



Linnæus University

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Master's Thesis

Are you ready for a new (AI) colleague?

How the geopolitical and cultural contexts influence fashion retail managers' decision-making process regarding adopting and implementing AI.



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Abstract

The rapid development of artificial intelligence (AI) has led to significant changes in the business environment and academic discussions. AI boosts productivity and positively impacts the competitive advantage of organisations. However, it also has its dark sides, such as prejudice, non-transparent processes, and people's fears that AI will be able to take their jobs in the future. The successful implementation of AI in organisations depends on several factors, including geopolitical, cultural, ecosystem, organisational, and individual factors. Geopolitical context and cultural differences can play an important role in the adoption and implementation of AI in organisations.

This study examines the influence of geopolitical and cultural contexts on the decision-making process for the adoption and implementation of AI by managers from the fashion retail industry in Sweden and India. Given the extensive scope of these contexts, the authors narrowed their focus on specific factors. In the cultural context, the authors consider selected dimensions of the GLOBE project that reflect national culture. Within the Geopolitical context, particular attention is given to aspects such as data access and control, as well as the regulatory framework.

In the course of this study, semi-structured interviews were conducted, and additional secondary data was studied. The study showed that the specifics of data access and control, as well as governmental legislative regulation, directly affect the decision-making process regarding the adoption and implementation of AI. As for the cultural context, here the degree of influence is heterogeneous, and decision-making on the implementation of AI is not always subject to the direct influence of the national cultural factors.

Key words

AI technology, artificial intelligence (AI), digital transformation, IT innovation, cultural context, geopolitical context, AI adoption, AI implementation, fashion retail industry.

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1 Introduction

This chapter presents the background of Artificial Intelligence (AI) and its impact on organisations. The background introduces AI's advantages and dark sides and how the success of AI adoption and implementation depends on several factors. Subsequently, a problematization will explain why this study is critical and an interesting topic to explore. The chapter then proceeds to outline the research question, purpose, and limitations of this dissertation, culminating in a preview of the forthcoming chapters.

1.1 Background

Artificial Intelligence (AI)'s rapid development is part of Digital Transformation and the so-called fourth industrial revolution. Scholars and practitioners are now discussing AI as a unique technology that, unlike other IT products, helps people cope with specific tasks and interact with them. AI is a system capable of processing large amounts of data and information in a manner reminiscent of intelligent behaviour. This technology typically includes aspects of reasoning, learning, perception, prediction, planning, and control (Ramos, 2022).

The roots of AI can be traced back to 1942 when the American science fiction writer Isaac Asimov published his short story "Runaround", in which he described the Three Laws of Robotics. As an academic discipline, AI was set back in the 1950s, but then it remained little known and limited in practical interest for more than half a century. However, only today, thanks to the development of Big data and the improvement of machine learning, AI has entered the business environment and academic discussions (Haenlein and Kaplan, 2019).

AI is becoming vital to the success of organisations (Giraud et al., 2022). With successful refinement and integration, AI can significantly contribute to productivity growth (Ramos, 2022). It positively affects organisations' competitive advantage, which helps them make decisions and solve problems more efficiently. Moreover, the successful implementation of

AI can also increase managers' productivity, strengthening or replacing some managerial skills, which can be related to the administrative, analytical, and cognitive processes (Giraud et al., 2022). However, there are skills that AI cannot replace (at least not yet). These skills include empathy, imagination, creativity, and other complex human qualities that are important for effective leadership (Langhof & Guldenberg, 2022). Thus, we can say that those organisations that can ensure the effective implementation of AI will gain a significant advantage in the market. Managers can also retrain their skills to be more technological and transformational, contributing to better results and sustainable development of organisations. Yet, this is rather complex and not a straightforward journey.

Despite the obvious advantages, AI also has its dark sides. For example, AI can be biased by the information it learns because humans created it. Moreover, the deep learning that AI uses is a kind of black box. This means that we can see the result but not the process of its creation. In some cases, this may be acceptable, but in others, it can be a significant problem (Haenlein and Kaplan, 2019). An example is when a company's management wants to decide based on AI and disagrees with the model presented to them. If such decision-makers want to gain a deeper understanding of the underlying phenomena of the model presented by AI, then this will be very difficult to do (Mohiuddin Babu, 2022). There are also fears that AI will replace human workers and take overtime. Some are afraid that the more AI is used, the less work will be left for humans (Huang, Rust, and Maksimovic, 2019).

In modern scientific literature, it is customary to focus on the impact of digital transformation mainly on organisation and organisational changes, but also on different levels of organising (Dąbrowska et al., 2022). At the organisational level, the success of AI integration will depend on several organisational factors that managers must deal with: organisational culture, top management support, organisational readiness, employee trust in AI, etc. (Giraud et al., 2022). However, there are other important components of the digital transformation process: geopolitical, ecosystem, individual (Dąbrowska et al., 2022), and cultural (Giraud et al., 2022; Xie et al., 2021; Langhof & Guldenberg, 2022). These factors are less studied and therefore are of particular interest, see (Figure 1). In this study, we will focus on three of them: geopolitical, cultural, and individual, see (Appendix 1).

Today's perception of digital technologies, data, and intellectual property rights depends on the geopolitical context. For example, data in the USA belongs to commercial organisations, while in China it is the property of the government (Dąbrowska et al., 2022). Both countries talk about their desire to be leaders in integrating AI and even compete in this. However, the degree of influence on organisations by government institutions is different for these countries (Nguyen et al., 2022). In Europe, the data belongs to citizens who have the right to control and restrict its use, and companies must comply with relevant legislation, such as the GDPR law (Dąbrowska et al., 2022). One notable example these days is Italy, which in March 2023 restricted its users' access to ChatGPT due to the assumption of privacy violation (Bresciaoggi, 2023).

This study focuses on Sweden and India, both of which aspire to become global leaders in the utilisation of AI. In 2018, the Swedish Government aimed to position Sweden as a global leader in innovation and digital transformation, with a particular focus on maximising the use of AI to enhance competitiveness and welfare. Furthermore, in 2021, the Ministry of Infrastructure published a strategy to establish Sweden as a prominent data exchange nation (Nordic Innovation and EY, 2022). India also aims to advance its national AI development efforts, with the potential for AI to contribute nearly a billion US dollars, approximately 15% of the country's current gross value, by 2035. This technology is expected to impact the lives of individuals in various ways in the coming years. However, in developing countries like India, there may be insufficient regulations governing AI adoption due to resistance to embrace these new changes. Additionally, concerns arise about the potential ramifications of AI in an economy abundant in labour, where many individuals lack education and live in poverty (Chowdhary, 2022). These apprehensions can influence the adoption and implementation of AI in both public and private sectors.

Thus, we see that data policies are quite heterogeneous and controversial in many countries. Organisations are heavily dependent on government policies for data management and use, and must be guided by the basic institutional requirements of the country or region (Dąbrowska et al., 2022), therefore the geopolitical context might play an important role in the adoption and implementation of AI in organisations.

The perception of AI is interpreted and broadcast by states also through the prism of their prevailing cultural norms. In discussions about AI and its integration, cultural differences are often omitted, which can be due to dubious stereotypes and oversimplifications. However, it seems important to note that the perception of AI can still differ depending on the cultural context (Nguyen et al., 2022). In their research work, Kolbjørnsrud et al. (2017) draw attention to cultural differences in views on AI and suggest that high-risk-taking cultures will be more open to integrating AI than those that are more prone to uncertainty avoidance (Kolbjørnsrud et al., 2017). Research by Rubino et al. (2020) on the influence of culture on the overall process of digitalisation in organisations highlights the importance of cultural aspects that are essential for managers (Rubino et al., 2020). Based on the GLOBE project (2020), Sweden and India have different national cultural contexts, which can significantly influence decisions regarding the adoption and implementation of AI. Organisations will likely need to take into account the connection between AI and national culture when implementing the technology, as AI pertains to digital transformation and is thus intertwined with cultural influences. This connection makes it an important factor to consider.

At the individual level, the human factor is also an important component of digital transformation. The key elements here are not only the mindset of senior managers, but also the loyalty, technological skills, and innovative ideas of other managers actively involved in the implementation of new technologies (Gong and Ribiere, 2021). Moreover, at the individual level, managers can perceive the introduction of AI in different ways. On the one hand, some may view the adoption of such technologies positively because they will facilitate human-machine co-creation and decision-making, freeing up managers' time for more transformational leadership. On the other hand, some managers can perceive AI as a threat to current jobs and the economic and social well-being of employees (Dąbrowska et al., 2022).

Fashion retail is among the numerous industries that have incorporated AI into their operational processes. AI has revolutionised the fashion retail industry, transforming the way companies operate and interact with customers. From personalised recommendations to

virtual try-ons, AI has brought innovation and efficiency to various aspects of the fashion retail business.

The introduction of AI into the business processes of organisations from the fashion industry is now taking place in many countries around the world. Sweden and India are no exception. In India, for example, the retail sector accounts for about 10% of India's gross domestic product (GDP) and is expected to quadruple by 2025 (Jain and Gandhi, 2021). Sweden also has a well-developed retail industry, with a strong presence of international and domestic brands, and a high level of digitalisation and technological adoption. The fashion retail market in both countries is competitive, and companies are increasingly leveraging technologies such as AI to gain a competitive edge, enhance customer experience, and optimise their operations.

Thus, on the one hand, technological development and the use of AI can play an important and positive role in the revolutionise of fashion retail industries, on the other hand, this also poses a problem due to its implementation being a multifaceted and ambiguous process. When fashion retail managers are making decisions on the implementation of AI, they are faced with various external (geopolitical, cultural) and internal (individual) factors that might be important to take into account. Given these facts, it seems indispensable to examine in greater depth how the geopolitical and cultural contexts affect the decision-making process of fashion retail managers in Sweden and India regarding the implementation of AI.

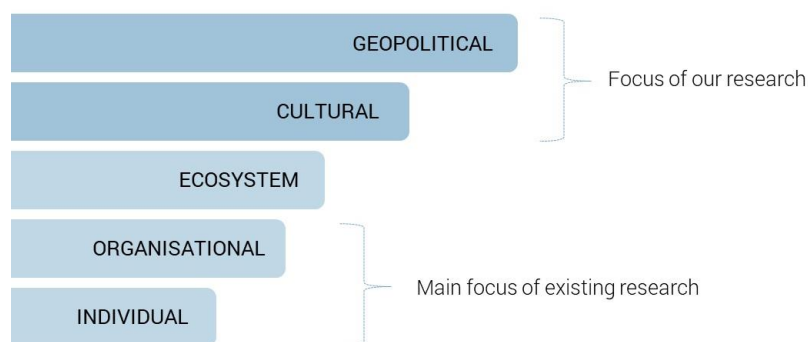


Figure 1. Context of study

1.2 Problem discussion

Managers are direct participants and actors in Digital Transformation, and the success of introducing new technologies depends on their readiness and skills. As we can see, there are already studies exploring various factors that influence decision-making and digital adoption process by managers in various organisations (Shi and Herniman, 2023; Cao et al., 2021; Roberts et al., 2021; Rubino et al., 2020). However, there is very little research on the factors influencing the adoption and implementation of AI. AI is certainly part of the digital transformation, but this technology differs significantly from others in its proximity to the imitation of human intelligence. Because of this, managers may react differently when making decisions on its implementation in the workflow. Therefore, it is crucial to study and understand how specific factors can affect decision-making processes related to the adoption and implementation of AI.

Moreover, organisations from many industries are now thinking about integrating AI into their processes or are already doing so. As mentioned above, the most advanced industry in this regard is fashion retail. One of the fundamental problems of firms operating in the fashion retail industry is that they are somewhat lagging behind the expectations of consumers. Therefore, Digital Transformation is an important condition for a competitive advantage. Big data and AI enable the fashion industry to strategically tailor the customer experience and optimise other business processes across the supply chain, inventory, HR, and other areas. Therefore, implementing AI for organisations in this industry is an important component for a successful sustainable growth (Gong and Ribiere, 2021).

The existing literature recognises the importance of Digital Transformation and the use of AI by fashion retail companies to achieve more sustainable development (Haenlein and Kaplan, 2019; Alfawaz and Alshehri, 2022; Mohiuddin Babu, 2022). However, there is little to no research on the adoption and implementation stages of AI in such organisations. Moreover, when it comes to geopolitical and cultural contexts and their impact on the adoption of AI, the existing studies mostly examine the experience of organisations from the USA and China, as well as Europe as a whole (Rubino, M. et al., 2020; Nguyen et al., 2022;

Belitski et al., 2023). Therefore, in order to diversify and expand academic knowledge, this paper will study the experience of managers from fashion retail companies in Sweden and India. As authors, we decided on these countries, as they are excellent countries to study as they represent different geopolitical and cultural contexts that may significantly influence the adoption and implementation of AI in the fashion retail industry. By studying these two countries, managers can gain insights into how geopolitical and cultural contexts shape the decision-making process of fashion retail towards their adoption and implementation of AI. It may help inform strategies for successfully implementing AI in other cultural and geopolitical contexts. Since there are currently no studies on this topic, we decided that this work would be a good contribution to the development of theoretical knowledge on the topic of AI. Moreover, from a practical point of view, it will be useful for organisations and managers to know what obstacles they may face in implementing AI technologies in different geopolitical and cultural contexts.

1.3 Research purpose

This study aims to examine the influence of geopolitical and cultural contexts on the decision-making process of managers from the fashion retail industry regarding the adoption and implementation of AI technologies in Sweden and India. By examining the complex interplay between geopolitical and cultural contexts and managerial decision-making, this research seeks to contribute to a better understanding of the challenges and opportunities associated with the implementation of AI technologies. Ultimately, the findings of this research can inform the development of more effective strategies for the adoption and implementation of AI in different geopolitical and cultural contexts.

1.4 Research question and objectives

In order to achieve the purpose of the study, the research questions are as follows:

MQ: How do the geopolitical and cultural contexts influence fashion retail managers in Sweden and India when deciding to adopt and implement AI?

SQ 1: What governmental policies and regulations facilitate or impede managers' decisions, who are engaged in adopting and implementing AI within their organisations?

SQ 2: What factors of the national culture influence the decision-making process regarding the adoption and implementation of AI?

The objectives for this research are:

1. To explore the role of geopolitical factors, such as governmental regulations and data policies, in shaping the decision-making process of managers from the fashion retail industry regarding the adoption and implementation of AI.
2. To investigate the impact of the national cultural factors on the decision-making regarding the adoption and implementation of AI.
3. To identify and analyse the strategies and best practices employed by managers in different cultural and geopolitical contexts of Sweden and India to overcome the challenges associated with the adoption and implementation of AI.
4. To provide recommendations for the development of more effective strategies for the adoption and implementation of AI in different cultural and geopolitical contexts, taking into account the complex interplay between geopolitical and cultural factors and managerial decision-making.

1.5 Limitations

In this study, we analyse the interplay between geopolitical and cultural contexts. However, we do not study the entire scope of these contexts due to the short time limit. Within the cultural context, we examine the GLOBE Project dimensions that reflect the national culture. In the geopolitical context, our focus is on data access and control, as well as regulation frameworks.

By narrowing our examination to specific aspects, we aim to gain valuable insight into the interplay between national culture, data-related factors, and governmental regulations contributing to a deeper understanding of the broader topic at hand.

This study examines the general national cultural context, which is a rather sensitive topic, often criticised due to excessive simplifications and stereotypes. This paper will make a delicate attempt to understand how different national cultural dimensions influence the AI adoption and implementation process. In addition to the national culture, the decision-making process may be influenced by other subcultures (for example, industrial, professional, or corporate) and the researchers consider these factors as another limitation of this work.

In addition, the limitation of this thesis is that only Sweden and India will be examined, as to how it may differ between these two countries when it comes to the adoption and implementation of AI technology. Furthermore, the case is based on fashion retail organisations from each country. Therefore, the findings of this study may not be generalisable to other countries or industries due to the differences in cultural and geopolitical contexts. Due to the time limit of this study, a generalisation of more countries or companies cannot be made.

1.6 Disposition

The thesis consists of six chapters. *Chapter 1* introduces the background for the thesis to frame the relevance of the research question, objectives, and purpose of the study, followed by the problematization and the limitations of this study. *Chapter 2* is the literature review which describes the theories that have been used in this study. *Chapter 3* is about the research methodology used in this paper on AI adoption and implementation in different countries. *Chapter 4* introduces the empirical findings, which explains how we have conducted our study to collect the empirical data. *Chapter 5* contains the analysis and discussion of the findings collected in the previous chapter. The final chapter in this dissertation is *Chapter 6*, which concludes a summary of the thesis where the research questions are being answered, followed by theoretical contribution, practical implications, and lastly suggestions for future research.

2 Literature review

This chapter defines Digital Transformation and describes the key decision-making steps in IT innovation. It also examines the components of the geopolitical context, with a focus on the specifics of data and legislative regulation. Additionally, it investigates the role of national culture and its potential influence on decision-making processes related to AI adoption and implementation. This review emphasises the need for a nuanced and contextualised understanding of these factors and identifies gaps in the existing research.

2.1 Digital Transformation

Digital transformation is a concept that has received a lot of attention in recent years, as organisations have sought to adapt to the challenges and opportunities associated with the growing digitalisation of the economy. Gong and Ribiere (2021) propose a definition of digital transformation as “*a fundamental change process enabled by digital technologies that aims to bring radical improvement and innovation to an entity [e.g., an organisation, a business network, an industry, or society] to create value for its stakeholders by strategically leveraging its key resources and capabilities*” (Gong and Ribiere, 2021: pg 10). This definition highlights the transformative nature of digital technologies, highlighting the potential of organisations to rethink their business models and processes.

2.1.1 Conscious decision-making in IT Innovation

Swanson and Ramiller's (2004) discuss the importance of a conscious approach to IT innovation that involves conscious and intentional decision-making process. The authors emphasise that companies need to take a conscious approach to making decisions about the introduction of IT products, which includes considering the potential risks and benefits of new technologies and practices before they are implemented (Swanson and Ramiller, 2004). The authors propose a framework for IT innovation that includes four key stages, which will be discussed below.

1. **Comprehension:** The first step in IT innovation is the process by which team members understand new trends and technologies that may have an impact on the business. As the organisation immerses itself in innovation and learns more about it, this will develop a certain

attitude and approach. Accordingly, depending on this attitude and plans, the organisation will position itself as a potential supporter of this innovation or not.

2. Adoption: The second step involves a deeper consideration of IT innovation. At this stage, the organisation usually creates a business case for introducing a new innovation. This rationale will include an analysis and weighing of the commercial value of the innovation and the potential problems associated with the proposed change. These important criteria are weighed before deciding whether to proceed with implementation and allocate certain resources.

3. Implementation: This third phase includes the evaluation of new technologies and practices, the selection of certain options, and other actions that determine the transition to a new technology. At this stage, an important factor is, among other things, the timing of the project, which can be associated with both the readiness of the organisation and the readiness of the technology itself.

4. Assimilation: The last step is to bring the technology into the daily business and showcase the benefits. At this stage, the innovation becomes commonplace and embedded in the working systems and processes of the organisation. However, in some cases, innovation may not be well integrated and present problems that may lead to its reduction or abandonment (Swanson and Ramiller, 2004)

Thus, a preliminary assessment of new technologies is an important condition for its integration into the business. Such a conscious approach to the process of introducing technology at different stages helps to make informed decisions about what innovations to implement and how to integrate them into the organisation's activities properly.

This work is devoted to AI technology, which, despite its long existence, is only now beginning to gain momentum and popularity in organisations. Therefore, the focus of this study is directed at the second and third stages of IT innovation - adoption and implementation.

2.1.2 AI in the fashion retail industry

The digital revolution and the current AI hype have affected many industries. Such industries include fashion retail, for which the growth of e-commerce has become an important influencing factor for their sustainable growth. There is a growing need for fashion retail companies to adopt new rapid digital technologies to provide a seamless and consistent customer experience across physical and digital environments as a means to compete with online players. This need has been especially heightened during the COVID-19 pandemic, when fashion retail companies have had to close most of their stores and move sales online (Llorens et al., 2022). Thus, the commercial model of fashion retail companies has gradually shifted from being centred around physical retailers to being heavily dependent on online shopping (Casini and Roccetti, 2020).

AI has improved the entire online shopping experience by introducing a tactile dimension. By incorporating AI technologies like machine learning, deep learning, augmented reality, virtual try-ons, avatars, and chatbots into their websites, fashion retailers are achieving the goal of offering convenience to customers and enhancing their online shopping experience. As a result, retailers can decrease returns and increase revenue (Pillarisetty and Mishra, 2022).

In addition to online sales, fashion retail companies use AI in other areas of business. AI can be used to improve value chain efficiency. AI methods are integrated into various stages of the value chain, such as fashion design, model building, sales forecasting, and supply chain management (Mohiuddin Babu, 2022). Organisations with well-established supply chains are using AI to implement green strategies to eliminate leftovers, track processes in real-time, eliminate production errors, and simplify the production cycle (Alfawaz and Alshehri, 2022). This can result in lower costs and faster delivery times, which are both important factors for fashion retail companies. Organisations are also implementing AI at almost every stage of the production of clothing, footwear, and other accessories. In manufacturers where AI has already been introduced, the overall efficiency of processes, as well as environmental performance, has improved. At present, manufacturers are mainly using AI capabilities such as machine learning, decision support systems, expert systems, optimisation, image recognition, and vision (Mohiuddin Babu, 2022). Organisations utilise AI to enhance the manufacturing process by performing accurate quality control in the production chain (Casini and Roccetti, 2020).

Despite the fact that the fashion retail industry is quite actively integrating AI into its processes, there are still many complex issues that organisations face. One such issue is the significant gap between different value chains such as design, manufacturing, and marketing. Organisations still do not have a single, large-scale hybrid data set that they can apply across multiple business processes (Gu et al., 2020). In addition to the problem of data quality and availability, there are also organisational challenges for managing AI, as well as the need for significant investment and a lack of resources to create and maintain this technology. To develop AI capabilities, organisations need to improve their infrastructures, databases, and technical competencies of employees (Mohiuddin Babu, 2022).

As with other IT innovations, organisations need to not only embrace advanced AI technologies, but also understand their relevance and long-term sustainability. Managers must first evaluate the impact of a particular tool on their business and then select the right technology to provide a cost-effective solution for the organisation and its stakeholders (Pillarisetty and Mishra, 2022).

2.2 Geopolitical context

Geopolitical studies the intersection of geography, economics, and politics in shaping a country's foreign policy and international relations. Geopolitical context refers to the specific conditions shaping strategic positioning, relations with other countries, and pursuit of interest. It encompasses political, economic, social, and geographical factors that shape foreign policy and influence relations. It defines the strategic landscape, including location, resources, alliances, historical and cultural background (CFA Institute, 2023).

AI is rapidly becoming a key component of national security and economic competitiveness, leading to intense global competition in research and development, as well as concerns about the impact of job displacement, privacy, and human rights. The geopolitical context of AI refers to the way in which AI is influencing and being influenced by international relations, politics, and power dynamics among different countries and regions (Kania et al., 2018). Mialhe (2018) suggests that due to its potential as a powerful tool in these geopolitical areas, AI has the capability to shape and determine the future international order. This is because AI is expected to

transform certain geopolitical axioms by creating new relationships between immateriality, territories, and space-time dimensions.

Kapetas (2020) shares this understanding of the significance of AI for the future of geopolitics and stakeholders, where the geopolitics of AI and the discourse surrounding it are embedded within geopolitical competition. Specifically, the competition and rivalry between stakeholders with the aim of achieving ideological, military, and economic dominance through AI are driving the national competition for establishing global monopolies powered by AI in almost every sector. However, the scepticism is that the idea of having advantage within AI will lead to one stake having pre-eminent power and that the perception of AI bringing power to stakeholders will fuel this national competition. Therefore, the importance of AI for the future of stakeholders and geopolitics cannot be overstated (Kapetas, 2020).

According to Kania et al., (2018) there are several geopolitical dimensions to the development and deployment of AI, including:

1. **Technological leadership:** Countries are investing heavily in AI research and development in order to gain a competitive edge in areas such as military technology, autonomous vehicles, and smart cities. There are concerns that countries that lag behind in AI development may face economic disadvantages in the future.
2. **Data access and control:** The availability and control of data is becoming increasingly important in the development of AI. Countries are competing to gather and control large amounts of data that can be used to train AI algorithms. This has implications for privacy, national security, and economic competitiveness. Some countries are implementing policies to restrict the export of data, while others are promoting data-sharing initiatives.
3. **Regulatory frameworks:** There are ongoing debates about how to regulate the development and deployment of AI. Issues such as bias, transparency, and accountability are major concerns, and there are calls for international norms and standards to be developed. Some countries have already introduced regulations on AI, including concerns about bias, transparency, and accountability.

4. International cooperation: There are efforts to develop international norms and standards for AI, as well as collaborations and partnerships among countries, but there are also tensions and competition over the development and deployment of AI.

Since the geopolitical context is a rather broad concept, this paper will focus more on two of the above dimensions: *Data access and control* and *Regulatory frameworks*.

According to Dąbrowska et al. (2022), the geopolitical level includes socio-technical regimes and landscapes. The first is a set of institutions and rules that define the boundaries of ecosystems, and the second is broad business environments. Previously, landscapes and regimes were distinguished primarily by cultural differences, but today the perception of data, intellectual property rights, and geopolitical strategies has begun to influence the conditions for using digital technologies and data.

Data has become a key resource for organisations and how it is used globally varies greatly from country to country. The adoption and implementation of AI has led to the development of regulations and laws to address concerns about potential misuse or unintended consequences. In some countries, these laws restrict the research, development, and usage of AI technologies, including the usage of data collected from individuals without their consent and in compliance with respective laws. AI adopters are responsible for taking reasonable care to avoid mistakes that cause harm. Regulations and laws in such countries hold legal persons or organisations accountable for the actions and decisions made by AI on their behalf (Merhi and Harfouche, 2023).

Despite some progress in legislative regulation, politicians are currently facing the serious task of harmonising Digital Transformation policies in their countries. Politicians need to carefully consider the potential trade-offs between promoting incremental innovation and supporting transformative change in their societies, therefore a balance needs to be struck to achieve an effective innovation policy (Schot and Steinmueller, 2018). Moreover, the policies of governments in different countries regarding data remain very heterogeneous and contradictory. The development of rules, standards, and procedures is still a serious problem, which politicians in different countries solve in different ways. Thus, the rights and opportunities of organisations

to use, manage and control data can vary significantly, depending on the institutional requirements of the country. Such geopolitical differences affect how companies manage their data (Dąbrowska et al., 2022). From this, we can also conclude that different governmental regulations and laws can impact the decision-making process of managers planning to adopt and implement AI in their organisations. This impact will be different in different countries due to the heterogeneity of legislative initiatives.

2.2.1 Geopolitical context of Sweden related to AI

Sweden is known for being a highly developed country with a strong economy, social welfare system, and a long tradition of innovation. In recent years, the country has become increasingly interested in AI and its potential to transform industries and improve people's lives.

According to the Nordic Innovation report (2022), Sweden is one of the five Nordic countries that has been actively developing its AI and data ecosystem in recent years. Looking at the Swedish AI and data ecosystem, the Swedish government has been actively supporting the development of the AI and data ecosystem. In 2020, it launched a national strategy for AI, which aims to establish Sweden as a world leader in AI by 2030 (Nordic Innovation, 2022).

Based on the report, Sweden has been investing in talent recruitment and education to meet the growing demand for AI and data professionals. For instance, the Swedish government has launched a national initiative to provide free online courses in programming and data analysis. Sweden is home to several leading research institutions in AI and data, such as the Swedish AI Society (SAIS) which is a society promoting research and applications of AI. Its members include Swedish universities, researchers, organisations, professionals, and students who are active in the area of AI (Nordic Innovation, 2022).

Sweden has been at the forefront of promoting ethical and sustainable AI practices. The Swedish government has established a national AI ethics council, and the country has been a signatory of the European AI Alliance, which aims to promote ethical and human-centred AI (Nordic Innovation, 2022).

The report from Nordic Innovation quite positively describes the experience of Sweden in the development of AI at the state level. However, the researchers note the brevity, generality, and vagueness of Sweden's AI policy documents. Thus, Robinson (2020) argues that claims about AI are grand but vague. The author argues that the Swedish leadership lacks clear guidance on how government structures and institutions will ensure trust, transparency, and openness in the implementation of AI for their citizens. Moreover, there are no strong policies and principles for AI to compete on a global scale yet (Robinson, 2020). This could be attributed, among other factors, to the concerns expressed by Swedish politicians regarding AI. Notably, some politicians apprehend potential job displacement and the necessity for employees to acquire new skills in light of AI advancements. Moreover, AI will require new infrastructures and expanded legal frameworks (Toll et al., 2020). Since all these issues need to be addressed at the state level, the development of programs and new regulatory laws is somewhat hampered.

2.2.2 Geopolitical context of India related to AI

India is quite actively participating in the race of various countries of the world for Digital Transformation and the use of AI. This wave of transformation in India is expected to continue and innovative technologies will open profitable opportunities for Indian organisations. The government of this country is quite optimistic about AI and would like to promote its development in the country. Despite the relatively high development of India in terms of traditional IT services, when it comes to AI, this country is not yet advanced and is giving way to China and the United States (Chatterjee, 2020). India has so far lagged behind in developing a regulatory framework for personal data protection, standards of explain ability, fairness appraisals, human-AI collaborations, and liability frameworks (Chakrabarti and Sanyal, 2020). Thus, an important task of the Government of India now is adopting certain programs, rules, and procedures to accelerate the process of introducing AI in organisations.

There are several geopolitical issues that hinder the adoption of AI in Indian organisations that the government must address. First of all, this is the ownership of data, which in most cases belongs to large players in the market. Thus, most of the important data needed for decision-making and customised offers is concentrated in large organisations. Another problem is the lack of sufficient infrastructure and services to serve AI, therefore organisations use the infrastructures

of other countries. Finally, the lack of qualified AI professionals is also slowing down the adoption of this technology (Chatterjee, 2020).

In addition, Hammer and Karmakar (2021) note concerns that AI could contribute to job losses in India. This country has long struggled with structural inequality and poverty, so the introduction of this technology could challenge development paradigms of the country (Hammer and Karmakar, 2021). Therefore, the government should be especially careful when regulating the use of AI.

Despite the fact that Indian experts talk about the importance of government involvement in the regulation of AI, such programs and laws have not yet been developed. Currently, India has policies in place to protect privacy and localise data, but there is no comprehensive AI law yet. With regard to the use of personal data, in India it is governed by the Information Technology Regulations. These rules make organisations responsible for compensating an individual for any negligence in maintaining data security standards. In recent years, the government of India has also developed and implemented many data localisation policy instruments that require certain types of data to be stored on servers physically located within India (Chakrabarti and Sanyal, 2020).

Thus, India is still in the early stages of developing a legal framework for AI. The government of this country has yet to finalise issues on human-AI cooperation, the framework of responsibility, as well as security and ethics.

2.3 Cultural context

To understand the relationship between cultural differences and the adoption of new technologies by nations, it is essential to go beyond the fields of traditional business and the technology literatures to consider the more complex body of thought emerging from cultural anthropology and other social and biological sciences (Steers, et al., 2008). The cultural context is important when examining the adoption and implementation of AI technology, as culture influences how people perceive, interpret, and respond to new technologies. Culture includes a range of values, beliefs, norms, and practices that shape individuals' attitudes toward technology and their willingness to adopt and use it in different contexts. Some cultures may value efficiency and

innovation, and therefore be more open to adopting new technologies, such as AI, while others may prioritise stability and tradition and be more resistant to change (Srite and Karahanna, 2006).

The research of Rubino et al. (2020) about the influence of culture on the overall process of digitalisation in organisations, highlights the importance of cultural aspects that are essential for managers. Based on Hofstede's cultural dimensions theory, the authors analysed the influence of various cultural dimensions on the process of digitalisation in organisations. The authors came to the conclusion that the levels of masculinity, individualism, and uncertainty avoidance affect the process of digitalisation in organisations. Moreover, the study draws attention to the fact that in cultures with a high level of uncertainty avoidance, an additional incentive will be required for the adoption and implementation of digital technologies. Therefore, the management of companies implementing digital technologies should also take into account the cultural characteristics of countries (Rubino et al., 2020).

Thus, understanding the cultural context can help identify the factors that influence the adoption and implementation of AI technology in different countries. It can help identify cultural barriers and facilitators to adoption, such as attitudes towards automation, trust in technology, and concerns about privacy and security. It can also help identify cultural differences in the way organisations approach the implementation of AI technology, such as differences in decision-making processes, communication, and approaches to risk management. Gaining insight into the unique opportunities and challenges associated with implementing AI in different cultural settings, can help develop strategies for successful adoption and implementation.

Hofstede and GLOBE are two widely used frameworks for analysing cultural differences. While they share some similarities, there are also some key differences between the two frameworks. Hofstede's framework focuses on five dimensions of culture: power distance, individualism-collectivism, masculinity-femininity, uncertainty avoidance, and long-term orientation. Hofstede's framework is widely used in cross-cultural research and is often applied in business settings to help managers understand cultural differences in their interactions with employees, customers, and partners (Hofstede Insights, 2023).

GLOBE Project is a more recent framework that includes nine cultural dimensions: uncertainty avoidance, power distance, institutional collectivism, in-group collectivism, gender egalitarianism, assertiveness, future orientation, performance orientation, and humane orientation. GLOBE Project is often used in organisational research and in consulting settings to help organisations improve their cross-cultural effectiveness (House, et al., 2004).

The chosen framework that will be used in this study is the GLOBE Project as it focuses on both individual-level and societal-level values, while Hofstede's framework only focuses on individual-level cultural values (Dorfman et al., 2012). GLOBE also includes dimensions related to leadership and organisational behaviour, which are not covered in Hofstede's framework. Furthermore, the dimensions that will be analysed in this study are *uncertainty avoidance*, *power distance*, *institutional collectivism*, and *future orientation*, as we believe that these dimensions can gain a more nuanced understanding of how the cultural factors affect AI adoption and implementation in different countries.

Lastly, the chosen countries for this study are India and Sweden. These are countries with very different levels of economic development, social structures, and cultural values, which makes them an interesting comparison for examining the adoption and implementation of AI. India is a developing country with a large and rapidly growing economy (Hindustan Times, 2023), while Sweden is a developed country with a highly advanced and diversified economy (The Local, 2018). Moreover, India and Sweden have distinct cultural values that could influence the adoption and implementation of AI in their respective organisations.

2.3.1 Cultural context of Sweden

In the cultural context of Sweden, as indicated by the GLOBE Project, the following four dimensions are:

1. Uncertainty avoidance: Sweden has a high score on this dimension, which suggests that Swedish culture values stability, predictability, and prefers to minimise ambiguity and uncertainty. Swedish culture relies on social norms, rules, and procedures to mitigate the unpredictability of future events (GLOBE Project, 2020a). This may impact the adoption and implementation of AI technology in Swedish organisations, as it suggests that managers may be

focused on careful planning, risk assessment, and ensuring a stable and predictable implementation of AI.

2. Power distance: Sweden has a low score on power distance, which indicates that Swedish culture favours flat hierarchical structures and a belief in the equality of all individuals (GLOBE Project, 2020a). This cultural preference for egalitarianism may impact the adoption and implementation of AI technology in Swedish organisations, as it suggests that decision-making processes may be more democratic and inclusive, with a focus on involving all team members in decision-making processes.

3. Institutional collectivism: Sweden has a moderate score on institutional collectivism, which suggests that Swedish culture values both individual and collective interests but leans slightly more towards collective interests (GLOBE Project, 2020a). This may impact the adoption and implementation of AI technology in Swedish organisations by prioritising the welfare of employees and society as a whole, while also valuing individual achievement and innovation.

4. Future Orientation: Sweden has a high score on future orientation, which suggests that Swedish culture has a long-term perspective and values planning, innovation, and sustainability (GLOBE Project, 2020a). This cultural preference for a long-term perspective may impact the adoption and implementation of AI technology in Swedish organisations by encouraging a focus on innovation and investment in new technologies as a means to improve performance, reduce costs, and remain competitive in the global market.

Overall, the cultural context of Sweden, as characterised by the GLOBE Project, suggests a strong preference for stability and predictability, while also valuing innovation, equality, and sustainability. These cultural values may influence the adoption and implementation of AI technology in Swedish organisations by shaping how managers perceive the potential benefits and risks of AI.

2.3.2 Cultural context of India

In the cultural context of India, as indicated by the GLOBE Project, the following four dimensions are:

1. Uncertainty avoidance: India has a moderate score on this dimension. This suggests that Indian culture has moderate preferences for stability and structure while also being relatively open to risk-taking and change. The Indian society can handle some level of ambiguity and uncertainty (GLOBE Project, 2020b). This aspect could influence the adoption and implementation of AI technology in Indian organisations, as it suggests that managers may embrace new and innovative approaches to work.

2. Power Distance: India has a high score on power distance, which indicates that Indian culture has a hierarchical structure and a belief in the unequal distribution of power among individuals (GLOBE Project, 2020b). This cultural preference for hierarchy may impact the adoption and implementation of AI technology in Indian organisations, as it suggests that decision-making processes may be more centralised, with a focus on top-down decision-making and obedience to authority.

3. Institutional Collectivism: India has a high score on institutional collectivism, which suggests that Indian culture values collective interests and group harmony over individual interests (GLOBE Project, 2020b). This may impact the adoption and implementation of AI technology in Indian organisations by prioritising the welfare of the group or organisation over the welfare of individual employees.

4. Future Orientation: India has a moderate score on future orientation, which suggests that Indian culture has a balanced perspective on the past, present, and future, and values tradition and history as well as innovation and change (GLOBE Project, 2020b). This cultural preference for a balanced perspective may impact the adoption and implementation of AI technology in Indian organisations by taking into account both the potential benefits and risks of AI, and the ethical and social implications of AI in the workplace.

Overall, the cultural context in India, as characterised by the GLOBE Project, suggests a moderate preference for stability and structure, and a significant acceptance of hierarchical authority, while also valuing collective interests, group loyalty, and a balanced perspective on the past, present, and future. These cultural values may influence the adoption and implementation of AI

technology in Indian organisations by shaping how managers perceive the potential benefits and risks of AI.

2.3.3. Decision-making process in different cultures

As mentioned above, the cultural context can play an important role in the decision-making process, as different cultural worldviews can change the nature and process of decisions (Li et al., 2015). Cultural characteristics can influence the perception of the need to make a decision, as well as by whom and how this decision is made. Moreover, the perception of the situation, and the identification of risks and opportunities before making a decision, is also likely to be influenced by the cultural context.

Differences in how decisions are made often coincide with differences in who makes decisions. In the West, researchers have largely assumed that people make decisions based on their own preferences and values, but people in many cultures ignore personal preferences and seek advice instead, often relying on the preferences of others. Such differences may be associated with individualism or collectivism. In cultures with high levels of individualism, there is social approval of goal achievement, self-expression, autonomy, and self-confidence. On the contrary, in collectivist cultures, there is social approval that plays an important role in the decision-making process. This approach implies the involvement of other people to anticipate any disapproval and ensure acceptance by society. One example of a collectivist country is India, where group harmony and relationships take precedence over individual needs and desires (Yates & de Oliveira, 2016).

The level of power distance also plays an important role in the decision-making process. In Sweden, where the level of power distance is low and hierarchy is played down, the involvement of employees in decision-making is quite high. Usually, in Swedish organisations, everyone has the right to contribute to the decision-making and such a process requires the search for consensus. This high involvement of various representatives of the structure contributes to the division of power and, as a consequence, to the improvement of collective well-being (Schneider et al., 2014).

In cultures with a high level of power distance, centralised decision-making will be more likely presented (Schneider et al., 2014). India is considered a high power distance culture where hierarchy and differences in status are important. This can affect the decision-making process, as people may be more likely to obey those in leadership positions or higher status (Yates & de Oliveira, 2016).

Finally, cultural differences can also influence how people perceive risks when making decisions. For example, studies have shown that people in individualistic cultures tend to be more risk-prone than those in collectivist cultures (Yates & de Oliveira, 2016). Interestingly, in another study, the authors found that managers from collectivist India were more willing to take the risks and changes associated with AI than their counterparts from individualist Scandinavian countries. Managers from India were willing to take risks to implement AI to gain a competitive advantage, while managers from Nordic countries were rather sceptical about new technology and less willing to take risks associated with the introduction of AI (Kolbjørnsrud et al., 2017). Thus, we see some controversy in the literature regarding risk-taking cultures, which we also plan to test with this study and add additional opinion regarding this factor.

2.4 Theoretical framework

Since the topic of AI is only gaining popularity, the amount of research and literature on this theme is rather limited. Therefore, in this section, theories devoted to Digital Transformation, of which AI is a part, were also included.

The literature on Digital Transformation suggests that when implementing any IT innovation, an organisation goes through four key stages: Comprehension, Adoption, Implementation, and Assimilation. Each of these stages is important and managers involved in such an innovation should be as conscious as possible in the decision-making process, taking into account various external and internal factors. Speaking about the various factors influencing the process of Digital Transformation, researchers mainly refer to organisational and individual characteristics. Only a small part of the academic literature is devoted to more global contexts, which include geopolitical and cultural factors.

The geopolitical context influences the adoption and implementation of AI, as different countries have different laws and regulations. Sweden and India, for example, have different approaches to AI rules, policies, and the use of data, which may affect how organisations make and implement decisions. Moreover, cultural factors play an important role in the adoption and implementation of AI in organisations, as different cultures show different approaches to the decision-making process. Hofstede's and the GLOBE project cultural dimensions provide a useful framework for understanding how cultural differences can influence decision-making processes in organisations.

Therefore, this study aims to explore the challenges and opportunities for adopting and implementing AI in the fashion retail industry, particularly in Sweden and India. Combining information from the literature on Digital Transformation, IT innovation, AI, as well as geopolitical and cultural contexts, this study aims to identify the key factors influencing the decision-making processes of managers regarding the adoption and implementation of AI in organisations of the fashion retail industry (see Figure 2).

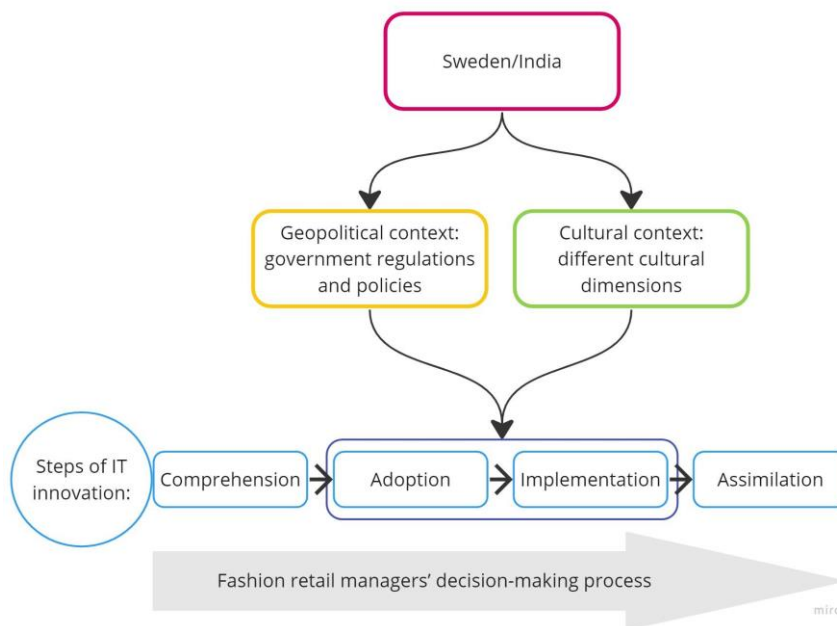


Figure 2. Theoretical Framework

3 Methodology

This chapter describes and motivates the overall methodological decision taken, what research approach is considered, and the theories utilised and interpreted. It contains research design, philosophical position, theory development approach, methodological choice, research strategy, data collection, data analysis, research credibility, ethical considerations, and methodological limitations.

3.1 Research design

3.1.1 Philosophical position

Interpretations of what may seem the same at first glance can differ depending on the context. People from different cultural backgrounds and under different circumstances attach different meanings, thus creating and experiencing different social realities. Therefore, in order to create a richer understanding and interpretation of social worlds and contexts this study has an interpretivism nature (Saunders et al., 2019: pg 149). In the case of AI, this would mean that managers do not rely solely on objective data or rational analysis to make decisions regarding its implementation. Instead, their subjective interpretations and experiences also play a role.

According to interpretivism, managers are active agents who interpret and give meaning to their experiences in specific social contexts. These contexts can include different political, institutional, and cultural peculiarities. Therefore, in order to understand the decision-making process of managers regarding AI adoption and implementation, it is important to take into account their subjective interpretations of these contextual factors.

3.1.2 Research approach and method

In order to be able to explore new assumptions based on already existing theories, as well as remain open to modification of the original ideas, the abductive approach was chosen for this study. The abductive method combines the deductive (from theory to data) and inductive (from data to theory) approaches and allows researchers to move back and forth, combining both methods (Saunders et al., 2019: pg 155). This study includes the conceptual basis of the existing theory, as well as its verification and completion through the collection of additional data

(Saunders et al., 2019: pg 153,). The research work begins with initial insights based on existing literature and theories related to the Digital Transformation, geopolitical context in Sweden and India, the GLOBE Project’s cultural dimensions, as well as the theory of the decision-making process in various cultural contexts. Data will then be collected to test and refine the initial assumptions, leading to the development of new ideas and theories (see Figure 3).

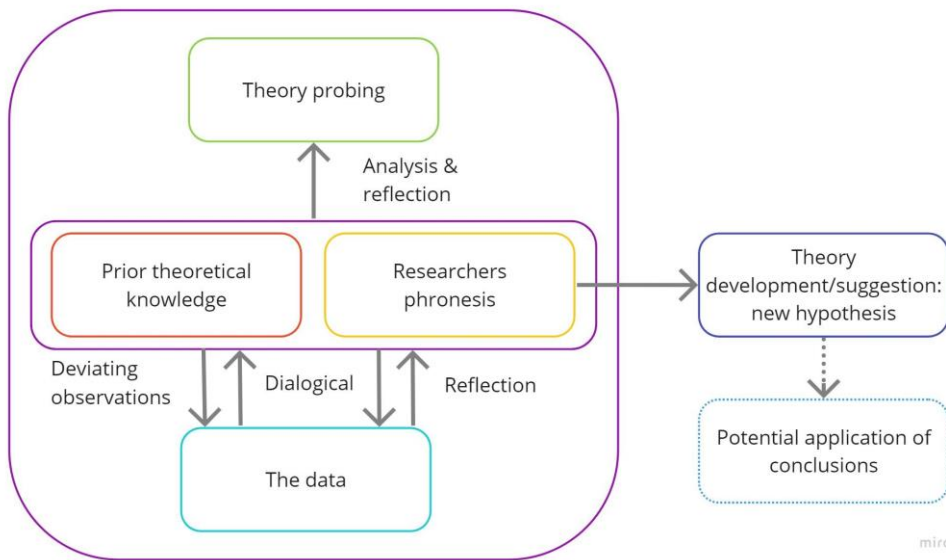


Figure 3. Abductive Research Approach

Since this study aims to explore subjective and socially constructed meanings of managers who are involved in the implementation of AI, it will have a qualitative nature. The study will utilise various qualitative data collection techniques, indicating that it will involve a multi-method approach for qualitative research (Saunders et al., 2019).

Qualitative research is essential to uncover deeper processes in individuals, teams, and organisations, as well as to understand what people feel and how they interpret their experiences (Bluhm et al., 2011). Therefore, a qualitative approach will allow us as researchers for an in-depth exploration of the lived experiences and perspectives of managers in different geopolitical and cultural contexts. To answer the research question, it is important to understand the decision-making process regarding the adoption and implementation of AI. On the one hand, the objective factors of the geopolitical context may influence this process. On the other hand, subjective

factors of personal beliefs and values may also influence a manager's experience, which go hand in hand with the national culture. A qualitative approach allows the collection and analysis of detailed data that can capture these objective and subjective factors. This approach will also uncover unexpected or previously unknown factors that may influence the decision-making process in the studied contexts.

This study involves the use of open-ended questions to obtain a comprehensive understanding of how geopolitical and cultural contexts affect the decision-making process regarding the implementation of AI, and therefore, the research purpose will be exploratory. The advantage of this type of research is its flexibility, allowing for changes in the direction of the study as needed (Saunders et al., 2019).

3.1.3 Research Strategy

Given the complexity of the geopolitical and cultural contexts, as well as the novelty of AI as a topic, a multi-method was the most appropriate research strategy for this qualitative study (Saunders et al., 2019). As researchers, the utilisation of semi-structured interviews enabled us to gather essential primary data. Furthermore, conducting a comprehensive analysis of various sources, including articles, websites, documents like annual reports, legislative regulations, and overviews pertaining to secondary data, significantly augmented our information collection efforts. The secondary data collection from relevant sources supplemented and contextualised the interview findings.

Managers from two different geopolitical and cultural contexts – Sweden and India - participated in the semi-structured interviews. Contextual differences between these countries helped to identify relevant patterns. The study involved organisations from the same industry to minimise other possible factors influencing the decision-making process of AI implementation. The interviews were semi-structured in order to provide flexibility in exploring the topic and encourage participants to share their experiences and impressions of the process of adopting and implementing AI in their work. The interviews covered topics such as managers' personal experiences across multiple decision-making stages regarding AI implementation (before, during, and after). Moreover, there were discussions about the impact of data regulation, as well as other

possible impacts from government institutions on how organisations can use AI. In this context, the plan was to obtain information about such geopolitical factors that influence the personal experience of managers in the adoption and implementation of AI. During the interviews, data was also collected related to the influence of the cultural context.

3.2 Data collection

In order to understand the influence of geopolitical and cultural contexts on the decision-making process of managers in relation to the adoption and implementation of AI, primary and secondary data was collected and analysed, as mentioned (see Figure 4).

Primary data was collected through semi-structured interviews that were conducted with managers from different organisations through video chat platform Zoom, with the assistance of an AI Notetaker called Fathom. This approach was chosen as the most feasible way to conduct interviews due to geographical separation and the need for remote communication. The interviews took place from the 21st of April until the 17th of May 2023, and a total of 8 interviews were conducted, with 4 participants from Sweden and 4 participants from India.

To select the participants, a purposive sampling method was employed through LinkedIn. The selection was based on inclusion criteria (Saunders et al., 2019), which targeted decision-makers within organisations in the fashion retail industries of Sweden and India who had experience with AI adoption and implementation. This approach ensured that our primary data collection would provide valuable insights and enable comparative analysis. Using semi-structured interviews, along with the aid of Fathom AI Notetaker, proved to be a valuable data collection method for this study. It allowed for flexibility in the questioning process and provided an opportunity to explore participants' responses in-depth. To guide the interviews, a set of open-ended questions covering a broad range of topics related to AI adoption, implementation, and the decision-making process were prepared. This helped address the research question effectively in order to answer the research question.

By incorporating the use of Fathom AI Notetaker through Zoom, we were able to conduct remote interviews and capture accurate transcriptions in real-time and streamline the note-taking process.

We also recorded the interviews with the interviewees consent. This to ensure that no crucial information was missed, as we were able to replay the recording during the writing of the study. This combination of methods ensured efficient data collection.

The secondary data was collected through databases such as *Google Scholar*, *OneSearch*, *JSTOR*, *EBSCO*, *news articles*, and *documents* related to the national regulations governing data protection and AI. The search was based on relevant keywords and phrases, including AI adoption, AI regulation, decision-making, geopolitical context, cultural context etc. The topics and framework mentioned in the literature review that were studied are: the GLOBE Project framework, Sweden’s geopolitical- and cultural context, India’s geopolitical- and cultural context, and the decision-making process in these cultures. Secondary data was collected for (1) reviewing existing literature, and (2) discovering new patterns in the geopolitical and cultural contexts related to the decision-making process of AI implementation.

Primary data (Semi-structured interviews)			
Participants	Job title	Country	Date of interview
Participant 1	Supply Chain Senior Manager	India	21.04.2023
Participant 2	Application Manager	India	23.04.2023
Participant 3	Program Manager	Sweden	24.04.2023
Participant 4	Product Area Manager	Sweden	02.05.2023
Participant 5	Business Operation Manager	India	04.05.2023
Participant 6	Project Manager	Sweden	14.05.2023
Participant 7	Customer Relationship Manager	Sweden	16.05.2023
Participant 8	Chief Supply Chain Officer	India	17.05.2023
Secondary data (for Findings section)			
Resource type	Number of documents	Access date	
Annual reports	2	13.05-15.05.2023	
Laws/policies	4	12.05-15.05.2023	
Legislative overviews	2	12.05-15.05.2023	
Websites	3	14.05-15.05.2023	

Figure 4. Primary and secondary data collection

3.3 Data analysis

To analyse the empirical data that was collected through semi-structured interviews on Zoom, including the utilisation of Fathom AI Notetaker, thematic analysis was applied. According to Saunders et al., (2019), thematic analysis is a qualitative research method used to identify and analyse patterns, themes, and categories within qualitative data. The process consists of six phases which have been applied in this research, including the integration of Fathom AI notetaker.

In the first step, we became *familiar with the data* collected through our interviews, where we read and re-read the data to gain a comprehensive understanding of the patterns and themes presented. To aid in this process, the AI notetaker was used during the interviews, which transcribed the spoken content into written form. We then *generated initial codes* by identifying words, phrases, and sentences that are relevant based on the research question. The AI notetaker played a crucial role in capturing and transcribing this information. In the subsequent step, we *searched for themes* by reviewing the initial codes and identifying similarities and differences among them. This was being done by grouping the codes into themes and subthemes. We then went ahead *reviewing the themes* and subthemes to ensure they were coherent, meaningful, and representative of the data. The themes that did not fit with the data or were not relevant to the research question were discarded. The following step included *defining and naming the themes* to accurately represent the content and meaning of the data. The final step was to write up the *analysis*. As researchers we presented the finding in a clear and concise manner, using quotes and examples for the data to support the themes identified. We also considered alternative explanations for the data and limitations of the analysis. As we made sense of the emerging themes from the analysis, we related them to the research question. This allowed us to reflect on the data and themes identified and compare them with existing literature in order to provide an interpretation of the findings. This is critical in qualitative research as it is the process through which meaning is derived from the data. It required us as researchers to remain open to the complexity and richness of the data to use our own judgement and expertise later to make sense of it (Saunders et al., 2019).

3.4 Research credibility and validity

Research credibility is important for the accuracy and quality of any study. Ensuring the validity and reliability of research findings is of paramount importance. Credibility, as defined by Bryman and Bell (2015), assesses whether the researcher's performance and methods are acceptable to others. In pursuit of maintaining credibility and validity, we employed multiple strategies, including *member checking*, *triangulation*, and *cross-check coding*.

To ensure the validity of our research, we used a *member check* (Bryman & Bell 2015). We sought approval and feedback from our supervisor by providing a copy of the interview guide. By involving our supervisor in the approval process, we aimed to validate the questions used during the interviews and ensure they were relevant and aligned with the research goals. This step helped us strengthen the credibility of our study by receiving expert input and ensuring the validity of the interview questions.

Furthermore, we implemented triangulation, which involves using multiple sources of data, methods, or researchers to corroborate and validate research results (Bryman & Bell 2015). In our study, we used articles and websites, documents like annual reports, legislative regulations, and overviews. By incorporating multiple data sources, we aimed to enhance the reliability and credibility of our findings through triangulation.

Moreover, to further enhance the credibility of our research, we implemented the technique of cross-check coding (Creswell and Creswell, 2023). As a team of researchers, we divided the coding process among ourselves. After individually coding the data, we sent our coded documents to each other for us to review and verify. This process allowed us to compare and validate our coding decisions, ensuring consistency and reducing the chances of overlooking valuable data. By cross-checking the coding, we aimed to enhance the credibility of our data analysis and strengthen the trustworthiness of our findings.

3.5 Ethical considerations

Ethical conduct is essential in all research. When conducting a thesis, it is important to discuss, address and resolve any potential ethical concerns. The ethical considerations for this study were *informed consent* and *cultural sensitivity*.

3.5.1 Informed consent

Obtaining informed consent from research participants is a crucial ethical consideration when conducting research on the adoption and implementation of AI technology. We ensured that participants were fully informed about their participation's research objectives, procedures, and potential risks and benefits. We also made sure to obtain participants' consent before collecting any data and ensure that their participation is voluntary. This protects confidentiality and privacy and ensures that any documents with sensitive information will not be shared with unauthorised parties. It was also essential to inform the participants that they could withdraw from the study at any given time (Saunders et al., 2019)

3.5.2 Cultural sensitivity

As this study conducts interviews with different retail fashion managers from different countries, we were mindful of the cultural differences between these countries and the potential impact these differences may have had on the study. We also ensured that the study did not offend any particular group or community. This included being sensitive to cultural nuances or local customs and practices. By being culturally conscious, we ensured that we knew how cultural differences might affect the study's validity and reliability. To ensure that we were culturally conscious, we read about the different countries' cultural norms and practices that were involved in this study. During the interviews, we made sure to dress and behave appropriately. We also made sure to listen carefully to what the participants were saying instead of imposing our own beliefs and values on them, but instead seeking to understand their experiences and views.

3.6 Methodological limitations

This study possesses several limitations that need to be acknowledged. Firstly, the novelty of the research topic is a significant constraint. Given the limited availability of literature and other relevant sources on this emerging subject, the study is inherently influenced by the scarcity of existing knowledge. This scarcity necessitated caution in drawing definitive conclusions. Furthermore, the adoption of AI in the fashion retail industry is still in its nascent stages, resulting in a lack of familiarity and experiences among managers in adopting and implementing this technology. Many managers who possess relevant experience have been bound by non-disclosure agreements, thereby restricting the authors' access to valuable and sensitive data. Despite reaching out to over 500 managers from the fashion retail industry in Sweden and India, the response rate was exceptionally low at just 1,6%. This low response rate limits the generalisability of the findings.

Another limitation pertains to the constrained time frame allocated for the study, which was limited to a mere two months. Given the complexity and scope of the research topic, this restricted time frame might have impeded the authors' ability to gather more comprehensive data and conduct a more extensive range of interviews. Allocating additional time would have allowed for more data collection and increased the generalisation of the study.

Lastly, language barriers and the use of Zoom for conducting interviews with participants introduced additional limitations. English not being the native language for most participants implies a higher likelihood of miscommunication, misunderstanding, and potential misinterpretation of information during the interview process. Moreover, the reliance on Zoom as a communication platform could have hindered the depth of interaction compared to face-to-face interviews.

At the same time, recognising these limitations, it is vital to view this study as a stepping stone in the exploration of this research area, acknowledging the potential for future research to build upon these initial findings and address the identified limitations in future studies.

4 Findings

In this chapter, we present and analyse the data obtained from semi-structured interviews with managers in the fashion retail industry in Sweden and India, as well as secondary data covering the governmental legislation and its overviews. The data is examined within the context of geopolitical and cultural factors, allowing us to gain a deeper understanding of their influence on AI adoption and implementation.

4.1. Geopolitical context

4.1.1. Sweden

4.1.1.1. Data access and control

In Sweden, data collection is regulated by several laws and regulations, which will be discussed in more detail in the next section. These laws set out rules for the collection, storage, and use of personal data and require organisations to obtain the express consent of individuals before collecting and processing their data (Swedish Authority for Privacy Protection, 2021).

Data in Sweden belongs to its citizens. It may only be collected for specific legitimate purposes and must be collected in an honest and transparent manner.

“You may only collect personal data for specific, explicitly stated and legitimate purposes. You therefore need to have a clear picture of why you are to process the personal data when you begin to collect it. The purposes set the limits for what you may and may not do, for example what data you may process and for how long you may retain it” (Swedish Authority for Privacy Protection, 2021: para.2).

One of the managers confirms that in Sweden they take data protection law quite seriously and organisations spend quite a lot of effort to comply with it when collecting and processing data.

“Well... I would say that we take it seriously [talking about data protection]. We have special people who deal with this and help the organisation comply with the law. But overall it's so...ehm...difficult to follow, of course...takes time to figure it out and get it right” (Participant 7).

Organisations have a responsibility to inform individuals about the data being collected, its usage, and potential sharing. Moreover, individuals have the right to access their personal data, request rectification or deletion, and object to the processing of their data (Swedish Authority for Privacy Protection, 2021). Managers from the fashion retail industry confirm the need to strictly follow the rules and delete citizens' data at their request:

“ (...) the company complies with all the GDPR at once. You can't just collect and process data like that. About data rights in Sweden - they belong to people. That is, each client can request the data that the company has collected about him, and can ask to delete it” (Participant 6).

Furthermore, in Sweden organisations are only allowed to collect data that is necessary. It is prohibited to collect data based on future assumptions of potential usefulness.

“You are never to process more personal data than is necessary and the personal data that is processed must be clearly connected to the purpose. In other words, it is not permitted to collect personal data for undefined future needs because it might be "good to have"” (Swedish Authority for Privacy Protection, 2021: para.2).

The collection of certain types of data, such as sensitive personal data related to a person's race, ethnicity, religion, political opinion or sexual orientation, is subject to additional rules and may require explicit consent or other special conditions (Swedish Authority for Privacy Protection, 2021).

In general, while data collection is permitted in Sweden, it is subject to strict regulations and must be done in a responsible and ethical manner, respecting the right to privacy and personal data. These rules will be discussed in more detail in the next section.

4.1.1.2. Regulatory frameworks

Sweden demonstrates a strong commitment to safeguarding the privacy of its citizens, as evident from the preceding paragraph. The country has its own Swedish Authority for Privacy Protection (IMY) responsible for protecting the privacy of individuals. This body monitors the implementation of all legislative norms relating to the protection of personal data.

“IMY is the Swedish supervisory authority responsible for safeguarding the privacy of individuals. Ensuring compliance with the GDPR and Swedish supplementary legislation thus falls within the scope of IMY's tasks” (Data protection overview, 2022: para.3).

Local data protection laws set out the rules that organisations must follow when processing personal data and set out the rights of individuals to access, correct, and delete their personal information. IMY also requires organisations to obtain the consent of individuals before collecting their personal data, except in certain circumstances (Data protection overview, 2022).

In addition to the IMY, Sweden has implemented the EU General Data Protection Regulation (GDPR), which came into force in May 2018.

“In connection with the GDPR entering into force, the 1998 Act was revoked and replaced by the Act with Supplementary Provisions to the GDPR (SFS 2018:218). In addition to the Act, the Ordinance with Supplementary Provisions to the GDPR (SFS 2018:219) was adopted by the Swedish Government. The aforementioned legislative act and ordinance serve the purpose of supplementing the GDPR and governing the overall processing of personal data in Sweden” (Data protection overview, 2022: para.1).

The GDPR strengthens data protection in the EU and gives individuals more control over their personal data. It also imposes stricter requirements on organisations that process personal data, such as mandatory data protection impact assessments and the appointment of a data protection officer in certain circumstances (Swedish Authority for Privacy Protection, 2021). Managers from fashion retail companies confirm the importance of this law for the implementation of AI in their organisations and mention how seriously they follow it. One of the managers said:

“As I said, lawyers are always involved in some new AI implementations. It seems to me that because of the GDPR, everyone was so tense 5 years ago when it was introduced, that now everyone follows it. The fines are so high that there is no deviation from the law” (Participant 7).

H&M Groups' annual report states that the organisation also takes data compliance seriously. In its structure company has professionals involved in protecting confidential data:

“Each regional organisation has a data privacy manager tasked with ensuring that the framework established by the central organisation is implemented. Compliance with the framework is governed by the central team and reported quarterly to an oversight steering committee” (H&M Group Annual and Sustainability report, 2022: pg 78).

Moreover, when it comes to implementing AI, H&M has also a dedicated group that is in charge of the responsible AI and ethical use of data:

“Additionally, a central tech team provides support and guidance on how to use artificial intelligence in an ethical way” (H&M Group Annual and Sustainability report, 2022: pg 78).

When introducing AI, managers are required to consult with this technical group to rule out any unethical use of data.

In general, managers are sympathetic to the GDPR law, although they note its complexity and the high level of effort required to comply with it. One of the managers also notes that the law governing data allows acting more ethically because in its absence there would be an inclination to use the data as much as possible, for profit.

“(…) I think we are very much involved with the GDPR and what we can do with people's data. As an employee, I think the GDPR is a hassle. But as I said, being a private person in Sweden, in Europe, I think the GDPR is great because I think that in my role as a manager, I would do my best to make as much money from these people as possible, and if there is no regulation and enforcement of what data I can save about people, I will save everything” (Participant 4).

In Sweden, people have the right to access their personal data held by organisations and can request that any inaccurate or incomplete information be corrected or deleted. Organisations must respond to these requests within a reasonable time frame and may only refuse to do so in certain limited circumstances (Data protection review, 2022). One of the managers notes that compared to some other industries, the data collected by fashion retail companies are not very sensitive. Moreover, they are protected by encryption and have very limited access, which somewhat simplifies the process of adoption and implementation of AI.

“But you see, fashion retail is like that, there are few things here that would be too sensitive. Well, for example, I don’t see customer data at all when working with AI. That is, those that are sensitive data, are available only to those people who need them directly in their work. I am building a model based on customers, but I see, for example, this customer ID bought some product at such a time, in such a store. But I see all this in codes, I do not see the name of this customer or his address. There is a clear distinction between who has access to data and who does not have access to data” (Participant 6).

Talking about other regulatory functions on the part of the state that affect the adoption and implementation of AI, an interesting comment from managers was the need for more government involvement in providing companies with AI professionals. Managers identified two problems that they face with the implementation of AI and which, in their opinion, are not yet effectively regulated by the Swedish state. These issues include migration policy towards AI specialists (data scientists, data engineers, etc.), as well as the training of such specialists in local educational institutions.

As for migration policy, managers say that local organisations lack highly qualified AI specialists and are therefore forced to bring them from other countries (very often from India). At present, Swedish migration law does not provide for any special conditions for obtaining a work visa for such highly qualified specialists. Accordingly, the process stretches for several months and it is not possible to bring an employee quickly. Such extended deadlines affect, among other things, the process of implementing AI in fashion retail organisations. One of the managers says:

“We don’t have enough of our specialists inside Sweden and we relocate a lot from other countries. Relocation costs money, takes time, and I see that companies have to go through all sorts of very large obstacles in the migration service. Even 6-7 years ago, I was at a conference dedicated to data and they just said that Canada gives data scientists, analysts, and data engineers from other countries visas within 3 days and approves all requests. The United States has simplified the procedure for these specialists and provides documents within a month. The Swedish Migration Service sends such specialists back. That is, the paperwork is very

complicated, the cost of relocation is very expensive, and the visa wait is very long” (Participant 3).

In addition to the migration issue, the same manager expresses concern that it is difficult for organisations to develop and promote AI specialists brought from abroad. State regulation implies rather limited conditions for the transfer of foreign workers to another position.

“Plus, specialists cannot change jobs for some time and cannot change positions. That is, if he was relocated as a data engineer, then he cannot be retrained as a data architect, because it will be different. That is, he must remain within his role and grow only within his specialisation. He cannot change his career path” (Participant 3).

As for the training of AI specialists within the country, managers noted that they do not see any significant support from the state. One of the managers expressed scepticism towards the announced state programs for the development of AI in Sweden, considering them as populism:

“About the programs... listen, well, this is all at the level of populism somewhere, because, well, anyway, let’s say there is free education in Sweden, where I can become a data scientist or other AI specialist. This education takes 2 years. That is, it’s still slow and somehow I don’t really see the effect of this” (Participant 6).

Another manager also says that in order to successfully implement AI in organisations and increase their competitiveness, it would be good if the Swedish government introduced programming training in schools.

“But as a citizen in Sweden, I would love to see an increased emphasis on making our population or our citizens ready for the future by adding programming to school” (Participant 4).

4.1.2. India

4.1.2.1. Data access and control

The collected information shows that at the moment data in India can be obtained relatively easily. India does not yet have a comprehensive national law governing the collection and use of personal

data. Instead of such a law, fashion retail companies use Information Technology Rules, 2011, which do not yet regulate well enough the procedure for collecting and controlling data.

When communicating with managers, there was no impression that they were experiencing any difficulties with the collection of data and with its quantity. The difficulties are rather associated with a large amount of data already available and the presence of several databases within the organisation that are not connected to each other in any way. A large amount of information on paper and in Excel also complicates AI implementation. However, managers note that they are waiting for the release of the new DPDP law. Managers say that in light of the passage of this law, as well as the introduction of AI, they will need to additionally make sure that customers understand the meaning of collecting data and will not be afraid to provide it.

“So it’s kind of a challenge because we have to properly instruct them [customers], we have to properly guide them that this is how the law and AI work in our organisation, and they don’t have to worry about their privacy” (Participant 2).

Managers said that in India, data is typically owned and controlled by the organisation that collects it. *“So there are still, you know, it’s not like the government regulations are hindering or helping a lot. We just have some regulations to respect and follow...and we do it...and who possesses the data...well, I think we as an organisation, because at the end of the day, it remains in our databases mainly” (Participant 8).*

However, they note the need to respect the opinion of customers regarding their personal data and try to conduct explanatory work with people.

“So our client also needs to be properly involved. They also agree that they provide this data so that we can manage [it]. Because in our country, in our culture, we have to basically agree with our clients that if they try to give us data or not, it’s rather based on [their] consent” (Participant 1).

As previously stated, in India, organisations retain ownership of data. Under current regulations, organisations are not required to delete previously collected information upon the request of individuals whose data is involved. These regulations also encompass sensitive information.

“Existing Indian law does not recognize other common data subject rights, such as the right to object to processing, determine the information an organisation holds on them, or the right to data portability. It also does not provide data subjects with a specific right to request that a body corporate delete SPDI [Sensitive personal data or information]” (Chakraborty et al., 2021: pg 14).

In addition to the need to comply with the aforementioned law, one of the managers also mentions the importance of adopting cyber security practices and coordinating actions with the Chief Information Security Officer to protect data.

“I think it's a general law based on what kind of data or consent we get from customers, and additionally we use CISO assertions for any kind of cyber security” (Participant 5).

In the conversation, managers also mentioned that it is important for them to use common sense regarding data handling and cyber security.

4.1.2.2. Regulatory frameworks

As mentioned above, the collection of personal data by fashion retailers in India is governed by the Information Technology Regulations 2011, which sets out guidelines for the collection, storage, and use of sensitive personal data. However, these rules are only 5 pages long and are quite general, not covering all the necessary nuances regarding data protection (The Gazette of India, 2011).

Therefore, there is currently an active discussion in India on a new regulation called The Digital Personal Data Protection Bill, 2022 (DPDP), the next consideration of which is scheduled for the summer of 2023. The DPDP is expected to create a more complete legal framework for the collection, processing, and storage of personal data.

“The DPDP Bill's objective is to provide standards for handling digital personal data in a way that respects both people's rights to privacy protection and the need to handle personal data legally. It outlines the duty of data fiduciaries (data handlers/controllers), the rights of the principals (data subjects), and the consequences of non-compliance” (An Overview of India's Digital Personal Data Protection Bill, 2022: para.1).

Without delving into the details of the law, we note that it more clearly regulates the use of personal data and in some points is similar to the European GDPR. However, it is interesting that the data remains the property of the organisations and can only be deleted if the right of storage is no longer provided by law. That is, organisations can delete data only when it is no longer needed. At the request of customers, they can only correct personal information.

“A data principal shall have the right to correction and erasure of their personal data. Upon receiving a request for such correction of the personal data from a data principal, a data fiduciary is required to correct any inaccuracies, complete any incomplete information, and update a data principal's personal data in the systems accordingly. In addition, unless retention is mandated by law, the data fiduciary is expected to delete any personal information that is no longer needed for the original reason it was obtained and processed” (An Overview of India's Digital Personal Data Protection Bill, 2022: para.5).

One of the fashion retail managers says that in general, they can note some support from the state regarding the implementation of AI.

“So government, I would say government were in the adoption of AI whether it be, you know, they ...they help the companies to implement that, they help in giving the data” (Participant 1).

Indeed, the National Data Sharing and Accessibility Policy (NDSAP) was found in the analysis of regulatory documents. The purpose of this policy is to facilitate the exchange of data between government departments, citizens, and organisations. The policy includes provisions for the establishment of a National Data Sharing and Accessibility Platform that will provide access to sectoral datasets.

“Asset and value potentials of data are widely recognized at all levels. Data collected or developed through public investments, when made publicly available and maintained over time, their potential value could be more fully realized. There has been an increasing demand by the community, that such data collected with the deployment of public funds should be made more readily available to all, for enabling rational debate, better decision making and use in meeting civil society needs” (Gazette of India, 2012: pg 93).

Moreover, when talking about the role of the state in the implementation of AI in fashion retail organisations, managers do not see any serious obstacles that could prevent implementation. A small exception here is the need to follow laws regarding data and its security.

“Government regulations and laws do not prevent the implementation and use of AI, but until such time as data is leaked. Well, I mean, companies, um, are not hindered by laws and regulations, it's just that many companies are not ready for digital transformation for other reasons” (Participant 5).

Interestingly, in April 2023, the Government of India issued a statement that it did not intend to somehow regulate the development and use of AI at the legislative level. Their statement shows a positive attitude towards the development of this technology in the region, so they do not plan to add any additional obstacles in the form of regulatory documents.

“India does not plan to regulate the growth of AI within the South Asian market, identifying the sector as a “significant and strategic” area for the nation. This stance arrives at a time when numerous voices are calling for increased scrutiny of the rapidly advancing technology.

The Ministry of Electronics and IT said in a long written response on Wednesday that it has assessed the ethical concerns and risks of bias and discrimination associated with AI. The ministry said it's implementing necessary policies and infrastructure measures to cultivate a robust AI sector in the country, but does not intend to introduce legislation to regulate its growth” (Singh, 2023: pg 2).

In general, when communicating with managers from India, they placed more emphasis on the importance of working with customers to explain their need for data collection and the use of AI, not only for business but also for general well-being.

“You know, I would say...ehm...that we are trying to build trust and transparent communication with our customers. I think it’s important to explain to them the purpose and benefits they can have if we collect their data, yeah. So, we are kind of encouraging customers to share their data” (Participant 8).

There was a sincere desire to explain, and not just dryly follow the legislative norms. Mention of the role of the state and legislative regulation in this context was much less.

It is also interesting to note that in the available annual report of the largest fashion retail company in India, Aditya Birla Fashion and Retail Limited, there is no mention of how the company takes care of the protection of personal data (ABFRL annual report, 2022).

4.2. Cultural context

4.2.1. Sweden

4.2.1.1. Uncertainty avoidance

According to the GLOBE Project (2020a), Sweden has a high score on uncertainty avoidance, indicating a strong preference for stability and predictability while being less inclined to take risks and tolerate ambiguity.

However, during the discussions surrounding the implementation of AI, managers expressed a profound interest in AI and recognised its pivotal role in ensuring that their companies maintained a robust position in the market. When communicating with managers, one of them said:

“I think in Sweden we are quite ready to embrace the AI revolution. I think that we are quite educated, like it is an educated community where we are quite computer savvy or data savvy. I

do not know if we have a high degree of trust, like we have a high degree of trust towards our government so maybe that also extends to us trusting AI recommendations” (Participant 4).

The manager expresses a willingness to embrace the AI revolution, which suggests a willingness to take risks and tolerate ambiguity. It also highlights the educated and computer-savvy nature of the Swedish community, indicating a preference for stability and predictability through a strong knowledge and understanding. It also illustrates the level of stability in trusting the Swedish government and its recommendation regarding AI technology.

Another manager mentioned the curiosity of wanting to try something new, *“On the plus side, I think they just wanted to try it [AI], if it would or would not work, and it turned out it did. They were just curious, they wanted to try and give it a chance” (Participant 3).* The fashion retail industry was curious to try something new and was willing to take the risk and try new things. The desire to give AI a chance, demonstrates a level of openness and acceptance of ambiguity.

The previous manager explained the preference for stability and predictability by suggesting that starting with identifying the biggest problem within the organisation and then finding solutions is a better approach.

“We knew we wanted to try out machine learning or we wanted to try out AI or how that would create business value and then we like worked backwards and tried to find a problem where we could apply the solution. That is not the way to go. We should have started with what are the biggest problems and then start looking at how we can solve those problems” (Participant 4).

It indicates a willingness to take risks and tolerate ambiguity by acknowledging that the initial approach was not ideal and needed adjustment. The manager continues to say, *“Yeah it's gonna solve our problems like now, chat-GPT will just change like yeah it is it's cool right now but it isn't that good” (Participant 4).* This goes on to say that even if the organisation is open to the new AI technology, they are still acknowledging that AI, represented by Chat-GPT, is not a perfect solution and may not solve their problems instantly. It implies a realistic view of the limitations and potential risks associated with AI implementation.

Another manager shares the same view and says *“So, yeah, kind of being able to communicate clearly what the problem we're trying to solve is and how it would help us with that and if we're successful what the future looks like. So yeah, and I think to me it's the same discussion.”* (Participant 6). The fashion retail industry suggests a preference for stability and resemblance through clear communication about the problems AI is intended to solve and how it will contribute to success. They are also recognising that the future may involve uncertainties and challenges which indicates a willingness to take risks.

“In our organisation... ehm.. we prioritise a gradual and well-structured approach to our AI implementation... ehm... we want to ensure a smooth transition and it is important that we respect the existing systems and minimise any potential disruptions” (Participant 7).

The manager explains their commitment to a deliberate and systematic adoption of AI. Their focus is on achieving a seamless transition while preserving the integrity of their current systems. Emphasising a “gradual” and “well-structured” implementation highlights their intention to maintain stability and predictability throughout the organisation. By prioritising these aspects, they aim to alleviate uncertainties and potential risks that often accompany the implementation of new technologies such as AI. Their approach does not align with Sweden's high uncertainty avoidance, but rather indicates a moderate uncertainty avoidance as they are open to AI but are also reflecting their desire to minimise disruptions and facilitate a controlled transmission process.

4.2.1.2. Power distance

According to the GLOBE Project (2020a), Sweden has a low score on power distance, indicating a preference for flat hierarchical structures and a belief in the equality of all individuals, when discussing with different managers from the fashion retail industry, one manager said:

“Well...it happened approximately 6-7 years ago, the company employed people who were very well technically savvy. The company was old and bureaucratic, with a lot of different departments and responsibilities and everything. Several people were given complete freedom...free hands. They were told, let's try to run wherever you want and try something that has to do with AI. We

want data science to just see if there is an effect within the company...and these specialists were very good technical specialists, and probably understood something in business (or maybe not). So ... and they went and somehow played with the AI themselves. They implemented something and it worked, and the company said, "Wow, it works!". Now let's all run to work with AI and do good for the company"”(Participant 3).

This highlights how the organisation that the manager is working for has a flat hierarchical structure, where employees were given complete freedom to explore AI-related projects without strict oversight or a traditional top-down decision-making process. It suggests a belief in the equality of employees, as they were entrusted with the responsibility to experiment and make a positive impact on the organisation. The manager continues to say, “(...) *they were given free hands at the very beginning and were told to run and do what they want, and then the company hired 1000 people or conditionally 600 people who are also engaged in AI, and they were also given free hands all the time (...)*” (Participant 3). The fashion retail company in Sweden has decentralised decision-making and lack of strict hierarchical control within the organisation as some employees were given freedom and autonomy in their AI-related work and had the freedom to contribute without excessive centralisation of power.

Another manager said:

“So AI implementation started out as something from the side of the business development department and [Name] consulting agency” (Participant 4).

In this fashion retail company, the implementation of AI was initiated by the business development department and a consulting agency. This indicates a preference for flat hierarchical structure and a belief in the equality of all employees within the organisation. The fact that AI implementation started from the side of the business development department implies that the decision-making process was not confined to a top-down approach, where decisions are made exclusively by top-level managers. Instead, it highlights a more collaborative and inclusive approach, involving input from various stakeholders. Additionally, the involvement of a consulting agency indicates that the organisation values external expertise and is open to input

ideas from outside sources, regardless of hierarchical positions. This implies a willingness to consider diverse perspectives and promote a culture of inclusivity and egalitarianism.

"Well...within our company, ehm...we encourage open dialogue and collaboration among employees at all levels. Ideas and suggestions are welcomed and valued, regardless of one's position in the company if you understand what I mean" (Participant 7).

In this fashion retail company, there is a preference for a flat hierarchical structure. It showcases the organisation's culture of inclusivity and the belief in the equality of all employees. By encouraging open dialogue and collaboration, the company promotes a sense of empowerment among employees, regardless of their hierarchical position. This approach signifies a departure from traditional top-down decision-making processes and indicates that employees have the opportunity to contribute and make a positive impact within the organisation, reinforcing the low power distance.

4.2.1.3. Institutional collectivism

According to the GLOBE Project (2020a), Sweden has a moderate score on institutional collectivism, indicating a balance between individual and collective interests. This suggests that Swedish organisations may prioritise the welfare of their employees and society, while still valuing individual achievement and innovation. When one of the managers were asked if it was complicated to receive approval from others in the management group to implement AI, the manager answered:

"When I actually wanted to try to implement AI. I would say like everyone was at a managerial or like that level, so it wasn't difficult" (Participant 4).

The statement highlights an individual's desire to implement AI, emphasising individual initiative and innovation. However, it also suggests that at the managerial level, there was a shared understanding and agreement, implying a collective decision-making process that values the input of all managers.

Another manager said:

“Like we wanted to enable them to spend more time with [unclear] and then let the machine do what the machines are, we spent more time on things like change management and making everyone understand what we're trying to do” (Participant 6).

The fashion retail industry is considering the welfare of employees by aiming to automate certain tasks and free up their time for more meaningful activities. It indicates a balance between individual well-being and collective goals, emphasising the importance of employee development and understanding of the AI implementation.

All participants described the importance of collaboration and trust within the organisation. One of the managers said:

“Was it complicated to change their mindset? I would say the key success factor was that we were kind of doing it together with one of the influencer merchandises. It's one of the strong people on the team who had a lot of trust in the team. She was part of the development process. So she was kind of like giving credibility to the model because other merchandisers were so hard to convince” (Participant 4).

It highlights the involvement of a key influencer within the team who plays a crucial role in building credibility and gaining trust in the AI model. This approach considers both individual expertise and the collective buy-in necessary for successful implementation. The team trusted her judgement and wanted to try AI.

However, in another fashion retail company, there were levels of concerns for individual well-being and the potential impact of AI implementation on employees. *“So, yeah, just saying we're going to implement AI, yeah, then I would ask myself, okay, what will happen to me?” (Participant 7).* It reflects the individual's perspective and concern about the potential impact of AI on their role. It suggests that while Swedish organisations value collective progress and technological advancements, there are employees that are concerned about their job security.

Balancing individual concerns with collective interests is important when implementing AI technology.

Even though most participants agreed on the importance of collectivism, there were instances that showcase otherwise. In one of the fashion retail companies, the manager explained that sometimes the technical specialist prioritises their individual interest, such as personal achievements and professional growth, over the collective interest of the company they work for. The manager stated:

“This is the problem when technical specialists, not seeing the business in the eyes and asking what the business needs, start coming up with some good ideas and very good technical solutions. Sometimes they even get ahead of their resume when they think, Yeah, what's the next step on my resume? Which model would I like to try? This is the model he advises the company to implement, simply based on the fact that he is interested in it. But this does not always give the company the benefit” (Participant 3).

The manager is explaining that these specialists may become overly focused on their own ideas and technical solutions without considering the actual needs of the business. The manager continues to explain that the technical specialists may be more concerned about what looks good on their resume or what interests them personally rather than what would truly benefit the company. Here the specialists have a tendency towards individual interest as they are making decisions based on their own preferences and career advancement rather than considering the collective interests of the organisation.

One of the other fashion retail companies also shared the same view by stating:

“They [AI technicians] are not in the mood to transfer knowledge further, and what he has learned, he keeps to himself. Maybe not on purpose, but he does not have an understanding that it is necessary to tell this further and it will come in handy for someone” (Participant 6).

Here the manager is explaining that their AI technicians prioritise individual interests over collective interests. These technicians are unwilling or reluctant to share their knowledge and

insights with others, even though doing so could be beneficial for the collective welfare of the organisation. The manager implies that the technicians are not motivated to transfer knowledge or share what they have learned with others. This behaviour can be seen as prioritising individual interests because the technicians are withholding valuable information that could benefit others in the organisation. By keeping their knowledge to themselves, they are potentially limiting the growth and progress of others who could make use of that knowledge.

4.2.1.4. Future orientation

According to the GLOBE Project (2020a), Sweden has a high score on future orientation, indicating a long-term perspective and a willingness to invest in the future through planning, innovation, and sustainability. This suggests that Swedish organisations may prioritise the development and adoption of AI as a means to improve their performance, reduce costs, and remain competitive in the global market.

One of the fashion retail managers explained that after the pandemic their company needed to reorganise and shift towards online markets where AI was their solution to remain competitive. The need for reorganisation and adaptation in response to the changing market dynamics, particularly the shift from physical stores to online platforms, recognising the importance of embracing Digital Transformation and adjusting their business processes accordingly.

"Now the whole fight is going online, especially during the pandemic. The physical stores have closed, and a lot of things are opening up online, and there is very strong competition and these online stores have completely different business processes. It turns out that we need to reorganise everything that we have" (Participant 6).

As mentioned earlier, one of the managers hired specialists that were given freedom and autonomy in their AI-related work. This indicates their investment in the future, by hiring a significant number of AI specialists that are now working on integrating various teams and functions to create an end-to-end solution. It also displays the rapid growth and adoption of AI within the company.

The manager continues to say, *"But AI, of course, in many things in such a large company, it is not there yet. I mean, it's all in the process. It develops, but it takes time because people themselves resist some things... If you do not implement AI, and if you do not do it quickly, then the company remains somewhere in the 90s"* (Participant 3). This reflects a recognition of the importance of AI adoption and the need for timely implementation to keep up with the evolving business landscape as AI has become the future.

The fashion retail companies in Sweden suggest that in the context of using AI, the focus is on enhancing human capabilities rather than completely replacing employees. *"We weren't fully swapping out people. We were amplifying people with AI"* (Participant 4). This implies a forward-looking perspective that emphasises the implementation of AI with human potential and skills. This aligns with the notion of preparing for the future and leveraging technology to amplify human abilities.

4.2.2. India

4.2.2.1. Uncertainty avoidance

According to the GLOBE Project (2020b), India has a moderate score on uncertainty avoidance. This suggests that Indian culture has a moderate preference for stability and structure while also being relatively open to change and risk-taking. When communicating with the managers from India this to some extent was accurate. However, most companies also showcased low scores on uncertainty avoidance as they showed a high tolerance for ambiguity and uncertainty and were very open to change, innovation, and risk-taking.

The managers from the fashion retail industry in India, all acknowledge that AI is the new big trend and are open to change. One of the managers said:

"So before that, we were more seriously inclined also towards AI because it's the new booming technology. So if there is also a keen interest from our manager's side that if we are implementing the AI it will help us benefit out of the AI's applications" (Participant 2).

The manager explains how the fashion retail company is embracing the new technology. The phrase "seriously inclined" towards AI due to its status as a new booming technology. This shows a willingness to embrace technological advancements and explore their potential benefits. The openness to adopting new technologies reflects a low level of uncertainty avoidance, as it demonstrates a readiness to deal with the uncertainty and risks associated with adopting AI. This also highlights the managerial interest in implementing AI and benefiting from its applications. The proactive approach towards leveraging technology for organisational advantages suggests a low level of uncertainty avoidance, as there is a willingness to take calculated risks and explore the potential benefits of AI.

Another manager stated: *"So it was most of a manual work, but as for the marketing team and as for our business users, they wanted it to be automated, they wanted it to be more analysed in real-time basis" (Participant 5).*

The manager explains that the marketing team and business users wanted automation and real-time analysis, showing a willingness to adopt new technologies and take risks to enhance efficiency and effectiveness. This highlights their openness to change and a willingness to explore innovative solutions.

"Although there were initial concerns before adopting AI in our operations... we realised that embracing technological advancements is crucial for staying competitive in the market. So, we decided to take the leap and explore the possibilities that AI offers" (Participant 8).

The fashion retail company had hesitations and concerns associated with adopting AI at first, but emphasised the importance of embracing new technology for maintaining competitiveness in today's market. The manager was willing to navigate through uncertainty and take calculated risks in order to leverage the potential benefits of AI. The manager first acknowledged the initial concerns surrounding the adoption of AI, which aligns with a preference for stability and that there is a cautious attitude towards uncertain situations. However, the manager then shifts perspective, and despite the initial reservations, the manager recognises that the need to embrace AI in order to remain competitive in the market, reflects a level of openness to change and a willingness to adapt and explore new possibilities.

4.2.2.2. Power distance

According to the GLOBE Project (2020b), India has a high score on power distance, indicating a hierarchical structure and a significant acceptance of unequal distribution of power and authority. Indian culture respects authority figures, and decision-making is often centralised with a clear distinction between those in positions of power and those who follow. When discussing with managers from the fashion retail industry in India they all mention that the command or decisions has come from the top management level.

They emphasise the expectations that employees should adapt to the cultural values and objectives set by the company. Where one of the managers says “(...) *They would adapt to those, each and every employee should adapt to those cultural values or objectives that the companies, as you know, are in place*” (Participant 1). This implies a top-down approach where employees are expected to conform to the established cultural norms. The phrase “each and every employee should adapt” implies a sense of obedience and conformity to the established cultural norms and company objectives.

Another manager supports this statement and says, “(...) *the command has come from the top management level. So we have to agree with that (...)*” (Participant 8).

This explains the acceptance and respect for authority figures. The employees recognise that the decision has come from the top management level, and they feel obligated to agree with it. The manager saying “we have to agree with that” suggests that employees are expected to comply with and accept the decisions made by those in positions of power. It is clear that there is a hierarchical structure where decisions made by higher-level authorities are followed without question.

A third manager adds to this statement by saying, “*So though it came from the top management level. Again, our employees concerned, our employees’ decisions or employees, their ideas are also considered and then collectively they take a decision*” (Participant 5). The manager explains how decisions come from the top management level, however in this fashion retail company the

employees' ideas are also being considered before decisions are being taken. It shows how the final decision-making process still involves a collective approach, but within the context of a hierarchical structure, which did not apply in the previous two fashion retail companies.

The fourth manager explains how the decisions are driven by the needs of business users, suggesting a hierarchical structure where the decision ultimately rests with those in positions of power. *"So the decision was basically from our business managers that needed AI for getting some information in a [unclear] of our customer based on the product we are using our company for better evaluation (...)" (Participant 2).*

This highlights that the decision to implement AI was driven by the needs of business managers. Even though it was a collective decision, since it was done by managers, it reflects a hierarchical structure.

4.2.2.3. Institutional collectivism

According to the GLOBE Project (2020b), India has a high score on institutional collectivism, emphasising the importance of collective interests and group harmony. Indian society values organisations that prioritise the welfare of the group over individual interests. There is a strong sense of belonging and loyalty to groups such as family, community, and organisations.

One of the managers from the fashion retail company shared the same view that even if the decision came from a top management level, employees' ideas were also considered to a certain degree before decisions were made. This retail company showcased a high level of collective approach within the context of its hierarchical structure. It shows that the decision to introduce AI was made collectively, involving the input and agreement of multiple individuals. It reflects the value of considering different perspectives and reaching decisions as a group. Even though the decision came from the top management level, there is an expectation of agreement and acceptance from the employees, emphasising the importance of collective decision-making and group cohesion.

The fashion retail managers also demonstrated the focus on addressing customer concerns and providing them with a positive experience. It reflects a collective effort to ensure customer satisfaction and maintain harmonious relationships with customers.

"So we come together as a company and we check out all these issues and challenges if faced by our customers, that if they face any kind of issue regarding understanding how we are using AI, how we are using their data, and if they have any issues regarding such things, we try to properly address such activities, we provide some better campaigns for them" (Participant 2).

Even if there were some potential drawbacks with AI, they collectively took responsibility for maintaining and updating the AI tool. *"So, the problem will be coming up. We have to continuously feed the AI tool. That would be the only drawback as per my perspective" (Participant 1).*

This highlights the shared responsibility of maintaining and updating the AI tool. The acknowledgment of a potential drawback indicates an understanding that challenges and issues are collective concerns that require ongoing attention and effort from the group. It reflects a collaborative approach to problem-solving and emphasises the importance of collective involvement in addressing challenges.

The fashion retail companies in India also displayed that in the Indian society there is a sense of community support and involvement.

"(...) So it's kind of an issue. So we took time to help them [customers] get some help from their relatives like, their son and child" (Participant 5).

It suggests a sense of community support and involvement. In challenging situations, there is a willingness to seek help from family members and close relations. This indicates a collective mindset where individuals rely on the support of their extended social networks, reinforcing the importance of group bonds and harmonious relationships. The manager explains the importance of collective assistance and belonging.

4.2.2.4. Future orientation

According to the GLOBE Project (2020b), India has a moderate score on future orientation, reflecting a balanced perspective on the past, present, and future. Indian culture values tradition and history while also embracing some level of innovation and change. There is recognition of the importance of long-term planning and investing in the future.

As mentioned earlier, one of the fashion retail companies implemented AI due to their desire for automation and real-time analysis among the marketing team and business users. It suggests a readiness to embrace technological innovation. The mention of "real-time data" and "AI" highlights their willingness to adopt new technologies and leverage them for improved efficiency. By incorporating these advancements, the manager demonstrates a forward-thinking approach to problem-solving and a desire to adapt to the changing market.

The manager continued to say, *“So regarding the potential benefits, I would say that we are finding out real-time data and AI is somewhere lowering our manual work and also giving us a leverage of time for doing extra other activities to manage our application properly, and it's also provided some more insights in our applications and our customer data related which also helps improving any communication or any kind of work we are doing on the data”* (Participant 5).

The manager acknowledges that technology, such as AI, reduces manual work and provides leverage of time. The manager explains that the company is focused on maximising productivity and utilising resources effectively. By streamlining processes and saving time, the company can allocate resources to other activities, suggesting a recognition of the importance of optimising operations for long-term success. The manager mentions gaining "more insights" from applications and customer data indicates a commitment to continuous improvement. By utilising data to enhance communication and overall work quality, the manager showcases an understanding of the value of feedback, analysis, and refining processes. This aligns with a future-oriented mindset of striving for ongoing development and growth.

“(...)We also go to our customers for providing this cultural benefits that we are not only doing it for our IT perspective but for our organisation, we are also doing it for our customers, that they are going to get benefits if we are using AI” (Participant 2).

The manager shows a customer-centric approach and a focus on delivering value to customers. The manager explains an understanding of the long-term benefits of implementing AI to enhance customer experience and meet their needs. There is a recognition of the importance of long-term planning and investing in the future.

One of the other managers also demonstrated a forward-looking mindset, as they needed to take proactive steps to explore the possibilities that AI has to offer in order to stay competitive in the market, despite their first hesitations. They decided to “take the leap” and venture into the unknown. This indicates that they were willing to embrace the future. It highlights the manager’s readiness to invest in the future by adopting innovative solutions even though they were facing uncertainties.

The manager continues to say:

"Investing in AI is not just a strategic decision for our organisation, it is a testament to our commitment to long-term growth and sustainability, (...) we believe in staying ahead in the changing market" (Participant 8).

The manager explains the importance of investing in the future which highlights the manager’s perspective on long-term growth and sustainability. The manager continues to explain that it goes beyond mere strategic decision-making, symbolising a commitment to sustainable growth and continuous innovation. The fashion retail company is showing a proactive approach to explore new possibilities and leverage technology to maintain competitiveness in the market.

5 Discussion

In this chapter, we present and analyse the empirical findings, focusing on the central concepts of geopolitical and cultural context in both Sweden and India. Our objective is to offer a comprehensive understanding of these contexts, leveraging the data collected through semi-structured interviews and secondary data. By examining these findings, we aim to shed light on the geopolitical and cultural factors and their influence on the decision-making process of AI adoption and implementation in order to answer the research question.

5.1. Geopolitical context

In Sweden, the data belongs to its citizens, which certainly affects the decision-making process regarding the adoption and implementation of AI in the fashion retail industry. From the findings, we see that the Swedish legislation and the European GDPR impose a serious responsibility on organisations and designate a fairly strict framework for working with personal data. When implementing AI in organisations, managers should consider these features and coordinate their actions with the legal department. Moreover, managers in Sweden strive to follow ethical standards when working with data and AI. H&M even has a dedicated department responsible for the ethical use of AI.

All these features undeniably impact the decision-making process surrounding the implementation of AI, as ensuring compliance with all legal and ethical standards will inevitably incur additional costs for organisations. As mentioned in the literature review Swanson and Ramiller (2004) affirms that during the adoption stage, a company usually creates a business case for introducing a new innovation. In addition to cost and economic value, the justification should also include potential problems that the organisation may face. Thus, it will be important for managers making decisions regarding AI to take into account the legal and ethical side of the issue. When discussing with the managers they all recognise that they need to carefully consider the legal and ethical standards as it plays a pivotal role in the seamless implementation of new technologies such as AI.

Before introducing AI, managers should have a good understanding of the legal framework and what data they will be able to collect and process, and which data is prohibited from collecting. Moreover, they must understand the specifics of the storage and distribution of such data, as well as the conditions under which this data should be removed from the database.

Another feature of the Swedish legislation that affects the AI adoption and implementation process is the lack of a migration law that would help attract AI specialists from other countries. On the one hand, recruiting an AI specialist from abroad for a Swedish company is a lengthy and costly endeavour, while on the other hand, nurturing and developing such an employee is exceptionally challenging due to legislation that imposes restrictions on career transitions in this field.

In addition to the challenge of hiring foreign AI specialists, another obstacle is the inadequate regulations and initiatives for training AI professionals within the country. Managers note that while there are programs in educational institutions, the issue lies in the duration of such training, which spans 2 years. Given the urgent need to implement AI, particularly in fashion retail companies, managers perceive this timeframe as excessively long.

Thus, managers responsible for the implementation of AI must understand and evaluate the availability of sufficient human resources already at the stage of adoption. As we can see, the lack of data scientists, data engineers, data architects, and other AI specialists affects the speed and success of AI implementation. It can be assumed that the competition of Swedish companies for AI talent increases their value in the market, which also increases the cost of implementing this technology.

From the above, we can conclude that the influence of the geopolitical context in the form of data availability and legislative regulation in Sweden is quite high. When making decisions regarding the adoption and implementation of AI, it is important for managers to pay attention to such features.

In India, the situation with data access and legislative regulation is different. The study showed that in this country, the data belongs to organisations, and, unlike in Sweden, once collected,

citizens do not have the right to demand its deletion. Moreover, at present, the legislative framework regarding the collection and use of personal data is rather weak. The country is only planning a more extensive law, and this is leaving its mark on the decision-making process regarding the adoption and implementation of AI. Managers of fashion retail companies spoke quite calmly about the legislation itself, and this factor was not a key factor for them when introducing AI. Rather, their primary concern was to educate citizens about why they collect data and why it is safe to do so. Overall, Indian managers displayed a more positive perspective on government support for data access and AI implementation in comparison to their Swedish counterparts. It cannot be said that the state somehow greatly contributes to the introduction of AI, but it does not interfere with strict legislative frameworks. On the contrary, existing laws are quite forgiving and supportive. This is supported by information found regarding government policy on data sharing and accessibility, as well as a recent speech by one of the ministers stating that the state does not plan to regulate AI.

In the course of communication with managers from fashion retail companies and studying documents, no significant problems were found with the presence of a sufficient number of AI specialists. On the contrary, managers from Sweden said that such specialists mostly come from India.

Based on the aforementioned analysis, it can be concluded that the degree of influence of the geopolitical context on the decision-making process regarding the adoption and implementation of AI in India is moderate. Perhaps the level of this influence will change somewhat after the adoption of the new DPDP law. Thus, it is clear that the degree of influence of the geopolitical context on the decision-making process regarding the implementation of AI can be different. Decisions can be influenced both by legislation directly related to the use of data and AI, and other, related laws. Moreover, the absence or refusal of certain legislative actions by the state may also affect the decision-making regarding the implementation of AI.

5.2. Cultural context

Uncertainty avoidance

According to the GLOBE Project (2020a), Sweden is a country with a high level of uncertainty avoidance and a propensity for rules and regulation. On the one hand, the data of this study confirms the influence of this cultural peculiarity on the decision-making process regarding the implementation of AI. When discussing with managers from the fashion retail companies in Sweden it was clear to see that the process of decision-making and implementation of this technology is quite systematic. This is supported by the fact that when implementing AI, it is important for managers to consult with the legal and ethics departments at all stages of implementation. On the other hand, the interest of managers in the implementation of AI is quite noticeable, and the understanding that without such an implementation, the company is unlikely to maintain a leading position in the market. Therefore, to some extent, there is a certain discrepancy between the general, national level of uncertainty avoidance and the willingness to take risks in relation to the implementation of AI. In the latter case, uncertainty avoidance is moderate rather than high.

As for India, according to the GLOBE Project (2020b), the level of uncertainty avoidance in this country is moderate, and managers from the fashion retail companies have largely confirmed this. From the interviews, it can be seen that managers are quite positive about AI and express a great willingness to implement this technology in their organisations. Just like their counterparts Sweden, they understand current market trends and the importance of AI for sustainability and competitive advantage. Therefore, in India, there is a certain correspondence between the national level of uncertainty avoidance and a similar level in relation to the implementation of AI, with slight inclination towards lower uncertainty avoidance in comparison to the GLOBE Project findings. Managers in India are quite willing to take risks and use new technology in their organisations. This confirms the research study of Kolbjørnsrud et al. (2017), who suggested that Indian managers are more willing to take risks by implementing AI in order to have a better competitive advantage in the global market.

Thus, we see that the national level of uncertainty avoidance is only partly reflected in the decision-making process regarding the implementation of AI. The research by Rubino et al. (2020) indicates that the level of uncertainty avoidance affects the process of Digital Transformation. However, in this study, we can partly agree with this statement. On the one hand, managers from India are indeed more willing to implement AI in their organisations, but on the other hand, we do not see much resistance in this matter from managers from Sweden. With a high level of uncertainty avoidance, Swedish managers had to rely more on rules and laws and be resistant to change. However, this research shows a higher interest and willingness to implement AI than anticipated. It can be assumed that in this case, the need for business to remain competitive to some extent prevails over the fear of taking risks.

Power distance

Sweden exhibits a notable characteristic of having a low-power distance level (GLOBE Project, 2020a). This aspect is further reflected in the context of decision-making concerning the adoption and implementation of AI within the fashion retail companies. When engaging with managers, it was obvious that decisions on the introduction of new technology are made horizontally, and sometimes with the involvement of third-party agencies. Moreover, there is a noticeable desire to involve other parties in the process and to interest them, using internal opinion leaders for this purpose. Therefore, it can be concluded that in this case, the national level of power distance affects the decision-making process of managers regarding the adoption and implementation of AI.

The level of power distance in India is significantly higher than in Sweden. India exhibits a notable characteristic of having a high-power distance level (GLOBE Project, 2020b). This cultural peculiarity was also observed in relation to the decision-making on the implementation of AI in the fashion retail organisations of this country. Almost all the managers interviewed mentioned that the decision was made top-down. However, it is important to note that in some organisations, despite the decision made by senior management, the implementation of AI was still discussed collectively. It can be assumed that the high level of collectivism in this country played a certain role. Thus, the study shows

that in relation to AI, the decision-making process corresponds to the cultural characteristics of this country.

Overall, the level of power distance significantly influences the decision-making process for the adoption and implementation of AI. The manner in which these decisions are made, as well as the individuals involved, determine the extent of this influence.

Institutional collectivism

The level of institutional collectivism in the national culture of Sweden is moderate (GLOBE Project, 2020a) and the interviews with managers show compliance with this statement. On the one hand, it is evident that managers take into account the collective consequences of introducing AI and actively engage their colleagues in the decision-making process. On the other hand, it is noteworthy that individualistic concerns about job security and future prospects, as well as the inclination of certain professionals to prioritise enhancing their resumes over addressing business challenges, come into play. These factors will influence the decision-making process to some extent, particularly when determining the specific business areas where AI will be applied.

As for India, according to the GLOBE Project (2020b), this country has a high level of institutional collectivism. As mentioned above, such a national cultural identity affects the decision-making process, in particular, when it comes to how and by whom these decisions are made. As for other decisions regarding the implementation of AI, there was a tendency to involve not only colleagues in the organisation but also external stakeholders in the implementation process.

Thus, the level of institutional collectivism influences the process and features of decision-making by managers regarding the adoption and implementation of AI in fashion retail organisations.

Future orientation

According to the GLOBE Project (2020a), Sweden has a high level of future orientation, which is also shown when conducting the interviews with managers from fashion retail companies. All managers in the study highly appreciated the importance of implementing AI and expressed that this technology plays a key role in the future development of their organisations. In the case of Sweden, the national level of future orientation corresponds to the high willingness of managers to implement this technology.

As for India, the level of future orientation in this country is moderate (GLOBE Project, 2020b). However, when it comes to AI adoption, managers showed a high level of future orientation and understood that this technology is important to their organisations. The study shows that the need for the digital development of fashion retail organisations in India largely outweighs commitment to tradition.

Thus, the influence of this dimension does not seem to be sufficiently direct and obvious. We can assume that due to the high hype around AI at the present moment, managers of both countries understand the importance of introducing AI into their processes for future sustainable development.

In summary, we can conclude that not all cultural characteristics and dimensions directly affect the decision-making process regarding the implementation of AI in fashion retail organisations. With regard to such dimensions as uncertainty avoidance and future orientation, we can say that they have only an indirect influence. In this case, we assume that rather other factors related to global market competition and development play an important role. Whereas the level of power distance and institutional collectivism directly and significantly affect the decision-making process in relation to AI.

Contexts of influence	Sweden	India
Geopolitical context		
Data access and control	The data belongs to citizens. Citizens have the right to demand the deletion of their data.	The data belongs to organisations. Citizens have the right to request correction of their data. There is a law that promotes data sharing.
Regulatory frameworks	Must comply with strict legislation. Insufficient legislative regulation to attract and train AI specialists.	The collection and use of data is poorly regulated, a new law is under consideration. There are no plans to regulate the use of AI and no significant shortage of AI specialists.
Cultural context		
Uncertainty avoidance	The national level is high, but for AI it is moderate. Managers are more willing to implement AI and take risks, although they do it gradually.	The national level is moderate, but for AI it is low. Managers have a positive attitude towards implementing AI and willing to take risks.
Power distance	The national level is low, decisions are made horizontally. This factor similarly affects the decision-making process for the implementation of AI.	The national level is high, decisions are made top-down. This is also confirmed in relation to the implementation of AI.
Institutional collectivism	The national level is moderate, which corresponds to the level when making decisions on the implementation of AI.	The national level is high, which corresponds to the level when making decisions on the implementation of AI.
Future orientation	The national level is high and corresponds to managers solely embracing innovation and change and willing to invest in the future.	The national level is moderate, but the interest of managers in the implementation of AI is higher, where they slightly embrace innovation and change more than tradition and history.

Figure 5. Discussion Summary Table

6 Conclusion

The concluding chapter of this dissertation presents an overall understanding of how we answered our research questions. We highlight the key findings, emphasising the theoretical contributions and practical implications our research has made in exploring the impact of geopolitical and cultural contexts on the adoption and implementation of AI in the decision-making process for the fashion retail industry. Furthermore, we provide valuable recommendations for future research that can be pursued by other scholars interested in this specific field of study.

6.1. Key Findings

This study examined two global contexts: geopolitical and cultural. As indicated by the authors at the outset of the study, these contexts have the potential to impact the decision-making process of managers in the fashion retail industry when it comes to the adoption and implementation of AI.

In the realm of IT innovation, the decision-making process for introducing new technology consists of four stages (Swanson and Ramiller, 2004). However, this particular study has focused specifically on two key stages: adoption and implementation. Furthermore, given the vastness of the definition of the geopolitical context, this study examined only two of its components: Data access and control, as well as Regulation frameworks. These components are particularly relevant as they pertain to governmental legislative regulations. In terms of cultural context, this paper explored four of the nine dimensions presented by the GLOBE Project, which are Uncertainty avoidance, Power distance, Institutional collectivism, and Future orientation (House, et al., 2004).

In order to answer the main question of this study, two sub-questions will be answered first.

The first sub-question was: *What governmental policies and regulations facilitate or impede managers' decisions, who are engaged in adopting and implementing AI within their organisations?* The study shows that the decision-making process can be influenced by various legislative features of the country, which will determine the complexity, timing and costs of

implementing an AI technology. On the one hand, countries can adopt legislation that will facilitate the implementation process. Such regulations, for example, may include rules on the general use of data or certain migration programs for highly qualified AI specialists, as well as government programs for training such specialists within the country. As we saw in the example of India, relinquishing additional regulations can also facilitate the decision-making process regarding the adoption and implementation of AI. On the other hand, the existence of certain strict laws can complicate the process and make it more expensive. For example, the existence of a strict law such as the GDPR and the need for regular consultation with the legal and ethics departments impose additional factors that managers must consider in their decision-making process. Moreover, the lack of regulation on attracting and training AI specialists also affects the decision-making process, as it increases the time and cost of implementing AI.

The second sub-question in this study was: *What factors of the national culture influence the decision-making process regarding the adoption and implementation of AI?* Through an examination of four dimensions, it was found that all these factors exert some degree of influence on the decision-making process for adopting and implementing AI. Nevertheless, the extent of this influence varies across the dimensions. Regarding the dimensions of Uncertainty Avoidance and Future Orientation, it was discovered that when talking about the implementation of AI these factors were closely aligned with the national culture. However, there was also a certain discrepancy between the GLOBE Project level and the level discovered during the interviews. An interesting observation was made in Sweden, where managers displayed a higher level of optimism towards AI compared to what would be expected based on the GLOBE Project level score. This readiness to implement AI in their organisations is presumably due to today's widespread discussion of AI, as well as its active implementation by large international fashion retail companies and online platforms worldwide. When it comes to dimension *Power distance* and *Institutional collectivism*, we observed a clear correlation and impact of these cultural characteristics on the decision-making process. Consequently, in response to the second sub-question, we can conclude that factors such as *Uncertainty avoidance* and *Future orientation* indirectly influence the decision-making process concerning the adoption and implementation of AI. Whereas, *Power distance* and *Institutional collectivism* exert a more direct influence on this

process. Who and how makes decisions in organisations with different national cultural contexts remains unchanged in relation to the adoption and implementation of AI.

The primary research question of this study was: *How do the geopolitical and cultural contexts influence fashion retail managers in Sweden and India when deciding to adopt and implement AI?* It can be concluded that the decision-making process of managers in regard to AI adoption and implementation is inherently connected to the global context such as geopolitical and cultural factors. On the one hand, the process is influenced by certain rules for working with data and the degree of access to it, as well as different kinds of state legislative regulations, not necessarily related directly to IT innovation. On the other hand, there is obviously a certain influence of the national cultural context, where the level of Power distance and Institutional collectivism play a rather important role. Whether these contexts will influence positively or negatively the decision-making process regarding the adoption and implementation of AI depends on the specific country and its global contexts characteristics. However, the study shows a clear need to consider both - geopolitical and cultural - contexts when making decisions about the adoption and implementation of AI, see (Figure 6).

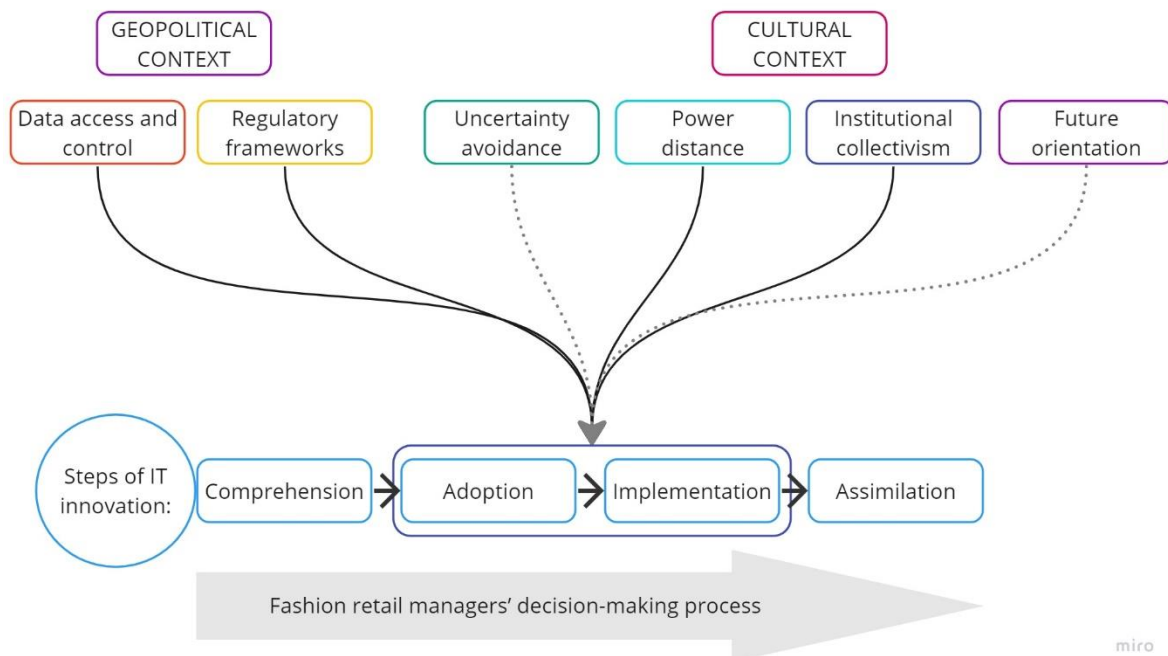


Figure 6. The influence of Geopolitical and Cultural contexts

6.2. Theoretical contribution

As mentioned in the beginning of this study, there is a lack of existing research on the influence of geopolitical and cultural contexts on the decision-making process regarding AI adoption and implementation. Thus, this study presents a novel contribution to the current body of knowledge, filling a gap in theories concerning digital transformation and its relationship with AI. The absence of previous studies addressing this specific topic highlights the novelty and significance of this research. By bridging this gap, the study enhances our understanding of the complexities surrounding Digital Transformation such as AI, and how other external factors such as geopolitical and cultural context impacts it.

Understanding how geopolitical and cultural context influence decision-making is crucial in the context of rapidly evolving technological advancements. AI is continuing to reshape industries, such as the fashion retail industry's choice of adopting and implementing AI into their operations, this study offers a new perspective on this dynamic.

6.3. Practical implications

Most of the research on digital transformation, as well as a few works on the implementation of AI, focuses more on the organisational and individual characteristics that affect this process. However, this study shows that there are also serious external factors that influence the decision-making process regarding the implementation of AI. As mentioned earlier, managers of organisations wishing to introduce AI into their processes should take into account all possible factors and prepare a specific business case with cost and profit calculations, as well as take into account possible challenges. Thus, in addition to internal organisational features (organisational culture, technical skills, readiness of employees, etc.), it is important for them to take into account a more global external context. Therefore, in their business cases, managers should take into account geopolitical and cultural contexts, because their peculiarities can affect the speed and cost of AI adoption and implementation. This study will contribute to practical implications for fashion retail managers, recognising and considering the geopolitical and cultural context that can enable managers to make more informed decisions regarding their AI adoption and implementation strategies in order to foster successful AI integration.

6.4. Suggestions for future research

This study explored only two stages of IT innovation - adoption and implementation. However, many managers are still at the very first stage called comprehension. At this stage, the first acquaintance with the technology, and an understanding of how it could be applied in a particular organisation takes place (Swanson and Ramiller, 2004). It would be interesting to see how external factors influence the process at this very early stage. There is an assumption that the level of influence of uncertainty avoidance and future orientation may be different since managers may not be completely familiar with the technology and may be more resistant to its implementation and not willing to take risks.

Moreover, the study covered only four of the nine cultural dimensions. Since the direct influence of two of the four cultural factors (power distance and institutional collectivism) was identified, it would be interesting to study the influence of other cultural dimensions on the decision-making process for the implementation of AI. For example, studies on Digital Transformation have pointed to the impact of masculinity on the adoption of new technologies (Rubino et al., 2020). This statement could also be tested in relation to the implementation of AI.

This study considered only a small part of the geopolitical context which is rather a broad concept. Therefore, other factors of this context, such as an economic situation or political factors, might be considered for future research studies, related to Digital Transformation and AI implementation.

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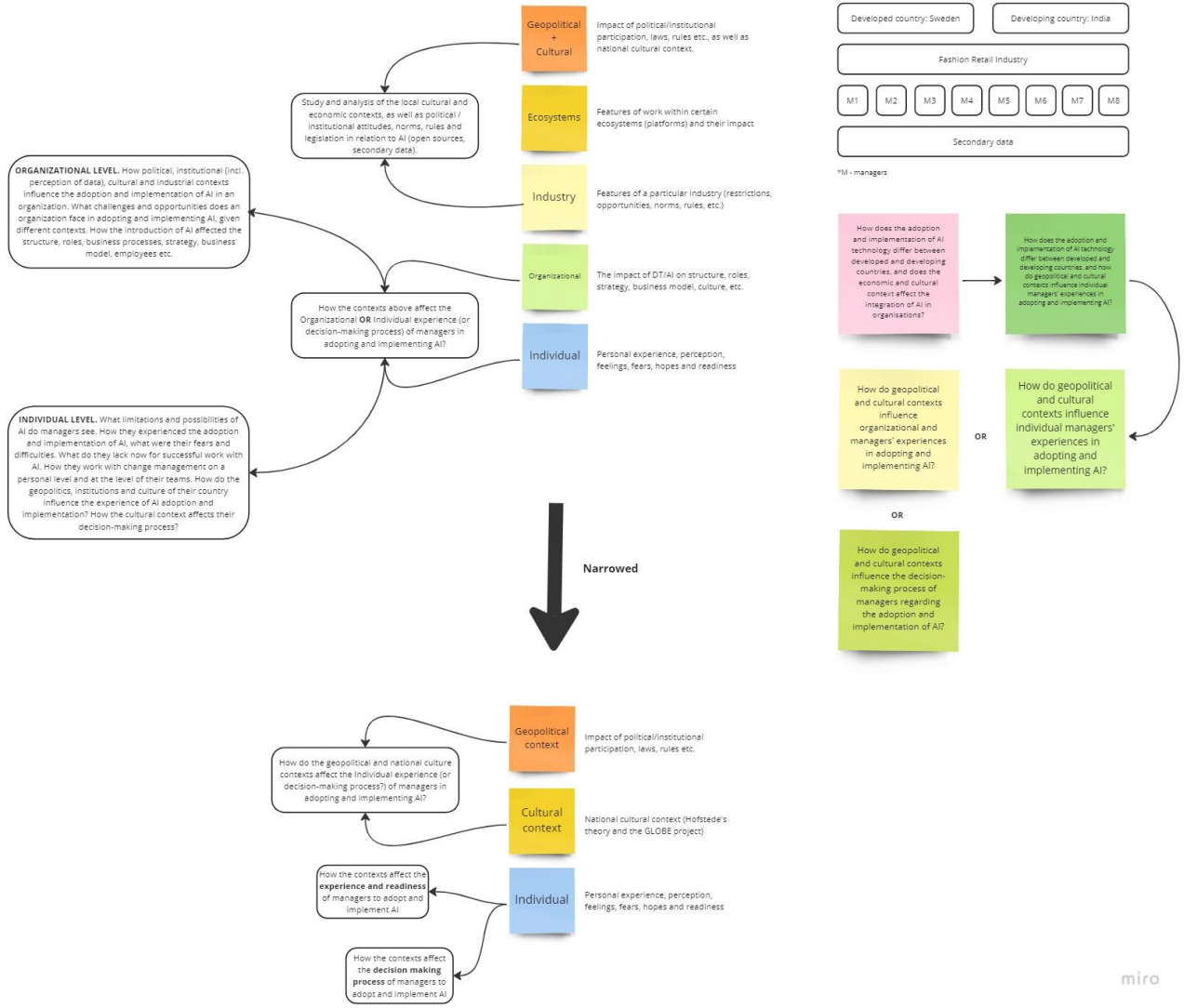
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Appendices

Appendix 1 - Research question creation mind map



Appendix 2 - Semi-structured interview script

Good morning/afternoon,

Thank you very much for your agreement to participate in our research study. Today, we will conduct an interview that will last approximately 40-60 minutes. During the interview, we will inquire about your experience in the adoption and implementation of AI in your organisation. We kindly request that you provide us with detailed answers to ensure that the interview is as informative as possible.

Please note that any data obtained during the course of this interview, including your name, organisation name, position and any other sensitive information that you may choose not to disclose, will be kept anonymous and confidential. Participation in this interview is entirely voluntary, and you may withdraw at any given time.

Once the research is completed, it will be published on Digital Scientific Archive, commonly known as DiVA, which is a digital publishing system that allows universities, colleges, research agencies and institutes to gather and disseminate publications to the world.

Furthermore, we kindly request your consent to record this interview. This will ensure that no crucial information is missed, and we can refer to the recording during the writing of the study.

Thank you for your time and valuable contribution to our research study.

The Interview questions are the following:

1. Tell us, how and by whom was the decision to introduce AI made, and how long did it take?
2. Please tell us about your experience of implementing AI into work from the very beginning to the present moment and in what aspect do you use AI?
3. Do you remember the moment BEFORE the decision to implement AI? What events preceded this?

4. What factors do you consider when making decisions about adopting and implementing AI in your company's operations? / What factors were important for you when implementing AI?
5. How do you think the use of AI would make a difference in your company?
6. How do you perceive the potential benefits and drawbacks of AI?
7. What is your opinion on the dual nature of AI's rapid development, wherein it can aid managers and promote sustainable growth for organisations, but also has the potential to negatively impact job opportunities?
8. What role do you think the government policies or initiatives play in promoting or hindering the adoption of AI in your company?
9. What cultural or societal factors do you think may influence the adoption of AI in your company?
10. How does your company address concerns around the ethical use of AI, particularly with respect to cultural sensitivity and bias?

We would like to express our gratitude for your participation and the time you have dedicated to this study. We anticipate finalising the thesis by the end of May and will be delighted to share the results with you. Thank you once again for your valuable contribution to our research.

Best Regards,

Florence Mensah & Marina Lysikova