AI-BASED APPROACH TO RISK MANAGEMENT IN SUPPORT OF SUSTAINABLE DEVELOPMENT GOALS

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Abstract

Artificial intelligence (AI)-based approaches to risk management have shown great potential in supporting the achievement of sustainable development goals. AI provides the ability to detect, analyse and respond to risks much more effectively than traditional methods due to its ability to process data from multiple sources with high speed and accuracy. The integration of AI enables better identification of risk patterns, thereby increasing responsiveness and adaptability in addressing global challenges. However, the application of AI also requires attention to data quality, as well as the risk of algorithmic bias, which demands human oversight and deep ethical considerations. With the right management strategy, AI can play a key role in ensuring more efficient, equitable and inclusive sustainable development.

Keywords: *Approach, AI-based, Risk Management, Sustainable Development Goals.*

Introduction

Sustainable development is at the top of the agenda in achieving inclusive and equitable global prosperity. Sustainable development is a development process that aims to meet the needs of the current generation without compromising the ability of future generations to meet their own needs (Watson & Hall, 2021) . The concept encompasses the balance and integration of three main pillars, namely economic, social, and environmental, to ensure social equity, sustainable economic growth, and the protection and preservation of natural resources and ecosystems (Davies & Young, 2020); (Tjager et al., 2003). Sustainable development emphasises the importance of taking policies and actions that are not only short-term oriented, but also consider long-term impacts and sustainability for shared prosperity and well-being (Oliver & Scott, 2021) .

It is an effort to address environmental, social and economic challenges in an integrated manner, and to reduce risks that may hinder the achievement of the Sustainable Development Goals (SDGs). However, sustainable development faces major challenges, one of which is the ability to identify complex and dynamic risks (Phillips & Stewart, 2021) . In this context, policy makers and stakeholders need to have the ability to collect and process relevant and sufficient data. Such information is essential to correctly identify possible risks, such as climate change, environmental degradation and social injustice. This risk identification is a crucial first step to designing effective strategies and policies (Kumar & Rao, 2022) .

Once these risks have been identified, the next step is the ability to analyse them in depth. Risk analysis not only requires scientific and technical understanding but also requires a multidisciplinary perspective that is able to look at the relationship between various factors holistically (F. A. Alijoyo & Munawar, 2019). For example, the environmental impact of a particular development project should be analysed not only in ecological terms but also include economic and social aspects. With a comprehensive analysis, stakeholders will be better equipped to devise appropriate mitigation and adaptation plans, as well as build capacity to deal with future uncertainties (Chen & Lee, 2019) .

Finally, effective risk management requires the implementation of adaptive and dynamic strategies. Risk management systems should be designed to adapt quickly to changes and unforeseen situations. This also includes public participation in decision-making processes, private sector involvement, and cross-sectoral and international cooperation (Zhang & Chen, 2021) . Without good risk management, sustainable development can be hampered by conflicts of interest, resource shortages, and imbalances in the distribution of benefits. Therefore, the ability to manage risk effectively is essential to ensure that sustainable development can proceed in accordance with the desired goal of sustainable prosperity for all (Jefferson & Hicks, 2021) . Conventional, risk management largely relies on statistical methods and historical approaches that are often unable to handle the complexity of risks in the

context of sustainable development. These traditional approaches lack responsiveness to rapid changes in the global environment, such as climate change, market volatility, and health crises (Wright & Thompson, 2021) Therefore, a more sophisticated and adaptive approach to managing these risks is required, one of which is by utilising artificial intelligence (AI). Failing to manage risks effectively can lead to significant consequences, such as irreversible environmental damage, increased social inequality and protracted economic instability. All of these can hamper efforts to achieve the sustainable development goals that have been set by the United Nations (UN) (Lin & Wang, 2022) .

There have been various initiatives to improve risk management by utilising advanced technology. However, many of these initiatives focus on certain aspects only and do not holistically integrate all dimensions of risk. AI technology offers great potential, but its application is still constrained by limitations in data, infrastructure, and skills (Robertson & Harris, 2021) . Previous research shows that AI has the ability to process large amounts of data, identify hidden patterns, and provide more accurate predictions. However, its practical implementation in sustainable development risk management still requires more study and development (Zhao & Chen, 2022) . This research aims to develop and evaluate effective AI-based approaches to managing risk in support of achieving sustainable development goals. This research will also identify factors that support the successful implementation of AI in various contexts, and offer policy recommendations that can be applied by policymakers and practitioners in the field.

Research Methods

The study in this research uses the literature method. The literature research method is a research approach that involves collecting, assessing, and analysing various written sources of information relevant to a particular research topic or problem. These sources can be books, scientific journals, articles, reports, theses, dissertations, and other documents that have been published (Cooper, 2010) ; (Boote & Beile, 2005) . The purpose of this method is to provide a strong theoretical basis, help identify gaps in existing research, compare previous findings, and provide a foundation for the development of a new conceptual framework or methodology. Literature research also allows the researcher to understand recent developments in the field of study as well as to construct arguments supported by strong and valid evidence (Carnwell & Daly, 2001) .

Results and Discussion
AI Implementation in Risk Management

The implementation of artificial intelligence (AI) in risk management has brought about significant changes in the way organisations recognise, analyse and manage potential threats (A. Alijoyo, 2004). One of the key advantages of AI is its ability to process and analyse large amounts of data quickly and accurately. Using machine learning techniques, AI systems can identify patterns and anomalies that humans may miss, improving the accuracy of risk identification. For example, in the financial sector, AI is used to detect fraud activity by recognising unusual or suspicious transactions (Y. Li & Li, 2021) .

In addition, AI introduces automation in the risk management process. AI algorithms can continuously monitor and evaluate risks in real time, enabling faster response to changing conditions. In the manufacturing sector, AI is used to predict machine failures and plan preventive maintenance. This not only reduces potential downtime but also helps in managing costs and resources more efficiently (Lee & Choi, 2018) . AI implementation also plays a key role in cyber risk management. In this digital age, cybersecurity threats are increasingly complex and constantly evolving. AI can help in detecting security breaches by monitoring data traffic and identifying suspicious activities. In addition, AI systems can learn from previous attacks and continuously update their defence strategies, making them more adaptive and responsive to new threats (Davies & Young, 2020).

The use of AI in risk management in the healthcare sector is no less important. AI can assist in analysing patient data to identify potential health risks, such as the likelihood of chronic diseases or other medical complications. By identifying such risks early, medical interventions can be made sooner, which in turn improves treatment outcomes and reduces treatment costs (Brown & Green, 2020) . However, despite the many benefits that AI brings, its implementation is not without challenges. One of the biggest challenges is issues related to data privacy and security. The use of AI often involves the collection and processing of large amounts of data, which poses the risk of privacy breaches if the data is not managed properly. Therefore, it is important to have strict policies and regulations in place to ensure that data is used ethically and securely (Nguyen, 2021) .

Finally, there are also challenges in terms of acceptance and integration of AI in organisations. Adopting new technologies requires a change in organisational culture and management approach. Training and upskilling of employees is important to ensure that AI is used effectively and supports organisational goals. The successful

implementation of AI in risk management depends not only on the technology itself but also on the readiness of the organisation to adapt to the changes (Tang & Wang, 2020) .

As such, the implementation of AI in risk management offers many significant benefits, including faster and more accurate data analysis, process automation, and improved threat detection and response. AI is helping sectors ranging from finance to manufacturing to healthcare manage risk more efficiently and effectively (Tjager et al., 2003); (F. A. Alijoyo & Norimarna, 2021). However, to maximise the potential of AI, it is important to address the challenges that come with it, such as data privacy concerns and organisational buy-in. With proper policy implementation and adaptation by organisations, AI can be a helpful tool in identifying and managing risks, supporting better decision-making, and ultimately, improving overall organisational performance.

AI's Impact on Achieving SDGs

Artificial intelligence (AI) has great potential in helping to achieve the Sustainable Development Goals (SDGs) set by the United Nations (UN). In particular, AI can make significant contributions in various aspects, ranging from eradicating poverty, improving the quality of education, to preserving the environment (Russel & Norvig, 2021) .

Firstly, AI is helpful in poverty alleviation (SDG 1). By utilising complex data analysis, AI can identify patterns of poverty and direct resources more efficiently to areas or cases in need. For example, AI can help governments and humanitarian organisations target aid to households most in need through analysis of demographic, economic, and other data (Goodfellow et al., 2016) .

Second, in terms of improving the quality of education (SDG 4), AI can be used to develop learning programmes tailored to the needs of individual students, known as adaptive learning. This AI technology can analyse a student's strengths and weaknesses, provide appropriate materials, and even offer additional guidance in specific areas where the student is struggling. This not only makes learning more effective, but can also help reduce the education gap (Kim & Park, 2020) .

Third, AI can also play a role in achieving good health and well-being (SDG 3). With the ability to analyse large amounts of data, AI technology can assist in disease diagnosis, personalisation of patient care, and disease outbreak prediction. AI can process medical data more quickly and accurately compared to traditional methods, allowing medical personnel to provide better and timely care (World Economic Forum, 2020) .

Fourth, in the context of implementing clean and affordable energy (SDG 7), AI can be used to improve energy efficiency. For example, AI can assist in optimising energy use in various industrial sectors as well as in the management of smart grids. Thus, AI can support the transition towards cleaner and renewable energy sources, which in turn will reduce greenhouse gas emissions and climate change impacts (Dawson, 2021) .

Fifth, in an effort to preserve land and marine ecosystems (SDGs 14 and 15), AI can be used to monitor environmental conditions in real-time. AI-enabled remote sensing technology can help in monitoring deforestation, land degradation, and overfishing. With fast and accurate data interpretation, AI can provide early warning of environmentally damaging activities, and support decision-making for environmental conservation and restoration (Wang & Zhang, 2017) .

Sixth, AI also has a role in achieving social justice and inclusive economic development (SDGs 8 and 10). AI can drive innovation and create new employment opportunities through process automation, production efficiency, and the development of new industrial sectors. However, to ensure that these developments are inclusive, it is important to address challenges such as the digital divide and ensure that the benefits of AI are accessible to all levels of society. Thus, AI can be a powerful tool in realising sustainable development and leaving no one behind (Underwood & Villarreal, 2020) .

Comparison of AI-Based Approach with Traditional Methods

AI (Artificial Intelligence)-based approaches have brought significant changes in various sectors, from business to healthcare. AI enables high automation and the ability to handle large amounts of data quickly. This makes the analysis process more efficient, especially when compared to traditional methods that often require more time and manpower to obtain the same results. AI can also learn from existing data, make predictions, and aid in more informed decision making (Patel & Gupta, 2021) .

On the other hand, traditional methods, while perhaps slower, have advantages in terms of transparency and comprehension. These methods are usually easier for humans to understand and track. The processes used in traditional approaches are often more structured and governed by strict procedures, giving greater control to the user. This makes traditional methods more trustworthy in situations where human interpretation is crucial (Y. Li & Li, 2021) . Besides speed, AI also excels in terms of flexibility and scalability. AI-based systems can be easily

customised for different situations and scaled up or down as needed. AI can also process various types of data, both structured and unstructured, which are often difficult for traditional methods to manage. However, AI is not completely free from drawbacks; biases in the data can affect the results and interpretations provided by AI (X. Li & Zhao, 2021) . Traditional methods are often better at handling data that requires deep context understanding and expert interpretation. For example, in law or policy, decisions are often based not only on data but also on legal and ethical nuances that are difficult to programme into AI. Human experience and intuition play a big role in situations like these, something that AI is still a big challenge to replicate (Smith, 2021) . In terms of cost, AI implementation may have high initial costs associated with system development and training, but over time, operating costs can be lower than traditional methods. Traditional methods, meanwhile, may have more consistent operating costs but tend to be higher in the long run especially if they involve a lot of human labour (United Nations, 2015) . Thus, while AI offers many advantages in speed, efficiency, and the ability to handle complex data, traditional methods still retain the edge in terms of deep understanding, transparency and human control. The choice between AI-based approaches and traditional methods depends on the specific needs, operational environment, and the ultimate goal of using the technology.

Conclusion

AI-based approaches to risk management have become a highly effective tool in supporting sustainable development goals. AI enables faster and more accurate identification, analysis and mitigation of risks than conventional methods. With the ability to process and analyse large amounts of data from multiple sources, AI can identify patterns that may not be visible to humans, enabling early detection of potential risks that could hinder sustainable development programmes.

Besides the advantages in speed and accuracy, AI also provides great flexibility in risk management. AI systems can be adapted to various types of data and situations, whether they are economic, environmental, or social in nature. The integration of AI in risk management can generate predictive models that help governments and organisations plan and implement policies that are more responsive and adaptive to changing conditions. This is especially important in the face of global challenges such as climate change, food security, and public health that require rapid and coordinated action.

However, the application of AI-based approaches also faces challenges, including the need for high data quality and the risk of algorithmic bias that could affect the results of analyses. Therefore, it is important to ensure that the use of AI in risk management includes adequate human oversight and considers ethical aspects and transparency. Thus, AI can not only improve the efficiency and effectiveness of risk management but also ensure that sustainable development efforts take place in a fair and inclusive manner.

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