Chapter 7
Strategic Management in the Age of AI: Redefining Financial Decision-Making

Diana Andreea Mândricel
https://orcid.org/0009-0009-0179-7887
Titu Maiorescu University, Romania

ABSTRACT

Strategic management is undergoing a profound transformation as artificial intelligence (AI) reshapes the foundations of financial decision-making. Traditional approaches, built on human judgment, hierarchical coordination, and historical forecasting, are increasingly complemented—and at times challenged—by algorithmic models capable of real-time analysis and adaptive learning. AI enhances strategic decision-making by uncovering hidden patterns, simulating multiple futures, and optimizing resource allocation under conditions of uncertainty. At the same time, it raises concerns around accountability, transparency, and ethical legitimacy. This chapter examines how AI redefines strategic management in finance, highlighting opportunities for efficiency and resilience while addressing risks of bias and opacity. It argues that the future of strategy lies in hybrid models that combine human oversight with algorithmic intelligence.

DOI: 10.4018/979-8-3373-3626-8.ch007

INTRODUCTION

Strategic management has always been about anticipating change, navigating uncertainty, and guiding organizations toward sustainable advantage. From the planning systems of the mid-twentieth century to the agile approaches of the digital age, the discipline has consistently evolved alongside economic, political, and technological transformations. The arrival of artificial intelligence (AI) represents one of the most profound disruptions in this trajectory. Unlike earlier innovations, which expanded managerial tools incrementally, AI fundamentally alters the ways organizations gather information, model uncertainty, and make financial decisions. It is not simply another technology to be adopted; it reshapes the epistemological foundations of decision-making, challenging managers to rethink how strategy is designed, implemented, and evaluated.

The global context intensifies the importance of this shift. Organizations operate in a landscape marked by interdependence, volatility, and systemic shocks. Financial crises, geopolitical instability, climate risks, and pandemics have underscored how quickly markets can change and how fragile traditional models of analysis can be (Talwar & Koury, 2017). In such an environment, the capacity to respond dynamically is critical. AI offers new ways of perceiving and navigating complexity by integrating diverse data sources, learning from patterns, and simulating multiple futures. For strategic management, this means moving from static analysis toward adaptive systems of decision-making that can evolve in real time.

Financial decision-making exemplifies the challenges and opportunities of this transition. Historically, managers relied on accounting reports, macroeconomic indicators, and econometric models to inform investment and risk strategies. While effective in stable environments, these tools are less suited to contexts characterized by rapid shifts and nonlinear dynamics. AI allows firms to analyze high-frequency market data, alternative datasets such as satellite imagery or geolocation patterns, and unstructured information from news or social media (Nash et al., 2022). These capabilities enable earlier detection of emerging risks and more granular identification of opportunities. Yet they also demand a rethinking of strategic frameworks: decisions are no longer grounded solely in human interpretation but increasingly shaped by algorithmic processes.