

Midocean University

College of Business Administration

Department of Business Administration

Research Title

**The Role of Strategic Financial Analysis in Driving Sustainable Organizational
Performance**

Prepared By:

Dr.Abdulaziz Almakenzi

Supervised By:

Dr.Alfaisal Abduelhameed Mohame

Dr.Fayez Ali Jrad

Academic Year:

2026

Table of Content

Introduction:	3
Problem of the Study.....	5
Significance of the Study.....	7
Objectives of the Study.....	10
Research Questions.....	12
Hypotheses of the Study.....	12
Literature Review.....	13
Research Gap.....	22
Theoretical Foundations of the Study.....	24
Methodology and Research Methods.....	28
Study Population and Sample.....	29
Study Instrument.....	30
Study Scope	32
References.....	34

Introduction

Strategic financial analysis represents a fundamental change from classic accounting and financial reporting. It represents a more qualitative approach towards financial reporting through integrated analysis system to ensure sustainable long-term goals are met, because of this enabling management to make more comprehensive decisions within a rapidly changing and competitive landscape amid increasing technological innovation (Kumar et al. 2026). As such, financial analysis is no longer merely a diagnostic function but a strategic consideration to facilitate sustainable long-term growth, as well as promoting optimal planning allocation of resources (Kumar et al. 2026).

The global importance of strategic financial analysis is amplified by the unprecedented pressure organizations face to demonstrate their sustainability performance alongside their financial results. Recent research indicates that organizations with robust governance mechanisms and strong sustainability practices achieve superior financial performance and market value. Organizational culture, as expressed through sustainability social indicators (ESG), is strongly correlated with profitability and stakeholder engagement (Kumar et al., 2026). Integrating sustainability into corporate finance is no longer a luxury but a strategic imperative, as financial markets reward sustainable performance with preferential financing terms and improved access to capital (Yang et al., 2026). The financial implications of sustainability extend beyond this, as environmental and social factors are now considered influential financial inputs in asset valuation, operational stability, and the cost of capital. A significant number of finance leaders view failure to meet sustainability commitments as a moderate to severe risk to their organizations, and approximately one-third assess how climate scenarios might impact financial performance (Gartia et al., 2025). At the local level, institutions in developing economies face the dual challenge of striving for economic growth while adhering to sustainability goals (Patintingan et al., 2025). Studies examining financial performance in these contexts confirm that operational efficiency, spending on research and development, and participation in corporate social responsibility significantly enhance financial outcomes, highlighting the importance of improving tangible and intangible resources in resource-limited environments (Barney, 1991).

While recognition of the importance of strategic financial analysis for sustainable organizational performance is growing, significant gaps remain in theoretical understanding and practical application. Current research often treats financial analysis and sustainability practices in isolation, failing to grasp their strategic interaction (Yang et al., 2026). Existing studies either rely on aggregated ESG scores or examine disclosure and practice separately,

creating ambiguity for practitioners regarding the optimal allocation of resources among sustainability initiatives (Jabbi et al., 2025). Furthermore, the strategic integration of sustainability into financial decision-making remains insufficiently addressed. Although researchers have developed numerous frameworks, most notably the Sustainability Balanced Scorecard (SBSC), challenges to the effective implementation of these approaches persist (Suhardjo et al., 2025; Krylov, 2025). Organizations often treat sustainability as a separate project rather than fully integrating it into their strategy and operations, prioritizing financial and operational performance over environmental and social considerations (Suhardjo et al., 2025). The limited empirical evidence on how strategic financial analysis drives sustainable performance in diverse organizational and institutional contexts represents a critical gap that warrants further investigation.

This paper will investigate how strategic financial analysis can help enhance sustainable organizational performance through a combination of theory and practice. The study will be grounded in major theoretical models like the resource-based view of the firm (Barney, 1991), stakeholder theory (Freeman, 1984), and the Balanced Scorecard approach (Kaplan & Norton, 1996), and it will seek to incorporate current sustainability concerns (Suhardjo et al. 2025; Krylov, 2025). More exactly, the study will cover three areas: the first one is about getting a better understanding of how strategic financial management supports the growth of the organizational culture that will facilitate sustainable corporate governance and long-term corporate performance (Kumar et al. 2026). The second one is about exploring how a modified version of the Balanced Scorecard structure can be used as a tool to improve the financial performance of a company by emphasizing its sustainability efforts (Jabbi et al. 2025; Lachheb et al. 2025). Finally, the third area is concerned with shedding light on the financial consequences of firm sustainability disclosures and practices that are aligned with a strategic positioning of sustainability (Yang et al. 2026). To empirically investigate the impact of sustainability-oriented governance practices on corporate financial performance, the study will make use of a dataset combining financial variables with ESG indicators and will carry out quantitative analysis (Kumar et al. 2026; Patintingan et al. 2025). This study is expected to make a theoretical contribution by deepening the understanding of the role of strategic financial analysis in supporting sustainable performance, provide a practical tool for organizations to embed sustainability into their financial decision-making processes, and also has significant policy implications for regulators and standard-setters. The results will offer evidence-based information to executives and policymakers who aim to adopt integrated strategic financial setups fostering sustainable performance, transparent governance, and responsible leadership in rapidly changing global

markets (Manoj et al. 2025; Suhardjo et al. 2025). In a nutshell, this research attempts to narrow down the gap between financial theory and sustainability practice by devising an integrated comprehensive structure that will help organizations to align their strategic goals with financial sustainability in diversified and changing economic environments.

Study Problem

Strategic financial analysis is key in enabling organizations to attain sustainable performance. Still, the reality of work experience shows a considerable gap between the theoretical acknowledgment of the importance of embedding sustainability in financial decision-making and the real capacity of converting this acknowledgment into specific analytical and operational actions. For one thing, organizations across the globe are embracing environmental, social, and governance (ESG) initiatives and raising their efforts to disclose their sustainability performance. But, the great majority of them still do not succeed in systematically linking these initiatives with financial results to enable them to measure the return on investment in sustainability and, As a result, guide strategic decisions (Evianti et al. 2025). Up-to-date studies point out that the link between sustainability disclosure and financial performance is not a direct or linear one, based on the theoretical propositions, but is influenced by various factors like the quality of disclosure, the level of development of institutional systems, market characteristics, and the extent to which sustainability practices are aligned with the overall organizational strategy (Fettahoglu et al. 2025). This means companies may spend on sustainability disclosure without getting financial benefits, and the divergence between disclosure and actual practice may even lead to a loss of institutional trust and a decline in financial performance in certain situations (Dossa, 2026).

The issue becomes more complicated when you realize that empirical results from studies on the link between sustainability and financial performance are quite different. While some studies find that the two are strongly positively correlated, other studies report negative or statistically insignificant correlations, suggesting that the relationship between the two is highly dependent on the institutional, sectoral, and geographical contexts and Because of this cannot be generalized or regarded as a fixed relationship. On the example of a study that compared companies from seven emerging economies (E7), it was found that the extent to which ESG scores influence return on equity differs A lot from one country to another. For example, the positivity and strength of the relationship in India, while it became negative in Turkey, China, and Mexico (Fettahoglu et al. 2025). Research also indicates that

the discrepancy in the ESG ratings that different agencies give to a company can be detrimental to the company's financial performance, In particular for companies that produce a lot of carbon. Also, these problems become even worse during times of economic shocks (Dossa, 2026). As a result, these results support In reality the deficiency in knowledge is not only that there is a scarcity of sufficient empirical evidence but also that the available evidence contradicts each other which makes it difficult for practitioners and decision makers to make sustainability strategies based on solid and reliable analytical foundations.

For one thing, the scenario is only more dramatic in emerging economies where apart from the constraints of resources and more or less defective institutional structure, different disclosure standards prevail and the lack of qualified personnel who can integrate sustainability into strategic financial analysis is also a problem (Evianti et al. 2025). A longitudinal comparison of developed and emerging countries showed that investment portfolios in developed countries normally yield higher risk-adjusted returns than those in the developing world. The main reason is that developed countries have stronger disclosure standards and more effective regulation, whereas emerging countries have higher return volatility and a weaker correlation between ESG scores and financial performance (Evianti et al. 2025). This is further corroborated by field research in the Middle East and North Africa that exposed, in fact, a large discrepancy between the present performance measuring systems and the current requirements of the market. Besides approving a set of more comprehensive measures to reflect the social aspect of the company, the executives also pointed out that they were structurally and knowledge-wise at a loss as to how to proceed with implementation (Suhardjo et al. 2025). The reality is that organizations, including those with a clear and strong sustainability vision, keep treating sustainability as a separate project or a new facet of the scorecard, instead of really making it a part of strategy, everyday operations, and financial decision-making (Suhardjo et al. 2025).

Implementing the Sustainability Balanced Scorecard (SBSC) also brings its challenges as shown in systematic reviews. For example, the challenge lies in choosing the right indicators, obtaining sufficient and reliable data, conative linking of such indicators to management incentives and daily decision-making. Publications that offer clear, pragmatic guidance for application in various contexts are so sparse that they might be counted on the fingers (Jabbi et al. 2025). And, the chain from sustainability disclosure criteria to performance indicators that can be operationalized and used as the basis of management control systems is notoriously fraught with difficulties, as the

selection of such indicators is mostly arbitrary or customized for each organization, which in turn is detrimental to intercomparison and limits the internal and external verification of sustainability performance (Suhardjo et al. 2025; Krylov, 2025).

Driven by these discoveries, the research question has been formulated in what comes next way: What role can strategic financial analysis play in fostering sustainable organizational performance in present-day business environments, and through which instruments do organizations manage to connect sustainability strategies with their financial decisions? The divide between the present state and the desired situation is quite clear given the shortage of an integrated analytical structure that would associate the different sustainability dimensions with strategic financial metrics.

While previous models concentrate solely on measurable financial aspects, they disregard the non-financial elements of sustainability, So creating an information gap that prevents stakeholders from assessing the overall performance of the organization (Manoj et al. 2025). Besides that, the models today that are focusing on the integration of sustainability still remain as theoretical constructs or have been carried out in very limited contexts to be able to make the findings generalizable. So, there is a very strong need to build practical analytical structures that would be applicable in various economic and cultural contexts (Krylov, 2025). Such findings necessitate a rethinking of the interplay between financial analysis and sustainability, and the crafting of tools that would allow firms to quantitatively and objectively assess how their sustainability programs affect their financial results, with special consideration to the unique aspects of different contexts, most Particularly for those emerging markets which are highly deficient both with knowledge and application of this area (Suhardjo et al. 2025; Krylov, 2025).

Significance of the Study

a) Scientific Significance:

This paper argues for a major theoretical unification of financial management and sustainability management by the removal of their separation and switching them from two isolated fields of knowledge to one comprehensive one. Thanks to traditional financial theories, we now know how to analyze operational efficiency and shareholder value maximization, while thanks to sustainability systems, we can measure environmental and social impacts. Yet, little theoretical and empirical research has been devoted to their integration, which is still a major unknown.

Leading to the first part, only a few partial attempts try to cover the issue from different perspectives but none of them fully capture the true nature of the relationship and the interconnectedness of its dimensions.

This work is significant because:

For starters, this paper adds to the strategic financial management field theoretical knowledge in part by providing a theoretical base for the research on how financial decisions can interact with the dimensions of environmental, social, and governance (ESG) sustainability. Arguing against an instrumental viewpoint that equates financial analysis to a set of quantitative measures only, it takes a structural perspective as which sustainability is not seen as an external limiting factor to financial freedom, but rather as a crucial element through which the very notion of "value" is being redefined. The paper, by reconsidering the cause-effect linkages among the different dimensions of the Sustainability Balanced Scorecard (SBSC) and by suggesting a new rationale for the connection between non-financial indicators and financial results, adds to the theoretical modeling of the SBSC. This rationale moves beyond the linear assumptions, taking into account complexity, feedback, and time lag in the emergence of effects.

Secondly, this research locates a major knowledge gap in academic literature: seems like few studies have explored the interplay between strategic financial analysis (SFI) and the sustainable performance of organizations in the Arab and developing countries contexts. Most of the earlier research has been carried out in developed markets and these studies have taken for granted the existence of mature institutional settings, well-functioning governance systems, and the availability of reliable data. This has caused the findings of these studies to be less applicable to the contexts that differ culturally, institutionally, and economically from those of developed countries. Besides, those studies that have touched upon emerging markets either took a direct view on the relationship between sustainability and financial performance excluding the role of SFI, or simply looked into the effect of disclosure without exploring the practice and implementation aspects. This research, because of this, contributes uniquely by presenting data from a developing context and because of this broadens the understanding of the working of SFI systems in conditions of scarce resources, diverse institutional settings, and less developed markets.

Third: To account for the mediating influence of organizational culture and governance structures as well as the moderating influence of contextual variables like firm size, industry sector, and level of openness to global markets, we propose the development of a comprehensive theoretical structure that not only integrates the different facets of sustainability with financial performance measures at a strategic level but also depicts their interrelationships in a single analytical model. Unlike earlier incomplete models that are limited to only one aspect of the relationship or

ignore the interdependencies among variables, this model is comprehensive, providing a means for analyzing the complex interplay between financial decisions and sustainable performance, as well as explaining why different studies have yielded conflicting results by identifying factors and limitations governing this relationship.

b) Practical Significance

- First: Offering actionable advice to organizations that can assist them in setting up and rolling out sustainability strategies that are backed by good analysis, as well as showing them the best ways to use their financial resources in different sustainability projects per their strategic priorities and competitive capabilities; this is so that sustainability does not become extra financial cost, but rather a source of sustainable financial growth. Besides that, the paper includes practical models and methodological instructions on how to incorporate sustainability indicators in the financial planning systems, budget making and performance evaluation, and how to compose integrated reports that connect financial and sustainability performance in such a way that decision-makers are able to foresee the long-term consequences of their present decisions and assess the compromises between various strategic choices.
- Second, this research will enable policymakers and regulators to draft regulatory measures that encourage institutions to implement sustainable practices that are transparent and measurable. It will also be instrumental in creating National standards for the disclosure of environmental, social, and governance (ESG) performance in emerging markets that are not only based on the characteristics and institutional capacities of these markets but also avoid the problems of using ready-made standards from different contexts. Besides that, this research will give some guiding light to the policymaking process geared towards the support of the transition to the green economy. For instance, it sheds light on the intertwined relationship between sustainability and financial performance, which could be a reference point for decisions on the implementation of incentives for investment in the sustainable project. It is also worth mentioning that the study can be very helpful in two respects, namely the design of tax and financial incentives that persuade institutions to adopt leading sustainability practices while considering the different capacities of large and small organizations.
- Third: Practical measurement development and evaluation tools that institutions can employ to quantitatively and objectively determine the effect of their sustainability efforts on financial performance,

must be created. These instruments have to comprise well-defined Key Performance Indicators (KPIs), explicit methodological techniques, and systems for the connection between strategic and financial aspects that facilitate the transition from qualitative, impressionistic to quantitative, and objective evaluation. Such tools will assist in solving problems for data gathering and analysis, as well as in the standardization of measurement criteria across organizations. This will increase the level of comparability and transparency in the disclosure of sustainability performance, So enabling investors and other stakeholders to measure the overall performance of institutions in a more accurate and objective way. The research gives methods for resolving methodological difficulties in the measurement of sustainability impact, for example, the issue of causality, the overlap between variables, and the challenge of isolating the influence of various factors.

Study Objectives

Main Objectives:

First, The study will analyze the role of strategic financial analysis in driving sustainable organizational performance. The study will create an integrated analytical structure that connects the different dimensions of environmental, social, and governance sustainability with financial performance variables. Besides, The study will identify the mediating and conditional mechanisms that explain how sustainability initiatives are converted into tangible financial results. Lastly, the study will develop an applied model that allows organizations to bring the sustainability dimensions into the financial planning and strategic decision-making processes, this way, striking a balance between present profitability needs and long-term sustainability in today's business environments.

Secondary Objectives:

1. Developing a clear understanding of the relationship between strategic financial management practices and organizational culture, and finding out how this relationship can help in sustaining corporate governance and continuing financial performance eventually. It means that the study will be conducted by formulating hypotheses that can be tested based on which the direction and strength of the relationship between financial management variables (capital allocation efficiency, financial risk management, financing policies, and cost structure) and organizational culture variables (corporate values, leadership styles, and employee engagement) can be determined, and to what extent this relates to the quality of governance and to the organization's long-term performance.

2. To explore how Sustainability Balanced Scorecard (SBSC) systems can help enhance the financial performance of companies, and to assess their effectiveness in changing sustainability strategies into measurable and objectively assessable performance indicators. The way to achieve this goal is to research the implementation of different SBSC models in different contexts, to analyze the cause-and-effect relationships among the four dimensions of SBSC (financial customer internal processes, and learning and growth) and the two additional dimensions (environmental and social) and to identify which one of these dimensions is the most influential in causing the changes in financial results.
3. The paper aims to measure the effect of selecting a strategic sustainability positioning in both disclosure and practice on financial outcomes and to discuss how this effect is different across ESG divisions. It means first to analyze the differences in the effect of environmental, social, and governance (ESG) performance disclosure on financial performance measures like return on assets, return on equity, and market value. Also, it looks at whether disclosure and practice together have a greater or lesser effect on financial performance, and if some dimensions are more dominant than others in certain contexts.
4. The paper aims to determine the key hurdles to efficiently embedding sustainability in financial and strategic planning decision-making processes and to suggest potential ways to tackle them. It means that it will study regulatory, cultural, and institutional barriers that the organizations in emerging market contexts face, categorize them based on their level of impact and "surmountability" (ability to overcome), and offer a comprehensive guide to how best to overcome these barriers using examples and lessons drawn from the closest successful experiences in similar contexts.
5. Equipping businesses with a thorough analytical tool that connects different aspects of sustainability to key financial performance indicators, which in turn helps organizations review both qualitatively and quantitatively the influence of their sustainability efforts on their financial outcomes. Besides, this tool encompasses a well-structured method for determination and selection of KPIs, data gathering and processing instruments, indicator connecting mechanisms, as well as analytical models for return on investment (ROI) in sustainability portraying and an economic valuation of the cost of not adhering to sustainability standards.
6. Designing actionable plans for companies and governments that can facilitate the integration of sustainability into financial activities and at the same time devising suitable measurement and evaluation

instruments for different economic and cultural environments. It also offers direction on the deployment of the sustainability strategic financial analysis system, possible integrated report templates, and suggestions for regulatory policies that motivate organizations toward the adoption of sustainable and measurable practices, accounting for sectorial variations, organizational size, and the level of maturity of institutional environments in different contexts.

Research Questions

1. How can strategic financial analysis contribute to driving sustainable organizational performance in contemporary business contexts?
2. What is the nature of the relationship between strategic financial management practices and organizational culture, and how do these factors influence sustainable corporate governance and long-term financial performance?
3. How do the Balanced Scorecard frameworks for sustainability contribute to enhanced financial performance, and what impact does the strategic positioning of sustainability in disclosure and practice have on financial results?
4. What obstacles hinder the integration of sustainability into financial planning, and what is the comprehensive analytical framework and practical recommendations for overcoming these obstacles?

Study Hypotheses

- **Main Hypothesis:** Strategic financial analysis has a statistically significant effect on driving sustainable organizational performance.
- **Sub-hypotheses:**
 - H1: There is a statistically significant relationship between strategic financial management practices and organizational culture in supporting sustainable corporate governance.
 - H01: There is no statistically significant relationship between strategic financial management practices and organizational culture in supporting sustainable corporate governance.
 - H2: Sustainable corporate governance positively impacts the long-term financial performance of organizations.
 - H02: Sustainable corporate governance does not positively affect the long-term financial performance of

organizations.

H3: Organizational culture influences the relationship between strategic financial management practices and financial performance.

H03: Organizational culture does not affect the relationship between strategic financial management practices and financial performance.

H4: The Sustainability Balanced Scorecard (SBSC) framework contributes to enhancing the financial performance of companies.

H04: The Sustainability Balanced Scorecard (SBSC) frameworks do not contribute to improving the financial performance of companies.

H5: There is a statistically significant effect of the strategic positioning of sustainability in disclosure and practice on financial results.

H05: There is no statistically significant effect of the strategic positioning of sustainability in disclosure and practice on financial results.

H6: The impact of strategic sustainability positioning on financial results varies depending on the dimensions of ESG.

H06: The impact of strategic sustainability positioning on financial results does not differ across different ESG dimensions.

H7: There are fundamental obstacles preventing the integration of sustainability into financial planning and strategic decision-making processes.

H07: There are no fundamental obstacles preventing the integration of sustainability into financial planning and strategic decision-making processes.

Literature Review

- 1) **Studies that have addressed the relationship between strategic financial management and sustainable organizational performance**
 - a) **Kumar, Vijaya & Gupta, Pawan & Singh, Pratap & Lad, Sachin & Baby, Dr. Suby & Sharma, Ankita. (2026). STRATEGIC FINANCIAL MANAGEMENT AND ORGANIZATIONAL CULTURE: EXAMINING THE IMPACT OF FINANCIAL DECISION-MAKING PRACTICES ON SUSTAINABLE CORPORATE**

**GOVERNANCE AND LONG-TERM BUSINESS PERFORMANCE. 12. 5106-5114.
10.5281/zenodo.19636869.**

The primary aim of the research was to understand if strategic financial management, organizational culture, and sustainable corporate governance play a role in business performance over the long-term using ESG indicators and financial metrics. Another objective was to find out whether sustainability-based governance practices really do result in enhancing companies' financial performance. The study was conducted through a quantitative approach making use of open data which in total comprised around 11,000 company annual observations. It used simple statistics, relationship analysis, and regression modeling. Data were obtained from various secondary sources, and no field survey was carried out. It was found that good governance mechanisms together with sustainability practices lead to improvements in financial performance and market value. Besides, the organizational culture with social sustainability indicators has a high correlation with profitability and stakeholder engagement while indicators of environmental sustainability are strongly related to long-term performance. These findings imply that companies with a high level of environmental responsibility tend to have a well-developed operational resilience. This research shares a similar focus with ours as it studies the interplay of strategic financial management, organizational culture, and sustainable performance. However, it did not survey practitioners' opinions but only used secondary data, it looked solely at the direct relationship and did not investigate the mediating mechanisms, and also it did not consider the balanced scorecard for sustainability as an analytical tool. Our work aims to go beyond this by incorporating these variables within a unified analytical system and performing experimental testing in the emerging Arab context.

- b) Manoj P. K., Arpita Gurbaxani, 2025, M.V.K.Srinivasa Rao, Advocate Varun Goel, Radhika Sandhad, STRATEGIC FINANCIAL MANAGEMENT: INTEGRATING CORPORATE STRATEGY WITH FINANCIAL DECISION-MAKING, International Journal of Applied Mathematics, Vol. 38 No. 11s, <https://doi.org/10.12732/ijam.v38i11s.1163>**

The current research was motivated by the desire to propose a conceptual structure that explains how to improve the consistency of financial policies with strategic purpose for decision quality, governance, and adaptability in complex business contexts, by conjoining the understanding of strategy, finance, and governance domains. As a result, the work utilized a conceptual and theoretical approach only and did a literature review of strategy, finance, and governance for the conceptual development of a single model, no actual fieldwork or empirical testing of the

suggested relationships. The findings indicated that good strategy-finance coordination allows firms not only to optimize the investment of their resources, control risks, and foster the long-term survival of their innovative activities but also companies that manage to effectively reconcile their strategic outlook and financial operations are more resilient, profitable over time, and governance structures are the key to holding organizations to their accountabilities and maintaining the trust of stakeholders. This case study is a valuable one because of its comprehensive theoretical setup on the integration of strategy and finance. However, it was a conceptual piece only and because of this it had hardly any results that could be generalized to a larger population. And, the authors did not discuss the different dimensions of sustainability, in fact, this is what our research is aiming at doing by testing the proposed relationships empirically in a context that is less developed and at the same time broadening the range of variables to include the various aspects of sustainability.

c) Alslaibi, Naji Anton Rock, 2025, The Profitability Symphony: Orchestrating Success with Banks Internal Factors and the Moderating Role of Corporate Governance - Insights from Palestine, Master's Dissertation, AAUP

This research was set to explore how internal organizational factors (organizational culture, CEO mindset, marketing message content, leadership style, and corporate governance) affect the profitability of Palestinian banks and to study the governance's role in enhancing the relationship of these factors with institutional performance. To achieve this goal, the research utilized a mixed-method approach by joining survey data of 312 bank employees and financial secondary data from the annual reports of the banks in Palestine for 2020-2024. Structural equation modeling, running regression analysis, and sentiment analysis of CEO messaging were all techniques used. The findings showed that organizational culture, CEO mindset, marketing message content, and leadership style have a statistically significant positive impacts on the profitability, and that corporate governance a lot changes the relationship between internal factors and profitability, because of this highlighting the critical role of strong governance structures in leading to sustainable performance. Technically, this paper is significant because it marks a qualitative change in the use of the elite and organizational behavior theories in the development of the Arab region. It combines psychological, behavioral, and structural variables into a unified profitability model. But, the study focused only on the banking sector and partially considered the financial management variables without the Balanced Scorecard for Sustainability as an integrated strategic analytical tool. This clearly points out a research gap

that our work intends to fill by delivering a comprehensive system that involves different sectors and implements more inclusive analytical tools.

2) Studies that have addressed the Balanced Scorecard for Sustainability (SBSC)

- a) Jabbi, Ebrima & AbdulSalam, Mubarak & Thiombiano, Youmandja & Kenyatta, Catherine. (2025). Enhancing Corporate Financial Performance through Sustainability Balanced Scorecards: A Systematic Literature Review. International Journal of Current Science Research and Review. 08. 5081-5091. 10.47191/ijcsrr/V8-i10-20**

This study has been designed to understand the potential of the Sustainability Balanced Scorecard (SBSC) as an instrument for companies to increase their financial performance. Our main approach was to do a systematic review of the empirical studies published from 2020 to 2024. We have conducted a systematic literature review that resulted in 18 peer-reviewed articles from different databases being analyzed. The target was to identify the critical success factors and main indicators for SBSC success. The review demonstrated that implementing an SBSC is capable of delivering profitability, operational efficiency, customer satisfaction and loyalty, plus enhancing the workforce's innovation and development. The paper found key enablers for implementation to be top management commitment, innovation culture and the deliberate use of IT. Also, the research validated the applicability of SBSC for SMEs in various sectors. This piece of research is quite relevant to our present work given that it has SBSC as a means to better financial results as the main theme. Then again, it only performed a systematic review without any empirical test of causal relationships and analyzed only the papers from limited databases that might not be the full geographic coverage. In that respect, it is a methodological shortcoming of which we are aware and that we intend to address by conducting empirical work of the proposed relationships in the Arab emerging market.

- b) Krylov, Sergey. (2025). Integrated business analysis as a result of the development of the concept of a balanced scorecard. Discover Sustainability. 6. 10.1007/s43621-024-00758-6**

One objective of the research was to upgrade the information support for the company's strategic management so that its effective development could be ensured soon. This goal was achieved by employing a combined business analysis based on the Balanced Scorecard and creating an analytic method that connects financial and non-financial indicators. The paper mainly takes a theoretical and conceptual route and is anchored in the ideas of financial analysis and the Balanced Scorecard. Still, it also tries to find a way to do an integrated analysis that combines four main aspects of the business. No attempts to see how the proposed relationships work in reality were made. The

research showed that a combined business analysis that relies on the Balanced Scorecard is more than just a check against target values. The process also involves root cause analysis, and it even extends to forecasting the company's strategic market value. It includes analyzing financial performance, customer satisfaction, internal processes, and employee development, and the findings can be management decision points. This research connects with our work in that it theoretically bases the Balanced Scorecard concept as a strategic analytical tool. Though, it stayed at the theory level and did not involve any work with the field to experimentally see the relationship between the SBSC dimensions and financial results. Also, the study tackled the technical side of analysis only and did not consider organizational and cultural factors that influence its use. This aspect indicates the importance of a comprehensive experimental study such as our ongoing research, which combines theoretical and applied dimensions.

- c) **Suhardjo, Iwan & Akroyd, Chris & Khomsiyah, Khomsiyah & Suparman, Meiliana. (2025). Sustainability strategy map and integrated sustainability performance scorecard framework. Corporate Ownership and Control. 22. 8. 10.22495/cocv22i2art1.**

This work addresses the lack in the literature of integrating sustainability into business strategy and performance measurement by presenting a sustainability strategy roadmap and an integrated sustainability scorecard setup integrating the environment, the social, the cultural and the technological dimensions with the financial considerations. The setup is grounded on the ethical governance structure of sustainability and accompanied with an empirical investigation to three global companies (Kao, PepsiCo and Schneider Electric) to examine whether and how the companies' sustainability areas match and can be integrated into the presented structure. This work can serve a useful managerial purpose by providing means for tying a broad sustainability agenda to the organization overall strategy, facilitating the construction of sustainable business models and sustainability culture inside the company and creating value soon. The empirical work given on the companies showed various degree of compliance with the setup. The work is notable for unambiguously extending the balanced scorecard to new broader dimensions of validity, creating a firm theoretical base for our work, while not generalizing the findings because of a case study selection of only three global companies; being based on qualitative rather than quantitative testing of its proposed relationships; and not quantitatively testing the relationship of the SBSC dimensions with financial performance, which is among the key points our study works on.

- d) **Lachheb, Y. , Benlakouiri, A. , Amezzane, K. et Mustapha , B. 2025. Building a Sustainability Balanced Scorecard for Desalination Plants : Literature Review and a Performance Assessment Conceptual Framework. *Revue Française d’Economie et de Gestion*. 6, 4 (avr. 2025).**

The purpose of this research was to explore the implementation of the Sustainability Balanced Scorecard (SBSC) in a specific industrial context. More precisely, it aimed at equipping desalination plants with a performance evaluation instrument by way of a balanced sustainability scorecard that merges traditional scorecard dimensions with sustainability dimensions. Besides this, the paper coined a conceptual model for measuring the influence of non-financial perspectives on financial performance. First, the authors did an in-depth literature review on the performance of desalination plants and BSC implementations to build a conceptual system comprising six dimensions (financial customer internal processes, innovation and learning, socio-economic, and environmental), with performance indicators (KPIs) defined for each dimension. The paper developed a model of holistic assessment of desalination plant performance linking sustainability and financial performance and also made five propositions about the influence of non-financial perspectives on financial performance. Despite its originality in applying SBSC in a specialized industrial context and offering a conceptual system for examining the relationship between non-financial perspectives and financial performance, Because of this contributing to the theoretical structure of our research, it was still limited to the conceptual system without any empirical testing. Besides, the study only targeted a single sector and Because of this its results cannot be generalized; in addition, it did not consider how strategic sustainability positioning influences disclosure and practice, a subject that our research intends to tackle.

3) **Studies that addressed the strategic positioning of sustainability**

- a) **Yang, Y., Y. Gao, and K. Li. 2026. “ Talking vs. Walking: How ESG Strategic Positioning in Disclosure and Practice Across Dimensions Drives Financial Performance.” *Business Ethics, the Environment & Responsibility* 1–20. <https://doi.org/10.1111/beer.70091>**

The aim of what The study just said mentioned relevant study was to explore the interaction between communication of sustainability ('saying') and action ('doing'), (conceptualized as a sustainability strategic positioning) and its effect on financial performance by examining the distinctions among those three dimensions (environmental, social, and governance). In their attempt to this end, our research applied quantitative approach by employing analysis of variance (ANOVA) tests to explore the extent of statistically significant variation in performance among the various strategic positions and utilized a fixed-effects model to control for dispersion across

companies and years. They used data from CSMAR, Bloomberg and the Sino-Securities Index and found that returns depend on where and how (E, S, or G) investments are made ('saying' versus 'doing'). More exactly, they argued that companies gain the most by 'saying' on E, focus on 'saying' while being cautious on 'doing' on S, and achieve the greatest value from 'doing' on G. Their results provide practitioners and investors with strategic insights as to how to position priorities to maximize financial profits from sustainability investments. Our research uses this as key literature as it also examine the strategic position of sustainability and interaction of disclosure and practice. Its contribution was to exhibit differences in the results among various dimensions of sustainability and Because of this we follow it in analyzing each sustainability dimension independently rather than as a single measure. Its limitation was that it investigated Chinese companies and That's why its results are not applicable to other contexts. Also, it employed Balanced Scorecard for sustainability as the analytical tool, which our research neglects to further integrate with the proposed conceptual model.

4) Studies that addressed financial performance in emerging markets

- b) Porferius Wandu Patintingan, Andi Ratna Sari Dewi, Andi Aswan, 2025, Examining Financial Performance and Strategic Corporate Metrics: A Regression Analysis on Sustainability and Competitiveness, Proceedings of the 9th International Conference on Accounting, Management, and Economics 2024 (ICAME 2024), Atlantis Press, https://doi.org/10.2991/978-94-6463-758-8_281, 10.2991/978-94-6463-758-8_281**

This research focused on identifying the crucial drivers of financial performance (represented by return on assets) in developing countries, drawing on resource-based view theory (RBV), and simultaneously investigating the effect of operational efficiency, research and development expenditure, corporate social responsibility (CSR) engagement, and human capital productivity on financial outcomes. For this purpose, the research made use of data from public companies in Indonesia India Brazil, South Africa, and Mexico over the years 2010-2020, applying a fixed effects model (FEM) after performing Hausman test. The final sample consisted of 569 firms. The findings revealed that operational efficiency, research and development expenditure, and CSR engagement A lot increase return on assets, underscoring the significance of enhancing both tangible and intangible resources even in resource-scarce environments. Conversely, human capital productivity was not found to be A lot related to financial performance, implying that the connection between human resources and financial performance might depend on the context and the way it is measured. In addition, this paper offers empirical evidence from emerging market context on the

conduciveness of operational efficiency, innovation, and social responsibility to financial performance, thereby reinforcing our theoretical setup about the contribution of strategic financial analysis towards sustainability. But, it was confined to the study of financial data without reference to the balanced scorecard approach for sustainability or strategic positioning for sustainability. Besides, it depended on secondary data without exploring the practitioners' perspectives on difficulties and challenges, which is the very focus of our study as it combines quantitative and qualitative research methods.

- c) **Tanchangya, T. , K. O. Siddiqi , B. K. Dhar , J. Rahman , N. Islam , and S. Das . 2026. “ Leveraging Green Capabilities and Digital Accounting Under ESG Pressure: Strategic Insights From an Emerging Market's Global Value Chains.” Thunderbird International Business Review 68, no. 4: 579–592.**
<https://doi.org/10.1002/tie.70058>.

The main aim of this research was to investigate the mechanism of how green capabilities and digital capabilities co-manage for institutional pressures from environmental, social and governance (ESG) to facilitate the achievement of sustainable organizational performance, with how sustainability accounting mediates and digital analytics amplifies that effect as a digital consequence. In so doing, the study adopted the quantitative method of partial least square SEM based on survey data from 412 Bangladesh export manufacturing professionals, with institutional theory as the lens to understand the mechanism of how institutional pressures influence and shape organizational behaviors. Findings of this research found that sustainability accounting as an intermediary transferred the effect of green capabilities to the sustainable performance while the adoption of digital analytics as an amplifier enhanced the positive effect of sustainability accounting on sustainable organizational performance. This study confirmed the green capabilities alone are not capable of reaching sustainable performance without accounting and analytical mechanisms. This research makes two main contributions: (1) examining the process of corporate moving from ad hoc compliance to sustainable strategic capabilities, and (2) providing empirical evidence of the critical effect of the integration of management accounting and digital analytics, This way strengthening our knowledge base about the role of management control in digital capabilities. Even so, this study focused on manufacturing firms in one country, did not consider the balanced scorecard for sustainability as a holistic analytical instrument, did not test the moderating effect of strategic sustainability positioning on disclosures, This way creating a gap that this research contributes.

When reviewing previous research it becomes clear that a large number of them agree that there is a positive impact of strategic financial management practices and sustainability measures On one side and financial performance on the other. A good example of this agreement is presented by studies like Kumar et al (2026) and Alslaibi (2025), the Balanced Scorecard for sustainability (Krylov, 2025), Jabbi et al. (2025), Suhardjo et al. (2025), and Lachheb et al. (2025), and strategic sustainability positioning (Yang et al. 2026). But, this agreement is not entirely without some rather insignificant discrepancies, which are worthy of further discussion. For instance, Patintingan et al. (2025) discovered that human resource productivity was not Quite a bit related to financial performance in emerging markets, whereas other researchers (Kumar et al. 2026; Tanchangya et al. 2025) pointed out that human capital is a very important factor. It is highly probable that this discrepancy is a result of the different research environments, industries, and variable changes. The first paper utilized secondary financial data which encompassed various sectors, whereas the second study, which utilized survey data from the manufacturing sector, indirectly demonstrated that the human resource-financial performance linkage might be context and measurement dependent. Also to note is a wide spectrum of approaches utilized by the researchers. A few remained committed to theoretical and conceptual setups without even one empirical test (Krylov, 2025; Manoj et al. 2025; Lachheb et al. 2025), some other worked on the quantitative analyses of the secondary data (Kumar et al. 2026; Patintingan et al. 2025; Yang et al. 2026), while one research project employed a mixed-methods design (Alslaibi, 2025). This methodological heterogeneity, while enriching the research domain, at the same time restricts the direct comparability of the results and brings to the forefront the necessity of devising standard methods for conducting researches which would enable more accurate comparisons between different contexts.

Difference in sample sizes was another variable in these studies: from a case study of three companies (Suhardjo et al. 2025) and an 18-article review (Jabbi et al. 2025) to 11,000 annual views (Kumar et al. 2026), these numbers reflect the purposes of the research and the extent to which the results can be generalized. This methodological divergence indicates that the contradictory findings may be the outcome of the differences in the methods, sample sizes, and data qualities, which makes it necessary to devise a standardized approach for the future studies.

Research Gap

The research gap that the current research seeks to address can be identified in the following points:

- 1) The lack of an integrated setup that connects the various aspects of sustainability (environmental, social, and governance), the balanced sustainability scorecard, sustainability strategic positioning, organizational culture, and strategic financial metrics into one analytical model. Earlier research concentrated on each line of investigation separately and did not integrate them resulting in fragmented knowledge of the connection between financial analysis and sustainable performance and inhibiting the capability to explain the complex dynamics that determine this relationship. For instance, Kumar et al. (2026) spoke of financial management and organizational culture, Krylov (2025), Jabbi et al. (2025), Suhardjo et al. (2025), and Lachheb et al. (2025) wrote about SBSC, and Yang et al. (2026) focused on strategic positioning. Though none of the studies integrated these factors into one model.
- 2) The very few studies in the Arab contexts. Most of the studies were concentrated on developed markets (like the United States and Europe) or Asian emerging markets (China, India, Indonesia, and Bangladesh) and there is a scarcity of studies that look at these relationships in Arab contexts except for one study (Alshaikh, 2025) which was limited to the Palestinian banking sector. This geographical limitation restricts our grasp of how the relationship between financial analysis and sustainability is developed in different cultural, institutional, and economic contexts and points out the necessity for studies in diverse Arab contexts.
- 3) The disconnection between theory and practice. Several studies have stayed within the theoretical and conceptual structure without the empirical testing of the relationships that they have proposed (Krylov, 2025; Manoj et al. 2025; Lachheb et al. 2025), whereas others have merely analyzed secondary data and have not examined the practitioners' viewpoint on

the barriers and challenges that come with merging sustainability into financial planning (Patintingan et al. 2025; Kumar et al. 2026). This gap makes it difficult to move theoretical knowledge to practical application and limits the understanding of the actual obstacles that organizations face in their real contexts.

- 4) The direct connection between sustainability and financial performance has been emphasized, but the mediating mechanisms (like corporate culture and governance) and contextual factors that influence the relationship haven't been really explored. Most the research has been focused on proving that the relationship exists, while ignoring the aspects of how and why this relationship is established, and what elements are responsible for strengthening or weakening it in different settings.
- 5) Most research studies treat ESG as a single metric, even though Yang et al. (2026) have provided evidence of the differential effects of its various components. This simplistic method hides quite significant disparities between the environmental, social, and governance components and hampers the ability of the studies to give accurate and specific suggestions for each one separately.
- 6) The researchers have not succeeded in combining the Sustainability Balanced Scorecard with sustainability strategic positioning variables and organizational culture into one model, thereby keeping their knowledge of the complex correlations between these elements at a minimum. By addressing these weaknesses, this paper makes a significant and original contribution through the development of a comprehensive analytical model that integrates the various aspects of sustainability, the Sustainability Balanced Scorecard, sustainability strategic positioning, organizational culture, and strategic financial metrics. This structure was actually validated in an Arab emerging market, the mediating and conditional factors in the link between sustainability and financial performance were identified; a separate

examination of the three ESG factors was carried out instead of treating them as a single measure; and useful recommendations to institutions and policymakers in emerging markets were made by combining quantitative and qualitative methods to get around the shortcomings of previous research.

Theoretical Framework of the Study

This research attempts to uncover the strategic financial analysis and sustainable performance of organizations linkage in a holistic manner: Resource-Based View (RBV), Stakeholder Theory, Signaling Theory, and Governance Theory. These theories were selected because jointly they offer multidimensional analytical components that span different facets of the complicated relationship between the dependent and independent variables. When combined, they make a wide-ranging system that depicts the interplay process between the decision-making in the area of finance and the fulfillment of sustainability requirements. The theoretical fusion here corresponds to a recognition that sustainable organizational performance cannot be sufficiently explained by a single theory, but rather, a multidimensional approach that incorporates the complex interrelations of economic social environmental, and governance factors is necessary:

1) Resource-Based View (RBV)

Barney(1991) developed the resource-based view in response to environmental models that he criticized for over-emphasizing external factors as explanations for organizational performance. So the main proposal of this theory is that it is really an organization's access to and effective use of valuable, rare, and well-organized resources that lead to its competitive advantage. Along these lines, the theory goes that intangible resources like culture, knowledge and dynamic capabilities are the most sustainable sources of competitive advantage and are not only difficult to be mimicked, unlike tangible resources, but also not easily bought in the market. The resource-based theory changed the strategic perspective Much from focusing on the analysis of the external environment to doing the analysis of internal capabilities while at the same time it accounted for why some organizations perform better than others even when all the competing organizations face the same external situation. So, resource theory is the lens through which this research study looking at the ways in which strategic financial analytical capabilities can be a rare organizational source for the achievement of performance sustainability. At the same time, organizations that develop forward-looking abilities in the use of financial data as a basis for strategic decision-making and

sustainability practices, producing knowledge and organizational resources that are very difficult for competitors to copy, end up with a sustainable competitive advantage. Typically, it will be one of the indicators that an organization has attained such a level when it is able to synergize the systems for measurement and analysis of both financial and sustainable performances, effectively employ skilled personnel who are experts in handling the complexities of financial analysis vis-a-vis sustainability, and nurture an organizational culture that promotes innovation both in financial and sustainability practices. In fact, resource theory of competitive advantage fits perfectly with the way of thinking that frame achieving organizational excellence through the leverage of unique and superior internal capabilities. On top of that, resource theory can be regarded as opening a window through which the functioning of input-output flows of resources(financial and non-financial) can be viewed resulting in a final strategic capacity supporting performance over the long haul. Same here, it is an insight into the differential effects of sustainability practices on corporate financial performance, meaning that these effects do not only differ from one organization to another, but also have a degree of causation that depends on the organization's ability to optimally equip and reinvest in those practices. Overall, the organizations with high-level skills in data mining and analytics are the ones that will be well-positioned to single out the initiatives aimed at the achievement of the sustainability agenda that make the most economic sense, accurately estimating their return and efficiently allocating resources to them.

2) Stakeholder Theory

Another selected theory this paper is based on is the stakeholder theory, which was proposed by Freeman (1984) as a response to management models solely focused on maximizing shareholder value. The stakeholder theory argues that the best way to ensure the survival and success of a firm is to be responsive to the needs and interests of all groups that the firm has a stake in, including employees customers suppliers, the community in which the firm is embedded, and the environment. Managing stakeholders well helps a firm build sustainable value, and ignoring stakeholders' interests involves a high risk to the organization, which could bring disastrous organizational and financial issues that threaten the survival of this organization. This theory has caused a model shift in thinking about organizational responsibility, by expanding the boundaries of organizational responsibility to encompass social and ecological concerns, and expanding the criteria of organizational success to include social and environmental benefits of the organizations, as well as financial benefits to the organizations. So, the stakeholder theory is employed in this paper to explain how organizations build financial strategies by taking account of the interests, needs and expectations of various kinds of stakeholders, and ultimately to enhance stakeholders' confidence, which

is conducive to future financial performance. This can be shown through designing a financial strategy that consider the needs of institutional investors that become more interested in sustainability practices; designing a financial strategy that take account of the needs of customers who want more sustainable products; designing a financial strategy that fit with the needs of employees who have higher demands for the organizations that focus on corporate social responsibility; and designing a financial strategy that satisfies the requirements imposed by government and other regulatory agencies on the organization and its competitors to comply with environmental and social standards. The significance of this theory is in explaining the connection between social ESG indicators and financial performance is that these indicators based on social aspects reflect the extent to which an organization is meeting the expectations of society, employees, and customers, which influences its favorable reputation, political and community support, employee who are committed and customer patronage and ultimately financial performance (Kumar et al. 2026).

3) Signaling Theory

Signaling theory, which is based on Spence's 1973 research on labor markets and information flows among different parties, is one effective means by which organizations communicate sustainability disclosures to the market, as a signal of their organizational quality, managerial efficiency, and the sustainability of their performance. This theory claims that the market does not have access to certain information that organizations have and, This way, they come up with signaling (e.g. through disclosing environmental, social, and governance performance) that will reduce information asymmetry and rise investor and stakeholder confidence. Since signaling is a costly process, it is credible as impostors cannot afford to send strong signals. The present research uses this theory to explain to what extent a company's sustainability positioning disclosed together with the business can affect its financial results. Disclosing sustainability performance in a clear manner is a very good way to market the company because that disclosure acts as a message of the organization's dedication to social, and environmental responsibility which in turn, increases investors' trust and lowers the cost of capital. Yet, practicing sustainability is a better signal to a company showing it that it managed just to actualize its ESG targets and, That means, be able to strengthen its reputation and standing in the market. So, revealing a company's ESG performance conveys several messages to the market: first, the quality of management and its capacity for long-term planning are indicated; second, the level of organizational risk related to ESG compliance is communicated; and third, the sustainability of future cash flows in the transition to a green economy is considered. Although the financial performance of the company at present is lower than that of other

companies, investors will be interested in investing in it if it has a high level of sustainability performance (Yang et al. 2026). Besides, this theory gives an explanation for why different environmental, social, and governance components have varying effects on financial results. That is because the strength of the signal differs based on which component is in question. The study by Yang et al. (2026) confirmed that environmentally related disclosure is considered as the strongest signal, socially related disclosure, as the weakest signal, and governance practice as the strongest signal by the market since it is closely related to regulatory and reputational risks, while social disclosure is perceived as a less binding, and governance practice as an actual commitment to changing decision-making and control structures.

4) Governance Theory

Governance theory is the fourth theoretical system supporting this research. It highlights how governance structures and mechanisms make a difference in making organizational decisions efficient and effective, while at the same time safeguarding the interests of stakeholders. This theory is inspired by the work of authors like Jensen and Meckling (1976) and Fama and Jensen (1983) who explored the dynamic between owners and managers as well as the control and accountability mechanisms within agency theory. They introduced concepts like agency costs and governance mechanisms that help reduce conflicts between parties. As the theory, well-established governance structures, e.g. an independent board, and effective specialized committees (like the audit committee, risk committee, and sustainability committee) with transparent disclosure, are instrumental in minimizing agency problems and improving the efficiency of both strategic and financial decisions. Besides that, good governance mechanisms hold management accountable for their decisions and at the same time protect the interests of the shareholders and other stakeholders. This theory is deployed in this research to clarify how corporate governance can be a link that deepens the relationship between a strategic financial analysis and sustainable performance. Companies with strong governance structures are more capable of incorporating sustainability aspects in their financial planning and strategic decision-making and also, are equipped with monitoring and follow-up means. This leads to a greater effectiveness of their sustainability initiatives and eventually a positive influence on their financial performance (Alslaibi, 2025). For instance, it is known that independent boards of directors can at the same time objectively assess sustainability strategies and oversee their implementation. Specialized committees are also responsible to centralize expertise for monitoring sustainability performance and evaluating related risks. Disclosure transparency raises the confidence of investors and reduces the cost of capital. In addition, systems of

continuous monitoring and evaluation allow correction of the course when there are deviations in the implementation of sustainability strategies. This theory further makes it clear that governance plays a moderator role when it comes to the relationship between organizational factors and profitability. The research by Alslaibi (2025) showed that governance at a superordinate level significantly affects the relationship among organizational culture, CEO mindset, and profitability, thereby underscoring the role of strong governance systems in achieving performance that is both sustainable and profitable.

Research Methodology and Methods

First: Research Type and Methodology

- This study falls under the category of applied explanatory research, aiming to explain the causal relationships between different variables and offer practical solutions to the challenges organizations face in integrating sustainability into their financial decisions. The research will be applied in that it aims to provide actionable recommendations, and explanatory in that it seeks to understand the mechanisms that explain how strategic financial analysis impacts sustainable performance and to uncover the underlying causes of the observed relationships between variables.
- The method will be mixed-methods. We will first gather quantitative data and then collect qualitative data. Quantitative data analysis results will be used as a basis for qualitative data analysis to explain and enhance the findings. A mixed-methods sequential explanatory design was selected being a great way to get both qualitative and quantitative data, where a large enough quantitative sample is involved that a representative sample can be generalizable to a population but at the same time, the data is deeply analyzed through qualitative data to explore procedures, mechanisms, and processes that help explain the quantitative results. That's why, it offers a deeper understanding of the complex relationships of the study variables. Also, it is perfectly in agreement with the nature of the research problem. Quantitatively, it will measure the relationships between variables whilst qualitatively, the focus will be understanding the context in which these relationships are formed and factors influencing them.

Second: Research Plan and Implementation Steps

First stage: Quantitative stage

Data collection for this project will be carried out through a structured survey. The respondents will be financial managers and top executives from companies listed on the Saudi Stock Exchange (Tadawul). The survey instrument will be designed to capture the relationships between the different variables involved in the study and to test whether the hypotheses hold statistically. The survey will be sent out through emails and professional networking sites, and the sampling will be controlled to make sure that the response rate is high enough.

Second stage: The qualitative stage

In order to explore the problems of integrating sustainability into financial planning, to understand the ways in which the relationships found in the quantitative phase can be explained, and to find the contextual factors that affect the efficiency of using strategic financial analysis structures for sustainability, semi-structured interviews will be conducted with a sample of financial managers, executives, and sustainability experts.

Third Stage: Data Analysis and Integration

It will include the analysis of quantitative data using appropriate statistical methods (multiple regression, path analysis, structural equation modeling), the analysis of qualitative data using thematic analysis, and then the integration of quantitative and qualitative results to provide a comprehensive understanding of the research problem, with the interpretation of quantitative results in light of qualitative insights obtained from the interviews.

Phase Four: Formulating Recommendations

As a result, the plan of action shall be practical recommendations to institutions and policymakers, drawn from the integrated analysis outcomes. Besides, an integrated analytical system will be developed to support the integration of sustainability in financial planning, with a guideline on how to implement this setup in the Saudi market.

Study Instruments

1. Questionnaire: Consisting of:

- **Part One:** Demographic Data, It will be as follow: job position held, years of experience in finance/ administration, sector of activity of the enterprise (industrial services financial technical real estate), size of the enterprise (less than 250 employees, 250-500, 501-1000, more than 1000), size of the enterprise in term of turn over, time spent within the current organization, presence or not on the Saudi Stock Exchange.
- **Part Two:** The Five-Point Likert Scale (from 1 = Strongly Disagree to 5 = Strongly Agree) to measure:

- **First:** A scale of strategic financial management practices. The study will evaluate 12 issues on a 5-point Likert scale (from 1 = strongly disagree to 5 = strongly agree). Some of these facets will cover topics like efficient allocation of capital, financial risk control, financing decisions, cost structure, and investment time/cycle. The items were designed based on the two articles of Manoj et al. (2025) and Kumar et al. (2026) respectively.
- **Second:** The Organizational Culture Scale (10 items) will be measured on a five-point Likert scale. The measure will focus on a few aspects like: corporate values that support sustainability, transformational leadership styles, employee involvement in decision-making, commitment to social responsibility, and support for innovation and renewal. The items were inspired by the studies of Alshaikh (2025) and Kumar et al. (2026).
- **Third:** The Sustainable Corporate Governance Scale will be used to measure a total of ten items with a five-point Likert scale. The scale will cover such aspects as: how clear the disclosure of financial and sustainability performance is, to what extent the Board of Directors is independent and performing effectively, how well the specialized committees (audit risk sustainability) are working, the extent of internal control and follow-up mechanisms, and accountability. The items were derived from the studies by Alshaikh (2025) and Suhardjo et al. (2025).
- **Fourth:** Fifteen items on the Sustainability Balanced Scorecard (SBSC) will be rated using a five-point Likert scale. The scorecard will consider several aspects of business, including the financial perspective, customer perspective, internal operations perspective, learning and growth perspective, environmental perspective, and social perspective among others. The items are based on the works of Krylov (2025), Jabbi et al. (2025), and Suhardjo et al. (2025).
- **Fifth:** The Sustainability Strategic Positioning Scale will use a five-item Likert scale to assess 12 items. A few of the aspects covered will be sustainability performance communication (statement), sustainability practice (action), and the extent of the integration and alignment between communication and practice. The items are based on the work of Yang et al. (2026).

- **Sixth:** The Sustainable Organizational Performance Scale (the dependent variable) will measure (12 items) using a five-point Likert scale, and will include areas such as: financial performance (profitability growth market value, return on assets), environmental performance (emission reduction, resource efficiency, environmental commitment), and social performance (employee satisfaction, social responsibility, community participation). The propositions are research says of Patintingan et al. (2025) and Kumar et al. (2026).
- A semi-structured interview guide (consisting of 12-14 open-ended questions) will be developed to (1) investigate the barriers to sustainability integration in financial planning and strategic decision-making processes, (2) provide the setup to interpret the relationships of the study variables, and (3) identify the moderating effects of organizational and environmental determinants to the efficacy of the application of strategic financial analysis framing for sustainability. The respondents to the interviews will be financial managers, executives and sustainability and governance experts. The interview topics will focus on: (1) the barriers to the combination of sustainability and financial decision making, (2) the moderating effects of organizational, cultural and structural determinants to financial analysis effectiveness, (3) the extent of the existing financial analysis to include corporate social responsibility and sustainability, (4) the practical suggestions for the development of the existing dimensions of the setup, and (5) the organizational experience of applying the Balanced Scorecard structure for sustainability and strategic sustainability positioning.

2. Instrument Validity and Reliability:

- Expert Validity (Face and Content Validity): To evaluate the face, content validity and appropriateness of the instrument, 5-7 experts in financial management, accounting and sustainability will be asked to provide their views and comments on the clarity, correctness, and general suitability of the content of each question as a measure of the variable. Besides instrument feedback, they will also be asked for their suggestions on language and content. The researchers will use those expert comments to carry out rewriting, adding, and deleting questions so that the final instrument will be obtained.

- Construct Validity: Confirmatory (Exploratory) Factor Analysis (CFA) will be conducted on the questionnaire to determine the level of construct validity. On top of that, to verify that the data are appropriate for factor analysis, the KMO (Knowledge Mobility Opportunity, and Sphericity) test and Bartlett's Test of Sphericity will be conducted. Finally, the researchers will run CFA to cross-validate the factor structure and determine if the data fit the hypothesized model.
- Criterion Validity: To examine criterion validity, correlation coefficients will be computed between questionnaire scores and other external performance measures like sustainability ratings of companies (if available) or financial figures disclosed in annual reports to establish the capability of the tool to forecast the actual organizational performance.
- Internal Consistency Reliability: Cronbach's Alpha will be the statistical technique used for this purpose to ascertain that the questionnaire is consistently measuring a construct within itself. For social and administrative researches, a value equal to or greater than 0.70 is considered satisfactory, 0.80 or higher as good, and 0.90 or higher as excellent.
- Qualitative Interview Reliability: The medium for capturing the interviews will be audio recording after acquiring the consent of the participants. Next, the conversations will be documented word-for-word. To maintain the high credibility of the qualitative data, a multiplicity of techniques will be employed: Initially, checking completeness and accuracy of accounts by deriving data from other sources besides interviews, i.e. quantitative data and documentation; secondly, bias-checking by involving some participants in assessing the fidelity of the interpretations (member checking); thirdly, involving other experts for reviewing the subject analysis and consensus on the final classifications (peer debriefing); and finally, by detailed, thick description of the context (thick description) to let the reader judge how generalizable the results are to other contexts.

Study Scope

1) Human Scope:

- Study Population: The study population consists of all publicly listed companies on the Saudi Stock Exchange (Tadawul) with more than 250 employees, besides financial institutions and regulatory bodies dealing with sustainability and governance in the Kingdom of Saudi Arabia. It will comprise all financial

managers, executives, and senior officials accountable for sustainability, governance, and risk management in these companies and institutions.

- **Study Sample:** The study sample will be drawn with stratified random sampling. Firstly, the study population will be stratified by economic sector (like industrial services financial technology real estate, etc.) and company size (large, medium). Afterward, a sample from each stratum will be chosen randomly in proportion to its size in the original population to allow proper representation of all segments of the population.
- **Sample Size and Selection Method:** 300-350 financial managers and executives will constitute the quantitative sample size, which is based on the consideration that the sample size should be 10-15 times the number of questionnaire items for factor analysis. Since the questionnaire is made up of 71 items, a sample of at least 300 individuals is needed, with the response rate being expected at 25-35%. The qualitative sample will consist of 20-25 participants, i.e. financial managers, executives, and sustainability and governance experts chosen using snowball sampling and purposeful sampling to ensure a diversity of experience and sectors. Data collection will stop when theoretical saturation is reached and no further interviews will bring new information.

2) **Spatial Scope:**

- This research project concentrates on the Kingdom of Saudi Arabia (KSA) mostly, several methodological and academic reasons explain the choice of this geographical setting. Being only one Arab country, Saudi Arabia is by far the largest economy in the Arab world. More importantly, the Kingdom is currently experiencing a set of wide-reaching changes in the economy along the lines of a 'post-oil' economic structure as outlined in Vision 2030. This signal is also manifested in In reality more importance is being assigned to sustainability, diversification of income generation within the economy, promotion of environmental, social, and governance practices (ESG). The Saudi Stock Exchange also known as Tadawul is one of the leading financial markets within the region. It offers an appropriate institutional system for the study as well as offers easy access to reliable data on listed companies, their sustainability and governance practices. Besides that, there have been a number of recent regulatory changes in the Kingdom, including the unveiling of the Saudi Green Initiative and the introduction of sustainability disclosure standards, that

provide an excellent milieu for the study of financial analysis as a strategic tool to achieving sustainable performance in a setting characterized by fast-paced economic as well as institutional transformation.

5) **Time frame:**

- Quantitative data will take around three to four months to collect starting from the second quarter of 2026 until the end of the third quarter of the year. The survey will be sent out to respondents by mail or through professional social networking sites like LinkedIn. Besides, weekly follow-ups will be made via phone call or e-mail to the sample to seek their willing cooperation until the target number of respondents is achieved. Comparable to interacting through phone call or email, contacting via video call also enhances the possibility of participants cooperating with the interviewer. Having a face-to-face interview is the best way to get various non-verbal clues, besides verbal ones, and use them in the accurate data collection.
- The investigations span the whole year of 2026 with starting and ending dates defined as the first and last days of that year, respectively. A research roadmap includes the planning stages such as literature review and theoretical structure construction (2 months), instrument design and field testing (1 month), collection of quantitative data (3 to 4 months), collection of qualitative data (2 months overlapping with quantitative data collection), data analysis and integration (2 months), and making recommendations and preparing the final report (2 months). Phases of the work that will require time overlaps have been identified such that the workflow would be maximally efficient.

References

- 1) Alslaibi, Naji Anton Rock, 2025, The Profitability Symphony: Orchestrating Success with Banks Internal Factors and the Moderating Role of Corporate Governance - Insights from Palestine, Master's Dissertation, AAUP
- 2) Barney, J. B. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17, 99-120. <https://doi.org/10.1177/014920639101700108>
- 3) Cardillo, Marcos and Cruz Basso, Leonardo, 2025, The ESG Disclosure–Performance Paradox in BRICS: Strategic Alignment, Total Shareholder Returns, Profitability, and Firm Value. Available at SSRN: <https://ssrn.com/abstract=5221621> or <http://dx.doi.org/10.2139/ssrn.5221621>

- 4) Fama, E.F. and Jensen, M.C. (1983) Separation of Ownership and Control. *Journal of Law and Economics*, 26, 301- 325. <http://dx.doi.org/10.1086/467037>
- 5) Freeman, R.E. (1984) *Strategic Management: A Stakeholder Approach*. Pitman, Boston.
- 6) Gartia, Umakanta & Bhue, Rajesh & Panda, Ajaya. (2025). Strategic implication of sustainability practices and corporate performance under competitive landscape; An empirical investigation. *Global Environmental Change*. 92. 103010. [10.1016/j.gloenvcha.2025.103010](https://doi.org/10.1016/j.gloenvcha.2025.103010).
- 7) Jabbi, Ebrima & AbdulSalam, Mubarak & Thiombiano, Youmandja & Kenyatta, Catherine. (2025). Enhancing Corporate Financial Performance through Sustainability Balanced Scorecards: A Systematic Literature Review. *International Journal of Current Science Research and Review*. 08. 5081-5091. [10.47191/ijcsrr/V8-i10-20](https://doi.org/10.47191/ijcsrr/V8-i10-20).
- 8) Jensen, M.C. and Meckling, W.H. (1976) Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, 3, 305-360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- 9) Kaplan, Robert S., and David P. Norton, 1996. *The Balanced Scorecard: Translating Strategy into Action*. Boston: Harvard Business School Press.
- 10) Krylov, Sergey. (2025). Integrated business analysis as a result of the development of the concept of a balanced scorecard. *Discover Sustainability*. 6. [10.1007/s43621-024-00758-6](https://doi.org/10.1007/s43621-024-00758-6).
- 11) Kumar, V. J., Gupta, P. K., Singh, P., Lad, S. H., Baby, S., & Sharma, A. (2026). Strategic financial management and organizational culture: Examining the impact of financial decision-making practices on sustainable corporate governance and long-term business performance. *Scientific Culture*, 12(4), 5106–5114. <https://doi.org/10.5281/zenodo.19636869>
- 12) Lachheb, Y. , Benlakouiri, A. , Amezzane, K. et Mustapha , B. 2025. Building a Sustainability Balanced Scorecard for Desalination Plants : Literature Review and a Performance Assessment Conceptual Framework. *Revue Française d'Economie et de Gestion*. 6, 4 (avr. 2025).
- 13) Liu, Chengcheng & Wu, Qianhui & Lin, Yu-En. (2025). ESG ratings and firm performance: The moderating role of ESG rating disagreement. *Borsa Istanbul Review*. 25. [10.1016/j.bir.2025.05.001](https://doi.org/10.1016/j.bir.2025.05.001)..
- 14) Manoj P. K., Arpita Gurbaxani, 2025, M.V.K.Srinivasa Rao, Advocate Varun Goel, Radhika Sandhad, STRATEGIC FINANCIAL MANAGEMENT: INTEGRATING CORPORATE STRATEGY WITH FINANCIAL

- DECISION-MAKING, *International Journal of Applied Mathematics*, Vol. 38 No. 11s, <https://doi.org/10.12732/ijam.v38i11s.1163>
- 15) Porferius Wandu Patintingan, Andi Ratna Sari Dewi, Andi Aswan, 2025, Examining Financial Performance and Strategic Corporate Metrics: A Regression Analysis on Sustainability and Competitiveness, *Proceedings of the 9th International Conference on Accounting, Management, and Economics 2024 (ICAME 2024)*, Atlantis Press, https://doi.org/10.2991/978-94-6463-758-8_281, 10.2991/978-94-6463-758-8_281
 - 16) Singh, Pushpender. (2026). ESG Disclosure and Firm Value in Emerging Markets: Separating Substance from Strategy. *Scholedge International Journal of Business Policy & Governance* ISSN 2394-3351. 11. 14. 10.19085/sijbpg110201.
 - 17) Spence, M. (1973). Job Market Signaling. *The Quarterly Journal of Economics*, 87(3), 355–374. <https://doi.org/10.2307/1882010>
 - 18) Suhardjo, Iwan & Akroyd, Chris & Khomsiyah, Khomsiyah & Suparman, Meiliana. (2025). Sustainability strategy map and integrated sustainability performance scorecard framework. *Corporate Ownership and Control*. 22. 8. 10.22495/cocv22i2art1.
 - 19) Tanchangya, T. , K. O. Siddiqi , B. K. Dhar , J. Rahman , N. Islam , and S. Das . 2026. “ Leveraging Green Capabilities and Digital Accounting Under ESG Pressure: Strategic Insights From an Emerging Market's Global Value Chains.” *Thunderbird International Business Review* 68, no. 4: 579–592. <https://doi.org/10.1002/tie.70058>.
 - 20) Yang, Y., Y. Gao, and K. Li. 2026. “ Talking vs. Walking: How ESG Strategic Positioning in Disclosure and Practice Across Dimensions Drives Financial Performance.” *Business Ethics, the Environment & Responsibility* 1–20. <https://doi.org/10.1111/beer.70091>.