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PERFORMANCE IN THE UAE PUBLIC SECTOR: A
CONCEPTUAL FRAMEWORK ON THE MEDIATING
ROLE OF ORGANISATIONAL EXCELLENCE AND THE
ROLE OF DIGITAL TRANSFORMATION MATURITY
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Abstract:

Organizations in the public sector are now under constant pressure to transform sustainability commitments and digital investments into measurable performance improvements. However, the mechanism of sustainable innovation translated into organizational performance is still poorly understood. This conceptual paper builds on a simplified mediation model in which sustainable innovation (environmental, social, and economic) is theorized as a strategic organizational resource that influences organizational performance directly and indirectly through organizational excellence, with the maturity of digital transformation as a boundary condition that reinforces this path. The framework builds on the integration of Resource-Based Insights and Dynamic, resource-based Capability Theory by establishing organizational excellence as an observable capability building mechanism rather than a restatement of performance itself. Six hypotheses are proposed that include direct effects, mediation, moderation, and moderated mediation. This paper introduces a model in the UAE's public sector, where high levels of digital preparedness and sustainability investments coexist with uneven service and sustainability outcomes, making this environment informative both theoretically and practically. A cross-sectional quantitative survey design using Partial Least Squares Structural Equation Modeling and multigroup analysis is proposed as an empirical pathway to test the

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model. This paper provides a theoretical, testable explanation of how sustainable innovation translates into public sector performance, as well as outlines practical implications for managers and policymakers looking to align the sustainability, excellence, and digital transformation agenda.

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Keywords:

Digital Transformation Maturity; Dynamic Capability Theory; Organizational Performance; Organizational Excellence; Public Sector; Resource-Based View; Sustainable Innovation.



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Introduction

Environmental degradation, resource constraints, social inequality, and rapid technological change have put organizations under pressure to compete and perform in ways that were rarely needed in past generations (Menon, 2024). Sustainable innovation, which is the pursuit of economic value alongside environmental preservation and social responsibility, has become a strategic necessity for organizations seeking a lasting competitive advantage (Taneja et al., 2023; Rubio-Andrés & April 2024). Public sector organizations hold a unique position in the landscape of being the custodians of public resources and the primary providers of essential services. Such organizations must balance economic efficiency, social welfare, and environmental preservation simultaneously, rather than simply pursuing profit maximization. Sustainable innovation as a multi-dimensional construct that includes environmental, social, and economic innovation (Jareh, 2025; Zartha et al., 2024; Hermundsdottir & Aspelund, 2021). Despite growing scientific attention, empirical evidence on how sustainable innovation affects organizational performance remains inconsistent, with some studies reporting strong positive effects, while others have found the relationship to depend on organizational capabilities, resources, and context (Dommerholt et al., 2021; Afeltra et al., 2022; Al-Abbadi & Abu Rumman, 2023). These inconsistencies suggest that the mechanisms that convert sustainable innovation into performance are not yet fully defined, and intermediate variables and boundary conditions are needed to clarify the relationship.

Organizational excellence that includes leadership quality, process effectiveness, continuous improvement, and stakeholder orientation is a reasonable intermediate mechanism, reflecting the extent to which the organization translates strategic intentions into performance outcomes (Barnawi, 2022; Bernal-Torres et al., 2023). At the same time, the rapid spread of digital technologies has introduced the maturity of digital transformation as a potentially important contextual factor shaping organizational outcomes (Kraus et al., 2022). Global investments in

digital transformation are expected to grow significantly in the next decade (Shirer, 2022; IANS, 2024), yet it is still unclear whether organizations with higher digital maturity and willingness to translate sustainable innovation into organizational excellence and, ultimately, superior performance (Vărzaru & Bocean, 2024; Cao et al., 2025).

Although the UAE ranks highly in international measures of public sector governance and digital service satisfaction (Ata, 2025), service innovation challenges still persist, with about half attributed to weak innovation cultures (Abuzanjali & Bashir, 2025). Large and growing investments in digital transformation (Mordor Intelligence, 2024) coexist with unmet sustainability targets, including waste recovery goals (Lenkiewicz et al., 2024) and continued heavy reliance on energy-intensive desalination (Teresi et al., 2026). This is the operational gap, between digital preparedness, sustainable innovation, and achievements that need to be realized.

This paper addresses the gap by developing a moderated conceptual-mediated model of how sustainable innovation influences organizational performance in the UAE's public sector, through the mediating role of organizational excellence and the role of digital transformation maturity moderation. Specific objectives are to: (1) study the impact of sustainable innovation on organizational performance; (2) to study the impact of sustainable innovation on organizational excellence; (3) to study the impact of organizational excellence on organizational performance; (4) determine whether organizational excellence mediates the relationship between sustainable innovation and organizational achievement; (5) examine whether the maturity of digital transformation moderates the relationship; and (6) to examine whether the maturity of digital transformation reduces the indirect impact of sustainable innovation on organizational performance through organizational excellence. In this regard, this paper asks whether, how, and under the conditions of digital maturity what sustainable innovations translate into organizational performance in a public sector environment.

Theoretical Basics

Basic Theory

The proposed model is based on two complementary theories. The Resource-Based View (RBV), which originated with Penrose (1959) and was formalized by Wernerfelt (1984) and Barney (1991), holds that organizations achieve and maintain a competitive advantage through valuable resources, sparsely, imperfectly replicable, and irreplaceable (VRIN). Sustainable innovation, operated across environmental, social, and economic dimensions, reasonably meets these criteria: it reduces environmental liability and strengthens stakeholder relationships (Lopes et al., 2022), it is difficult to form quickly because it relies on implicit knowledge, culture, and relationships that resist imitation, and there is no easy substitute for the reputational and legitimacy benefits it provides (Rubio-Andrés & Abril, 2024). In public sector organizations, the relevant competitive advantage is expressed less through market share and more through the quality of services, institutional legitimacy, and public trust (Maqdlıyan & Setiawan, 2023).

RBV, however, is essentially static: it explains the performance consequences of resource overload at one time but does little to explain how resources are acquired, developed, and reintegrated over time (Vasudevan, 2021). These limitations drive a second pillar of theory, Dynamic Capability Theory, which describes how organizations detect, seize, and reintegrate

valuable resources into capabilities that sustain performance in changing conditions. In this framework, organizational excellence is not considered as synonymous with performance itself, a common criticism of the loose RBV-based model but as a visible capacity-building mechanism (leadership quality, process effectiveness, continuous improvement, stakeholder orientation). The strategic resources of sustainable innovation are transformed into long-lasting organizational performance. Digital transformation maturity is theorized as a boundary condition that controls the extent to which this resource-to-capability conversion occurs, extending moderated mediation reasoning to public sector contexts where bureaucratic structures and risk avoidance can limit sustainable development.

Sustainable Innovation

Sustainable innovation refers to the creation of new products, processes, services, or organizational practices that generate economic value while limiting negative environmental impacts and promoting social well-being (Zartha et al., 2024). It marks a shift from the innovation paradigm that historically prioritized economic returns over environmental and social outcomes (Hermundsdottir & Aspelund, 2021). Because it encompasses environmental, social, and economic dimensions simultaneously, sustainable innovation is a more challenging organizational endeavor than conventional innovation, requiring changes across cultures, processes, and strategies (Jareh, 2025).

Organizational Excellence

Organizational excellence refers to the systematic application of best practice management that includes leadership, process design, continuous improvement, and stakeholder engagement to turn strategic intentions into performance outcomes (Barnawi, 2022). Frameworks such as the excellence model, which have been adopted by organizations around the world for over three decades, apply these efforts through structured self-assessment and continuous improvement and sustainability, innovation, and digital empowerment as core facilitators of excellence (Dima et al., 2023). While previous research has linked excellence practices to performance directly as an intermediary mechanism between resources and other organizational outcomes (Akanmu et al., 2023; Alshehab, 2024; Gutterman, 2023).

Digital Transformation Maturity

Digital transformation maturity encompasses the extent to which digital technologies are integrated into organizational structures, processes, and cultures, as well as integrating decision-making (Kraus et al., 2022). Organizations differ in terms of maturity, and even organizational maturity is associated with stronger financial and operational performance (Chen & Kim, 2023; Liu et al., 2025). Digital maturity is considered not as a driver of performance in itself, but as a contextual facilitator that determines the extent to which other strategic resources, including sustainable innovation, are transformed into capability and performance (Asbeetah et al., 2025).

Organizational Performance

An organization's performance in the public sector reflects the extent to which it achieves service-related objectives, efficiency, and mission, rather than mere financial returns. It is an

outcome variable for which sustainable innovation, organizational excellence, and digital transformation maturity are theorized together for significant contributions.

Conceptual Framework

The proposed framework sets out a direct path from sustainable innovation to organizational performance, short-term efficiency and cost impacts, as well as an indirect path through organizational excellence, encompassing the long-term conversion of sustainable innovation to sustainable organizational capabilities. The maturity of digital transformation is placed as a moderator for both direct relationships and the strength of mediation pathways, reflecting the suggestion that organizations with more mature digital capabilities are better equipped to translate sustainable innovation into excellence and, in turn, performance.

Hypothesis Development

Based on the framework with theoretical reasoning, the proposed hypotheses are as follows.
Direct contact:

H1: Sustainable innovation has a positive and significant impact on organizational excellence.
H2: Organizational excellence has a positive and significant impact on organizational performance.

H3: Sustainable innovation has a positive and significant impact on organizational performance.

Effects of mediation:

H4: Organizational excellence mediates the relationship between sustainable innovation and organizational performance.

Moderating effect:

H5: Digital transformation maturity moderates the relationship between sustainable innovation and organizational performance.

H6: Digital transformation maturity reduces the indirect impact of sustainable innovation on organizational performance through organizational excellence, so that mediated relationships become stronger at higher levels of digital transformation maturity.

Proposed Methodology

This study did not report empirical results. This section outlines the research design used to test the proposed models and hypotheses, so that the testability and boundary conditions of this framework are transparent to readers and evaluators.

Research Design and Context

A cross-sectional quantitative survey design is proposed, in line with the objectives of the deductive hypothesis test of this study (Wang & Cheng, 2020). The empirical background is the Abu Dhabi Government's public sector, which focuses on entities with clear sustainability, environmental, economic, or public health mandates as well as documented involvement in digital transformation initiatives and organizational excellence, so that respondents can meaningfully evaluate the constructs studied.

Population, Sampling, and Data Collection

Targeted sampling is proposed to ensure that respondents assume roles with adequate organizational duration and responsibility to evaluate sustainable innovation practices, excellence capabilities, digital maturity, and performance outcomes directly (Correia et al., 2021; Shakman et al., 2017). The sampling will be divided across five hierarchical levels namely operational and technical staff, supervisors, middle managers, senior managers, and executive officers to reflect the systemic and organisational nature of the construction. Data collection was proposed through a structured, self-managed online questionnaire using a multi-item scale validated for each construct.

Discussion

The proposed framework translates the theoretical implications. First, by establishing organizational excellence as a visible ability-based mediation mechanism. This model addresses repeated tautological criticism of RBV-based studies, where resources and performance are linked through circular reasoning. Second, by placing the maturity of digital transformation as a boundary condition for both direct effects and mediated pathways, this model extends the theory of moderated mediation in the innovation-performance literature beyond one-level moderation, offering a more complete explanation of which sustainable innovations are most effective. Third, testing this integrated model in the UAE's public sector, an environment in which dynamic capability development can be limited by bureaucratic structures and risk avoidance, extends the boundary requirements of RBV and Dynamic Capability Theory beyond its origins in the highly resource-intensive, high-mobility private sector.

Practically, this framework offers public sector managers and policymakers a way to make joint decisions about sustainability, excellence, and digital investment. If hypothesized mediation and moderation are accepted, the implication is that sustainable innovation initiatives are unlikely to deliver full performance benefits unless they are matched by investment in an organization's excellence capabilities. This has a direct bearing on resource allocation decisions in public sector environments where budgets for sustainability, excellence, and digital initiatives are often managed as separate portfolios.

The proposed frameworks and tests also carry limitations that must be recognized. The proposed cross-sectional design limits cause-and-effect inferences, although there is a theoretical basis for a predetermined directional path (Wang & Cheng, 2020; Chidambaram & Josephson, 2022). Focusing on a small number of Abu Dhabi Government entities, chosen for the richness of context rather than representation of the entire population, limits the ability to generalize to emirates, sectors, or other national contexts, a trade-off that should be weighed against interpretability derived from a deliberately selected and information-rich sample.

Conclusion

This paper builds on a theory-based and testable model of how sustainable innovation is transformed into organizational performance in public sector organizations, through the role of mediating organizational excellence and the role of digital transformation maturity moderator. By integrating Resource-Based Insights and Dynamic Capability Theory, the framework goes beyond direct impact explanations of innovation-performance relationships to process-based

explanations based on observable organizational capabilities. The six hypotheses developed here provide a clear basis for empirical testing. Future research using this model, particularly in the UAE's public sector and in equivalent public sector contexts elsewhere, will help create conditions where sustainable innovation delivers desirable performance benefits, and will provide managers and policymakers with a baseline of evidence to align sustainability, excellence, and digital transformation strategies.

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