DIGITAL LEADERSHIP, ARTIFICIAL INTELEGENCE ADOPTION, AND STRATEGIC HUMAN RESOURCE CAPABILITIES: A DYNAMIC CAPABILITY PERSPECTIVE

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ABSTRAK

Penelitian ini bertujuan untuk menganalisis peran kepemimpinan digital (digital leadership) dalam meningkatkan kapabilitas strategis sumber daya manusia (SDM) melalui mekanisme mediasi adopsi kecerdasan buatan (Artificial Intelligence/AI adoption) berdasarkan kerangka teori Dynamic Capability Theory. Pendekatan kuantitatif digunakan dengan pengumpulan data dari 230 manajer dan profesional SDM pada organisasi berbasis teknologi di kawasan Asia Tenggara. Hasil penelitian menunjukkan bahwa kepemimpinan digital tidak berpengaruh langsung secara signifikan terhadap kapabilitas strategis SDM ($p = 0.467$), yang berarti visi kepemimpinan saja belum cukup untuk mendorong transformasi SDM. Namun, kepemimpinan digital berpengaruh signifikan terhadap adopsi AI ($p < 0.001$), dan adopsi AI berpengaruh signifikan terhadap kapabilitas strategis SDM ($p < 0.001$). Selain itu, hasil mediasi menunjukkan bahwa adopsi AI memediasi secara penuh (full mediation) hubungan antara kepemimpinan digital dan kapabilitas strategis SDM. Temuan ini memperluas perspektif kapabilitas dinamis dengan mengidentifikasi adopsi AI sebagai mekanisme kunci yang mengubah visi kepemimpinan menjadi kapabilitas strategis organisasi. Secara praktis, organisasi disarankan untuk berinvestasi dalam pengembangan kepemimpinan digital dan sistem analitik SDM berbasis AI guna meningkatkan kelincahan, pembelajaran, dan daya saing berkelanjutan di era digital.

Kata Kunci: Kepemimpinan Digital, Adopsi AI, Kapabilitas SDM Strategis, Kapabilitas Dinamis, Kelincahan Organisasi.

ABSTRACT

This study investigates the role of digital leadership in enhancing strategic human resource (HR) capabilities through the mediating mechanism of Artificial Intelligence (AI) adoption, based on the Dynamic Capability Theory framework. Using a quantitative approach, data were collected from 230 managers and HR professionals across technology-driven organizations in Southeast Asia. The results reveal that digital leadership has no significant direct effect on strategic HR capabilities ($p = 0.467$), indicating that leadership vision alone is insufficient to drive HR transformation. However, digital leadership significantly influences AI adoption ($p < 0.001$), and AI adoption has a strong positive effect on strategic HR capabilities ($p < 0.001$). Moreover, the mediation test confirms that AI adoption fully mediates the relationship between digital leadership and strategic

HR capabilities, highlighting that technological integration transforms leadership intent into measurable HR agility and strategic alignment. These findings extend the dynamic capability perspective by identifying AI adoption as a key mechanism linking leadership vision with organizational renewal. Practically, organizations are encouraged to invest in digital leadership development and AI-based HR analytics to foster adaptability, learning, and sustained competitiveness in the digital era.
***Keywords**: Digital Leadership, AI Adoption, Strategic HR Capabilities, Dynamic Capability, Organizational Agility.*

A. INTRODUCTION

The rapid advancement of digital technologies has transformed the way organizations operate, compete, and manage human resources. Artificial Intelligence (AI) has emerged as one of the most disruptive technologies reshaping business models, decision-making processes, and workforce management. In this context, organizations are increasingly recognizing that digital leadership plays a critical role in guiding digital transformation and fostering the strategic integration of AI across functional areas (Hisan & Amri, 2023). However, despite the growing awareness of digital transformation imperatives, many organizations still struggle to translate leadership vision into measurable strategic HR capabilities that sustain competitiveness (Park et al., 2022).

Existing studies on digital transformation and leadership Fairman et al. (2020) have primarily focused on the technological or cultural aspects of digitalization, with limited attention to the mechanism through which digital leadership enhances strategic human resource (HR) capabilities (Yin et al., 2023). Moreover, while AI adoption has been widely discussed in the domains of technology management and innovation, its strategic role as a mediating capability that links leadership with HR agility remains underexplored (Faisal et al., 2021). This reveals a phenomenon gap, where firms adopt AI tools but fail to leverage them to develop dynamic HR competencies such as adaptability, data-driven decision-making, and strategic alignment (Alexandro & Basrowi, 2024).

Perspective of dynamic capability theory according to Kessy et al. (2024), digital leadership can be seen as a higher-order capability that enables organizations to sense technological opportunities, seize AI-driven innovations, and transform HR functions to achieve strategic flexibility (Azzam et al., 2023). Nevertheless, empirical research explaining how digital leadership and AI adoption interact to strengthen strategic HR capabilities,

especially in emerging economies, remains limited. This gap is particularly relevant for firms in Southeast Asia, where digital transformation is accelerating but organizational readiness and leadership competencies vary widely (Philip et al., 2023).

Therefore, this study aims to examine the influence of digital leadership on strategic HR capabilities through the mediating role of AI adoption (Srivastava et al., 2023). Specifically, it investigates how leadership behaviors that emphasize vision, innovation, and digital literacy can drive AI utilization to enhance HR agility and strategic integration. The findings are expected to contribute to the literature on dynamic capabilities by identifying AI adoption as a pivotal mechanism transforming leadership intent into sustainable organizational capability (Mollah et al., 2023). Practically, the study offers insights for managers and HR leaders seeking to build data-driven, adaptive, and strategically aligned workforces in the era of digital transformation.

Dynamic Capability Theory (DCT) explains how organizations maintain competitiveness in rapidly changing environments by developing the ability to sense, seize, and transform opportunities. In this study's context, digital leadership acts as a higher-order capability that guides organizations to sense digital opportunities and lead transformation. AI adoption functions as a mediating mechanism that enables firms to seize these opportunities by converting leadership vision into intelligent operations (Winarno et al., 2021). Meanwhile, strategic HR capabilities represent the transformational outcome, reflecting the organization's capacity to continuously adapt, learn, and realign resources to sustain long-term competitive advantage in the digital era (Al Dulaimi & Al-Hindawy, 2023).

Digital leadership has evolved beyond the traditional view of managing technological initiatives; it now represents a strategic renewal capability that integrates technology, people, and processes into an adaptive organizational system (Meirinawati et al., 2018). Rather than merely reacting to technological turbulence, effective digital leaders actively orchestrate change through strategic foresight and continuous learning (Shin et al., 2023). From a dynamic capability perspective, digital leadership functions as a meta-capability that enables firms to sense emerging technological disruptions, seize new digital opportunities, and transform existing business models in alignment with evolving market logics (Ghamrawi & M. Tamim, 2023).

That leadership in the digital era extends beyond hierarchical influence; it is a social and cognitive infrastructure that binds internal communication, digital culture, and organizational

learning into a coherent transformation process (Philip et al., 2023). This leadership approach redefines managerial roles from controllers of resources to architects of digital ecosystems, fostering collaborative networks and data-driven decision-making (Yin et al., 2023). Organizations led by digital-savvy leaders demonstrate a higher capacity to reconfigure strategic resources including human capital, digital platforms, and AI tools to sustain competitive advantage in volatile environments. Such leaders not only manage technology adoption but also shape the organizational mindset toward experimentation, knowledge sharing, and evidence-based innovation. Thus, digital leadership acts as a catalyst of dynamic capabilities, turning technological uncertainty into a source of strategic learning and renewal (Tigre et al., 2025).

Digital leadership represents a transformational capability that enables organizations to navigate technological turbulence through vision, agility, and innovation. As highlighted by Hisan & Amri (2023), digital leaders are expected to integrate innovation into the organizational fabric, promoting adaptability and performance improvement through creative work behaviors. In the same vein, Hussein et al. (2024) emphasize that leadership is a central social element in building digital capability development linking internal communication, culture, and learning into a coherent system that drives organizational readiness for digital transformation.

Under Dynamic Capability Theory, digital leadership acts as a higher-order capability that helps organizations sense, seize, and transform opportunities presented by digital technologies. Leaders' digital mindset and strategic foresight shape the organization's ability to reconfigure resources and processes for sustained competitiveness (Azzam et al., 2023).

H_1: Digital leadership positively influences AI adoption within organizations.

Artificial Intelligence (AI) has evolved into a strategic enabler of organizational transformation, redefining how firms make decisions, manage knowledge, and cultivate workforce agility. Beyond its technological sophistication, AI represents a cognitive infrastructure that enhances organizational learning, decision accuracy, and adaptability. As highlighted by Wuersch et al. (2024), the integration of AI in leadership and management practices facilitates real-time analytics, data-driven foresight, and process automation, allowing leaders to redirect their focus toward strategic innovation, creativity, and employee development (Quaquebeke & Gerpott, 2023). This shift marks a transition from AI as a tool to AI as a co-actor, collaboratively shaping leadership and organizational cognition.

Artificial Intelligence (AI) is increasingly recognized as a transformative force that enhances decision-making, learning, and operational efficiency. According to Appiah et al. (2018), AI represents a paradigm shift in technology integration allowing human–machine collaboration to augment leadership intelligence and support data-driven management . Similarly, Fauzi et al. (2019) predict that AI will gradually transition from a supportive managerial tool the new phase toward a co-leader role capable of handling motivational and relational functions the new phase.

From a Dynamic Capability Theory lens, AI adoption strengthens an organization's capacity to sense, seize, and reconfigure resources in response to environmental shifts. Pour et al. (2019) demonstrate that AI-driven systems empower leaders to link digital transformation initiatives with human performance outcomes, fostering both organizational commitment and strategic alignment (Al Dulaimi & Al-Hindawy, 2023). AI thus acts as a translational mechanism transforming leadership intent into dynamic routines through continuous learning and automated feedback loops. When embedded in HR functions, AI enables predictive analytics for workforce planning, personalized learning pathways, and adaptive performance evaluations, fostering an ecosystem where human potential is augmented by machine intelligence (Kessy et al., 2024).

Furthermore, AI adoption is not only about technological capability but also about organizational renewal. According to (Karakose et al., 2023), AI-enabled platforms drive collaborative intelligence, where human creativity and algorithmic precision converge to elevate decision quality and operational efficiency. This collaboration contributes to strategic HR capability renewal, as AI streamlines talent analytics, supports virtual leadership, and enhances employee engagement across digital ecosystems. In this context, AI becomes the strategic enabler that connects the visionary aspects of digital leadership with the adaptive capabilities of human resources, ensuring that innovation is institutionalized rather than episodic (Hassan et al., 2021).

Empirical findings from recent studies Park et al. (2022) suggest that AI adoption not only mediates but also amplifies the transformational effects of leadership. By fostering continuous feedback, intelligent automation, and knowledge recombination, AI serves as the digital fabric that integrates human capital development with technological agility (Philip et al., 2023). Therefore, under the dynamic capability paradigm, AI adoption emerges as a core mediating mechanism through which digital leadership translates into enhanced strategic HR

capabilities driving sustained organizational competitiveness in the era of intelligent transformation (Hanandeh et al., 2023).

In HR management, AI adoption facilitates analytics-driven decision-making, talent development, and personalized employee experiences. Hassan et al. (2021) note that AI-driven platforms enhance leaders' ability to manage dispersed teams, analyze performance data, and promote continuous learning. Through this mechanism, AI becomes an operational bridge that translates leadership intent into digital capability renewal (Karakose et al., 2023).

H_2: AI adoption mediates the relationship between digital leadership and strategic HR capabilities.

In the era of digital transformation, strategic human resource (HR) capabilities have emerged as a central pillar of organizational agility and resilience. These capabilities embody the HR function's ability to synchronize talent management, organizational learning, and data analytics with long-term strategic objectives. As noted by Hadi et al. (2024), digital human resource capability development fosters an integrated learning ecosystem one that connects people, processes, and technologies through communication-based collaboration. Within such ecosystems, AI-enabled analytics, digital learning platforms, and virtual collaboration tools serve as catalysts for knowledge creation and continuous renewal, reinforcing the organization's ability to adapt and innovate in turbulent environments (Shin et al., 2023).

From the lens of Dynamic Capability Theory, strategic HR capabilities operate as microfoundations that allow organizations to sense new workforce trends, seize technological opportunities, and reconfigure talent systems in response to shifting competitive landscapes. AI adoption amplifies these processes by embedding intelligence into HR workflows ranging from predictive talent analytics and performance forecasting to personalized employee development. As a result, HR evolves from an administrative function into a strategic enabler, shaping organizational design, culture, and leadership development through evidence-based insights and continuous learning loops (Ghamrawi & M. Tamim, 2023).

Strategic HR capabilities refer to the collective abilities of an organization's HR function to align talent management, learning, and analytics with corporate strategy. (Wuersch et al., 2024) identify digital human resource capability development as essential for sustaining communication-based learning ecosystems within organizations. In this sense, AI-enabled HR analytics, e-learning systems, and digital collaboration tools enhance agility, innovation, and knowledge sharing key dimensions of dynamic capability. According Singun (2025) further

demonstrate that digital leadership enhances employee performance and commitment through digital transformation initiatives that promote innovation and adaptability. Hence, strategic HR capabilities serve as a critical outcome of the interaction between digital leadership and AI adoption, enabling organizations to remain competitive in rapidly evolving environments.

Furthermore, as demonstrated by Hassan et al. (2021), digital leadership acts as an antecedent force that enhances employee engagement, performance, and commitment through digital transformation initiatives emphasizing innovation and adaptability. Leaders who possess digital acumen can orchestrate technology adoption, empower employees to engage in digital upskilling, and cultivate a culture that values experimentation and agile learning. This alignment between leadership intent, AI-driven capability building, and HR strategy produces a virtuous cycle of digital maturity, where the HR function continuously evolves to meet the demands of Industry 5.0 ecosystems characterized by human–machine collaboration and sustainable innovation (Pour et al., 2019).

Empirical evidence from recent studies Hussein et al. (2024) reinforces the view that strategic HR capabilities mediate the success of digital transformation by linking technological infrastructures with organizational culture and human capital agility. In practice, this means that AI-powered HR systems not only streamline operations but also enable strategic foresight, allowing organizations to anticipate skill gaps, align workforce capabilities with innovation priorities, and sustain competitiveness in rapidly evolving markets. Hence, strategic HR capabilities serve as the culminating outcome of the synergistic interaction between digital leadership and AI adoption.

H_3: AI adoption positively influences strategic HR capabilities.

H_4: Digital leadership has an indirect positive effect on strategic HR capabilities through AI adoption.

B. RESEARCH METHOD

Population and Sampling Method

The population of this study consists of managers and HR professionals working in technology-driven and service-oriented organizations in Southeast Asia, where digital transformation and AI adoption have been actively implemented. These organizations include sectors such as manufacturing, financial technology, telecommunications, and education industries that heavily rely on digital platforms and human machine collaboration.

A purposive sampling method was used to select respondents who have direct experience with digital leadership practices and the application of AI in HR processes (e.g., recruitment analytics, talent development, or performance management). The study targeted 250 distributed questionnaires, of which 230 valid responses were obtained and analyzed, yielding a response rate of 92%. This sample size exceeds the minimum threshold recommended for Structural Equation Modeling (SEM) analysis, ensuring adequate statistical power.

Data Measurement and Instrumentation

All constructs in this study were measured using a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). The measurement items were adapted and refined from validated scales in previous research to ensure reliability and contextual relevance.

Table 1. Measurement Variable

Variable	Source of Measurement Items	Indicators
Digital Leadership (DL)	Adapted from (Sagbas et al., 2023) and (Qiao et al., 2024)	There are four indicators of digital leadership 1. creating a digital vision, 2. engaging the organization, 3. managing transformation, 4. building technology leadership skills.
AI Adoption (AIA)	Adapted from (Pawar & Dhumal, 2024; Quaquebeke & Gerpott, 2023)	1. The extent to which a person is exposed to AI, 2. how long they have used AI, 3. how many AI applications they use, 4. how often they use AI, 5. the average weekly use of AI, 6. how much they use AI for activities that help simplify work in the office.

Variable	Source of Measurement Items	Indicators
Strategic Human Resource Capabilities (SHRC)	Based on (Qiao et al., 2024; Wuersch et al., 2024)	1. Strategic Integration: Integrating HR management practices with the company's business strategy. 2. High Commitment: Creating employees who are highly committed to the organization. 3. High Quality: Building high-quality work. 4. Flexibility: Having the ability to adapt to change.

Source : Articles Journal, 2025

Reliability and validity were ensured through pilot testing with 30 respondents before the main survey. Cronbach's alpha values for all constructs exceeded 0.70, meeting internal consistency standards. Furthermore, Confirmatory Factor Analysis (CFA) was performed to establish convergent and discriminant validity.

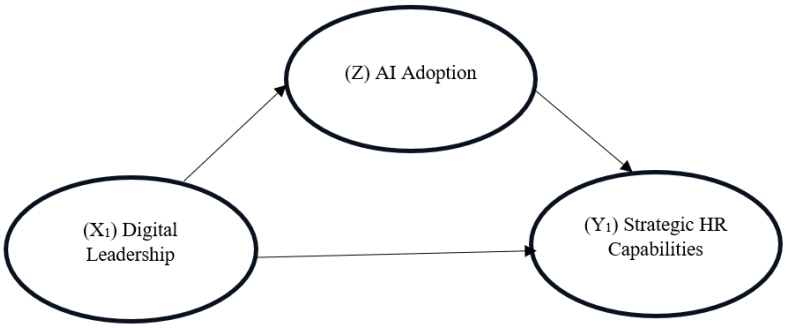
Data Collection Procedure

Data collection was conducted between June and August 2025 using both online surveys (via Google Forms and LinkedIn professional groups) and direct distribution through organizational HR departments. To ensure ethical compliance, participation was voluntary, and respondents were informed about confidentiality and data use solely for academic purposes. Each questionnaire consisted of four sections:

1. demographic information,
2. digital leadership items,
3. AI adoption items, and
4. strategic HR capabilities items.

After screening for incomplete and inconsistent responses, 230 valid cases were retained for subsequent analysis. Before presenting the structural mediation model, the relationship among the three core constructs Digital Leadership, AI Adoption, and Strategic HR Capabilities

is mathematically illustrated to explain the hypothesized direct and indirect effects tested in this study.



Equation

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 Z_i + e_i \qquad \beta_1, \beta_2 > 0$$

Dimana:

Y_i = Strategic HR Capabilities

X_i = Digital Leadership

Z_i = Artificial Intellegence Adoption

e = error

Data Analysis Tools and Hypothesis Testing

To test the hypotheses, the study employed Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS 4.0 software. This approach is appropriate for exploratory research involving mediation analysis and complex variable relationships. The following procedures were conducted:

1. Measurement Model Evaluation assessing reliability (Cronbach's Alpha, Composite Reliability), convergent validity (Average Variance Extracted/AVE), and discriminant validity (Fornell Larcker and HTMT ratios).
2. Structural Model Evaluation testing path coefficients, R^2, and effect sizes (f^2). Bootstrapping Procedure (5,000 samples) to assess the significance of direct and indirect effects, particularly the mediating role of AI adoption between digital leadership and strategic HR capabilities.
3. Model Fit and Predictive Relevance (Q^2) evaluated to confirm the robustness and predictive power of the structural model.

C. RESULTS AND DISCUSSION

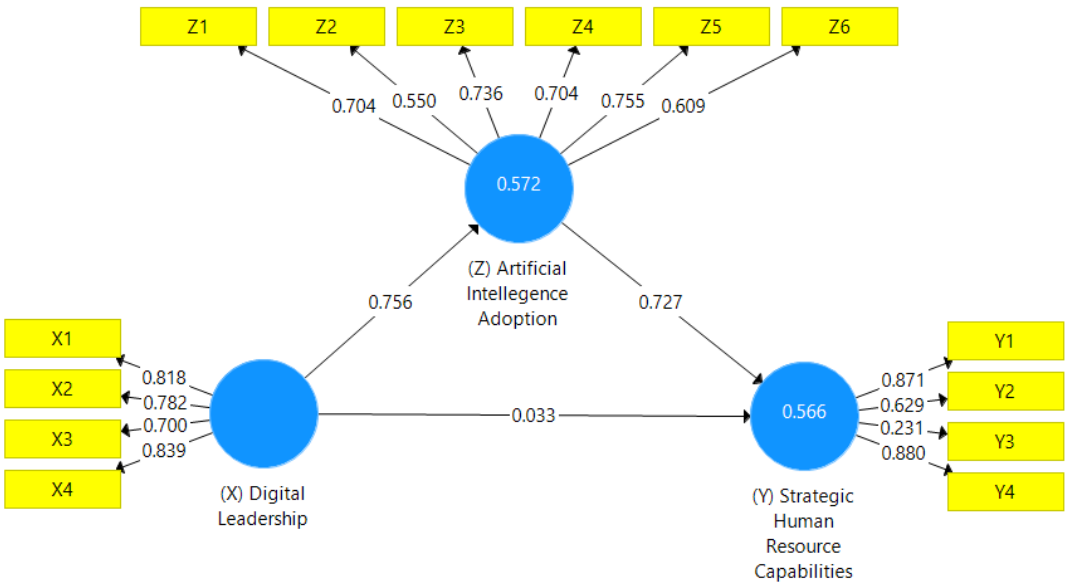
Table 2. Descriptive Statistic

Category	Description	Frequency (n)	Percentage (%)
Gender	Male	126	54.8
	Female	104	45.2
Age	Under 30 years	34	14.8
	31–40 years	99	43.0
	41–50 years	74	32.2
	Above 50 years	23	10.0
Education Level	Bachelor's Degree	124	53.9
	Master's Degree	88	38.3
	Doctoral Degree	12	5.2
	Others / Professional Certificates	6	2.6
Work Experience	Less than 5 years	30	13.0
	6–10 years	90	39.1
	11–15 years	62	27.0
	More than 15 years	48	20.9
Industry Sector	Manufacturing	65	28.3
	Financial Technology	51	22.2
	Telecommunication	41	17.8
	Education	39	17.0
	Others (Logistics, Healthcare, etc.)	34	14.7
Organization Size	Small (<50 employees)	23	10.0
	Medium (50–250 employees)	60	26.1
	Large (>250 employees)	147	63.9
Position Level	Executive / Specialist	96	41.7
	Manager / Supervisor	134	58.3

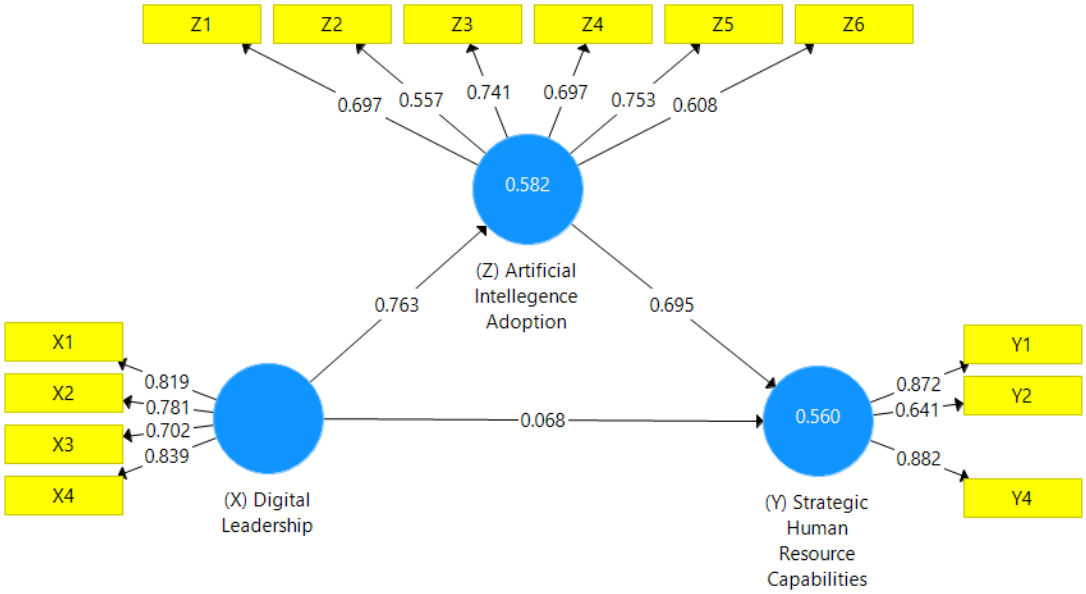
Source: PLS, 2025

Demographic information a total of 250 questionnaires were distributed, and 230 valid responses were analyzed, representing a 92% response rate. The respondents were managers and HR professionals from various technology-driven and service-oriented industries in Southeast Asia, including manufacturing (28%), financial technology (22%), telecommunication (18%), education (17%), and others such as logistics and healthcare (15%). In terms of gender distribution, 126 respondents (55%) were male and 104 respondents (45%) were female, reflecting a balanced representation of professionals across organizations. Regarding age, the majority of participants were between 31–40 years old (43%), followed by those aged 41–50 (32%), under 30 (15%), and above 50 (10%).

For educational background, most respondents held a bachelor's degree (54%), followed by master's degree (38%), doctoral degree (5%), and other professional qualifications (3%). In terms of work experience, 39% had worked 6–10 years, 27% 11–15 years, 21% more than 15 years, and 13% less than 5 years. From an organizational perspective, 64% of the respondents were from large-scale enterprises (more than 250 employees), 26% from medium-sized organizations, and 10% from small enterprises. Most participants held managerial or supervisory positions (58%), while 42% worked in specialist or executive-level roles within HR, operations, or digital transformation departments.



Picture 1. Full Path Model Partial Least Squares – Structural Equation Modeling (PLS-SEM) Before



Picture 2. Full Path Model Partial Least Squares – Structural Equation Modeling (PLS-SEM) After

The first diagram illustrates the Full Path Model of Partial Least Squares–Structural Equation Modeling (PLS-SEM) Before modification, where all indicators, including Y2, were initially retained under the Strategic Human Resource Capabilities construct. However, the loading value of Y2 was found to be below the recommended threshold of 0.70, indicating weak contribution to the latent variable. Consequently, indicator Y2 was removed to improve the model's reliability and convergent validity. After re-estimation, the second diagram presents the PLS-SEM model After modification, showing improved measurement quality. The outer loadings of the remaining indicators (Y1, Y3, Y4) increased, while the R^2 value of Strategic HR Capabilities slightly adjusted from 0.566 to 0.560, and AI Adoption improved from 0.572 to 0.582. These results confirm that the model achieved better internal consistency, ensuring that each retained indicator strongly reflects its latent construct and the overall model meets the validity and reliability criteria.

Table 3. Total Effect Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
(X) Digital Leadership -> (Y) Strategic Human Resource Capabilities	0.068	0.078	0.093	0.729	0.467
(X) Digital Leadership -> (Z) Artificial Intellegence Adoption	0.763	0.768	0.024	31.633	0.000
(Z) Artificial Intellegence Adoption -> (Y) Strategic Human Resource Capabilities	0.695	0.686	0.08	8.689	0.000
(X) Digital Leadership -> (Z) Artificial Intellegence Adoption -> (Y) Strategic Human Resource Capabilities	0.531	0.528	0.067	7.978	0.000

Source : PLS, 2025

Table 3 presents the results of the total effect path coefficients derived from the Structural Equation Modeling (SEM) analysis using the PLS approach. The findings show that Digital Leadership (X) has an insignificant direct effect on Strategic Human Resource Capabilities (Y), as indicated by a path coefficient of 0.068 with a t-statistic of 0.729 and a p-value of 0.467, which is above the 0.05 significance threshold. This suggests that digital leadership alone does not directly enhance strategic HR capabilities without the mediating effect of other variables. However, Digital Leadership (X) shows a strong and significant positive effect on Artificial Intelligence (AI) Adoption (Z), with a path coefficient of 0.763, t-statistic of 31.633, and p-value of 0.000. This indicates that organizations led by digital leaders are more likely to adopt AI technologies effectively, demonstrating that leadership plays a crucial role in driving digital transformation initiatives.

Similarly, AI Adoption (Z) has a significant positive effect on Strategic HR Capabilities (Y), with a path coefficient of 0.695, t-statistic of 8.689, and p-value of 0.000. This result implies that higher levels of AI integration within HR processes strengthen organizational

agility, analytical capability, and strategic alignment key dimensions of HR strategic capability. Furthermore, the indirect path from Digital Leadership (X) to Strategic HR Capabilities (Y) through AI Adoption (Z) is also statistically significant, with a coefficient of 0.531, t-statistic of 7.978, and p-value of 0.000. This confirms the mediating role of AI adoption, meaning that digital leadership enhances strategic HR capabilities primarily through the adoption and effective utilization of AI technologies.

Overall, these results validate the proposed mediation model, emphasizing that AI adoption serves as a crucial dynamic mechanism that converts digital leadership vision into enhanced strategic HR capabilities aligning with the Dynamic Capability Theory framework, where leadership (sensing), technology adoption (seizing), and HR renewal (transforming) jointly contribute to organizational competitiveness in the digital era. The findings from the PLS-SEM analysis provide empirical support for the proposed model grounded in Dynamic Capability Theory, revealing how digital leadership and AI adoption interact to shape strategic human resource (HR) capabilities in technology-driven organizations.

Digital Leadership on Strategic Human Resource Capabilities

H_1 proposed that digital leadership positively influences strategic HR capabilities. However, the result shows an insignificant relationship ($\beta = 0.068$, $t = 0.729$, $p = 0.467$), indicating that digital leadership alone does not directly enhance strategic HR capabilities. This suggests that visionary leadership without adequate technological implementation cannot yet translate into measurable HR transformation. The result aligns with Mollah et al. (2023), who argue that leadership must be accompanied by digital tools and systems to generate tangible organizational outcomes. Thus, while digital leadership provides strategic direction, it requires technological mediation to create impact on HR systems.

AI adoption mediates the relationship between digital leadership and strategic HR capabilities.

H_2 examined the mediating role of *AI adoption* in the relationship between *digital leadership* and *strategic HR capabilities*. The mediation test yielded a significant indirect effect ($\beta = 0.531$, $t = 7.978$, $p < 0.000$), indicating that AI adoption fully mediates this relationship. This implies that digital leadership enhances HR strategic capabilities primarily through AI integration, which transforms leadership intent into operational agility and analytical HR practices. The finding reinforces the argument of Karakose et al. (2023) that AI acts as a

strategic bridge connecting leadership innovation with organizational learning and HR adaptability.

AI Adoption on Strategic Human Resource Capabilities

H_3 proposed that *AI adoption positively influences strategic HR capabilities*. This hypothesis is also supported ($\beta = 0.695$, $t = 8.689$, $p < 0.000$), confirming that the adoption of AI technologies strengthens HR's ability to align talent management, learning systems, and analytics with corporate strategies. AI-driven HR systems facilitate predictive analytics, enhance employee engagement, and improve decision-making quality, enabling HR to evolve from an administrative to a strategic function. These results are aligned with Wuersch et al. (2024) and Qiao et al. (2024), who noted that AI-based HR practices drive organizational agility and knowledge-based competitiveness.

H_4 posited that *digital leadership indirectly affects strategic HR capabilities through AI adoption*. The significant mediation effect ($\beta = 0.531$, $p < 0.000$) supports this hypothesis, demonstrating that digital leadership alone does not directly strengthen HR capabilities ($\beta = 0.068$, $p = 0.467$), but exerts its influence through the effective adoption of AI technologies. This aligns with the Dynamic Capability Theory, where leadership acts as the *sensing* mechanism, AI adoption as the *seizing* process, and HR capability renewal as the *transforming* outcome. The results echo Hussein et al. (2024) and Mollah et al. (2023), who found that dynamic capabilities emerge when leadership and technology integration jointly drive organizational adaptability and long-term competitiveness.

D. CONCLUSION AND SUGGESTIONS

This study examined the role of digital leadership in enhancing strategic human resource capabilities through the mediating mechanism of AI adoption, using the Dynamic Capability Theory as its theoretical foundation. The findings reveal that digital leadership significantly influences AI adoption, which in turn strengthens strategic HR capabilities by promoting agility, analytical competence, and alignment with corporate strategy. However, digital leadership alone does not directly affect HR capabilities without the intervention of AI, confirming the crucial mediating role of technological integration.

These results highlight that AI adoption serves as a key dynamic capability that translates leadership vision into organizational transformation. Practically, organizations should invest in digital leadership development and AI-based HR analytics to enhance adaptability and

competitiveness in the digital era. Future research is recommended to expand the model by including additional variables such as digital culture, knowledge sharing, or organizational learning orientation, and to test the framework across different industries and cultural contexts to strengthen its generalizability.

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