Croatian Corporate Governance and Management Society

# HYPE TO VALUE: A FRAMEWORK FOR ASSESSING THE BUSINESS JUSTIFICATION AND MANAGING INVESTMENTS IN ARTIFICIAL INTELLIGENCE AT THE MANAGEMENT AND SUPERVISORY BOARD LEVEL

Type of paper: professional article
Submission date: [20.04.2026]

Author's full name: Ivan Jajić, PhD
Institution/organization: Croatian Corporate Governance and Management Society
Author's e-mail: ivan@jajic.com

## Abstract

The paper presents investment in artificial intelligence as a strategic and managerial role, not just a technological one. The paper aims to bring the topic of implementing disruptive technologies, in this case artificial intelligence, closer to the management and supervisory boards of companies with clearly defined frameworks of organizational behavior. Implementation is possible if the business value thesis is satisfied, which emphasizes that, in such investments, the application of technology alone is not sufficient; it is achieved only with a clear business purpose, organizational readiness, defined responsibilities within the organization, and continuous process monitoring. A framework has been set to assess the investment justification in line with professional literature, while considering the roles of the management and supervisory boards in the implementation of artificial intelligence within the organization. Special attention is paid to the issue of business value, risk and responsible corporate governance.

## Keywords

Artificial intelligence, supervisory board, management, business value

## 1. Introduction

Technological progress and development have experienced a significant increase in the past few years. The continuous development of disruptive technologies is visible, which requires systematic and organizational efforts to be properly implemented or accepted within the organizational culture of the company in the form of increasing business value. Among disruptive technologies, artificial intelligence stands out in particular, and systems based on neural networks and large language models are of particular importance. With the increase in the application of generative artificial

intelligence, it has become clear that it is not only a technological or infrastructure issue, but also a question of corporate governance or the creation of business value. However, research shows that the application or implementation of artificial intelligence itself is becoming, on the one hand, imposed on companies where there may be a fear of market incompetence or lagging behind others, and not as a rational decision. Furthermore, the risk profile as well as the strategic decision of implementation are an important part that should not be neglected (Singla et al., 2025). Further development is visible in the regulatory framework through the EU AI Act, the NIST framework for artificial intelligence risk management and the ISO/IEC 42001 standard. It is evident that precisely structured, well-thought-out and well-implemented technology-savvy decisions are important in any application of disruptive technologies, and in this form, clearly defined for artificial intelligence (European Commission, 2025; NIST, 2023 & 2026; International Organization for Standardization, 2023). The purpose of the paper is to bring closer and clarify how the implementation of any disruptive technology, in this case artificial intelligence, is primarily a strategic and management decision on the creation of business value, and a secondary technological one.

## 2. Why investments in artificial intelligence are not just a technological, but also a management decision

In the next few subsections, each of the important items when deciding on the implementation of artificial intelligence will be clearly indicated and explained. The chapter is divided into investment, management and determining business value.

### 2.1. Artificial intelligence as an investment decision

Given the organization of the supervisory board, i.e., the number of specialized committees, it is important to emphasize that a permanent committee related to innovation is important today. The committee itself could more clearly assess, given the current operational and management tasks within the company, which options are acceptable in terms of improving business through disruptive technologies (Tipurić & Cindrić, 2024). Artificial intelligence is not just another tool that we can use, but an investment decision that requires fundamental and organizational value and the adaptation and development of new competencies. Precisely because of its generative nature, artificial intelligence also requires a legal framework in the form of operation within the organizational model, mainly due to its involvement in business decision-making and the operational aspect of business. Furthermore, the problems that exist within a particular company through the innovation committee can be assessed in a quality manner according to market standards and the framework and implementation options can be defined with clear indications of more efficient business operations. For this reason, the decision to implement or invest in artificial intelligence must be set as a strategic and management decision with clearly defined goals, success criteria and expected benefits through solving a particular business problem. Therefore, this decision should not be conditioned only by technological progress, because this can become commercially marginal and costly.

### 2.2. Artificial intelligence as a management issue

The management component is very important in addition to the investment component and is necessary in terms of responsibility, transparency, supervision and, finally, risk management during the implementation of artificial intelligence. Furthermore, the regulatory and standardization frameworks classified it within the area of structured management. Each of the mentioned frameworks relies on its domains, but the formalization of the artificial intelligence management system within the company, with defined criteria and understanding of the context and finally measuring the performance of the implementation is crucial. Of course, compliance with legal norms and responsible use are key elements of any formalization (European Commission, 2025 & 2026; NIST, 2023 & 2026; International Organization for Standardization, 2023). Therefore, artificial intelligence should not be considered an external service because it is a crucial part of the company's business process in the case of implementation. In addition to the above, supervisory boards and management must understand the purpose of use, risks, responsibility and the method of supervision. Without the aforementioned understanding of the members of the supervisory board and management, there may be issues regarding controls and defining clear ownership, i.e., who is responsible if the expected results of the implementation of artificial intelligence are not achieved.

### 2.3. Artificial intelligence as an investment decision

Increasing the business value of a company does not necessarily mean that implementing artificial intelligence is necessary. The key question is whether a particular company achieves measurable business value with the aforementioned investment. It is important to set and define the value using criteria that can be some of the following: revenue growth, increased productivity, a more efficient business model, better quality of decisions, etc. Pilot projects and experimentation with the implementation of artificial intelligence do not necessarily carry greater value. The same is possible if, along with the implementation itself, changes occur in the workflows, management mechanism, or in the distribution of responsibilities of the company (Singla et al., 2025). Furthermore, the above was confirmed by the Australian Institute of Company Directors, 2024, who emphasize the already evident, which is that clear rules, clearly defined responsibilities and risk oversight are needed in order for the implementation of artificial intelligence to have a positive impact on business value. A business goal with a clear organizational and management model can achieve value by implementing artificial intelligence, but without this, it will probably remain at the pilot project stage. Due to all of the above, it is evident that the implementation of artificial intelligence alone is not enough for the company to achieve business value, but a need for a formalized organizational framework in which everyone knows their place or responsibility is very important. The same will be explained in more detail in the next chapter.

## 3. From hype to value - an author's framework for investment assessment and implementation of artificial intelligence

In the next few subchapters, the organization's readiness for the potential implementation of artificial intelligence will be defined. Furthermore, governance, accountability, and monitoring and control are key next steps if the organization is ready for this decision.

### 3.1. Organization readiness

An organization's readiness is a more important item than evaluating an investment in artificial intelligence. Organizational culture is a key element in assessing whether there is a foundation for responsible, effective, and sustainable application of artificial intelligence. According to the Australian Institute of Company Directors & Human Technology Institute, 2024 practice shows that the failure of the implementation of artificial intelligence lies precisely in the shortcomings of the organizational structure. Initially, it is important to check whether the company has a sufficient base, that is, quality data and processes that can be meaningfully upgraded through the implementation of artificial intelligence. Furthermore, are there sufficient competencies of authorized persons within the company for implementation and supervision, as well as clearly defined "owners" of projects and a ready innovation culture of the company (NIST, 2023). The database is crucial in the implementation of artificial intelligence, considering that without it, it is difficult to realize business value. The relevance and technical quality of the data of the targeted business problem, with defined responsibility and governance, are important parts of the organization's readiness. NIST's framework for artificial intelligence risk management emphasizes the need to understand the context of use, the quality of inputs and the reliability of results as fundamental assumptions for the responsible application and implementation of artificial intelligence (NIST, 2023). Before implementing artificial intelligence, the company's management and supervisory board must assess whether there is a specific business process that is suitable for this type of investment. Improving the quality, speed, accuracy, or efficiency of decision-making and operational execution are important aspects of process adaptability. The implementation and synergy of artificial intelligence within workflows and organizational structures also bring better business values (Singla et al., 2025). The IT literacy of the organization, according to the European regulatory framework, is an important step towards the competence readiness of the organization. It is precisely the development of knowledge and abilities for the responsible use of artificial intelligence that is more important than leading a technological solution (European Commission, 2025). This requires competencies for defining a business project, understanding the limitations of the model, and monitoring the model itself, all for the purpose of justifying the implementation of artificial intelligence. The owner or responsible person of a particular project is a key aspect for the later evaluation and revision of the results of the implementation of artificial intelligence. Due to the influence of external factors and the organizational culture itself, accountability problems can arise if the person in charge of a particular business project is not clearly defined. Therefore, with this decision, the implementation of artificial intelligence becomes a management decision, not a technological experiment (Australian Institute of Company Directors, 2024; Tipurić & Cindrić, 2024). Organizational culture cannot be rigid, or it must be ready for change in the form of innovation. If the management or supervisory board decides without knowing its own organizational culture, any investment can lead to failed actions. Fear of the new and unknown can be a key factor, even if all other elements are in place, and thus affect the business value itself. If there is already an implementation of artificial intelligence within individual departments, it is important to define the purpose, current application, and results, and set the above as the starting point for further management (Australian Institute of Company Directors & Human Technology Institute, 2024).

### 3.2. Governance and accountability

Further to the readiness of the organization for any implementation of artificial intelligence, setting and defining the answers to the questions of who decides, who implements and who is responsible for the same is crucial. Furthermore, due to the close connection between artificial intelligence and business processes, interaction with users and data processing, it requires clearly defined rules and reporting mechanisms (ISO, 2023; NIST, 2023 & 2026). The implementation of artificial intelligence must not arise from the assessment of the IT department or an external factor, but must be defined through a goal, benefit and risk assessment (Singla et al., 2025; World Economic Forum, 2025). Financial justification is the next step, along with alignment with strategy, organizational readiness, and who makes investment decisions and how management and oversight boards will be reported (ISO, 2023; NIST, 2023). Furthermore, it can be concluded that governance and accountability are an important part of the framework for the potential implementation of artificial intelligence. This is precisely the way to ensure proper decision-making, risk and general monitoring, i.e., creation of business value (Tipurić, 2015; Tipurić & Cindrić, 2024).

### 3.3. Monitoring and supervision

Once the readiness, management and responsibility frameworks of the organization have been met for the implementation of artificial intelligence, the decision-making process is just beginning. Evaluation and monitoring of the realization of an investment of a certain defined business value and potential problems, such as new risks, i.e., adaptation or complete stoppage of the business process, are the main parts of the framework of monitoring and supervision of the implementation of artificial intelligence. Continuous monitoring and adaptation are very important and the implementation of artificial intelligence within the organization should not be seen as a one-time role (Australian Institute of Company Directors, 2024; NIST, 2023). Performance indicators such as revenue growth, cost reduction, better user experience, faster processing, greater accuracy, and the like are important parts of this approach. Indicator control, along with assessment and monitoring of risks such as system deviation, regulatory issues, and supplier dependency are important elements of supervision (NIST, 2023; ISO, 2023). Furthermore, in order for the supervisory board and management of the company to have accurate and timely information, it is important to establish regular reporting with predetermined criteria. The criteria can be related to possible adjustments, prolongation, or interruption of the investment or the implementation of artificial intelligence in order to avoid further investment if the expected business value is not realized (Tipurić & Cindrić, 2024; Singla et al., 2025; World Economic Forum, 2025). It can be concluded that a responsible approach to investments in artificial intelligence includes clearly set goals, regular monitoring of results, and readiness to make timely corrective decisions (NIST, 2023; Tipurić, 2015).

A company's investment in the implementation of artificial intelligence starts with a clearly defined business problem and a goal that can be achieved with the mentioned investment. In order for the investment to have a good foundation, the organization must be ready to implement it and have pre-defined responsibility frameworks, monitoring, and supervision mechanisms. Furthermore, by setting clear metrics for assessing the success of artificial intelligence implementation and timely and detailed reporting to management and the supervisory board, the company can expect to create

business value. Otherwise, with this type of implementation, the organization probably remains at the level of technological hype, i.e., a pilot project, and will not achieve the expected business value (OECD, 2024).

## 4. The role of the management board and supervisory board in decision-making on investments in artificial intelligence

A proper decision on investments in the implementation of artificial intelligence within a company is not possible without a clear distinction between the management and the supervisory board. The functions are different, but both are focused on long-term sustainability. The management's task is aimed at shaping and implementing a business strategy with the organization of responsibilities and operational implementation. The supervisory board, on the other hand, is oriented towards supervising the actions of the management and its goal is to protect the long-term interests of the company and its stakeholders (Tipurić, 2006; Tipurić & Cindrić, 2024).

In terms of implementing artificial intelligence, the management must first define the business goal of the initiative. Therefore, the foundation is not technology and its implementation, but a clearly defined business problem, or rather an opportunity for implementing artificial intelligence in the form of solving a business problem. In order for the business goal to be met, the management defines and secures resources for implementation, defines the responsibility holder and success criteria (Australian Institute of Company Directors, 2024; Singla et al., 2025).

On the other hand, the supervisory board does not manage the operational implementation, but must review the strategic logic of the investment and seek clear evidence of its business justification. The assessment of the proposed investment in artificial intelligence must be in accordance with the organization's strategic priorities, whether it will create additional business value and whether the organizational prerequisites are in place, and whether the company is ready for such a decision. Furthermore, management oversight and setting investment performance criteria are key to the successful implementation of artificial intelligence within an organization (Australian Institute of Company Directors, 2024; NIST, 2023). It is precisely this approach at the board level that is important to ensure that any investment driven by technological development is made responsibly, according to the rules of the organization and, of course, to contribute to the long-term sustainability of the organization (Australian Institute of Company Directors, 2024; OECD, 2024).

In the Croatian context, such an understanding is particularly important because it strengthens the role of the supervisory board as a body that does not react only when problems arise, but rather examines the quality of business decisions in advance and monitors whether they are made in a manner that is in line with the principles of good corporate governance (Tipurić, 2015; Tipurić & Cindrić, 2024).

In order for members of the management board and supervisory board to more easily assess the quality of investment proposals in artificial intelligence in practice, it is useful to ask a set of fundamental questions that direct the discussion from technological interest towards business justification and management responsibility. Some of the questions, according to the Australian

Institute of Company Directors, 2024 and the Australian Institute of Company Directors & Human Technology Institute, 2024, may be:

- What business problem does the proposed artificial intelligence implementation solve?
- What is the expected business value and how will it be measured?
- What are the key assumptions for success and what happens if the project does not achieve the expected results?
- Does the organization have sufficient quality data to responsibly and effectively apply artificial intelligence?
- Who is the business owner of the initiative and who is accountable for the results of such a project?
- What are the regulatory, ethical, operational and reputational risks associated with the proposed implementation?
- Is the organization overly dependent on a single vendor, platform or model?
- How will human oversight of the artificial intelligence implementation and decision-making be organized?
- When will the management and supervisory board receive the first reports on the results and based on which indicators?
- What are the criteria for expanding, correcting, temporarily suspending or stopping the initiative?

The value of such a list of questions is not to replace detailed analysis, but to facilitate a disciplined discussion at the management and supervisory board level. When such questions are systematically asked, the likelihood that decisions about investments in artificial intelligence will be driven solely by market pressure, technological enthusiasm, or reputational expectations decreases. Instead, the investment is viewed as a strategic decision that must meet the same standards of business justification, accountability and oversight as any other major investment (Tipurić, 2006; World Economic Forum, 2025). It can therefore be concluded that cooperation and a clear delineation of responsibilities between the management and the supervisory board are important for quality decision-making about investments in artificial intelligence. Synergy is important, but the roles of the management and the supervisory board must be known. Both must be reported on time and perform their tasks for the implementation of artificial intelligence to be valid. (Tipurić & Cindrić, 2024).

## 5. Conclusion and practical implications for organisations

The strategic decision of the company and its implementation with clearly defined business project goals are the key starting point for thinking about the implementation of artificial intelligence. Decisions on the implementation of artificial intelligence must be made independently by the management and supervisory board, and not under the influence of third parties. Only after an in-depth analysis of the company's real needs is there room for such decisions. Decisions should not be based on the market hype of a certain technological innovation, since this may not be visible in the business benefit or value of the company. The management board is tasked with formulating a

business-based investment proposal and ensuring the prerequisites for its implementation, while the supervisory board must check whether such an investment is in line with the company's strategy. Furthermore, the supervisory board must additionally check whether the risks and responsibilities are clearly set and whether there is a realistic basis for achieving the expected business value. Organizations that base their decisions on the aforementioned approach are more likely to convert investment in artificial intelligence and its implementation into real business value. In this way, they move away from the thesis that this decision is only technological, but rather apply the thesis that the implementation of artificial intelligence within the company is a corporate management and strategic decision.

## References

Australian Institute of Company Directors. (2024, June 11). Directors' guide to AI governance. https://www.aicd.com.au/innovative-technology/digital-business/artificial-intelligence/governance-of-ai.html

Australian Institute of Company Directors, & Human Technology Institute. (2024). AI governance checklist for SME and NFP directors. https://www.aicd.com.au/content/dam/aicd/pdf/tools-resources/director-resources/ai-governance-checklist-sme-nfp-directors-web.pdf

European Commission. (2025, February 2). AI Act. Shaping Europe's digital future. https://digital-strategy.ec.europa.eu/en/policies/regulatory-framework-ai

European Commission. (2026, January 28). Navigating the AI Act. Shaping Europe's digital future. https://digital-strategy.ec.europa.eu/en/faqs/navigating-ai-act

International Organization for Standardization. (2023). ISO/IEC 42001:2023 Information technology—Artificial intelligence—Management system. https://www.iso.org/standard/42001

National Institute of Standards and Technology. (2023). Artificial intelligence risk management framework (AI RMF 1.0) (NIST AI 100-1). https://nvlpubs.nist.gov/nistpubs/ai/nist.ai.100-1.pdf

National Institute of Standards and Technology. (2026, March 27). NIST AI RMF playbook. https://www.nist.gov/itl/ai-risk-management-framework/nist-ai-rmf-playbook

Organisation for Economic Co-operation and Development. (2024). Framework for anticipatory governance of emerging technologies (OECD Science, Technology and Industry Policy Papers No. 165). OECD Publishing. https://doi.org/10.1787/0248ead5-en

Singla, A., Sukharevsky, A., Yee, L., Chui, M., & Hall, B. (2025, March 12). The state of AI: How organizations are rewiring to capture value. McKinsey & Company. https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai-how-organizations-are-rewiring-to-capture-value

Tipurić, D. (2006). Nadzorni odbor i korporativno upravljanje [Supervisory board and corporate governance]. Sinergija - nakladništvo.

Tipurić, D. (Ed.). (2015). Korporativno upravljanje u Hrvatskoj: Ocjena kvalitete korporativnog upravljanja hrvatskih dioničkih društava SEECGAN metodologijom [Corporate governance in Croatia: Assessment of the quality of corporate governance of Croatian joint-stock companies using the SEECGAN methodology]. CIRU - Centar za istraživanje i razvoj upravljanja.

Tipurić, D., & Cindrić, L. (2024). Nadzorni odbor: Korporativno upravljanje i grupna dinamika [Supervisory board: Corporate governance and group dynamics]. CIRU - Centar za istraživanje i razvoj upravljanja.

World Economic Forum. (2025, April 22). Shaping tomorrow: Responsible innovation for a brighter future. https://www.weforum.org/publications/shaping-tomorrow-responsible-innovation-for-a-brighter-future/