Vivien Rintala

Future of HR in the age of AI – Changing HR value creation and competency requirements

School of Management
Master's Thesis in
International Business

Vaasa 2026

UNIVERSITY OF VAASA
School of Management
Author: Vivien Rintala
Title of the thesis: Future of HR in the age of AI – Changing HR value creation and competency requirements
Degree: Master of Science in Economics and Business Administration
Discipline: Master's Degree Programme in International Business
Supervisor: Sniazhana Diduc
Year: 2026 **Pages:** 115

ABSTRACT :

Artificial intelligence (AI) has the transformative power to change and augment our work, competencies, and potentially the entire workforce. As the speed of the transformation increases, the AI-driven external pressures challenge HR value creation and competency requirements. In return, HR is increasingly expected to generate tangible strategic value to the organization. Although the different roles, competencies, and ways of value creation in HR have been researched from various angles and contexts, there is significantly less research on the processes affecting the shifts in competency requirements. Specifically, value creation in the AI context has been under-researched. As the development of competencies does not occur in isolation, it is important to understand what causes the shifts in competency requirements and how AI is driving these changes.

This thesis explores the shifting competencies and value creation of HR in the age of AI, with a particular objective to identify what causes the shifts in competencies and how these shifts can be explained through changes in HR value creation. In connection with changes in competencies and value creation, the adoption of AI in HR is examined. This thesis employs qualitative methods, including semi-structured interviews with experts from three cross-functional professional groups (HR professionals, AI and technology experts, and cross-functional experts). The rich empirical data produced insights into how competencies shift in response to external expectations shifting the value creation of HR. As a result, six competency clusters and five value creation chains emerged, each displaying the patterns of relationships through which value creation shifts produce corresponding competency requirements. The mapping of empirical findings to the SHRM competency framework confirmed several competencies as relevant in the AI context, while enriching them with AI-specific depth. This study proposes the addition of courage, imagination, and culture of experimentation within HR teams as attitudinal qualities and fundamental preconditions for the successful development of other AI-specific competencies and for the AI adoption in HR. Findings reveal that HR value creation shifts from administrative to strategic and reporting to analytics, through architecting the workforce transformation, by strategic redirection of human contribution, and through hybrid workforce orchestration.

The findings highlight that the future appears to be increasingly in the hands of HR itself, while simultaneously revealing an ambition gap upheld by daily realities and constraints. Successful adoption requires resources, adequate tools, vision, data and AI literacy, and collaboration. Although there is significant space for growth, this study highlights that the strong core expertise serves as a promising foundation for HR to adopt a transformative and strategically significant central role in the organizational AI transformation. This path, requiring courage and curiosity, is also envisioned and vouched for HR cross-functionally.

KEYWORDS: Human resources, artificial intelligence, competency, value creation, skills

TIIVISTELMÄ :

Tekoälyllä (AI) on käänteentekevä voima muuttaa ja augmentoida työtä, kompetensseja sekä koko työvoimaa. Muutosvauhdin kasvaessa tekoälyn muovaavat ulkoiset paineet haastavat henkilöstöhallinnon (HR) arvonluontia ja kompetensseja. Tämä johtaa siihen, että HR-asiantuntijoiden odotetaan enenevissä määrin tuottavan konkreettista strategista arvoa organisaatiolle. Vaikka henkilöstöhallinnon eri rooleja, kompetensseja sekä arvonluontia on aiemmin tutkittu useista eri näkökulmista ja konteksteista, kompetenssivaatimusten muuttumiseen vaikuttavia prosesseja on tutkittu huomattavasti vähemmän. Erityisesti arvonluontia tekoälyn yhteydessä on tutkittu hyvin vähän. Koska kompetenssien kehittyminen ei tapahdu tyhjiössä, on tärkeä ymmärtää, mikä johtaa kompetenssivaatimusten muuttumiseen ja mikä on tekoälyn vaikutus tässä muutoksessa.

Tämä tutkielma tarkastelee kompetenssien ja arvonluonnin muutosta tekoälyn aikakaudelle, tavoitteena tunnistaa, mikä aiheuttaa kompetenssien muutoksen ja miten näitä muutoksia voi selittää henkilöstöhallinnon arvonluonnin muutosten kautta. Arvonluonnin ja kompetenssien muutosten yhteydessä tarkastellaan myös tekoälyn käyttöönottoa henkilöstöhallinnossa. Tämä tutkielma toteutettiin hyödyntäen kvalitatiivisia menetelmiä ja tutkimuksen aineisto kerättiin haastattelemalla asiantuntijoita kolmesta ammattiryhmästä (HR-asiantuntijat, tekoäly- ja teknologia-asiantuntijat sekä poikkitieteelliset asiantuntijat). Runsas empiirinen aineisto tuotti näkemyksen siitä, miten kompetenssit muuttuvat ulkoisten odotusten muuttuessa ja muokkaavat henkilöstöhallinnon arvonluontia. Tuloksena tutkimuksesta syntyi kuusi kompetenssiryhmää sekä viisi arvonluonnin ketjua, joista jokainen osoittaa riippuvuusrakenteen, jonka kautta arvonluonnin muutoksen osoitetaan tuottavan tätä vastaavia kompetenssivaatimuksia. Tutkimuksen tulosten jäsentäminen SHRM-kompetenssiviitekehykseen osoitti useat viitekehyksen kompetenssit relevanteiksi myös tekoälykontekstissa. Tämän ohella tulokset kuitenkin osoittavat, että viitekehyksestä puuttuneet rohkeus, mielikuvitus ja kokeilukulttuuri asenteellisina ominaisuuksina henkilöstöhallinnon tiimeissä ovat keskeisiä edellytyksiä tekoälyn käyttöönotolle sekä tekoälyyn liittyvien kompetenssien kehittämiselle. Tulokset osoittavat, että henkilöstöhallinnon arvonluonti muuttuu hallinnollisesta strategiseen, raportoinnista analytiikkaan, työvoimamuutoksen arkkitehtuuria rakentamalla, inhimillisen panoksen strategisen uudelleenohjaamisen myötä sekä hybridityövoiman yhteensovittamisen kautta.

Tuloksissa korostuu henkilöstöhallinnon keskeinen rooli oman tulevaisuutensa muovaajana. Samanaikaisesti tuloksista on kuitenkin havaittavissa arjen realiteeteista ja rajoituksista juontuva kunnianhimon vaatimaton taso. Tekoälyn onnistunut käyttöönotto vaatii toimivien työkalujen ohella resursseja, visiota, tekoälyn- ja datanlukutaitoa sekä yhteistyötä. Vaikka kehitystarve on selkeä, tämä tutkimus osoittaa, että vahva ydinosaaminen toimii lupaavana pohjana henkilöstöhallinnon transformatiiviselle ja strategisesti keskeiselle roolille organisaatioiden AI-muutoksessa. Tämän ollessa polku, joka vaatii rohkeutta ja uteliaisuutta, mutta joka on myös poikkitieteellisten asiantuntijoiden visioima ja tukema.

AVAINSANAT: Henkilöstöhallinto, tekoäly, kompetenssi, arvonluonti, taidot

Contents

Figures

Tables

Abbreviations

AI = Artificial Intelligence

HR = Human Resources

HRM = Human Resource Management

SHRM = Society for Human Resource Management

TAM = Technology Acceptance Model

1 Introduction

From the 1950's and Alan Turing's revolutionary theories of machines that can learn, to November 2022 and the launch of an artificial intelligence (AI) chatbot called ChatGPT that shook the world (O'Connor, 2024), the advancements of technology continue to change, aid and challenge our lives. AI is fundamentally transforming how work is performed, organized and managed across industries. Organizations need to rethink how value is created in these new AI-augmented roles and through human-machine collaboration. This transformation brings significant implications for organizations, but also for the entire humanity, as AI reshapes roles, required competencies, and the nature of human work. In this context, ensuring the employees can adapt to new ways of working becomes critical. Human Resource (HR) professionals act as a critical link and facilitator between technological change and the workforce, positioning them at the center of AI adoption and human-AI interaction in organizations (Bositkhanova & Dadaboyev, 2025). This includes supporting and facilitating the integration of AI and other digital technologies into the workplace by developing relevant competencies, managing organizational change and ensuring that the technology adoption creates value while remaining aligned with the organizational objectives and human needs (Junita, 2021; Pereira et al., 2023). The existing literature remains partly uncertain of where and how HR will create value in an AI-driven world, and how this will influence the future competencies of HR professionals.

AI, automation and other technological advancements have already become a part of the daily lives of many individuals (Dwivedi et al., 2021). While technology has already for a long time affected our jobs and many industries, digitalizing work, eliminating and creating new roles, increasing efficiency and promoting economic growth, it has been claimed that AI and automation will change the way we work in profound ways (Frey & Osborne, 2017; Cano-Kollmann et al., 2018). It remains unclear how substantial this change will be, at what pace and order it will happen, and which industries and jobs will be the most affected (Baum et al., 2011). There have been predictions and simulations suggesting that occupations in administration, customer service, logistics, production,

manufacturing and transportation would be affected the quickest and that overall, around 47 percent of jobs would be subject to replacement by AI (Frey & Osborne, 2017). Other sources suggest an even more brutal prediction where almost all current roles involving either physical, manual, mental, or cognitive labor would be substituted by AI or at the latest by artificial general intelligence (AGI) (Baum et al., 2011). Overall, jobs that are labor-intensive and include repetitive and low-knowledge tasks appear to be most at risk (Cano-Kollmann et al., 2018). There are however, more recent reviews of AI labour market research that indicate a substantial variation in estimates regarding occupational AI exposure and displacement (Ghosh et al., 2025). This reflects the uncertainty and contradicting perspectives regarding the extent and nature of AI's impact on work and employment (Ghosh et al., 2025).

While the work of HR professionals can be both knowledge and labor-intensive, it is evident that in most companies HR work includes a lot of repetitive, low-value tasks (Jatobá et al., 2023). Furthermore, the high-value tasks and their impact are often overlooked, poorly communicated, and unrecognized by company leadership (Lemmergaard, 2009; Benabou et al., 2024). It is inevitable that AI and automation are going to also affect HR roles, and it is expected that the focus of the role will shift to enabling HR professionals to focus on tasks that deliver higher value (Benabou et al., 2024). While a considerable range of research exists regarding the roles of HR professionals and the shift towards roles with more strategic impact, the research into the connection of the AI-driven shift, the shift from operational to strategic HR focus, and the role of HR's value creation has been underexplored (Jatobá et al., 2023; Stanley & Aggarwal, 2019). The Increasing automation of administrative tasks is expected to accelerate HR's shift towards more strategic, data-driven, and human-centric contributions (Bottesch et al., 2025).

In the future, HR might be in a central role in shaping AI-augmented organizations, where humans are not replaced by technology but instead AI comes in to eliminate unproductive, repetitive, and labor-intensive tasks, while simultaneously enhancing the impact of traits and strengths unique to humans (Benabou et al., 2024). AI is transforming how HR

value creation is shifting, and this study aims to identify and explore how HR value creation is shifting and how these shifts explain the changing competency requirements of HR professionals. The study will also further examine the individual and organizational requirements needed to accept and adapt to this change.

1.1 Research gap

To date, there are numerous studies regarding AI and HR. The existing literature and research concretize that the subject raises a lot of questions, challenges, fears, and along with this, areas of research. AI and HR have been researched from multiple different angles, however an extensive review of peer-reviewed literature between 2015 and 2026 on the AI-driven transformation and its effects on HR displays that the existing research is mainly centered around AI applications in HR processes, future HR roles, and value creation and emerging competency requirements. While each area has attracted scholarly attention, there are limited studies addressing and examining the value creation patterns and how shifts in value creation produce competency reconfiguration as a connected phenomenon.

It has been identified through research that HR professionals and organizations are approaching a widely transformative era that requires curiosity combined with training and understanding of the abilities, limitations, and risks of AI (Jatobá et al., 2023). Recent academic research further highlights that the potential applications of digital transformation in HR are extensive (Bhatti et al., 2025) and that AI is fundamentally reshaping HR competencies and the overall organizational competency development (Bhatti et al., 2025). While the adoption of AI requires an updated set of competencies, it should eventually allow HR professionals to shift their focus towards more productive tasks and direct their efforts to strategic work that has a higher priority for the organization (Jatobá et al., 2023). Several scholars have identified areas for future research when it comes to mapping the wider AI-driven shift in HR competencies (Jatobá et al., 2023), the competencies needed to successfully adopt AI to HR, and to manage this digital transformation

(Jatobá et al., 2023; Kudina & van del Poel, 2024; Sakka et al., 2022; Stanley & Aggarwal, 2019).

There are already studies that propose new perspectives and potential future roles for HR professionals, for example, as intermediaries between machines and human stakeholders, and as centers of machine-assisted strategic decision-making and problem-solving (Sakka et al., 2022). Other scholars suggest even wider roles for HR as a multi-disciplinary function having a central role in connecting humans and technology, repositioning HRM as Human Technology Resource Management (HTRM) (Fenwick et al., 2023) or moving even further from a strategic role to a technology integrator role (Gosh & Kabra, 2025). While most scholars agree that HR should play a critical role in the organizational integration of AI, there is variation in views on the extent of this role and HR's overall future role. Scholars still recognize that more research is needed to identify these potential roles, and overall to identify what kind of transformation AI will prompt in HR (Charlwood and Guenole, 2022). Charlwood and Guenole (2022) note an unresolved tension, while HR professionals have an opportunity to shape their role through AI, questions remain about how much control HR professionals realistically have over AI shaping their role in the future. This uncertainty highlights the importance of examining not only what competencies are emerging, but what factors determine whether HR professionals successfully develop and adopt them.

Studies indicate that AI adoption in HR is rapidly increasing as HR roles shift toward more strategic, data-driven, and analytical (Shukla & Satsangi, 2025). This presents an increasing challenge for organizations to adopt dynamic and continuous approaches to competency development as traditional training models are insufficient and outdated in rapidly evolving AI-driven environments. This strategic shift has been extensively recognized by scholars, however the perception of what the strategic HR role and value creation entail and what competencies it requires has attracted opposing views. The successful adoption and implementation of technology and digital HR strategies is likely to be crucial in

shaping HR from an administrative function into a more adaptable value-creating strategic business partner (Bhatti et al., 2025). Already in 2019, Sharon and Aggarwal suggested that future studies should examine the changing role of HR, the competencies required to support disruptive technology adoption, and the organizational implications of this transformation. Recent research confirms that research on AI acceptance and adoption in HR remains insufficient and lacking in depth (Prikshat et al., 2025). A conclusive consensus regarding the extent of technical competencies required from HR has also not yet been reached, and the swift technological advancements have also led to a theory-practice gap between practitioners and researchers in some research areas (Ghosh & Kabra, 2025).

Recent studies have highlighted challenges in how AI-driven competencies can effectively be integrated into established HR competency frameworks (Poljsak-Rosinksi & Roedenbeck, 2025) and with the mapping of the potential future skillset of HR professionals needed to effectively utilize and integrate AI (Sakka et al., 2022). The existing literature suggests a shift in how HR creates value in the future (Sakka et al., 2022; Ulrich, 2020). As the administrative work and transactional tasks are increasingly being replaced by AI agents and processes streamlined through automation, it is likely that the value of HR shifts toward activities that require human judgment, human connection, interpretation, and relational capabilities (Cognizant, 2020, p. 4; Sakka et al., 2022). By reimagining where and how HR creates the most value in the AI-driven work environment, it becomes possible to more clearly identify the competencies and skills required, which is precisely the approach this study adopts.

Examining the relationship between AI-driven transformation in HR value creation and competency requirements is important because competency transformation does not occur in isolation from organizational expectations and strategic priorities. Rather than viewing AI simply as a technological driver that requires new skills, this perspective suggests that AI reshapes how HR creates organizational value, which subsequently alters the competencies needed from HR professionals. While the existing literature succeeds

in documenting both the evolution of HR value creation and, to some extent, the changing competency requirements of HR professionals, the pattern of relationships linking these two phenomena has not been formally theorized or empirically examined. Ulrich's (Ulrich, 1997; Ulrich & Dulebohn, 2015; Ulrich, 2024) body of work implies a consistent logic where shifts in how HR creates value produce corresponding shifts in required competencies. This pattern of relationships remains implicit rather than explicit in the literature. Furthermore, no study has examined whether AI, as a contemporary external pressure, triggers this same pattern of relationships.

Understanding this relationship may support a more meaningful and proactive competency development, as HR professionals can better connect competency transformation to the evolving strategic role of HR. This study also integrates an underutilized cross-functional perspective in exploring and integrating both AI and HR expertise in researching AI-driven competency development and the role of changing HR value creation. The importance of this study is also further emphasized by the rapid increase in both academic and professional interest in AI-driven HR transformation, changing forms of HR value creation, and the evolving competency requirements of HR professionals.

1.2 Research questions and objectives

The purpose of the study is to seek answers to the pivotal question of how AI is transforming the competency requirements of HR professionals, and how this transformation can be explained through shifts in HR value creation.

Formulated to research questions, the main question this study aims to seek answers to is:

1. How does AI-driven organizational change reshape HR competencies, and how can this be explained through changes in HR value creation?

The main research question is to be answered through first answering to the following sub-questions:

2. Value creation changes: How does AI-driven organizational change reshape HR value creation in organizations?
3. Competency changes: How do the changes in HR value creation translate into new competency requirements for HR professionals?

This study also aims to provide insights into how HR professionals adapt to these changes, with implications for how organizations can support preparation for an uncertain and evolving future. These insights are informed by cross-functional perspectives from professionals working with AI and its organizational implications, including HR professionals and other experts interacting with AI in different functional contexts.

The scope of this study has been deliberately limited to primarily focus on Finnish and Nordic organizational and geographical contexts. The high levels of digitalization and digital maturity (Tutak & Brodny, 2022) in organizations and in HR, a high-trust work culture and a strong emphasis on workforce development (Kauhanen & Rouvinen, 2026) make Finnish and Nordic organizations a relevant setting for exploring how the AI-driven transformation may shift HR competencies and value creation. This might also make the insights of this study transferable to other digitally advanced organizational contexts beyond Finland and the Nordics.

This study operates within the theoretical synthesis derived from Ulrich's (Ulrich, 1997; Ulrich & Dulebohn, 2015; Ulrich, 2024) established frameworks, using it as an interpretive lens rather than adopting a new theoretical lens. Drawing on this theoretical synthesis, this study examines how the pattern of relationships between external pressure, value creation shifts, and competency reconfigurations presents itself in the AI context. AI adoption is examined through the Technology Acceptance Model (TAM) (Davis, 1989) and competency outcomes are operationalized through the SHRM (2014) competency

model. In terms of the selection of interviewees, the study deliberately adopted a cross-functional approach, selecting three informed professional groups consisting of HR professionals, AI and technology professionals, and cross-functional experts. Interviewees were selected based on their expertise and experience relevant to the research areas, spanning across various organizational roles and seniority levels. Instead of focusing on specific AI tools or platforms, AI is examined as a broader construct and transformative phenomenon. Finally, the study intends to capture a specific transitional moment in AI adoption within HR, recognizing that the phenomenon is ongoing and rapidly evolving. With respect to the aforementioned delimitations, the findings of this study are not intended to be generalizable beyond this specific context.

While the research questions intentionally employ neutral language around changes to avoid prejudging the nature and significance of the phenomenon, the literature reviewed in the following chapters suggests these changes are transformative in nature, a characterization that is also empirically examined in this study.

It is worth noting that Generative AI tools (ChatGPT) and AI-assisted tools (Grammarly) were used in clearly defined capacities in this thesis for language refinement. Prompts included “Suggest improvements on the clarity and academic tone of this paragraph.”. The outputs included suggestions on revised wording and sentence structure, which the researcher reviewed and selectively adopted.

ChatGPT was also used as a sparring resource during the writing process. This included the use as a brainstorming tool in framework development and in conceptual refinement. Prompts included “What are the weaknesses of this framework?”, “How can I reduce the conceptual complexity without losing explanatory power?”, and “Do the interview themes and questions align with the research questions?”. Outputs suggested potential gaps or inconsistencies, which the researcher critically evaluated before selectively adopting. The AI-generated outputs were not directly adopted but rather used as reflec-

tive inputs. All sources were independently sourced, identified, and reviewed by the author, and all analytical decisions, conclusions and scholarly judgements are the author's own.

1.3 Structure of the thesis

This first chapter acts as an introduction to the study and its main subject. It explains the background of the study and aims to indicate the existing research gap and to justify the research angles of this study and establish why they are relevant. The research questions, sub-questions, and the structure of the research are also presented.

The second chapter presents the literature review of the study. The second chapter opens by examining how HR value creation has evolved throughout the years in response to changing organizational and external demands. This then naturally flows into an exploration of the evolving competencies of HR professionals in the AI-driven context. Existing HR competency models are contrasted with the emerging requirements formulated by the AI-Driven future of HR. In addition, this chapter also discusses how factors such as the acceptance and adoption of technology influence the development of HR competencies. The theoretical framework derived from this review is presented towards the end of the second chapter and constitutes the analytical foundation of the empirical investigation.

The third chapter elaborates on the methodology and data collection used in conducting the study. It also outlines the data analytics process used in the study. The fourth chapter focuses on presenting and analyzing the findings of the study, while the fifth chapter discusses the theoretical contributions and practical implications at the managerial and organizational level. The fifth chapter also further evaluates the credibility and reliability of the study, its limitations, and directions for further research.

1.4 Definitions of key concepts

HR can be understood as both the workforce of an organization and the organizational function responsible for matters related to the workforce. **HRM** is an abbreviation of **Human Resource Management**, a more systematic and strategic approach to personnel management introduced in the 1980's by Beer (1984), Fombrun et al. (1984), and Guest (1987). These scholars started a new era of management in which employees are understood as a critical driver of the overall success and financial health of the organization, and where management competencies are linked to performance (Paauwe & Farndale, 2017, pp. 18-19). In this study, the term HR is used in a comprehensive sense to include both the operational and strategic aspects of managing the workforce. An **HR professional** is an individual responsible for managing the human capital over multiple areas of an HR function, workforce-related processes, and employment matters within an organization.

Artificial intelligence (AI) can be referred to as the capability of computer systems to pursue human-like intelligence by performing tasks that typically require human performance (Russell & Norvig, 2021, p. 19). **AI in HR** refers to the use of **Artificial Intelligence,** such as generative AI, machine learning, or language processing to enhance, streamline, automate, or optimize people processes, and in general apply AI technologies to transform traditional HR functions and processes (IBM, n.d.).

Value creation in HR refers to the contribution of HR to organizational performance and strategic outcomes, for example, through organizational capability building, data-driven decision-making, performance management, and strategic hiring. In this study, value-creation is understood as an evolving response to technological advancements, such as the integration of AI into HR work.

Competency can be viewed as a combination of several **competencies** that allow individuals to perform effectively (Billett, Harteis & Gruber, 2014, p. 111). Competencies can be understood as an integrated combination of skills (practical application), knowledge

(theoretical understanding), and attitudes (behavioral mindset) that are developed and applied in professional practice, highlighting their context-dependent nature (Billett, Harteis & Gruber, 2014, p. 111). Billet, Harteis, and Gruber (2014, p. 111) further define **Professional Competency** as the "generic, integrated and internalized capability to deliver and sustainable effective (worthy) performance (including problem solving, realizing innovation and creating transformation) in a certain professional domain, job, role, organizational context, task situation". **Skills** are components of competency and represent more practical and observable capabilities, which have been accrued from the individual's personal experiences and their environment (Chalofsky, Rocco & Morris, 2014). In the context of HRM, skills can be understood as learned capabilities that enable individuals to perform specific tasks effectively.

2 Literature review

This literature review presents the theoretical background of the study. It reviews the existing literature and the key concepts related to changes and historic progression of HR value creation and competencies, as well as the factors influencing competency development and adoption. It discusses existing literature related to AI-driven changes, transformation, and the changing competency requirements of HR. The literature is examined particularly from the perspective of how AI may reshape the ways through which HR creates value for organizations and how these shifts might result in the emergence of new competency requirements for HR professionals or shift the significance of already required competencies. In addition, the chapter also aims to raise central contradictions and tensions present in the existing literature. The chapter concludes by presenting the theoretical framework of the thesis.

2.1 The evolving value creation of HR

Historically, the HR role first emerged in the early 19th century and has its roots in the changes and challenges that the industrial revolution surfaced (Ulrich & Dulebohn, 2015). Early contributors included industrial and mechanical engineers, mathematicians, philosophers, and psychologists, who shaped and created the grounds of management and HR (Ulrich & Dulebohn, 2015; Cayrat & Boxall, 2023). HR has continuously been shaped by the challenges and adaptation needs that different external pressures have caused to businesses. These external pressures, such as the economic downturns, global disruptions, shifting societal demands, disruptions such as COVID-19, and now the age of AI and automation, have also shaped external and internal expectations of HR value creation (Norman, 2022, pp. 20-22; Sheehan et al., 2016).

2.1.1 The origins and traditional value creation of HR

In Europe, between the late 18th and early 19th century, two early theorists of personnel management Charles Babbage (1771–1858) and Robert Owen (1791-1871) progressively

surfaced the idea that motivated and affluent employees would be more efficient and productive in their work, and that the well-being of individuals would lead to better quality in their work. Later, in the early 20th century, scientific management theory (Taylor, 1911) emerged as a response to the need to maximize productivity and improve economic efficiency (Cayrat & Boxall, 2023). Taylor (1911) proposed that to address these issues, management methods should be improved to include a scientific approach. In practice, his most crucial observations revolved around the need to simplify jobs and optimize them to fit the skill level of the individual (Cayrat & Boxall, 2023). Taylor (1911) also wanted to raise the thought of rewarding employees for their increased productivity. Later, other scientific management theories were developed and contributed to mainly by industrial psychologists.

From pre-World War II in 1939, until the late 20th century, the HR role traditionally centered around an inside-only approach (Ulrich & Dulebohn, 2015). HR work, which was at that time often referred to as personnel management, was often seen as a lower-status job. Its tasks often included lower-level administrative work, cost-control, addressing productivity issues, and operative work such as keeping records, while also combatting collaboration with trade unions and keeping up with the obligation from changing laws and regulations (Ulrich & Dulebohn, 2015). The value of this maintenance-based HR work came from maintaining compliance and was focused on preventative actions (Ulrich & Dulebohn, 2015). HR was perceived as a function with no strategic significance or generating any true business value, merely being a hygiene factor.

Between the late 20th and early 21st century, HR started to regain its reputation as a value-adding, strategically contributing function and built its image towards being a core business function along with functions like marketing, communications, and finance (Ulrich & Dulebohn, 2015). Professor David Ulrich has been a major contributor in researching the multicolored field of HR roles and responsibilities. In 1997, Ulrich (as cited in Thill et al., 2014) identified and divided HR roles into four key roles: HR as Strategic Partner,

Change Agent, Administration Expert, and Employee Advocate. These roles are evaluated and categorized by their orientation on focus (future/strategic or Day-to-Day/Operational), and their involvement (people or processes).

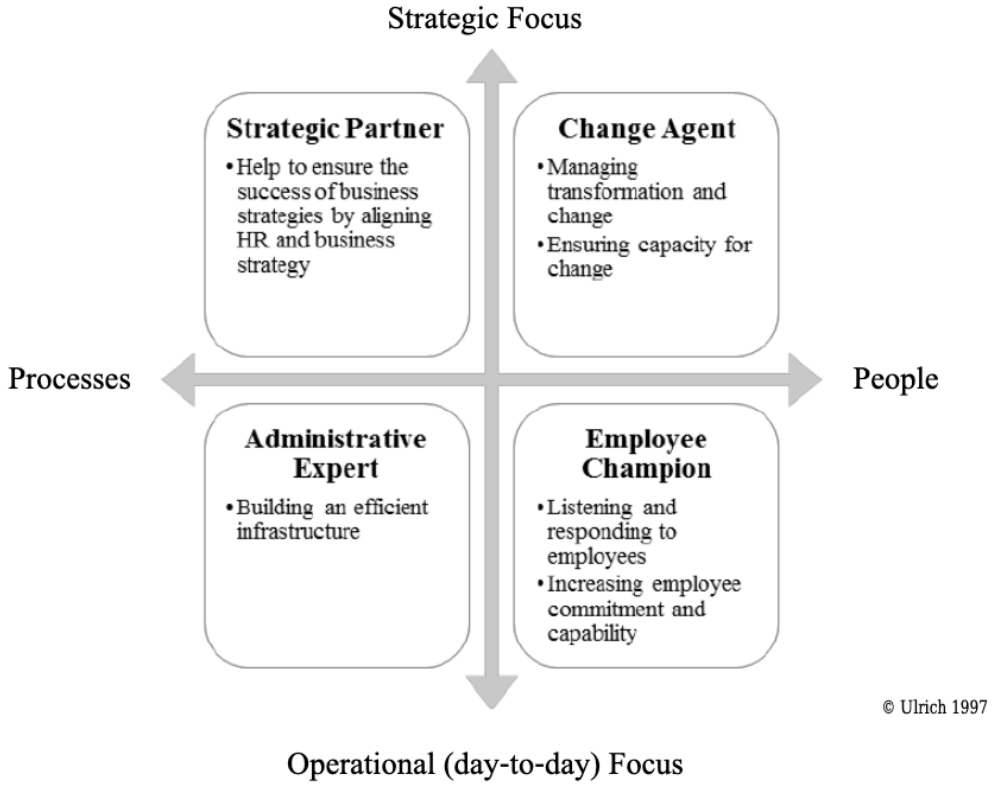

Figure 1. HR roles model by Dave Ulrich. Reprinted from Ulrich (1997, as cited in Thill et al., 2014)

A more recent publication from Ulrich, in which he is joined by Dulebohn (Ulrich & Dulebohn, 2015), proposes that the transformation of HR can be described as three waves of HR. These are 1) *HR administration,* 2) *HR practices,* and 3) *HR strategy*. In addition, there is a fourth wave added to the model. This wave 4) *HR and context*, adds on to connecting HR to the broader business context in which the company operates and establishing an outside-in approach to HR work, rather than the more traditional inside-out approach.

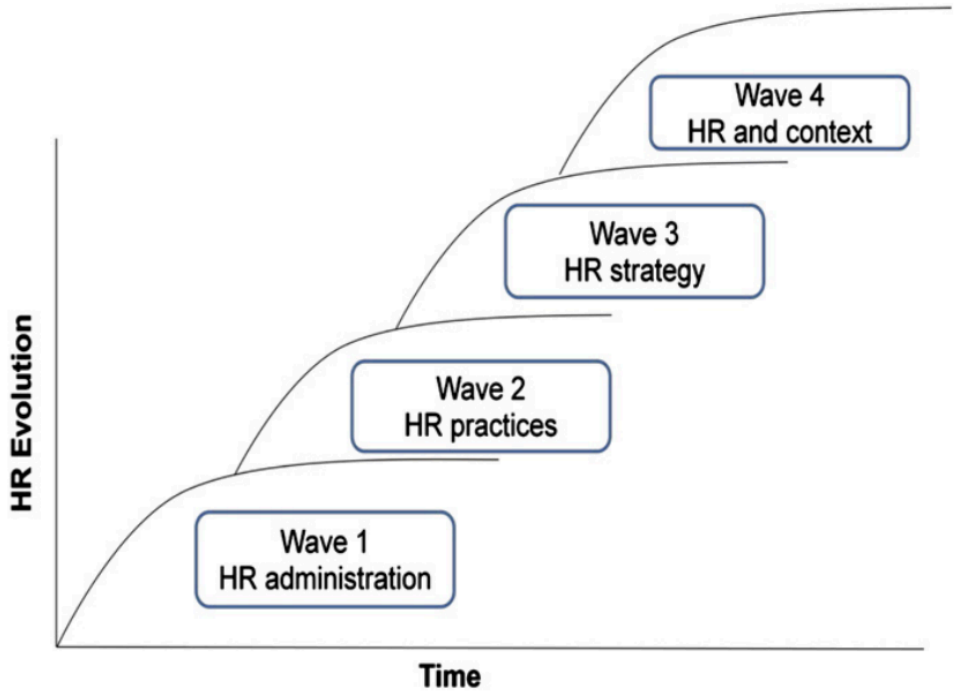

Figure 2. Transformation waves of HR (Ulrich & Dulebohn, 2015)

According to Ulrich and Dulebohn (2015), for HR to progress to the fourth wave of HR, the function should not only serve the company through supporting strategic initiatives and responding to strategy, but rather participate in shaping the company's strategy and actively be part of creating it in the role of a strategic partner. However, despite the strategic trajectory outlined above and the broad scholarly consensus that HR should occupy a more strategic role (Dima et al., 2024; Prikshat et al., 2025), the existing literature suggests and critiques that the reality of strategic HR role and value creation remains largely aspirational and prescriptive in research, rather than empirically grounded (Ghosh & Kabra, 2025). Considerable variation across organizations and their maturity levels also exists (Sakka et al., 2022; Lamper Á, 2026). While progressive HR functions operate as strategic partners contributing to organizational capability and performance, many HR professionals continue to operate primarily at administrative and operational levels with daily realities blocking the path towards a more strategic partner role (Jekiel, 2020, pp. 33-36). This persistent gap between strategic aspiration and operational reality is reflected in Minbaeva's (2021) observation that, despite decades of pursuing a seat at the

strategic table, HR has gained the position only to find that strategic decision-making has moved outside the room entirely, now occurring in closer proximity to customers and outside the organization's permanent structures rather than in the conference rooms HR was designed to occupy. This states a fundamental shift in the nature of strategic value creation, which requires a fundamental transformation of how HR creates and delivers value. While the existing literature documents the surface-level digitalization of HR processes, how HR leads genuine digital transformation and reinvents its organizational value proposition in this context remains poorly understood (Minbaeva, 2021).

Ulrich and Dulebohn (2015) offer a central perspective on the challenges of shifting expectations and HR value creation, and HR's strategic aspirations. They propose that for HR to evolve into a true strategic partner with an outside-inside approach, three issues must be evaluated: HR's focus, relationship to the business (through context and stakeholders), targets or outcomes (individual, organizational, and leadership), and domains for HR investments (HR department, HR practices, HR People, and HR analytics and measures). They concluded that for HR to improve and develop in today's world, it needs to constantly evaluate the value it is creating for the business and continue adding value. As the complexity of the business environment and the internal and external expectations have grown, HR has been under scrutiny to develop ways to redefine and increase its value to the organization (Sheehan et al. 2016). The addition of disruptive technologies as an external pressure element is expected to further accelerate this shift, rather than decrease the expectations. However, this can also be seen as a positive change and an opportunity for HR to demonstrate its value and solidify its position as a strategic partner in the organizational decision-making. HR value creation operates across multiple levels, encompassing organizational outcomes such as efficiency and innovation, societal outcomes including stakeholder satisfaction, and individual outcomes such as employee engagement and employability (Karman, 2020).

In 2024, Ulrich further expanded on the outside-in approach, with an even higher emphasis on how HR work should deliver value to both external and internal stakeholders

through building on the concept of human capability. He divided human capability into four domains: talent, leadership, organization, and HR. Focusing on the fourth domain, HR, Ulrich encourages HR professionals to evaluate and understand stakeholder expectations, to redirect and simplify HR work towards value creation, and to involve customers, investors, and community leaders to participate in co-creating HR practices.

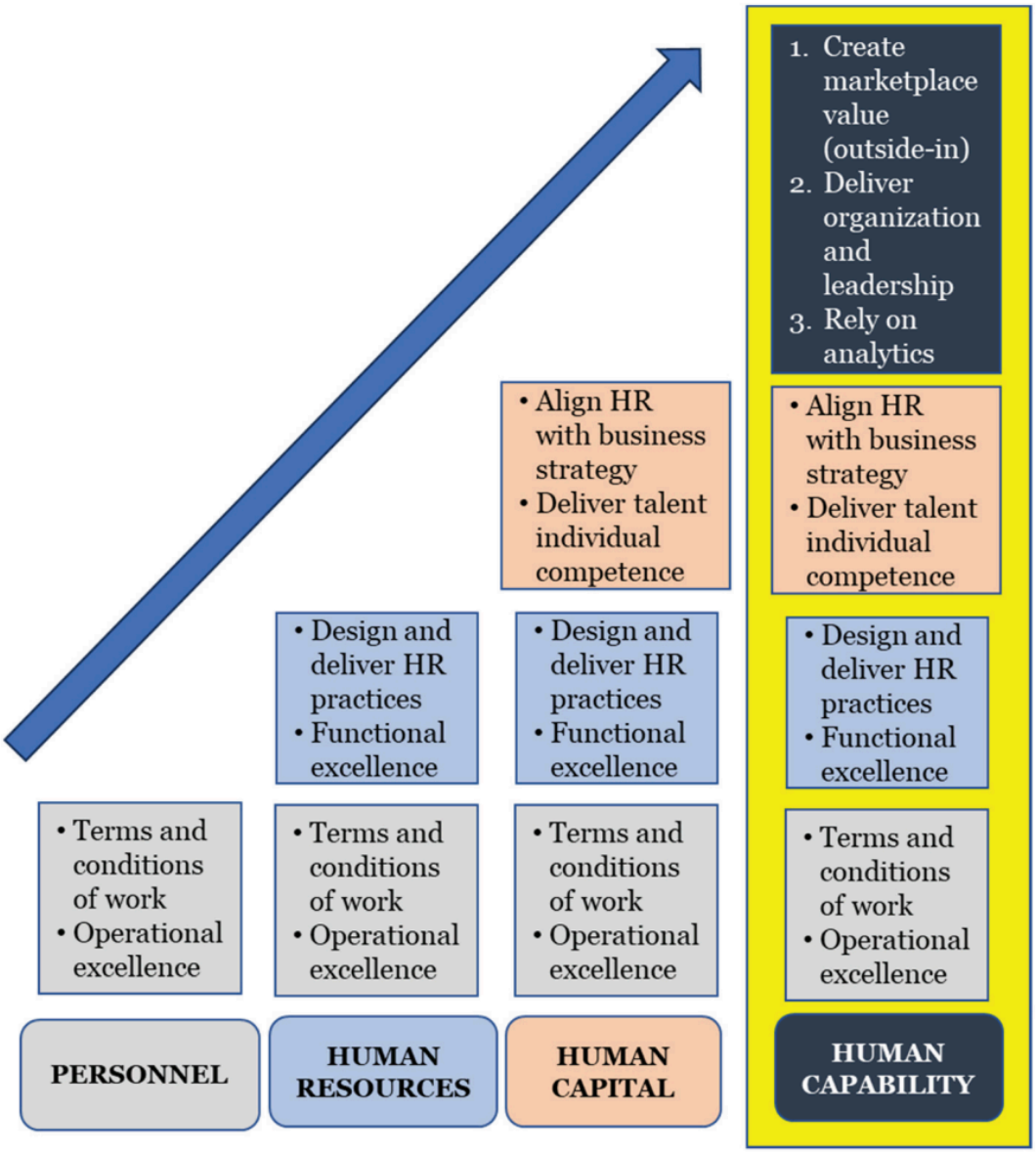

Figure 3. Evolution of HR to outside-in and towards human capability (Ulrich, 2024)

Ulrich's article (2024) also touches on competencies and AI from the perspective of the outside-in approach. He encourages HR professionals to pursue actions that deliver value externally and simultaneously advance HR work. However, Ulrich stresses that sometimes it can be beneficial to start the actions and practices internally, to then showcase the value to external stakeholders. In AI, this could mean that the HR function starts to implement AI tools in-house to showcase the added value to investors and build their trust in the future. For competency development, this could mean building a skill-based organization to deliver value to customers and better answer to customer needs.

While the evolution of HR toward a more strategic and value-creating role has emerged and evolved since the late 20th and early 21st century, the early developments of this transformation were not driven by AI. The increasing adoption of AI has only further accelerated and reshaped this transformation.

2.1.2 AI-driven transformation of value creation

There is a natural urge to resist anything that brings uncertainty to our lives. However, it is evident that the shift to an AI-driven future is already happening, and it's happening faster than we might recognize (Charlwood & Guenole, 2022). For HR to stay on top of the rapid transformation AI brings, and the way it challenges the strategic HR approach, there needs to be a shift in mindset and once again, value creation needs to be redefined and rethought. HR industry professionals and researchers such as Charlwood and Guenole (2022, p. 729) have stated that "The HR profession has a degree of agency to shape the future if it chooses to use it", and that the change is likely to be more manageable and result in a better outcome if HR professionals actively take part in bringing AI to HR. There is a sense of urgency to deploy and implement AI into business use (Forbes, 2026; Lindgren, 2023, p.305). This is highlighted within technology companies and healthcare (Harvard Gazette, 2026).

In 2018, Guenole and Feinzig published a report in cooperation with IBM and the IBM Smarter Workforce Institute on the business case for AI in HR. IBM has been a forerunner

in implementing AI in its HR processes since 2017 (Colletta, 2025). There have already been major cost savings reported with AI-driven HR processes, through automation of administrative and low-value HR work (Colletta, 2025; Charlwood & Guenole, 2022). The report (Guenole & Feinzig, 2018) takes a stance on AI in HR and provides HR professionals with an encouraging and curious outlook on how implementing AI could lead to exponential performance growth, business value, and enhancements in HR. In the foreword of the report, Diane Gherson, the Chief Human Resource Officer of IBM, states that:

> With some upskilling, ethical operating guidelines, and a healthy dose of technical curiosity, the HR function is now positioned to truly drive strategic advantage while better supporting the workforce we rely on to put the strategy into action. (p. 2)

In the introduction of the same report Tina Marron-Partridge, the Managing Partner of Global Leader Talent & Engagement for Global Business Services at IBM asserts that leveraging AI along with strategic insights, HR's capacity to drive and sustain competitive advantage within the organizations and create new sources of value, can be transformational (Guenole & Feinzig, 2018, p. 3).

While many scholars view the adoption of AI in HR as an opportunity and accelerator for a shift in value creation, opposing views also exist on how the shift in value creation can possibly end up harming the position of HR in the organization. Charlwood and Guenole (2022) argue that without HR actively participating in shaping its future role, operational HR work may increasingly become automated and replaced by algorithms, while strategic work such as workforce decisions may shift elsewhere in the organization. They further raise the question of whether AI is ultimately up-skilling or de-skilling HR professionals. This suggests that AI-driven transformation may not only change HR practices but also reshape the strategic value position of HR and the competencies required to maintain organizational relevance.

Although not explicitly discussing HR value creation as a competency-based concept, the findings of Bhatti et al. (2025) indicate a connection between digital HR transformation and competency development. The authors argue that HR is shifting from “administrative operations” toward a “strategic powerhouse propelled by data, technology and automation” (p. 67) while also stating that this transformation is crucial in shaping the future of HR. Their research emphasizes that in addition to the adoption of technologies, the value of digital HR transformation depends also on HR professionals’ ability to manage change, use data, support learning within the organization, and align digital practices with the goals of the organization. In the conclusions of the study, the authors also present “resistance to change, difficulties in integrating new technologies with existing systems, and concerns around data privacy and security” (p. 78) as the key limitations for the transformation. A similar pattern can be identified in Junita’s (2021) research, where digital transformation is associated with being an accelerator of the strategic role shift and organizational contribution of HR, alongside evolving competency requirements. Scholars remain divided on the nature of AI’s impact on HR roles. While some researchers imply that existing HR roles might be augmented and enhanced through AI integration, others propose that entirely new HR roles with distinct value creation potential will emerge, particularly those centered around human-machine collaboration (Azam, 2023).

2.2 The evolving competencies of HR professionals

Recent industry perspectives increasingly highlight the transformation of HR roles, competencies, and accompanying skills toward a strategic tech-enabled function. The competency requirements are evolving at a swift pace in response to digitalization and the rising use of AI-driven technologies in organizations. To provide an example, in 2020, Cognizant identified 21 emerging HR roles of the future, with most evolving around digital and technological capabilities, data-driven decision-making, and human-centered strategic skills. The report goes on to state that “the pace of change will escalate the importance of HR’s role within organizations” (Cognizant, 2020, p. 4). The pre-existing research and literature highlight that this is expected to require substantial reskilling and

upskilling of HR professionals (Norman, 2022, pp. 19-20; Sakka et al., 2022; Eubanks, 2025, p. 218).

2.2.1 From traditional to AI-driven competencies

The HR role has been shaped and transformed by the changing business environment, business needs, and economic as well as technological development (Ulrich & Dulebohn, 2015). Competencies and skills of HR professionals have needed to adapt accordingly. From repetitive lower-level administrative and maintenance-focused HR roles during the times of personnel management, to being crucial strategic business partners who have a solid understanding of the business context and contribute to the success of the business (Ulrich & Dulebohn, 2015). While HR works tirelessly on equipping the organization with business-relevant and forward-looking competencies, it must urgently develop its own skillset and understanding to interact with and effectively utilize technology equipped with AI and automation (Sakka et al., 2022).

In 2014, the Society for Human Resource Management (SHRM) developed an HR Competency Model through which it portrays nine key competency areas for HR professionals. SHRM has its origins in the American Society for Personnel Administration (ASPA), which was founded in 1948 and was renamed as the Society for Human Resource Management in 1989. It has around 340 000 members all over the world and educates, advocates and participates in research for developing better workplaces (SHRM, n.d.). The model provides a well-established framework of HR competencies. However, it predates the rapid integration of AI and automation into HR processes.

Figure 4. SHRM HR Competency Model (Society for Human Resource Management, 2014)

Based on the reviewed literature on AI, automation, and the digital transformation in HRM and HR in general, this study develops a literature-informed AI-driven reinterpretation of the SHRM (2014) competency model. The model is later enriched with the empirical findings gathered from the expert interviews.

This reinterpretation does not replace the original SHRM (2014) framework but rather extends and contextualizes its competencies considering AI-driven HR practices. The SHRM competency model serves as a core framework of this study, enriched by the AI-driven reinterpretation drawn from existing literature, against which the empirically identified competency requirements are subsequently mapped.

Table 1. AI-driven reinterpretation of SHRM (2014) HR competencies and related skills

Competence	AI-driven reinterpretation	Scholars
Communication	• Ability to communicate efficiently with technology such as chatbots or virtual agents through prompts • Interpreting AI outputs and communicating AI generated results to stakeholders	Maghsoudi et al. (2025)
Relationship management	• Supporting and guiding collaboration and efficiency in human-machine teams	Bennett et al. (2025); Dima et al. (2024)
Ethical practice	• Ethical development and implementation of AI • Big data literacy • Bias mitigation • Source validation • Transparency in AI driven decisions	Charlwood and Guenole (2022); Andreas (2024); Ekuma (2024); Norman (2022, pp. 20-22); Eubanks (2025, p. 218)
HRM expertise (HR knowledge)	• Integration of AI into HR processes and practices • AI driven changes to HR activities and roles • Transformation to strategic enabler • Integration of AI into the workplace • Change Management	Vrontis et al. (2021); Dima et al. (2024); Ekuma (2024); Bhatti et al. (2025); Norman (2022, p. 26)
Business acumen	• Utilization of AI in decision-making for example through utilization of AI-analytics	Vrontis et al. (2021); Abdeldayem & Aldulaimi (2020); Agarwal (2023)

Critical evaluation	• Validation of the data AI is trained with • Interpretation of AI-generated data • Validation of AI outputs • Data-driven decisions and analytics skills	Madanchian & Taherdoost (2025)
Global & cultural effectiveness	• Harnessing AI to bridge cultural gaps through AI-powered tools ○ Real-time translation or immersive cross-cultural training tools • Ensuring AI tools are culturally sensitive and inclusive • Cross-culturally mindful AI adoption	Silveira (2025)
Leadership & navigation	• Leadership of AI change and emphasized change management skills • AI tools providing guidance, sparring and simulations for leadership training especially in difficult leadership situations	Dima et al. (2024); Ekuma (2024)
Consultation	• Collaborating with AI chatbots to build efficiency in operative HR work and allow focus on strategic HR work • HR to advise and guide AI adoption and strategic human-machine workforce adoption/planning	Shukla & Satsangi, 2025; Norman (2022, p. 191)

The AI-driven reinterpretation of the SHRM (2014) framework presented above depicts a literature-informed conceptual extension of the original SHRM model. It synthesizes existing scholarly discussions on AI-driven HR transformation and translates them into competency-level implications.

However, it is important to notice that this reinterpretation remains theoretically derived. The empirical phase of this study seeks to examine, refine, and potentially expand this reinterpretation through insights gathered from the interviews. The final integrated model, presented in the discussion chapter, combines literature-based and empirical insights to provide a more complete understanding of AI-driven HR competency requirements.

One of the likely consequences of AI being introduced to the HRM function is the likelihood of HR departments becoming central hubs for strategic decision-making in the organization (Sakka et al., 2022). Sakka et al. (2022) further suggest that the HR department might move from being predominantly tied to the ongoing operation of a business to becoming a site where strategic outcomes and decisions take place. They state that this, however, requires that HR professionals have adequate competencies to follow through with the implementation of AI solutions. This poses a challenge for companies to begin sourcing employees with a new anticipated set of skills, such as the capacity to operate in virtual environments, being able to liaise between machine and human actors, as well as to translate machine-provided figures so that they make sense to a wide range of human stakeholders (Sakka et al., 2022). As a final point, Sakka et al. (2022) indicate that the decision-making authority that is anticipated to increasingly be vested on AI-assisted machines poses specific legal questions, for instance, around the prevention of discrimination, and is likely to demand a new generation of legal instruments, company bylaws, and contractual arrangements to ensure accountability, transparency, and respect for workers' privacy.

Research suggests that AI, with its disruptive potential, may require entirely new skills and practices (Kudina & van de Poel, 2024). Charlwood and Guenole (2022) investigated potential scenarios through which the transformative technological powers of AI could impact HR. They found it crucial for HR professionals to obtain skills that include developing and implementing AI in an ethical manner and emphasized that HR professionals have a great opportunity to shape their ways of working through AI. Scholars still differ

in their emphasis on the competency reconfiguration required and overall future competencies required. While some findings emphasize the technical competencies, such as data and AI literacy, and analytical capability, as the primary HR competency reconfiguration areas in the AI-driven transformation (Ghosh & Kabra, 2025; Sakka et al., 2022), others emphasize the human contribution and soft skills more (Dima et al., 2024). There are existing findings that suggest soft skills and their adaptation into the AI-driven environment are an underexplored area in the AI context (Ghosh and Kabra, 2025).

2.2.2 Upskilling HR for an AI-driven future

As AI becomes widely integrated into everyday work and continues to transform HRM, the need for upskilling and reskilling becomes increasingly important (Sakka et al., 2022). While existing research provides limited insight into the specific skills and competencies HR professionals should develop, as well as how organizations can support this transformation, there is increasing academic interest in researching the upskilling and reskilling of HR professionals and the broader workforce in the AI-driven contexts (Poljsak-Rosinksi & Roedenbeck, 2025; Dima et al., 2024; Beichter & Kaiser, 2023). While the development of competencies can occur through self-directed development, this study also acknowledges the role of organizations in enabling and supporting this transition through structured initiatives such as upskilling, reskilling, and role transformations.

Upskilling refers to the development of new competencies and skills within a professional's current role scope, whereas reskilling involves acquiring new skills to adjust or perform in an evolving role. As HR roles evolve in response to AI adoption, HR professionals are increasingly expected to facilitate human-machine collaboration, support AI-enabled human-machine teams, and contribute to strategic decision-making (Sakka et al., 2022). Simultaneously, the human-centered aspects of HR, requiring emotional intelligence, such as employee experience and employee support across different work-life situations and in personal contexts, become increasingly important. HR professionals hold a key role in fostering human connection, collaboration, and human-centered values within the organization (Sakka et al., 2022).

2.3 Factors influencing competency development and adaptation

Similarly to social media platforms, AI systems can also be considered as sociotechnical systems. In addition to being technical tools, they have a social and organizational impact through people using them and being affected by them (Kudina & van de Poel, 2024). Consequently, they are closely intertwined with human, organizational, and contextual elements, while also having disruptive potential to shape social practices and institutions. This creates new forms of potential vulnerabilities that must be addressed in the design, implementation, and governance of AI systems (Dobbe & Wolters, 2024).

In this context, HR functions and HR professionals play an integral role in managing the interaction between humans and AI systems, ensuring ethical and compliant use through regulatory frameworks, and supporting their integration into organizational practices (Azhar & Imran, 2024). However, the adoption and effective use of AI in HR is not solely dependent on technological capabilities, but also on how individuals and organizations are able to accept and adapt to these systems. A more comprehensive development of new competencies among HR professionals, such as critical thinking, ethical awareness, and interdisciplinary collaboration is required (Azhar & Imran, 2024). In addition, the effective use of AI in HR requires attention to the broader organizational and social context (Kudina & van de Poel, 2024).

2.3.1 Technology acceptance in HR

Acceptance of new technologies can be understood through technology adoption models, which offer insight into how user behavior can be explained in relation to new technologies (Fred & Granić, 2024, p.9). The Technology Acceptance Model (TAM) (Davis, 1989) is an information systems theory that predicts and explains how users accept and adopt new technology, emphasizing perceived usefulness and ease of use as core variables (Fred & Granić, 2024, p.9). Extended models such as TAM3 have further incorpo-

rated factors such as individual skills, experience, and training, highlighting the importance of user capabilities in technology adoption (Fred & Granić, 2024, pp. 32-34). While such models help us to understand user motivations in adopting new technology, research has indicated that the HR function has a crucial role internally as enablers of AI trust, acceptance, and as the ambassadors of organization-wide transformations of AI adoption (Zoppelletto et al. 2026). Recent research also points out that the existing research on AI acceptance and adoption in HR is insufficient and lacking depth (Prikshat et al., 2025).

2.3.2 Technology adoption and HR transformation

Adopting new technologies requires the development of new digital competencies that consist of a wide variety of skills from job-specific to technological and soft skills (Faina & Almeida, 2020; Andriole, 2018, as cited in Zoppelletto et al., 2026). Studies indicate a vast difference between how employees in digitally mature and digitally lagging organizations develop these skills (Fernandes Dos Santos & Aires, 2023, as cited in Zoppelletto et al., 2026). It was found that in digitally mature organizations, employees develop these skills proactively and understand the importance of continuous learning in the digital environment, while in digitally lagging organizations, meta-skills played a more substantial part in aiding the technological shift (Fernandes Dos Santos & Aires, 2023, as cited in Zoppelletto et al., 2026). Despite the HR function having a significant role and position in supporting the adoption of emerging technologies such as AI for HRM through “fostering a culture that embraces digital change” (Zoppelletto et al. 2026), there is still a relatively steep learning curve for HR professionals (Charlwood and Guenole, 2022).

Below is a five-step model presented by Guenole and Feinzig (2018), which visualizes the journey of deploying AI across HR functions. Firstly, they encourage HR professionals to look for a practical business case or a problem to solve. The next step would be to evaluate if it is a viable option to build the AI solution or application in-house or turn to a specialized company with a pre-existing solution. After this evaluation, there is a need

to assess the competencies and maturity of the organization. What kind of competencies are required to build and deploy or adopt, implement, and take into use the solution? HR professionals must participate in these assessments and contribute their knowledge to developing and training the AI solutions. These should be treated as a cross-functional project within the organization, where there is a substantial need for HR professionals to truly know the business and the operating environment. As the next step, a minimum viable product (MVP) should be implemented. IBM often turns to self-funding to allow for a faster deployment of an MVP. In practice, this means that there is a very strong business case existing, and that the need and cost-saving potential of the solution is greater than the initial investment cost. Ideally, within a timeframe of 6 to 12 months, results and benefits should be verifiable if adequate resources, effort, and data have been available and utilized. Finally, the MVP is scaled throughout the organization. This requires strong leadership, collaboration throughout different business units and teams, and a culture that supports and enables innovation, agility, and quick adoption.

Figure 5. Five steps to getting started with AI across HR functions (Guenole & Feinzig, 2018).

The application and implementation of AI solutions, when done ethically and with awareness of social impacts (Charlwood & Guenole, 2022), can support decision-making, increase efficiency, and help solve business challenges (Guenole & Feinzig, 2018; Charlwood & Guenole, 2022; Abdeldayem & Aldulaimi, 2020). However, it is critical that HR professionals understand the speed and impact of AI-driven technologies and human-machine collaboration (Jia & Hou, 2024). Companies are already actively training their current employees on AI training and deployment and hiring for AI-related roles such as

AI-governance as well as AI security and risk-related roles (Singla et al. 2025). The existing research around AI adoption in HR highlights that the risks of adoption are not merely related to a lack of technical competencies of HR professionals or risks emerging from the technology itself, but from how organizations manage trust, governance, communication, transparency, ethics, and human oversight. While some studies emphasize specifically employee-related and organizational risks such as the resistance and resilience to change, perceived trust and fairness (Ara & Ahmad, 2025), other studies focus more on risks related to ethical judgement, algorithm bias and discrimination, data privacy and security concerns (Azhar & Imran, 2024).

2.4 Summary and synthesis

The reviewed literature suggests that the integration of AI is transforming HR work and accelerating the shift from administrative and transactional roles toward more strategic and data driven contributions. These developments reflect a much broader shift in how HR creates value within organizations, as routine tasks are increasingly automated and greater emphasis is placed on analytical, advisory, and human-centric activities. As a result, the competency requirements of HR professionals are also changing. However, while existing research acknowledges and explores the potential future scenarios of the evolving HR roles and competencies, it provides limited insight into how shifts in value creation translate into evolving competency requirements and often lacks a broader cross-functional perspective.

The literature reviewed across this chapter reveals uneven areas of knowledge in several central respects. Competency development in HR has attracted notable scholarly attention, with researchers documenting evolving competency requirements across different periods of HR transformation. However, comparatively little attention has been given to what is truly driving these competency shifts and how they arise in the AI context. The empirical evidence on HR's actual effectiveness and current state of value creation is similarly underexplored in academic literature. It is worth noting that perhaps the most comprehensive picture of HR's current state emerges not from peer-reviewed academic

sources, but from practitioner-oriented literature, including reports and surveys published by global management consulting firms, HR leadership consultancies, HR software or service providers, and increasingly from HR professionals publishing content, including blogs and professional reflections on platforms such as LinkedIn. With practitioner-generated literature, it is however significant to observe the content through a critical lens due to possible underlying commercial and professional bias.

AI adoption, the digital transformation of HR, emerging HR competencies, and the shifts in HR value creation are often researched separately in isolation, rather than explaining how AI-driven shifts in HR work shape the competencies required from HR professionals, and what underlying patterns of relationships explain this transformation. In this context, the relationship between changing HR value creation and competency requirements remains underexplored. Competency requirements do not emerge solely from technological adoption itself, but rather from broader shifts in HR work, strategic responsibilities, and organizational value creation.

This study approaches competency transformation as a consequence of broader shifts in HR work and value creation. From this perspective, AI adoption does not directly shape competencies on its own but rather, AI alters HR processes, strategic responsibilities, and expectations of organizational contribution, which in turn reshape the competencies needed from HR professionals.

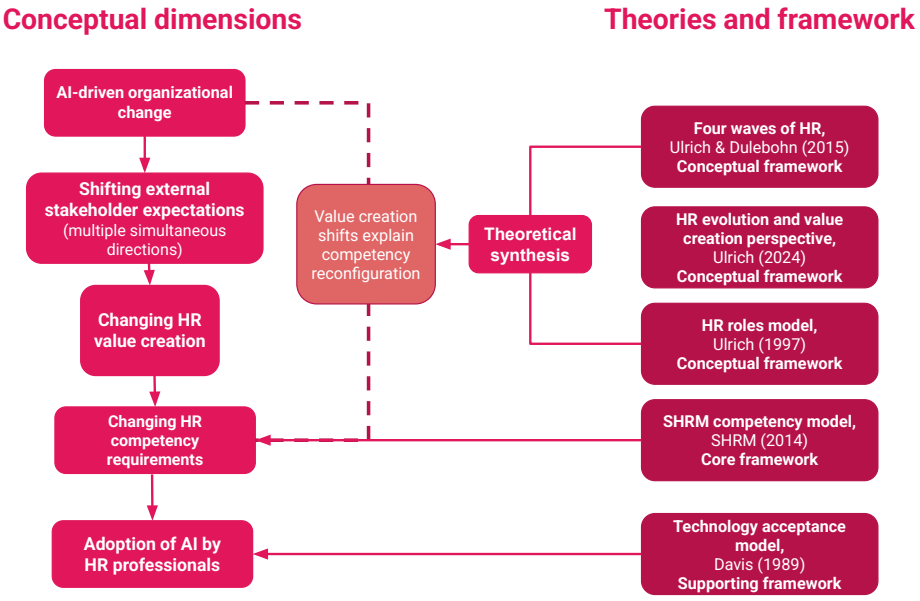

Figure 6. Theoretical framework of the study

To address these gaps, this study adopts a value creation perspective, grounded in the theoretical synthesis derived from Ulrich's (Ulrich, 1997; Ulrich & Dulebohn, 2015; Ulrich, 2024) established frameworks. In this synthesis, external stakeholder expectations and HR value creation shifts are conceptualized as the pattern of relationships linking AI-driven organizational change to changing HR competency requirements, as presented in Figure 6.

The theoretical framework of this study draws on three of Ulrich's established works as conceptual frameworks: Ulrich's (1997, as cited in Thill et al., 2014) HR roles model, Ulrich and Dulebohn's (2015) four waves of HR, and Ulrich's (2024) outside-in approach to HR value creation and human capability. Together, they constitute a theoretical synthesis built on an implicit pattern of relationships identified across Ulrich's work, that external stakeholder expectations drive shifts in HR value creation, which in turn produce corresponding competency reconfigurations. This synthesis is used as an interpretive lens to examine how AI-driven organizational transformation reshapes HR value creation and competency requirements, and specifically how the identified pattern of relationships

presents itself in this context. This synthesis is operationalized through the SHRM competency model (2014), serving as the core framework for benchmarking HR competencies and identifying gaps in AI-driven competencies. In addition, the Technology Acceptance Model (Davis, 1989) is applied as a supporting lens to understand the factors influencing AI adoption and the development of related competencies.

This pattern of relationships finds support in historic precedents such as globalization, DEI imperatives, and the COVID-19 pandemic, each producing identifiable shifts in HR value creation expectations followed by corresponding competency reconfigurations with AI examined as the most recent and significant instance of this pattern. The pattern of relationships is examined empirically through an analytical generalization approach, which is further elaborated on in the methodology chapter.

Shifts in HR value creation are understood broadly in this study to encompass both the changing organizational expectations placed upon HR and the resulting adaptation of its value contribution in response.

2.4.1 Conceptual framing: SHRM Competencies in the AI context

The SHRM (2014) model conceptualizes HR capabilities as competencies. In this study, competencies are understood as broader constructs encompassing knowledge, skills, attitudes, and behavioral attributes (Billett, Harteis & Gruber, 2014, p. 111). While the empirical analysis focuses on practical skills to capture the practical and operational capabilities required in AI-driven HR contexts. Accordingly, AI-driven skills are treated as components of evolving HR competencies within the SHRM framework (2014).

The following chapter outlines the research design and methodological choices of the empirical part of the study.

3 Methodology

This chapter discusses the methodological approach and research design of the study. In addition to the research design choices, the research philosophy and approach, methods and principles of data collection and analysis, followed by reflection on the validity and reliability of the research, are discussed.

3.1 Research philosophy and design

Qualitative research is commonly used to examine complex topics such as experiences and human behavior, often through interpretive analysis, resulting in rich and detailed data (Bairagi & Munot, 2019, pp. 24-25). Qualitative research aims to capture nuanced insights within complex phenomena. This study applies a qualitative methodology to examine the multilayered and complex phenomenon of AI-driven transformation shaping HR value creation and competency requirements.

Research philosophy constitutes a system of beliefs and assumptions about the development of knowledge. Understanding the fundamentals of research philosophy, theory development, and the multiple layers that constitute them ensures the author makes informed decisions when designing the research project. All research is inevitably grounded in assumptions the author makes while conducting their research. These include assumptions about the human knowledge (epistemological), realities encountered in the research (ontological), and the nature and extent to which the authors' own values influence the research process (axiological) (Saunders et al., 2023, p. 131). Together, these unavoidably shape the choices, techniques, and processes used in the research. However, the awareness of such influences and the conscious efforts in creating a consistent and informed set of assumptions is likely to contribute to a reliable research philosophy.

Ontology refers to the assumptions about the nature of reality. An author's ontological position influences their research choices through shaping how they view, perceive, and

interpret the world around them (Saunders et al., 2023, p. 131). The ontological position adopted in research can either be objectivist or subjectivist. Objectivist positioning assumes that reality exists independently of how humans perceive it, and subjectivist positioning assumes reality is socially constructed and continuously shaped by human experience and interpretation (Saunders et al., 2023, p. 131). This study assumes a subjectivist positioning where reality is socially constructed, individually interpreted, and shaped by human experience. It recognizes that the interviewees participating in this study, HR professionals, AI and technology experts, and cross-functional practitioners, each construct their own realities. Due to this, each interviewee is expected to perceive and experience the AI-driven transformation and related themes differently based on their professional background, knowledge, roles, and organizational contexts. These different perceptions and experiences across the professional groups construct the empirical foundation of the study.

Epistemology is the theory of the nature and origin of knowledge. It includes fundamental assumptions on what constitutes acceptable, valid, and legitimate knowledge and how it can be communicated to others (Saunders et al., 2023, pp. 134-135). By adopting an interpretivist epistemological position, in which knowledge is not objective or universal but rather created through human experience, sense-making, and social interactions, this study treats the knowledge of interviewees as legitimate and valuable insight in understanding the researched phenomenon.

Axiology in research is a fundamental concept within research philosophy, examining the role of values in research. It serves as the foundation of ethical guidelines and demands the researcher to acknowledge and reflect on how their background shapes their research process and interpretations (Saunders et al., 2023, p. 135). This includes the value-weighted choices the author often subconsciously makes when selecting the methodology, theoretical framework, and methods of collecting data. The author acknowledges that the role of values and possibly value-loaded choices inevitably shape the research process. However, to ensure transparency and credibility of the research,

conscious reflexivity and evaluation throughout the research process have been applied by the author.

3.2 Data collection and sampling

The research adopts a qualitative and exploratory approach to examine how AI is reshaping HR competency requirements, as well as the perceived role and value of HR within organizations. A qualitative approach was selected due to the complexity and rapidly evolving nature of the phenomenon, enabling the collection of rich, in-depth expert perspectives that quantitative methods would not successfully capture. The exploratory orientation reflects the limited empirical grounding of this topic in existing literature, where conceptual and theoretical contributions have outpaced empirical examination (Bairagi & Munot, 2019, p. 25).

Purposive sampling was used to ensure the participants had relevant expertise and experience directly connected to the subject matter of this study. Representing a form of non-probability sampling, in purposive sampling the researcher deliberately selects participants based on specific traits critical to the study (Kothari, 2004, p. 59). In order to gain a comprehensive understanding and perspective of changing HR value creation and emerging competency requirements, the interviewees were selected from three professional groups:

1) **HR** - HR professionals from organizations that are advanced in utilizing AI within their HR functions
2) **AI and Technology** - AI and technology experts from different areas of specialization, such as AI and technology service providers
3) **Cross-functional** - Professionals operating in the intersection of AI and organizational transformation, including knowledge areas such as change management, AI strategy, data, or governance

The **HR** professionals were selected based on the advanced use of AI within the HR functions of their organizations. The objective was also to draw perspective and knowledge through real-life examples and to examine how these use cases relate to emerging competency and skill requirements. **AI and technology** professionals were chosen based on their comprehensive knowledge of AI and its applications in an organizational context. **Cross-functional** professionals were selected based on their specialized knowledge of AI's organizational impacts across domains, including change management, ethics, and governance. The interviewees were carefully selected based on their merits and position as highly sought-after specialists operating in the field of 1) HR, 2) AI and technology, or 3) cross-functionally related domains. This approach allowed for a more in-depth understanding of how AI is reshaping and influencing competency requirements and HR value creation from multiple perspectives.

The semi-structured interviews were conducted during the months of April and May in 2026 via Google Meet video conferencing tool as individual one-on-one interviews. The duration of the interviews ranged from approximately 30 minutes to just over 60 minutes. While the duration of the interviews varied, all interview themes and questions were covered across all interviews. In some cases, shorter interview durations reflected participant time constraints rather than a lack of engagement or depth. Also, the communication styles between interviewees varied, with some participants being more analytical and direct in their responses, covering multiple dimensions in a single response. Where shorter interviews might have generated responses that were less comprehensive on certain themes, this was addressed during the analysis and cross-referenced against observations from longer interviews to ensure analytical consistency between interviews of different durations. A summary of the interview details is presented in Table 2.

The interview guide included three slightly adapted versions of the same set of questions, all structured around the same five predetermined themes aligned with the research questions and theoretical framework: changes in HR work, value creation, competency requirements, competency gaps, and AI adoption and barriers. Each version included a

series of questions common to all interviewees alongside role-specific questions tailored to each professional group's perspective and background. This was necessary to account for the different professional backgrounds and perspectives represented by the interviewees throughout the three groups. While constructing the interview guide, all questions were designed as open-ended to ensure rich perspectives, to encourage a reflective discussion, and to maintain the capability to dive deeper into certain answers or themes, to be further elaborated on by the interviewees.

After selecting the criteria for the three professional groups, a list of potential candidates was created with approximately 15 to 20 names per professional group. These potential candidates were contacted primarily on LinkedIn, but also through professional networks. After the initial contact was established, potential candidates were given a more thorough overview of the research theme and purpose via email before confirming interview arrangements. Some candidates who were unable to participate also made recommendations for other suitable candidates for the interviews, also reflecting elements of snowball sampling that complemented the purposive approach.

Before each interview, verbal informed consent was obtained from each interviewee. Interviewees were informed that the interviews would be recorded and transcribed for research purposes. Consent was also requested for the use of an AI-assisted transcription tool (Wudpecker.ai) to support the interview transcription and processing. The collection, processing, storage, and deletion of the research material were discussed with the interviewees prior to the beginning of the interview. All interview data were treated confidentially and anonymized during analysis to ensure that the interviewees could not be identified from this thesis. The interview materials will be deleted following the completion of the study.

3.3 Data analysis

The interview data were analyzed using thematic analysis, a qualitative method for identifying, organizing, and interpreting patterns of meaning across a dataset. Thematic analysis was selected for its flexibility and suitability for exploratory research examining a complex phenomenon across multiple participant perspectives. The theoretical synthesis derived from Ulrich's (Ulrich, 1997; Ulrich & Dulebohn, 2015; Ulrich, 2024) frameworks served as the interpretive lens guiding the analytical process, consistent with the analytical generalization approach adopted in this study. Table 2 below presents a summary of the interview details and the participant codes used throughout the analysis.

Table 2. Interview details

Interview No.	**Group**	**Code**	**Interview expert group**	**Primary expertise / role lens**	**Timing and Duration of Interviews**
1	A	1A	HR professional	HR leadership / AI in people processes	April 2026 39 minutes
2	A	2A	HR professional	HR leadership / AI in people processes	April 2026 57 minutes
3	B	3B	AI and technology expert	AI and data-driven transformation	April 2026 27 minutes
4	B	4B	AI and technology expert	AI automation / technology transformation	April 2026 57 minutes
5	C	5C	Cross-functional AI and organizational transformation expert	AI-enabled learning and workforce development	April 2026 55 minutes
6	C	6C	Cross-functional AI and organizational transformation expert	AI strategy and implementation	April 2026 51 minutes
7	C	7C	Cross-functional AI and organizational transformation expert	Strategic HR analytics and people data	April 2026 62 minutes
8	A	8A	HR professional	HR leadership / AI in people processes	May 2026 48 minutes
9	C	9C	Cross-functional AI and organizational transformation expert	Legal (technology), privacy and AI governance	May 2026 54 minutes

Participant codes were assigned to each interviewee based on their professional group and interview number. The number component identifies the interviewee's overall interview number across nine interviews. The letter component of the code identifies the professional group: A for HR professionals, B for AI and technology professionals, and C for cross-functional professionals. For example, 2A refers to the second interview conducted overall, and that participant belongs to the HR professional group. These codes are used consistently throughout the findings and discussions chapters to attribute observations to participants while maintaining anonymity.

The analytical process included several iterative stages, with the first stage being a review of the transcripts. This was done to obtain an overview of the data. The total transcribed interview material was 7 hours 55 minutes and resulted in 114 pages of transcribed data. Transcripts were systematically annotated, marking observations, recurring themes, and participant quotes relevant to the research questions and the five themes. Each theme was assigned a distinct color code during the analysis phase, enabling patterns and observations to be visually identified and systematically compared across transcripts and participant groups. Initial codes were generated across the dataset, after which the codes were organized into broader patterns reflecting observations across the three professional groups. While the five themes provided the initial analytical structure, the analysis remained open to patterns and observations emerging beyond these themes. Themes and patterns were reviewed and refined until a coherent and well-grounded set of findings emerged.

Throughout the analytical process, the theoretical synthesis derived from Ulrich's (Ulrich, 1997; Ulrich & Dulebohn, 2015; Ulrich, 2024) frameworks served as the interpretive lens, guiding how patterns of relationships between external pressure, value creation shifts, and competency reconfigurations were examined across the empirical data. Rather than approaching the data purely inductively, this study adopted a hybrid analysis approach, proceeding deductively from the theoretical synthesis before moving inductively as em-

pirical patterns emerged, allowing a systematic theory-guided examination while remaining open to empirical patterns not anticipated by the theoretical synthesis. This approach is consistent with the analytical generalization method described in the research design section. The theoretical synthesis guided the initial analysis, with the pattern of relationships between external pressure, value creation shifts and competency reconfigurations where interviewees described organizational expectations toward HR and how these connected to competency demands. Observations that clearly aligned with this pattern were coded deductively and identified as examples of the theoretical synthesis presenting itself in the AI context. The observations that did not fit this pattern were coded inductively as emerging patterns from the data, for example, where interviewees described a phenomenon not anticipated by the theoretical synthesis, such as the observations related to the strategic ambition gap between professional groups and the identified parallel transformation HR is navigating. Where conflicts emerged between the theoretical lens and empirical observations, for example, where adoption barriers suggested that the pattern of relationships does not directly translate into practice, the empirical observations were prioritized. These were not viewed as invalidating the theoretical synthesis but as specifying the limitations under which the pattern presents itself unevenly.

The interviews were conducted in Finnish. All quotes in the findings chapter were translated into English by the researcher. Translated quotes were reviewed for accuracy against the original Finnish transcripts to ensure the intended meaning was preserved.

3.4 Limitations, reliability and validity of research

Qualities of good research can be characterized as systematic, logical, empirical, and replicable (Kothari, 2004, p. 20). This study adheres to these principles through a systematic analytical process, a theoretically grounded interpretive lens, and transparent methodological choices, ensuring that the research process is both rigorous and traceable.

Validity in qualitative research refers to the extent to which research findings accurately and credibly represent the phenomenon being studied (Lim, 2025). Validity of research design and the evaluation of results can be divided into two types: internal and external validity. Internal validity refers to the extent to which the findings of the study can be viewed as authentic and believable, reflecting the phenomena being investigated (Flick, 2020, pp. 302-309). External validity refers to the degree to which the findings of the study can be generalized in a real-world setting outside the research environment (Flick, 2020, pp. 302-309). Reliability refers to the consistency, stability, and dependability of the research findings, particularly the transparency of the analytical approach and traceability of findings to the data (Lim, 2025).

Semi-structured interviews offer a mix of depth, structure, and comparability. While in-depth interviews often allow rich insight into how interviewees think and experience the subject under study, they require a high-level of skills from the interviewer (Lim, 2025). The interviewer must ensure sufficient structure during the interviews, while simultaneously creating an environment of trust and openness. A critical and reflexive approach is also required during the data analysis. The researcher must remain aware of their own assumptions and potential interpretive bias when making sense of the data (Lim, 2025). In-depth interviews also might further favor participants who are articulate and vocal over those who are quieter and more reserved.

These limitations were mitigated through several measures. The interview guide was prepared with careful attention to question design. Participants were provided with information about the study prior to the interviews, and they were given space in the interview to freely elaborate on their answers. Clarifying questions were asked during the interview to confirm the interviewer's understanding and to clarify the intended meaning of participant responses. Interviewees were offered the option to return to the interview questions at the end and after the interview, if they identified that something was left uncommunicated during the interview. Another identified limitation in some aspects of the research was the lack of prior research. Due to the novelty of the phenomenon,

AI-driven transformation in HR and its different aspects have not yet been extensively researched. This made the retrieval of prior research in areas such as value creation and more specific themes, including hybrid workforce management and AI-driven workforce redesign, demanding. In addition, there is still more speculation than empirical evidence on how AI is truly changing and transforming work. However, many professionals converse actively about the AI-transformation and adoption in non-academic publications.

The following chapter presents the empirical findings of the study.

4 Findings

This chapter presents the empirical findings gathered through semi-structured interviews conducted with three cross-functional professional groups: HR professionals, AI and technology professionals, and cross-functional professionals spanning organizational transformation, data, governance, AI strategy, and change management. The cross-functional empirical design of the study was deliberate. By capturing perspectives from professionals who interact with HR transformation from different organizational perspectives, and through their own unique expert lens, the study aims to provide a richer and more complete picture of the phenomenon than a single homogeneous group perspective could offer. Throughout the chapter, interviewee quotations are used to ground analytical observations in empirical evidence. Interviewees are identified by professional group to preserve anonymity. This is done by including the interview codes presented in the data analysis section, with A – marking HR professionals, B – AI and technology professionals, and C – cross-functional professionals. All interviews were conducted in Finnish, and quotations presented throughout this chapter have been translated into English by the author, with care taken to preserve the meaning and tone of the original responses.

The findings are structured around the central research question of how AI reshapes HR competency requirements and how this can be explained through changes in HR value creation. Each section addresses one dimension of this question, beginning with how AI is transforming HR work and value creation expectations, moving through the repositioning of HR value contribution and the competency requirements that follow, and concluding with adoption factors that mediate this transition and the cross-functional differences that emerge across the professional groups. The empirical evidence is assessed in terms of whether it confirms, explains, or challenges the theoretical logic. Where findings are consistent across groups, this is noted explicitly, and where perspectives differ, those differences are further examined rather than treated as inconsistencies.

The theoretical synthesis derived from Ulrich's (Ulrich, 1997; Ulrich & Dulebohn, 2015; Ulrich, 2024) frameworks serves as the interpretive lens through which the findings are analyzed. The framework helps explain why specific changes in value creation are producing specific competency demands.

4.1 Shifting value creation expectations and AI-driven transformation of HR work

The interviews began with questions establishing each interviewee's professional background and their connection to HR, before moving to questions about how AI has changed HR work in practice. In the opening phase of the interviews, all three professional groups described an increasing pressure directing the HR function toward fundamental transformation. These pressures were described as arising from multiple simultaneous sources. Interviewees identified organizational leadership expecting greater strategic contribution from HR, AI-driven technological developments making new forms of HR value creation possible, and regulatory frameworks such as the EU Act creating new organizational obligations. Changes in the nature of work were also described as an external source of pressure on the HR function. Alongside these, several interviewees emphasized that HR itself must proactively take a more substantial role rather than quietly waiting for external demand or validation to be able to drive the change. Together, these pressures point consistently to the need for repositioning what HR is expected to deliver and how it creates value.

There are growing expectations directed from leadership towards HR to demonstrate its strategic contribution and financial acumen, while the expectations towards operative contributions are shifting as AI becomes integrated into HR practice. Cross-functional experts described that HR needs to step out of the HR bubble and understand organizational transformation more broadly, striving to better grasp the underlying needs of the business, and to build HR solutions from that starting point. One cross-functional expert described this shift through a required change in HR's value positioning. HR needs to

stop identifying as a cost-center but rather reposition itself as a central link in the organizational transformation, and as a function that can reinforce business performance and generate value indirectly. Another cross-functional expert described that significant reductions in time to hire for critical roles generate genuine organizational interest in HR's contribution and connect HR to concrete business outcomes.

In addition to organizational expectations being described as a driver for the shift in value creation, AI-driven technological development was described as creating new possibilities that, in turn, result in new expectations. When HR is successful in automating its own operational work, other functions begin to ask for guidance in doing the same, simultaneously bringing in new and broader questions to HR. This creates an opportunity for HR to expand its scope organically, sometimes even towards more operational tasks. HR professionals envision the shifting value creation expectations naturally bringing possibilities for rethinking where and how HR would create value. Strengthening and enforcing the human connection and creating more strategic value through workforce planning were seen as potential targets for this redirection of time and resources.

> *The hope is that we could transfer specifically that transactional admin work to AI so that the time could be used to meet people, have conversations and support managers, produce better analytics for leadership, do better strategic workforce planning and invest more in competency development. (2A)*

Recent and growing regulatory developments were also described as a source of external pressure. One cross-functional expert noted that the EU AI Act brings new organizational obligations in ensuring AI training and literacy, which then often fall in the scope of HR professionals' areas of responsibility. However, simultaneous AI was also viewed as a tool to assist in navigating the statutory and compliance requirements.

Several interviewees described that the most significant pressures are not coming from outside of HR but from within. HR must proactively drive its own repositioning and push for a place at the tables where decisions are made, rather than wait for the organization to demand it.

> *Power is not given, it is taken….HR leaders cannot just wait for someone else to tell them to start doing this. They need to be actively…pushing their own colleagues by asking how has this been thought through and can I help. (3B)*

One perspective raised was that AI is fundamentally an HR and a people issue, and that HR must find the courage to claim a central role in organizational AI transformation instead of allowing it to default to IT.

> *The biggest impact is ultimately how HR can support the entire organization's AI transformation...If you can significantly influence how quickly the entire organization can change its ways of working, its culture, its reward models through AI, that has completely decisive significance. (2A)*

> *HR should find the strength and courage to push IT aside and throw them out of these conversations. Because AI is an HR's matter and AI is a people matter. AI is not a traditional change management matter. (5C)*

These shifting expectations and pressures can already be experienced in how AI is changing the day-to-day work of HR professionals. Among the HR professionals who were selected as interviewees in this study due to being advanced in integrating AI into their daily work, the most concrete and immediate experiences of AI involve the automation of routine and repetitive administrative tasks. Reporting, communications, translations, document classification, and compliance-related categorizations were frequently mentioned as areas where AI is already delivering substantial efficiency gains across the employee lifecycle. One HR professional operating as a single-person HR function in a growing organization described the scale of this productivity shift.

> *I constantly feel like I can do my work so much more efficiently that even though the headcount increases, I can multiply myself in the same pace. (8A)*

Several interviewees noted that AI has the ability to produce a shorter path from start to outcome, not replacing human judgment but removing many manual phases that previously consumed time between identifying and delivering a result. Concrete examples

from interviewees included Co-pilot integration across Microsoft tools, AI-assisted policy retrieval, agent building experiments, and AI-enabled processing of pay transparency directive classifications. Multiple interviewees also described this individual experimentation phase as a natural and invaluable first step, as through personal experimentation with AI tools, HR professionals are experiencing and beginning to identify the broader value that deeper AI integration could bring to their work and their organizations.

While individual use was seen as a crucial first step in further AI integration, AI and technology experts and cross-functional professionals observed that the current AI use cases remain primarily related to individual work. It was recognized that AI tools free up time and improve individual and team efficiency. However, interviewees from these groups consistently described a threshold that HR AI adoption has not yet crossed, the fundamental redesign of HR processes and organizational roles. While current applications and use cases benefit individual efficiency, this is not yet seen as a more extensive reshaping of the work itself.

> *The concrete use cases are more related to the work of individuals...they free up a lot of time for individual people or somewhat improve the team efficiency. But they in no way reshape the work itself or the processes. (7C)*

Several interviewees went further, suggesting that HR should already be well past the individual trial phase, one step ahead, and actively engaged in organizational-level AI design. They specifically questioned whether the current pace of HR's AI adoption reflects genuine progress or a comfortable but insufficient slow stagnation. A few interviewees highlighted that organizations tend to more easily ask what can be done with AI rather than discuss what they truly want to achieve with it, a framing that maintains adoption at surface-level efficiency and leaves the deeper organizational transformation unrealized.

Several interviewees described HR navigating not one but two simultaneous and parallel disruptions. The first concerning the AI-enablement and augmentation of HR´s own processes and service delivery, and the second concerning the more demanding broader transformation of the organizational workforce that HR must simultaneously support: changing employee roles, emerging hybrid human-AI teams, and entirely new questions about workforce planning, performance management and organizational design.

> *We have this situation where we are thinking about how our processes are now being AI-enabled and how they are developing…Then we have the parallel change of our entire workforce, what I call the hybrid workforce, humans and AI. (7C)*

One HR professional specifically described the challenge this creates, whether HR can quickly enough change how it operates and delivers services in order to free up working time to support the entire organization's AI transformation. The hybrid workforce disruption introduces questions that existing HR frameworks were not designed to address, who governs AI agent interactions, how compensation and rewarding takes into account employees with different access to AI tools and agentic workflows, and what workplace planning looks like when teams include both humans and agents. Several experts also raised these governance questions directly, noting that organizations should already start considering who governs and manages human-AI teams or agents that interact only with each other. They also stated that whose organizational territory it falls under, remains entirely unresolved, and that there is a vast amount still to be learned and studied in this space.

> *How do teams form, and does this team now consist of AI agents and humans, and how do we organize ourselves? And how centralized versus somehow distributed are these teams and who is responsible for what. (3B)*

> *What does it mean when these agents are only dealing with each other? So whose territory does it belong to then? Who governs it, is it IT, simply monitoring what is happening and what kind of information is flowing and so on, or should HR have some role there, and what role?...So there is a vast amount to be learned and also researched here. (6C)*

Interviewees described these questions as still largely unresolved, with several noting that the field still has much to learn and study in this space, which signals that the scope of HR's transformation challenges extends well beyond the automation of current tasks. How HR value creation is shifting in response to these pressures is examined in the following section.

4.2 Repositioning of HR value creation

The interviews' second theme explored how AI is changing where and how HR creates value in organizations. Across all three professional groups, interviewees described multiple simultaneous shifts in HR's value contribution, each connected to a specific aspect of AI-driven organizational change.

During the interviews, the most described shift was HR's movement from transactional operative function to strategic value contributor. This was present across all three groups and most interviewees. As AI takes on administrative and process-oriented HR work, interviewees described HR redirecting its capacity toward strategic advisory, business partnering, and organizational development. HR professionals described this shift in concrete terms. One specifically shared that AI has made it possible to connect deeply with organizational strategy, financial context, and broader business picture.

> *Now I can put much more effort into the bigger strategic picture and all analysis, and I can be a much more valuable HR contributor because I genuinely understand where this company is going, our financial situation, the big picture strategy and how we compare to the competition. (8A)*

Such a shift might require a bigger recalibration from HR. An AI and technology expert described that HR must shake itself free from the operational support role it has settled into in many organizations and reframe its identity toward strategic contribution more strongly. One cross-functional expert described the aspiration in terms of value positioning, moving HR from being perceived as a cost center toward a function that is able to

demonstrate how it reinforces business performance and generates value indirectly through organizational capability.

A second shift identified and described by several interviewees concerns the move toward evidence-based value creation. As AI is making people analytics significantly more accessible. Data retrieval, cross-referencing, and analytical processing that previously required considerable manual effort and specialist knowledge on data analytics and analysis can now be conducted much quicker and by a broader range of HR professionals. All groups highlighted that there now exists a greater organizational expectation that HR will justify and base its contributions and decisions in data rather than experience and intuition. A cross-functional expert further highlighted the currently dominating HR practice and the genuine analytical capability that evidence-based value creation requires.

> *Finnish HR is largely stuck in the world of reporting...metrics, measurement, reports. And that is only the first level of analytics. (7C)*

The same interviewee noted that HR professionals frequently have difficulties with justifying why they need to be involved in strategic discussions or simply do not have the mandate to sit at the right tables. To further enable this, it is important that HR moves away from HR-centric problem framing toward understanding what the problem looks like from the business side, starting from the business needs rather than HR processes.

> *I see AI as a means to elevate HR's entire capacity to produce what our business needs, managers need, what our people need, or what our future potential people need….and identifying those bottlenecks. (7C)*

The interview data revealed a third shift that concerns HR's expanding role in organizational AI transformation. As AI reshapes roles, workflows, and workforce structures across organizations, several interviewees pointed out an expectation towards HR to take an active role in supporting this broader transformation rather than adapting only its own processes. One HR professional described that in leading organizations, the people function becomes an active part of the transformation.

> *HR should be actively planning what the AI impact is on each role, and how we can make continuous organizational change so that we are always moving steps ahead. (2A)*

One interviewee pointed out this as a significant opportunity for HR to create value for the organization through AI, enabling the speed and quality of the entire organization's transformation. This produces a much more powerful avenue for value creation than one merely happening through optimizing HR costs. AI and technology experts described HR as a natural owner of AI literacy programs, change management, and reskilling initiatives across the organization. One AI and technology expert emphasized HR leaders' important role in owning AI literacy, AI governance, and change management programs and acting as a driver of transformation alongside business and organizational units.

There were noticeable differences in views across the groups regarding the extent to which HR is currently fulfilling the transformational leadership role. While HR professionals described the opportunity with aspiration, AI and technology experts and cross-functional professionals were more critical, describing that HR currently remains relatively passive in many organizations, waiting for direction from business, leadership, or IT instead of proactively driving the transformation. It was noted by one AI and technology expert that HR leaders sometimes see themselves as passive recipients of decisions made by business and technology leadership, stressing that this does not need to be the case.

As AI integrates into workplaces, the value of human encounters, empathy, and emotional intelligence grows. The distinctive value and strengthening of HR's distinctively human value contribution emerges from the interviews as the fourth shift, described consistently across all three expert groups. As AI handles transactional and analytical work, interviewees described complex human situations as the domain where HR's value

remains irreplaceable. These include emotionally difficult conversations, conflict management, trust-building, ethical judgment, psychological safety, and individualized coaching.

> *The more complex and emotionally high-stakes a situation is, the less I would want AI to be there. (8A)*

Several interviewees noted that HR's value remains in the difficult human encounters that no other function wants to handle and that AI cannot nor should meaningfully replace, the challenging conversations and moments requiring human support. One HR professional particularly encouraged HR professionals to profile themselves, especially in these challenging human encounters, since HR's value in these types of situations is likely to remain, at least for as long as humans are still doing the HR work.

The emergence of workforce coordination as a new HR value domain concludes as the final shift emerging from the interview data. This shift was primarily described by AI and technology experts and cross-functional professionals. As the workforce diversifies and transforms by integrating and operating through human employees, AI agents, and automated workflows, questions that existing HR frameworks were not built to address arise. One cross-functional expert described that working with AI agents requires a fundamentally different mindset, and when agents start interacting only with each other, the question of governance and organizational ownership remains entirely unresolved. Interviewees noted that new role profiles have and will emerge in this space.

> *Agent managers, where a person's role is to be the lead of an agent team. A whole governance model around this. (3B)*

> *How are these teams led? How do we lead a team that consists of people and agents, will humans lead those agent teams? (5C)*

> *We have had discussions with various parties and also in podcasts about whether HR should be a kind of agentic leader, a leader of agents. Whether HR should take a stance on how agents are guided. (6C)*

In connection to this discussion on the possibility of HR led agentic teams, one interviewee also raised a worry about anthropomorphism and the humanization of AI.

> *In a way, whether for good or bad, there is quite a significant risk of this kind of humanization and anthropomorphization. That we start thinking of algorithms as staff, which is not intentional. But with anthropomorphization in general, when we humanize, there are so many risks, in a way, it undeniably makes working with algorithms easier when we make them human-like. But it also distorts our thinking. In a completely unnecessary way. Or it leads to us starting to create value frameworks that are, in a way, both dangerous and then harmful. (6C)*

One interviewee noted that strategic workforce planning needs a fundamental reconceptualization, noting that organizations can no longer base planning on full-time equivalent (FTE) count when the workforce includes AI agents alongside human employees. The same interviewee raised further unresolved questions about performance management and compensation, noting that when some employees have access to AI agents, and others do not, ensuring fairness in evaluation and rewarding becomes a new and complex HR challenge. The competency demands that these value creation shifts are producing are examined in the following section.

4.3 Emerging HR competency requirements

This third interview theme addressed the competencies and skills HR professionals will need in AI-driven organizations, what is currently missing, and how these competencies should be developed. Across the three professional groups, a consistent pattern emerged: the value creation shifts identified in the preceding section are producing corresponding demands for new competencies, while simultaneously exposing significant gaps in the competencies HR professionals currently possess.

To begin with, it is worth noting that strong core HR expertise and subject matter knowledge were described across all three groups as an essential foundation for successful integration of AI. New competencies were consistently framed as building on this foundation rather than replacing it.

> *Core expertise must be present, and the focus should be on understanding why and how it is being enhanced. (8A)*

> *Strong substance knowledge. (7C)*

Without a solid grounding in HR practice, neither AI tools nor new strategic capabilities can be deployed meaningfully in organizational contexts.

AI and technology literacy emerged most prominently across the interview data as a critical competency arising from AI integration, identified consistently across all three professional groups. Together, these can be described as the first competency cluster emerging from the interview data. The need for greater technical skills and technology understanding was a theme that emerged strongly across all three professional groups as increasingly essential.

However, interviewees did not consistently emphasize the requirement of deep or extensive technical expertise but rather a sufficient functional understanding of AI capabilities, limitations, risks, and use cases to evaluate tools, consult IT effectively, and identify opportunities for AI application in HR contexts.

> *Does HR have the ability to understand what these technologies are about? Is the strategic assessment capability there, is it as the level where it has the prerequisites to succeed in its work. (6C)*

> *If we do not understand how AI works in the background, we are very vulnerable to acting exactly as AI tells us to. (9C)*

If HR lacks this capability, the threshold for figuring out how AI can be adopted in HR becomes too high, and AI simply does not get adopted at all. One HR professional described the competency as having the ability to understand what future AI trends make possible and to think systematically about system integration. All nine interviewees agreed HR leaders specifically need to be tech-savvy and understand where the world is heading and what this means for the HR function.

The perceived urgency of HR competency development was varied across professional groups. AI and technology experts described the current gap as critical and the pace of development as insufficient, with one noting the AI maturity in HR remains very low and that the absence of an experimentation culture further deepens the problem. HR professionals acknowledged the need for development but described a more constrained reality, noting that resource pressures and operational demands limit the time and capacity available for competency development.

Data literacy and analytical capability constitute the second competency cluster, receiving strong and consistent empirical support throughout all three expert groups. This extends well beyond the reporting and metrics that currently dominate HR practice, toward genuine analytical thinking, the ability to interpret and critically evaluate data, and the capacity to use AI to conduct more sophisticated analyses. A cross-functional expert highlighted a prominent difference between two concepts that are frequently confused with each other in HR.

> *Analysis and analytics are two different things. Understanding the difference. (7C)*

The same interviewee described the specific analytical capability that AI now makes possible, using AI to conduct explanatory data analysis, identifying whether connections exist between different variables, cross-referencing data sources rather than working only with internal HR data. A basic conceptual understanding of what data is was described as a prerequisite for any meaningful AI use. Without understanding what data is, how it

is collected, and what its limitations are, it is difficult and risky to use AI. This was reinforced by a cross-functional expert who expressed AI literacy as inseparable from data literacy, noting that without understanding how AI functions at the very basic level, HR professionals cannot understand the consequences of using it, assess its outputs critically, or identify where it can and cannot be trusted.

> *If you do not understand at a sufficient level how AI functions in the system, it is very difficult to understand the consequences of what happens when you use AI…You need to see both sides of the coin, the risk side and the opportunity side. (9C)*

A third competency cluster emerging consistently from within the interview groups concerns business acumen and the ability to articulate HR value in business terms. HR professionals need to truly understand and have an interest in what affects business growth and profitability, not simply to build business cases as a presentational exercise, but to think from the business perspective as a starting point. One HR professional described this as a shift away from the compliance and policy enforcement mindset that has historically characterized many HR roles.

> *The HR role has in many places been like a company police, making sure things are done by the book…That is very different from proactively saying what kind of workforce we will need going forward and what competencies. (2A)*

HR professionals and particularly HR leaders need to speak the language of business and finance, translating HR insights and people data into arguments that business leadership recognizes and values. This capability was described as currently weak across Finnish HR, with professionals struggling to formulate business cases, model return on investment, and justify HR's involvement in strategic discussions. An AI and technology expert described the mental shift this requires as fundamental. HR must reframe its identity from a cost center to a strategic contributor, which demands both the confidence and the capability to engage as a true business partner.

The Interviewees showed slight differences in their perspectives on the relationship between new AI-driven competencies and the existing HR expertise. HR professionals consistently emphasized that strong core HR knowledge remains essential, describing it as the strong foundation upon which new competencies should be built rather than something to be replaced. Cross-functional experts and AI and technology professionals tended to place greater emphasis on the new competencies, describing them more extensively. One cross-functional expert suggested that HR professionals and the HR function could evaluate their readiness for the new operating environment, for example, across these three dimensions: the ability to understand the technologies involved, the ability to understand one's own subject matter expertise, and the capability to develop activity strategically and measurably, asking whether sufficient effort has been put into knowing what operating in this new environment requires.

A fourth competency cluster concerns change management, organizational design, and the ability to build psychological safety. As AI transforms organizational roles and ways of working in various ways, HR needs to lead and facilitate this transformation rather than simply adapt to it. The ability to create psychological safety was identified as an enabling condition for successful AI transformation, and therefore as a critical competency HR must develop and deploy.

> *Psychological safety is the number one thing in this, and it needs to be created first, because people are smart. Safety and trust-building are the number one priority. (5C)*

The same interviewee described change leadership as an essential competency. HR must be able to design and facilitate organizational transformation, support leadership teams in driving automation, and build the cultural conditions under which people feel safe to experiment and learn. In the future, HR leaders are envisioned as leading AI champions who own change management programs, AI champion networks, and training initiatives, and are actively driving transformation alongside business and other organizational units rather than waiting for direction. Organizational design and workforce design capability

were described as increasingly critical. As job descriptions must be completely redesigned and new human-AI team structures defined, HR needs the skills to lead this redesign process. This capability was identified across all three groups, but was most noticeably and explicitly brought up by cross-functional experts and AI and technology experts.

> *Redesigning these job descriptions, because they need to be completely redesigned, because the job description is changing. Everything needs to be built from scratch. (5C)*

> *How do we strategically plan our personnel, or actually in the future, the capacity made up of humans and AI agents? (7C)*

A fifth competency cluster identified primarily by cross-functional experts and AI and technology professionals concerns ethical reasoning, including moral awareness, AI governance, and risk awareness. HR professionals need to understand the ethical implications of AI use in the HR context, assess AI-related risks accurately, and ensure responsible and compliant deployment. A cross-functional expert described ethical and moral thinking as a core competency that must be explicitly connected to AI use.

> *Ethical and moral thinking, tying that to the use of AI. (9C)*

One interviewee noted that the EU AI Act places significant portions of HR activity in the high-risk category, making it essential that HR professionals understand what high-risk means in practice. Many are currently misreading this as a prohibition of AI integration, rather than as a higher standard of care requiring specific conditions for use. Another cross-functional expert noted that HR professionals need sufficient technology understanding to be able to share a dialogue and collaborate effectively with IT on tool selection, employee training, and onboarding, and be the advocate for appropriate access and governance.

Qualities regarding mindset and attitudes, described as curiosity, courage, willingness to experiment, and resilience, make up the sixth and final competency cluster appearing

from the interviews. These attributes were described not simply as personality traits but as professional competencies that HR must actively develop and demonstrate. Hunger and curiosity are needed, along with the ability to constantly question what else could be done and where else a solution that works in one context might be applied next. A few interviewees mentioned that imagination, creativity, and bold thinking could assist in the conceptual leap from a solution in one domain to its potential application in HR but simultaneously identified these attributes as something that is currently somewhat absent.

> *Willingness to experiment and curiosity. (1A)*
>
> *Thirst and curiosity towards what else I could do. (7C)*

Another HR professional described resilience as essential, also mentioning the need for HR to have the ability to understand that AI may take over certain tasks, and still having to be able to sit with that uncertainty and actively identify what new value one can contribute to the organization as a result. A Building and experimenting with AI tools personally was described as something that develops the confidence and understanding needed to ask the right questions and identify genuine opportunities.

Table 3 summarizes the six competency clusters identified from the empirical data, including the emerging competency areas and the level of support observed across the three interview groups.

Table 3. Emerging value-driven competency clusters

Competency cluster (AI-driven)	Emerging competency areas (AI-driven)	Support across interview groups
1. AI and technology literacy	• **Understanding of AI capabilities, limitations and risks** • **Ability to evaluate tools and collaborate with IT effectively**	**All three groups (7 of 9 interviewees)** *Most consistently and strongly identified, described as prerequisite for all-other AI-related competencies*
2. Data literacy and analytical capability	• **Distinguishing reporting from analytics** • **Critically evaluating and validating AI outputs** • **Understanding data quality and collection**	**All three groups (6 of 9 interviewees)** *Most consistently and strongly identified*
3. Business acumen and strategic understanding	• **Understanding business growth and profitability drivers** • **Translating HR insights into business language** • **Connecting HR contributions to strategy and stakeholder value**	**All three groups (5 of 9 interviewees)** *Described currently weak among Finnish HR*
4. Change management and organizational design	• **Facilitation organizational AI transformation and redesigning roles** • **Orchestrating workforce redesign and leadership** • **Building psychological safety**	**All three groups**
5. Ethical reasoning and AI governance	• **Ethical and moral reasoning connected to AI use** • **Regulatory awareness and compliance understanding** • **Responsible and governed AI deployment**	**Primarily AI and technology and cross-functional groups** *Less explicitly raised among HR professionals*
6. Curiosity, courage and experimental mindset	• **Willingness to experiment/culture of experimenting** • **Imagination in applying AI across domains** • **Resilience toward continuous change**	**All three groups** *Described as attributes rather than formal competencies; currently absent in HR culture*
Core HR expertise as foundation *All three groups described core knowledge as essential foundation for building AI-driven competencies*		

Across all six competency clusters, a consistent gap emerged between the competencies that AI-driven HR value creation demands and those that HR professionals currently possess. The nature and extent of these gaps, and the factors that are enabling or preventing their development, are examined in the following section.

4.4 AI adoption and competency requirements

The fourth interview theme explored the factors enabling and blocking AI adoption in HR, as well as the barriers preventing HR professionals from developing the competencies that AI-driven value creation demands. Across all three professional groups, a nuanced picture was acquired, one where genuine enthusiasm for AI's potential coexists with significant individual, organizational and regulatory obstacles that slow or prevent the needed reconfiguration and regrouping of competencies described in the preceding section.

To provide background to the broader adoption, it is relevant to highlight that the HR professionals who participated in this study represent a more advanced adoption profile,

actively integrating AI into their daily work and describing concrete productivity gains as a result. Their experiences provided a picture of what AI-enabled HR work can look like in practice. However, interviewees across all three groups described this level of adoption still as the exception rather than the norm. As one AI and technology expert brought up, the personal use of AI among HR professionals is still perceived to be low, and AI maturity in the field is still at an early stage.

One AI and technology expert described a progressive adoption model that captures the trajectory many organizations are navigating. Adoption begins with individual personal use, with HR professionals experimenting with AI tools in their own daily work first. From there, it may expand to team-level adoption, and eventually toward the organizational deployment directed at employees and broader workflows. The final stage involves moving from internal tools toward externally facing AI applications.

Individual-level factors were described as both the most crucial enabler and significant barrier to adoption. Personal motivation, curiosity, and willingness to experiment were consistently identified as the most important individual drivers, and their absence was the most common individual barrier. One cross-functional expert mentioned individual interest and motivation as the decisive factor, noting that some HR professionals simply are not interested enough in technology to invest time in exploring it. An AI and technology expert described fear, often one that is unspoken, around how AI will change one's own role, as something that contributes to avoidance and resistance even when organizational conditions are supportive. They also stressed that organizations have a place and responsibility in lowering the fear around HR experimenting with AI use and integration. This can be done by explicitly stating that it is understandable that some experiments fail, and also accepting organizational responsibility in these failed experiments, treating them as necessary learning capital. Individual-level adoption was described as something that requires one's own activity and willingness to experiment with AI integrations, also outside of the work context.

> *People do not want to use their time for this because there is so much work. And then they do not want to use their own time for it either because they do not want to learn work-related things in their free time. (1A)*

Lack of resources was one of the most consistently supported finding, present across all three groups. During the past years, HR has been observed to be missing resources and having been placed in between the structural tension of growing expectations and insufficient capacity. A few interviewees noted HR to be in a situation where the solution for expanding capacity is not being implemented due to a lack of resources. Lack of time and budget were the most significant adoption barriers identified among the HR professionals and the cross-functional professionals. They described a reality in which the function has been significantly downsized in many organizations. However, within the AI and technology group, the investment capability and awareness within organizations, were noted as additional barriers affecting adoption by one interviewee. Several interviewees also highlighted the importance of a dedicated AI adoption or integration budget to ensure adoption happens on a level that is truly transformative, moving beyond individual trials. Organizations were also described to be on distinctly differing paths in the AI adoption, with companies operating in the technology industry observed as being ahead in ensuring sufficient funding and clearer roles and responsibilities for AI adoption.

> *Investment and budgeting. You need to invest in this. If you do not invest, it's not going to fly. (1A)*

> *Perhaps the single most important thing needed in HR, across everything is budget. We need a separate dedicated budget for this, and no AI transformation advances on the basis of, here are your licenses, that's it, go and do it. What is needed is a genuine budget to start building something deeper than just improving individual efficiency. But that budget should not just be handed over, here, take it, go and do it. HR needs to be able to provide the justification for what it is for and why. (7C)*

> *There is no investment capacity, it should be adopted, but money should not be spent. (4B)*

Lack of vision in AI-adoption was noted as a significant barrier by all of the interviewed groups. While some interviewees mentioned only HR lacking a strategic approach to

adoption and not claiming a larger role in the AI transformation, others added on to this, describing a similar lack of vision on the organizational level.

> *Everyone has been given the directive from above that AI must be adopted. But few, if any, know how, where it should be used, or what it actually is. (4B)*

While the selected set of AI tools and systems chosen by the organization can advance and encourage the integration of AI into daily workflows, they also have the potential to limit the use and integration of AI. The effects that can appear as limitations to how effectively and widely adoption happens, might not be recognized by the organization. Interviews also described that organizations seemingly easily adopt a tools-first rather than a problem-first approach. This then directs most of the attention to discussions about what AI does, while most of the attention should be targeted to identifying what needs to be achieved. This theme was supported by interviewees across all three groups, but was more explicitly stated by one of the AI and technology experts. One cross-functional interviewee also pointed out that HR is often excluded from discussions regarding the organizational selection of AI tools.

> *What kinds of decisions and choices have been made regarding AI, the tools. Already sets quite tight boundaries. The organization also needs to broadly understand that we have ourselves set these boundary conditions, and that is why we cannot now go further or achieve more or accomplish something else. (7C)*

At the same time, especially interviewees from the cross-functional group brought up that HR specifically needs to be included in these discussions and the selection of tools, and be able to discuss the tool selection and utilization with the IT team.

> *At the moment, it seems like it is somewhat IT that decides that tools are used. There should be dialogue with HR involved…HR needs to be able to consult IT as well, that this person needs these tools and interfaces in their work. IT also needs to listen to that expertise. But for HR to be able to do that, it needs to know quite precisely and well what is actually used and needed in daily work. (6C)*

> *HR of course has an essential influence on what kind of tools, systems and applications are needed specifically for HR purposes and what is done with them. So of course, there needs to be responsibility and understanding of what the needs are. And on the other hand, understanding what we use them for and so on. As I said, this involves technology that requires a certain level of understanding. (9C)*

The EU AI Act and increasing regulatory guidelines that govern the development, deployment, and use of AI technologies are placing increasing demands on the organization and require HR-specific awareness. The EU AI Act in itself includes obligations regarding how companies should train their employees on the use of AI. Cross-functional experts described these demands the most directly, and two of them pointed out that significant portions of HR activity fall into the high-risk category. One stating that understanding what this means in practice is becoming an essential requirement for HR.

> *From the perspective of the EU AI Act it is a bit more complicated, because it regulates how decisions that affect people's lives fall into the high-risk classification, and with the high-risk classifications more bureaucracy starts to come into play. (6C)*

The EU AI Act was described as creating both obligations and barriers within HR contexts. One cross-functional interviewee highlighted that the high-risk categorization does not equal prohibited activity but should be understood as something simply requiring more preconditions rather than as a complete blocker of AI integration.

> *And especially when we talk about legislation, the EU AI Act places HR, not in all aspects, but to a large extent, into a category that has been labeled high-risk…Prohibited and high-risk are different things, and high-risk simply means there are more prerequisites required in order to use it. (9C)*

It is worth noting that the cross-functional experts most prominently identified the regulatory and compliance barriers as a significant obstacle for AI adoption in HR. Several cross-functional experts described the compliance culture of HR as a blocker for AI adoption, as the compliance risks perceived by HR can be beyond what the regulation requires and what is considered factual. It was also noted that HR can sometimes hide behind

data privacy and compliance risks and use them as a justification for avoidance rather than simply as a framework for responsible use and adoption.

> *Is this a genuine barrier, data security, data privacy and so on, or is this just an imagined barrier of our own making? (7C)*

> *HR's risk awareness is a direct brake. (9C)*

> *Legislation. HR has historically been very much a compliance-based function. That is why we easily already think ourselves that we cannot, we are not allowed and we do not start experimenting. (7C)*

Despite the described barriers, interviewees across all of the groups identified significant possibilities in adopting AI. These possibilities covered a transformation to the role of a significant strategic contributor, with the ability to provide evidence-based strategic insights and a role in enabling greater organizational impact through supporting the broader AI transformation. For those willing to embrace this transformation and HR's role in it, there are possibilities for remarkable personal development and career growth.

The competency development needed to access these opportunities remains largely the responsibility of HR professionals themselves, and the development primarily as self-directed. Individual motivation and a proactive mindset were described as drivers of the development, and this was consistently noted in all three interviewee groups. While the responsibility and proactive approach of HR was emphasized, one cross-functional expert also highlighted leadership having a central role as an advisor and example setter, directing the tone and level of ambition within the organization. When asked about what kind of role leadership should play in supporting the competency development of HR, one cross-functional expert critically questioned this positioning.

> *I would perhaps challenge this question. Does the rest of the organizational leadership need to support HR? I personally feel that…it should come from within HR itself, recognizing what we need. (7C)*

The succeeding section presents the cross-functional findings from the interviews and highlights where the perspectives of professionals in the three groups differed and where they aligned on the AI-driven transformation of HR.

4.5 Cross-functional perspectives on HR transformation

This section presents the findings from the interviews, highlighting where the three expert groups converged and where they diverged in their perspectives on the AI-driven transformation.

All three groups were aligned on the changes in AI automating transactional and operative HR tasks as something that is both necessary and already visible in many organizations. The value creation shift towards human-centered HR value creation was recognized by all three expert groups and described as becoming more important rather than less important as the AI transformation progresses. Data literacy and analytics were noted as critical emerging competency needs, while budget and resource constraints were highlighted as significant barriers affecting adoption, both confirmed across all three groups. Finally, all three groups recognized that there is a need for HR to move toward greater strategic contribution, and described AI transformation as an avenue towards this role.

Interviews revealed several areas where the three groups diverged in their perspectives. While the need for HR to adopt a more strategic role was agreed on, the existing gap and views of this role were observed differently by the expert groups. Cross-functional and AI technology experts described a more substantial and more urgent strategic role for HR than HR professionals articulated for themselves. HR professionals focused more on the opportunities and aspirations, while the two other groups highlighted the necessity and urgency of HR claiming the strategic role. While the hybrid workforce and agent governance were widely raised and noted by cross-functional and AI technology experts, HR professionals did not raise this theme spontaneously.

HR professionals briefly noted on the role of data privacy and security, but with considerably less distinction and depth compared to what the two other groups shared. The competency gap was described as more critical and urgent by the AI and technology experts, and cross-functional experts. They also described the development as insufficient and happening on a surface level. HR professionals acknowledge the gaps but describe a more gradual and resource-constrained reality. This described reality was also reflected in connection to the vision and proactive positioning of HR, claiming their role in the AI-driven transformation. HR professionals described uncertainty about readiness and mandate, while the two other groups accentuated the proactive role of HR.

The findings across all four themes are synthesized in the following section.

4.6 Summary of findings

This chapter presented the findings observed through nine expert interviews consisting of professionals from three cross-functional groups. The empirical findings reveal how AI is transforming HR work, repositioning HR value creation, and reshaping competency requirements. Alongside these shifts, competency gaps and barriers affecting AI adoption were also identified as significant factors shaping the current state and pace of HR's AI-driven transformation.

The findings revealed that AI is already changing HR work at the task level, mainly by automating tasks and as a result decreasing repetitive administrative work. Value creation is shifting and becoming increasingly multi-dimensional, raising the expectations for HR to shift toward a more strategic role. The shifts in value creation were observed to be happening on several levels, from transactional to strategic, from intuition-based to evidence-based, toward transformational ownership and human-centered contribution. In addition, new value domains such as workforce coordination are also emerging.

New competency requirements were identified to be emerging in correspondence to these shifts in value creation. Six competency clusters were identified from the empirical data, built upon strong core HR expertise. Compared to the identified AI-driven competency requirements, current competencies were described as insufficient across all expert groups.

AI adoption in HR remains largely at early stages and at an individual adoption level, influencing the efficiency of HR, rather than producing change at a higher level where a wider supportive role in the organizational adoption would be required. The barriers affecting adoption were identified to be complex and spanning across individual, organizational, regulatory, and cultural levels, with some barriers largely structural and others closer to the control of HR. Competency development emerged as currently widely self-directed, driven by individual motivation and personal initiative rather than systemic organizational investment.

The cross-functional design of the study produced an additional perspective on where the three expert groups were aligned and where they diverged. The groups were aligned on the core findings. However, differences were seen in the urgency of the strategic role of HR, hybrid workforce governance, regulatory awareness, and the pace of competency development.

In the following section, connections between the findings and the existing literature will be further analyzed, discussed, and conclusions drawn from the findings.

5 Discussion and conclusions

This chapter will interpret and analyze the key findings emerging from the empirical research and establish the link to the reviewed literature. The structured findings and empirically enriched theoretical framework will be shared and further discussed. In continuation of the summary and discussion, the author will present conclusions in light of how the study has managed to respond to the initial research questions. This will be followed by an examination of the limitations of the study and a reflection on the possible future areas of research.

5.1 Summary and discussion on key findings

This study aimed to establish an answer to how AI is transforming the competency requirements of HR professionals, and how this transformation can be explained through shifts in HR value creation. The main research question set in this study was *"How does AI-driven organizational change reshape HR competencies, and how can this be explained through changes in HR value creation?".* Two sub-questions were set as supportive questions to assist in answering the main research question: *How does AI-driven organizational change reshape HR value creation in organizations?* And "*How do the changes in HR value creation translate into new competency requirements for HR professionals?".*

The theoretical framework was derived from reviewing literature on the evolving value creation and competencies of HR professionals, and the adoption of technology as an enabler for the shifts in value creation and competencies. A theoretical synthesis was formed by identifying a pattern of value creation from Ulrich's (Ulrich, 1997; Ulrich & Dulebohn, 2015; Ulrich, 2024) theoretical contributions on the roles and value creation of HR. This was used as an interpretive lens examining how the pattern of relationships presents itself in the context of AI-driven transformation.

While this study examines the pattern of relationships through which the AI-driven transformation reshapes HR value creation and competency requirements, it is important to note that the empirical findings are based on expert insights and professional experiences rather than direct observations of organizational processes. The value creation chains and competency clusters represent the analytically constructed patterns derived from expert insights, interpreted through the theoretical synthesis.

The age of AI and automation, also described as the fourth industrial revolution, is not the first transformation to shape HR. However, unlike the prior transformative waves, such as the preceding industrial revolutions, this transformative phase of industrialization might be the first one to destroy more jobs and industries than it creates (Wheeler & Buckley, 2021, pp. 26-28). HR has the ability to fundamentally affect how this change will manifest, not only for HR itself, but for the whole workforce. The empirical results of this study establish that value creation is at the core of this AI-driven transformation, and the reason why competencies must be reconfigured at a rapid pace. However, central to successful AI adoption in HR and within organizations is not only the pace of the AI-driven transformation but more critically the clarity of purpose, approaching AI from the perspective of what the organization aims to achieve rather than what the technology alone makes possible. As the external pressure builds and affects organizations, there is a risk of hastily deploying AI across available functions without mindful consideration of purpose, prioritizing adoption itself rather than the strategic clarity needed to make it meaningful.

HR value creation has been in a central role throughout Ulrich's work (Ulrich, 1997; Ulrich & Dulebohn, 2015; Ulrich, 2020; Ulrich, 2024) already for decades. His message on the future of HR, that HR is defined by how successful it adds value to the organization and its stakeholders (Ulrich et al., 2023), is becoming increasingly important and urgent in the context of AI-driven transformation. The findings reveal that the AI-driven transformation produces external pressures and shifting expectations towards HR simultaneously from multiple directions. As a result, value creation shifts. The multidimensional

nature of HR value creation has also emerged in literature (Karman, 2020), describing HR value creation resulting in societal and individual outcomes in addition to efficiency and innovation. While societal outcomes were widely recognized by the interviewees, the individual outcomes were less prominently identified. The pattern of relationships is illustrated across five empirically identified value creation chains visible in Table 4, each translating the value creation shifts into specific and identifiable competency demands.

Table 4. Identified value creation chains

AI-driven change	Shifting expectation toward HR	Competency produced	Key adoption barrier	Support across interview groups
1. Automation of transactional and administrative HR work	To redirect freed capacity toward strategic contribution	• Business acumen and strategic understanding • Curiosity, courage and experimental mindset	• Operational realities consuming freed capacity	All groups
2. People analytics becoming more accessible and scalable	To justify decisions and contributions through data	• Data literacy and analytical capability	• Data in separate systems • Reporting mindset persisting	All groups
3. AI reshaping roles, workflows and organizational structures	To architect transformation and workforce redesign, to build AI capability and enable continuous organizational learning	• Change management and organizational design • AI and technological literacy • Curiosity, courage and experimental mindset	• HR excluded from AI decisions • Compliance paralysis • Skills investment insufficient	All groups
4. AI productivity gains freeing human capacity across functions	To identify and prioritize where human contribution creates most distinctive value	• Business acumen and strategic understanding	• No framework for redirecting freed capacity	All groups
5. Emergence of hybrid human-AI workforce structures	To orchestrate new workforce structures and governance models	• Change management • AI and technological literacy • Ethical reasoning and AI governance	• Governance ownership unclear • HR not thinking in hybrid terms • Leadership not modeling	All groups

5.1.1 Value creation chain 1: Administrative automation towards strategic HR value

This study and literature (Bhatti et al., 2025) find that while AI enables the automation of transactional and administrative HR work, it is increasingly expected to redirect the freed capacity toward strategic contribution. The freed capacity, however, does not translate to strategic contributions automatically. Business acumen and strategic understanding are the prerequisites for this value creation shift, competency areas that professionals across all three groups in this study described as currently insufficient. These findings align with earlier studies emphasizing the importance of HR developing business acumen (SHRM, 2014), increasing strategic involvement (Ulrich and Dulebohn, 2015),

and actively engaging with the business as critical factors in elevating the HR value creation (Wash, 2023; Darekar, 2019). As AI enables HR to shift from a reactive to a proactive stance in organizational problem solving, it has the ability to position itself in the centre of strategic decision-making (Sakka et al. 2022).

Building on their strong core HR expertise, HR needs to increasingly learn to approach issues from the perspective of the business and center its resources around solving genuine business needs and challenges. Handing over administrative repetitive tasks to AI might feel easy compared to the fundamental mindset shift required from HR to break free of the administrative cost-centre identity it has often assumed. As prior literature suggests, ridding HR of this deeply embedded perception represents one of the most persistent challenges in elevating HR value creation (Darekar, 2019). As Ulrich (2020) notes, shifting HR professionals' unconscious assumptions from efficiency toward strategic and outside-in thinking is difficult but achievable. This shift also reflects a broader evolutionary trajectory that Ulrich has long described in his work on HR effectiveness and value creation, the move from an administrative and efficiency focus toward strategic and ultimately the outside-in value creation, where HR anticipates business challenges and delivers solutions that serve external stakeholders (Ulrich & Grochowski, 2018)

5.1.2 Value creation chain 2: From reporting to analytics

The volume of data and datapoints collected by organizations throughout their operations, and through the use of AI-assisted tools and systems, is growing exponentially. Data accessibility shifts organizational expectations toward evidence-based HR contribution. This creates pressure for HR to understand, govern, and utilize the collected and stored data. Using data analysis and analytics to build business cases, justify return on investment, and assist in producing informed business decisions, appears from the interviews as a central route to raising the strategic value of HR. This finding aligns with literature (Bhatti et al., p. 67) suggesting that the shift from operational toward a strategic role of HR will be made possible through data, technology, and automation.

AI algorithms can help to identify crucial patterns and trends even before they emerge (Murugesan et al., 2023). A prerequisite for this is that data quality must be prioritized and data made accessible across systems. Without AI and data literacy, HR is limited in its ability to effectively utilize AI to extend its analytical capabilities and strategic business understanding, a gap described as particularly pronounced in the Finnish HR context, where reporting is primarily used. The finding aligns with Ulrich et al. (2023), who note that most HR analytics remain focused on reporting what HR does rather than what it delivers, a gap this study empirically confirms and finds particularly pronounced in the Finnish context.

5.1.3 Value creation chain 3: Architecting the workforce transformation

HR is in a unique place, finding itself navigating two simultaneous transformation tracks, a distinctive finding emerging from this chain. AI is transforming HR's own processes and ways of working, while HR is simultaneously expected to architect the transformation of the entire workforce. As non-human colleagues enter the workforce, freeing human capacity and creating the necessity for role redesign, skill reconfiguration, and new forms of value creation, this study finds the expectations increasingly directed toward HR as the natural architect of this transition. The AI-driven workforce transformation was not seen as a one-time restructuring, but rather as a fundamental change in how skills, knowledge, and value creation are observed and positioned. Interviewees portrayed this change as massive, requiring vast reskilling and rethinking of how work is done. The prediction was also that this is just the beginning and that the constant evaluation of roles and competencies is the new reality.

Adoption of AI will require extensive role and workforce redesign within organizations. Ethics oversight and governance play a critical role in making this integration between the human and AI workforce successful (Agarwal, 2025). HR professionals need to be aware of the ethical and moral risks related to AI use, both in general and specifically within the HR context, where significant portions of HR activity fall into the high-risk

category under the EU AI Act. This awareness is crucial in ensuring the ability to critically evaluate how these risks should shape the responsible deployment of AI into workflows and processes, and where human supervision and contribution are required. However, governance and the potential risks acknowledged within the regulation should not become a barrier to AI adoption, but rather ensure that AI governance is made a priority and is thoroughly integrated into the deployment of AI within the organization. The role of HR in ensuring that human factors are considered when designing information security solutions can be further supported by keeping HR in the loop and as part of the procurement and design process, as suggested by Thite & Iyer (2023).

The pace of AI-driven transformation continues to accelerate, and as organizations attempt to keep up with new technologies, governance requirements, and training demand, change management is often treated as secondary in importance, rather than a central driver and accelerator of transformation. While HR professionals described operational realities limiting their capacity to take on wider responsibilities in organization-wide AI adoption leadership, the other two expert groups identified this as a natural continuation of HR's existing strengths.

Often with a background in competency development, training, performance management, and change management, HR was identified as the logical function to lead AI literacy programs, change management, and reskilling initiatives within the organization. This was seen as another significant avenue towards organizationally significant value creation and is consistent with Ulrich's (2020) argument that HR is uniquely positioned to contribute insights around individual competencies and organizational capabilities that other functions cannot readily replicate. This view is also supported from a change management perspective by Wheeler and Buckley (2021, p. 108), who anticipated that HR professionals working in areas of change and transformation would be in high demand in this era of technological disruption. The divergence between how HR professionals and external experts perceive HR's transformational leadership role reflects the

broader strategic ambition gap identified across the cross-functional findings, where external experts consistently described a larger and more urgent strategic role for HR than HR professionals themselves.

5.1.4 Value creation chain 4: Strategic redirection of human contribution

As AI generates productivity gains across the organization, a new expectation emerges toward HR to identify and prioritize where human contribution creates the most distinctive and irreplaceable value. AI-driven transformation is expected to enhance the importance of human-centered values and understanding that many HR professionals hold (Sakka et al., 2022). The findings support this observation emerging from prior research. When discussing which value creation aspects AI is not expected to change and where the freeing capacity of HR should be increasingly redirected, the humane contribution and knowledge of HR professionals in difficult and emotionally charged situations were widely acknowledged amongst the experts as something they expect to remain.

5.1.5 Value creation chain 5: Hybrid workforce orchestration

This study suggests that the emergence of a human-AI workforce creates an entirely new HR value domain. In this domain, value is created through designing how human-AI collaboration is orchestrated, managed, and rewarded. The interviewees highlighted that new approaches are needed to identify how work is distributed between human and AI team members, how productivity and performance are measured, and how the change in its entirety is managed. These findings have not yet been extensively examined in the existing literature. However, literature has discussed the ethical issues related to decision-making authority being given to AI-assisted machines, and the legal and ethical questions this creates, being directed to HR (Sakka et al., 2022), a dimension not directly raised by participants in this study. This study does not resolve these complex questions but establishes that HR should be actively involved in the strategic planning and design of the transformation.

Each of the five value creation chains demonstrate the theoretical synthesis derived from Ulrich's frameworks (Ulrich, 1997; Ulrich & Dulebohn, 2015; Ulrich, 2024), presenting itself in the context of AI-driven organizational transformation.

5.1.6 Value-driven competency requirements

The empirically identified competency clusters are mapped against the SHRM (2014) competency framework in Table 5. The table also includes the literature-informed AI-driven reinterpretations and displays the connection to the five value creation chains identified in this study.

The mapping reveals three distinct relationships between the empirical findings and the established framework. Firstly, several SHRM (2014) competencies are confirmed as relevant in the AI context and enriched with AI-specific depth, supported by findings across all three professional groups: business acumen, critical evaluation skills, ethical practice, communication, consultation, and leadership and navigation. HRM expertise was also found to be relevant by all of three professional groups, and the findings in the AI context extended beyond what the SHRM (2014) framework originally describes. Relationship management was confirmed as relevant without significant extension. Global and cultural effectiveness received more limited empirical support, addressed by only one participant, and therefore acknowledged in the mapping with limited empirical grounding.

Secondly, the findings enrich or extend many of these established competencies significantly by adding AI-specific depth that the original SHRM (2014) framework does not anticipate. Business acumen now requires the ability to build business cases for AI investments, skills in procurement, and the ability to speak the language of the business. Ethical practice includes increased regulatory awareness and risk governance. Leadership and navigation now include hybrid workforce orchestration and transformation architecture. Critical evaluation is enriched by data literacy and understanding data quality. HRM expertise is extended by the understanding of AI capabilities, limitations, and risks, built upon core HR expertise as a solid foundation. Communication is enriched through

building transformation narratives and consultation through actively advising on AI tool selection and supporting organizational AI transformation.

And finally, while not described as a formal competency, this study proposes the addition of attitudinal qualities as a fundamental precondition for the successful development of other AI-specific competencies.

The connection of each cluster to a specific value creation chain demonstrates that competency requirements do not just emerge out of nowhere, but are connected to specific shifts in what HR is expected to deliver, confirming the pattern of relationships identified in the theoretical synthesis.

Table 5. Identified value-driven competencies mapped to SHRM (2014) competency model

SHRM competency	AI-driven interpretation (literature)	Scholars	Empirically identified value driven competencies (Interviews)	Value creation chain	Relationship
Communication	Communicating with AI through prompts; interpreting and communicating AI outputs to stakeholders	Maghsoudi et al. (2025)	Translating HR insights into business language; building transformation narratives with leadership; communicating AI-driven changes across organizational levels	Chain 1 Chain 3	Enriches
Relationship management	Supporting and guiding collaboration in human-machine teams	Bennett et al. (2025); Dima et al. (2024)	Cross-functional collaboration with IT and leadership; consulting IT effectively, advocating for HR needs in tool decisions; hybrid workforce coordination	Chain 5	Confirms
Ethical practice	Ethical development and implementation of AI; bias mitigation; transparency in AI-driven decisions, source validation	Charlwood and Guenole (2022); Andreas (2024); Ekuma (2024); Norman (2022, pp. 20-22); Eubanks (2025, p. 218)	Ethical and moral reasoning connected to AI use; EU AI Act awareness; distinguishing high-risk from prohibited activity; responsible and compliant AI deployment	Chain 3 Chain 5	Enriches
HRM expertise (HR knowledge)	Integration of AI into HR processes; AI-driven changes to HR roles; transformation to strategic enabler	Vrontis et al. (2021); Dima et al. (2024); Ekuma (2024); Bhatti et al. (2025); Norman (2022, p. 26)	AI and technology literacy; understanding AI capabilities, limitations and risks; evaluating tools; systematic thinking about system integration; core HR expertise as a foundation	Chain 3 Chain 5	Extends
Business acumen	Utilization of AI in decision-making for example through utilization of AI-analytics	Vrontis et al. (2021); Abdeldayem & Al-dulaimi (2020); Agarwal (2023)	Business case building; articulating HR value in business language; understanding business growth and profitability drivers; speaking the language of leadership	Chain 1 Chain 4	Enriches
Critical evaluation	Validation and interpretation of AI-generated data; data-driven decisions and analytics skills	Madanchian & Taherdoost (2025)	Data literacy; distinguishing reporting from analytics; cross-referencing data sources; critically evaluating AI outputs; understanding data quality and collection	Chain 2	Enriches
Global & cultural effectiveness	AI-powered tools in cross-cultural collaboration and training; cross-cultural AI adoption; translation	Silveira (2025)	International legislation and labor law consulting; translations (limited empirical support)	Chain 1 (limited empirical support)	Enriches
Leadership & navigation	Leadership of AI-driven change; change management skills; AI tools for leadership training	Dima et al. (2024); Ekuma (2024)	Change management and facilitation; organizational design; psychological safety building; driving AI transformation proactively; claiming strategic role	Chain 3 Chain 5	Enriches
Consultation	Collaborating with AI tools; guiding AI adoption and strategic human-machine workforce planning	Shukla & Satsangi, 2025; Norman (2022, p. 191)	Supporting organizational AI transformation; enabling reskilling and upskilling; organizational learning architecture; coaching individuals through AI-driven role change	Chain 3 Chain 5	Enriches
Not captured in SHRM	Not identified from literature	Not identified from literature	Curiosity, courage and experimental mindset; willingness to experiment and tolerate failure; imagination of applying AI across domains; resilience towards continuous change	Chains 1-5, cross-cutting	New finding

Shifts in value creation produce urgent demands for new competencies in data literacy, AI understanding, ethical reasoning, and organizational redesign. Existing literature on AI-driven HR competency development largely concentrates on formal skill acquisition as the primary response to technological transformation, data literacy, technological understanding, and strategic capabilities (Sakka et al., 2022; Andreas, 2024; Mandachian &

Taherdoost, 2025; Shukla & Satsangi, 2025; Norman, 2022, p. 191). The findings of this study both confirm and add to this. While formal competency clusters emerged strongly across all three professional groups, the most foundational requirement identified was neither a skill nor a knowledge domain, but a quality connected to attitudes. Curiosity, courage, and an experimental mindset, described as currently absent from HR culture, emerged as the foundation upon which the formal competency development depends. Without the willingness to experiment, tolerate failure, and think creatively across domains, the development of technical competencies remains superficial. The findings suggest that the existing framework, including SHRM (2014), may be addressing the right destination while underestimating the cultural and attitudinal ground that must be prepared before the journey can meaningfully begin.

It is worth mentioning that the competency clusters identified in this study are also broadly consistent with findings from Ghosh and Kabra (2025) from a study, where they performed a bibliometric analysis on HR technology literature for two time periods, 2011-2019 and 2020-2024, and mapped the STARA roles and responsibilities against these identified HR skills and competencies. The conceptually identified STARA roles, and related competencies, of strategic technology integrator, strategic human-robot integration specialist, AI and digital workforce leadership officer, institutional digital capability planner, ethical technology climate curator, behavioral and business data analyst, and also partially the role of AI-M/c learning data literate, can also be identified from the findings of this study. However, a dimension absent from both SHRM and STARA frameworks is the addition of attitudinal findings such as curiosity, courage, and an experimental mindset as the foundational attitudinal prerequisite underlying competence development.

While HR races to develop its own capabilities, it is simultaneously expected to take a central role in organizational AI literacy programs, reskilling initiatives, workforce redesign and governance, positioning itself as a key player in a transformation it has not yet itself fully embraced. Yet despite expectations, HR risks being excluded from the very

decision-making tables where its contribution is most needed, left out of tool selections, strategy discussions, and governance frameworks that directly shape the people and organizational dimensions.

Beyond the efficiency gains AI enables, cross-functional and AI technology experts in this study described growing expectations for HR to take on an active leadership and architect role in the very organizational AI-transformation it is itself only beginning to navigate, juggling a parallel change process with limited resources and an underdeveloped competency base. HR professionals see the door and are actively trying to open it, but find that the key they are holding does not yet fit.

Figure 7 represents the empirically enriched theoretical framework showing how the findings occupy and extend the pattern of relationships identified in the theoretical synthesis. AI-driven organizational change is identified as a driver for shifting external expectations, a shift observed as coming from multiple simultaneous directions. The observed external expectations originating from the regulatory environment, leadership expectations, technological change, societal and workforce changes, and HR's own proactive agency role are included in the enriched version of the framework. Consequently, the shift in external expectations is observed to drive the shift in competency requirements, of which six clusters were identified, through first shifting value creation. The five value creation chains have been presented and discussed more extensively in this chapter, along with the competency clusters. The observation of a reciprocal relationship between AI adoption and competency requirements, where competency gaps slow down adoption and limited adoption in turn limits competency development, has been illustrated in Figure 7.

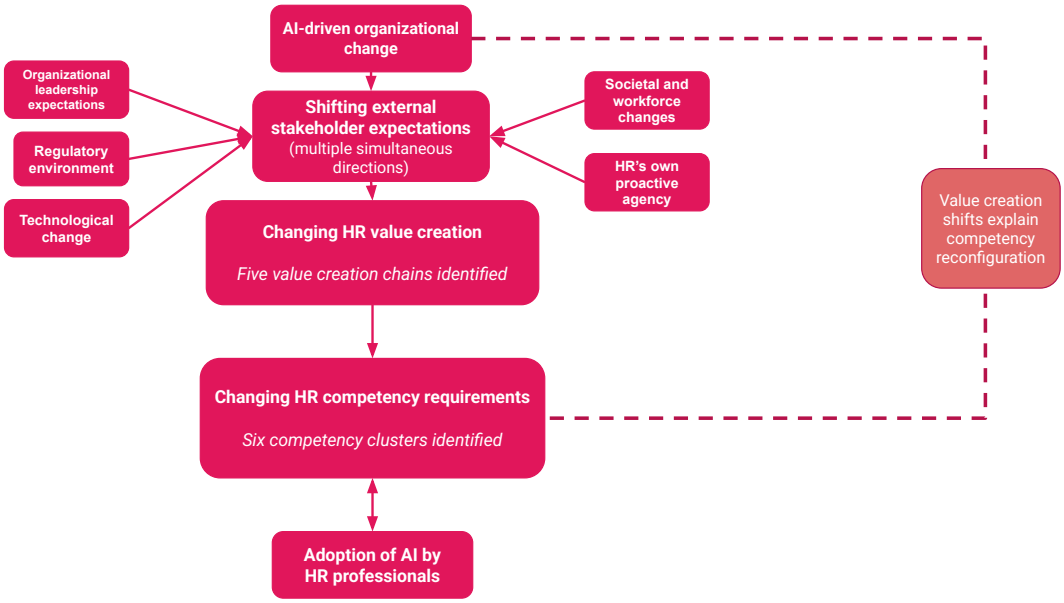

Figure 7. Theoretical framework with empirical contributions

5.1.7 AI Adoption in HR

The HR professionals interviewed for this research represent a more advanced AI adoption profile, already actively integrating AI into their work. Their experiences represent a concrete picture of what successful adoption can look like. This contrasts with how the current state of AI adoption in HR was described across the three professional groups. This finding is consistent with the steep learning curve identified by Zoppelletto et al. (2026).

Adoption in HR seems to begin from individual trials and experiments with AI tools and systems. Ulrich (2024) implies that prioritizing internal adoption first might result in a more favourable result later on, when showcasing the added value to outside stakeholders. Depending on the technological maturity and stage of AI adoption within the organization, this can be directed and dictated by the company and often limited to a few selected AI tools used in closed company-governed environments. While responsible AI governance includes rules, policies, and oversight guiding the use of AI systems and tools, it was mentioned that the selection of acceptable AI tools and systems can also act as a

barrier for AI adoption. There are vast differences in workflows and processes within different functions, and there rarely is a one-size-fits-all solution. The limited discussion, often accompanied by slow deliberation on accepting the use of additional AI tools, might lead to Shadow AI. This view on tools as a limitation was widely observed among all of the professional groups, but described from a different perspective. HR professionals highlighted particular infrastructure limitations, while AI technology and cross-functional experts described concerns associated with strategic tool selection and governance. Overall, this emerged as a critical barrier in the perceived ease of use, not from individual capability but organizational conditions. Limited budget, fragmented data infrastructure, regulatory uncertainty and data security concerns, absence of experimental culture, and HR AI tool selections made without HR involvement were among the other mentioned barriers.

While fragmented data infrastructure and absence of experimental culture emerged as unique findings from this study, regulatory and security concerns as well as difficulties in integrating existing technologies with new systems, appeared as key limitations (Bhatti et al., 2025, p. 78). The significance of organizational conditions and preparedness for technology adoption has also been identified by academic scholars (Agarwal, 2023). These conditions are linked to the availability of financial resources, the technological and information base of the company, and managerial support (Agarwal, 2023), of which financial resources and technological infrastructure were prominently reflected in the study, while managerial support did not emerge as a notable finding.

Perceived usefulness of AI was evidently experienced by the HR professional, reinforced by the views of the other two expert groups. HR professionals and experts recognized the potential applications of AI, particularly in enhancing efficiency, strategic contribution, and analytical capabilities. While existing research recognizes the aforementioned potential of AI adoption (Mandachian & Taherdoost, 2025), the view disclosed by a few experts from the other two groups regarding worries about the lack of vision, creativity, and ability in identifying potential wider use cases for the adoption of AI is not widely

discussed in the literature. All professional groups emphasized the absence of critical evaluation skills as a substantial concern and potential risk both in adopting AI and in using it.

Together, these adoption barriers might explain why the AI adoption in HR is perceived as progressing slower than what would be possible, and why the value-driven competency requirements remain aspirational for many HR functions. Whether a more extensive adoption could be achieved within and extending from the initiatives of HR by improving the organizational conditions, increasing discussion and collaboration, and raising the ambition level, remains a question worth contemplating. The history of HR as a compliance guardian, as opposed to an experimental culture champion, a role needed in adoption, might prove to be a difficult shift for HR.

5.1.8 Cross-functional perspectives

The increasing external expectations towards HR in increasing its organizational value creation are clear and present (Sheenan et al., 2016). The interviews reveal that the strategic role anticipated by organizations and cross-functional experts will not be handed to HR automatically. It must be actively claimed, through proactive positioning, cross-functional collaboration, and willingness to step beyond the administrative identity HR has historically assumed. This is consistent with prior research where collaboration has been identified as a central element in AI adoption, along with suggestions such as establishing dedicated organizational AI adoption units consisting of HR professionals, IT, and data specialists, and organizational psychologists (Dima et al., 2024). Without proactive participation in HR's shifting role and value contribution, the value creation and significant role of HR are at risk of declining rather than increasing (Charwood & Guenole, 2020).

The empirically identified strategic ambition gap, visible in how HR professionals viewed their potential role in the AI-driven transformation compared to the views of the two expert groups, is in line with Minbaeva's (2011) and Jekiel's (2020, p. 33-36) findings,

where a gap between strategic aspiration and operational reality was observed. This study found the more cautious ambition levels of HR emerging from similar origins to what Minbaeva (2011) and Jekiel (2020, p.33-36) observed, as daily operational and administrative realities still seem to be a limiting factor affecting ambition levels of HR professionals.

Time is of the essence. Whether HR can develop itself rapidly enough to claim its central role in the AI-driven transformation, rather than being the one that is purely shaped by it, remains one of the most central questions facing the profession today.

5.1.9 Critical observations

While the identified value creation chains confirm the pattern of relationships in the theoretical synthesis, there were some findings that did not directly follow the pattern of relationships and due to this, require critical attention. The strategic ambition gap identified between HR professionals and the two other expert groups suggests that the pattern might be affected by professional identity, with high ambition enabling value creation repositioning, and competency reconfiguration, while low ambition acts as an adoption barrier, slowing or preventing the shift in value creation and competency reconfiguration. This suggests that while Ulrich's theories on value creation and the outside-in framework (Ulrich, 1997; Ulrich & Dulebohn, 2015; Ulrich, 2024) are valid in describing how external expectations drive value creation shifts, the role of professional identity is not accounted for as a factor in affecting how effectively the shifts in value creation translate into competency reconfigurations.

In addition to the ambition gap, the emergence of curiosity, courage and culture of experimentation as foundational attitudinal prerequisites, not anticipated by the current HR competency frameworks, such as the SHRM (2014), suggests that both Ulrich's pattern of relationships (Ulrich, 1997; Ulrich & Dulebohn, 2015; Ulrich, 2024) and current competency frameworks may be incomplete tools for understanding professional transformation and change capabilities. They provide an understanding of what is required in

relation to external stakeholders, rather than the internal transformation and mindset shift required to meet those expectations. These attitudinal qualities are more closely recognized in psychology than with traditional competency frameworks. This suggests that to fully understand the AI-driven HR transformation, wider perspectives, including psychological and institutional perspectives, alongside competency frameworks, might be needed. The introduction of wider perspectives might also further expand the understanding of the extent to which the AI-driven change and transformation in HR is reliant on competencies, technical skills, and knowledge, compared to the internal identity shifts and cultural change that may prove to be equally important or even pivotal. Application of alternative frameworks, such as the STARA framework (smart technology, artificial intelligence, robotics, and algorithms), as a complementary lens for mapping AI-driven competency requirements beyond what more traditional frameworks like SHRM currently capture.

5.2 Practical implications

The five value creation chains and six competency clusters emerging from this study collectively point toward several practical priorities for HR professionals and organizations navigating AI-driven transformation. It is evident from the empirical findings of the study that HR professionals are expected to take an active stance in the AI-driven shaping of their own role, and in architecting the organizational transformation. There is an increasing demand for organizational dialogue around identifying the essential value of human contribution in each role within the organization. This dialogue needs to happen in an empathetic, sensitive, and human-centric way in order to build trust amongst employees.

Adoption barriers need to be examined and openly discussed, and organizations should be mindful of how they communicate about AI adoption to avoid creating unnecessary fear around AI displacing human work uncontrollably. Organizations should invest in organizational collaboration and training, and shape AI workflows, roles, and competencies together with the employees. Rather than focusing solely on the capabilities and

promise of AI technologies, developing an increased understanding of human contribution and value creation should be the primary objective. When an environment of psychological safety and trust is actively being built through dialogue and open communication, and employees believe the AI-driven augmentation of their roles to rather allow them to focus on more impactful and meaningful parts of their work, they tend to be more open to AI adoption.

Overall, HR needs to develop skills to confidently engage in discussions where technical and human-centric matters are intertwined. Collaboration and partnerships with employees in technical roles, such as in IT, become a critical enabler in HR's pursuit of strategic repositioning and value creation shift.

It is imperative for organizations to invest in the capability development of HR professionals, specifically in AI and data literacy. While HR holds the main responsibility of ensuring its own competencies are reconfigured to accommodate the expectations regarding successful AI adoption and AI-driven transformation, organizations need to ensure sufficient budget allocation to enable this development within HR and across the entire workforce. As identified empirically in this study, limited resources and investments in training and tools are one of the biggest barriers to AI adoption. Expecting meaningful results without adequate investments in AI adoption and competency development is unrealistic. The AI-driven advancements in accessibility and data analytics also enable new ways of organizational learning. Historical data can be used for organizational learning and competency development by using past information and learnings as a reference in building training materials or simulations (Yan et al., 2026). AI simultaneously enables and requires new ways of learning (Mariani et al., 2024). It is still unclear how organizational learning will facilitate the connecting of human and AI-generated domain knowledge, and how this knowledge will be managed (Yan et al., 2026).

Beyond formal training and investment, the findings of this study suggest that organizations and HR leaders should actively cultivate a culture of experimentation and courage

within HR teams. This requires an environment of trust and space for trial and error. Adoption often starts from individual adoption, and part of the learning naturally happens through trial and error. HR professionals require an environment where they can actively experiment with organizationally managed AI tools, explore, and discuss their experiences and findings. This discussion on individual experimentation also needs to be expanded to a discussion with the wider HR team, to discuss what is working and what is not. This would support the development of the attitude-related qualities such as courage, curiosity, and willingness to experiment within the HR function, a quality identified in this study as a foundational prerequisite to AI adoption and further development of other AI-driven competencies. While these attitudinal qualities are observed as largely absent from existing competency frameworks (SHRM, 2014) and the broader literature, some scholars have recognized technical curiosity as a prerequisite for repositioning HR (Guenole & Feinzig, 2018, p. 2). A designated channel for ongoing dialogue between HR and technical professionals would further support this, creating a safe space for raising and discussing uncertainties, addressing fears, and building the technical understanding HR needs for taking an active role in shaping the AI-driven transformation.

5.3 Limitations of the study

It is essential to recognize the limitations of this study, as the presence of limitations in any study is inevitable. One widely recognized methodological limitation associated with qualitative studies is the limited generalizability, which affects the validity of the study. Compared to statistical representation provided through quantitative research designs, qualitative research often involves a smaller sample size, which, as a result might introduce potential limitations in the applicability of the findings (Lim, 2025). Triangulation, such as using multiple data sources or analytical perspectives, can improve the understanding and provide wider perspectives on the phenomena being researched, subsequently resulting in a positive impact on the generalizability of the findings (Lim, 2025).

While the cross-functional perspectives enrich the research design, the sample size is recognized to be limited in all expert groups (nine interviewees in total). Simultaneously,

it is also important to recognize that the subject of this study is relatively new and timely, and the semi-structured interviews paired with a smaller sample size allowed for nuanced empirical data. The purposive sampling, where participants are intentionally selected based on their experiences or knowledge relevant to the study, might not represent a broader view of the respective expert groups they represented in this study. Some participants in the sample were acquired through snowball sampling, being referred by other participants, which might introduce some bias to the findings. The HR professionals selected for this study represent a more advanced adoption profile, actively integrating AI into their work. Therefore, their experiences might not reflect the broader population of HR professionals, and the current adoption phase of the majority of HR professionals. Findings related to HR professionals should be interpreted as an illustration of what AI-enabled HR work has the potential to look like in practice, instead of representing the current state of HR more broadly.

Although some participants operated in cross-cultural environments, the generalizability of this study is limited mainly to Finland and Nordic countries, which might affect validity. While the findings are not statistically generalizable beyond Finland, they provide insights that may be transferable to other digitally advanced organizational contexts.

Extending the sample to include professionals from various organizations, industries, and geographical locations, the generalizability might be strengthened. Given the rapid advances of the AI-driven transformation and technological advancements, it is worth noting that the findings of this study represent a specific transitional moment in 2026. This may affect how well the findings of this study can be applied across different points in time and how relevant the findings are at the specific moment of reading.

Qualitative research is also associated with high research complexity. The fundamental complexity was directly experienced by the researcher throughout the data management and analytical process. However, this reliability concern was navigated by introduc-

ing systematic and organized methods, specifically including color-coded thematic analysis and consistent participant coding during the analytics phase, to assist in analyzing and managing the vast data gathered in this study. While this research was conducted with rigor and reflexivity, the interpretive nature of qualitative research and the HR profession-related occupation of the author, might open possibilities for unidentified researcher bias.

5.4 Suggestions for future research

AI-driven transformation in organizations and in HR has attracted increasing interest and scholarly attention as a research subject, particularly during the past few years. Still, multiple angles and gaps remain requiring further research. While this study enriches the knowledge on how AI-driven transformation reshapes HR value creation and HR competency requirements, it points toward several areas for future research. The cross-functional perspective of this study made evident that there are cross-functional differences between HR and other domains in how the HR value creation and competency requirements are perceived by professionals. This leaves an interesting space for future research to possibly approach this with a broader sample size and from a cross-cultural perspective, since this study was conducted primarily within the Nordic and Finnish organizational context. Broader cross-functional research could also examine whether the five value creation chains identified in this study are consistent across contexts or shaped by local culture, perspectives, and organizational context.

As highlighted in the literature review, the empirical evidence on HR's actual effectiveness and current state of value creation remains scarce and underexplored in academic literature. It would be necessary to establish an understanding of the current state of HR value creation across different industries and organizations as a baseline for further research on how AI affects and repositions HR value creation. This alone could be researched from several different approaches, including industry, role, stage of AI adoption or integration, and geographic region, to mention a few. Establishing a baseline would enable more precise tracking of shifts and the depth of value creation.

The identification of attitude-related qualities, such as curiosity, courage, and experimental mindset an prerequisite for AI adoption, was one of the focal findings emerging from this study. Furthermore, the finding on the absence of a broader experimental culture in HR appearing as a barrier for adoption could be researched as a potential phenomenon to explore further. As existing competency frameworks, including the SHRM (2014), fail to capture this attitudinal quality, understanding what conditions enable or suppress these attitudinal attributes in individuals and within HR teams would add needed depth to the research on adoption and competency development.

Given the extent to which the matter of hybrid workforce management and workforce design appeared from the empirical data of this study, ample reasoning for further studies exists. While existing research has begun to anticipate new roles in the AI era, it might be valuable to research the new perspectives of AI-driven HR roles to a greater extent than what was observed in this study. These include the potential roles of HR as a workforce architect or leaders governing a hybrid human-AI workforce, which emerged from this study. It is worth noting that many unanswered questions still exist regarding who will lead and shape the workforce in its AI-driven transformation.

Despite the discussion around data, governance, and AI literacy intensifying following the EU AI Act entering into force, regulation as an AI adoption barrier in HR remains an academically scarce area of research. Given the compliance-oriented culture of HR, it could be particularly relevant and timely for future research to identify how regulatory frameworks shape AI adoption patterns in HR.

As the speed of AI-driven transformation accelerates and the pace of AI integration intensifies (Cognizant, 2020, p. 4), HR appears to exist in an empirically intriguing position, simultaneously as a guardian of humanity and as a connector of humans and technology. This creates a complex and multilayered environment with external expectations from

multiple directions, calling for significant shifts in value creation and competencies that justify continued and dedicated scholarly attention.

Finally, HR professionals need to actively follow and stay informed about the developments of the regulatory environment related to AI. This builds understanding of how AI should be governed and deployed, particularly in the HR context where significant activity falls under high-risk classifications. Knowledge is the foundational base for building confidence in responsible AI use and reduces the likelihood of regulatory uncertainty becoming an unnecessary barrier to adoption.

References

Abdeldayem, M. M., & Aldulaimi, S. H. (2020). Trends and opportunities of artificial intelligence in human resource management: Aspirations for public sector in Bahrain. *International Journal Of Scientific & Technology Research*, *9(*1), 3867-3871.

Ara, A., & Ahmad, A.K. (2025). Building trust in AI-driven HR systems: Employee perceptions for AI-HR. *Eight International Women in Data Science Conference at Prince Sultan University (WiDS PSU) (pp. 241-249). IEEE*. https://doi.org/10.1109/MITP.2018.2876926

Andriole, S. J. (2018). Skills and competencies for digital transformation. *IT Professional, 20*(6), 78–81. https://doi.org/10.1109/MITP.2018.2876926

Agarwal, A. (2023). AI adoption by human resource management: A study of its antecedents and impact on HR system effectiveness. *Foresight (Cambridge), 25*(1), 67-81. https://doi.org/10.1108/FS-10-2021-0199

Agarwal, A. (2025). Optimizing employee roles in the era of generative AI: A multi-criteria decision-making analysis of co-creation dynamics. *Cogent social sciences, 11*(1). https://doi.org/10.1080/23311886.2025.2476737

Andreas, N. B. (2024). Ethics in international HRD: Examining conversational AI and HR chatbots. *Strategic HR review*, *23*(3), 121-125. https://doi.org/10.1108/SHR-03-2024-0018

Azam, M. S. (2023). How can we build human resources (HR) that deliver value? A systematic literature review of traditional and transformational HR roles. *Global business and organizational excellence*, *42(4)*, 81-92. https://doi.org/10.1002/joe.22191

Azhar, Z., & Imran, M. (2024). Ethical considerations in the adoption of artificial intelligence in human resource management: A comprehensive review. *Journal of Emerging Technologies and Innovative Research (JETIR), 11*(8).

Bairagi, V., & Munot, M. V. (Eds.). (2019). *Research methodology: A practical and scientific approach*. CRC Press LLC.

Baum, S. D., Goertzel, B., & Goertzel, T. G. (2011). How long until human-level AI? Results from an expert assessment. *Technological forecasting & social change, 78*(1), 185-195. https://doi.org/10.1016/j.techfore.2010.09.006

Beer, M. (1984). *Managing human assets*. Free Press.

Beichter, T., & Kaiser, M. (2023). The future of Upskilling: Human- and Technology-Centered. *Proceedings*, 190–193. https://doi.org/10.54808/imcic2023.01.190

Benabou, A., Touhami, F., & Demraoui, L. (2024). Artificial Intelligence and the Future of Human Resource Management. https://doi.org/10.1109/ISCV60512.2024.10620146

Bennett, M. S., Hedley, L., Love, J., Houpt, J. W., Brown, S. D., & Eidels, A. (2025). Human Performance in Competitive and Collaborative Human–Machine Teams. *Topics in cognitive science, 17*(2), 324-348. https://doi.org/10.1111/tops.12683

Bhatti, M. S., Faqirah, M. R., & Ullah, M. S. (2025). The Future of HR: Exploring the Benefits and Challenges of Digital Transformation. *International Journal of Engineering*, Business and Management, *9*(1), 67-80. https://doi.org/10.22161/ijebm.9.1.6

Billett, S., Harteis, C., & Gruber, H. (2014). *International Handbook of Research in Professional and Practice-based Learning*. Springer Netherlands.

Bositkhanova, N., & Dadaboyev, S. M. U. (2025). Revolutionizing workforce planning: The strategic role of AI in HR strategy. *DISCOVER GLOBAL SOCIETY, 3*(1), 100-12. https://doi.org/10.1007/s44282-025-00252-y

Bottesch, S., Schwenke, C., Förster, M., & Klier, M. (2025). Driving business value through people analytics: Literature review and research agenda from an information systems perspective. *Electronic Markets, 35*(1). https://doi.org/10.1007/s12525-025-00842-3

Cano-Kollmann, M., Hannigan, T., & Mudambi, R. (2018). Global Innovation Networks – Organizations and People. *Journal of international management*, *24*(2), 87-92. https://doi.org/10.1016/j.intman.2017.09.008

Cayrat, C., & Boxall, P. (2023). The roles of the HR function: A systematic review of tensions, continuity and change. *Human resource management review*, *33*(4), 100984. https://doi.org/10.1016/j.hrmr.2023.100984

Chalofsky, N. E., Rocco, T. S., & Morris, M. L. (2014). *Handbook of human resource development*. Wiley.

Charlwood, A., & Guenole, N. (2022). Can HR adapt to the paradoxes of artificial intelligence? *Human resource management journal*, *32*(4), 729-742. https://doi.org/10.1111/1748-8583.12433

Colletta, J. (2025, April 4). Innovation at IBM: Announcing the 2024 HR Executive of the Year. *HR Executive*. https://hrexecutive.com/innovation-at-ibm-announcing-the-2024-hr-executive-of-the-year/

Cognizant. (2020). *21 HR Jobs of the Future: A guide to the next generation of human resources*. Cognizant Center for the Future of Work. https://www.cognizant.com/en_us/insights/documents/21-hr-jobs-of-the-future-codex5450.pdf

Davis, F. D. (1989). Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology. *MIS quarterly, 13*(3), 319-340. https://doi.org/10.2307/249008

Dima, J., Gilbert, M., Dextras-Gauthier, J., & Giraud, L. (2024). The effects of artificial intelligence on human resource activities and the roles of the human resource triad: Opportunities and challenges. *Frontiers in psychology, 15*, 1360401. https://doi.org/10.3389/fpsyg.2024.1360401

Dobbe, R., & Wolters, A. (2024). Toward Sociotechnical AI: Mapping Vulnerabilities for Machine Learning in Context. *Minds and machines (Dordrecht), 34*(2). https://doi.org/10.1007/s11023-024-09668-y

Dwivedi, Y. K., Hughes, L., Ismagilova, E., Aarts, G., Coombs, C., Crick, T., . . . Williams, M. D. (2021). Artificial Intelligence (AI): Multidisciplinary perspectives on emerging challenges, opportunities, and agenda for research, practice and policy. *International journal of information management*, *57*, 101994. https://doi.org/10.1016/j.ijinfomgt.2019.08.002

Ekuma, K. (2024). Artificial Intelligence and Automation in Human Resource Development: A Systematic Review. *Human resource development review*, *23*(2), 199-229. https://doi.org/10.1177/15344843231224009

Eubanks, B. (2025). *Artificial Intelligence for HR: Use AI to support and develop a successful workforce* (3rd ed.). Kogan Page.

Guenole, N., & Feinzig, S. (2018). The Business Case for AI in HR—With Insights and Tips on Getting Started. *IBM Watson Talent*. https://www.ibm.com/downloads/cas/A5YLEPBR

Guest, D.E. (1987), Human resource management and industrial relations. *Journal of Management Studies*, *24*(5), 503-521. https://doi.org/10.1111/j.1467-6486.1987.tb00460.x

Faina, I., & Almeida, F. (2020). Key competencies for digital transformation in workplace. In F. Matos, V. Vairinhos, I. Salvisa, L. Edvinsson, & M. Massaro (Eds.), *Knowledge, people, and digital transformation: Approaches for a sustainable future* (pp. 219–234). Springer. https://doi.org/10.1007/978-3-030-40390-4_14.

Fernandes Dos Santos, N. I., & Aires, R. F. D. F. (2023). Individuals' attitudes about organizational change: Relationship between BPM and resistance to change. *Business Process Management Journal, 29*(2), 413–429. https://doi.org/10.1108/BPMJ-08- 2022-03

Fenwick, A., Molnar, G., & Frangos, P. (2024). Revisiting the role of HR in the age of AI: Bringing humans and machines closer together in the workplace. *Frontiers in artificial intelligence, 6*, 1272823. https://doi.org/10.3389/frai.2023.1272823

Flick, U. (2020). *Introducing Research Methodology*. SAGE Publications.

Fombrun, C. J., Tichy, N. M., & Devanna, M. A. (1984). *Strategic human resource management*. Wiley.

Forbes. (2026, March 30). *The race to adopt AI is on, but being the fastest won't win*. https://www.forbes.com/councils/forbestechcouncil/2026/03/30/the-race-to-adopt-ai-is-on-but-being-the-fastest-wont-win/

Fred D. Davis & Granić, A. (2024). Technology Acceptance Model: 30 Years of TAM. Springer Nature.

Frey, C. B., & Osborne, M. A. (2017). The future of employment: How susceptible are jobs to computerisation? *Technological forecasting & social change, 114*(January), 254-280. https://doi.org/10.1016/j.techfore.2016.08.019

Ghosh, D., Ghosh, R., Roy Chowdhury, S., & Ganguly, B. (2025). AI-exposure and labour market: A systematic literature review on estimations, validations, and perceptions. *Management review quarterly, 75*(1), 677-704. https://doi.org/10.1007/s11301-023-00393-x

Ghosh, V., & Kabra, G. (2025). "I exist because I adapt": Evolving technology HR themes, HR roles with STARA competencies for performance. *Sustainable futures*, 10, 100926. https://doi.org/10.1016/j.sftr.2025.100926

Harvard Gazette. (2026, January). *AI is speeding into healthcare. Who should regulate it?* https://news.harvard.edu/gazette/story/2026/01/ai-is-speeding-into-healthcare-who-should-regulate-it/

IBM. (n.d.). *AI in HR*. https://www.ibm.com/think/topics/ai-in-hr

Jatobá, M. N., Ferreira, J. J., Fernandes, P. O., & Teixeira, J. P. (2023). Intelligent human resources for the adoption of artificial intelligence: A systematic literature review. *Journal of organizational change management*, *36*(7), 1099-1124. https://doi.org/10.1108/JOCM-03-2022-0075

Jekiel, C. M. (2020). Lean Human Resources: Redesigning HR Processes for a Culture of Continuous Improvement, Second Edition. Oxford: Taylor and Francis. https://doi.org/10.4324/9780429325953

Jia, X., & Hou, Y. (2024-03-11). Architecting the future: Exploring the synergy of AI-driven sustainable HRM, conscientiousness, and employee engagement. *Discover sustainability, 5*(1), 30-17. https://doi.org/10.1007/s43621-024-00214-5

Junita, A. (2021) *The creative hub: HR strategic function in the digital age. Advances in Social Science, Education and Humanities Research, 653,* 229-235. Atlantis Press. https://doi.org/10.2991/aer.k.210121.031

Karman, A. (2020). Understanding sustainable human resource management – organizational value linkages: The strength of the SHRM system. *Human Systems Management, 39(*1), 51-68. https://doi.org/10.3233/HSM-190602

Kothari, C. (2004). *Research Methodology: Methods & Techniques*. New Age International.

Kudina, O., & van de Poel, I. (2024). A sociotechnical system perspective on AI. *Minds and machines (Dordrecht), 34*(3). https://doi.org/10.1007/s11023-024-09680-2

Lamper, Á. (2026). Impacts of artificial intelligence on an HR generalist role. *Prosperitas, 13*(1), 1-15.

Lemmergaard, J. (2009). From administrative expert to strategic partner. *Employee relations*, *31*(2), 182-196. https://doi.org/10.1108/01425450910925328

Lim, W. M. (2025). What Is Qualitative Research? An Overview and Guidelines. *Australasian marketing journal, 33*(2), 199-229. https://doi.org/10.1177/14413582241264619

Lindgren, S. (2023). Handbook of critical studies of artificial intelligence. Edward Elgar Publishing.

Madanchian, M., & Taherdoost, H. (2025). Criteria for AI Adoption in HR: Efficiency vs. Ethics. *Procedia computer science, 258*, 233-241. https://doi.org/10.1016/j.procs.2025.04.261

Maghsoudi, M., Kamrani Shahri, M., Agha Mohammad Ali Kermani, M., & Khanizad, R. (2025). Mapping the Landscape of AI-Driven Human Resource Management: A Social Network Analysis of Research Collaboration. *IEEE access, 13*, 3090-3114. https://doi.org/10.1109/ACCESS.2024.3523437

Mariani, C., Aaltonen, K., Mancini, M., & Huemann, M. (2024). The future of learning: How artificial intelligence and other new technologies revolutionize project management education & training. *Project leadership and society, 5,* 1-3. https://doi.org/10.1016/j.plas.2024.100147

Minbaeva, D. (2021). *Disrupted HR? Human resource management review, 31(4),* 100820. https://doi.org/10.1016/j.hrmr.2020.100820

Murugesan, U., Subramanian, P., Srivastava, S., & Dwivedi, A. (2023) A study on artificial intelligence impacts on human resource digitalization in Industry 4.0. *Decision Analytics Journal, 7*, 100249. https://doi.org/10.1016/j.dajour.2023.100249

Norman, P. (2022). *HR*. Knowledge Resources.

O'Connor, M. T. (2024). In the Craftsman's Garden: AI, Alan Turing, and Stanley Cavell. *Minds and machines (Dordrecht), 34*(3). https://doi.org/10.1007/s11023-024-09676-y

Paauwe, J., & Farndale, E. (2017). *Strategy, HRM, and performance*: *A contextual approach* (2nd ed.). Oxford University Press.

Pereira, V., Hadjielias, E., Christofi, M., & Vrontis, D. (2023). A systematic literature review on the impact of artificial intelligence on workplace outcomes: A multi-process perspective. *Human resource management review, 33*(1), 100857. https://doi.org/10.1016/j.hrmr.2021.100857

Poljsak-Rosinski, P., & Roedenbeck, M. (2025). The AI-based E: An upskilling guide for HR practitioners. *Strategic HR review, 24*(6), 253-259. https://doi.org/10.1108/SHR-05-2025-0052

Prikshat, V., Kumar, S., Patel, P., & Varma, A. (2025). Impact of organisational facilitators and perceived HR effectiveness on acceptance of AI-augmented HRM: An integrated TAM and TPB perspective. *Personnel review, 54*(3), 879-912. https://doi.org/10.1108/PR-04-2023-0303

Russell & Norvig, P. (2021). *Artificial Intelligence: A Modern Approach* (4th ed.). Pearson Education.

Sakka, F., El Maknouzi, M. E. H., & Sadok, H. (2022). HUMAN RESOURCE MANAGEMENT IN THE ERA OF ARTIFICIAL INTELLIGENCE: FUTURE HR WORK PRACTICES, ANTICIPATED SKILL SET, FINANCIAL AND LEGAL IMPLICATIONS. *Academy of strategic management journal*, *21*, 1-14.

Saunders, M. N. K., Lewis, P., & Thornhill, A. (2023). *Research methods for business students* (9th ed). Pearson Education Limited.

Singla, A., Sukharevsky, A., Yee, L., Chui, M., & Hall, B. (2025, March 12). The state of AI: How organizations are rewiring to capture value. *McKinsey & Company*.

https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai

Sheehan, C., De Cieri, H., Cooper, B., & Shea, T. (2016). Strategic implications of HR role management in a dynamic environment. Personnel review, 45(2), 353-373. https://doi.org/10.1108/PR-04-2014-0071

Shukla, N., & Satsangi, P. (2025). The Future of HR: Integrating Advanced Technology. *Integrated Journal for Research in Arts and Humanities, 5*(2), 252-258. https://doi.org/10.55544/ijrah.5.2.32

Society for Human Resource Management. (2014). *SHRM competency model*. SHRM. https://www.shrm.org

SHRM. (n.d.). About SHRM | Building a World of Work that Works for All. https://www.shrm.org/about

Stanley, D.S. and Aggarwal, V. (2019), Impact of disruptive technology on human resource management practices, *International Journal of Business Continuity and Risk Management*, 9(4), 350-361. https://doi.org/10.1504/IJBCRM.2019.102608

Taylor, Frederick (1911). The Principles of Scientific Management, *American Magazine 71*, 785-793.

Thill, K., Covarrubias Venegas, B., & Groblschegg, S. (2014). HR roles and activities: Empirical results from the DACH region and implications for future development of the HR profession. *International Journal of Business and Management, 2*(4), 97-109.

Tutak, M., & Brodny, J. (2022). Business digital maturity in Europe and its implication for open innovation. *Journal of open innovation, 8*(1), 1-23. https://doi.org/10.3390/joitmc8010027

Ulrich, D. (1997). *Human resource champions: The next agenda for adding value and delivering results.* Harvard Business School Press.

Ulrich, D. (2020). HR's ever emerging contribution. *Strategic HR Review,* 19(6), 251-257. https://doi.org/10.1108/SHR-08-2020-0071

Ulrich, D. (2024). Why and how to move HR to an outside-in approach. *Human resource development international, 27*(2), 161-168. https://doi.org/10.1080/13678868.2024.2323824

Ulrich, D., & Dulebohn, J. H. (2015). Are we there yet? What's next for HR? *Human resource management review*, *25*(2), 188-204. https://doi.org/10.1016/j.hrmr.2015.01.004

Ulrich, D., & Grochowski, J. (2018). Building a world class HR department. *Strategic HR review, 17*(4), 181-185. https://doi.org/10.1108/SHR-05-2018-0046

Ulrich, D., Grochowski, J., Smallwood, N., Hanson, J., & Uscher, E. (2023, July 13). *What makes an effective HR function?* The RBL Group. https://www.rbl.net/insights/articles/what-makes-an-effective-hr-function

Vrontis, D., Christofi, M., Pereira, V., Tarba, S., Makrides, A., & Trichina, E. (2022). Artificial intelligence, robotics, advanced technologies and human resource management: A systematic review. *International journal of human resource management*, *33*(6), 1237-1266. https://doi.org/10.1080/09585192.2020.1871398

Yan, J., Husted, K., & Fath, B. (2026). Organizational learning with artificial intelligence: Balancing new tensions between explorative and exploitative learning through hybridization. *International journal of information managemen*t, 86, 102997. https://doi.org/10.1016/j.ijinfomgt.2025.102997

Zoppelletto, A., Bullini Orlandi, L., Veglianti, E., & Rossignoli, C. (2026). AI adoption in HR: AI trust in digitally lagging organisations. *Journal of Innovation and Knowledge, 13, 100912.* https://doi.org/10.1016/j.jik.2025.100912

Wheeler, A. R., M. Ronald Buckley, & Buckley, M. R. (2021) HR Without People?: Industrial Evolution in the Age of Automation, AI, and Machine Learning. Emerald Publishing Limited.

Appendices

Appendix 1. Semi-structured interview guide

The following themes and example questions represent the general interview structure.

The interviews were conducted in a semi-structured thematic format in which the core themes remained consistent throughout the interviews. However, the wording, emphasis, and certain additional questions varied slightly between the three interview groups due to the different professional backgrounds and areas of expertise of the interviewees. The interviews were conducted in Finnish, and the interview questions presented in this appendix have been translated into English.

Background questions

Could you briefly describe your background and current role?

How does your current role relate to the HR field? / What is your connection or link to HR professionals? / Could you describe your HR-related experience?

Theme 1: AI and the changing role and work of HR

How has AI changed the role and work of HR? / How has AI changed HR work in practice within your organization?

How do you see the role of HR evolving in the future?

Theme 2: Changing value creation in HR

How is AI changing (or how has it already changed) where and how HR creates value in organizations?

How would you describe the role of HR in helping organizations adapt to AI-driven change and transformation?

Theme 3: HR competencies and skills

What competencies and skills will HR professionals need in AI-driven organizations?

How should these competencies be developed, and what does this require?

What competencies or skills is HR currently missing?

Theme 4: AI adoption in HR: Barriers, risks, and opportunities

What factors enable a successful AI adoption in HR? / What are the biggest barriers or risks to successful AI adoption in HR?

Where are the biggest opportunities in the adoption of AI in HR?

Appendix 2. Identified value creation chains

AI-driven change	Shifting expectation toward HR	Competency produced	Key adoption barrier	Support across interview groups
1. Automation of transactional and administrative HR work	To redirect freed capacity toward strategic contribution	• Business acumen and strategic understanding • Curiosity, courage and experimental mindset	• Operational realities consuming freed capacity	All groups
2. People analytics becoming more accessible and scalable	To justify decisions and contributions through data	• Data literacy and analytical capability	• Data in separate systems • Reporting mindset persisting	All groups
3. AI reshaping roles, workflows and organizational structures	To architect transformation and workforce redesign, to build AI capability and enable continuous organizational learning	• Change management and organizational design • AI and technological literacy • Curiosity, courage and experimental mindset	• HR excluded from AI decisions • Compliance paralysis • Skills investment insufficient	All groups
4. AI productivity gains freeing human capacity across functions	To identify and prioritize where human contribution creates most distinctive value	• Business acumen and strategic understanding	• No framework for redirecting freed capacity	All groups
5. Emergence of hybrid human-AI workforce structures	To orchestrate new workforce structures and governance models	• Change management • AI and technological literacy • Ethical reasoning and AI governance	• Governance ownership unclear • HR not thinking in hybrid terms • Leadership not modeling	All groups

Appendix 3. Emerging value-driven competency clusters

Competency cluster (AI-driven)	Emerging competency areas (AI-driven)	Support across interview groups
1. AI and technology literacy	• **Understanding of AI capabilities, limitations and risks** • **Ability to evaluate tools and collaborate with IT effectively**	**All three groups (7 of 9 interviewees)** *Most consistently and strongly identified, described as prerequisite for all-other AI-related competencies*
2. Data literacy and analytical capability	• **Distinguishing reporting from analytics** • **Critically evaluating and validating AI outputs** • **Understanding data quality and collection**	**All three groups (6 of 9 interviewees)** *Most consistently and strongly identified*
3. Business acumen and strategic understanding	• **Understanding business growth and profitability drivers** • **Translating HR insights into business language** • **Connecting HR contributions to strategy and stakeholder value**	**All three groups (5 of 9 interviewees)** *Described currently weak among Finnish HR*
4. Change management and organizational design	• **Facilitation organizational AI transformation and redesigning roles** • **Orchestrating workforce redesign and leadership** • **Building psychological safety**	**All three groups**
5. Ethical reasoning and AI governance	• **Ethical and moral reasoning connected to AI use** • **Regulatory awareness and compliance understanding** • **Responsible and governed AI deployment**	**Primarily AI and technology and cross-functional groups** *Less explicitly raised among HR professionals*
6. Curiosity, courage and experimental mindset	• **Willingness to experiment/culture of experimenting** • **Imagination in applying AI across domains** • **Resilience toward continuous change**	**All three groups** *Described as attributes rather than formal competencies; currently absent in HR culture*
	Core HR expertise as foundation *All three groups described core knowledge as essential foundation for building AI-driven competencies*	

Appendix 4. Identified value-driven competencies mapped to SHRM (2014) competency model

SHRM competency	AI-driven interpretation (literature)	Scholars	Empirically identified value driven competencies (Interviews)	Value creation chain	Relationship
Communication	Communicating with AI through prompts; interpreting and communicating AI outputs to stakeholders	Maghsoudi et al. (2025)	Translating HR insights into business language; building transformation narratives with leadership; communicating AI-driven changes across organizational levels	Chain 1 Chain 3	Enriches
Relationship management	Supporting and guiding collaboration in human-machine teams	Bennett et al. (2025); Dima et al. (2024)	Cross-functional collaboration with IT and leadership; consulting IT effectively; advocating for HR needs in tool decisions; hybrid workforce coordination	Chain 5	Confirms
Ethical practice	Ethical development and implementation of AI; bias mitigation; transparency in AI-driven decisions; source validation	Charlwood and Guenole (2022); Andreas (2024); Ekuma (2024); Norman (2022, pp. 20-22); Eubanks (2025, p. 218)	Ethical and moral reasoning connected to AI use; EU AI Act awareness; distinguishing high-risk from prohibited activity; responsible and compliant AI deployment	Chain 3 Chain 5	Enriches
HRM expertise (HR knowledge)	Integration of AI into HR processes; AI-driven changes to HR roles; transformation to strategic enabler	Vrontis et al. (2021); Dima et al. (2024); Ekuma (2024); Bhatt et al. (2025); Norman (2022, p. 26)	AI and technology literacy; understanding AI capabilities, limitations and risks; evaluating tools; systematic thinking about system integration; core HR expertise as a foundation	Chain 3 Chain 5	Extends
Business acumen	Utilization of AI in decision-making for example through utilization of AI-analytics	Vrontis et al. (2021); Abdeldayem & Al-dulaimi (2020); Agarwal (2023)	Business case building; articulating HR value in business language; understanding business growth and profitability drivers; speaking the language of leadership	Chain 1 Chain 4	Enriches
Critical evaluation	Validation and interpretation of AI-generated data; data-driven decisions and analytics skills	Madanchian & Taherdoost (2025)	Data literacy; distinguishing reporting from analytics; cross-referencing data sources; critically evaluating AI outputs; understanding data quality and collection	Chain 2	Enriches
Global & cultural effectiveness	AI-powered tools in cross-cultural collaboration and training; cross-cultural AI adoption; translation	Silveira (2025)	International legislation and labor law consulting; translations (limited empirical support)	Chain 1 (limited empirical support)	Enriches
Leadership & navigation	Leadership of AI-driven change; change management skills; AI tools for leadership training	Dima et al. (2024); Ekuma (2024)	Change management and facilitation; organizational design; psychological safety building; driving AI transformation proactively; claiming strategic role	Chain 3 Chain 5	Enriches
Consultation	Collaborating with AI tools; guiding AI adoption and strategic human-machine workforce planning	Shukla & Sabsangi, 2025; Norman (2022, p. 191)	Supporting organizational AI transformation; enabling reskilling and upskilling; organizational learning architecture; coaching individuals through AI-driven role change	Chain 3 Chain 5	Enriches
Not captured in SHRM	Not identified from literature	Not identified from literature	Curiosity, courage and experimental mindset; willingness to experiment and tolerate failure; imagination of applying AI across domains; resilience towards continuous change	Chains 1-5, cross-cutting	New finding