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Generative AI and the Microfoundations of Dynamic Human Resource Capabilities: A Conceptual Framework Integrating HR Analytics and Leadership Agility

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Abstract
The growing integration of generative artificial intelligence (GAI) into organizational systems is reshaping the strategic role of human resource management (HRM). While prior research largely examines functional applications of AI in recruitment, training, and performance management, limited attention has been devoted to how generative AI influences the microfoundations of dynamic human resource capabilities. Addressing this gap, this conceptual article integrates insights from dynamic capabilities theory, microfoundations research, and emerging scholarship on AI-enabled HR systems to develop a structured explanatory framework. The framework positions generative AI as an embedded enabler within HR systems, rather than as a peripheral technological tool. It conceptualizes HR analytics as a translational infrastructure through which AI-generated insights are institutionalized into sensing, seizing, and reconfiguring processes. Additionally, leadership agility is introduced as a contextual condition shaping the effectiveness and sustainability of AI-enabled HR transformation.

By clarifying the mechanisms linking generative AI to dynamic HR capabilities, this study reduces fragmentation across AI and strategic HRM literatures and provides conceptual coherence in a rapidly evolving domain. The framework advances strategic HRM scholarship by reframing AI integration as a capability-building process grounded in analytics maturity and adaptive leadership.

Keywords: Generative AI; Dynamic Capabilities; Strategic Human Resource Management; Microfoundations; HR Analytics; Leadership Agility.

1. Introduction

1.1 Background and Research Context

The diffusion of generative artificial intelligence (GAI) represents a structural inflection point in organizational life. Unlike earlier forms of automation that primarily replaced repetitive tasks, generative AI penetrates cognitive domains by generating text, synthesizing knowledge, supporting scenario analysis, and augmenting managerial judgment. Its integration into human resource management (HRM) is particularly consequential because HR systems operate at the nexus of human capital development, organizational learning, and strategic adaptation.

Recent research documents the growing use of generative AI in recruitment, talent management, workforce analytics, and strategic planning (Ajaero & Anjorin, 2024; Khan et al., 2024; Westover, 2024). AI-enabled HR systems promise increased efficiency, improved

personalization, and enhanced data-driven decision-making (Pillai & Srivastava, 2023). Beyond operational gains, scholars argue that AI can strengthen workforce agility and organizational responsiveness in volatile and uncertain environments (Ajgaonkar et al., 2021; "Human resource capabilities in uncertain...", 2022).

Parallel to these technological developments, strategic HRM scholarship has increasingly adopted the lens of dynamic capabilities. From this perspective, organizations sustain competitiveness through their ability to sense environmental shifts, seize emerging opportunities, and reconfigure resources accordingly. Recent advances emphasize that these capabilities are grounded in microfoundations—individual skills, leadership behaviors, learning routines, and structural configurations that collectively enable adaptation (Chen et al., 2023; Selma et al., 2024). Leadership support, digital competencies, and organizational learning cultures have been identified as central mechanisms underpinning capability development (Zhang-Zhang et al., 2022; Sousa-Zomer et al., 2020).

Despite this growing body of knowledge, research on generative AI and research on the microfoundations of dynamic capabilities have evolved largely in parallel. The former concentrates on technological adoption and functional enhancement (Kumah et al., 2024; Pillai & Srivastava, 2023), while the latter focuses on human and organizational processes enabling strategic renewal (Chen et al., 2023; Bojesson & Fundin, 2020). The theoretical intersection between these streams—particularly within HR contexts—remains underdeveloped.

1.2 Problem Statement

Although generative AI is increasingly embedded within HR systems, the dominant discourse remains operational. AI is often treated as a tool that improves discrete HR functions—such as recruitment screening or performance evaluation—without examining how it reshapes the foundational mechanisms through which HR capabilities evolve (Ajaero & Anjorin, 2024; Khan et al., 2024). This functional orientation limits theoretical insight into AI's broader strategic implications.

Simultaneously, the dynamic capabilities literature acknowledges the importance of microfoundations but rarely incorporates generative AI as an embedded element within those mechanisms. Studies emphasize individual cognition, learning processes, and leadership behaviors as drivers of adaptation (Chen et al., 2023; Selma et al., 2024), yet they do not systematically explain how AI-enabled systems interact with these elements to transform capability development.

Furthermore, debates persist regarding the role of AI in relation to human intelligence. Some scholars conceptualize AI as substituting aspects of human cognition, particularly in analytical processes (Siaw & Ali, 2024). Others argue for complementarity and human–AI co-creation, emphasizing relational and organizational restructuring (Brown et al., 2024; Hinds & Krogh, 2024). Without an integrative framework, it remains unclear whether generative AI enhances, reconfigures, or destabilizes the microfoundations of dynamic HR capabilities.

Two constructs are especially under-theorized in this regard. First, HR analytics has been identified as a key sensing mechanism enabling workforce forecasting and data-driven responsiveness (Pillai & Srivastava, 2023; Westover, 2024), yet its mediating role between AI adoption and dynamic HR capability development remains insufficiently articulated. Second, leadership—particularly in digitally transforming environments—has been shown to influence

organizational learning, ethical governance, and strategic alignment (Mollah et al., 2024; Chatterjee et al., 2022), but its moderating influence on AI-enabled HR transformation has not been systematically theorized.

Consequently, there is a clear theoretical gap: We lack a coherent microfoundational explanation of how generative AI shapes dynamic human resource capabilities, and how HR analytics and leadership agility condition this process.

1.3 Research Objective

In response to this gap, this article develops a conceptual framework that integrates generative AI into the microfoundations of dynamic human resource capabilities. Specifically, the study aims to:

- Integrate existing literature on generative AI, dynamic capabilities, and HR microfoundations ;
- Clarify how generative AI influences sensing, seizing, and reconfiguring processes in HR systems ;
- Conceptualize HR analytics as a mechanism linking AI adoption to dynamic HR capability development ;
- Examine the role of leadership agility in shaping AI-enabled HR transformation ;
- Provide a structured conceptual foundation for future empirical research in strategic HRM.

2. Theoretical Foundations

2.1 Dynamic Human Resource Capabilities

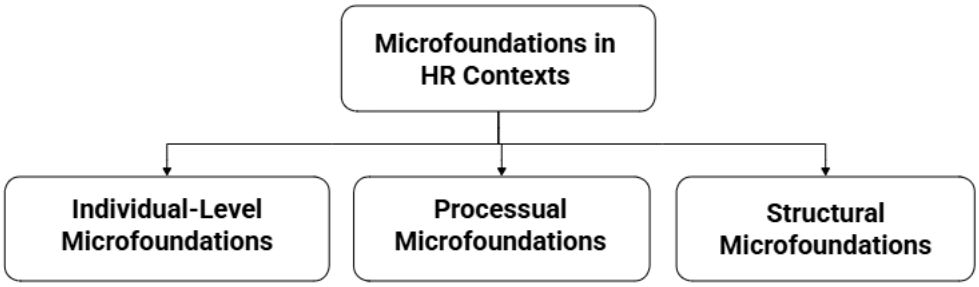
Dynamic capabilities theory explains how organizations sustain competitiveness by sensing environmental shifts, seizing emerging opportunities, and reconfiguring resources in response to volatility. Within HR contexts, this perspective has been increasingly applied to explain workforce agility, adaptive HR systems, and strategic talent reconfiguration (Ajgaonkar et al., 2021; "Human resource capabilities in uncertain...", 2022). Recent scholarship extends this perspective beyond firm-level abstractions by emphasizing the microfoundations of dynamic capabilities—namely the individual, processual, and structural elements that enable sensing, seizing, and reconfiguring actions (Chen et al., 2023; Selma et al., 2024). In HR systems, these microfoundations include digital competencies, learning routines, leadership practices, communication transparency, and structural flexibility (Zhang-Zhang et al., 2022; Sousa-Zomer et al., 2020). Importantly, workforce agility has been conceptualized as a manifestation of dynamic capability within HRM, reflecting the organization's ability to rapidly realign talent, skills, and knowledge structures in response to environmental pressure (Ajgaonkar et al., 2021). HR systems thus function not merely as administrative units but as adaptive infrastructures enabling organizational renewal.

However, the literature reveals conceptual fragmentation. While some studies emphasize cognitive and behavioral microfoundations (Salvato et al., 2018; Nayak et al., 2020), others highlight structural and technological enablers (Pillai & Srivastava, 2023). This fragmentation becomes more pronounced when generative AI enters the discussion.

The microfoundations perspective argues that dynamic capabilities emerge from interactions among individuals, routines, leadership behaviors, and organizational structures rather than

existing as abstract firm-level constructs (Chen et al., 2023). Within HR research, microfoundational components can be grouped into three interrelated dimensions:

Figure 1. HR Microfoundations dimensions



Source: based on the extant literature.

The Figure above includes the following elements:

- **Individual-Level Microfoundations :** These include digital skills, cognitive adaptability, learning orientation, and decision-making competencies (Sousa-Zomer et al., 2020; Meiling et al., 2024). As HR systems become increasingly data-driven, digital-savviness and analytical competence become central to sensing and interpreting workforce signals.
- **Processual Microfoundations :** Organizational learning mechanisms, knowledge-sharing routines, and experimentation practices enable continuous renewal (Zhang-Zhang et al., 2022; Rahman & Singh, 2024). These processes allow HR systems to convert information into adaptive action.
- **Structural Microfoundations :** Leadership support, cultural norms, strategic alignment, and innovation climate shape the extent to which adaptive processes can be institutionalized (Pillai & Srivastava, 2022; Ahmad et al., 2024).

Despite the recognition of these components, the literature rarely explains how generative AI interacts with them simultaneously. Most studies isolate one dimension—such as leadership or learning—without articulating a systemic integration (Chen et al., 2023; Bojesson & Fundin, 2020).

2.3 Generative AI in Human Resource Management

Generative AI introduces a qualitatively different technological capability compared to earlier HR technologies. It not only processes data but generates insights, narratives, and decision support in real time. In HR contexts, this includes AI-supported recruitment screening, predictive analytics, personalized training design, and performance evaluation assistance (Ajaero & Anjorin, 2024; Khan et al., 2024; Saouabe et al., 2024). Some scholars conceptualize AI as enhancing efficiency and personalization in HR processes (Kumah et al., 2024; Westover, 2024). Others emphasize its broader strategic implications, arguing that AI augments knowledge management and decision-making architectures (Alavi et al., n.d.; Singh, 2023).

Yet, theoretical debate persists regarding AI's relationship with human intelligence. While some studies suggest substitution effects in analytical tasks (Siaw & Ali, 2024), others argue for complementarity and co-creation between AI and human agents (Brown et al., 2024; Hinds & Krogh, 2024). These perspectives imply that AI does not operate independently but becomes embedded within HR microfoundations. However, the literature needs a structured explanation of how generative AI reshapes sensing, seizing, and reconfiguring mechanisms within HR systems. The emphasis remains largely operational rather than capability-oriented.

2.4 HR Analytics as a Microfoundational Mechanism

HR analytics has emerged as a central element in AI-enabled HR transformation. It allows organizations to forecast workforce needs, analyze performance patterns, and detect skill gaps through predictive modeling (Pillai & Srivastava, 2023; Westover, 2024).

From a dynamic capability perspective, HR analytics strengthens the sensing function by enhancing environmental scanning and workforce intelligence. It also contributes to seizing by enabling data-driven strategic decisions and talent redeployment. Furthermore, analytics-informed restructuring facilitates reconfiguration of human capital resources (Pillai & Srivastava, 2022).

Despite this strategic relevance, HR analytics is rarely positioned as a mediating mechanism connecting AI adoption to capability development. Most studies treat analytics either as a technological tool or as a functional improvement rather than as a core microfoundational infrastructure.

This gap suggests the need to reconceptualize HR analytics as an embedded explanatory mechanism translating AI-enabled cognition into dynamic HR capabilities.

2.5 Leadership Agility as a Conditioning Factor

Leadership consistently appears in the literature as a critical enabler of digital transformation and HR adaptability (Mollah et al., 2024; Chatterjee et al., 2022). Leadership influences organizational learning, strategic alignment, and ethical governance—factors that shape how AI systems are adopted and institutionalized (Ahmad et al., 2024; Khan et al., 2024). Some studies emphasize top-management support and digital mindset as prerequisites for capability development (Sousa-Zomer et al., 2020). Others highlight relational and dialogical leadership practices that foster innovation and knowledge integration (Salvato et al., 2018).

However, leadership is typically examined as a direct driver rather than as a contextual condition shaping the effectiveness of AI-enabled systems. The literature does not systematically conceptualize leadership agility as a moderating factor influencing whether HR analytics translates into adaptive capability outcomes. Given the ethical, cultural, and structural complexities of AI integration (Ajaero & Anjorin, 2024; Siaw & Ali, 2024), leadership agility likely determines whether generative AI strengthens or destabilizes HR microfoundations.

3. Conceptual Development

3.1 Generative AI as an Enabler of HR Microfoundations

Generative AI does not merely automate HR tasks; it reconfigures how knowledge is generated, interpreted, and acted upon within HR systems. Studies indicate that AI enhances data processing, decision support, and personalization in recruitment, workforce planning, and learning systems (Ajaero & Anjorin, 2024; Khan et al., 2024; Westover, 2024). These improvements extend beyond efficiency gains and influence the cognitive and analytical foundations of HR decision-making.

From a microfoundational perspective, generative AI interacts with individual-level capabilities such as digital literacy, cognitive adaptability, and analytical competence (Sousa-Zomer et al., 2020; Meiling et al., 2024). By augmenting knowledge processing and enabling real-time insight generation, AI reshapes how HR professionals interpret environmental signals and workforce data. This enhances the organization's sensing capacity, a critical component of dynamic capability (Ajgaonkar et al., 2021).

At the processual level, generative AI strengthens knowledge-sharing and learning routines by accelerating content creation and supporting experimentation (Rahman & Singh, 2024; Alavi et al., n.d.). Such mechanisms reinforce adaptive learning processes that underpin capability

renewal. However, whether these enhancements translate into sustained dynamic HR capabilities depends on how AI is embedded within HR analytics systems.

3.2 HR Analytics as a Translational Mechanism

HR analytics represents the structural infrastructure through which AI-generated insights are operationalized. It functions as a data-driven sensing system capable of forecasting workforce demands, identifying skill gaps, and informing strategic workforce reallocation (Pillai & Srivastava, 2023; Westover, 2024).

Within a dynamic capability framework, HR analytics strengthens:

- Sensing, by enhancing environmental and workforce intelligence.
- Seizing, by informing evidence-based strategic decisions.
- Reconfiguring, by supporting talent redeployment and skill restructuring (Pillai & Srivastava, 2022).

Importantly, HR analytics translates generative AI outputs into structured organizational routines. Without such infrastructure, AI remains a peripheral tool rather than an embedded microfoundational mechanism. This distinction is critical because dynamic capabilities require routinized processes rather than isolated technological interventions (Chen et al., 2023). Thus, HR analytics serves as a mediating layer connecting AI-enabled cognition with organizational adaptation.

3.3 From Analytics to Dynamic HR Capabilities

Dynamic HR capabilities emerge when sensing, seizing, and reconfiguring processes become coordinated and routinized. Workforce agility, learning orientation, and structural flexibility have been identified as manifestations of such capabilities (Ajgaonkar et al., 2021; "Human resource capabilities in uncertain...", 2022).

When generative AI strengthens analytics-driven sensing and decision-making, HR systems become more capable of anticipating environmental shifts and reallocating human capital accordingly. Studies show that AI-augmented HR systems improve recruitment precision, enhance personalized development, and increase strategic responsiveness (Kumah et al., 2024; Singh et al., 2024).

However, empirical findings also caution against overreliance on automation and highlight risks of skill displacement and cognitive imbalance (Meiling et al., 2024; Khan et al., 2024). These tensions suggest that AI alone does not guarantee dynamic capability development. Instead, capability outcomes depend on contextual and leadership conditions.

3.4 Leadership Agility as a Conditioning Mechanism

Leadership plays a central role in shaping how AI is institutionalized within HR systems. Research emphasizes that digital transformation success depends on leadership support, innovation climate, and strategic alignment (Pillai & Srivastava, 2022; Mollah et al., 2024).

Leadership agility—understood as the capacity to make adaptive decisions, encourage experimentation, and manage uncertainty—shapes whether AI-enabled analytics leads to capability strengthening or organizational rigidity. Leaders influence:

- Ethical governance and bias mitigation (Ajaero & Anjorin, 2024; Siaw & Ali, 2024) ;
- Knowledge integration and learning culture (Chatterjee et al., 2022; Zhang-Zhang et al., 2022) ;
- Structural flexibility and digital readiness (Sousa-Zomer et al., 2020).

In contexts characterized by strong leadership agility, AI-enabled HR analytics is more likely to be embedded into adaptive routines. In contrast, weak leadership agility may result in fragmented AI adoption without sustained capability development.

3.5 Integrated Conceptual Framework

Bringing these elements together, the proposed framework suggests:

- Generative AI enhances individual and processual microfoundations ;
- HR analytics operationalizes AI insights into structured sensing, seizing, and reconfiguring routines ;
- Dynamic HR capabilities emerge when analytics-driven processes become embedded in adaptive HR systems ;
- Leadership agility conditions the strength and sustainability of this transformation.

Rather than proposing a deterministic model, the framework emphasizes interaction and conditionality. Generative AI acts as an enabling force, HR analytics functions as a translational infrastructure, and leadership agility shapes adaptive outcomes.

This integrative perspective addresses the fragmentation identified in prior literature (Chen et al., 2023; Bojesson & Fundin, 2020) and clarifies how AI becomes embedded within HR microfoundations rather than remaining an isolated technological intervention.

4. The Proposed Conceptual Framework

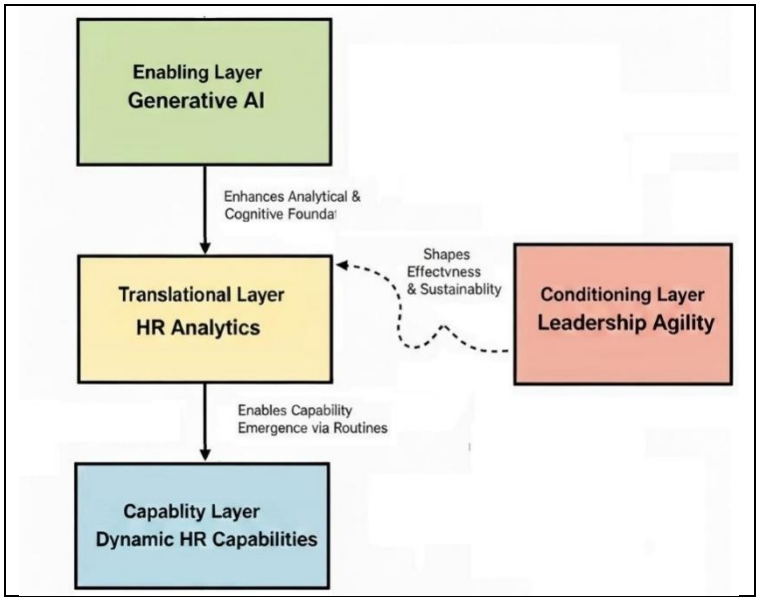
4.1 Overview of the Framework

Building on the preceding analysis, the proposed framework conceptualizes generative AI as an enabling force embedded within the microfoundations of dynamic human resource capabilities. Rather than treating AI as a standalone technological input, the framework positions it within an interconnected system comprising HR analytics infrastructures and leadership agility conditions. The framework unfolds across three interconnected layers:

- Enabling Layer – Generative AI
- Translational Layer – HR Analytics
- Capability Layer – Dynamic HR Capabilities
- Conditioning Layer – Leadership Agility

These layers can be illustrated in the following figure :

Figure 2. The Proposed Conceptual Framework



Source: based on the extant literature.

This layered structure emphasizes processual flow rather than linear causality. AI-generated insights do not automatically translate into adaptive capability; they require institutionalization through analytics routines and contextual alignment through leadership.

4.2 Generative AI as an Embedded Enabler

At the base of the framework, generative AI enhances cognitive and analytical microfoundations by:

- Expanding data interpretation capacity;
- Accelerating knowledge synthesis;
- Supporting scenario simulation;
- Enhancing personalization in HR decision-making.

Existing studies show that AI augments HR functions such as recruitment precision, talent forecasting, and workforce optimization (Ajaero & Anjorin, 2024; Khan et al., 2024; Westover, 2024). However, these improvements only contribute to dynamic capability when embedded in structured routines.

From a microfoundational perspective, AI influences individual digital competencies and knowledge-processing mechanisms (Sousa-Zomer et al., 2020; Meiling et al., 2024). It reshapes how HR professionals sense environmental signals and evaluate workforce configurations, thereby strengthening potential adaptive capacity.

4.3 HR Analytics as Translational Infrastructure

The framework positions HR analytics as the central mediating infrastructure that translates AI-enabled cognition into organizational routines. HR analytics structures AI outputs into measurable indicators, predictive models, and strategic dashboards (Pillai & Srivastava, 2023; Westover, 2024). Through analytics-enabled processes, organizations can:

- Detect shifts in workforce skill composition (sensing);
- Make evidence-based talent decisions (seizing);
- Redesign human capital configurations (reconfiguring) (Pillai & Srivastava, 2022).

Without analytics integration, generative AI remains episodic and fragmented. Analytics institutionalizes AI insights, converting them into repeatable decision architectures. This routinization is essential for the development of dynamic HR capabilities (Chen et al., 2023).

4.4 Emergence of Dynamic Human Resource Capabilities

Dynamic HR capabilities emerge when sensing, seizing, and reconfiguring processes become coordinated and adaptive across HR systems. Manifestations include workforce agility, flexible skill deployment, and continuous learning orientation (Ajgaonkar et al., 2021; "Human resource capabilities in uncertain...", 2022). The framework suggests that AI-enabled analytics strengthens these capabilities by:

- Enhancing anticipatory workforce planning;
- Supporting rapid redeployment of human capital;
- Facilitating data-informed learning interventions.

Yet capability development is not automatic. Research highlights that overreliance on automation may introduce ethical risks and skill imbalances (Khan et al., 2024; Meiling et al., 2024). Therefore, capability strengthening depends on contextual governance and adaptive leadership.

4.5 Leadership Agility as a Conditioning Context

Leadership agility functions as a boundary condition shaping the effectiveness of AI-enabled HR transformation. Agile leaders foster experimentation, encourage learning, and manage uncertainty, thereby enabling AI integration within HR routines (Mollah et al., 2024; Chatterjee et al., 2022).

Leadership influences:

- Ethical AI governance and bias mitigation (Ajaero & Anjorin, 2024; Siaw & Ali, 2024);
- Cultural readiness for digital transformation (Ahmad et al., 2024);
- Alignment between analytics outputs and strategic HR priorities (Pillai & Srivastava, 2022).

In contexts characterized by high leadership agility, AI-enabled analytics is more likely to become embedded in adaptive routines. Conversely, low leadership agility may lead to technological adoption without sustained capability development.

4.6 Integrative Logic of the Framework

The framework proposes an interactive system rather than a deterministic pathway:

- Generative AI expands analytical and cognitive potential;
- HR analytics institutionalizes this potential into structured decision architectures;
- Dynamic HR capabilities emerge through routinized sensing, seizing, and reconfiguration;
- Leadership agility shapes the strength, sustainability, and ethical grounding of this transformation.

By integrating these elements, the framework addresses the fragmentation observed in prior research (Chen et al., 2023; Bojesson & Fundin, 2020) and clarifies how AI becomes embedded within HR microfoundations rather than functioning as an isolated technological intervention.

5. Conceptual contributions

This study contributes to strategic human resource management scholarship by offering conceptual clarification, theoretical integration, and structural reframing of generative AI within the microfoundations of dynamic HR capabilities.

5.1 Clarifying the Microfoundations of Dynamic HR Capabilities

First, the article contributes by advancing conceptual clarity in the fragmented literature on microfoundations within HR contexts. While prior research identifies individual skills, leadership behaviors, and learning routines as critical elements of dynamic capabilities (Chen et al., 2023; Selma et al., 2024), these components are often examined in isolation. Studies either emphasize cognitive and relational microfoundations (Salvato et al., 2018; Nayak et al., 2020) or focus on structural and technological enablers (Pillai & Srivastava, 2023), resulting in conceptual dispersion.

By integrating generative AI into this discussion, the present framework articulates how technological augmentation interacts with individual, processual, and structural microfoundations simultaneously. This integration moves beyond a static categorization of microfoundations and instead emphasizes their dynamic interplay in digitally transforming HR systems.

5.2 Reframing Generative AI as an Embedded Organizational Enabler

Second, the article reframes generative AI within HR scholarship. Much of the existing literature treats AI as a functional tool improving discrete HR practices such as recruitment or performance management (Ajaero & Anjorin, 2024; Khan et al., 2024; Kumah et al., 2024). While valuable, this operational lens underestimates AI's structural implications. Drawing on research emphasizing human–AI complementarity and relational restructuring (Brown et al., 2024; Hinds & Krogh, 2024; Siaw & Ali, 2024), this framework positions generative AI as an embedded enabler within HR microfoundations. Rather than substituting human intelligence, AI reshapes knowledge-processing architectures and decision-making routines that underpin capability development.

This reconceptualization shifts the analytical focus from technological adoption to capability transformation, aligning AI research more closely with strategic HRM concerns.

5.3 Conceptualizing HR Analytics as a Translational Mechanism

Third, the study contributes by positioning HR analytics as a central explanatory mechanism in AI-enabled HR transformation. Prior research acknowledges the importance of HR analytics for predictive workforce planning and strategic alignment (Pillai & Srivastava, 2023; Westover, 2024), yet it is rarely theorized as a mediating infrastructure linking AI adoption to dynamic capability development.

By conceptualizing HR analytics as a translational layer that institutionalizes AI-generated insights into routinized sensing, seizing, and reconfiguring processes (Pillai & Srivastava, 2022), the framework clarifies how technological inputs become embedded in adaptive HR systems. This perspective strengthens the connection between analytics research and dynamic capabilities theory within HR scholarship.

5.4 Introducing Leadership Agility as a Conditioning Factor

Fourth, this article contributes by foregrounding leadership agility as a contextual condition shaping AI-enabled capability outcomes. While leadership support has been widely recognized as essential for digital transformation (Mollah et al., 2024; Chatterjee et al., 2022), its role has

often been conceptualized as a direct enabler rather than a boundary condition influencing the effectiveness of AI-driven HR systems.

By emphasizing leadership agility—characterized by adaptive decision-making, ethical governance, and learning orientation—the framework explains variability in AI-enabled HR capability development. This approach integrates insights from innovation climate research (Ahmad et al., 2024) and ethical AI governance discussions (Ajaero & Anjorin, 2024; Siaw & Ali, 2024) into a unified explanatory structure.

5.5 Advancing Strategic HRM in the AI Era

Collectively, these contributions reposition HR as an active architect of AI-enabled dynamic capabilities rather than as a passive recipient of technological change. By integrating generative AI, HR analytics, and leadership agility within a microfoundational framework, this article offers a structured conceptual foundation for understanding HR transformation in digitally intensive environments.

Importantly, the study does not propose a new overarching theory. Instead, it reduces fragmentation, clarifies mechanisms, and provides an integrative scaffold for future empirical research. In doing so, it advances strategic HRM scholarship by aligning AI research with capability-based explanations of organizational adaptability (Ajgaonkar et al., 2021; Chen et al., 2023).

6. Managerial Implications

The proposed framework carries several strategic implications for HR leaders and top management teams navigating generative AI integration.

6.1 Moving Beyond Functional AI Adoption

First, managers should avoid framing generative AI as a functional enhancement tool confined to discrete HR activities such as recruitment screening or performance evaluation. While AI demonstrably improves efficiency and personalization (Ajaero & Anjorin, 2024; Khan et al., 2024; Westover, 2024), the framework suggests that its true strategic value lies in its contribution to dynamic HR capabilities.

Organizations that treat AI as an isolated automation solution risk technological fragmentation without adaptive renewal. Instead, AI adoption should be aligned with broader capability development objectives, particularly workforce agility and adaptive reconfiguration (Ajgaonkar et al., 2021).

6.2 Institutionalizing AI Through HR Analytics Infrastructure

Second, the findings highlight the centrality of HR analytics maturity. Generative AI outputs require structured integration within analytics systems to produce sustained strategic impact. Without analytics-driven routines, AI insights remain episodic and underutilized (Pillai & Srivastava, 2023). HR leaders should therefore prioritize:

- Investment in predictive workforce analytics;
- Data governance frameworks;
- Integration of AI outputs into strategic dashboards;
- Continuous monitoring of workforce skill gaps.

By institutionalizing AI-generated insights into routinized decision architectures, organizations strengthen sensing and reconfiguration processes (Pillai & Srivastava, 2022).

6.3 Strengthening Leadership Agility

Third, leadership agility emerges as a critical conditioning factor. AI-enabled HR transformation is not purely technological; it is deeply cultural and behavioral. Leaders shape experimentation tolerance, ethical governance, and strategic alignment (Mollah et al., 2024; Chatterjee et al., 2022).

Agile leadership becomes particularly important in managing:

- Ethical concerns and algorithmic bias (Ajaero & Anjorin, 2024; Siaw & Ali, 2024);
- Skill displacement anxieties (Meiling et al., 2024);
- Resistance to AI-driven decision architectures.

Organizations should therefore develop leadership development programs emphasizing digital literacy, adaptive decision-making, and learning orientation (Sousa-Zomer et al., 2020).

6.4 Balancing Human–AI Complementarity

Fourth, the framework suggests that managers should cultivate complementarity rather than substitution between AI and human judgment. While AI enhances analytical capacity, sustained dynamic capability requires human interpretation, contextualization, and ethical reasoning (Brown et al., 2024; Hinds & Krogh, 2024).

Effective HR transformation therefore depends on:

- Designing workflows where AI augments rather than replaces HR professionals;
- Encouraging collaborative human–AI decision-making processes;
- Embedding reflective governance practices within AI-enabled systems.

This balanced approach reduces the risk of cognitive overreliance on algorithmic outputs (Siaw & Ali, 2024).

6.5 Strategic Positioning of HR in the AI Era

Finally, the framework reinforces the strategic positioning of HR as an architect of adaptive capability. In digitally intensive environments, HR is not merely responsible for implementing AI tools; it shapes the microfoundations through which organizations sense environmental change, seize digital opportunities, and reconfigure human capital.

By integrating generative AI within analytics infrastructures and fostering leadership agility, HR leaders can transform technological adoption into sustained adaptive capacity.

7. Conclusion

The rapid diffusion of generative artificial intelligence marks a pivotal moment for strategic human resource management. While much of the existing discourse emphasizes operational efficiency and functional enhancement, this article argues that the more consequential transformation lies at the level of capability development. Generative AI does not simply improve HR processes; it reshapes the microfoundations through which dynamic human resource capabilities emerge. By integrating insights from dynamic capabilities theory and microfoundations research, this study clarifies how AI-enabled cognition interacts with individual competencies, organizational routines, and structural conditions within HR systems. Rather than conceptualizing AI as an external technological layer, the framework positions generative AI as an embedded enabler that reconfigures knowledge-processing architectures and decision-making routines.

Central to this integration is the role of HR analytics as a translational infrastructure. AI-generated insights require routinization through analytics-driven sensing, seizing, and

reconfiguration processes in order to contribute to adaptive HR systems. Without such institutionalization, AI adoption risks remaining episodic and fragmented. In this sense, HR analytics serves as the structural bridge connecting technological augmentation with dynamic capability formation. At the same time, leadership agility conditions the effectiveness and sustainability of AI-enabled HR transformation. Leadership shapes ethical governance, learning culture, and strategic alignment, thereby influencing whether AI strengthens or destabilizes adaptive capacity. By foregrounding leadership agility as a contextual mechanism, the framework explains variability in AI-enabled outcomes across organizations.

Collectively, this article contributes to strategic HRM scholarship by reducing fragmentation across AI research and dynamic capabilities literature, clarifying explanatory mechanisms, and offering an integrative conceptual scaffold. Importantly, the study does not advance a new overarching theory. Instead, it provides conceptual coherence in an emerging field characterized by rapid technological change and theoretical dispersion.
In digitally transforming environments, HR is increasingly positioned not merely as an administrative function but as an architect of adaptive capability. The integration of generative AI, HR analytics, and agile leadership represents a structural reconfiguration of how organizations sense environmental shifts, seize digital opportunities, and reconfigure human capital resources. Understanding this integration is essential for advancing both scholarship and practice in the evolving landscape of AI-enabled strategic HRM.

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