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GENERATIVE ARTIFICIAL INTELLIGENCE AND BUSINESS DECISION-MAKING: A CRITICAL REVIEW OF STRATEGIC IMPLICATIONS AND ETHICAL CHALLENGES

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ABSTRACT

Generative Artificial Intelligence (Generative AI) has emerged as a transformative technology in contemporary business administration, influencing managerial decision-making, strategic planning, organizational operations and competitive positioning. Unlike conventional artificial intelligence systems that primarily analyse existing data and generate predictions, Generative AI can create new content, identify patterns, produce recommendations and support complex business activities through advanced machine learning and large language models. Its growing application in business organizations has created significant opportunities for improving operational efficiency, innovation, customer engagement and evidence-based decision-making. At the same time, the adoption of Generative AI raises critical concerns relating to data privacy, algorithmic bias, transparency, accountability, intellectual property rights, cybersecurity and the reliability of AI-generated information. This paper critically examines the strategic implications and ethical challenges associated with the application of Generative AI in business decision-making. It reviews the conceptual foundations of Generative AI, its applications in various managerial functions, its influence on organizational strategy and its potential contribution to business competitiveness. The paper also analyses the limitations of AI-supported decision-making, particularly the risks of overdependence on automated recommendations, inaccurate outputs, discriminatory outcomes and inadequate human supervision. Furthermore, it discusses the importance of responsible AI governance, organizational accountability and human-centred decision-making frameworks. The review argues that Generative AI should be considered a strategic decision-support mechanism rather than an independent replacement for managerial judgement. It concludes that the successful integration of Generative AI requires a balanced approach combining technological innovation, ethical governance, employee capabilities and institutional accountability.

KEYWORDS: *Generative Artificial Intelligence, Business Decision-Making, Strategic Management, Digital Transformation, Ethical AI, Corporate Governance, Data Privacy.*

INTRODUCTION

The contemporary business environment is characterized by rapid technological developments, increasing market competition, changing consumer expectations and growing uncertainty in organizational decision-making. Business organizations are increasingly required to make timely, accurate and strategic decisions to maintain their competitiveness and achieve sustainable growth. Traditional managerial decision-making approaches, which primarily depend on historical information, personal experience and conventional analytical methods, are being supplemented by advanced digital technologies. Among these technologies, Artificial Intelligence (AI) has emerged as an important instrument for transforming business administration and organizational management. Generative Artificial Intelligence represents a significant development in the evolution of AI technology. It refers to computational systems capable of generating new content, including text, images, audio, computer code and other forms of information, based on patterns learned from existing datasets. Large Language Models (LLMs), generative neural networks and transformer-based architectures have expanded the potential applications of AI beyond conventional automation and predictive analytics.

The introduction of commercially accessible Generative AI systems has created new opportunities for business organizations. Managers can use these systems to prepare reports, analyse market trends, develop business strategies, summarize complex information, generate marketing content, assist financial planning and improve customer service. Generative AI can also support scenario analysis, risk identification and strategic forecasting by processing large volumes of information within relatively short periods.

However, the growing influence of Generative AI in managerial decisions also raises important questions regarding the reliability, fairness and accountability of AI-generated recommendations. An AI system may produce inaccurate or misleading information, reproduce historical discrimination present in training data or generate recommendations without adequately considering organizational values and social consequences. Such limitations become particularly significant when AI-generated outputs influence recruitment, financial allocation, investment decisions, customer profiling and corporate governance.

The central issue is therefore not merely whether Generative AI can improve business efficiency, but whether organizations can integrate it responsibly into their decision-making structures. Effective business administration requires a combination of technological capabilities, managerial judgement, ethical principles and institutional responsibility.

This paper critically reviews the strategic implications and ethical challenges of Generative AI in business decision-making, with particular attention to its applications, organizational benefits, emerging risks and future management perspectives.

Meaning and Concept of Generative Artificial Intelligence

Generative Artificial Intelligence is a branch of artificial intelligence that uses advanced computational models to produce new information and content based on patterns identified in existing data. It employs deep learning techniques, neural networks and large-scale computational architectures to understand inputs and generate contextually relevant outputs.

Generative AI differs from traditional AI in terms of its functional capabilities. Conventional AI is generally associated with classification, prediction, optimization and pattern recognition, whereas Generative AI can produce original-looking text, images, designs, summaries, recommendations and computer programs.

In business administration, this capability has important implications because managerial activities frequently involve information interpretation, communication, planning and problem-solving. Generative AI can assist managers in examining business alternatives, identifying potential opportunities and developing preliminary strategic recommendations.

However, its outputs are generated through statistical and computational processes rather than independent human understanding. Consequently, the information produced by such systems should be evaluated before being used in important organizational decisions.

Evolution of Artificial Intelligence in Business Management

The application of artificial intelligence in business has developed through several stages:

1. **Rule-Based Systems:** Early systems operated through predefined rules and decision structures.
2. **Machine Learning:** Algorithms began identifying patterns from historical business data and supporting predictive analysis.
3. **Deep Learning:** Advanced neural networks improved the processing of complex information, including images, speech and large datasets.
4. **Natural Language Processing:** AI systems developed greater capabilities to understand and process human language.
5. **Generative AI:** Advanced models began producing new content, recommendations and business-related outputs.
6. **AI-Assisted Decision Systems:** Organizations increasingly integrate generative models into managerial workflows, analytical processes and organizational decision structures.

This evolution demonstrates that AI has gradually moved from a technical support function towards a broader organizational capability. Its strategic value depends on how effectively businesses combine technological infrastructure with managerial expertise.

Major Technologies Supporting Generative AI

The development of Generative AI is supported by several technological approaches.

a) Large Language Models (LLMs): These models process and generate human-like language. They can summarize business reports, analyse documents, prepare communications and assist managerial research.

b) Transformer Architecture: Transformer-based models use attention mechanisms to process relationships between different elements of information. This architecture has contributed significantly to the development of modern language models.

c) Generative Adversarial Networks (GANs): GANs involve two competing neural networks, a generator and a discriminator, and have applications in image generation, synthetic data and design-related activities.

d) Variational Autoencoders (VAEs): These models learn representations of data and generate new samples, supporting applications in product development, design and simulation.

e) Retrieval-Augmented Generation (RAG): This approach connects generative models with external information sources, allowing systems to produce responses based on retrieved organizational documents or approved knowledge repositories.

f) Multimodal AI: Multimodal systems process different forms of information, including text, images, audio and video. They can support complex business communication and information analysis.

Theoretical Perspectives

The integration of Generative AI into business decision-making can be examined through several theoretical perspectives.

Technology Acceptance Model (TAM): Davis (1989) developed the Technology Acceptance Model to explain how perceived usefulness and perceived ease of use influence technology adoption. In the context of Generative AI, employees and managers are more likely to adopt these systems when they believe that the technology improves work efficiency and is easy to operate.

Resource-Based View (RBV): Barney (1991) argued that organizational resources and capabilities can contribute to sustainable competitive advantage. From this perspective, Generative AI may become a strategic resource when organizations combine technological infrastructure, proprietary data, skilled employees and managerial capabilities effectively.

Dynamic Capabilities Theory: Teece, Pisano and Shuen (1997) emphasized the importance of organizational capabilities to integrate, build and reconfigure internal and external competencies in changing environments. Generative AI can strengthen these capabilities by supporting opportunity identification, experimentation and organizational adaptation.

Socio-Technical Systems Theory: This perspective emphasizes the relationship between technological systems and human organizational structures. Generative AI should therefore be introduced in a manner that considers employees, organizational culture, decision authority and institutional accountability.

Together, these theoretical perspectives indicate that the organizational benefits of Generative AI depend not only on technological sophistication but also on employee acceptance, strategic resources and institutional arrangements.

Applications of Generative AI in Business Decision-Making

Generative AI has applications across different functional areas of business administration. Its ability to process information, generate recommendations and support communication makes it relevant to both operational and strategic decisions.

Strategic Planning and Managerial Decision-Making

Strategic planning involves identifying organizational objectives, evaluating business environments and selecting appropriate courses of action. Managers traditionally depend on market reports, financial statements, competitor analysis and expert opinions. Generative AI can assist these activities by summarizing industry information, identifying emerging trends, generating alternative business scenarios and preparing preliminary strategic recommendations. For example, an organization considering expansion into a new geographical market may use Generative AI to organize information concerning customer preferences, market competition, regulatory developments and potential operational challenges. It can also support scenario planning by generating alternative assumptions about market growth, consumer demand and economic uncertainty.

However, AI-generated strategic recommendations cannot automatically be considered reliable. The accuracy of the recommendations depends on the quality and relevance of the available information. Managers must independently examine the assumptions, validate important facts and consider organizational circumstances before making final decisions.

Financial Management and Investment Decisions

Financial management requires careful evaluation of resources, expenditures, profitability and investment opportunities. Generative AI can assist financial managers in preparing preliminary financial summaries, explaining complex financial information, comparing investment scenarios and identifying potential financial risks. It can support budgeting, financial reporting, cash-flow analysis and the interpretation of financial documents.

For example, a finance department may use an AI system to summarize financial statements and prepare preliminary explanations of changes in revenue, expenditure and profitability. Nevertheless, Generative AI should not be treated as an independent financial authority. Incorrect assumptions, outdated information and inaccurate calculations may affect investment recommendations. Sensitive financial information also creates data security and confidentiality concerns. Therefore, professional verification and appropriate financial controls remain essential.

Human Resource Management

Human Resource Management is another important area in which Generative AI can support organizational decisions.
Its applications include:

- Preparation of job descriptions and recruitment advertisements.
- Drafting employee training materials.
- Supporting learning and development programmes.
- Preparing employee communication.
- Analysing employee feedback.
- Assisting workforce planning.
- Supporting performance-management documentation.

Generative AI can help HR managers reduce administrative workloads and improve the accessibility of organizational information. However, its use in recruitment, promotion, performance assessment and employee evaluation raises significant ethical concerns. If the underlying data contains historical discrimination, AI-generated recommendations may reproduce or reinforce unfair practices.

Organizations should therefore avoid delegating employment decisions entirely to automated systems. Human review, transparent selection criteria and mechanisms for employee complaints are necessary to protect fairness and equality.

Marketing Management and Customer Relationship Management

Marketing management requires continuous analysis of customer preferences, market conditions and competitive strategies. Generative AI can support marketing activities through personalized communication, advertisement development, product descriptions, customer-response systems and content creation. It can also help organizations prepare customer engagement strategies and generate alternative marketing messages for different consumer groups. In customer relationship management, conversational AI systems can respond to frequently asked questions, provide product information and assist customer service departments. However, excessive automation may reduce the quality of personal interaction. AI-generated marketing messages may also contain misleading information or use customer data in ways that consumers do not expect. Consequently, businesses must balance personalization and operational efficiency with transparency, privacy and customer trust.

Operations and Supply Chain Management

Business operations involve production planning, inventory control, logistics, procurement and coordination among suppliers. Generative AI can assist managers in interpreting operational reports, preparing procurement documents, summarizing supplier information and identifying possible disruptions. When integrated with reliable operational databases and analytical systems, it can support supply chain scenario planning and communication between different organizational units. For example, an organization may use AI to prepare alternative responses to a potential shortage of raw materials or a disruption in transportation.

Nevertheless, generative systems do not independently guarantee accurate supply chain forecasts. Their recommendations must be integrated with verified operational data, conventional forecasting tools and expert judgement.

Entrepreneurship and Business Innovation

Generative AI has created new opportunities for entrepreneurs and small businesses by reducing certain information-processing and content-production costs. Start-ups can use it to develop preliminary business plans, prepare market research summaries, generate product concepts, draft promotional content and explore alternative business models. It may also support innovation by helping entrepreneurs examine different product designs and business opportunities. The OECD (2025) identifies potential contributions of Generative AI to productivity, innovation and entrepreneurship, while emphasizing the importance of human expertise and the need for further evidence concerning its longer-term effects.

However, access to AI tools alone does not guarantee entrepreneurial success. Business knowledge, financial resources, market understanding, customer relationships and execution capabilities continue to determine business outcomes.

Strategic Implications of Generative AI for Business Organizations

Improvement in Organizational Efficiency and Productivity

One of the major strategic implications of Generative AI is its potential to improve organizational productivity. Many business activities involve repetitive information-processing tasks, including preparing reports, drafting communications, summarizing documents and responding to routine enquiries. Generative AI can reduce the time required for certain activities and enable employees to concentrate on more complex responsibilities.

The productivity benefits, however, are not uniform across occupations or tasks. They depend on the nature of the work, the quality of the AI system and the experience of the users. Therefore, organizations should evaluate productivity improvements through measurable indicators such as processing time, error rates, service quality and employee performance rather than relying solely on technological adoption figures.

Enhancement of Decision Quality

Business decisions frequently involve uncertainty, incomplete information and competing alternatives. Generative AI can support decision quality by organizing large amounts of information, presenting alternative perspectives and helping managers identify questions that require further investigation. It can also improve the preparation of decision documents by summarizing relevant information in a structured manner.

However, faster information processing should not be confused with better decision quality. An inaccurate or biased recommendation may create significant organizational losses if managers accept it without verification. Accordingly, the quality of AI-supported decisions must be assessed in terms of accuracy, relevance, transparency and consistency with organizational objectives.

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Innovation and Competitive Advantage

Generative AI can support business innovation by accelerating idea generation, product development and experimentation. Organizations may use AI to explore alternative designs, generate marketing concepts and examine potential customer requirements. The strategic advantage does not necessarily arise from access to the technology itself because competing organizations may use similar AI tools.

Sustainable competitive advantage is more likely to emerge from the ability to combine Generative AI with unique organizational knowledge, proprietary information, skilled human resources and effective business processes.

Human-AI Collaboration in Strategic Management

An important strategic question concerns the appropriate relationship between human managers and AI systems. AI can process information and generate alternative recommendations, whereas human managers contribute contextual understanding, experience, ethical reasoning and accountability. The most effective model is therefore based on collaboration rather than complete technological substitution. Recent research on the integration of Generative AI into strategic decision-making emphasizes leadership commitment, employee training, secure platforms, quality verification and human oversight as important conditions for institutional adoption.

Ethical Challenges of Generative AI in Business Decision-Making

Although Generative AI offers substantial benefits, its application creates ethical challenges that may affect organizational credibility, employee rights, customer confidence and corporate accountability. Ethical considerations are particularly important when AI-generated information influences decisions involving individuals, financial resources and organizational responsibilities.

Data Privacy and Confidentiality

Data privacy is one of the most significant challenges associated with Generative AI adoption. Business organizations collect and process sensitive information relating to customers, employees, suppliers and financial transactions. When employees enter confidential information into external AI platforms, there may be risks relating to unauthorized access, inappropriate data retention or unintended disclosure. For example, an employee may upload customer records, financial statements or internal business strategies to an AI system without obtaining organizational approval.

Such practices can expose organizations to legal, financial and reputational risks. To address these concerns, organizations should establish clear data protection policies, restrict access to sensitive information, use approved AI platforms and implement appropriate data security mechanisms.

Algorithmic Bias and Discrimination

Algorithmic bias occurs when AI systems produce unfair or discriminatory outcomes because of limitations in training data, model design or implementation practices. Generative AI models may reproduce social, economic and historical inequalities reflected in the datasets on which they were trained. In business administration, this problem is particularly relevant to recruitment, employee evaluation, customer profiling, credit-related assessments and service delivery. For instance, an AI-supported recruitment system may generate recommendations that disadvantage certain applicants if its underlying information reflects historical employment discrimination. Such outcomes can undermine organizational equality and damage public trust. Businesses should therefore conduct regular bias assessments, evaluate the fairness of AI-generated recommendations and ensure that important decisions are reviewed by qualified human personnel.

Transparency and Explainability

Transparency refers to the ability of organizations and affected individuals to understand how AI systems are used and what role they play in decision-making. Many advanced generative models operate through complex computational processes that are difficult for ordinary users to interpret. This creates difficulties when managers must explain why a particular recommendation was accepted or rejected. For example, if an organization uses AI-generated recommendations to support employee promotion or financial decisions, affected stakeholders may reasonably expect an explanation of the decision-making process. Organizations should maintain documentation concerning AI applications, data sources, human review procedures and decision authority. Transparency is not merely a technical requirement; it is an important element of responsible corporate governance.

Accountability and Responsibility

Accountability becomes complicated when an AI-generated recommendation contributes to an incorrect or harmful business decision. A fundamental question arises: who is responsible when an organization relies on inaccurate AI-generated information? Responsibility may involve the technology provider, organizational management, system administrators or employees who use the system. However, the use of an AI tool does not remove the responsibility of an organization for its business decisions.

Senior management must establish clear accountability structures, identify authorized users and ensure that consequential decisions remain subject to appropriate human supervision. Organizations should also maintain records of important AI-supported decisions to facilitate internal review and external accountability.

Accuracy, Hallucination and Reliability

Generative AI systems may produce information that appears convincing but is factually incorrect. Such outputs are commonly described as AI hallucinations. In business administration, inaccurate information can affect market research, financial reporting, contractual interpretation, regulatory compliance and strategic planning.

For example, a manager may receive an AI-generated market report containing inaccurate statistics or references to non-existent sources. If such information is accepted without verification, it may lead to poor managerial decisions. Therefore, organizations should introduce verification procedures, use reliable internal databases, cross-check important information and require expert approval for high-impact decisions.

Cybersecurity and Misuse of AI

Generative AI can create new cybersecurity challenges by facilitating sophisticated phishing communications, fraudulent messages, impersonation and misleading digital content. Business organizations may face increased risks of social engineering attacks and unauthorized manipulation of information. AI systems may also expose organizations to security vulnerabilities when integrated with internal databases and enterprise applications. To minimize these risks, businesses should implement access controls, employee cybersecurity awareness programmes, secure system configurations and incident-response procedures.

Overdependence on Artificial Intelligence

Excessive dependence on Generative AI may weaken independent thinking, analytical capabilities and professional judgement among employees and managers. If managers routinely accept AI-generated recommendations without critical examination, they may gradually lose the ability to evaluate complex organizational problems independently. This may create a culture of technological dependence rather than responsible innovation. Therefore, organizations should promote critical thinking, professional development and human participation in important managerial decisions.

International Regulatory Developments

a) European Union Artificial Intelligence Act, 2024 ; The European Union Artificial Intelligence Act establishes a risk-based regulatory framework for AI systems. It introduces different obligations depending on the level and nature of risk associated with AI applications. The Act entered into force on 1 August 2024, with its provisions applying in stages. Its framework addresses transparency, prohibited practices, general-purpose AI and high-risk applications. The implementation timetable has also undergone subsequent changes. For business organizations, the Act highlights the importance of evaluating AI applications, understanding compliance responsibilities and maintaining appropriate governance arrangements.

b) OECD Principles on Artificial Intelligence : The Organisation for Economic Co-operation and Development (OECD) has developed principles emphasizing inclusive growth, human-centred values, transparency, robustness, safety and accountability. These principles provide an important policy foundation for responsible AI development and organizational adoption.

c) NIST AI Risk Management Framework : The National Institute of Standards and Technology (NIST) published its Generative AI Profile in July 2024 as a companion resource to its AI Risk Management Framework. The framework provides guidance for identifying, assessing and managing risks associated with Generative AI throughout its lifecycle. It is particularly relevant to businesses seeking structured approaches to AI governance.

Indian Legal and Regulatory Perspective

India is developing its approach to responsible AI adoption through existing legislation, policy initiatives and emerging digital governance mechanisms. Several legal and institutional developments are relevant to business organizations.

a) Digital Personal Data Protection Act, 2023 : The Digital Personal Data Protection Act, 2023 establishes a legal framework for the processing of digital personal data in India. Its provisions are relevant to organizations using AI systems that process personal information relating to customers, employees and other individuals. Businesses must consider applicable obligations concerning lawful processing, consent where required, security safeguards and individual rights.

b) Information Technology Act, 2000 : The Information Technology Act, 2000 provides an important legal framework relating to electronic records, electronic transactions and specified cyber-related offences. Its relevance to AI-based business operations includes issues involving electronic information, unauthorized access and cybersecurity-related conduct.

c) Digital India and IndiaAI Initiatives : India's digital development initiatives encourage the use of emerging technologies in business, governance, education and public services. The IndiaAI Mission reflects the country's broader efforts to develop AI infrastructure, research capabilities, innovation ecosystems and responsible AI adoption.

d) Corporate Governance Responsibilities : Companies must consider their existing obligations relating to directors' duties, internal controls, risk management, disclosure and corporate accountability when adopting AI-based decision-support systems. The integration of Generative AI should therefore be consistent with applicable corporate and regulatory requirements.

Managerial Implications and Recommendations

The successful adoption of Generative AI requires a comprehensive management approach that integrates technology, human resources, ethical principles and organizational objectives. The following recommendations are proposed.

Develop a Clear AI Adoption Strategy : Organizations should develop an AI adoption strategy that identifies specific business objectives, expected benefits, potential risks and implementation priorities. The strategy should be aligned with the organization's overall mission and long-term development plans.

Strengthen Human Oversight : AI-generated recommendations should be reviewed by qualified personnel before being used in important decisions. Organizations should establish clear rules identifying which decisions can be supported by AI and which require direct human authorization.

Improve Employee Training and Digital Skills : Employees and managers should receive appropriate training in AI literacy, prompt design, information verification, data protection and ethical AI use. Training should also develop critical thinking and analytical capabilities.

Establish Responsible Data Management : Organizations should classify information according to its sensitivity and establish rules concerning the use of external AI platforms. Confidential business information and personal data should receive appropriate protection.

Conduct Regular AI Risk Assessments : Organizations should periodically examine AI applications for accuracy, bias, security vulnerabilities and unintended consequences. Risk assessments should be proportionate to the importance and potential impact of the decisions being supported.

Promote Ethical Organizational Culture : Ethical AI adoption should become part of organizational culture. Senior management must communicate the importance of transparency, fairness, accountability and responsible technological innovation.

Support Small and Medium Enterprises : Small and medium enterprises should be encouraged to adopt affordable and secure AI solutions. Industry associations, educational institutions and government agencies can contribute through training, awareness programmes and technology support.

Develop Performance Evaluation Mechanisms : Organizations should evaluate the effectiveness of AI adoption through measurable indicators, including:

- Improvement in operational productivity.
- Reduction in administrative costs.
- Accuracy of business decisions.
- Customer satisfaction.
- Employee performance and engagement.
- Innovation and product development.
- Data security and regulatory compliance.

Strengthen Corporate Governance : Boards of directors and senior management should incorporate AI-related risks into organizational governance and internal control mechanisms. Clear reporting procedures, responsibility allocation and periodic audits are necessary to ensure that AI adoption remains consistent with corporate objectives.

Encourage Human-Centred AI Development : Organizations should adopt a human-centred approach that respects employee dignity, customer rights and stakeholder interests. Generative AI should enhance human capabilities while preserving human authority over important organizational decisions.

Future Directions of Generative AI in Business Administration

The future of Generative AI in business administration is likely to be shaped by improvements in technological capabilities, organizational integration and regulatory governance. Its influence may extend from individual productivity tools to enterprise-wide decision-support systems.

Development of Autonomous and Agentic AI Systems

Future AI systems are expected to perform increasingly complex tasks by coordinating multiple activities, interacting with business applications and executing predefined workflows. Agentic AI may support procurement, customer service, administrative coordination and business reporting. However, organizations must establish appropriate authorization limits, monitoring mechanisms and human intervention procedures before allowing such systems to perform consequential activities.

Integration with Enterprise Resource Planning
The integration of Generative AI with Enterprise Resource Planning (ERP), Customer Relationship Management (CRM) and other organizational information systems may improve access to business information. Managers may increasingly use conversational interfaces to retrieve organizational data and prepare analytical summaries. Such integration requires secure access controls, reliable data architecture and appropriate verification procedures.

AI-Driven Business Intelligence
Generative AI may transform business intelligence by enabling managers to interact with organizational data through natural language. Rather than relying exclusively on conventional dashboards, managers may ask questions about financial performance, customer behaviour and operational efficiency. The effectiveness of these systems will depend on the quality of underlying data and the reliability of analytical outputs.

Development of Responsible AI Governance
As AI adoption expands, organizations will need more comprehensive governance structures. Future governance practices may include AI impact assessments, model monitoring, transparency requirements, independent audits and formal accountability mechanisms.

AI and Sustainable Business Development
Generative AI may contribute to sustainability by supporting resource optimization, environmental reporting, product innovation and supply chain planning. However, organizations must also consider the energy consumption and environmental costs associated with AI infrastructure.

CONCLUSION

Generative Artificial Intelligence has emerged as an important technological development with the potential to transform contemporary business administration. Its applications in strategic planning, financial management, human resource management, marketing, customer relationship management, supply chain operations and entrepreneurship demonstrate its growing relevance to organizational decision-making. The critical review indicates that Generative AI can improve information processing, reduce certain administrative workloads, support innovation and strengthen managerial decision-support capabilities. It may also help organizations identify alternative business opportunities and respond more effectively to changing market conditions. However, the benefits of Generative AI should not be considered automatic or universal. Its effectiveness depends on the quality of information, organizational readiness, technological infrastructure, employee competencies and the availability of appropriate governance mechanisms. Issues relating to data privacy, algorithmic bias, inaccurate outputs, cybersecurity, intellectual property and accountability create significant challenges for responsible business adoption.

The study further emphasizes that technological efficiency and managerial effectiveness are not identical. Although Generative AI can generate recommendations and process complex information, it cannot independently assume the ethical and institutional responsibilities associated with organizational decisions. Human judgement, professional experience and accountability remain essential components of effective management. In the Indian business context, the adoption of Generative AI should be accompanied by appropriate data protection practices, corporate governance mechanisms, employee training and responsible innovation policies. Large enterprises as well as small and medium-sized businesses should adopt AI according to their organizational requirements and risk-management capabilities.

Ultimately, Generative AI should be viewed as a strategic partner in business decision-making rather than a complete substitute for human managers. A balanced approach combining artificial intelligence, human expertise, ethical responsibility and institutional accountability can help organizations achieve sustainable competitive advantage. The future of business administration will therefore depend not simply on the adoption of advanced AI technologies but on the ability of organizations to use them intelligently, transparently and responsibly.

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