Generative AI in Business Education: Reframing Academic Integrity as a Catalyst for Authentic Assessment

Hend Hassan
Arab Open University (AOU), Kuwait

hend.sameh@aou.edu.kw

Abstract: The rapid expansion of generative artificial intelligence (GenAI) is creating both significant opportunities and challenges for business education. While GenAI can support personalised learning, feedback, idea generation, and analytical activities, its capacity to produce sophisticated academic outputs challenges conventional approaches to authorship, academic integrity, and assessment. This theoretical paper synthesises recent literature to reconsider academic-integrity concerns not solely as risks to be controlled, but as potential catalysts for assessment innovation. The paper develops a conceptual framework in which the pedagogical opportunities and educational risks associated with GenAI expose limitations in conventional assessment practices and create pressure for assessment redesign. Assessment redesign, in turn, supports greater use of authentic assessment, while AI literacy, educator readiness, institutional support, and governance operate as enabling conditions. The framework contributes by integrating themes that are frequently addressed separately in the literature—GenAI affordances and risks, academic integrity, AI literacy, institutional support, assessment redesign, and authentic assessment—within a business-education perspective. The paper argues that sustainable GenAI integration requires moving beyond reliance on prohibition and detection towards assessment approaches that emphasise contextual application, reasoning, reflection, process evidence, and professional judgement. The framework provides a basis for future empirical examination and for designing credible assessment in AI-enabled business education.

Keywords: Generative AI, Business education, Academic integrity, Assessment redesign, Authentic assessment

1. Introduction

Generative artificial intelligence (GenAI) is rapidly reshaping higher education by changing how students access information, generate ideas, solve problems, and produce academic work. Its growing accessibility creates opportunities for personalised learning, rapid feedback, content development, and analytical support, while also raising concerns regarding authorship, academic integrity, overreliance on AI-generated outputs, and the credibility of conventional assessment (Michel-Villarreal et al., 2023; Yusuf et al., 2024).

These developments are particularly important in business education, where students are expected to demonstrate applied reasoning, problem solving, decision making, communication, and professional judgement. GenAI can support activities such as ideation, scenario analysis, and iterative learning, especially in applied areas such as entrepreneurship education (Almugren et al., 2026). However, its ability to produce sophisticated reports, analyses, and recommendations also makes it increasingly difficult to determine whether conventional written assessments provide reliable evidence of students' own capabilities.

This tension has placed assessment at the centre of the GenAI debate. Restriction and detection alone may be insufficient as AI becomes increasingly embedded in education and professional practice. Lye and Lim (2024) argue that GenAI creates an opportunity to reconsider assessment design, while Chapman and Dalgarno (2025) highlight the growing misalignment between legacy assessment practices and AI-mediated learning. Accordingly, greater emphasis is being placed on authentic and process-oriented approaches such as staged assessment, reflection, oral defence, contextualised tasks, and critical evaluation of AI-generated outputs. The Artificial Intelligence Assessment Scale similarly demonstrates how different levels of AI use can be incorporated transparently into assessment (Perkins et al., 2024).

Such change also depends on educator readiness and institutional support. Academics require sufficient AI literacy to understand GenAI capabilities and limitations, critically evaluate outputs, and make appropriate pedagogical decisions. This includes operational, critical, knowledge-related, and ethical dimensions (Ranieri et al., 2025), supported by appropriate professional development (Nyaaba & Zhai, 2024).

Although existing studies address GenAI opportunities and risks (Michel-Villarreal et al., 2023), assessment redesign (Lye & Lim, 2024), differentiated AI use (Perkins et al., 2024), AI literacy, and institutional conditions (Ranieri et al., 2025; Almugren et al., 2026), these strands are often examined separately. This is particularly relevant to business education, where assessment must demonstrate applied reasoning, contextual judgement, decision making, and professional competence.

This paper addresses this gap by reframing academic-integrity concerns as a catalyst for assessment redesign rather than solely as a constraint on GenAI use. It connects GenAI opportunities and risks to weaknesses in

conventional assessment, positions assessment redesign as a pathway towards authentic assessment, and identifies AI literacy, educator readiness, institutional support, and governance as enabling conditions. The resulting framework shifts attention from whether GenAI should be permitted towards how assessment can remain credible, meaningful, and professionally relevant in an AI-enabled business-education environment.

2. Theoretical Background and Literature Review

2.1 GenAI in Business Education: Opportunities and Risks

GenAI is increasingly embedded in higher education, supporting personalised explanations, feedback, brainstorming, drafting, content generation, and analytical activities (Michel-Villarreal et al., 2023; You, 2024; Sousa & Cardoso, 2025). These capabilities are particularly relevant to business education, where learning often involves case analysis, problem solving, decision making, communication, and responding to uncertain organisational situations. In entrepreneurship education, GenAI can support idea generation, iterative development, analysis, and exploration of alternative business scenarios (Almugren et al., 2026).

However, educational value depends on how GenAI is used. Fluent outputs do not necessarily demonstrate accuracy, sound reasoning, or genuine understanding, while excessive dependence may weaken creativity, critical thinking, and independent judgement (You, 2024). This is particularly important in business education, where students are expected to integrate theory, evidence, contextual information, and professional judgement.

Herath et al. (2025) show that AI tools can perform strongly on conventional essay-type assessments in business and management education, while also creating difficulties for detecting AI-generated work. The challenge therefore extends beyond misconduct to whether conventional written assessment still provides valid evidence of the capabilities it is intended to measure.

2.2 Academic Integrity and the Validity of Conventional Assessment

Academic integrity remains a major concern associated with GenAI. Students can use AI to generate essays, reports, analyses, summaries, and recommendations that resemble independently produced work, complicating established ideas of authorship, originality, and inappropriate assistance (Michel-Villarreal et al., 2023; You, 2024).

A detection-centred response has limitations. As GenAI becomes increasingly integrated into professional practice, complete exclusion may be neither realistic nor educationally desirable. Perkins et al. (2024) therefore propose differentiated levels of AI involvement in assessment, while Lye and Lim (2024) argue that academic-integrity concerns should encourage reconsideration of assessment purpose and design.

However, replacing conventional assessment with “authentic” tasks does not automatically resolve integrity concerns. Kofinas and Tsay (2025) show that GenAI can also affect authentic assessments and support complementary approaches such as interactive oral assessment and role-play. The focus should therefore shift from whether an assessment is “AI-proof” towards whether it provides credible evidence of intended learning outcomes.

2.3 AI Literacy, Educator Readiness and Institutional Governance

Responsible GenAI integration requires educators to understand its pedagogical, critical, and ethical implications as well as its technical operation. Ranieri et al. (2025) conceptualise AI literacy as encompassing knowledge-related, operational, critical, and ethical dimensions, enabling academics to judge when GenAI supports learning and when it may replace cognitive effort or undermine assessment purpose.

Professional development is therefore important. Nyaaba and Zhai (2024) emphasise that educators need appropriate AI competencies, including pedagogical applications, evaluation of AI-generated outputs, disclosure, ethical use, and assessment design.

Educator competence alone is insufficient without institutional support. Universities need clear expectations concerning acceptable AI use, disclosure, academic responsibility, quality assurance, and assessment design. Almugren et al. (2026) similarly emphasise the importance of supportive institutional environments in entrepreneurship education. Governance should balance consistency with disciplinary flexibility, supporting informed redesign rather than functioning only as a compliance mechanism.

2.4 Assessment Redesign and Authentic Assessment: Promise and Limitations

GenAI has intensified debate about whether conventional assessment remains fit for purpose. Lye and Lim (2024) recommend staged assessment, portfolios, performance tasks, reflection, presentations, and assessment of higher-order capabilities, while Chapman and Dalgarno (2025) highlight the growing misalignment between legacy assessment and AI-mediated learning.

Assessment redesign shifts attention from the final product towards students' reasoning, application, and accountability. In business education, this may include personalised case analysis, consultancy projects, simulations, strategic recommendations, reflective decision logs, and oral defence.

Xue (2025) provides a relevant example in business analytics, where students critically evaluate AI-generated analysis as part of managerial decision making. Such approaches illustrate how GenAI can be incorporated into authentic assessment rather than simply excluded.

Nevertheless, authentic assessment has practical limitations. Personalised tasks, oral defences, staged submissions, and process evidence may increase educator workload and be difficult to scale. Klapproth (2026) notes that oral and process-based assessment may require approaches such as selective verification, structured rubrics, or group-based formats. Accessibility, consistency, and equity must also be considered.

Authentic assessment should therefore not be treated as inherently resistant to GenAI. Kofinas and Tsay (2025) caution that GenAI can influence authentic as well as traditional tasks. The objective should be assessment validity rather than technological exclusion, with students remaining accountable for explaining decisions, evaluating evidence, and demonstrating professional competence.

2.5 From Academic Integrity Concerns to Assessment Innovation

Taken together, the literature reveals a tension. GenAI offers meaningful opportunities for learning and professional preparation while reducing confidence in assessment practices that rely heavily on easily generated outputs. Existing scholarship provides important responses through AI literacy, institutional governance, differentiated AI-use frameworks, and assessment redesign, but these strands are often considered separately.

The literature therefore supports an integrated perspective in which GenAI-related pressures expose limitations in conventional assessment, assessment redesign provides a pathway towards more authentic demonstrations of learning, and AI literacy and institutional governance enable this transition. This synthesis provides the theoretical basis for the conceptual framework and propositions presented in the following section.

3. Conceptual Framework

Drawing on the preceding literature, this paper proposes a conceptual framework explaining how the growing use of GenAI may stimulate assessment innovation in business education. The framework is not intended as an empirically tested causal model. Rather, it specifies a set of conceptual relationships that integrate GenAI opportunities and risks, academic-integrity concerns, assessment redesign, authentic assessment, and the enabling roles of AI literacy and educator readiness, and institutional support and governance.

The framework begins with the dual educational effect of GenAI. On one hand, GenAI can support personalised learning, feedback, idea generation, analysis, and other applied learning activities. On the other hand, the same capabilities create risks associated with overreliance, inaccurate outputs, authorship, and academic integrity. These risks are particularly important when assessment relies heavily on written products that can be substantially generated or enhanced by AI (Michel-Villarreal et al., 2023; Lye & Lim, 2024). The framework therefore proposes that GenAI does not merely create new integrity problems; it also makes existing weaknesses in product-focused assessment more visible.

> *Proposition 1 (P1): The combined pedagogical opportunities and educational risks associated with GenAI expose limitations in conventional product-focused assessment.*

The second relationship concerns the role of academic-integrity concerns as a trigger for change. Existing responses often emphasise prohibition, detection, or misconduct prevention. However, Lye and Lim (2024) and Chapman and Dalgarno (2025) suggest that the deeper challenge lies in whether established assessment designs remain appropriate in an AI-mediated learning environment. This paper therefore reframes integrity concerns as a potential source of pressure for assessment innovation.

> *Proposition 2 (P2): Academic-integrity concerns arising from GenAI can act as a catalyst for assessment redesign rather than solely as a constraint on AI use.*

Assessment redesign represents the central mechanism in the framework. Redesign may involve greater use of contextualised tasks, staged submissions, process evidence, reflection, oral defence, critical evaluation, and justification of decisions. These approaches shift emphasis from the final artefact alone towards students' reasoning, application, and accountability. Such redesign provides a pathway towards authentic assessment, particularly in business education, where students are expected to demonstrate professional judgement and applied decision making (Perkins et al., 2024).

> *Proposition 3 (P3): Assessment redesign facilitates greater use of authentic assessment by increasing emphasis on contextual application, reasoning, process evidence, and professional judgement.*

Two enabling conditions influence this transition. First, AI literacy and educator readiness help academics understand GenAI capabilities, limitations, and appropriate educational uses (Ranieri et al., 2025). Second, institutional support and governance provide policies, professional development, technological resources, and quality-assurance structures needed for responsible implementation (Almugren et al., 2026).

> *Proposition 4 (P4): AI literacy and educator readiness, together with institutional support and governance, enable the transition from conventional assessment towards authentic, AI-aware assessment practices.*

The framework's added value therefore lies not in proposing that these elements are individually new, but in integrating them into a single explanatory sequence. It reframes academic integrity from an endpoint of GenAI risk to a mechanism that can stimulate assessment innovation, while identifying assessment redesign as the bridge between GenAI-related pressures and authentic assessment. The propositions are theoretical and require future empirical examination.

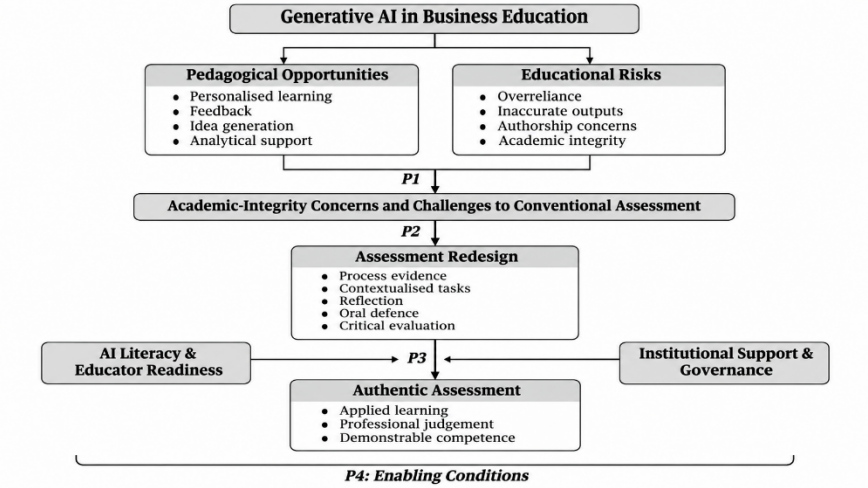

Figure 1: Conceptual framework for GenAI, assessment redesign, and authentic assessment in business education

4. Methodological Approach

This paper adopts a focused theoretical and narrative literature-synthesis approach to examine how generative AI is reshaping assessment in business education. The aim is not to provide an exhaustive systematic review or to test empirical relationships, but to integrate relevant strands of recent scholarship and develop a conceptual explanation of how GenAI-related academic-integrity concerns may stimulate assessment redesign and authentic assessment.

The literature search focused primarily on publications from 2023 to 2026, reflecting the rapid expansion of GenAI research following the widespread availability of large language models. Scite was used to identify and verify relevant academic literature using combinations of search terms relating to "generative AI," "higher education," "business education," "academic integrity," "assessment redesign," "authentic assessment," "AI literacy," "educator readiness," "institutional support," and "governance." Particular attention was given to literature addressing business and entrepreneurship education, while broader higher-education studies were included where they offered concepts directly relevant to assessment and responsible GenAI integration.

Sources were selected purposively according to their relevance to the paper's conceptual focus. Priority was given to peer-reviewed conceptual papers, systematic or structured reviews, empirical studies, and assessment

frameworks that addressed at least one of the central themes. Studies concerned primarily with technical AI development, non-higher-education settings, or issues unrelated to teaching and assessment were excluded from the conceptual synthesis.

The selected literature was analysed thematically. Recurring arguments were first organised around six themes: GenAI opportunities and risks; academic integrity; AI literacy and educator readiness; institutional support and governance; assessment redesign; and authentic assessment. These themes were then compared to identify areas of convergence, tension, and conceptual connection. Particular attention was paid to literature questioning prohibition- and detection-centred responses and advocating more sustainable approaches to assessment design (Lye & Lim, 2024; Chapman & Dalgarno, 2025).

The synthesis informed the conceptual framework and propositions presented in Figure 1. The propositions represent theoretical relationships derived from the literature rather than empirically established findings and are intended to provide a basis for future empirical examination.

5. Discussion

The conceptual framework shifts the GenAI debate in business education from a narrow focus on misconduct towards a broader concern with assessment validity. The key issue is whether assessment still provides credible evidence of reasoning, judgement, application, and professional competence when sophisticated outputs can be generated with limited student input.

5.1 Reframing Academic Integrity as a Driver of Assessment Redesign

P1 and P2 propose that GenAI opportunities and risks expose limitations in conventional product-focused assessment and that academic-integrity concerns can stimulate redesign. This moves beyond treating GenAI simply as an external threat to otherwise stable assessment practices.

Herath et al. (2025) show that AI systems can perform relatively well on conventional essay-type business assessments, raising questions about whether final written products alone demonstrate student competence. Similarly, Lye and Lim (2024) argue that GenAI-related integrity concerns should encourage reconsideration of assessment purpose rather than reliance mainly on detection.

Academic integrity can therefore be viewed partly as an assessment-design problem. If students can generate plausible responses without showing how conclusions were reached, educators need stronger evidence of reasoning and ownership. Staged tasks, contextualised problems, reflection, process evidence, and oral follow-up can make this reasoning more visible.

However, redesign should not become a search for permanently “AI-proof” tasks. As GenAI capabilities evolve, assessment should instead emphasise validity by requiring students to explain, justify, critique, and apply their knowledge.

5.2 From Assessment Redesign to Authentic, AI-aware Assessment

P3 proposes that redesign can facilitate greater use of authentic assessment. This is particularly relevant in business education, where graduates are expected to make decisions under uncertainty, interpret evidence, evaluate alternatives, and communicate recommendations.

Authentic assessment may include consultancy projects, marketing strategy recommendations, business simulations, financial or strategic case analysis, portfolios, presentations, and oral defence. GenAI can also be incorporated rather than simply excluded. For example, students might use AI to generate an initial market analysis and then identify inaccuracies, challenge assumptions, compare alternatives, and defend a final recommendation.

Xue (2025) provides a relevant business-analytics example in which students critically evaluate GenAI-generated analysis while using independent reasoning to support managerial decisions. This illustrates how AI-assisted assessment can strengthen critical engagement when students remain responsible for evaluating outputs.

Authenticity, however, does not guarantee integrity. Kofinas and Tsay (2025) show that authentic assessments can also be affected by GenAI. Oral components and role-play may provide additional evidence of understanding, but they introduce practical challenges.

Oral defences, staged assessments, personalised tasks, and process documentation may increase workload and be difficult to scale. Klapproth (2026) notes that oral and process-based assessment may require selective

verification, group approaches, or structured rubrics. Consistency, accessibility, student anxiety, and equity must also be considered. Authentic assessment should therefore be treated as a design principle rather than a universal solution.

The framework consequently advocates AI-aware authentic assessment: tasks that reflect professional practice, permit appropriate AI use where relevant, and still require independent judgement, contextual understanding, and accountability.

5.3 Enabling Conditions: AI Literacy and Institutional Governance

P4 recognises that redesign depends on more than task design. Educators need sufficient AI literacy to understand GenAI capabilities and limitations and judge how it may support or undermine intended learning outcomes. Ranieri et al. (2025) emphasise the knowledge-related, operational, critical, and ethical dimensions of AI literacy, while Nyaaba and Zhai (2024) highlight the importance of professional development.

This competence is especially important when AI use is intentionally incorporated into assessment. Educators must distinguish legitimate AI-supported learning from substitution of student reasoning, establish appropriate disclosure expectations, and evaluate how students critique AI-generated information.

Institutional governance provides the second enabling condition. Sustainable implementation requires alignment with academic-integrity policies, programme regulations, moderation, quality assurance, and technological access. Almugren et al. (2026) similarly emphasise the importance of supportive institutional environments.

Governance should therefore avoid both blanket prohibition and unrestricted decentralisation. Institutions should instead establish clear principles for acceptable use, disclosure, staff development, and assessment quality while allowing disciplinary flexibility.

Taken together, P1–P4 explain a transition rather than a set of isolated factors: GenAI-related opportunities and risks expose weaknesses in conventional assessment; academic-integrity concerns create pressure for redesign; redesign can encourage authentic, AI-aware assessment; and AI literacy and educator readiness, together with institutional support and governance, enable the transition. Academic integrity is therefore positioned not only as something threatened by GenAI, but as a potential driver of more credible and professionally relevant assessment.

6. Implications

The proposed framework has practical implications for business educators and higher-education institutions seeking to maintain credible assessment in an AI-enabled environment. For educators, the central implication is that assessment should move beyond reliance on final written products and place greater emphasis on evidence of reasoning, application, and accountability. In business education, this may involve personalised case analysis, consultancy projects, business simulations, strategic recommendations, reflective process logs, and oral defence of AI-assisted work. Where GenAI is permitted, students should be required to disclose its use, critically evaluate its outputs, and remain responsible for the final analysis and professional judgement (Perkins et al., 2024; Xue, 2025). Assessment redesign should nevertheless remain feasible. Authenticity does not automatically guarantee academic integrity, and highly personalised or oral assessments may create workload, scalability, consistency, and accessibility challenges (Kofinas & Tsay, 2025; Klapproth, 2026). Educators should therefore combine methods selectively rather than replace all existing assessments with resource-intensive alternatives.

At institutional level, universities should provide clear but flexible guidance concerning acceptable GenAI use, disclosure, academic responsibility, assessment design, and moderation. Professional development should strengthen educators' operational, critical, and ethical AI literacy, while quality-assurance processes should support experimentation with AI-aware assessment rather than focus solely on misconduct detection (Nyaaba & Zhai, 2024; Ranieri et al., 2025).

Finally, the framework provides a basis for future empirical research. The four conceptual propositions can be tested across business disciplines and institutional contexts, with particular attention to whether assessment redesign improves credible evidence of learning and how implementation is affected by workload, scale, equity, and institutional readiness.

7. Conclusion

Generative AI is changing the conditions under which student learning is demonstrated and assessed in business education. This paper argues that the central challenge is not simply the risk of inappropriate AI use, but whether conventional assessment continues to provide credible evidence of students' reasoning, judgement, and professional competence.

The paper contributes by reframing academic-integrity concerns as a potential catalyst for assessment innovation. Its conceptual framework proposes that the pedagogical opportunities and educational risks created by GenAI expose limitations in product-focused assessment; that these concerns can stimulate assessment redesign; and that redesign can support more authentic, AI-aware forms of assessment. AI literacy and educator readiness, together with institutional support and governance, are positioned as enabling conditions supporting this transition.

Authentic assessment is not presented as an automatic solution: workload, scalability, accessibility, equity, and continued vulnerability to inappropriate AI use remain important implementation challenges.

The framework remains theoretical and its propositions require empirical examination. Future research should test P1–P4 across business disciplines and institutional contexts and examine whether redesigned assessment produces more credible evidence of learning while remaining practical and equitable. Overall, sustainable GenAI integration requires assessment practices that accommodate technological change while preserving student accountability and genuine professional learning.

Acknowledgement

This study is supported and funded by Arab Open University (AOU) – Kuwait Branch.

Ethics declaration: No ethical clearance needed.

AI Declaration: Generative artificial intelligence tools, including ChatGPT, were used to support aspects of the research and manuscript preparation process, including literature exploration, organisation of the manuscript, language editing, and stylistic refinement. Scite was used to support literature searching and verification of academic sources. All AI-assisted outputs were critically reviewed, verified, and revised by the authors, who take full responsibility for the accuracy, interpretation, originality, and final content of the manuscript.

References

Almugren, I., Singhal, A., Attri, R., Szabó-Szentgróti, G., & Papa, A. (2026). Generative AI integration in entrepreneurship education. *Journal of Global Information Management, 34*(1), 1–34. https://doi.org/10.4018/JGIM.402747

Chapman, B., & Dalgarno, B. (2025). Beyond the ban: A theoretical framework for integrating generative AI in assessment. *Policy Futures in Education, 24*(5), 670–682. https://doi.org/10.1177/14782103251411725

Herath, D. B., Ode, E., & Herath, G. B. (2025). Can AI replace humans? Comparing the capabilities of AI tools and human performance in a business management education scenario. *British Educational Research Journal, 51*(3), 1073–1096. https://doi.org/10.1002/berj.4111

Klapproth, F. (2026). Redesigning teaching, learning, and assessment in the age of generative AI: A constructive alignment perspective for higher education. *Education Sciences, 16*(9), 1507. https://doi.org/10.3390/educsci16091507

Kofinas, A., & Tsay, C. H.-H. (2025). The impact of generative AI on academic integrity of authentic assessments within a higher education context. *British Journal of Educational Technology, 56*(6), 2522–2549. https://doi.org/10.1111/bjet.13585

Lye, C. Y., & Lim, L. (2024). Generative artificial intelligence in tertiary education: Assessment redesign principles and considerations. *Education Sciences, 14*(6), 569. https://doi.org/10.3390/educsci14060569

Michel-Villarreal, R., Vilalta-Perdomo, E. L., Salinas-Navarro, D. E., Thierry-Aguilera, R., & Gerardou, F. S. (2023). Challenges and opportunities of generative AI for higher education as explained by ChatGPT. *Education Sciences, 13*(9), 856. https://doi.org/10.3390/educsci13090856

Nyaaba, M., & Zhai, X. (2024). Generative AI professional development needs for teacher educators. *Journal of AI, 8*(1), 1–13. https://doi.org/10.61969/jai.1385915

Perkins, M., Furze, L., Roe, J., & MacVaugh, J. (2024). The Artificial Intelligence Assessment Scale (AIAS): A framework for ethical integration of generative AI in educational assessment. *Journal of University Teaching & Learning Practice, 21*(6). https://doi.org/10.53761/q3azde36

Ranieri, M., Biagini, G., & Cuomo, S. (2025). AI literacy in higher education. *International Journal of Digital Literacy and Digital Competence, 16*(1), 1–25. https://doi.org/10.4018/IJDLDC.388469

Sousa, A. E., & Cardoso, P. (2025). Use of generative AI by higher education students. *Electronics, 14*(7), 1258. https://doi.org/10.3390/electronics14071258

Xue, Z. (2025). From collaboration to critique: Engaging with GenAI to foster critical thinking in business analytics. *Management Teaching Review, 11*(3), 416–433. https://doi.org/10.1177/23792981251389862

You, S. (2024). A systematic review of the impact of ChatGPT on higher education. *International Journal of Technology-Enhanced Education, 3*(1), 1–14. https://doi.org/10.4018/IJTEE.343528

Yusuf, A., Pervin, N., Román-González, M., & Noor, N. M. (2024). Generative AI in education and research: A systematic mapping review. *Review of Education, 12*(2). https://doi.org/10.1002/rev3.3489