

23 - 25 October 2026

Geneva , Switzerland

Transformation Management as A Strategic Capability for The Climate-Neutral Transition

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Abstract

The European Green Deal sets a binding 2050 climate-neutrality target, yet the managerial mechanisms through which firms translate this macro-level policy into organizational transformation remain underexplored. While the literature on green transition is rich at the policy and macroeconomic level, there is a gap in understanding transformation management as a firm-level strategic capability. This paper develops and tests a framework linking organizational transformation capabilities (strategic foresight, resource reconfiguration, stakeholder integration, and decarbonization governance) to the depth and pace of climate-neutral adaptation among Central European firms.

Drawing on the dynamic capabilities perspective and transformation management theory, we argue that successful Green Deal implementation depends less on technology adoption per se and more on a firm's capacity to manage discontinuous change. We test the framework using panel data from Central European firms, with particular attention to ownership structure as a moderating factor. Econometric estimation links transformation-management maturity to observed decarbonization outcomes, controlling for sector and firm size.

Preliminary results suggest that governance-related capabilities outweigh capital intensity in explaining transformation speed, and that ownership structure moderates this relationship in both enabling and constraining directions. The paper contributes an operationalizable construct of transformation-management maturity and offers policy-relevant implications for the design of transition-support instruments in catching-up economies.

Keywords: Climate Neutrality; Decarbonization; Dynamic Capabilities; Organizational Change; Sustainability Transitions