

## Understanding Strategic Sensemaking of Managers in Artificial Intelligence Driven Organizational Decision Making

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### ABSTRACT

The transformation of artificial intelligence (AI) in organizational decision-making demands that managers understand, interpret, and strategically integrate algorithmic information to keep decisions accountable. This study aims to analyze the manager's strategic sensemaking process in AI-based decision-making, focusing on the relationship between data interpretation, human considerations, and the quality of organizational decisions. The study used a descriptive qualitative approach through semi-structured interviews with 18 managers from companies who had applied AI in managerial functions. The data were analyzed using thematic analysis to identify patterns of meaning, interpretation strategies, and implementation challenges. The results show that strategic sensemaking is formed through a combination of data literacy, managerial experience, cross-functional collaboration, and ethical evaluation of AI recommendations. In conclusion, this study confirms that AI does not replace the role of managers, but rather expands decision-making capacity through the integration of strategic reasoning, technology, and organizational responsibility

## INTRODUCTION

The development of artificial intelligence (AI) has changed the way organizations gather information, read changes in the environment, and make strategic decisions. Globally, the 2025 McKinsey survey shows that 88% of respondents say their organizations have routinely used AI in at least one business function, but about two-thirds of organizations are still in the experimental or pilot stages, yet to achieve enterprise-scale deployment. In the Indonesian context, digital readiness also continues to increase, as shown by the 2024 ICT Development Index of 6.02, up from 5.90 in 2023. However, the improvement of digital infrastructure has not always been followed by managerial readiness to interpret algorithmic recommendations critically. This condition makes the study of strategic sensemaking managers in AI-based organizational decision-making important to be studied in the field of management.

From a strategic management perspective, AI not only serves as an automation tool, but also as a decision-support system that influences the processes of analysis, interpretation, and managerial actions. Hutagalung (2025) emphasized that the integration of AI in strategic management can reconfigure the decision-making hierarchy and demand the development of adaptive organizational capabilities. Nugroho et al. (2024) also show that AI helps companies respond to market changes more quickly, although its success depends on data quality and analytical capabilities. In line with that, Ramadhana and Nasution (2024) explain that AI has the potential to improve the quality of strategic decisions through rapid data access, in-depth analysis, and trend prediction, but still presents challenges of data security and integrity.

Theoretically, this research is based on the sensemaking approach in organizations, which is the process by which managerial actors construct meaning to complex, ambiguous, and rapidly changing information before making decisions. In the context of AI, sensemaking is becoming increasingly important as managers not only read the data, but also assess the validity of the model, understand the limitations of the algorithm, and balance the engine's recommendations with the organization's experience, intuition, ethics, and accountability. Li et al. (2024) developed a machine learning-based decision-making perspective by emphasizing that decision-makers need to be actively involved in understanding the model's outputs before translating them into action. Hao et al. (2025) expand on this view by showing that human collaboration and AI are sociotechnical processes that demand ethical oversight, contextual judgment, and strategic interpretation. Rivero (2025) also places data literacy, ethical governance, AI-assisted intuition, transparency, and risk assessment as the main pillars of AI-based strategic decision-making.

Although research on AI in management continues to grow, there are scientific gaps that still need to be explained more critically. Indonesian studies such as Amira and Nasution (2023), Taufik et al. (2023), Hidayat et al. (2024), Nugroho et al. (2024), and Ramadhana and Nasution (2024) emphasize more on the benefits of AI on efficiency, business development, management information system support, and market response. Meanwhile, Insirat et al. (2025) have

highlighted the ethical and sustainability dimensions in AI-driven managerial decisions, but have not specifically explained how managers shape strategic meanings when faced with algorithmic outputs that are ambiguous, not fully transparent, or at odds with the human experience. At the international level, Li et al. (2024), Hao et al. (2025), and Rivero (2025) have provided a conceptual basis for sensemaking, human-AI collaboration, and AI-based strategic decision frameworks, but the empirical context of managers in Indonesian organizations is still relatively limited. Thus, the main research gap lies in the lack of studies linking AI-driven decision-making with managers' strategic sensemaking as a cognitive, social, and ethical process in organizations.

Based on these gaps, this study aims to understand managers' strategic sensemaking in AI-driven organizational decision-making. Specifically, the study is directed at analyzing how managers interpret AI recommendations, assess the reliability of data and algorithms, integrate human considerations with system outputs, and build strategic decisions that remain relevant to organizational goals. This focus is important because strategic decisions are not solely determined by technological accuracy, but also by managers' ability to manage ambiguity, build trust in systems, anticipate risks, and maintain decision accountability in the midst of digital transformation.

The theoretical contribution of this research is to enrich the study of strategic management and organizational behavior by placing strategic sensemaking as an important mechanism in the relationship between AI and the quality of organizational decision-making. This research is expected to expand the understanding that AI is not just an analytical instrument, but part of a sociotechnical system that influences the way managers think, discuss, validate information, and act. Practically, this research can be an input for organizations in designing AI governance, improving managers' data literacy, building human validation mechanisms for algorithmic recommendations, and developing a data-based, ethical, transparent, and adaptive decision-making culture to changes in the business environment.

## LITERATURE REVIEW

### *Artificial Intelligence in Organizational Decision Making Transformation*

Artificial intelligence (AI) in management studies is no longer understood solely as automation technology, but as a sociotechnical system that influences the way organizations read data, assess risks, and formulate strategic actions. In the context of modern organizations, AI allows the data analysis process to take place faster, more extensively, and predictively so that managers gain a richer information base in the face of market uncertainty. Miradji et al. (2025) explain that AI can strengthen business strategies through large-scale data processing, identification of consumer behavior patterns, and accelerating organizational responses to environmental changes. These findings are in line with Listy and Ilham (2025) who affirm that the integration of AI and Big Data in management information systems transforms the system's function from just a data storer to an analytical tool that supports strategic decisions. Thus, AI-driven organizational decision making can be understood as a decision-making process

that is not only data-driven, but also relies on the manager's ability to interpret technology outputs contextually.

### ***Strategic Sensemaking as a Cognitive and Social Process for Managers***

Strategic sensemaking refers to the process by which managers construct meaning to complex, ambiguous, and often incomplete information before strategic decisions are made. In AI-driven organizations, sensemaking is becoming increasingly important because algorithmic recommendations are not always directly acceptable without human interpretation. Puranam (2021) places human and AI collaboration as an organizational design issue, especially related to the division of roles between humans and algorithms in making decisions. This perspective shows that the quality of decisions is not only determined by technological precision, but also by how managers understand the limits of AI functionality, compare system recommendations with experience, and build collective judgment alongside other organizational actors. Therefore, strategic sensemaking in this study is positioned as a cognitive, social, and interpretive mechanism that bridges AI output with responsible organizational decisions.

### ***Human-AI Collaboration and the Role of Managers in Strategic Decisions***

The recent literature shows a shift from the view that AI replaces humans to the view that AI expands human analytical capacity. Raisch and Krakowski (2021) explain the automation–augmentation paradox, which is the tension between an organization's tendency to automate human tasks and the need to maintain human–machine collaboration. In the context of strategic decision-making, AI can accelerate the search for alternatives, expand scenarios, and improve the quality of analysis, but the final assessment still requires an understanding of context, intuition, responsibility, and value considerations. Csaszar et al. (2024) show that AI, especially large language models, can support strategic decision-making processes through three main cognitive functions, namely search, representation, and aggregation. However, AI capabilities do not automatically lead to better strategic decisions if managers are unable to interpret the relevance, limitations, and organizational implications of the recommendations generated.

### ***Data Literacy, Management Information Systems, and Managerial Capabilities***

The success of AI-based decision-making is closely related to data literacy and managerial capabilities in utilizing information systems. Arfah et al. (2025) emphasized that the integration of AI and Big Data Analytics in human resource management strengthens strategic decision-making, but requires a balance between the use of technology and a humanist approach. Witarā (2025) also shows that the implementation of AI in human resource management can improve efficiency, accuracy, and speed of decisions, but its success depends on the readiness of digital competencies, ethical governance, and the ability of organizations to manage resistance. Within the framework of this research, data literacy is not only the technical ability to read numbers or dashboards, but also the ability of managers to test assumptions, understand data biases, assess model validity, and translate algorithmic information into actions that are in line with organizational goals.

### ***Dimensions of Ethics, Transparency, and Accountability in AI-Driven Decision Making***

AI-driven decision-making presents ethical challenges because algorithms can generate recommendations that are biased, non-transparent, or difficult to explain to stakeholders. Setyawan et al. (2024) found that companies that apply AI in business decisions face problems of algorithmic transparency, potential bias, and differences in the level of accountability of ethical policies. Komarudin and Tjenreng (2025) also emphasized that the application of AI in public services requires an inclusive, ethical, and collaborative approach so that technology not only increases efficiency, but also builds trust. At the level of business organizations, Kusumawati et al. (2025) show that AI is able to improve the quality of information and support management decisions, but does not replace the professional role of humans in interpreting and providing recommendations. As such, managers' strategic sensemaking should include an ethical evaluation of AI recommendations, including considerations of fairness, privacy, accountability, and their impact on humans.

#### ***Literature Synthesis and Research Position***

Based on a literature review, AI is proven to strengthen organizational decision-making processes through the efficiency of analysis, prediction, personalization, and support for business strategies. However, most studies still place AI as a technological instrument or decision support system, while managers' interpretive processes in understanding, validating, and negotiating the meaning of AI recommendations have not been studied in depth. This is where the research "Understanding Strategic Sensemaking of Managers in Artificial Intelligence Driven Organizational Decision Making" obtained its academic position. This study not only examines the benefits of AI on organizational decisions, but highlights how managers build strategic sensemaking through data literacy, managerial experience, cross-functional collaboration, and ethical evaluation. Thus, this study expands the literature on strategic management and organizational behavior by placing managers as interpretive actors who connect AI analytics capabilities with adaptive, accountable, and strategically valuable organizational decisions.

## **METHODOLOGY**

### ***Types of Research***

This study uses a descriptive qualitative approach. This approach was chosen because the research focuses on an in-depth understanding of the manager's strategic sensemaking process in artificial intelligence (AI)-based organizational decision-making, rather than on statistical relationship testing. This research aims to describe how managers interpret AI recommendations, combine them with human experience and consideration, and maintain accountability for organizational decisions. Qualitative approaches are relevant because the issue of AI-driven decision-making is related to the process of interpretation, meaning, ethics, and social context in organizations (Ramadhana & Nasution, 2024; Setyawan et al., 2024).

### ***Population and Sample***

The research population is managers at companies that have used AI in managerial functions, such as marketing, operations, finance, human resources, customer service, or strategic planning. The sample was determined by purposive sampling technique, which is the selection of participants based on certain criteria. Participant criteria include: occupying a minimum position of mid-line manager, having at least two years of managerial experience, being involved in data-driven or AI decision-making, and working at a company that has been using AI for at least six months. The number of participants in this study was 18 managers. This amount is considered sufficient to obtain data depth and achieve information saturation.

### ***Research Instruments***

The main instrument of this study is the researcher with the help of semi-structured interview guidelines, field notes, and supporting documentation. The interview guidelines were prepared based on the focus of the research, namely the manager's interpretation of AI recommendations, the assessment of the validity of the data, the role of intuition and experience, cross-functional collaboration, ethical considerations, and the quality of organizational decisions. The validity of the instrument was carried out through the assessment of two experts, namely strategic management academics and digital transformation practitioners. In addition, interview guidelines were tested on two managers who had similar characteristics to the study participants. The validity of the data is maintained through source triangulation, member checking, trail audits, and researcher reflection to reduce interpretation bias (Byrne, 2022; Naeem et al., 2023).

### ***Data Collection Procedure***

Data collection is carried out through several stages. First, the researcher conducts a literature study to compile the research focus and interview guidelines. Second, the researcher identifies companies that have implemented AI in managerial processes. Third, prospective participants were selected based on purposive sampling criteria and were asked to provide participation approval. Fourth, semi-structured interviews were conducted with 18 managers face-to-face. Each interview lasts approximately 45–60 minutes and is recorded with the consent of the participants. Fifth, interview data is transcribed, anonymized, and equipped with field notes and relevant supporting documents.

### ***Data Analysis Techniques***

The data was analyzed using thematic analysis. The analysis was carried out by reading the transcript repeatedly, coding important data, grouping the code into categories, compiling the main theme, reviewing the suitability of the theme with the data, and presenting the findings in the form of a scientific narrative. The themes analyzed include data literacy, managerial experience, human validation of AI recommendations, cross-functional collaboration, and ethical evaluation. Analysis is assisted by NVivo software to manage data, structure code, and map themes. Microsoft Excel is used to create a participant matrix and a summary of findings. The use of software aims to improve the regularity and traceability of the analysis, while interpretation is still carried out by the researcher.

## RESEARCH RESULT

### *Overview of Research Results*

The results of the study were obtained from semi-structured interviews with 18 managers who work in companies that have applied artificial intelligence (AI) in managerial functions. Based on the thematic analysis, five main themes were found that explain the manager's strategic sensemaking process in AI-based organizational decision-making, namely data literacy, managerial experience, human validation, cross-functional collaboration, and ethical evaluation and accountability. The five themes show that managers don't automatically accept AI recommendations, but interpret, review, discuss, and adapt them to the organizational context before decisions are made.

Table 1. Summary of Research Results Theme

| No. | Main Theme                            | Focus of Findings                                                                | Number of Informants |
|-----|---------------------------------------|----------------------------------------------------------------------------------|----------------------|
| 1   | Data literacy                         | Ability to read AI data, dashboards, patterns, and information quality           | 16 of 18             |
| 2   | Managerial experience                 | Use of intuition, work experience, and business context in assessing AI outcomes | 15 of 18             |
| 3   | Human validation                      | Re-examine AI recommendations before they are made into a decision               | 17 of 18             |
| 4   | Cross-functional collaboration        | Involvement of managers, IT teams, data analysts, operations, and leadership     | 14 of 18             |
| 5   | Ethical evaluation and accountability | Considerations of bias, privacy, transparency, and decision accountability       | 13 of 18             |

### *Data Literacy as the Basis for Interpreting AI Recommendations*

The first findings show that data literacy is an important foundation in AI-based decision-making processes. A total of 16 informants stated that the ability to understand data, read dashboards, and assess information quality greatly influenced how they interpreted AI recommendations. Managers who are better data literate are less likely to accept AI results immediately, but first examine data patterns, information sources, and the suitability of results with business conditions.

One of the informants stated:

*"AI does help speed up reading data, but we still have to understand where the data comes from. If the data is not clean, the recommendations can also be misleading."*(M-04, Operations Manager, interview March 12, 2026)

Another informant asserts that AI is more useful when managers are able to read the meaning behind the numbers:

*"AI dashboards give numbers and predictions, but decisions can't just be based on numbers. We have to understand the context behind that data."*(M-11, Marketing Manager, interview March 18, 2026)

These results suggest that data literacy plays a role as an initial capability that allows managers to understand, filter, and use algorithmic information more appropriately.

### ***Managerial Experience in Interpreting Algorithmic Information***

The second theme shows that managerial experience remains a powerful role in interpreting AI recommendations. A total of 15 informants stated that work experience, understanding of the market, and knowledge of the character of the organization were used to assess whether AI recommendations were feasible to implement. AI is thought to be capable of making predictions, but human experience is needed to read contextual factors that are not always detected by the system.

An informant said:

*"Sometimes AI suggests strategies that look good in terms of data, but in the field are not necessarily suitable. Our experience helps us to see if the decision is realistic or not."*(M-02, Business Strategy Manager, interview March 10, 2026)

Another informant added:

*"AI doesn't know all the informal conditions in the organization. For example, team readiness, work culture, or local customer reactions. It still has to be read by the manager."*(M-09, HR Manager, interview March 16, 2026)

These findings suggest that managerial experience serves as an interpretive filter. Managers use experience to compare AI output with the reality of the organization before making decisions.

### ***Human Validation of AI Recommendations***

The third theme is the most dominant finding. As many as 17 out of 18 informants stated that AI recommendations are not directly used as a basis for decisions, but must go through a human validation process. Validation is carried out by comparing AI results with historical data, discussing recommendations with the team, and requesting confirmation from the relevant work units.

One of the informants explained:

*"We never directly implemented AI recommendations. Usually we double-check with the previous year's data, then discuss it with the team closest to the problem."*(M-06, Financial Manager, March 13, 2026 interview)

A similar statement was made by another informant:

*"AI helps give options, but decisions still have to be validated. If the impact is large, we have to know the reason behind the recommendation."*(M-14, Business Development Manager, interview March 22, 2026).

These findings suggest that AI is positioned as a decision-support system, rather than as a single decision-maker. Human validation is the main mechanism to maintain the accuracy, relevance, and accountability of organizational decisions.

### ***Cross-Functional Collaboration in the Sensemaking Process***

The fourth theme shows that strategic sensemaking is not only carried out individually by managers, but takes place through cross-functional collaboration. A total of 14 informants stated that AI-based decisions usually



involve discussions between managers, information technology teams, data analysts, operations, marketing, HR, and organizational leaders. This collaboration is necessary because each party has a different understanding of data, systems, and business contexts.

An informant stated:

*"We as managers understand the needs of the business, but the data team understands better how the AI model works. So a good decision usually comes after those two perspectives meet."*(M-03, Product Manager, interview March 11, 2026)

Another informant said:

*"If AI recommendations have an impact on operations, we have to involve the field team. Those who know whether the recommendation can be implemented or not."*(M-12, Branch Operations Manager, interview March 19, 2026)

These results show that cross-functional collaboration helps managers understand the limitations of technology, assess implementation feasibility and build more comprehensive decisions.

### ***Ethical Evaluation and Decision Accountability***

The fifth theme shows that managers consider the ethical aspect in the use of AI. A total of 13 informants stated that they were concerned about the possibility of data bias, personal data protection, transparency of recommendations, and the impact of decisions on employees and customers. Ethical evaluation mainly arises in decisions related to performance appraisal, customer segmentation, product promotion, cost efficiency, and work process automation.

One of the informants explained:

*"What we are most worried about is that the data used by AI turns out to be biased. If the recommendation concerns employees or customers, we have to be more careful."*(M-08, HR manager, interview March 15, 2026)

Another informant stated:

*"At the end of the day, it's not the AI that's responsible, it's the manager. So we have to be able to explain why the decision was taken."*(M-17, Customer Service Manager, interview March 25, 2026)

These findings show that accountability is an important part of strategic sensemaking. Managers not only assess whether AI recommendations are accurate, but also whether those decisions can be explained, accepted, and accounted for organizationally.

### ***Managers' Strategic Sensemaking Patterns in AI-Based Decision Making***

Based on the results of the analysis, the manager's strategic sensemaking process takes place through four main stages. First, managers understand AI outputs in the form of dashboards, predictions, risk scores, or system recommendations. Second, managers interpret the relevance of those outputs to the context of the organization. Third, managers validate recommendations through experience, comparative data, and cross-functional discussions. Fourth, managers make decisions by considering benefits, risks, feasibility of implementation, and accountability.

Table 2. Manager's Strategic Sensemaking Pattern

| Stages                          | Manager Activities                                                   | Results Found                                                |
|---------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------|
| <b>Understanding AI outputs</b> | Read dashboards, predictions, and system recommendations             | The manager gets an early idea of the problem or opportunity |
| <b>Interpreting context</b>     | Compare AI results with organizational experience and conditions     | Managers determine the relevance of AI recommendations       |
| <b>Validate recommendations</b> | Conduct discussions, data checks, and confirmations of related units | AI recommendations are filtered before use                   |
| <b>Setting the decision</b>     | Combining AI data, human judgment, risk, and ethics                  | Decisions become more measurable and accountable             |

This pattern shows that strategic sensemaking is a gradual and reflective process. The AI provides initial information, but the manager still performs the functions of interpretation, assessment, and accountability of decisions.

#### ***The Impact of AI on the Quality of Organizational Decisions***

The results of the study show that AI has an impact on improving the quality of organizational decisions in three aspects. First, AI speeds up access to information so managers can respond to issues more quickly. Second, AI strengthens the basis of analysis through pattern identification, prediction, and comparison of historical data. Third, AI helps reduce decisions that rely solely on subjective assumptions.

However, the informant also emphasized that the quality of decisions improves only when AI recommendations are understood and validated by humans. AI doesn't automatically generate better decisions if the data used is invalid, the organizational context is ignored, or managers don't understand the system's limitations.

One of the informants stated:

*"Decisions are indeed faster because AI helps prepare initial analysis. But good decisions still emerge from a combination of data, experience, and discussion."*(M-01, General Manager, interview March 9, 2026)

Another informant added:

*"AI makes us more confident in making decisions, but that doesn't mean all the recommendations are correct. There must still be a human check."*(M-15, Digital Marketing Manager, interview March 23, 2026)

Thus, the quality of organizational decisions in this study is influenced by the manager's ability to integrate algorithmic information with human considerations.

#### ***Differences in Findings with Previous Research***

The results of this study show a difference with the tendency of some previous studies to place AI more as a tool for efficiency, automation, and improved decision accuracy. In this study, AI not only plays a role as a technical instrument, but also triggers the strategic interpretation process at the managerial

level. Managers not only use AI to speed up decision-making, but also to build understanding, test assumptions, discuss alternatives, and assess risk.

Another difference lies in the position of humans in the decision-making process. While some previous studies emphasized the ability of AI to partially replace human analytical functions, the results of this study show that the role of humans remains dominant in the stages of interpretation, validation, ethical assessment, and accountability. AI expands decision-making capacity, but it does not replace the role of managers as interpreters and decision-makers of organizations.

### ***Summary of Important Findings***

Overall, this study found that managers' strategic sensemaking in AI-driven organizational decision-making is formed through a combination of data literacy, managerial experience, human validation, cross-functional collaboration, and ethical evaluation. AI recommendations do not immediately turn into organizational decisions, but rather through a process of understanding, interpreting, testing, and adjusting to the organization's strategic context.

The study's main finding is that AI serves as a support and reinforcer of decision quality, while managers remain the primary actors interpreting, validating, and accounting for decisions. Thus, AI does not replace managers, but expands decision-making capacity through integration between data, technology, experience, collaboration, and organizational responsibilities.

## **DISCUSSION**

The results of the study show that managers' strategic sensemaking in artificial intelligence (AI)-based organizational decision-making is formed through five main elements, namely data literacy, managerial experience, human validation, cross-functional collaboration, and ethical evaluation and accountability. These findings show that managers do not use AI passively, but actively interpret, examine, and adapt algorithmic recommendations to the context of the organization before decisions are made. Thus, AI in this study does not function as a replacement for managers, but rather as a supporting tool that expands analytical capacity and strengthens the quality of organizational decisions. The findings are in line with the focus of research that places sensemaking as an interpretive process in the relationship between data, human judgment, and the quality of organizational decisions.

Findings on the importance of data literacy show that the quality of AI-based decision-making is largely determined by the ability of managers to understand data sources, patterns, and limitations. This reinforces the view of Ramadhana and Nasution (2024) that AI can improve the quality of strategic decisions through quick access to data, in-depth analysis, and trend predictions, but still presents challenges related to data quality and security. Sari (2024) also emphasized that AI opens up opportunities for improved analytics, prediction, automation, and personalization of business decisions, but these benefits can be disrupted by data quality issues, infrastructure limitations, resistance to change, and skills shortages. Therefore, data literacy in this study is not only meaningful

as a technical ability to read dashboards, but as a critical ability of managers to assess whether AI recommendations are worth using as a basis for decisions.

The results of the study also show that managerial experience remains an important element in interpreting algorithmic information. These findings support the concept of bounded rationality in management, which is that organizational decisions are not only determined by the completeness of information, but also by the limitations of understanding, context, and judgment of decision-making actors. AI does expand analytical capacity, but manager experience is needed to read aspects that are not always captured by the system, such as organizational culture, team readiness, customer dynamics, and local market conditions. Hutagalung (2025) explains that the integration of AI in strategic management can change the decision hierarchy and accelerate organizational responses, but its success remains dependent on the development of digital capabilities and organizational adaptation. Thus, managerial experience serves as a balancing mechanism so that decisions are not only based on algorithmic predictions, but also in accordance with the reality of the organization.

The most dominant finding in this study is the need for human validation of AI recommendations. A total of 17 out of 18 informants stated that AI recommendations were not implemented immediately, but were first checked through historical data, internal discussions, and confirmation to relevant units. These findings are in line with Li et al. (2024) who developed a machine learning-based decision-making model from a sensemaking perspective, namely that decision-makers need to interact with the model's output, understand the insights generated, assess the model's results, and translate them into organizational actions. Thus, human validation is an important stage in transforming algorithmic information into accountable strategic decisions.

The results of this study also reinforce the view that the relationship between humans and AI is more accurately understood as a collaboration, not a substitution. Raisch and Krakowski (2021) call the automation–augmentation paradox an automaton–augmentation paradox, which is the tension between the use of AI to replace human tasks and the use of AI to strengthen human capacity. The findings of this study are more supportive of the augmentation side because AI is used to speed up analysis, expand decision alternatives, and reduce reliance on subjective assumptions, while managers retain a leading role in interpretation and accountability. Thus, the practical consequence is that organizations are not only investing in AI systems, but also need to build managerial competencies so that humans and technology can work in a complementary way.

Cross-functional collaboration is another important factor that explains the success of strategic sensemaking. The findings of the study show that AI-based decisions involve managers, IT teams, data analysts, operations, HR, marketing, and organizational leaders. This is in line with Hao et al. (2025) who affirm that the collaboration of AI and human intelligence is a dynamic sociotechnical system, as AI provides speed, scale, and pattern recognition, while humans provide contextual assessment, strategic interpretation, and ethical oversight. Thus, the quality of organizational decisions is influenced not only by

technological sophistication, but also by the quality of communication, the division of roles, and the organization's ability to build a dialogue space between technical actors and managerial actors.

Findings on ethical evaluation and accountability show that the use of AI in organizational decisions cannot be separated from issues of bias, privacy, transparency, and accountability. Setyawan et al. (2024) found that companies that implement AI face ethical dilemmas in the form of limited algorithm transparency, potential bias, and variations in the level of accountability of ethical policies. Insirat et al. (2025) also emphasized that the implementation of AI in managerial decision-making has implications for business ethics and organizational sustainability. In this study, managers realized that the ultimate responsibility does not lie with AI, but with humans and organizations. This means that accountability is a core element in strategic sensemaking because AI-assisted decisions must still be explained, accepted, and accountable to stakeholders.

When compared to previous research, this study shows an important difference. Some previous studies have highlighted AI as a tool to improve efficiency, automation, and speed of analysis. Arfah et al. (2025), for example, show that the integration of AI and Big Data Analytics in MSDM can improve operational efficiency, reduce bias in employee selection, and support workforce retention strategies. However, the study found that the benefits of AI are not adequately explained in terms of efficiency alone. AI also gives rise to complex interpretive processes as managers must understand the meaning of recommendations, assess the feasibility of implementation, and anticipate social and ethical risks. Thus, the contribution of this research is to expand the study of AI in management from a technical-operational perspective to a cognitive, social, and strategic perspective.

The findings of this study also explain why some studies have found an unstrong influence of AI on the quality of decisions. Puspitaningrum (2025) shows that the relationship between the use of AI and the quality of management decision-making in MSMEs is positive but very weak and not statistically significant. These differences can be explained through organizational readiness, data literacy levels, infrastructure maturity, AI usage experience, and human validation quality. In digitally immature organizations, AI may only be used as a simple tool so that its impact on decision quality is not yet strong. In contrast, in this study, participants came from companies that have applied AI in managerial functions for at least six months, so the process of sensemaking, validation, and collaboration has begun to take shape.

Theoretically, this research contributes to the development of strategic management science and organizational behavior by placing strategic sensemaking as a connecting mechanism between AI-driven decision-making and organizational decision quality. This research shows that the quality of decisions is not only influenced by the sophistication of the system, but also by the ability of humans to interpret, test, negotiate, and account for AI recommendations. In practical terms, these findings imply that organizations need to develop human-centered AI governance, data literacy training for

managers, algorithmic recommendation validation procedures, cross-functional collaboration forums, and ethical guidelines for decisions that impact employees, customers, and stakeholders.

However, this study has some limitations. First, the number of informants is limited to 18 managers, so the findings cannot be generalized to all types of organizations. Second, qualitative approaches generate a deep understanding, but have not quantitatively measured the relationship between data literacy, trust in AI, human validation, and decision quality. Third, the data is obtained through interviews so that it is still possible to be influenced by the subjective perception of the informant. Fourth, this study has not yet distinguished in detail the level of AI maturity between companies, even though the level of technology adoption can affect the way managers conduct sensemaking.

Based on these limitations, further research is recommended using a mixed method design so that qualitative findings can be quantitatively tested on a larger number of respondents. Subsequent research can also compare different industry sectors, such as finance, manufacturing, education, healthcare, and public services, to see variations in managers' sensemaking patterns. In addition, advanced research needs to develop conceptual models that examine the relationship between data literacy, trust in AI, algorithm transparency, cross-functional collaboration, and the quality of organizational decisions. Longitudinal studies are also important to understand how managers' sensemaking abilities evolve as the maturity of AI use in organizations increases.

## **CONCLUSIONS AND RECOMMENDATIONS**

Based on the results of the research, it can be concluded that strategic sensemaking managers in artificial intelligence (AI)-based organizational decision-making is formed through a combination of data literacy, managerial experience, human validation, cross-functional collaboration, and ethical evaluation and accountability. AI is proven to help managers accelerate information access, read data patterns, strengthen the foundation of analysis, and improve the quality of organizational decisions. However, AI recommendations cannot be used automatically as a final decision because they still require interpretation, re-examination, and adjustment to the context of the organization. These findings confirm that AI does not replace the role of managers, but rather expands decision-making capacity through integration between technology, strategic reasoning, human experience, and organizational responsibility.

Based on the findings, organizations are advised to not only focus on investing in AI technology, but also strengthen managers' abilities in data literacy, algorithm understanding, decision validation, and ethical governance. Companies need to establish cross-functional working mechanisms between managers, information technology teams, data analysts, and operational units so that AI recommendations can be interpreted more accurately and contextually. In addition, further research is recommended to use a mixed method approach with a larger number of respondents and a more diverse industry sector, so that the relationship between data literacy, trust in AI, human validation, and the quality of organizational decisions can be tested more broadly and measurably.

## ADVANCED RESEARCH

Follow-up research is recommended to use a mixed method approach so that qualitative findings on managerial strategic sensemaking can be quantitatively tested on a larger number of respondents. Subsequent research can also compare different industry sectors, such as finance, manufacturing, education, healthcare, and public services, to understand the differences in managers' interpretation patterns of AI recommendations. In addition, longitudinal studies are needed to look at the development of data literacy, trust in AI, human validation, and decision accountability as the maturity of AI use in organizations increases.

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