



DIGITAL TRANSFORMATION, STAKEHOLDER TRUST AND GREEN INNOVATION: A CONCEPTUAL REVIEW OF SUSTAINABLE BUSINESS PERFORMANCE



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Abstract

Digital transformation has become a key strategic tool for companies to make sustainability an integral part of everyday business. However, previous studies have largely examined digital capability, stakeholder trust, green innovation and sustainable performance in separate streams and have not explained how these constructs interact within one integrated framework. This review paper explores the interplay of digital transformation, stakeholder trust and green innovation/digital-green capability in shaping sustainable business performance. A structured narrative review inspired by thematic synthesis was conducted using EBSCOhost, ScienceDirect, Emerald Insight, SpringerLink, SAGE Journals and Wiley Online Library. The review protocol covered database searching and study selection, thematic coding and conceptual synthesis, resulting in 22 peer-reviewed studies, mostly published between 2019 and 2026. The paper reveals five core themes: digital transformation and sustainability alignment; stakeholder trust as relational capital; green innovation as a sustainability mechanism; digital-green capability as a composite organisational resource; and sustainable business performance as a multi-dimensional outcome. The originality of this review lies in integrating these previously fragmented streams within one capability-relational framework. Stakeholder trust is proposed as the moderating construct and digital-green capability as the central integration construct through which digital investment creates sustainability value. The framework also recognises green innovation as the enabler by which digital-green capability is translated into sustainable business performance. Four theoretical propositions are presented for further empirical research. The review advances scholarship beyond operational efficiency towards relational and environmental value creation. It also provides practical guidance for managers, sustainability officers, entrepreneurs and policymakers seeking to make credible and measurable sustainability commitments alongside digital investment.

Keywords: *Digital-Green Capability; Digital Transformation; Green Innovation; Stakeholder Trust; Sustainable Business Performance*

Introduction

There are no simple or automatic links between digital technology and sustainability. Competitive pressures and the need for recovery during and after the COVID-19 pandemic accelerated digital transformation, but technology adoption per se does not necessarily indicate environmental or social responsibility. Digital transformation therefore cannot simply be considered a technological change; what matters is how companies transform digital tools into strategic, operational, relational and sustainability capabilities. The literature on digital transformation indicates that technology

creates value when it is integrated with organisational strategy, an innovation mindset and capability development rather than treated as a standalone technical solution [1]. This is consistent with the resource-based view, which explains that competitive advantage depends not only on resources but also on the firm's capacity to organise and exploit them in valuable and hard-to-imitate ways [2]. In this sense, the sustainability value of digital transformation depends on how digital resources are deployed. Sheethal [3] states that digital technologies contribute to sustainability when accompanied by environmental proactivity and green innovation, suggesting that technology becomes sustainability-oriented when grounded in organisational learning and strategy. This also aligns with dynamic capabilities theory, which implies that organisations should be able to perceive environmental changes, seize emerging opportunities and reconfigure resources in response to market and sustainability pressures [4]. Thus, a key concern of this review is how digital transformation can strengthen sustainable business activity when it is accompanied by stakeholder-oriented capabilities rather than treated as a purely technological investment. This relationship is further complicated by stakeholder trust. Digital businesses are increasingly scrutinised by consumers, employees, investors and regulators for their data practices, transparency, privacy and environmental impact. Raghavendra and Mg [5] illustrate that advanced retail technologies can create concerns regarding consumer trust and privacy, highlighting the complex nature of digital adoption, which can both enable and erode stakeholder trust. Trust is especially significant because stakeholders assess firms not only for technological efficiency but also for competence, integrity, fairness and benevolence [6]. A lack of stakeholder trust can therefore weaken the credibility needed to sustain business value during digital transformation. Green innovation adds a further dimension. Going beyond compliance-oriented environmental practices, green innovation involves environmentally responsive products, processes and business models that can reduce ecological impact and contribute to competitive advantage [7]. Previous studies show that green innovation can help companies translate sustainability intentions into concrete business outcomes, particularly when supported by technology, organisational readiness and environmental strategy [8]. Likewise, green supply chain practices and related sustainability practices can improve performance when embedded in business processes [9]. Against this background, digital transformation, stakeholder trust, green innovation and sustainable performance have attracted increasing academic attention, but the literature remains fragmented and conceptual clarity regarding their interaction is limited. The specific gap addressed in this review is the absence of an integrated explanation of how digital transformation is converted into sustainable business performance through digital-green capability, how green innovation activates this capability, and how stakeholder trust conditions the relationship. The review addresses this gap by synthesising recent empirical and conceptual research and proposing digital-green capability, defined as the organisational capacity combining digital tools, climate-smart practices and environmental learning, as the integrating construct, with stakeholder trust serving as a moderator. The research objectives, review methodology, thematic synthesis, conceptual framework, discussion, implications and conclusion are presented in the sections that follow.

Research Objectives

The study is guided by the following research objectives:

RO1: To examine how digital transformation strengthens sustainable business practices through stakeholder-oriented organisational capabilities.

RO2: To analyse the role of stakeholder trust in shaping the relationship between digital transformation, green innovation and sustainable business value.

RO3: To develop an integrated conceptual framework linking digital transformation, stakeholder trust, green innovation and sustainable business performance through digital-green capability.

Review Methodology

A structured narrative review methodology, inspired by thematic synthesis, was used because the purpose was to integrate conceptually diverse empirical and theoretical evidence and develop an explanatory framework rather than estimate a pooled effect, map only the breadth of a field, or quantify publication patterns. A meta-analysis was not appropriate because the reviewed studies did not report sufficiently comparable constructs, measures and effect sizes. A bibliometric review would have emphasised publication structures rather than the substantive relationships among the focal constructs, while a scoping review would have mapped the field without providing the same depth of thematic and conceptual integration. The selected approach is consistent with systematic conceptual reviews in business and

management scholarship [10]. PRISMA 2020 was used as a reporting structure to present the identification, screening and inclusion process transparently; it did not alter the structured narrative review design.

Search Strategy and Information Sources

Relevant studies were identified from EBSCOhost, ScienceDirect, Emerald Insight, SpringerLink, SAGE Journals and Wiley Online Library. The searches identified 6,482 records: EBSCOhost (n = 1,842), ScienceDirect (n = 1,364), Emerald Insight (n = 1,027), SpringerLink (n = 936), SAGE Journals (n = 714) and Wiley Online Library (n = 599). Search terms were combinations of 'digital transformation', 'digital capability', 'technology adoption', 'stakeholder trust', 'green innovation', 'digital-green capability', 'environmental proactivity', 'sustainable performance' and 'sustainable business performance'. Boolean operators AND and OR were adapted to the syntax of each database. A representative Boolean search string was: ("digital transformation" OR "digital capability" OR "technology adoption") AND ("green innovation" OR "environmental proactivity" OR "digital-green capability") AND ("stakeholder trust" OR trust) AND ("sustainable business performance" OR "sustainable performance" OR sustainability). Narrower pairwise combinations were also used where appropriate to avoid excluding conceptually relevant studies.

Eligibility and Screening

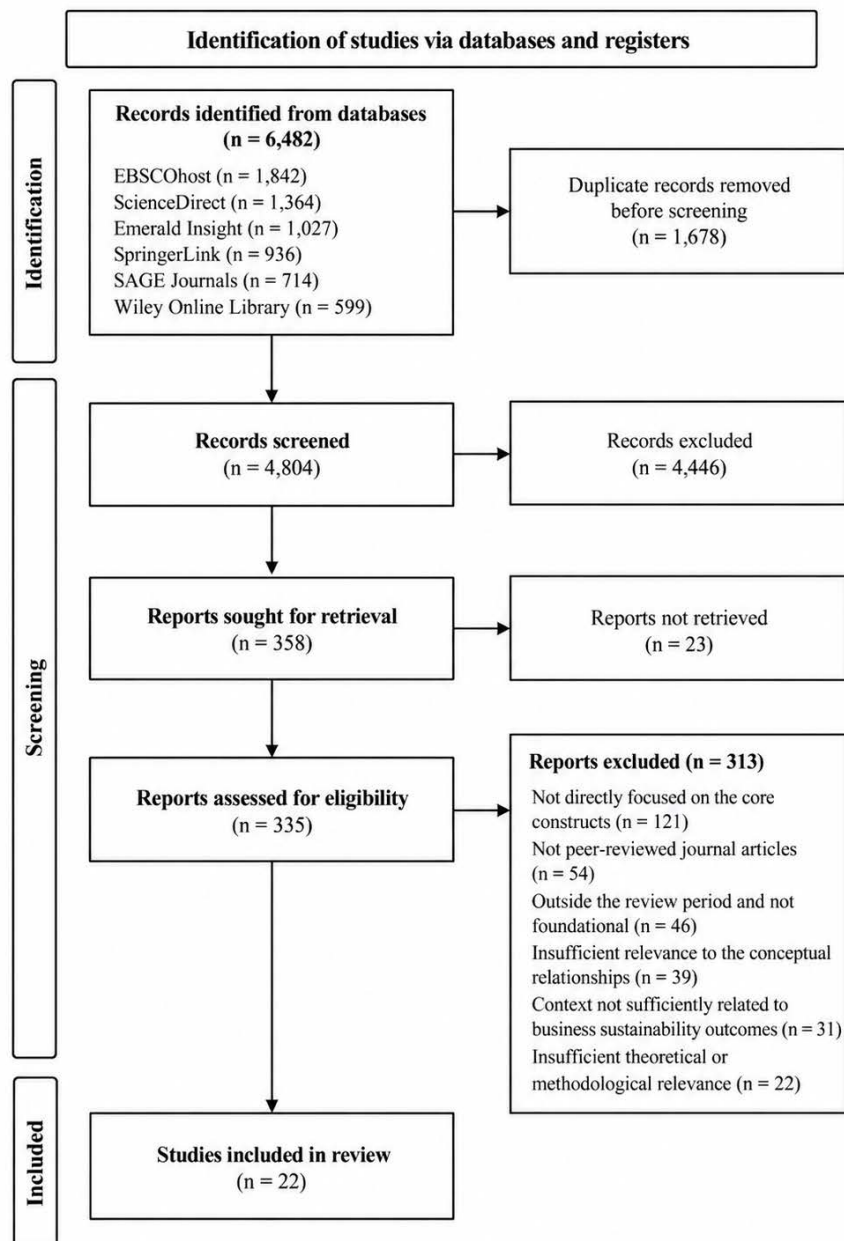
To reflect contemporary relevance in accordance with IJABMR guidelines, studies published between 2019 and 2026 were given precedence, while foundational theoretical works were retained when they made a significant conceptual contribution. Studies were eligible for the thematic synthesis when they were peer-reviewed, addressed one or more focal constructs or their relationships, were relevant to sustainable business performance, and provided sufficient theoretical or methodological detail for coding. Foundational works used for theoretical grounding were not subject to the same recency requirement. Full texts were excluded when they did not directly focus on the core constructs, were not peer-reviewed journal articles, fell outside the review period without a foundational role, had insufficient relevance to the conceptual relationships, were not sufficiently related to business sustainability outcomes, or lacked adequate theoretical or methodological relevance.

Of the 6,482 records identified, 1,678 duplicates were removed, leaving 4,804 records for title and abstract screening. At this stage, 4,446 records were excluded. Full-text retrieval was sought for 358 reports, of which 23 could not be retrieved, leaving 335 reports for eligibility assessment. A further 313 reports were excluded at the full-text stage: 121 were not directly focused on the core constructs, 54 were not peer-reviewed journal articles, 46 were outside the review period and not foundational, 39 had insufficient relevance to the conceptual relationships, 31 were not sufficiently related to business sustainability outcomes, and 22 had insufficient theoretical or methodological relevance. The final thematic synthesis therefore comprised 22 studies. The selection process is shown in Figure 1.

Thematic Coding and Conceptual Synthesis

Each retained study was coded according to its main theoretical focus, central argument and relationship to the conceptual constructs of the paper. The codes were iteratively grouped into five master themes corresponding to the focal conceptual domains, while technology adoption and behaviour was retained as a contextual supporting category. The thematic findings were then used to formulate the propositions and integrative conceptual framework. The review does not present empirical data of its own and is not statistically representative; its purpose is theoretical development through the integration of evidence streams that have largely developed separately. The conceptual review pathway is shown in Figure 2.

Figure 1: PRISMA Flow Diagram



Source: Author's review protocol

Figure 2: Conceptual Review Pathway



Source: Author's conceptual framework

Literature Review

Digital Transformation and Sustainability

The scholarship on digital transformation has increasingly moved from an operational efficiency perspective towards strategic and sustainability-oriented interpretations. Initial models cast digital transformation mainly as a competitive lever, but this reductionist approach is now being questioned. Drawing on the resource-based view of the firm [2] This suggests that digital technology that is not strategically embedded creates limited durable value. Sheethal [3] extended this discussion to sustainability by showing how digital technologies can facilitate sustainability goals when combined with environmental proactivity and green innovation. The contribution is important because it indicates that digital transformation is not inherently sustainable; sustainability value depends on environmental responsiveness and the simultaneous development of complementary organisational capabilities. Khin and Ho [1] supported this perspective and argue that digital capability mediates the relationship between innovation orientation and business performance, indicating that the value of digital investment depends on the institutionalisation of innovation intent within the firm.

Stakeholder Trust as Relational Capital

As a relational resource in business value creation, trust has a long theoretical tradition, from Mayer et al. [6], who conceptualised trust in terms of ability, benevolence and integrity, to more recent applications in digital and sustainability contexts. The current scholarly debate concerns not whether trust matters, but how it is established, sustained and breached in digitally mediated environments characterised by information asymmetry and environmental uncertainty. Raghavendra and Mg [5] provided evidence that advanced technologies in the retail sector, including AI-powered recommendation engines and digital payment systems, create consumer concerns about data privacy and data sovereignty. This creates a paradox: technologies designed to improve customer experience can also weaken the trust required for continued engagement. Raghavendra and Kumar [11] extended the argument by linking trust in digital-social contexts to organisational justice and fairness, suggesting that organisations that apply these principles in their digital practices are more likely to sustain stakeholder trust. Taken together, these contributions indicate that stakeholder trust is not an automatic outcome of digitalisation, but a relational resource shaped by design choices, communication strategies and governance practices. In digital environments, weak stakeholder support can therefore become a barrier to achieving the environmental and social outcomes sought through transformation.

Green Innovation as a Sustainability Mechanism

Green innovation can be considered a strategic means through which companies translate sustainability intentions into action at operational and market levels. Green product innovation refers to the development of products with lower environmental impact, while green process innovation concerns manufacturing and service processes designed to reduce resource use and environmental impact [7]. Both dimensions have been shown to contribute to competitive advantage, particularly when aligned with stakeholder expectations and regulatory requirements. The contextual forces behind green innovation have therefore attracted increasing attention. Diddimani [12] identified socio-environmental conditions, including community norms, resource availability and institutional support, as important influences on green consumer behaviour and, consequently, on the market demand that can encourage firm-level green innovation. This challenges innovation models centred only on internal firm strategy by giving external legitimacy pressures a more prominent role. Sheethal [3] similarly suggested that green innovation provides a pathway through which digital capabilities can be translated into sustainability performance.

Technology Adoption, Capability and Digital-Green Integration

Technology adoption scholarship has long examined whether technologies are available, accepted and effectively used. Aparna [13] showed how perceived usefulness and facilitating conditions, which enable technology use, are important antecedents of adoption, especially when users must integrate unfamiliar technologies into existing processes. This is consistent with the Unified Theory of Acceptance and Use of Technology (UTAUT) developed by Venkatesh et al. [14], which identified performance expectancy, effort expectancy and social influence as major influences on behavioural intention. In the sustainability context, Suvarni and Deeksha [15] proposed digital-green capability as an integration of

digital capability and climate-smart practices in agricultural and environmental contexts. Although their empirical work is situated in agriculture, its conceptual implications suggest that combining technology adoption with environmental learning can create a strategic resource that neither element provides alone. Naik and Prabhu [16] further showed that self-efficacy and decision confidence are relevant to the formation of sustainable behavioural intentions, indicating that capability-building initiatives should also consider psychological and motivational factors among organisational actors. This discussion is anchored in Teece's dynamic capabilities framework [4]. Some firms are better able than others to convert digital investments into competitive and sustainability advantages because dynamic capabilities, the capacity to sense, seize and reconfigure organisational resources in response to environmental change, differ across firms. Digital-green capability, as conceptualised in this review, is therefore a domain-specific dynamic capability that allows firms to sense sustainability-relevant market signals, seize green innovation opportunities and reconfigure digital and environmental resources.

Sustainable Business Performance

For this review, sustainable business performance (SBP) is defined as a multi-dimensional outcome comprising financial value creation, social responsibility and environmental stewardship, consistent with Elkington's triple bottom line [17]. A substantial literature addresses how SBP should be operationalised, particularly because digital transformation can improve financial metrics without corresponding improvements in environmental or social performance. Sheethal [18] adds a relational dimension by showing that sustainable customer relationships, reflected in trust, satisfaction and perceived fairness, form part of sustainable business performance. From the demand side, Diddimani [12] showed that contextual influences on green consumer behaviour shape how sustainability performance signals are received by firms. Taken together, these contributions suggest that SBP is not simply the sum of financial and environmental indicators but also depends on continuing relationships between firms and stakeholders.

Critical Synthesis and Research Gap

Across these streams, a common limitation is that the mechanisms linking digital transformation with sustainable business performance are usually examined separately. Digital capability studies explain how technology can support performance, trust studies emphasise privacy, fairness and relational legitimacy, green innovation studies explain environmental value creation, and technology adoption studies explain the conditions under which new tools are accepted and used. What remains underdeveloped is an integrated explanation of how digital transformation is converted into sustainable business performance through a capability that combines digital and environmental learning, how green innovation activates that capability, and how stakeholder trust conditions the value realised from transformation. The present review addresses this fragmentation by positioning digital-green capability as the integrating construct, green innovation as the mediating mechanism and stakeholder trust as the moderating relational resource. This is the specific research gap underpinning the proposed framework and theoretical propositions.

Thematic Synthesis and Review Findings

The thematic synthesis reveals five interconnected core themes that collectively structure the proposed conceptual framework, with technology adoption and behaviour retained as a contextual supporting theme. These are presented in Table 1 below.

Table 1: Thematic Classification of Reviewed Studies

Theme	Core Argument	Representative Studies	Relevance to Framework
Digital Transformation and Sustainability	Digital capabilities produce sustainable value only when aligned with environmental strategy and organisational learning.	Sheethal [3]; Khin and Ho [1]	Establishes the antecedents of digital-green capability

Stakeholder Trust	Trust bridges relational legitimacy and sustainable value; privacy and fairness concerns moderate this link.	Raghavendra and Mg [5]; Raghavendra and Kumar [11]; Mayer et al. [6]	Moderates the DT–SBP relationship
Green Innovation	Green innovation converts sustainability intent into measurable competitive and environmental outcomes.	Chen et al. [7]; Sheethal [3]; Diddimani [12]	Mediates the relationship between DGC and SBP
Digital-Green Capability	Integration of digital tools with climate-smart practices creates a composite organisational capability.	Suvarni and Deeksha [15]; Aparna [13]; Teece [4]	Central integrating construct in the framework
Technology Adoption and Behaviour	Perceived usefulness, self-efficacy and facilitating conditions govern user and organisational adoption.	Aparna [13]; Naik and Prabhu [16]; Venkatesh et al. [14]	Contextual supporting theme explaining conditions for DT adoption
Sustainable Business Performance	SBP is multi-dimensional, encompassing financial, social and environmental value creation.	Sheethal [18]; Elkington [17]; Diddimani [12]	Primary outcome construct

Source: Author's conceptual synthesis based on reviewed literature

The synthesis yields three cross-cutting findings. First, the relationship between digital transformation and sustainability appears conditional rather than automatic: digital technologies create sustainability value when they are strategically aligned with organisational learning and environmental proactivity. Second, stakeholder trust operates both as an outcome of responsible digital practice and as a relational condition for sustained value creation; firms that fail to cultivate trust during digital transformation may face legitimacy problems that weaken sustainability efforts. Third, green innovation emerges as the mechanism through which digital-green capability is translated into sustainable business performance. Together, these findings support an integrated rather than a technology-only explanation of sustainable business value.

Conceptual Framework

The proposed framework integrates the five identified themes into a coherent conceptual architecture. The constructs and their conceptual roles are summarised in Table 2.

Table 2: Constructs and Conceptual Role

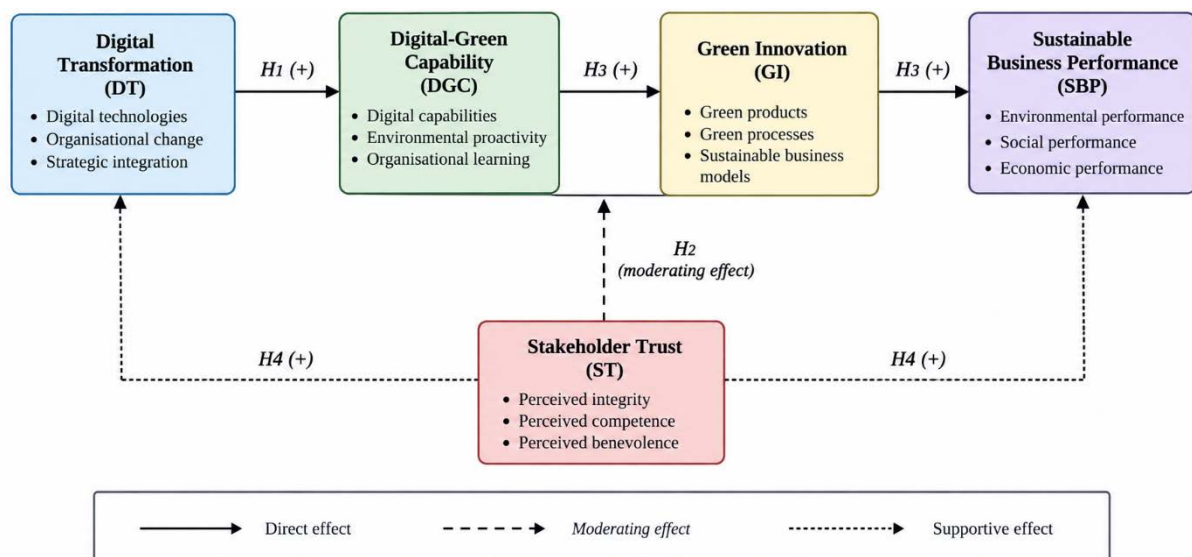
Construct	Definition in This Review	Key Dimensions	Supporting Studies
Digital Transformation (DT)	Strategic integration of digital technologies reshaping operations, culture and stakeholder value delivery.	Technology adoption; process digitisation; data analytics	Sheethal [3]; Khin and Ho [1]
Stakeholder Trust (ST)	Stakeholders' confident belief in a firm's competence, integrity and benevolence across digital and environmental domains.	Competence; integrity; benevolence; fairness	Raghavendra and Kumar [11]; Raghavendra and Mg [5]; Mayer et al. [6]
Green Innovation (GI)	Development of environmentally responsive products, processes or	Green product; green process; eco-design	Chen et al. [7]; Diddimani [12]; Sheethal [3]

	practices that reduce ecological impact.		
Digital-Green Capability (DGC)	Composite organisational capacity integrating digital tools, climate-smart practices and environmental learning.	Digital tools; climate practices; organisational learning	Suvarni and Deeksha [15]; Aparna [13]; Teece [4]
Sustainable Business Performance (SBP)	Multi-dimensional performance encompassing financial, social and environmental value creation.	Economic value; social value; ecological value	Sheethal [18]; Elkington [17]; Diddimani [12]

Source: Author's conceptual synthesis based on reviewed literature

The framework is visually presented in Figure 3. Digital-green capability (DGC) is positioned as the composite organisational resource that integrates digital tools, environmental responsiveness and organisational learning. Digital transformation (DT) is the principal antecedent of DGC, but its sustainability value depends on environmental proactivity and strategic intent; without these conditions, digital investment may remain limited to operational efficiency. Green innovation (GI) is positioned as the mechanism through which DGC is activated and translated into environmental and business outcomes that contribute to sustainable business performance (SBP). The framework also retains a direct DT–SBP relationship and proposes that stakeholder trust (ST) moderates this relationship. In this role, stakeholder trust provides the relational legitimacy needed for firms to realise value from digital-green investments. Even technically strong digital-green strategies may fail to create sustained value when stakeholders do not provide the trust, acceptance and cooperation needed for implementation.

Figure 3: Proposed Conceptual Framework



Source: Author's conceptual framework

The framework generates four theoretical propositions:

P1: Digital transformation positively contributes to digital-green capability when supported by environmental proactivity and organisational learning.

P2: Stakeholder trust moderates and strengthens the relationship between digital transformation and sustainable business performance.

P3: Green innovation mediates the relationship between digital-green capability and sustainable business performance.

P4: Stakeholder trust and digital-green capability jointly support sustainable business performance by providing relational legitimacy and integrated organisational capability.

Discussion

Achievement of RO1

The literature examined consistently shows that digital transformation enhances sustainable business practices not merely through technology deployment but through stakeholder-oriented capabilities that combine technological, environmental and relational value creation. Sheethal [3] shows that the sustainability payoff of digital transformation is contingent on parallel environmental proactivity, challenging the view that digital investment is sufficient by itself and reframing the firm as an actor that must actively manage the interaction between technology, stakeholders and ecology. Khin and Ho [1] support the same logic by positioning digital capability as a mediating resource between innovation orientation and performance, suggesting that firms need to develop digital competences for sustainability-oriented innovation rather than only adopt digital tools. Aparna [13] and Naik and Prabhu [16] extend the discussion by showing that cognitive and behavioural aspects of adoption, including perceived usefulness, self-efficacy and decision confidence, influence whether digital capabilities are translated into sustainability-related practices. The literature nevertheless reveals a gap in understanding the organisational conditions under which digital-green capability emerges. Although technology and environmental strategy are recognised as complementary, mechanisms of capability formation, including knowledge management practices, leadership orientation and boundary-spanning roles, remain underexplored. This review contributes by conceptualising digital-green capability as the integrating construct connecting digital transformation with subsequent sustainable outcomes, thereby providing a theoretical basis for future empirical testing.

Achievement of RO2

The literature shows that stakeholder trust is neither a passive result of good firm behaviour nor an automatic consequence of digital adoption. Instead, it is a relational asset that must be deliberately developed and strategically managed as part of the digital transformation process. Technological sophistication can create value for consumers while simultaneously generating concerns about privacy and data governance, as shown by Raghavendra and Mg [5]. This paradox suggests that firms undergoing digital transformation cannot assume that improved services will automatically increase stakeholder trust; explicit and credible communication about data practices, environmental commitments and governance transparency is also required. Raghavendra and Kumar [11] introduce an organisational justice perspective and suggest that stakeholder trust is strengthened when firms are perceived as fair in both digital and sustainability initiatives. This finding indicates that the moderating role of trust in the digital transformation–SBP relationship can be examined through legitimacy, perceived fairness, communication credibility and relational continuity. Mayer et al.'s framework [6] remains applicable because its dimensions of ability, benevolence and integrity provide a conceptual vocabulary for explaining the multi-dimensional nature of stakeholder trust in digital-sustainability contexts. The remaining gap is that trust formation in explicitly digital and green contexts has not yet been examined as one coherent unit of analysis; the two literatures have largely developed separately. This review addresses that separation by positioning stakeholder trust as a cross-cutting moderator within the digital-green capability framework.

Achievement of RO3

The proposed conceptual framework achieves RO3 by integrating digital transformation, stakeholder trust, green innovation and digital-green capability within a unified framework focused on sustainable business performance. It extends the reviewed literature by treating digital-green capability as a distinct central construct rather than an implicit by-product of digital investment. Suvarni and Deeksha [15] provide empirical evidence of how digital-green capability can be operationalised in the agricultural sector, offering a basis for considering its application in other business contexts. The four propositions provide a guide for empirical testing across organisational and sectoral settings. The framework addresses a specific gap because research on digital transformation, stakeholder trust and green innovation has largely developed in parallel. By using digital-green capability as the integrating construct, green innovation as the mediating mechanism and stakeholder trust as the relational moderator, the framework provides a more coherent explanation of how digital transformation may contribute to sustainability. Future empirical research should test these relationships, particularly the mediating effect of green innovation and the moderating effect of stakeholder trust, including through longitudinal designs that can observe changing relationships between firms and stakeholders over time.

Taken together, the reviewed literature suggests that the central issue is conditional value creation rather than a simple technology–performance effect. Digital transformation provides technological possibilities, digital-green capability integrates them with environmental learning, green innovation converts that capability into sustainability-oriented action, and stakeholder trust conditions whether the resulting value is accepted and sustained. The framework therefore shifts the discussion from whether digital transformation improves sustainability to the organisational and relational conditions under which it can do so.

Theoretical Implications

First, this review expands digital transformation theory by showing that technological capability does not automatically result in sustainable business value; rather, it depends on the development of digital-green capability, which combines digital tools with environmental responsiveness and organisational learning. This extends the dynamic capabilities framework [4] into the sustainability context by providing a theoretically grounded explanation for why some digitally advanced firms may not realise corresponding sustainability outcomes. Second, the review advances stakeholder trust theory by positioning trust as a moderating relational resource rather than only an outcome variable in digital-green transformation. The framework builds on Mayer et al. [6] and incorporates the organisational justice perspective discussed by Raghavendra and Kumar [11], showing how trust can operate across multiple channels in digitally mediated sustainability contexts. Third, the review advances green innovation scholarship by positioning green innovation as the mediating mechanism between digital-green capability and sustainable business performance. This treats green innovation not simply as an environmental compliance activity but as the operational expression through which digital-green capability can be converted into commercial and environmental value. Fourth, the review broadens the theoretical understanding of sustainable business performance beyond purely financial and environmental metrics towards a relational perspective. The framework suggests that sustainable performance also depends on the quality of ongoing stakeholder relationships, including trust-based customer relationships and socially embedded green practices, consistent with Sheethal [18] and Elkington's triple bottom line [17].

Practical Implications

The framework suggests that business leaders and strategists should embed sustainability objectives within digital transformation budgets. While digital investments may deliver operational benefits, firms also need to build environmental proactivity and stakeholder engagement to support sustainability outcomes. Managers should consider cross-functional teams that combine digital technology competence with sustainability leadership, thereby developing digital-green capability as an integrated organisational competence. The review also offers practical implications for marketing and customer relationship managers because stakeholder trust is strategically important in digital environments. Considering the trust-related risks identified by Raghavendra and Mg [5] and the fairness considerations highlighted by Raghavendra and Kumar [11], transparency, data ethics and credible communication of sustainability efforts should be emphasised in marketing strategies. Green branding and sustainability disclosure should therefore be integrated into digital marketing frameworks rather than treated as standalone additions. The framework also provides sustainability managers and environmental officers with a conceptual basis for linking environmental priorities to digital transformation programmes. Through green innovation, sustainability professionals can demonstrate how environmental practices can be integrated with digital capability and translated into business value. The four propositions can also be used as a blueprint for self-assessment of sustainability strategies. They highlight the importance of developing digital-green capability early, particularly for entrepreneurs and technology-driven firms in emerging sectors and economies undergoing rapid digitalisation. For example, Suvarni and Deeksha [15] show measurable performance benefits associated with integrated digital and climate-smart practices in a resource-intensive context such as agriculture.

Policy Implications

At the policy level, digital adoption and environmental improvement should not be treated as separate objectives. Policymakers and institutional support agencies can design incentives, capability-building programmes and guidance that encourage firms to combine digital investment with green innovation, environmental learning and transparent stakeholder communication. Attention may be needed for small and medium-sized enterprises, where resource constraints can limit the development of integrated digital-green capability. Policies that link digital support with sustainability criteria and responsible data-governance expectations would better reflect the review's finding that sustainable value depends on both organisational capability and stakeholder trust.

Future Research Directions

One important future research direction is to empirically test the proposed conceptual framework using PLS-SEM in SmartPLS. Primary data can be collected from firms across different industries to test the relationship between digital transformation and digital-green capability, the mediating role of green innovation between digital-green capability and sustainable business performance, and the moderating role of stakeholder trust in the digital transformation–SBP relationship. Such studies can assess the measurement model, structural paths, mediation and moderation within the proposed framework. SmartPLS is suitable for examining multiple latent constructs and theory-building relationships of this kind. Empirical testing can determine whether digital transformation contributes directly to sustainable business performance and whether its effect depends on the development of digital-green capability and the maintenance of

stakeholder trust. Future studies should also compare sectors, firm sizes and institutional contexts, and use longitudinal designs to examine whether the proposed relationships change over time.

Conclusion

This review shows that the relationship between digital transformation and sustainable business performance is neither linear nor automatic. From a thematic synthesis of 22 studies, it develops a conceptual framework in which digital-green capability functions as the integrating organisational construct, green innovation as the mediating mechanism through which capability is translated into sustainable performance, and stakeholder trust as a relational moderator of the digital transformation–SBP relationship. The four theoretical propositions provide a basis for subsequent empirical testing. The review makes three main contributions to business and management scholarship. First, it brings together literature on digital transformation, stakeholder trust and green innovation within a single conceptual architecture. Second, it extends the dynamic capabilities perspective into the sustainability domain by theorising digital-green capability as an integrated organisational capability. Third, it moves stakeholder trust beyond treatment as an outcome by positioning it as an active relational condition in the digital-sustainability interface. The framework also offers practical guidance on aligning digital investment with sustainability strategy, sustaining stakeholder trust and using green innovation to translate digital-green capability into operational outcomes.

These conclusions should be interpreted within the scope of the review. The synthesis is based on 22 studies selected from six databases, with priority given to studies published between 2019 and 2026 and foundational works retained where conceptually necessary. Because the study uses a structured narrative review and thematic synthesis rather than meta-analysis, it does not estimate pooled effect sizes, and the proposed relationships remain conceptual rather than empirically confirmed. Future research should test the framework across sectors, firm sizes and geographical contexts, particularly the mediating role of green innovation and the moderating role of stakeholder trust and should use longitudinal designs where possible to examine how the relationships evolve over time.

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Conflict of Interests

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