

## **BOOK REVIEW**

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### **ABSTRACT**

Agrawal, A., Gans, J. Goldfarb, A. (2018). Prediction Machines: The Simple Economics of Artificial Intelligence. *Pearson. Prentice Hall Financial Times*. ISBN: ISBN: 978-0-273-74444-3, 897 pages.

### **REVIEWED BY**

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### **BACKGROUND INFORMATION ABOUT THE AUTHORS**

Ajay Agrawal is the Geoffrey Taber Chair in Entrepreneurship and Innovation and Professor of Strategic Management at the University of Toronto's Rotman School of Management. Joshua Gans is a professor of strategic management and the Jeffrey S. Skoll Chair of Technical Innovation and Entrepreneurship at the Rotman School of Management, University of Toronto (with a cross appointment in the Department of Economics). Avi Goldfarb is the Rotman Chair in Artificial Intelligence and Healthcare and Professor of Marketing at the Rotman School of Management, University of Toronto.

### **SUMMARY OF THE BOOK**

The book commence with the differentiation of computer scientists, and economists. The authors indicates that they are not same in their thoughts and acts, especially in relation to Artificial intelligence in its application. The authors argue that Artificial intelligence turned to be accountable since it is economical for any automated task, and predictions support decision making. The book states that machines could identify challenges better than people. The authors argue that prediction is the main function of the neocortex, and the basis of

intelligence. The authors allows the readers to understand the basic ideologies of model building for predictions. Though machines support us in understanding the algorithms, still, human judgment is essential to fine-tune or lead the machine. The authors envisaged the role of assessing risks and rewards in evaluating scenarios and making proper predictions, since it will lead to customer irritation and loss of goodwill. While some of the chapter give importance to the role of human beings, some that won't be true for long for many decisions. Examples like how Tesla's autopilot has averted accidents, and autonomous trucks to handle the heat in Australia for mining iron take away the role of human being in prediction and decision making. The authors also stressed the significance of seeing Artificial Intelligence tool use in tiny tasks citing example of iPhone's keyboard. Last chapters give emphasis on building up framework to list all different AI tasks essential to finish a project or an idea. The book also details people concerns over use of AI which will replace human workers, citing the role of spreadsheets. The book details that data is an asset and it will support managers and stakeholders in making decisions better and valuable. Stating the importance of Artificial intelligence tools the authors claim that AI platforms can transform a business, at times, distorting or spreading the boundaries of its business objectives. However, leaders need careful planning and implementation.

### EVALUATION OF THE BOOK

**In this book,** But in *Prediction Machines*, three well-known economists recast the rise of Artificial intelligent as a drop in the cost of prediction. **The book clearly indicates that during uncertainty** prediction is at the heart of making decisions. Personal and professional life is circled around such decisions. Artificial intelligence does the apparently difficult, excitingly carrying machines to life. Prediction designs the apparatus increase the productivity--operating machines, handling documents, communicating with customers. Improved forecast creates chances for new business structures and strategies to contest. However the most important aspect is how AI can bring changes in the set of strategies of organisations, governments design policies. Uncertainties are going up in the unexpected pandemic as well as more fear on deliverables. Piercing, with discerning and pragmatic contents, *Prediction Machines* follows its unavoidable logic to elucidate how to pilot the variations on the prospect. It is clearly identifiable from the book that the impact of Artificial intelligence would be

profound, but the economic framework for understanding it is surprisingly simple.

## CONCLUSION

With a serious urge for a complete reception level of role of Artificial intelligence interpretation, this book stands in the prime position to enlighten the reader for a clear understanding of the terminologies used worldwide. The book *Prediction Machines, The Simple Economics of Artificial Intelligence. Pearson. Prentice Hall Financial Times*, is well stated by the authors and it is content wise rich, language wise easily understandable, acts as guide to those synthesis the information and in a word, this is an exemplary work by the authors and a good benchmark to accountants and light path for the students of accounting.