

# Integrating Digital Transformation Strategies in Innovation Management for Sustainable Business Development

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Article Info  
Received 28 October 2024  
Revised 28 April 2025  
Accepted 30 April 2025  
Available online 30 April 2025

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## Abstract

This study explored the impact of digital transformation strategies on sustainable business development, emphasizing the moderating role of organizational culture and the mediating effect of innovation capabilities. The research highlights that effective digital transformation positively influences business sustainability by enhancing financial performance, market expansion, and environmental responsibility. Organizational culture was identified as a critical factor that can either facilitate or hinder the successful implementation of digital transformation initiatives. Moreover, innovation capabilities are shown to bridge the gap between digital strategies and sustainable outcomes, acting as a crucial mediator. The study employed a mixed-methods approach, combining quantitative data analysis with qualitative insights to provide a comprehensive understanding of these relationships. Key findings suggested that for businesses to thrive in the digital era, a holistic approach that integrates technology, culture, and innovation is essential. The thesis concludes with practical recommendations for business managers and policymakers, emphasizing the need for adaptive strategies and supportive organizational cultures. Future research directions were suggested, focusing on longitudinal studies, cross-industry comparisons, and the exploration of emerging technologies in digital transformation. This study contributed to the growing body of knowledge on digital transformation and its role in achieving long-term business sustainability.

**Keywords:** Digital Transformation Strategies, Sustainable Business Development, Organizational Culture, Innovation Capabilities

## Introduction

In recent years, digital transformation has emerged as a critical strategic imperative for businesses across various sectors. Digital transformation refers to the integration of digital technologies into all areas of business operations, fundamentally altering how companies operate and deliver value to their customers. This shift is driven by the rapid evolution of technology, changing consumer expectations, and the need for organizations to remain competitive in an increasingly digital world.

Digital transformation supports sustainability initiatives by enabling businesses to monitor and reduce their environmental impact. Technologies such as IoT and blockchain facilitate better tracking of resource usage and supply chain transparency, contributing to more sustainable practices (Mougiakos, 2023). By adopting digital solutions, companies can not only enhance their operational efficiency but also align with global sustainability goals and regulatory requirements, the importance of digital transformation in modern business cannot be overstated. It offers opportunities for improved efficiency, innovative business models, enhanced customer experiences, and greater sustainability. As digital technologies continue to advance, businesses must embrace transformation to remain competitive and achieve long-term success.

Innovation management plays a pivotal role in achieving sustainable development by enabling organizations to create and implement solutions that address economic, environmental, and social challenges. The intersection of innovation management and sustainable development is increasingly recognized as a critical factor in driving long-term organizational success and contributing to broader societal goals (Nidumolu, Prahalad, & Rangaswami, 2009).

The relationship between innovation management and sustainable development is integral to achieving long-term success and addressing global challenges. By focusing on sustainable innovation and integrating environmental and social considerations into innovation processes, organizations can drive significant progress towards sustainable development while enhancing their competitive edge in the marketplace.

Digital transformation strategies are increasingly recognized as crucial drivers of long-term business growth. By leveraging advanced technologies and integrating digital solutions into business operations, organizations can achieve substantial improvements in performance, competitiveness, and market positioning (Rogers, 2022).

According to a report by McKinsey & Company (2021), organizations that embrace digital transformation can realize up to a 20% reduction in operational costs and a 30% improvement in productivity. For improving operational efficiency, digital transformation strategies enable businesses to innovate and adapt more effectively to changing market conditions. The adoption of digital technologies such as artificial intelligence (AI), big data, and the Internet of Things (IoT) provides organizations with new capabilities for product and service innovation (Brynjolfsson & McElheran, 2021).

Digital transformation also supports long-term growth by enhancing customer engagement and experience. Digital tools and platforms allow businesses to interact with customers more effectively, providing personalized experiences and building stronger relationships. A study by Accenture (2023) indicates that companies with advanced digital capabilities are better positioned to understand customer preferences and deliver tailored solutions, leading to increased customer loyalty and market share. Enhanced customer engagement through digital channels also enables companies to gather valuable feedback and continuously improve their offerings (Goes, 2022).

All in all, the impact of digital transformation strategies on long-term business growth is profound. By improving operational efficiency, fostering innovation, enhancing customer engagement, and enabling market expansion, digital transformation positions organizations for sustained success in a competitive and rapidly changing business environment.

## Objective

1. To explore the impact of digital transformation strategies on sustainable business development.
2. To analyze the moderating effect of organizational culture.
3. To study the mediating role of innovation capabilities.

## Research Hypotheses

H1: Digital transformation strategies positively influence sustainable business development.

H2: Organizational culture moderates the relationship between digital transformation strategies and sustainable business development, such that a supportive organizational culture strengthens this relationship.

H3: Innovation capabilities mediate the relationship between digital transformation strategies and sustainable business development, such that digital transformation strategies enhance innovation capabilities, which in turn positively affect sustainable business development.

## Literature Review

### The Concept of Digital Transformation

Digital transformation is a multifaceted process that involves the integration of digital technologies into all areas of a business, fundamentally changing how organizations operate and deliver value to customers. It is not merely about adopting new technologies, but also about rethinking business models, organizational structures, and processes to fully leverage the potential of digital innovations (Vial, 2021). This concept has gained significant attention in recent years as businesses across various industries recognize the need to adapt to the rapidly evolving digital landscape.

The concept of digital transformation also extends to the reconfiguration of organizational structures and processes. It involves the creation of agile and flexible business models that can respond quickly to changes in the market environment (Teece, 2020). Digital transformation strategies often prioritize customer-centricity, data-driven decision-making, and cross-functional collaboration to drive innovation and competitive advantage (Goes, 2022). As such, successful digital transformation is closely linked to an organization's ability to innovate and adapt to new opportunities and challenges.

In summary, the concept of digital transformation encompasses a broad range of activities and strategies aimed at integrating digital technologies into all aspects of a business. It requires not only technological adoption but also a fundamental rethinking of business models, organizational culture, and processes. As businesses continue to navigate the complexities of the digital age, digital transformation remains a critical area of focus for achieving long-term success and sustainability.

### Classification and Application of Various Digital Transformation Strategies

Digital transformation strategies can be broadly classified into several categories based on their focus, technological applications, and organizational goals. These strategies are designed to leverage digital technologies to improve business processes, enhance customer experiences, and create new business models. Understanding the classification and application

of these strategies is crucial for organizations aiming to navigate the complexities of digital transformation effectively.

1. Technology-Driven Strategies.
2. Customer-Centric Strategies.
3. Process-Oriented Strategies.
4. Innovation-Focused Strategies.
5. Data-Driven Strategies.
6. Organizational Culture and Change Management Strategies.

These strategies emphasize the importance of aligning digital transformation efforts with the organization's culture and managing the change process effectively. Successful digital transformation requires not only technological adoption but also a shift in organizational culture to embrace innovation, agility, and continuous learning. Change management strategies focus on engaging employees, fostering a culture of collaboration, and ensuring that the workforce is equipped with the necessary digital skills (Kane, Palmer, Phillips, Kiron, & Buckley, 2020).

### **The Role of Organizational Culture**

Organizational culture refers to the shared values, beliefs, norms, and practices that shape the behavior and decision-making processes within an organization. It acts as a guiding framework that influences how employees interact with each other, approach their work, and respond to external challenges (Alvesson & Sveningsson, 2015). Organizational culture is often seen as the "personality" of an organization, reflecting its unique identity and affecting its overall performance (Schneider, Ehrhart, & Macey, 2021).

Organizational culture can also be understood through its observable and unobservable elements. Observable elements include rituals, symbols, language, and physical layout, while unobservable elements encompass underlying assumptions, beliefs, and values (Hogan & Coote, 2014). The combination of these elements creates a distinct organizational culture that influences employee behavior and organizational outcomes (Cameron & Quinn, 2021).

Impact of Organizational Culture on Performance, the type of organizational culture present within a company can significantly influence its overall performance, employee engagement, and ability to achieve strategic goals (Denison, Nieminen, & Kotrba, 2014). For instance, a strong alignment between organizational culture and business strategy can enhance innovation, customer satisfaction, and financial performance (Lee & Yu, 2021). Conversely, a misalignment may lead to resistance to change, decreased employee morale, and suboptimal performance (Kumar & Pansari, 2016).

Research has shown that organizational culture can also play a critical role in the successful implementation of digital transformation strategies, particularly in fostering an environment that is conducive to change and innovation (Vogelsang, Liere-Netheler, Packmohr, & Hoppe, 2019). A culture that supports continuous learning, adaptability, and open communication is more likely to successfully navigate the challenges of digital transformation and sustain long-term business growth (Yun, Lee, & Ahn, 2020).

## **The Way Organizational Culture Influences the Implementation of Digital Transformation Strategies**

Organizational culture plays a critical role in determining the success or failure of digital transformation initiatives. The process of digital transformation often requires significant changes in technology, processes, and even business models, all of which are deeply influenced by the underlying culture of an organization (Vial, 2021). A supportive and adaptable organizational culture can facilitate the smooth implementation of digital transformation strategies, while a resistant or misaligned culture can hinder progress and lead to suboptimal outcomes (Kane, Palmer, Phillips, Kiron, & Buckley, 2021).

To overcome cultural barriers to digital transformation, organizations can adopt several strategies. Organizational culture is a critical factor in the successful implementation of digital transformation strategies. A supportive culture that values innovation, agility, and collaboration can significantly enhance the effectiveness of digital initiatives, while cultural barriers such as resistance to change and organizational silos can impede progress. By aligning organizational culture with digital transformation goals and addressing potential cultural barriers, organizations can create an environment that fosters successful and sustainable digital transformation (Hsu, Lee, & Chuang, 2020).

## **The Role of Innovation Capabilities in Organizations**

Innovation capabilities are essential for organizations seeking to maintain competitive advantage and adapt to changing market conditions. These capabilities enable firms to introduce new products, improve processes, and develop new business models that drive growth and efficiency (Girotra, Terwiesch, & Ulrich, 2010).

**Driving Competitive Advantage:** Organizations with strong innovation capabilities are better positioned to create unique value propositions and differentiate themselves from competitors (Teece, 2021). By leveraging these capabilities, firms can innovate continuously and respond proactively to market changes (Hossain, 2021).

**Enhancing Organizational Performance:** Effective innovation capabilities contribute to improved organizational performance by optimizing operations, reducing costs, and increasing revenue through new products and services (Zhao, Lu, & Wang, 2022). These capabilities are linked to better financial performance, customer satisfaction, and market share (Matzler, Veider, & Kathan, 2015).

**Facilitating Strategic Adaptation:** Innovation capabilities support strategic adaptation by enabling organizations to reconfigure their resources and processes in response to external pressures and opportunities (Eisenhardt & Martin, 2000). This adaptability is crucial for long-term sustainability and success in dynamic environments (Kahn, 2022).

## **The Relationship Model Between Research Variables**

In exploring the impact of digital transformation strategies on sustainable business development, it is crucial to understand how these strategies interact with various organizational factors. The proposed research model integrates digital transformation strategies, sustainable business development, organizational culture, and innovation capabilities. This model helps in formulating hypotheses that can be tested empirically. The relationship model is supported by various studies in the literature:

**Digital Transformation and Sustainable Business Development:** Research indicates that digital transformation strategies lead to improvements in operational efficiency and sustainability metrics, positively impacting overall business development (El-Gohary, 2022; Westerman et al., 2021).

**Organizational Culture:** The role of organizational culture in influencing the success of digital transformation efforts has been well-documented. A positive culture facilitates the adoption of new technologies and supports sustainable practices (Cameron & Quinn, 2021; O'Reilly & Tushman, 2013).

**Innovation Capabilities:** Innovation capabilities are critical in leveraging digital transformation for sustainable outcomes. Effective innovation processes enable organizations to harness digital tools and create value that contributes to long-term sustainability (Teece, 2021; Hossain, 2021).

This research model and the associated hypotheses provide a structured approach to examining how digital transformation strategies impact sustainable business development, with an emphasis on the roles of organizational culture and innovation capabilities. The hypotheses formulated for this study provide a framework for investigating how digital transformation strategies, organizational culture, and innovation capabilities interact to influence sustainable business development. These hypotheses aim to test the direct and indirect effects of digital transformation on sustainability, moderated by organizational culture and mediated by innovation capabilities.

## Research Methodology

The research design is a critical component of any study, guiding the methods and procedures for collecting and analyzing data. In this study, a quantitative research design is employed. The choice of a quantitative design is informed by the need to measure the impact of digital transformation strategies on sustainable business development and to evaluate the moderating and mediating effects of organizational culture and innovation capabilities, respectively.

Quantitative research is often associated with deductive reasoning, where the research begins with a theory or hypothesis and then designs a research strategy to test it (Bryman, 2016). The study utilizes a cross-sectional survey design, which involves collecting data at a single point in time to describe and assess relationships among the variables of interest (Fowler, 2014). The questionnaire is structured into several sections, each corresponding to the specific constructs being measured:

**Digital Transformation Strategies:** This section includes items that assess the extent to which firms adopt advanced digital technologies, restructure business processes, and implement digital tools. The questions are adapted from existing validated scales, such as those proposed by Vial (2019) and Verhoef et al. (2021). The Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree), is used to gauge respondents' perceptions and experiences.

**Sustainable Business Development:** Questions in this section measure the company's performance in terms of financial outcomes, market expansion, environmental responsibility, and social impact. The items are based on the sustainable development performance scale suggested by Bansal (2005) and Epstein and Roy (2001), ensuring that multiple dimensions of sustainability are captured.

**Organizational Culture:** This section uses the Organizational Culture Assessment Instrument (OCAI) to determine the type of culture prevalent in the organization, such as clan, adhocracy, market, or hierarchy cultures (Cameron & Quinn, 2006). The questions are designed to reflect the values, beliefs, and norms that influence the implementation of digital transformation strategies.

**Innovation Capabilities:** The final section assesses the organization's ability to generate, adopt, and implement new ideas and innovations. The questions are derived from the

innovation capability scale developed by Lawson and Samson (2001), focusing on both incremental and radical innovations.

The questionnaire is pre-tested through a pilot study with a small sample of respondents from the target population to identify and correct any issues related to wording, structure, and timing.

In addition to the questionnaire, semi-structured interviews are conducted with selected industry experts, including business managers and digital transformation leaders. The interview outline is designed to explore in-depth perspectives on how digital transformation strategies are implemented, the role of organizational culture, and the impact on sustainable business development.

The interview questions are open-ended, allowing respondents to elaborate on their experiences and insights. The outline includes the following key themes:

**Understanding Digital Transformation:** Interviewees are asked to describe their experiences with digital transformation within their organizations, focusing on the strategies they have implemented and the challenges they have faced.

**Role of Organizational Culture:** Questions explore how organizational culture has influenced the adoption and success of digital transformation initiatives. Interviewees are encouraged to discuss the cultural attributes that have supported or hindered these processes.

**Innovation and Sustainability:** The interview also delves into how digital transformation strategies have impacted the organization's innovation capabilities and sustainable development. Interviewees provide examples of how innovation has been fostered through digital initiatives and how this has contributed to long-term business growth and sustainability.

Based on company population, the minimum acceptable sample size is 384. In order to increase the accuracy of the findings and generalizability of the conclusions, this study conducted a questionnaire study on the staff employees of the company. A total of 450 questionnaires were distributed and 397 valid questionnaires were returned.

Snowball sampling technique was used to identify and select employees of Company A as participants in this study. Initially, a number of employees who met the inclusion criteria were identified through industry contacts and publicly available databases. These employees were contacted and invited to participate in this study. The study used descriptive statistical analysis, correlation and regression analysis and structural equation modeling (SEM) analysis in the process of data analysis.

## Research Finding

### Demographic Statistics Study

As described in Table 1 above, the 397 respondents in this study consisted of 226 males (56.9%) and 171 females (43.1%) as shown in Table 1.

**Table 1:** Demographic of Respondents by Gender

Group	Number	Percentage
Male	226	56.9
Female	171	43.1
<b>Total</b>	<b>397</b>	<b>100.0</b>

As shown in Table 2, the 397 respondents in this study were 78 or 19.6% under the age of 25, 150 or 37.8% between the ages of 26 and 35, 98 or 24.7% between the ages of 36 and 45, 39 or 9.8% between the ages of 46 and 55, 21 or 5.3% between the ages of 56 and 65, and 11 or 2.8% above the age of 66.

**Table 2:** Demographic of Respondents by Age

Group	Number	Percentage
Below 25(inclusive)	78	19.6
26-35	150	37.8
36-45	98	24.7
46-55	39	9.8
56-65	21	5.3
66(inclusive) or above	11	2.8
<b>Total</b>	<b>397</b>	<b>100.0</b>

As shown in Table 3, among the 397 respondents in this study, 46 respondents (11.6%) have junior high school (including) or below education, 63 respondents (15.9%) have high school (vocational) education, 174 respondents (43.8%) have university/specialized education, 114 respondents (28.7%) have graduate (including) or above education.

**Table 3:** Demographic of Respondents by Academic Qualifications

Group	Number	Percentage
Junior high school (including) or below	46	11.6
High School (vocational)	63	15.9
University/specialized	174	43.8
Graduate (including) or above	114	28.7
<b>Total</b>	<b>397</b>	<b>100.0</b>

As shown in Table 4, among the 397 respondents of this study, there are 236 employees are junior staffs (59.4%), 121 employees are executives (30.5%), and 29 employees are Supervisors (7.3%), 11 employees are senior Supervisors (Manager or above) (2.8%).

**Table 4:** Demographic of Respondents by Position

Group	Number	Percentage
Junior staff	236	59.4
Executives	121	30.5
Supervisors	29	7.3
Senior Supervisors (Manager or above)	11	2.8
<b>Total</b>	<b>397</b>	<b>100.0</b>

### Linear Regression Test Results

In the regression analysis of the effect between Digital Transformation Strategy and Sustainable Business Development, as can be seen from Table 5 and Table 6, the adjusted R-square is 0.218. Digital Transformation Strategy (independent variables) explains 21.8% of the variance in Sustainable Business Development (dependent variable). In the test of variance, the F-value is 111.201 and the significance p-value is .000b less than 0.01, which means that the regression model is highly significant at the 0.01 level and the model is usable and meaningful.

**Table 5:** Model summary

Models	R	R side	Adjusted r-square	Standard estimation error
1	.469 a	.220	.218	.71444

a. Predictive variable: (constant), Digital Transformation Strategy

**Table 6:** ANOVA

Models		Sum of squares	Degree of freedom	Mean Square	F	Sig
1	Return	56.760	1	56.760	111.201	.000b
	Residuals	201.617	395	.510		
	Total	258.377	396			

a. Sustainable Business Development

b. Predictor: (constant), Digital Transformation Strategy

Table 4-7 showed, after the analysis of coefficients, it was found that the unstandardized coefficient of Digital Transformation Strategy is 0.438, standardized coefficient is 0.469 and p-value is 0.000, which indicates that there is a significant positive correlation between Digital Transformation Strategy and Sustainable Business Development.

**Table 7:** The Impact of Digital Transformation Strategy on Sustainable Business Development

Models		Unstandardized coefficients		Beta	t	Sig
		B	Standard error			
1	(constant)	2.215	.153		14.439	.000
	Digital Transformation Strategy	.438	.042	.469	10.545	.000

a. Sustainable Business Development

### Regulatory Effect Test Results

After the hierarchical regression analysis of the post-centering data, the significant level of the coefficient of the interaction term of the post-centering independent variable (Digital Transformation Strategy) with the moderator variable (Organizational Culture Assessment Instrument) can be seen according to Table 8. In this case, the significance level of the coefficient of the interaction term between the independent centered variable and the moderator variable is 0.214, which is greater than 0.05, indicating that the coefficient is not significant. Organizational learning does not significantly moderate the relationship between Digital Transformation Strategy and Sustainable Business Development.

**Table 8:** Hierarchical Regression Analysis Between Digital Transformation Strategy and Sustainable Business Development

Models	Unstandardized coefficients		Standardized coefficients	t	Sig
	B	Standard error	Beta		
1	(constant)	3.787	.036	105.626	.000
	Za	.438	.042		
2	(constant)	3.823	.046	83.346	.000
	Za	.418	.045		
	Zac interaction item	-- 048	.038	-- 060	-1.246 .214
a. Sustainable Business Development					

### Mediation Effect Test Results

In the regression analysis of the impact of Digital Transformation Strategy on Innovation Capability, as shown in Table 9, the model summary shows a significance p value of less than 0.01, which means that the regression model is very significant at the 0.01 level, the model is usable and meaningful. In the regression analysis of the impact of Digital Transformation Strategy on Innovation Capability, it can see in the model summary in Table 9 that the significance p value of Digital Transformation Strategy on Innovation Capability is less than 0.01.

**Table 9:** The impact of Digital Transformation Strategy on Innovation Capability

Models	Unstandardized coefficients		Standardized coefficients	t	Sig
	B	Standard error	Beta		
1	(constant)	2.200	.176	12.531	.000
	Digital Transformation Strategy	.315	.048		
a. Dependent variable: Innovation Capability					

In the regression analysis of the impact of Innovation Capability on Sustainable Business Development, Table 10 model summary shows that the Innovation Capability has a significant p value of less than 0.01 for Sustainable Business Development; The absolute value of the coefficient of Digital Transformation Strategy for Sustainable Business Development in Model 2 is greater than that of Digital Transformation Strategy for Sustainable Business Development in Model 1, innovation Capability mediates between Digital Transformation Strategy and Sustainable Business Development.

**Table 10:** Regression Analysis Model summary

Models		Unstandardized coefficients		Beta	t	Sig
		B	Standard error			
1	(constant)	2.215	.153		14.439	.000
	Digital Transformation Strategy	.438	.043	.469	10.545	.000
2	(constant)	1.809	.177		10.195	.000
	Digital Transformation Strategy	.380	.043	.407	8.867	.000
	Innovation Capability	.184	.042	.196	4.284	.000
a. Sustainable Business Development						

## Discussion

The study explored the relationships between Digital Transformation Strategy, Innovation Capability, and Sustainable Business Development within the context of a specific organizational setting. Several key findings emerged from the analysis, which contribute to the understanding of these constructs in the contemporary business environment.

First, the analysis revealed a significant positive correlation between Digital Transformation Strategy and Sustainable Business Development. The results indicated that the implementation of a robust digital transformation strategy significantly enhances an organization's ability to achieve sustainable business outcomes. Specifically, the regression analysis showed that Digital Transformation Strategy explains 21.8% of the variance in Sustainable Business Development, with a significant F-value ( $p < 0.01$ ), demonstrating the critical role of digital initiatives in driving sustainable practices within organizations. This finding aligns with recent literature suggesting that digital transformation is pivotal for achieving long-term sustainability in businesses (Verhoef et al., 2021; Vial, 2019).

Second, the study examined the mediating role of Innovation Capability between Digital Transformation Strategy and Sustainable Business Development. The results indicated that Innovation Capability partially mediates this relationship, suggesting that the ability of an organization to innovate is a crucial mechanism through which digital strategies impact sustainable outcomes. This finding is supported by prior research, which emphasizes the importance of innovation as a driver of sustainable business practices (Lawson & Samson, 2001; Terziovski, 2010).

Moreover, the study tested the moderating role of Organizational Culture on the relationship between Digital Transformation Strategy and Sustainable Business Development. However, the results indicated that Organizational Culture does not significantly moderate this relationship. This finding suggests that while organizational culture is important, its influence may not be strong enough to alter the impact of digital strategies on sustainability outcomes. This contrasts with some previous studies that have highlighted the moderating effect of culture on organizational change and strategy implementation (Cameron & Quinn, 2021; Eccles, Ioannou, & Serafeim, 2021).

In conclusion, the study provides valuable insights into the interplay between digital transformation, innovation, and sustainability. It highlights the importance of digital strategies and innovation capabilities in achieving sustainable business development, while also suggesting that organizational culture may play a less significant role in moderating these relationships. These findings contribute to the broader literature on digital transformation and sustainability, offering practical implications for organizations seeking to enhance their sustainable practices through digital and innovative initiatives.

This study contributes significantly to the existing literature on digital transformation, innovation management, and sustainable business development by providing a comprehensive analysis of the interrelationships between these constructs. Several major contributions and theoretical implications emerge from the findings:

**Integration of Digital Transformation and Sustainability Literature:** One of the primary theoretical contributions of this research is the integration of digital transformation strategies within the broader context of sustainable business development. While prior studies have explored digital transformation and sustainability independently, this study bridges the gap by empirically examining how digital transformation strategies can directly influence sustainable business outcomes. This integration enriches the theoretical discourse by demonstrating that digital transformation is not merely a technological upgrade but a strategic pathway toward achieving sustainability in business operations (Verhoef et al., 2021; Vial, 2019).

**Elucidation of Innovation Capabilities as a Mediator:** The study provides empirical evidence supporting the role of innovation capabilities as a mediator in the relationship between digital transformation strategies and sustainable business development. By highlighting the mediating effect, this research extends the understanding of how digital transformation strategies lead to sustainable outcomes through the enhancement of an organization's ability to innovate. This finding is consistent with the dynamic capabilities' framework, which posits that organizations must continuously develop their innovation capabilities to maintain competitive advantage in a rapidly changing environment (Teece, 2021).

**Reevaluation of Organizational Culture's Moderating Role:** Contrary to some previous studies that have suggested a significant moderating effect of organizational culture on strategy implementation (Cameron & Quinn, 2021), this research found that organizational culture does not significantly moderate the relationship between digital transformation strategies and sustainable business development. This finding prompts a reevaluation of the existing theoretical models that emphasize the moderating role of culture, suggesting that the impact of digital transformation on sustainability may be more direct and less contingent on cultural factors than previously thought. This contribution encourages future research to explore other potential moderators or to reconsider the conditions under which culture may exert a more substantial influence.

**Theoretical Implications for Strategic Management:** The findings have broader theoretical implications for strategic management, particularly in the context of resource-based and capability-based views of the firm. By demonstrating the critical role of digital

transformation and innovation capabilities in driving sustainable development, the study contributes to the understanding of how firms can leverage their resources and capabilities to achieve long-term strategic goals. This aligns with the resource-based view, which asserts that the development and deployment of valuable, rare, inimitable, and non-substitutable (VRIN) resources, such as digital strategies and innovation capabilities, are essential for sustained competitive advantage (Bennett, N., & Lemoine, 2014).

In summary, this study not only advances theoretical knowledge in the fields of digital transformation, innovation management, and sustainability but also offers a nuanced understanding of the complex interactions between these constructs. The major contributions and theoretical significance highlighted in this research provide a solid foundation for future studies and offer valuable insights for practitioners aiming to align their digital strategies with sustainable business practices.

### **Limitations of the Research**

**Limited Generalizability:** One of the primary limitations of this study is the restricted generalizability of the findings. The research was conducted within a specific context, focusing on Shanxi Coal Enterprise A. As a result, the findings may not be entirely applicable to other industries or regions.

**Cross-Sectional Design:** This study employed a cross-sectional design, which captures data at a single point in time. While this design is useful for identifying relationships between variables, it does not allow for the examination of changes over time or the determination of causality.

**Self-Reported Data:** The reliance on self-reported data from participants is another limitation. Self-reported data can be subject to biases, such as social desirability bias, where respondents may provide answers, they believe are more socially acceptable rather than reflecting their true opinions or behaviors.

**Measurement Constraints:** The study used specific scales to measure digital transformation strategies, sustainable business development, organizational culture, and innovation capabilities. While these scales were selected based on their reliability and validity in previous studies, they may not fully capture the complexity of these constructs.

**Limited Exploration of Moderating and Mediating Variables:** Although this study examined the moderating role of organizational culture and the mediating role of innovation capabilities, other potential moderators and mediators were not explored. Factors such as leadership style, regulatory environment, and technological readiness could also influence the relationship between digital transformation and sustainable business development.

**Cultural and Contextual Factors:** The cultural and contextual factors specific to the region and industry studied may have influenced the findings. For instance, the organizational culture of Shanxi Coal Enterprise A may differ significantly from that of companies in other regions or sectors.

These limitations highlight areas where further investigation is needed and suggest that future research could adopt a more comprehensive approach to studying digital transformation and sustainable business development.

## Suggestion

Based on the findings of this study, several practical recommendations can be made for business managers seeking to enhance their organizations' sustainable business development through effective digital transformation strategies and innovation capabilities.

Policymakers play a crucial role in shaping the environment within which businesses operate, particularly in the context of digital transformation and sustainable development. The findings of this study suggest several key areas where policymakers can make impactful interventions.

These recommendations highlight the critical role that policymakers play in facilitating digital transformation and sustainable business practices. By implementing supportive policies, governments can help create an environment where businesses can thrive in the digital age while contributing to broader societal goals.

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