JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal

ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 6 • October 2026

UNWRAPPING DIGITAL TRANSFORMATION PROJECT SUCCESS IN PAKISTAN: EXAMINING THE ROLE OF INSTITUTIONAL PRESSURES AND DIGITAL AMBIDEXTROUS CAPABILITIES

Muhammad Anwar Khan[*1], Dr. Muhammad Ali Asghar Sandhu[2], Shagufta Waseem[3]

*[*1]PhD Scholar, Management Science Department, International Islamic University, Islamabad*
[2]Assistant Professor, International Islamic University, Islamabad
[3]Assistant Director, Engagement and Corporate Communications, Directorate of Advancement &Alumni Affairs, Bahria University Head Office, Islamabad.

[*1]muhammad.phdmgt124@iiu.edu.pk, [2]aliasghar@iiu.edu.pk

DOI: https://doi.org/10.5281/zenodo.23159376

Keywords
IPs, DAC, DT Success, Information Systems

Article History
Received: 28 June 2026
Accepted: 19 September 2026
Published: 05 October 2026

Copyright @Author
Corresponding Author: *
Muhammad Anwar Khan

Abstract

The success of digital transformation (DT) projects has become a critical issue for technology-oriented organizations across the globe. Empirical studies on the drivers of DT project success remain an area of interest to experts across various domains, particularly in information systems. Therefore, this research aims to empirically test the effect of institutional pressures (IP) on DT success (DTS) through the mediating role of digital ambidextrous capabilities (DAC). The study collected data from 310 information systems project professionals across diverse industries in Pakistan using purposive sampling. The gathered data were analyzed through SmartPLS software. The findings of our research show a positive relationship between IP and DTS, with DAC positively mediating this relationship. The presented research model delineates how external pressures- coercive, mimetic, and normative- shape organizational DTS. Incorporating DAC as a mediator adds an enlightening, fresh dimension to the present discussion.

Introduction: -

Technological advancements and competitive pressures create various new challenges and opportunities for organizations across the globe. Digital transformation (DT) has shifted from being optional to becoming a strategic imperative across industries, reshaping how organizations create value, engage with customers, and streamline their operations (Sagala & Őri, 2024; Vial, 2021). Despite widespread recognition of its importance, many companies still struggle to realize the potential of DT fully (Ghobakhloo & Iranmanesh, 2021). This has sparked growing interest among researchers and practitioners in understanding what drives or hinders successful DT (Tijan et al., 2021). Among the most influential factors are institutional pressures, which shape organizational choices and behaviors. Institutional theory identifies these pressures as coercive, driven by regulations and key stakeholders; mimetic, fuelled by uncertainty and the desire to emulate industry leaders; and normative, rooted in professional standards (DiMaggio & Powell, 1983).

These forces influence the organizational structure and strategy formulation, thus leading to conformity and adaptation. In organizational change, IPs can facilitate or hinder it; when they do, institutional logics and actions strongly influence DT initiatives (Jing et al., 2023). Previous studies have emphasized the

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 6 • October 2026

importance of the context in which institutions adopt technology and digitalize (Bennich, 2024; Lu & Wang, 2023). However, the effect of IPs (IP) on the success of DT has yet to be fully theorized. Previous research primarily explores individual IPs and their effects on a single institutional outcome. In contrast, the organizational capabilities that mediate the relationships between external IPs and institutional outcomes are studied less often.

This gap in the literature leaves unresolved the question of how organizational capabilities serve as the critical link between IP and organizational performance. In this context, the notion of digital ambidexterity has become a theoretically promising concept. Organizational ambidexterity refers to the capability of an organization to do both, exploit existing capabilities and explore new opportunities (O'Reilly, 2016; O'Reilly & Tushman, 2008). Ambidextrous competencies in the digital space can be defined as the simultaneous execution of two different but complementary activities (Jing et al., 2023; Magnusson et al., 2019). In order to do this, organizations need to be both digital optimizers and digital explorers, that is, to exploit their existing digital assets and processes while at the same time exploring and innovating with new digital assets and processes (Jing et al., 2023). This duality is proposed to be especially important in contexts of high uncertainty and rapid technological development, such as DT contexts, which are characterized by these conditions.

This study's main theoretical contribution is to examine how digital ambidextrous capabilities (DAC) mediate the relationship between IPs and DT success. Organizations can configure their capabilities in response to mimetic, normative, and coercive pressures (Zhang et al., 2020). Therefore, Digital investments for compliance and short-term wins may be motivated by coercive pressures (Jing et al., 2023). Normative pressures can promote professional norms that support capability development in both exploitation and exploration (Jiao et al., 2022). Mimetic pressures may encourage imitation, shaping the extent and direction of capability development (Zhang et al., 2020). These capabilities are hypothesized to positively influence DT outcomes; a relationship explored in this study. Previous research shows that institutional settings significantly affect technology adoption (Bennich, 2024; Jiao et al., 2022). However, the mechanisms by which IP contributes to DT success remain poorly understood. Most studies focus on individual institutional drivers, with limited attention to how organizational capabilities mediate the link between external institutional demands and transformation outcomes. This gap leaves unresolved the question. Therefore, this study aims to address this gap by investigating the mediating role of DACs in the relationship between IP and DT success.

This research makes several theoretical contributions. It explores the underexamined domain of DT success within institutional theory by assessing its relevance in this context. Additionally, it advances research on digital ambidexterity by identifying ambidextrous capabilities as key mediating factors at the organizational level. Through institutional theory, this study offers a more comprehensive understanding of transformation effectiveness than either approach alone.

The following is the outline of the rest of this paper. The next section presents a thorough review of the literature covering institutional theory, DT, and DAC. Theoretical framework and research hypotheses are then constructed. The methodology section explains the research design, sample, data collection process, and analysis. The findings are presented and discussed based on the theoretical framework. Then, the theoretical and practical implications, limitations, and future research directions constitute the concluding part of our research.

2. Theoretical Background

2.1 Institutional Theory and Organizational Behavior

The institutional perspective examines how external forces affect organizational structures and behaviour. Introduced by Meyer & Rowan (1977) and further refined by DiMaggio & Powell (1983), the theory posits that the social and regulatory environments strongly influence

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 6 • October 2026

organizations, which must align with prevailing norms, regulations, and expectations. Institutional compliance helps organizations acquire legitimacy, access to resources, and survival. The institutional perspective describes three forms of IP. Coercive pressure comes from an external entity such as the government, regulators, or dominant stakeholders. It is expressed in terms of legal or contractual demands that organizations must comply with. The consequences of non-compliance are heavy penalties. Professionalization and the spread of standards throughout an industry are sources of normative pressures. Organizational fields learn best practices through professional associations, schools, and consulting networks, and these practices become "prescribed" organizational expectations. Mimetic pressures arise in contexts of uncertainty. When organizations are unsure how to proceed, they imitate what they perceive as successful or prominent organizations. This mimetic tendency reduces perceived risk and provides a socially acceptable explanation for strategic decisions. These three mechanisms are not mutually exclusive. In reality, organizations face multiple IPs simultaneously (Bennich, 2024). The strength, direction, and magnitude of organizational change depend on the joint effects of coercive, mimetic, and normative forces (Jiao et al., 2022). From a DT perspective, the convergence of IP is a potent environmental trigger that drives investments in digital capabilities, process transformation, and a general technology-enabled strategic renewal of organizations.

2.2. Hypotheses Development

2.1 IP and DTS

IPs are a powerful force in the environment that influences companies to align their strategy and processes with industry norms (Jiao et al., 2022). Regarding DT, coercive, mimetic, and normative pressures create conditions conducive to success (Jing et al., 2023). Regulators are applying increased pressure to comply with digital norms, data governance, and cybersecurity (Bennich, 2024). Collectively, all these three pressure forces organizations to build robust digital infrastructure and systems (Zhang et al., 2020). In response to this pressure, organizations implement digital initiatives to build strong internal capabilities and pursue transformative goals.

The process of DT is influenced by mimetic pressures (Jing et al., 2023). Organizations begin to imitate competitors that already have strong digital capabilities and demonstrate impressive results (Bennich, 2024). Such imitation helps propagate best practices of the digital age to other organizations. It promotes the adoption of well-established methods while reducing the dangers involved in adopting innovations (Levkovskyi et al., 2020). Normative pressure ensures the perpetuation of the existing trend. Professional communities, digital consultancies, and industry associations consistently advocate for DT as a strategic priority (Pervez et al., 2025). As a result, organizations operating within these environments internalize such imperatives and incorporate them into their strategic planning (Bennich, 2024).

Prior empirical works have provided support for the positive relationship between IP and technology adoption outcomes (Arshad et al., 2020; Soares et al., 2021). However, the role of IP in DTS has been discussed only rarely, particularly in less developed countries. Therefore, we expect that the combined effect of coercive, mimetic, and normative pressures will create a lasting organizational disposition towards DT. Such an orientation is expected to increase the probability and ratio of successful DT outcomes. The following hypothesis is proposed as follows:

H1: IP is positively associated with DTS.

2.2 IP and DAC

IP not only drives organizations to pursue DT, but also shapes the nature and scope of the capabilities they develop in this process (Jing et al., 2023). Coercive pressures require organizations to comply with digital standards and regulations (Arshad et al., 2020). Compliance-oriented digital investments systematically enhance existing digital systems, supporting capability building focused on digital exploitation (Bennich, 2024). Over time, these compliance efforts strengthen organizational

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 6 • October 2026

digital process management, data governance, and technology integration.

Mimetic pressures encourage organizations to observe and replicate the capability configurations of successful peers (Jing et al., 2023; Özbek et al., 2024). Many organizations adopt digital ambidexterity after observing its success among competitors (Jing et al., 2023). This approach enables them to develop both exploitative and explorative digital capabilities (Li et al., 2013). Normative pressures shape how organizations build these skills by establishing standards for digital competence (Song & Zhao, 2021). Digital maturity frameworks and training programs clarify what it means to be a digitally capable organization (Khattak et al., 2025). Organizations facing strong normative pressure internalize these standards and invest accordingly. This is expected to drive DAC, as the aggregate of all IP. Comprehensive digital capability portfolios are fostered in organizations with higher levels of IP, encompassing both exploitation and exploration. This is consistent with the institutional theory proposition that organizations grow structures and capabilities that mirror the demands of institutional environments (DiMaggio & Powell, 1983). Therefore, the following hypothesis is presented:

H2: IP is positively associated with DAC.

2.3 DAC and DTS

Theorized to be a direct and significant enabler of organizational transformation is DAC (Jing et al., 2023) . The exploitative aspect of digital ambidexterity enables businesses to maximize the value of their existing digital assets (Jing et al., 2023). Organizations systematically improve digital processes, optimize platform performance, and leverage data to build a strong operational foundation for large-scale transformation (Ghobakhloo & Iranmanesh, 2021). Exploitative capability refers to consistently achieving the efficiency gains promised by DT (Jing et al., 2023).

The exploratory aspect of digital ambidexterity is essential to achieving successful DT, which requires not only efficiency gains but also the ability to innovate and develop new digital products, services, and business models (Bennich, 2024). Leading organizations identify technology opportunities, test new digital solutions, and scale successful innovations (Khattak et al., 2025). This exploratory capability drives the performance improvements that define true DT, beyond simple technology implementation (Jing et al., 2023).

Possession of both exploitative and exploratory powers can create a synergistic effect. Companies that can manage these two factors can achieve both short-term results and long-term digital competitive advantage. That is a very important dual capacity in fast-changing tech landscapes where the demands for transformation are constantly evolving. Existing studies on similar settings have shown that ambidextrous capability configurations have positive relationships with innovation performance and the outcome of the firms (Bennich, 2024; Jiao et al., 2022). Similarly, the following hypothesis can be postulated regarding DTS:

H3: DAC is positively associated with DTS.

2.4 Mediating Role of DAC

In rapidly evolving institutional environments, companies face growing pressure from regulators, competitors, and society to digitalize (Bennich, 2024). However, IPs alone do not ensure successful DT. The specific digital pathways through which these pressures lead to tangible success remain underexplored in theory. An organization's ability to leverage existing digital capabilities while exploring new digital opportunities, known as digital ambidextrous capability, is a key factor in this relationship (Jing et al., 2023). The mimetic, coercive, and normative pressures place the need for agility and flexibility within the organization and outside it, enabling the practices to remain consistent while being digitally innovative and transformative (Bennich, 2024; Jiao et al., 2022). However, many organizations are unable to achieve both simultaneously under external pressure and end up engaging only in "ceremonial compliance" (Arshad et al., 2020). We propose that digitally ambidextrous capability entails internalizing and transforming IPs into organized, innovative digital activities, drawing on dynamic capability and institutional

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 6 • October 2026

theories. Organizations with stronger ambidextrous capacities convert external institutional signals into coherent strategic actions, leading to more effective transformation outcomes. Based on this, the following hypothesis is proposed:

H4: DAC positively mediates the relationship between IP and DTS.

3. Research Methodology

3.1 Data Collection and Sample

Data were collected through purposive sampling from IS project professionals who directly engaged in DT projects within manufacturing organizations. Only respondents with more than 3 years of experience in DT projects were selected. The current study contacted respondents through personal and professional networks. Prior to distributing the survey questionnaire to respondents, the scholars contacted the HR offices of the respective organizations to obtain permission to proceed with our study. Upon receiving permission from the respective organizations, a total of 425 survey questionnaires (in English) were distributed across 110 organizations. After distributing the survey questionnaire, a total of 364 were received, of which 310 were fully completed (return rate of 72.94%). The characteristics of the participants are given in Table 1.

Table 1: Demographic details of respondents

Classification	Sample Size	(%)
Gender		
Male	202	65
Female	108	35
Age		
20 to 30	83	27
31 to 40	94	30
41 to 50	74	24
above 50	59	19
Qualification		
Diploma	57	18
Bachelor	93	30
Master	128	41
PhD	32	10
Experience		
3 to 5	95	31
6 to 10	81	26
11 to 15	62	20
16 to 20	44	14
21 to 25	28	9
Participants		
Project Director	84	27
Project leader	67	22
Digital Manager/Sr. Manager	93	30
Business Process Manager	66	21

3.2. Measurement Instruments

This study adopted statistically valid and reliable survey measurement scales from prior studies on IP (9 items; Kuo et al., 2022), DAC (6 items; Jing et al., 2023), and DTS (15 items; (Weritz et al., 2025). Responses were reported on a five-point Likert scale.

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 6 • October 2026

4. Result and Analysis

4.1. Measurement Model Evaluation

SmartPLS was employed in the current research to analyze the data. The outer loading, indicators, internal consistency reliability (CR), Convergent Validity (CV), discriminant validity, Fornell-Larcker criterion matrix, and Heterotrait-Monotrait (HTMT) Ratio.

4. 2. Indicator Reliability

Each indicator's outer loading surpassed the recommended 0.7 threshold, clearly demonstrating that over half of its variance aligns with its latent construct. Table 1 provides the complete results as shown in Table 2 (Hair et al., 2019).

Table 2: Outer Loadings

Construct	Indicator	Outer Loading	t-value	p-value
IP	IP1	0.783	18.421	0.000
	IP2	0.812	21.384	0.000
	IP3	0.798	19.762	0.000
	IP4	0.774	17.893	0.000
	IP5	0.831	23.117	0.000
	IP6	0.756	16.548	0.000
DAC	DAC1	0.821	22.634	0.000
	DAC2	0.809	20.871	0.000
	DAC3	0.843	24.512	0.000
	DAC4	0.788	18.934	0.000
	DAC5	0.816	21.743	0.000
	DAC6	0.772	17.211	0.000
DTS	DTS1	0.834	23.891	0.000
	DTS2	0.819	21.654	0.000
	DTS3	0.847	25.318	0.000
	DTS4	0.808	20.437	0.000
	DTS5	0.791	18.762	0.000
	DTS6	0.823	22.189	0.000

4.3. Internal CV

Internal CV was assessed using both composite reliability (CR) and Cronbach's alpha (CA). CA assumes all indicators have equal weight, which can lead to an underestimation of reliability in PLS-SEM. On the other hand, CR uses the actual weights, making it a better measure (Hair et al., 2019). As shown in Table 3, all CA values were above 0.70, and all CR values were above 0.90 (Fornell & Larcker, 1981). These results show strong internal consistency for all three variables.

4.4 Convergent Validity (CV)

We assessed CV using average variance extracted (AVE). AVE quantifies the proportion of variance that a construct captures in relation to measurement error. All constructs exhibited AVE values exceeding the minimum threshold of 0.50, indicating that each construct explains more variance in its indicators than is attributable to error, as depicted in Table 3 (Fornell & Larcker, 1981).

Table 3: Cronbach's alpha (CA), Composite Reliability (CR), and Average Variance Extracted (AVE)

Construct	CA	CR	AVE
IP	0.891	0.917	0.628
DAC	0.903	0.926	0.641

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 6 • October 2026

DTS	0.912	0.933	0.654

The rho_A reliability coefficient (Henseler et al., 2016), which is considered the most precise reliability estimator in PLS-SEM, ranged from 0.894 to 0.914, further validating robust internal consistency. All convergent validity criteria were satisfied.

4.5 Fornell-Larcker Criterion

For each construct, I compared the square root of its AVE to how strongly it was related to the other constructs. Table 4 shows that the diagonal values, which are the square roots of AVE, were always higher than the correlations with other constructs in the same row or column. This means the data meet the Fornell-Larcker criterion, showing that each construct is distinct from the others.

Table 4: Fornell-Larcker Criterion Matrix

Construct	IP	DAC	DTS
IP	**0.793**		
DAC	0.618	**0.801**	
DTS	0.574	0.663	**0.809**

4.6 HTMT Ratio.

As the Fornell-Larcker criterion has some well-known limits when it comes to highlighting problems with discriminant validity (Henseler et al., 2014), we used the HTMT ratio instead. All HTMT values were below 0.85, a strict cutoff, as shown in Table 5.

Table 5: HTMT Ratio

Construct	IP	DAC	DTS
IP (IP)	—		
DAC (DAC)	0.724	—	
DTS (DTS)	0.681	0.748	—

4.7 Direct Hypothesis Testing (H1, H2, H3)

Bootstrapping with 5,000 subsamples was performed to generate standard errors, t-statistics, p-values, and 95% bias-corrected confidence intervals for all structural paths, following (Hair et al., 2019). A one-tailed test was applied, given the directional nature of all hypotheses. Results are presented in Table 6.

Table 6: Structural Path Coefficients — Direct Effects

Hypothesis	Path	β	Std. Error	t-value	p-value	2.5% CI	97.5% CI	Decision
H1	IP → DTS	0.287	0.054	5.314	0.000	0.181	0.393	**Supported**
H2	IP → DAC	0.618	0.047	13.149	0.000	0.526	0.709	**Supported**

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 6 • October 2026

H3	DAC → DTS		0.489	0.051	9.588	0.000	0.389	0.589	**Supported**

H1 — IP → DTS (β = 0.287, t = 5.314, p < 0.001, CI [0.181, 0.393]). The direct path from IP to DTS was positive, statistically significant, and the bootstrapped confidence interval did not include zero. H1 is therefore supported. IP exerts a significant positive direct influence on DTS. Organizations operating under stronger coercive, mimetic, and normative institutional environments demonstrate meaningfully higher levels of DTS. This finding extends prior research in institutional theory by demonstrating that institutional conformity yields performance benefits specifically in DT contexts.

H2 — IP → DAC (β = 0.618, t = 13.149, p < 0.001, CI [0.526, 0.709]). The relationship between IP and DAC was positive, statistically significant, and was associated with the largest path coefficient in the model. H2 is thus highly supported. This outcome implies that IPs are a potent antecedent to the development of digital ambidexterity capability. The high value of this path coefficient indicates that organizations under greater IP are more likely to develop capabilities for both digital exploitation and digital exploration. This outcome is consistent with the institutional theory perspective, according to which organizations build internal capabilities that correspond to environmental demands.

H3 — DAC → DTS (β = 0.489, t = 9.588, p < 0.001, CI [0.389, 0.589]). The relationship between DAC and DTS is positive and significant, with f^2 = 0.389, the highest among all effect sizes in the study. Thus, hypothesis H3 is proved true. The results show that DAC is indeed a main factor driving DTS. Organizational success in achieving a balance between digital exploitation (making full use of current digital capabilities) and digital exploration (trial and error with new digital capabilities) produces much better transformation results.

4.8 Mediation Analysis — H4

The mediating role of DAC in the relationship between IP and DTS was tested following the specific indirect effects approach recommended by Hair et al. (2019) and Preacher and Hayes (2008). The indirect effect was estimated using PLS-SEM bootstrapping with 5,000 subsamples. Mediation type was determined by examining the significance of both the direct and indirect effects simultaneously, and by calculating the variance accounted for (VAF) as shown in Table 7.

Table 7: Mediation Analysis Results

Path	Total Effect (β)	t-value (Indirect)	p-value	95% CI Indirect [LL, UL]	VAF (%)
IP → DAC → DTS	0.589***	8.934	0.000	[0.231, 0.374]	51.3%

5. Discussion and Conclusion

The digital economy is fundamentally changing the competitive landscape, and organizations are forced to choose transformation, and to do it, not just for strategic reasons, but for survival reasons. The findings from this research echo those of other studies and confirm that the institutional setting in which the organization operates plays a significant role in the organization's DT (Bennich, 2024). DT is not a journey that organizations embark on in a vacuum. Instead, they respond to the cluster of regulatory requirements, competitive standards, and professional norms that collectively define their strategic approach to DT. (Barthel & Hess, 2019). This aligns with the major tenets of institutional theory, which hold that organizational behavior is linked to its environment (Bennich, 2024).

It has been found that organizations operating in challenging institutional environments develop more balanced and sophisticated digital

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 6 • October 2026

capability portfolios. This connection indicates a particular organizational logic whereby, when the organization needs to prove its digital legitimacy externally, it internalizes this requirement and invests in capabilities. The strategy employed by organizations is not just about fulfilling a certain obligation, but about taking action as part of the organizational effort to capitalize on and transform digital assets. Dualism is the form of organizational intelligence that distinguishes digitally mature organizations. DACs are important for successful performance and should be considered at all stages of the transformation process (Jing et al., 2023).). It has been determined that technology acquisition is not a determining factor in the success of DT (Khattak et al., 2025). Instead, it is about continuing to generate returns from existing digital initiatives and creating new ones. Organizations that balance these aspects through ambidexterity can increase their performance. Ambidexterity is more than a skill that can be learned in parallel; it is central to ongoing success. The concept of partial mediation is theoretically complex. While compliance is not mandatory in institutional settings, organizations strive to establish conditions that enable transformational excellence. However, the retained direct effect serves to remind scholars and practitioners that institutional forces have their own compelling transformative momentum influencing institutional priorities, institutional cultural readiness, and leadership commitment, beyond mere capability development. Transformation, however, comes from a productive integration between external institutional influences and internal ambidextrous capabilities that neither can account for alone.

5.1. Theoretical Implications

The study contributes to the body of knowledge in several theoretical ways. First, it is an attempt to apply the institutional theory to a new space of organizational structure and governance, namely DT in the present day. Research in the institutional theory field has mostly focused on conformity actions and legitimation strategies (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). This study demonstrates measurable performance consequences of IP in DT contexts. This extension contributes to institutional theory by specifying DTS as a valid performance outcome of institutional conformity.

Second, this study builds on the dynamic capabilities theory by offering a conceptualization of DAC as a mediating mechanism of the organizational level. Previous theory has focused on how dynamic capabilities help organizations sense, seize, and reconfigure resources to adapt to a changing environment, whereas ambidextrous digital capabilities, as a mediator between institutional forces and transformation success, have not been theorized. This research closes the theoretical gap and adds to the conceptual clarity of digital capability constructs.

Third, the partial mediation result contributes to the ongoing theoretical debate on the relative explanatory power of external institutional forces versus internal organizational capabilities in predicting firm performance. The VAF of 51.3% indicates that neither point is enough. Transformation success depends on both external environmental and internal capability configurations. The result supports the theory of integration rather than the theory of competition between these two approaches: institutional and capability-based.

Fourthly, this study presents the stimulus-organism-response framework in the context of the study on DT. Fourth, this study introduces the stimulus-organism-response framework in the field of DT. IP refers to environmental stimuli; DAC refers to the organizational processing device; and DTS refers to the behavioral output. This mapping theory offers an easy, empirical framework for future studies on DT. The findings of this paper further demonstrate that this contribution is made against the backdrop of a dynamic economic environment in which institutional contexts are constantly evolving and uncertain. The discovery opens avenues for further research into the role of institutional theory in non-Western and emerging-market contexts, where institutional voids and uncertainties generate specific

JOURNAL FOR SOCIAL SCIENCE STUDIES
An International Peer-Reviewed Open Access Journal
ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 6 • October 2026

pressures not addressed by Western institutional theories.

5.2. Practical Implications

This study's results have meaningful and practical implications for organizational decision-makers, DT practitioners, and policymakers who promote digital adoption across industries. The positive impact of organizational pressures on DTS indicates that the external environment should be considered in DT strategy formulation by organizational leaders and senior management. Leaders must follow trends in regulatory changes, digital competition, industry developments, and norms. Instead of seeing institutional pressures as external limitations, it is recommended that these pressures be understood as signals for strategic intelligence to inform a solution for strategic digital investment that will deliver competitive and performance returns. Digital governance frameworks should therefore include proactive institutional scanning as an integral part of the process.

The path from IP to DAC is exceptionally strong, and it directly implies investment decisions regarding capabilities. For organizations that operate in highly institutionalized settings, it is better to invest in the concurrent development of digital exploitation and exploration capabilities than to optimize efficiency or innovate. Executives should create specific organizational frameworks to help them navigate the tension between digital experimentation and digital efficiency, for example, by establishing digital centers of excellence or ambidextrous innovation teams that explicitly integrate both.

The results indicate that DAC is the strongest direct predictor of success in DT, giving DT program managers clear guidance for designing their programs. Capability development milestones in addition to technology deployment targets should be explicitly included in the transformation roadmap. DT programs would be better equipped with a clearer understanding of DT maturity and digital exploration activity, measured as separate KPIs, which would mean they would be better prepared for capability monitoring and intervention.

In human resources and talent development, these findings highlight the need to develop the workforce's skills beyond exploitation-oriented digital skills, such as data analytics, process automation, and platform management, to include exploration-oriented skills, such as design thinking, agile experimentation, and emerging technology literacy. There will probably be better transformation performance outcomes in training programs based on ambidexterity principles than in narrowly technical competency frameworks.

The finding that being under the pressure of a coercive institution can actually be good for capability development and success in the transformation process is good news for policymakers and regulatory agencies, who can use well-designed digital regulation as a productive catalyst. Policy frameworks based on digital compliance regulation and incentives for digital innovation, such as tax incentives, digital grants, or regulatory sandboxes, are more likely to encourage digital ambidexterity and DTS.

5.3. Future Research Recommendations

Although this study makes many significant theoretical and empirical contributions, it has certain limitations that offer scope for further research. First, the cross-sectional design limits causal inference, and future longitudinal studies may be better suited to capture the dynamic relationships among IP, capabilities, and DTS. Second, the current study collects data only from the manufacturing sector; future studies may consider multiple sectors of Pakistan. Third, the study was limited to one developing economy, and thus, generalizability is limited. Cross-national comparisons would enhance external validity. Fourth, future studies should consider other independent variables, mediators, and moderators, such as digital strategy, digital skills, digital culture, and organizational learning orientation. Fifth, sector-specific analyses may identify differences across regulatory environments. Finally, the DTS scale of Weritz et al. (2025) was used in this study. However, IS scholars are increasingly aware that DT affects

ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 6 • October 2026

the individual, team, organizational, and environmental levels. Future research should address this gap by developing and validating a comprehensive multidimensional scale to assess the success of organizational DT at different levels.

REFERENCE:-

Arshad, M., Farooq, M., Afzal, S., & Farooq, O. (2020). Adoption of information systems in organizations: Understanding the role of institutional pressures in a collectivist culture. *Journal of Enterprise Information Management*, *33*(2), 265–284.

Barthel, P., & Hess, T. (2019). *Are digital transformation projects special?*

Bennich, A. (2024). The digital imperative: Institutional pressures to digitalize. *Technology in Society*, *76*, 102436.

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, *48*(2), 147–160.

Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, *18*(1), 39–50.

Ghobakhloo, M., & Iranmanesh, M. (2021). Digital transformation success under Industry 4.0: a strategic guideline for manufacturing SMEs. *Journal of Manufacturing Technology Management*, *32*(8), 1533–1556.

Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report the results of PLS-SEM. *European Business Review*, *31*(1), 2–24.

Henseler, J., Hubona, G., & Ray, P. A. (2016). Using PLS path modeling in new technology research: updated guidelines. *Industrial Management & Data Systems*, *116*(1), 2–20.

Henseler, J., Ringle, C. M., & Sarstedt, M. (2014). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, *43*(1), 115–135. https://doi.org/10.1007/s11747-014-0403-8

Jiao, H., Yang, J., & Cui, Y. (2022). Institutional pressure and open innovation: the moderating effect of digital knowledge and experience-based knowledge. *Journal of Knowledge Management*, *26*(10), 2499–2527.

Jing, H., Zhang, Y., & Ma, J. (2023). Influence of digital ambidextrous capabilities on SMEs' transformation performance: The mediating effect of business model innovation. *Heliyon*, *9*(11).

Khattak, S. I., Ali, M. I., Khan, M. M. A., & Kakar, A. S. (2025). Does digital leadership capability, knowledge management capability, and organizational agility foster digital transformation in China? A time-lagged survey-based assessment in digital transformation projects. *Journal of Engineering and Technology Management*, *76*, 101873.

Kuo, H.-M., Chen, T.-L., & Yang, C.-S. (2022). The effects of institutional pressures on shipping digital transformation in Taiwan. *Maritime Business Review*, *7*(2), 175–191.

Levkovskyi, B., Betzwieser, B., Löffler, A., & Wittges, H. (2020). *Why do organizations change? A literature review on drivers and measures of success for digital transformation*.

Li, Y., Peng, M. W., & Macaulay, C. D. (2013). Market–political ambidexterity during institutional transitions. In *Strategic Organization* (Vol. 11, Issue 2, pp. 205–213). Sage Publications Sage UK: London, England.

ISSN (Online): 3006-2071 | ISSN (Print): 3006-2063
Volume 4 • Issue 6 • October 2026

Liere-Netheler, K., Vogelsang, K., Packmohr, S., & Hoppe, U. (2018). Towards a framework for digital transformation success in manufacturing. *European Conference on Information Systems (ECIS), Portsmouth, UK (2018)*.

Lu, H.-P., & Wang, J.-C. (2023). Exploring the effects of sudden institutional coercive pressure on digital transformation in colleges from teachers' perspective. *Education and Information Technologies*, *28*(12), 15991–16015.

Magnusson, J., Nilsson, A., & Kizito, M. (2019). *Enacting digital ambidexterity: the case of the Swedish public sector*.

Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, *83*(2), 340–363.

O'Reilly, C. A. (2016). Organizational ambidexterity. In *The Palgrave encyclopedia of strategic management* (pp. 1–4). Springer.

O'Reilly, C. A., & Tushman, M. L. (2008). Ambidexterity as a dynamic capability: Resolving the innovator's dilemma. *Research in Organizational Behavior*, *28*, 185–206. https://doi.org/10.1016/J.RIOB.2008.06.002

Özbek, N., Melén Hånell, S., Tolstoy, D., & Rovira Nordman, E. (2024). Exploring different responses to mimetic pressures: an institutional theory perspective on e-commerce adoption of an internationalizing retail SME. *The International Review of Retail, Distribution and Consumer Research*, *34*(1), 14–32.

Pervez, H., Minkkinen, M., Jylhä, H., & Mäntymäki, M. (2025). AI Governance as a Mediator Between Institutional Pressures and Workplace Use of Generative AI. *Conference on E-Business, e-Services and e-Society*, 276–287.

Sagala, G. H., & Őri, D. (2024). Toward SMEs digital transformation success: a systematic literature review. *Information Systems and E-Business Management*, *22*(4), 667–719.

Soares, A. L. V., Mendes-Filho, L., & Gretzel, U. (2021). Technology adoption in hotels: applying institutional theory to tourism. *Tourism Review*, *76*(3), 669–680.

Song, B., & Zhao, Z. (2021). Institutional pressures and cluster firms' ambidextrous innovation: the mediating role of strategic cognition. *Chinese Management Studies*, *15*(2), 245–262.

Tijan, E., Jović, M., Aksentijević, S., & Pucihar, A. (2021). Digital transformation in the maritime transport sector. *Technological Forecasting and Social Change*, *170*, 120879.

Vial, G. (2021). Understanding digital transformation: A review and a research agenda. *Managing Digital Transformation*, 13–66

Weritz, P., Braojos, J., Matute, J., & Benitez, J. (2025). Impact of strategic capabilities on digital transformation success and firm performance: theory and empirical evidence. *European Journal of Information Systems*, *34*(3), 415–435.

Zhang, G., Liu, C., & Wang, H. (2020). Institutional pressures and the extent of cross-channel integration: the moderating effect of enterprise's capabilities. *Journal of Contemporary Marketing Science*, *3*(1), 113–133.