

Micro Foundations of Dynamic Managerial Capabilities in The Era of Agentic AI: A Systematic Literature Review

Sanjoy Mukherjee^{1*}, Pullaiah Chowdary Vutla², Som Sekhar Bhattacharyya³ and Rakesh Gupta⁴

¹Research Scholar, Department of Strategy and Entrepreneurship, Indian Institute of Management (IIM), Nagpur, India

²Research Scholar, Department of Information Technology, University of the Cumberland, Williamsburg, 40769 KY, USA

^{3,4}Professor, Department of Strategy and Entrepreneurship, Indian Institute of Management (IIM), Nagpur, India

*Corresponding Author

Dr. Sanjoy Mukherjee
(eph424sanjoy@iimnagpur.ac.in)

Article History

Received: 14.07.2026

Accepted: 09.08.2026

Published: 25.08.2026

DOI: 10.61336/cjmr.1603.63

Abstract: The rapid emergence of agentic Artificial Intelligence (AI) has increased the need to understand managerial micro foundations in AI-enabled organizations. However, the managerial micro foundations and dynamic managerial capabilities required for agentic AI remain underexplored. Using a PRISMA 2020-based systematic literature review of 165 peer-reviewed articles selected from 6,203 records across Web of Science, Scopus and Google Scholar, this study combines bibliometric and thematic analyses to examine the intellectual structure of the field. The findings identify three interconnected managerial micro foundations: (1) Cognitive and AI-literate capabilities, (2) Relational and advice-orchestration capabilities and (3) Governance and ethical capabilities. These capabilities strengthen sensing and seizing by improving opportunity recognition, accelerating decision-making and enhancing managerial orchestration. The review also highlights challenges related to autonomy, accountability, control and overreliance on AI recommendations. The study extends Dynamic Managerial Capabilities theory to the context of agentic AI by proposing an integrative model linking advice-seeking, AI interaction capabilities and sensing-seizing processes, providing a theoretically grounded foundation for future empirical research on managerial performance in AI-enabled organizations.

Keywords: Agentic AI, Managerial Capabilities, Micro foundations, Advice-Seeking, Human-AI Collaboration

Copyright @ 2026: This is an open-access article distributed under the terms of the Creative Commons Attribution license which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use (NonCommercial, or CC-BY-NC) provided the original author and source are credited.

INTRODUCTION

The accelerated emergence of Artificial Intelligence (AI), especially in its Agentic form, is rapidly changing the way organizations make decisions, innovate and adapt to their dynamically changing environments [1]. This led to increased focus on Dynamic Managerial Capabilities (DMCs)-the capabilities enabling managers to sense opportunities, seize them and reconfigure assets so that the organization maintains a competitive edge [2,3]. Existing research indicates that AI enhances managerial decision-making, strategic responsiveness and dynamic capabilities through improved sensing, learning and adaptation [4-6].

Prior studies identify entrepreneurial orientation, collaborative learning, knowledge management and digital attention allocation as important microfoundations that strengthen Dynamic Managerial Capabilities [7,8]. However, limited attention has been given to how Agentic AI reshapes these managerial microfoundations and the capabilities required for managers to effectively collaborate with autonomous AI systems [9,10]. To address this gap, this systematic literature review synthesizes existing research to identify the managerial capabilities required in the Agentic AI era, proposes a conceptual framework and outlines theoretical and managerial implications for enhancing innovation and organizational adaptation [11].

MATERIALS AND METHODS

This study employed a PRISMA 2020-based Systematic Literature Review (SLR) to ensure transparency, methodological rigor and replicability. Literature was retrieved from Web of Science, Scopus and Google Scholar using Boolean search strings that combined keywords related to Dynamic Managerial Capabilities, Artificial Intelligence, Agentic AI, managerial cognition, human-AI collaboration, strategic decision-making and organizational adaptation. The search was limited to English-language, peer-reviewed journal articles published within the selected review period. Conceptual, empirical and review studies examining managerial capabilities and AI-enabled organizational contexts were included, while studies focusing solely on technical AI algorithms, software development, non-peer-reviewed publications, duplicate records or inaccessible full texts were excluded.

The search initially identified 6,203 records. After duplicate removal, titles and abstracts were screened against the predefined eligibility criteria, followed by full-text assessment of the remaining studies. This process resulted in 165 eligible articles, which formed the final dataset for bibliometric and thematic analyses. Data were systematically extracted to capture publication characteristics, theoretical perspectives, research methods, managerial micro foundations, AI capabilities and key findings relevant to Dynamic Managerial Capabilities in Agentic AI contexts.

Screening Process

The screening procedure took place through several rounds, in order to continuously purify the dataset and ensure inclusion of only adequate and quality studies in the final review. Adhering to the PRISMA 2020, the process consisted of title and abstract screening, full-text review and quality assessment. It allowed to detect studies and only those that actually contribute to the comprehension of the microfoundations of Dynamic Managerial Capabilities (DMC) in the context of an AI-enabled organization.

Quality Assessment

To assess the quality and validity of the review, each eligible study was critically appraised. The quality of each paper was assessed based on a number of different aspects, which tested both its scientific and research validity. Studies showing solid theoretical basis and robust empirical support were favoured [12]. Emphasis was put on studies merging micro foundational theories and emergent changes in AI, digital transformation and managerial decision-making.

Final Sample Selection

Following the screening and quality assessment process, 165 articles were selected from an initial 6,203 records for inclusion in the systematic literature review. The final sample comprised peer-reviewed conceptual, empirical and review studies addressing Dynamic Managerial Capabilities, managerial micro foundations, Artificial Intelligence, Agentic AI and human-AI collaboration. These studies formed the basis for the bibliometric and thematic analyses presented in this review. Figure 1 shows the flowchart demonstrating the identification of relevant studies.

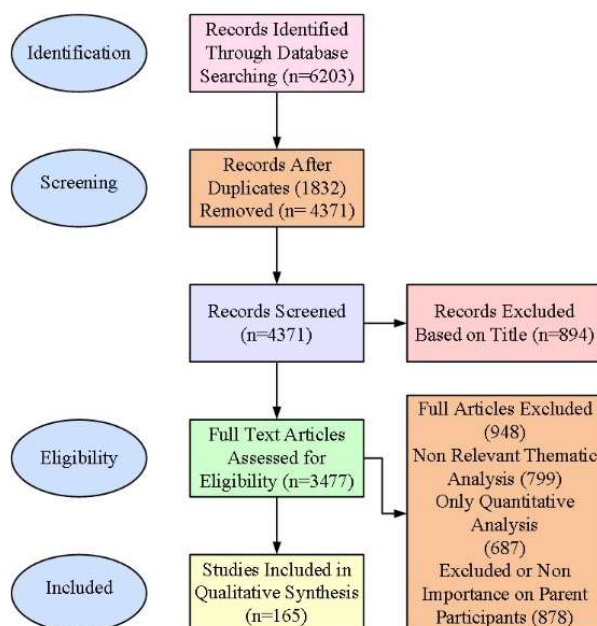


Figure 1: Flowchart Demonstrating the Identification of Relevant Studies

Table 1: Screening Criteria

Criteria Type	Inclusion Criteria	Exclusion Criteria
Publication Type	Peer-reviewed journal articles and review papers	Conference abstracts, editorials, book reviews, dissertations and non-peer-reviewed sources
Language	Articles published in English	Articles published in languages other than English
Topic Relevance	Studies addressing dynamic managerial capabilities, micro foundations, artificial intelligence, agentic AI, managerial decision-making and human-AI collaboration	Studies unrelated to managerial capabilities, AI adoption or organizational micro foundations
Time Period	Relevant studies published across the selected review period	Studies lacking relevance regardless of publication year
Research Focus	Conceptual, empirical and systematic review studies examining AI-enabled managerial capabilities	Studies focusing solely on technical AI development without managerial or organizational implications
Accessibility	Full-text articles available for review	Articles with unavailable or incomplete full texts
Quality Assessment	Studies published in reputable academic journals indexed in recognized databases	Low-quality or duplicate studies

Source: Developed by the authors based on PRISMA 2020 screening guidelines

Table 1 outlines the search and selection criteria applied to filter relevant literature during the systematic literature review. To obtain relevant literature to analyze, the selection criteria identified to be included are the following: Peer-reviewed studies written in English, dealing with dynamic managerial capabilities, micro foundations, AI, agentic AI, decision-making of managers and collaboration between human and AI, both conceptual and empirical studies were kept to achieve a breadth of the research field. On the other hand, non-peer-reviewed materials, editor letters, book reviews, doctoral theses and non-managerial or organizational research studies of AI are excluded. Furthermore, we have only selected available full-text articles in a renowned journal.

THEORETICAL FOUNDATIONS AND SYNTHESIS

This study is based on three interconnected theoretical frameworks: The Dynamic Managerial Capabilities (DMC) Framework, the Hybrid Upper Echelons Theory and Socio-Technical Systems (STS) Theory. The DMC Framework explains managerial sensing, seizing and reconfiguration capabilities, while Hybrid Upper Echelons Theory and STS Theory extend this perspective by explaining AI-supported decision-making and human-technology alignment [13-15].

Dynamic Managerial Capabilities (DMC) Framework

The Dynamic Managerial Capabilities (DMC) Framework represents the primary theoretical lens of this study. Helfat and Martin [16] define dynamic managerial capabilities as the "ability of managers to identify, seize, integrate and reconfigure resources" to cope with dynamic environments. In the agentic AI context, managers must have cognitive abilities, AI literacy and strategic insight to sense opportunities and grasp innovation opportunities [17]. The DMC framework illustrates how managerial human capital, social capital and cognition lead to organizational adaptation [18] and equip managers to work with AI, providing a capacity base for human-AI decision making and socio-technical integration [17,19].

Hybrid Upper Echelons Theory

Hybrid Upper Echelons Theory builds on previous Upper Echelons Theory, acknowledging that organizational decisions are now likely to be made in collaboration with AI. Organizational performance depends on managerial attributes, past experiences and interpretation of information from AI [14]. While high analytical and cognitive skills enable the managers to apply the information derived from AI properly, the theory connect the two aspects: human capability and technological intelligence, laying the ground for collaborative human-AI decision making [20,21].

Socio-Technical Systems (STS) Theory

STS Theory argues that overall organizational performance is related to the fit between the social and technical subsystems. In the context of agentic AI settings this suggests a suitable fit between human (managerial) expertise, organizational structure and autonomous AI technologies [15]. The STS Theory extends DMC and Hybrid Upper Echelons theory. The first emphasizes human and AI-supported capabilities development, whilst the latter focuses on the decision-making process. The STS Theory, in parallel, examines organizational governance and coordination and ethics [22].

Theoretical Synthesis

The integration of the Dynamic Managerial Capabilities Framework, Hybrid Upper Echelons Theory and Socio-Technical Systems Theory provides a comprehensive explanation of managerial micro foundations in Agentic AI environments. Rather than viewing AI adoption as a purely technological process, this integrated perspective highlights the interaction

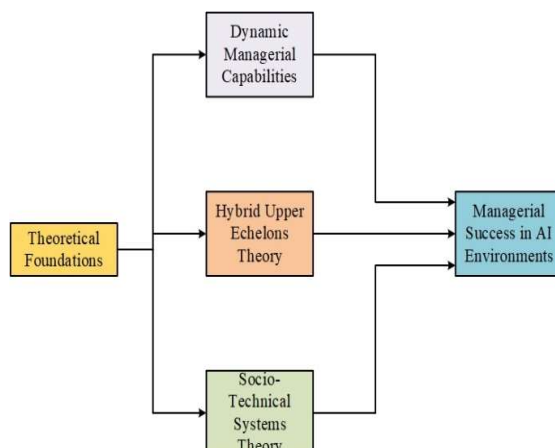


Figure 2: Theoretical Foundations of Dynamic Managerial Capabilities in Agentic AI Contexts

Table 2: Theoretical Foundations and Contributions to Dynamic Managerial Capabilities

Theory Guiding Agentic AI Research	Primary Focus of The Theory	Key Concepts Within the Theory	Contribution To Agentic AI Management
Dynamic Managerial Capabilities (DMC) Framework	Development of managerial capabilities for organizational adaptation	Sensing, Seizing, Reconfiguring, Managerial Cognition, Human Capital, Social Capital	Enables managers to identify opportunities, leverage AI innovations and reconfigure resources for organizational adaptability and competitive advantage
Hybrid Upper Echelons Theory	Human-AI collaborative strategic decision-making processes	Managerial Characteristics, AI-Augmented Cognition, Strategic Interpretation, Human-AI Collaboration	Explains how managerial experience and AI-generated insights jointly influence strategic decision quality and organizational outcomes
Socio-Technical Systems (STS) Theory	Alignment between social and technical systems	Human-Technology Fit, Governance, Coordination, Ethics, AI Integration	Supports effective AI implementation through alignment of managerial expertise, organizational structures and autonomous AI technologies
Integrated Theoretical Perspective	Holistic understanding of managerial microfoundations	Dynamic Capabilities, Human-AI Collaboration, Socio-Technical Alignment	Demonstrates that successful agentic AI deployment depends on integrating managerial capabilities, AI collaboration and socio-technical coordination

between managerial capabilities, AI-supported cognition and organizational alignment. DMC explains how managers sense emerging opportunities, seize AI-enabled possibilities and reconfigure resources, while Hybrid Upper Echelons Theory explains how managers interpret and combine AI-generated insights with their own expertise to improve strategic decisions. STS Theory further explains how these capabilities are enabled through effective governance, coordination and alignment between human actors and AI technologies. Together, these theoretical perspectives demonstrate that successful Agentic AI implementation depends on the combination of managerial adaptation, human AI collaboration and socio-technical integration, which collectively enhance organizational innovation, flexibility and competitive advantage [14,15]. Figure 2 shows the theoretical foundations of dynamic managerial capabilities in agentic AI contexts.

Table 2 summarizes the major theoretical perspectives that guide Agentic AI research and management. The Dynamic Managerial Capabilities Framework explains how managers develop the ability to sense emerging opportunities, seize AI-driven innovations and reconfigure organizational resources to enhance adaptability and competitiveness. Hybrid Upper Echelons Theory focuses on the interaction between managerial expertise and AI-generated insights, highlighting how human-AI collaboration improves strategic decision-making and organizational performance.

MICRO FOUNDATIONS OF DYNAMIC MANAGERIAL CAPABILITIES IN AGENTIC AI ENVIRONMENTS

The micro foundations perspective describes the ways individual behavior, cognition, affect, routines and interactions contribute to the creation of organizational capabilities and strategic outcomes. DMCs focus on the managerial ability to recognize opportunity, access resource and reshape processes in response to environmental change [16]. As intelligent agents become more dominant in autonomous decision making, planning and coordination with Agentic AI, understanding the micro foundations of DMCs is crucial. Studies indicate that managerial cognition, stakeholder

interaction, organizational routines and digital transformation capabilities are the key mechanisms by which organizations engage in adaptive and innovative reactions to technological change [23,24]. Also, managers' previous experiences, institutional setting and non-cognitive feelings affect capabilities and adaptive response [25].

Managerial Cognitive Capabilities and Strategic Decision-Making

Helfat and Martin [16] explained that these micro foundations influence how organizations adapt and change strategy over time due to managerial changes. As the environment moves towards an AI-supported paradigm, managers may begin to utilize smart agents and data analytics to achieve informed decisions but their cognitive capacity will still be critical for weighing up strategic options and navigating ambiguous and unpredictable circumstances. Managerial cognitive capabilities also contribute significantly in developing a sustained innovation ecosystem, whereby organizations are able to align opportunities with business needs, as established by Cao *et al.* (2020). Entrepreneurial cognition has also been used as a fundamental mechanism of an individual's capability to find opportunities and resource them but other noncognitive micro foundations have also been considered, such as intuitive capacity, emotional sensitivity and the dispositions of the manager [25].

Micro Foundations of Dynamic Managerial Capabilities in Agentic Ai Environments

The micro foundations perspective describes the ways individual behavior, cognition, affect, routines and interactions contribute to the creation of organizational capabilities and strategic outcomes. DMCs focus on the managerial ability to recognize opportunity, access resource and reshape processes in response to environmental change [16]. As intelligent agents become more dominant in autonomous decision making, planning and coordination with Agentic AI, understanding the micro foundations of DMCs is crucial. Studies indicate that managerial cognition, stakeholder interaction, organizational routines and digital transformation capabilities are the key mechanisms by which organizations engage in adaptive and innovative reactions to technological change [23,24]. Also, managers' previous experiences, institutional setting and non-cognitive feelings affect capabilities and adaptive response [25].

Managerial Cognitive Capabilities and Strategic Decision-Making

Helfat and Martin [16] explained that these micro foundations influence how organizations adapt and change strategy over time due to managerial changes. As the environment moves towards an AI-supported paradigm, managers may begin to utilize smart agents and data analytics to achieve informed decisions but their cognitive capacity will still be critical for weighing up strategic options and navigating ambiguous and unpredictable circumstances. Managerial cognitive capabilities also contribute significantly in developing a sustained innovation ecosystem, whereby organizations are able to align opportunities with business needs, as established by Cao *et al.* [26]. Entrepreneurial cognition has also been used as a fundamental mechanism of an individual's capability to find opportunities and resource them but other noncognitive micro foundations have also been considered, such as intuitive capacity, emotional sensitivity and the dispositions of the manager [25].

AI Adoption and Digital Transformation Capabilities

Successful Agentic AI adoption depends on organizational digital transformation capabilities, which are developed through managerial and employee-level knowledge, skills and routines [27]. Digital transformation capabilities emerge from individual-level knowledge, skills and routines that enable organizations to integrate new technologies effectively. Within Agentic AI contexts, DMCs enable managers to identify AI opportunities, mobilize resources and coordinate technology-driven transformation [28]. Analytics empowerment capability further highlights how individuals use data analytics and AI technologies to enhance organizational performance [29]. Therefore, digital transformation capabilities represent a critical micro foundation of DMCs in Agentic AI environments, allowing managers to integrate AI technologies, adapt organizational processes, reduce implementation resistance and support continuous learning and innovation [2,30].

Stakeholder Engagement and Collaborative Innovation

Stakeholder engagement and collaborative innovation are key micro foundations of dynamic managerial capabilities within AI-driven environments. Stakeholder relationship development is seen as being influenced by diverse stakeholder motivations which managers need to accommodate in value creation. AI agents typically operate in highly complex environments characterized by relationships with various stakeholders such as customers, suppliers, regulators, technology vendors and local communities. Managers must therefore acquire relational capabilities that allow them to build trust, communication and co-resolve problems with stakeholders.

Table 3: Micro Foundational Constructs Supporting Dynamic Managerial Capabilities in Agentic AI Environments

Micro foundation Construct	Key Drivers	Inhibitors	Role in Dynamic Managerial Capability Development
Managerial Cognitive Capabilities and Strategic Decision-Making	Strategic cognition, entrepreneurial thinking, intuition, affective intelligence, AI-supported analytics, contextual awareness	Cognitive biases, overreliance on AI recommendations, limited strategic foresight, inadequate decision-making skills	Enables managers to sense opportunities, interpret AI-generated insights, evaluate uncertainties and formulate effective strategic responses.
AI Adoption and Digital Transformation Capabilities	Digital literacy, technological expertise, analytics empowerment, organizational learning, change-management capabilities	Resistance to change, lack of digital skills, insufficient technological infrastructure, poor AI integration	Facilitates the adoption, deployment and effective utilization of Agentic AI technologies to improve organizational adaptability and performance.
Stakeholder Engagement and Collaborative Innovation	Trust-building, stakeholder communication, knowledge sharing, strategic partnerships, collaborative networks	Weak stakeholder relationships, poor communication, limited external collaboration, conflicting stakeholder interests	Strengthens innovation capability, resource integration and responsible AI implementation through collaborative value creation.
Dynamic Capabilities in AI-Powered Business Ecosystems	Sensing market changes, resource reconfiguration, organizational adaptability, ecosystem coordination, continuous innovation	Organizational rigidity, static routines, slow response to technological change, limited adaptability	Supports firms in seizing emerging opportunities, transforming business processes and sustaining competitiveness in AI-driven ecosystems.
Managerial Processes and Organizational Capacity Development	Strategic planning, coordination mechanisms, absorptive capacity, managerial networking, administrative capability, organizational learning	Weak governance structures, ineffective resource allocation, poor knowledge management, limited organizational capacity	Enhances organizational resilience, learning and capability renewal by facilitating effective resource orchestration and technology integration.
Human-AI Collaboration and Managerial Augmentation	Human-AI co-decision-making, managerial oversight, ethical reasoning, emotional intelligence, AI-assisted decision support	Full dependence on autonomous AI, lack of human supervision, trust deficits, ethical concerns	Promotes balanced collaboration between managers and intelligent systems, enhancing decision quality, innovation and strategic agility.

Dynamic Capabilities in AI-Powered Business Ecosystems

Organizational environments in an AI-driven business ecosystem demand constant adjustment to technological, competitive and institutional change. Organizations' ability to respond to and thrive within this changing landscape relies on dynamic capabilities that enable them to reconfigure resources. Because capabilities emerge from individual actions, decisions and interactions, understanding managerial micro foundations is essential for explaining adaptation in AI-powered ecosystems [3]. Agentic AI increases the importance of managerial micro foundations because managers must coordinate AI systems, ecosystem partners and organizational resources to maintain adaptability and long-term competitive advantage [31].

Managerial Processes and Organizational Capacity Development

Managerial processes and organizational capacity are essential micro foundations of dynamic managerial capabilities in rapidly changing technological environments. Managerial processes represent the routines and coordination mechanisms through which individual actions become organizational capabilities [31]. AI-enabled environments require managers to coordinate technological resources, redesign routines and maintain organizational adaptability. In Agentic AI environments, managerial processes enable organizations to coordinate human and AI resources, support continuous learning and facilitate strategic reconfiguration.

Human-AI Collaboration and Managerial Augmentation

The introduction of Agentic AI shifts the interface between managers and intelligent systems, offering new possibilities for collaboration and augmentation in the managerial domain. Managerial capabilities become increasingly dependent on the managers' abilities to effectively integrate, interpret and utilize AI outputs while maintaining control and strategic direction. Raisch and Krakowski [32] highlight that AI creates an automation-augmentation relationship in which technology can enhance rather than replace managerial capabilities. AI-enabled augmentation allows managers to shift attention toward higher-order strategic activities, innovation and stakeholder coordination while combining human judgment with AI capabilities [33]. Table 3 displays the micro foundational constructs supporting dynamic managerial capabilities in agentic ai environments.

RESULTS AND DISCUSSION

The systematic review identified 165 relevant high-quality peer-reviewed empirical studies from a total of 6,203 initially screened records, showing the increased interest of scholarly in DMCs, micro foundations and AI-driven

transformation [9]. According to the results, the micro foundations of DMCs in the Age of Agentic AI consist of three interrelated factors-cognitive and AI-literate capacities, relational and cooperative capacities and governance related capacities [11]. It suggests that managers sense opportunities, seize opportunities and reconfigure their resources in an uncertain and dynamic environment with a combination of three factors [9]. The first major insight is that Agentic AI transforms managerial cognition from an individual decision-making capability into a hybrid human-AI cognitive capability. While AI systems enhance information processing, prediction and opportunity identification, managerial judgment remains essential for interpreting AI outputs, addressing uncertainty and applying contextual knowledge. Therefore, the findings extend DMC theory by suggesting that sensing capabilities increasingly emerge from the interaction between human cognitive resources and AI-enabled intelligence rather than from managerial cognition alone.

The second finding highlights that Agentic AI requires managers to develop relational and orchestration capabilities. Unlike traditional technology adoption perspectives that view AI primarily as an operational tool, this review shows that AI agents reshape interactions among managers, employees, stakeholders and technological systems. Managers increasingly perform coordination and orchestration roles by integrating knowledge, facilitating collaboration and aligning diverse actors within AI-supported ecosystems. Thus, collaborative capability becomes a critical micro foundation that enables organizations to transform AI resources into innovation and adaptive outcomes.

Moreover, the analysis indicates the growing importance of dynamic managerial capabilities in contributing to organizational agility and ecosystem involvement. It is shown that dynamic capabilities are increasingly constituted through manager-technology-ecosystem interaction. Managerial capabilities are becoming increasingly important to enable orchestrating various actors, managing distributed digital resources and fostering innovation beyond the firm boundary in AI-powered organizations. Literature also shows that capabilities in operation in digital manufacturing environments are heavily grounded in low-level management and employee behaviors, while it is also demonstrated that socio-technical viewpoints find organizational agility as emerging from a joint of human and technology capabilities.

Theoretical Contributions

This research contributes several key theoretical points to the literature on Dynamic Managerial Capabilities (DMC), microfoundations and Agentic Artificial Intelligence. Firstly, this paper enriches the microfoundations viewpoint by integrating AI-based managerial capabilities into traditional theories of strategy. This study reveals how managerial cognition, strategic thought and absorptive capacity jointly strengthen the adaptability of organizations in digitally transformed settings [34,35].

Secondly, this review extends Dynamic Managerial Capabilities theory by conceptualizing Agentic AI as an active enabler of managerial capabilities rather than merely a technological support tool. This extension demonstrates that DMC in digitally transformed organizations is increasingly shaped through the interaction between human managerial capabilities and AI-driven agency, thereby broadening the theoretical scope of DMC in the era of intelligent technologies [36].

Thirdly, in response to the growing body of literature about microfoundations, the review has contributed to our understanding of microlevel individual, relational and organizational mechanisms supporting the development of capabilities and organizational change processes [37]. In addition, the review offers insights into how dynamic managerial capabilities are performed in different contexts such as hybrid organizations, networks of social innovation, international business, networks of open innovation and strategic entrepreneurship environments. Furthermore, this review proposes that Agentic AI should be considered an integral component of the micro foundations of Dynamic Managerial Capabilities. Rather than replacing managerial judgment. Consequently, the review advances DMC theory by explaining how human managers and AI agents jointly contribute to capability development and sustained competitive advantage in digitally intensive environments.

In summary, this review develops an integrated theoretical framework that extends Dynamic Managerial Capabilities theory by positioning Agentic AI as a complementary managerial capability embedded within the micro foundations of sensing, seizing and reconfiguring. The framework explains how the interaction between managerial capabilities and Agentic AI enhances organizational adaptability, strategic agility and sustainable competitive advantage in contemporary digital organizations.

Managerial Implications

Some practical implications for managers working in an increasingly AI-enabled and turbulent business environment stem from the findings of this study. Managers should build upon managerial cognition, strategic thinking and decision-

making processes to best sense opportunity, react to the environment and achieve organizational performance when utilizing Agentic AI [38]. Managers should establish AI governance mechanisms that define clear policies for transparency, accountability, ethical AI use, data privacy and risk management to ensure the responsible deployment of Agentic AI. Furthermore, organizations should invest in AI literacy and continuous managerial capability development through digital upskilling and cross-functional learning to strengthen managers' sensing, seizing and reconfiguring capabilities in rapidly changing business environments. Finally, managers should strengthen the social and relational micro foundations that support sustainable organizational performance. Managerial actions in combination contribute to sustainable transformation via AI and sustained competitive advantage [39,40].

CONCLUSION

The advent of Agentic AI is transforming managerial actions, organizational decision-making and capability development across industries. This literature review contributes to the emerging body of knowledge by integrating the micro foundations perspective with Dynamic Managerial Capabilities (DMCs) to explain how Agentic AI supports managerial sensing, seizing and reconfiguring in digitally transformed organizations. The review identifies three key groups of managerial micro foundations: (1) Cognition and AI-based capabilities, (2) Relational and collaboration-oriented capabilities and (3) Governance-oriented capabilities that enable organizations to adapt effectively in AI-enabled environments.

Furthermore, the study stresses the importance of organizational learning, stakeholder involvement and joint innovation for enhancing dynamic managerial capabilities. Managerial teams that support knowledge transfer, inter-functionality and organizational learning are well-positioned to take full advantage of the opportunities provided by AI in terms of innovation and adaptability. The ability to coordinate with AI technologies, human-AI collaboration, becomes an enabling capability to improve decision quality, strategy manoeuvrability and the overall performance of an organization. Moreover, the role of governance, accountability and socio-technical coordination in AI enabled organizations becomes evident throughout this work. Because AI systems will soon be able to self-function, appropriate controlling systems will have to be established within organizations to control the responsible usage of intelligent technologies. By bridging human and machine capabilities an organization can achieve enduring performance and competitive advantage in the long term. All in all, this work suggests that Agentic AI be understood as a facilitator of managerial capabilities, not a substitute.

Limitations and Future Directions

The current study has several limitations although a comprehensive literature review of the micro foundations of DMCs in the context of Agentic AI. First, the review is based solely on published journal articles within peer-reviewed journals, which were gathered from the major databases for academic literature. Although it guarantees methodology rigor and quality, it neglects relevant literature from industry report, practitioner articles, conference proceedings and working paper. Since the context of Agentic AI is constantly developing and evolving, the evidence could include variety sources and methods.

Second, this study follows the systematic literature review method, which makes it more conceptual and less empirical. While it outlines the central micro foundations of DMCs such as managerial cognition, AI literacy, stakeholder engagement, governance capability and human-AI collaboration, it lacks empirical evidence. Empirical studies could provide insights and validations of these constructs on managerial effectiveness, adaptability and firm performance in different industries and organizations settings [41]. Recently, studies underline the learning, cognition, routines, operational excellence as some of fundamental micro foundations that are still limited in empirical studies on capability development process [27]. Also, some new research proposes some issues related to AI enabled dynamic capability, learning and reconfiguration that can be investigated in future empirically studies [10].

Third, most of the studies in the review are about general organizational setting and do not explore how they differ across specific sectors. The way of managerial capabilities is applied may be quite different for family businesses, SMEs, non-profit organizations, public institutions and MNCs. Future research could try to look for how contextual elements affect the formation and application of dynamic managerial capabilities in AI environment. Besides that, a major drawback is that Agentic AI is quite a new issue. Many AI technologies are still under fast development, therefore the future impact of independent decision-making systems on manager's role, organization structure and business processes is unknown. Future research could investigate into the time impact of AI on manager's decision-making efficiency, human resource and the overall organizational performance [42,43].

Furthermore, future research is required on digital leadership, strategic flexibility and technology-adaptive capabilities enabling effective AI adoption and organizational change. Future scholars should also investigate the

enabling effects of dynamic managerial capabilities in sustainability-oriented innovation, green product development, organizational resilience, supply chain flexibility and open innovation eco-systems in more digital environments. Finally, an ultimate avenue of research should be to conceptualize and test integrative framework to link managerial cognition, digital transformation, AI governance, sales capabilities, entrepreneurial performance and organizational resilience; thereby further understanding the managerial micro foundations which will drive sustained competitive advantage in the age of Agentic AI.

REFERENCES

1. Chu, K.M. and H.C. Chan. "From Data to Decisions: Orchestrating AI Capabilities as Synthetic Dynamic Capabilities across Global Value Chains." *Strategic Business Research*, 2026.
2. Hock-Doepgen, M. *et al.* "Identifying Microfoundations of Dynamic Managerial Capabilities for Business Model Innovation." *Strategic Management Journal*, vol. 46, no. 2, 2025, pp. 470-501.
3. Foss, N.J. and A. Mazzelli. "Bringing Managers and Management Back into Strategy: Interfaces and Dynamic Managerial Capabilities." *Journal of Business Research*, vol. 186, 2025.
4. Hossain, S. *et al.* "Digital Leadership: Towards a Dynamic Managerial Capability Perspective of Artificial Intelligence-Driven Leader Capabilities." *Journal of Leadership & Organizational Studies*, vol. 32, no. 2, 2025, pp. 189-208.
5. Giraud, L. *et al.* "The Impacts of Artificial Intelligence on Managerial Skills." *Journal of Decision Systems*, vol. 32, no. 3, 2023, pp. 566-599.
6. Shahzad, F. and J.J. Ferreira. "Artificial Intelligence Driven Dynamic Capabilities: Unpacking Micro-Foundational Mechanisms." *Management Decision*, 2026, pp. 1-22.
7. Crupi, A. and L. Mortara. "Building Middle Managers' Managerial Dynamic Capabilities through Collaborations: Exploring the Microfoundations in a University-Industry Consortium." *The Journal of Technology Transfer*, 2025, pp. 1-31.
8. Chi, S. *et al.* "The Micro-Foundations of Platform Leaders' Dynamic Capabilities: An Analysis Based on the Dual Perspectives of Digital Attention Allocation and Knowledge Management." *Journal of Knowledge Management*, 2026, pp. 1-24.
9. De Fano, D. *et al.* "Harnessing AI Ambidexterity for Competitive Advantage: The Role of Dynamic Capabilities in Digital Innovation Ecosystems." *European Journal of Innovation Management*, vol. 29, no. 2, 2026, pp. 490-504.
10. Ayoub, H.S. and J.C. Sopuru. "Reconfiguring Strategic Capabilities in the Digital Era: How AI-Enabled Dynamic Capability, Data-Driven Culture and Organizational Learning Shape Firm Performance." *Sustainability*, vol. 18, no. 3, 2026.
11. Mustikasari, A. and W.S. Ciptono. "The Microfoundations of Managing Adaptive Tension as Dynamic Capability in Innovation Management." *Global Journal of Flexible Systems Management*, vol. 26, no. 3, 2025, pp. 649-679.
12. Felin, T. and N.J. Foss. "Organizational Routines and Capabilities: Historical Drift and a Course-Correction toward Microfoundations." *Scandinavian Journal of Management*, vol. 25, no. 2, 2009, pp. 157-167.
13. Teece, D.J. "Explicating Dynamic Capabilities: The Nature and Microfoundations of (Sustainable) Enterprise Performance." *Strategic Management Journal*, vol. 28, no. 13, 2007, pp. 1319-1350.
14. Chaturvedi, A. and M. Dasgupta. "Managerial Perception of AI in Strategic Decision-Making." *Journal of Computer Information Systems*, 2024, pp. 1-13.
15. Iden, J. and B. Bygstad. "Sociotechnical Micro-Foundations for Digital Transformation." *European Journal of Information Systems*, vol. 34, no. 2, 2025, pp. 367-382.
16. Helfat, C.E. and J.A. Martin. "Dynamic Managerial Capabilities: Review and Assessment of Managerial Impact on Strategic Change." *Journal of Management*, vol. 41, no. 5, 2015, pp. 1281-1312.
17. Merín-Rodríguez, J. *et al.* "Dynamic Managerial Capabilities for Digital Transformation in Innovative SMEs: What Are the Effects on New Product Development Performance?" *Journal of Business Research*, vol. 201, 2025.
18. Engelen, A. *et al.* "A Temporally Contingent View of Dynamic Managerial Capabilities." *Managerial and Decision Economics*, vol. 46, no. 5, 2025, pp. 3123-3141.
19. Kaur, V. "Managerial Attention and Knowledge-Based Dynamic Capabilities: A Meta-Theoretical Approach to Competitive Advantage." *Journal of General Management*, vol. 50, no. 3, 2025, pp. 220-239.
20. Haesevoets, T. *et al.* "Human-Machine Collaboration in Managerial Decision Making." *Computers in Human Behavior*, vol. 119, 2021.
21. Bevilacqua, S. *et al.* "Exploring the Artificial Intelligence Integration in Top Management Team Decision-Making: An Empirical Analysis." *Business Process Management Journal*, vol. 31, no. 5, 2025, pp. 1763-1784.
22. Das, M. and P. Jain. "Agentic Artificial Intelligence in Organisations: A Conceptual Synthesis Using Agency Theory and Socio-Technical Systems Theory." 2025.
23. Felin, T. *et al.* "The Microfoundations Movement in Strategy and Organization Theory." *Academy of Management Annals*, vol. 9, no. 1, 2015, pp. 575-632.
24. Foss, N.J. *et al.* "A Hegelian Dialogue on the Micro-Foundations of Organizational Routines and Capabilities." *European Management Review*, vol. 9, no. 4, 2012, pp. 173-197.
25. Nayak, A. *et al.* "Noncognitive Microfoundations: Understanding Dynamic Capabilities as Idiosyncratically Refined Sensitivities and Predispositions." *Academy of Management Review*, vol. 45, no. 2, 2020, pp. 280-303.
26. Cao, X. *et al.* "The Role of Managerial Cognitive Capability in Developing a Sustainable Innovation Ecosystem: A Case Study of Xiaomi." *Sustainability*, vol. 12, no. 17, 2020.

27. Santos, F.J.D. *et al.* "Microfoundations of Innovation Capability Creation in Organizations: The Role of Learning, Cognition and Routine." *Cadernos EBAPE.BR*, vol. 22, no. 5, 2024.
28. Shtepa, S. *et al.* "The Impact of Artificial Intelligence on Management Practice." *Research Handbook on Digital Strategy*, Edward Elgar Publishing, 2023, pp. 324-341.
29. Mohamed, F. and S. Karoui Zouaoui. "The Microfoundations of Strategic Decision-Making: How Individual Cognitive Capabilities Shape Organizational Ambidexterity." *Journal of the International Council for Small Business*, 2026, pp. 1-21.
30. Rabetino, R. *et al.* "Microfoundations for Business Model Innovation: Exploring the Interplay between Individuals, Practices and Organizational Design." *Journal of Product Innovation Management*, vol. 42, no. 4, 2025, pp. 704-736.
31. Felin, T. *et al.* "Microfoundations of Routines and Capabilities: Individuals, Processes and Structure." *Journal of Management Studies*, vol. 49, no. 8, 2012, pp. 1351-1374.
32. Raisch, S. and S. Krakowski. "Artificial Intelligence and Management: The Automation-Augmentation Paradox." *Academy of Management Review*, vol. 46, no. 1, 2021, pp. 192-210.
33. Leyer, M. and S. Schneider. "Decision Augmentation and Automation with Artificial Intelligence: Threat or Opportunity for Managers?" *Business Horizons*, vol. 64, no. 5, 2021, pp. 711-724.
34. Srivastava, S. and D. D'Souza. "An Empirical Examination of the Relationship between Managerial Strategic Thinking and Absorptive Capacity of the Organization." *Journal of Strategy and Management*, vol. 13, no. 1, 2020, pp. 51-71.
35. de Souza, E.M. and S.H.A.C. Forte. "Exploring the Relationship between Managerial Cognitive Capabilities and Dynamic Managerial Capabilities." *International Journal of Business Administration*, vol. 12, no. 5, 2021.
36. Sampath, G. *et al.* "Microfoundations Approach to Strategic Agility-Exploration to Operationalization." *Journal of General Management*, vol. 46, no. 2, 2021, pp. 103-128.
37. Bojesson, C. and A. Fundin. "Exploring Microfoundations of Dynamic Capabilities-Challenges, Barriers and Enablers of Organizational Change." *Journal of Organizational Change Management*, vol. 34, no. 1, 2021, pp. 206-222.
38. Durán, W.F. and D. Aguado. "CEOs' Managerial Cognition and Dynamic Capabilities: A Meta-Analytical Study from the Microfoundations Approach." *Journal of Management & Organization*, vol. 28, no. 3, 2022, pp. 451-479.
39. Cristofaro, M. and D. Lovallo. "From Framework to Theory: An Evolutionary View of Dynamic Capabilities and Their Microfoundations." *Journal of Management & Organization*, vol. 28, no. 3, 2022, pp. 429-450.
40. Arndt, F. *et al.* "Dynamic Capabilities: New Ideas, Microfoundations and Criticism." *Journal of Management & Organization*, vol. 28, no. 3, 2022, pp. 423-428.
41. Ben Selma, M. *et al.* "The Effect of the Dynamic Capabilities' Microfoundations on Innovation: Insights from Crossing Levels." *EuroMed Journal of Business*, vol. 20, no. 3, 2025, pp. 882-899.
42. Khan, I. *et al.* "The Impact of Artificial Intelligence Adoption on Managerial Decision-Making Effectiveness." *Journal of Management Science Research Review*, vol. 5, no. 1, 2026, pp. 1196-1218.
43. Abid, K. "The Paradox of Artificial Intelligence Adoption in Talent Management: Do Managerial Dynamic Capabilities Matter?" *Journal of Organizational Effectiveness: People and Performance*, 2026, pp. 1-22.