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Advancing Strategic Management Research in the Generative AI Era: A Human-AI Strategic Capability Framework

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Abstract: Generative artificial intelligence (GenAI) is increasingly influencing strategic decision-making, environmental scanning, scenario development, and organizational adaptation. However, existing research remains fragmented across strategic decision-making, managerial cognition, strategic foresight, strategic agility, human-AI collaboration, and AI governance, limiting understanding of how GenAI-enabled managerial processes translate into firm-level strategic outcomes. This conceptual paper develops a Human-AI Strategic Capability Framework by integrating the dynamic capabilities perspective with managerial cognition. The framework proposes that Generative AI strategic capability enhances augmented managerial cognition, which strengthens strategic foresight, facilitates strategic agility, and ultimately promotes strategic renewal. Human-AI strategic complementarity and AI governance are introduced as boundary conditions that strengthen the effective use of GenAI, while excessive AI reliance is conceptualized as a nonlinear risk that may weaken managerial judgment and critical scrutiny. By connecting individual-level cognitive augmentation with organization-level sensing, adaptation, and reconfiguration, the framework moves strategic management research beyond technology adoption toward a capability-orchestration perspective. The paper contributes to theory by explaining how GenAI can become strategically valuable through governed human-AI complementarity and identifies directions for future empirical research on AI-enabled strategic capabilities, foresight, agility, and renewal.

Keywords: Generative AI, Strategic Management, Managerial Cognition, Strategic Foresight, Strategic Agility, Strategic Renewal, Human-AI Complementarity, AI Governance

1. Introduction

Generative artificial intelligence (GenAI) is reshaping the foundations of strategic management by extending the analytical and cognitive resources available to managers. Unlike earlier forms of artificial intelligence that were primarily designed for prediction, classification, or process automation, GenAI can synthesize large volumes of information, generate alternative scenarios, evaluate strategic options, and support complex decision processes. Consequently, its strategic relevance extends beyond operational efficiency toward activities such as environmental sensing, strategic interpretation, scenario development, and decision support. Recent research increasingly positions GenAI as a complement to managerial judgment rather than a replacement for human strategists (Jarrahi, 2018; Doshi, Bell, Mirzayev, & Vanneste, 2025; Schulte & Kanbach, 2026). In particular, GenAI appears capable of broadening strategic search and accelerating the analysis of alternative futures, while managers remain responsible for contextual interpretation, prioritization, and judgment under uncertainty.

However, the strategic value of GenAI is neither automatic nor uniformly positive. Its influence depends substantially on how managers cognitively engage with AI-generated information. GenAI can widen managerial attention, facilitate sensemaking, and support the comparison of strategic alternatives; nevertheless, excessive reliance may reduce independent scrutiny and expose decision makers to automation bias, inaccurate outputs, and distorted interpretations. Cristofaro, Giardino, and Augier (2026) found a curvilinear relationship in which intermediate GenAI use was associated with stronger cognitive processing and lower anchoring, confirmation, and overconfidence biases, whereas both low and high levels of use produced weaker outcomes. Similarly, experimental evidence indicates that overreliance can impair decision quality when AI advice is followed despite conflicting contextual information (Klingbeil, Grützner, & Schreck, 2024). Thus, the strategic problem is no longer simply whether organizations should adopt GenAI, but how they can capture its cognitive benefits without weakening critical judgment.

Furthermore, the emerging literature indicates that GenAI may influence strategy through a sequence of interconnected capabilities. At the front end of the strategy process, GenAI can strengthen strategic foresight by supporting environmental scanning, weak-signal identification, scenario generation, and the exploration of alternative futures (Zoccarato, Toletti, & Lettieri, 2025; Rohrbeck, Szuppa, & Schmidt, 2026). Strategic foresight, in turn, provides anticipatory knowledge that can support strategic agility because it allows organizations to identify change and construct possible responses before committing resources (Vecchiato, 2015; Álvarez &

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Camio, 2025). Strategic agility subsequently translates such insights into rapid adaptation and resource reconfiguration, while strategic renewal represents a deeper redirection of strategic trajectories, capability bases, and organizational priorities (Al-Zu'bi, 2022; Khan, Majid, & Yasir, 2021).

Despite these developments, the literature remains theoretically fragmented. Research has examined GenAI in strategic decision-making, managerial cognition, strategic foresight, human-AI collaboration, organizational agility, and AI governance largely as separate streams. Consequently, there is still no established integrative framework explaining how GenAI-enabled strategic capabilities progress from the micro-level augmentation of managerial cognition, through strategic foresight and organizational agility, to firm-level strategic renewal. This fragmentation limits strategic management theory because it explains individual applications of GenAI without adequately explaining the capability-transformation process through which AI-supported managerial cognition becomes strategic organizational action.

A second gap concerns the relationship between augmentation, complementarity, and governance. Existing studies support human-AI complementarity, whereby AI contributes analytical capacity, pattern recognition, forecasting, and option generation, while managers provide contextual understanding, intuition, ethical reasoning, and final decision authority (Raisch & Krakowski, 2021; Siaw & Ali, 2024). Yet effective complementarity requires appropriate delegation, calibrated trust, verification, and explicit decision rights. Emerging governance research similarly stresses human oversight, transparency, accountability, risk management, and board-level responsibility in strategic decisions (Kumar & Jaya, 2026; Mozzarelli & Schneider, 2026). However, governance is often approached as a control mechanism surrounding AI adoption rather than as an integral component of the organizational capability through which GenAI creates strategic value.

Accordingly, this conceptual paper develops a Human-AI Strategic Capability Framework. Drawing on the dynamic capabilities perspective and managerial cognition, it conceptualizes Generative AI strategic capability not simply as access to or use of generative technologies, but as an organizational ability to integrate GenAI into strategic sensing, interpretation, option generation, and decision processes while determining when to delegate, when to combine AI output with managerial judgment, and when human decision makers should override AI-generated recommendations. This perspective shifts strategic management research from a technology-adoption logic toward a capability-orchestration logic (Teece, 2007).

More specifically, the framework proposes that Generative AI strategic capability enhances augmented managerial cognition, which strengthens strategic foresight; strategic foresight facilitates strategic agility; and strategic agility enables strategic renewal. Human-AI strategic complementarity and AI governance are incorporated as boundary conditions, whereas excessive AI reliance represents a countervailing mechanism that may undermine managerial judgment. By integrating these relationships, the paper explains not merely whether GenAI influences strategic management, but how, through which capabilities, and under what conditions GenAI can contribute to strategic adaptation and renewal.

2. Generative AI in Strategic Management

Generative artificial intelligence is increasingly moving from an operational support technology to a strategic management capability. Whereas conventional AI applications have largely focused on prediction, classification, and automation, GenAI can generate alternatives, synthesize complex information, support scenario development, and assist managers in evaluating strategic choices. Accordingly, contemporary research is beginning to view GenAI not simply as a technological resource but as a mechanism that can influence how organizations sense environmental change, interpret information, formulate strategic options, and coordinate strategic responses (Alhyasat, Alhyasat, & Khattab, 2025; Saup, Asghar, Kanbach, & Kraus, 2026).

A particularly important development concerns strategic decision-making. GenAI can increase analytical breadth, accelerate information processing, and provide managers with a wider range of strategic alternatives. Doshi et al. (2025), for example, demonstrate the relevance of GenAI for evaluating strategic decisions, while Schulte and Kanbach (2026) describe emerging organizational roles for GenAI across decision stages. Nevertheless, these developments do not imply that strategic decisions can be fully delegated to AI. Strategic choices often involve ambiguity, tacit knowledge, ethical considerations, and organizational consequences that cannot be adequately addressed through computational analysis alone. Consequently, the literature increasingly supports an augmentation perspective in which AI strengthens analytical processes while managers retain responsibility for interpretation and final judgment (Jarrahi, 2018; Raisch & Krakowski, 2021).

The strategic contribution of GenAI appears particularly significant in sensing and foresight activities. GenAI can process large quantities of heterogeneous information, identify patterns and weak signals, generate alternative scenarios, and accelerate the exploration of possible futures. These capabilities can expand the range of strategic options available to decision makers and enable organizations to respond more quickly to environmental change (Zoccarato et al., 2025; Rohrbeck et al., 2026). However, GenAI is stronger in broadening and refining strategic alternatives than in independently generating organizational vision. Human expertise therefore remains essential for determining which signals are strategically meaningful and whether AI-generated scenarios are plausible and appropriate within a particular organizational context.

The strategic value of GenAI also depends on the capabilities through which organizations integrate AI-generated knowledge into strategic processes. The literature consistently links successful AI use with sensing, seizing, learning, and resource-reconfiguration capabilities rather than technology acquisition alone. In this respect, GenAI does not automatically generate strategic adaptation; instead, its value depends on whether organizations possess routines that allow them to interpret AI-generated information, integrate it with existing knowledge, allocate resources, and translate insights into strategic action. This argument is consistent with the dynamic capabilities perspective (Teece, 2007).

Nevertheless, increasing reliance on GenAI creates strategic risks. AI-generated outputs may contain inaccuracies, biases, hallucinations, or interpretations that appear plausible without being strategically appropriate. Furthermore, overreliance can reduce independent verification, contextual reasoning, and managerial scrutiny (Klingbeil et al., 2024; Wingerter, Straub, & Schweitzer, 2025). Effective use therefore requires calibrated human engagement rather than unrestricted automation. Human-AI complementarity is central because AI performs strongly in analytical, data-intensive, and pattern-recognition tasks, whereas managers contribute contextual interpretation, ethical judgment, intuition, and accountability (Siaw & Ali, 2024; Simón, Revilla, & Sáenz, 2024).

Accordingly, strategic management research should move beyond whether organizations adopt GenAI toward how GenAI is orchestrated with managerial and organizational capabilities. Because broadly similar models are increasingly available across firms, strategic differentiation is likely to depend on how organizations combine GenAI with managerial cognition, foresight, agility, governance, and resource reconfiguration. This logic provides the basis for conceptualizing Generative AI Strategic Capability as an organizational capability rather than a stand-alone technological asset.

3. Theoretical Foundations

3.1. Dynamic Capabilities Perspective

The dynamic capabilities perspective provides an appropriate theoretical foundation for explaining how organizations can transform GenAI from a technological resource into strategic value. Dynamic capabilities concern the organizational ability to sense environmental opportunities and threats, seize emerging opportunities, and reconfigure resources and capabilities in response to changing conditions (Teece, 2007). Within the GenAI context, this perspective is particularly relevant because possessing or accessing advanced AI technologies does not itself generate strategic advantage. Organizations must develop routines that enable them to interpret AI-generated information, integrate it with existing knowledge, and convert it into strategic action.

GenAI can strengthen the sensing dimension of dynamic capabilities by processing large quantities of information, identifying patterns and weak signals, and generating alternative interpretations of environmental developments. It can support seizing activities by assisting managers in evaluating alternatives, forecasting outcomes, and comparing courses of action. However, reconfiguration remains dependent on managerial and organizational processes that translate these insights into new routines, structures, resource allocations, and strategic directions. GenAI should therefore be regarded as an enabling resource embedded within dynamic capabilities rather than as an independent source of strategic adaptation. The dynamic capabilities perspective also clarifies the relationship between strategic foresight, strategic agility, and strategic renewal. Foresight strengthens organizations' capacity to sense and interpret emerging change, agility enables rapid adjustment and resource redeployment, and renewal reflects deeper changes to capability bases and strategic direction. In this sequence, dynamic capabilities provide the organizational mechanism connecting AI-enabled sensing and interpretation with adaptation and renewal (Vecchiato, 2015; Álvarez & Camio, 2025; Khan et al., 2021).

3.2. Managerial Cognition Perspective

Although dynamic capabilities explain organizational adaptation, their development ultimately depends on managerial interpretation and judgment. The managerial cognition perspective therefore provides a micro-level foundation for understanding how GenAI affects strategic processes. Managerial cognition concerns the mental models and interpretive frameworks through which managers notice information, evaluate alternatives, and make strategic decisions. Recent research indicates that managerial cognition toward AI shapes how managers frame AI as a tool, actor, or strategic resource and, consequently, how AI is connected with dynamic capabilities and competitive advantage (Wu, Long, Xie, & Bi, 2026).

GenAI can augment managerial cognition by widening attention, accelerating sensemaking, organizing complex information, and generating alternative strategic options. However, these benefits remain conditional on active managerial engagement. Cristofaro et al. (2026) show that intermediate GenAI use can strengthen cognitive processing and reduce several strategic decision biases, whereas both low and high levels of use produce weaker outcomes. Consequently, GenAI should not be conceptualized as replacing managerial cognition but as altering the cognitive processes through which managers interpret uncertainty and evaluate alternatives. Integrating dynamic capabilities with managerial cognition provides a multilevel explanation of GenAI-enabled strategic management. Managerial cognition explains how AI-generated information is interpreted at the managerial level, whereas dynamic capabilities explain how those interpretations are transformed into organizational sensing, foresight, agility, and resource reconfiguration. The proposed framework therefore treats augmented managerial cognition as a microfoundation through which Generative AI strategic capability contributes to higher-order strategic capabilities and, ultimately, strategic renewal.

4. Conceptual Framework and Proposition Development

4.1. Core Constructs and Integrative Logic

The framework integrates eight constructs that operate across individual and organizational levels. The central process begins with Generative AI Strategic Capability and proceeds through augmented managerial cognition, strategic foresight, strategic agility, and strategic renewal. Human-AI strategic complementarity and AI governance shape how cognitively productive GenAI capability becomes, while GenAI reliance captures the risk that excessive dependence may reverse some cognitive benefits. Table 1 summarises the constructs and their roles.

Table 1: Core constructs in the Human-AI Strategic Capability Framework

Construct	Working definition	Role in framework
Generative AI Strategic Capability	Organizational ability to integrate GenAI into strategic sensing, synthesis, option generation, evaluation, and decision support while retaining appropriate human oversight.	Primary antecedent
Augmented Managerial Cognition	Expansion of managerial attention, sensemaking, information processing, and evaluation through critically engaged use of GenAI.	Micro-level mechanism
Strategic Foresight	Organizational capacity to scan change, interpret weak signals, generate scenarios, and develop actionable views of alternative futures.	Anticipatory capability
Strategic Agility	Capacity to translate strategic insight into rapid adjustment, resource redeployment, and coordinated strategic response.	Adaptive capability
Strategic Renewal	Reconfiguration of strategic direction, capabilities, resource bases, or business models in response to changing conditions.	Strategic outcome
Human-AI Strategic Complementarity	Effective division and integration of AI analytical strengths with human contextual judgment, ethics, intuition, and accountability.	Moderator
AI Governance	Oversight, validation, transparency, accountability, risk controls, and decision-rights arrangements governing strategic AI use.	Boundary condition / moderator
GenAI Reliance	Degree to which managers defer to AI-generated analysis and recommendations in strategic judgment.	Nonlinear risk mechanism

Source: By the author

4.2. Generative AI Strategic Capability and Augmented Managerial Cognition

Generative AI Strategic Capability refers to an organization's ability to integrate GenAI into strategic sensing, information processing, option generation, and decision support while maintaining appropriate managerial oversight. Its strategic value therefore depends not merely on technology adoption but on the capacity to combine AI-generated insight with managerial knowledge and judgment. Existing research suggests that GenAI can expand analytical breadth, accelerate information synthesis, and support managers in evaluating complex strategic alternatives (Doshi et al., 2025; Schulte & Kanbach, 2026). At the managerial level, these capabilities can augment cognition by extending attention and sensemaking capacity. GenAI can structure complex decision problems, process information that would otherwise exceed normal cognitive limits, and generate alternative interpretations for managerial consideration. However, augmentation requires active managerial engagement because passive acceptance may weaken scrutiny and increase overreliance. The evidence therefore supports a complementary logic in which GenAI provides computational breadth and managers contribute contextual interpretation, experience, and judgment (Jarrahi, 2018; Raisch & Krakowski, 2021).

> ***Proposition 1:*** *Generative AI Strategic Capability positively enhances augmented managerial cognition by expanding managers' capacity for information processing, sensemaking, and evaluation of strategic alternatives.*

4.3. Augmented Managerial Cognition and Strategic Foresight

Augmented managerial cognition can strengthen strategic foresight by improving how managers notice, interpret, and evaluate information about emerging environmental change. Strategic foresight depends on detecting weak signals, interpreting uncertainty, considering alternative futures, and assessing their strategic relevance. GenAI-supported cognition can expand managers' attention, accelerate sensemaking, and facilitate the comparison of multiple alternatives, thereby increasing their capacity to anticipate possible future developments. This cognitive augmentation is particularly important because foresight requires managers to process heterogeneous and often ambiguous information. GenAI can assist environmental scanning, scenario generation, forecasting, and option exploration; however, managers must still determine which signals are strategically meaningful, evaluate scenario plausibility, and relate possible futures to organizational priorities (Zoccarato et al., 2025; Rohrbeck et al., 2026). Strategic foresight therefore emerges not from AI-generated scenarios alone but from the interaction between expanded analytical capacity and managerial interpretation.

> ***Proposition 2:*** *Augmented managerial cognition positively influences strategic foresight by enhancing managers' ability to identify emerging signals, interpret environmental uncertainty, and evaluate alternative future scenarios.*

4.4. Strategic Foresight and Strategic Agility

Strategic foresight provides organizations with the anticipatory capacity required to recognize environmental change before it becomes strategically disruptive. Through scanning, weak-signal detection, trend interpretation, and scenario development, foresight enables firms to identify emerging threats and opportunities and consider alternative courses of action. In this sense, foresight strengthens the informational foundation of strategic agility by expanding what managers notice and by improving their understanding of possible future developments (Vecchiato, 2015; Álvarez & Camio, 2025). Strategic agility, however, requires more than anticipation. It reflects an organization's ability to respond rapidly by reallocating resources, adjusting strategic priorities, and reconfiguring capabilities. Foresight contributes to agility when future-oriented insight is translated into actionable strategic options. The relationship is consistent with dynamic capabilities: foresight contributes primarily to sensing and interpretation, whereas agility reflects the capacity to seize opportunities and rapidly reconfigure resources. Without implementation and resource fluidity, foresight may remain analysis without strategic impact (Haarhaus & Liening, 2020).

> ***Proposition 3:*** *Strategic foresight positively influences strategic agility by enhancing organizations' ability to anticipate environmental change, develop actionable strategic options, and respond rapidly through resource reconfiguration.*

4.5. Strategic Agility and Strategic Renewal

Strategic agility provides the organizational capacity to convert environmental sensing and strategic responsiveness into sustained strategic change. It enables firms to adjust priorities, redeploy resources, and reconfigure capabilities when existing strategic arrangements no longer fit changing conditions. In this way, agility can create the conditions for strategic renewal by allowing organizations to revise strategic directions, refresh capabilities, and reconsider established business models. Research supports this connection. Al-Zu'bi (2022) reports a significant relationship between dimensions of strategic agility and strategic renewal, while Khan et al. (2021) show that strategic agility can serve as a mechanism through which organizational resources contribute to renewal. Strategic agility also rests on microfoundations such as strategic sensitivity, resource fluidity, and collective commitment (Doz, 2020; Sampath, Bhattacharyya, & Krishnamoorthy, 2021). Nevertheless, rapid reconfiguration may create capability gaps if change outpaces the organization's ability to absorb and institutionalize new capabilities. Strategic renewal is therefore most likely when agile responses are coherently embedded into the organization's capability base.

> ***Proposition 4:*** *Strategic agility positively influences strategic renewal by enabling organizations to reconfigure resources, refresh capabilities, and redirect strategic priorities in response to environmental change.*

4.6. Moderating Role of Human-AI Strategic Complementarity

Human-AI strategic complementarity refers to the extent to which managerial judgment and AI capabilities are combined in ways that exploit their respective strengths. GenAI is particularly effective in information processing, pattern recognition, forecasting, and option generation, whereas managers remain central to contextual interpretation, ethical evaluation, intuition, and final accountability. The strategic value of GenAI is therefore likely to depend not only on the technology itself but also on how effectively organizations coordinate human and AI contributions (Jarrahi, 2018; Raisch & Krakowski, 2021; Siaw & Ali, 2024). Complementarity is especially important for the relationship between Generative AI strategic capability and augmented managerial cognition. Although GenAI can expand analytical capacity, cognitive benefits may be weakened when AI outputs are accepted passively or when managers relinquish interpretive responsibility. By contrast, when managers critically evaluate, contextualize, and refine AI-generated information, human-AI collaboration can strengthen strategic interpretation. Research on human-AI teaming further shows that value creation depends on building interoperability, trust, and mutual knowledge gains, while work on knowledge coupling associates human-AI collaboration with dynamic capability development (Simón et al., 2024; Shan, Liu, Lu, & Liu, 2025).

> ***Proposition 5:*** *Human-AI strategic complementarity positively moderates the relationship between Generative AI Strategic Capability and augmented managerial cognition, such that the relationship is stronger when human-AI complementarity is high.*

4.7. AI Governance as a Boundary Condition

AI governance represents the organizational mechanisms through which GenAI use is monitored, controlled, and aligned with strategic responsibility. In strategic decision-making, governance extends beyond technical compliance and includes transparency, accountability, human oversight, risk management, validation, and clarity regarding decision rights. These mechanisms are important because GenAI-generated outputs may be incomplete, biased, opaque, or contextually inappropriate, particularly when strategic decisions involve uncertainty and substantial organizational consequences (Kumar & Jaya, 2026; Mozzarelli & Schneider, 2026). Effective governance can determine whether GenAI strengthens or undermines strategic capability. Validation procedures, escalation mechanisms, and human-in-the-loop controls help managers assess the reliability of AI-generated information before integrating it into strategic decisions. Governance is also closely connected with overreliance: when independent verification is discouraged, or decision responsibility is blurred, managers may become passive recipients of automated recommendations. Governance should therefore be viewed as an enabling boundary condition rather than a separate compliance layer.

> ***Proposition 6:*** *AI governance positively moderates the relationship between Generative AI Strategic Capability and augmented managerial cognition, such that the relationship is stronger when AI governance is robust.*

4.8. GenAI Reliance and the Nonlinear Effect on Managerial Cognition

Although GenAI can augment managerial cognition, increasing reliance on AI does not necessarily produce continuously increasing benefits. AI overreliance occurs when managers defer excessively to AI-generated recommendations and reduce independent verification, critical reflection, or contextual judgment. Experimental evidence shows that people can follow AI advice even when it conflicts with relevant contextual information, producing costly decision outcomes (Klingbeil et al., 2024). Moreover, Wingerter et al. (2025) demonstrate that faulty GenAI support can generate automation bias and that simple warning nudges can partially restore critical reflection. The relationship between GenAI use and managerial cognition is therefore plausibly nonlinear. Cristofaro et al. (2026) provide direct evidence of a curvilinear pattern: intermediate use was associated with stronger cognitive processing and lower strategic decision biases, whereas both low and high use yielded weaker outcomes. Moderate engagement may allow managers to benefit from AI-generated information while maintaining independent judgment; excessive reliance may displace scrutiny and encourage acceptance of AI-generated interpretations without adequate challenge. This nonlinear perspective reconciles the simultaneous evidence of augmentation and automation bias.

> ***Proposition 7:*** *The relationship between reliance on Generative AI and augmented managerial cognition is inverted U-shaped, such that moderate reliance enhances managerial cognition, whereas excessive reliance reduces its benefits by weakening independent judgment and critical scrutiny.*

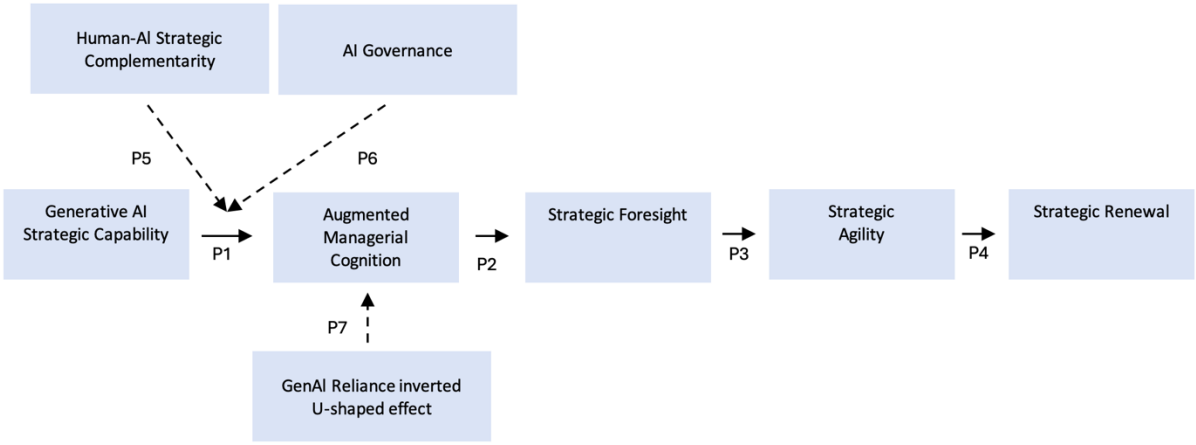


Figure 1: *Human-AI Strategic Capability Framework*

Note. Solid arrows represent the core capability sequence (P1-P4). Dashed arrows represent moderating or nonlinear boundary relationships (P5-P7).

5. 5. Theoretical Contributions

The proposed framework makes several contributions to strategic management research. First, it shifts the discussion of GenAI from a technology-adoption perspective toward a strategic capability perspective. Existing studies increasingly show that strategic value depends less on possession of AI technologies and more on how organizations integrate them with managerial judgment, learning routines, and reconfiguration processes (Saup et al., 2026; Schulte & Kanbach, 2026). The proposed concept of Generative AI Strategic Capability therefore captures the organizational ability to embed GenAI within sensing, interpretation, option generation, and strategic action rather than treating AI as a stand-alone technological resource. Second, the framework connects micro-level cognitive effects of GenAI with firm-level strategic outcomes. Research shows that GenAI can widen managerial attention, support sensemaking, and alter the evaluation of strategic alternatives, while the benefits depend on active managerial engagement (Cristofaro et al., 2026; Wu et al., 2026). By positioning augmented managerial cognition as the starting mechanism through which GenAI influences strategic foresight, agility, and renewal, the framework provides a multilevel explanation of how AI-assisted cognition may translate into organizational adaptation.

Third, the framework extends the dynamic capabilities perspective by incorporating human-AI complementarity into sensing, seizing, and reconfiguration. AI is particularly valuable for analytical breadth, pattern recognition, and option generation, whereas managers remain responsible for contextual judgment, ethical interpretation, and accountability (Jarrahi, 2018; Raisch & Krakowski, 2021). Dynamic capabilities in the GenAI era may therefore depend increasingly on the organization's ability to orchestrate complementary human and artificial intelligence rather than relying exclusively on human managerial routines. Fourth, the framework integrates strategic foresight and strategic agility within a sequential capability process. Foresight strengthens sensing and interpretation, while agility enables organizations to convert anticipatory knowledge into rapid resource redeployment and strategic action (Vecchiato, 2015; Álvarez & Camio, 2025). By linking these capabilities to strategic renewal, the framework explains how GenAI-enabled cognition may progress from anticipation to adaptation and ultimately to changes in strategic direction and capability bases. Finally, the framework treats governance and overreliance as theoretically important boundary conditions. GenAI can improve strategic judgment, yet excessive reliance may weaken verification and contextual reasoning, whereas governance mechanisms such as human oversight, transparency, accountability, and validation can reduce these risks (Klingbeil et al., 2024; Kumar & Jaya, 2026; Mozzarelli & Schneider, 2026). The framework therefore advances a calibrated augmentation logic rather than assuming that greater AI use necessarily produces greater strategic value.

6. Managerial Implications

The framework offers several implications for managers seeking to integrate GenAI into strategic processes. First, organizations should avoid treating GenAI adoption as a technology-acquisition decision alone. Strategic value depends on whether managers and teams develop the capabilities required to integrate AI-generated insights into sensing, interpretation, decision-making, and resource reconfiguration. Investments in managerial AI literacy, learning routines, validation practices, and workflow redesign should therefore accompany technological infrastructure. Second, managers should use GenAI primarily as an augmentation mechanism rather than a substitute for strategic judgment. GenAI is particularly useful for environmental scanning, information synthesis, forecasting, scenario generation, and option comparison, whereas managers remain necessary for contextual interpretation, ethical evaluation, and final accountability. Strategic processes should clearly specify which tasks may be delegated to AI and which require human review or override authority (Jarrahi, 2018; Raisch & Krakowski, 2021).

Third, organizations should integrate GenAI into strategic foresight processes. AI-supported scanning and scenario generation can help managers identify weak signals, explore alternative futures, and accelerate strategic analysis. However, managers should critically evaluate the plausibility and organizational relevance of AI-generated scenarios before translating them into strategic responses (Zoccarato et al., 2025; Rohrbeck et al., 2026). Fourth, firms should establish strong AI governance mechanisms. Human oversight, transparency, validation procedures, accountability structures, and clearly defined decision rights are particularly important when GenAI is used for high-stakes strategic decisions (Kumar & Jaya, 2026; Mozzarelli & Schneider, 2026). Governance should therefore be embedded directly into strategic workflows rather than treated as a separate compliance activity. Finally, managers should avoid assuming that greater reliance on GenAI necessarily produces better decisions. Evidence indicates that excessive reliance can reduce independent verification and contextual reasoning, whereas calibrated use can preserve critical engagement (Cristofaro et al., 2026; Klingbeil et al., 2024). Organizations should therefore design decision processes in which managers actively challenge, verify, and contextualize AI-generated recommendations before strategic action is taken.

7. Future Research Agenda

The framework opens several directions for future strategic management research. First, future studies should examine whether Generative AI Strategic Capability can be validated as a higher-order dynamic capability that integrates sensing, seizing, and reconfiguration through human-AI interaction. Empirical work should distinguish the proposed capability from generic AI adoption, digital capability, and AI readiness and examine whether it produces incremental explanatory value for strategic outcomes. Second, research should adopt multilevel and longitudinal designs that connect individual-level cognitive augmentation with team-level strategic processes and firm-level adaptation. Such designs would clarify whether temporary cognitive benefits from GenAI become routinized as organizational capabilities and whether they contribute to durable strategic renewal rather than short-term decision efficiency. Third, further work is needed to identify when GenAI strengthens or constrains strategic creativity and foresight. Although GenAI can broaden option generation and accelerate scenario development, it may also normalize thinking and reduce dissent when managers rely heavily on generated outputs. Future research should distinguish analytical creativity, such as producing more alternatives, from contextual creativity, such as reframing assumptions and challenging dominant strategic logics.

Fourth, scholars should examine different forms of human-AI complementarity, particularly the allocation of decision rights between managers and AI systems. Comparative research could investigate alternative delegation rules, escalation mechanisms, review structures, and override arrangements across strategic decisions characterized by different levels of uncertainty, novelty, and consequence. Fifth, future studies should investigate AI governance as an endogenous strategic capability rather than solely as an external regulatory or compliance mechanism. Research could examine how transparency, validation, accountability, board oversight, and human-in-the-loop arrangements influence the effectiveness of AI-assisted strategic decisions and the development of trust without encouraging overreliance. Finally, greater attention should be given to nonlinear effects of AI reliance. Cristofaro et al. (2026) provide evidence consistent with a curvilinear relationship between GenAI use and cognitive processing in strategic decisions. Future empirical studies should test whether the turning point varies according to managerial experience, decision complexity, environmental turbulence, task structure, and governance quality.

8. Conclusion

Generative AI is changing strategic management not simply by accelerating analysis but by altering how organizations sense environmental change, interpret information, generate strategic alternatives, and coordinate responses. The literature consistently indicates that GenAI is most valuable when it complements managerial judgment rather than replacing it. Its strongest contributions lie in analytical breadth, scenario generation, foresight, and decision support, while managers remain responsible for contextual interpretation, ethical reasoning, and final accountability. Building on this evidence, this paper develops a Human-AI Strategic Capability Framework in which Generative AI Strategic Capability enhances augmented managerial cognition, which strengthens strategic foresight, strategic agility, and ultimately strategic renewal. The framework connects individual-level cognitive augmentation with organization-level adaptation and reconfiguration by integrating managerial cognition with the dynamic capabilities perspective.

At the same time, the framework recognizes that the benefits of GenAI are conditional. Human-AI complementarity and AI governance can strengthen strategic value by supporting appropriate delegation, critical evaluation, oversight, and accountability, whereas excessive reliance can weaken independent judgment and verification. The resulting calibrated augmentation perspective suggests that competitive advantage in the GenAI era is unlikely to depend simply on access to advanced AI systems. Instead, it is more likely to arise from an organization's ability to orchestrate GenAI with managerial

cognition, foresight, agility, governance, and resource reconfiguration. Future strategic management research should therefore focus less on whether firms adopt GenAI and more on how human-AI strategic capability is developed, governed, and transformed into sustained strategic renewal.

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