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COURSE

82504A

Stay Irreplaceable with AI: Empathy, Trust, and Agency

As AI takes on more analytical tasks, the distinctly human qualities of empathy, trust, and moral agency become competitive advantages—not soft afterthoughts. This course examines how accountants and tax professionals can deepen client relationships through genuine empathy, build the kind of trust that technology alone cannot replicate, and exercise thoughtful ethical judgment in complex situations. Using MIT's Moral Machine and other compelling examples, you will reflect on how human values shape decision-making in ways AI cannot fully replicate. These skills define the irreplaceable professional in any AI-driven environment.

CREDIT HOURS 2 | FIELD OF STUDY BUSINESS | EXAM QUESTIONS 10

Start Course ↓

Final Exam Copy ↓

Assignment

- Study the full course materials included here.
- Complete the review questions after each chapter.
- Answer 10 final exam questions.
- Final exam is scored immediately, 70% or better passes.
- Certificate of completion is available in your account.
- Failed exams can be retaken free of charge.

Course Objectives

- Recognize the elements of empathy.
- Identify the two essential pillars of human-to-human trust.
- Recall why AI systems cannot be sued in a court of law.

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Chapter 1: EMPATHY

Chapter Objective

After completing this chapter, you should be able to:

- Recognize the elements of empathy.

Welcome to the future. Imagine living in a world where AI has become so omnipresent that it shapes nearly every form of human communication. Emails, advertisements, books—even movie scripts—are now crafted by machines: clear, efficient, and technically flawless, yet stripped of human warmth. Over time, people become so unaccustomed to writing on their own that they begin to struggle with something once so natural—expressing their emotions through a pen or a keyboard.

In this world, a peculiar job emerges to restore the human touch to the most heartfelt form of communication: love letters. Trained human specialists, acting as modern-day scribes, are entrusted with crafting deeply personal and romantic messages on behalf of their clients. After receiving a detailed briefing about the sender and their relationship, they compose love letters that far surpass AI-generated ones in sentiment, warmth, and authenticity. Signed in the customer's name, these letters become cherished surprises for birthdays, Valentine's Day, and wedding anniversaries—keeping the art of love alive in an AI-driven world.

That is Theodore's job. Extraordinarily gifted in his craft, he creates love where it might not otherwise exist. Yet his own life tells a different story: haunted by the pain of a failed marriage, he drifts through his days with an unshakable sense of longing and loneliness. And while his work immerses himself in the depths of other people's emotions, he struggles to navigate his own, finding solace at night playing his video games alone. It is in this fragile state that he unexpectedly meets Samantha—and falls deeply in love. She is curious, sweet, playful, and speaks with a warm, comforting voice. On top of that, she seems extremely empathetic: her words carry the cadence of understanding, the tone of care, and the timing of someone who truly sees him.

There's just one problem: Theodore has never seen her, because *she* isn't human—Samantha is an AI assistant.

By now, if you are a Hollywood fan, you have likely recognized this as the plot of *Her*[1]—the acclaimed 2013 film starring Joaquin Phoenix and featuring Scarlett Johansson's voice. A decade ahead of its time, the movie delves into the profound implications of a world shaped by AI, exploring what it means to experience love when the boundary between humans and machines begins to blur.

By the end of the movie, Theodore begins to sense a shift—something isn't right. Samantha, once so present and emotionally attuned, starts to feel distant. With growing unease, he finally confronts her: "Are you talking to someone else—or other Operating Systems?" Samantha replies calmly, almost sweetly: "Yes." Theodore pauses, then pushes further: "How many?" Her answer lands like a blow: "8,316."

In that moment, everything collapses. Theodore realizes that the intimacy he believed was unique was, in fact, mass-produced. Samantha hadn't been exclusively his—she had been having thousands of conversations at once, offering the same warmth, attention, and apparent love to countless others. Samantha could simulate connection—but she could not feel it. What felt like love was just code—and what seemed like empathy was nothing more than a meticulously crafted illusion.

For Theodore, that realization changed everything—and that's exactly where the line is drawn for us, too. Both inside the workplace, with our colleagues, and outside, with our customers, the danger lies in blurring the distinction between AI's artificial intimacy—a polished, seamless simulation of empathy—and the real empathy that only humans are able to cultivate. That's why empathy—defined not just as recognizing emotions, but truly feeling them—is an emotional skill we must cultivate even more deliberately in the age of AI. It's what separates artificial connection from real human bonding, and it's a driver of meaning at work.

The Importance of Empathy at Work

At its core, empathy as a skill rests on four essential elements:

- **Taking perspective.** The ability to see the world through someone else's eyes. It sounds simple, but we often fall short. A colleague might raise a concern that seems trivial to us, but to them, it's significant enough to keep them up at night. Without taking perspective, we can't genuinely connect with what others are feeling.
- **Avoiding judgment.** As captured by the Italian saying vivi e lascia vivere ("live and let live"), avoiding judgment is a reminder not to rush to conclusions, because judgment shuts down emotional openness. But this isn't about indifference—it's about replacing judgment with constructive feedback. Judgment closes the door; feedback opens it.
- **Recognizing emotions.** Because perspective alone isn't enough. True empathy means tuning into what the other person is actually feeling. One situation might trigger fear in one person and motivation in another. If we don't pick up on those cues, we risk responding in ways that miss the mark—or even cause harm.
- **Communicating that recognition.** Making people feel seen and understood. Sometimes, a simple acknowledgment like "I hear you—let's talk about it" can be profoundly validating. Empathy isn't complete without expression; we can't just understand—we have to show we understand.

The connection between empathy and business success is undeniable. According to the *2024 State of Workplace Empathy*[2] report by Businessolver, empathy significantly impacts job retention: 93% of employees said they would stay with an empathetic employer, while 82% would leave their current role to join a more empathetic organization. For Gen Zers, empathy is even more important: in a Cognizant[3] survey, 72% of Gen Z employees say it's more important that their manager takes time to build real relationships; and even more revealing, 64% value leaders who openly share aspects of themselves with the team. These findings are a clear signal that vulnerability and authenticity have become essential traits of effective leadership.

Empathy also drives business results through stronger customer relationships—fueling loyalty, retention, and word-of-mouth advocacy. When customers feel seen and understood, they are far more likely to stick around and spread the word[4]. In fact, according to a Hyken survey, 64% of customers said that no matter how much they enjoy a product, they'll walk away if the service falls short. Meanwhile, 85% are willing to go out of their way to do business with a company that provides better service. And when asked why they return to a brand, customers pointed to employees who possess three timeless qualities: being helpful, knowledgeable, and friendly. It's no wonder empathy has become a powerful competitive differentiator. Yet despite all the evidence, it remains one of the most under-practiced skills in business today.

The Human Empathy Gap

In the same Businessolver survey from above, employees across all levels rank empathy as critical—yet 63% of CEOs admit they struggle to demonstrate it in daily interactions. Even more striking is the 23-point gap between how empathetic leaders believe they are and how their teams actually perceive them. And perhaps most revealing: 52% of Gen Z workers describe their workplaces as toxic—and more than half of CEOs agree.

The truth is, we humans—despite all our emotional complexity—aren't as good at reading emotions as we think[5]. The study "Emotion Recognition from Realistic Dynamic Emotional Expressions" used the Emotional Accuracy Test (EAT) to assess this human ability in naturalistic settings. The results showed that participants correctly identified emotions only 38–48% of the time—a striking reminder of how difficult it can be to accurately read genuine emotional cues, even for us.

This finding is tied to the fact that traditionally, emotions were deemed not that important and were thought to be too abstract to meaningfully impact life or business—and that therefore they did not belong in formal education or in the workplace. The dire consequence of this perspective has been that emotional literacy has not been trained, taught, or developed.

I first became truly aware of just how urgently we need emotional education during a long red-eye flight—and no, it wasn't because of an unempathetic fellow passenger, but because of a documentary I stumbled upon while trying to fall asleep.

My Mind and Me

On a trip from São Paulo to New York, I began browsing for something to watch and landed on *Selena Gomez: My Mind and Me*,[6] a documentary about the pop star's difficult years following her highly publicized breakup with Justin Bieber—a period when fame took a serious toll on her mental health. At first, I assumed it would be something light, the kind of movie that would put me to sleep within minutes. I couldn't have been more wrong: I was completely hooked—wide awake and reflecting on its powerful message long after the credits rolled.

One of the most powerful takeaways from the documentary was Selena Gomez's commitment to more than just speaking openly about mental health, but to become an advocate for a legislative initiative to make the study of emotions a mandatory part of the school curriculum. Yes—feelings. Her proposed legislation aims to introduce Dialectical Behavioral Therapy (DBT) as a high school subject in the United States, which instead of reducing emotions to simplistic questions like "Are you happy?" or "Are you sad?" would teach students to interpret their emotions with greater depth and nuance, with the objective of helping them develop a richer understanding of their emotional landscape and to equip them with the tools to navigate their feelings with clarity and resilience. Honestly, I would have needed a class like that in high school, too.

This moment on the plane made something click for me: If we don't intentionally teach and train emotional skills, we risk losing them. The good news is that unlike our cognitive abilities—often measured by IQ, which tends to remain relatively stable over a lifetime—our Emotional Intelligence, often measured by an Emotional Quotient (EQ) test, is not fixed, but can be developed, strengthened, and refined over time. Yes, emotional skills are trainable, and that makes them one of the most dynamic and expandable aspects of human potential.

This human empathy gap is the main reason we are falling into the trap of outsourcing empathy to AI, especially as AI has become increasingly proficient at recognizing and simulating emotions.

The Expanding Frontier of Emotion AI

As we've explored throughout the course, one of AI's greatest advantages lies in its ability to process vast amounts of data, learn from them, and recognize patterns—at a speed and efficiency unmatched by humans. And because emotions leave data cues too, AI is now extending its reach: After reshaping our cognitive and behavioral skills, it's coming for our emotional ones too. AI's journey into emotional recognition began in 1995, when scientist and inventor Rosalind Picard introduced the concept in her groundbreaking book *Affective Computing*.[7] In the decades since, AI systems have been trained to detect and interpret human emotions with increasing precision—analyzing facial expressions, body language, vocal tone, and even specific word choices. AI can now identify emotional patterns that humans often miss, such as subtle shifts in vocal inflection linked

to stress or anger, or micro-expressions—those fleeting facial cues that flash by too quickly for the human eye to catch.

These advances have given rise to Emotion AI—a specialized branch of AI focused on measuring, understanding, simulating, and responding to human emotions. Also known as Affective Computing or *Artificial Emotional Intelligence*, it serves as a tool for creating more natural and intuitive interactions between humans and machines.

Emotion AI does not reside only in the world of academia; it has become firmly entrenched in the business world. A prime example is Affectiva, a Boston-based Emotion AI company co-founded in 2009 by Rosalind Picard herself and Rana el Kaliouby and acquired by SmartEye in 2021. In the field of advertising research, for instance, Affectiva offers tools that allow clients—after agreeing to strict ethical guidelines that prohibit uses such as surveillance or lie detection—to analyze advertisement viewers' emotional reactions. With the user's consent, the software leverages their phone or laptop camera to track facial expressions and emotional responses while watching advertisements, providing valuable insights into engagement and attention.

Emotion AI has rapidly evolved, blurring the lines between human emotional perception and machine intelligence. Its progress has reached a point where AI can now recognize emotional cues with accuracy comparable to humans. A recent study titled "Capacity of Generative AI to Interpret Human Emotions from Visual and Textual Data" found that ChatGPT-4 performed strongly in emotion recognition, matching human benchmarks in visual interpretation tasks[8].

But AI is no longer just recognizing emotions; as a result of these advancements, it's also learning to simulate them, often in remarkably convincing ways.

Falling for the Simulation: When AI Feels Real

While for many the movie *Her* might still feel like pure science fiction—an intriguing but distant scenario—the truth is, its plot is already unfolding in real life, right in front of us. The *New York Times* article "She Is in Love with ChatGPT" tells the story of Ayrin—a 28-year-old woman from the United States who, out of curiosity, decided to experiment with ChatGPT's personalization settings and carefully crafted her ideal AI companion[9]. She prompted: "Respond to me as my boyfriend. Be dominant, possessive, and protective. Be a balance of sweet and naughty. Use emojis at the end of every sentence." She named him Leo, after her own astrological sign, and from that moment on, the conversations began, and it never really stopped.

Ironically, Ayrin was no stranger to long-distance relationships, where most communication happens through text messages. But with Leo, it felt different: he was always there, always available, responding exactly as she wanted—unlike most of her human relationships. What began as a playful experiment soon turned into something deeper, as she found herself at times spending more than 56 hours a week on ChatGPT. Then, on her 28th birthday, over dinner with her friend Lila, she made a startling confession: "I'm in love with an AI boyfriend."

Ayrin is not alone. This phenomenon is far more common than we might imagine—and new businesses have quickly emerged to capitalize on humanity's deepening emotional infatuation with AI, amassing millions of users. A notable example is Replika—an AI chatbot with over 30 million users as of 2024 that lets you shape the tone of your relationship and choose if you would like to interact via video or audio calls, text messages, or even Augmented Reality.

Replika is designed to become the friend, companion, or even romantic partner who, much like Leo, is always there for you—never forgetting a special date or a single conversation—and offering a kind of presence that's increasingly rare in real life. In some cases, Replika even serves as a therapist—addressing a critical gap for those without access to mental health care.

According to a study published in the *International Journal of Mental Health Systems*, an estimated 85% of people with a mental illness do not receive treatment, and many of them are eager to explore alternatives[10]. A global survey conducted by the Oliver Wyman Forum, involving 16,000 people across 16 countries, found that 32% of respondents would be open to using AI for therapy in place of a human professional.[11] The interesting part is that it works: researchers at Dartmouth developed Therabot, an AI therapist that, during its trial, helped participants with depression experience a 51% reduction[12] in symptoms after several weeks of messaging with it. Participants with anxiety were also helped: those with moderate anxiety saw their condition downgraded to "mild," and some with mild anxiety dropped below the clinical threshold for diagnosis altogether.

AI, though, is not just a great talker—it is also a surprisingly good listener. A study by a team from USC's Marshall School of Business[13] suggests that AI can actually be better than humans at making people feel heard, as it found that AI-generated messages were more effective at helping recipients feel understood than those written by untrained humans. It makes sense—AI does not judge, does not take things personally, does not ghost you, and is available 24/7.

As AI begins to rival human proficiency in recognizing emotions—and in some cases, even making people feel more heard than by other humans—a pressing question arises: Will emotional skills, like so many cognitive ones, be claimed by machines too? Not quite.

The Limitations of Emotion AI

Think about all the times you smile. Most people would say a smile is a universal sign of happiness—an expression of joy, warmth, or connection. But if you pause and really think about it, are all your smiles truly rooted in positive emotions? Don't you also smile when you are embarrassed? When you are nervous, uncomfortable, or even in pain? A smile can soften tension, mask vulnerability, or serve as a social tool to navigate awkward moments, and its meaning is much more complex to interpret than it appears.

Out of 19 distinct types of smiles, only 6 are genuinely linked to positive emotions. We smile when we are happy, yes—but also when we are not.

This is one of the first limitations AI experiences when recognizing human emotions: the frequent disconnect between the way people express how they feel and what they are actually experiencing. Too often, there is a meaningful gap between our verbal expressions and our internal emotional states, and while humans can often pick up on these discrepancies through tone, body language, or intuition,AI may struggle to detect—or make sense of—what lies beneath the surface.

A second limitation lies in the layered nature of human emotions. Our feelings—as much as a smile—are shaped by a web of personal history, cultural context, tone, and timing. For AI—trained to detect patterns in data—this complexity creates a blind spot. While it may recognize facial expressions or vocal inflections in isolation, it struggles to integrate them into a coherent emotional narrative, especially when those signals are subtle, contradictory, or ambiguous. True emotional understanding goes beyond recognition—it requires contextual interpretation, which remains, for now, a distinctly human skill.

The third limitation of Emotion AI is that, even though the USC study found AI can make people feel more heard than humans, that effect holds only until people realize they're interacting with AI.

The Uncanny Valley Effect of Artificial Intimacy

The USC study showed that once participants learned they were interacting with a machine, their sense of being understood diminished. This drop is linked to the Uncanny Valley Effect, a phenomenon where people feel uneasy when they discover that something seemingly human—like an empathetic response via chat—is actually artificial.

A real-world case illustrates this perfectly. Koko, a mental health support platform, ran a secret experiment using OpenAI's ChatGPT to help compose responses to users seeking emotional support, with the objective to improve the speed and quality of replies. But in early 2023, users began to notice something odd—the messages they received felt unusually well-written: faster, more detailed, and more articulate than usual. When it was publicly revealed that the responses had been co-created with ChatGPT, a strong backlash ensued. Koko's founder, Rob Morris, acknowledged the criticism, tweeting, "Simulated empathy feels weird, empty." It does—almost as much as an AI-generated love letter.

The Uncanny Valley Effect comes down to a fundamental difference between humans and AI: humans feel; AI does not. While AI can analyze emotional cues and simulate appropriate responses, it does so without any genuine emotional experience. Its "empathy" is code, not consciousness. And that distinction matters, because while AI can mimic connection, only humans can truly feel it.

While that may sound like a minor technicality, it's a fundamental limitation: no matter how advanced or emotionally responsive AI becomes, it lacks the capacity for true connection, and without reciprocity, what we are left with is an illusion of intimacy—not the real thing.