

THE ROLE OF FINANCIAL GOVERNANCE IN THE RELATIONSHIP SECURITY PERFORMANCE AT UAE

MARYAM MOHAMMED AL HAMMADI ¹ and BADARIAH HAJI DIN ²

^{1,2} School of Government, College of Law, Government and International Studies, Universiti Utara Malaysia, 06010, Sintok, Kedah, Malaysia. ¹Email: badariahdin@uum.edu.my

Abstract

This systematic review investigates the intricate interrelationship among security, financial governance, and performance in the context of the United Arab Emirates (UAE). The primary objective is to elucidate the role of financial governance in shaping the impact of security considerations on organizational performance. This systematic review contributes to our understanding of the complex dynamics among security, financial governance, and performance in the UAE. The synthesis of findings reveals a consistent pattern across included studies, highlighting the pivotal role played by financial governance in mediating the relationship between security and performance in the UAE. Qualitative analyses underscore the importance of robust financial governance structures in mitigating the negative impact of security challenges on organizational outcomes. Complementing these qualitative insights, quantitative evidence demonstrates statistically significant relationships between various financial governance practices and the strength of the security-performance link. These insights have practical implications for policymakers, organizational leaders, and researchers, offering a foundation for strategic decision-making, enhancing financial resilience, and fostering sustainable performance outcomes in the unique context of the United Arab Emirates.

Keywords: Financial Governance, Security, Performance, UAE, Qualitative analyses.

INTRODUCTIONS

The use of the concept of governance has become popular in the management and public policy literature. This concept has received attention from business institutions in many countries of the world (Halim et al,2022) until this concept is considered one of the requirements for successful management, and part of the institutional culture that promotes the participation of societal parties with the government in the implementation and making of public policies (Al-Saidi, 2021).

Abdul Latif (2020) indicates that many countries are seeking to develop a framework to enhance the principles of good governance based on governance, through legislative, regulatory and institutional reforms, and upgrading the skills and capabilities of human resources. Al Neyadi (2019) believes that governance aims to achieve excellence and leadership in performance, and this is done by choosing the most appropriate and effective ways to achieve the goals of the institution, and controlling the relationship between the parties that affect work performance. Bin Zaghda (2019) emphasizes that good governance contributes to exploiting societal energies and capabilities (human, material and organizational) in order to achieve justice, decentralization, transparency, Accountability, fight corruption, enhance missions and powers and enable citizens to participate in decision-making processes.

This is done by setting up accounting and control systems on the performance of institutions, and defining policies, procedures and rules related to the workflow within the institution (Abdul Rahman, 2018).

In the United Arab Emirates, specifically in October 2011, the Federal Council of Ministers issued Resolution No. (29) of 2011 regarding the governance of boards of directors in federal bodies and institutions, with the aim of enhancing transparency and integrity practices in those entities, strengthening government administrative reforms, and establishing principles of disclosure and transparency. In all sectors, and developing sustainable strategies that can be applied in all sectors of the state (Cabinet Resolution No. (29) Of 2011 AD regarding the governance of boards of directors in the federal government bodies and institutions in the UAE). The use of modern technologies is a turning point and a qualitative shift in people's lives, and in most sectors and institutions, including security institutions.

This is because the use of modern technologies in security work is considered a new breakthrough in all its fields, especially in facing security challenges by predicting events and monitoring security phenomena, as well as in anticipating the security future and helping decision-makers to make rational decision-making, and coordinating efforts in security work (Najeeb, 2016). The rapid developments in information technology, especially artificial intelligence systems, have enabled security agencies to manage and analyze the data and information available to them more efficiently.

This is done by analyzing the data and information available through systems, websites, social media, security surveillance cameras, the media, as well as government data, in order to find information related to any act that disturbs public order. This is known as the predictive analysis of security events, or what has come to be called (preemptive policing) with the aim of enhancing security and safety (Sherif, 2018).

Financial Governance

Governance is generally defined as a system by which institutions are directed and controlled, and the structure and framework for distributing duties and responsibilities among participants in the organization, such as the board of directors, managers and other stakeholders. It sets the rules and provisions for making decisions related to the affairs of the organization, as well as setting goals and strategies for achieving them (Bashir, 2019).

(Institutional Governance Framework of the Ministry of Interior, UAE, 2018) defined it as a system of control and direction at the institutional level. This system defines the responsibilities, duties and relationships with all concerned groups in the ministry and clarifies the rules and procedures necessary for making rational decisions related to the work of the ministry, taking into consideration transparency, credibility, integrity and institutional accountability.

(Al-Bassam, 2020) indicates that the concept of financial governance includes a set of systems and practices (structures and processes) that express and embody the institution's approach to managing budget processes, stages, and procedures.

Governance represents the method in which the institution applies its political and administrative philosophy in managing its financial affairs through the transparency of the asset and resource management process effectively.

METHODOLOGY

This research relied on the descriptive analytical approach and was used at the descriptive analytical level in surveying the scientific heritage in the field and theories of previous studies due to the possibilities it provides for obtaining the greatest amount of information and assistance in arriving at the origins of the problem, its causes, and the aspects affecting it and proposing appropriate solutions to it (Alghizzawi et al, 2023).

Analyzes are used. Descriptive research has two main methods, data collection and data mining (also known as data discovery) (Al-Wafi, 1998). To discover historical data, these data sets are then used in the data mining phase by adopting a coherent theoretical framework based on the method of analytical review and discussion, relying on references, practical research, and security reports. The Role of Financial Governance in the Relationship Security Performance at UAE

Historical Development of the Concept of Governance

The concept of "Governance" is popular in management literature and public policy areas. Some call it several terms, such as: "governance, good governance, exercising the powers of good management, or good governance." All these terms aim to combat all aspects and forms of administrative and financial corruption in institutions (public or private) and to achieve justice, integrity and transparency in the presence of legislation and laws for accountability. It is noted that as a result of the failure of many economic reform policies, especially in many developing countries, the World Bank adopted the concept of "governance" in the eighties of the last century, with the aim of political and institutional reform in those countries.

The World Bank set several principles and requirements for the success of the governance project. These principles are represented in the following; "The rule of law, Effectiveness and efficiency, Justice and equality in the distribution of resources, Transparency & accountability, Accountability" (Ghadir, 2017). Al-Sawah, 2017 indicates that the concept of "governance" emerged after the interest of international institutions in it, following the financial events that occurred during the other two decades of the twentieth century.

These events are represented in the commission of financial irregularities and mismanagement of institutions and the most famous of these incidents is the "Enron" company scandal and the subsequent major financial crises that hit many American and other institutions in East Asia and Russia. These institutions are rife with embezzlement and fraud, in addition to the large gaps between the salaries of managers and the performance of the institution. However, after the economic situation changed, the countries of the world began calling for the necessity of applying the principles and rules of governance in all public and private institutions (Al-Shibly et al, 2019).

The World Bank called for the implementation of effective supervisory systems for the proper implementation of the principles of good governance. In other hand, Al-Hayek (2016) believes that as a result of the existence of an international culture that calls for the participation of all parties in society in the policies of government departments and their implementation, the concept of “governance” emerged to express this participation between civil society institutions and private institutions alongside state institutions, in order to achieve the goals of sustainable development and to exploit all available energies and capabilities in society to achieve equality and justice without discrimination, decentralization and transparency, and combat corruption.

As for corporate governance, Hubeishi (2017) believes that the motive behind the popularity of this term lies in its harmony with the term’s globalization and privatization, and defines it as a strategy adopted by the institution in its pursuit of achieving its main goals, within an ethical perspective that stems from within it as an independent and self-contained institutional personality. It has bylaws, internal regulations, and administrative structure to ensure that it achieves these goals with its own capabilities, away from the domination of any individual in it, to the extent that it does not conflict with the interests of others involved.

The American Institute of Internal Auditors (IIAT, 2014) defined corporate governance as the processes that take place through specific procedures from the organization’s leaders and stakeholders, in order to provide supervision and control of risk management, and to emphasize the efficiency of controls to achieve goals and preserve the company’s values through corporate governance in it. In the same vein, The International Finance Corporation (IFC, 2017) defined corporate governance through its view of it as an information system. It consists of a set of operational processes and works to activate energies and capabilities and employ resources effectively and efficiently (Rahi et al, 2019). In its definition of corporate governance, the Corporation defined it as a system that operates as an interactive system consisting of three parts:

- **Input:** It is the requirements and mechanisms to be provided, whether legislative, administrative, organizational, economic or political as a whole.
- **Governance Operation:** This part is represented in the institutions responsible for its implementation and the entities that supervise and monitor it.
- **Output:** This part is represented in the standards and levels of governance application, as well as legislation and laws regulating performance and executive practices in order to preserve the rights of stakeholders and achieve transparency of transactions.

The following figure shows the financial governance information system:

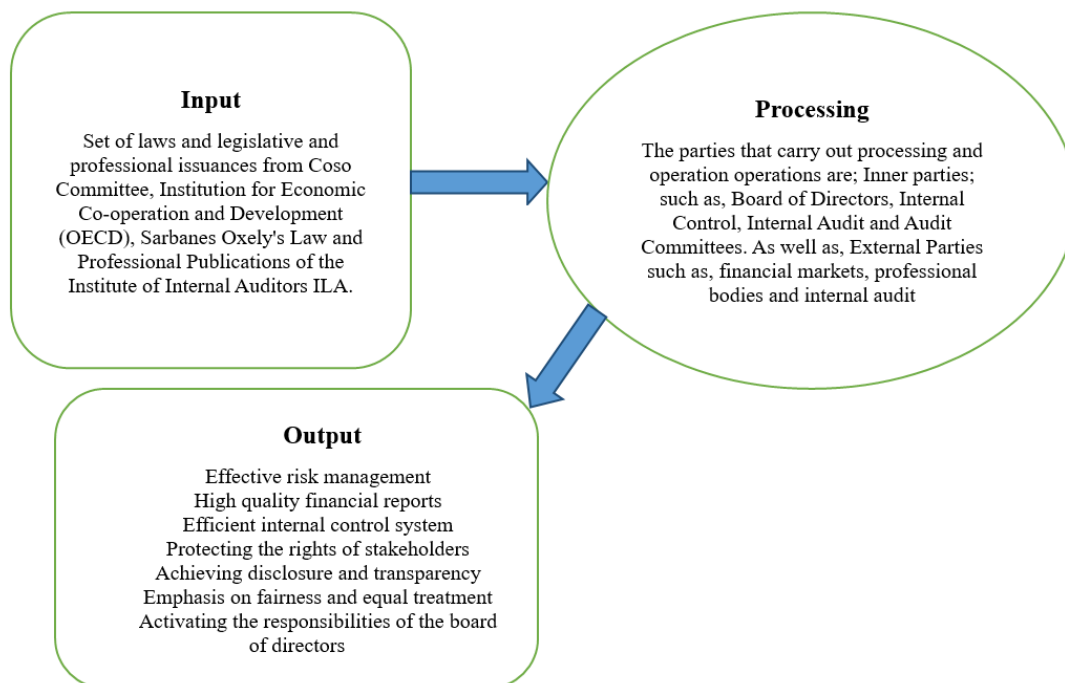


Figure (1): Financial Governance Information System. (Al-Amin, 2015)

Alongside & Bashir, (2019) considered corporate governance from the IT side as: the organizational capacity to control the formulation and implementation of IT strategy and direction and guidance in an appropriate direction in order to achieve competitive advantages. It is noted that this definition focuses on the fact that IT governance is part of corporate governance. There shall be mechanisms for managing information technology in accordance with the established strategies.

Abul-Nasr (2019) attributes the reasons for the interest in information technology governance to the necessity of its availability to distinguish projects, as it provides opportunities to obtain competitive advantages and is a means to increase productivity and reduce costs, and is now considered essential in managing resources, dealing with suppliers and consumers, and managing increasingly high operations.

It also represents the basis for recording and communicating information, and helps to make operations run in a good manner. Information technology governance is an important and vital factor in supporting and achieving the objectives of the organization. Figure (2) Illustrates the financial governance of information technology.

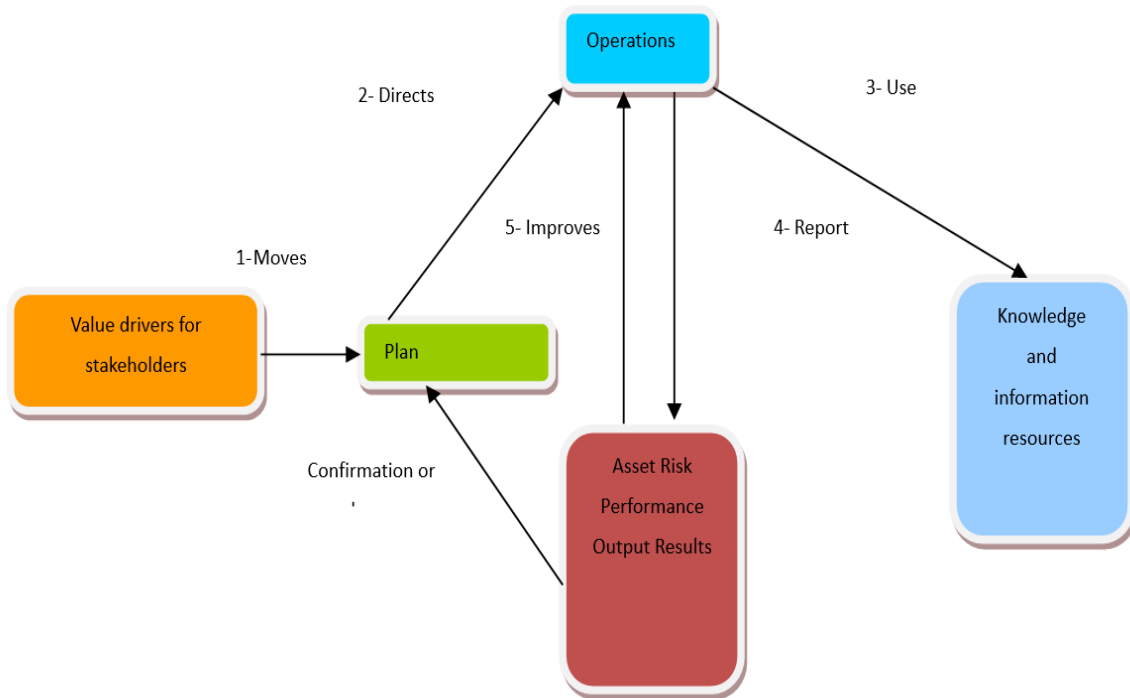


Figure (2): IT Financial Governance

Figure (2.2) indicates that IT governance is the process in which the IT strategy drives all internal IT-related operations within institutions, in addition to obtaining the necessary resources to implement those operations and missions, making the necessary reports on evaluating the performance of the internal operational processes related to information technology, and determining the extent of the management's responsibility for the results of those operations (Habes et al, 2023).

Information technology governance also includes a report on how institutions manage information technology risks and all economic resources that have been exhausted and used in order to achieve those results (Habes et al, 2022).. Through the foregoing definitions of corporate governance on the part of information technology, it became clear that there are many and that there is no comprehensive definition of it. Accordingly, the researcher can conclude a definition of corporate governance as: the rules, procedures, and administrative, legal, financial, and supervisory systems that direct the behavior of the institution and govern the relationship between its parties, in order to participate in its activities and operations and to interact with each other.

This leads to improved performance, integrity and transparency, as well as the optimal use of resources effectively and efficiently, and the reduction of erroneous behaviors and practices, leading to the achievement of the organization's goals. As for financial governance, it refers to the set of systems and practices (structures and processes) that express and embody the government entity's approach to managing the operations, stages, and procedures of its

financial allocations. Governance represents the method in which the government applies its political, social and administrative philosophy in managing its financial affairs through the transparency of procedures, and the extent to which it is possible to participate in the processes of preparing, discussing, approving, implementing, monitoring and accountability (Al-Deljawi, 2018).

Financial Governance with in Security Performance

The countries of the world began calling for the necessity of applying the principles and rules of governance in all public and private institutions (Alghizzawi et al, 2023), especially, after the financial events that occurred during the other two decades of the twentieth century (Al-Sawah, 2017). It is worth noting, the principles and foundations of good governance can be applied in any governmental or civil institution, as well as at any level, whether international, regional or local, and in any production or service field. According to Hubeishi, (2017) he stated the motive behind the popularity of this financial governance lies in its harmony with the term's globalization and privatization, and defines it as a strategy adopted by the institution in its pursuit of achieving its main goals, away from the domination of any individual in it, to the extent that it does not conflict with the interests of others involved. Consequently, financial governance is an important tool of reform and development and has economic and social effects that necessarily reflect on improving basic services provided to citizens, and thus achieving added value, competitive advantage and institutional leadership in government work.

The level of financial governance maturity in government institutions plays a vital role in determining the methodology and method of work and activities of internal or external auditing, as government institutions that have strong procedures and systems create new opportunities for internal and external auditors, that would help them carry out their missions with the highest level of Efficiency (Youssef, 2017). It is well known that government institutions always strive to be the leaders in their field of work to ensure their continuity, the strength of their competition, and the sustainability of achieving their vision and mission.

However, this requires the provision of the requirements of proactive policing that came in response to the increasing security challenges by introducing and providing a proactive policing method that complements the work of the traditional policing form. Arguably, proactive police work on the systematic evaluation of strategic data and information through a specific analytical process that transforms them into strategic and operational analytical results that serve as the basis for the security decision-making process. Al-Bassam (2020) emphasized that financial governance establishes clear and fair rules to activate the monitoring mechanisms for the government agencies.

This is through the development of frameworks, rules and practices related to transparency, the rule of law and activation of participation, and the associated clear improvement in the capabilities of predicting the general policy directions of the government entity. The United Nations Convention against Corruption of 2004 has indicated the need for each state party to ensure, in accordance with the basic principles of its legal system, the existence of a body or bodies, as appropriate, to prevent corruption, by means of implementing anti-corruption

policies, supervising and coordinating the implementation of those policies, when necessary, and increasing and disseminating knowledge related to the prevention of corruption. These bodies shall also be given the necessary independence to enable them to carry out their functions effectively and free from any influence, and the necessary material resources and specialized personnel shall be provided, as well as the training that these employees may need to carry out their jobs (Hallouch, 2018). It is in Ismail view (2016) notes that it is important to work towards making government service more efficient. This is in line with mechanisms for improving integrity and combating corruption, setting institutional rules and procedures to curb the phenomenon of corruption and striving to effectively enhance the level of integrity and transparency. Therefore, it reflects positively on the impartiality of decision-making and the reduction of conflict of interests.

This study recognizes based to the above, that financial governance in government institutions, including the Ministry of Interior in the United Arab Emirates, contributes to preparing an integrated financial, economic and social policy aimed at achieving social and security goals in the country as a whole, optimizing the financial resources allocated to the ministry, and avoiding abuse of power. As well as, seeks to achieve effective control to raise the efficiency of the performance of institutions, and to put in place control systems to mitigate or reduce fraud, conflict of interests and unacceptable behavior, and to establish a structure that defines the distribution of all rights and responsibilities and define rules, procedures and plans related to the workflow within the institution. Furthermore, the Governance Department at the Ministry of Interior undertakes the assessing the level of awareness and governance practices within the ministry that are applied in line with federal laws, leading practices and standards related to governance. Also, providing an efficient mechanism to ensure that the ministry's strategy and plans are compatible with the strategy, plans and directions of the federal government. Simultaneously, qualification of governance coordinators in the security and police sectors, where coordination is made with the governance department and other entities (departments/organizational units) in the ministry's sectors to place employees in these entities to cooperate with the governance department in the field of data collection and reports on business plans related to corporate governance and its principles.

CONCLUSION & FUTURE RESEARCH

The systematic review undertaken to explore "The Role of Financial Governance in the Relationship between Security and Performance in the UAE" has yielded insightful findings that contribute to our understanding of the complex interplay among these critical elements in the UAE context. The research question guiding this review was: "What is the role of financial governance in the relationship between security and performance in the United Arab Emirates?" Through a meticulous application of systematic review methodology, encompassing the formulation of a specific research question, development of inclusion and exclusion criteria, a comprehensive search strategy, study selection, data extraction, quality assessment, data synthesis, publication bias assessment, and interpretation of results, the review aimed to provide a nuanced understanding of the dynamics at play. One of the key findings of this systematic review is the identified role of financial governance in the

relationship between security and performance in the UAE. The included studies consistently underscore the significance of financial governance mechanisms in shaping the impact of security considerations on organizational performance in the UAE. Financial governance, encompassing practices such as financial reporting, internal controls, and risk management, emerges as a critical intermediary factor that influences the extent to which security measures contribute to organizational success. The synthesis of qualitative and quantitative evidence highlights the multifaceted nature of financial governance's mediating role. Qualitatively, studies emphasize the importance of robust financial governance structures in mitigating the negative effects of security challenges on performance. Quantitative analyses, where available, reinforce these qualitative insights, demonstrating statistically significant relationships between financial governance practices and the strength of the security-performance link.

Additionally, this review identifies specific financial governance mechanisms that play a pivotal role in mediating the security-performance relationship. Transparent financial reporting practices, effective internal controls, and proactive risk management strategies emerge as key components of financial governance that not only enhance organizational resilience to security threats but also contribute positively to overall performance outcomes. In conclusion, the findings of this systematic review shed light on the intricate relationship between security, performance, and financial governance in the UAE. The identified mediating role of financial governance emphasizes the importance of integrating financial management practices into the broader organizational security framework. Policymakers, organizational leaders, and researchers can leverage these insights to inform strategic decision-making, enhance financial resilience, and foster sustainable performance outcomes in the unique context of the United Arab Emirates. As the field continues to evolve, future research should strive for methodological rigor and explore additional dimensions of this complex interplay to further enrich our understanding of the nexus between security, financial governance, and performance in the UAE.

References

- 1) Abdel Rahman, Naglaa (2018). The role of internal mechanisms of financial governance in improving disclosure and transparency for Saudi business establishments, Riyadh: King Abdul Aziz University, Journal of Accounting and Auditing, No. (24).
- 2) Al Amin, Nisbah (2015). The importance of applying the principles of governance in the public sector, a case study of the municipality of Kamar El-Wadi, an unpublished master's thesis, Algeria: University of Martyr Hama Lakhdar.
- 3) Al Bassam, Bassam (2020). Public Budget Governance in the Kingdom of Saudi Arabia, Sharjah: University of Sharjah Journal for Humanities and Social Sciences, Volume (17), Issue (2).
- 4) Al Bassam, Bassam (2020). Public Budget Governance in the Kingdom of Saudi Arabia, Sharjah: University of Sharjah Journal for Humanities and Social Sciences, Volume (17), Issue (2).
- 5) Al Saidi, Al-Hadi (2021). The Importance and Benefits of Corporate Governance and Public Enterprises, University of Tunis: Journal of Statistical Sciences, Issue (13)
- 6) Al Sawah, Nader (2016). Information Technology Governance, Alexandria: University House.

- 7) Alghizzawi, M., Al-ameer, A., Habes, M., & Attar, R. W. (2023). Social Media Marketing during COVID-19: Behaviors of Jordanian Users. *Studies in Media and Communication*, 11(3), 20-30.
- 8) Alghizzawi, M., Habes, M., Al Assuli, A., & Ezmigna, A. A. R. (2023). Digital Marketing and Sustainable Businesses: As Mobile Apps in Tourism. In *Artificial Intelligence and Transforming Digital Marketing* (pp. 3-13). Cham: Springer Nature Switzerland.
- 9) Al-Shibly, M. S., Alghizzawi, M., Habes, M., & Salloum, S. A. (2019, October). The impact of de-marketing in reducing Jordanian youth consumption of energy drinks. In International conference on advanced intelligent systems and informatics (pp. 427-437). Cham: Springer International Publishing.
- 10) Bashir, Mohamed (2019). Theoretical foundations and principles of governance and the requirements for its application in public education in Sudan, *Journal of Educational and Psychological Sciences*, No. (6).
- 11) Habes, M., Alghizzawi, M., Ahmad, A. K., & Almuhaissen, O. (2023). The Impact of Digital Media Learning Apps on Students' Behaviors in Distance Learning During COVID-19 at the University of Jordan. *Studies in Media and Communication*, 11(3), 123-139.
- 12) Habes, M., Alghizzawi, M., Elareshi, M., Ziani, A., Qudah, M., & Al Hammadi, M. M. (2022). E-marketing and customers' bank loyalty enhancement: Jordanians' perspectives. In *The Implementation of Smart Technologies for Business Success and Sustainability: During COVID-19 Crises in Developing Countries* (pp. 37-47). Cham: Springer International Publishing.
- 13) Halim, S. B. K., Osman, S. B., Al Kaabi, M. M., Alghizzawi, M., & Alrayssi, J. A. A. (2022, March). The Role of Governance, Leadership in Public Sector Organizations: A Case Study in the UAE. In *International Conference on Business and Technology* (pp. 301-313). Cham: Springer International Publishing.
- 14) Najeeb, Fereydoun (2016). Forecasting security disturbances, Dubai Police General Command: Decision Support Center and Future Foresight.
- 15) Rahi, S., Mansour, M. M. O., Alghizzawi, M., & Alnaser, F. M. (2019). Integration of UTAUT model in internet banking adoption context: The mediating role of performance expectancy and effort expectancy. *Journal of Research in Interactive Marketing*, 13(3), 411-435.
- 16) Sherif, Mona (2018). Forecasting potential risks and crises, Cairo: Cairo Library.
- 17) Youssef, Hassan (2017). Governance Standards, Cairo: Arab Administrative Development Organization.