



## Artificial Intelligence Adoption in Business Decision-Making: Linking Strategic Value Creation and Ethical Governance through a Structured Literature Review

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### Abstract

Artificial intelligence (AI) is permeating business decision-making procedures and transforming strategic management, organizational structures, and governance systems. This paper presents a systematic literature review as a synthesis of multidisciplinary research on the adoption of AI, with two dimensions that are closely connected, namely, strategic value creation and ethical issues. The results show that AI improves predictive accuracy, operational performance, and dynamic capability building, which lead to the competitive advantage and firm performance. Nonetheless, the achievement of such value should rely on the organizational preparedness, alignment of governance, and the human-AI cooperation. At the same time, the ethical risks posed by AI adoption, such as algorithmic bias, lack of transparency, privacy, and lack of accountability, can harm the levels of trust and legitimacy among stakeholders. The review indicates that strategic value and ethical governance are complementary as opposed to competing goals. To have a sustainable AI application, it is necessary to have explainability mechanisms, algorithmic accountability systems, and robust data governance systems that are incorporated into organizational strategy. Combining the perspectives of strategic management, information systems, and AI ethics, the paper offers an extensive perspective on the interpretation of AI-inflicted change in business decision-making and gives guidelines to future research.

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## I. Introduction

Artificial intelligence (AI) has ceased to be a marginal technological change to a core force of organizational change and strategic renewal. In industries, companies are integrating AI into their core processes, analytics systems, and managerial workflows and transform the way decisions are made, assessed, and implemented (Davenport and Ronanki, 2018; Dwivedi et al., 2021; Von Krogh, 2018). The difference between the present wave of AI adoption and the previous types of automation is not only the power of computers, but the incorporation of predictive, prescriptive, and generative features into the complex organizational decision space (Duan et al., 2019; Raisch and Krakowski, 2021; Shrestha et al., 2019). With the growing use of algorithmic systems to make strategic decisions, resource distributions, and performance evaluations, AI is no longer a technical appendix, but it is rather entrenched in the design of managerial thinking and management.

The increasing strategic importance of AI is directly linked to the possibility of creating competitive advantage and long-term value. The use of AI-driven initiatives has been linked to the optimization of operational performance, the accuracy of forecasts, the development of dynamic capabilities, and the high performance of the firms (Wamba-Taguimdje et al., 2020; Mikalef et al., 2021; Shiyab et al., 2023). On the strategic level, AI allows companies to redesign business models, optimize customer engagement strategies, and use data as a strategic resource (Davenport et al., 2020; Markus, 2017; Fountaine et al., 2019). However, the achievement of this value depends on the organizational preparedness, governance forms, and the correspondence between AI potential and the strategic purpose (Joehnk et al., 2021; Keding, 2021; Berente et al., 2021). In turn, the concept of AI adoption in business decision-making needs to be taken to a step further than technological determinism to a more sophisticated view of organizational, managerial, and institutional dynamics.

At the same time, there are serious ethical and social concerns that arise with the implementation of AI in the decision-making process. The absence of algorithmic transparency, bias, and accountability is an issue that raises the question of fairness, transparency, and legitimacy (Buhmann et al., 2020; Larsson and Heintz, 2020; Kroll, 2015). It is empirically proven that the degree of trust in automated decision-making is low and context-dependent (Araujo et al., 2020; Glikson and Woolley, 2020; Castelo et al., 2019), and the broader ethical discussion is not sure

whether the current principles and guidelines are sufficient to hold AI implementation accountable (Jobin et al., 2019; Mittelstadt, 2019; Floridi and Cowls, 2022). Moreover, the shift of decision-making to algorithms can change the power balance of organizations and create new forms of control and resistance (Kellogg et al., 2020; Raisch and Krakowski, 2021; Rahwan et al., 2019). These tensions are pointed out to help accentuate the idea that the implementation of AI is not merely a technical update, but a socio-technical change, which has strategic and ethical implications.

Although the literature base is growing at a very high pace, the current literature is still disjointed in various fields, including information systems, strategic management, marketing, and business ethics (Dwivedi et al., 2021; Keding, 2021; Duan et al., 2019). The research is predisposed to focus on the performance results, governance, or ethics separately, and there is no integrative knowledge of the interaction of strategic value creation and ethical risks in an AI-based decision-making situation (Berente et al., 2021; Martin, 2019; Stefan et al., 2020). This disintegration needs to be synthesized systematically mapping the intellectual terrain in a systematic manner and establishing convergences and tensions and defining future research directions.

Thus, the article will conduct a systematic literature review of AI application in business decision-making, and its two-fold concern with strategic value creation and ethical concerns. The review will include the strategic management, information systems, and AI ethics scholarship that will describe how the organizations can exploit the AI transformative potential and prevent its risks. In this manner, the study will contribute to the creation of a more stable theoretical foundation and offer a research agenda that can be used to shape the academic discourse and practice of managers.

## 2. Review Methodology

The current paper will follow a systematic literature review approach to generalise the available literature on the implementation of artificial intelligence (AI) in corporate decision-making, especially in terms of strategic value generation and ethical governance.

The literature review should be structured in case of emerging interdisciplinary areas where knowledge is spread across a wide range of academic fields and conceptual boundaries are still permeable. This methodological process allows the systematic organisation of prior studies and

allows a conceptual synthesis of the interdependent theoretical views.

The literature review will incorporate the knowledge of the strategic management, information systems, and business ethics literatures, which are the main intellectual bases of the AI-enabled decision-making studies. In contrast to the review focusing solely on the technical qualities of AI, the review prefigures the scholarship that challenges the organisational, managerial, and governance implications of implementing AI in business.

The relevant literature was found using systematic searches of the major academic databases, such as Scopus, Web of Science, and Google Scholar, supplemented by backward and forward citation searches of the classic literature. As a result, the most significant and most referenced works that have contributed to the academic discussion of AI in organisational decision-making were summarised. Specific attention was given to peer-reviewed journal articles that investigate AI-based decision structures, organisational change, the implication of the firm performance, and governance mechanisms.

Inclusion criteria were developed to make sure that the concepts were relevant. The studies were included in the list of eligible ones when they: related to artificial intelligence or advanced machine learning systems; discussed organisational, managerial, or strategic decision-making situations; and provided theoretical or empirical knowledge on the fields of strategic value creation, governance practices, or the ethical implications of AI adoption. The sample was limited by excluding research that was not on algorithm development or computational models of purely technical nature.

The identified and screened literature was analysed using thematic synthesis. Articles were assessed in a systematic way to identify common conceptual patterns and theoretical frameworks related to the use of AI in organisations. The coding scheme focused on the major dimensions that were repeated in the literature, including AI-enhanced decision augmentation, dynamic capability building, algorithmic accountability, transparency, trust in AI, and governance structures.

The review clarifies conceptual convergences and unresolved contradictions in the literature by comparing and synthesising the chosen works in an iterative process. The analytical process makes it easier to develop a composite

view of how strategic value creation and ethical governance interact in AI-based business decision-making.

The synthesis of the extant literature through the use of structured search protocols and theory-driven thematic analysis, the review offers a synthesis of the current body of research in the rapidly developing field as well as identifies potential future directions of research.

### 3. Conceptual and Theoretical Background

The artificial intelligence in organizations is not a technological device, but a socio-technical system, which is integrated into the strategic, institutional, and cognitive systems. Early researchers placed AI in the first place as an advanced analytical tool that is able to handle a large amount of data to enhance prediction and optimization (Davenport and Ronanki, 2018; Duan et al., 2019). Empirical studies have however recently predicted the role of AI in changing the way organizations perceive information, allocate decision-making power, and design strategic reactions (Von Krogh, 2018; Dwivedi et al., 2021; Berente et al., 2021). This change is indicative of a larger reorientation, that is, the repositioning of AI as an automation infrastructure to the view of it as an agent that influences organizational sensemaking and managerial judgment.

The automation-augmentation paradox is one of the main theoretical frameworks that can be used to explain AI adoption in decision-making. Instead of completely substituting human decision-makers, AI systems are often used in hybrid forms that redistribute the division of labor between humans and algorithms (Raisch and Krakowski, 2021; Wilson and Daugherty, 2018). This relationship makes traditional ideas of managerial control and knowledge more complex because algorithmic advice may reinforce human judgment or destabilize it (Shrestha et al., 2019; Kellogg et al., 2020). The main conflict is how to balance the efficiency benefits of automation and the strategic need to maintain human interpretative ability, creativity, and responsibility (Berente et al., 2021; Raisch and Krakowski, 2021; Wilson and Daugherty, 2018). Therefore, the use of AI is inherently connected with the organizational design and decision governance frameworks.

The use of AI can be strategically considered through the prism of dynamic capabilities and redistribution of resources. AI increases the ability of companies to identify, educate, and leverage opportunities according to the data information to redesign the operations (Mikalef et al., 2021; Wamba-Taguimdje et al., 2020). The strategic value of AI

is not confined to the investment in the technology but is also based on other resources such as adaptive IT architecture, decentralized governance, and integrated data ecosystems (Mikalef et al., 2021; Markus, 2017; Fountaine et al., 2019). According to Keding (2021), the AI scholarship in strategic management changed its focus on the operational efficiency to the competitive positioning and organizational change. In this respect, AI is not only a technological resource but also a structural and strategic development source.

The critical conceptual foundations of AI-enabled decision-making are also the trust and legitimacy theories. It has been empirically demonstrated that people do not equally trust algorithmic suggestions, instead, the degree of trust in AI depends on the specificity of tasks, perceived transparency, and perceived fairness (Araujo et al., 2020; Glikson and Woolley, 2020; Castelo et al., 2019). In other places, people show that they value algorithms and choose data-based results over human judgment (Logg et al., 2019), and in other places, they show opposition, especially when the consequences of decisions may be personal (Longoni et al., 2019). These results show that AI-based decision-making exists within the larger institutional contexts of trust, accountability and legitimacy (Pavlou and Gefen, 2004; Buhmann et al., 2020).

Ethical and governance systems also develop the theoretical landscape. There are numerous principles and guidelines that are concerned with fairness, transparency, accountability, and human autonomy (Jobin et al., 2019; Floridi and Cowls, 2022; Fjeld et al., 2020). Nevertheless, scientists caution that abstract rules cannot guarantee ethical outcomes without any regulation systems and internalization in organizations (Mittelstadt, 2019; Hagedorff, 2020). Explainability and algorithmic accountability are some of the ideas that have become popular as a solution to the balance between normative ambitions and practical implementation (Langer et al., 2021; Kroll, 2015; Larsson and Heintz, 2020). Together, these theoretical prisms put the adoption of AI as a multidimensional phenomenon at the crossroads of strategy, organizational design, trust, and ethics, offering the theoretical framework to simultaneously examine the potential value-creating opportunities of AI and its risks.

#### **4. Artificial Intelligence in Business Decision Making.**

The use of artificial intelligence in business decision-making has transformed into a single analytical tool to a decision

infrastructure that is embedded into organizational processes. Early business applications were mainly based on rule-based automation and predictive analytics to enhance efficiency and minimize human error (Davenport and Ronanki, 2018; Duan et al., 2019). Nevertheless, modern AI systems are becoming more and more helpful in making complex, high-stakes managerial decisions by integrating machine learning, natural language processing, and generative capabilities in data-rich settings (Dwivedi et al., 2021; Raisch and Krakowski, 2021). The change is indicative of a larger transformation of decision support systems to adaptive, learning-based systems, which dynamically optimize outputs as new data is provided (Shrestha et al., 2019; Berente et al., 2021).

The AI applications in the context of strategic management are used in environmental scanning, competitive intelligence, and scenario forecasting. AI can increase managerial ability to identify patterns, predict market changes, and assess strategic options due to processing large amounts of structured and unstructured data (Duan et al., 2019; Von Krogh, 2018). Companies that have used AI-based analytics have shown better strategic alignment and performance results, especially when AI projects are combined with organizational capabilities and governance systems (Wamba-Taguimdje et al., 2020; Mikalef et al., 2021; Fountaine et al., 2019). Furthermore, AI-based disclosure and transparency practices have been linked to positive financial performance implications, indicating that the process of strategic communication of AI adoption may become a decision-relevant asset on its own (Shiyyab et al., 2023).

The AI applications transform the decision-making process in marketing and customer management by personalizing customer communication, optimizing pricing, and improving predictive targeting. The machine learning models unite computing power with human judgment to optimize segmentation and engagement approaches (Ma and Sun, 2020; Davenport et al., 2020). Intelligent frontline service robots and intelligent agents are becoming part of the customer experience, affecting both operational and experiential design (Wirtz et al., 2018; Kranzbühler et al., 2019). However, to balance algorithmic optimization and human control is necessary in the implementation of AI in customer-facing decisions to preserve trust and relational value (Wilson and Daugherty, 2018; Glikson and Woolley, 2020).

In the financial and accounting sectors, AI is used to make predictions, identify fraud, audit, and manage performance. The introduction of AI into auditing practices, such as improving predictive power and the accuracy of risk assessment, at the same time changes the nature of professional activities and the level of expertise (Arabiat and Alshurafat, 2024; Suhaib B. Bani Kinana and Arabiat, 2025). On the same note, AI-based digitalization of managerial accounting enables real-time performance tracking and data-oriented assessment models (Kinana, 2025). Nevertheless, it is also evident that the misuse of AI and opportunistic behavior can occur in cases where governance and ethical consciousness are lacking, especially in educational and professional settings (Alshurafat et al., 2024; Bani Kinana and Bani Kinana, 2025; Zolotoy et al., 2021).

On the organizational level, the adoption of AI has an impact on the decision structures. Instead of simply speeding up the processes that are already in place, AI can reorganize the distribution of authority, the way tasks are divided, and the way human-machine cooperation is arranged (Shrestha et al., 2019; Kellogg et al., 2020). The automation-augmentation dynamic is particularly acute in the situation when the outputs of algorithms guide and yet do not predetermine the managerial decisions (Raisch and Krakowski, 2021; Wilson and Daugherty, 2018). Therefore, AI use in business decision-making is not a homogenous concept; it denotes operational optimization, long-term planning, customer relationship management, and transformation of governance. These various applications need to be understood to determine the potential value-creating capabilities as well as the ethical issues that surround their application in organizational decision ecosystems.

### 5. Strategic Value Creation

The strategic value of artificial intelligence (AI) in the corporate decision making process extends beyond the operational efficiency, to the capacity to build capabilities, differentiate, and introduce a sustainable change to the organization. The initial corporate relationships were primarily concerned with the minimization of costs and streamlining of processes, yet the present-day scholarship anticipates the AI application in strategic agility and resource reconfigurations, depending on the data (Davenport and Ronanki, 2018; Fountaine et al., 2019; Keding, 2021). In this respect, AI is not only a productivity tool but a strategic resource, the value of which can be

realized when it is introduced into the context of more comprehensive organizational designs and governance systems (Berente et al., 2021; Dwivedi et al., 2021). The shift of single AI projects into enterprise-wide AI adoption is a move towards value creation in the long term rather than in the short term in terms of performance.

In a resource-based and dynamic capabilities approach, AI augmentations enable companies to feel, seize and evolve in a dynamic environment. The empirical data show that AI-based transformation programs have a positive impact on the organizational performance, especially when other supporting capabilities are also present, including the flexible IT architecture and decentralized governance structures (Wamba-Taguimdje et al., 2020; Mikalef et al., 2021). AI improves the quality and responsiveness of the managerial decision-making process because of the superior predictive accuracy and the possibility to process real-time data (Duan et al., 2019; Shrestha et al., 2019). The result of these increases in capabilities is strategic flexibility, which allows organizations to respond to uncertainty in a more analytical manner, and to align investments in technology with the overall strategic goals (Markus, 2017; Jöhnk et al., 2021).

The generation of AI-based value can also be traced and observed in market-oriented processes, personalization, customer analytics, and intelligent automation, as well as redefine the competitive positioning. Also, the concept of scalability is linked with the particularities of the market with the help of machine learning which enables companies to personalize the offering and make the most efficient pricing decisions that could not be made previously (Ma and Sun, 2020; Davenport et al., 2020). Moreover, AI-based service systems and digital interfaces generate a differentiated customer experience that can be used to enhance relational capital and brand positioning (Wirtz et al., 2018; Kranzbühler et al., 2019). Similarly, in this vein, strategic value is also generated by the fact that the firm is able to coordinate data-driven interactions across the customer journey (Wilson and Daugherty, 2018; Fountaine et al., 2019).

Other strategic implications of AI can be seen in the financial and governance spheres. The news related to the adoption of AI have been linked to the better financial results, thus indicating to the stakeholders the willingness to innovate and undergo digital transformation (Shiyyab et al., 2023). In auditing and accounting, AI-based analytics can improve forecasting, risk identification, and performance

management and improve control systems and strategic control (Arabi and Alshurafat, 2024; Kinana, 2025; Suhaib B. Bani Kinana and Arabi, 2025). Such an increase in the quality and timeliness of information enhances the accountability and strategic coherence of managers, which increases the sustainability of AI in the creation of value.

However, strategic value is not achieved automatically. The best results of AI investments are achieved when they are organized in accordance with the organizational readiness, commitment of the leadership, and stable governance structures (Johank et al., 2021; Berente et al., 2021; Raisch and Krakowski, 2021). Transformative benefits can be hindered by the lack of structural fit and proper human-machine cooperation. The development of strategic value with the help of AI can be, therefore, imagined as a socio-technical success that is achieved with the help of the combination of technological skills, organizational structure, and managerial discretion, but not with the help of the algorithmic sophistication.

## 6. Ethical Challenges and Risks

The ethical concerns of the artificial intelligence (AI) encroaching into the corporate decision-making process bring the technical reliability problem to the question of legitimacy, fairness, and organisational responsibility. With the introduction of algorithmic systems to perform tasks in the areas of hiring, lending, auditing, pricing, and strategic allocation of resources, the issue of transparency, bias, and accountability has emerged (Buhmann et al., 2020; Kroll, 2015; Larsson & Heintz, 2020). In contrast to traditional decision-support systems, AI agents are sometimes called complex and adaptive models, the internal logics of which are not always comprehensible even by the developers, and consequently, they hide accountability, especially when automated outputs are part of making consequential organisational decisions (Langer et al., 2021; Rahwan et al., 2019). Therefore, ethical risks cannot be considered peripheral since they are structural aspects of AI-based decision-making.

One of the most long-standing ethical problems is discrimination and equality. The use of algorithmic systems, which have been trained on past data, is likely to generate or amplify the existing inequalities, thus introducing discriminatory tendencies in the organisational decision-making (Awad et al., 2018; Stefan et al., 2020; Jobin et al., 2019). The matter is further complicated by the fact that fairness is context-specific and multidimensional and

normative decisions that are not necessarily technical may be required (Floridi and Cows, 2022; Mittelstadt, 2019). The available materials on reliable AI underline that fairness should be realised in a transparent manner and regularly audited, particularly in high-stakes areas like finance and healthcare (Zicari et al., 2021; Fjeld et al., 2020). Without these measures, AI systems pose a threat to the integrity of the stakeholders and place organisations in reputational and legal risks.

The issue of trust also makes the adoption of AI complicated in the decision-making process. Empirical research proves that people have mixed reactions to the algorithmic decision systems: whereas some people show signs of algorithm appreciation, favoring data-driven over human-based decisions, others show signs of algorithm aversion, particularly when moral or sensitive factors are involved (Logg et al., 2019; Castelo et al., 2019; Longoni et al., 2019). Transparency, competence, and procedural justice are some of the key factors that contribute to trust in automated decision-making (Araujo et al., 2020; Glikson and Woolley, 2020; Pavlou and Gefen, 2004). Reduced trust in the organizational context may also lead to resistance, the lack of employee engagement, and poor cooperation between human decision-makers and the AI systems (Kellogg et al., 2020; Raisch and Krakowski, 2021).

Another risk dimension that is critical is data privacy and surveillance. AI systems are based on the use of large-scale data consolidation, which can include sensitive personal and organizational data. The growth of data-based decision-making increases the chances of privacy breaches and abuse of confidential data (Martin and Murphy, 2017; DVN and Santi Thilagam, 2019; Martin, 2019). Poor data management may subject companies to cyberstalking, regulatory fines, and loss of trust in the organization. Additionally, with AI being incorporated into the financial oversight and auditing settings, there can be threats of abuse and opportunistic behavior in case of ethical laxity and monitoring systems (Alshurafat et al., 2024; Bani Kinana and Bani Kinana, 2025; Zolotoy et al., 2021).

Other than discrete risk, there is a larger structural issue, that is the moving locus of control in organizations. Power relations can be restored through algorithms and rest upon the concentration of the decision-making on the non-transparent systems or the technical elite (Kellogg et al., 2020; Berente et al., 2021). The automation-augmentation paradox demonstrates that despite the fact that AI can provide individuals with new skills, overuse may lead to lack

of professional judgment and responsibility (Raisch and Krakowski, 2021; Wilson and Daugherty, 2018). Therefore, the ethical issues of the AI adoption are multidimensional, including transparency, fairness, privacy, trust, and governance. To overcome such risks, we have to separate these abstract moral principles and proceed to the factual institutional processes that help to balance AI-based decisions with the societal and organizational values.

### 7. Mitigation Strategies and Governance

Being able to address the ethical and strategic risks associated with the introduction of AI, the governing mechanisms need to be different, i.e., they focus on the operational accountability and not on the aspirational principles. Even though numerous ethical codes are related to fairness, transparency, accountability, and control by humans (Jobin et al., 2019; Floridi and Cowls, 2022; Fjeld et al., 2020), scholars state that principles do not suffice to ensure responsible results in the complicated organizational context (Mittelstadt, 2019; Hagendorff, 2020). Mitigation is therefore based on the possibility to institutionalize these principles in the processes of the institution, technical architectures and managerial routines. It should not be a responsive compliance layer but a component of AI strategy and decision design (Berente et al., 2021; Dwivedi et al., 2021).

An example of a governance mechanism is the increase of transparency and explainability in AI systems. The Explainable AI (XAI) projects aim to make the outputs of the algorithms understandable to the stakeholders, which enhances accountability and informed control (Langer et al., 2021; Larsson and Heintz, 2020). Transparency does not imply the complete technical disclosure; it implies the provision of context-dependent explanations that could make users comprehend how and why decisions are produced (Edwards and Veale, 2018; Kroll, 2015). Explaining the logic of decisions and performance limits can reduce the risks related to the lack of transparency and enhance the trust of stakeholders in automated processes (Buhmann et al., 2020; Araujo et al., 2020). Nevertheless, explainability should be consistent with governance frameworks that establish accountability and up-escalation channels in the event of negative outcomes of algorithmic outputs.

The algorithmic accountability frameworks also help in the mitigation strategies through formalization of oversight and impact assessment processes. New methods like algorithmic impact assessments focus on co-construction of impacts

between technical systems and organizational contexts, and the necessity to evaluate impacts anticipatorily instead of correcting them post hoc (Metcalf et al., 2021; Rahwan et al., 2019). Incorporating these types of assessments into organizational systems of governance enhances procedural fairness and responsibility distribution (Stefan et al., 2020; Martin, 2019). Furthermore, the connection of AI governance with the wider institutional trust measures increases legitimacy and confidence of stakeholders (Pavlou and Gefen, 2004; Glikson and Woolley, 2020).

Organizational preparedness and structural alignment also involve risk mitigation as a significant component. The implementation of AI has been discovered to rely on the dedication of leaders, decentralized forms of governance, and adaptable IT systems enabling the creation of dynamic capabilities (Joehnk et al., 2021; Mikalef et al., 2021). The ethical aspect of the decision-making process may be perceived as a strategic goal instead of a secondary limitation by putting the AI endeavors into the perspective of such (Fontaine et al., 2019; Keding, 2021). Moreover, collaborative intelligence, in which humans and AI systems will complement one another, can help to decrease the overuse of automation and maintain the human judgment in the ethically sensitive cases (Wilson and Daugherty, 2018; Raisch and Krakowski, 2021).

Another mitigation pillar is the data governance and privacy protection mechanisms. Strong data management policies, encryption, and privacy-sensitive search methods minimize threats of data abuse and unauthorized data access (DVN & Santhi Thilagam, 2019; Martin and Murphy, 2017). Finance and accounting Financial and accounting-related opportunistic behavior and AI tool abuse can be reduced by enhancing oversight and ethical awareness (Alshurafat et al., 2024; Bani Kinana and Bani Kinana, 2025). Finally, the mitigation strategies must be established on a holistic governance design, including technical protection, organizational framework, ethical principles, and continuous monitoring, to make sure that AI-based decision-making is consistent with the strategic goals and social demands.

### 8. Discussion and Future Research

The literature review in terms of its systematization reveals that the application of AI in business decision making may be regarded as a strategic-ethical duality rather than a technological one. On the one hand, AI enhances the predictability of performance, the speed of processing information, and strengthens dynamic capabilities, which is

one of the factors of high-performance outcomes (Wamba-Taguimdje et al., 2020; Mikalef et al., 2021; Duan et al., 2019). On the other hand, AI introduces the problems of governance, the absence of trust, and the problem of accountability that can ruin its strategic potential (Buhmann et al., 2020; Mittelstadt, 2019; Aarujó et al., 2020). The conflict is the automation-augmentation paradox where AI makes and constrains managerial agency simultaneously (Raisch and Krakowski, 2021; Shrestha et al., 2019). The discussion then ceases to be the creation of value by AI and rather how the potential of AI can be structured in a sustainable way by companies in ethical and institutional frames.

Among the most important lessons that the review has provided is the fact that strategic value creation and ethical governance are not two independent spheres but are two aspects that complement one another. Firms integrating AI with flexible IT systems and decentralized governance systems (Mikalef et al., 2021; Fountaine et al., 2019) are more likely to establish the ability to achieve more substantial performance impacts, yet long-term legitimacy can be attained using transparency, fairness, and accountability systems (Jobin et al., 2019; Floridi and Cows, 2022). Without trust and perceived procedural justice, algorithmic decision-making can be opposed by employees, customers, and other interested parties (Glikson and Woolley, 2020; Castelo et al., 2019). It implies that the sustainable implementation of AI should include the ethical aspect in the strategic design process and not to consider governance as the responsive layer of compliance (Berente et al., 2021; Dwivedi et al., 2021).

Research gaps exist to the extent that more scholarly attention has been given. To begin with, the empirical research remains largely reliant on the performance results, and comparatively little is explored on how AI alters the internal decision authority and the power dynamics in the long run (Kellogg et al., 2020; Keding, 2021). The longitudinal study will have to examine how human-AI hybrid structures evolve and the transformation of the accountability frameworks in practice (Raisch and Krakowski, 2021; Rahwan et al., 2019). Second, trust at the individual level has been well-researched, and there is no information about the formation of institutional trust in AI-based organizational ecosystems (Araujo et al., 2020; Pavlou and Gefen, 2004). Further research should focus on the interplay between transparency, explainability, and disclosure practices to impact the perception of the

stakeholders in various industries (Langer et al., 2021; Shiyab et al., 2023).

Third, AI is still debated on the ethical level primarily at the principle level, but the research on its use is in its infancy (Mittelstadt, 2019; Hagendorff, 2020). More empirical research is required to identify how effective the algorithmic impact measurements, governance committees, and privacy-saving technologies are in practice in an organization (Metcalf et al., 2021; DVN and Santhi Thilagam, 2019). Moreover, cross-contextual comparisons would also be helpful, especially in new markets and regulated industries like finance and healthcare, to understand the role of institutional environments in AI governance better (Zicari et al., 2021; Wamba-Taguimdje et al., 2020).

Lastly, the future studies are to use more integrative theoretical lenses that combine the views of strategic management, information systems, and business ethics (Dwivedi et al., 2021; Von Krogh, 2018). Coherent frameworks that will bridge the process of dynamic capability formation, algorithmic accountability and stakeholder trust can be developed and offer a more comprehensive perspective of AI-based change. This would not only enhance the theory but also provide practical advice to managers who are forced to work in the harsh environment of innovation and responsibility interdependence in AI-based decision-making.

## 9. Conclusion

Artificial intelligence has rapidly evolved as a tool of analysis that is embedded in the core infrastructures that characterize the business decision-making in the contemporary world. The systematic literature review is focused on the adoption of AI in the context of two critical dimensions, that is, the creation of strategic value and the emergence of ethical concerns. The concept of multidisciplinary scholarship demonstrates that the transformative force of AI is not restricted to computational efficiency, but to the organizational potential reconfiguration, to the organization of decision-making and competitive orientations.

Another point presented in the review is that AI-based decision-making is more predictive, responsive, and agile. The integration of AI into flexible IT systems and the alignment with the organizational readiness contribute to the development of dynamic capabilities and supplements the performance of firms. However, technology investment per se will not be strategic, rather it will be accompanied by governance systems, leadership commitment and embedded

within the management processes. AI, in its turn, is a socio-technical resource, the efficiency of which is predetermined by human judgement, institutional congruity, and strategic intent.

Meanwhile, the implementation of AI is also cited in the literature as a source of serious ethical and governance issues. The lack of accountability and legitimacy in traditional terms is challenged by the issues of algorithmic obscurity, bias, violation of privacy, and redistribution of power. The credibility of AI systems is relative and contextual and it relies on the views of fairness, transparency, and procedural justice. It is necessary to add that the appeal to the moral principles is not enough to justify the responsible use of AI. To achieve proper governance, there should be effective systems such as explainability frameworks, algorithmic influence analysis, data governance principles, and hybrid human-AI cooperation styles to maintain responsibility.

The other point that is stated in the review is that the creation of strategic value and ethical governance are not mutually exclusive but complementary to sustainable AI usage. Organizations that do not take governance into account can ruin the trust of the stakeholders and deteriorate the long-term performance, and those that take ethical considerations into account in their strategic design have greater chances to achieve legitimacy and sustainable competitive advantage. This integrative approach is a step forward to the conceptualization of AI as a source of innovation and a source of institutional responsibility.

To sum up, the utilization of AI in business decision-making is a structural change of organizational thinking and governance. The future is in the development of theoretical models and empirical studies that will be capable of bridging strategy, information systems and business ethics. With the help of such integration, organisations will be able to fully harness the strategic potential of AI and still be able to follow the values and ethical standards of the society.

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