

4-24-2026

Performance-Based Budgeting Implementation Strategies for Improving Financial Performance

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Walden University

College of Management and Human Potential

This is to certify that the doctoral study by

Waleed Alsayegh

has been found to be complete and satisfactory in all respects,

and that any and all revisions required by

the review committee have been made.

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Walden University

2026

Abstract

Performance-Based Budgeting Implementation Strategies

for Improving Financial Performance

by

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MS, Lincoln University, 2002

BS, United Arab Emirates University, 1991

Doctoral Project Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

April 2026

Abstract

The lack of effective strategies for allocating organizational financial resources can lead to adverse business outcomes. Business managers are concerned about the ineffective allocation of financial resources, as it can impede financial performance and sustainability. Grounded in stakeholder theory, the purpose of this qualitative single-case study was to explore the performance-based budgeting strategies that business managers use to sustain financial profitability. The participants were 10 business managers who oversee subsidiaries that successfully implemented performance-based budgeting. Data were collected through semistructured interviews and the review of organization documents. Through thematic analysis, four themes were identified: (a) traditional versus contemporary budgeting; (b) importance of financial statements; (c) management roles and responsibility; and (d) financial performance and stability. A key recommendation is for business leaders to provide employees with training to develop financial and strategic competencies. The implications for positive social change include the potential for business growth and a direct and measurable impact on societal well-being. Enhanced financial performance enables firms to invest in human capital, offer better wages, and contribute to social stability.

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Dedication

I dedicate this doctoral study to my late father, and my family, whose unwavering support, patience, and encouragement have been the foundation of my success. Their sacrifices and faith in me gave strength to every step of this journey.

I also extend my deep gratitude to the University, my professors, and my colleagues for their valuable guidance, collaboration, and inspiration throughout this research. My sincere appreciation goes to Sharjah Asset Management Company for their generous cooperation and contribution to this study.

Above all, I thank Almighty God for granting me the perseverance, wisdom, and determination to complete this work and reach this milestone in my academic and professional life. To all who offered support, motivation, or assistance along the way—your belief in me made this achievement possible.

Acknowledgments

I would like to express my deepest gratitude to my family and siblings for their unwavering support, patience, and encouragement throughout my doctoral journey. Their belief in me and their constant presence provided the strength and motivation I needed to reach this milestone.

I extend my heartfelt thanks to my colleagues, friends, and the distinguished faculty members of Walden University for their valuable guidance, insightful feedback, and mentorship, all of which have significantly enriched my academic and research experience.

I am sincerely grateful to my homeland, the United Arab Emirates, and to the Emirate of Sharjah for fostering an environment that promotes learning, creativity, and excellence. This supportive atmosphere played a vital role in inspiring my pursuit of academic and professional growth.

My special appreciation goes to Dr. William Stokes and to the members of both the first and second committees for their dedication, constructive feedback, and continuous encouragement. Your commitment and guidance have been instrumental in helping me achieve a goal I have long aspired to fulfill.

Finally, to everyone who offered support, advice, or encouragement along the way—thank you. Your belief in me made this accomplishment possible.

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Section 1: Foundation of the Project

Small and medium enterprises constitute 90% of the total number of enterprises in the Emirate of Sharjah (Sharjah Economic Department annual report 2021). These companies constitute about 12% of the country's gross domestic product (Department of Statistic of Sharjah government annual report 2021). The current method used by most emirate SMEs to manage financial resources depends on the traditional pattern of resource allocation, which is a line items budgeting system. This method has not lead to improving and developing the financial performance of these companies. As a result, the management of some these SMEs has adopted a plan to improve strategic and financial performance, including the start of implementing a performance based budgeting system.

Background of the Problem

The current methods used to manage its financial resources of some SMEs in Sharjah has not been successful. These methods did not lead to improve and develop the financial performance of these companies or to achieve financial sustainability or improve the management of financial resources. Current budgeting method focuses mainly on the mechanism of controlling spending and not linking the allocation of these resources to the company's strategic priorities and the results that the company seeks to achieve in order to enhance its competitive advantage. A good solution to these problems is adopting a new dynamic budgeting system represented in performance-based budgeting system (PBB). The main benefit of PBB is it will focus on the enterprises' strategic priorities (Oktavia, 2017) and link the budget with strategic and operational performance.

Performance-based budgeting represents one of the instruments and techniques used by enterprises management to achieve their strategic vision and objectives, and achieve success, growth, and sustainability in the business market. Performance-based budgeting is a comprehensive dynamic system to allocate financial resources over strategic and operational programs, activities, initiatives, and projects through linking program budget with the program Key Performance Indicators (KPI) were it cover all the operational activities in the company (Friyani & Hernando, 2019). Performance-based budgeting achieves the integration between the inputs, outputs, and outcomes that management not only considers the accounting process, but they also consider the skills and activities of the involved personnel in the process. Performance budgeting framework define the existence of close relationship between enterprises strategy and performance (Srithongrung, 2017). According to Aliabadi et al. (2019) performance-based budgeting is considered as a quantifiable tool of the business plan designed to achieve priorities and goals.

Performance budgeting system is a significant instrument element in the enterprise management which serves multiple purpose such as improve the business efficiency, improve profitability, and enhance the accountability and performance evaluation systems which will encourage the employees to achieve the targeted KPI's. The main benefits of PBB is to help the decision makers to focus on the enterprises' priorities that are integrated with the medium-term expense framework, increase the efficiency and effectiveness of the enterprises with an emphasis on the resource of strive

output (Oktavia, 2017), improve outputs of the programme, improve the firm's outcomes and link the budget with the strategic and operational performance.

Problem and Purpose

The specific business problem is that some business leaders lack performance-based budgeting (PBB) strategies to sustain financial profitability. The purpose of this qualitative single case project was to determine what performance-based budgeting strategies business leaders use to sustain financial profitability. The targeted population for this proposed project consists of ten business leaders in investment management in the emirate of Sharjah in the United Arab Emirates (UAE) who have demonstrated success in using performance-based budgeting strategies to sustain financial profitability.

Population and Sampling

The population for the research project will include executive managers of the selected sample company in the UAE. Purposeful sampling in qualitative case studies permits researchers to gain deeper insights and corroborate sources of evidence from knowledgeable participants (Yin, 2018). Participants of the project must have the relevant knowledge and experience to provide useful data (Moser & Korstjens, 2018). Purposeful sampling allows researchers to sample intentionally a group of people who have the best information about the problem under investigation, such as information about corporate strategy, performance-based budgeting, and financial performance (Moser & Korstjens, 2018).

A focused sampling strategy is appropriate for a qualitative single case project of participants who have knowledge of the research topic (Moser & Korstjens, 2018).

According to Farrugia (2019), the ideal standard for qualitative sample size is to interview until redundancy is reached. The qualitative approach involves a process of sequentially conducting interviews until no new concepts or themes emerge and data saturation is achieved (Farrugia, 2019). Moreover, saturation determines the purposeful sample size (Staller, 2021).

Data will be collected from 10 executive' managers, purposefully sampled executive leaders of a holding company in the emirate of Sharjah in the United Arab Emirates, who will be interviewed using a semi-structured interview process designed to elicit their lived experience for addressing the adoption and implementation process of PBB in their organization. I will also review organizational documents for relevant information.

Sebele-Mpofu (2020) concluded that it is a matter of judgement by the researcher to select a suitable sample size that will represent and address the fundamental validity measures in qualitative research such as credibility of findings, conformability, trustworthiness and acceptability. There is no commonly accepted sample size or number of participants in qualitative case studies because project designs are not universal; the research goal is in-depth strategies and understanding, and not sampling strategies (Staller, 2021). In addition to the interviews, company documents will help me to reach data saturation and meet triangulation requirements. Data saturation can be achieved when no additional new data, no new themes, and no new coding is obtained when replicating the interviews and comparing the results with the firm's documents.

Nature of the Project

The research method of this proposed project will be qualitative. When a researcher needs to understand an issue, event, or phenomenon in its natural context, a qualitative case project is appropriate (Aspers & Corte, 2019). Other research methods to help the researcher conduct studies are quantitative and mixed. Quantitative researchers examine variables' characteristics or relationships related to a phenomenon. Quantitative researchers may miss important information related to the phenomenon when strategies are not explored. Mixed-methods researchers combine qualitative and quantitative approaches to address complex research questions (Guetterman et al., 2020). The focus of this project will not be on variables' characteristics or the differences between variables, but on strategies to implement performance-based budgeting to improve business financial performance; hence, I rejected the mixed-method approach. My proposed project's focus is on the strategies the organization used to develop and implement the performance-based budgeting to improve the financial performance and achieve financial sustainability. When a need exists to obtain an understanding of an issue, event, or phenomenon in its natural context, the qualitative methodology is appropriate for the researcher (Aspers & Corte, 2019; Yin, 2018).

Qualitative researchers use designs such as ethnographic, phenomenological, narrative, and case studies (Yin, 2018). The choice of design depends on the project's purpose for use in collecting and analyzing data and information (Heale & Twycross, 2017). The origin of the ethnographic approach is the field of anthropology which focuses on projecting the cultures of groups or organizations (Sinead Ryan, 2017). My

project's purpose is not related to understanding group cultures, which makes ethnographic design inappropriate (Jones & Smith, 2017). A phenomenological approach addresses the meanings of people's subjective experiences and their interpretations of the world which is not aligned with my proposed project's purpose. Narrative research is dynamic reflection of how individuals recall their personal experiences and serves personal-life context-specific functions, which is not needed for my project (Adler et al., 2017). A case project researcher focuses on exploring the aspects of individual, or organizational, events, programs, or activities (Yin, 2018). I have selected a single case project approach for this project, to allow me to apply open-ended questions to identify and explore strategies and processes that enterprise managers employ to sustain their businesses.

Research Question

What performance-based budgeting strategies do the business leaders use to sustain financial profitability?

Interview Questions

1. What strategies have you adopted in the company to obtain an effective budgeting system to allocate the financial resources necessary to improve financial performance?
2. What are the current strategies to measure the financial performance of the company?
3. How did you assess the effectiveness of your organization's strategies for implementing budgeting systems?

4. What are the specific criteria to measure the efficiency and effectiveness in implementing Performance-based budgeting?
5. What strategies were most effective for improving the budget allocation instruments to improve financial profitability?
6. Based on your organization's experience, what attributes of the PBB strategy have contributed most to the improvement of financial performance and sustainability of the company?
7. What are the executive managers' responsibilities to implement the strategies of performance-based budgeting?
8. What are the responsibilities of executive managers in providing the operational requirements to support the implementation of PBB?
9. What else would you like to tell me about the PBB strategies your organization developed and implemented to obtain an efficient budgeting system that effectively allocates the financial resources necessary to improve financial performance?

Conceptual Framework

In qualitative research, theories, concepts, and models can be used to construct a conceptual framework (Phillippi & Lauderdale, 2018). The proposed conceptual framework for this project is the stakeholder theory (owners, customers, creditors, employees, and management). In 1984, Edward Freeman originally detailed the Stakeholder theory of organizational management and business ethics, which is characterized as a set of relationships, crucial to functioning, among individuals or groups

who affect or are affected by its business operations (Freudenreich et al., 2019, p.5).

Stakeholder theory is an organizational management strategy useful to identify, understand, and meet stakeholders' expectations.

According to Donaldson and Preston (1995), stakeholder refers to a group of individuals affected by organization's leaders' decisions. Stakeholder theory contributes to management literature based on (a) its value to descriptive and empirical research, (b) its instrumental power, and (c) its validity. Stakeholder theory has expanded over the decades to encompass the idea that managers can strengthen their relationships with interested parties by creating significant value, for example, organizational growth, business continuity, and owning a competitive advantage (Zárate-Rueda et al., 2021). The instrumental aspect of stakeholder theory, described by Donaldson and Preston (1995), can help the researcher to explore the strategies for aligning the practice of stakeholder management and the achievement of various organizational performance goals. As applied to this project, stakeholder theory will help me identify, understand, and explain how investment managers successfully implement performance-based budgeting strategies.

Operational Definitions

The definitions listed below were used throughout the project. The purpose was to eliminate any confusion regarding terms or concepts that may be open to interpretation.

Business goals: The main or primary (Strategic) objectives that an organization intends to achieve, setting them at different organizational levels. The purpose of a goal is the rationale for achieving it (Olsina & Becker, 2018).

Financial performance: The achievement of the enterprise's financial performance for a certain period covering the collection and allocation of finance, measured by capital adequacy, liquidity, solvency, efficiency, leverage, and profitability (Fatihudin & Mochklas, 2018).

Financial sustainability: Defined as the firm's stability in generating positive returns to cover the business operational cost and the firm's growth to maintain financial capacity over time. It reflects the firm's ability in optimizing the firm's investment and sources of financing to generate value for owners and long-term operational capacity (Mohamad & Murugesu, 2020).

Inputs: Resources transformed within the organization to produce a product or service. Examples of these resources are people, knowledge, money, services, and technology (Van den Bekerom et al., 2017).

Output Indicators: Quantity, quality, cost, time parameters that measures the delivery of an Output (Goshua et al., 2017).

Performance-based budgeting (PBB): A budgeting system that provides the resources needed to achieve short-term and long-term goals, the cost of related programs and activities to achieve those goals and outcomes, or services that each program must produce or deliver. In other words, PBB is a budgeting system which ideally links programs to results. One of the most important elements of this budgeting method is strategic planning, cost estimation, and performance evaluation (Amini et al., 2019).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions in research refer to fundamental perceptions that are apparently true but difficult to validate (Tahat, 2021). The primary assumption was that the research participants would accurately recall, evaluate, and express their experiences and respond truly to questions. The purposeful selection of participants for this project was derived from the assumption that they possess valuable information and experiences about the strategy implementation of performance-based budgeting in the business enterprises in the United Arab Emirates. Another assumption is that the open-ended questions would extract data that could be used to answer the research question

Limitations

Limitations are circumstances beyond a researcher's control (Queirós et al., 2017). Small population sizes used in qualitative studies limit the ability of the researcher to transfer the findings to a broader population (Tahat, 2021). The conclusions reached with participants may limit the application of findings to other business enterprises due to the different resources, capabilities, and market conditions. The decision to limit the research to only business leaders might also limit the findings because selecting the strategy type to implement performance-based budgeting is different from one enterprise to another. Another limitation is that some business leaders might answer the questions in a way that inflates their capabilities and their enterprises' abilities in implementing the performance-based budgeting, which could mislead the identification of some challenges of implementing the performance-based budgeting. Also, some enterprises may lack KPIs

that reliably measure their financial performance and sustainability, which might create obstacles in linking the strategy implementation of PBB with financial performance.

Delimitations

Delimitations define the boundaries of a project based on choices a researcher makes (Queirós et al., 2017). The delimiting characteristics for this project included the purposeful selection of participants represented in business leaders with good experience who are involved in the decision making in the selecting the best strategy to implement the PBB, and selecting a sample that represents the research population in a comprehensive way. Regarding the enterprises that does not have KPI's, will explain and support building KPI's which represent the main pillar to evaluate and judge the budget implementation strategy.

Significance of the Project

This project's findings may be important to the business because implementing PBB can increase the efficiency of the financial performance and improve the financial sustainability and profit indicators for companies (Oktavia, 2017). In addition, using effective PBB strategies encourage companies to improve the human resources skills' which are key factor in the implementation process of the performance-based budgeting (Friyani, & Hernando, 2019). Improving human resource skills can add value to the business practices and increase the organizations' effectiveness and efficiency.

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effective PBB strategies encourage companies to improve the human resources skills' which are key factor in the implementation process of the performance-based budgeting (Friyani, & Hernando, 2019). Improving human resource skills can add value to the business practices and increase the organizations' effectiveness and efficiency.

The implementation system of PBB may contribute to positive social change by improving business ability to provide better goods and services to the customers at lower cost. In addition, PBB may help in increase employment opportunities, and contribute to the human and social development. Profitable business can better support social activities through donations and charitable contributions and contribute to reducing the poverty rates in the society.

The implementation of PBB will have a positive social impact through enhancing the business ability in providing goods and services to customers, provide employment opportunities, and contribute to the human and social development through supporting social activities by donations and charitable contributions and contribute in reducing the poverty rates in the society.

Review of the Professional and Academic Literature

This review will be developed from several sources including academic writings, scholarly articles, books, and professional journals. The majority of these references will be peer-reviewed sources and published in a well-known respected journal. I will examine several databases including IMF database, World Bank database, and OECD database. I will also use Google scholar to link to Walden University database and ProQuest. Additional sources will include publications and websites about similar

companies that adopted performance-based budgeting to improve their financial performance and sustainability. The key words for the project will be *performance-based budgeting, strategic executives, ethics, financial sustainability, financial performance, budget strategies, inputs, output, output indicators, outcomes, stakeholder theory*.

The first section of the literature review will include examining budgeting strategies used by companies to improve their financial performance, whereas the second part of the review will cover the implementation of these strategies in the selected company to improve their financial performance and sustainability. Lastly, the third part of the review will examine the executive's role in providing the necessary requirements to achieve the success when implementing budgeting strategies. All used resources in this section will be peer reviewed articles and published in international journals includes theoretical frameworks with realistic and meaningful results. 87% of the articles used in this section were published within the past five years, the results of which are relevant and take into account recent economic conditions.

Stakeholder Theory

The purpose of this qualitative single case project is to explore budgeting strategies that the company executives can use to improve business' financial performance and sustainability in their company. Stakeholder theory was developed by Edward Freeman in 1984. According to this theory, profit maximization is not the sole purpose of the business activity. The main objective of an entity is to ensure its' survival and success in the medium and long term range, which can be achieved through managing stakeholders' expectations to reach an equilibrium common point. (Donaldson

& Preston, 1995). Though originally considered opposed to the shareholder view, the debate has more recently moved away from the idea that stakeholders and shareholders' satisfaction are opposing objectives, in favor of a view in which they are mutually beneficial (Berman et al., 1999). To achieve this equilibrium, firms need to develop a managerial approach to establish durable and sustainable ties and to rely not only on the natural growth of stakeholder relationships (Phillips et al 2019). Developing an extensive network of relationships which is not restricted to shareholders, employees or clients but to invest in promoting them to make these relationships more effective.

Previous studies defined stakeholder management as a system that helps firms in improving decision-making (Freeman and Evan, 1990) or accountability process (Polonsky & Scott, 2005). On the other hand, certain researchers focused on the opportunity to reduce risks (Graves & Waddock, 1994) or to strengthen one's reputation and trusting relationships (Barringer & Harrison, 2000). Other scholars consider stakeholder management as a system motivated by the firm's moral orientation and institutional view (Berman et al., 1999), its commitment to respect property rights and social contracts (Freeman and Evan, 1990; Donaldson and Preston, 1995), to contribute to the common good (Argandoña, 1998), or to promote principles of equitable justice (Clarkson, 1995).

According to these considerations, the present literature review considers stakeholder management as the continuous and systematic process through which a firm establishes positive and constructive relationships with its stakeholders. This will help to integrate their expectations with business strategy and activity to allow for the

configuration with the ethical, legal, economic, and socially responsible aspects of the firm through the creation of shared value for all stakeholders. It will be possible to get economic benefits while at the same time contributing to improving the quality of life of society (Zárate-Rueda et al., 2021)

In 1984, Edward Freeman originally detailed the stakeholder theory of organizational management and business ethics, that is characterized as a set of relationships, crucial to functioning, among individuals or groups who affect or are affected by its business operations (Freudenreich et al., 2019). Stakeholder theory is an organizational management strategy useful to identify, understand, and meet stockholders' expectations. According to Donaldson and Preston (1995), stakeholder refers to a group of individuals affected by organization leaders' decisions. Stakeholder theory contributes to management literature based on (a) its value to descriptive and empirical research, (b) its instrumental power, and (c) its validity. Stakeholder theory has expanded over decades to encompass the idea that managers can strengthen their relationships with interested parties through creating significant value for example, organizational growth, business continuity, and owning a competitive advantage (Zárate-Rueda et al., 2021). The instrumental aspect of stakeholder theory, described by Donaldson and Preston (1995), can help the researcher explore the strategies for aligning the practice of stakeholder management and the achievement of various organization performance goals. As applied to this project, stakeholder theory will help me identify, understand, and explain how investment managers successfully implement performance-

based budgeting strategies and improve the competitive position of the company through improving their portfolio services.

Freeman developed a theory that aims to help managers (and future managers) to effectively guide their firms in an external environment where factors are increasingly complex, turbulent and interconnected. Under this theory, managers need to balance the ethical, legal, economic, and social responsibilities of the firm to achieve value for all stakeholders. This will enable them to perceive economic benefits while simultaneously contributing to improving the society's quality of life (Zárate-Rueda et al., 2021).

According to Zárate-Rueda et al. (2021) stakeholders are defined as “individuals and groups that voluntarily or involuntarily contribute to a business' capacity and activities for the creation of wealth, and consequently they are the business' potential beneficiaries and/ or risk holders”. This implies that the stakeholders' influence is significantly similar to the influence of management and firm's image on the success of the firm.

According to Freudenreich et al., (2019) under the stakeholder theory, a firm is characterized as a set of associations that are necessary to its functioning, among a group of participants who affect or are affected by its business operations. These participants provide resources, impact the business environment, receive benefits, and influence both its efficiency and impacts. In this perspective, stakeholders' collective efforts represent the core value of creation to a firm and withdrawal of their support can threaten the viability of a business. Moreover, managers will be able to maintain firms' sustainability through creating a worth that takes different perceptions of value into account (e.g., social, financial, ecological) to satisfy the needs of different stakeholders.

According to (Barakat & Wada, 2021) there are three management levels of stakeholders. Firstly, the identification of stakeholders and their influence on the firm. Secondly, the understanding of the firm's processes used to manage associations with stakeholders (implicitly or explicitly). Finally, the transactions between firm and their stakeholders. According to Jones et al. (2018) stakeholder theory is the theory that helps the interested parties (managers and shareholders) to understand the association between the firm and its stakeholders and the resulting outcomes. Furthermore, firms that manage for the interests of stakeholders will be able to provide them with value that will allow them to maintain their interests with the firm. Firms that are adopting the stakeholder theory will have a positive impact in improving their relationships with customers and suppliers, government, investors, and activists as a result of the enhanced stakeholder management. This may lead to improving the firms' profitability and adding value to the firms' performance. The key reason for the positive effect is the result of enhanced stakeholder management. Furthermore, firms need continuous mutual interactive communication among stakeholders to be able to achieve firms' goals and make sure that stakeholders are involved in all the issues concerning the business to strengthen business decisions (Jones et al., 2018).

Stakeholder theory supports the concept that the main objective of a firm is to balance the conflicting interest requirements of the different stakeholders of the firm. The firm and executives have a responsibility towards all stakeholders in designing and implementing objectives to provide each participant a portion of satisfaction. Furthermore, stakeholder theory encouraged firms to engage in Corporate Social

Responsibility (CSR) activities to build productive relationships with stakeholders to maintain their interests in the company. Under CSR, stakeholders interact with stakeholders, and that in turn can influence financial and social evaluation of the firm (Xu & Zeng, 2020). Stakeholder theory helps in improving the strategic position of firms.

According to Freeman et al., (2021) stakeholder theory was pushed away and kept associated with social responsibility and business ethics studies due to the existence of resource-based view theory. This theory goes beyond the interests of shareholders by developing a relationship between knowledge and value creation; namely, value creation for stakeholders draws from the firm's knowledge, in which the firm's stakeholders help co-create. Under the resource-based view, knowledge presents one of the crucial resources harnessed by managers seeking to secure the sustainable competitive advantage of their firms. In contrast, stakeholder theory, management emphasizing cooperation and moral norms rather than competition were, for the most part, too radical for mainstream strategic management.

Performance-Based Budgeting

Performance-based budgeting (PBB) is a business processing tool for the systematic linkage of budget level to expect program results. PBB is one of many initiatives undertaken to improve the management of public companies' programs, increase accountability and influence funding decisions. PBB organized during the 1970s in the State government and was adopted for implementation by U.S federal government in 1993 (Clark et al., 2017).

Previous literatures have not studied any specific companies or industries that have implemented a certain type of performance budget, whether it is zero based budgeting, program and performance budget, activity based budgeting or budgeting for results. Whereas most international business companies adopted performance management systems to build key performance indicators to improve their accountability over targeted key performance indicators and improve efficiency, profitability and competitive position in the market such as Toyota, Mercedes (Ghalayini & Noble, 1996). One of the most prominent advantages of implementing performance based budgeting is the linkage of funds spending with specific KPI's. in light of this, the current research aims to develop a specific methodology to execute performance based budgeting in the private sector, focusing mainly on achieving a comprehensive integration between allocating resources and strategic objectives. Implementation of PBB in the private sector can be successful if the environment elements support the process, the company which I selected for research has all the required elements for such implementation.

According to Aliabadi et al., (2019) performance budgeting is an important instrument for improving expenditure (expenses) prioritization, effectiveness and efficiency. Its relevance is greater than ever today, given the tougher fiscal circumstances which face many countries. Realizing the benefits of performance budgeting requires that the performance budgeting system be properly designed, and that it is accompanied by the right types of complementary reforms such as accountability systems, performance management systems, accounting system, human resource skills and legislation system. Performance budgeting must be clearly distinguished from "management-for-results."

The latter defines targets, key performance indicators (KPIs), roles and responsibilities for each department, accountability system accompanied by effective reporting systems.

Performance budgeting makes use of performance information in funding decisions. There are a number of different performance budgeting mechanisms, which seek to link funding to results in distinct ways. The main focus is on improving expenditure prioritization by allocating limited business funds to the services of greatest benefit to the business and community and, as part of this, shifting funding away from low priority or ineffective services (Friyani & Hernando, 2019). Other performance budgeting mechanisms focus more on boosting the effectiveness or efficiency of existing services to maintain the financial profit and sustainability and to improve the financial and competitive position of the company on its sector (Sofyani, 2018).

The impact of performance budgeting may be seen in improved prioritization of expenditures, and in improved service effectiveness and/or efficiency. There are four main objectives for the budget program structure (Seran et al. 2022). These can be summarized as:

- Planning and budget allocation: to provide the linkage between the planned priorities and the allocation and appropriation of funds through the budget;
- Costing: to provide an appropriate basis for the allocation of costs of the delivery of public services and performance and where appropriate, standardize the costing of specific items across different spending areas;

- Management practice: to create a management unit within which managers in an organization department can effectively manage financial and other resources to maximize the achievement of organization objectives; and
- Autonomy and responsibility: to establish a framework within which managers are responsible for budget execution and cost-effective achievement of results through greater transparency and accountability

The common methodology of performance budgeting is the program Performance Budgeting (P2B) in which each element must be meaningful and manageable group of activities which contribute directly or indirectly to the delivery of SMART outputs (specific, measurable, achievable, relevant, and timely), manageable (Aliabadi et al., 2019). There are a set of basic principles that govern Performance-based budgeting: 1) where do we want to go? 2) What do we need to do to get there? 3) How much does it cost? 4) Policy-Strategy-Planning-Budget-linkage, 5) Performance targets and measures in a value and audit to support, 6) Reporting and audit to support, performance measurement, enhancement, and accountability.

Furthermore, each program must contain the main elements below in the executive strategy of PBB:

- Program - Name
- Program - Description
- Program - Policy
- Program - Policy Goals
- Program - Policy Objectives

- Program - Sub-programmes
- Program - Projects
- Program - Outputs
- Program - Activities
- Program - Inputs (expenditures)

Where each program structure includes strategic and operational plans, performance based budgets which are geared to program structures, and the funds allocated to each departments/programs.

The old approach of budget preparation and execution was the line item budgeting (incremental) which didn't achieve its desired outcomes because it mainly focused on spending control and neglected the linkage between the organization's strategic plan and its budgeting system, lack of integration between budgeting system and performance indicators. In this approach, spending efficiency cannot be measured accordingly most companies are seeking to adopt performance based budgeting to improve the efficiency in allocating their financial resources over programs and activities to improve their competitive position in the market.

Phases of Performance Budgeting

According to (Aliabadi et al., 2019) implementing PPB involves several phases (main phase and sub phases) as showing below:

- Strategic planning process: this process involves mission statement development, information collection and analysis, SWOT Analysis, formulation of strategic issues/problems by sector (social and economic

infrastructure, administration, income generation, etc.), setting strategic goals, objectives, targets and their costs (specific, measurable, attainable, relevant, and tractable) (Friyani & Hernando, 2019).

- **Prioritization:** includes selection of prioritization methodology (pair wise assessment, assessment based on criteria, etc.), prioritizing targets in each business based on criteria (impact on poverty, number of beneficiaries, sustainability, gender mainstreaming, youth involvement, linkage with company level strategies, financial feasibility, etc.), and developing a list of prioritized targets from all business
- **Budgeting:** this step involves estimation of company revenues for three years, initial estimation/costing of priority targets/projects, development of list of long-term priority targets/ projects with costs and cumulative costs for three years, distribution of targets/projects by years and coding, setting performance indicators for the projects, development of annual company budget, approval of the budget by the company board.
- **Budget execution, monitoring and control:** includes execution, internal and external accountability (quarterly status reports for budget implementation), control, internal (company board council) and external control-assessment of actual implementation of the budget upon planned budget, provision of recommendations, revision of budget expenditures based on the recommendations (Friyani & Hernando, 2019).

- Audit and evaluation: According to Friyani & Hernando (2019) the process of implementing PBB is considered a key stage in the PBB framework, it involves the below stages: Process for introducing and managing reforms, Institutional and human capacities needed to drive and support reforms, Sequencing and pacing of reforms: Pilot vs. Big Bang approach, and executive and legislature commitment.

In order to adopt an effective strategic plan in implementing performance-based budgeting, firms should rely on strategic planning, operational planning, performance accountability, a realistic performance measurement system to build budgets, program & subprogram definition criteria, tools for resolve the main challenges in PBB, PPB suggestion model, performance-based budgeting presentation, performance management model (Friyani & Hernando, 2019).

Most of implementation methodologies adopt four steps in executing PBB as below:

1. Step 1: Review and evaluate existing department mission and cost center goals
2. Step 2: Identify service areas (major activities)
 - critical to success of organization's mission
 - consume significant portion of cost center (department) budget
 - politically sensitive or frequently in spotlight
 - significant customer service focus
 - group activities that have common objectives and/or customers

3. Step 3: Define service area objectives:
 - Support cost center goal
 - Reflect planned benefits to customers
 - Allow measurement of progress
 - Quantify portion of the cost center goal that will be accomplished within the fiscal year
 - Describe quantifiable future target (optional)
4. Step 4: Identify indicators that measure progress toward objectives for programs or activities.

According to Amirkhani et al., (2019) there are certain requirements that should be available in any firm in order to achieve a successful implementation of a budget. These conditions include strategic requirement with all its components, initiatives, projects and operational plan, KPIs for the strategic and operational plan with effective strategic reporting system. Also, organizational and managerial requirements which should focus on the organizational structure of the company and its branches is distributed according to the main departments, sectors and divisions, linking the main programs to the organizational units, in particular the main departments, which is called aligning. This concept will mandate establishing an entity and ensuring the clarity of its main objectives, activities and tasks, a guide to delegate administrative and financial powers, and financial and operational performance reports for the previous two years.

Another requirement is the technical aspects which includes reviewing the current cost centers in relation to the organizational structure of the entity, defining the main

programs and subprograms, determining the main outputs for the program and subprograms, determine medium-term results, linking the main and subsidiary cost centers with the main or sub-programs. Further, there should be a development of an integrated guideline for the methodology for preparing and implementing the performance budget and the nature of the required reports, establishing a Performance Agreement, developing program performance budget models and setting up a mechanism for making financial transfers between main programs, sub-programs, or cost centers, as well as between accounting items within the same program. Furthermore, establishing a mechanism for implementing the additional appropriations for the main or sub-program or within the cost centers, developing a mechanism to monitor the implementation of the budget (on the basis of the main or sub-programs, or on the basis of the arithmetic items within the program). Developing such a mechanism for linking program performance and its budget will help in calculating program costs and outputs.

Further, organizations need to consider the Human Resource aspect which includes defining the critical skills and capabilities required in the budgeting framework, and setting a plan to disseminate the culture in the company's departments. This should be accompanied by designing a comprehensive training plan to allow for all departments employees to participate with it, improve the effective system with employee performance with incentive or composition system in the company. In order to enhance the success of the system, the company should set an evaluation system about the employee's performance, as well as an effective accountability system to facilitate the company directors to evaluate the outcomes according to the relevant KPIs.

There are many outcomes and benefits from implementing performance-based budgeting such as improving the financial and strategic outcomes. According to Sofyani (2018), implementing PBB can enhance the financial discipline and rationality, increase the operational efficiency, and emphasize the specialized competence (distributive). This can be achieved through focusing on reducing expenses, focusing of managers and firm unit officials on policies and results, rather than on operations and inputs. Furthermore, managers play an active role in the budget process, and use it as a management tool for strategic policy and encouraging activity-program managers to delegate and exert more flexibility in making decisions to improve the performance and results of activities – programs and complying with established laws, policies, and rules.

According to Yusuf (2021) implementing PBB will achieve many strategic benefits through enabling management to effectively and efficiently managing company's resources and ensure efficient financial allocation to vital activities and stimulates the preparation of an integrated strategic framework for and financial planning. Also, it will help in framing company performance within the strategic, operation and financial direction with a proper identification of company development priorities strategically, financially and socially (stakeholders) and stimulates the use of analysis and forecasting techniques within the framework of operating and financing policy. Furthermore, it encourages the activation of integration and coordination between the units of the company directorates and branches to achieve results with the least resources and build an integrated system for accounting for resources, responsibility, transparency

and eventually performance evaluation with evaluating the return on company spending (Fitz Verploegh et al., 2022).

Previous studies discussed the needs of organizations and programs to a budgeting system that reflect their actual performance which was reflected in introducing performance-based budgeting (PBB) system. According to King (1995) there are several reasons for having an interest in a budgeting system that is not driven by companies' rules and regulations but driven according to the customers and stakeholders' desires and needs, where it will be funded by stakeholders who will require a transparent communitarian regarding the progress of achieving these goals and objectives. Berry and Wechsler (1995) suggested that performance measures play an important role in the process of planning of both internal and external outcomes of agency activities where financial performance measure plays a critical role for decision making and that performance based information will help top management to improve their decision making process rather than for budgetary matters.

Furthermore, Joyce (1993) concluded that performance budgeting and the information that results from its application will help executives of public programs in a better understanding of the activities which will improve their ability to make a better amendment to programs and develop performance measure. Broom and McGuire (1995) described that under performance-based budgeting, top management will have a better understanding of the need of the programs to achieve a successful implementation. This will require a clear definition for the producers and beneficiaries of information and providing an appropriate incentive strategy for the use of performance-based information.

Melkers & Willoughby (1998) concluded that executives' commitment to develop performance measures, revising the use of performance-based budgeting systems, and the progress of strategic planning and benchmarking activities will make performance-based budgeting may stand the best chance of lasting.

In contrast, Lee (1997) claimed the existence of some saturation of budget reform in his project. In his project, he analyzed state budgeting practices for the last 25 years and concluded that budget players behave in the same way for using performance data for the purpose of budgetary decision making, and they tend to change performance measure when changes occur on funding levels.

Other Budget Models

There are several approaches to execute the budget and the oldest model is the incremental systems (line-item budgeting) which has the ability to control spending strictly, but this approach had many criticisms mainly was not having outputs or outcomes of the budget and not providing spending efficiency measure. Another popular model is the activity-based budgeting which is used by several countries during 1970s as a first step to link between strategic plan and budgeting system to enable the decision-makers to define KPIs for outputs and outcomes and measure government spending efficiency.

Zero-based budgeting model was one of the models that was adopted broadly in the U.S and U.K governments where it was considered an advance approach in implementing performance-based budgeting but this approach had many implementation difficulties such as re-evaluation of all capital projects since inception which requires

high skilled employees in accounting and engineering. Programs and performance budgeting was another budgeting approach developed in 1970s applied in many countries such as U.S, U.K, Egypt, Jordan, and U.A.E but it did not achieve the desired outcomes mainly due the shared responsibility of programs implementation between several department and poor coordination mechanism between departments (Ibrahim, 2019). The most modern approach in budgeting is resource accounting and budgeting which was mainly adopted in the U.K. The main advantage of this approach is the ability to link between resource budgeting, capital budget and government priorities with high definition for outputs and outcomes KPIs for each program with an effective mechanism to spending review for the inefficient programs (Balls & O'Donnell, 2002).

According to Pratolo et al., (2020) performance-based budgeting concept is more advanced than the previous models mainly due to its ability to link a firms strategic planning and budgeting system with the accurate definition of budgeting system requirements and pillars such as improving performance management system, leadership skills, employees' skills and capabilities in finance and strategic plan. Other success factors to implement effective PBB model is having a supportive ERP systems, effective reporting systems, and a clear mechanism to spending review for the ineffective programs. What makes this approach more favorable than previous models is that previous models are mainly applied in the government sectors only, while performance-based budgeting was developed with the capability to be implemented in the private sector especially in the Middle East.

Companies aim to improve their profitability and competitive position in the market to ensure sustainability and growth. This will require owning capabilities in managing their financial resources leading to allocating financial resources to programs and activities that maximize profitability and enhance their competitiveness through linkage between resources allocation and achieve high KPIs. Old budgeting systems (line-item) didn't achieve these desired benefits to companies, due to that companies aimed to adopt performance based budgeting strategies as part of financial development strategies along with the previous requirements (Lucky Tijani & Matthew Ihaza, 2021).

Financial Performance Concept

Performance is an important matter in the life of organizations as a result of the development and intense competition for survival and continuity. Researchers have sought to find a theory to be adopted by organizations to help them to be effective. However, the issue of performance is aligned with the complexity of the organizations, which will create many differences about how to define its concept and how to measure its indicators, and this may be due to the difficulty of identifying the phenomena that surround the effectiveness of organizations (Gasparotti & Gasparotti, 2021).

Researchers and those interested in defining an accurate and comprehensive concept of performance have differed. Some believe that organizational efficiency is a concept of synonymous with performance, while others believed that organizational effectiveness is the concept that reflects the comprehensive content of performance (Gasparotti & Gasparotti, 2021). According to Fatihudin & Mochklas, (2018) financial performance is the performance achieved for a certain period covering the financial

collections and allocation of resources measured by capital adequacy, liquidity, solvency, efficiency, leverage and profitability. Cash flow, balance sheet, profit-loss, capital change can be the basis of information for corporate managers to make decisions.

According to Gasparotti & Gasparotti (2021), financial performance management is a process that involves the calculation and implementation of the financial indicators adapted to the needs of the economic entity. This will enable managers to obtain a real picture of the activity, which will be the underlying basis for the decisions to improve the existing situation and get the most out of the performance. The evaluation of the financial performances becomes the ultimate goal of any entity and at the same time considered as managerial tool for achieving the superior results. This process requires, first, the setting of the selected field in the economic context, and then the presentation of the general and specific aspects of the entities subject to the analysis. Furthermore, any entity's performance combines two main portions, financial performance, which aims to achieve the financial objectives, and the operational performance which represents the purpose pursued (Gasparotti & Gasparotti, 2021).

According to Gabeshi (2021), the efficiency of a firm is its ability to transform labor, capital, technology into services and company products to add value and provide better services to its customers, which means that there is a direct relationship between the development of the financial systems and the company's efficiency. According to (Mysaka & Derun, 2021) public firms' executives tend to focus on the financial performance that best correlate with the preferences of certain type of investors, as a promising way to attract and retain their investors. According Gasparotti & Gasparotti

(2021), performance is the expected result or goals of the system to achieve productivity, efficiency, effectiveness, growth, success, economy,” meaning that it is a concept that links an activity with the goals that the firm seeks to achieve.

According to Lu & Chesbrough (2021), financial performance is seen as a reflection of the firm’s ability to utilize its resources and the use of innovation and direct them towards achieving the desired goals. Performance is one of the main terms that attract the executives’ attention, as it reflects the vitality and purposeful effort in a number of organizational aspects. The most important of which are achieving goals and ensuring the continued success and effectiveness of the institution, in addition to the outputs of this performance to help the avoidance of any negative effects on the strategic and competitive position of the institution (Lu & Chesbrough, 2021).

There are multiple and different points of view regarding the concept of performance, in particular regarding defining the criteria and indicators for strategic performance that should be used, determining organizational characteristics, and adding other performance-related variables.

Measures of Financial Performance

Financial performance is one of the most important measures related to organizational effectiveness and efficiency. Accordingly, effectiveness is defined as doing the right work in order to achieve all organizational goals (Lee et al., 2022). Generally, it expresses the interaction of administrative components and the external and internal variables that affect them at the overall level of the organization, including the technical and natural activities they contain. On the contrary, efficiency is related to the

partial level of organizational analysis and is concerned with operational matters, while performance includes efficiency and effectiveness together.

While, efficiency is defined as the optimal use of the productive resources available to the institution and is primarily related to the cost element and the relationship between inputs and outputs (Atta Mills et al., 2021). Therefore, it constitutes an element of effectiveness and expresses the good use of available resources, and refers to the economic method in which the operations related to the objectives are accomplished. Also, it is the willingness of the organization's energy to make better use of the available resources, and it can be expressed in productivity, as well as it is related to the assessment of the organization's control of operations from a technical and economic point of view (Bağci & Kaygin, 2020).

Financial Performance Approaches

The complexity of the performance theme from the perspective of effectiveness and the inability of researchers to develop a unified definition have led to the emergence of different performance measurement approaches in achieving strategic objectives (Ibrahim & Al-Nuaimi, 2020).

Prior researchers define performance in many different approaches. According to Amponsah-Tawiah et al., (2018) performance is achieving objectives is one of the most widespread criteria for organizational effectiveness (objective approach) where the effectiveness of an organization should be judged in light of the achievement of goals and objectives, not the means. Therefore, outputs are the primary means of measuring effectiveness. To ensure the use of this approach, executives assume that organizations

have an ultimate goal/objectives, which are well defined and understood by all members of the organization. This approach was presented as an integrated approach and is one of the oldest and most common approaches to assessing the effectiveness of the organization (Rahman et al., 2020).

According to Rahman et al., (2020) management by objectives is based on the idea that all organizations have a number of goal which become criteria for measuring effectiveness. Therefore, this main focus is on the entity's goals that they aim to achieve, assessing the extent of satisfying those goals, and effectiveness here from this point of view represents the extent to which the organization has succeeded in achieving its goals.

According to Camilleri (2018) performance is an approach used to satisfy the groups affecting the organization or the strategic beneficiaries. According to this approach, the effective organization is the one that satisfies the demands of the parties in its environment, and it is the parties from which its resources take support in order to ensure its continued existence. This approach focuses on the environmental interaction between the institution and its organization, but the focus is mainly on the environmental elements that strategically affect the work of the institution.

Focusing on the parties that the institution deals with as a measure of effectiveness, and those who have an interest in the survival and continuity of the institution, and the strategic beneficiaries are any group of individuals who have a right or interests in the organization. This include the various state agencies that provide support to the organization: lending funds, the Ministry of Finance through which the budget of state organs, pressure groups, owners, and citizens of society in general is

approved. The most important characteristic of this approach is that it comprehensively considers the concept of effectiveness and takes into account many internal and external factors that affect the effectiveness of the organization (Camilleri, 2018).

According to Dubey et al., (2019) performance is an approach to the internal processes improvements. This approach focuses on measuring organizational effectiveness on the efficiency of the internal operational processes in the organization through the interaction between various inputs obtained by the organization, where interaction is seen as a technical, social and psychological process. According to Paais and Pattiruhu, (2020), in this approach, organizational effectiveness can be determined by the sequence and flow of internal process without significant obstacles and the degree of satisfaction of the worker or the prevailing organizational climate (the absence of organizational conflicts). According to this approach, organizational effectiveness is defined by the term “internal health” and its measurement indicators include: the existence of an appropriate organizational climate, prevalence of team spirit and teamwork, building a communication network that works in all directions, high motivation of workers and the degree of loyalty to the institution (Dubey et al., 2019).

Another definition for performance is the effectiveness of an organization shows its ability to obtain various resources from the environment, which are essential to achieving its goals. This approach is called System resource approach (Yuchtman and Seashore, 1967). In addition, strategic leaders need to employ these resources on programs, activities, strategic business units, and on the strategic priorities in the organization in order to achieve the vision and the strategy of the institution.

It also highlights the ability of the institution to consolidate and strengthen the negotiating position with suppliers and various resources, including suppliers and banks as financiers and with human resources from the specializations, fields and consultancy that support the organization in its competitive position within the framework of its business environment. This may increase the ability of the organization to transform the inputs of the environment to distinct outputs that are returned to the environment in the form of final goods and services (Yuchtman and Seashore, 1967).

Therefore, performance is a basic and an essential concept for governments and businesses in general and almost represents the comprehensive phenomenon of all branches and rights of knowledge in strategic management (Mujannah et al., 2019). In light of the concepts discussed in the previous paragraphs, performance is a broad concept that includes multiple matters related to success and failure, efficiency and effectiveness, quantitative and qualitative scheme and other factors related to it.

Therefore, according to Kisuko et al., (2022) performance represents the continuous holistic activity that reflects the success, continuity and growth of the organization in addition to the good management and use of available resources and the institution's ability to interact and adapt to the changing environment. Taken together the specific foundations and standards made by the institution government in accordance with the requirements of its activities, effectiveness and services, and in light of the long-term strategic objectives (Dieste et al., 2021).

In the same direction, performance has received exceptional attention in strategic management operations because it reflects the correctness of the strategic direction of the

institution and its ability to enhance its competitive position and manage the relationship with stakeholders and competitors to achieve competitive advantage and its sustainability. It demonstrates the dimensions of the organizations and the capabilities of adapting the institution strategic environment in terms of the organizational structure, distribution of responsibilities, tasks, powers, roles, means of communication, channels of information exchange, the nature or structure of decision-making, and systems for measuring and evaluating strategic performance, which all plays an influential role in achieving distinguished strategic performance (Ibrahim & Al-Nuaimi, 2020).

The Importance of Financial Performance

Most researchers and professionals interested in the field of financial management agreed on the importance of performance and the development of specific indicators and criteria for measuring and evaluating it, as it represents a practical and applied test to examine the various strategies and processes resulting from it (Chereau & Meschi, 2019). Therefore, the administrative dimension of performance should be emphasized by the administrative leadership, as it has basic results that affect the strategic transformation processes in the firm, both in terms of goals, policies or strategies, as well as programs depending on the results of performance. These results can reshape firms in a new and distinctive way when the performance is distinguished and encourage it to shift to the new strategic position that supports its growth, continuity and competitiveness in the balance of its business.

Therefore, most researchers in the field of strategic management have agreed on the importance of the strategic evaluation process (Dieste et al., 2021). Performance is the

result of these stages or operations and must be reflected in the strategic performance of the organization, as it is the mirror of all the processes, mechanisms and stages of strategic management in the organization. Therefore, strategic performance is the core and heart of strategic management. It is worth noting that the importance of strategic performance emerges through three main dimensions. Theoretically, where performance represents the center of strategic management, and includes all the management requirements and theories for performance implications, whether directly or indirectly. The reason for this is that performance represents a time-test for the strategy adopted by the institution (Lu & Chesbrough, 2021).

The other dimension is the experimental dimension, as this is done through the use of the outcomes of experiments, practices, comparisons and applied standards, and everything that results from studies and applied research related to strategic management in strategic performance tests. The third dimension of the importance of strategic performance is the administrative dimension and this clearly emerges from the growing and exceptional interest on the various departments and in all institutions (Ibrahim & Al-Nuaimi, 2020).

It is worth mentioning that contemporary technological transformations and the massive change in the style of management towards results, and the intensification of competition between federal and local governments and other governments within the geographical region have forced governments to develop their performance and improve the level of strategic performance indicators (Ibrahim & Al-Nuaimi, 2020). This would keep pace with local and international developments to upgrade the strategic positions in

order to obtain advanced ranks in global competitiveness indicators and reconsider the investment and employment of financial resources through tools that allocate them using the latest technologies, including performance balancing.

Many organizations are exposed to scarcity of resources which have increased the deficit in their financial resources which requires them to enhance efficiency, effectiveness, and strategic performance indicators, and the use of advanced techniques in measuring and evaluating the performance, including a balanced scorecard and cost-benefit analysis (Lu & Chesbrough, 2021).

All these factors, in addition to the international challenges and the financial and economic crises facing these governments, it was necessary to focus on performance and its indicators to find measures and techniques that enhance performance (Mensah, 2019). Therefore, organizations began to think seriously about digital and smart transformation and invest in technology in order to improve the quality of their services and increase the level of satisfaction with them. In addition to the establishment of international strategic relationships and alliances with other institutions and governments in order to employ some low-cost resources, especially in the technical support sector and the modernity of telecommunication services (Mensah, 2019). Most organizations that use multiple technical systems such as robots, financial and administrative systems in providing their services benefit from technical support centers in India. This represents the method of outsourcing maintenance or support services, and this also aims to transfer risk to other methods and benefit from experiences in improving performance.

Financial Performance Evaluation

The performance evaluation process is an important and advanced stage in the performance cycle, as this process provides management in the organization with a set of data, information and indicators that reflect the extent of development and progress achieved in the institution's performance. It can be done through analyzing past and current performance trends to enable firms to take appropriate direct decisions related to strategic goals and objectives. The concept of performance evaluation means that "the basic stage of the strategic management processes in which managers try to assume that the strategic choice is implemented correctly and that it meets the objectives of the organization (Zhao & Burke, 2021).

Performance evaluation is a measurement of the actions and activities achieved and their comparison with the previously prepared plans in order to discover and identify the strengths and weaknesses of the organization (Songling et al., 2018). Moreover, the organizations continuously, regularly and in an appropriate manner, follow up the performance measurement process in order to achieve in helping in the continuous development of employees to perform work in their job positions, whether on the current jobs or the future jobs to which they will be promoted, identifying the development and improvement needs of the entire organization, determining and defining the eligibility and readiness to develop the strategic and competitive position of employees, and contributing to the development of the preparation and commitment process by evaluating the feedback of the performance evaluation process (Songling et al., 2018).

Therefore, many strategic researchers have been interested in the process of evaluating the performance of government institutions, as it determines the current status of the institution and identifies scenarios, features, roadmap, development and improvement for future performance by identifying strengths, weaknesses, opportunities and threats that the institution can identify, analyze and build its next strategic path (Arief et al., 2021). Similarly, performance evaluation process requires comprehensive, objective and integrated analytical tools to find out the reality of the results and data of the strategic performance evaluation process. These methods and techniques might differ in the government sector than those in the private sector institutions, because of the differences in the objectives and results. Private sector firm's main strategic objective is profit generation, hence they mainly use efficiency and profitability indicators, while government sector focuses on the development of several macro-economic indicators such as unemployment rate, economic growth, inflation rate, and community prosperity rate. In general, the process of evaluating strategic performance achieves many benefits.

According to Zohry and Adel Hammad (2019), the process of evaluating strategic performance achieves many benefits can be achieved by providing indicators and measures of the firm's success through the practice of its business and activities to achieve the strategic goals and objectives. Success represents a composite measure that combines effectiveness and efficiency and is therefore more comprehensive than either of them isolated from the each other, i.e., alone as a measure of performance. It reflects the level and degree of integration and alignment between the objectives and strategies chosen for their implementation, in addition to measuring the level of interaction between

the institution and its competitive environment. Further, the process of evaluating the strategic performance is a significant stage in the development and sustainability of the organization's competitive experience, by helping the decision-makers in the discovery of the elements that could weaken this advantage or encourage competitiveness to imitate it, which may negatively affect the strategic position of the institution in its field of business (Deng et al., 2018).

This process contributes to determining the degree of the institution's contribution to its business sector, whether economically or socially. This process will show the degree to which these institutions, especially the large ones, contribute to economic and social indicators, whether in terms of GDP growth or the level of unemployment and improving rates. This can be achieved by maximizing growth in production and providing services at low costs, achieving distinct rates in rationalization processes, controlling expenditures, and avoiding wastage of resources, as this leads to lower prices and thus activates the purchasing power of citizens and increases national income.

According to Fitz Verploegh et al., (2022), this process can help managers to develop a competitive environment for better performance and improves indicators of achievement among departments and employees in general. This motivates these institutions to reach standard standards or achieve targeted performance indicators that are set at the beginning of the year and this will reflect the level of improvement and development that the institution has reached in its path, and what results have been achieved. Therefore, it paints a comprehensive picture for senior management on the

achieved performance indicators and the gaps or cases of distinctive investigation of these indicators (Fitz Verploegh et al., 2022).

One of the most important benefits of the performance evaluation system is that it ensures the flow of information (Fitz Verploegh et al., 2022). Therefore, it provides a base for departments, sections and senior management in a professional and concise manner for the reporting system that the management needs to support decision-making processes. Furthermore, many government and business organizations have begun to pay attention to developing the smart reporting system (systems that are self-monitoring, analysis and reporting technology) to reflect the actual and real-time reality (moment by moment) through the performance panel that includes displaying the targeted and actual indicators and gaps or improvement. This provides the senior and middle management with an effective means of monitoring performance. Thus, ensures the prompt and proper treatment of any deviations (Fitz Verploegh et al., 2022).

Additionally, the strategic performance measurement process contributes to the development of communication and communication channels to be effective and influential between departments to ensure the flow of information, knowledge and teamwork. Moreover, this process represents an essential stage in the process of evaluating human resources and granting promotions and rewards (Fitz Verploegh et al., 2022). It ensures the provision of an effective and fair performance in measuring achievement at the level of employee performance, whether through daily operational work, in terms of strategic initiatives and projects, the level of savings achieved in

resources and time, etc. It creates a fair and reassuring feeling for employees that the process of granting incentives and rewards is done properly and away from favoritism.

Strategically, the performance evaluation process is an accurate way to determine the strategic competitive position of the institution in its field of work. It enables executives to compare the achieved performance indicators with the sectoral indicators or the performance indicators of their strongest competitors. It also shows the level of the institution's performance compared to the standards for its business sector (Fitz Verploegh et al., 2022).

Role of Leadership in Implementing Performance-Based Budgeting

Leadership refers to the ability or skill to influence subordinates so that they wish to perform and accomplish what the leader determines. Several studies will be presented in this section that discuss and compare between the findings of these research related to different leaderships concepts. This section is considered as a secondary section of this research project related to the leadership style for implementing performance-based budgeting.

Pretorius et al., (2018) indicated that leadership contains certain components: the set of processes, personal qualities, persuasion of commitment, art of persuasion, influencing others, form of persuasion, power relations, and the ways to achieve goals. Also, most of the definitions of leadership, as indicated by (Ndalamba et al., 2018), focused on four basic elements: influence, motivation, purpose, and change.

Leadership theory goes back to the higher level's theory developed by Hambrick & Mason 1984 (Abatecola & Cristofaro, 2018). Leadership emerged from strategic

management, since the most important role of an executive leader is to formulate strategy, and executive leadership refers to the ability to influence others to voluntarily make daily decisions to improve stability over time. Maintaining both long-term stability and short-term integration while maintaining the values and objectives of the organization (Ndalamba et al., 2018). According to the definition, three factors are present that the strategic leader influences others, the strategic leader has an orientation towards the future, and the strategic leader faces difficulties in achieving compatibility between long-term and short-term goals.

Leadership and scope of the organization is determined by a small number of executives known as the CEOs (CEO), senior management teams, and the board of directors, who are responsible for the organization as a whole (Zuraik & Kelly, 2019). Aside from the varied terminology and separate structures used in previous strategic-executive leadership studies, (Zuraik & Kelly, 2019) defines it as a group of chief executives (CEO) who determines the overall organization's policies for acquiring and integrating resources. According to (Shao, 2019), strategic-executive leadership is a set of competencies that involves anticipating, awareness, maintaining flexibility, thinking strategically and enabling employees to generate innovative ideas, thereby contributing to high performance, and therefore represents a purpose-oriented activity for organizations. It also represents the ability to create and maintain absorptive and adaptive capacities and the ability to discern environmental opportunities through the wisdom of management leaders.

Shao (2019) pointed out that there are several differences between leadership and strategic-executive leadership and linked them to the personality of the leader, he explained them as follows: there is great interest on the part of the strategic-executive leader in the future of the organizations and its strategic goals at the overall level of the organization. The strategic leader also has an interest in creativity, innovation and intuition. The executive leader focuses on developing scenarios for various future alternatives after evaluating the current situation of the institution, relying on trust, challenging the current situation, facing risks and ensuring compliance with applicable laws, regulations and procedures. Thus, he adopts an open organizational culture that respects new ideas and encourage them to contribute to the improvement of the organization and enhance its capabilities, with a tendency for radical change, resulting in utilizing ideas to create new innovations.

According to Hughes et al. (2019) traditional leader, who is traditionally concerned with the independent, and his focuses is on issues related to the past, focusing on the mean and routine and previous experiences. This type of leaders mainly relying on control, accepting the status quo, and avoiding risks as he adheres to the literalism of laws and procedures. This type of leadership adopts a corporate culture that is closed to new ideas and tends to partial change and continuous improvement where leaders are resistance to change.

Shao (2019) distinguished between traditional leadership and strategic executive leadership from two perspectives: firstly, leadership refers to leaders at any level in the organization, while strategic executive leadership refers to leadership at the highest level

in the organization. Secondly, leadership research focuses on the relationship between leaders and followers through variety of perspectives (personal qualities of the leader, implicit theory of leadership focusing on subordinates, and exchange theory, etc.). In contrast to this narrow focus, the strategic leadership research focuses on implementing the work not only as a relational activity, but as a strategic activity (Ali & Anwar, 2021).

The roles of the operational leader are limited to daily activities; however, the roles of the strategic leader are long-term and relate to the growth of the organization's sales and profits, implementation of change, and the formation of strategic alliances (Hughes et al., 2019). One of the most important reasons that hinder the transformation of the operational leader into a strategic leader is the lack of understanding the leadership roles at the strategic level (Shao, 2019).

Ju et al., (2019) also indicated that it is necessary to distinguish between supervisory theories of leadership, which focus on leadership within the organization, and strategic theories of leadership, which focus on leadership at the organizational level. The senior management leadership is concerned with the overall development of the organization, including changes in goals and capabilities, whereas strategic leadership focuses on the individuals who have overall authority over the organization, which includes not only the president, but also members of the senior management team (Pretorius et al., 2018).

The strategic leader plays an active role in the development of ideas and vision, whereas the role is the traditional managerial implementation of these ideas and vision within the organization's structure and operation (Shao, 2019). Strategic leadership

requires management through others, managing the organization as a whole rather than managing departments or partial units. In line with the ever-increasing changes in the twenty-first century, the strategic leader must learn how to effectively influence the behavior of individuals, as well as how to deal with variety of complex competitive situations (Shao, 2019).

Strategic-executive leadership is defined as the ability to anticipate the future and motivate subordinates to achieve the organization's vision and strategic objectives, develop competitive capabilities and maximize resources in order to establish a distinguished strategic position in its field of business. Therefore, Shao (2019) believes that strategic-executive leadership reflects the ability to anticipate, analyze, maintain flexibility, think strategically, and collaborate with others to initiate changes, therefore, it is the ability to provide innovative and pioneering solutions to recurring organizational problems. Strategic leadership, according to (Shao, 2019), is defined its goal clearly and lead efforts and transfers capabilities in a creative way to develop a new strategy that achieves qualitative addition and supports the institution's competitive advantages.

According to Hughes et al. (2019) by projecting current environmental factors, strategic-executive leadership adopts flexibility to carry out development and change between current patterns and methods. In order to understand and harmonize the external environment with its opportunities and threats with the internal environment, its strengths and weaknesses, leaders are required to understand that different situations require different types of measures, tools, creativity, and intelligence to achieve the highest level of flexibility in adapting to the required path (Hughes et al., 2019). Therefore, leaders

emphasize on the importance of organizational culture and structure to achieve the long-term organization's success. Moreover, strategic leadership adds value to high performance where the logical and rational aspect is the strategy to utilize leadership for creative problem-solving (Ali & Anwar, 2021).

Therefore, Mahdi and Nassar (2021) emphasize that strategic-executive leadership is the managerial ability to predict, realize, maintain flexibility, and enable others to change the strategy as needed. Effective strategic-executive leadership is concerned with establishing the vision, strategic mission, directions, and goals, and at the same time influences on successful strategic actions, such as the formulation and implementation of strategies that enhance strategic competitiveness and results. Tawfig & Kamarudin (2021) described strategic-executive leadership as the ability to influence others to make their daily decisions that enhance the organization's long-term sustainability, growth and continuity while maintaining financial stability in the short term.

The main strategic-executive leadership procedures include defining the strategic direction, which means developing a clear vision for a specific period, and defining the goals that the organization seeks to achieve within a specific range (Hughes et al., 2019). Developing human capital through qualification, training and other methods to build employees' capabilities and skills while maintaining organizational culture. The ability to implement the strategy and measure its performance is the practical responsibility of strategic leadership (Ali & Anwar, 2021).

Strategic-executive leadership focuses on transforming an organization's vision, values, culture, climate, structure and systems through rational decision-making and implementation of plans within a broad vision to achieve strategic integration between plans, goals and departments, i.e. the organizational structure. Furthermore, strategic leadership requires continuous self-development to enhance their ability to anticipate opportunities and threats to their organization, and thus be able to determine the current situation, interpret and analyze information and try to demystify the data, and then decide and develop learning mechanisms and techniques for knowledge transfer between employees (Ali & Anwar, 2021).

Importance of Strategic-Executive Leadership

The importance of strategic-executive leadership is highlighted by the strategic tasks and roles that affect the organization's future, and can be identified through the preparation of the organization's strategy (Hughes et al., 2019). It aims to achieve its strategic priorities, provide the necessary resources to implement the strategy, develop and employ the organization's human capabilities to serve the strategic achievements, work to improve the organization's structure, legislative structure, policies, work rules and ethics, develop a system for performance appraisal and oversight. Leaders are required to build a clear and fair system for the issue of performance, build and develop the organizational work environment, provide an organizational climate that stimulates excellence, effective institutional performance and innovation, and develop internal and external lines of communication and interaction, particularly with influential stakeholders (Ali & Anwar, 2021).

Leaders are required to continuously analyze the internal and external environments, identifying internal strengths and weaknesses, monitoring opportunities to seize them and improving capabilities to avoid current and future risks and threats, and collaborating with strategic business units to build and develop competitive advantage and ensure its sustainability towards competition. In addition, they need to build and develop the organizational culture of the institution and working on setting values, principles and ethical rules that characterize the institution. Strategic decisions should be made to impact the institution's growth trends in all financial, organizational and human fields by developing system for delegating organizational powers and decision-making, designing a system for rewards, incentives and penalties to adhere to the institution's strategy and policies, and design plans to develop the employee skills and work on building second-level leaders (Ali & Anwar, 2021).

Characteristics of Strategic-Executive Leaders

Many models of leadership are covered in the management literature, and strategic-executive leaders in many organizations are characterized by the ability to develop organizations. These characteristics are what an effective and successful strategic leader has unique characteristics such as cognitive ability, ability to focus on the overall big picture, interpersonal relationships, and a tendency to act and take risks. Setting strategic direction, exploring and maintaining unique core competencies, developing human capital, maintaining an effective corporate culture, emphasizing ethical practices, and implementing balanced strategic controls are all examples of strategic leadership practices. The majority of corporate failures are caused by a lack of strategic leadership

practices, which result from leaders' failure to communicate in a persuasive way of the organizations' vision for their followers, the inability to convince subordinates that they are passionate about roles, and the failure to make employees loyal to the organizations' vision (Al Thani & Obeidat, 2020). Therefore, strategic leadership introduces the idea of organizational citizenship behavior.

According to Hughes et al. (2019) in order to maximize collaboration and coordination among other members in competitive and dynamic markets, active strategic-executive leaders must enable full participation and alignment of all members of the organization from the initial stage to implementation. Strategic leaders who are driven and motivated may be able to achieve better results since everyone believes that their contribution makes a greater difference to organizational success (Hughes et al., 2019). According to Ali & Anwar (2021), it is crucial to remember that senior leaders have a positive role to play in the organization's development agenda by implementing a clearer vision that energizes, supports, encourages and motivates open communication on the issue of strategic changes.

According to Shao (2019) strategic-executive leaders also support the concepts of organization development, where strategic leadership depends on participatory methods to drive organizational performance, team work and employee engagement, as well as enhance morale and motivation, resulting in better results and productivity. The leader's strategic ability creates excitement among his followers as it values uniqueness and diversity (Shao, 2019). Moreover, this strategic leader ability reduces the knowledge gap between management and employees, which leads to successful change initiatives.

According to Hughes et al. (2019) it was noted that the basic characteristics of a strategic-executive leader are important for managing globalization effectively and directing the organization towards a better strategic focus with respect to environmental disruptions. In addition, the main characteristics of a strategic leader are future orientation, tendency to move, tendency to take risks, and absorptive capacity. All of these characteristics are essential to support the organization's development initiatives, such as implementing performance-based budgeting in the company.

Transition

In Section 1 of this research project, I discussed the problem statement, purpose statement, nature of project, conceptual framework, research question, significance of the project, and the review of literature. The information in Section 2 includes the purpose statement, a review of my role as the researcher, the participants, and an overview of the research method and design, population and sampling method, and ethical research. The section also describes the data collection instrument, techniques of data organization, and data analysis. Section 3 will include the research project findings, including applications to professional practice, implications for social change, and recommendations for future project

Section 2: The Project

Purpose Statement

The purpose of this qualitative single case project is to determine what performance-based budgeting strategies business leaders adopt to achieve financial profitability. The targeted population for this proposed project consists of ten business leaders in investment management in the emirate of Sharjah in United Arab Emirates who have demonstrated success in using performance-based budgeting strategies to achieve financial profitability.

Role of the Researcher

Researchers play a significant role in the development of a project. As part of the research process, the researcher collects data from the experiences of participants to obtain a better understanding about the research problem (Dhamija & Bag, 2020). The interaction and collaboration with participants will occur through in-depth face-to-face interview. I have selected the most suitable method and design in the development of the qualitative project using an appropriate interview instrument in gathering the relevant information in understanding the phenomena (Guetterman et al., 2020).

As a researcher, my role will include creating the interview questions in a simple, easy, and understandable way, collecting data, performing inquiries, communicating with participants, and reviewing documents processes to be consistent with the research methodology. My role will also include the use of several resources such as university ethical guidelines and protocols to ensure adherence to ethical principles and standards during the project. In addition, the researcher must always maintain ethical standards

(Bauchner et al., 2020) such as obtain participants consents, assure the participants anonymity, assure the confidentiality of information, respect the privacy of participants and ensure transparent communication for the results.

According to Paxton (2020) there is two specific requirements for any conducted activity to be subject to the Institutional Review Boards (IRBs) review. It must involve (1) a research (2) human subjects. These boards will be responsible for overseeing the human-subjects research and incorporate the Belmont Report's guidelines into obligatory policies. Belmont Report identified three principles with clear ties to specific requirements at various stages of the research process:

1. Respect for persons supports the dignity and autonomy of all human research subjects. This involves requirements for informed consent, which will bind the researcher with additional constraints to protect participants, and ensure they have the right to express their own ideas and opinion.
2. Beneficence is a conceptual extension of the "do not harm" principle. In this principle, the aim is to maximize potential benefits and minimize potential harm to research participants by ensuring their safety and ensure the unanimity of their data and privacy.
3. Justice which calls for the equal allocation of potential benefits and potential risks across all groups who could potentially benefit from the research. This would be achieved through the selection of the research sample from a larger population any minimizing the error or bias of selecting the wrong sample.

Furthermore, the quality of data depends on the ability of the researcher to reduce bias and validate the correct interpretation of the phenomena. Personal bias occurs when

the researcher relies on personal judgment versus data gathered to present findings. The rich description of data and use of other sources of data will help the researcher to confirm findings and reduce potential bias (Bergen & Labonté, 2019). Moreover, a combination of my personal, research and practical experience will enable me to employ cognitive skills during the interview process which will add value to the data collection process in a professional method which is far from any bias. I have a long experience in the financial sector in both private and government divisions and I have a great interest in implementing an innovative methods and framework in managing financial resources as a way to maximize the business profit and improve the competitive position.

I will use Walden university protocol which will include a communication with the top executives in the selected company by emails with a brief description about the nature of the project and invitation for their participation in the project through a face-to-face interview. After receiving their approval to participate, each participant will sign a consent form (appendix B) as a part of a process called informed consent to allow them to understand the project before deciding whether to be part of the project or not. Then at the interview, each participant will fill the interview protocol guide (appendix c) followed by answering the interview questions. The main rational for having an interview protocol is to be viewed as a guide for the interview, what to be said at the beginning of the interview as in providing a brief introduction about the researcher and the aim of the interview, how to collect participant consent, interview questions, and what to say when ending the interview.

Participants

The focus of this project is to gain an understanding of how performance-based management implementation strategy will impact financial performance and profitability. The population will be executive managers who had implemented strategies that improved the financial performance and maintain financial sustainability of their companies and who had more than 5 years of experience in leadership positions in the selected sample company in the United Arab Emirates. According to Mohajan (2018), qualitative research aims to recognize the inside perspectives of the participants from the participants themselves where answers are analyzed by the researcher to understand the meanings that the participants assign to their experiences. This will permit the researcher to derive insights from the respondents by employing curiosity, open-mindedness, empathy, and flexibility to listen to people describing their stories in their own natural settings to identify how their experiences and behaviors are shaped by the context of their social, cultural, economic, and historical worlds.

The criteria for participants of this project included: (a) executive managers who had at least 5 years of knowledge and experiences in implementing strategies to improve the financial performance, (b) executive managers who had a strategic vision, skill in measuring financial performance for the organization, and developing decision-making frameworks to improve operations, (c) executive managers who had authority to take-decisions and improve the general strategies, and (d) executive managers who are willing to participate in the project.

Determining participants in the selected company represent executive managers in the subsidiaries who are in charge for managing the strategies and operations of the company and manage the financial resources to achieve the strategic objectives. Furthermore, these executives are responsible for developing the strategic and financial performance hence, they were selected because they are considered as a key member in decision-making. The designed strategy to approach and deal with the selected executives will be through adopting interview protocol with proper tools to communicate with them either through emails, or through interviews. The interview protocol will include the interview questions (time and date of interviews) including identifying the desired data, information, and company's document to be collected from their end-side.

Upon receipt of Walden University Institutional Review Board (IRB) approval, I will contact the public relations director of the company to provide information about the participants for the project. The letter of permission to conduct the interview will enable the public relations director to provide email addresses and phone numbers of the participants. The participants will receive an email (Appendix A) requesting their voluntary participation in the research project. Those who will agree to participate will sign a consent form (Appendix B) before each interview, which outlined the purpose, criteria, and procedures of the project. The participants will include directors who had implemented PBB strategies that improved the financial performance of the company who will provide better overview and details to answer the research question.

Research Method and Design

Research Method

There are three different methods that can be used in the formulation of a research project: quantitative, qualitative, mixed methods (Strijker et al., 2020). Each of these research methods contains its unique characteristics for developing the selected research type. The appropriate research method will be selected by the researcher to obtain a meaningful outcome (Yin, 2018).

The aim of quantitative research is to examine theories, statistical relationships, and experimental hypothesis in forming conclusions (Mehrad & Zangeneh, 2019). According to Yin (2018) quantitative methods depend on numeric data to prove the results of tested hypotheses, using close-ended questions. A quantitative research method may not expose social behavior and cultural perspective of the phenomena. Researchers use qualitative research methods as a means of analyzing data to understand the phenomena in question (Mehrad & Zangeneh, 2019).

Qualitative researchers aim to understand the beliefs, perceptions, and values of participants. Researchers also use qualitative research methods as a tool of inquiry of the process of a phenomena using semi-structured interviews to obtain data (Mohajan, 2018). The use of semi-structured open-ended questions allows the researchers to examine follow-up questions for a better understanding of the central questions of the central research question in the project (Mehrad & Zangeneh, 2019).

The mixed-method approach reduces the effects of weaknesses that individually exist in either qualitative or quantitative methods. Strijker et al., (2020) suggested the

mixed method approach allows the researcher to explore problems and solutions rather than understanding the true cause of the problem and obtain a deeper understanding of the research project which provides flexibility in collecting data and asking questions that seek to justify the collected data.

Since I am not testing any statistical significance of relationships and differences among variables, I have rejected the quantitative and mixed-method approaches. Instead, I will use a qualitative research method as the best option in formulating this project which will provide the benefit of multiple data sources to increase the understanding of the phenomena (Yin, 2018).

Research Design

According to Creswell & Creswell (2018), there are several qualitative research methods to answer the research questions such as case project, narrative research, phenomenological, grounded theory, and ethnographic approaches. Narrative research is a design of inquiry from the humanities in which the researcher studies the lives of individuals and asks one or more individuals to provide stories about their lives in which it will be combined with the researcher life in a collaborative narrative (Creswell & Creswell, 2018). The second approach is the phenomenological research which is a design of inquiry coming from philosophy and psychology in which the researcher describes the lived experience of individuals about a phenomenon as described by participants (Creswell & Creswell, 2018).

The third approach is the grounded theory approach which involves the inquiry from sociology in which the researcher derives a general, abstract theory of a process,

action, or interaction grounded in the views of participants (Creswell & Creswell, 2018). Ethnographic approach is related to projecting the relationships between people and several aspects of their life, such as socio-political, culture and history to understand the relationship between people and their social environment, this approach would require the existence of a close relationship between researcher and the researched (Harwati, 2019). The best method to answer the current project research question is the case project approach, because it involves projecting individual cases in the real life context for a long period of time (Harwati, 2019). The case studied can be culture, society, community, organization or phenomenon, such as beliefs, practices or interactions.

I will use a single case project design to identify strategies that may help improve the financial performance and sustainability for the selected sample company in the UAE which is a single company has multiple subsidiaries in different business sectors. The concentrated analysis of a single unit is vital to obtain insights into the performance-based budgeting implementing strategies of the selected sample company managers may use to improve the financial performance and profitability. The single case project is appropriate because the design will provide insights into the experience of leaders and strategies that may improve the financial profitability and sustainability. The researcher should select the most effective design to support the research question that appropriately suits the methodology (Yin, 2018).

A case project design provides an opportunity to collect data from various sources while utilizing different data collection to take advantage of multiple resources of evidence (Yin, 2018). Furthermore, a case project suited the needs of this project for

several reasons: with a case project, the researchers' focus on a specific defined area of inquiry and answers stem from questions that begin with how and why, as opposed to who, what and where in phenomenological research (Yin, 2018).

The design of this project is a single case project of one organization in the UAE. When seeking an in-depth understanding of real-life phenomena, researchers should consider important contextual conditions (Yin, 2018). The quality of a qualitative research is vital element that should be considered in the research, this can be achieved through data saturation, when additional observations and interviews analysis reveal no new information to the existing data and reaching to a conclusion that the current observations are sufficient to support the reached conclusion (Lowe, et.al, 2018).

Population and Sampling

Defining the Population

The population of this project will be the executive managers in the SMEs in UAE operating in different industries such as investment, transport, education, real estate, logistics and information technology. The population will be all the people within the scope of the project that meet the participant criteria noted in the participant section 2.3 above. I will use a single case project method with 10 participants representing the project population.

Sampling

The selected company for this research includes eight subsidiaries operating in different sectors and the research will include executive leaders who were part of implementing PBB strategies project in each subsidiary. The research sample will be

subject to an interview process to obtain the necessary information to answer the qualitative case project through semi structured interviews questions related to the case project topic (Rashid et al., 2019. P.7). Furthermore, the student will obtain other information from the SMEs archives and reports and link them with the interview questions and result to draw a complete image about the firm.

Data Saturation and Sampling

The design of this project is a single case project of one organization in the UAE. When seeking an in-depth understanding of real-life phenomena, researchers should consider important contextual conditions (Yin, 2018). The quality of a qualitative research is vital element that should be considered in the research, this can be achieved through data saturation. Data saturation is the process of gathering additional observations and interviews analysis reveal which will reveal that no new information to the existing data and reaching to a conclusion that the current observations are sufficient to support the reached conclusion (Lowe, et.al, 2018).

Ethical Research

Ethical research scholars have an obligation to examine the ethical considerations of a proposed project (Cumyn et al., 2018). Once I receive the IRB approval number, I will start with the data collection process and address all moral concerns according to IRB ethical guidelines. Throughout the project, as a researcher, I will ensure that the project will demonstrate trustworthiness while maintaining standards for a quality research practice. All participants will receive an invitation for the interview, which will be mentioned in Appendix A. Before beginning each interview, participants will sign a

consent form as showing in Appendix B, indicating their approval in participating in the research project. The consent form will include an outline of the purpose of the research project, criteria, and procedures. The use of Walden University's ethical guidelines and the Belmont protocol report to ensure the ethical principles and standards during the duration of this research project. Participants of the project will be provided with an assurance of confidentiality of all the information provided by them with the participants' rights to privacy and right to refuse participation. By ensuring adherence to ethical research, participants will have the right to withdraw from participating in the research at any time prior to data analysis. If any participants withdraw from the project, they have to inform the researcher about their withdrawal through an email in a suitable time alongside mentioning the reasons for their withdrawal to enable the research to remove or change these reasons if possible. In case participants were insisting on withdrawal, the researcher will request the participant to nominate a suitable replacement for him/her and they will have to sign a consent form for non-disclosure for anything related to the project. Then as a researcher, I will start searching for a replacement for the withdrawn participant to ensure the use of proper research sample.

There are no incentives for participating in the research project; however, a summary of the research findings will be available to the company executive managers and all participants at the end of this project. The hardcopy files will be kept in the office cabinet for the period not exceeding 5 years until destruction. Also, digital files will be stored on a hard drive password protected and deletion of data will occur 5 years after the completion of the project. To ensuring confidentiality, pseudonym names, such as P1, P2,

etc., will be used for participants and organizations throughout the project. My IRB approval number is 08-28-23-0620324.

Data Collection Instruments

The objective of data collection process is to collect sufficient and reliable information to reach a conclusion that answers the research question (Yin, 2018). The interview process is considered one of the basic methods to gather information for qualitative research. It will help the researcher in obtaining the necessary information to answer the qualitative case project through semi structured interviews with the selected executive managers from the company who own knowledge and information related to the case project topic (Rashid et al., 2019. P.7). Furthermore, the student will obtain other information from the firms archives and reports and link them with the interview questions and result to draw a complete image about the firm.

In qualitative research, the researcher will seek to gather data from participants after obtaining their approval to participate in the process (Rashid et al., 2019. P.7). Interviews are considered as the primary data collection instruments, I will conduct a face-to-face open-ended question interviews and follow up with clarification questions which will be mentioned in Appendix C. Data collection will be mainly from executive managers in the selected company who are responsible for developing processes, strategies, and managing financial resources to improve the financial performance to achieve financial sustainability.

The process also involves reviewing several documents such as the strategic plan of the company and performance indicators which are used to improve financial

performance and sustainability, furthermore, performance guidelines, organizational chart, strategic management framework, and decision-making framework (Johnson et al., 2020. P.142). Participants will be notified by email regarding the interview process including identifying the required documents and the interview agenda which will include the research purpose and the interview questions.

The researcher can enhance the reliability and validity of the collection data instruments through participant/respondent validation or member checking which can be used as technique for rebuilding an interview transcript or debriefing the analytical results with participants for agreement. This process will help to enhance the quality of the data or can act as a checking tool whether if the researcher has understood the reported responses of the respondents. This method will support the researcher to check the research responses with the participants and obtain their feedback about their answered questions and share the findings and interpretations and provide their feedback for authentications which will enhance the research accuracy, credibility and validity (McGrath et al., 2019. P.1005).

The use of several sources will enable the researcher to obtain sufficient and reliable evidence to reach and support the findings of the case project through obtaining their knowledge and past experience regarding the research matter and eventually obtain their feedback regarding the reached conclusions and results (Yin, 2018). Participant of the project will answer the interview questions according to specific protocol guide which will be attached as appendixes including email invitation letter with the consent form, and the interview protocol guide which contains the interview agenda, questions in addition

to several follow-up questions to ensure a proper understanding. And to ensure the reliability of the obtained information, I will share the participants' answers with them who will review and analyze findings and provide feedback (Rashid et al., 2019. P.8).

Data Collection Technique

There are several sources for data collection about individuals or groups which includes, but is not limited to, interviews and several documents which can provide scientific, practical, logical, and comprehensive answers for the research question and what the researchers aims to achieve (Yin, 2018). This qualitative single case project will include semi-structured interviews and collect primary data from participants and from the company's documents such as strategic plan, company objectives, polices, plans to improve financial performance, KPIs, current budget process and financial performance evaluation tools etc. I will select face-to-face semi-structured interviews with each participant (executive managers). An open-ended semi-structured interview of participants will take around 55-60 minutes for each company's executive manager in their office.

Designing the interview questions and follow-up questions will be done according to the interview protocol guide which will contribute to adding a comprehensive image regarding the research case project. Performing qualitative research using semi-structured interviews technique requires the researcher to have specific skills and expertise in planning and preparing for the interview and managing the interview dialog, good listening skills to enable the researcher to obtain clear answers and useful data (McGrath et al., 2019. P.1004).

The main advantages of semi-structured interviews that it helps in collecting new detailed information which cannot be obtained from other techniques and enables the researchers to establish understanding and cooperation with the participants.

Furthermore, the use of semi-structured interviews and follow-up questions will add more clarity and understanding to a project (DeJonckheere, & Vaughn, 2019. P.2). Despite the above, there are some disadvantages of semi-structured interviews that include researchers projecting their ideas, opinions, or perspectives to participants.

The other technique that will be used in the collection of data for this single case project will be examining the company's documents. Achieving data consistency comes from verifying or crosschecking data with other sources of collaboration. This review will help in verifying and provide consistency with other source of data for additional analysis of the project which will help in improving the accuracy of the results. The examined documents will not reveal the names, employees, or organization to ensure confidentiality.

As a researcher, I will only collect documents related to the improvement of financial performance that provide clear evidence in answering the research questions. Participant/ respondent validation or member checking can be used as technique for restoring an interview transcript or debriefing the analytical results with participants for agreement. This process will help in providing a good opportunity to check the quality of the data or can act as a way of checking that the researcher has understood the reported responses of the respondents, especially when it comes to picking up subtleties such as irony, emotions, silences, or other gestures.

The technique involves checking and reviewing the quality of answers with the participants will add more accuracy, credibility and validity to the qualitative research findings which will involve sharing the findings and interpretations and give feedback for authentications (McGrath, et.al, 2019. P.1005). Furthermore, member checking will be performed to confirm and improve the accuracy of the research, this will involve sharing the findings and interpretations with the participants and allow them to review, analyze the findings and give their feedback for authentication (McGrath et al., 2019. P.1005).

Data Organization Techniques

The tool that I will use to track data collection process will be an excel spreadsheet, which will help in tracking all the transaction or action related to each step in the research. For example, it will contain a list of all single consent forms, code for each participant for example (p1, p2, p3,) the original pen recording, follow-up reflective notations, the completed interviews protocol research check list, the completed interview question guide, transcripts, time and date of each interview. This excel file will help to ensure that all the documents for each participant is complete and referenced which can be easily accessed and retrieved according to the designed plan and interview protocol.

Furthermore, a coding serial or unique identification number will be added to each document and memo obtained from the company related to the research questions. For example, the documents related to the appointment portfolios, organizational charts, strategic plan, financial statement, key performance indicator (KPI's), employees' skills and capabilities development framework and programs, financial performance evaluation

system, reporting system and current financial resources allocations (current budget process) system of the company. Data retrieval process will be through an electronic filing system (a scanned electronic copy for each document) by arranging interview notes and transcriptions, using the same coding numbers for participants and documents which they are only accessible to the researcher.

During the interview, I will provide the participants with the interview questions to write their answers and then I will discuss their answers face to face to obtain further clarification to ensure the answers validity as part of the follow up process with the participants. Furthermore, member checking will be performed to confirm and improve the accuracy of the research, this will involve sharing the findings and interpretations with the participants and allow them to review, analyze the findings and give their feedback for authentication (Sadık, 2019).

After the interview, I will transcribe their answers with the company documents using the NVIVO 12 software to start the coding process. Confidentiality and data security in any research project is a very critical element to ensure the privacy of the participants. Furthermore, all hard copy files and raw data will be kept in a fireproof file cabinet, at home for a period not exceeding 5 years until destruction, in addition, the electronic copy kept in protected file on a computer with a secured password to ensure the safety of all research materials and documents.

Data Analysis

The purpose of my data analysis is to provide answers to the main research question. For semi-structure interview, an interpretation for the collected answers will be

through methodological triangulation with other data collection sources which will provide more convincing, credible, and dependable findings. The other source includes company documents, analysis, and review. Triangulation is a method qualitative researchers use to increase the credibility and validity of research finding to increase the trustworthiness of the project and how believable a project to the extent that it accurately reflects or evaluates the concept or ideas being investigated (Noble & Heale, 2019).

Noble & Heale, (2019) stated four types of triangulation (a) data triangulation, (b) investigator triangulation, (c) theory triangulation, (d) methodological triangulation. The data collected from multiple sources of evidence will add more credibility to the project findings. Methodological triangulation is more suitable method for this project because it will increase the ability to check the data from multiple perspectives and consider a phenomenon in from different perspective to assists in mitigating the potential to see the data from just one view. This will contribute to the reliability of results which can undoubtedly interfere with the research results to build the strong and meaningful validity of the research (Fusch et al., 2018).

The researcher should consider several sources and methods to obtain completed information to allow for a better understanding of the examined phenomenon and to provide opportunities to triangulate data to establish a more convincing and trustworthy recommendations findings (Dźwigoł & Dźwigoł-Barosz, 2020). I will analyze data using the Yin's data analysis method (Yin, 2018). The sequential process including the following steps: (a) compiling the data; (b) disassembling the data; (c) reassembling data; (d) interpreting the meaning of the data and (e) concluding the data (Brown et al, 2019).

The analysis of the obtained data will be using the software program (NVivo 12) which will help in retrieving data, code and classifying the data. (NVivo 12) is one of the leading code-based, theory building software options available to researchers, which facilitates the collection, categorization, mapping, analysis, and visualization of qualitative data, including that collected from documents (memos, reports, legislations, and photographic documents) a through interview (Salahudin et al., 2020). Computer assist qualitative data analysis software and tools will help the researcher to detect key patterns and themes to enable the researcher to obtain the right answers for the research question, supported by the conceptual framework themes, new studies themes and themes from the literature. But the actual analysis and interpretation should be the main role and responsibility of the researcher (Yin, 2018).

The researcher designed a framework to correlate between the research question, interview questions, main themes and literature review. There are nine interview questions linked with the main themes which is linked with the literature review such as performance based budgeting implementation strategies, challenges and hindrance to improve financial performance, leadership strategies, employee's capabilities and skills, and organizational and technical pillars of performance budgeting. The interview questions will be categorized and linked with the key themes and sub-themes in which each sub-theme will have separate questions which will enable participants to understand the questions in a way that will help them to answer the main research interview questions easily after explaining to them the relationship between the interview questions and the key themes.

Reliability and Validity

Reliability

The researchers in qualitative research use the terms of credibility, trustworthiness, or quality as substitutes for validity and reliability concepts used in the quantitative research. There are four main quality criteria for judging the soundness of qualitative research, these criteria are dependability, credibility, transferability, and confirmability (Sadik, 2019). Reliability refers to the dependability of consistency of a well- documented systematic procedure or method used consistently in which these methods were chosen, applied, and implemented in the research project (Rose & Johnson, 2020). In qualitative research, the terms trustworthiness and authenticity are preferred to traditional markers of reliability and external validity (Rose & Johnson, 2020).

Validity

Validity is one of the main means that enhances the credibility and accuracy of the selected procedures and methodology by the researcher for data collection, a tabulating and classifying data from its multiple sources. The researcher has used multiple means in ensuring that data and information represents the truth of the phenomenon under project by following up with the respondents. These criteria are not measurable and required to establish reliability and validity using several qualitative methods such as prolonged engagement, triangulation, member checking, audit trail and thick description (Sadik, 2019).

Dependability

Dependability in qualitative research refers to the stability and reliability of findings over time which involves the consistency in all the of research elements starting with data collection till results interpretation supported by data received from participants ensuring that the analysis process is in line with the accepted standards for a particular process design (Sadık, 2019).

To achieve high level of dependability, I will document all the research procedure throughout the research for each step of the research design and to make sure there are no deviations from research method selected for my research. Furthermore, to ensure aligning with the systematic data collection procedure, I will ensure the inter-subjectivity of the data through ensuring the interpretation process based on grounded in the data not based on the researcher particular preferences and viewpoints to ensure the research dependability and confirmability which is known as an audit trail (Sadık, 2019). Furthermore, member checking will be performed to confirm and ensure the dependability of the research, this will involve sharing the findings and interpretations with the participants and allow them to review, analyze the findings and give their feedback for authentication (Sadık, 2019) without interfering with their point of view.

The audit trial process will involve keeping a detailed record for notes on decisions made during the research process, research team members meetings, reflective thoughts, sampling, research materials adopted, emergence of the findings and information about the data management which will reflect the transparency of the research and the reliability and trustworthiness to eliminate any doubts to the research.

According to Abdalla et.al, (2018) the researcher should collect data from more than one source of evidence and ensure each source is independent from the other sources without any conflicts to ensure the consistency in the use of the research method and design throughout the research.

Credibility

Credibility is considered as a central element in establishing the trustworthiness of research project. It is defined as the believability of the findings, and applicability of the research method. The researcher should invest sufficient time to become familiar with the setting and context, to test for any falsified information, to build trust, and to get to know the data to obtain rich data that will add value to the research. This can be achieved through several techniques such as triangulation process which involves the use of different data sources and investigate the methods of data collection. Triangulations normally involve data triangulation, investigator triangulation, theory triangulation, methodological triangulation, and environmental triangulation (Sadık, 2019).

Methodological triangulation the most applied method which involves a combination of several methods, such as interview and observation to ensure better understanding for the collected data. This method involves the use of several approaches to ensure obtaining more complete and detailed data about the research topic (Abdalla, et.al, 2018). The main aspect to ensure the quality of a qualitative research is the need to measure data saturation. Credibility will be established if the research findings represent believable information derived from the participants' original data and it has been interpreted correctly, this can be made through selecting a focused group of participants

who have a better information about the research subject. In addition, member checking will be performed to ensure the credibility of the research, this will involve sharing the findings and interpretations with the participants and allow them to review, analyze the findings and give their feedback for authentication (Sadik, 2019).

Transferability

Transferability in a qualitative project is the ability to transfer research results or methods from one group to another contexts or settings through thick description (Sadik, 2019). The concept of transferability in qualitative research is similar to reliability concept in a quantitative methodology. This concept suggest that the results gained from any research can provide lessons to other group or a basis for future research for interested groups. To achieve this concept, the researcher needs to provide a concentrated description for the population recruitment and sample selection, data analysis process and interview process protocol, in addition to the participant's full acknowledgment of demographics, and geographical boundaries of the project (Daniel, 2019). The researcher needs to adopt a systematic and transparent approach during data collection and analysis process to ensure the availability of evidence for audit trail and verification for the research findings by the research users to enable them to establish a high degree of trust and confidence in credibility of the research outcome (Daniel, 2019).

Confirmability

Confirmability is defined as the degree to which the findings of the research project can be confirmed by other researchers. Confirmability is concerned with the aspect of neutrality and confirming that data and findings interpretations are not

fabrications of the inquirer's imagination, and derived from the data (Sadik, 2019).

Confirmability includes judgement about the relevance of the themes labelling or categories in addition to the quality of the analysis and how the findings fit the collected data. This can be achieved through triangulation to reduce any human bias that may influence the data objectivity (Eldh et al., 2020).

In this research, the sources of data collector will be semi-structured interviews and company's memos and documents. Furthermore, member checking will be performed to confirm and improve the accuracy of the research, this will involve sharing the findings and interpretations with the participants and allow them to review, analyze the findings and give their feedback for authentication (Sadik, 2019). The main aspect to ensure the quality of a qualitative research is the need to measure data saturation. Data saturation can be achieved when additional observations and interviews analysis reveal no new information, no new themes, and no new coding is obtained when replicating the interviews and comparing the results with the firm's documents and existing data and reaching to a conclusion that the current observations are sufficient to support the reached conclusion (Lowe et al., 2018).

Transition and Summary

In section (2) the key focus include the role of researcher, participants, research method, and research design; other sections include population and sampling, ethical research, data collection instrument, data collection technique, data organization technique, data analysis, and reliability and validity of the research. Section (3) of this project will include the presentation of the findings, application to professional practice,

the implication for social change, and recommendation for action. The section ends with recommendations for further research, and conclusion of the research project.

Section (3): Application to professional practice and implications for change. This section will provide a comprehensive summary of the strategies used by the company executive managers to apply the performance-based budgeting for improve the financial performance. The section includes an introduction, presentation of the findings, application of professional practice, implications from social change, and recommendations for action. The section ends with recommendations for further research, reflections, and conclusion of the project.

Section 3: Application to Professional Practice and Implications for Change

Introduction

The purpose of this qualitative single case project is to determine what performance-based budgeting strategies business leaders use to sustain financial profitability. The targeted population for this proposed project consists of ten business leaders in investment management in the emirate of Sharjah in United Arab Emirates (UAE) who have demonstrated success in using performance-based budgeting strategies to sustain financial profitability. It was then analyzed using the qualitative analysis software NVIVO. The codes or major themes emerged from the coding process were traditional versus contemporary budgeting; importance of financial statements; management roles and responsibility; and financial performance and stability.

Presentation of Findings

The major research question for this project was to examine what performance-based budgeting strategies business leaders use to sustain financial profitability in the Sharjah Emirate in the UAE. Four main themes emerged from the data: the balance between traditional and contemporary budgeting, the role of financial statements in the budgeting and financial performance process, the role of management and its responsibility in the budgeting and financial performance process, and the role of past and present financial performance and stability in budgeting. Each major theme contained minor subthemes that emerged from participant responses.

1. **Traditional versus contemporary methods**
 - a. Line-item budgeting
 - b. Performance-based budgeting
2. **Importance of financial statements**
 - a. Comparative analysis
 - b. Forecasting
3. **Management responsibility**
 - a. Objectives and resource allocation
 - b. Organizational culture
4. **Financial performance and stability**
 - a. The role of budgeting
 - b. The role of financial statement analysis

The purpose of the research was to determine performance-based budgeting strategies that businesses might use to sustain financial profitability. The first step was to understand the role of traditional versus contemporary budgeting systems and the place of performance-based budgeting. Table 1 presents the frequency of occurrence for each theme based on participant responses.

Table 1*Frequency of Theme Occurrence*

Theme	Frequency	Percentage occurrence
Traditional versus contemporary methods	9	9%
Importance of financial statements	24	24%
Management roles and responsibility	25	25%
Financial performance and stability	42	42%

Note. This table shows the frequency of theme occurrence.

Theme 1: Traditional versus Contemporary Budgeting Methods

In regard to this theme, all ten research participants stated that they mainly used the traditional line item budgeting method. The findings confirm the literature review: performance-based budgeting—a contemporary approach—is more accepted and used by managing directors and companies than traditional budgeting. It improves resource allocation efficiency and delivers a higher percentage of targeted KPIs by aligning with strategic objectives and priorities.

This shift increases resource-allocation efficiency and leads to a higher percentage of targeted KPIs thanks to improved alignment with strategic objectives and priorities. Furthermore, the results reveal that linking performance KPIs to resource allocation achieved a 42% success rate—something not attainable under traditional budgeting. Table 2 shows the frequency of this subtheme among participants: performance-based

budgeting appeared in 73% of cases, indicating its greater importance compared to line-item budgeting.

Table 2

Frequency of Subtheme Occurrence

Subtheme	Frequency	% of occurrence
Line-item budgeting	9	27%
Performance-based budgeting	24	73%

Note. This table shows the frequency of subtheme occurrence.

Line Budgeting

This budgeting system is popular among all the participants, especially considering the traditional perceptions of budgeting and the events of the recent past which was mainly not assisting decision takers in allocating resources over programs and initiatives effectively. The purpose of this type of budgeting is to provide information in the simplest and most effective way possible (Jovanović & Vašiček, 2021). Sharjah Asset Management leaders have presented budget reports to different stakeholders in a bid to keep the management accountable. Traditionally, performance-based budgeting (PBB) serves as a comprehensive tool for management, control, and planning. It is especially valuable in today's uncertain, resource-constrained, and volatile business environment PBB enables decision-makers to dynamically reallocate resources when objectives, priorities, and KPIs shift, because it adapts in real time to changing financial and economic variables .

In Sharjah, where businesses and government units face similar uncertainties, budgeting plays a critical role in managing resources effectively. By linking expenditure directly to outcomes, PBB ensures that allocations remain aligned with strategic goals—even amid fluctuating conditions

Three participants, P2, P4 and P7 noted that the main advantage of this type of budgeting is that it condenses different aggregate expenses into their designated cost centers, allowing the company to keep track of funds that would then be used over to the following fiscal year. The system is lauded for its simplicity and effectiveness.

Only participant P3 directly mentioned the “advantages of line-item budgeting, namely its simplicity”, while all other participants pointed out its disadvantages. Thus, most participants said the traditional line-item method does not provide an accurate and comprehensive image of the tools available for the management, the improvement of the company’s financial performance, or ways to control the rationalized spending habits. Furthermore, they also noted that this system of budgeting did not allow decision-makers to make right decisions as it failed to link budget decisions to the actual dynamic plans of a company, its goals and strategic priorities. The simplicity of the line-item budgeting system, which was mentioned as an advantage by Participant P3 was also noted by all Participants as a disadvantage when it comes to the use of budgeting as a managerial tool. Ultimately, the budget should enable the managers and leaders to make the best decisions possible for the positive financial performance of the company or administrative jurisdiction. Ultimately, the simplicity of the line-item budgeting means it does not provide enough information for making managerial decisions in complex

scenarios. All ten participants noted that it did not provide enough comprehensive information to enable the management make the right decisions. It is this lack of comprehensive information that leads to the fact that performance-based budgeting initiatives are not integrated into the budgeting process.

Performance-Based Budgeting

None of the participants mentioned using performance-based budgeting in their operations.

However, Sharjah Assets Management recently developed a framework for Performance-Based Budgeting (PBB) to align the budget process with the strategic plan, including priorities, objectives, outcomes, and KPIs. There was a shared belief that performance-based budgeting is the best alternative to traditional budgeting processes, given the management challenges they faced and the inherent weaknesses of the line-item method.

All ten participants noted that the use of performance-based budgeting was closely linked with positive financial outcomes.

For instance, performance-based budgeting links line items in the budget to the key performance indicators, providing senior management with a comprehensive overview of the spending strategies, eventually optimizing the company's financial performance. Further, performance-based budgeting was seen as one that incorporates the non-financial outcomes and value of project initiatives undertaken by the company, measuring both tangible results and the achieved impact.

Information is a key part of both the budgeting process and especially the budgeting outcome. At the management level, which is the major focus of this research, performance-based budgeting ensures that when formulating a budget, important decision-makers take into account the fact that the expenditure has to achieve a certain result, rather than simply provide information about the items and costs, as line item budgeting does. All the participants stated the incorporation of results as the main difference between line item budgeting, which is used across the board, and performance-based budgeting. Two important requirements for preparing a performance-based budget are the information about the objectives and the results of the government or company expenditure. It is presented in the form of the desired key performance indicators, which would, are accompanied by a simple form to evaluate the programs undertaken by the organization.

As per the findings, all ten participants noted the weaknesses of line item budgeting when it comes to meeting these requirements. For instance, one participant P7 noted that “one of the aims of the budgeting process in their company was to ensure that strategic projects and initiatives achieved their targets”. However, line-item budgeting does not provide much comprehensive information and thus does not allow the management to delve further into the intricate levels of revenue allocation, which eventually affects the efficiency measures.

This is why there is a consistent call for the implementation of performance-based budgeting by international financial institutions and public finance reformers (OECD, 2021; IMF, 2020). The basic premise of any budgeting process is the fact that it enables

and improves fiscal discipline. However, line item budgeting is unable to provide fiscal discipline and financial improvement (IMF, 2018). Furthermore, uncertainty of the modern environment means that decisions that are more complex have to be made. It calls for expenditure prioritization that would enable the government to make fiscal space for new spending initiatives without commensurately increasing aggregate expenditure in a highly regulated environment (IMF, 2018).

The complexity of the modern environment, especially for business, which this research focuses on, means that fiscal consolidation is also possible or required, especially in situations where there are programs that do not achieve profitability.

Based on the analysis of international best practices, it has been widely recognized that while line-item budgeting remains the dominant approach, it is inadequate for addressing the managerial and performance-related challenges that modern organizations face. Only by adopting performance-based budgeting can such challenges be effectively managed and aligned with strategic objectives (OECD, 2019; IMF, 2018).

As previously noted, participants focused exclusively on either performance-based budgeting (PBB), which is dynamic, or line-item budgeting, which is more rigid and more commonly used. Ultimately, the budget should enable managers and leaders to make the best decisions for positive financial performance in the company or administrative jurisdiction. However, the simplicity of line-item budgeting means it does not provide sufficient information for managerial decisions in complex scenarios. Based on the research findings and the results of the analysis, the all the companies whose

members participated in the research used traditional line item budgeting. Performance-based budgeting was described as the systematic use of performance information in ways that then enable managers and administrators to make the best budget decisions. It would either be typical direct inputs to budget allocation decisions or contextual information to inform budget planning, instill greater transparency to the process and ensure higher accountability throughout the budget process. From management perspective, performance-based budgeting would work by providing information to the most important stakeholders, such as administrators or legislators, and the public on the actual spending, the purpose of spending decisions made, and the justification of the results achieved. All participants noted that the major difference between line-item and performance-based budgeting is that the latter provides more information to the key stakeholders—both decision-makers and those whom their decisions affect. It not only enables them to make better budgeting decisions but also makes it easier to evaluate the impact of budgeting decisions and make changes in real time based on the outcomes. Five respondents mentioned that the line-item budgeting model was not effective in allocating financial resources based on its strategic priorities. Hence, the budgetary decisions would be unable to improve the financial status of the company. The use of line item budgeting was also seen as one that handicapped decision-makers, leaving them unable to make budgeting decisions based on a dynamic plan, goals and strategic priorities (OECD, 2019; IMF, 2018). Three participants mention this directly, with the rest implying this. The responses are consistent with the theoretical understanding of the differences between line item budgeting and performance-based budgeting.

Performance-based budgeting is distinguished from line item budgeting in a variety of ways. Line-item budgeting focuses primarily on inputs, such as salaries and supplies, without accounting for project objectives or performance outcomes (OECD, 2019). It involves the allocation of funds to divisions in accordance with their input categories or economic classification from an administrative or agency perspective. For instance, the inputs or classifications could include distinct lines for salary, office supplies, and excursions. Managers' requests for such expenditures are primarily supported by a basic line-item budgeting approach in earlier iterations of line item budgeting in administrative contexts. This approach simply details the primary objectives and the associated costs of expenditures. Items such as the total cost of renting an office building or the quantity of paper clips required for a department's daily operations are examples of such expenditures. The project's ongoing objectives, advancements, or the necessity or efficacy of the expenditure was not adequately described. The respondents noted that leaders are generally unable to delve deeper into the allocation of resources in a manner that impacts efficiency metrics due to the simplicity of line item budgeting. Such cases are explicitly cited.

This project employed Stakeholder Theory as a conceptual lens to interpret the findings related to budgeting practices—specifically, the shift from traditional line-item budgeting to performance-based budgeting (PBB). The theory, as introduced by Freeman (1984) and later expanded by Donaldson and Preston (1995), emphasizes that organizations operate within a web of relationships that include various stakeholders such as owners, employees, managers, creditors, and customers. The decisions made by

organizational leaders are expected to reflect and respond to the needs and expectations of these groups.

The findings clearly demonstrate that participants recognized significant limitations in the use of line-item budgeting, particularly in its inability to support strategic decision-making or reflect real-time financial realities. This limitation was seen to affect both internal and external stakeholders. For example, while line-item budgets offer clarity around spending categories (such as salaries or supplies), they do not communicate whether such spending supports broader organizational goals or creates long-term value. This disconnect between resource allocation and performance outcomes was consistently cited by participants as a shortcoming of traditional budgeting methods.

On the other hand, performance-based budgeting was widely acknowledged as a more effective and stakeholder-sensitive approach. Although it is not yet fully implemented across all organizations represented in the project, participants noted that PBB offered a promising framework for aligning financial decisions with strategic priorities and measurable outcomes. This directly reflects a key tenet of stakeholder theory: that value is co-created through meaningful engagement with, and accountability to, the people who are most affected by organizational actions (Freudenreich et al., 2019).

For internal stakeholders such as employees and managers, PBB was perceived to foster greater transparency and involvement. Several participants indicated that the information-rich nature of PBB enabled better alignment between departmental objectives and overall organizational strategy, which in turn strengthened motivation and ownership. From a stakeholder theory perspective, this suggests that when managers are

empowered with better tools for decision-making—and when their contributions are recognized through the budgeting process—they are more likely to act in ways that support both operational success and stakeholder satisfaction.

Externally, stakeholders such as investors, regulatory bodies, or funding agencies were seen to benefit from the enhanced clarity and performance orientation that PBB provides. The emphasis on outcomes and KPIs ensures that financial decisions can be more easily justified, audited, and adapted to shifting economic conditions. This is especially relevant in today's complex and uncertain business environment, where public and private organizations alike face increasing pressure to demonstrate fiscal responsibility and strategic impact (OECD, 2019).

Moreover, the shift toward PBB reflects the instrumental dimension of stakeholder theory. As Donaldson and Preston (1995) suggest, stakeholder-oriented strategies are not just ethically grounded—they also lead to more effective and sustainable organizational performance. The move toward PBB can thus be interpreted as a practical application of stakeholder theory: an effort to institutionalize practices that produce better outcomes for all involved parties.

In summary, the findings of this project align well with stakeholder theory, which emphasizes that organizational success is best achieved through inclusive, value-driven decision-making. The adoption of performance-based budgeting represents a tangible step in this direction. By linking expenditures to outcomes and ensuring that all major stakeholders—both internal and external—are considered in the budgeting process,

organizations are better equipped to achieve financial performance, strategic alignment, and long-term value creation.

Theme 2: Importance of Financial Statements

Budgeting is part of a larger process of preparing financial statements. Budgeting is a forward-looking financial planning tool, while financial statements offer a more comprehensive view by including past performance and future outlooks (Horngren et al., 2012; GASB, 2011; IFAC, 2013). They both provide the management and stakeholders with information that would be useful to the company or country. However, financial statements are more comprehensive and offer a wider range of information. A budget is a financial plan used to outline income and expenses over a specific period. It serves as a roadmap in the management of finances and the achievement of financial goals. The budgeting process is the first step in preparing a financial statement. Financial statements expand the scope of the budget and typically include both past information and future prospects. The creation of financial statements is governed by specific rules depending on whether they are prepared for a company or for an emirate. Therefore, a financial statement is an important link between the creation of the budget and the improvement in financial performance.

The relationship between financial statements and budgets is multidirectional when it comes to achieving financial success. When setting a budget, a company is likely to use insights from previous financial reports to inform its planning (Horngren, Sundem, & Elliott, 2012). However, financial reports also rely on past budgetary data in forecasting future financial positions and performance (IFAC, 2013). Hence, financial

statements play a critical role both in analyzing historical financial performance and in enabling future-oriented budgeting (GASB, 2011). Ultimately, the assessment of the effects of budgeting on financial performance should begin with the measurement of actual financial outcomes (OECD, 2019). The primary tool for this measurement is the financial statement, which provides structured data on income, expenditures, assets, and liabilities (IFAC, 2013). Participants in several studies have noted that financial statements contain two main categories of financial performance metrics: comparative analysis (e.g., year-over-year changes) and derivative analysis (e.g., ratios and indicators) (Robinson & Last, 2009).

Table 3

Frequency of Occurrence of the Financial Performance Subthemes

Subtheme	Frequency	Percentage
Comparative analysis	12	50%
Derivative ratio analysis	7	29.2%
Qualitative analysis	5	20.8%

Note. This table shows the frequency of subtheme occurrence.

Comparative Analysis

Comparative financial statement analysis is employed by businesses, analysts, and investors to evaluate a company's long-term health and performance (Gibson, 2012). This method involves the comparison of financial statements from various periods in order to identify trends, assess changes, and make informed decisions (Fraser & Ormiston, 2016). The foundation of comparative financial statement analysis is the

growing need for consistent reporting and accounting standards to facilitate meaningful comparisons (IFRS Foundation, 2023). The significance of comparative financial statements became apparent as markets became more interconnected globally (Ball, 2006). Stakeholders required a method to evaluate success across countries with drastically different economies and regulatory landscapes, as an increasing number of businesses expanded globally (Nobes & Parker, 2016). Consequently, in order to facilitate cross-border comparisons, global reporting techniques and accounting standards were implemented (IFRS Foundation, 2023).

A recent surge in technological sophistication and computing power has significantly enhanced financial analysis (Mahima & Swathi, 2024). After the widespread adoption of computers and software programs, analysts were able to process and analyze vast quantities of financial data more effectively (Jones, 2018). Consequently, comparative financial statement analysis became more accessible and actionable for decision-makers by automating trend analysis, benchmarking, and ratio computations (Mahima & Swathi, 2024). The integration of financial markets, new technologies, and globalization presented new opportunities and challenges for financial statement comparison (Hopwood et al., 2012). The introduction of sophisticated financial instruments has resulted in a greater complexity in financial reporting and analysis (Lev & Gu, 2016). The importance of financial analysis was also highlighted by a large risk of accounting frauds (Rezaee, 2002). In light of these concerns, regulatory agencies and organizations responsible for establishing standards have intensified their efforts to ensure that financial reporting is more transparent, accountable, and comparable (IFAC,

2022). Investors and analysts were able to compare data more easily and make informed decisions because of efforts to standardize accounting methods worldwide (IFRS Foundation, 2023).

The integration of financial markets, new technologies, and globalization presented new opportunities and challenges for financial statement comparison. The introduction of sophisticated financial instruments has resulted in a greater complexity in financial reporting and analysis. The importance of financial analysis was also highlighted by a large risk of accounting frauds. In light of these concerns, regulatory agencies and organizations responsible for establishing standards have intensified their efforts to ensure that financial reporting is more transparent, accountable, and comparable. Investors and analysts were able to compare data more easily and make informed decisions because of efforts to standardize accounting methods worldwide.

During the assessment of the company's financial performance, all ten-research participants raised the topic of comparative analysis using financial documents.

The key components of financial performance that can be compared include the balance sheet, income statement, and the statements of cash flows, changes in equity, and investment opportunities (Fraser & Ormiston, 2016; Gibson, 2012). A balance sheet provides a comprehensive breakdown of a company's assets, equity, liabilities, and debt, offering a snapshot of its financial position at a given point in time (Horngrén, Sundem, & Elliott, 2012). Based on this data, analysts can assess whether the company has sufficient cash reserves to meet immediate operational needs, reduce its debt burden, and distribute earnings to shareholders (Wild, Subramanyam, & Halsey, 2014).

The participants mentioned that a balance sheet provides a clear representation of a company's assets, liabilities, and equity. Within this particular setting, an income statement serves as a crucial instrument for comparison. As reported by participants P1, P3, P6, it provides a concise overview of a company's income, expenses, and net earnings within a specific period. Key metrics include the growth of revenue, gross profit, and net profit margin. A profit and loss statement, also known as an income statement of predicted earnings, provides a comprehensive overview of an organization's historical and anticipated financial performance. A cash flow statement serves as an additional metric for comparison. In a cash flow statement, a positive value indicates cash inflows, whereas a negative value signals cash withdrawals. A cash flow may also be conceptualized as the inflow of liquid assets, which manifests as a deficit in a cash flow statement. An omitted value is commonly employed in the computation of cash flow. For instance, a cash flow is usually an equilibrium value obtained by comparing the initial and final balances of assets, liabilities, or equity items using information from the income statement and/or additional notes. Examples of common tax flow measurements for a business include tax payments, cash outflows from operating activities, acquisition of property and equipment, and dividend cash payments.

Cash flow reports are frequently cited as key indicators for evaluating a company's financial performance, as they provide insight into a firm's liquidity, operational efficiency, and solvency (Wild et al., 2014). Another important comparative measure is equity, which represents the ownership interest that shareholders hold in a company (Fraser & Ormiston, 2016). For accounting purposes, equity is calculated by

subtracting total liabilities from total assets (Hornngren et al., 2012). It serves as a fundamental measure of a company's financial leverage and is used in the computation of various financial ratios, such as return on equity and debt-to-equity ratio (Gibson, 2012).

Finally, another comparative measure, which was referred to by six respondents when discussing the measurement of financial performance, was the investment opportunity analysis. Investment opportunity analysis enables companies to reflect on the investment decisions they make, analyze opportunities for success and eventually determine how these investment decisions might create value. Investment decisions are one of the primary means through which companies create value for their shareholders and stakeholders. Although equity does not feature prominently in the reports, it is mentioned consistently enough to be considered a notable measure.

The comparative analysis was conducted using both horizontal and vertical techniques. Horizontal analysis, also known as trend analysis, examines financial statement line items over multiple periods to identify patterns and changes (Gibson, 2012). This method typically focuses on a five-year historical window to provide insights into growth, decline, and consistency in financial performance (Fraser & Ormiston, 2016). Vertical analysis, on the other hand, evaluates each line item as a percentage of a base figure within a single period, often total assets or total sales, to assess relative proportions (Hornngren et al., 2012).

According to six respondents, vertical analysis was done across such measures as income statement, balance sheet, cash flow statement and equity. Analysis was also done vertically, where different line items within the same company statement are compared to

one another. The main aim is to enable the business to understand how much one-line item contributes to a company's operations. Comparison can also be made between companies in the same industry, with the trend analysis being used to forecast and predict possible future performance. The analysis of the responses found that financial analysis and comparisons were done on an annual, quarterly and monthly basis, thus giving an understanding of general trends. Further, the analysis involved creating actual trend graphs and dashboards, which were then used to further analyze and understand financial performance.

Based on the participants responses, comparative analysis represents 50% of the responses compared with other sub-themes which represents a higher importance in decision making compared to other sub-themes.

Derivative Ratio Analysis

Another category of measures featured in the results is the derivative ratio analysis. This type of analysis is referred to as derivative because it mostly relies on ratios that are derived or calculated from the measures mentioned in the previous section. Unlike other measures of financial performance, where horizontal or trend analysis could be conducted across different times, the ratios mentioned by the participants and described here can only be calculated at specific points in time. It then makes them a perfect measure for making comparisons between a company and the rest of the industry given that there are often industry benchmarks. The idea of such ratios can also be translated into the administrative debate to ensure a proper understanding of contextual financial performance at the country or emirate level using ratios and benchmarks.

Based on the participants responses, derivative analysis represents 29.2% of the responses compared with other sub-themes which represents the second in line as a tool in financial analysis and decision making compared to other sub-themes.

Profitability Ratios

Profitability ratios are a category of metrics that is used to gauge the ability of a business to generate earnings relative to its levels of revenue, its operating cost, the assets in the balance sheet and shareholder equity over time. In the project, seven participants mentioned profitability ratios when detailing how they measure the financial performance of their companies. Profitability ratios were used to determine or analyze the companies' bottom lines and cash flow levels. Specific ratios such as the return on investment were also lauded as useful when it comes to the assessment of the current financial situation or making comparison with different periods. Two general types of profitability ratios were mentioned by the participants. The first one is margin ratios, which are used to measure companies' profitability at different levels of cost inquiry. These are mostly ratios that are based on the income statement. The participants noted that the measures and line items contained in the income statement, including company revenue, expenses and net income over a specific period enabled the calculation of these margin ratios, including the growth margin and the profit margin. The second type of ratios is return ratios, which are used to evaluate how well a company generates revenue and creates wealth for its shareholders, assuming or given the levels of investment in attempts to generate these profits. These ratios compare the level of investment in certain assets or equities to the level of net

income received. Some of the return ratios mentioned by the participants include return on investment, return on assets and return on investment.

Liquidity Ratios

Depending on the nature of the business, there are different liquidity requirements or standards set in the industry where it operates. Generally, liquidity refers to the ability of a company to raise cash flow for its day-to-day operations (Lalithchandra & Rajendhiran, 2021). Companies have a mix of assets and liabilities. Liability levels measure the capacity of a company to convert its assets to cash. Cash flow is typically the best measure for businesses in terms of liquidity. This is why the level of business liquidity is often measured in terms of the ability of a company to convert its assets into cash flow. However, the use of liquidity ratios as a way to measure the financial performance of a company was scarcely mentioned by the respondents. It could be because the bulk of budgeting was done in the traditional rigid ways, which sacrificed flexibility for efficiency and simplicity, especially through the straight-line method. Liquidity analysis determines whether a company can pay its bills on time, which is important for both lenders and creditors as important stakeholders in the company. Liquidity analysis is one of the major financial ratios mentioned by the participants. They were also described as solvency ratios by some participants, which are used to measure the financial advantage position of various companies.

Efficiency Ratios

As suggested by the name, efficiency ratios are ratios that analyze how well companies use their assets and liabilities internally. Efficiency ratios track a wide range

of metrics within a company, but they are always internally focused and look at the short-term performance of a company. Like liquidity ratios, they were barely mentioned by the participants. One efficiency ratio mentioned as a measure of financial performance is the company bottom line, which analyzes how well a company makes use of its assets and liabilities internally. It can be measured based on receivable turnover, the repayment of liabilities, the level of equity that a company has and its use, or the use of its inventory and machinery. Therefore, the company bottom line represents a comprehensive measure of company financial performance, as evidenced from the qualitative analysis of the participants' responses.

Other forecasting and analysis tools include sensitivity analysis, which is used to test or understand the effect of a set of variables on some dependent variables under certain conditions. Sensitivity analysis builds a model and tests the performance of various variables under different conditions. The participants also used the scenario analysis approach to measure the financial performance of their organizations. Unlike sensitivity analysis, scenario analysis is more rigid. It selects a performance indicator and forecasts its projected value over a time depending on the occurrence of different situations. There could also be other related changes in the value of system parameters in uncertain environments.

Scenario analysis can be used to estimate the behavior of a financial or operational system under uncertain conditions by exploring a range of potential future states (Schoemaker, 1995). In today's highly volatile and dynamic business environment, forecasting techniques like scenario analysis are increasingly recognized as valuable tools

for strategic planning (OECD, 2019). The analysis revealed that these techniques may be particularly useful to organizations still relying on traditional line-item budgeting methods, which are typically rigid and prioritize control and input classification over flexibility and strategic alignment (Robinson & Last, 2009). Line-item budgeting, while efficient for administrative purposes, often fails to accommodate the complexity and uncertainty inherent in modern financial planning (GFOA, 2011).

Qualitative Analysis

Apart from quantitative methods used to determine the financial performance of a company, qualitative analysis was also used. The context of the research, such as country or emirate operations, is complex and thus cannot be reduced to objective measurement. Four participants mentioned several qualitative measures that were used to measure the success of their companies. In some cases, the analysis was done using metrics that combined both qualitative and quantitative elements of project.

Other qualitative elements used include a SWOT analysis, which is a qualitative, subjective assessment of a company's internal strengths and weaknesses, and external opportunities and threats (Gürel & Tat, 2017). The SWOT framework is commonly used to evaluate an organization's competitive position and to support strategic planning decisions (Hill et al., 2014). It helps identify how a company can leverage its strengths to capitalize on opportunities, while also developing strategies to mitigate weaknesses and respond to external threats (Kotler & Keller, 2016). Based on the participants responses, qualitative analysis represents %20.8 of the responses compared with other sub-themes

which represents the third tool in analyzing financial performance and decision making compared to other sub-themes.

The findings of this project, particularly those related to budgeting approaches and financial performance analysis, align strongly with the stakeholder theory framework as described by Freeman (1984) and further elaborated by Donaldson and Preston (1995). Stakeholder theory emphasizes that organizations must create value not only for shareholders but also for a broader group including employees, creditors, customers, and management. These stakeholders are both affected by, and capable of influencing, financial and strategic decisions made within an organization.

The evidence from participants reflects a consistent push toward more inclusive and transparent financial management tools—such as performance-based budgeting (PBB) which align with stakeholder interests more directly than traditional line-item methods. PBB, by linking spending to strategic goals and measurable outcomes, provides stakeholders with clearer insights into how resources are allocated and what returns—financial and otherwise—are expected. This is particularly relevant for management stakeholders who are tasked with aligning budgets with organizational priorities, and for employees whose performance contributes to the success of strategic initiatives.

Additionally, the emphasis on comparative and derivative financial analysis reflects the stakeholder theory's instrumental approach, which holds that effective stakeholder engagement can lead to better organizational outcomes. For example, profitability and liquidity ratios—cited frequently in the findings—are not just internal

management tools; they are also critical to maintaining trust and confidence among external stakeholders such as creditors, investors, and regulators.

The participants' reliance on financial statements and ratio analyses for decision-making illustrates the practical application of the descriptive aspect of stakeholder theory: organizations operate within a network of interdependent relationships, and financial transparency helps reinforce those relationships. The insights offered through comparative (50%) and ratio-based (29.2%) financial assessments support data-driven decisions that serve the long-term interests of both internal and external stakeholders.

The inclusion of qualitative analysis (20.8%)—such as SWOT assessments and scenario analysis—reinforces the theory's normative claim that stakeholder engagement must go beyond numbers. It reflects the importance of understanding internal strengths, weaknesses, and external risks from multiple perspectives. For instance, the consideration of organizational culture, learning capabilities, and innovation as non-financial indicators resonates with the broader stakeholder model, where intangible factors like employee morale, community impact, and ethical governance are just as important as profitability.

Moreover, these findings underscore the evolving role of management in facilitating a budgeting process that is participatory, adaptable, and aligned with the organization's mission. Managers, in their dual role as decision-makers and stakeholders, are not only responsible for financial oversight but also for ensuring that strategic goals are met in a manner that benefits all parties involved. This reflects Freeman's (1984) and Zárata-Rueda et al.'s (2021) interpretation that stakeholder theory encourages sustainable value creation and long-term competitiveness.

In sum, the findings provide empirical support for the conceptual framework of stakeholder theory, demonstrating that budgeting processes, financial analysis practices, and strategic performance measures are most effective when they are inclusive, value-oriented, and tailored to meet the diverse expectations of key stakeholders.

Theme 3: Management Roles and Responsibility

The difference between line item budgeting and performance-based budgeting is the fact that it incorporates managerial input. Managers play an important role in ensuring that the budgeting decisions translate into improved financial performance. It might happen in many ways, including the setting of objectives and the allocation of resources.

Table 4

Frequency of Occurrence of Management Responsibility Subthemes

Subtheme	Frequency	Percentage of occurrence
Objective setting and resource allocation	17	68%
Organizational culture	8	32%

Note. This table shows the frequency of subtheme occurrence.

Objective Setting and Resource Allocation

Budgeting, whether a simple line-item type or more comprehensive performance-based one, is only a tool, which means that the managers can use it either positively or negatively. Nonetheless, objective setting and resource allocation remain the most important ideas and tools. The analysis of the responses showed the management is expected to employ the following strategies to ensure proper resource allocation and objective setting.

1. Set the appraisal of PBB. One of the roles of management, as pointed out by three research participants, is to analyze how well the PBB system aligns with the organization's strategic objectives. An efficient system ensures that budget allocation facilitates the achievement of strategic goals. At face value, businesses want to present information in the simplest, most efficient and effective way possible. Furthermore, given the fact that statements, especially financial statements, are often compared either to industry benchmarks or to other companies, it is in the companies' best interest of to present their budget in simplistic ways that can then be standardized for comparison. However, the complexity of the environments in which they operate means they have to look at budgeting as a more dynamic tool. Therefore, it is important to strike the right balance between PBB and line-based budgeting given the complex organizational circumstances. Proper resource allocation and objective setting also involves analyzing how well PBB fits into a company's objectives and approaches. Furthermore, given that there is no single standard way of analyzing PBB, the choice of approach, especially among the three approaches already discussed, must be based on the circumstances of the company, the emirate, or region. This is why the participants noted that the first step should be to analyze the alignment between PBB and the business objectives and approaches.
2. Assessing the variance between actual and target budgets is essential for effective financial management. Management should evaluate whether such

variances are reasonable and within a defined threshold; otherwise, the budget must be adjusted to reflect actual performance and operational needs (Shim & Siegel, 2009). Regardless of the budget type, one of the primary roles of budgeting is the identification and interpretation of variances (Horngren et al., 2015). Budget variance analysis is a critical technique in this domain, revealing the extent to which actual financial performance aligns with strategic plans (Garrison et al., 2021). From a strategic perspective, variance analysis also provides insights into an organization's fiscal discipline and responsiveness to internal and external changes (Drury, 2018).

Accounting is not only concerned with calculations but also with identifying performance trends, weaknesses, and improvement opportunities in a company's financial structure (Weygandt et al., 2020). This process enables executives and financial managers to respond proactively to market fluctuations and operational challenges, thereby enhancing decision-making (Bragg, 2019). Organizations skilled in budget variance analysis are generally more adaptive and competitive in volatile business environments (Kaplan & Atkinson, 2015). As a technique, budget variance analysis compares actual results with budgeted figures to assess performance, guide corrective actions, and refine future plans (Horngren et al., 2015). In this project, variances in key financial indicators—such as sales revenue, operating costs, net profit, and cash flow—were analyzed to detect deviations and their possible causes (Garrison et al., 2021).

3. Analyzing the effectiveness of cost reduction in achieving company objectives requires a strategic approach to budgeting and resource allocation. Dynamic budgeting, as demonstrated in performance-based budgeting (PBB), extends beyond the initial revenue allocation phase by continuously integrating feedback and performance data into financial planning (OECD, 2019). Managers are responsible for using the data generated through the PBB process to introduce adjustments that align operations with strategic objectives (Robinson & Last, 2009). When a firm aims to improve profitability, cost reduction is often a key tactic; however, identifying which expenses to cut without harming core operations is complex (Horngren et al., 2015). Reducing costs may serve as an initial response, but forward-looking management teams understand that refining expenditure processes and applying targeted financial controls can lead to greater efficiency and long-term value creation (Drury, 2018; Kaplan & Atkinson, 2015).
4. The company implemented cost-cutting measures that ensure its ability to sustain operations despite a decrease in funding. Based on the analysis of the project's results, all ten participants believed that PBB provided them with an opportunity to incorporate data that could be advantageous for decision-making. Upon initial examination, managers have access to the following types of expenditures while determining how to decrease expenses and accomplish their objectives. In order to keep the machinery operational, it is necessary to cover essential expenses. While companies are obligated to cover

important operational expenses regardless, there are methods to reduce costs without compromising on quality. The success of a company's overall strategy hinges on favorable costs, which facilitate the growth of the organization. The main goal is to help an organization meet the needs of its customers. In essence, negative expenses do not sufficiently contribute to the growth of a company and are an inefficient allocation of resources. If a product line is using a disproportionate amount of resources, it may be prudent to reduce spending on it. The company's unique expenses are what differentiate it from competitors and establish its individuality. At this point, the management must contemplate what unique attributes of the company distinguish it from the rivals. Generous investment in this particular domain can yield significant benefits in the long -run by highlighting the competitive advantage.

5. The primary objective of most projects and programs is to create measurable improvement in areas that matter to stakeholders—whether economic, social, or environmental (PMI, 2017). To generate such impact, projects must deliver benefits such as enhanced market competitiveness or improved public services, like healthcare or education (OECD, 2018). Organizations typically initiate change through projects to obtain strategic advantages or public value (Thiry, 2010). As a result, the evaluation of project proposals and outcomes often focuses on the value created for both the funding organization and its stakeholders, encompassing economic, social, environmental, technological,

and symbolic value (Ward & Daniel, 2012). “Project value is assessed by subtracting negative impacts and life-cycle costs—including development, operation, and decommissioning—from the positive outcomes achieved” (Shenhar & Dvir, 2007, p. 163). Stakeholders perceive this net value as the true return on investment. Effective project and benefits management is essential for realizing these outcomes, and tools such as project benefits management frameworks help link financial value to deliverables and long-term impacts (Bradley, 2010). Because of this, cost-benefit analysis (CBA) remains one of the most widely used methods for assessing financial and non-financial project outcomes among both public and private sector organizations (Boardman et al., 2018).

6. Time is one of the primary constraints in project management, alongside cost and scope. These three form what is often referred to as the project management triangle or triple constraint, and project success requires balancing all three elements (PMI, 2017). Accordingly, the analysis and management of project timeframes are central responsibilities for project managers when determining overall feasibility and commitment requirements (Kerzner, 2017). These constraints are closely interconnected; for instance, reducing project scope can shorten the schedule, whereas expanding the scope often increases the time required (Wysocki, 2014). “Project managers must understand how changes in one constraint affect the others. A change in time almost always impacts cost and scope” (PMI, 2017, p. 35). Project managers

may also have to extend the timeline when stakeholders introduce new activities or requirements, which can have ripple effects on labor, equipment, and other costs (Meredith et al., 2017). Since time-related costs such as hourly labor and machinery use are often directly proportional to the project duration, accurately forecasting the required timeframe is essential for managing both financial resources and stakeholder expectations (Heldman, 2018). Ultimately, assessing the time frame and commitment level is a key part of determining project viability and resource allocation (Kerzner, 2017).

7. The collected data indicates that evaluating the effectiveness of resource allocation is a key strategy in aligning organizational resources with objectives from a management perspective (Kerzner, 2017). Resource allocation involves identifying available assets—such as time, personnel, and tools—and assigning them to specific tasks to achieve strategic goals (PMI, 2017). In management theory and practice, resource allocation is most commonly associated with project-based engagements, both within operational and strategic planning contexts (Heldman, 2018). For accounting firms, effective resource allocation entails matching the right individuals to the right clients and assignments based on skill sets, qualifications, and availability (Turner, 2014). This alignment not only boosts productivity but also contributes to high engagement and reduces staff burnout by ensuring manageable workloads (Turner, 2014). “Resource allocation is about assigning the right people to the right jobs at the right time, ensuring that

expertise is effectively applied and employees are not overstretched” (Wysocki, 2014, p. 221). Timely and efficient allocation is essential for delivering profitable and successful client engagements (Kerzner, 2017). Resource scheduling—assigning identified resources to specific time slots and tasks—is a critical subfunction of resource planning (PMI, 2017). The objective is to assign resources with the proper experience and knowledge to each project phase in a way that maximizes impact and maintains workflow consistency (Meredith et al., 2017). Effective resource scheduling contributes directly to project success and long-term organizational growth (Wysocki, 2014).

8. Performance-based budgeting (PBB) is especially valuable in linking budget items to prioritized strategic goals, a process often referred to as priority-based budgeting (OECD, 2019). Participants in the literature and practice have consistently noted that PBB provides a framework for aligning budgeting decisions with the organization’s overarching goals and objectives (GFOA, 2013). Priority-based budgeting emphasizes the integration of budgetary allocations with a clearly defined strategic plan—whether at the organizational, regional, or national level (Robinson, 2007). This approach is founded on the principle that most entities—be they corporations or governments—operate in environments of limited resources and unlimited needs (IMF, 2018). Therefore, funding should be directed only toward those initiatives that demonstrably support the organization's highest priorities

(OECD, 2019). “Priority-based budgeting helps ensure that scarce resources are allocated to programs that most directly support the strategic outcomes the organization is trying to achieve” (GFOA, 2013, p. 6). As a result, management must adopt a data-driven, evidence-based process that ensures each budget line item is justified in terms of its contribution to the entity's goals (Robinson, 2007). This leads to better transparency, accountability, and alignment between planning and execution (IMF, 2018).

9. The capacity of performance-based budgeting (PBB) to integrate financial and operational data into the budgeting process allows for continuous monitoring of the strategic and financial implications of corporate initiatives (OECD, 2019). Management is responsible for embedding systems to assess and monitor this performance to ensure timely adjustments are made (Robinson, 2007). Performance may be evaluated using both objective financial metrics and subjective, qualitative indicators, as many organizations adopt a balanced approach to measurement (Kaplan & Norton, 1996). “Traditional financial measures are inadequate for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation” (Kaplan & Norton, 1996, p. 25). PBB’s data-driven and research-based strengths allow for greater flexibility than conventional budgeting models (IMF, 2018). While financial measurements remain central, a comprehensive view of strategic performance must also include indicators

such as employee engagement, process efficiency, and customer satisfaction (Kaplan & Norton, 2001). These strategic performance frameworks facilitate cross-functional coordination by aligning departmental goals with broader organizational objectives (Niven, 2008). “When strategy is clear and measures are aligned, employees at all levels understand how their roles contribute to organizational success” (Niven, 2008, p. 74). This alignment strengthens enterprise-wide focus on growth, innovation, and operational excellence. In fast-changing markets, rigid models become a liability. Therefore, effective frameworks embed mechanisms for routine evaluation, allowing companies to stay responsive to changes in market dynamics, emerging technologies, and evolving customer needs (OECD, 2019).

10. When formulating a budget, one of the central objectives of any organization should be to maximize returns on investment—including investments in human capital. While the connection between budgeting and talent development may not be immediately apparent, talent development plays a crucial role in ensuring that organizational goals are achieved efficiently and sustainably (Garavan et al., 2020). People remain the most valuable resource for any organization, and talent development has emerged as a strategic imperative that encompasses learning theory, practical skills training, and employee engagement (Noe, 2020). As work environments evolve due to technological advancement and changing market demands, companies must build an agile workforce capable of responding to new responsibilities and

challenges (Cascio & Boudreau, 2016). “In a dynamic and uncertain environment, the need for continuous learning and adaptability becomes paramount” (Cascio & Boudreau, 2016, p. 128). Organizations that implement well-structured professional development programs help employees stay current, productive, and aligned with evolving business needs (Saks & Haccoun, 2019). However, effective talent development goes beyond structured learning; it requires employees to adopt a growth mindset—a belief in one’s ability to learn, adapt, and grow (Dweck, 2006). “Individuals who believe their talents can be developed (through hard work, good strategies, and input from others) have a growth mindset and tend to achieve more than those with a fixed mindset” (Dweck, 2006, p. 7). Talent development initiatives—including training strategies, succession planning, and lifelong learning opportunities—contribute directly to enhanced performance and organizational outcomes (Ulrich et al., 2012).

11. Adopting a participative management approach—where all team members contribute to decision-making—is essential in complex and dynamic environments. In this context, stakeholder engagement is a critical factor for project success, especially under performance-based budgeting (PBB), which relies on integrating data from multiple sources (OECD, 2019). Participatory management facilitates the collection, incorporation, and evaluation of diverse inputs, helping define new and more inclusive criteria for success (Likert, 1967). “Participative management creates an environment where employees

feel valued, respected, and empowered to influence organizational outcomes” (Yukl, 2013, p. 252). This approach is founded on several core principles. The first is active engagement, which encourages employees to contribute to decision-making and strategy development (Koontz & Weihrich, 2010). The second is collaboration, in which open, honest communication and resource sharing are vital to achieving shared goals (Lawler, 1992). Participatory management also promotes greater autonomy, where employees have increased discretion in their areas of expertise. However, this autonomy is balanced by increased accountability for performance outcomes (Yukl, 2013). Transparent communication is another cornerstone, ensuring that employees can express their ideas without fear of retribution (Robbins & Judge, 2019). Mechanisms such as feedback loops, open forums, and group meetings are key tools used to promote consensus and collective ownership of decisions (Senge, 2006). “The richest decisions often emerge when diverse voices are included in the conversation” (Senge, 2006, p. 274). By leveraging these principles, organizations not only foster innovation and commitment but also ensure that budgeting and strategic goals reflect the values and needs of a broader community of contributors (OECD, 2019).

12. Management plays a critical role in formulating strategies to review spending and identify investment opportunities that can yield financial returns for the organization (Kaplan & Norton, 2001). An essential responsibility of leadership is to design an environment that supports effective financial

management and long-term success (Drucker, 2006). One tool that supports this goal is performance-based budgeting (PBB), which enables decision-makers to allocate resources based on expected outcomes rather than historical expenditure patterns (OECD, 2019). “Performance budgeting seeks to strengthen the link between funding and results, encouraging efficient use of resources by aligning them with performance objectives” (Robinson, 2007, p. 9). Unlike line-item budgeting, which focuses on inputs and fixed allocations, PBB emphasizes the integration of performance information into budgeting decisions (IMF, 2018). This results in smarter budgeting and enhanced accountability for project and program outcomes (OECD, 2019). From a managerial standpoint, this means leaders must not only authorize budgets but also actively monitor implementation to ensure alignment with strategic goals (GFOA, 2013). “In a performance-based system, monitoring is not an afterthought—it is a continuous process embedded within program execution” (GFOA, 2013, p. 4). Effective strategies must incorporate real-time performance tracking and allow for mid-course adjustments rather than relying solely on retrospective audits once projects are completed (Kaplan & Norton, 2001). This dynamic approach helps ensure that resources are being used efficiently and objectives are achieved as planned.

The findings of this project are strongly aligned with the conceptual framework grounded in Stakeholder Theory. As proposed by Freeman (1984) and expanded by Donaldson and Preston (1995), Stakeholder Theory emphasizes the importance of

managing relationships with all parties affected by an organization's operations—not only shareholders, but also customers, employees, creditors, and the broader community. In this context, performance-based budgeting (PBB) emerged as a practical mechanism through which organizations can fulfill stakeholder expectations by aligning budgetary decisions with strategic objectives and measurable outcomes. For example, resource allocation, variance analysis, and cost optimization practices observed in the project reflect managerial efforts to ensure transparency, fiscal discipline, and accountability—qualities that directly serve stakeholder interests. Additionally, integrating feedback and performance data into budgeting supports adaptive decision-making that enhances both operational efficiency and stakeholder value. The inclusion of participatory management, talent development, and priority-based budgeting further reinforces the role of stakeholders in shaping and benefiting from organizational performance. Ultimately, the use of PBB allows managers not only to achieve financial goals but also to cultivate trust, inclusion, and long-term value creation—fulfilling the ethical and instrumental dimensions of Stakeholder Theory in a complex and resource-constrained environment.

Organizational Culture

To achieve organizational success, leaders must possess a deep understanding of both the organization's financial drivers and cultural dynamics. When a company's values and mission align with its financial objectives, employees demonstrate increased engagement, accountability, and performance (Cameron & Quinn, 2011). A positive organizational culture where each employee understands their role, feels valued, and collaborates effectively serves as a catalyst for strategic execution (Kotter & Heskett,

1992). “Corporate culture can have a significant impact on a firm’s long-term economic performance” (Kotter & Heskett, 1992, p. 11).

Leaders play a crucial role in shaping this culture by promoting transparency and modeling expected behaviors (Schein & Schein, 2016). Elements like cooperation, contribution, and community build a cohesive environment that enhances financial performance and morale simultaneously (Denison, 1990). Despite its importance, the integration of culture with budgeting processes is often overlooked. When alignment is achieved, organizations experience greater productivity and resource efficiency (Cameron & Quinn, 2011).

Not all employees are directly involved in the budgeting process, which may reduce their perceived relevance to financial performance. However, their actions still influence financial outcomes. Thus, it is essential for managers to foster a culture that supports financial literacy and recognizes individual contributions to organizational success (Mintzberg et al., 2005). One way to enhance budget performance is to align organizational culture with the company's strategic goals, allowing employees to internalize and act upon the vision, mission, and values of the firm (Kaplan & Norton, 2001). “Strategy becomes everyone’s everyday job when values, goals, and culture are aligned” (Kaplan & Norton, 2001, p. 89).

Transparent internal communication is also vital. Managers, employees, funders, and clients should have access to financial data—such as plans, actuals, variances, and corrective actions—to promote ownership and collaboration (GFOA, 2013). Open

communication builds trust, fosters engagement, and enhances decision-making across the organization (Robbins & Judge, 2019).

Another approach is to foster a culture of innovation and continuous learning, where employees are encouraged to generate ideas and improve processes (Senge, 2006). Incentivizing innovation enables adaptation to market dynamics and promotes operational efficiency. A learning-oriented culture also facilitates the transfer of knowledge and the reuse of best practices (Garvin, 1993). Cultivating a culture of accountability and ownership is also essential. Employees should clearly understand their responsibilities and how they will be held accountable for results (Yukl, 2013). This promotes commitment and high performance. Feedback systems and monitoring mechanisms should be embedded in the culture to support development and achievement (Locke & Latham, 2002).

Moreover, encouraging teamwork and collaboration enhances productivity and the quality of output. A collaborative culture leverages the diverse strengths of employees, promotes problem-solving, and fosters mutual trust and support (Edmondson, 1999). Finally, organizations must balance internal control with flexibility. While policies and procedures provide necessary structure, flexibility empowers employees to respond quickly to change, improving agility and resource allocation (Burns & Stalker, 1961). This dual focus reduces errors and waste, enabling efficient operations within a dynamic environment.

Furthermore, it might be advantageous for managing potential financial risks, uncertainties, and compromises. The findings related to organizational culture strongly

align with the stakeholder theory conceptual framework guiding this project. Stakeholder theory emphasizes that businesses must consider and manage the interests of all parties affected by their operations—including employees, customers, and management—to achieve sustainable success (Freeman, 1984; Donaldson & Preston, 1995). The emphasis on cultivating a strong internal culture that fosters transparency, accountability, and collaboration directly supports this approach by ensuring that employee engagement and contributions are aligned with broader organizational objectives. For example, building a culture that promotes shared values, strategic alignment, and financial literacy reflects the stakeholder view that value creation is a collective, relationship-driven effort (Freudenreich et al., 2019). Moreover, the role of leadership in shaping culture through transparent communication and inclusive practices embodies stakeholder theory's principle of ethical and inclusive governance. By fostering a learning-oriented, innovative, and collaborative environment, organizations empower stakeholders to co-create value and adapt to change, which enhances both performance and legitimacy (Zárate-Rueda et al., 2021). Therefore, the cultural dimensions uncovered in the findings are not just internal mechanisms for efficiency—they are strategic assets that reinforce the stakeholder-centered approach to management and budgeting, particularly in performance-based models that demand shared ownership of outcomes and continuous engagement from all parties.

Theme 4: Financial Performance and Stability

Ultimately, the data pointed to two important elements of financial performance and stability. From the analysis, most respondents focused on the managerial strategic

The Role of Budgeting

Companies can optimize resource allocation by setting a proper budget. An optimal approach for organizations to allocate resources is to generate informed estimations regarding their revenue and expenditures. In this manner, financial resources will be used judiciously and allocated efficiently. If a firm allocates \$10 million for a CSR program, it can scrutinize any expenditures that vary from this plan. The findings from the analysis can be utilized to enhance operational effectiveness and make choices that are more informed on budget allocation in the future. Financial management provides crucial data for creating long-term plans. Financial data analysis enhances decision-making on investment, expansion, and cost-cutting measures. Decision-makers utilize budgeting as a strategic tool to achieve their objectives. Finance managers assess the impact of the prospective budget to ensure that the introduction of a new product aligns with the company's strategic goals.

Efficient cash flow management depends on budgeting. Prudent budgetary management ensures a consistent influx of funds. Businesses necessitate sufficient liquidity to cover daily operations, compensate employees, and allocate funds for growth. An effective method to prevent financial depletion is to set a budget and adhere to it consistently. Businesses can maintain stability and proactively anticipate unforeseen circumstances by forecasting their cash flow requirements. Budgets function as benchmarks for evaluating outcomes. An analysis of the actual financial outcomes in comparison to the budgeted statistics allows identifying areas of success and areas for development. Postmortem analysis is a valuable tool for identifying inefficient

expenditure or other factors that led to overspending. These findings enhance overall efficiency and provide direction for future financial plans. Assessment and control of the risks is an integral aspect of financial management. Budgeting is a valuable tool for identifying potential financial risks and developing strategies to mitigate their effects. Insurance and emergency funds are two instances of risk mitigation methods that can be incorporated into a budget.

Trust is established among all stakeholders, including investors, creditors, employees, and customers, when there is transparency in financial performance. Trust is built on effectively management and communication of financial information. A company's financial commitment is demonstrated through consistent expenditure strategies. A budget encompasses a broader time frame than the immediate future. It facilitates future planning by aligning financial resources with broad company's objectives. Companies can strategically allocate funds for investment, research and development (R&D), and expansion into new markets by utilizing budgets.

Financial Performance and Stability

The Role of Financial Statement Analysis. To assess the financial performance of an organization, it is advisable to examine its financial accounts. The research indicates that it is essential to examine financial accounts to comprehend whether the budgeting process, specifically the application of PBB, contributes to favorable financial outcomes. Income, balance, and cash flow statements, along with any other relevant financial information, constitute a financial statement analysis. Stakeholders can gain a deeper understanding of the company's sources of income, factors influencing spending,

recurring trends, and exceptional cases by conducting an analysis of financial statements. This data is essential for assessing the company's historical financial performance and forecasting its future financial success.

Profitability is the ultimate outcome of financial performance. Profitability is a crucial metric in the project of financial statements. Profitability refers to a business's ability to generate profit from its operations. Margin metrics, such as gross profit, operational profit, and net profit, are frequently utilized to assess it. An analysis of a company's profitability over time provides valuable insights into its revenue, expenses, pricing strategy, competitive position, and operational efficiency. Participants indicated profit analysis as one of the strategies they used to gather data on financial or profitability outcomes.

The findings from the financial performance analysis closely align with the principles of stakeholder theory, which underpins the conceptual framework of this project. Stakeholder theory emphasizes the importance of understanding and addressing the interests of all parties affected by an organization's actions—including owners, creditors, employees, and customers (Freeman, 1984; Donaldson & Preston, 1995). In this context, financial statement analysis (profitability, liquidity, leverage, and asset quality) serves as a critical tool for evaluating how well performance-based budgeting (PBB) supports these stakeholders' expectations. For instance, when profitability improves, shareholders see value creation; when liquidity is strong, creditors and employees feel more secure; when asset utilization is efficient, customers benefit from better service delivery; and when financial risk (leverage) is effectively managed, the

organization ensures long-term sustainability. The insights derived from analyzing financial statements help managers make informed decisions that align with the strategic interests of all stakeholders. Moreover, by linking budget allocations directly to measurable performance outcomes—as PBB encourages—organizations demonstrate accountability and transparency, reinforcing stakeholder trust. Thus, the findings underscore how PBB acts not only as a budgeting tool but also as a mechanism for stakeholder alignment and strategic value creation, supporting the conceptual foundation of this research.

Businesses and nations or regions can assess the effectiveness of their budgeting processes by examining their liquidity. Financial statement analysis should focus on liquidity, as it is a crucial measure. It provides a nuanced understanding of the activities taken as a result of budgeting decisions and establishes a link between the objectives, impartial analysis of the financial records. Liquidity refers to a business's ability to meet its short-term financial obligations, such as payments to suppliers and employees, without the need for extra investment (Laghari et al., 2023). Current ratios, quick ratios, and cash ratios are frequently used metrics to assess it. A liquidity project allows gaining insights into the company's cash management, working capital requirements, and financial risk.

Additionally, it is crucial to examine financial accounts to determine leverage, a critical metric for evaluating budget performance. Managers and responders use leverage analysis as a technique to investigate the financial performance of a company, as indicated by the project findings. The debt-to-equity ratio, often known as leverage, is a measure of financial risk that a firm is exposed to. This risk is commonly quantified using

ratios such as debt to equity, debt to assets, and interest coverage. A company's leverage should be analyzed to gain a deeper understanding of its financial risk, debt servicing capability, and future growth potential.

The PBB approach offers a plethora of information on assets, which can be employed for assessing their quality. The caliber of an organization's assets is indicative of its ability to generate cash flows. Typical metrics include the asset turnover ratio, inventory turnover ratio, and accounts receivable turnover ratio. The assessment of a company's assets provides valuable insights into its operational efficiency, inventory management practices, and client creditworthiness. The data provided by PBB's thematic analysis is crucial for the success of the budgeting process.

Application to Professional Practice

Senior executives and department leaders hold a fundamental responsibility to establish and lead companies toward achieving long-term profitability, sustainable development, and innovation. These objectives are not only critical for enhancing corporate competitiveness in the business sector but also contribute significantly to broader macroeconomic goals at the national level. Such companies are expected to play a strategic financial and economic role within the private sector, while also supporting the infrastructure and service development needs of the state.

To achieve this, senior management must ensure the availability of a robust legislative and regulatory framework, underpinned by well-defined strategies that articulate strategic objectives and priorities. These strategies are essential for ensuring financial sustainability, creating competitive advantages, and elevating the overall level

of financial performance. In turn, strong financial performance enables companies to become effective contributors to service delivery and infrastructure development (Kaplan & Norton, 2001).

Financial performance, in fact, remains one of the most critical pillars of development, sustainability, and competitiveness. However, it also represents an ongoing challenge and operational burden for many companies, influenced by a variety of internal and external variables in the business environment. Among the most pressing of these challenges is the adoption of effective financial strategies and tools particularly in relation to how financial resources are allocated across programs, operations, and strategic initiatives.

The failure to implement a structured and performance-based approach to resource allocation can result in weak financial indicators, reduced competitiveness, and limited capacity for innovation. This hampers a company's ability to enter new markets, develop innovative products or services, and enhance or expand existing offerings (OECD, 2019).

This research project aimed to explore the strategies employed by corporate managers to enhance financial performance, with a specific focus on the adoption of performance-based budgeting (PBB) strategies. By transitioning from traditional budgeting methods to more advanced, performance-driven tools, managers are better equipped to allocate financial resources in alignment with measurable performance outcomes. This shift aims to strengthen financial performance and improve the overall efficiency of corporate spending (Robinson & Brumby, 2005).

The project was conducted in the context of companies operating in the Emirate of Sharjah, where findings revealed a general gap in financial knowledge and strategic planning among some organizations. Interviews and documentation collected from the sample companies indicated that, despite current limitations, there is a clear potential for improving financial performance when appropriate strategies are applied.

The outcomes of this project, supported by the existing literature on performance budgeting, suggest that these companies can significantly improve their financial and operational performance by adopting structured strategies that align resource allocation with strategic objectives and performance indicators. In doing so, managers are empowered to distribute resources more effectively, prioritize high-impact activities, and evaluate financial outcomes in a systematic and measurable way.

Importantly, the research emphasizes that profitability, growth, continuity, and competitiveness are shared goals among all participating companies. Achieving these goals requires a deliberate move away from traditional budgeting practices toward the adoption of performance budgeting. This approach offers multiple advantages, including greater transparency in resource allocation, improved accountability, and enhanced capacity to monitor and control spending ultimately contributing to improved financial performance and strategic agility.

Implications for Social Change

In the context of the United Arab Emirates (UAE), and particularly the Emirate of Sharjah, companies function as foundational pillars of economic development and social progress. They serve not only as engines of financial growth but also as primary sources

of employment for citizens and residents alike. As reported by the UAE Ministry of Economy, the private sector remains a major contributor to national GDP and plays a vital role in job creation across both productive and service-oriented industries (UAE Ministry of Economy, 2024). Improving the financial performance of private sector firms is thus of strategic importance, not only for ensuring business continuity and market competitiveness but also for expanding employment opportunities. As organizations grow whether through regional expansion or diversification of goods and services their capacity to attract and retain skilled human capital increases. This, in turn, contributes directly to reducing unemployment rates, enhancing household income, and stimulating broader economic participation.

Corporate growth has a direct and measurable impact on societal well-being. Enhanced financial performance enables firms to invest in human capital, offer better wages, and contribute to social stability. Key social outcomes that emerge from such developments include elevated living standards, increased consumer spending, improvements in education and skill development, and stronger community cohesion. In Sharjah, such social benefits align closely with government-led development strategies, including the “Decent Living Strategy” initiated by the Department of Statistics and Community Development. This strategy aims to foster an inclusive economic environment, promote social equity, and ensure an improved quality of life for all residents (Sharjah DSCD, 2024).

The findings of this research are positioned to offer actionable insights for corporate decision-makers seeking to enhance their firms’ financial performance. In

particular, the project highlights the value of performance-based budgeting, results-driven resource allocation, and strategic financial planning in improving both organizational efficiency and societal contribution. Evidence from global studies supports the assertion that effective corporate governance and sound financial management are critical levers of inclusive growth and innovation. Companies that adopt modern performance management frameworks not only optimize internal efficiency but also play a greater role in supporting national development agendas (World Bank, 2023).

There exists a deeply interdependent relationship between corporate financial performance and positive social transformation. Financially robust organizations are more capable of creating quality jobs, investing in skills development, and supporting national strategies for economic diversification and social progress. The Emirate of Sharjah offers a compelling case project in this regard, showcasing a model of sustainable growth that integrates economic ambition with social well-being under a cohesive policy framework. As this project affirms, companies that prioritize financial excellence through strategic planning and modern management tools will be better positioned to serve not only shareholders but also the broader society in which they operate.

Recommendations for Action

Improving financial performance through strategic and performance-based budgeting has emerged as a critical imperative for organizations aiming to achieve long-term sustainability, competitiveness, and operational excellence. The findings of this research project demonstrate that company managers can significantly enhance financial outcomes by adopting well-structured budgeting strategies that align financial resources

with strategic objectives. In particular, the implementation of performance-based budgeting (PBB) offers a modern and effective alternative to traditional budgeting methods. By linking financial allocations to measurable performance indicators, organizations can enhance financial discipline, increase transparency, and ensure efficiency in the evaluation of strategic outcomes.

One of the foremost recommendations emerging from this research is the need for organizations particularly those operating within the Emirate of Sharjah and across the UAE to transition from line-item budgeting to performance-based budgeting. This shift allows for the optimal allocation of financial resources toward high-impact activities and strategic priorities, while ensuring that expenditures are directly connected to output and outcome-based performance indicators. Such an approach fosters result-oriented financial planning and supports the broader goals of institutional performance enhancement (OECD, n.d.).

In parallel, companies are advised to establish an integrated financial and economic performance database. A centralized repository of key performance indicators (KPIs) enables companies to create a structured monitoring and evaluation system that connects resource allocation with measurable outcomes. This database acts as a strategic tool for financial managers to track performance trends, identify inefficiencies, and adjust plans based on evidence-driven insights (World Bank, 2023). Data-driven management practices are essential for ensuring fiscal accountability and strategic alignment within dynamic economic environments.

Equally important is the development of financial and strategic competencies among employees. Investing in the capacity building of staff—particularly in areas such as financial analysis, performance evaluation, and strategic planning—empowers them to effectively implement performance-based budgeting systems. This not only fosters a results-based culture but also enhances the organization’s internal capabilities in financial governance and decision-making (Harvard Business Review, 2021). Financial literacy and strategic awareness across all levels of the organization contribute to a more informed and responsive budgeting environment.

In today’s technology-driven landscape, companies must also adopt advanced financial technologies and artificial intelligence (AI) tools to strengthen their budgeting and forecasting capabilities. The integration of Enterprise Resource Planning (ERP) systems, AI-powered analytics, and big data modeling enables organizations to conduct predictive financial analysis, simulate alternative budgeting scenarios, and optimize the allocation of resources in real time. As noted in recent studies, such digital tools are transforming the financial management landscape and are essential for driving financial agility and resilience (McKinsey & Company, 2022).

However, the successful implementation of performance-based budgeting requires more than technical adjustments; it necessitates a supportive organizational culture. Building a culture that values innovation, collaboration, and adaptability is fundamental to overcoming resistance to change. Companies should implement structured change management strategies, based on established models such as Kotter’s framework, to foster internal buy-in and ensure a smooth transition from traditional to modern financial

systems (Kotter, 2012). Cultural readiness is a key enabler of organizational transformation and the long-term success of PBB initiatives.

Moreover, organizations should establish robust performance monitoring systems that are closely tied to accountability mechanisms. This includes generating high-quality financial reports, preparing statements in accordance with International Financial Reporting Standards (IFRS), and integrating internal audit and compliance measures. These practices not only enhance financial transparency and credibility but also provide a realistic and standardized picture of an organization's financial health (IFRS Foundation, 2023). Transparent financial reporting is a cornerstone of stakeholder trust and corporate governance.

Finally, the broader dissemination of the project's findings is crucial for maximizing impact. The insights derived from this research are relevant not only to corporate managers but also to government officials, board members of state-owned enterprises, and academic researchers. Dissemination through professional workshops, academic seminars, and scholarly publications will ensure that the knowledge contributes to practice, policy, and research. Institutions such as Walden University and other academic bodies are encouraged to incorporate these findings into future studies and policy recommendations, thereby supporting knowledge transfer and social change through evidence-based management practices (Walden University, 2024).

Recommendations For Future Research

In this qualitative single-case study, the main limitation was the sample size of participants. Recommendations for further studies include involving a large sample size

of participants. This project is limited to one holding company in UAE; I would therefore recommend further studies with large size and multiple case studies of other holding company. A comparative study between these business types could uncover other strategies best studies for improvement of financial and operational performance for each business category. In addition, considering the impact of these strategies on the holding company's sustainability and obtain competitive advantages, I further recommend a study to measure the impact of artificial intelligences on the financial resource allocation in holding companies in UAE. I also recommend a quantitative or mixed method study in PBB strategies and its impact to improve the financial performance and sustainability. In addition I recommend to study the relationship between performance budgeting and the Balanced Scorecard (BSC) as a tool to link financial and non-financial performance. I also recommend studying the impact of performance budgeting on improving corporate competitiveness through enhanced operational efficiency.

Reflection

This doctoral research journey has provided me with valuable research experience and a deeper understanding of the processes involved in conducting scholarly inquiry at the doctoral level. Undertaking a DBA is intrinsically linked to perseverance, intellectual discipline, and the ability to build upon the foundational work of others. Throughout this journey, I have come to realize that doctoral research requires the careful alignment of its various components, and it took time and continuous effort to fully comprehend the significance of this alignment in producing a coherent and impactful project.

My perspectives on the potential for improving the financial performance of companies operating in the Emirate of Sharjah have evolved significantly. I now strongly believe that if these companies adopt advanced tools for financial resource allocation and establish the necessary structural and strategic enablers—as discussed in the theoretical framework—they could achieve substantial improvements. The feedback and enthusiasm expressed by respondents during interviews reinforced the idea that there is a strong willingness within these organizations to adopt global best practices in order to create success stories and enhance corporate performance.

Moreover, the analysis of financial statements and discussions with participants have deepened my appreciation for the critical role of financial data and performance indicators in achieving sustainability and improving long-term financial outcomes. When used professionally and scientifically, these tools can guide companies in implementing advanced financial analysis techniques to measure their current financial performance and forecast future trends. This, in turn, can help them develop a clear roadmap for strategic improvement and enhanced competitiveness in their business environment.

This research has also transformed my understanding of data collection and research reporting. Initially, I assumed that gathering and interpreting data would be straightforward. However, I was quickly confronted with the complexity, time, and effort required to collect, analyze, and synthesize meaningful data for academic research. This experience has fundamentally reshaped my approach to research, and I now appreciate the rigor and depth needed to conduct doctoral-level work that contributes valuable insights to the field.

Conclusion

The results show that including a substantial amount of information in the budgeting process enables the identification of risks and opportunities that could enhance or hinder the organization's value. An effective method to enhance the value of a company is to thoroughly examine its financial records in order to identify potential risks and prospects. Factors such as the level of debt and dependence on a single client or supplier can have an impact on a company's risk profile and valuation. Conversely, a stronger competitive position or a more varied client base may enhance a company's valuation. Financial statement analysis is essential for supporting the valuation methods employed to determine the worth of a firm. To predict future cash flows, the income approach, which analyzes a company's historical financial accounts, can be used. By employing the market technique, one can determine the appropriate valuation multiples by examining comparable companies. In order to calculate a company's net asset value using the asset technique, it is necessary to analyze its assets and liabilities. Both horizontal and vertical studies, which examine historical trends and utilize them to forecast future outcomes, require funding. Two prominent data analysis approaches, namely sensitivity analysis and scenario analysis, can effectively utilize this information. The analysis of a company's historical financial reports can reveal trends in revenue growth, profitability, and cash flow. To accurately assess the future cash flows used in the income-based valuation technique, it is imperative to forecast financial performance, which can be aided by analyzing these patterns.

The primary objective of financial statement analysis is to identify areas in a company's financial records that require rectification. A more accurate assessment of a company's financial performance can be achieved by adjusting non-operating factors, such as significant one-time gains or losses. These adjustments are essential as they have the potential to significantly affect the company's value.

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Appendix A: Consent Form

You are invited to take part in a research project on *Performance -Based Budgeting Implementation Strategies for Improving Financial Performance in UAE*. The researcher is inviting SAM executive managers to be in the project. This form is part of a process called *informed consent* to allow you to understand this project before deciding whether to take part.

Waleed Alsayegh, who is a doctoral student at Walden University, is conducting this project.

Background Information:

The purpose of this qualitative single-case project is to explore strategies SAM executive managers (with more than 5 years' experience) use in improving the financial performance of SAM.

Procedures:

If you agree to be in this project, you will be asked to:

- Sign a consent form before interview begins
- Participate in a 45-60 minute face-to face interview (recorded with participants consent)
- Member checking (Second round of interviews to confirm findings: Not more than 30 minutes)

Voluntary Nature of the Project:

Your participation in this project is voluntary. This means that everyone will respect your decision of whether or not you want to be in the project. No one will treat you differently

if you decide not to be in the project. If you decide to join the project now, you can still change your mind during the project. If you feel stressed during the project, you may stop at any time. You may skip any questions that you feel are too personal.

Risks and Benefits of Being in the Project:

Being in this project would not pose a risk to your safety or wellbeing. Participants will contribute to the body of knowledge on strategies SAM executive managers need to improve financial performance

Compensation:

There will be no compensation given for participating.

Privacy:

Any information you provide will be kept confidential. The researcher will not use your personal information for any purposes outside of this research project. In addition, the researcher will not include your name or anything else that could identify you in the project reports. Data will be kept secure in a computer, which will have a code known only by the researcher for a period of 5 years, as required by the university.

Contacts and Questions:

You may ask any questions you have now, or if you have questions later, you may contact the researcher via waleed.alsayegh@waldenu.edu. If you want to talk privately about your rights as a participant, you can call the **Research Participant Advocate**, Walden University representative who can discuss this with you 612-312-1210 (for U.S. based participants) OR 001-612-xxx-xxxx (for participants outside the U.S.). Walden

University's approval number for this project is **XXXXXXXXXXXXXXXX** and it expires on
XXXXXXX.

The researcher will give you a copy of this form to keep.

Statement of Consent: I have read the above information, and I feel I understand the project well enough to make a decision about my involvement. The researcher will give you a copy of this form to keep.

Statement of Consent:

I have read the above information, and I feel I understand the project well enough to make a decision about my involvement. By signing below, I agree to the terms described above.

Electronic signatures are regulated by the Uniform Electronic Transactions Act. Legally, an "electronic signature" can be a person's typed name, their email address, or any other identifying marker. An electronic signature is just as valid as a written signature as long as both parties have agreed to conduct the transaction electronically.

Date of consent

Participant's Written or Electronic* Signature

Researcher's Written or Electronic* Signature

Appendix B: Interview Protocol Guide

Interview Scheduled Date: _____ Interview Date: _____

Interviewee Identification No: P

Signed content form received Confirm confidently, and voluntary Informed that transcript will be available.

The purpose of this case project is to explore the Performance based budgeting implementation strategies managers use to improve the financial performance of SAM

Demographics:

Current Job Title: _____

No. of years on Job: _____

Interview Questions

The following are the open-ended questions for the interviews:

1. What strategies have you adopted in the company to obtain an effective budgeting system to allocate the financial resources necessary to improve financial performance?
2. What are the current strategies to measure the financial performance for the company?
3. How did you assess the effectiveness of your organization's strategies for implementing budgeting systems?
4. What are the specific criteria to measure the efficiency and effectiveness in implementing Performance-based budgeting?
5. What strategies were most effective for improving the budget allocation instruments to improve financial profitability?

6. Based on your organization's experience, what attributes of PBB strategy have contributed most to the improvement of financial performance and sustainability of the company?
7. What are the executive manager's responsibilities to implement the strategies of performance-based budgeting?
8. What are the responsibilities of executive managers in providing the operational requirements to support the implementation of PBB?
9. What else would you like to tell me about the PBB strategies your organization developed and implemented to obtain an efficient budgeting system that effectively allocates the financial resources necessary to improve financial performance?