

Redefining Business Education for the AI-Augmented Era

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In recent years, Australian business schools have responded to significant contextual changes, adopting online and hybrid teaching and integrating climate change and sustainability into their curricula. However, the biggest shift might still lay ahead. As the world embraces advanced technologies, the next paradigm shift in Australian business schools must involve preparing leaders for artificial intelligence (AI) augmented leadership. Industries are enthusiastically integrating AI at a rapid pace. However, as the traditional centre of knowledge and skill dissemination, higher education is grappling with the rapid AI advancement implications, focusing on risks such as academic integrity challenges, bias in AI-generated insights, and the potential deskilling of human decision-makers. This risk-oriented perspective can lead to a narrow focus that overlooks the need to prepare students for the future of work. While concerns like academic integrity and algorithmic bias are valid, significant opportunities exist to enhance research productivity, develop more personalised learning experiences, and leverage AI for complex decision-making support (Hashmi & Bal, 2024). This gap is compounded by questions of the relevancy of Australian higher education and its contribution to the economy and the future of business schools in training future leaders (House Standing Committee on Industry, 2023).

In this context, progressive business schools will seize the unique opportunity to redefine what they teach and how they educate future leaders to develop AI-driven, research-informed decision-making skills balanced with ethical and sustainable leadership practices. This chapter builds on discussions in earlier chapters that explored global trends, governance structures, and the impact of digitalisation to present a hopeful scenario in which Australian business schools respond to the urgent need to equip future business leaders with the skills and mindset needed to operate in AI-augmented era.

Shaping Ethical, Agile Leaders for the AI-Augmented Workplace

Augmented AI refers to systems designed to enhance rather than replace human capabilities. Unlike current AI systems used primarily to automate specific tasks, an AI-augmented workplace integrates AI-driven insights with human expertise, enhances decision-making and improves human collaboration and problem-solving. However, the increased reliance on AI systems for decision-making introduces complex challenges, including algorithmic bias, transparency, and accountability.

Future leaders will require distinct human qualities of ethical responsibility and the ability to make decisions in complex and diverse contexts (Shrestha et al., 2019). Business schools can develop these qualities through dedicated ethics modules, AI ethics labs, and interdisciplinary courses that bring together business strategy with technological literacy, and

immersive learning environments. This approach will engage students in real-world problem-solving scenarios and ethical decision-making frameworks, creating a cohesive and comprehensive educational experience. For example, programs may include real-world case studies on ethical dilemmas in AI, role-playing exercises that challenge students to navigate complex decision-making scenarios, and mentorship opportunities with industry leaders who emphasise ethical leadership (Harvard Business Review, 2021).

The future of management requires a blend of technical proficiency and ethical acumen. Curricula will integrate courses in data analytics, machine learning, and AI ethics alongside traditional business subjects. Furthermore, future leaders should have the skills to step outside the traditional management areas, such as accounting, marketing, or HR, to solve complex cross-disciplinary problems. Hence, business schools will focus on an agile mindset and problem-based learning where students engage in continuous, iterative problem-solving and project-based learning, preparing them for the rapid shifts in market dynamics and organisational needs driven by augmented AI. Additionally, ethical considerations are critical when working with AI, specifically when addressing accountability, fairness, transparency, and privacy issues. While AI systems cannot be expected to be more ethical than the data they were trained on, they can help with developing capabilities with students as they reflect our biases and moral flaws; AI can help decision-makers gain deeper insights into the psychological underpinnings of ethical behaviour, ultimately improving their ability to make ethical decisions (De Cremer & Narayanan, 2023).

Bringing the Future of Work to the Classroom: Transforming Teaching and Learning

The emphasis on educating future leaders to work in AI-augmented workplaces calls for a fundamental shift in how schools prepare students for future management roles. While current teaching methods have laid a strong foundation in business education, these traditional lecture-based delivery methods will be augmented with experiential, problem-based, and interdisciplinary approaches that mirror the realities of AI-enhanced workplaces.

Universities must increasingly augment AI to enrich the educational experience and equip students with the skills to navigate environments where dynamic data-driven decisions are the norm. First, schools will continue to advance their AI-based adaptive learning platforms that analyse student performance in real-time and adjust instructional content, ensuring that learners receive support tailored to their unique needs. This approach is evolving to demonstrate improved academic outcomes and foster a more engaging and inclusive educational environment. Next, Advanced AI-powered simulations will be used more widely to replicate complex business scenarios, such as multidisciplinary collaboration in professional services, dynamic financial portfolio management in economics, and crisis management in the mining industry. These simulated scenarios allow students to practice dynamic and evolving decision-making in controlled environments. Integrating Extended Reality (XR) technologies with AI can enhance the simulation learning experience, making complex concepts more accessible and engaging.

Finally, AI tools, including advanced language models (LLMs) and Generative AI (for example, ChatGPT), will be utilised extensively to help students and researchers analyse large datasets, helping with insights that inform evidence-based decision-making and strategy development. Future leaders' understanding of research-based and data-driven

decision-making is critical as Australia grapples with research contribution to the economy through industry, academic collaboration, and research commercialisation.

The Australian Context: National and International Implications

Australia's higher education business schools are uniquely positioned to lead in preparing students to become business leaders in the future of work. This leadership is evidenced by initiatives such as the Australian Government's National Artificial Intelligence Strategy, which promotes AI integration across higher education, and the strong global standing of Australian universities, with several consistently ranking in the top 50 worldwide (Times Higher Education, 2022). Furthermore, Australian business schools have pioneered programs that blend AI, sustainability, and ethical leadership, such as the University of Melbourne's Centre for AI and Digital Ethics and the University of New South Wales (UNSW) Business School's AI-driven innovation labs. Also, national strategies on digital innovation and global competitiveness are driving institutions to rethink traditional models. However, while Australian universities consistently rank highly in global research and innovation indexes, the current state, outside of specific examples, seems reactive and slow in responding to the rapid changes in the business environment. For these transformations to be effective, educators must be proficient in using AI technologies for innovative teaching methodologies and the emerging skills expectations in the workplace. Continuous professional development programs should be mandated to ensure educators are well-versed in the technical and practical implications of augmented AI workplaces, enabling them to effectively mentor students (Behrendt et al., 2023).

Integrating augmented AI into business education requires a paradigm shift that calls for rethinking education and leadership training. Australian business schools might be left behind if they continue to respond reactively to the rapid advance of AI. However, the future can look different if schools embrace experiential, interdisciplinary teaching models, foster agile, data-driven, and ethically conscious leadership, and align educational strategies with national imperatives for innovation and global competitiveness. For this hopeful scenario to happen, educators and policymakers should prioritise the integration of AI ethics into curricula, invest in continuous professional development for faculty, and foster partnerships between academia and industry to ensure that business education remains relevant and forward-thinking.

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