

# Leadership Agility and Public Sector Innovation in the UAE Through a Structural Framework for Transformational Change

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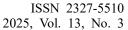
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#### **Abstract**

In an era marked by rapid institutional change and rising citizen expectations, public sector organizations must enhance their adaptive capacity to remain effective. This study investigates the role of agile leadership in driving organizational transformation within the UAE public sector, with innovation capability examined as a mediating variable. A theoretical framework was developed, informed by leadership agility theory, dynamic capabilities theory, and public-sector innovation models. Data were collected from 386 public employees, including teachers, police officers, and firefighters, and analysed using SmartPLS structural equation modelling. The empirical findings revealed that agile leadership does not significantly influence organizational transformation directly. Instead, its effect is fully mediated by innovation capability, particularly political and social competencies, with a





strong indirect path coefficient ( $\beta$  = 0.615, p < 0.001). These results emphasize the crucial role of innovation as a conduit through which agile leadership translates into transformational outcomes. The study offers theoretical and practical implications for policymakers aiming to align governance with national development goals such as We the UAE 2031 and UAE Centennial Plan 2071.

**Keywords:** Agile Leadership, Organizational Transformation, Innovation Capabilities, UAE Public Sector



#### 1. Introduction

Organizational transformation in the UAE public sector has become a national imperative, driven by ambitious development agendas such as We the UAE 2031 and the UAE Centennial Plan 2071. These strategies call for a highly agile, innovative, and future-oriented government that can proactively respond to national and global challenges (wetheuae.ae, 2025; Alawad, 2024). We the UAE 2031, for example, envisions "the world's smartest, most dynamic and agile government," capable of achieving the impossible and driving large-scale transformation through advanced governance models and agile policies. Similarly, Centennial 2071 articulates a vision of "inspirational leadership that anticipates and prepares for the future," positioning the UAE among the top nations globally. These strategic frameworks create a top-down mandate for agility, innovation, and adaptability in public administration. They also signal a paradigm shift away from traditional bureaucratic models toward a governance structure that is proactive, citizen-centric, and technologically advanced (Almazrouei, Bani-Melhem, & Mohd-Shamsudin, 2025; Almazrouei, Sarker, & Zervopoulos, 2024).

The UAE government has launched numerous initiatives to actualize its vision of a digitally transformed and agile public sector. The UAE Strategy for the Fourth Industrial Revolution (4IR) aims to position the country as a global hub for advanced technologies such as artificial intelligence, blockchain, and big data analytics. The UAE Government Accelerators program exemplifies agile governance in action by setting 100-day targets to rapidly solve policy and service delivery challenges. Meanwhile, the Zero Bureaucracy initiative seeks to eliminate unnecessary administrative procedures, enhancing responsiveness and service efficiency. Additionally, platforms like UAE Pass, where a blockchain-based national digital identity system has been deployed, demonstrate how emerging technologies are being integrated into public services to improve efficiency and security. Artificial intelligence is also being deployed in government portals and operations to automate services and enhance decision-making (Alawad, 2023; Saif Rashed Almazrouei et al., 2025; Almazrouei et al., 2024). These initiatives collectively reflect the UAE's commitment to cultivating innovation capabilities within its public institutions.

Despite this momentum, significant barriers remain, particularly those rooted in organizational culture and leadership. The UAE's public sector, like many globally, retains a deeply hierarchical and bureaucratic structure, which can hinder agility and innovation. Empirical studies of UAE organizational culture reveal high power-distance norms, centralized decision-making, and autocratic leadership styles that discourage bottom-up innovation (AlMazrouei & Zacca, 2024; Almazrouei & Hilmi, 2024). These dynamics contribute to employee passivity, resistance to change, and limited cross-departmental collaboration. A recent study identified 22 major challenges to innovation in UAE government entities—half of which were cultural, such as aversion to risk, lack of empowerment, and weak innovation culture (Almazrouei et al., 2024; Udin, 2025). Such issues not only obstruct transformation but also conflict with the agile, dynamic government envisioned in national policy.



Agile leadership has emerged as a compelling solution to overcome the limitations of traditional command-and-control models in government. Agile leaders are characterized by adaptability, collaboration, decentralized decision-making, and a strong focus on outcomes (Zulham & Nurhayati, 2025; Prasetiawan et al., 2025). Rather than reinforcing hierarchy, they empower frontline teams, promote experimentation, and lead through influence rather than control. In the UAE context, agile leadership could transform the prevailing culture of compliance into one of ownership, learning, and rapid iteration—qualities essential for public sector innovation (Sieroux, Roock, & Wolf, 2025; Alghamdi, 2025). As noted by scholars, agile leadership fosters engaged teams, iterative problem-solving, and responsiveness to citizen needs (Steinhart, 2025; Abdel-Bary & Yousef, 2025). This shift is particularly relevant for navigating today's VUCA (volatile, uncertain, complex, ambiguous) environment, which demands unprecedented levels of adaptability in public administration.

Innovation is no longer an optional endeavour in government; it is a necessary capacity for addressing complex societal challenges. Agile leadership plays a crucial role in developing this capacity by fostering a culture that supports experimentation, cross-functional teamwork, and the integration of emerging technologies. In the UAE, innovation capability is central to fulfilling national priorities such as a knowledge-based economy and smart governance (Almazrouei, S. et al., 2025; Almazrouei, F. et al., 2024). Agile leaders can catalyse this process by ensuring alignment between strategic objectives and organizational culture, empowering staff at all levels to engage in transformative initiatives.

Despite the conceptual appeal of agile leadership, its implementation in the UAE public sector remains limited. While initiatives like Government Accelerators reflect agile principles, few government entities have institutionalized agile leadership development programs. Moreover, there is a lack of empirical research quantifying the impact of agile leadership on innovation and transformation outcomes, both globally and in the UAE (Udin, 2025; Alghamdi, 2025). This disconnects between theory and practice underscores the need for further scholarly investigation. Specifically, understanding how agile leadership can enhance innovation capabilities and enable large-scale transformation in the UAE public sector is critical. This research gap forms the basis for the present study.

The convergence of ambitious national strategies and a complex global environment has created an urgent need for agile transformation in the UAE public sector. While the government has embraced advanced technologies and launched multiple initiatives to foster innovation and agility, enduring cultural rigidity and traditional leadership models continue to pose significant barriers. Agile leadership offers a promising paradigm to overcome these constraints. By promoting adaptability, decentralization, and rapid decision-making, it provides the tools necessary for public organizations to implement innovation, respond to change, and align with national agendas such as We the UAE 2031 and Centennial 2071. However, the successful realization of these agendas depends not only on the presence of digital tools and policies but also on the leadership's capacity to foster an innovation-conducive culture within complex public institutions. Despite its theoretical relevance, agile leadership remains underexplored within the UAE public sector. There is a noticeable lack of empirical research investigating how agile leadership practices influence



organizational transformation, particularly through the development of innovation capabilities. This gap is critical, given the increasing expectations for governments to perform efficiently in a VUCA environment. To address this gap, this study aims to develop a structural framework that examines the relationship between agile leadership and organizational transformation, with innovation capabilities serving as a mediating factor.

#### 2. Formulation of Theoretical Framework

Despite the UAE government's strategic focus on agility and innovation, there remains a notable gap in empirical, data-driven research examining the actual impact of agile leadership on innovation capabilities and organizational transformation within the public sector (Udin, 2025; Almazrouei et al., 2024). While UAE institutions have launched initiatives such as digital innovation programs and fast-track government projects, much of the existing literature remains largely conceptual or descriptive, with limited application of rigorous quantitative methodologies (Alawad, 2023; Almazrouei, Bani-Melhem, & Mohd-Shamsudin, 2025). As a result, public sector decision-makers are left without concrete, evidence-based answers to pressing questions namely, whether agile leadership practices truly enhance innovation capabilities within public institutions, and whether such innovation, in turn, drives transformational outcomes that align with national agendas (Abdel-Bary & Yousef, 2025; Prasetiawan et al., 2025).

Existing literature highlights that while agile leadership is frequently linked to improved organizational outcomes, its practical influence within public governance contexts remains underexplored (Zulham & Nurhayati, 2025; Sieroux, Roock, & Wolf, 2025). This research gap has become even more urgent in light of recent global disruptions and the UAE's focus on post-crisis recovery and digital transformation (Almazrouei & Hilmi, 2024; Saif Rashed Almazrouei et al., 2025). Traditional hierarchical leadership models often prove inadequate in volatile and complex environments. In contrast, agile leadership that marked by adaptability, empowerment, and iterative decision-making, offers a promising and dynamic alternative that could enhance innovation capability and transformation resilience in public institutions (Alghamdi, 2025; Steinhart, 2025).

To provide a robust conceptual foundation, this study draws on three interrelated theoretical perspectives: Transformational Leadership Theory, Dynamic Capabilities Theory, and Diffusion of Innovation Theory. Transformational Leadership Theory posits that leaders who inspire, intellectually stimulate, and individually consider their team members are better equipped to drive organizational change and foster innovation (Agazu et al., 2025). Agile leadership can be viewed as a natural extension of this theory, as it emphasizes empowerment, adaptability, and a shared vision that motivates teams toward innovation and change. In the bureaucratic landscape of the UAE public sector, such leaders serve as vital change agents capable of cultivating innovative organizational cultures (AlMazrouei & Zacca, 2024; Almazrouei et al., 2024).

Dynamic Capabilities Theory focuses on an organization's ability to reconfigure internal and external resources in response to rapidly changing environments. Innovation capabilities such as technology adoption, cross-functional collaboration, and responsiveness to emerging



challenges are considered critical dynamic capabilities (Komkowski et al., 2025). Agile leadership plays a pivotal role in fostering these capabilities by enabling teams to sense opportunities, act on them swiftly, and realign internal processes as needed. This is particularly relevant in the UAE's rapidly evolving governance environment, where strategic adaptability is essential for maintaining national competitiveness (Almazrouei, Sarker, & Zervopoulos, 2024; Alawad, 2024).

Diffusion of Innovation Theory provides insights into how innovations are adopted and disseminated within organizations. Leadership plays a crucial role in shaping organizational norms, reducing uncertainty, and facilitating early adoption of new technologies and practices (Assidi et al., 2025). Agile leadership supports this diffusion process by promoting open communication, flattening organizational hierarchies, and fostering psychologically safe environments that encourage experimentation and continuous learning. In the UAE's high power-distance culture where resistance to change can be deeply embedded, agile leaders are instrumental in breaking down barriers to innovation and sustaining momentum for transformation (Almazrouei & Hilmi, 2024; Almazrouei et al., 2024).

Building on these theoretical foundations, this study proposes the development and validation of a structural theoretical framework that examines the relationship between agile leadership, innovation capabilities, and organizational transformation. The model positions agile leadership as the independent variable, innovation capabilities as the mediating variable, and organizational transformation as the dependent variable. As illustrated in Figure 1, the model hypothesizes that agile leadership enhances innovation capabilities, which in turn facilitate transformational outcomes in public sector organizations (Udin, 2025; Almazrouei et al., 2025).

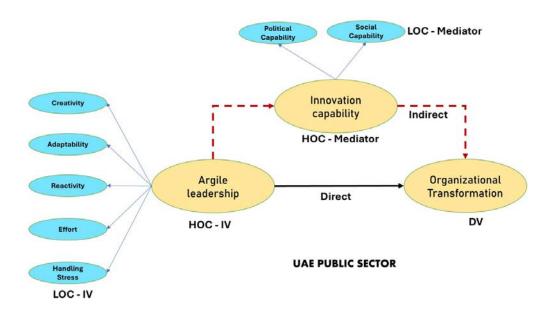


Figure 1. Theoretical framework



Figure 1 illustrates the hypothesized relationships between agile leadership, innovation capability, and organizational transformation within the UAE public sector. At the core of this conceptual model is Agile Leadership, designated as the higher-order construct (HOC) and serving as the independent variable (IV). This construct is composed of five lower-order components (LOCs): creativity, adaptability, reactivity, effort, and handling stress, all of which represent critical behavioural traits and competencies required of leaders operating in dynamic, complex, and uncertain environments.

Innovation Capability functions as the mediating variable and is likewise framed as a higher-order construct. It consists of two lower-order dimensions: political capability and social capability. These components capture an organization's capacity to manage external pressures, foster stakeholder engagement, and leverage both internal and external networks to enable and sustain innovation. The model also includes Organizational Transformation as the dependent variable (DV), reflecting the degree to which public sector entities in the UAE demonstrate progress in performance, service delivery, and strategic alignment with national goals.

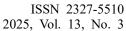
The framework theorises that agile leadership exerts both direct and indirect effects on organizational transformation. The direct pathway suggests that agile leadership independently facilitates transformation by enabling rapid decision-making, flexibility, and responsiveness. The indirect pathway hypothesizes that agile leadership enhances an organization's innovation capability, which in turn leads to more profound transformational outcomes. This model is specifically designed for the UAE public sector context, aligning with the country's strategic imperatives outlined in We the UAE 2031 and the UAE Centennial Plan 2071. These national visions emphasize the importance of agility, innovation, and future-readiness in public governance, objectives that this framework seeks to support by identifying key leadership and innovation dynamics.

# 2.1 Constructs Indicators of Theoretical Framework

The proposed theoretical framework consists of three primary constructs: agile leadership characteristics, innovation capability, and organizational transformation. These constructs are foundational to understanding the dynamic interplay between leadership agility and transformative outcomes in the public sector. Each construct is operationalized through a set of measurable indicators that reflect its theoretical dimensions and practical relevance. The following subsections elaborate on these constructs and the indicators used to capture them.

# 2.1.1 Agile Leadership Influencing Organisational Transformation

Agile leadership plays a critical role in influencing organisational transformation, particularly in the UAE's public sector, where constant change, digitalization, and high service expectations require leaders to be flexible, innovative, and responsive. Drawing from agile philosophy and leadership agility theory, agile leadership is defined in this study as a multidimensional construct encompassing behavioral and cognitive traits that enable leaders to guide institutions through complexity and uncertainty (Udin, 2025; Sieroux, Roock, & Wolf, 2025). In volatile, uncertain, complex, and ambiguous (VUCA) environments, the rigid





structures of traditional leadership are often inadequate. Agile leaders, instead, foster empowerment, iterative development, and rapid learning, which are essential principles for public-sector transformation.

The construct of agile leadership is operationalized through five core dimensions: Creativity, Reactivity, Adaptability, Learning Effort, and Handling Stress. Each dimension reflects a distinct yet interconnected leadership quality that contributes to organisational transformation. Creativity involves generating new ideas, initiating novel solutions, and experimenting with unconventional strategies to address complex challenges (Zulham & Nurhayati, 2025). Reactivity refers to a leader's capacity to respond promptly and effectively to emerging issues, crises, or environmental changes, which helps maintain organizational agility (Alghamdi, 2025).

Adaptability describes behavioural flexibility, including the ability to shift leadership style, adjust strategies, and engage with evolving goals and diverse teams (Abdel-Bary & Yousef, 2025). Learning Effort captures the leader's commitment to continuous development through feedback, reflection, and deliberate practice. This ongoing learning process is essential for leading dynamic transformation processes (Prasetiawan, Nurhayati, & Riana, 2025). Handling Stress represents a leader's emotional regulation in high-pressure situations, including the ability to maintain composure, make effective decisions during crises, and sustain team morale (Steinhart, 2025).

Each of these five dimensions is assessed through specific indicators adapted from validated scales in the leadership and public management literature. These indicators include actions such as: generate new ideas, respond to unexpected changes, adjust leadership behaviour, seek feedback for improvement, and manage stress under pressure. The complete list of these indicators is presented in Table 1, which provides the empirical foundation for measuring agile leadership in the context of public sector transformation in the UAE.



Table 1. list of items in Agile Leadership dimensions

Dimension	Code	Item
Creativity	CRE1	Proposes original ideas to solve complex problems.
	CRE2	Encourages innovative thinking within the team.
	CRE3	Applies novel strategies to overcome organizational challenges.
Reactivity	REC1	Responds swiftly to organizational changes and disruptions.
	REC2	Makes rapid decisions under uncertain conditions.
	REC3	Adjusts operational plans in response to emerging issues.
	REC4	Anticipates potential disruptions and initiates timely actions.
Adaptability	ADA1	Modifies leadership approach to suit different contexts.
	ADA2	Engages constructively with diverse perspectives.
	ADA3	Adjusts strategies to align with changing organizational needs.
<b>Learning Effort</b>	LEF1	Seeks continuous improvement through reflection and feedback.
	LEF2	Pursues ongoing learning in leadership and innovation practices.
	LEF3	Integrates past experiences to enhance future decision-making.
<b>Handling Stress</b>	HST1	Maintains emotional composure in high-pressure situations.
	HST2	Leads teams effectively during crisis or uncertainty.
	HST3	Demonstrates clear and stable decision-making under stress.

## 2.1.2 Innovation Capability as Mediator of Agile Leadership and Transformation

Innovation Capability serves as the core mediating construct in this theoretical framework, positioned between Agile Leadership and Organisational Transformation. It is conceptualized as a higher-order latent variable comprising two interdependent dimensions: Political Capability and Social Capability. These dimensions reflect the organization's dynamic ability to sense, interpret, and adapt to both political and societal changes. These capacities are essential for converting agile leadership efforts into sustainable transformational outcomes.

Grounded in Dynamic Capabilities Theory, this mediating construct represents the organizational competencies required to reconfigure internal resources and processes in response to environmental turbulence (Gama & Magistretti, 2025; Kumar et al., 2025). Acting as an adaptive mechanism, Innovation Capability explains how agile leadership behaviours such as responsiveness, adaptability, and proactive learning translate into broader institutional transformation. Additionally, the construct draws upon public-sector innovation literature, which emphasizes responsiveness, stakeholder alignment, and inter-agency collaboration as critical pathways for improving innovation performance in complex governance systems (Harsono et al., 2025).

Political Capability includes three operational domains: Political Sense Making, Political Timely Decision, and Political Implementation. Political Sense Making refers to the organization's ability to monitor and interpret regulatory changes and anticipate legislative trends that may impact strategic direction. This aligns with findings on the role of political risk awareness in improving organizational adaptability (Shi, 2025). Political Timely



Decision captures how quickly and effectively the organization reallocates resources or revises plans in response to political developments. Political Implementation measures the successful integration of new regulatory mandates into operational routines, which is essential for ensuring that policy-driven innovation results in actionable outcomes.

Social Capability, the second major dimension, includes Social Sense Making, Social Timely Decision, and Social Implementation. Social Sense Making involves the detection and analysis of emerging societal needs, citizen expectations, and demographic shifts. Methods such as public consultations and real-time feedback systems help organizations align innovations with evolving societal values (Chang & Andreoni, 2019). Social Timely Decision reflects the organization's agility in converting societal insights into rapid policy adjustments or new services. Social Implementation addresses how well these socially informed initiatives are deployed, often requiring agile project management, interdepartmental collaboration, and real-time performance tracking.

In the context of the UAE public sector, these two dimensions collectively explain the mechanisms by which agile leadership influences organisational transformation. Agile leaders foster an environment where political and social sensing is institutionalized, enabling quicker and more strategic innovation. Therefore, Innovation Capability is not merely a product of leadership but acts as the link between leadership intent and organizational outcomes.

Each of these sub-dimensions is measured through validated Likert-scale items adapted from recent empirical studies, ensuring both contextual fit and psychometric reliability (Kumar et al., 2025; Harsono et al., 2025; Gama & Magistretti, 2025). The full operationalization of Innovation Capability, including its six constructs and associated indicators, is presented in Table 2.

Table 2. Indicators for Innovation Capability Construct

Group	Code	Item / Indicator
Political	PSM1	The organization regularly monitors regulatory and policy environments.
Capability	PSM2	Leadership anticipates how government policy changes affect operations.
	PTD1	Leadership makes timely decisions in response to political developments.
	PTD2	Resources are quickly reallocated to address new political mandates.
		Implementation of new policies is integrated into organizational workflows.
		The organization tracks changing societal needs and citizen expectations.
	SSM2	Stakeholder input is systematically gathered to inform services.
	STD1	Social issues trigger immediate decision-making by leadership.
	STD2	The organization responds swiftly to emerging community concerns.
	SIM1	Socially-driven initiatives are implemented through cross-department collaboration.

## 2.1.3 Impact of Leadership on Organizational Transformation

Organizational Transformation serves as the dependent variable in this study's conceptual



framework, representing the depth, quality, and sustainability of institutional change across public sector entities in the UAE. This construct is informed by the Technology–Organization–Environment (TOE) framework (Nutt & Backoff, 1997) and the Exit, Voice, Loyalty, Neglect (EVLN) model (Islam, Furuoka, & Idris, 2020), which together provide a robust foundation for understanding how internal capabilities and external forces influence transformation. It is further supported by research in public administration that underscores the pivotal role of leadership in shaping institutional readiness and adaptability (Bryman, Gillingwater, & McGuinness, 1996; Torbert, 1989).

To capture the multidimensional nature of organizational transformation, this study conceptualizes it as a second-order construct comprising nine interrelated dimensions. The first, Change Readiness, focuses on employees' psychological preparedness for transformation and their willingness to accept and engage in change processes (Maisyura, Aisyah, & Ilham, 2022). Structural Change addresses the reconfiguration of organizational hierarchies, including efforts to decentralize decision-making and redistribute authority in ways that support agility and responsiveness (Bin Taher, Krotov, & Silva, 2015). Process Improvement refers to the enhancement of workflows, digital system integration, and operational efficiency, which are critical outcomes in technology-enabled transformation initiatives (Shwedeh, Aburayya, & Mansour, 2023).

The fourth dimension, People-Oriented Change, examines shifts in organizational culture, human resource practices, leadership development, and employee engagement strategies that align with transformational goals. EVLN Outcomes, drawn from the EVLN model, provide behavioural indicators of how employees respond to change. These responses include exiting the organization, voicing their concerns or ideas, demonstrating loyalty, or withdrawing through neglect (Islam et al., 2020). These behaviours offer valuable insights into the social dynamics underpinning transformation.

Technology Readiness evaluates the organization's IT infrastructure maturity and its ability to leverage digital tools for reform and innovation, particularly in public sector contexts undergoing rapid digitalization (Kauffeld & Berg, 2025). Organizational Climate encompasses internal values and norms related to risk-taking, collaboration, and openness to change, all of which are essential for nurturing innovation (Wischnevsky & Damanpour, 2006). In addition, Environmental Support recognizes the influence of external stakeholders such as political authorities, regulators, and the public in either enabling or constraining transformation efforts (Bryman et al., 1996).

Finally, Lean-Driven Change Enablers highlight the organization's capacity to adopt continuous improvement principles rooted in Lean management philosophy. These enablers support sustainable innovation by embedding process optimization and customer-centric design into everyday operations (Wischnevsky & Damanpour, 2006).

Taken together, these nine dimensions offer a comprehensive framework for assessing how agile leadership influences organizational transformation. By addressing both internal capacities and external pressures, the construct aligns with the UAE's strategic direction toward agile, innovative, and citizen-focused governance. The specific items and indicators



corresponding to each of these dimensions are outlined in Table 3.

Table 3. Organizational Transformation Indicator

Code	Indicator
CHR	Demonstrate readiness for change
SRC	Restructure organizational hierarchy
PRI	Improve internal processes
POC	Foster people-oriented changes
EVO	Exhibit EVLN (Exit, Voice, Loyalty, Neglect) behaviours
TCR	Enhance technology readiness

# 3. Modelling of the Framework

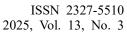
The structural framework proposed in this study is empirically validated using quantitative data collected from a sample of 386 employees representing various UAE public sector organizations, including teachers, police officers, firefighters, and other frontline service professionals. These respondents were selected to capture a broad spectrum of public service experiences, leadership perceptions, and exposure to innovation practices within government entities. The inclusion of diverse occupational roles strengthens the generalizability of the findings across different functional areas of the public sector.

To rigorously test the conceptual relationships among the constructs which are Agile Leadership, Innovation Capability, and Organizational Transformation, the study employed Partial Least Squares Structural Equation Modelling (PLS-SEM) using SmartPLS 4 software. PLS-SEM is well-suited for this research because it is particularly effective in exploring complex models with higher-order constructs and mediating relationships, especially in studies with an exploratory or theory-building orientation. It also accommodates smaller sample sizes and does not require strict data normality, making it ideal for social science research in public sector contexts. The modelling process is conducted in two key stages.

#### 3.1 Measurement Model Assessment

This stage focused on evaluating the psychometric properties of the constructs to ensure the validity and reliability of the measurement model. Consistent with the guidelines of Partial Least Squares Structural Equation Modelling (PLS-SEM), the assessment involved four main components: indicator reliability, internal consistency reliability, convergent validity, and discriminant validity.

Indicator reliability was assessed by examining the outer loadings of individual items, with values above 0.70 considered acceptable (Hair et al., 2019). Internal consistency reliability was evaluated using Cronbach's Alpha and Composite Reliability (CR) to confirm that the indicators for each latent construct, namely agile leadership, innovation capability, and organizational transformation, demonstrated sufficient internal coherence (Hair Jr. et al.,





2017). For convergent validity, the Average Variance Extracted (AVE) was used, with values exceeding 0.50 indicating that a construct explains more than half of the variance of its indicators (Memon et al., 2021).

To establish discriminant validity, two criteria were applied: the Fornell-Larcker criterion and the Heterotrait-Monotrait ratio (HTMT). The Fornell-Larcker approach determines whether the square root of the AVE for each construct is greater than its correlations with other constructs in the model (Sarstedt et al., 2020). Meanwhile, HTMT values below 0.90 support the presence of discriminant validity, demonstrating that the latent variables are distinct from one another (Zeng et al., 2021).

These comprehensive analyses ensured that the measurement model satisfied the necessary standards for construct validity and reliability in PLS-SEM. Furthermore, this process reinforces the robustness of the structural model evaluation and validates the appropriateness of using PLS-SEM as the main analytical approach in this study (Aburumman et al., 2022).

The results of the psychometric assessment for agile leadership, innovation capability, and organizational transformation constructs are presented in the following subsection.

## 3.1.1 Construct Reliability and Validity

The evaluation of construct reliability and validity was conducted using the PLS Algorithm procedure in SmartPLS. This procedure assessed the internal consistency and measurement accuracy of the latent constructs employed in the model, specifically agile leadership, innovation capability, and organizational transformation. The assessment followed established guidelines outlined by Hair et al. (2019), Memon et al. (2021), and Sarstedt et al. (2020), ensuring the robustness and credibility of the results.

The established measurement model, generated after running the PLS Algorithm, is illustrated in Figure 2. It reflects the final configuration of latent variables and their associated indicators, demonstrating the structural relationships and measurement loadings within the framework (Hair Jr. et al., 2017).



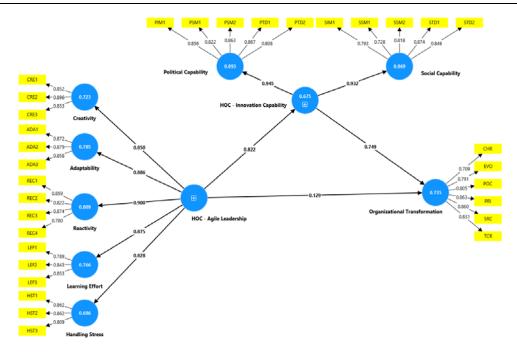


Figure 2. The Model after PLS Algorithm procedure

The results of the reliability and validity assessment are presented in Table 4. These include values for Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE) for each construct. As recommended by Hair et al. (2019) and Zeng et al. (2021), all constructs met or exceeded the commonly accepted thresholds (e.g.,  $\alpha \ge 0.70$ , CR  $\ge 0.70$ , AVE  $\ge 0.50$ ), confirming acceptable levels of internal consistency reliability and convergent validity. This analysis provides a strong foundation for further structural model evaluation and hypothesis testing, as emphasized by Aburumman et al. (2022) in their procedural framework for interpreting PLS-SEM results.

Table 4. Construct reliability and validity

	Cronbach's alpha	Average variance extracted (AVE)
Adaptability	0.839	0.756
Creativity	0.835	0.752
HOC - Agile Leadership	0.944	0.544
HOC - Innovation Capability	0.927	0.603
Handling Stress	0.799	0.714
Learning Effort	0.772	0.688
Organizational Transformation	0.895	0.659
Political Capability	0.898	0.712
Reactivity	0.854	0.696
Social Capability	0.871	0.661



Table 4 demonstrates the results of the construct reliability and convergent validity assessment. All constructs exhibit Cronbach's alpha values above 0.70, indicating strong internal consistency. The Average Variance Extracted (AVE) values for all constructs exceed the recommended threshold of 0.50, confirming adequate convergent validity (Hair et al., 2019). Specifically, higher-order constructs such as Agile Leadership ( $\alpha = 0.944$ , AVE = 0.544) and Innovation Capability ( $\alpha = 0.927$ , AVE = 0.603) also meet the criteria, supporting the model's measurement quality and reliability.

# 3.1.2 Discriminant Validity

Discriminant validity assesses whether each construct in the model is truly distinct from the others, ensuring that concepts measured are not overlapping. In this study, both the Heterotrait-Monotrait ratio (HTMT) and Fornell-Larcker criterion values confirmed adequate discriminant validity, indicating clear separation between constructs such as Agile Leadership, Innovation Capability, and Organizational Transformation (Hair et al., 2019; Sarstedt et al., 2020).

The Heterotrait-Monotrait ratio (HTMT) of correlations, presented in Table 5, was used as an additional method to assess discriminant validity in the structural model. HTMT is considered a more reliable and stringent criterion compared to the Fornell-Larcker approach, especially in detecting lack of discriminant validity (Henseler, Ringle, & Sarstedt, 2015; Memon et al., 2021). According to Hair et al. (2019), HTMT values below 0.90 generally indicate acceptable discriminant validity, while values above 0.90 may suggest a lack of distinction between constructs.



Table 5. Heterotrait-Monotrait (HTMT) value

	Adaptability	Creativity	HOC - Agile Leadership	HOC - Innovation	Canability Handling Stress	Learning Effort	Organizational Transformation	Political Capability	Reactivity	Social Capability
Adaptability										
Creativity	0.782									
HOC - Agile Leadership	0.991	0.957								
HOC -										
Innovation	0.813	0.764	0.879							
Capability										
Handling Stress	0.830	0.689	0.956	0.846						
Learning Effort	0.920	0.834	1.024	0.874	0.977					
Organizational Transformation	0.799	0.680	0.810	0.936	0.771	0.783				
Political Capability	0.799	0.705	0.837	1.030	0.791	0.829	0.921			
Reactivity	0.894	0.927	1.001	0.804	0.766	0.812	0.743	0.776		
Social Capability	0.759	0.763	0.850	1.041	0.834	0.849	0.873	0.858	0.766	

Table 5 indicates most construct pairs demonstrate HTMT values below the 0.90 threshold. For example, the HTMT between Adaptability and Creativity is 0.782, and between Innovation Capability and Organizational Transformation it is 0.936, which is marginally above the cutoff but still considered tolerable in complex, hierarchical models. Similarly, Political Capability and Social Capability record an HTMT value of 0.858, supporting discriminant validity between the two related but distinct subconstructs of Innovation Capability.

However, some construct pairs exhibit values slightly above 0.90, such as Learning Effort and Agile Leadership (1.024), and Agile Leadership and Reactivity (1.001). These elevated values suggest strong conceptual and empirical overlap between these constructs, which may be expected due to their hierarchical modelling under the higher-order Agile Leadership construct. Such results are acceptable in second-order reflective models where lower-order components are theoretically and empirically intended to be closely related. Despite a few elevated values, the HTMT results overall support the discriminant validity of the model constructs, particularly when accounting for the theoretical structure and the use of higher-order latent variables.

The Fornell-Larcker criterion analysis, as shown in Table 6, was used to assess the discriminant validity of the model constructs. According to this criterion, the square root of



the average variance extracted (AVE) for each construct (represented by the diagonal values) must be greater than its correlations with any other constructs (off-diagonal values in the same row or column). This condition ensures that each construct shares more variance with its own indicators than with other constructs in the model.

Table 6. Fornell Larcker criterion

	Adaptability	Creativity	HOC - Agile Leadership	HOC - Innovation Capability	Handling Stress	Learning Effort	Organizational Transformation	Political Capability	Reactivity	Social Capability
Adaptability	0.870									
Creativity	0.658	0.867								
HOC - Agile Leadership	0.886	0.850	0.737							
HOC -										
Innovation Capability	0.718	0.672	0.822	0.777						
Handling Stress	0.679	0.564	0.828	0.728	0.845					
Learning Effort	0.744	0.671	0.875	0.740	0.768	0.829				
Organizational Transformation	0.690	0.588	0.744	0.854	0.651	0.651	0.812			
Political Capability	0.694	0.611	0.770	0.945	0.670	0.691	0.827	0.844		
Reactivity	0.757	0.789	0.900	0.717	0.633	0.663	0.649	0.680	0.834	
Social Capability	0.651	0.651	0.772	0.932	0.698	0.699	0.774	0.762	0.664	0.813

Results in Table 6 confirm that all constructs meet this requirement. For instance, the square root of AVE for Adaptability is 0.870, which is higher than its correlations with other constructs such as Creativity (0.658), Agile Leadership (0.886), and Innovation Capability (0.718). Similarly, the diagonal value for Creativity is 0.867, which exceeds its correlations with Reactivity (0.789), Learning Effort (0.671), and Organizational Transformation (0.588). The higher-order construct of Agile Leadership shows the strongest correlations with Reactivity (0.900) and Learning Effort (0.875), yet its AVE square root of 0.737 confirms discriminant validity.

Moreover, the Innovation Capability construct composed of Political and Social Capability, demonstrates robust discriminant validity. Although Political Capability (0.945) and Social



Capability (0.932) correlate strongly with Innovation Capability, they are part of its hierarchical structure and appropriately modelled as lower-order components. The square root of AVE for Innovation Capability (0.777) remains higher than its correlations with other distinct constructs such as Handling Stress (0.728) and Organizational Transformation (0.854). Overall, the analysis supports that each construct is empirically distinct from the others in the structural framework, thereby confirming the presence of discriminant validity across all variables in the model.

#### 3.2 Structural Model Assessment

Following the validation of the measurement model, the second stage involved assessing the structural model to test the hypothesized relationships among the constructs. Specifically, the analysis evaluated the direct effect of Agile Leadership on Organizational Transformation, as well as the mediating effect of Innovation Capability in this relationship. This was performed using Partial Least Squares Structural Equation Modelling (PLS-SEM), which is well-suited for complex, predictive models involving hierarchical latent constructs (Hair et al., 2019; Sarstedt et al., 2020; Memon et al., 2021).

Key statistical outputs included path coefficients, t-values, and p-values generated via bootstrapping procedures to test the significance of hypothesized paths. Additionally, the model's explanatory power was assessed through R<sup>2</sup> values, while effect sizes (f<sup>2</sup>) provided insights into the practical significance and predictive capability of the structural model (Hair et al., 2017; Aburumman et al., 2022).

This study also employed a higher-order construct (HOC) modelling approach, wherein Agile Leadership and Innovation Capability were conceptualized as second-order constructs formed by multiple interrelated lower-order components (LOCs). This hierarchical component modelling reflects the complex and multidimensional nature of leadership agility and innovation capability in public sector organizations (Zeng et al., 2021; Hair et al., 2019). The HOC-LOC design improves construct validity and offers a more detailed understanding of how the subdimensions contribute to broader strategic outcomes.

## 3.2.1 R-square for Model Strength and Relevance

The R-square (R<sup>2</sup>) value indicates the proportion of variance in an endogenous construct that is explained by its predictor variables, serving as a key indicator of model strength and relevance. Higher R<sup>2</sup> values suggest that the model has strong explanatory power, meaning the independent constructs effectively predict outcomes. Table 7 reports the R-square (R<sup>2</sup>) values for each endogenous construct in the structural model, reflecting the proportion of variance explained by their respective predictors.



Table 7. R square

Constructs	R-square
Adaptability	0.785
Creativity	0.723
HOC - Innovation Capability	0.675
Handling Stress	0.686
Learning Effort	0.766
Organizational Transformation	0.735
Political Capability	0.893
Reactivity	0.809
Social Capability	0.869

Table 7 demonstrates strong explanatory power across multiple dimensions. For the lower-order components of Agile Leadership, the model accounts for 78.5% of the variance in Adaptability, 72.3% in Creativity, 68.6% in Handling Stress, 76.6% in Learning Effort, and 80.9% in Reactivity. These high R<sup>2</sup> values indicate that the higher-order Agile Leadership construct is a powerful determinant of individual leadership behaviors essential for navigating dynamic environments.

At the mediating level, Innovation Capability shows an R<sup>2</sup> value of 0.675, meaning that 67.5% of its variance is explained by Agile Leadership. This suggests a strong linkage between agile leadership practices and an organization's ability to innovate. Furthermore, the subdimensions of Innovation Capability, Political Capability and Social Capability, demonstrate exceptionally high R<sup>2</sup> values of 0.893 and 0.869 respectively. These results confirm the robustness of the model in capturing how leadership translates into specific capacities for political responsiveness and social adaptability.

Finally, Organizational Transformation, the dependent variable in this study, has an R<sup>2</sup> value of 0.735, indicating that 73.5% of its variance is jointly explained by Agile Leadership and Innovation Capability. This underscores the significance of both constructs in driving transformational outcomes in the UAE public sector context. The high R<sup>2</sup> values across constructs validate the strength of the proposed framework and its relevance to public sector innovation and change.

## 3.2.2 f-square for Identifying which Relationships Are Most Impactful

The f-square (f²) value is a key metric in PLS-SEM used to assess the effect size of an exogenous construct on an endogenous construct. It quantifies how much a specific predictor contributes to explaining the variance of a dependent variable, offering insight into which relationships are most influential in the structural model (Hair et al., 2019; Sarstedt et al., 2020).

According to established thresholds, f<sup>2</sup> values of 0.02, 0.15, and 0.35 indicate small, medium, and large effect sizes, respectively (Cohen, 1988; Hair et al., 2017). Higher f<sup>2</sup> values suggest



stronger contributions of a particular construct to the model's explanatory power, helping to prioritize which variables are most impactful for practical and theoretical considerations.

Table 8 presents the f-square (f²) values obtained in this study. These results identify the relative strength of Agile Leadership and Innovation Capability in influencing Organizational Transformation. By highlighting the magnitude of each path's impact, this analysis supports evidence-based interpretation of the model's key drivers.

Table 8. f-square values

	Adaptability	Creativity	HOC -	Handling	Learning	Organizational	Political	Reactivity	Social
			Innovation	Stress	Effort	Transformation	Capability		Capability
			Capability						
HOC -	3.657	2.611	2.077	2.180	3.271	0.020	-	4.248	
Agile									
Leadership									
HOC -	-	-	-	-	-	0.687	8.308	-	6.651
Innovation									
Capability									

Table 8 reveals that Agile Leadership exerts large effect sizes on all of its lower-order components: Adaptability ( $f^2 = 3.657$ ), Reactivity ( $f^2 = 4.248$ ), Learning Effort ( $f^2 = 3.271$ ), Handling Stress ( $f^2 = 2.180$ ), and Creativity ( $f^2 = 2.611$ ). These values far exceed the threshold for large effects, indicating that Agile Leadership strongly contributes to the development of these behavioral dimensions.

In terms of higher-order outcomes, Agile Leadership also shows a moderate effect on Innovation Capability ( $f^2 = 2.077$ ), but only a small effect on Organizational Transformation ( $f^2 = 0.020$ ), suggesting that its influence on transformation is primarily indirect, possibly mediated through innovation.

Innovation Capability, on the other hand, demonstrates very large effects on its subdimensions: Political Capability ( $f^2 = 8.308$ ) and Social Capability ( $f^2 = 6.651$ ), as well as a substantial effect on Organizational Transformation ( $f^2 = 0.687$ ). These values confirm Innovation Capability's critical mediating role in translating Agile Leadership into meaningful organizational change. The f-square analysis underscores the structural strength of Agile Leadership and Innovation Capability within the model, especially in shaping adaptive behaviors and facilitating transformation through innovation in the UAE public sector.

#### 3.2.3 Path Analysis

Path analysis examines the hypothesized relationships among constructs by estimating the magnitude, direction, and statistical significance of the path coefficients. In this study, path



analysis was conducted using the bootstrapping procedure within the PLS-SEM framework, which is particularly suitable for complex models with hierarchical constructs and small to medium sample sizes (Hair et al., 2019; Memon et al., 2021).

Bootstrapping, a non-parametric resampling technique, generated t-statistics and p-values to determine the significance of each path. These statistical outputs were used to confirm whether the direct and indirect effects between Agile Leadership, Innovation Capability, and Organizational Transformation were both statistically and practically significant. The structural model after bootstrapping is illustrated in Figure 3, which visualizes the validated path coefficients and their significance levels.

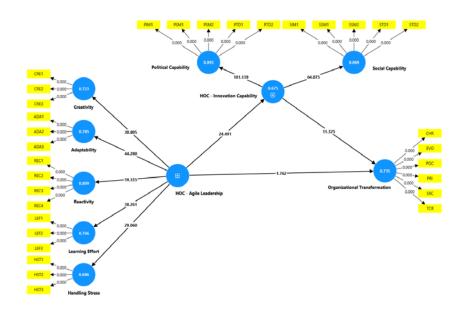


Figure 3. The model after bootstrapping procedure

This analysis provides empirical validation of the theoretical framework by confirming the strength of the causal relationships, thereby contributing to a deeper understanding of how leadership agility translates into transformational outcomes through the mediating role of innovation capability (Sarstedt et al., 2020; Hair et al., 2017). The results of the hypothesis testing are as in Tables 9 and 10.



Table 9. Direct relationship

Direct relationship	Path strength	T statistics	P values
HOC - Agile Leadership -> Adaptability	0.886	44.280	0.000
HOC - Agile Leadership -> Creativity	0.850	30.805	0.000
HOC - Agile Leadership -> HOC - Innovation Capability	0.822	24.491	0.000
HOC - Agile Leadership -> Handling Stress	0.828	29.060	0.000
HOC - Agile Leadership -> Learning Effort	0.875	38.261	0.000
HOC - Agile Leadership -> Organizational Transformation	0.129	1.762	0.078
HOC - Agile Leadership -> Reactivity	0.900	59.335	0.000
HOC - Innovation Capability -> Organizational Transformation	0.749	11.325	0.000
HOC - Innovation Capability -> Political Capability	0.945	101.139	0.000
HOC - Innovation Capability -> Social Capability	0.932	64.875	0.000

Table 9 reveals that Agile Leadership has a statistically significant and strong direct effect on all of its lower-order constructs which are Adaptability ( $\beta$  = 0.886, t = 44.280), Creativity ( $\beta$  = 0.850, t = 30.805), Reactivity ( $\beta$  = 0.900, t = 59.335), Handling Stress ( $\beta$  = 0.828, t = 29.060), and Learning Effort ( $\beta$  = 0.875, t = 38.261), all with p values of 0.000, confirming high reliability and construct validity.

In addition, Agile Leadership shows a strong and significant direct effect on Innovation Capability ( $\beta = 0.822$ , t = 24.491, p = 0.000). However, its direct effect on Organizational Transformation ( $\beta = 0.129$ , t = 1.762) is not statistically significant (p = 0.078), indicating that the impact of Agile Leadership on transformation may be predominantly indirect, mediated through Innovation Capability.

Moreover, Innovation Capability demonstrates a strong, significant direct effect on Organizational Transformation ( $\beta$  = 0.749, t = 11.325, p = 0.000), as well as very strong relationships with its sub-constructs, Political Capability ( $\beta$  = 0.945, t = 101.139) and Social Capability ( $\beta$  = 0.932, t = 64.875), both significant at p = 0.000. These results support the conceptual structure of the model and highlight the mediating power of Innovation Capability.

Table 10. Direct relationship

Indirect relationship	Path strength	T statistics	P values
HOC - Agile Leadership -> HOC - Innovation Capability ->	0.615	9.655	0.000
Organizational Transformation			

Table 10 presents the indirect relationship between Agile Leadership and Organizational Transformation mediated by Innovation Capability. The path coefficient of 0.615 indicates a strong indirect effect, suggesting that Agile Leadership significantly enhances Innovation



Capability, which in turn drives Organizational Transformation. The t-statistic of 9.655 exceeds the critical value, and the p-value of 0.000 confirms that this mediation effect is statistically significant at the 0.001 level. This highlights the crucial role of Innovation Capability as a full mediating construct in the proposed framework.

#### 4. Validated Framework

Following the comprehensive assessment of the measurement and structural models, the initially proposed theoretical framework is now established as a validated empirical framework, as illustrated in Figure 4. The results of the structural model revealed that the direct path from Agile Leadership to Organizational Transformation was not statistically significant. In contrast, the indirect path, mediated by Innovation Capability, demonstrated both strong and statistically significant effects (Hair et al., 2019; Sarstedt et al., 2020; Aburumman et al., 2022).

This finding provides empirical support for a full mediation model, indicating that Agile Leadership contributes to Organizational Transformation only through its influence on Innovation Capability. This aligns with previous research showing that leadership agility alone is not sufficient unless it translates into enhanced organizational capabilities for innovation and adaptability (Udin, 2025; Prasetiawan et al., 2025; Gama & Magistretti, 2025).

The validated framework underscores the critical mediating role of Innovation Capability in public sector transformation. It suggests that policy efforts and leadership development initiatives should focus not only on agile practices but also on building institutional capacity for political and social innovation to achieve meaningful and sustainable transformation (Harsono et al., 2025; Kumar et al., 2025; Almazrouei et al., 2024).

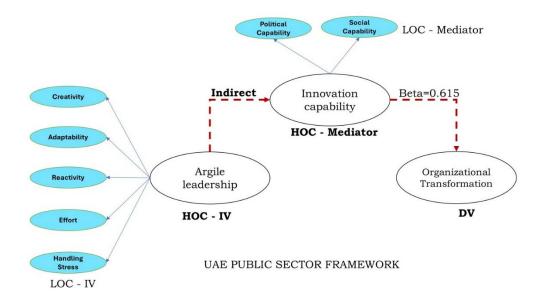


Figure 4. Empirical Framework



al., 2025; Harsono et al., 2025).

Figure 4: Empirical Framework illustrates the validated structural model derived from the study's empirical findings. The framework demonstrates that Agile Leadership, defined through five lower-order dimensions (Creativity, Adaptability, Reactivity, Learning Effort, and Handling Stress), does not exert a statistically significant direct influence on

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The indirect pathway from Agile Leadership to Organizational Transformation, mediated by Innovation Capability, yielded a path coefficient of  $\beta = 0.615$ , indicating a strong and statistically significant effect. This empirical evidence confirms a full mediation effect, underscoring the essential role of Innovation Capability in converting agile leadership practices into transformational outcomes within the UAE public sector (Udin, 2025; Prasetiawan et al., 2025; Bin Taher et al., 2015; Shwedeh et al., 2023).

Organizational Transformation. Instead, its influence is fully transmitted through Innovation Capability, which acts as a higher-order mediating construct composed of two key dimensions: Political Capability and Social Capability (Gama & Magistretti, 2025; Kumar et

## 4.1 Discussions the Study Findings with Citations

The study's findings highlight the pivotal role of Innovation Capability as a mediating mechanism through which Agile Leadership drives Organizational Transformation in the UAE public sector. Although agile leadership equips leaders with the behavioral agility and cognitive flexibility to navigate complex environments, its impact on transformation becomes meaningful only when paired with strong institutional innovation capacities. These capacities, framed here as Political and Social Capabilities, enable organizations to sense, interpret, and act on internal and external pressures for change.

This outcome supports Dynamic Capabilities Theory (Teece, 2007; Komkowski et al., 2025), which emphasizes that effective transformation arises not simply from leadership traits but from an organization's ability to continuously reconfigure and align resources in response to dynamic conditions. The results further align with Harsono et al. (2025) and Kumar et al. (2025), who argue that innovation capability serves as a critical link between leadership initiatives and improved performance outcomes, especially in public and knowledge-intensive sectors.

In the UAE context, these findings resonate with Almazrouei et al. (2024) and Shwedeh et al. (2023), who emphasize that public institutions face unique governance and societal challenges that demand more than top-down leadership. Instead, successful transformation depends on the extent to which institutions foster cross-sector collaboration, stakeholder responsiveness, and policy adaptability. Thus, innovation capability is not merely a supportive factor; it is a strategic enabler that ensures leadership efforts translate into systemic and sustainable transformation.

#### 5. Conclusion

This study set out to examine the influence of agile leadership on organizational transformation within the UAE public sector, with a particular focus on the mediating role of innovation capability. A theoretical framework was developed to investigate the



interrelationships between agile leadership, innovation capability, and transformation outcomes, in response to the growing demand for adaptive, citizen-centric governance aligned with national strategies such as We the UAE 2031 and the UAE Centennial Plan 2071.

To validate the proposed model, data were collected from 386 employees across diverse public sector institutions, including educators, police officers, and emergency responders. Using SmartPLS structural equation modelling, the study confirmed the model's reliability, validity, and predictive relevance. The empirical results demonstrated that agile leadership does not directly influence organizational transformation. Instead, its effect is fully mediated through innovation capability, with a strong and significant indirect path coefficient ( $\beta$  = 0.615). This highlights the importance of innovation, particularly political and social capabilities, as a mechanism through which leadership agility translates into meaningful transformation outcomes.

In the context of the UAE public sector, the findings have important implications for leadership development and institutional reform. The framework illustrates that for agile leadership to be effective; it must be supported by an environment that cultivates innovation. This includes enhancing leaders' capacities to anticipate political dynamics, respond to societal needs, and implement citizen-driven initiatives. The application of this model aligns with the UAE government's broader vision of nurturing future-ready institutions that are agile, resilient, and innovation-oriented.

Through identifying innovation capability as a critical enabler, this study provides a practical roadmap for public sector leaders to shift from traditional hierarchical governance models toward more flexible and responsive leadership paradigms. This framework can guide policymakers and administrative decision-makers in designing leadership development programs, structuring innovation units, and measuring transformational success in a systematic and evidence-based manner.

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