

The Impact of Artificial Intelligence on Business Strategy and Management: Innovations, Challenges, and Future Prospects

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ABSTRACT

The integration of Artificial Intelligence (AI) is significantly reshaping business strategy and management, transforming traditional approaches through automation, data-driven insights, and heightened operational efficiency. Organizations from various industries are adopting AI technologies, including machine learning, natural language processing, and predictive analytics, to optimize their processes, improve customer interactions, and maintain a competitive edge. The innovations stemming from AI facilitate the identification of new market trends, better resource management, and the development of customized consumer experiences, leading to more favorable business outcomes. The potential of artificial intelligence to drive transformation is undeniable; however, its adoption is accompanied by notable challenges. Ethical dilemmas, concerns regarding data privacy, biases inherent in algorithms, and risks associated with cybersecurity call for a framework of responsible governance in AI. In addition, businesses must navigate technical and financial hurdles, including the substantial costs linked to AI implementation, the imperative for reskilling the workforce, and the intricacies of updating legacy systems. These issues highlight the critical need for a balanced approach that leverages the benefits of AI while addressing its inherent limitations. In the future, the role of artificial intelligence in business management is projected to become increasingly vital, particularly with the evolution of generative AI, autonomous decision-making capabilities, and AI-driven leadership support mechanisms. The future landscape of business strategy will heavily depend on AI-enhanced forecasting, risk management, and strategic planning to adeptly navigate the complexities of a dynamic global market. Organizations are encouraged to adopt a forward-thinking approach by enhancing AI literacy, instituting ethical AI practices, and fostering an environment of continuous innovation. This article examines the role of artificial intelligence in shaping modern business strategies, analyzing empirical case studies and industry trends to yield actionable insights. It presents recommendations for organizations to fully exploit AI's capabilities while minimizing risks. By integrating AI developments with strategic business management, this paper serves as a crucial resource for business leaders, academics, and policymakers committed to achieving sustainable growth in the digital economy.

Keywords: Artificial Intelligence, Business Strategy, Ethical Governance

