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Algorithmic Mediation of Strategic Judgment: Executive Attention, Decision Architecture, and Power Reconfiguration under Generative AI

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Abstrak

Strategic management theory has traditionally conceptualized executive strategic judgment as a human-centered process shaped by managerial cognition, attention allocation, and hierarchical authority. The growing integration of generative AI into executive workflows challenges this view by introducing an algorithmic layer that structures how issues are surfaced, options are framed, and decisions are legitimated. This article develops a mechanism-based framework explaining how generative AI mediates executive strategic judgment through four processes: algorithmic attention structuring, probabilistic framing of strategic options, recalibration of epistemic authority, and temporal compression of decision cycles. Integrating the attention-based view of the firm, upper echelons theory, behavioral strategy, and research on algorithmic decision structures, the analysis shows that AI centrality generates non-linear effects on long-term strategic coherence. At moderate levels, algorithmic mediation enhances informational integration and responsiveness; beyond a threshold, convergence of salience, reduced framing diversity, authority centralization, and temporal compression may undermine exploratory capacity and long-term adaptability. Governance architecture, executive cognitive heterogeneity, environmental volatility, and organizational slack emerge as key boundary conditions. By repositioning generative AI as a constitutive element of executive decision architecture rather than a performance tool, this study advances a revised understanding of the microfoundations of corporate strategy in digitally intensive environments.

Keywords

algorithmic decision-making; attention-based view; executive cognition; generative ai; organizational power; strategic judgment

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1. Introduction

Strategic management theory has long assumed that organizational outcomes reflect the cognitive frames, values, and interpretive capacities of top executives. Upper echelons theory posits that strategic choices are shaped by managerial cognition and demographic characteristics, which filter environmental signals and structure decision alternatives (Hambrick & Mason, 1984). Complementing this view, the attention-based perspective conceptualizes the firm as a system of distributed attention in which what decision makers notice, interpret, and prioritize determines strategic action (Ocasio, 1997; Ocasio, 2011). In both traditions, human judgment occupies a central position: executives allocate attention, frame options, and exercise authority over resource commitments.

The rapid diffusion of generative artificial intelligence introduces a structural intervention into this architecture of judgment. Unlike earlier analytical systems that primarily enhanced forecasting or operational optimization, generative systems synthesize information, simulate strategic alternatives, and produce narrative rationalizations at scale. These systems do not merely support decision processes; they mediate them. When executive briefings, scenario analyses, and strategic options are partially generated by probabilistic models, the allocation of attention and the framing of alternatives become algorithmically scaffolded rather than exclusively human-driven.

Existing research on artificial intelligence in organizations has begun to acknowledge its transformative implications. Studies in information systems and management identify AI as a reconfiguring force in organizational decision structures (Shrestha et al., 2019) and as an emergent organizational actor influencing coordination and authority patterns (Faraj et al., 2018). Raisch and Krakowski (2021) argue that AI alters managerial roles by redistributing tasks between humans and machines, raising fundamental questions about autonomy and control. Research on algorithmic management further demonstrates how algorithmic systems reshape power asymmetries and behavioral compliance within organizations (Kellogg et al., 2020). Yet these contributions largely examine operational or middle-management contexts. The implications of generative AI for executive-level strategic judgment remain theoretically underdeveloped.

This gap becomes salient when considered through the lens of behavioral strategy. Strategic decisions are shaped not only by information availability but by how issues are framed, how alternatives are cognitively represented, and how future consequences are temporally discounted (Gavetti, 2012; Levinthal & March, 1993). Algorithmic systems influence each of these processes. By filtering environmental complexity, highlighting statistically salient patterns, and generating scenario projections, generative AI may structure executive attention in systematic ways. The issue is not whether AI improves information processing efficiency, but whether it redefines the architecture through which strategic problems are perceived and prioritized.

Three tensions arise from this mediation. First, attention allocation may shift from socially constructed internal hierarchies to algorithmically prioritized signals. Attention-based theory emphasizes that organizational structures and communication channels determine which issues receive executive focus (Ocasio, 1997). When generative systems pre-process and synthesize environmental data, they effectively become gatekeepers of salience. Second, the framing of strategic options may narrow despite an apparent increase in option volume. Generative outputs are drawn from probabilistic distributions trained on historical data; as such, they may privilege statistically dominant patterns over genuinely divergent possibilities. This dynamic resonates with the exploration–exploitation logic (March, 1991), suggesting that algorithmic mediation may amplify exploitation while subtly constraining exploratory search. Third, authority structures may recalibrate as decision legitimacy becomes intertwined with algorithmic recommendations. When executives justify decisions by

referencing AI-generated analyses, power asymmetries and accountability logics may shift within top management teams.

These tensions indicate that generative AI does not merely enhance strategic cognition; it intervenes in the mechanisms that constitute it. Attention, framing, and authority—three pillars of strategic judgment—may be reorganized through algorithmic mediation. However, extant literature offers limited guidance on how these mechanisms interact or under what conditions they produce beneficial or detrimental outcomes for long-term strategic coherence.

Accordingly, this study addresses the following research question:

How does generative AI mediate executive strategic judgment, and through what mechanisms does this mediation reconfigure organizational attention structures and power distributions?

To answer this question, the article develops a mechanism-based conceptual framework integrating the attention-based view of the firm (Ocasio, 1997), upper echelons theory (Hambrick & Mason, 1984), behavioral strategy (Gavetti, 2012), and research on algorithmic decision structures (Shrestha et al., 2019; Raisch & Krakowski, 2021). Rather than conceptualizing AI as a capability enhancer or performance tool, the analysis positions generative AI as a mediating infrastructure that shapes how strategic issues are surfaced, interpreted, and authorized.

The contribution proceeds in three steps. First, it reconceptualizes executive attention as partially algorithmically structured under conditions of generative intensification. Second, it theorizes how probabilistic option generation influences strategic framing diversity and temporal orientation. Third, it explicates how AI centrality recalibrates authority and accountability within top management teams. By shifting the analytical locus from operational automation to executive judgment architecture, the study advances a theoretically grounded account of how generative AI restructures the microfoundations of corporate strategy.

In doing so, the article challenges the implicit assumption that strategic cognition remains fundamentally human-centered in digitally intensive environments. Instead, it argues that generative AI constitutes a structural layer in the decision architecture of contemporary firms—one that reorganizes attention flows, redistributes epistemic authority, and reshapes the temporal horizon of strategic action. Building on this premise, the analysis develops the theoretical foundations of algorithmic mediation and specifies the mechanisms through which it generates non-linear consequences for strategic coherence and adaptability.

2. Theoretical Foundations

Strategic judgment has historically been theorized as a cognitively mediated process embedded in organizational structures of attention and authority. The dominant paradigms in strategic management—upper echelons theory, the attention-based view of the firm, and behavioral strategy—share a common premise: strategic outcomes are shaped by how human decision makers interpret environmental signals, frame alternatives, and allocate organizational resources (Hambrick & Mason, 1984; Ocasio, 1997; Gavetti, 2012). These frameworks were developed under conditions in which information-processing technologies were auxiliary rather than constitutive of judgment. Generative artificial intelligence introduces a structural discontinuity. By synthesizing information, producing scenario alternatives, and framing strategic narratives, generative systems intervene directly in the microfoundations of executive cognition. To theorize this intervention rigorously, it is necessary to integrate three streams of scholarship: the attention-based view, upper echelons theory and behavioral strategy, and research on algorithmic decision structures.

Together, these literatures provide the analytical scaffolding for conceptualizing algorithmic mediation of strategic judgment.

2.1 The Attention-Based View of the Firm and the Structuring of Strategic Salience

The attention-based view (ABV) conceptualizes organizations as systems in which attention is a scarce and structurally distributed resource (Ocasio, 1997). What decision makers attend to determines what they interpret as problems, opportunities, and priorities. Organizational structures—communication channels, reporting systems, incentive architectures—shape this allocation of attention by making certain issues more salient than others. Strategic action, therefore, emerges not from objective environmental conditions but from selectively attended signals.

Subsequent elaborations emphasize that attention is not merely individual cognition but an organizationally situated process embedded in rules, routines, and artifacts (Ocasio, 2011). Issues compete for salience within structured arenas of decision making. The distribution of attention influences resource allocation, strategic persistence, and adaptation. Critically, the ABV assumes that attention is mediated by organizational design rather than by autonomous technological agents.

Generative AI alters this mediation structure. Executive dashboards, strategic briefings, and environmental analyses increasingly rely on AI-generated summaries and synthesized insights. When generative systems pre-select and prioritize patterns from large-scale datasets, they effectively participate in structuring salience. Attention shifts from being exclusively shaped by hierarchical communication flows to being partially determined by algorithmic filtering. This shift does not eliminate human agency; rather, it redefines the architecture within which attention is allocated.

The theoretical implication is that generative AI may function as an attention-structuring layer within the firm. By highlighting statistically dominant correlations and suppressing low-probability signals, generative systems may alter the distribution of executive focus. Under such conditions, the ABV requires extension: the locus of attention allocation expands from organizational rules to algorithmically mediated selection mechanisms.

2.2 Upper Echelons Theory and the Mediation of Executive Cognition

Upper echelons theory posits that organizational outcomes reflect the cognitive bases and values of top executives (Hambrick & Mason, 1984). Managerial characteristics shape how environmental information is filtered and interpreted. Strategy is thus understood as a behavioral outcome of boundedly rational actors operating under uncertainty.

Behavioral strategy further develops this perspective by examining how cognitive frames, mental models, and heuristics influence strategic choice (Gavetti, 2012). Strategic decisions are shaped by interpretive representations rather than purely objective analysis. Framing processes determine which alternatives are perceived as viable and which risks are deemed acceptable. The exploration–exploitation logic (March, 1991) reinforces this view by demonstrating how organizations balance short-term optimization with long-term experimentation through managerial judgment.

Generative AI introduces a novel cognitive intermediary. By producing strategic alternatives, summarizing complex environments, and simulating future scenarios, AI systems influence how executives perceive and evaluate options. Unlike traditional decision-support systems that primarily enhance data retrieval, generative systems construct narrative framings and propose hypothetical pathways. In doing so, they participate in shaping cognitive representations of strategic space.

This intervention raises a structural question: if strategic alternatives are increasingly generated through probabilistic models trained on historical data, how does this affect the diversity of executive framing? Research on organizational learning suggests that reliance on historically successful routines can induce exploitation bias and reduce exploratory variance (Levinthal & March, 1993). Generative systems, by sampling from dominant patterns within training data, may inadvertently privilege statistically central trajectories over peripheral possibilities. The apparent expansion of option volume may coexist with a contraction in framing diversity.

Thus, upper echelons theory must be reconsidered under conditions of algorithmic mediation. Executive cognition remains central, but its inputs and representations are partially constructed by generative infrastructures. Strategic judgment becomes a hybrid process in which human interpretation operates on algorithmically structured alternatives.

2.3 Algorithmic Decision Structures and the Reconfiguration of Authority

Research on algorithmic management and AI-enabled decision structures provides further insight into the organizational implications of this shift. Shrestha et al. (2019) propose that AI systems can alter decision-making structures by redistributing tasks between humans and machines, leading to varying degrees of autonomy and augmentation. Raisch and Krakowski (2021) argue that AI integration reshapes managerial roles by reallocating control and redefining the boundaries between human discretion and automated execution.

Studies of algorithmic authority demonstrate that algorithmic outputs often acquire epistemic legitimacy within organizations, influencing compliance and accountability (Kellogg et al., 2020). When decisions are justified by reference to algorithmic recommendations, authority can shift from hierarchical actors to technical systems. Faraj et al. (2018) further suggest that learning algorithms act as organizational actors that reshape coordination patterns and power asymmetries.

These findings have largely been examined in operational or platform-based contexts. However, their implications extend to executive decision architecture. If generative AI systems become central to strategic analysis, their outputs may shape deliberation dynamics within top management teams. Authority may recalibrate as certain actors gain influence through control over AI interpretation, model tuning, or prompt engineering. Simultaneously, accountability structures may shift as executives rely on algorithmically generated rationales to legitimize strategic commitments.

The integration of these literatures suggests that generative AI is not merely a cognitive aid but an institutional actor embedded within decision processes. It mediates attention, shapes framing, and influences authority distribution. Yet the existing scholarship has not systematically integrated these mechanisms at the level of executive strategic judgment.

2.4 Toward a Theory of Algorithmic Mediation in Strategic Judgment

The preceding foundations reveal a conceptual gap. The attention-based view explains how structures channel salience but does not account for algorithmic gatekeeping. Upper echelons theory explains how executives interpret information but does not consider algorithmically generated framing inputs. Algorithmic management research documents power shifts but has not theorized their implications for corporate strategy coherence.

Generative AI intersects these domains simultaneously. It structures what is noticed, frames what is considered feasible, and influences who exercises epistemic authority. Strategic judgment, therefore, becomes algorithmically mediated rather than purely human-centered. This mediation is unlikely to produce linear performance effects. Instead, it may generate non-linear consequences for strategic coherence, temporal orientation, and adaptability, depending on the intensity and governance of AI integration.

To articulate these mechanisms explicitly, the analysis advances a conceptual model specifying how generative AI restructures executive attention, framing diversity, and authority configuration, and how the interaction among these processes shapes long-term strategic outcomes.

3. Algorithmic Mediation of Strategic Judgment

Strategic judgment has traditionally been conceptualized as a function of human cognition embedded in organizational attention structures and authority hierarchies. Generative AI introduces a mediating infrastructure that intervenes in each of these domains simultaneously. The analytical task, therefore, is not to assess whether AI improves decision quality, but to explain how it reconfigures the architecture of strategic judgment itself.

A mechanism-based framework clarifies this transformation by focusing on three interdependent processes: the algorithmic structuring of executive attention, the probabilistic framing of strategic alternatives, and the recalibration of epistemic authority within top management teams. Although analytically distinguishable, these processes reinforce one another, collectively shaping strategic coherence and long-term adaptability.

3.1 Algorithmic Structuring of Executive Attention

Strategic attention is neither neutral nor exhaustive; it is selective and structured (Ocasio, 1997). Executives cannot process all environmental signals and therefore rely on organizational filters. Historically, these filters have consisted of reporting routines, managerial hierarchies, and institutionalized priorities. Generative AI adds a new filtering layer: algorithmic synthesis.

When generative systems summarize environmental data, produce executive briefings, or generate scenario analyses, they pre-structure the informational landscape. Salience is no longer determined solely by internal political or structural processes but also by statistical prominence within training data and model architectures. Issues that align with dominant data patterns are more likely to be surfaced, articulated, and elaborated.

This structuring operates through two mechanisms. First, compression of complexity reduces informational overload by presenting synthesized narratives. While this enhances cognitive efficiency, it also narrows exposure to peripheral signals. Second, statistical weighting privileges historically dominant correlations. Low-frequency but potentially transformative signals may be suppressed because they lack sufficient representation within training distributions.

The consequence is a shift in attention allocation from socially constructed hierarchies to algorithmically prioritized salience. At moderate levels, this mediation may enhance strategic responsiveness by accelerating signal detection. However, as reliance intensifies, attention may converge around statistically reinforced themes, reducing exposure to anomalous or weak signals. In environments characterized by discontinuity, such convergence may undermine adaptive capacity.

Proposition 1.
As generative AI centrality increases in executive information processing, attention allocation becomes increasingly structured by algorithmic salience rather than by internal hierarchical filtering.

3.2 Probabilistic Framing and the Diversity of Strategic Alternatives

Strategic judgment depends not only on what is noticed but on how alternatives are framed (Gavetti, 2012). Framing influences perceived feasibility, risk assessment, and temporal

orientation. Generative AI expands the apparent space of strategic options by rapidly producing scenario variations, competitive responses, and market positioning alternatives.

However, option volume should not be conflated with framing diversity. Generative systems operate by sampling from probabilistic distributions learned from historical data. These distributions encode dominant industry logics, prevalent strategic archetypes, and widely observed response patterns. As a result, generated alternatives may cluster around statistically central trajectories.

This creates a structural asymmetry. The number of articulated options increases, but their underlying cognitive diversity may decline. Exploration appears abundant because variation is frequent, yet it may remain bounded within historically reinforced templates. The exploration–exploitation tension (March, 1991) reemerges at the level of framing architecture: algorithmic generation may amplify exploitation of historically validated patterns while subtly constraining exploratory deviation.

This dynamic becomes particularly consequential when executives interpret algorithmically generated alternatives as exhaustive representations of strategic space. Over time, probabilistic framing may normalize certain trajectories and marginalize unconventional possibilities, thereby reshaping the firm's opportunity set.

Proposition 2.
Higher levels of generative AI mediation increase the volume of articulated strategic options while reducing the cognitive diversity of underlying framing structures.

3.3 Recalibration of Epistemic Authority in Top Management Teams

Attention structuring and probabilistic framing together influence deliberation dynamics within executive teams. Strategic authority traditionally derives from hierarchical position, expertise, and experiential legitimacy (Hambrick & Mason, 1984). Algorithmic mediation introduces a new epistemic actor whose outputs carry technical credibility.

Research on algorithmic management demonstrates that algorithmic recommendations often acquire implicit authority, influencing compliance and accountability patterns (Kellogg et al., 2020). When generative AI becomes embedded in executive deliberation, its outputs may function as quasi-neutral reference points. Strategic arguments framed as "data-supported" or "AI-recommended" can shift persuasive weight within discussions.

This shift unfolds through two processes. First, interpretive centralization occurs when access to and control over AI-generated analyses becomes unevenly distributed. Executives or functional leaders who oversee AI systems may gain disproportionate influence. Second, accountability displacement may arise when strategic outcomes are justified through algorithmic rationalization, diffusing personal responsibility.

Authority recalibration does not imply full automation of strategic choice. Rather, it signifies a redistribution of epistemic influence within top management teams. The locus of persuasion may migrate from experiential narratives to model outputs. Over time, this transformation can alter power asymmetries and decision norms.

Proposition 3.
As generative AI becomes central to executive deliberation, epistemic authority shifts toward actors and processes associated with algorithmic output generation and interpretation.

3.4 Temporal Compression and Strategic Coherence

The combined effects of attention structuring, probabilistic framing, and authority recalibration generate implications for temporal orientation. Strategic coherence depends on balancing short-term responsiveness with long-term positioning (Laverty, 1996). Generative

systems excel at real-time adaptation, rapid scenario simulation, and continuous optimization. These capabilities reinforce immediate responsiveness.

However, heightened responsiveness may compress temporal horizons. When executive attention is continuously updated through algorithmic synthesis, decision cycles accelerate. Rapid option generation encourages iterative adjustment rather than sustained commitment. While agility increases, the capacity to maintain long-term narrative consistency may weaken.

Temporal compression thus emerges as a systemic consequence of algorithmic mediation. The issue is not simply speed, but the potential erosion of strategic continuity when iterative adaptation replaces durable positioning. Strategic coherence may initially improve due to enhanced informational integration, yet beyond a threshold, constant recalibration may fragment long-term direction.

Proposition 4.
Increasing centrality of generative AI in executive decision processes compresses strategic time horizons, with non-linear consequences for long-term strategic coherence.

3.5 Integrative Mechanism: From Mediation to Strategic Outcomes

The mechanisms outlined above are mutually reinforcing. Algorithmic structuring of attention influences which signals enter executive deliberation. Probabilistic framing shapes the architecture of perceived alternatives. Authority recalibration modifies deliberative power dynamics. Together, these processes reshape temporal orientation and strategic coherence.

Importantly, the relationship between AI mediation and strategic outcomes is unlikely to be linear. At low to moderate levels of integration, algorithmic mediation may enhance informational breadth, improve option articulation, and support coherent adaptation. Beyond a certain intensity, however, convergence of attention, narrowing of framing diversity, authority centralization, and temporal compression may collectively reduce exploratory capacity and long-term differentiation.

The conceptual model positions algorithmic mediation as a structural layer within the architecture of strategic judgment, whose consequences vary according to its degree of centrality and governance embeddedness. Its implications depend on identifiable boundary conditions that determine whether generative AI enhances executive strategic coherence or destabilizes long-term adaptability.

4. Boundary Conditions and Moderators

Generative AI mediates strategic judgment through attention structuring, probabilistic framing, authority recalibration, and temporal compression. Yet these mechanisms do not operate uniformly across organizations. Their consequences depend on structural and contextual conditions that shape how algorithmic mediation is embedded within executive decision architecture.

Specifying such boundary conditions is theoretically necessary to avoid technological determinism. Generative AI is better understood as a mediating layer whose influence is conditioned by governance arrangements, executive cognitive heterogeneity, environmental volatility, and resource buffers. These contingencies determine whether algorithmic mediation enhances strategic coherence or amplifies instability.

The following table synthesizes the boundary conditions that moderate the effects of generative AI mediation on executive strategic judgment. By explicitly linking each contingency to the mechanism it influences and clarifying the direction of moderation, the table prevents deterministic interpretation of the model. It specifies how organizational and

environmental conditions shape whether algorithmic centrality enhances or destabilizes strategic coherence.

Table 1. Boundary Conditions Moderating Algorithmic Mediation Effects

Boundary Condition	Mechanism Moderated	Direction of Moderation	Strategic Implication
Governance Architecture	Authority Recalibration; Attention Structuring	Strong governance attenuates authority centralization and constrains uncritical reliance on algorithmic salience	Preserves deliberative contestation and reduces epistemic concentration
Executive Cognitive Heterogeneity	Probabilistic Framing	High heterogeneity mitigates convergence of framing and exploitation bias	Sustains interpretive diversity and exploratory capacity
Environmental Volatility	Attention Structuring; Temporal Compression	High volatility amplifies risks of algorithmic convergence and misdirected salience	Increases vulnerability to maladaptation under excessive AI centrality
Organizational Slack	Temporal Compression	Greater slack buffers acceleration effects and preserves longer strategic horizons	Maintains strategic continuity and supports reflective recalibration

Source: Developed by the authors

Table 1 specifies the structural contingencies under which algorithmic mediation produces divergent strategic outcomes. By linking each boundary condition to the mechanism it moderates and clarifying the direction of its influence, Table 1 reinforces the non-deterministic logic of the framework. The table demonstrates that the effects of generative AI centrality are conditional on governance discipline, cognitive diversity, environmental turbulence, and resource buffers, thereby strengthening the article's theoretical precision.

4.1 Governance Architecture and Algorithmic Embeddedness

The degree to which generative AI restructures strategic judgment depends on how deeply it is embedded within formal decision routines. Governance architecture encompasses policies regulating AI usage, oversight mechanisms, and the transparency of algorithmic inputs in executive deliberations.

Dynamic capabilities scholarship emphasizes that managerial processes determine how technologies are integrated into strategic routines (Teece, 2007). Similarly, research on AI decision structures demonstrates that organizations differ in the degree of human override, interpretive scrutiny, and decentralization of algorithmic authority (Shrestha et al., 2019). When AI outputs are treated as advisory inputs subject to critical evaluation, mediation effects may remain bounded. Conversely, when algorithmic outputs become default reference points, their influence on attention and framing intensifies.

Governance architecture moderates the shift from augmentation to substitution. Strong oversight mechanisms can preserve deliberative friction, maintaining diversity of perspectives within top management teams. Weak governance, by contrast, may accelerate authority centralization around algorithmic recommendations.

Proposition 5.
The strength of governance architecture moderates the relationship between generative AI centrality and authority recalibration, such that robust oversight attenuates shifts in epistemic power.

4.2 Executive Cognitive Heterogeneity

Upper echelons theory posits that diversity in cognitive backgrounds enhances interpretive breadth (Hambrick & Mason, 1984). Heterogeneous executive teams are more likely to challenge dominant frames and introduce alternative perspectives. Under conditions of algorithmic mediation, cognitive heterogeneity may function as a counterbalance to probabilistic convergence.

If generative systems privilege statistically central patterns, diverse managerial experience can interrogate and reinterpret those outputs. Research in behavioral strategy indicates that cognitive diversity reduces group-level confirmation bias and framing lock-in (Gavetti, 2012). Thus, teams with heterogeneous expertise may resist narrowing of strategic framing even when AI-generated options appear abundant.

Conversely, homogenous teams may be more susceptible to algorithmic framing convergence. When executives share similar cognitive schemas, AI outputs that align with dominant industry patterns may go unchallenged, reinforcing exploitation bias (Levinthal & March, 1993).

Proposition 6.
Executive cognitive heterogeneity moderates the relationship between generative AI mediation and framing diversity, such that higher heterogeneity mitigates reductions in cognitive variety.

4.3 Environmental Volatility and Signal Ambiguity

Environmental conditions also shape the consequences of algorithmic mediation. In stable environments characterized by incremental change, statistical regularities embedded in generative systems may align closely with future trajectories. Under such conditions, probabilistic framing may enhance efficiency without substantially constraining exploration.

In volatile environments, however, reliance on historically trained models may be riskier. Complexity theory suggests that adaptive search is particularly sensitive to landscape shifts (Levinthal, 1997). When discontinuities occur, algorithmic emphasis on past correlations may misdirect attention toward outdated signals. Human interpretive flexibility becomes more critical under such uncertainty.

Therefore, environmental volatility moderates the relationship between attention structuring and adaptive capacity. High volatility amplifies the risks of algorithmic convergence, whereas low volatility may render algorithmic mediation relatively benign or even beneficial.

Proposition 7.
Environmental volatility strengthens the negative effects of algorithmically structured attention on long-term adaptability.

4.4 Organizational Slack and Deliberative Friction

A further structural condition concerns organizational slack. Slack resources enable experimentation and buffer firms against short-term performance pressures (Cyert & March, 1963). Under algorithmic mediation, slack may preserve exploratory capacity by sustaining deliberative friction—time and resources allocated to questioning algorithmic outputs.

When slack is limited, accelerated decision cycles and temporal compression may dominate. Generative AI's capacity for rapid scenario iteration may encourage continuous recalibration rather than sustained strategic commitment. In resource-constrained contexts, this dynamic may erode long-term coherence.

Proposition 8.
Organizational slack attenuates the relationship between generative AI centrality and temporal compression, preserving longer strategic time horizons.

4.5 Integrative Boundary Logic

Together, these moderators clarify that generative AI does not deterministically restructure strategic judgment. Its consequences depend on governance discipline, cognitive diversity, environmental conditions, and resource buffers. The model therefore positions algorithmic mediation as contingent rather than universal.

At moderate levels of AI integration and under strong governance with diverse executive cognition, generative mediation may enhance strategic coherence and responsiveness. Under high centrality, weak oversight, cognitive homogeneity, and environmental volatility, mediation may produce convergence, authority centralization, and temporal compression that undermine long-term adaptability.

The conceptual framework specifies the mechanisms through which algorithmic mediation operates as well as the conditions under which non-linear strategic consequences emerge. Integrating these elements clarifies how attention structuring, framing convergence, authority recalibration, and temporal compression interact within bounded organizational contexts to shape strategic management outcomes.

5. Integrative Model and Theoretical Contributions

A mechanism-based explanation has been advanced to show how generative AI mediates executive strategic judgment through attention structuring, probabilistic framing, authority recalibration, and temporal compression. These processes operate within identifiable boundary conditions, including governance architecture, executive cognitive heterogeneity, environmental volatility, and organizational slack. Integrating these mechanisms and contingencies yields a coherent theoretical model that clarifies how algorithmic mediation reshapes the microfoundations of strategic management and redefines the conditions under which strategic coherence is sustained or destabilized.

The following table systematizes the four core mechanisms through which generative AI mediates executive strategic judgment. By aligning each mechanism with its theoretical anchor, adaptive benefit, and potential strategic risk, the table clarifies the non-linear logic embedded in the framework. It enables analytical comparison across mechanisms and avoids fragmentation across sections.

Table 2. Core Mechanisms of Algorithmic Mediation in Executive Strategic Judgment

Mechanism	Core Process	Primary Theoretical Anchor	Adaptive Benefit at Moderate Centrality	Strategic Risk at High Centrality
Algorithmic Structuring of Attention	AI systems pre-select and prioritize environmental signals, shaping executive salience	Attention-Based View (Ocasio, 1997; 2011)	Enhanced signal integration and faster detection of emerging patterns	Attention convergence; suppression of weak or anomalous signals
Probabilistic Framing of Strategic Alternatives	AI generates scenario options based on statistically dominant patterns within training distributions	Behavioral Strategy (Gavetti, 2012); Exploration–Exploitation Logic (March, 1991)	Expanded option articulation; improved comparative evaluation	Narrowing of cognitive framing diversity; exploitation bias

Mechanism	Core Process	Primary Theoretical Anchor	Adaptive Benefit at Moderate Centrality	Strategic Risk at High Centrality
Recalibration of Epistemic Authority	Algorithmic outputs gain persuasive legitimacy within top management deliberation	Upper Echelons Theory (Hambrick & Mason, 1984); Algorithmic Management (Kellogg et al., 2020)	Structured justification and reduced arbitrary bias	Authority centralization around AI-mediated actors; accountability diffusion
Temporal Compression of Decision Cycles	AI-enabled real-time synthesis accelerates iteration and adaptation	Organizational Learning (Levinthal & March, 1993); Managerial Short-Termism (Laverty, 1996)	Increased responsiveness and alignment across decision cycles	Erosion of long-term commitment; fragmentation of strategic continuity

Source: Developed by the authors

Table 2 consolidates the four mediating mechanisms into a structured analytical comparison. By juxtaposing core processes, theoretical foundations, adaptive benefits, and high-centrality risks, Table 2 clarifies the conditional and non-linear logic of algorithmic mediation. The table demonstrates that each mechanism carries both augmentative and destabilizing potential, thereby reinforcing the article's argument that generative AI reshapes strategic judgment architecture rather than producing uniformly positive effects.

5.1 An Integrative Model of Algorithmic Mediation in Strategic Judgment

The integrative model conceptualizes generative AI as a structural layer embedded within the architecture of executive decision-making. Rather than functioning as a discrete analytical tool, AI becomes a mediating infrastructure that shapes how strategic issues are surfaced, interpreted, deliberated, and authorized.

The following model theorizes generative AI as a structural layer embedded within executive decision architecture. It specifies the sequential mechanisms through which algorithmic mediation reshapes attention allocation, framing diversity, authority distribution, and temporal orientation. By integrating these processes, the framework clarifies how varying levels of AI centrality produce non-linear consequences for long-term strategic coherence.

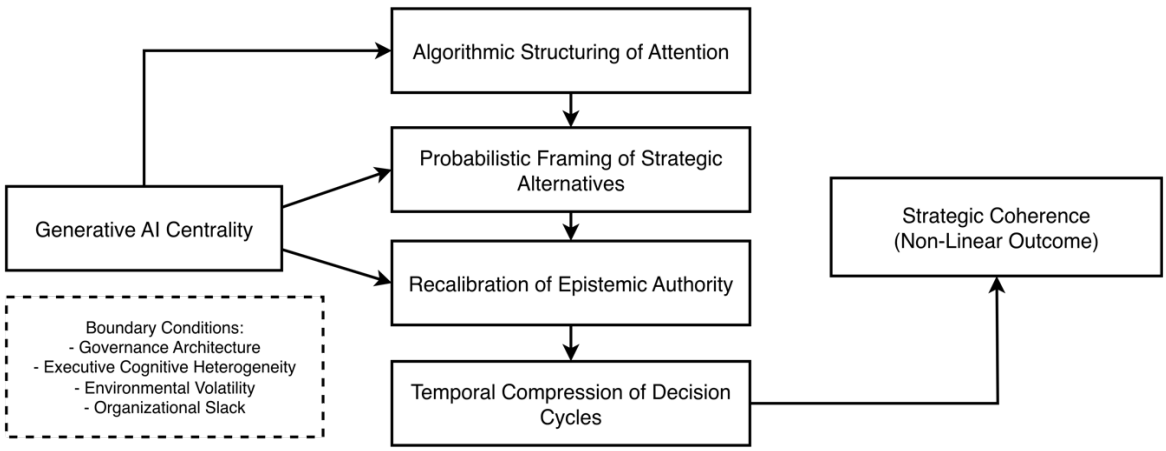

Figure 1. Algorithmic Mediation of Executive Strategic Judgment
Source: Developed by the authors

Figure 1 articulates the mechanism-based architecture through which generative AI mediates executive strategic judgment. The model specifies a sequential pathway from AI centrality to attention structuring, probabilistic framing, authority recalibration, and temporal compression, culminating in non-linear effects on strategic coherence. By integrating these interdependent processes, Figure 1 clarifies that AI does not merely enhance information processing but restructures the cognitive and political microfoundations of strategy formation under identifiable boundary conditions.

The model unfolds sequentially. First, generative AI structures executive attention by algorithmically prioritizing environmental signals. This process influences which issues enter deliberative arenas and how urgency is constructed. Second, AI-mediated option generation shapes the cognitive representation of strategic space. Although option volume increases, the diversity of underlying frames may narrow due to probabilistic convergence. Third, as AI outputs gain epistemic legitimacy, authority within top management teams recalibrates. Actors associated with algorithmic interpretation may gain influence, while accountability structures shift toward model-referenced justification. Fourth, these processes collectively compress strategic time horizons by reinforcing real-time responsiveness and iterative recalibration.

Strategic coherence emerges as the outcome variable of this mediated architecture. At moderate levels of AI centrality, enhanced information synthesis and expanded scenario articulation may strengthen coherence by aligning attention and decision processes. Beyond a threshold, however, convergence of salience, narrowing of framing diversity, authority centralization, and temporal compression may reduce exploratory breadth and destabilize long-term positioning.

This conceptual curve formalizes the argument that increasing generative AI centrality does not translate into uniformly better strategic judgment. It highlights an “optimal zone” in which AI-mediated synthesis supports coherence, followed by a threshold where convergence and temporal compression begin to erode long-term alignment. The model makes the non-linear logic explicit so boundary conditions can be theorized as shifting the inflection point rather than merely changing effect size.

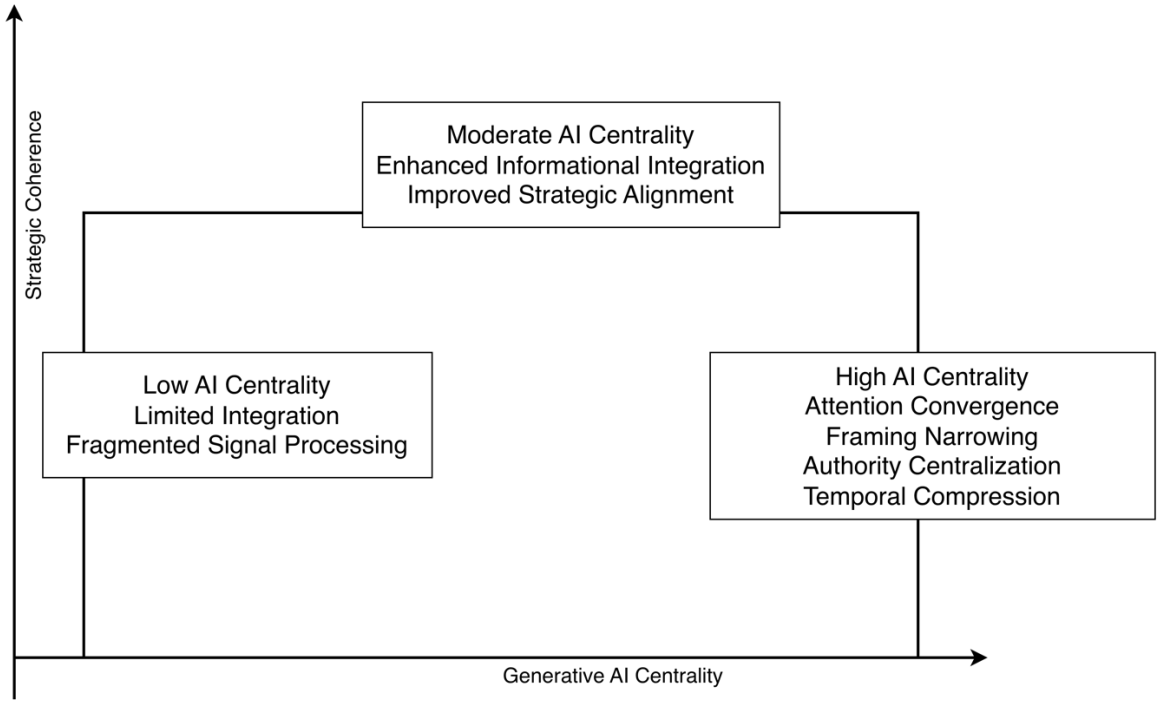

Figure 2. Non-Linear Relationship Between Generative AI Centrality and Strategic Coherence
Source: Author’s conceptualization

As presented in Figure 2, strategic coherence improves as generative AI becomes moderately central to executive judgment, reflecting stronger synthesis and faster integration of strategic signals. Past the indicated threshold, coherence declines as attention converges on statistically reinforced cues, framing variety contracts around dominant templates, epistemic authority concentrates around algorithmic outputs, and decision cycles compress. Figure 2 therefore operationalizes the paper's core claim that AI centrality produces contingent, non-monotonic consequences rather than linear performance gains.

The model therefore specifies a non-linear relationship between generative AI centrality and strategic coherence, conditioned by governance strength, cognitive heterogeneity, environmental volatility, and organizational slack. Algorithmic mediation is neither inherently beneficial nor inherently destabilizing; its consequences depend on how deeply it becomes embedded and how robustly it is governed.

By situating generative AI within the microfoundations of attention, framing, and authority, the model shifts analysis from technology adoption to decision architecture transformation. It reframes AI not as an external enabler of performance but as an internal structuring force that reshapes the cognitive and political dynamics of strategy formation.

5.2 Theoretical Contributions to Strategic Management Scholarship

This study contributes to strategic management theory in three primary ways. First, it extends the attention-based view of the firm by introducing algorithmic salience as a structural determinant of executive attention. Prior formulations conceptualize attention as shaped by organizational rules, communication channels, and institutional logics (Ocasio, 1997; Ocasio, 2011). The present framework adds a technological layer: generative AI operates as a gatekeeping mechanism that filters and prioritizes environmental signals. This extension preserves the core premise of selective attention while updating its structural sources.

Second, the article reinterprets upper echelons theory under conditions of hybrid cognition. While strategic outcomes continue to reflect managerial interpretation (Hambrick & Mason, 1984), the inputs to that interpretation are increasingly algorithmically mediated. Executive cognition becomes scaffolded by probabilistic framing systems. This reframing does not displace human agency; rather, it relocates strategic influence to the interface between executives and algorithmic infrastructures. In doing so, the study integrates behavioral strategy (Gavetti, 2012) with emerging research on AI-enabled decision structures (Shrestha et al., 2019; Raisch & Krakowski, 2021).

Third, the framework contributes to scholarship on organizational power and authority by theorizing epistemic recalibration at the executive level. Algorithmic management research documents power shifts in operational contexts (Kellogg et al., 2020), but its implications for corporate strategy have remained underexplored. By conceptualizing generative AI as an epistemic actor within top management deliberation, the study identifies a new mechanism through which authority and accountability structures may evolve.

Collectively, these contributions reposition generative AI as a constitutive element of strategic judgment rather than as a peripheral analytical tool. The analysis suggests that future research on corporate strategy must account for algorithmic mediation as a foundational layer in executive decision architecture.

6. Discussion and Implications

The preceding analysis conceptualizes generative AI as a mediating infrastructure that restructures executive attention, framing diversity, authority distribution, and temporal orientation. This positioning diverges from dominant narratives that portray AI primarily as a performance-enhancing or efficiency-improving technology (Brynjolfsson & McElheran,

2016). Instead, the framework argues that generative AI intervenes at the level of strategic judgment architecture. The discussion below situates this claim in relation to established theoretical traditions and critically engages with prevailing assumptions in the literature.

6.1 Reconsidering Human-Centered Strategic Cognition

Strategic management theory has long privileged human cognition as the central explanatory variable in strategic outcomes. Upper echelons theory assumes that strategic choices reflect executives' cognitive frames and values (Hambrick & Mason, 1984). Behavioral strategy further emphasizes the role of mental models and interpretive representations in shaping competitive positioning (Gavetti, 2012). These perspectives implicitly treat technological systems as auxiliary instruments rather than constitutive elements of cognition.

The present framework challenges this assumption. If executive attention is partially structured by algorithmic filtering and if strategic alternatives are probabilistically generated, then cognition is no longer exclusively human-centered. Rather than displacing human agency, generative AI redistributes it across a hybrid system of human–algorithm interaction. This argument aligns partially with research suggesting that AI reshapes managerial roles (Raisch & Krakowski, 2021) but extends it by locating the transformation at the microfoundational level of strategic framing.

A potential counterargument is that executives remain ultimate decision-makers and therefore retain cognitive primacy. However, the attention-based view demonstrates that what is not attended cannot be strategically acted upon (Ocasio, 1997). If algorithmic systems influence what is surfaced and emphasized, they indirectly shape strategic trajectories. The mediation occurs upstream of formal decision authority. The contribution, therefore, is not a claim of automation but a refinement of how bounded rationality operates under algorithmic conditions.

6.2 Challenging the Assumption of Linear AI Benefits

Much of the AI management literature highlights efficiency gains, improved forecasting, and enhanced coordination (Brynjolfsson & McElheran, 2016; Shrestha et al., 2019). These accounts often imply a monotonic improvement in decision quality as AI integration deepens. The non-linear logic advanced in this article questions that implication.

The exploration–exploitation framework (March, 1991) and subsequent research on competency traps (Levinthal & March, 1993) demonstrate that performance-enhancing routines can undermine long-term adaptability when over-intensified. Generative AI may similarly generate short-term informational advantages while narrowing framing diversity and compressing temporal horizons. The apparent abundance of strategic options may conceal convergence around historically reinforced templates.

This critique does not reject AI's performance potential; rather, it reframes the issue from output efficiency to decision architecture stability. The literature on dynamic capabilities emphasizes reconfiguration under turbulence (Teece, 2007). If algorithmic mediation reduces exposure to weak or anomalous signals in volatile environments, it may inadvertently weaken sensing capabilities. The implication is that AI intensification must be evaluated in relation to strategic coherence and adaptability, not solely efficiency metrics.

6.3 Power, Authority, and Epistemic Legitimacy

Research on algorithmic management documents how algorithmic systems acquire implicit authority in operational contexts (Kellogg et al., 2020; Faraj et al., 2018). The present framework extends this insight to executive deliberation. When AI-generated analyses are perceived as objective or data-driven, they may recalibrate persuasive weight within top management teams.

One might argue that executives are unlikely to defer epistemically to generative systems, given their experience and authority. However, organizational sociology suggests that legitimacy often attaches to artifacts framed as neutral or technical (Suchman, 1995). Algorithmic outputs may acquire legitimacy precisely because they are framed as statistically grounded. The epistemic shift may thus occur subtly, through rhetorical reliance on model-generated rationalizations.

This recalibration raises questions about accountability. If strategic commitments are justified by reference to algorithmic analyses, responsibility may diffuse. While this diffusion may protect individual executives, it may also obscure interpretive contestation that is critical for robust strategy formation. The framework therefore invites empirical examination of how AI-mediated deliberation reshapes internal power asymmetries and accountability norms.

6.4 Temporal Orientation and Strategic Coherence

The compression of strategic time horizons represents a further point of theoretical engagement. Research on managerial short-termism demonstrates how performance pressures distort long-term investment decisions (Laverty, 1996). Generative AI's capacity for rapid scenario simulation and continuous recalibration may intensify such pressures by normalizing iterative adjustment over sustained commitment.

However, it would be reductive to assume that acceleration necessarily undermines coherence. Under certain conditions, enhanced synthesis may improve alignment across units and clarify strategic priorities. The critical issue is whether acceleration displaces deliberative reflection. Organizational slack and governance discipline become central moderators in this regard.

By integrating insights from behavioral strategy, attention-based theory, and algorithmic management, the article positions generative AI as a catalyst that can either enhance or destabilize strategic coherence. The determining factor is not technological sophistication but the organizational embedding of algorithmic mediation.

6.5 Implications for Future Research

The framework opens several avenues for empirical inquiry. First, experimental studies could examine how AI-generated strategic briefings influence executive attention allocation and framing diversity. Second, longitudinal research could analyze how increasing AI centrality correlates with shifts in strategic time horizons and investment patterns. Third, qualitative studies of top management deliberation could explore how epistemic authority is negotiated in AI-mediated contexts.

More broadly, strategic management scholarship must reconsider the microfoundations of decision-making in digitally intensive environments. As generative systems become more integrated into executive routines, the boundary between human judgment and technological mediation will become increasingly porous. Theoretical models that assume stable cognitive architectures may require revision to account for hybrid decision structures.

7. Conclusion

This study reconceptualizes generative AI not as a peripheral analytical tool, but as a mediating infrastructure embedded within the architecture of executive strategic judgment. By integrating perspectives on attention allocation, managerial cognition, and organizational authority, the framework demonstrates that AI intensification restructures how strategic issues are surfaced, how alternatives are framed, and how authority is exercised within top management teams. Strategic judgment, under these conditions, becomes a hybrid process shaped by both human interpretation and algorithmically structured salience.

The central contribution lies in shifting the analytical locus from performance outcomes to decision architecture. Rather than assuming that greater AI integration linearly enhances strategic quality, the analysis specifies mechanisms through which algorithmic mediation can generate non-linear consequences for strategic coherence and long-term adaptability. Attention convergence, probabilistic framing, authority recalibration, and temporal compression together form a structural pathway through which generative AI reshapes corporate strategy formation.

Importantly, the framework rejects technological determinism. The effects of algorithmic mediation are contingent on governance discipline, executive cognitive heterogeneity, environmental volatility, and organizational slack. Generative AI may enhance coherence and responsiveness when embedded within robust oversight structures, yet it may also induce convergence and short-termism when centrality intensifies without institutional safeguards.

By theorizing generative AI as a constitutive layer in executive decision processes, the study challenges the implicit assumption that strategic cognition remains exclusively human-centered in digitally intensive environments. Future strategic management research must therefore account for algorithmic mediation as a foundational element of contemporary corporate strategy. The evolution of generative systems will not merely refine analytical capabilities; it will continue to reshape the cognitive and political microfoundations through which strategic direction is constructed and sustained.

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