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Driving business sustainability through leadership, knowledge, and commitment: the mediating role of innovation culture in an emerging economy

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ABSTRACT

This study addresses the fragmented understanding of how internal organisational capabilities jointly drive business sustainability, particularly in knowledge-intensive firms within emerging economies. While prior research has examined leadership, knowledge management, and organisational commitment in isolation, limited attention has been given to their integrated effects and the underlying mechanisms linking them to sustainable performance. This study investigates the direct and indirect relationships among visionary leadership, knowledge management, and organisational commitment, with innovation culture as a mediating construct, in telecommunication consulting firms in Indonesia. A cross-sectional survey of 360 managerial and professional employees was used; the data were analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM). The findings reveal that all three antecedents significantly influence business sustainability, both directly and indirectly through innovation culture, which acts as a partial mediator. The model demonstrates substantial explanatory power, highlighting the central role of innovation-oriented culture in translating organisational capabilities into sustainable outcomes. Theoretically, this study advances the integration of the resource-based view and the dynamic capabilities perspective to explain sustainability in emerging-market contexts. In practice, it provides sector-specific insights to strengthen internal capabilities, enhancing long-term organisational resilience and competitiveness.

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1. Introduction

Achieving business sustainability has become a critical strategic challenge for organisations operating in increasingly dynamic and uncertain environments. Beyond short-term financial performance, firms are expected to integrate economic, social, and environmental objectives to ensure long-term viability (Elkington, 1997; Lozano, 2015). This challenge is particularly pronounced in knowledge-intensive industries, where rapid technological change and competitive pressures demand continuous adaptation and innovation.

Existing research has identified several internal organisational drivers of sustainability, including leadership, knowledge management, and organisational commitment. However, these factors have predominantly been examined in isolation, resulting in a fragmented understanding of how organisational capabilities jointly contribute to sustainable performance (Martínez-Falcó et al., 2024; Wang et al., 2024). Consequently, current explanations remain limited in their ability to capture the systemic nature of sustainability as an outcome of interacting capabilities.

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In addition to this fragmentation, the mechanisms through which internal capabilities are transformed into sustainability outcomes remain insufficiently understood. Emerging evidence suggests that organisational culture, particularly innovation-oriented culture, plays a critical role in enabling firms to translate internal resources into sustained performance (Arsawan et al., 2022; Bhuiyan et al., 2025; Martins & Terblanche, 2003). Nevertheless, empirical research examining innovation culture as a mediating mechanism remains limited, especially in knowledge-intensive service sectors.

This study addresses these gaps by proposing an integrated framework in which visionary leadership, knowledge management, and organisational commitment are conceptualised as core organisational capabilities, while innovation culture functions as the mechanism linking these capabilities to business sustainability. The empirical focus on telecommunication consulting firms in Indonesia provides a relevant context, as these organisations operate in highly dynamic, knowledge-intensive environments within an emerging economy, where internal capabilities play a crucial role in overcoming structural constraints (Wang et al., 2024).

Accordingly, this study seeks to answer the following research questions:

1. How do visionary leadership, knowledge management, and organisational commitment influence business sustainability?
2. To what extent does innovation culture mediate these relationships?

By addressing these questions, this study contributes to a more integrated, mechanism-based understanding of business sustainability in emerging-market contexts.

2. Literature review

2.1. Theoretical foundations and conceptual background

Understanding business sustainability in knowledge-intensive organisations requires a theoretical perspective that moves beyond fragmented explanations. While prior studies have examined leadership, knowledge management, or organisational behaviour separately, such approaches often fail to capture the systemic nature of sustainability as an outcome of interacting organisational capabilities. This limitation has led to inconsistent findings and limited theoretical integration in the sustainability literature (Beigi et al., 2023; Martínez-Falcó et al., 2024). Importantly, prior studies not only remain theoretically fragmented but also produce inconsistent empirical results, particularly regarding the strength and direction of relationships between internal capabilities and sustainability outcomes, suggesting that existing single-theory approaches are insufficient to explain the complexity of these relationships. To address this gap, this study adopts an integrated theoretical framework combining the resource-based view (RBV), the knowledge-based view (KBV), dynamic capabilities theory, and leadership theory, thereby moving beyond isolated theoretical lenses towards a systemic explanation of sustainability.

These perspectives are complementary in explaining how internal organisational capabilities contribute to sustainable performance. From the resource-based view (RBV), firms achieve sustainable competitive advantage through valuable, rare, inimitable, and non-substitutable resources. In this context, intangible resources, such as leadership capability and organisational commitment, are critical in shaping long-term organisational outcomes. However, empirical applications of RBV in sustainability research have produced mixed findings, with some studies reporting strong direct effects of internal resources on performance, while others indicate weak or insignificant relationships, suggesting that the static nature of RBV limits its explanatory power in dynamic and uncertain environments.

The knowledge-based view (KBV) extends RBV by positioning knowledge as the most strategically significant resource (Grant, 1996). Knowledge management, therefore, becomes a central capability that enables firms to generate innovation and sustain competitive advantage. However, empirical evidence suggests that knowledge management does not always translate directly into sustainability outcomes, as its effectiveness depends on organisational context and enabling mechanisms, indicating that KBV alone provides an incomplete explanation of how knowledge is operationalised in practice. To overcome these limitations, dynamic capabilities theory offers a process-oriented perspective, emphasising firms' ability to sense opportunities, seize them, and reconfigure internal resources in response to environmental changes

Table 1. Integrated theoretical foundations of the study.

Theory	Core focus	Role in this study	Limitation in prior research	Contribution in this study
RBV	Strategic resources	Leadership and commitment as intangible assets	Static perspective	Integrated with dynamic processes
KBV	Knowledge as a key resource	KM as a core capability	Limited process explanation	Linked with the innovation mechanism
Dynamic Capabilities	Resource reconfiguration	Transformation of capabilities	Often an isolated application	Integrated across constructs
Leadership Theory	Vision and alignment	Strategic direction and mobilisation	Behavioural focus only	Linked with the capability system

(Teece et al., 1997). This perspective is particularly relevant in knowledge-intensive industries, where sustainability depends on continuous adaptation and innovation. Recent studies further highlight that dynamic capabilities are essential in translating internal resources into performance outcomes under conditions of uncertainty (Teece, 2020; Wang et al., 2024). However, despite its strengths, dynamic capabilities theory is often applied in isolation from other organisational constructs, limiting its ability to explain how multiple internal capabilities interact within a broader system.

In addition, leadership theory provides an important behavioural dimension by explaining how leaders shape organisational vision, align resources, and influence strategic direction (Senge, 2006). Visionary leadership, in particular, plays a critical role in embedding long-term orientation and guiding organisational transformation toward sustainability. Despite the theoretical complementarities among RBV, KBV, dynamic capabilities, and leadership theory, prior research has rarely integrated these perspectives into a unified, empirically tested framework. Existing studies tend to apply these theories independently or combine them descriptively, resulting not only in fragmented explanations but also in inconsistent empirical findings regarding the role of internal capabilities in sustainability. Furthermore, limited attention has been given to the organisational mechanisms that enable the transformation of internal capabilities into sustainability outcomes. To address these limitations, this study conceptualises visionary leadership, knowledge management, and organisational commitment as an interdependent system of internal capabilities, rather than as independent predictors, and positions innovation culture as a dynamic transformation mechanism that enables these capabilities to jointly influence business sustainability. This perspective moves beyond prior research by not only integrating multiple theoretical lenses but also explicitly modelling the interaction and transformation processes among capabilities, thereby offering a mechanism-based explanation of sustainability rather than a purely resource-based or factor-based approach. This integrative and process-oriented framework responds to recent calls for more holistic and context-sensitive approaches in sustainability research (Bhuiyan et al., 2025). Taken together, these theoretical perspectives highlight that no single theory can sufficiently explain the complex, interactive nature of business sustainability, thereby necessitating an integrated, mechanism-based framework. To summarise the theoretical positioning of this study, Table 1 presents the key theoretical foundations and their respective roles.

Table 1 shows that each theoretical perspective provides a partial explanation of business sustainability. However, when integrated, these theories offer a more comprehensive understanding of how internal organisational capabilities interact and contribute to sustainable outcomes. To further illustrate the theoretical integration, the conceptual framework underlying this study is presented below.

2.2. Hypothesis development

Building on the integrated theoretical framework, this section develops hypotheses by examining the relationships between internal organisational capabilities and business sustainability, as well as the mediating role of innovation culture. Unlike prior studies that treat these relationships independently, this study adopts a systemic perspective that emphasises both direct and indirect mechanisms.

2.2.1. Visionary leadership and business sustainability

Visionary leadership plays a critical role in shaping organisational direction and embedding long-term strategic orientation (Nanus, 1992; Senge, 2006). In the context of sustainability, visionary leaders are

responsible for aligning organisational goals with long-term value creation across economic, social, and environmental dimensions (Kantabutra & Avery, 2011). Empirical studies generally support a positive relationship between visionary leadership and organisational performance (Avery & Bergsteiner, 2011; Taylor et al., 2014). However, recent findings reveal inconsistencies in the strength and significance of this relationship. While some studies report strong direct effects, others suggest that leadership influences sustainability primarily through organisational processes and cultural mechanisms (Farhan, 2024; Wang et al., 2024).

Recent studies further emphasise that visionary leadership plays a critical role in fostering innovation-driven sustainability by aligning organisational vision with adaptive and forward-looking strategies (Djawas et al., 2025). In addition, visionary leadership has been shown to facilitate organisational transformation by guiding strategic change and aligning internal processes with long-term objectives (Hermawan et al., 2024). Moreover, emerging evidence indicates that the impact of visionary leadership on organisational outcomes is often mediated by internal improvement processes, suggesting that leadership effects are contingent upon organisational mechanisms rather than purely direct (Alkhawaldeh, 2025). These findings reinforce the argument that the effectiveness of visionary leadership depends on contextual and organisational conditions, particularly the presence of enabling mechanisms.

From a dynamic capabilities perspective, visionary leadership facilitates the alignment and orchestration of organisational resources. However, its effectiveness depends on how leadership is translated into actionable organisational practices. In knowledge-intensive environments, leadership acts as a catalyst rather than a standalone driver of sustainability. Based on these arguments, the following hypothesis is proposed:

H1: Visionary leadership positively affects business sustainability.

2.2.2. Knowledge management and business sustainability

Knowledge management (KM) represents a core organisational capability that enables firms to create, share, and apply knowledge to enhance performance (Alavi & Leidner, 2001; Nonaka & Takeuchi, 1997). Within the knowledge-based view (KBV), knowledge is the primary resource driving innovation and competitive advantage (Grant, 1996). Prior research consistently highlights the positive impact of KM on organisational performance (Donate & de Pablo, 2015; Inkinen, 2016). However, recent studies indicate that the relationship between KM and sustainability is not always direct. Instead, KM often influences sustainability through intermediate mechanisms such as innovation processes and organisational culture (Martínez-Falcó et al., 2024; Tajpour et al., 2022).

This suggests that knowledge alone is insufficient unless it is effectively integrated into organisational practices. In technology-driven sectors, the ability to leverage knowledge resources becomes a critical determinant of sustainability (Atkočiūnienė et al., 2022; Beigi et al., 2023). From a dynamic capabilities perspective, KM contributes to organisational sensing, learning, and transformation processes, which are essential for long-term sustainability. Accordingly, the following hypothesis is proposed:

H2: Knowledge management positively affects business sustainability.

2.2.3. Organisational commitment and business sustainability

Organisational commitment reflects employees' psychological attachment and alignment with organisational goals (Meyer & Allen, 2001). It plays a crucial role in shaping behaviours that support long-term organisational objectives, including sustainability. While earlier studies suggest a direct positive relationship between organisational commitment and performance (Lok & Crawford, 2004), more recent evidence indicates that this relationship may be contingent on organisational context (Bhuiyan et al., 2025; Patwary et al., 2025). Specifically, commitment contributes to sustainability when it is embedded within supportive organisational systems and innovation-oriented environments.

From an RBV perspective, organisational commitment represents a valuable human capital resource. However, its effectiveness depends on how it is mobilised and integrated into organisational processes. Thus, the following hypothesis is proposed:

H3: Organisational commitment positively affects business sustainability.

2.2.4. Innovation culture and business sustainability

Innovation culture refers to shared values and norms that promote creativity, experimentation, and openness to change (Dobni, 2008; Martins & Terblanche, 2003). It serves as a critical mechanism for transforming organisational capabilities into performance outcomes. Empirical evidence consistently demonstrates that innovation culture enhances organisational adaptability and competitiveness (Arsawan et al., 2022; Ramdan et al., 2022; Taba et al., 2023). However, the magnitude of its impact varies across contexts, suggesting that cultural mechanisms interact with structural capabilities. From a dynamic capabilities perspective, an innovation culture facilitates continuous learning and resource reconfiguration, enabling organisations to respond effectively to environmental changes. Therefore, the following hypothesis is proposed:

H4: Innovation culture positively affects business sustainability.

2.2.5. Mediating role of innovation culture

Although leadership, knowledge management, and organisational commitment are recognised as important drivers of sustainability, their effects are often indirect and context-dependent. Innovation culture provides the mechanism through which these capabilities are translated into sustainable outcomes. Recent studies support the mediating role of innovation culture, particularly in linking organisational capabilities to innovation and performance outcomes (Bhuiyan et al., 2025; Wang et al., 2024). However, most existing studies examine single antecedents rather than integrating multiple organisational capabilities within a unified framework.

From an integrated theoretical perspective, innovation culture can be conceptualised as a dynamic capability that enables the transformation of internal resources into sustainable performance. Accordingly, the following hypotheses are proposed:

H5a: Innovation culture mediates the relationship between visionary leadership and business sustainability.

H5b: Innovation culture mediates the relationship between knowledge management and business sustainability.

H5c: Innovation culture mediates the relationship between organisational commitment and business sustainability.

The conceptual framework of this study is presented in Figure 1, which illustrates the integrated relationships among visionary leadership, knowledge management, organisational commitment, innovation culture, and business sustainability.

Figure 1 shows that visionary leadership, knowledge management, and organisational commitment are conceptualised as core internal organisational capabilities that directly influence business sustainability. In addition, innovation culture is positioned as a mediating mechanism that facilitates the transformation of these capabilities into sustainable performance outcomes. This framework reflects the study's central argument that business sustainability is not driven by isolated organisational factors but emerges from the interaction of multiple capabilities and organisational processes within a dynamic environment.

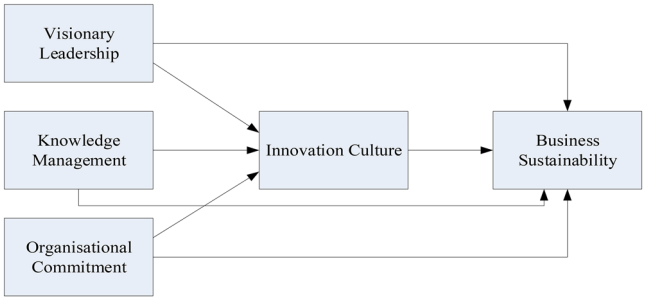

Figure 1. Conceptual framework.

3. Methodology

3.1. Research design and analytical approach

This study adopts a quantitative, cross-sectional research design to examine the relationships among visionary leadership, knowledge management, organisational commitment, innovation culture, and business sustainability. A cross-sectional approach is appropriate for theory testing and for analysing complex relationships among latent constructs within a unified empirical framework (Hair et al., 2019).

The empirical context focuses on telecommunication consulting firms in Indonesia. This sector is characterised by high knowledge intensity, rapid technological change, and a strong reliance on innovation and human capital, making it particularly suitable for examining sustainability driven by internal organisational capabilities. Moreover, firms operating in emerging economies face additional institutional complexity, resource constraints, and dynamic market conditions, which further justify the relevance of this context (Beigi et al., 2023; Martínez-Falcó et al., 2024; Wang et al., 2024).

To analyse the proposed relationships, this study employs Partial Least Squares Structural Equation Modelling (PLS-SEM). Beyond handling model complexity, PLS-SEM is particularly suitable for prediction-oriented research, theory development, and models involving mediation effects and latent constructs (Hair et al., 2021). In addition, PLS-SEM is robust to non-normal data distributions and is well-suited for exploratory integration of multiple theoretical perspectives. Following recent methodological recommendations, the use of PLS-SEM in this study is justified not only by model complexity but also by its predictive orientation and suitability for theory extension (Hair et al., 2022; Shmueli et al., 2019).

3.2. Population, sampling frame, and sampling technique

The target population comprises managerial and professional employees working in telecommunication consulting firms across Indonesia. These respondents were selected because they possess relevant knowledge of organisational processes, strategic decision-making, and innovation practices. The sampling frame was constructed using publicly available industry directories, professional associations, and organisational listings of telecommunication consulting firms. This approach ensured that only active and relevant firms were included, thereby enhancing the sample's representativeness.

A purposive sampling technique was employed to ensure that respondents met predefined eligibility criteria. To improve data quality and relevance, a screening procedure was implemented at the beginning of the questionnaire. Respondents were required to confirm that they:

1. held managerial or professional roles,
2. had at least one year of work experience within their organisation, and
3. were actively involved in organisational processes related to strategy, knowledge management, or innovation.

Responses that did not meet these criteria were excluded from the analysis. A total of 420 questionnaires were distributed, of which 360 valid responses were retained after screening, yielding a response rate of approximately 85.7%. This sample size exceeds the minimum requirements for PLS-SEM and satisfies statistical power considerations (Cohen, 1992; Hair et al., 2021). To assess potential non-response bias, early and late respondents were compared using independent samples t-tests. The results indicated no statistically significant differences across key variables ($p > 0.05$), suggesting that non-response bias is unlikely to affect the findings (Armstrong & Overton, 1977). This additional test enhances the robustness of the sampling procedure and addresses concerns about data representativeness (Podsakoff et al., 2003).

3.3. Data collection procedure

Data were collected between November and December 2025 using a mixed-mode approach combining online and offline survey administration. This approach was adopted to maximise response rates and improve sample coverage across geographically dispersed firms.

For the online survey, questionnaires were distributed via email and professional networks using a secure digital platform. Respondents accessed the questionnaire through a unique link and were required to complete screening questions before proceeding. For the offline survey, printed questionnaires were distributed directly to selected firms through coordination with organisational representatives. The questionnaires were administered in person and collected immediately after completion to ensure data completeness and minimise missing responses.

Prior to participation, all respondents were provided with a clear informed consent statement outlining the purpose of the study, assurances of confidentiality, and the voluntary nature of participation. Online respondents provided electronic consent before accessing the questionnaire, while offline respondents provided written consent prior to completing the survey. This dual-consent procedure ensures compliance with ethical research standards and addresses reviewers' concerns about offline data collection. To minimise common method bias (CMB), several procedural remedies were implemented. This included guaranteeing respondent anonymity, randomising the order of questionnaire items, and using clear and neutral wording to reduce evaluation apprehension (Podsakoff et al., 2003). These procedural controls complement the statistical tests conducted in later stages of the analysis.

3.4. Measurement of variables

All constructs in this study were measured using multi-item scales adapted from established literature to ensure content validity and reliability. The measurement instruments were carefully selected to reflect the multidimensional nature of each construct and to maintain consistency with prior empirical studies. Before data collection, the questionnaire was reviewed by subject-matter experts to ensure content validity and contextual appropriateness. A pilot test involving 30 respondents was conducted to assess clarity, wording, and reliability. Based on the pilot results, minor revisions were made to improve the items' comprehensibility.

The questionnaire was administered in Bahasa Indonesia. To ensure linguistic equivalence, a back-translation procedure was employed, in which the translated version was independently back-translated into English and compared with the original instrument (Brislin, 1970). This procedure enhances translation accuracy and reduces measurement bias (Harkness et al., 2010). All constructs were modelled as reflective constructs, as the indicators are manifestations of the underlying latent variables and are expected to covary (Hair et al., 2021). This specification is consistent with prior research in leadership, knowledge management, and organisational behaviour studies. To provide a structured overview of the measurement model, Table 2 presents the constructs, dimensions, sample indicators, and key references.

Table 2 shows that all constructs were operationalised using validated multi-dimensional measures grounded in prior literature. This approach enhances construct validity and ensures comparability with existing studies.

3.5. Control variables

To account for potential confounding effects, this study includes control variables commonly used in organisational and sustainability research. These include firm size, respondent experience, and organisational tenure, as these factors may influence organisational behaviour and sustainability outcomes. Firm size is included because larger organisations may have more resources and formalised systems that

Table 2. Measurement of constructs and indicators.

Construct	Dimensions	Sample indicators	Key references
Visionary Leadership	Vision, inspiration, alignment	Long-term vision, motivation	Nanus (1992); Taylor et al. (2014)
Knowledge Management	Creation, sharing, application	Knowledge sharing, utilisation	Nonaka and Takeuchi (1997); Alavi and Leidner (2001)
Organisational Commitment	Affective, continuance, normative	Loyalty, engagement	Meyer and Allen (2001)
Innovation Culture	Creativity, risk-taking, learning	Support for innovation	Martins and Terblanche (2003); Dobni (2008)
Business Sustainability	Economic, social, environmental	Long-term performance	Elkington (1997); Lozano (2015)

support sustainability initiatives. Respondent experience and organisational tenure are controlled for, as more experienced individuals may possess greater knowledge and involvement in organisational processes. Including these control variables helps to isolate the effects of the main constructs and reduces the risk of omitted variable bias. This approach is consistent with prior studies examining organisational performance and sustainability (Beigi et al., 2023; Martínez-Falcó et al., 2024).

3.6. Common method bias and statistical controls

Given that the data were collected using a single survey instrument, common method bias (CMB) may be a potential concern. To address this issue, both procedural and statistical remedies were employed. Procedurally, the study ensured respondent anonymity, used clear and neutral wording, and randomised item order to reduce evaluation apprehension and response patterns (Podsakoff et al., 2003).

Statistically, Harman's single-factor test was conducted, indicating that no single factor accounted for more than 50% of the total variance. However, recognising the limitations of this test, a full collinearity assessment was also performed using variance inflation factors (VIF). All VIF values were below the conservative threshold of 3.3, indicating the absence of pathological collinearity (Kock, 2015). To further strengthen the assessment, this study follows recent methodological recommendations that emphasise combining multiple approaches to detect CMB rather than relying on a single test (Kock, 2015; Podsakoff et al., 2012). Collectively, these results suggest that common method bias is unlikely to significantly affect the findings.

3.7. Data analysis procedure and model evaluation

The data analysis followed a two-stage approach involving the evaluation of the measurement model and the assessment of the structural model (Hair et al., 2021). The measurement model was evaluated using the following criteria:

- Indicator loadings (> 0.70)
- Composite reliability (> 0.70)
- Average variance extracted (AVE > 0.50)

Discriminant validity was assessed using the Heterotrait–Monotrait (HTMT) ratio, with values below 0.85 indicating adequate discriminant validity (Henseler et al., 2015). The structural model was evaluated based on:

- Path coefficients (β)
- Statistical significance using bootstrapping (5,000 resamples)
- Coefficient of determination (R^2)
- Effect size (f^2)

In addition, predictive relevance was assessed using PLSpredict to evaluate out-of-sample predictive performance (Shmueli et al., 2019). This step is particularly important for prediction-oriented models and aligns with recent recommendations in PLS-SEM research (Hair et al., 2022).

3.8. Robustness checks

To ensure the robustness and stability of the findings, additional analyses were conducted. First, PLSpredict results confirmed that the model demonstrates adequate predictive performance, indicating that the model is not only explanatory but also predictive. Second, alternative model specifications were tested to examine the stability of the estimated relationships. The results remained consistent across different specifications, suggesting that the findings are robust and not sensitive to model configuration. Such robustness checks are increasingly recommended in contemporary empirical research to enhance the credibility and reliability of findings (Hair et al., 2022; Shmueli et al., 2019).

3.9. Ethical considerations

This study adheres to established ethical standards in social science research. All respondents participated voluntarily and were informed of the purpose of the study, the confidentiality of their responses, and their right to withdraw at any time. Ethical approval was obtained from the Research Ethics Committee of Universitas Negeri Surabaya under reference number No.044/UN38.III.1/DL.01.02/2025. All collected data were anonymised and used solely for academic research purposes. This ethical compliance ensures that the study meets institutional and international research standards, thereby enhancing the credibility and integrity of the research process.

4. Findings and discussion

4.1. Descriptive statistics

This section presents the descriptive characteristics of the sampled firms and respondents to provide contextual grounding for the empirical analysis. To illustrate the distribution of firms across regions and sizes, Table 3 is presented below.

Table 3 shows that the majority of firms are located in Java, accounting for a substantial proportion of the sample. This reflects the concentration of telecommunication consulting activities in regions with more advanced infrastructure, higher digital adoption, and stronger market demand. In contrast, firms located outside Java represent emerging, less-developed ecosystems that may face different operational challenges.

From an organisational perspective, small firms dominate the sample. This finding is particularly relevant, as smaller firms typically rely more heavily on intangible resources, such as leadership, knowledge, and organisational culture, rather than formalised structures. This structural characteristic reinforces the importance of internal organisational capabilities in driving sustainability (Beigi et al., 2023).

4.2. Measurement model assessment

Prior to testing the structural relationships, the measurement model was evaluated to ensure the constructs' reliability and validity. Table 4 presents the results of indicator reliability, internal consistency reliability, and convergent validity.

Table 4 shows that all indicator loadings exceed the recommended threshold of 0.70, indicating satisfactory indicator reliability (Hair et al., 2021). The Cronbach's Alpha (CA) and Composite Reliability (CR) values are above 0.70, confirming strong internal consistency across all constructs. Furthermore, the Average Variance Extracted (AVE) values exceed 0.50, demonstrating adequate convergent validity. These results confirm that the measurement model meets the required criteria and is suitable for further

Table 3. Distribution of firms by region and size.

Region	Small	Medium	Large	Total
Java	115	65	25	205
Sumatra	44	24	10	77
Others	47	25	6	78
Total	206	114	40	360

Table 4. Measurement model evaluation.

Construct	Loading range	CA	CR	AVE
Visionary Leadership	0.732–0.871	0.844	0.894	0.680
Knowledge Management	0.754–0.889	0.862	0.910	0.720
Organisational Commitment	0.778–0.868	0.801	0.876	0.703
Innovation Culture	0.787–0.874	0.816	0.888	0.727
Business Sustainability	0.795–0.903	0.846	0.903	0.757

Notes: CA = Cronbach's Alpha; CR = Composite Reliability; AVE = Average Variance Extracted; β = path coefficient. Thresholds: loading > 0.70; CR > 0.70; AVE > 0.50.

structural analysis. To assess discriminant validity, the Heterotrait–Monotrait (HTMT) ratio was employed. The results are presented in Table 5.

Table 5 shows that all HTMT values are below the conservative threshold of 0.85, indicating satisfactory discriminant validity (Henseler et al., 2015). This confirms that each construct is empirically distinct and captures a unique aspect of the model. Overall, the measurement model demonstrates strong reliability and validity, providing a solid foundation for assessing the structural model.

4.3. Structural model assessment and hypothesis testing

Following the validation of the measurement model, the structural model was evaluated to test the hypothesised relationships. To visualise the structural relationships among variables, the model is presented below.

Figure 2 shows the structural relationships among visionary leadership, knowledge management, organisational commitment, innovation culture, and business sustainability, including both direct and mediated paths. The results of hypothesis testing are summarised in Table 6.

Table 6 shows that all hypothesised relationships are statistically significant. However, beyond statistical significance, the magnitude of the coefficients and their relative effect sizes provide important

Table 5. Discriminant validity (HTMT).

Construct	VL	KM	OC	IC	BS
Visionary Leadership (VL)	—	0.742	0.698	0.679	0.661
Knowledge Management (KM)		—	0.721	0.734	0.682
Organisational Commitment (OC)			—	0.702	0.675
Innovation Culture (IC)				—	0.709
Business Sustainability (BS)					—

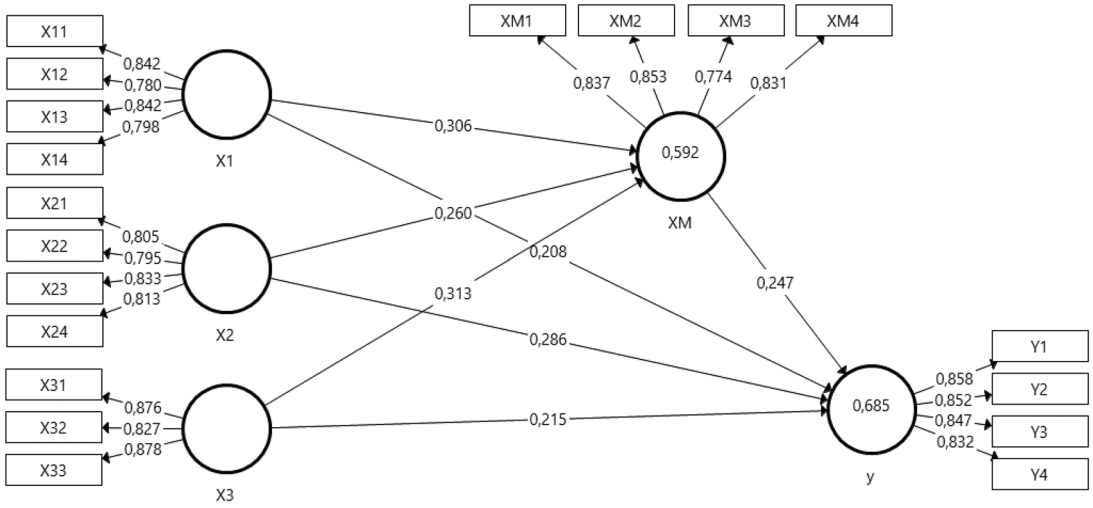

Figure 2. Structural Model.

Table 6. Structural model results.

Hypothesis	Path	β	*t*-Value	*p*-Value	Decision
H1	VL → BS	0.208	4.867	<0.001	Supported
H2	KM → BS	0.286	6.213	<0.001	Supported
H3	OC → BS	0.215	4.312	<0.001	Supported
H4	IC → BS	0.312	6.754	<0.001	Supported
H5a	VL → IC → BS	0.075	3.964	<0.01	Supported
H5b	KM → IC → BS	0.077	4.112	<0.01	Supported
H5c	OC → IC → BS	0.076	4.312	<0.01	Supported

Notes: CA = Cronbach's Alpha; CR = Composite Reliability; AVE = Average Variance Extracted; β = path coefficient. Thresholds: loading > 0.70; CR > 0.70; AVE > 0.50.

substantive insights into the practical importance of each relationship. Innovation culture exhibits the strongest direct effect on business sustainability (β = 0.312), indicating that organisational culture plays a central role in translating internal capabilities into sustainable performance. This finding not only supports the dynamic capabilities perspective, which emphasises the importance of organisational processes in enabling resource transformation (Arsawan et al., 2022; Teece, 2020), but also suggests that cultural mechanisms may outweigh structural resources in determining sustainability outcomes in knowledge-intensive and emerging-market contexts.

Knowledge management also demonstrates a strong effect (β = 0.286), reinforcing the knowledge-based view's argument that knowledge is a key strategic resource driving organisational sustainability (Grant, 1996). While this finding aligns with studies highlighting the role of knowledge integration (Martínez-Falcó et al., 2024), it contrasts with research suggesting that knowledge management does not always directly influence sustainability, indicating that its effectiveness may depend on contextual and organisational conditions. In contrast, visionary leadership (β = 0.208) and organisational commitment (β = 0.215) show moderate effects. This finding provides a possible explanation for inconsistencies in prior studies, where the direct effects of leadership and commitment on sustainability were found to be weak, insignificant, or highly context-dependent (Bhuiyan et al., 2025; Wang et al., 2024), particularly in dynamic and knowledge-intensive environments.

To further assess the substantive impact of each predictor, effect size (f^2) was examined. The results indicate that innovation culture has a large effect on business sustainability, whereas knowledge management has a medium effect. In contrast, visionary leadership and organisational commitment exhibit small to moderate effect sizes. These findings confirm that, although all relationships are statistically significant, their practical contributions differ, with innovation culture emerging as the most influential driver within the model.

4.3.1. Mediation analysis

The mediation analysis indicates that innovation culture partially mediates the relationships between all antecedent variables and business sustainability. This indicates that both direct and indirect effects are statistically significant, confirming a partial mediation structure rather than full mediation, and suggesting that innovation culture functions as a complementary rather than substitutive mechanism. More importantly, this finding demonstrates that internal organisational capabilities do not automatically translate into sustainability outcomes, but must be activated through organisational mechanisms that facilitate capability transformation. While this result supports prior research emphasising the mediating role of organisational culture (Bhuiyan et al., 2025; Wang et al., 2024), it extends existing evidence by showing that such mediation holds simultaneously across multiple organisational capabilities within a unified framework.

4.3.2. Model explanatory power

The model explains a substantial proportion of variance in business sustainability (R^2 = 0.685), indicating strong explanatory power. In practical terms, this indicates that the integrated set of organisational capabilities and innovation culture provides a robust and reliable explanation of sustainability outcomes in telecommunication consulting firms, particularly in environments characterised by high uncertainty and knowledge intensity. To further evaluate predictive performance, out-of-sample predictive relevance was assessed using PLSpredict. The results indicate that the model demonstrates positive Q^2 values for all endogenous constructs, confirming its predictive relevance. In addition, the prediction errors (RMSE) of the PLS-SEM model are lower than those of the linear benchmark model (LM), indicating superior predictive accuracy. These findings suggest that the model is not only explanatory but also possesses strong predictive capability, in line with recent methodological recommendations in PLS-SEM research (Hair et al., 2021; Shmueli et al., 2019).

4.4. Discussion

This section provides a deeper interpretation of the empirical findings by linking them to existing theoretical perspectives and prior studies. Rather than reiterating statistical results, the discussion critically

interprets the findings by explaining underlying mechanisms, identifying consistencies and discrepancies with prior studies, and highlighting their contextual relevance in emerging-market settings.

4.4.1. Visionary leadership and business sustainability

The findings indicate that visionary leadership has a significant but moderate effect on business sustainability. This suggests that leadership plays an important role in shaping organisational direction, but it is not sufficient on its own to drive sustainability outcomes. This result is consistent with prior research emphasising the role of visionary leadership in fostering long-term orientation and strategic alignment (Kantabutra & Avery, 2011; Taylor et al., 2014). However, it also aligns with more recent studies suggesting that leadership effectiveness depends on its ability to influence organisational processes and systems (Farhan, 2024; Wang et al., 2024).

From a dynamic capabilities perspective, visionary leadership contributes to sustainability by enabling organisations to sense opportunities and align resources. However, the relatively modest effect size observed in this study indicates that leadership must be complemented by other organisational capabilities. In knowledge-intensive environments, leadership functions as a catalyst that activates other resources rather than as a standalone driver. This also suggests that leadership effectiveness is contingent upon the presence of supportive organisational mechanisms, which may explain why prior studies report varying effect sizes across different contexts.

4.4.2. Knowledge management and business sustainability

Knowledge management is found to have a strong positive effect on business sustainability, reinforcing its central role as a strategic capability. This finding supports the knowledge-based view, which positions knowledge as the most critical organisational resource (Grant, 1996). It is also consistent with empirical studies demonstrating that effective knowledge management enhances innovation and long-term performance (Donate & de Pablo, 2015; Inkinen, 2016).

However, the present study extends prior research by showing that knowledge management operates not only directly but also indirectly through innovation culture. This highlights the importance of organisational context in determining how knowledge resources are utilised. In emerging economies, where firms often face structural constraints, effective knowledge management can compensate for limited tangible resources (Beigi et al., 2023; Martínez-Falcó et al., 2024).

4.4.3. Organisational commitment and business sustainability

The results show that organisational commitment has a significant but moderate effect on business sustainability. This suggests that employee alignment and engagement contribute to sustainability, but their impact is contingent on organisational conditions. This finding is consistent with earlier studies linking organisational commitment to performance (Lok & Crawford, 2004) and supports more recent evidence indicating that commitment alone is insufficient to drive outcomes without supportive organisational systems (Bhuiyan et al., 2025; Patwary et al., 2025). From an RBV perspective, organisational commitment represents a valuable human capital resource. However, its effectiveness depends on how it is integrated into organisational processes. This explains why its impact is less pronounced than that of knowledge management and innovation culture. This finding further indicates that organisational commitment alone is insufficient to drive sustainability unless it is embedded within enabling organisational systems, reinforcing the argument that behavioural factors must be supported by structural and cultural mechanisms.

4.4.4. Innovation culture and business sustainability

Innovation culture emerges as the strongest predictor of business sustainability, highlighting its central role as an enabling mechanism. This finding is consistent with prior research emphasising the importance of innovation culture in enhancing organisational adaptability and competitiveness (Dobni, 2008; Martins & Terblanche, 2003). It also aligns with recent studies demonstrating that innovation culture plays a critical role in sustainability, particularly in dynamic and uncertain environments (Arsawan et al., 2022; Ramdan et al., 2022; Taba et al., 2023).

From a dynamic capabilities perspective, an innovation culture facilitates continuous learning, experimentation, and resource reconfiguration. It provides the organisational environment necessary for transforming internal capabilities into sustainable outcomes, thereby acting as a central integrative mechanism within the proposed framework.

4.4.5. Mediating role of innovation culture

The mediation analysis indicates that innovation culture partially mediates the relationships between visionary leadership, knowledge management, organisational commitment, and business sustainability. This finding provides important insight into the mechanism underlying sustainability. It suggests that internal organisational capabilities do not directly translate into performance outcomes unless they are embedded within a supportive cultural context.

This result extends prior research by demonstrating the integrative role of innovation culture in linking multiple organisational capabilities to sustainability (Bhuiyan et al., 2025; Wang et al., 2024). Unlike previous studies that focus on single antecedents, this study highlights the importance of examining these relationships within a unified framework.

4.4.6. Integrated interpretation of findings

To synthesise the discussion, Table 7 summarises the key findings, theoretical explanations, and practical meanings of each relationship.

Table 7 shows that business sustainability is not driven by a single organisational factor but by the interaction of multiple capabilities. Innovation culture emerges as a central mechanism that integrates these capabilities and enhances their impact on sustainability outcomes.

5. Theoretical and practical implications

5.1. Theoretical implications

This study offers several important contributions to the literature on business sustainability by advancing a more integrated and mechanism-based perspective. First, this study addresses the fragmentation in prior research by integrating visionary leadership, knowledge management, and organisational commitment within a single analytical framework. While previous studies have largely examined these constructs independently, the present findings demonstrate that sustainability is better understood as the outcome of interacting organisational capabilities. This integrative approach contributes to extending the explanatory scope of sustainability research, particularly in knowledge-intensive contexts (Beigi et al., 2023; Martínez-Falcó et al., 2024).

Second, this study advances theoretical understanding by explicitly modelling the mediating role of innovation culture. Prior research has acknowledged the importance of organisational culture, yet its role as a mechanism linking internal capabilities to sustainability outcomes has remained underexplored. The findings of this study show that innovation culture functions as a critical enabling mechanism that transforms organisational resources into performance outcomes. This contributes to the dynamic capabilities literature by empirically demonstrating how cultural factors facilitate resource reconfiguration and capability deployment (Teece, 2020; Wang et al., 2024).

Third, this study contributes to refining the resource-based view (RBV) and knowledge-based view (KBV) by highlighting their limitations when applied in isolation. While RBV and KBV emphasise the

Table 7. Integrated interpretation of findings.

Relationship	Key finding	Theoretical explanation	Practical meaning
Leadership → Sustainability	Moderate effect	Dynamic capabilities (alignment role)	Leadership as a catalyst
KM → Sustainability	Strong effect	KBV (knowledge resource)	Knowledge as core driver
Commitment → Sustainability	Moderate effect	RBV (human capital)	Behavioural support mechanism
Innovation Culture → Sustainability	Strongest effect	Dynamic capabilities (transformation mechanism)	Culture as an enabling system
Mediation	Partial mediation	Integration of capabilities	Amplified impact of resources

importance of internal resources, the findings suggest that these resources require organisational mechanisms, such as an innovation culture, to generate sustainable outcomes. This supports the argument that sustainability is not solely resource-driven but also process-driven, aligning with the dynamic capabilities perspective.

Fourth, this study provides empirical evidence from a knowledge-intensive service sector in an emerging economy, thereby extending the contextual applicability of existing theories. Much of the prior literature has focused on developed economies or manufacturing sectors. By focusing on telecommunication consulting firms in Indonesia, this study helps address the contextual gap in sustainability research (Arsawan et al., 2022; Bhuiyan et al., 2025).

5.2. Practical implications

The findings of this study provide several actionable insights for practitioners, particularly managers and decision-makers in knowledge-intensive industries. First, the results highlight the importance of adopting an integrated approach to organisational capability development. Managers should not rely solely on leadership or on individual organisational factors; instead, they should focus on aligning leadership, knowledge management practices, and employee commitment within a coherent system. This integrated approach is essential for achieving sustainable performance.

Second, knowledge management emerges as a key driver of sustainability. Organisations should invest in systems and practices that facilitate knowledge creation, sharing, and application. This includes implementing digital knowledge platforms, encouraging knowledge-sharing behaviours, and fostering continuous learning environments. Such initiatives are particularly important in technology-driven sectors where knowledge is a critical strategic resource (Martínez-Falcó et al., 2024). Third, the strong effect of innovation culture underscores the need to cultivate organisational environments that support creativity, experimentation, and adaptability. Managers should promote a culture that encourages risk-taking, learning from failure, and openness to new ideas. This cultural orientation enables organisations to effectively leverage internal capabilities and respond to environmental changes.

Fourth, while visionary leadership and organisational commitment are important, their impact on sustainability depends on how they are operationalised within the organisation. Leaders should focus not only on articulating vision but also on creating systems and processes that translate vision into actionable practices. Similarly, fostering organisational commitment should be accompanied by mechanisms that channel employee engagement into innovation and performance outcomes (Bhuiyan et al., 2025; Wang et al., 2024). Finally, for organisations operating in emerging economies, the findings suggest that internal capabilities can serve as a strategic response to external constraints. In environments characterised by institutional uncertainty and resource limitations, strengthening internal organisational systems, particularly innovation culture and knowledge management, can enhance resilience and long-term sustainability (Teece, 2020).

6. Conclusion, limitations, and recommendations

6.1. Conclusion

This study examines how internal organisational capabilities, visionary leadership, knowledge management, and organisational commitment jointly influence business sustainability, with innovation culture acting as a mediating mechanism in telecommunication consulting firms in Indonesia. The findings provide clear evidence that business sustainability is not driven by isolated organisational factors but emerges from the interaction of multiple capabilities. Among these, knowledge management and innovation culture play dominant roles, indicating that sustainability is fundamentally rooted in the effective utilisation of knowledge and the presence of enabling organisational mechanisms. While visionary leadership and organisational commitment remain significant, their effects are comparatively indirect and contingent upon the existence of an innovation-oriented organisational environment.

More importantly, this study advances the literature by demonstrating that internal resources alone are insufficient to generate sustainable outcomes unless they are transformed through organisational

processes. By explicitly identifying innovation culture as a mediating mechanism, this study provides a more nuanced explanation of how organisational capabilities are converted into sustainability performance. This shifts the analytical focus from a resource-based perspective to a capability–process integration perspective, thereby extending the explanatory power of RBV, KBV, and dynamic capabilities theory (Teece, 2020; Wang et al., 2024). In addition, empirical evidence from a knowledge-intensive service sector in an emerging economy helps address the contextual imbalance in sustainability research, which has been predominantly centred on developed economies and manufacturing industries (Bhuiyan et al., 2025). Taken together, these findings position business sustainability as a dynamic, capability-driven, and context-dependent phenomenon.

6.2. Limitations

Despite its contributions, this study is subject to several limitations that should be considered when interpreting the findings. First, the use of a cross-sectional design limits the ability to draw causal inferences. Although the proposed relationships are theoretically grounded, future research employing longitudinal or panel data designs would provide a more robust understanding of the temporal dynamics among organisational capabilities and sustainability outcomes. Second, this study focuses on telecommunication consulting firms in Indonesia, which may limit the generalisability of the findings. The specific characteristics of knowledge-intensive service firms and emerging market environments may influence the observed relationships, suggesting caution when applying these findings to other contexts.

Third, the reliance on self-reported data introduces the possibility of response bias, despite the procedural and statistical remedies applied to mitigate common method bias (Podsakoff et al., 2003). Future studies could incorporate multi-source data or objective performance indicators to enhance measurement validity. Fourth, while this study adopts an integrated internal capability perspective, it does not explicitly incorporate external environmental factors such as regulatory frameworks, market turbulence, or technological disruption. These factors may play a significant role in shaping sustainability outcomes and should be considered in future research (Teece, 2020; Teece et al., 1997).

6.3. Recommendations for future research

Building on the identified limitations, several directions for future research are proposed to extend and deepen the understanding of business sustainability. First, future studies should adopt longitudinal and multi-wave research designs to capture the dynamic evolution of organisational capabilities and their effects on sustainability. Such approaches would enable a more precise examination of causal mechanisms and temporal relationships. Second, future research should extend the model by incorporating additional mediating and moderating variables that reflect contemporary organisational challenges. For instance, digital transformation capability, organisational agility, and environmental orientation may serve as important mechanisms influencing sustainability outcomes (Beigi et al., 2023; Taba et al., 2023).

Third, comparative studies across industries and countries are recommended to examine the boundary conditions of the proposed relationships. Such studies would enhance external validity and provide a more context-sensitive understanding of sustainability across different institutional environments. Fourth, future research should integrate objective performance indicators, such as financial performance, environmental metrics, and innovation outputs, to complement perceptual measures and strengthen empirical robustness. Finally, further theoretical development is needed to integrate internal capability perspectives with external environmental factors. Combining micro-level organisational capabilities with macro-level institutional dynamics would provide a more holistic framework for understanding sustainability, particularly in emerging economies (Wang et al., 2024).

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Ethical approval

Ethical approval for this study was obtained from the Research and Community Service Institute, Research Ethics Committee Centre, Universitas Negeri Surabaya, under reference number No.044/UN38.III.1/DL.01.02/2025, dated 2 December 2025.

Authors contributions statement

Authors name		Contributions
Ristiaji Ari Wibowo	:	involved in the conception and design of the research, analysis and interpretation of the data, drafting of the paper and involved in revising it critically for intellectual content and the final approval of the published version and also accountable for all aspects of the work.
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Dian Anita Nuswantara	:	involved in the conception and design of the research, analysis and interpretation of the data, drafting of the paper and involved in revising it critically for intellectual content and the final approval of the published version and also accountable for all aspects of the work.
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CRediT: **Ristiaji Ari Wibowo**: Conceptualization, Data curation, Formal analysis, Funding acquisition, Investigation, Methodology, Project administration, Resources, Software, Supervision, Validation, Visualization, Writing – original draft, Writing – review & editing; **Dewie Tri Wijayati Wardoyo**: Conceptualization, Data curation, Formal analysis, Funding acquisition, Investigation, Methodology, Project administration, Resources, Software, Supervision, Validation, Visualization, Writing – original draft, Writing – review & editing; **Dian Anita Nuswantara**: Conceptualization, Data curation, Formal analysis, Funding acquisition, Investigation, Methodology, Project administration, Resources, Software, Supervision, Validation, Visualization, Writing – original draft, Writing – review & editing; **Lilis Puspitawati**: Conceptualization, Data curation, Formal analysis, Funding acquisition, Investigation, Methodology, Project administration, Resources, Software, Supervision, Validation, Visualization, Writing – original draft, Writing – review & editing.

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No potential conflict of interest was reported by the author(s).

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Data availability statement

The quantitative datasets generated and analysed during this study, derived from managerial survey responses using a seven-point Likert scale, are available from the corresponding author upon reasonable request at 24081626019@mhs.unesa.ac.id.

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