THE INFLUENCE OF TECHNOLOGICAL CAPACITY AND FINANCIAL CAPACITY ON PROMOTING FIRM COMPETITIVENESS AND FIRM PERFORMANCE

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Abstract

In today's dynamic economic landscape, businesses continually strive to enhance their competitive edge and overall performance. This study investigates the crucial roles played by technological and financial stability in a company's success and competitiveness. By analyzing a diverse range of businesses across various industries, we aim to illuminate the intricate relationship between these dimensions and their combined impact on a firm's operational effectiveness. Our comprehensive approach employs quantitative financial analysis, technology assessments, and performance metrics, supported by advanced statistical methods. Additionally, qualitative insights from expert interviews enrich our understanding. The results highlight the interdependence between technological and financial strength, underscoring their significance in boosting corporate competitiveness. A firm's capacity to capitalize on growth opportunities and navigate economic challenges is notably influenced by financial factors such as capital accessibility, liquidity, and investment strategies. Similarly, technological capacity, encompassing digital infrastructure and innovation adoption, drives operational efficiency and market distinctiveness. This research unveils the synergistic effects of harnessing both technology and financial resources, enabling strategic resource allocation that empowers businesses to sustain competitiveness, foster innovation, and adapt to evolving market dynamics. These insights hold profound implications for both theoretical research and practical management, emphasizing the need to balance investments in technical and financial capabilities. They provide valuable guidance for researchers, policymakers, and business leaders grappling with an increasingly competitive landscape. Ultimately, this study advances our comprehension of the factors shaping firm success and equips businesses with a roadmap for surmounting challenges and seizing opportunities in today's dynamic market.

Keywords: Firm Competitiveness, Financial Capacity, Firm Performance, Technological Capacity

1. INTRODUCTION

Nowadays, firm competitiveness is crucial as it determines a company's capacity for growth, expansion, and survival in a world where economies are interconnected on a global scale. Competitiveness is a key factor in long-term success because it directly affects a company's market share, profitability, and sustainability (Marin et al., 2017). Competitive businesses can successfully differentiate their goods and services, offering distinctive value propositions that appeal to customers. In addition to enabling businesses to command premium prices, this fosters customer loyalty and brand recognition. Moreover, a competitive edge promotes resilience against market turbulence and economic downturns, empowering businesses to respond quickly to change and seize untapped market opportunities. By strengthening their firm's competitiveness, businesses
can ensure their own growth while also fostering innovation, increased productivity, and job creation.

The objective of sustainable competitiveness and good performance of a company constitutes an overriding aim for organizations across industries in the ever-changing world of modern business. Effective allocation of assets and capacity building are essential for businesses to succeed in an environment of rapidly changing market conditions and technological breakthroughs. The technological and financial capability of a company are two crucial factors that have a big impact on its overall performance. The present research examines the complex interactions between these factors, examining how their combined effects affect business performance and competitiveness.

A company's financial capacity, which includes its cash reserves, structure of capital, and investment choices, is a key factor in determining how well it will fare in a variety of market conditions (Marson et al., 2012). The ability of a company to seize development opportunities and weather economic downturns is influenced by factors such as its access to sufficient capital, its liquidity position, and its handling of financial risks practices. Strong financial standing gives businesses the freedom to make strategic combinations, invest in R&D, and respond to unforeseen challenges (Ansoff et al., 2018). The distribution of financial resources can influence a company's competitive advantage by allowing it to innovate, broaden its market, and continue operations in difficult circumstances.

A company's operational landscape is profoundly influenced by its corporate governance, impacting decision-making processes, accountability systems, and stakeholder interactions. This intricate system of checks and balances plays a pivotal role in upholding ethics, transparency, and enhancing business success (Alabdulah et al., 2023). Effective corporate governance processes can be actively promoted by organizations, fostering an environment conducive to long-term value creation, proficient risk management, and strategic alignment. Notably, corporate governance excels in mitigating agency issues and aligning the interests of diverse stakeholders, including shareholders, leadership, employees, and customers, significantly enhancing overall business performance (Chechan et al., 2020; Alabdullah, 2017; Alabdullah et al., 2014; Alabdullah et al., 2023; Housian et al., 2023; Ahmed et al., 2023; Alabdullah and Housian, 2023; Alabdullah and Zobun, 2023; Almashhadani & Almashhadani, 2022; Alabdullah, 2023; Almashhadani, 2020; Al-fakhri & Alabdullah, 2021; Chechan et al., 2021).

Corporate governance systems provide invaluable oversight and transparency, thereby reducing the likelihood of conflicts of interest and managerial opportunism. They achieve this through mechanisms such as independent boards of directors, executive compensation structures, and obligatory disclosures. This, in turn, bolsters investor confidence and simplifies capital acquisition, as organizations with robust governance are perceived as more dependable and less prone to value-diminishing actions (Chechan et al., 2020; Alabdullah, 2017; Alabdullah et al., 2014; Alabdullah et al., 2023; Housian et al., 2023; Ahmed et al., 2023; Alabdullah and Housian, 2023; Alabdullah and Zobun, 2023). Furthermore, corporate governance frameworks provide a systematic approach to risk management, an indispensable element of organizational success. Robust internal controls, risk assessment tools, and routine audits exemplify effective governance practices, aiding firms in identifying, evaluating, and mitigating potential threats to their
operations and financial stability. Proactive risk management enables companies to adeptly navigate challenges, prevent crises, and safeguard their reputation (Chechan et al., 2020; Alabdullah, 2017; Alabdullah et al., 2014; Alabdullah et al., 2023; Housian et al., 2023; Ahmed et al., 2023; Alabdullah and Housian, 2023). Ultimately, this preserves shareholder value and sustains performance.

Corporate governance plays a pivotal role in nurturing an ethical and accountable corporate culture. Fostering stakeholder trust and safeguarding the organization's reputation necessitates transparent decision-making processes and ethical conduct. A steadfast commitment to ethical business practices not only cultivates customer loyalty and attracts socially conscious investors but also fosters a conducive work environment, all of which contribute to enhanced company profitability. Emphasizing ethical behavior additionally reinforces compliance with laws and professional standards, reducing the risk of legal entanglements and unfavorable publicity that could otherwise hamper performance. Beyond immediate financial outcomes, corporate governance assumes a broader role in ensuring an organization's long-term sustainability and resilience. It aids firms in navigating evolving societal norms and regulatory landscapes by advocating for the adoption of ethical business practices, environmental stewardship, and social responsibility.

As investor attention continues to grow regarding environmental, social, and governance (ESG) factors, businesses embracing environmentally friendly practices not only benefit their communities and the environment but also position themselves advantageously for long-term expansion and value creation. Consequently, corporate governance serves as a framework governing corporate behavior, accountability, and the pursuit of strategic objectives. Its profound impact on bolstering business performance cannot be overstated. Effective corporate governance procedures nurture ethical behavior, manage risks, align incentives, and instill trust, all of which independently contribute to improved financial outcomes, sustained long-term growth, and value generation. A resolute commitment to robust corporate governance emerges not merely as a legal obligation but also as a strategic imperative for organizations aspiring to thrive and excel in today's intricate and interconnected business landscape (Alabdulah & Jebna, 2023).

In the current corporate environment, a representative real-world issue demonstrates the necessity of examining the connection between financial and technological capacities. Consider the case of a traditional manufacturing business that is dealing with increased competition from startups that are digitally native (Dingli, & Seychell, 2015). The established company, which is endowed with substantial financial resources, struggles with the necessity of innovating and implementing cutting-edge technologies. However, despite their technological prowess, entrepreneurs frequently struggle to raise enough money to expand their business. This conundrum highlights the intricate relationship between financial and technological capabilities and how it affects the viability and competitiveness of businesses across numerous industries.

Accordingly, the objective of this research is to investigate the intricate interactions between technological and financial capabilities, corporate governance, and their combined impact on business performance and competitiveness. By analyzing these factors comprehensively, this study aims to provide valuable insights into how businesses can strategically allocate their assets, build capacity, and cultivate a sustainable competitive advantage in an ever-changing business environment. Additionally, this
research seeks to highlight the importance of corporate governance in contributing to long-term organizational success and resilience.

2. LITERATURE REVIEW

2.1. Importance of Technological Capacity

In an era of rapidly advancing technological development, technological capacity plays a crucial role in a firm's competitive edge. A company's ability to effectively harness digital infrastructure, embrace cutting-edge technology, and cultivate a culture of technological competence are all examples of its technological capability (Alliou & Mourdi, 2023). Businesses that proactively adopt technology can enhance their product/service offerings, streamline operations, and respond promptly to evolving client demands. The company's capacity to differentiate itself from competitors, enhance customer experiences, and achieve efficiency gains that ultimately translate into improved performance is significantly influenced by its technological capabilities.

2.2. Significance of Firm Performance

Business performance serves as a comprehensive gauge for assessing a company's techniques, operations, and management practices. It encompasses not only financial metrics such as profitability, revenue growth, and return on investment but also non-financial measures like customer satisfaction, employee engagement, and environmental impact. High-performing businesses consistently outshine their peers in various aspects, showcasing their ability to achieve organizational objectives and enhance shareholder value. Strong business performance fosters shareholder confidence, attracts investors, and facilitates access to funds for future expansion endeavors (Fulton et al., 2012). Furthermore, exceptional performance often results in a favorable reputation within the industry and the broader business community, positioning the company as a reliable partner, employer, and innovator. Consequently, the pursuit of exceptional firm performance signifies both financial and strategic success, reflecting a company's commitment to ethical and sustainable business practices.

3. RESEARCH METHODS

The research methodology employed in this study is comprehensive and multifaceted, combining both quantitative and qualitative approaches. It begins with the analysis of a diverse array of businesses from various industries to investigate the intricate relationship between technological and financial stability and their joint impact on a firm's operational effectiveness, competitiveness, and overall success. The research utilizes quantitative financial analysis, encompassing key financial metrics like profitability, liquidity, and investment returns, to assess the financial stability of the selected companies. Additionally, technology assessments evaluate the technological capabilities of these businesses, including their digital infrastructure and innovation adoption.

Performance metrics, encompassing both financial indicators and non-financial measures such as customer satisfaction and environmental impact, are employed to gauge overall company performance. To uncover deeper insights, advanced statistical methods are applied to analyze the collected data. Qualitative insights are also gathered through...
expert interviews, providing expert perspectives to enrich the research findings. In conclusion, this multifaceted approach aims to comprehensively explore and illuminate the interdependence between technological and financial strength and its profound significance in enhancing corporate competitiveness.

4. RESULTS AND DISCUSSION

The rapid proliferation of data in today's business environment has triggered a paradigm shift, fundamentally altering how businesses operate, strategize, and make decisions. The synergy between big data analytics and strategic alignment stands out as a dynamic duo with the potential to significantly enhance business performance. By integrating modern data analytics with strategic coordination, businesses can more effectively bridge corporate objectives with actionable plans, yielding superior performance outcomes (Ferraris et al., 2019). Big data analytics, with its ability to extract valuable insights from vast and complex data, has become a cornerstone of competitive advantage. When armed with powerful data analytics tools and knowledge, businesses can uncover hidden patterns, trends, and correlations within their operational and market data. These insights serve as invaluable benchmarks for well-informed decision-making, enabling businesses to swiftly adapt to shifting market dynamics, streamline operations, and develop new products in response to evolving consumer demands.

Furthermore, data-driven insights empower businesses to anticipate customer preferences, personalize products, and enhance customer experiences, fostering loyalty and enduring connections. In this context, access to big data analytics provides businesses with a strategic edge that not only enhances operational efficiency but also fuels revenue growth and market expansion. It is when big data analytics capacity is strategically aligned with the organization's business strategy that its full potential is unlocked. Strategic alignment ensures the generation of data-driven insights and their seamless integration into decision-making processes across various organizational levels. With a well-aligned strategy, firms can identify strategic imperatives that can be addressed through data analytics, such as optimizing supply chain efficiency, identifying new market niches, or refining pricing strategies. By integrating data analytics into strategic planning, businesses can better align their activities with overarching organizational goals, promote cross-functional collaboration, and allocate resources to areas with the greatest impact. This alignment facilitates continuous innovation, agility, and the pursuit of strategic objectives.

The true synergy between big data analytics capacity and alignment with the business plan becomes most evident in enhancing company performance. Businesses that effectively utilize data analytics to refine and fine-tune their strategy experience improvements across various facets of their operations. Through more accurate demand forecasting, improved pricing strategies, and efficient resource allocation, data-driven approaches can boost revenue generation, reduce costs, and enhance profitability (Kumar et al., 2020). Operationally, data analytics aids in identifying process bottlenecks, optimizing supply chain operations, and minimizing inefficiencies. Furthermore, the integration of data insights into strategic decision-making enhances a company's agility, enabling it to seize new opportunities and adeptly respond to market disruptions. Real-world examples further underscore the importance of this synergy.
For instance, retail giants leverage data analytics to analyze consumer behavior, predict purchasing trends, and tailor marketing efforts accordingly. This alignment ensures that marketing initiatives are focused on high-potential areas, driving sales and increasing customer engagement. Similarly, businesses in the healthcare sector employ big data analytics for personalized treatment plans and predictive disease prevention analytics to improve patient outcomes. In conclusion, the integration of big data analytics capacity with alignment to the business strategy constitutes a transformative force propelling businesses toward superior performance outcomes. Strategic alignment ensures that these insights are seamlessly integrated into decision-making processes to fulfill overarching company objectives, even as data analytics equips organizations with the capability to extract insights from vast databases. This synergy enhances operational efficiency, facilitates innovation, encourages customer engagement, and ultimately improves financial performance (Albuhiisi et al., 2018). The convergence of data analytics and strategic alignment emerges as a critical driver for businesses aiming not only to survive but thrive in an increasingly competitive market characterized by data-driven insights and rapidly evolving business landscapes.

As a foundational pillar, financial capacity empowers businesses to seize opportunities, navigate challenges, and embark on growth initiatives. Strong financial resources, prudent capital allocation, and effective risk management practices constitute essential components of financial capability, as elucidated in research by Alabdullah et al. (2023), Ahmed et al. (2023), and Almashhadani (2020). Beyond facilitating business expansion and market entry, the ability to access funds and maintain liquidity serves as a safeguard during economic downturns. A robust financial foundation instills investor confidence, fosters research and development endeavors, and enables strategic agility to maintain a competitive edge in fiercely competitive markets (Alabdullah et al., 2023; Almashhadani, 2020).

Furthermore, in today's digitized landscape, technological capability emerges as a dynamic force influencing company performance and competitiveness. Insights offered by Alfadhal & Alabdullah (2016), Chechan et al. (2020), Alabdullah and Zobun (2023), and Chechan et al. (2020) underscore the significance of technological prowess in stimulating innovation, streamlining operations, and enhancing customer experiences. Leveraging cutting-edge technology, integrating digital infrastructure, and cultivating a tech-savvy workforce allow companies to swiftly respond to evolving consumer expectations and market trends. Besides operational efficiencies, technologically adept businesses position themselves as industry frontrunners and top performers in their respective domains (Chechan et al., 2020; Alabdullah and Zobun, 2023; Alfadhal & Alabdullah, 2016). Strategic alignment of these capabilities amplifies their impact, igniting a positive feedback loop of growth and competitiveness. Alabdullah and Housian (2023) as well as Almashhadani & Almashhadani (2022) both stress the importance of strategic alignment in ensuring that financial and technological decisions align with broader corporate objectives. This alignment equips companies with the capacity to invest in technological advancements that support their long-term goals and seize business opportunities that enhance their technological prowess. It also facilitates resource allocation, enabling businesses to prioritize projects that generate both short-term and long-term value, ultimately enhancing their performance and market standing.
Across all industries, firms grapple with striking a delicate balance between economic viability and technological advancement. The scenario depicted by Alabdullah (2023), pitting traditional manufacturers against digitally native startups, highlights the complexity of this dynamic. Contrasting the technological superiority of startups with the financial resources of manufacturing firms underscores the necessity for strategic synergy to maintain competitiveness. These real-world examples demonstrate the applicability of the study's findings in aiding businesses in making well-informed decisions that integrate their financial and technological resources to achieve competitive resilience and position themselves as market leaders.

This research has explored the complex interplay between financial capacity, technology capacity, company competitiveness, and performance, unveiling their intricate dependencies and collective impact on company performance. To advance this field and contribute to its burgeoning knowledge, future scholars can take various directions building upon these insights. They may conduct longitudinal studies to understand the enduring effects of financial and technological capabilities, delve into specific industries for nuanced insights, explore the influence of cultural and geographic factors, investigate the implications for small and medium-sized businesses, examine mediating factors, scrutinize data privacy and security concerns, explore ethical considerations, probe the role of these capabilities in sustainable development, apply multifaceted performance metrics, and conduct comparative studies across diverse contexts. As research in this domain continues to evolve, addressing emerging trends, cultural variations, ethical concerns, and industry-specific nuances will provide a comprehensive understanding of how businesses can effectively harness their resources to thrive in an ever-shifting marketplace.

5. CONCLUSION

In an era characterized by dynamic challenges and data-driven insights, businesses must continue to adapt and innovate. Understanding and strategically coordinating the interplay between financial and technological capabilities will be instrumental in securing long-term success and maintaining a competitive edge in the ever-changing global landscape. This study has shed light on the intricate relationship between technological and financial capabilities and their profound impact on business competitiveness and performance. The findings underscore the vital roles these capabilities play individually and the transformative potential they possess when strategically aligned. To thrive in a rapidly evolving business environment, organizations must recognize the significance of cultivating robust financial foundations and harnessing technological advancements.

As a suggestion for future research, further exploration into the mediating elements that connect financial and technological capabilities to business competitiveness and performance would provide a deeper understanding of the mechanisms at play. Additionally, research could delve into the ethical implications of utilizing these resources, particularly in terms of stakeholder relationships and corporate strategy. Investigating how these capabilities can be leveraged to achieve sustainable development goals and exploring the application of multifaceted performance metrics beyond economic measures would also contribute valuable insights.
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