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## Strategic pathways to sustainable performance: The role of leadership, governance, and innovation in Indonesian local public services

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### Abstract

This study examines how transformational leadership fosters collaborative governance to enhance innovation and sustainable performance within Indonesian local governments. In decentralized systems, where authority and resources are dispersed, achieving coherence and innovation in public service delivery remains a major challenge. Using a quantitative explanatory approach, survey data were collected from public service organizations across Indonesian regions and analyzed through Structural Equation Modeling based on Partial Least Squares (SEM-PLS). The findings reveal that transformational leadership directly strengthens collaborative governance and sustainable performance, while its influence on innovation performance is fully mediated by governance processes. Collaborative governance, in turn, enhances innovation capability and contributes to sustainability primarily when innovation performance is effectively realized. These results highlight a sequential interdependence among leadership, governance, and innovation in advancing sustainable outcomes. Innovation performance emerges as the critical mechanism through which leadership and governance translate into economic competitiveness, social inclusivity, and environmental responsibility. The study bridges micro-level leadership practices, meso-level governance mechanisms, and macro-level sustainability goals, offering practical insights for policymakers and public managers to strengthen collaborative frameworks and innovation capacity for accelerating sustainability in decentralized governance settings.

**Keywords:** Collaborative governance, Organizational innovation performance, Public service innovation, Sustainable performance, Transformational leadership.

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## 1. Introduction

In recent decades, the discourse on public sector reform has increasingly emphasized the necessity of innovation [1]. Although government institutions are often associated with bureaucratic rigidity, innovation plays a critical role in enhancing adaptability, legitimacy, and performance [2-4]. The paradoxical perspective in the public sector continuously renegotiates the balance between hierarchical stability and adaptive flexibility, enabling both efficiency and innovation [5]. Instead of merely constraining change, bureaucracies can also facilitate innovation by institutionalizing new practices, rules, and routines that support adaptive governance and citizen-oriented service delivery [6]. Furthermore, governments worldwide face growing pressures to transform service delivery, as citizens increasingly demand cohesive, transparent, and user-friendly services comparable to those in the private sector [7-9]. The mission of public service has evolved beyond administrative efficiency to advancing sustainable development across the triple bottom line, enhancing economic competitiveness, encouraging social inclusion, and ensuring environmental accountability [10-12]. Promoting sustainable economic development has become a central priority, positioning public services not only as a driver of institutional legitimacy but also as an enabler of long-term prosperity [13, 14]. Innovation in government is closely tied to creating long-term public value, democratic legitimacy, and socially desirable outcomes [15, 16]. Recent studies show that public organizations are actively experimenting with citizen co-creation, collaborative governance, and knowledge-based resource mobilization to align innovation with sustainability goals [17-19]. The dynamics of innovation in the public sector are no longer peripheral but central to how governments pursue sustainable performance and respond to increasingly complex societal challenges [20, 21].

Public services should now be perceived as an integrated life-cycle system, catering to various demands ranging from birth registration and education to healthcare, company licensing, social assistance, and end-of-life services [22, 23]. In this challenge, the role of local governments is crucial, serving as the primary implementers of national policy and translating it into services that directly impact the lives of citizens [24, 25]. Their effectiveness determines whether public service delivery becomes a source of trust, inclusiveness, and competitiveness or a bottleneck that undermines legitimacy and development [26]. The central role of the local level as a principal actor in initiating and sustaining public innovation processes, where objectives, regulatory capacity, and institutional learning are essential to overcoming structural barriers [6]. However, institutional fragmentation often hampers policy implementation, making collaboration across agencies and stakeholders not only desirable but imperative [27].

Transformational leadership offers pathways to deal with these governance issues by instilling a shared vision, creating new ideas, and stimulating joint efforts through mobilization in essentially fractured systems [28]. Transformational leadership has become a prominent factor that consistently produces beneficial outcomes in public organizations [29]. A leader who is skilled at communicating, encourages critical thinking, provides personalized feedback, and supports efforts is more likely to foster teamwork and innovation in public service organizations [30]. In the current era, integrated public services are essential for providing citizens with simple, efficient, and user-friendly access. In the case of local governance, this type of leadership involves thinking and mobilizing cross-institutional actors to achieve a common goal [31]. Achieving this requires strong cross-institutional collaboration to overcome fragmented bureaucracies and foster innovative, cohesive, and responsive service delivery [32].

Collaborative governance is the underlying structure through which such leadership is transformed to distribute power at multiple levels within the institution [33]. Collaborative governance builds trust and shared institutional boundaries, then works to optimize cross-boundary silos, enabling the integration of fractured services into a unified whole [34]. In local government, integrated public services demonstrate how collaborative arrangements can enhance service efficiency,

accessibility, and responsiveness [35]. These transformational processes also focus on strategic restructuring of engagements and relations among the government, the private sector, citizens, and other relevant entities. These dynamics clearly translate to encourage organizational innovation for sustainable performance [36]. Transformational leadership, in this regard, is not merely an instigator of internal change but also a multidimensional determinant of sustainable regional competitiveness.

While the shift toward sustainability has been widely acknowledged, there remains scant empirical evidence on how innovation practices concretely align with sustainability goals in diverse institutional contexts [37-39]. Although theoretical perspectives such as neo-contingency, institutional theory, and New Public Governance provide valuable insights, the interaction between leadership and governance mechanisms in driving organizational innovation and sustainable performance remains underexplored. Transformational leadership, collaborative governance, and innovation performance have become the focus of prior studies separately [40, 41]. However, the empirical evidence linking micro-level leadership practices to meso-level governance structures and macro-level sustainability outcomes in these settings remains sparse and fragmented [42]. Most research is concentrated in Western contexts, with limited attention to the unique challenges and dynamics present in the Global South [43, 44]. This research addresses the gaps by examining how transformational leadership, collaborative governance, and organizational innovation performance collectively influence sustainable performance within local governments, where public service delivery directly interacts with citizens.

## 2. Literature Review and Hypotheses Development

Innovation in the public sector has evolved from being perceived as marginal within bureaucratic contexts to becoming a central capability for governments worldwide [45]. Early studies argued that rigid structures constrained creativity [46, 47]. However, subsequent research demonstrated that innovation is critical for enhancing adaptability, legitimacy, and long-term performance in public organizations [2-4]. Innovation is no longer understood as an ad hoc response but as an institutionalized practice embedded in rules, norms, and organizational structures across the public sector [6].

Public service innovation has increasingly been analyzed through broader theoretical lenses that illuminate the interactions among leadership, governance, and resource dynamics. Neo-contingency theory posits that organizations must continually align their strategies and leadership styles with environmental complexity and uncertainty [48, 49]. Responding to complex challenges requires moving beyond hierarchical and rules-based models toward more adaptive, inclusive, and resilient systems that empower local actors, engage citizens, and leverage data and workforce capability to innovate public services [50]. Institutional theory explains how formal rules, normative pressures, and cognitive expectations shape governance arrangements and organizational legitimacy, thereby influencing the adoption of sustainable practices [51, 52]. From a governance perspective, the shift toward New Public Governance underscores the importance of collaborative networks, trust-building, and cross-boundary integration in generating public value in the public sector ecosystem [53]. In parallel, the New Public Service paradigm emphasizes citizen engagement and democratic responsiveness as central to sustaining effective public service delivery [54, 55].

Building on these theoretical perspectives, this study proposes that transformational leadership serves as a critical antecedent that mobilizes vision, trust, and motivation, thereby shaping the conditions for collaborative governance. Transformational leadership is widely recognized as a crucial driver in fostering effective collaboration across organizational boundaries, particularly in complex public service environments [28]. Leaders who articulate a clear vision, inspire shared goals, and provide intellectual stimulation are more likely to build trust and collective commitment among diverse stakeholders [56]. In fragmented public sector contexts, such leadership becomes crucial for encouraging participation and bridging institutional boundaries [57, 58]. Hence, transformational leaders are expected to enhance collaborative governance.

*H<sub>1</sub>: Transformational leadership positively influences collaborative governance.*

Transformational leaders foster creativity by providing intellectual stimulation, recognition, and empowerment, which drive organizational members to pursue new solutions [59, 60]. In the public sector, such leadership creates an enabling climate for experimentation and learning, thereby enhancing innovation outcomes [61]. Empirical studies show that transformational leadership correlates with higher innovation performance across organizations [62].

*H<sub>2</sub>: Transformational leadership positively influences organizational innovation performance.*

Sustainability in public organizations extends beyond economic to encompass social and environmental responsibilities [63]. Transformational leadership aligns organizational strategies with these broader societal goals by inspiring long-term commitment and citizen-oriented values [64]. Prior research confirms that transformational leaders contribute to sustainability outcomes by embedding ethical norms and collective responsibility [65].

*H<sub>3</sub>: Transformational leadership positively influences sustainable performance.*

Collaborative governance provides a mechanism for integrating diverse knowledge, resources, and expertise, which enhances the organization's innovation capacity [40]. Through joint decision-making and cross-boundary cooperation, public organizations are better equipped to design innovative services and solutions [66, 67]. Thus, stronger collaborative governance is expected to foster organizational innovation performance.

*H<sub>4</sub>: Collaborative governance positively influences organizational innovation performance.*

Collaborative governance promotes inclusiveness, accountability, and responsiveness, all of which are central to sustainable performance [68]. By engaging multiple stakeholders and pooling resources, collaborative arrangements ensure

that public services are more resilient and better aligned with community needs [69]. Collaborative governance can strengthen long-term orientation and sustained commitments toward sustainability goals [70].

*H<sub>5</sub>: Collaborative governance positively influences sustainable performance.*

Innovation performance is a key determinant of sustainability, as innovative practices enable organizations to address economic, social, and environmental challenges simultaneously [71]. By developing new solutions and improving service processes, innovation enhances efficiency, responsiveness, and adaptability, ultimately leading to sustainable outcomes [72].

*H<sub>6</sub>: Organizational innovation performance positively influences sustainable performance.*

Leaders not only directly influence sustainability but also shape the governance structures through which sustainability goals are realized [73]. Transformational leadership fosters collaborative governance that, in turn, strengthens sustainable performance by embedding shared accountability and inclusive decision-making [74].

*H<sub>7</sub>: Transformational leadership indirectly contributes to sustainable performance through collaborative governance.*

Transformational leaders stimulate innovation by creating organizational environments conducive to creativity and experimentation [75]. This enhanced innovation capacity acts as a mediating mechanism that translates leadership influence into sustainable performance [59, 76].

*H<sub>8</sub>: Transformational leadership indirectly contributes to sustainable performance through organizational innovation performance.*

Finally, transformational leadership is expected to exert a sequential influence on sustainability by first enabling collaborative governance, which enhances innovation, and subsequently translating these capacities into sustainable outcomes. This pathway reflects the integrated role of leadership, governance, and innovation in achieving long-term public value [77, 78].

*H<sub>9</sub>: Transformational leadership indirectly contributes to sustainable performance through collaborative governance and organizational innovation performance.*

### 3. Research Methodology

This study employs a quantitative survey approach. Transformational leadership is measured through vision, inspirational motivation, intellectual stimulation, supportive leadership, and individualized consideration [79]. Collaborative governance is operationalized via governance, legitimacy, mutuality, autonomy, and shared norms [68, 80]. Innovation outcomes are separated into organizational innovation performance, covering internal improvements and technical advancements [81-83] and sustainable performance, reflecting social, environmental, and economic impacts [84, 85]. The instrument was validated through expert review, refined with focus group discussions, and pre-tested to ensure reliability and contextual relevance [86].

Data were collected from 103 Indonesian regions, each with multiple institutional leaders to minimize bias. The selected regions are considered representative of those that implemented integrated public service delivery for more than 2 years, ensuring respondents have adequate experience with inter-agency collaboration and governance practices. Respondents comprise leaders of institutions participating in integrated service delivery, reflecting diverse organizational perspectives. This study estimates statistical power using G\*Power, focusing on the most complex predictor in the PLS path model [87]. Power analysis confirmed the adequacy of the final sample, exceeding the minimum requirement of 77 cases [88, 89].

This study employs SEM-PLS, which is particularly suitable for examining complex models that involve multiple hierarchical constructs and mediation relationships [87]. PLS-SEM is more appropriate than traditional regression approaches for evaluating mediation effects, especially in predictive-oriented studies [87]. This study has a reflective–reflective measurement model and uses the disjoint two-stage approach to reduce bias and multicollinearity [90]. In the first stage, lower-order constructs (LOCs) are tested for reliability and validity; subsequently, their latent scores are used to develop higher-order constructs (HOCs) in the second stage for evaluating the model's relationships.

### 4. Results

Data collection over four months (Dec 2024–April 2025) with representative leaders from 103 regions, comprising 69.9% from Western and 30.1% from Eastern Indonesia. The regional aggregation ensures balanced stakeholder perspectives, supporting robust regional-level analysis of the integrated public service ecosystem.

#### 4.1. Measurement Model

In the preliminary step, LOCs are evaluated for reliability and validity, demonstrating that all reflective constructs (transformational leadership, collaborative governance, innovation performance, and sustainable performance) meet the required thresholds [87, 90]. Most outer loadings of LOCs, as shown in Table 1, exceed 0.708, while some are between 0.4 and 0.7 and are considered acceptable on their theoretical relevance and their contribution to model quality [87]. All constructs showed strong reliability (Cronbach's Alpha ( $\alpha$ ), Composite Reliability (CR) > 0.70). Every construct, both lower and higher order, attained AVE values above 0.50, hence satisfactory convergent validity. HTMT assessed discriminant validity and values ranged from 0.716 to 0.883, all below 0.90, confirming construct distinctiveness and supporting measurement model validity [91].

**Table 1.**  
Reliability and Validity Result of Measurement Model.

Constructs	Dimensions	Items	Loadings	$\alpha$	CR	AVE
Transformational Leadership	Vision	TLVI1	0.444	0.797	0.870	0.586
		TLVI2	0.904			
		TLVI3	0.919			
		TLVI4	0.889			
		TLVI5	0.529			
	Inspirational communication	TLIC1	0.869	0.893	0.900	0.76
		TLIC2	0.900			
		TLIC3	0.934			
		TLIC4	0.776			
	Intellectual stimulation	TLIS1	0.877	0.851	0.869	0.698
		TLIS2	0.899			
		TLIS3	0.669			
		TLIS4	0.877			
	Supportive leadership	TLPR1	0.872	0.783	0.786	0.7
		TLPR2	0.936			
		TLPR3	0.873			
	Personal recognition	TLSL1	0.863	0.875	0.889	0.8
		TLSL2	0.760			
		TLSL3	0.881			
Collaborative Governance	Administration	CGAD1	0.846	0.829	0.866	0.667
		CGAD2	0.620			
		CGAD3	0.855			
		CGAD4	0.914			
	Governance	CGGV1	0.857	0.878	0.920	0.692
		CGGV2	0.910			
		CGGV3	0.929			
		CGGV4	0.895			
		CGGV5	0.482			
	Autonomy	CGAU1	0.926	0.745	0.823	0.671
		CGAU2	0.598			
		CGAU3	0.892			
	Mutuality	CGMT1	0.912	0.94	0.946	0.848
		CGMT2	0.930			
		CGMT3	0.939			
		CGMT4	0.902			
		CGNM1	0.957	0.967	0.967	0.938
		CGNM2	0.975			
		CGNM3	0.973			
Organizational Innovation Performance	Internal	IPIP1	0.886	0.978	0.979	0.851
		IPIP2	0.930			
		IPIP3	0.902			
		IPIP4	0.906			
		IPIP5	0.959			
		IPIP6	0.921			
		IPIP7	0.894			
		IPIP8	0.955			
		IPIP9	0.946			
	Technical	IPTP1	0.938	0.86	0.921	0.656
		IPTP2	0.593			
		IPTP3	0.890			
		IPTP4	0.928			
		IPTP5	0.627			

**Table 1.**

Reliability and validity results of the measurement model (continued).

Constructs	Dimensions	Items	Loadings	$\alpha$	CR	AVE
Sustainability Performance	Social	IPSP1	0.868	0.906	0.907	0.78
		IPSP2	0.883			
		IPSP3	0.918			
		IPSP4	0.863			
	Environmental	IPEP1	0.772	0.71	0.713	0.633
		IPEP2	0.792			
		IPEP3	0.822			
	Economics	IPEC1	0.932	0.947	0.948	0.864
		IPEC2	0.932			
		IPEC3	0.948			
		IPEC4	0.906			

#### 4.2. Structural Model

The variance inflation factor (VIF) values for predictor constructs ranged from 2.05 to 3.32, remaining below the preferred cutoff of 5 and indicating no multicollinearity concerns [87]. Structural relationships assess the significance of the hypothesized structural model. Table 2 reports the result of path significance, which is also illustrated in Figure 1.

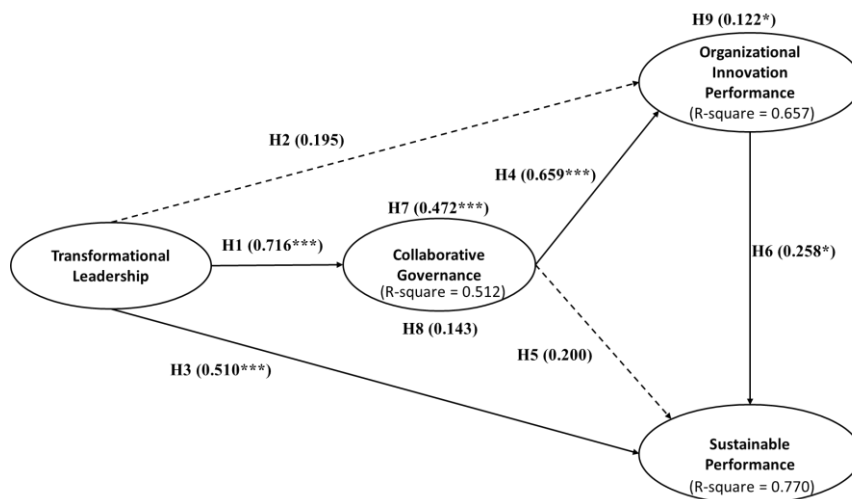
**Table 2.**

Result of the direct structural model.

Hypotheses	Coefficient	t-values	p-values	Result	f-square	VIF
H1 Transformational Leadership -> Collaborative Governance	0.716	11.156	0.000***	Yes	1.050	1.000
H2 Transformational Leadership -> Organizational Innovation Performance	0.195	1.333	0.091	No	0.054	2.050
H3 Transformational Leadership -> Sustainability Performance	0.510	6.165	0.000***	Yes	0.523	2.161
H4 Collaborative Governance -> Organizational Innovation Performance	0.659	4.720	0.000***	Yes	0.617	2.050
H5 Collaborative Governance -> Sustainability Performance	0.200	1.595	0.055	No	0.052	3.315
H6 Organizational Innovation Performance -> Sustainability Performance	0.258	1.975	0.024*	Yes	0.099	2.912

Note: \*p &lt; 0.05; \*\*p &lt; 0.01; \*\*\*p &lt; 0.001

The results indicate that transformational leadership positively affects collaborative governance and sustainable performance, thereby supporting H1 and H3. The direct influence on organizational innovation performance is negligible; thus, H2 is rejected. Similarly, collaborative governance has a positive and substantial impact on organizational innovation performance ( $\beta = 0.659$ ,  $p < 0.001$ ), thereby affirming H4. However, sustainable performance is not positively influenced, which leads to the rejection of H5. Finally, as anticipated, organizational innovation performance leads to sustainable performance positively ( $\beta = 0.258$ ,  $p < 0.05$ ), thus affirming H6.

**Figure 1.**

Result of the structural model.

Note: \*p &lt; 0.05; \*\*p &lt; 0.01; \*\*\*p &lt; 0.001; - - -: non-significant path.

Table 3 shows that a complementary mediation is evident in indirect effects as transformational leadership enhances collaborative governance, which subsequently drives organizational innovation performance, supporting H7. The indirect pathway from transformational leadership to sustainable performance via collaborative governance is not significant, thereby rejecting H8. A sequential mediation emerges as transformational leadership strengthens collaborative governance, which in turn enhances organizational innovation performance, ultimately leading to sustainable performance, thereby supporting H9. These findings underscore that significant sustainability outcomes require passing through the pathway. Transformational leadership must first enable collaborative governance, which then fosters organizational innovation performance, before its effects materialize in sustainable performance. This highlights the necessity of integrating leadership, governance, and innovation as sequential mechanisms for attaining long-term sustainability in the public sector.

**Table 3.**  
Result of the indirect model.

Hypotheses		Coefficient	t-values	p-values	Result
H7	Transformational Leadership -> Collaborative Governance -> Organizational Innovation Performance	0.472	4.306	0.000***	Yes
H8	Transformational Leadership -> Collaborative Governance -> Sustainable Performance	0.143	1.511	0.065	No
H9	Transformational Leadership -> Collaborative Governance -> Organizational Innovation Performance -> Sustainable Performance	0.122	2.034	0.021*	Yes

Note: \*p <0.05; \*\*p<0.01; \*\*\*p<0.001.

The model's explanatory capacity was validated using the coefficient of determination ( $R^2$ ) and the effect size ( $f^2$ ). The  $R^2$  values for collaborative governance and organizational innovation performance were 0.512 and 0.857, respectively, while sustainable performance scored 0.770 (Figure 1). These values are considered acceptable explanatory power for social science [92]. Effect size analysis based on Cohen, et al. [93] indicates that transformational leadership has significant effects on collaborative governance ( $f^2 = 1.050$ ) and sustainable performance ( $f^2 = 0.523$ ). The rest of the paths have minor effects ( $f^2 < 0.02$ ) (Table 2). Further evidence of predicted validity was assessed using PLS-predict, which involved 10-fold cross-validation and 10 repetitions [94], yielding positive  $Q^2$ -predict values for all endogenous constructs (0.490, 0.403, and 0.673), thus confirming predictive validity [87]. Additionally, all the CVPAT results are significant, providing further evidence of the model's strong out-of-sample predictive ability. In addition, this study relied on self-reported data from a single source. Common method bias (CMB) was assessed using multiple approaches. All VIF scores were below the cutoff of 5 [87]. A theoretically unrelated marker variable technique [95] with an unrelated variable [96] produced only negligible variations in  $R^2$  values, with deltas remaining under 0.001. CMB posed no meaningful threat to the validity of the findings.

## 5. Discussion

This study advances understanding of how transformational leadership and collaborative governance interact to drive organizational innovation and sustainable performance in local public service delivery. Consistent with prior leadership research [33, 97-99] transformational leadership strengthens collaborative governance (H1) and directly contributes to sustainable performance (H3). This finding supports the view that transformational leadership, characterized by a clear vision, inspirational communication, intellectual stimulation, supportive behavior, and individualized consideration, cultivates a collaborative culture that transcends institutional boundaries [79, 100]. Transformational leadership influences sustainable performance through both direct and indirect pathways. The direct path supports the notion that transformational and visionary leaders within an organization are capable of changing its culture to inspire its members toward achieving the desired societal value [101]. Transformational leaders can embed sustainability principles that improve social inclusion, economic competitiveness, and environmental responsibility [102]. This direct pathway highlights the importance of visionary leaders who can immediately reorient organizational values and practices toward long-term societal outcomes [103]. Nevertheless, the indirect effects through collaborative governance and organizational innovation performance are equally critical, as they institutionalize shared responsibility and operationalize visionary ideas into concrete and enduring practices. The significant mediating roles of collaborative governance and organizational innovation performance suggest that leadership-driven initiatives achieve broader, systemic, and longer-term sustainability only when translated into institutionalized collaboration and tangible service delivery innovations. Leadership alone can enhance fragmented public sectors [104] but collaborative governance aligns various actors, and organizational innovation performance turns visionary ideas into effective practices [105]. Transformational leadership is the catalyst, but sustainable performance thrives when leadership is established in collaborative governance structures and operationalized through innovation pathways.

In addition, collaborative governance significantly enhances organizational innovation performance (H4), consistent with collaborative governance theory [106, 107] which emphasizes the importance of trust, interagency collaboration, and a public service focus in fostering innovation. Finally, the organizational innovation performance strongly predicts sustainable performance (H6), reaffirming the connection innovation literature makes between the ability to perform economically competitive, socially inclusive, and environmentally responsible acts through innovation [108]. Furthermore, contrary to expectations, transformational leadership does not directly lead to increased organizational innovation performance. Differs from private-sector studies [109-111] that often identify a leadership-innovation paradigm; leaders in

public service ecosystems suffering from bureaucratic fragmentation may inspire ideas. Still, there is a lack of institutional frameworks to scale them into systemic, innovative change. Collaborative governance, as hypothesized, has no direct effect on sustainable performance (H5 rejected). Although governance provides coordination and alignment, it appears insufficient to deliver sustainability outcomes unless mediated through innovation processes. Contrary to Western-centric evidence [112, 113] where governance frameworks have a more direct impact on long-term outcomes, suggesting that in developing contexts like Indonesia, governance must operate through innovation pathways to achieve sustainability.

The indirect effects offer further clarity. Transformational leadership augments organizational innovation performance through collaborative governance (H7), confirming that leadership requires governance systems to formalize its consequences. More interestingly, a sequential mediation is apparent (H9): collaborative governance enhanced by transformational leadership positively improves organizational innovation performance, which, in turn, improves sustainable performance. This pathway suggests that innovation is a crucial mechanism for achieving leadership-driven sustainability. The hypothesized indirect effect of transformational leadership on sustainable performance via collaborative governance (H8) was unsupported, underscoring that governance contributes to sustainability only through innovation pathways. The results present a double-edged reality. Although leadership is critical, its impact on sustainability is only achievable through a proper institutional framework that fosters innovation.

The results establish collaborative governance as both a mediating pathway and a strategic catalyst, enhancing how transformational leadership drives innovation performance. Collaborative governance is a catalyst for public service innovation, enabling organizations to pursue outcomes that go beyond internal efficiency and extend into social well-being and economic competitiveness [114]. This study emphasizes that in public sector settings, transformational leadership is more foundational, offering governments the vision, motivation, and collaborative orientation to align fragmented actors and overcome institutional inertia. Public service delivery operates within complex institutional environments where legitimacy, trust, and inter-agency coordination are paramount.

The findings confirm that transformational leadership and collaborative governance are critical levers for building integrated public service ecosystems that advance sustainability. Strengthening these frameworks enables public organizations to embed sustainable-oriented practices into local economic systems, thereby reinforcing trust, legitimacy, and sustainable performance [115]. However, the concern is that both the transformative leader and the aligned governance structure are right on the mark. In the absence of innovation, improvements are almost sure to become fragmented or ephemeral. This presents a challenge for policymakers in developing contexts, where institutional silos and resource constraints limit the translation of leadership and governance into systemic outcomes.

## **6. Conclusion**

The growing demand for effective public services aligned with the Sustainable Development Goals underscores the need to examine how leadership and governance foster sustainable performance. The findings provide novel insights into how leadership-driven initiatives can be effectively integrated within governance and innovation pathways to achieve long-term social, environmental, and economic outcomes. Transformational leaders inspire and empower followers toward shared goals, and purposeful leadership can drive innovation and societal progress [100].

This study contributes to the literature by advancing a multilevel framework. At the micro level, it confirms the role of transformational leadership in driving sustainable outcomes, but questions its direct link to innovation in public-sector contexts. At the meso level, it identifies collaborative governance as a novel mediating mechanism, while also showing its limits when disconnected from innovation. At the macro level, it highlights the unique dynamics of developing countries, where sustainability emerges only through sequential pathways that embed leadership into governance and innovation. These findings suggest that leadership and governance are necessary but not sufficient; innovation serves as the essential bridge ensuring that their effects materialize into long-term sustainability. It advances the growing discourse on leadership-driven innovation and the integrative role of innovation in linking governance and sustainability. Innovation is not merely an outcome of leadership and governance, but a mediating capability that transforms strategic intent and collaborative processes into tangible sustainability outcomes. This study provides a more holistic understanding of how public organizations can transition from policy alignment to performance realization. It also refines current debates within public sectors by framing innovation as a systemic mechanism that enables leadership and governance to produce sustained social, environmental, and economic value [116-118].

Theoretically, this study extends neo-contingency theory by demonstrating how the fit between leadership, governance, and external citizen demands is realized through integrated public service ecosystems at the frontline of local government. It enriches institutional theory by identifying how transformational leadership and collaborative governance act as forms of institutional work that embed sustainability norms and collaborative practices into bureaucratic operations, thereby strengthening legitimacy. It advances New Public Governance by demonstrating that leadership-orchestrated collaboration across agencies enables the co-creation of public value through networks and trust. Finally, this study introduces a novel theoretical contribution that reframes innovation not merely as an outcome of leadership or governance but as the essential pathway that translates them into systemic sustainability in public services.

From a policy perspective, the findings suggest that relying solely on strong leaders or fragmented governance mechanisms is insufficient to achieve sustainability in public services. Local governments should prioritize strengthening collaborative governance structures, investing in digital infrastructures that enable integration, and embedding sustainability principles into service design. Through collaboration, leadership-driven initiatives can translate into



innovations that improve inclusiveness, reduce transaction costs, and foster eco-efficient processes. Strengthening policy capacity mechanisms that enable cross-sectoral collaboration further enhances responsiveness to complex, place-based sustainability challenges [119, 120].

While this study has achieved its objectives, future research could extend the framework to other cultural and institutional contexts, adopt longitudinal designs to strengthen causal insights, and include additional dimensions, such as resource management and citizen engagement, to enrich the understanding of sustainable public service performance.

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