



## **Digital Organizational Culture and Learning under Vision 2030: How Transformational Leadership Builds Flexibility for Continuous Improvement in a Society under Transformation**

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### **Abstract**

#### **Purpose:**

Vision 2030 has accelerated Saudi Arabia's digital transformation, raising questions about how organizations cultivate learning-driven cultural practices and flexibility to sustain continuous improvement (CI) as society modernizes. This study explains how Transformational Leadership (TL) translates into CI via Organizational Learning (OL) and Organizational Flexibility (OF), offering a digital-culture perspective aligned with national transformation.

#### **Design/methodology/approach:**

A cross-sectional survey of N = 328 participants from Saudi organizations was analyzed with PLS-SEM to assess direct, indirect, and sequential mediation paths (TL → OL → OF → CI) through the lens of Dynamic Capabilities Theory.

#### **Findings:**

TL strongly predicts OL; OL strengthens OF; OL and OF both predict CI. TL's direct influence on CI is modest, but indirect effects via OL and OF are significant, and sequential mediation is supported. Results indicate that learning (sensing) and flexibility (transforming) are the cultural capabilities through which leadership achieves sustained improvement in a rapidly digitizing society.

#### **Originality/value:**

Reframes CI as a cultural outcome of digital transformation, showing that leadership impacts are realized primarily through capability development rather than direct edict. The paper offers a societal-scale (Vision 2030) interpretation of organizational learning and flexibility as digital-culture infrastructures that enable continuous adaptation.



**Keywords-** Digital culture; AI & Society; Organizational learning; Organizational flexibility; Transformational leadership; Continuous improvement; Vision 2030; Dynamic Capabilities

## 1. Introduction

Saudi Arabia's Vision 2030 articulates a comprehensive modernization agenda spanning economy, society, and culture. As public and private organizations digitize, questions arise about how leadership cultivates learning-oriented cultural practices and adaptive routines that sustain continuous improvement (CI). This study interprets OL and OF as cultural capabilities through which TL enables ongoing renewal in a society under transformation.

## 2. Theoretical Background and Hypotheses

We connect Dynamic Capabilities Theory (DCT) to digital culture: OL represents sensing (collective learning and meaning-making), OF represents transforming (adaptive practices and flexible routines), and CI is a cultural performance outcome. We hypothesize: H1  $TL \rightarrow CI (+)$ ; H2 OL mediates  $TL \rightarrow CI$ ; H3 OF mediates  $TL \rightarrow CI$ ; H4 sequential mediation  $TL \rightarrow OL \rightarrow OF \rightarrow CI$ .

## 3. Method

A cross-sectional survey captured TL, OL, OF, and CI on reflective Likert scales. After data screening,  $N = 328$  valid cases remained. PLS-SEM (5,000 bootstraps) assessed the reflective measurement model (loadings,  $\alpha$ /CR/AVE, HTMT) and the structural model (VIF,  $\beta$ ,  $f^2$ ,  $R^2$ ,  $Q^2$ , indirect effects).

## 4. Results

Loadings  $> .70$ ;  $\alpha > .85$ ; CR  $> .90$ ; AVE  $> .75$ ; HTMT  $< .85$ . Direct paths:  $TL \rightarrow OL$  strong;  $TL \rightarrow OF$  moderate;  $TL \rightarrow CI$  modest;  $OL \rightarrow OF$  and  $OL/OF \rightarrow CI$  significant. Mediation: OL and OF both mediate  $TL \rightarrow CI$ ; sequential  $TL \rightarrow OL \rightarrow OF \rightarrow CI$  holds.  $R^2(CI) \approx .47$ ;  $Q^2$  indicates predictive relevance.

## 5. Discussion

Findings suggest leadership shapes digital organizational culture indirectly by building learning and flexibility. Rather than top-down commands, capability development becomes the cultural infrastructure that enables ongoing improvement in a digitizing society.

## 6. Managerial/Policy Implications

For policy and society: institutionalize learning rituals (after-action reviews, open forums), support multi-skilling and flexible work designs, and link national digital programs to capability KPIs (learning hours, mobility, reconfiguration speed).



## 7. Limitations and Future Research

Cross-sectional design; limited to Saudi context; self-reports. Future research: longitudinal cultural change tracking; cross-sector comparisons (education, heritage, public administration); qualitative studies on digital culture routines.

## 8. Conclusion

Leadership achieves sustained improvement by cultivating cultural capabilities—learning and flexibility—that operationalize Vision 2030’s digital transformation at the organizational level.

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