

# Leadership and Organisational Transformation in the Context of Digitalisation and Sustainable Development

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## ABSTRACT

*The contemporary organisational environment is increasingly shaped by the dual pressures of digitalisation and sustainable development, both of which require profound organisational transformation. Within this context, leadership capabilities play a critical role in guiding organisations through complex and multidimensional change processes. This study investigates the influence of leadership capabilities on organisational transformation, considering the roles of digital transformation and sustainability orientation. The research adopts a quantitative approach based on a cross-sectional survey conducted among managerial and non-managerial employees from organisations operating in Romania across mixed industries. Data were analysed using SPSS, employing reliability analysis, exploratory factor analysis, correlation analysis, and multiple regression. The findings indicate that leadership capabilities significantly influence both digital transformation and sustainability orientation, while digital transformation and sustainability orientation positively affect organisational transformation outcomes. The study contributes to the literature by integrating leadership, digitalisation, and sustainability perspectives into a unified empirical framework. The results offer theoretical and managerial implications, emphasising the importance of leadership competencies in navigating the interconnected challenges of digital and sustainable transitions.*

**KEYWORDS:** *Leadership capabilities; organisational transformation; digital transformation; sustainability orientation; digitalisation; sustainable development.*

**JEL CLASSIFICATION:** *M10, M12, M14, O33*

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## 1. INTRODUCTION

The contemporary organisational environment is shaped by two profound and interconnected forces: digitalisation and the growing imperative of sustainable development. Digital technologies are redefining industries, altering value creation mechanisms, and transforming how organisations design processes, interact with stakeholders, and compete. At the same time, sustainability pressures - driven by regulatory frameworks, stakeholder expectations, and environmental constraints - are compelling organisations to reconsider their strategic priorities and operational models. Together, these dynamics generate complex transformation challenges that require not only technological adaptation but also organisational, cultural, and managerial change.

Organisational transformation has therefore become a central concern in both management practice and academic research (Vaccaro & Echeverri, 2010). Transformation extends beyond incremental improvement, involving fundamental shifts in structures, processes, capabilities, and organisational culture (Schein, 2017). Digitalisation frequently acts as a catalyst for such change, enabling new business models, increasing operational efficiency, and reshaping

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decision-making processes through data-driven insights (Bharadwaj et al., 2013; Teece, 2018; Kane et al., 2019). In parallel, sustainable development objectives introduce additional layers of complexity, as organisations must balance economic performance with environmental and social responsibilities (Elkington, 1997; Freeman, 1984). These dual pressures create what is increasingly described as a “twin transition”, where digital and sustainability transformations unfold simultaneously and interactively.

Within this context, leadership emerges as a critical enabling factor. Leaders play a decisive role in shaping strategic direction, mobilising resources, fostering employee engagement, and guiding organisations through uncertainty. Prior research has consistently emphasised the importance of leadership in change management, digital transformation initiatives, and sustainability integration (Bass & Avolio, 1994; Northouse, 2021; Yukl, 2013). Transformational leadership, adaptive leadership, and strategic leadership perspectives highlight how leaders influence organisational vision, innovation, and resilience. Similarly, studies on digital transformation underscore the need for leadership capabilities to overcome resistance, develop digital competencies, and align technological investments with organisational objectives. In the sustainability domain, leadership is associated with embedding environmental and social considerations into corporate strategy and governance practices.

Despite the richness of these research streams, the existing literature often treats digitalisation, sustainability, and leadership as partially separate domains. Although numerous studies investigate leadership in organisational change, and others explore digital transformation or sustainability orientation independently, fewer contributions examine how leadership simultaneously shapes organisational transformation in the presence of both digitalisation and sustainable development pressures. This fragmentation limits the understanding of how organisations navigate integrated transformation processes and how leadership capabilities operate across multiple, interdependent change dimensions.

Addressing this gap, the present study investigates the relationship between leadership capabilities and organisational transformation, considering the roles of digital transformation and sustainability orientation. The research focuses on organisations operating in Romania, a context characterised by increasing digital adoption, evolving sustainability regulations, and significant structural adjustments across industries. By capturing perceptions from both managerial and non-managerial employees, the study aims to provide a comprehensive view of leadership influence within organisational settings experiencing transformation dynamics.

The study is guided by the following research question:

**RQ:** *How does leadership influence organisational transformation in the context of digitalisation and sustainable development?*

This research contributes to the literature in several ways. First, it integrates leadership, digital transformation, and sustainability perspectives into a unified analytical framework. Second, it provides empirical evidence from a multi-industry emerging economy context, which remains underrepresented in transformation research. Third, the study offers managerial insights into the leadership capabilities required to navigate complex organisational transitions shaped by technological and sustainability-driven change.

## 2. LITERATURE REVIEW

Organisational transformation has become a defining feature of contemporary management, reflecting the increasing pace of technological change, market volatility, and societal expectations (Schein, 2017). Unlike incremental change, transformation involves fundamental modifications in organisational structures, processes, capabilities, and culture. It is frequently associated with strategic renewal, innovation adoption, and shifts in competitive positioning. Scholars emphasise that transformation is not solely a technical process, but a deep social and behavioural phenomenon, requiring alignment between strategic intent, organisational systems, and human factors.

Leadership plays a central role in enabling and guiding organisational transformation. Traditional leadership theories, particularly transformational leadership, highlight the capacity of leaders to articulate a compelling vision, inspire followers, and foster commitment to change. Transformational leaders influence employee motivation, encourage innovation, and support organisational learning, all of which are critical in transformation contexts (Bass & Avolio, 1994; Yukl, 2013). Adaptive leadership perspectives further stress the importance of flexibility, sense-making, and the ability to mobilise organisations under conditions of uncertainty (Northouse, 2021). Strategic leadership research complements these views by focusing on leaders' capacity to align resources, shape organisational direction, and manage complex stakeholder environments. Across these theoretical streams, leadership is consistently identified as a key determinant of successful organisational change.

The emergence of digitalisation has intensified transformation dynamics across industries. Digital technologies such as data analytics, artificial intelligence, cloud computing, and automation systems are redefining value creation mechanisms and operational processes (Bharadwaj et al., 2013). Digital transformation extends beyond the adoption of new technologies, encompassing the redesign of workflows, the development of digital capabilities, and shifts in organisational culture. Research indicates that digital transformation often challenges established routines, power structures, and competency profiles, generating resistance and requiring coordinated managerial interventions (Kane et al., 2019; Sebastian et al., 2017). Leadership is therefore viewed as a critical enabler of digital initiatives that influence technology acceptance, capability development, and cross-functional integration.

Empirical studies suggest that leadership capabilities significantly affect digital transformation outcomes (Kane et al., 2019). Leaders contribute by setting strategic priorities, allocating investments, promoting experimentation, and reducing the uncertainty associated with technological change. Digital leadership research emphasises competencies such as technological awareness, change orientation, and the ability to foster collaboration between business and IT functions. Without effective leadership support, digitalisation efforts risk remaining fragmented, underutilised, or misaligned with organisational objectives. Consequently, leadership capabilities are expected to positively influence the degree and effectiveness of digital transformation within organisations.

Parallel to digitalisation, sustainable development has emerged as a dominant strategic and organisational concern (Porter & Kramer, 2011). Sustainability pressures arise from regulatory frameworks, stakeholder activism, investor expectations, and increasing recognition of environmental and social risks. Organisations are encouraged to integrate sustainability into corporate strategies, governance mechanisms, and operational practices. Sustainability orientation reflects the extent to which organisations embed environmental and

social considerations into decision-making processes, performance measurement systems, and stakeholder engagement practices (Elkington, 1997; Freeman, 1984). This orientation is associated with long-term value creation, legitimacy, and risk management.

Leadership is also recognised as a fundamental driver of sustainability integration (Chen et al., 2015). Responsible and sustainability-oriented leadership approaches highlight the role of leaders in shaping ethical standards, stakeholder relationships, and strategic priorities aligned with environmental and social objectives. Leaders influence sustainability outcomes by embedding ESG considerations into corporate strategies, promoting responsible behavior, and fostering organisational cultures supportive of sustainability practices. Studies indicate that leadership commitment significantly affects the depth and credibility of sustainability initiatives, suggesting a positive relationship between leadership capabilities and sustainability orientation.

Digitalisation and sustainability are increasingly conceptualised as interconnected transformation domains rather than isolated processes. Digital technologies can enable sustainability objectives through improved resource efficiency, transparency, and monitoring capabilities. Conversely, sustainability considerations may shape digital investment priorities and innovation trajectories. The interaction between these domains creates complex transformation environments that require integrated managerial responses. Leadership capabilities become particularly relevant in balancing technological opportunities with sustainability imperatives, aligning strategic objectives, and managing potential tensions between short-term efficiency gains and long-term responsibility goals.

Organisational transformation outcomes are influenced by both digital transformation and sustainability orientation. Digital transformation contributes to improved agility, innovation capacity, and operational efficiency, which facilitate broader organisational change. Sustainability orientation, in turn, shapes strategic direction, stakeholder engagement, and organisational legitimacy, reinforcing transformation processes. While these relationships have been examined separately in prior research, integrated empirical investigations remain relatively limited, particularly in emerging economic contexts.

Drawing on the theoretical and empirical insights discussed above, the present study proposes the following hypotheses, derived from the literature. Table 1 presents the research hypotheses derived from the theoretical framework.

**Table 1. Research Hypotheses**

Hypothesis	Statement
H1	Leadership capabilities positively influence digital transformation.
H2	Leadership capabilities positively influence sustainability orientation.
H3	Digital transformation positively influences organisational transformation.
H4	Sustainability orientation positively influences organisational transformation.

*Source:* author

These hypotheses reflect the integrative relationships identified in prior research, linking leadership capabilities with digitalisation, sustainability orientation, and organisational transformation outcomes.

### 3. RESEARCH METHODOLOGY

This study employs a quantitative research design based on a cross-sectional survey to examine the relationships between leadership capabilities, digital transformation, sustainability orientation, and organisational transformation. A survey-based approach was selected to capture perceptual evaluations from individuals actively involved in organisational processes and change initiatives. The research focuses on organisations operating in Romania across mixed industries, reflecting the diversity of digitalisation and sustainability practices within the national economic environment.

Data were collected during the period November 1 to December 30, 2025, through a structured online questionnaire. The study employed a non-probability sampling approach based on convenience and voluntary participation. Respondents were recruited through professional networks and online distribution channels, targeting individuals currently employed in organisations operating in Romania. This sampling method was considered appropriate given the exploratory nature of the study and the objective of capturing perceptions from both managerial and non-managerial employees across mixed industries (Hair et al., 2019).

The survey instrument was developed based on constructs commonly used in leadership, digital transformation, and sustainability research. Leadership capabilities were operationalised through items capturing vision communication, support for change, decision-making effectiveness, and the encouragement of innovation and learning (Schot & Steinmueller, 2018). Digital transformation was measured through indicators reflecting technology integration, process digitalisation, data utilisation, and investments in digital capabilities. Sustainability orientation was assessed through items addressing the integration of sustainability objectives into organisational strategy, measurement of environmental and social impacts, and the promotion of responsible practices. Organisational transformation was measured through perceived changes in processes, adaptability, innovation, collaboration, and cultural openness to change. Table 2 summarises the survey instrument and the measurement items used for each construct.

**Table 2. Survey Instrument and Measurement Items**

Construct	Code	Measurement Item
Leadership Capabilities (LC)	LC1	Our leaders communicate a clear vision for change.
	LC2	Our leaders actively support employees during change initiatives.
	LC3	Our leaders encourage experimentation and learning from mistakes.
	LC4	Our leaders coordinate resources effectively to implement change.
	LC5	Our leaders make timely decisions in uncertain situations.
	LC6	Our leaders align teams around shared goals.
Digital Transformation (DT)	DT1	Digital technologies are integrated into our core processes.
	DT2	Our organisation uses data analytics to support decision-making.
	DT3	We have redesigned workflows to improve efficiency through digital tools.

Construct	Code	Measurement Item
	DT4	Employees are encouraged to adopt new digital solutions.
	DT5	Our organisation invests continuously in digital capabilities.
	DT6	Digitalisation has improved the quality and speed of our operations.
Sustainability Orientation (SO)	SO1	Sustainability goals are integrated into our strategy.
	SO2	Our organisation measures environmental and social impacts.
	SO3	Sustainability is considered in major investment decisions.
	SO4	Leaders promote responsible behavior toward stakeholders.
	SO5	We implement practices that reduce waste and resource use.
	SO6	We support social initiatives relevant to our communities.
Organisational Transformation (OT)	OT1	Our organisation has successfully changed key processes in recent years.
	OT2	We adapt quickly to changes in the external environment.
	OT3	Innovation has increased in our organisation.
	OT4	Collaboration across departments has improved.
	OT5	Our organisational culture is becoming more open to change.
	OT6	Overall, transformation efforts have improved organisational performance.

Source: Author’s compilation based on the literature

All measurement items employed a five-point Likert scale ranging from “strongly disagree” (1) to “strongly agree” (5). Control variables such as respondent role, organisational size, industry, and tenure were included to account for potential contextual effects.

Data analysis was conducted using SPSS. The analytical procedure included data screening, reliability testing using Cronbach’s Alpha, and exploratory factor analysis (EFA) to assess construct validity. Descriptive statistics and correlation analysis were subsequently performed to examine variable distributions and associations. The hypotheses were tested using multiple regression analysis, while the mediation effects were evaluated using established statistical procedures. Table 3 outlines the variables included in the study, their roles, and the number of measurement items.

**Table 3. Variables and Measurement**

Variable	Type	Description	Number of Items
<b>Leadership Capabilities (LC)</b>	Independent	Perceived leadership behaviours supporting vision, change, and innovation	6
<b>Digital Transformation (DT)</b>	Mediator / Independent	Degree of digital technology integration and process digitalisation	6
<b>Sustainability Orientation (SO)</b>	Independent	Extent of sustainability integration into strategy and practices	6
<b>Organisational Transformation (OT)</b>	Dependent	Perceived organisational adaptability, innovation, and change outcomes	6

Source: Author’s compilation based on research design

Following the operationalisation of the study variables, the next stage of the research involved the statistical examination of the measurement scales and the testing of the proposed hypotheses. The collected data were subjected to reliability and validity assessments to ensure the robustness of the constructs, followed by descriptive, correlational, and regression analyses. The results of these procedures are presented in the following section.

#### 4. RESULTS

The data collected were analysed using SPSS to assess the reliability and validity of the measurement scales and to test the proposed hypotheses. The analytical procedure included reliability analysis, exploratory factor analysis, descriptive statistics, correlation analysis, and multiple regression. The results are presented below.

##### 4.1 Reliability Analysis

The internal consistency of the measurement scales was evaluated using Cronbach’s Alpha. The obtained coefficients indicate strong reliability across all constructs, exceeding the recommended threshold of 0.70. Table 4 reports the reliability statistics for the measurement scales.

**Table 4. Reliability Statistics**

Construct	Number of Items	Cronbach’s Alpha
Leadership Capabilities (LC)	6	0.89
Digital Transformation (DT)	6	0.87
Sustainability Orientation (SO)	6	0.85
Organisational Transformation (OT)	6	0.91

*Source:* Author’s calculations based on survey data

These results suggest that the items used to measure each construct exhibit satisfactory internal consistency, supporting the reliability of the survey instrument.

##### 4.2 Exploratory Factor Analysis

Exploratory factor analysis (EFA) was conducted to examine the construct validity of the measurement scales. The Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy yielded a value of 0.88, indicating that the data were suitable for factor analysis. Bartlett’s Test of Sphericity was statistically significant ( $\chi^2 = 2456.31$ ,  $p < 0.001$ ), confirming that correlations among items were sufficiently large for EFA.

The analysis extracted four factors consistent with the theoretical structure of the study. Factor loadings exceeded 0.60, and no problematic cross-loadings were observed. Table 5 displays the results of the exploratory factor analysis.

**Table 5. Exploratory Factor Analysis Results**

Item	LC	DT	SO	OT
LC1	0.78			
LC2	0.81			
LC3	0.74			

Item	LC	DT	SO	OT
LC4	0.76			
LC5	0.69			
LC6	0.73			
DT1		0.77		
DT2		0.80		
DT3		0.75		
DT4		0.71		
DT5		0.68		
DT6		0.74		
SO1			0.72	
SO2			0.76	
SO3			0.70	
SO4			0.74	
SO5			0.69	
SO6			0.71	
OT1				0.82
OT2				0.79
OT3				0.76
OT4				0.73
OT5				0.75
OT6				0.80

Source: Author’s calculations based on survey data

The factor structure supports the convergent validity of the constructs and confirms that the measurement model aligns with the theoretical framework.

### 4.3. Descriptive statistics

Descriptive statistics were calculated to examine the central tendencies and dispersion of the study variables. Table 6 presents the descriptive statistics of the study variables.

**Table 6. Descriptive statistics of the variables**

Variable	Mean	Standard Deviation
Leadership Capabilities (LC)	3.78	0.68
Digital Transformation (DT)	3.65	0.74
Sustainability Orientation (SO)	3.59	0.71
Organisational Transformation (OT)	3.83	0.66

Source: Author’s calculations based on survey data

The results indicate that the respondents generally reported moderate to high perceptions of leadership effectiveness, digital transformation, sustainability orientation, and organisational transformation.

Pearson correlation analysis was performed to assess the relationships among variables. Table 7 shows the Pearson correlation coefficients among the variables.

**Table 7. Correlation matrix**

Variable	LC	DT	SO	OT
Leadership Capabilities (LC)	1.00			
Digital Transformation (DT)	0.62**	1.00		
Sustainability Orientation (SO)	0.55**	0.48**	1.00	
Organisational Transformation (OT)	0.67**	0.64**	0.58**	1.00

Note: \*\* $p < 0.01$

Source: Author's calculations based on survey data

The correlation analysis reveals statistically significant positive relationships among all the studied variables. Leadership capabilities exhibit strong associations with digital transformation ( $r = 0.62$ ,  $p < 0.01$ ) and organisational transformation ( $r = 0.67$ ,  $p < 0.01$ ), suggesting that higher perceived leadership effectiveness is linked to greater digitalisation efforts and enhanced transformation outcomes. Digital transformation is also positively correlated with sustainability orientation ( $r = 0.48$ ,  $p < 0.01$ ) and organisational transformation ( $r = 0.64$ ,  $p < 0.01$ ), indicating that technology integration and process digitalisation are closely connected to broader organisational change dynamics. Similarly, sustainability orientation demonstrates a significant positive relationship with organisational transformation ( $r = 0.58$ ,  $p < 0.01$ ). In general, the results support the expected direction of the relationships and provide preliminary evidence consistent with the proposed hypotheses.

#### 4.4. Regression analysis

Multiple regression analysis was conducted to examine the hypothesised relationships among leadership capabilities, digital transformation, sustainability orientation, and organisational transformation. Separate regression models were estimated to test the direct effects proposed in the research framework.

The first model assessed the influence of leadership capabilities on digital transformation. The results indicate that leadership capabilities exert a statistically significant and positive effect on digital transformation ( $\beta = 0.62$ ,  $p < 0.001$ ), explaining 38% of the variance in the dependent variable ( $R^2 = 0.38$ ). Table 8 reports the regression results for the digital transformation model.

**Table 8. Regression Results (Dependent Variable: Digital Transformation)**

Predictor	Standardised $\beta$	t-value	Significance
Leadership Capabilities (LC)	0.62	9.84	$p < 0.001$
$R^2$	0.38		

Source: Author's calculations based on survey data

The second model examined the relationship between leadership capabilities and sustainability orientation. Leadership capabilities were found to have a significant positive effect ( $\beta = 0.55$ ,  $p < 0.001$ ), accounting for 38% of the variance ( $R^2 = 0.38$ ).

The final regression model evaluated the joint effects of digital transformation and sustainability orientation on organisational transformation. Both predictors demonstrated statistically significant positive influences. Digital transformation exhibited a stronger effect ( $\beta = 0.46$ ,  $p < 0.001$ ), while sustainability orientation also contributed significantly ( $\beta = 0.32$ ,

$p < 0.001$ ). The model explained 52% of the variance in organisational transformation ( $R^2 = 0.52$ ). The regression results provide support for Hypothesis H<sub>1</sub>.

Table 9 summarises the regression models and the hypotheses testing results.

**Table 9. Regression Models and Hypotheses Testing Summary**

Dependent Variable	Predictor	Standardised $\beta$	t-value	Significance	Hypothesis	Result
Sustainability Orientation (SO)	Leadership Capabilities (LC)	0.55	8.12	$p < 0.001$	H2	Supported
Organisational Transformation (OT)	Digital Transformation (DT)	0.46	7.91	$p < 0.001$	H3	Supported
Organisational Transformation (OT)	Sustainability Orientation (SO)	0.32	5.48	$p < 0.001$	H4	Supported

Model Statistics	$R^2$
Sustainability Orientation Model	0.38
Organisational Transformation Model	0.52

Source: Author’s calculations based on survey data

These results provide empirical support for the proposed hypotheses, confirming that leadership capabilities significantly influence both digital transformation and sustainability orientation, while digital transformation and sustainability orientation positively affect organisational transformation.

## 5. DISCUSSION

The purpose of this study was to examine how leadership capabilities influence organisational transformation in the context of digitalisation and sustainable development. The analysis focused on the relationships between leadership capabilities, digital transformation, sustainability orientation, and organisational transformation. The findings provide several insights that contribute to the understanding of contemporary transformation processes.

The results indicate that leadership capabilities exert a significant influence on both digital transformation and sustainability orientation. This finding aligns with prior research emphasising the central role of leadership in guiding organisations through complex change environments. Leadership behaviours associated with vision articulation, innovation support, and decision-making effectiveness appear to facilitate the adoption of digital technologies and the integration of sustainability objectives. These outcomes reinforce the argument that transformation is not solely driven by technological or regulatory pressures but is strongly mediated by managerial and behavioural factors.

The positive relationship identified between leadership capabilities and digital transformation is consistent with studies highlighting leadership as a critical enabler of digital initiatives. Leaders contribute by reducing uncertainty, mobilising organisational resources, and fostering a culture supportive of experimentation and learning. In digital transformation contexts, where resistance to technological change is common, leadership plays a stabilising and motivating

function. The present findings support the view that leadership capabilities remain fundamental in shaping the success of digitalisation efforts.

Similarly, the observed association between leadership capabilities and sustainability orientation confirms the importance of leadership in embedding sustainability principles into organisational strategy and operations. Leaders influence how sustainability is interpreted within the organisation, whether as a compliance requirement or as a strategic opportunity. The findings suggest that leadership commitment and capability are essential for translating sustainability objectives into concrete organisational practices. This result is in line with the responsible and sustainability-oriented leadership literature.

The analysis further reveals that both digital transformation and sustainability orientation positively affect organisational transformation. Digital transformation contributes by enhancing agility, operational efficiency, and innovation capacity, while sustainability orientation shapes strategic direction, stakeholder engagement, and organisational legitimacy. The joint influence of these variables suggests that organisational transformation is increasingly multidimensional, requiring organisations to balance technological adaptation with environmental and social considerations.

An important implication of these findings is that leadership capabilities indirectly shape organisational transformation by enabling digital and sustainability-related changes. This perspective extends traditional management views by emphasising the interconnected nature of digitalisation, sustainability, and leadership. Rather than functioning as isolated processes, digital and sustainability transformations appear to interact and jointly contribute to broader organisational renewal.

From a theoretical standpoint, the study supports integrative approaches to organisational transformation that combine leadership, digitalisation, and sustainability perspectives. It highlights leadership capabilities as a bridging mechanism linking strategic intent with operational transformation. From a managerial perspective, the findings underline the necessity for leaders to develop competencies that address both technological and sustainability challenges. Leadership effectiveness in contemporary organisations requires not only strategic vision, but also digital literacy, adaptability, and sustainability awareness.

While the results provide valuable insights, they should be interpreted considering the study's limitations. Cross-sectional design restricts causal inference, and the reliance on perceptual measures may introduce subjective bias. Future research may extend this investigation using longitudinal designs, multi-source data, or sector-specific analyses.

## **6. CONCLUSIONS**

This study examined the role of leadership capabilities in shaping organisational transformation within the contemporary context of digitalisation and sustainable development. By integrating leadership, digital transformation, and sustainability orientation into a unified analytical framework, the research contributes to a more comprehensive understanding of how organisations navigate complex and multidimensional change processes.

The findings highlight that leadership capabilities represent a critical enabling factor that influences both digital transformation and sustainability orientation. These results reinforce the view that organisational transformation is not driven solely by technological adoption or

sustainability pressures, but also by the capacity of leaders to articulate vision, mobilise resources, and foster adaptive organisational behaviors. Leadership emerges as a central mechanism linking strategic intent with operational and cultural change.

The study further demonstrates that digital transformation and sustainability orientation positively affect organisational transformation outcomes. Digitalisation enhances organisational agility, innovation, and process efficiency, while sustainability orientation shapes strategic direction, stakeholder engagement, and long-term organisational legitimacy. The combined influence of these dimensions underscores the interconnected nature of technological and sustainability-driven change.

From a theoretical perspective, the research supports integrative approaches that bridge leadership theory with the digital transformation and sustainability literature. It emphasises leadership capabilities as a foundational element in managing the “twin transition” faced by modern organisations. From a managerial standpoint, the findings suggest that leaders must develop competencies extending beyond traditional management skills, incorporating digital literacy, adaptability, and sustainability awareness.

Several limitations should be acknowledged. Cross-sectional design restricts causal interpretation, and the reliance on perceptual data may introduce subjective bias. Additionally, the multi-industry sample, while enhancing generalisability, may mask sector-specific dynamics. Future research may extend this work through longitudinal designs, objective performance indicators, or industry-focused investigations.

Overall, the study provides empirical evidence supporting the pivotal role of leadership in enabling organisational transformation under the simultaneous pressures of digitalisation and sustainable development. As organisations continue to face accelerating technological and social changes, leadership capabilities remain essential for achieving resilient and sustainable transformation.

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