JODIGBI: Journal of Digital Business and Global Economy
Vol.2, No.4, August 2026
https://journal.atdbi.or.id/index.php/jodigbi/

BUSINESS TRANSFORMATION BEYOND PROFIT: INTEGRATING SUSTAINABLE INNOVATION AND SOCIAL RESILIENCE FOR INCLUSIVE DEVELOPMENT IN PAPUA

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Article Info

Article history:
Received: 03 August 2026;
Accepted: 14 August 2026;
Published: 28 August 2026.

Keyword:
Business Transformation; Inclusive Development; Social Resilience; Sustainable Innovation; Sustainability

Abstract

Business transformation in the development of the current strategic environment is no longer solely oriented towards achieving financial performance, but is increasingly required to generate value that simultaneously strengthens social inclusion, sustainability, and people's capacity to face change. However, previous studies tend to place Business Transformation, Sustainable Innovation, Inclusive Development, Shared Value Creation, Social Trust, and Social Resilience as constructs that are studied relatively separately, so that the mechanisms of strategic linkages between these constructs have not been adequately explained in an integrative framework. Departing from these gaps, this study developed the Inclusive Development Transformation Framework (IDTF) as a conceptual framework that integrates organizational, innovation, social, and institutional dimensions to explain how transformation can be directed towards inclusive and sustainable regional development. This research uses a qualitative conceptual approach through a systematic literature review, content analysis, comparative analysis, and conceptual synthesis of peer reviewed scientific articles, policy documents, and relevant institutional reports. The results of the synthesis show a strategic flow that places Business Transformation as the initial driver for the development of Sustainable Innovation, which then expands its contribution through Inclusive Development and Shared Value Creation. The process is further expected to strengthen Social Trust and Social Resilience as relational and collective capacities that ultimately underpin Long Term Sustainability. IDTF expands the perspective of strategic management by linking organizational change to its impact on communities and regions. This framework can also serve as a reference for governments, business actors, and stakeholders in designing adaptive, participatory, and sustainable development. Its relevance is even stronger in complex regions such as Papua, where social, economic, institutional, and geographical factors influence each other.

1. INTRODUCTION

Sustainable development is increasingly gaining a place in the discussion of governments, the business sector, and international organizations. This concern arises because economic, social, and environmental issues are increasingly related to each other. This condition makes organizations face broader demands, especially since the

SDGs are one of the references in development. Thus, the success of an organization is not solely determined by economic achievements. Contribution to society, concern for the environment, and the ability to maintain sustainability in the long term are also part of the values that need to be considered. These changes in expectations make organizations need to review their strategies, governance, capabilities, and business models. Thus, business transformation is increasingly difficult to see as limited to an internal agenda to restructure or increase efficiency. It has developed into a strategic process that helps determine how organizations create value for various stakeholders.

This change in perspective is also seen in the development of the concept of Business Transformation. If previously transformation was mostly associated with organizational restructuring, efficiency, or internal process updates, now its scope is moving in a broader direction by incorporating sustainability into the decision making and value creation process. Organizations are required to have strategic flexibility, the ability to innovate, stakeholder involvement, as well as the capacity to survive and adapt when the business and social environment changes. A number of studies show that integrating sustainability into transformation strategies can strengthen long term performance while improving the organization's ability to adapt. Therefore, the success of transformation should not only be seen in terms of financial or operational efficiency, but also from the extent to which these changes produce broader economic, social, and environmental benefits.

In this process, Sustainable Innovation can be one of the important links. The innovation orientation to sustainability allows organizations to make updates to products, services, processes, and business models without relinquishing attention to economic, social, and environmental values. Various studies have linked this approach to organizational adaptability, competitive advantage, resilience, and performance achievement in the long term. However, the discussion of sustainable innovation is still largely placed at the company level, especially when what is measured is the performance and competitiveness of the organization. The question that then arises is how these capabilities can be translated into benefits that are felt at the community and regional development levels. This part still needs a stronger conceptual explanation.

Development issues do not stop at organizational capacity. At the regional level, sustainability is also strongly influenced by the ability of communities and institutions to face change together. When development conditions undergo uncertain changes, the ability of the community to adapt is one of the things that needs to be considered. This ability is related to the extent to which the community can maintain social relations and remain involved in the development process. In this context, Social Resilience can be understood through several aspects, including community involvement, relationships between stakeholders, trust in institutions, and governance that is able to respond to change. Communities that have stronger adaptability are generally more free to determine how to deal with social, economic, environmental, and institutional changes, without having to lose social cohesion and the sustainability of the development process. From this perspective, organizational transformation and community resilience are inappropriate if they are placed as two completely separate issues.

In the context of development that is still colored by inequality, the issue of access to resources, economic opportunities, and development benefits is something that needs attention. This condition is generally related to socio-economic disparities and institutional capabilities that are not the same in each region. The Inclusive Development perspective sees that development should provide a wider space for various parties to be involved and benefit more equitablely. From this perspective, the relationship between organizations and communities can be understood through organizational capacity, the quality of relationships with stakeholders, and the ability of communities to respond to change. These three aspects affect each other and can be an important part of building a more inclusive development process. Research on inclusive development has so far focused on governance, public policy, socio-economic performance, and equity. Meanwhile, explanations of how sustainability oriented business transformation and innovation can be the driving force for inclusive regional development are still relatively limited, especially when the process is associated with stakeholder collaboration, shared value creation, and social resilience. As a result, there is still a conceptual gap between the changes that take place at the organizational level and the expected development outcomes at the community and regional levels.

These gaps show fragmentation in the literature on Business Transformation, Sustainable Innovation, Inclusive Development, and Social Resilience. Each concept has received considerable academic attention, but the discussion is often directed at the direct relationship between certain variables. As a result, the picture of the longer strategic path from organizational change, innovation capabilities, stakeholder engagement, social trust formation, to the ability of communities to sustain development—has not been placed in a single coherent framework. The problem lies not only in the study of each construct, but in how these constructs are interrelated in supporting sustainable regional development.

This is relevant in the context of Papua which is still facing problems of infrastructure, quality of human resources, accessibility, economic participation, and institutional capacity. Various development interventions have been carried out, but infrastructure development and financial support alone are not necessarily enough. An approach that looks at the interconnectedness of these various aspects more fully so that Papuan development can take place in a more inclusive and sustainable manner, including: organizational transformation, sustainability oriented innovation, stakeholder collaboration, institutional trust, community participation, and social resilience.

The complexity of Papua's development shows the need for a framework that is able to see the relationship between organizational change and development benefits for society. On that basis, this study developed an Inclusive Development Transformation Framework (IDTF) with seven main dimensions: Business Transformation, Sustainable Innovation, Inclusive Development, Shared Value Creation, Social Trust, Social Resilience, and Long Term Sustainability. This framework explains how business transformation can contribute to more inclusive and sustainable regional development. Conceptually, Business Transformation is placed as a starting point that shapes an organization's adaptive capabilities and strategic flexibility. These capabilities then open up space for Sustainable Innovation, which is further directed to expand opportunities for participation and benefit creation through Inclusive Development. The process is strengthened by Shared Value Creation through collaborative relationships between organizations and stakeholders. When those interactions result in values that are seen as fair and sustainable, Social Trust can thrive. Stronger trust then becomes one of the foundations for Social Resilience, before the whole process boils down to support for Long Term Sustainability.

IDTF departs from two main foundations, namely Strategic Management and Sustainable Development. In this perspective, Business Transformation is positioned as an initial driver because organizations need the ability to adapt and respond to change before being able to develop sustainability oriented innovations. Sustainable Innovation then becomes a mechanism that allows organizations to generate value that is not only economic, but also touches on social and environmental dimensions. These values are further expanded through Inclusive Development by providing greater space for stakeholder participation and a more equitable distribution of development opportunities.

IDTF places organizations as part of the development ecosystem, not as stand-alone actors. Shared Value Creation, Social Trust, and Social Resilience are the link between organizational change and its impact on society. On that basis, this study develops a model that integrates the seven dimensions of IDTF as one strategic path towards Long Term Sustainability. This framework enriches the study of Strategic Management, Sustainable Business, and Inclusive Development, as well as can be a reference for stakeholders in designing more inclusive, adaptive, and sustainable regional development, especially in Papua.

With this perspective, Business Transformation in this study is not placed solely as a means to improve organizational performance. Transformation is seen as a starting point that has the potential to pave the way to broader social value creation when supported by sustainable innovation, inclusive development, collaboration, trust, and community resilience capacity. IDTF therefore offers a perspective that connects organizational capabilities to regional development dynamics more broadly. However, this framework is still at a conceptual stage. The relationship offered needs to be tested through empirical research in various organizational and regional contexts to see the extent to which the formulated pathway can truly explain the transformation process towards inclusive and sustainable regional development.

2. LITERATURE REVIEW

This literature review is designed to bring together theoretical perspectives and empirical findings related to Business Transformation, Sustainable Innovation, Inclusive Development, Shared Value Creation, Social Trust, Social Resilience, and Long Term Sustainability. The seven concepts are not placed as stand alone areas of study, but are examined based on the possibility of interconnectedness between one concept and another in forming a sequential strategic path. On this basis, the discussion combines theories that have developed in the field of strategic management and sustainable business with more up to date empirical findings to build a conceptual thinking base for the Inclusive Development Transformation Framework (IDTF). The relevant peer reviewed literature is also specifically reviewed to see the patterns of relationships that have gained support for the research, find areas of the theory that still have limitations, and assess the extent to which the available empirical evidence can be a basis for the proposition put forward in the framework.

2.1 Theoretical and Conceptual Background

The literature in the field of strategic management provides a solid basis for explaining how organizations deal with environmental dynamics while building and maintaining value in the long term. The Resource-Based View (RBV) places resources and capabilities as the foundation of organizational excellence, while the Dynamic Capabilities Theory emphasizes adaptability to change and uncertainty. From these two perspectives, Business Transformation is understood as the process of adjusting strategies, capabilities, processes, and business models, not just operational changes.

The capabilities that are formed are then directed through Sustainable Innovation, which is innovation that considers economic, social, and environmental values. In the Inclusive Development Transformation Framework (IDTF), transformation strengthens organizational capacity, while sustainable innovation directs it to value creation and broader development impacts. The next theoretical aspect is related to Inclusive Development. Inclusive development places participation, access to opportunities, and equitable distribution of economic and social benefits as the main concerns. The relevance of sustainable innovation is increasingly visible when the innovation process is not only directed to improve company performance, but is also used to open up participation space for various stakeholders and answer the needs of society. Studies on inclusive innovation and sustainable innovation show that

there is a link between economic, social, and environmental dimensions in producing development impacts that can last in the long term. On the other hand, research on sustainable business models shows that stakeholder involvement can strengthen the achievement of sustainability goals while increasing the acceptance and social legitimacy of the organization. Therefore, Inclusive Development can be placed as a stage when the results of organizational transformation begin to provide benefits that go beyond the organization's internal interests.

The relationship between inclusive development and organizational value creation can then be explained through the perspective of Shared Value Creation. This perspective emphasizes that economic value creation does not have to be separated from efforts to meet social and environmental needs. In other words, organizations have the opportunity to obtain economic benefits while contributing to solving problems faced by society and the environment. A number of empirical evidence shows that the application of the principle of shared value can support the formation of competitive advantages, while a stakeholder oriented value creation approach can help organizations achieve more sustainable business performance. Stakeholder engagement, for example through the process of identification, communication, knowledge exchange, and practice improvement in a sustainable manner, can strengthen the achievement of sustainability goals while increasing social acceptance. Within the framework of IDTF, Shared Value Creation serves as a mechanism that connects Inclusive Development with the formation of relationships that provide mutual benefits between organizations and their stakeholders.

However, such mutually beneficial relationships require support from social and institutional aspects. One of the foundations of this importance is Social Trust. This concept refers to the belief that individuals, organizations, and institutions will act reliably, fairly, and cooperatively. Trust becomes even more important in situations where the achievement of goals depends on repeated interactions between various stakeholders, especially when the process contains uncertainty and interdependence. Various studies on trust and resilience show that trust can strengthen cooperation, social cohesion, participation, and the functioning of social and contractual relationships, which ultimately support the formation of community resilience. In the context of IDTF, this aspect is important because the creation of shared value does not in itself guarantee the formation of sustainable collaborative relationships. Strong relationships require consistent, credible, and repetitive interactions so that cooperation that is initially functional can develop into stronger relational trusts.

Furthermore, Social Resilience describes the ability of communities and institutions to cope with disruptions, adapt to change, maintain collective functions, and continue to carry out development goals despite conditions of uncertainty. Recent literature views social resilience as a multidimensional concept that is not only related to adaptability, but also includes the quality of social relations, institutional capacity, institutional arrangements, and collective ability to respond to various pressures. Empirical findings on community resilience in Indonesia, for example, show that the strength of social systems and the adaptive capacity of communities play an important role in maintaining the sustainability of development outcomes when communities face environmental disturbances and changing socio-economic conditions. The relationship between trust and resilience is also conceptually supported through the view that trust is one of the foundations for collective participation and social cohesion. These two aspects are ultimately important parts of building people's capacity to survive and adapt to change.

The last dimension in this framework is Long Term Sustainability. Sustainability is not solely understood as the achievement of organizational performance in a certain period, but as the ability to sustain and develop economic, social, and environmental values in a sustainable manner. If all previous theoretical perspectives are connected, it can be seen that there is a series of interrelated processes. Business Transformation builds an organization's ability to adapt to change. This ability is then realized through Sustainable Innovation, which directs the organization's adaptability to the creation of innovations by considering sustainability aspects. Furthermore, Inclusive Development expands the benefits and participation space resulting from the process. Shared Value Creation then brings together the interests of the organization with the interests of stakeholders through the creation of reciprocal benefits. These relationships are strengthened by Social Trust, which is the basis for the formation of cooperation and more stable relationships. In the next stage, Social Resilience provides collective capacity so that the development process can continue and adapt when the environment changes.

Thus, the series ultimately leads to Long Term Sustainability. This conceptual flow shows that sustainability is not the result of a single stand alone factor, but rather a consequence of the interconnectedness of various capabilities, innovation processes, stakeholder relationships, and social capacity. The sequence of relationships becomes the theoretical foundation for the Inclusive Development Transformation Framework (IDTF) while strengthening the conceptual model developed in this study.

2.2 Empirical Review and Hypothesis

The relationship between constructs that have been described on a theoretical basis is reinforced by various empirical findings in previous research. The literature on organizational transformation shows that change in the organization is increasingly understood as a process of capability development that allows organizations to respond to environmental dynamics in a more adaptive manner. In this context, Business Transformation is no longer sufficiently understood as a change in operational structure or efficiency, but as a strategic process related to the development of dynamic capabilities, the use of digital capabilities, innovation, and the achievement of sustainability.

Studies on strategic business transformation, for example, show that dynamic capabilities and digital capabilities can act as a link between business transformation, innovation, and corporate sustainability. These findings reinforce the view that organizational transformation has a more fundamental function, namely building internal capacity that allows organizations to generate innovative responses to environmental changes.

This perspective becomes increasingly relevant when transformation is associated with Sustainable Innovation. Innovation does not take place in a space separate from the condition of the organization, but is influenced by the organization's ability to provide resources, develop knowledge, conduct learning, and integrate sustainability demands into the decision making process. The results of the systematic review show that organizational factors, strategies, and stakeholder involvement are a number of important determinants in driving sustainable innovation. Other empirical findings also show that an organization's innovation and learning capabilities can increase the capacity to create sustainable value, especially when stakeholders are involved in the process. Based on this set of findings, it can be understood that business transformation provides the necessary conditions and capacity for organizations to be able to produce innovations that are not only economically valuable, but also consider social and environmental dimensions.

Proposition 1 (P1): Business Transformation has a positive impact on Sustainable Innovation through strengthening organizational adaptability, dynamic capabilities, and strategic flexibility.

The next relationship within the IDTF framework leads to the linkage between Sustainable Innovation and Inclusive Development. Empirically, innovation is increasingly seen as having a function that goes beyond increasing productivity or company performance. Innovations designed with sustainability in mind can be directed to address social problems, expand access to resources and opportunities, and create more equitable benefits for various stakeholder groups. Research on inclusive and sustainable innovation shows that economic, social, and environmental dimensions can be integrated into the innovation process so that the benefits are not only felt at the organizational level. At the same time, studies on sustainable business models emphasize the importance of stakeholder involvement in expanding the process of creating and delivering value, while increasing social acceptance of organizational activities. On this basis, sustainable innovation can be positioned as a strategic instrument to expand the space for participation and open up greater access to development opportunities.

Proposition 2 (P2): Sustainable Innovation positively impacts Inclusive Development through expanded stakeholder participation, access to opportunities, and a fairer distribution of value.

Inclusive development further opens up space for the formation of Shared Value Creation. In this approach, the community and stakeholders are not placed solely as parties who benefit from the organization's activities. Instead, they are seen as actors who can be actively involved in the value creation process. This perspective has empirical relevance because research on shared value shows a link between shared value creation practices and various sustainable business outcomes, including strengthening competitive advantages. From a stakeholder perspective, value creation also tends to produce more sustainable benefits when the organization actively understands the needs, expectations, and interests of the parties affected by its activities. Thus, the greater the space for participation formed through inclusive development, the more opportunities open up for organizations and stakeholders to generate economic and social benefits together.

Proposition 3 (P3): Inclusive Development has a positive impact on Shared Value Creation through increased collaboration between organizations and stakeholders in generating economic and social benefits.

However, the simultaneous creation of economic and social benefits does not in itself guarantee the sustainability of collaborative relationships. Such relationships require relational qualities that allow parties to feel confident that their interests are taken care of and that the interactions that take place are open and accountable. In this context, social trust is an important element. The literature on stakeholder engagement shows that consistent communication, knowledge exchange, understanding of each party's interests, and sustained engagement can strengthen inter-stakeholder relationships. This process creates a repetitive interaction experience and allows for the formation of perceptions of credibility, transparency, and reciprocity. Therefore, when shared value creation takes place through open and mutually beneficial relationships, there is a stronger foundation for the formation of social trust among organizations and their stakeholders.

Proposition 4 (P4): Creating Shared Value has a positive impact on Social Trust through strengthening reciprocity, credibility, transparency, stakeholder trust, and collaborative relationships.

The next relationship explains the role of Social Trust in shaping Social Resilience. The literature on resilience shows a shift in understanding that community resilience is not only determined by the availability of material resources, economic capacity, or institutional support. The quality of social relationships is also an important part of the collective ability to deal with disruption. Trust allows various parties to work together even in uncertain situations, strengthens participation, and encourages the formation of social cohesion. Studies on resilient systems also place trust as one of the foundations that support the functioning of cooperation and social contracts. In line with this, research on community resilience shows that the strength of social systems and adaptive capacity contribute to the ability of communities to sustain development outcomes in the face of pressure and uncertainty. Thus, social trust can be seen as relational capital that strengthens people's ability to act collectively.

Proposition 5 (P5): Social Trust has a positive effect on Social Resilience through strengthening collective cooperation, social cohesion, institutional legitimacy, and adaptive capacity of the community.

Social resilience then becomes an important foundation for the achievement of Long Term Sustainability. A community or institution that has adaptive capacity and strong social relationships tends to have a better ability to maintain collective functions in the face of change or disruption. Resilience in this context is not only related to the ability to return to its previous state after a disturbance, but also includes the ability to adapt and maintain the direction of development under changing conditions. Various studies on social resilience show that adaptation capacity, quality of social relationships, and collective ability are related to the sustainability of development outcomes. On the basis of this thinking, social resilience in IDTF is not placed as an end goal, but rather as a capacity that allows development benefits to be maintained and developed over time.

Proposition 6 (P6): Social Resilience has a positive impact on Long Term Sustainability by strengthening the capacity of communities and institutions to adapt, collaborate, and sustain development outcomes in the face of change and uncertainty.

Overall, the six propositions form the set of arguments that underlie the Inclusive Development Transformation Framework (IDTF). The framework places business transformation as the starting point that builds the organization's adaptive capacity, then leads to sustainable innovation as a concrete form of utilizing those capabilities. Sustainable innovation is further expanded through inclusive development, which creates a wider space for participation and access for stakeholders. The process then proceeds to the creation of shared value, which brings together organizational interests with social interests. Interactions that take place consistently and provide mutual benefits become the basis for the formation of social trust. This trust in the next stage strengthens collective capacity and social resilience, which ultimately supports the sustainability of development outcomes in the long term.

Thus, the conceptual contribution of IDTF lies in the effort to integrate a number of constructs that in previous research have been more often studied separately into a single sequential transformation flow. This framework not only explains how organizational capabilities can generate innovation, but also how such innovations can evolve into more inclusive development benefits, more collaborative value creation relationships, and social capacity that supports sustainability. This perspective expands the unit of analysis from mere organizational achievement to the relationship between organizations, stakeholders, communities, and the broader development environment. Therefore, these six propositions provide a conceptual basis for empirically examining the linkages between organizational transformation and development sustainability in different organizational and regional contexts.

3. RESEARCH METHODOLOGY

This research uses a qualitative conceptual paper approach to build an Inclusive Development Transformation Framework (IDTF). The approach was chosen because the purpose of the research is not to test hypotheses based on primary data, but to examine, integrate, and develop knowledge that is already available in the theoretical and empirical literature. Through this process, the research is directed to identify relevant constructs, examine the patterns of relationships between constructs, and formulate a conceptual framework that is able to explain these relationships in a more integrated manner. The conceptual approach is considered appropriate because it provides space for researchers to organize the literature that is still scattered across various disciplines and perspectives, find empty spaces in theoretical development, and build new conceptual understandings through a systematic knowledge integration process.

This research relies entirely on secondary data sources. Study materials were obtained from peer-reviewed scientific journals, academic books, institutional reports, and policy documents related to research topics. The literature search was directed at eight main focuses, namely Business Transformation, Sustainable Innovation, Inclusive Development, Shared Value Creation, Social Trust, Social Resilience, Long Term Sustainability, and Strategic Management. Recent publications that have academic and institutional credibility are prioritized, while classical references are still used when they are an important basis for the formation of theories and relationships between constructs.

The study process is carried out in stages. The literature is first mapped to understand relevant research concepts, theories, and developments. Furthermore, the content of various sources is examined to find the constructs, mechanisms, and patterns of relationships that have been discussed by previous research. The findings are then compared to see similarities, differences, consistency, and gaps in the research. The final results are synthesized into a single conceptual framework that becomes the basis for the development of the research model. The synthesis results in a series of relationships that connect Business Transformation, Sustainable Innovation, Inclusive Development, Shared Value Creation, Social Trust, Social Resilience, and Long Term Sustainability.

The conceptual synthesis process in this study is guided by theoretical logic. Business Transformation is placed as a starting point because the organization's ability to adapt and reconfigure capabilities is seen as creating a prerequisite for the emergence of sustainability oriented innovation. Furthermore, Sustainable Innovation is positioned as a mechanism that allows organizational change and capabilities to be translated into value creation that includes economic, social, and environmental dimensions. These values are then expanded through Inclusive

Development, especially through increased stakeholder participation and expanded access to development opportunities. Inclusive Development further becomes the foundation for Shared Value Creation, when organizations and stakeholders are not only parties interacting, but also engaged in the process of generating benefits collaboratively. Interactions that take place in a repetitive, open, and mutually beneficial manner are then seen as able to strengthen Social Trust. This trust further plays a role in building Social Resilience, which ultimately supports the ability of communities and institutions to sustain development outcomes in the long term.

The relationships between constructs that have been formulated are the foundation for the development of the Inclusive Development Transformation Framework (IDTF). Its conceptual reliability is examined through theoretical triangulation, which is by bringing together various theoretical views and relevant institutional sources. Each relationship in the model is reviewed to ensure that the arguments are reasonable, conceptually consistent, and in line with the knowledge that has developed in previous research. In this way, the IDTF is constructed through synthesis and literature-based reasoning, rather than solely based on the researcher's views.

Papua was chosen as a contextual setting to see the possibility of implementing IDTF in areas with multi-layered development problems. Some of the underlying conditions include limited infrastructure, inequality in human development, uneven economic opportunities, geographical barriers and connectivity, and differences in institutional capacity. However, this study does not place Papua as an object of empirical testing. There is no primary data collection in the field, so the study does not claim to have proven interconstruct relationships based on Papuan conditions. Papua is only used as an illustration of the context in which the IDTF framework has the potential to be applied.

It should be emphasized that the resulting model is still at the conceptual stage. The relationship between constructs has not been empirically proven and cannot be treated as a cause-and-effect relationship that has been statistically tested. The relationship is still a proposition built on the foundation of theory and synthesis of previous research. Therefore, further research is needed to test, strengthen, or review the proposition through field data, either with qualitative, quantitative, or mixed methods approaches, in different organizational and regional contexts..

4. RESULT AND DISCUSSION

4.1 Result

Based on the results of the literature synthesis, this study formulated the Inclusive Development Transformation Framework (IDTF) as a flow that connects seven dimensions: Business Transformation, Sustainable Innovation, Inclusive Development, Shared Value Creation, Social Trust, Social Resilience, and Long Term Sustainability. The seven dimensions are seen as an interrelated series, not stand-alone variables.

The flow starts with Business Transformation, which builds the organization's ability to adapt to change. This capacity then drives Sustainable Innovation and expands Inclusive Development opportunities. The process is strengthened through Shared Value Creation, which can build Social Trust and further increase Social Resilience. Ultimately, the series is geared towards Long Term Sustainability. Thus, IDTF explains how change at the organizational level can develop into broader development benefits.

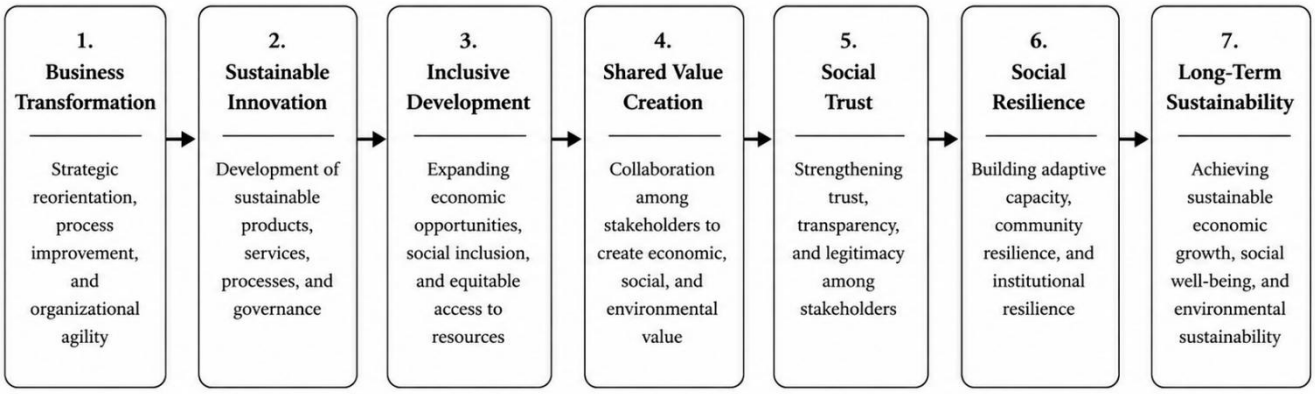


Figure 1. Inclusive Development Transformation Framework (IDTF)
Source: Authors (2026)

The resulting framework extends the analysis of business transformation beyond enterprise level performance by providing a conceptual explanation of how organizational capabilities can contribute to broader societal and regional outcomes. This model is therefore the main conceptual outcome of this study.

4.2 Discussion

4.2.1 Business transformation as a starting point for sustainable regional transformation

The first contribution of the IDTF is to position Business Transformation as more than just an internal organizational restructuring process. This framework conceptualizes transformation as a strategic starting point where organizations develop adaptive capabilities, strategic flexibility, and capacity to respond to changing stakeholder and environmental conditions. This position is consistent with a strategic management perspective that emphasizes organizational capabilities and resource reconfiguration as the foundation for long term adaptation and competitiveness. However, at IDTF, the significance of these capabilities goes beyond organizational performance because it provides the initial conditions for broader and sustainability oriented outcomes.

This perspective expands conventional understandings of transformation by linking organizational capabilities to regional development. Existing research often examines transformation and competitiveness at the enterprise level, while sustainable development research often focuses on governance, social equity, or community resilience. IDTF brings these flows together by proposing that organizational transformation can initiate a broader set of value creation that ultimately contributes to the resilience and sustainability of society. This constitutes one of the key conceptual advances of this study.

4.2.2 Sustainable Innovation as a Strategic Liaison

A second key finding is the positioning of Sustainable Innovation as a strategic link between Business Transformation and Inclusive Development. The existing literature generally recognizes the role of sustainability oriented innovation in improving organizational adaptability and long term performance, but most discussions remain focused on outcomes at the enterprise level. IDTF expands on this perspective by proposing that the value generated through sustainable innovation can go beyond organizations when innovation is geared toward broader stakeholder participation and equitable development opportunities.

This conceptualization is important because innovation does not automatically result in inclusive development. Innovation can improve an organization's efficiency or competitiveness without having to expand participation or distribute benefits equitablely. Therefore, IDTF does not treat Sustainable Innovation as an end point. Instead, it places innovation as a transition mechanism through which organizational transformation can generate broader social and regional value.

4.2.3 Inclusive Development and Shared Value Creation

As emphasized in the evaluation of P3, the relationship between Inclusive Development and Shared Value Creation requires its own caution. Inclusion understood only as a result — for example, in the form of expanded access alone — does not in itself result in shared value creation. The IDTF therefore treats inclusion as a process as well, i.e. a process in which organizations and stakeholders participate together in value creation, rather than simply passive beneficiaries of organizational activities. This reading shifts the discussion of inclusive development from a governance and policy dominated perspective toward a strategic management perspective, although this relationship still needs to be understood as an assumed proposition, rather than a confirmed fact.

4.2.4 Social Trust as a Relational Mechanism

Among the six propositions, the relationship between Shared Value Creation and Social Trust (P4) is the most open to further questions. The creation of shared benefits does not directly result in trust, as social trust is shaped by relationship history, perceptions of justice, institutional quality, and cultural contexts that are beyond the reach of the value creation activity itself. In the IDTF, this relationship is therefore not formulated as a deterministic relationship, but rather as a relationship that has the potential to form if interactions between organizations and stakeholders take place consistently, transparently, and repeatedly over time. With this understanding, Social Trust serves as a relational mechanism that bridges the organization's economic process with social outcomes—not as an automatic consequence of shared value creation.

4.2.5 Social resilience and long term sustainability

The fifth contribution relates to the relationship between Social Resilience and Long Term Sustainability. Existing development approaches may emphasize infrastructure, financial investment, or short term economic outcomes, but such interventions may not be sufficient when communities and institutions do not have the capacity to adapt to uncertainty. IDTF proposes that resilience is a fundamental condition for sustaining development progress over time.

This argument is particularly relevant in a complex regional context such as Papua, where geographical barriers, uneven institutional capacity, and disparities in development participation create challenges that cannot be overcome through financial investment alone. This framework therefore suggests that sustainable regional transformation requires not only economic resources, but also organizational adaptability, innovation capabilities, stakeholder collaboration, social trust, and community resilience. Papua thus illustrates the contextual relevance of the framework, although this study does not empirically validate the model in Papua.

4.2.6 Theoretical Contributions and Novelties

The IDTF's main theoretical contribution lies not in the inclusion of Social Trust in the framework, but in the proposed conceptual pathway that explains how transformation at the organizational level can be translated into outcomes at the community and regional levels. Previous studies have generally treated Business Transformation, Sustainable Innovation, Inclusive Development, and Social Resilience as stand alone research domains; the novelty of the IDTF lies in the unification of these domains into a single sequential mechanism, with Shared Value Creation and Social Trust serving as a link between them. In this construction, Social Trust occupies a special position as a relational mechanism that explains how value creation can evolve into a social capacity, but it remains one of several key mechanisms, not the only source of novelty of this framework.

4.2.7 Practical and Institutional Implications

In practical terms, the IDTF suggests that governments, businesses, and development organizations should not approach regional development through discrete interventions. Business transformation, innovation, stakeholder participation, and social resilience should be seen as interrelated elements in a single broader development strategy. For contexts such as Papua, the implication is that infrastructure and financial investment needs to be complemented by organizational capability development, sustainability oriented innovation, inclusive stakeholder engagement, and trust building and resilience mechanisms. This framework is not intended as a single policy prescription, but rather as a conceptual architecture where various interventions can be aligned.

4.2.8 Limitations and Future Research

Beyond the fundamental limitations that relationships within IDTF have not been empirically validated, there are at least four other limitations that need to be explicitly acknowledged.

First, the assumption of linearity. The sequence of seven constructs in the IDTF is structured as an analytical path for the sake of conceptual explanation, and is not intended as a temporal sequence that must occur in the field. The realities of regional organization and development are likely to be much more dynamic, with relationships that are reciprocal—an already strong Social Trust, for example, could theoretically facilitate transformation and innovation from the initial stage, rather than just the end result of a series of processes.

Second, dependence on context. Mechanisms that are relevant in contexts such as Papua do not necessarily work in the same way in other regions. Institutional, cultural, economic structure, and governance quality factors have the potential to change the strength and direction of the proposed interconstruct relationship.

Third, the potential variables that have not been covered. The IDTF is composed in a relatively parsimonious manner, so that a number of factors such as institutional quality, governance, leadership, digital infrastructure, human capital, political economy, or environmental conditions have the opportunity to play a role as a moderator, mediator, or even antecedent in the proposed relationship, but have not been explicitly modeled.

Fourth, the cross level issue of analysis. Business Transformation is essentially at the organizational level, while Inclusive Development, Social Trust, Social Resilience, and Long Term Sustainability are at the community or regional level. Future empirical research needs to explain more specifically how these cross level mechanisms actually operate, rather than assuming that results at the organizational level will automatically be aggregated into results at the regional level.

Considering these four limitations, IDTF at this stage is more appropriately understood as a theoretical architecture that still requires further development and testing, rather than as an established causal model. Future research is suggested to examine all six proposed relationships through qualitative, quantitative, and mixed designs; quantitative research can examine the direction and strength of interconstructive relationships, while qualitative research can explore how the proposed mechanism—in particular P4, which is considered most in need of reinforcement—operates in specific institutional and regional contexts. Cross regional comparative research is also needed to determine the extent to which IDTF can be applied beyond the illustrative context of Papua used in this study.

5. CONCLUSION

This study proposes the Inclusive Development Transformation Framework (IDTF) as a conceptual pathway that connects Business Transformation, Sustainable Innovation, Inclusive Development, Shared Value Creation, Social Trust, Social Resilience, and Long Term Sustainability. The main contribution of this framework is not simply the incorporation of a number of constructs into a single diagram, but rather the proposed conceptual mechanism that explains how transformation at the organizational level can potentially translate into outcomes at the community and regional levels, with Shared Value Creation and Social Trust serving as a link between the two.

At this stage, the IDTF cannot be placed as a proven cause-and-effect model. The framework is still a theoretical construct with a different level of support for each proposition. P1 and P5 have a stronger theoretical footing, while the relationship between Shared Value Creation and Social Trust in P4 still needs verification through empirical research. This is related to social trusts that are not only formed from the process of value creation, but are also influenced by social and institutional conditions.

Papua in this study serves as a supporting context, not as an object of testing. The complexity of the region is used to show the space for the application of IDTF, without drawing empirical conclusions about the relationship between constructs. Other limitations include the assumption of linear relationships, the influence of local characters, factors that have not been included in the model such as leadership and institutional quality, and level differences between organizations, communities, and regions.

The implications for development are quite clear. Investment and physical development need to go hand in hand with organizational strengthening, sustainable innovation, stakeholder engagement, shared values, institutional trust, and community resilience. This combination is the direction of IDTF's development as well as an important agenda for the next empirical testing. For complex regional contexts such as Papua, the IDTF offers a conceptual basis for aligning government, business, community, and institutional efforts toward inclusive, adaptive, and sustainable development over the long term—noting that empirical validation across a variety of organizational and regional contexts remains a research agenda that needs to be followed up.

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