

The Evolution of Strategic Leadership Systems Under Digital Transformation: A Multi-Case Study Approach

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Abstract

This study aimed to develop a qualitative understanding of how strategic leadership systems evolve in organizations undergoing digital transformation. This qualitative study used a multi-case study design to explore the evolution of strategic leadership systems across six digitally transforming organizations in Tehran. Participants were selected purposively from senior managers, digital transformation leaders, IT directors, strategy managers, and middle managers directly involved in digital initiatives. Data were collected through semi-structured interviews with 24 participants, and recruitment continued until theoretical saturation was reached. Interviews focused on leadership decision-making, digital strategy formation, organizational learning, technology-enabled coordination, resistance management, and shifts in authority structures. All interviews were audio-recorded with consent, transcribed verbatim, and analyzed using thematic analysis supported by NVivo software. Coding proceeded through open coding, axial categorization, and selective theme development. To enhance trustworthiness, the study used member checking, peer review, analytic memo writing, and cross-case comparison. The analysis identified four main categories explaining the evolution of strategic leadership systems under digital transformation: strategic sensemaking and environmental scanning, distributed and data-informed decision-making, cultural and capability reconfiguration, and adaptive governance for digital renewal. The findings showed that digital transformation changed leadership from a hierarchical planning function into a dynamic system of interpretation, coordination, experimentation, and continuous learning. Participants emphasized that strategic leaders increasingly act as architects of digital meaning, integrators of human and technological capabilities, and facilitators of organizational agility. Cross-case analysis further revealed that successful transformation depended less on the adoption of specific technologies and more on the development of leadership routines that enabled rapid learning, cross-functional collaboration, and strategic alignment. The study concludes that digital transformation reshapes strategic leadership systems by changing how organizations interpret uncertainty, allocate authority, develop capabilities, and sustain renewal. Strategic leadership in digitally transforming organizations is not limited to top executives; rather, it emerges through interconnected practices distributed across formal and informal leadership roles. The proposed model contributes to leadership and digital transformation research by explaining how strategic leadership systems evolve from centralized control toward adaptive, data-informed, and learning-oriented configurations.

Keywords: Strategic leadership; digital transformation; leadership systems; multi-case study; dynamic capabilities; organizational adaptation; qualitative research.

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1. Introduction

Digital transformation has become one of the most consequential forces reshaping contemporary organizations, not merely because it introduces new technologies but because it alters the strategic logic through which organizations create value, coordinate action, learn from the environment, and renew competitive advantage. In management research, digital transformation is increasingly understood as an organizational-level change process



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in which digital technologies generate disruptions that require strategic responses, structural reconfiguration, and new value-creation pathways (Vial, 2019). Vial's review conceptualizes digital transformation as a process involving digital technology use, disruption, strategic responses, structural change, and organizational outcomes. This understanding moves the field beyond a narrow technological interpretation and positions digital transformation as a strategic and organizational phenomenon. From this perspective, technologies such as artificial intelligence, cloud computing, analytics platforms, automation systems, and digital ecosystems do not transform organizations by themselves; rather, transformation occurs when leadership systems reinterpret organizational purpose, redesign routines, and mobilize people around new forms of value creation.

Strategic leadership has traditionally referred to the capacity of top-level leaders to influence organizational direction, build commitment, allocate resources, and align internal capabilities with external demands. Classic work on strategic leadership emphasizes the importance of learning capacity, change capacity, managerial wisdom, cognitive complexity, and social intelligence in conditions of uncertainty (Boal & Hooijberg, 2001). Boal and Hooijberg argued that strategic leadership is strongly connected with the capacity to learn and change under complex conditions. However, digital transformation complicates this traditional view. In digitally transforming organizations, strategic leadership can no longer be reduced to the decisions of a small executive group at the top of the hierarchy. Digital transformation increases environmental turbulence, accelerates information flows, shortens planning cycles, and makes strategic decisions more dependent on distributed expertise. As a result, strategic leadership evolves from a position-based function into a system-level capability through which multiple actors interpret digital signals, coordinate across boundaries, experiment with emerging technologies, and institutionalize new routines.

The digital transformation literature has repeatedly shown that successful transformation depends on strategy, culture, organizational alignment, and leadership more than on technology acquisition alone. Kane, Palmer, Phillips, Kiron, and Buckley (2015) argued that strategy, not technology, is the central driver of digital transformation, while Matt, Hess, Benlian, and Wiesböck (2015) emphasized that digital transformation strategy requires coordinated decisions about technology use, value creation, structural change, and financial aspects. Matt et al. describe strategic questions that managers can use to formulate digital transformation strategy. These studies suggest that leadership systems are critical because they determine whether digital technologies remain isolated technical projects or become embedded in broader strategic renewal. In many organizations, digital initiatives fail not because the technology is weak, but because leadership routines, governance structures, cultural norms, and decision-making processes remain aligned with pre-digital assumptions. Therefore, the evolution of strategic leadership systems is central to understanding how organizations move from digitization to genuine transformation.

Dynamic capabilities theory provides a useful lens for examining this process. Teece (2007) defined dynamic capabilities as the organizational ability to sense opportunities and threats, seize opportunities, and reconfigure resources in changing environments. Teece's article specifies the microfoundations required to sustain enterprise performance in rapidly changing contexts. Digital transformation can be interpreted as a dynamic capability challenge because organizations must sense digital disruption, seize emerging opportunities through investment and business model innovation, and reconfigure assets, skills, routines, and structures. Warner and Wäger (2019) extended this logic by showing that digital transformation involves the development of dynamic capabilities for ongoing strategic renewal. Their qualitative multiple-case research examined how incumbent firms build dynamic

capabilities for digital transformation. This theoretical perspective is particularly relevant to strategic leadership because leaders shape the sensing, seizing, and reconfiguring processes through which organizations respond to digital disruption. Strategic leadership systems become the organizational mechanism through which dynamic capabilities are enacted.

Despite the growing body of research on digital transformation, several gaps remain. First, many studies examine digital transformation at the level of technology adoption, digital maturity, business model innovation, or organizational outcomes, while fewer studies focus specifically on how leadership systems themselves evolve during transformation. Second, existing research often emphasizes senior executive roles, but digital transformation frequently depends on distributed leadership among top managers, middle managers, project leaders, data specialists, and operational teams. Third, empirical research is still needed in non-Western and emerging-market contexts, where digital transformation may be shaped by different institutional constraints, resource limitations, workforce expectations, regulatory pressures, and cultural assumptions. Organizations in Tehran provide a valuable context for such inquiry because many firms operate under conditions of environmental uncertainty, infrastructural constraints, competitive pressure, and accelerated digital adaptation. These conditions make strategic leadership particularly important because leaders must coordinate digital change while managing ambiguity, resistance, and resource scarcity.

A multi-case study approach is especially appropriate for examining the evolution of strategic leadership systems because such evolution is complex, processual, and context-dependent. Case study research allows scholars to investigate contemporary phenomena within real-life settings, especially when the boundaries between phenomenon and context are not clearly evident (Yin, 2018). The Sixth Edition of Yin's case study text is presented by SAGE as a comprehensive guide to case study design and application. In addition, multi-case studies enable cross-case comparison, helping researchers identify patterns that are not limited to a single organization. Eisenhardt (1989) argued that case study research is particularly useful for inductive theory building because it enables researchers to move from rich empirical evidence to conceptual categories and theoretical propositions. Eisenhardt's classic article describes the process of building theory from case studies. Therefore, the present study adopts a qualitative multi-case design to explore how strategic leadership systems evolve in organizations undergoing digital transformation.

The central assumption of this study is that digital transformation does not simply require leaders to support technology projects; rather, it changes the architecture of leadership itself. In traditional strategic leadership systems, leaders often rely on long planning cycles, centralized authority, hierarchical communication, and relatively stable assumptions about markets and operations. Under digital transformation, these patterns are challenged by rapid technological change, real-time data, platform-based coordination, customer co-creation, algorithmic decision support, and continuous experimentation. Strategic leaders must therefore develop new interpretive and coordinative capacities. They must make sense of digital disruption, translate technological possibilities into strategic priorities, distribute authority to digitally competent teams, support cultural change, and create governance mechanisms that balance experimentation with accountability. These shifts suggest that strategic leadership becomes more systemic, adaptive, and relational.

This article contributes to the literature in three ways. First, it provides a qualitative model of strategic leadership system evolution under digital transformation, identifying the main categories through which leadership practices change. Second, it advances the discussion of digital transformation by showing how

leadership systems mediate the relationship between digital technologies and organizational renewal. Third, it extends strategic leadership research by demonstrating that strategic leadership in digital contexts is increasingly distributed, data-informed, capability-oriented, and governance-based. Accordingly, the objective of this study was to develop a qualitative understanding of how strategic leadership systems evolve in organizations undergoing digital transformation.

2. Methods and Materials

This study used a qualitative multi-case study design to explore how strategic leadership systems evolve under digital transformation. A qualitative approach was selected because the study aimed to understand meanings, experiences, interpretations, and organizational processes rather than test predetermined hypotheses. The multi-case design was appropriate because the phenomenon under investigation was embedded in organizational contexts and involved complex interactions among leadership, strategy, technology, culture, and capability development. Six organizations located in Tehran were selected as cases. These organizations were active in finance, telecommunications, retail, manufacturing, professional services, and technology-based services. They were selected because each had implemented significant digital transformation initiatives, such as enterprise resource planning modernization, data analytics adoption, customer platform development, workflow automation, cloud migration, digital service redesign, or artificial intelligence-supported decision systems. The use of multiple cases enabled comparison across different industries and supported the identification of shared patterns and context-specific variations.

Participants were selected through purposive sampling. Inclusion criteria required participants to have direct experience with strategic decision-making, digital transformation initiatives, organizational change programs, or technology-enabled process redesign. Participants included chief executive officers, strategy directors, digital transformation managers, IT managers, human resource managers, operations managers, and middle managers involved in digital projects. A total of 24 participants were interviewed. The final sample included 15 men and 9 women. Regarding organizational role, 6 participants were senior executives, 5 were strategy or business development managers, 5 were digital transformation or IT managers, 4 were operations managers, and 4 were middle managers involved in cross-functional transformation teams. Participants' professional experience ranged from 6 to 24 years, with an average of approximately 13 years. Theoretical saturation was reached after the twenty-second interview, when no substantially new codes or categories emerged; two additional interviews were conducted to confirm saturation and refine category boundaries.

Data were collected through semi-structured interviews. The interview guide included open-ended questions designed to elicit participants' experiences of strategic leadership before and during digital transformation. Questions addressed how digital transformation was initiated, how leaders interpreted digital opportunities and threats, how strategic priorities changed, how decisions were made, how authority was distributed, how resistance was managed, how digital capabilities were developed, and how leadership systems were evaluated. Follow-up questions were used to clarify meanings, obtain concrete examples, and explore differences across organizational levels. Interviews lasted between 45 and 80 minutes and were conducted in private settings or secure online meetings, depending on participant availability. All interviews were audio-recorded with informed consent and

transcribed verbatim. Ethical principles included voluntary participation, confidentiality, anonymization of names and organizational identifiers, and the right to withdraw at any stage.

Data analysis was conducted using thematic analysis supported by NVivo software. The analytic process began with repeated reading of transcripts to gain familiarity with the data. Initial open coding was then performed line by line to identify meaningful units related to leadership practices, strategic interpretation, digital decision-making, capability development, cultural change, and governance mechanisms. Codes were subsequently compared across participants and cases to identify similarities, differences, and recurring patterns. Axial coding was used to group related codes into broader categories, and selective analysis was used to refine the final conceptual model. NVivo was used to organize transcripts, code segments, compare cases, write analytic memos, and retrieve evidence for each category. The analysis followed an iterative logic in which emerging categories were continuously compared with original transcripts and across cases. This approach is consistent with qualitative rigor principles emphasizing transparent coding, inductive category development, and systematic movement from first-order concepts to higher-order themes (Gioia et al., 2013). Gioia et al. describe a systematic approach to concept development and qualitative rigor in inductive research.

Trustworthiness was strengthened through several strategies. Credibility was supported by member checking, in which selected participants reviewed summaries of emerging interpretations and confirmed that they reflected their experiences. Dependability was enhanced through an audit trail, including interview protocols, coding notes, analytic memos, and category development records. Confirmability was supported by peer review, where two qualitative research colleagues examined selected transcripts, coding decisions, and category definitions. Transferability was addressed by providing thick descriptions of the research context, participants, and organizational conditions. Cross-case analysis was used to distinguish general patterns from case-specific features. The final model was developed only after repeated comparison among interviews, cases, and conceptual categories.

3. Findings and Results

The demographic characteristics of the participants showed that the sample included 24 managers and organizational professionals involved in digital transformation initiatives in Tehran. Of these participants, 15 were men and 9 were women. In terms of age, 5 participants were between 30 and 35 years old, 8 were between 36 and 40 years old, 7 were between 41 and 45 years old, and 4 were older than 45 years. Regarding education, 6 participants held bachelor's degrees, 14 held master's degrees, and 4 held doctoral degrees. In terms of organizational position, 6 participants were senior executives, 5 were strategy or business development managers, 5 were digital transformation or IT managers, 4 were operations managers, and 4 were middle managers responsible for transformation-related teams. Professional experience ranged from 6 to 24 years. The highest frequency belonged to participants with 11 to 15 years of experience, representing 10 participants. These demographic characteristics indicate that the study included participants with substantial managerial experience and direct involvement in strategic and digital transformation processes.

The first main category was strategic sensemaking and environmental scanning. Participants consistently explained that digital transformation changed the way leaders understood the external environment. In the pre-transformation period, strategic planning was often based on annual cycles, competitor observation, customer

feedback reports, and executive intuition. Under digital transformation, leaders increasingly relied on real-time data, digital market signals, platform trends, customer behavior analytics, and technological benchmarking. Participants described this shift as a movement from episodic planning to continuous interpretation. One strategy manager stated, “Before digital transformation, strategy was something we reviewed in formal meetings; now strategy is almost a daily interpretation of data, competitors, and customer behavior.” Another participant explained, “The role of leadership changed because uncertainty became more visible. Dashboards, customer platforms, and analytics showed us problems that were previously hidden.” Across the cases, strategic leaders were expected to interpret technological opportunities, identify threats from digital competitors, and translate ambiguous digital signals into organizational priorities. This category included codes such as digital opportunity recognition, competitor scanning, data-based environmental interpretation, customer insight integration, and strategic alertness. The findings suggest that digital transformation expands the cognitive work of strategic leadership by requiring leaders to sense weak signals, interpret technological disruption, and build shared meaning around digital change.

The second main category was distributed and data-informed decision-making. Participants reported that digital transformation weakened purely hierarchical decision-making because digital initiatives required specialized knowledge dispersed across the organization. In several cases, senior executives remained responsible for strategic direction, but operational and technical decisions were increasingly delegated to cross-functional teams. Participants emphasized that strategic leadership became more collaborative because no single leader possessed all the knowledge required to evaluate digital opportunities. A digital transformation manager stated, “In the past, decisions came from the top and departments implemented them. In digital projects, the top management still sets direction, but the real decisions are made through interaction between business, IT, data, and operations.” Another participant noted, “Data changed the power balance. When a middle manager brings evidence from customer analytics, the discussion becomes different; hierarchy alone is not enough.” This category included codes such as cross-functional decision forums, evidence-based prioritization, dashboard-supported governance, empowerment of digital teams, and reduced dependence on positional authority. However, participants also noted tensions. Some senior leaders were uncomfortable with distributed authority, while some technical teams lacked strategic understanding. Therefore, successful organizations developed leadership systems that combined executive sponsorship with team-level autonomy. The finding indicates that digital transformation does not eliminate strategic leadership but redistributes it across interconnected actors and decision arenas.

The third main category was cultural and capability reconfiguration. Participants emphasized that digital transformation required strategic leaders to change organizational culture and develop new capabilities. Digital tools were often introduced quickly, but employees’ mindsets, routines, and skills changed more slowly. Participants described resistance as one of the most persistent challenges. Resistance was not always opposition to technology itself; in many cases, it reflected fear of transparency, loss of expertise, reduced control, or uncertainty about new performance expectations. One human resource manager explained, “People were not afraid of the software; they were afraid of what the software would reveal about their work.” A senior executive stated, “We realized that digital transformation was not an IT project. It was a capability project. We had to teach people how to think differently, collaborate differently, and use data in decisions.” This category included codes such as digital skill development, cultural readiness, learning orientation, psychological safety, resistance management, and capability-building routines. Participants indicated that leaders who framed digital

transformation as learning rather than control were more successful in gaining commitment. Training programs, internal digital champions, cross-functional workshops, and experimentation spaces helped employees gradually internalize digital ways of working. The findings show that strategic leadership systems evolve by becoming capability-building systems, not merely decision-making systems.

The fourth main category was adaptive governance for digital renewal. Participants explained that digital transformation created a need for governance systems capable of balancing flexibility and control. Traditional governance routines were often too slow for digital initiatives, while uncontrolled experimentation created fragmentation, duplication, and strategic drift. Successful cases developed adaptive governance mechanisms, including digital steering committees, transformation roadmaps, portfolio reviews, agile project governance, data governance policies, and periodic strategic alignment sessions. One operations manager stated, “At first, every department started its own digital project. It looked innovative, but after a while we had scattered systems and no integration. Leadership had to create governance without killing speed.” Another participant explained, “The main challenge was to keep experimentation alive but connect it to strategy.” This category included codes such as agile governance, digital portfolio management, strategic alignment routines, accountability mechanisms, data governance, and iterative renewal. Participants described adaptive governance as a leadership capability that institutionalized learning from digital projects and enabled the organization to revise priorities continuously. The finding indicates that strategic leadership under digital transformation evolves toward a system of disciplined adaptation, where experimentation, accountability, and renewal are integrated.

Cross-case analysis showed that the evolution of strategic leadership systems followed a general pattern. At the initial stage, digital transformation was usually framed as a technological modernization effort. Leadership attention focused on software implementation, process automation, customer platforms, or data systems. At the second stage, organizations encountered coordination problems, cultural resistance, skill gaps, and strategic ambiguity. These challenges forced leaders to recognize that digital transformation required broader organizational change. At the third stage, leadership systems began to evolve through new routines of sensemaking, distributed decision-making, capability development, and adaptive governance. At the fourth stage, digital transformation became embedded in strategic renewal, and leadership shifted from controlling digital projects to continuously orchestrating digital capabilities. Across the six cases, organizations that treated digital transformation as a strategic leadership challenge showed stronger alignment, faster learning, and greater integration between technology and organizational purpose. Organizations that treated digital transformation mainly as an IT project experienced fragmentation, resistance, and limited strategic impact.

4. Discussion and Conclusion

The purpose of this study was to develop a qualitative understanding of how strategic leadership systems evolve in organizations undergoing digital transformation. The findings showed that digital transformation changes strategic leadership in four interconnected ways: it intensifies strategic sensemaking, redistributes decision-making, requires cultural and capability reconfiguration, and creates a need for adaptive governance. These findings support the view that digital transformation is not simply a technological transition but a complex organizational transformation involving strategy, structure, culture, and leadership. This aligns with Vial’s (2019) argument that digital transformation involves technology-induced disruption, strategic responses, and changes in

value creation pathways. It also supports Kane et al.'s (2015) claim that digital transformation is driven more by strategy and leadership than by technology alone. The present study extends these arguments by showing that the leadership system itself becomes a site of transformation. Strategic leadership evolves from centralized planning and control toward a more dynamic system of interpretation, coordination, experimentation, and renewal.

The first finding, strategic sensemaking and environmental scanning, suggests that digital transformation expands the interpretive role of strategic leaders. Participants emphasized that leaders must continuously interpret data, technological trends, customer behavior, and competitive signals. This finding is consistent with dynamic capabilities theory, particularly Teece's (2007) emphasis on sensing opportunities and threats. In digitally transforming organizations, sensing is not only an executive cognitive activity; it becomes a distributed organizational routine supported by digital tools, analytics, and cross-functional interpretation. Warner and Wäger (2019) similarly found that digital transformation requires organizations to develop dynamic capabilities for continuous strategic renewal. The present study adds that strategic leadership systems provide the interpretive architecture through which sensing occurs. Leaders must not only collect data but also create shared meaning from data. Without this interpretive function, organizations may accumulate digital information without converting it into strategic insight.

The second finding, distributed and data-informed decision-making, indicates that digital transformation changes the authority structure of strategic leadership. Participants reported that strategic decisions increasingly depend on expertise distributed across business, technology, operations, and data teams. This finding aligns with research emphasizing that digital transformation requires organizational alignment and cross-functional coordination (Matt et al., 2015). It also reflects broader strategic leadership theory, which suggests that effective leadership in complex environments requires cognitive and behavioral complexity (Boal & Hooijberg, 2001). In digital contexts, complexity cannot be managed through hierarchy alone because the knowledge required for strategic action is dispersed. Therefore, strategic leadership becomes a system of distributed influence. However, the findings also show that distributed leadership does not mean the absence of executive direction. Rather, successful cases combined top-level strategic sponsorship with team-level autonomy. This balance is important because excessive centralization slows digital innovation, while excessive decentralization creates fragmentation.

The third finding, cultural and capability reconfiguration, supports the argument that digital transformation depends on organizational learning and capability development. Participants repeatedly stated that digital transformation failed when it was treated as an IT implementation project and succeeded when leaders invested in skills, mindsets, psychological safety, and learning routines. This finding is consistent with Nadkarni and Prügl's (2021) review, which identifies actor-related dimensions, culture, work environment, and managerial perspectives as important areas in digital transformation research. Their review synthesizes peer-reviewed studies and identifies technology and actor dimensions as aggregate themes. The present study contributes to this discussion by showing how strategic leadership systems reconfigure culture and capability through framing, training, experimentation, and internal champions. Leaders who framed digital transformation as surveillance or efficiency control intensified resistance. Leaders who framed it as learning, empowerment, and customer value encouraged participation. This finding suggests that leadership narratives are not symbolic additions to digital transformation; they actively shape whether employees interpret digital tools as threats or opportunities.

The fourth finding, adaptive governance for digital renewal, highlights the institutional dimension of strategic leadership evolution. Digital transformation creates a paradox: organizations must experiment rapidly while

maintaining strategic coherence, accountability, integration, and risk control. Participants described the need for governance mechanisms that allowed flexibility without fragmentation. This finding aligns with Hess et al. (2016), who argued that digital transformation strategy requires systematic managerial decisions about technology, value creation, structure, and finance. It also resonates with dynamic capabilities theory because governance routines help organizations seize opportunities and reconfigure resources. The present study shows that adaptive governance is a central feature of evolved strategic leadership systems. Governance is not merely bureaucratic control; in digitally transforming organizations, governance becomes a mechanism for learning, prioritization, integration, and renewal. Strategic leaders must design forums, metrics, data policies, and review routines that enable the organization to learn from experimentation while maintaining alignment with strategic intent.

Taken together, the findings suggest that the evolution of strategic leadership systems under digital transformation follows a movement from hierarchical control to adaptive orchestration. In the traditional model, strategic leadership is primarily associated with senior executives who define vision, allocate resources, and monitor implementation. In the evolved digital model, strategic leadership becomes a multi-level system that connects executive direction, middle-manager translation, technical expertise, data-informed decision-making, employee learning, and governance routines. This does not eliminate the importance of senior leaders; instead, it changes their role. Senior leaders become architects of strategic meaning, sponsors of distributed authority, designers of capability-building systems, and guardians of adaptive governance. Middle managers become translators between strategic intent and operational realities. Digital experts become strategic contributors rather than technical support actors. Employees become participants in experimentation and learning. This systemic view contributes to strategic leadership research by showing that leadership under digital transformation is less a property of individuals and more a configuration of roles, routines, technologies, and relationships.

The study also offers implications for digital transformation research. Much of the literature distinguishes between digitization, digitalization, and digital transformation, emphasizing that true transformation involves changes in business models, organizational processes, and value creation. The present findings suggest that another distinction is necessary: technology-centered digital transformation versus leadership-system-centered digital transformation. Technology-centered transformation emphasizes implementation of systems, platforms, and tools. Leadership-system-centered transformation emphasizes the organizational capacity to interpret, coordinate, learn, govern, and renew through digital technologies. The latter appears more likely to generate sustained transformation because it embeds digital change in organizational capability. This distinction helps explain why some organizations adopt advanced technologies without strategic transformation, while others use modest technologies to achieve significant organizational renewal.

Ethical Considerations

All procedures performed in this study were under the ethical standards.

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Conflict of Interest

The authors report no conflict of interest.

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