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Role of Financial Planning, Governance, and Digital ERP Transformation in Driving Sustainable Performance: Evidence from Abu Dhabi and the UAE

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ABSTRACT

The aim of this study is to examine the effect of financial planning, governance and digital ERP transformation on sustainable performance. The researchers used quantitative data analysis technique and positivism philosophy to conduct this research. The primary data were gathered using structured questionnaires to individuals in the field of finance and governance in various organizations in Abu Dhabi and UAE. Based on the existing literature in the field of financial management, corporate governance, and digital transformation, the study has tested the hypothesized relationships among the variables using Structural Equation Modeling (SEM). The results showed that financial planning and analysis had a positive substantial contribution to sustainable performance by increasing the precision of the forecast, variance reporting, and resource allocation. Governance frameworks were found to enhance accountability, compliance, and stakeholder trust, contributing strongly to sustainability outcomes. In addition, digital ERP transformation in financial management including digital reporting systems, predictive analytics, and automation—significantly improved efficiency, transparency, and decision-making, further reinforcing sustainable performance. Collectively, the three independent variables demonstrated a robust and positive influence on sustainable performance.

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1.0 Introduction

The theory of sustainable organizational performance has been the focus of considerable scholarly and practitioner-oriented attention over the past few decades, particularly as organizations find themselves in a more complex international environment with heightened competitive intensity, technological disruption, regulatory influence and stakeholder agitation. This is complicated by the fact that the United Arab Emirates (UAE), and, more specifically, Abu Dhabi, are committed to diversifying their economy and cease to be dependent on oil alone, stimulate the growth on the basis of knowledge, and integrate the interests of corporations with the objectives of state sustainability at the national level, in other words, UAE Vision 2030, and the United Nations Sustainable Development Goals (Areepattamannil, 2024). Both the present state of finances during Abu Dhabi following the rapid growth of the economy, the adjustment to the world economy, and the metamorphosis of entities provide an illustration of the requires the structures of the good organisations that is capable of transforming organizations to become powerful, efficient and accountable. It is in this context that financial planning, financial management governance, and financial management adoption of new technologies has become one of the critical determinants of organization sustainability that provide pathways to balancing the short-term performance requirement against the long-term development requirement (Navin et al., 2025).

The following links between these variables financial planning, governance, and digital ERP transformation are tied to several theoretical understandings. Resource-based approach (RBV) Financial planning and digital ERP makeover may be termed as strategic resources having an ability to attain organizations competencies that are valuable, unique, imitable and substitutable therefore providing a firm's long term corporate edges. The agency theory provides a reconciliation mechanism between the needs of the managers and other stakeholders that minimizes the agency costs incurred. The institutional theory also expresses how governance practice and regulatory pressures, cultural imperatives, and normative judgments modify the institutional environment within the UAE by recalibrating the key digital ERP (Hamadien, 2022). An amalgamation of these two theoretical visions states that the allocation of resources is conditioned by monetary methodology, compliance and devotion of interests via governance and proficiency and latitude via computerized ERP change, all of which affect sustainable organizational operation. In this theoretical triangulation, it is important to consider the interactions of these variables, rather than addressing them one at a time like a construct (Yu et al., 2025).

Despite the growing body of work on the topic of financial management, corporate governance, and digital transformation, research gaps are still considerable. First of all, the extensive resources of the literature focus on Western economies, and there are not many empirical research studies that have been carried out in Middle Eastern environments such as Abu Dhabi and the UAE. Due to the specifics of this type of economic organization, the relations

of cultures, the lines of policy in the region, etc. it is impossible to assume that the outcomes of other regions can be generalized. Second, despite the research outlining the effects of financial planning, governance, or digital ERP transformation, individually, on organizational performance, there is a gap in research studies that examine the effects of both financial planning, governance, or digital ERP transformation on sustained performance (Hidayat-ur-Rehman, 2025). This omission is in disregard of the synergies that may be realised as a result of such variables interacting with each other. Third, there is limited empirical research on the topic based on complex analytical tools, such as Structural Equation Modeling (SEM), thereby constraining the target theoretical verification. These gaps brought up by the article provide the basis as to why more comprehensive research is needed that places the correlation between financial planning, governance, and digital ERP transformation in the context of socio-economic realities in Abu Dhabi and the UAE (Mishrif et al., 2023).

The research topic, therefore, establishes a gap in knowledge about whether financial planning, governance structure, and digital ERP transformation contributes to creating a sustainable performance in organizations that are headquartered at Abu Dhabi and UAE. Despite the fact that the individual dimensions of such variables were recognized as important in the literature, their joint impact has not been adequately researched, and practitioners and policymakers do not have composite data. This presents a challenge to the organizations that are trying to balance financial discipline, accountability, and technological agility with the aim of achieving sustainability. By failing to identify the interdependencies among these variables, an in totality, organizations are taking the risk of implementing piecemeal strategies that do not yield optimum results. An urgent need is to answer this question by means of a rigorous empirical study that will not only examine interrelations between the variables but also will place them in the context of the institutional and economic environment of the UAE.

2.0 Literature Review

The grouping of the financial planning, governance, digital ERP change and sustainable performance analyses can be viewed through the conceptual ethos of the integration of the classical and the modern organization theory that impact a long-term performance using the resources, systems and institutional framework. The resource-based view (RBV) obtains all unique, valuable, and incomparable resources to create sustainable competitive advantages using superior financial planning skills and technology systems (Agrawal et al., 2025). This is counterbalanced with agency theory that share that the governance has to construct components that lead the manager act in adherence to the stakeholder interests as well as accountable and devoid of risks of opportunism. The institutional theory explains how organizations are influenced by external forces of regulators, markets, cultural demands and pressures to adopt legitimizing practices, such as digital transformation and governance compliance. All of these theoretical approaches posit that organizations can obtain insights and control as well as a more ethical and transparent governance and a higher effectiveness and flexibility of ERP digital

transformation by intertwining the discussed elements rather than treating them separately (Yesufu and Alajlani, 2025).

Empirical research studies have constantly confirmed that financial planning is one of the most significant performance determinants. They then concluded the notion that, in case the quality of the forecasting that they engage in in any organization is good, as far as this area of financial planning and analysis is concerned that it leads to the elimination of uncertainty and the setting against alternatives of resources of strategic nature (Matei et al., 2024). Research results are at best too few in the Middle East, but the small amount that is available suggests that higher-developed financial management systems in the Gulf region mean more efficient organizations and that the organizations are more likely to act in accordance with national sustainability agendas. This itself is a sign of positive financial planning as a sustainability metric, and local research need in the city of Abu Dhabi and the United Arab Emirates (Michailidis et al., 2025). Much attention has also been given to governance systems in empirical studies and several studies have come up with a very strong correlation between governance behaviour and overall sustainable organizational performance. History in the global markets indicates that the more effective a governance structure has been formulated by a business establishment, the more the investors trust them, capital cost is less, and better value creation in the long-term. Board independence, audit committees and transparent and open reporting practices governance mechanisms have also been pointed to reduce agency conflicts and improve upon the quality of arrived at decisions. Sustainability literature has termed governance as the pillar of environmental, social, and governance performance (ESG), and with good governance, a firm will be in a better position to carry out responsible business operations and report sustainability performance (Vuppuluri, 2025). This area in UAE already lacks systematic empirical data, but in recent past, the role of governance in the harmonisation of corporate practices to the demands of local and international culture have been reinforced through policy changes and regulatory requirements. That is why the role of the mechanisms of governance in the healthy functioning of the institutional environment, which will be established within the region, should be researched (Paridhi et al., 2025). The envisioned ERP administrative change via digital transformation has become the transformational variable in the recent empirical work and the research studies have revealed that the efficiency effect in transparency and in decision making in all the domains is vast. As empirical studies show, with the use of financial technologies, such as digital reporting, blockchain, predictive analytics, and automation, organizations can learn how to prevent mistakes, accelerate financial processes, and draw meaningful insights that they can use when developing strategies (HOANG et al., 2025).

Individual variable-based research dominates existing studies and even a small number of integrative empirical studies have examined the connection between financial planning, governance and digital ERP transformation. Evidence also shows that in as much as effective governance structure assures effectualness in financial planning it achieves this by having

quality governance structure that would effectively run the financial planning process within an open-minded manner which meets the perceptions of the stakeholders. Likewise, digital ERP transformation enhances financial planning, and makes it more effective in predicting and supporting more complex analytical models. On the other hand, technology shall facilitate transparent reporting and accountability governance systems. However, with this heightened sensitivity to the interdependencies, there exists a relative dearth of empirical researches that explicitly and unambiguously examine the simultaneous effects of financial planning, governance and digital ERP transformation on sustainable performance. It is one of the major gaps in the literature, particularly regarding Abu Dhabi and the UAE, where the introduction of such practices is aligned to the country visions and it has not been implemented in a systematic way.

3.0 Methodology

This was a study realized in the UAE and Abu Dhabi context, that provided a special opportunity to explore the organization operating dynamics in such a situation when the problem of sustainable performance acquires a particular significance in an ever-growing economy. UAE and Abu Dhabi business environment constantly evolves, experiencing a policy reevaluation and greater requirements of online integration and transparency, and hence will be an appropriate place to carry out a study on the variables under consideration. The populations sampled could be divided into people working in the sphere of finance, managers and specialists in corporate governance working in other business spheres, such as manufacturing, service and financial companies. The current respondents were selected due to their direct participation in financial planning, governance practices and technology use in financial management so that they would be able to give informed views on the constructs being investigated.

Since it is impractical to reach the whole population, a sampling strategy has been formulated to strike a balance between representativeness and feasibility. In this study, the sampling procedure was purposive and was focused on individuals who had relevant expertise and responsibilities in fields of financial management and governance. This meant that the respondents had knowledge and experience required to give valid information concerning the research problem. To identify the size of the target sample, it was calculated in accordance with the characteristics of Structural Equation Modeling, which usually requires a larger sample to obtain strong estimates. On this basis, a sample of around 300 respondents was targeted because this sample size is sufficient to permit statistical power to estimate the model, as well as to permit subgroup analysis.

Structured survey questionnaire was the main data collection tool and was sent to finance professionals and governance experts working in organizations in UAE and Abu Dhabi. The questionnaire was created according to the validated scales used in previous publications, but adjusted to the realities of the study, to make it culturally and

institutionally relevant. Items that were associated with financial planning; forecast, budget, and resource allocation; and governance were measured according to accountability, transparency and compliance dimensions. Digital ERP transformation items were used to measure the degree of digital transformation in financial management such as predictive analytics, reporting systems, and automation. Financial and non-financial indicators of sustainable performance were used to explore the long-term resilience, efficiency, and value-creation to stakeholders. In the questionnaire a five-point Lickert scale was used to reflect the level of agreement with the statements made and would therefore allow the translation of the qualitative perceptions to quantitative data, which would be analyzed using statistical methods. Questionnaires were distributed electronically and in paper to reach the maximum possible number of respondents based on their availability or the choice of the organization executing the study. To analyze data, Structural Equation Modeling (SEM) was selected as the main technique of data analysis due to the possibility of estimating a number of relationships among latent constructs simultaneously.

4.0 Results

4.1 Measurement Model

Table Reliability and Convergent Validity

Construct	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Financial Planning (FP)	0.872	0.906	0.661
Governance (GV)	0.891	0.923	0.701
Digital ERP transformation (DERPT)	0.864	0.902	0.657
Sustainable Performance (SP)	0.902	0.931	0.692

All constructs also confirm the reliability of the scales with the Alpha values of 0.864 to 0.902 (Cronbach values above 0.70 are recommended). Likewise, the composite reliability (CR) scores that describe the overall reliability of indicators range between 0.902 and 0.931 above the acceptable standard of 0.70 and show strong consistency between items within each construct. The average variance extracted (AVE) values also exceeds the minimum acceptable value of 0.50 with a range of 0.657 -0.701 which actually

confirms that a significant amount of variance in the indicators can be explained by the underlying latent constructs.

Discriminant Validity (HTMT Criterion)

Table 4.2 Discriminant Validity

Constructs	**FP**	**GV**	DERPT	**SP**
FP	–			
GV	0.672	–		
DERPT	0.589	0.641	–	
SP	0.714	0.688	0.657	–

The outcomes of the discriminant validity measures evaluated using the HTMT criterion are used to conclude that all constructs included in the model are not similar to each other but still show significant correlations. The values of HTMT are between 0.589 and 0.714, none of which exceeds the conservative value of 0.85, which indicates there are no problems with construct overlap. Financial planning and sustainable performance exhibit the strongest relationship of (0.714) indicating that the two constructs are closely related but still empirically different. The theory of governance is also closely related to sustainable performance (0.688) and financial planning (0.672), which are interdependent as seen in their relationship. ERP transformation Digital is associated with moderate levels of the other constructs, especially with governance (0.641), sustainable performance (0.657) due to its facilitating involvement in the process of increasing accountability, efficiency, and long-term outputs. Altogether, the findings are conclusive, and there is no risk of redundancy as each construct can represent a different dimension of the model.

Collinearity Assessment (VIF Values)

Table 4.3 Collinearity Assessment

Predictor → Dependent	VIF
FP → SP	2.11
GV → SP	2.34
DERPT → SP	1.98

The VIF-based collinearity test indicates that there are no issues of multicollinearity in the structural model. Each predictor (financial planning, governance, and digital ERP transformation) has a VIF score that is much less than 5 (2.11, 2.34, and 1.98), respectively. These findings substantiate that every independent variable can provide a unique contribution to sustainable performance with no or minimal redundancy or overlap with the other variables. The moderate and relatively low VIF values reflect that the predictors are independent enough to guarantee the stability and reliability of the regression estimates under the PLS-SEM model. This confirms that the structural model can be read with a sense of certainty on the individual impacts of financial planning, governance, and digital ERP transformation on sustainable performance.

Model Fit Indices

Table 4.4 Model Fit Indices

Fit Index	Value	Threshold
SRMR (Standardized Root Mean Square Residual)	0.058	< 0.08 (Good Fit)
NFI (Normed Fit Index)	0.913	> 0.90 (Acceptable)
Chi-square/df	2.46	< 3.00 (Acceptable)

The results of the model fit indices confirm that the structural model shows a good fit to the data. The SRMR value of 0.058 is much lower than the recommended value of 0.08, meaning that the observed and predicted correlation is very close and the residual differences are minimized. In the same manner, the NFI value of 0.913 is larger than the acceptable cutoff of 0.90, indicating that the proposed model accounts the data

significantly better than a null model. Also, the chi-square/df ratio is 2.46, which is less than the maximum acceptable ratio, which is 3.00, thus indicating a sufficient balance between model complexity and data fit. Taken together, these indices are strong indicators that the model is statistically healthy and theoretically well-specified, and we can be confident in the validity of the structural path interpretations that follow.

Structural Model Results

Table 4.5 Structural Model Results

Hypothesis	Path	β	t-value	p-value	Supported?
H1	FP → SP	0.331	4.72	0.000	Yes
H2	GV → SP	0.298	3.94	0.000	Yes
H3	DERPT→ SP	0.284	3.61	0.000	Yes

The results of the structural models strongly substantiate all the hypothesized relationships and prove the high impact of financial planning, governance, and digital ERP transformation on sustainable performance. Financial planning was the variable changed to the greatest extent and has a path coefficient value of 0.331 (t = 4.72, p = 0.001) it is regarded therefore, that the variable is of high focus relative to the enhancement of the components of forecasting, resource allocation and long-term sustainability. The other considerable positive contribution is on governance (b = 0.298, t = 3.94, p < 0.001) also linked with relevance of accountability, compliance and trust of Sustainable practices by the stakeholders. The role of digital ERP transformation is also significant (b = 0.284, t = 3.61, p = 0.001) and this aspect of the work speaks to the usefulness of digital tools, prediction analytics, and robots in the context of increasing the effects of sustainability. On the whole, the total impact of the three predictors is that they can explain 61.2% of the sustainable performance (R2 = 0.612) and we are finding financial planning, governance, and digital ERP transformation are closely related entities to achieve the sustainable organizational performance.

5.0 Discussion and Conclusion

The findings demonstrate that all the three sectors, i.e., financial planning, governance, and digital ERP transformation can be implemented in sustainable performance. Financial planning helps organizations make superior decisions regarding

the way organizations deploy resources, long-term forecasting during change. Governance on its part ensures accountability, transparency and trust among the different stakeholders that are necessary to create sustainable growth. Value is also part of digital conversion to ERP, and it enhances efficiency, automation of processes, and data-based decisions. Putting these two factors together, adds up to balance each other thus, creating a good base on institutes that are attempting to make sustainability.

Finally, and as demonstrated in this research paper, sustainable performance in an organization is a reality that should be driven by Global Financial planning, Governance and Digital transformation of ERP. They also have the potential to be efficient, resilient and grow over time with the right financial management, good governance and good application of digital technologies. The test above indicates that the survey indicates that the following three areas need to be addressed to be competitive in dynamic conditions: Future studies would also test the relationship between the variables and sustainable performance in the presence of other variables such as leadership, culture or industry practices.

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