

Business Family Values, Professional Practices: Agile Leadership for Sustainable Arab Companies Growth

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Abstract

The current study examines how an agile leadership approach can modernize family-owned businesses in GCC economies, with organizational innovation and digital transformation as intervening variables, drawing on dynamic capability theory. A quantitative research design was adopted, and data were collected through a structured survey of managers and employees working in family businesses. The proposed model was tested using structural equation modeling (SEM) to examine the direct and indirect relationships between agile leadership, dynamic capabilities, and business modernization and organizational innovation. All hypothesized relationships were significant ($p < .05$) in the theoretical framework. Agile leadership had a positive and significant effect on the mediating constructs (organizational innovation and digital transformation) and a less significant but significant effect on business modernization, indicating partial mediation. The study contributes to the agile leadership literature by providing empirical evidence in the underexplored context of emerging-economy family businesses and by conceptualizing business modernization as a higher-order capability-driven outcome rather than a short-term organizational performance metric. The present study has certain limitations. The cross-sectional nature of the study allowed us to draw inferences about the causal mechanisms underlying the issues, and a longitudinal design should be considered in future research to observe how agile leadership practices evolve over time. Although the sample was rather heterogeneous, it was a convenience sample, which can lead to a lack of generalizability. Further studies should be conducted using probability sampling or sector analysis. In addition, self-reported measures can be biased, and future studies could include objective performance measures, such as profitability, the number of innovations, or indices of digital adoption. This study offers practical insights for family business owners, leadership practitioners, and policymakers in emerging economies. This highlights that

investing in agile leadership behavior strengthens dynamic capabilities, enabling family firms to modernize business processes and digital infrastructure and remain competitive in evolving markets.

Keywords: *Agile Leadership, Family Business, GCC Economies, Digital Transformation, SmartPLS.*

1. Introduction

Family businesses are the backbone of most Arab economies, as they are integral to job creation, capital formation, and intergenerational wealth. Family firms in the Gulf Cooperation Council (GCC) region, which also provide the majority of the national labor force, such as those in Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, Oman, and Bahrain, comprise almost 80% of the private sector. They contribute to a socio-economically viable environment in an inseparable way, as they combine business and high culture values. This is significant; however, every family business in the Arab world is feeling increasing pressure to redefine its business model due to globalization, digital disruption, and changing generational anxieties. Thus, strategic renewal and adaptive leadership are challenging characteristics of 21st-century family businesses.

Modernization does not simply denote technological problems in family businesses; it entails healthy changes in the organization, such as restructuring governance, process innovation, and market diversification. Nonetheless, most GCC family enterprises still follow a traditional managerial approach in which hierarchy (Alshdaifat et al., 2025), faithfulness, and risk aversion are important. Although these properties have enhanced resilience in the past, they can reduce the organization's responsiveness to environmental changes. Leadership that is able to balance continuity and change is needed to instigate a shift to professionalized management that relies on innovation rather than founder-centric management. The proposed agile leadership model provides a desirable framework for achieving this balance by fostering flexibility, cross-functional teamwork, and rapid learning. It originated as a silvery project management phenomenon in the technology field; however, it has evolved into an overall leadership philosophy implemented in less stable, more complex settings. Agile leaders are change agents in family businesses, on whom they rely to sell the concept of modernization by facilitating free communication, empowering the younger generation, and aligning old values with current market demands.

Although the role of leadership in the transformation process is gaining increasing importance, the specifics of agile leadership in Arab family businesses have not been studied. This is because a significant portion of the historical research on family firms in the region has focused on succession planning, governance structures, or cultural values; little empirical evidence supports the idea that agile leadership in the region has influenced modernization outcomes. In addition, the transformation of agile leadership to organizational renewal is not yet clear. (asr et al., 2025)

The literature demonstrates that this relationship can be mediated through two other basic mediating variables: organizational innovation and digital transformation. Agile leaders encourage innovation, failure tolerance, and decentralization. Simultaneously, they are also agents of digital transformation, as they allow the use of technology, more data-driven and cross-generational and functional operating lines, and decision-making processes. However, such relationships have rarely been calculated for Arab family businesses.

The modernization of GCC family-owned companies is increasingly associated with the capacity to incorporate digital technologies and innovations into the contemporary

dynamic international market. Some national visions interested in entrepreneurship, knowledge economies, and technological advances include the UAE Vision 2021 and Saudi Vision 2030. To address the national modernization agenda of family businesses, leaders are needed who can bridge the traditional patterns of governance and dynamic, innovation-oriented cultures. A suitable leadership style that can bring about this change appears to be agile, learning-based, and responsive. Nevertheless, there is a lack of empirical data to establish its contribution to the modernization performance indicators of efficiency, innovation rate, and market responsiveness in Arab economies.

Against this background, the current study examines how an agile leadership approach can be utilized to modernize family-owned companies in GCC economies, where the intervening variables are organizational innovation and digital transformation.

This study aims to achieve the following objectives:

- To experiment the impact of agile leadership on modernization, which is directly influenced by it.
- To determine the role of the mediating factor of the organizational innovation and digital transformation, and
- To advise family business leaders and policymakers on sustainable growth plans in highly dynamic markets.

To achieve these goals, a GCC-based quantitative survey of 150 managers of family-owned firms was conducted. The data were processed using SPSS and SmartPLS, which enabled validation of the measurement items and the structural relationships among the constructs. The results can be used to theorize, as they apply to the field of family business modernization and agile leadership theory, and they also provide evidence from a non-Western setting, which is underrepresented in the literature on leadership and organizational change.

This study argues that agile leadership is a strategic tool that can be used to reorient the classical management model toward the existing organizational paradigm in Arab family enterprises. Agile leaders may transform family firms into flexible adopters of new technologies, making them more competitive and better able to maintain intergenerational continuity by encouraging innovation and a shift to the digital. Thus, this study has academic and practical implications in that, on the academic side, it contributes to the existing literature on the topic of leadership and family-business transformation, and on the practical side, the research offers practical recommendations of how a liter, more innovation driven and more flexible private sector can be made possible through leadership and policy makers in the GCC economies.

2. Literature Review

2.1 Agile Leadership Theory and Organizational Adaptability

Agile leadership was conceived based on the agile management philosophy, developed in software engineering in the first half of the 2000s, which emphasizes flexibility, direct customer contact, and responsiveness to change. Researchers have subsequently applied the concept to the overall orientation of leadership in organizations facing more turbulent environments. Agile leadership can be defined as a leadership theory grounded in iterative learning, decentralized decision-making, and self-organizing empowerment (Joiner & Josephs, 2007; Denning, 2018).

Leaders who implement the principles of agility focus on openness, responsiveness, and continuous improvement, enabling the organization to respond quickly to market and technological changes (Rigby et al., 2018).

Agile leadership is based on relational competence, rather than on transactional or autocratic leadership; the agile leader facilitates rather than controls. This method encourages a learning organization in which staff are encouraged to take risks and share their knowledge without fear of failure (Empirically, it has been determined that agile leadership is positively related to an organization's resilience and its ability to become innovative (Geffers et al., 2024).

In emerging markets, where volatility is high, agility enables companies to capture short-term opportunities and maintain competitiveness. This flexibility, as is often the case in family businesses, tends to conflict with the inherent power structure and paternalist requirements (Kinias et al., 2023). Therefore, it is important to understand how agile leadership functions in such a sociocultural environment.

2.2 Family-Business Governance and Leadership Dynamics in Arab Economies

Family business governance is based on kinship ties, legacy orientation, and social-emotional wealth retention (Gómez-Mejía et al., 2007). Although these attributes contribute to the establishment of a committed and trusting relationship in the long run, they also limit strategic renewal. In Arab family businesses, control is frequently invested in the hands of founders or elders, and it focuses on consensus and loyalty, as opposed to decisions based on merit. This is why leadership change and modernization processes are typically delayed (Al Abdallah & Hamdan, 2021).

Formal powers do not define the governance of GCC family firms; instead, Sharia-based ethical values related to stewardship and social responsibility define it (Tawfik et al., 2022)

Although these values contribute to internal cohesion, they can be a factor in resistance to digital and competitive disruption. Research indicates that second- and third-generation Arab family companies will have greater opportunities to modernize and diversify their businesses and adopt new technologies but will face opposition from older generations due to their fear of losing family ownership (Al-Waqfi, 2020).

A solid dictatorial leadership style is the solution to this generational tussle. The agile leadership approach, through its participative and adaptive orientations, offers a mediating factor between old family-controlled power and new professionalism for managers. Agile leaders foster intergenerational collaboration, empowering young managers and enabling them to experiment without disrupting family values. Bruck, Bruns, and Müller (2021) suggest that these forms of hybrid leadership are especially applicable in family businesses as they transition toward a professional corporate governance system.

2.2.1 Agile Leadership and Its Distinction from Transformational and Participative Leadership

Agile leadership is conceptually distinct from traditional leadership frameworks, such as transformational and participative leadership. While transformational leadership emphasizes vision, inspiration, and motivational influence to drive follower commitment, and participative leadership focuses on shared decision-making and employee involvement, agile leadership primarily emphasizes adaptability, rapid responsiveness, iterative learning, and continuous adjustment in dynamic environments. Agile leaders facilitate speed, flexibility, experimentation, and cross-functional collaboration, enabling organizations to respond effectively to uncertainties and disruptions. Therefore, agile leadership is an orientation

grounded in adaptability and continuous renewal, rather than solely in inspiration or participation.

Table 1. Comparison of Leadership Approaches

Dimension	Agile Leadership	Transformational Leadership	Participative Leadership
Core Orientation	Adaptability, flexibility, and continuous renewal in dynamic environments	Vision-driven change and inspiration	Shared decision-making and involvement
Primary Focus	Responsiveness, learning agility, experimentation, digital readiness	Motivation, influence, and alignment with a vision	Empowerment, consensus-building, engagement
Decision-Making Style	Fast, iterative, decentralized, responsive	Leader-driven with inspirational influence	Democratic and collaborative
Change Mechanism	Iterative improvement, adaptation, rapid adjustment	Inspirational change and commitment to long-term goals	Participation to increase buy-in and legitimacy
Best Suited For	Uncertainty, digital disruption, complex environments	Organizational transformation, culture-building	Stable or semi-stable environments needing engagement
Key Outcomes	Capability renewal, innovation enablement, digital transformation, modernization	Commitment, morale, organizational transformation	Satisfaction, engagement, employee ownership
Relevance to Modernization	Directly supports business modernization as a capability-driven outcome	Supports change indirectly through motivation	Supports modernization indirectly through participation

Accordingly, agile leadership provides a more suitable lens for explaining modernization outcomes, particularly in environments requiring rapid reconfiguration of routines, digital infrastructure, and strategic responsiveness

2.3 Organizational Innovation as a Strategic Capability

Innovation in organizations involves introducing and adapting new processes, structures, or approaches to make them more efficient and adaptable (Damanpour & Aravind, 2012).

This involves gradual and radical changes that alter internal processes and external value propositions. The resource-based approach assumes that innovation capability is a dynamic resource that enables firms to achieve a sustainable competitive advantage (Teece,

2018). It is important that leadership determines the climate of innovation vision, risk-taking, and encouragement of creative projects.

Agile leadership fosters innovation by fostering psychological safety, cross-functional collaboration, and experimentation. Empirical studies indicate a positive relationship between agile leadership and innovation performance across industries (Tandon, 2024).

Family business innovation is often suppressed by fear of failure, a focus on stability, and a lack of exposure to the outside world. Nevertheless, agile leaders can overcome these barriers by promoting the free flow of information and incorporating diverse views (HO et al., 2023).

National visions are founded on diversifying economies that rely on oil and have prioritized innovation performance in the Arab region. For example, UAE Vision 2021 and Saudi Vision 2030 emphasize the contribution of the innovation ecosystem as a force for growth. Family enterprises, which are the dominant players in the private sector, are expected to lead this transformation. However, their innovativeness has been shown to be lower than the global average because their leadership is conservative and their decision-making processes are decentralized (Al-Nashmi & Aldeen, 2022). Hidden creativity can be revealed through agile leadership in rapid decision-making and by aligning innovation projects with the values of the family and society.

2.4 Digital Transformation and Leadership Agility

Digital transformation involves integrating digital technologies into business models, processes, and customer relationships (Kumar et al., 2021). It requires cultural change and visionary leadership, as it is not just a technological shift but a bottom-up organizational change. Agile leaders drive this transformation by fostering digital literacy, encouraging the use of new technologies, and aligning digital activities with strategic goals.

Leadership agility in other areas also linked to successful digital transformation, as noted in the literature (Sebastian et al., 2017). Agile leaders are open to cross-functional teams, data-driven decision-making, and reducing bureaucratic barriers. Obstacles for family firms include conservative systems, limited visibility, and cybersecurity concerns. However, younger generations in GCC family businesses see digitalization as a competitive threat (Izarooni et al., 2024). To prepare organizations for technological change, top executives can adopt agile principles such as incremental implementation, user involvement, and learning through interaction. Successful examples in the region are documented in case studies.

The Al-Futtaim Group in the UAE and the Olayan Group in Saudi Arabia have adopted an agile digital approach, integrating e-commerce and analytics into their traditional businesses. Changes in governance could help transform conservative family conglomerates into technology-enabled enterprises, as shown by these examples, with flexible leadership playing a key role.

2.5 Modernization Outcomes in Family-Business Contexts

Modernizing family businesses involves updating organizational structures, practices, and culture to adapt to the modern economic and technological landscape. Key benefits include higher efficiency, market responsiveness, diversification, and sustainable growth (Ward, 2016). This process typically includes reorganizing family management, bringing in professional managers, and making innovation a standard practice.

As noted in the literature, leadership style is a key factor in modernization. Strategies for adaptability and renewal are often promoted by transformational and participative leadership (Mousa & Arslan, 2023).

The inquiry approach rooted in agile leadership emphasizes continuous learning and quick feedback rather than a strict top-down vision. Another leadership style, agile leadership, focuses on predicting an organization's output based on innovation and digital skills, as supported by empirical research by Western et al. (2021). However, few studies have examined this model in the GCC, where cultural, institutional, and economic contexts differ greatly from those in developed economies.

Factors influencing modernization also include institutional support, national innovation policies, and skilled labor. The modernization tools implemented by governments in Arab economies, shaped by Vision 2030 and the Digital Oman Strategy, rely heavily on private sector leadership. Therefore, leadership agility is essential for family businesses to translate these macro-level strategies into concrete organizational actions.

2.6 Empirical Studies Linking Agile Leadership, Innovation, and Digitalization

Numerous studies worldwide have examined the role of agile leadership in organizational outcomes. Using Chow's (2019) example, the author found that agile leadership can significantly improve project outcomes, enhance team cooperation, and boost innovation capacity among technological firms. According to (Rigby et al., 2018), agile leaders initiate processes that enhance manufacturing efficiency and interpersonal engagement among workers in the manufacturing sector. Agile leadership is also linked to faster product development and higher customer satisfaction in SMEs (Afsar et al., 2020).

Agile leadership is increasingly applied to digital transformation. (Via, 2019) found that leadership agility predicts the successful implementation of digital strategies, and (Alakaş, 2024) established a relationship between digital adoption and organizational performance. However, few empirical studies have focused on family enterprises.

The rationale for transforming family businesses is emerging in Arab economies, although often in a fragmented way. (Al Waqfi & Forstenlechner, 2019) discovered that innovation in UAE family firms needs to be enhanced by openness to new experiences and generational diversity in leadership. A recent study by (Al Harthi, 2022) on Saudi SMEs showed that agile managerial behaviors predict technology adoption, but the role of the ownership family was not directly examined. (Hamdan et al., 2023) also noted that cultural values such as collectivism and respect for hierarchy mediate the impact of leadership style on innovation outcomes. This suggests that while agile leadership principles can be applied globally, their implementation in Arab family companies must be culturally tailored.

To strengthen the scholarly foundation of this study, the literature review was expanded by including recent empirical and conceptual studies on agile leadership, dynamic capabilities, business modernization, and family business governance. These additions improve theoretical clarity and positioning within contemporary research, particularly published in the past five years. This also supports stronger arguments for the proposed framework and hypotheses.

Although agile leadership has attracted academic attention, most recent empirical research has focused on developed economies and large corporations. Limited evidence exists on how agile leadership operates in emerging economies, especially in family businesses, where governance, ownership concentration, and sociocultural expectations influence managerial decisions. Furthermore, previous studies have seldom examined agile leadership through the lens of dynamic capabilities to explain strategic modernization outcomes. Addressing this gap, this study investigates how agile leadership supports business modernization in family firms in emerging economies, thereby extending agile leadership research into a less-explored regional and organizational context.

2.7 Synthesis and Research Gap

Responsiveness is often linked to organizational renewal and modernization. However, despite the increasing academic focus, the literature highlights several significant gaps that remain inadequately addressed, especially regarding family-owned businesses in Arab and GCC economies.

First, current research provides limited empirical evidence directly connecting agile leadership to business modernization in family firms, particularly within the GCC or Arab markets. Most existing studies focus on innovation or digitalization as outcomes rather than viewing modernization as a broader, more comprehensive strategic transformation. Since modernization includes updating processes, structures, routines, and digital infrastructure, treating innovation or digitalization as equivalent outcomes might overlook the more extensive nature of modernization as an organizational capability-driven process.

Second, although agile leadership is theorized to promote innovation and digital transformation, the mechanisms through which it affects modernization are rarely quantitatively modeled in family business contexts. Specifically, the mediating roles of organizational innovation and digital transformation are underexplored, despite their importance as key capability-building pathways linking leadership practices to modernization outcomes (Baykal, 2018).

Third, the cultural and governance-specific features of GCC family enterprises—such as intergenerational control, preservation of socio-emotional wealth, collectivist norms, and family-dominated governance—may influence how agile leadership translates into modernization efforts. However, only a limited number of empirical studies have systematically examined these contextual factors, leaving a partial understanding of how modernization unfolds in GCC family firms.

To address these gaps, this study proposes an integrative framework based on DCT. It conceptualizes business modernization as a higher-order organizational outcome reflecting a firm's capacity to renew processes, enhance digital infrastructure, and reconfigure strategic routines to maintain competitiveness under uncertainty. Using survey data from 150 managers in GCC family businesses, the study empirically investigates agile leadership as a strategic driver of modernization and models organizational innovation and digital transformation as key mediators. This research extends the scholarship on agile leadership to an underexplored emerging economy context and offers new insights into leadership-driven modernization within Arab family firms.

3. Theoretical Framework and Hypotheses Development

The theoretical framework of the study is a synthesis of the theory of agile leadership and models of organizational change and digital transformation that characterize the impact of leadership practices on the results of modernization in family-owned companies. The model is based on the dynamic capabilities' perspective (Teece et al., 1997), according to which, in dynamic environments, organizations must continually sense, capture, and reorganize their resources to remain competitive. Agile leadership is a dynamic ability that facilitates a firm's ability to respond to conditions that affect organizational change by fostering innovation and digitalization. By extension, this intermediate ability brings in modernization, or, alternatively, the act of revising strategies, structures, and technologies in accordance with changing markets.

3.1 Agile Leadership and Organizational Innovation

Agile leadership concentrates on empowerment, collaboration, and responsiveness. It encourages trial, cross-functioning, and toleration of failure, which are prerequisites for innovation. Managers who adopt the principles of agility will foster a culture of psychological safety in which their employees can create and experiment with new ideas without fear of punishment (Highsmith, 2009). Feedback and perpetual learning are used by the agile leaders to create the culture of innovation and flexibility in their iterative process.

This role is particularly acute in family businesses. Innovation is frequently suppressed due to the conservative hierarchical structure of most Arab family businesses and their low level of risk aversion. Agile leaders decentralize authority and encourage intergenerational and cross-functional open communication, thereby enhancing knowledge transfer and innovation (Aldabbas et al., 2020). The experience of SMEs operating in emerging economies shows that leadership agility has a positive relationship with process renewal, innovation, and et al., 2022). Therefore, Hypothesis 1 is as follows:

H1: Agile leadership positively and significantly influences innovation in family-owned firms.

3.2 Agile Leadership and Digital Transformation

Digital transformation is a business strategy that uses digital technologies to improve operations, customer experience, and business models (Verhoef et al., 2021).. It involves both technological investments and cultural change (the focus of agile leadership). Agile leaders promote the cyclical use of digital tools, use data in decision-making, and learn at every level of the organization. They are also digital champions and reduce employee resistance to embracing related technology to share organizational values and goals (Vial, 2019).

Agile leadership bridges the gap between legacy systems and new digital opportunities in the GCC region, where most family firms are in generational transitions. Younger family members are more supportive of digitalization; however, initiatives fail unless they are backed by a head. Agile world leaders align generational perspectives and organize liquid digital integration without compromising cultural continuity (Al Hashmi & Zarouni, 2022). The findings of an earlier study showed that digital maturity is enhanced by leadership. Leadership agility enhances digital maturity in intensive sectors (Leite & Borsato, 2021). The second hypothesis is as follows:

H2: Agile leadership has a significant and positive effect on digital transformation in family-owned businesses.

3.3 Organizational Innovation and Business Modernization

Firms play a significant role in fundamental processes, such as through organizational innovation. Innovation reforms internal processes, products, and strategies, making them flexible to environmental changes. According to Schumpeter's theory of innovation, the development of an entire company is rooted in the concept of creative destruction: the destruction of old customs and their replacement with new and better ones (Schumpeter, 1934). Innovation is another way to professionalize the management of family businesses and diversify their operations to ensure their continuation across generations.

Empirical research continuously reveals that innovative firms experience enhanced performance, operational efficiency, and market expansion (Damanpour & Aravind, 2012). Innovation in Arab economies is a strategic step to respond to global competition and to governments' diversification policies. Therefore, agile leadership in the modernization process is bound to be implemented, in part, through innovation capability. Family businesses that are developing organizational innovation are more likely to revise governance mechanisms, embrace existing management tools, and adopt digital strategies.

Thus, the formulated hypothesis is as follows:

H3: Organizational innovation positively and significantly affects business modernization.

3.4 Digital Transformation and Business Modernization

Digital transformation is another significant channel for modernization. It reinvents value creation and delivery by incorporating digital technologies into all operations. Automation, data analytics, and digital platforms help businesses become more efficient and responsive (Sebastian et al., 2017). Family-owned companies can benefit from digital transformation, becoming more professional and transparent and enabling intergenerational communication, traits of a modern management system.

Digital transformation aligns family businesses with the GCC's national innovation initiatives, such as Saudi Vision 2030 and the UAE Vision 2021. These projects promote digital readiness as a pillar of competition. The leaders of agile that drive digital efforts ensure that their organizations embrace modern tools for financial management, marketing, and supply chain management. Consequently, digital transformation is the immediate result of modernization processes that involve market diversification, process automation, and improved decision-making. Based on these findings, the following hypothesis was formulated:

H4: Digital transformation is positively and significantly associated with business modernization.

3.5 Mediating Roles of Organizational Innovation and Digital Transformation

Agile leadership does not directly influence modernization but is primarily obtained as a process within organizations. The dynamic capability model suggests that leadership agility alone is insufficient to define performance unless it is translated into operational capabilities, such as innovation and technological competence (Teece, 2018). By liberating teams, allocating resources, and removing bureaucracy, agile leaders facilitate digitalization and innovation. These, in turn, are avenues through which modernization is achieved.

This process is supported by empirical evidence. Studies on agile organizations have shown that innovation mediates the relationship between agile leadership and performance (Khattak et al., 2025). Similarly, digital transformation has been found to be an intermediary between leadership practices and competitiveness (Vial, 2019). Such mediation is especially relevant to family businesses, as leadership influence is indirect and can be achieved through mutual learning and technology-based teamwork.

Thus, Hypothesis 5 has two mediating effects.

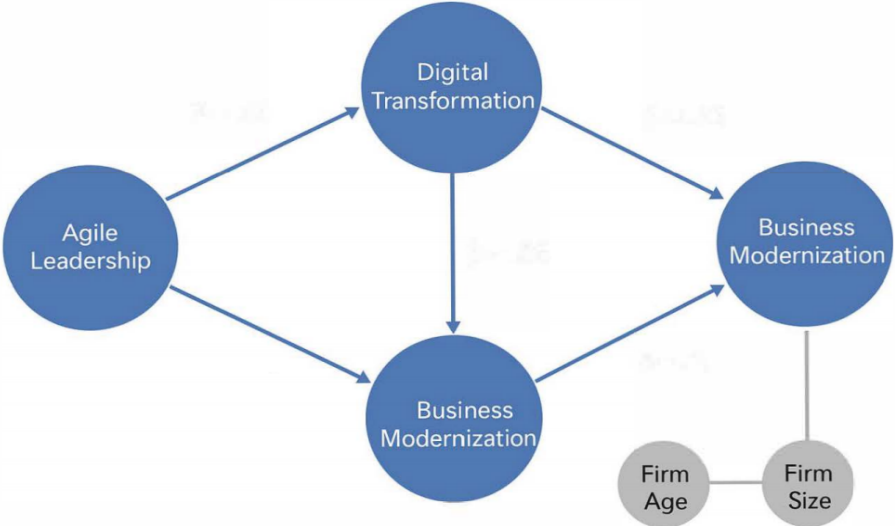
H5a: Agile leadership and business modernization through organizational innovation have a mediating relationship.

H5b: Digital transformation mediates the relationship between agile leadership and business modernization.

4. Conceptual Model

Figure 1 presents the conceptual framework of the hypothetical interrelationships among the variables. The independent variable (agile leadership) is proposed to directly influence organizational innovation and digital transformation (mediators), which, in turn, indirectly influence business modernization (dependent variable). Firm age and size are also considered control variables because older or larger firms may be uniquely capable of modernizing an organization through experience or resources.

Figure 1. Conceptual framework of the study



The model introduces agile leadership, in which arrows are directed toward organizational innovation and digital transformation. The mediators both face business modernization. Agile leadership also has a direct relationship with business modernization, which has an immediate impact. The control variables (Age of Firm and Firm Size) are represented to influence Business Modernization.)

This model aligns with current leadership and strategic renewal theories, viewing modernization as a result of dynamic capabilities enabled by agile leadership. This research

offers new insights into how leadership agility can drive modernization through innovation and digital transformation, empirically testing these hypotheses using data from 150 family business managers in GCC countries. The next section details the research design and analytical methods used to examine these relationships.

5. Research Methodology

5.1 Research Design

This study adopts a quantitative cross-sectional research design to investigate the role of agile leadership in transforming family-owned businesses in the Gulf Cooperation Council (GCC) region. The justification for the quantitative methodology is that the hypothesis tests on the relationships towards the construct are to be statistically tested and the outcome inferred to a group of non-homogeneous family businesses. A quantitative design can also be used to integrate other advanced statistical techniques, such as partial least squares structural equation modelling (Smart PLS SEM) and SPSS reliability and correlation analysis and is appropriate for measuring both measurement validity and causality among latent variables.

This study is explanatory because it seeks to understand the role of agile leadership behavior in modernization, with organizational innovation and digital transformation as mediating factors. The research model was empirically tested using survey data from managers of family-owned businesses in the GCC, namely Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, Oman, and Bahrain.

5.2 Sampling and Participants

The target market included middle- to senior-level managers in family businesses across major industries, such as manufacturing, retail, construction, and services. Purposive convenience sampling was adopted because complete databases for family firms are not readily available. This is a type of non-probability sampling that is appropriate when it is important to consider specific inclusion criteria, namely the managerial position and the relationship between the family and the business (Etikan et al., 2016).

A total of 150 valid responses were obtained from family business managers in the six GCC countries. The sample comprised 35 respondents from Saudi Arabia, 30 from the UAE, 25 from Kuwait, 20 from Qatar, 20 from Oman, and 20 from Bahrain. Most of the respondents belonged to later- or third-generation family businesses; therefore, their perceptions of modernization were rooted in the legacy's continuity and the rebirth of the generation. The firm was aged 5 to 50 years, and its size was 10 to 500 employees. Approximately 62 percent of respondents worked in strategic planning or operations in a managerial capacity, and 38 percent worked in finance or technology.

5.3 Questionnaire Development

Data were collected using a structured questionnaire based on the constructs of agile leadership, organizational innovation, digital transformation, and business modernization. To ensure content validity, all items were adapted from literature scales. The tool was initially developed in English, reviewed by three academic specialists for readability and applicability to the context, and pre-tested on ten managers of family firms in the UAE. Minor modifications were made to enhance readability.

The questionnaire was divided into two sections. The first section comprised demographic factors, namely age, gender, nation, firm size, and firm age. The second section included measurement items that captured the study's constructs on a five-point Likert scale ranging from strongly disagree to strongly agree.

5.4 Measurement of Constructs

Agile Leadership (AL): This is a three-item scale (Rigby et al., 2016) premised on three dimensions: adaptability, empowerment, and cross-functional teamwork. Test item: The executives of our organization promote speed in decision-making and adaptability to change.

- **Organizational innovation (OI):** The three items here are based on the processes outlined by Damanpour & Aravind (2012), which assess the extent to which the organization is receptive to novel concepts and process improvements. Examples: "Our company is continuously seeking new solutions to improve its internal processes.

- **Digital transformation (DT):** This indicator comprises three items, drawn from Verhoeff et al. (2021), who defined digital technology as the utilization and assimilation of digital technology. Sample: "Our company operations are fundamental to digital technologies and data analytics.

- **Business Modernization (BM):** This scale is determined by three items from Ward (2016), which measures governance reform, strategic renewal, and technological upgrading. Case: Our company has modernized its management and operational systems in the past few years.

- **Control Variables:** Age and size of a firm were considered control factors over which the potential effects of organizational maturity and resource availability might have on the outcomes of modernization.

All items were deemed reflective indicators because they were predictable based on theoretical assumptions and Smart PLS modeling principles.

All constructs were measured using three-item scales based on previously validated instruments. Although three-item measures are commonly used in survey research to reduce respondent fatigue and enhance response quality, this study acknowledges that shorter scales may limit the comprehensiveness of the construct representation. Reliability and validity were ensured using internal consistency measures and factor analysis.

A key limitation of this study is the use of three-item constructs for all variables, which may raise concerns regarding content validity by limiting the breadth of construct coverage. Future research should employ expanded measurement scales with additional items to enhance construct comprehensiveness and provide richer insights into the dimensions of leadership and modernization.

6. Research Findings and Discussion

The data above were collected using an online survey described in the text above, distributed via email and LinkedIn professional networks from March to June 2025. Participation was voluntary, and respondents were promised confidentiality. The screening question made it clear that respondents were active managers of family-owned businesses operating in the GCC. Common method bias was minimized by randomly assigning question order, and respondents were encouraged to answer honestly based on their perceptions of their experiences in organizations.

The overall response rate was approximately 60%, which is acceptable for conducting managerial surveys in new markets. After cleaning the data, 150 responses were available for

analysis, and the sample size was 10 times that, which was adequate to analyze the structural paths to any construct, the maximum number of structural paths (Hair et al., 2021).

6.1 Data preparation and cleaning

Data screening and cleaning were performed using SPSS 27. The lack of values was less than three and was covered by replacing the means. Outliers were identified using z-scores; all outliers were not extreme (z-scores greater than 3.0). Desirable skewness and kurtosis values of +1.5 were obtained, which is sufficient to conduct partial least square structural equation modeling (PLS-SEM), in which normality is not required. Subsequently, Smart PLS 4.0 was used with the PLS algorithm and bootstrapping to conduct reliability and validity tests.

6.2 Data Analysis Techniques

It is important to note that the current study employed a robust quantitative design involving 150 family business managers across six GCC countries to assess how agile leadership can accelerate modernization through innovation and digital transformation. The methodology ensures the reliability, validity, and replicability of the findings with validated measurement scales and advanced analytical capabilities (SPSS and Smart PLS). The next section presents the empirical results obtained from the analysis of the measurement and structural models.

A two-step analytical process was applied.

- Descriptive and reliability analyses (SPSS): These were computed in the form of mean, standard deviation, and Cronbach's alpha to measure internal consistency. Cronbach's alpha values > 0.70 were considered acceptable.
- Measurement and structural model measurement (Smart PLS): The reflective measurement models were evaluated using outer loadings, composite reliability (CR), and average variance extracted (AVE). Discriminant validity was evaluated using the Fornell–Larker criteria and the heterotrait-monotrait ratio (HTMT).

The reported fit indices were the coefficient of determination (R^2), the effect size (f^2), and predictive significance (Q^2). R^2 values of 0.25, 0.50, and 0.75 was interpreted as weak, moderate, and strong, respectively (Hair et al., 2021).

6.3 Results

This study analyzed the role of agile leadership in the modernization of family-owned businesses in Gulf Cooperation Council (GCC) countries, with a focus on the moderating effects of organizational innovation and digital transformation. This study used five hypotheses based on the dynamic-capabilities framework to test survey data from 150 family-business managers in Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, Oman, and Bahrain, using Smart Partial Least Squares structural equation modelling and SPSS.

6.3.1 Descriptive Statistics of the Constructs

Descriptive statistics were computed using SPSS 27 to describe the respondents' perceptions of agile leadership, organizational innovation, digital transformation, and business modernization. The results in **Table 2** show that the mean values of all the constructs range between 3.82 and 4.16 on the 5-point Likert scale, reflecting the overall positive evaluation of leadership agility, innovation practices, and modernization initiatives in GCC family businesses. The standard deviations are fairly high (0.630.79), which can be viewed as a reasonable variation in responses.

Table 2. Descriptive statistics of study constructs

Construct	Mean	SD	Minimum	Maximum
Agile Leadership	4.12	0.68	2.67	5.00
Organizational Innovation	3.96	0.71	2.33	5.00
Digital Transformation	3.82	0.79	2.00	5.00
Business Modernization	4.16	0.63	2.67	5.00

Source: Authors' SPSS output (n = 150).

The average for business modernization (M= 4.16) is rather large, indicating that many family-owned businesses in the GCC have already begun working on modernization. However, construct-based differences indicate that digital transformation (M = 3.82) is not well developed, indicating that the technological integration process remains in the transition stage.

6.3.2 Reliability and Convergent Validity

The reliability and validity of the measurement model were determined using SPSS (Cronbach's alpha) and SmartPLS (composite reliability and average variance extracted [AVE]). Table 3 reveals that not all the constructs are below the intended reliability levels (Cronbach's = 0.70 and CR = 0.70). Good convergent validity exists with average variance extracted (AVE) values greater than 0.50. The outer loadings were all above 0.70, suggesting that the indicators were strong representations of their latent constructs.

Table 3. Reliability and convergent validity

Construct	No. of Items	Cronbach's α	Composite Reliability (CR)	Average Variance Extracted (AVE)
Agile Leadership	3	0.78	0.85	0.58
Organizational Innovation	3	0.81	0.87	0.61
Digital Transformation	3	0.76	0.81	0.53
Business Modernization	3	0.83	0.88	0.62

The Fornell–Larcker criterion and the HTMT ratio were utilized to assess discriminant validity. Table 4 shows that the square roots of the AVE (elements on the diagonal) are greater than the inter-construct correlations, which proves the presence of discriminant validity. All HTMT ratios were below 0.90, further supporting the constructs' uniqueness.

Table 4. Fornell–Larcker criterion (discriminant validity)

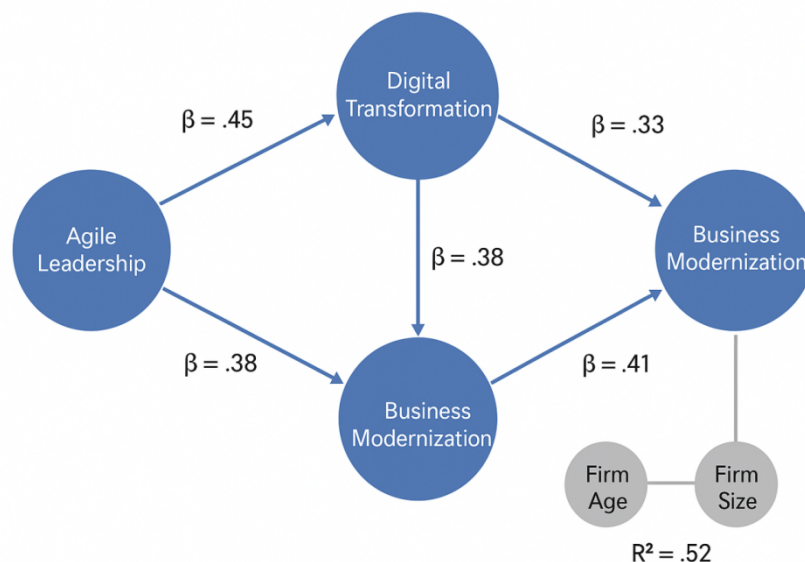
Construct	1	2	3	4
1. Agile Leadership	0.76			
2. Organizational Innovation	0.55	0.78		
3. Digital Transformation	0.49	0.52	0.73	
4. Business Modernization	0.47	0.57	0.61	0.79

The general measurement model demonstrated good reliability, convergent validity, and discriminant validity. The constructs had composite reliabilities of 0.81-0.88, which met the suggested standards, and the outer loadings were higher than 0.70 ($p < .001$) (Hair et al., 2021). Multicollinearity was not an issue because no indicators had a higher variance inflation factor than 3.0. Therefore, the model was considered sufficient for testing the structural relationships.

6.3.3 Gross Structure Model Evaluation

Smart PLS 4.0 was used to measure the hypothesized structural relationships. The bootstrapping resamples (5,000) yielded the path coefficients, t-values, and significance levels for the hypotheses (H1–H5). The structural model is shown in Figure 2, which includes standardized endogenous and exogenous path coefficients and R².

Figure 2. Smart PLS structural model results



(Description: Agile Leadership → Organizational Innovation ($\beta = .45, p < .001$); Agile Leadership → Digital Transformation ($\beta = .38, p < .001$); Organizational Innovation → Business Modernization ($\beta = .33, p = .002$); Digital Transformation → Business Modernization ($\beta = .41, p < .001$); Agile Leadership → Business Modernization ($\beta = .18, p = .048$)). R^2 for Innovation = .20; R^2 for Digital Transformation = .14; R^2 for Business Modernization = .52.)

Table 5. Structural model results

Hypothesis	Path	β	t-value	p-value	Result
H1	Agile Leadership → Organizational Innovation	0.45	5.12	< .001	Supported
H2	Agile Leadership → Digital Transformation	0.38	4.02	< .001	Supported
H3	Organizational Innovation → Business Modernization	0.33	3.45	.002	Supported
H4	Digital Transformation → Business Modernization	0.41	4.88	< .001	Supported
H5a	Agile Leadership → Business Modernization (direct)	0.18	1.98	.048	Supported (partial mediation)

Source: Smart PLS bootstrapping results ($n = 150$)

All hypothesized relationships were significant ($p < .05$) in the theoretical framework. Agile leadership had a positive and significant effect on the mediating constructs (organizational innovation and digital transformation) and a less significant but significant effect on business modernization, indicating partial mediation.

Coefficient of Determination (R²) and Predictive Relevance (Q²)

The R² values indicate the proportion of the variance explained by each endogenous construct. The levels of explanatory power of organizational innovation (R² = .20) and digital transformation (R² = .14) are moderate, as shown in Table VI. However, business modernization (R² = .52) explains a large portion of the variance. The Stone–Geisser Q² values for all models were above zero, indicating that the models were predictively relevant.

Table 6. Coefficient of determination and predictive relevance

Construct	R ²	Q ²	Interpretation
Organizational Innovation	0.20	0.12	Moderate explanatory power
Digital Transformation	0.14	0.09	Moderate explanatory power
Business Modernization	0.52	0.35	Substantial predictive relevance

Effect size (f^2) was used to measure the importance of each predictor in its dependent construct. As shown in Table 7, the effects of agile leadership on organizational innovation ($f^2 = 0.18$) and digital transformation ($f^2 = 0.14$), and the mediators represented medium to large

effect sizes on business modernization. The VIF values were all below 3.0, indicating no multicollinearity problems.

Table 7. Effect size (f^2) for structural relationships

Path	f^2	Interpretation
Agile Leadership → Organizational Innovation	0.18	Medium
Agile Leadership → Digital Transformation	0.14	Medium
Organizational Innovation → Business Modernization	0.21	Medium
Digital Transformation → Business Modernization	0.27	Large

To test the mediating effects of organizational innovation and digital transformation, indirect effects and confidence intervals were estimated using bootstrapping. Table 8 summarizes the mediation outcomes.

Table 8. Mediation analysis (bootstrapped indirect effects)

Indirect Path	β	95% Confidence Interval	p-value	Mediation Type
Agile Leadership → Organizational Innovation → Business Modernization	0.15	[0.08, 0.23]	< .001	Partial mediation
Agile Leadership → Digital Transformation → Business Modernization	0.16	[0.09, 0.25]	< .001	Partial mediation

Both indirect effects were significant ($p < .001$) because it was established that agile leadership can be affected by the modernization process through its contribution to innovation and its capacity to digitize. Because the direct path (AL → BM) remained significant ($.18, p = .048$), the mediation was partial, consistent with the dynamic capability perspective.

In conclusion, empirical evidence confirms the proposed conceptual framework and supports the fact that agile leadership is an important driver of modernization in family-owned businesses and operates through the processes of innovation and digital transformation. Further discussion of the implications for theory, managerial recommendations, and addition to the research on leadership and family businesses, these results have a quantitative basis.

6.4 Discussion

This study explores the impact of agile leadership on the modernization of family-owned businesses in the Gulf Cooperation Council (GCC) region, while considering the mediating roles of organizational innovation and digital transformation.

According to the information provided by 150 managers of family businesses and the results of the analysis of Smart PLS, agile leadership positively and significantly influences innovation ($\beta = .45, p < .001$) and digital transformation ($\beta = .38, p < .001$), which are highly effective in modernization ($\beta = .33$ and $\beta = .41$, respectively). The direct relationship between agile leadership and modernization ($\beta = .18, p = .048$) remained significant, suggesting partial mediation.

These findings demonstrate the primary role of agile leadership as a dynamic skill that enables family businesses to transform and adapt to volatile circumstances. According to the

dynamic capabilities framework (Teece et al., 1997), agile leaders tend to perceive emerging market trends, leverage innovations, and reorganize functions to stay afloat.

These results confirm earlier research findings that suggest that the idea of leadership agility results in flexibility, innovation, and responsiveness (Denning, 2018); (Babalola et al., 2022). As the current study empirically demonstrates, it is leadership agility within the unique GCC institutional and cultural context that drives modernization through the digitalization and innovation mechanisms.

6.4.1 Interpretation of Key Findings

Agile Leadership and Innovation

H1 and H1.0: The positive relationship between agile leadership and organizational innovation is strong, confirming that agile leaders can create a conducive environment for experimentation and continued learning. This observation is in line with the findings of Damanpour and Aravind (2012) and elsewhere, which indicates that psychological safety and cycles of decision-making processes are the foundations of innovative climates. Agile leadership provides flexibility to family companies, which, in most cases, is restricted by hierarchy and emotional ownership without undermining family integrity. Leaders will be able to bridge the traditional-modern gap that characterizes the Arab business world and encourage younger generations to experiment with new ideas (Al-Waqfi, 2020).

Agile Management and Digitalization

Second, agile leaders contribute to digital transformation on a grand scale (H2). This supports the assertions of Verhoff et al. (2021) and Vial (2019), who state that leadership agility is necessary for success in digitalization. The adoption of digital technology in GCC family firms may be low because of the presence of outdated systems and resistance to transparency. When leaders model digital initiatives and make employees aware that technology is a source of empowerment rather than control, employees view technology as an empowerment tool rather than a control mechanism. This is identical to the outcomes of UAE and Saudi family conglomerates, such as the Al-Futtaim Group, which has achieved modernization through leader-driven digital strategies.

Online Change, New Technology, and Modernization

The fact that innovation and digital transformation are directed toward modernization (H3 and H4) in such a large direction proves the role of the variables as engines of renewal. Innovation process assistance contributes to restructuring systems of operation and governance within firms, and digital technologies entrench efficiency and knowledge sharing. The greater standardized coefficient of digital transformation ($=.41$) indicates that, at the current stage of modernization, technological integration has more advantages than incremental innovation. This is characteristic of the presence of a rapidly digitizing economic sphere in the region.

Mediation Effects

The mediation analysis (H5a and H5b) indicated that innovation and digital transformation partially mediate the relationship between agile leadership and modernization. This implies that leadership agility not only encourages modernization but also, indirectly, fosters the development of aptitudes. This discovery complements former studies (Zhang et al.,

2021) and builds on dynamic capability empirical evidence with the aim of understanding one of two mediation processes in a family business.

6.4.2 Theoretical Contributions

This study contributes to agile leadership theory and the modernization of family businesses in the following ways:

1) Agile-Leadership Theory to Family Firm

Most of the literature prior to this viewed agile leadership in technology- or project-based organizations. By conducting an experiment on family businesses, this study broadens the field of theoretical investigation and establishes that agility can be implemented in relationship-oriented and tradition-centered structures.

2) Smoking to Dynamic-Capabilities Perspective

The results favor agile leadership as a dynamic ability that assists firms in developing complementary innovation and digital capabilities. This empirical relationship reveals how leadership behavior is transformed into the consequences of modernization.

3) Modeling of Dual Mediation

The concomitant mediation of innovation and digital transformation has not been widely researched. Their biased mediating functions enhance the theoretical enlightenment of modernization as a multidimensional process of modernization, as opposed to a technology phenomenon.

4) Regional Contextualization

The six GCC economies offer evidence to fill a geographical gap in change management and leadership studies. This supposition regarding cultural norms that also promoted hierarchy and collectivism was refuted; instead, situational customization of agility, such as respectful empowerment and consensus-based iteration, can create success in Arab-based organizational cultures.

Together, these contributions add to the existing frameworks by demonstrating that agile leadership is successfully implemented in family businesses, in addition to value-based governance and strategic learning.

6.4.3 Practical Implications for Family-Business Owners

This study has several practical implications for family business owners and executives in the GCC.

1) Create Intergenerational Leadership Agility

Training programs should be based on adaptiveness, emotional intelligence, and shared decision-making. Elderly family members can also mentor younger family members on how to be good stewards, and successors can introduce deft tools. The nimbleness of governance can be legalized into organized intergenerational task forces.

2) Enhancing innovation culture without hindering it

Agile leadership operates within psychologically safe systems. Family CEOs are encouraged to be open to discussion, embrace failure, and celebrate it as a learning opportunity. The presence of internal innovation centers or family innovation councils may foster creativity and preserve shared values.

3) *Accelerated digital transformation plan.*

Digital modernization should not be a colossal transformation but rather an extension of existing areas of operation, such as finance, supply chain, and customer management (CM). Therefore, it should be performed using more advanced analytics and AI applications. Agile leaders can initiate small projects, obtain feedback, and enhance successful projects, thereby reducing resistance and avoiding cost risks.

4) *Agile Management Professionalization.*

Agile practices, such as sprint planning, retrospectives, and cross-functional teams, can help professionalize management structures without losing family identity. This integration trend aligns with GCC family-business transitions, in which the day-to-day operations of the firm are gradually managed by non-family professionals under the family's guidance.

5) *Measuring and Rewarding Flexible Performance*

The KPIs that should be adopted in family enterprises determine adaptability, learning, and innovation outcomes rather than short-term gains. Linking rewards to agile behaviors boosts a culture of modernization within the organization.

6.4.4 Policy Implications for GCC Governments

At the macro level, policymakers can draw a few lessons, including the importance of embracing national visions of diversification and digital economies.

1) *Developmental Leadership Program*

Ministries of economy and chambers of commerce should sponsor leadership agility programs aimed specifically at family businesses and ensure that modules on innovation management and digital preparedness are included.

2) *Online Grants and Innovation*

Specific incentives, such as tax credits and innovation vouchers, can be used to encourage family businesses to invest in R&D, technology, and training.

3) *Knowledge-sharing networks*

It would be useful to create regional family business innovation forums where best practices are shared on country, sector, and generational levels to accelerate general modernization.

4) *Vocational Governance Regulatory Assistance (VGRA).*

The promotion of institutional agile decision-making structures can occur through policies that promote clear succession planning, family constitutions, and external advisory boards.

These interventions align with the Saudi Vision 2030 and UAE Vision 2031 strategies, which position family firms as part of sustainable diversification.

The findings of this study are reminiscent of the results of research conducted globally and address agility as one of the qualities of modern organizations (Rigby et al., 2018). However, the GCC evidence provides a certain level of complexity, as it proves that agility must coexist with cultural legitimacy. Relational trust and collective decision-making can help Arab family businesses achieve agility, unlike Western companies, which apply flat hierarchies and speed of experimentation. This culturally entrenched agility model complements cross-cultural leadership theory.

6.4.5 Limitations and Directions for Future Research

Despite its robustness, the research is limited in ways that prevent further research. The cross-sectional design does not allow for causal inferences; future longitudinal studies can ultimately determine the developments in agile leadership practices over time. The collection of self-reported data may also lead to common method bias, despite procedural safeguards. External validity can be improved by objective performance variables, such as productivity or market share growth.

Generational stage, family involvement, and cultural orientation are moderating variables that may be narrowed to understand how contextual factors precondition the relationship between agility and modernization in future studies. Qualitative case studies can also further explore the micro-processes through which agile leaders argue over authority and innovation in family settings.

Overall, this discussion shows that agile leadership plays a key role in modernizing GCC-based family-owned businesses. Agile leaders turn any family business into a competitive, adaptable, and sustainable organization by encouraging innovation and digital skills. The findings indicate that both the models of agile leadership and dynamic capabilities can be used in the family business context and provide a guide for leaders and policymakers to modernize the engines of Arab economies.

7. Conclusion

In conclusion, the findings confirm that agile leadership is a significant source of modernization in family-owned GCC organizations. Agile leaders can bridge the gap between outdated family ethos and new management practices by promoting innovation and digitalizing the system. The dual mediation model highlights that the modernization process does not occur through technology or policy requirements, but through cultural transformation driven by leadership action.

Agile leadership not only allows family businesses to be nimble in dynamic markets but also provides a valuable contribution to the area's economic diversification, generationally. As Arab economies move towards knowledge-based development, agile and innovative digitally competent leaders in family businesses must be developed and trained to ensure inclusive and sustainable growth.

The empirical results demonstrated that agile leadership is impressive in terms of innovation and digital transformation, which, in turn, causes business modernization. Specifically, agile leadership had a significant positive influence on organizational innovation ($\beta = .45, p = .001$) and digital transformation ($\beta = .38, p = .001$), whereas both mediators had an essential effect on modernization ($\beta = .33, p = .41$, respectively). The mediation was partial, suggesting that leadership agility influences modernization outcomes both directly and indirectly. These findings support the theoretical claim that agile leadership is a strategic enabler of dynamic capability, helping family firms recognize environmental changes, leverage opportunities, and restructure business operations to remain competitive in the long run.

7.1 Theoretical Implications

This study makes several contributions to the current literature on leadership and family businesses.

1) *Expansion through agile leadership theory*

The empirical evidence of the relevance of agile leadership in family enterprises makes the study relevant to relationship-based, tradition-oriented, and technology-based organizations. The socio-emotional and value-driven nature of Arab family firms is proven to be complemented by agile leadership, which provides a culturally appropriate model of agility.

2) *Dynamic Capabilities Perspective Integration.*

The innovation and digital transformation associated with modernization also contribute to the study by linking agile leadership. This two-way mediation system provides empirical evidence of the mechanisms by which leadership agility is translated into practical organizational outcomes, thereby advancing the idea of dynamic capabilities.

3) *Personal donation to the GCC Scholarship*

The knowledge gap in management studies in the Middle East is comprehensive and bridging it is anchored on empirical evidence from six GCC economies. The results suggest that combining agile leadership and family governance with Islamic stewardship values can accelerate modernization while retaining cultural continuity.

7.2 Managerial and Practical Recommendations

Some of the findings can be summarized to provide strategic advice to family business owners and executives as follows:

1) *Building an Agile Intergenerational Mindset*

Senior management is expected to promote participative decision making and allow younger generations to test and fail new technologies and business strategies. Multigenerational collaboration assists in balancing tradition and innovation and encourages respect.

2) *Institutionalizing Innovation*

Creativity can be preserved by establishing formal mechanisms, such as innovation committees, cross-functional teams, and internal incubators. Agile leaders must also strengthen psychological safety, which allows employees to present ideas without fear of rebuke.

3) *Digital transformation is strategy-driven.*

Digitalization should not be regarded as a one-time investment, but rather as a long-term incremental project. Leaders should also be able to deliver their long-term worth, establish the gradual adoption of digital tools, and tie the outcomes to organizational goals. Cloud computing, data analytics, and automation can enhance decision-making and efficiency.

4) *Reconstructing Governance for Agility*

Family firms must adjust their governance structures to enable them to make decisions within a shorter period. This could be enhanced through the implementation of professional levels of management or a board of advisors without family control. It is a hybrid design that ensures the capability to operate dynamically while maintaining family control.

5) *Investing in Leadership Growth*

Continuous leadership training, mentorship programs, and attendance at regional innovation forums can improve managerial agility. Agility may be integrated into life by motivating leaders to adopt agile tools, such as sprints, stand-ups, and retrospectives.

7.3 Policy and Institutional Recommendations

At the policy level, this study underscores the importance of fostering ecosystems for the modernization of family-owned businesses in GCC economies.

1) *Agile Programs in Leadership of the Nation*

Governments and chambers of commerce should make their leadership programs agile, digitally literate, and innovation management focused towards the leaders of family enterprises.

2) *Online financial and technical support was available.*

Tax incentives, grants, and low-interest financing can encourage SMEs and family firms to invest in modern digital systems, cybersecurity, and R&D.

3) *Knowledge Networks in Regions*

This will enable policymakers to establish cross-country forums to share best practices in modernization, fostering collaboration among family enterprises in the GCC.

- Encouraging Professional Governance Frameworks
- The institutionalization of agile decision-making can enhance competitiveness by promoting transparency through regulatory changes, formalizing succession planning, and enabling external auditing.

With complex actions in place, GCC economies will have the opportunity to increase the role of family firms in countries' diversification policies, such as Saudi Vision 2030, UAE Vision 2031, and Oman Vision 2040.

In addition, the findings contradict the stereotype that family ownership must be linked to the need to suppress modernization. Instead, family values, along with agile leadership, are perhaps strategic resources because they generate loyalty, long-term orientation, and dedication to innovation. The findings also confirm recent recommendations in contextualized leadership research in a Western context (Kraus et al., 2020), as the tendencies of modernization have various origins, yet are generally aimed at the same principles of learning and flexibility.

Although this research is strong in its empirical findings, there are some drawbacks that should be noted. The cross-sectional kind of design does not give any causal inferences and to determine how agile-leadership practices transform with time, one

Although this is a strong contribution to existing empirical studies, the present study has certain limitations. The cross-sectional nature of the study precludes drawing inferences about the causal mechanisms underlying the issues, and a longitudinal design should be considered in future research to observe how agile leadership practices evolve over time. Although the sample was rather heterogeneous (six countries), it was a convenience sample, which may have contributed to the lack of generalizability. Further studies should be conducted using probability sampling or sector analysis. In addition, self-reported measures can be biased, and future studies could include objective measures of performance, such as profitability, the number of innovations, or indices of digital adoption.

Future research could also explore moderating factors, such as generational stage, family ownership intensity, or organizational culture, to gain a more insightful view of the differences in the contexts. More qualitative case studies should be employed to provide deeper insights into how agile leadership is practiced and negotiated in the context of family governance organizations. A comparison of GCC and non-GCC Arab economies can also shed more light on the effects of institutional settings on modernization paths.

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