top-tier institutions and others. The job market is also influencing the direction of business education, with growing demand for professionals skilled in digital marketing, financial technology, sustainability, and business analytics.

Looking ahead, the future of business education in India is promising, with expected further integration of technology, interdisciplinary learning, and adherence to the National Education Policy (NEP) 2020 guidelines. This includes the promotion of academic flexibility, credit transfer systems, and a multidisciplinary approach. While affordability and accessibility continue to be areas of concern, especially with the high cost of top-tier MBA programs, the rise of online degrees and government-backed initiatives is helping to bridge the gap. Overall, business education in India is steadily moving towards becoming more inclusive, tech-savvy, and industry-aligned.

Business Education Program in Indian Scenario

In business education in India today, students are being educated in a broad range of subjects that combine theoretical knowledge with practical and industry-relevant skills. The curriculum typically covers core areas such as management, finance, marketing, operations, human resources, and entrepreneurship, along with emerging topics like data analytics, artificial intelligence, and digital business models.

At the undergraduate level (e.g., BBA, B.Com with specialization), students are introduced to the foundations of business, such as principles of management, economics, business law, statistics, accounting, and organizational behavior. These programs aim to develop a basic understanding of how businesses operate and how different functions work together.

At the postgraduate level (especially in MBA and PGDM programs), the focus shifts to advanced business strategy, leadership, innovation, international business, project management, and business ethics. Students also learn about financial management, strategic marketing, supply chain management, and decision-making through case studies and simulations. Electives and specializations allow them to focus on areas like finance, HR, marketing, operations, international trade, and entrepreneurship.

Increasingly, business schools are also teaching 21st-century skills like critical thinking, communication, teamwork, and digital literacy. Many institutions have included modules on data science, machine learning, AI in business, e-commerce, and sustainability. These are taught through both classroom learning and practical experiences such as internships, live projects, industry interactions, business competitions, and capstone projects.

Business education in India today is not just about traditional subjects like accounting and management, but also about equipping students with the technological, analytical, ethical, and entrepreneurial skills required in the modern business world.

Forms of Artificial Intelligence in Business Education

Artificial Intelligence (AI) is playing a transformative role in business education in India by enhancing both teaching methods and learning experiences, and by making students ready for the AI-driven business world. Here's how AI is being used in business education:

Personalized Learning

AI-powered platforms help deliver customized learning experiences. Tools like ChatGPT, AI tutors, and adaptive learning software adjust the pace and content based on a student's performance and preferences. This ensures students grasp concepts better and can revise efficiently.

Smart Classrooms and Virtual Assistants

Many B-schools are integrating AI-based virtual teaching assistants that help students by answering queries, providing additional study materials, or even summarizing lectures. AI tools are also being used in automated attendance, performance tracking, and classroom engagement monitoring.

Data Analytics and Business Simulations

Business students learn how to use AI in real-time simulations, where they make decisions in virtual business environments and see outcomes based on predictive algorithms. AI is also embedded in data analytics software, helping students understand customer behavior, financial modeling, and market forecasting.

Curriculum Enhancement

Institutions are now offering specialized courses on:

- AI in Marketing
- AI in Finance (e.g., robo-advisors, fraud detection)
- AI in HR (e.g., recruitment automation, employee sentiment analysis)
- Ethical use of AI in business

These prepare students to apply AI in real-world business functions.

Assessment and Feedback

AI tools can automatically grade assignments, give instant feedback, and identify areas where students are struggling. This allows teachers to provide targeted support and saves time in evaluation.

Skill Development for AI Careers

Students are being trained in AI tools like Python, R, Power BI, and Tableau, and how these are used in business intelligence and decision-making. This prepares them for roles in business analytics, AI strategy, and tech-enabled entrepreneurship.

AI-Driven Career Services

AI is used in resume building tools, job-matching platforms, and mock interview simulations, helping students better prepare for placements. Predictive analytics also helps career cells match students with roles based on their skills and interests.

Ethical and Legal Considerations

The use of Artificial Intelligence (AI) in business education brings significant benefits, but it also raises important ethical and legal considerations that educators and institutions must address. Ethically, there are concerns about data privacy, as AI tools often collect and analyze student information to personalize learning. Ensuring that this data is handled responsibly, with clear consent and confidentiality, is crucial. Additionally, there is a risk of bias in AI algorithms, which can lead to unfair grading, unequal learning support, or skewed recruitment predictions if not properly monitored. Academic integrity is another major concern, as AI tools like ChatGPT can be misused by students for plagiarism or to complete assignments dishonestly, challenging traditional notions of merit and assessment.

From a legal perspective, institutions must comply with national and international data protection laws such as the Indian Data Protection Act (once fully enacted) or global standards like GDPR, especially when using third-party AI tools that store or process user data. There is also a growing need for regulatory clarity on the use of generative AI in classrooms, exams, and research. Educational institutions must ensure that their AI tools are transparent, accountable, and auditable, and that faculty and students are adequately trained to use them responsibly. Moreover, questions around intellectual property rights emerge when AI-generated content is used in academic submissions or research. Overall, while AI enhances business education, institutions must develop clear ethical guidelines and legal frameworks to ensure its use is fair, secure, and aligned with educational values.

Ethical Considerations of Using AI in Business Education

The ethical considerations of using Artificial Intelligence (AI) in business education are becoming increasingly significant as AI tools become more integrated into teaching and learning environments. One of the primary concerns is student privacy and data security. AI systems often collect and analyze personal data to customize learning experiences, raising questions about how that data is stored, used, and protected. Ensuring informed consent and confidentiality is essential to uphold students' rights. Another major ethical issue is the potential for algorithmic bias, where AI tools may unintentionally favor certain groups over others, leading to unequal access to learning opportunities or skewed assessment results. There is also the challenge of maintaining academic integrity; tools like ChatGPT can be misused by students to complete assignments or exams, which undermines the learning process and the fairness of academic evaluations.

Furthermore, the lack of transparency in how AI makes decisions can limit accountability, making it difficult for students and educators to understand or challenge outcomes generated by these systems. Over-reliance on AI may also reduce critical thinking and interpersonal skills, as students may become passive learners rather than active

participants in their education. Therefore, institutions must develop ethical guidelines and provide proper training to ensure that AI is used as a supportive educational tool rather than a replacement for human judgment and creativity. In summary, while AI offers many benefits in business education, it must be implemented ethically, with a strong emphasis on fairness, transparency, and respect for student autonomy.

Legal Considerations of Using AI in Business Education

The legal considerations of using Artificial Intelligence (AI) in business education are critical to ensuring responsible and compliant implementation. One of the primary legal concerns is data protection and privacy. AI tools often collect and process sensitive student data, which must comply with existing laws such as the Information Technology Act, 2000 in India and upcoming frameworks like the Digital Personal Data Protection Act, 2023. Institutions must ensure that data is collected with explicit consent, stored securely, and used only for educational purposes. Failure to do so can result in legal penalties and breaches of student trust. Another important legal aspect is intellectual property rights. The use of AI-generated content in assignments, research, or teaching materials raises questions about authorship and ownership, particularly when tools like ChatGPT are used to create academic outputs.

There is also a need to address liability issues – if an AI tool provides incorrect or biased feedback that impacts a student’s performance or decisions, it must be clear who is legally responsible: the institution, the software provider, or the instructor. Additionally, institutions must ensure that AI tools used in education comply with licensing agreements and are not infringing on copyrighted materials. With the increasing use of automated assessment and monitoring tools, compliance with laws on surveillance and student rights is also essential. In conclusion, while AI can greatly enhance the effectiveness of business education, its deployment must be governed by clear legal frameworks to protect students’ rights, uphold academic integrity, and ensure accountability in digital learning environments.

Conclusion

While AI offers transformative potential in business education, its adoption comes with complex ethical and legal challenges. Addressing these issues proactively through institutional policies, stakeholder education, and ethical design can help ensure that AI serves as an enabler of inclusive, responsible, and high-quality learning experiences. As business schools increasingly rely on AI, a commitment to ethical integrity and legal compliance will be paramount.

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