

The AI Leadership Readiness Transformation Framework for Enhancing Institutional Performance and Public Value Creation in the UAE Public Sector

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Abstract

Artificial intelligence (AI) has become a strategic capability for transforming public-sector organizations; however, achieving meaningful AI outcomes requires more than technological adoption. It requires leadership capabilities that enable government institutions to strategically implement, govern, and sustain AI-driven transformation. This paper develops the AI Leadership Readiness Transformation Framework to explain how public-sector organizations can translate AI leadership capabilities into improved institutional performance and broader public value creation. Drawing on literature on AI readiness, digital leadership, responsible AI governance, institutional performance, and public value, the paper conceptualizes AI Leadership Readiness as a multidimensional leadership capability comprising AI strategic literacy, data-informed leadership, responsible AI governance orientation, and AI change leadership. The proposed framework positions AI Leadership Readiness as the foundational capability that enables Institutional Performance, reflected through operational effectiveness, decision-making effectiveness, service delivery improvement, innovation capability, and organizational responsiveness. Enhanced institutional performance subsequently contributes to Public Value Creation through citizen-centered services, public trust and legitimacy, transparency and accountability, social and policy outcomes, and public innovation and future readiness. The framework provides a

public-sector perspective on AI transformation by moving beyond technology-centered approaches and emphasizing the role of leadership capability in achieving sustainable organizational and societal outcomes. The paper contributes to AI transformation research by introducing an integrated framework linking leadership readiness, institutional performance, and public value creation, while offering practical implications for government organizations, particularly within the UAE context, seeking to develop responsible and value-oriented AI transformation capabilities.

Keywords: Artificial Intelligence, AI leadership readiness, public sector transformation, institutional performance, public value creation, UAE government, digital government

1. Introduction

Artificial intelligence (AI) has emerged as a transformative capability reshaping public-sector organizations by influencing how governments design policies, deliver public services, allocate resources, and make strategic decisions. Governments worldwide are increasingly adopting AI-enabled applications, including predictive analytics, intelligent service platforms, automated administrative processes, and data-driven decision-support systems to improve efficiency, responsiveness, innovation, and service quality. However, the successful realization of AI benefits depends not only on technological investment but also on the ability of public organizations to develop the leadership capabilities required to strategically direct, govern, and transform AI initiatives (Organisation for Economic Co-operation and Development [OECD], 2024, 2025).

Unlike private-sector organizations, public institutions operate within complex environments characterized by accountability requirements, regulatory obligations, transparency expectations, and the responsibility to create public value. Therefore, AI transformation in government should not be viewed merely as a technological adoption process but as an organizational transformation requiring strategic leadership, institutional capability development, responsible governance, and continuous adaptation (Bryson et al., 2014; Engstrom et al., 2020). The effectiveness of AI implementation depends significantly on how public-sector leaders identify AI opportunities, align AI initiatives with institutional objectives, manage organizational change, and ensure that AI applications generate meaningful outcomes for citizens and society.

Existing research on AI transformation has primarily focused on technological capability, organizational readiness, AI adoption factors, and digital transformation processes. Previous studies have demonstrated that successful AI implementation requires appropriate technological infrastructure, organizational preparedness, data capability, employee readiness, and managerial support (Jöhnk et al., 2021; Mikalef & Gupta, 2021). However, the leadership capability required to guide AI transformation remains insufficiently conceptualized. While digital leadership research has examined how leaders facilitate technology-enabled transformation, AI introduces additional leadership requirements related to algorithmic decision-making, responsible AI governance, ethical considerations, and the strategic interpretation of AI-generated insights (Adie et al., 2024; Jobin et al., 2019).

In the AI era, public-sector leaders must move beyond traditional technology management approaches and develop specialized capabilities to effectively lead AI-enabled transformation. These capabilities include understanding AI strategic opportunities, utilizing data-driven insights for decision-making, establishing responsible AI governance practices, and guiding organizational adaptation. Collectively, these capabilities form the concept of **AI Leadership Readiness**, defined in this paper as the extent to which public-sector leaders possess the knowledge, strategic orientation, governance awareness, and change leadership capabilities required to successfully implement and sustain AI-driven transformation.

AI Leadership Readiness represents a critical foundation for transforming AI potential into organizational and societal outcomes. Without leadership readiness, AI adoption may remain

limited to technological deployment without achieving strategic alignment, organizational improvement, or public value outcomes. Conversely, AI-ready leaders can enable organizations to identify relevant AI applications, strengthen institutional capabilities, improve decision-making processes, and create conditions for sustainable AI transformation (Adie et al., 2024; Jöhnk et al., 2021).

The importance of AI Leadership Readiness is particularly evident in the UAE public sector. The UAE has positioned itself as a global leader in government AI transformation through national initiatives such as the UAE Strategy for Artificial Intelligence 2031 and the UAE Digital Government Strategy 2025, which aim to enhance government efficiency, innovation, future readiness, and citizen-oriented services (United Arab Emirates Government, 2024). These strategies demonstrate strong national commitment toward AI-enabled government transformation. However, translating strategic ambitions into organizational outcomes requires public institutions to develop internal leadership capabilities capable of guiding AI implementation, managing transformation challenges, and ensuring responsible AI utilization.

Although national strategies provide direction for AI transformation, institutional success depends on how effectively leaders convert AI opportunities into organizational improvements and public outcomes. AI Leadership Readiness influences whether organizations can strategically align AI initiatives, develop appropriate governance mechanisms, improve institutional capabilities, and manage the organizational changes associated with AI adoption. Therefore, understanding AI Leadership Readiness is essential for explaining how public-sector organizations transition from AI adoption toward meaningful transformation.

Furthermore, the success of AI transformation in government should extend beyond operational improvements. While Institutional Performance represents important organizational outcomes, including operational effectiveness, decision-making quality, service delivery improvement, innovation capability, and organizational responsiveness, public-sector transformation must ultimately contribute to broader Public Value Creation. Public value refers to the ability of government institutions to generate benefits for citizens and society through improved services, increased trust, transparency, accountability, responsiveness, and socially responsible innovation (Bryson et al., 2014). Therefore, AI transformation should be evaluated not only by internal organizational improvements but also by its contribution to societal outcomes.

Despite increasing attention toward AI adoption and digital government transformation, important theoretical and empirical gaps remain in explaining how public-sector organizations convert AI investments into sustainable transformation outcomes. First, existing research has predominantly examined AI capability, technological readiness, organizational preparedness, and adoption determinants, while the specific leadership capabilities required to strategically govern and sustain AI transformation remain insufficiently theorized. Although digital leadership research explains how leaders facilitate technology-enabled transformation, AI introduces distinct leadership challenges associated with algorithmic decision-making, responsible AI governance, ethical accountability, and the

interpretation of AI-generated insights. Therefore, existing leadership perspectives do not fully capture the specialized capabilities required for AI-driven public-sector transformation.

Second, previous studies provide limited explanation of the transformation mechanism through which leadership capability generates organizational and societal outcomes. Existing AI readiness and capability studies largely emphasize whether organizations possess the resources and conditions necessary for AI adoption; however, they provide less insight into how leaders translate AI opportunities into improved institutional performance through strategic alignment, organizational adaptation, governance mechanisms, and change management. Consequently, the relationship between leadership readiness, institutional performance, and broader transformation outcomes remains insufficiently conceptualized.

Third, existing AI transformation research has frequently emphasized operational efficiency, productivity improvement, and technological advancement, while giving comparatively less attention to the public value implications of AI-enabled transformation. In public-sector contexts, successful AI implementation should not only improve internal organizational capabilities but also enhance citizen-centered services, public trust, transparency, accountability, and broader societal outcomes (Bryson et al., 2014). However, the pathway linking AI leadership capability, institutional performance, and public value creation remains underdeveloped.

These gaps are particularly significant in emerging AI-leading government contexts such as the UAE, where national AI strategies provide strong technological and policy direction but require corresponding leadership capabilities to translate strategic ambitions into sustainable institutional outcomes. While the UAE has demonstrated strong commitment to AI-enabled government transformation through initiatives such as the UAE Strategy for Artificial Intelligence 2031 and the UAE Digital Government Strategy 2025 (United Arab Emirates Government, 2024), limited research has examined the leadership capabilities necessary to achieve responsible, value-oriented AI transformation within government institutions.

Accordingly, this paper addresses these gaps by developing the AI Leadership Readiness Transformation Framework for enhancing institutional performance and creating public value in the UAE public sector. The framework conceptualizes AI Leadership Readiness as a distinct leadership capability that enables AI-driven transformation, positions Institutional Performance as the organizational mechanism through which leadership capability generates measurable improvements and identifies Public Value Creation as the ultimate societal outcome of successful AI transformation.

2. UAE Public Sector AI Leadership Readiness

The UAE represents an important context for examining AI-driven public-sector transformation due to its strong national commitment to artificial intelligence, digital government, and innovation-based governance. Through initiatives such as the UAE Strategy for Artificial Intelligence 2031 and the UAE Digital Government Strategy 2025, the UAE has positioned AI as a strategic capability for enhancing government efficiency, improving public services, strengthening decision-making, and supporting future-ready governance (United

Arab Emirates Government, 2024). These strategies demonstrate the country's ambition to move beyond digitalization toward intelligent government transformation.

However, successful AI transformation requires more than technological infrastructure and strategic investment. Public organizations must develop internal capabilities that enable them to effectively implement, govern, and sustain AI initiatives. Research indicates that AI adoption depends on organizational readiness factors, including leadership support, strategic alignment, governance capability, and workforce preparedness (Jöhnk et al., 2021; Mikalef & Gupta, 2021). Therefore, leadership capability becomes a critical factor in translating national AI strategies into organizational outcomes.

In the public-sector context, AI leadership requires capabilities beyond traditional digital leadership. Government leaders must understand AI opportunities and limitations, align AI initiatives with institutional objectives, ensure responsible AI governance, and guide organizational change. These capabilities are particularly important because government AI applications involve public accountability, transparency requirements, and citizen trust considerations (Adie et al., 2024; Jobin et al., 2019).

The UAE public sector provides a relevant setting for examining AI Leadership Readiness because national AI ambitions require corresponding leadership capabilities at the institutional level. While government strategies establish the direction for AI transformation, the ability of individual organizations to achieve meaningful outcomes depends on leaders' capacity to manage AI adoption, strengthen institutional capabilities, and ensure that AI contributes to improved government performance and public value creation (OECD, 2024, 2025).

Accordingly, this paper positions AI Leadership Readiness as a foundational capability for AI-enabled public-sector transformation. It proposes that AI-ready leaders enable institutional improvement, which subsequently contributes to broader public value outcomes. This perspective provides the basis for developing the AI Leadership Readiness Transformation Framework in the UAE public-sector context.

3. AI Leadership Readiness: Concept, Theoretical Positioning, and Dimensions

The increasing adoption of artificial intelligence (AI) in public-sector organizations requires leadership capabilities that extend beyond traditional digital transformation management. While digital transformation initiatives have emphasized technology adoption, process redesign, and organizational innovation, AI-driven transformation introduces additional challenges associated with data-driven decision-making, algorithmic accountability, responsible governance, ethical considerations, and continuous organizational adaptation. Therefore, public-sector leaders require specialized capabilities to strategically guide AI implementation and ensure that AI initiatives generate sustainable organizational and societal value.

This paper conceptualizes AI Leadership Readiness as the extent to which public-sector leaders possess the knowledge, strategic orientation, governance awareness, and change leadership capabilities required to successfully guide AI-enabled transformation. AI

Leadership Readiness focuses specifically on the leadership-level capabilities required to identify AI opportunities, align AI initiatives with institutional objectives, manage AI-related risks, support organizational adaptation, and ensure responsible AI adoption. Unlike general AI readiness, which primarily concerns organizational preparedness involving technological infrastructure, resources, workforce capability, and operational conditions, AI Leadership Readiness emphasizes the role of leaders as strategic actors who enable and direct AI transformation (Jöhnk et al., 2021; Mikalef & Gupta, 2021). In this regard, AI Leadership Readiness represents a distinct leadership construct that explains how leaders transform AI potential into institutional capabilities and public value outcomes.

3.1 Positioning AI Leadership Readiness Against Related Concepts

Although existing research has examined digital leadership, AI capability, organizational readiness, and dynamic capabilities, these perspectives do not fully capture the specific leadership competencies required to govern and sustain AI transformation in public-sector contexts. Therefore, this paper positions AI Leadership Readiness as a complementary but distinct construct.

3.1.1 AI Leadership Readiness and Digital Leadership

Digital leadership broadly refers to leaders' ability to facilitate technology-enabled transformation, promote innovation, and align digital initiatives with organizational strategies. However, AI transformation introduces unique leadership requirements beyond general digital transformation, including the interpretation of AI-generated insights, management of algorithmic risks, responsible AI governance, and ethical decision-making. Therefore, while digital leadership provides the broader foundation for technology-driven transformation, AI Leadership Readiness represents a more specialized leadership capability required in AI-enabled environments. AI-ready leaders must not only support technology adoption but also understand AI opportunities and limitations, establish governance mechanisms, and ensure that AI applications remain aligned with public-sector values (Adie et al., 2024; Jobin et al., 2019).

3.1.2 AI Leadership Readiness and AI Capability

AI capability refers to an organization's ability to acquire, integrate, and utilize AI technologies to improve organizational processes and outcomes. Existing research on AI capability emphasizes technological resources, data capability, analytical competence, and organizational ability to leverage AI applications (Mikalef & Gupta, 2021). However, AI capability alone does not explain how organizations strategically determine AI priorities, manage transformation, and ensure responsible implementation. AI Leadership Readiness focuses on the leadership capabilities required to activate and govern AI capability by providing strategic direction, decision-making guidance, and organizational alignment.

3.1.3 AI Leadership Readiness and Organizational Readiness

Organizational readiness represents the overall preparedness of an organization to adopt and implement new technologies. It includes factors such as infrastructure availability, employee

readiness, organizational resources, and management support (Jöhnk et al., 2021). While organizational readiness provides an important foundation for AI adoption, it does not specifically explain the leadership competencies required to transform readiness into effective AI implementation. AI Leadership Readiness therefore represents the leadership dimension of transformation readiness by emphasizing leaders' ability to create strategic alignment, manage resistance, and guide organizational change.

3.1.4 AI Leadership Readiness and Dynamic Capabilities

Dynamic capability theory explains how organizations adapt to changing environments through the ability to sense opportunities, seize resources, and transform organizational practices (Teece et al., 1997; Teece, 2007). In digital transformation contexts, dynamic capabilities have been associated with organizational agility, strategic renewal, and continuous adaptation (Warner & Wäger, 2019). AI Leadership Readiness extends this perspective by focusing on the leadership capabilities required to activate dynamic transformation processes in AI contexts. AI-ready leaders enable organizations to recognize AI opportunities, strategically allocate resources, establish governance mechanisms, and facilitate organizational transformation. Collectively, these distinctions demonstrate that AI Leadership Readiness is not a substitute for digital leadership, AI capability, organizational readiness, or dynamic capabilities. Rather, it represents a specific leadership capability that connects these perspectives by explaining how leaders enable AI-driven transformation and translate technological opportunities into institutional and societal outcomes.

3.2 Dimensions of AI Leadership Readiness

Based on the preceding theoretical positioning, this paper identifies four dimensions of AI Leadership Readiness that represent the leadership capabilities required for successful AI-enabled public-sector transformation.

Table 1. AI leadership readiness

Dimension	Description	References
AI Strategic Literacy	Leaders' ability to understand AI opportunities, limitations, risks, and strategic applications to support institutional objectives.	Adie et al. (2024); Jöhnk et al. (2021); Mikalef and Gupta (2021)
Data-Informed Leadership	Leaders' ability to interpret and utilize AI-generated insights to support evidence-based decision-making and resource allocation.	Mikalef and Gupta (2021); Alshahrani et al. (2024); Van Noordt and Tangi (2023)
Responsible AI Governance Orientation	Leaders' capability to ensure AI implementation is ethical, transparent, accountable, and aligned with public-sector values.	Jobin et al. (2019); Engstrom et al. (2020); OECD (2024, 2025)
AI Change Leadership	Leaders' ability to guide organizational adaptation, manage change, and integrate AI into institutional practices.	Adie et al. (2024); Warner and Wäger (2019); Jöhnk et al. (2021)

These dimensions represent the leadership capabilities required to transform AI from a technological investment into an organizational capability. Within the proposed AI Leadership Readiness Transformation Framework, AI Leadership Readiness functions as the foundational capability that enables institutional performance improvement and subsequently contributes to public value creation.

4. Institutional Performance as an Organizational Transformation Outcome

Institutional Performance represents the organizational outcomes achieved when public-sector organizations successfully translate strategic capabilities into improved operations, decision-making, services, and innovation. Within the proposed AI Leadership Readiness Transformation Framework, Institutional Performance is positioned as the intermediate outcome through which AI leadership capabilities are transformed into measurable organizational improvements.

The framework argues that AI adoption alone does not automatically generate institutional benefits. Instead, AI value creation depends on leaders' ability to strategically align AI initiatives with organizational objectives, establish appropriate governance mechanisms, support data-driven practices, and manage organizational transformation. AI Leadership Readiness therefore provides the foundation for improving institutional performance by enabling organizations to effectively integrate AI into their processes and operations (Jöhnk et al., 2021; Mikalef & Gupta, 2021). In the public-sector context, Institutional Performance extends beyond operational efficiency and includes broader organizational capabilities required for effective government transformation.

Table 2. Organizational transformation outcomes (Institutional performance)

Outcome	Description	References
Operational Effectiveness	The ability to improve efficiency, optimize resources, and enhance administrative processes through effective AI integration.	Al Maazmi et al. (2024); Al Jabri et al. (2024); OECD (2024)
Decision-Making Effectiveness	The ability to use AI and data-driven insights to support accurate, timely, and evidence-based decisions.	Alshahrani et al. (2024); Mikalef and Gupta (2021); Van Noordt and Tangi (2023)
Service Delivery Improvement	The ability to enhance the quality, accessibility, and responsiveness of public services through AI-enabled solutions.	OECD (2024, 2025); Almazrouei et al. (2024); Van Noordt and Tangi (2023)
Innovation Capability	The ability to develop new solutions, improve processes, and use AI to support continuous improvement and public-sector innovation.	Almazrouei et al. (2024); Warner and Wäger (2019); Dunleavy and Margetts (2025)
Organizational Responsiveness	The ability to adapt structures, processes, and practices in response to technological developments and changing environmental demands.	Walter (2021); Al Jabri et al. (2024); Warner and Wäger (2019)

These outcomes as Table 2 reflect the organizational capabilities required to convert AI investments into meaningful institutional outcomes. Previous research highlights that digital transformation and AI implementation require complementary organizational capabilities, including strategic alignment, adaptive capacity, and effective resource coordination (Al Jabri et al., 2024; Al Maazmi et al., 2024). Therefore, this framework positions Institutional Performance as the critical transformation mechanism between AI Leadership Readiness and Public Value Creation. AI-ready leaders enable organizations to improve internal capabilities, and these improvements provide the foundation for generating broader benefits for citizens and society.

5. Public Value Creation as the Societal Outcome

Public Value Creation represents the ultimate objective of public-sector transformation and reflects the ability of government organizations to generate meaningful benefits for citizens and society. Unlike private-sector performance, which is often evaluated through financial and competitive outcomes, public-sector success is determined by the extent to which institutions improve public services, strengthen citizen trust, enhance social outcomes, and address societal needs (Bryson et al., 2014).

Within the proposed AI Leadership Readiness Transformation Framework, Public Value Creation is positioned as the final outcome resulting from improved Institutional Performance. The framework proposes that AI Leadership Readiness enables leaders to strengthen institutional capabilities, while enhanced Institutional Performance allows public organizations to translate AI-enabled improvements into broader societal benefits.

AI transformation in government should therefore be evaluated beyond operational efficiency

and technological advancement. Effective AI implementation should contribute to citizen-centered services, transparent and accountable governance, improved responsiveness, and sustainable public innovation. This perspective aligns with the growing emphasis on responsible and value-oriented AI adoption in public administration, where technology must support public interests and maintain citizen trust (OECD, 2024, 2025; Van Noordt & Tangi, 2023).

Table 3. Public value creation outcomes (Societal outcome)

Outcome	Description	References
Citizen-Centered Services	The ability of public organizations to improve service accessibility, quality, personalization, and responsiveness according to citizen needs through AI-enabled transformation.	Bryson et al. (2014); OECD (2024, 2025); Van Noordt and Tangi (2023)
Public Trust and Legitimacy	The ability to strengthen citizens' confidence in government institutions through responsible, reliable, and trustworthy AI implementation.	Bryson et al. (2014); Jobin et al. (2019); OECD (2025)
Transparency and Accountability	The ability to ensure AI applications are explainable, ethical, transparent, and subject to appropriate governance and oversight mechanisms.	Jobin et al. (2019); Engstrom et al. (2020); OECD (2024, 2025)
Social and Policy Outcomes	The ability to use AI-enabled capabilities to support improved policymaking, resource allocation, and broader societal benefits.	Bryson et al. (2014); Alshahrani et al. (2024); Van Noordt and Tangi (2023)
Public Innovation and Future Readiness	The ability to continuously develop innovative approaches, strengthen government capabilities, and maintain preparedness for future technological and societal challenges.	Dunleavy and Margetts (2025); OECD (2024); Warner and Wäger (2019)

These outcomes as Table 3 demonstrate that public-sector AI transformation should not be measured solely by internal organizational improvements but also by the value generated for citizens and society. Institutional Performance provides the necessary organizational foundation for achieving these outcomes by enabling government organizations to effectively apply AI capabilities, improve services, and respond to evolving societal expectations. Therefore, the framework proposes that improved institutional performance is a critical pathway through which AI leadership contributes to public value creation. AI-ready leaders influence public value not only by promoting AI adoption but also by ensuring that institutional improvements are translated into meaningful societal outcomes.

6. Framework Development Methodology

This paper adopts a conceptual research approach based on a structured review and synthesis of existing literature on artificial intelligence (AI) transformation, digital leadership, AI

readiness, institutional performance, and public value creation. The literature synthesis focused on peer-reviewed studies that provide theoretical and empirical insights into AI-enabled transformation, leadership capabilities, organizational readiness, and public-sector value creation. The objective of this approach is to develop a conceptual framework explaining how AI Leadership Readiness enables public-sector transformation by strengthening institutional performance and ultimately contributing to public value outcomes.

The framework development process involved three stages. First, relevant literature was reviewed to identify the research gap regarding the limited conceptualization of leadership capabilities required to guide AI transformation in public-sector organizations. Second, key constructs were identified and synthesized from previous studies, resulting in three core components: AI Leadership Readiness as the leadership capability, Institutional Performance as the organizational transformation outcome, and Public Value Creation as the societal outcome. Third, the relationships among these constructs were developed through theoretical reasoning and integration of findings from prior research.

Based on this literature synthesis, the paper proposes the AI Leadership Readiness Transformation Framework, which explains how AI-ready leaders enable institutional improvements that ultimately contribute to public value creation in the UAE public sector.

7. Proposed Conceptual Model of AI Leadership Readiness Transformation Framework

Based on the preceding discussion, this paper proposes the AI Leadership Readiness Transformation Framework to explain how public-sector organizations translate leadership capabilities into AI-enabled institutional improvements and broader public value outcomes. The proposed framework is developed from a causal relationship perspective, which explains how an initial capability influences intermediate organizational mechanisms and ultimately generates higher-level outcomes (Griffiths & Tenenbaum, 2009). Accordingly, the framework proposes a sequential transformation pathway consisting of three interconnected components:

AI Leadership Readiness → Institutional Performance → Public Value Creation

Within this framework, AI Leadership Readiness functions as the antecedent capability that initiates AI transformation by enabling leaders to strategically identify AI opportunities, govern AI implementation, and manage organizational change. Institutional Performance functions as the mediating organizational mechanism through which leadership capability is converted into measurable improvements in government operations, decision-making, services, and innovation. Finally, Public Value Creation represents the ultimate societal outcome, reflecting the extent to which AI-enabled institutional improvements generate benefits for citizens and society.

The framework is based on the premise that successful AI transformation in the public sector is not achieved through technological adoption alone. Instead, AI-enabled transformation requires a sequential process in which leadership capabilities shape organizational capabilities, and these organizational improvements subsequently generate value for citizens and society. In this regard, public-sector leaders play a critical role in determining how AI technologies are strategically adopted, governed, and integrated into organizational practices.

Consistent with transformational leadership perspectives and research on AI-driven decision-making, leadership capability influences an organization's ability to enhance agility, improve decision quality, and achieve sustainable value creation through effective use of AI (Soomro, Aziz, & Soomro, 2026).

As illustrated in Figure 1, the proposed framework presents a three-stage transformation process. First, AI Leadership Readiness enables institutional transformation. AI-ready leaders possess four key capabilities: AI strategic literacy, data-informed leadership, responsible AI governance orientation, and AI change leadership. These capabilities allow leaders to recognize AI opportunities, evaluate risks, utilize AI-generated insights, establish responsible governance practices, and guide organizational adaptation (Adie et al., 2024; Jöhnk et al., 2021; Mikalef & Gupta, 2021).

Second, AI Leadership Readiness improves Institutional Performance. Through effective leadership, public-sector organizations can align AI initiatives with strategic priorities and strengthen their operational capabilities. Institutional Performance represents the immediate organizational outcomes of AI transformation, including operational effectiveness, decision-making effectiveness, service delivery improvement, innovation capability, and organizational responsiveness. In this sense, Institutional Performance acts as the mechanism that explains how leadership capability is translated into organizational improvement.

Third, improved Institutional Performance contributes to Public Value Creation. In the public-sector context, the success of AI transformation should extend beyond internal efficiency and technological advancement. Enhanced institutional capabilities enable government organizations to deliver citizen-centered services, strengthen public trust and legitimacy, improve transparency and accountability, achieve better social and policy outcomes, and enhance public innovation and future readiness (Bryson et al., 2014; Van Noordt & Tangi, 2023). Therefore, Public Value Creation represents the broader societal impact generated through successful AI-enabled transformation (OECD, 2024, 2025).



Figure 1. The AI leadership readiness transformation framework for enhancing institutional performance and creating public value in the UAE public sector

Overall, the proposed framework highlights that AI transformation in government is fundamentally a leadership-driven process. AI technologies provide the potential for improvement, but leadership readiness determines whether these technologies can be strategically implemented, organizational capabilities can be strengthened, and sustainable public value can ultimately be created.

8. Discussion

The proposed AI Leadership Readiness Transformation Framework provides a conceptual explanation of how public-sector organizations can transform artificial intelligence (AI) capabilities into institutional improvements and broader public value outcomes. The framework advances the understanding that successful AI transformation is not achieved through technology adoption alone but requires leadership capability, organizational transformation, and value-oriented implementation. By positioning AI Leadership Readiness as the foundational capability, Institutional Performance as the organizational transformation mechanism, and Public Value Creation as the ultimate societal outcome, the framework provides a structured perspective on how governments can achieve sustainable AI-enabled transformation.

8.1 AI Leadership Readiness as the Foundation of Public-Sector AI Transformation

The first contribution of the framework is the identification of AI Leadership Readiness as a critical leadership capability required for successful AI transformation. Existing AI research has largely emphasized technological capability, organizational readiness, data infrastructure, and implementation challenges (Jöhnk et al., 2021; Mikalef & Gupta, 2021). However, the framework argues that leadership capability represents an essential but insufficiently conceptualized factor in determining whether public organizations can effectively translate AI opportunities into meaningful outcomes.

AI Leadership Readiness extends the concept of digital leadership by highlighting the specific capabilities required in AI-driven environments. Unlike traditional technology leadership, AI leadership requires leaders to understand AI opportunities and limitations, interpret data-driven insights, establish responsible governance practices, and manage organizational change (Adie et al., 2024; Jobin et al., 2019). These capabilities are particularly important in the public sector, where AI implementation must operate within requirements of transparency, accountability, ethical responsibility, and citizen trust.

The framework therefore suggests that AI transformation begins with leadership preparedness. Public organizations may possess advanced technological infrastructure and national strategic support; however, without leaders capable of strategically directing AI implementation, AI adoption may remain limited to technological deployment rather than achieving meaningful organizational transformation.

8.2 Institutional Performance as the Transformation Mechanism

The second contribution of the framework is the positioning of Institutional Performance as the mechanism through which AI Leadership Readiness generates organizational outcomes.

Rather than assuming that AI leadership directly produces societal benefits, the framework proposes a transformation pathway in which leadership capability first strengthens institutional performance. AI-ready leaders influence institutional performance by enabling organizations to improve operational effectiveness, decision-making effectiveness, service delivery, innovation capability, and organizational responsiveness. These improvements occur because leaders provide strategic direction, support AI alignment with institutional objectives, establish governance arrangements, and facilitate organizational adaptation.

This perspective is consistent with research suggesting that AI value creation requires complementary organizational and managerial capabilities rather than technology alone (Mikalef & Gupta, 2021). Similarly, public-sector digital transformation research highlights that organizational structures, strategic alignment, and adaptive capacity influence whether technology investments generate meaningful outcomes (Al Maazmi et al., 2024; Al Jabri et al., 2024). Therefore, the framework contributes by explaining how AI Leadership Readiness produces value: through the enhancement of institutional capabilities. Institutional Performance acts as the bridge connecting leadership capability with broader transformation outcomes.

8.3 From Institutional Performance to Public Value Creation

The third contribution of the framework is the integration of public value creation as the ultimate outcome of AI transformation. Previous AI transformation studies have frequently focused on efficiency, productivity, and organizational performance. However, public-sector transformation requires a broader perspective because government organizations exist primarily to serve citizens and society. The framework proposes that improved Institutional Performance enables public organizations to create public value through citizen-centered services, strengthened public trust, increased transparency and accountability, improved social and policy outcomes, and enhanced future readiness.

This perspective aligns with public value theory, which emphasizes that government effectiveness should be evaluated not only through internal efficiency but also through the ability to generate meaningful societal benefits (Bryson et al., 2014). In the context of AI, this means that successful transformation should be measured by how effectively AI improves government services, strengthens institutional legitimacy, and contributes to citizen welfare. Furthermore, responsible AI governance is essential in achieving public value because government AI applications directly affect citizens and public services. Therefore, leadership readiness must include ethical and governance-oriented capabilities to ensure that AI implementation remains trustworthy and aligned with public interests (Jobin et al., 2019; OECD, 2025).

8.4 Implications for UAE Public Sector AI Transformation

The proposed framework provides important implications for AI transformation in the UAE public sector. The UAE has established ambitious AI and digital government strategies aimed at enhancing government performance, innovation capability, and future readiness (United Arab Emirates Government, 2024). However, achieving these strategic objectives requires

more than technological investment; it requires public-sector organizations to develop leadership capabilities that can effectively guide, govern, and sustain AI transformation.

The framework suggests that national AI strategies should be complemented by leadership development initiatives that strengthen AI-specific capabilities among government leaders. Public organizations should therefore focus not only on acquiring AI technologies but also on developing leaders who can strategically align AI initiatives with institutional objectives, manage transformation challenges, and ensure responsible AI implementation. In particular, UAE public organizations should strengthen:

AI strategic literacy to enable leaders to identify AI opportunities, understand potential risks, and align AI initiatives with organizational priorities;

Data-informed leadership to support evidence-based decision-making and effective utilization of AI-generated insights;

Responsible AI governance orientation to ensure transparency, accountability, ethical implementation, and the maintenance of public trust;

AI change leadership to facilitate organizational adaptation, workforce readiness, and successful integration of AI into institutional practices.

Developing these leadership capabilities can enhance institutional performance by improving operational effectiveness, decision-making quality, service delivery, innovation capability, and organizational responsiveness. Ultimately, strengthening AI Leadership Readiness will help ensure that AI investments in the UAE public sector are translated into sustainable public value creation rather than limited technological adoption.

8.5 Theoretical Contribution

The proposed framework contributes to the literature on AI-enabled public-sector transformation in three ways. First, it introduces AI Leadership Readiness as a distinct leadership construct. While previous studies have examined AI capability, organizational readiness, and digital leadership, limited attention has been given to the specific leadership capabilities required to guide AI transformation. This framework extends existing research by conceptualizing AI Leadership Readiness as a multidimensional capability comprising AI strategic literacy, data-informed leadership, responsible AI governance orientation, and AI change leadership. Unlike general digital leadership, AI Leadership Readiness emphasizes the unique leadership requirements of AI-driven transformation, including responsible governance, interpretation of AI-generated insights, and organizational adaptation.

Second, the framework explains how leadership capability is transformed into organizational and societal outcomes. By positioning Institutional Performance as the organizational transformation mechanism between AI Leadership Readiness and Public Value Creation, the framework provides a clearer explanation of how leadership capabilities contribute to operational improvement, better decision-making, enhanced services, innovation, and responsiveness. Third, the framework extends AI transformation research by integrating organizational and public value perspectives. Rather than focusing only on technological

adoption and efficiency outcomes, it highlights that public-sector AI transformation should generate both institutional improvements and societal benefits. Furthermore, applying this framework to the UAE public sector provides a context-specific contribution by explaining how leadership capabilities support the translation of national AI ambitions into sustainable public value outcomes.

9. Conclusion

Artificial intelligence has become a strategic priority for governments seeking to enhance institutional effectiveness, improve public services, and create greater value for citizens. However, achieving meaningful AI transformation in the public sector requires more than technological investment and adoption. It requires leadership capabilities that enable organizations to strategically identify AI opportunities, govern AI implementation responsibly, manage organizational change, and translate AI potential into sustainable institutional and societal outcomes.

This paper proposed the AI Leadership Readiness Transformation Framework for Enhancing Institutional Performance and Creating Public Value in the UAE Public Sector. The framework positions AI Leadership Readiness as the foundational leadership capability that enables public-sector organizations to move beyond AI adoption toward meaningful transformation. It proposes that AI-ready leaders strengthen Institutional Performance by improving operational effectiveness, decision-making effectiveness, service delivery improvement, innovation capability, and organizational responsiveness. These institutional improvements subsequently provide the foundation for Public Value Creation through enhanced citizen-centred services, public trust and legitimacy, transparency and accountability, social and policy outcomes, and public innovation and future readiness.

The framework contributes to AI transformation literature by addressing an important limitation in existing research, which has largely emphasized technological capability, organizational readiness, and AI adoption factors while giving less attention to the leadership capabilities required to guide AI transformation. By conceptualizing AI Leadership Readiness as a distinct leadership capability, this study highlights the critical role of leaders in aligning AI initiatives with institutional objectives, establishing responsible governance mechanisms, and ensuring that AI implementation generates meaningful organizational and societal benefits. Furthermore, by integrating Institutional Performance and Public Value Creation, the framework provides a more comprehensive perspective of public-sector AI transformation that extends beyond efficiency improvements toward broader societal impact.

The UAE public-sector context provides an important setting for understanding how leadership capability supports the realization of national AI ambitions. While national strategies provide the direction and foundation for AI-enabled government transformation, sustainable outcomes depend on the ability of public institutions to develop leaders who can strategically manage AI initiatives, address implementation challenges, and ensure responsible AI utilization. Therefore, strengthening AI Leadership Readiness represents an essential step in transforming national AI strategies into practical institutional capabilities and public value outcomes.

From a practical perspective, the framework highlights that government organizations should invest not only in AI technologies and infrastructure but also in leadership development. Building capabilities in AI strategic literacy, data-informed leadership, responsible AI governance orientation, and AI change leadership can enhance public-sector readiness and improve the likelihood that AI initiatives achieve sustainable outcomes. Such capabilities enable leaders to ensure that AI adoption is strategically aligned, ethically governed, and effectively integrated into organizational practices.

Although this study provides a conceptual framework, future empirical research is required to validate the proposed relationships among AI Leadership Readiness, Institutional Performance, and Public Value Creation. Future studies could examine the framework within UAE government organizations through quantitative, qualitative, or mixed method approaches and investigate contextual factors such as organizational culture, governance maturity, workforce readiness, and institutional characteristics that may influence AI transformation outcomes.

In conclusion, the AI Leadership Readiness Transformation Framework highlights that successful public-sector AI transformation is fundamentally a leadership-driven process. While AI technologies provide significant opportunities for improving government performance, it is the readiness of leaders to strategically manage, responsibly govern, and effectively transform AI initiatives that determines whether technological opportunities can be converted into stronger institutional capabilities and sustainable public value creation.

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