

# The Role of Marketing Capabilities Towards Enhancing Organizational Performance

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## ABSTRACT

This study investigates the critical role of marketing capabilities in enhancing organizational performance across multiple dimensions, including motivation, market, productivity, and societal performance, within the manufacturing sector in Saudi Arabia. Utilizing a cross-sectional research design, data were collected from 316 managerial-level employees through convenience sampling and analyzed using structural equation modeling. The findings reveal significant positive relationships between marketing capabilities and various performance outcomes, indicating that organizations must invest in and develop their marketing functions to achieve operational efficiencies and enhance market competitiveness. The study underscores the importance of aligning marketing strategies with employee engagement and corporate social responsibility initiatives to foster a motivated workforce and build strong consumer relationships. Moreover, the integration of marketing capabilities into business processes is essential for driving productivity improvements and enhancing societal impact, ultimately leading to sustainable growth. This research highlights the imperative for businesses to adapt their marketing strategies to meet evolving consumer demands while ensuring long-term organizational success.

**Keywords:** Marketing, Performance, Organization, Planning, Communication.

## INTRODUCTION

The contemporary business landscape is characterized by rapid technological advancements, shifting consumer preferences, and heightened competition, compelling organizations to reevaluate their operational strategies (Manis & Madhavaram, 2023). In today's rapidly changing business landscape, organizations face increasing pressure to enhance their performance and remain competitive. In this dynamic environment, the role of marketing capabilities has emerged as a critical determinant of organizational success and resilience (Zahara et al., 2023). Marketing capabilities encompass a diverse set of skills and functions, including pricing strategies, product development, distribution networks, marketing communication, selling techniques, and strategic planning (Kowalik et al., 2023). These capabilities are essential for achieving operational efficiencies and for establishing stronger connections with consumers and enhancing overall competitiveness (Gliga & Evers, 2023). Effective marketing capabilities facilitate organizations in understanding and responding to evolving consumer behaviors and preferences, enabling them to tailor their products and services to meet market demands (Brewis et al., 2023). Moreover, organizations that invest in their marketing functions can differentiate themselves in crowded markets, creating compelling value propositions that resonate with target audiences. Businesses with robust marketing capabilities can effectively communicate their brand's unique strengths and engage customers through targeted promotional efforts, fostering loyalty and long-term relationships (Jung & Shegai, 2023). Additionally, leveraging data-driven insights allows organizations to optimize marketing strategies, allocate resources more efficiently, and measure the effectiveness of their campaigns, leading to improved decision-making and resource utilization (Zahoor & Lew, 2023). One of the key challenges for businesses today is to integrate marketing capabilities into broader organizational strategies in a way that maximizes performance across multiple dimensions. Companies must align their marketing strategies with internal processes and external market demands to achieve holistic growth (Mikalef et al., 2023). This involves leveraging data-driven

insights to create targeted marketing campaigns, improving customer experience, and ensuring that marketing efforts are directly linked to productivity improvements and societal contributions. The integration of marketing capabilities with employee engagement strategies can lead to a more motivated workforce, which, in turn, enhances organizational productivity. Additionally, businesses that incorporate corporate social responsibility (CSR) into their marketing strategies are better positioned to meet societal expectations and build long-term relationships with consumers (Munir et al., 2023).

Research in this domain has consistently highlighted the link between marketing capabilities and various aspects of organizational performance (Susanto et al., 2023; Zahara et al., 2023). Organizational performance is a multi-dimensional construct that encompasses the financial success and operational efficiency, employee engagement, and societal impact. Effective marketing capabilities have been shown to positively influence market performance, employee motivation, and productivity, ultimately contributing to the overall success of an organization (Elgarhy & Abou-Shouk, 2023; Alghamdi & Agag, 2024). In addition, marketing capabilities play a important role in shaping an organization's societal performance by driving CSR initiatives and fostering strong relationships with key stakeholders, including customers, employees, and communities (Hussain et al., 2023).

Organizations are increasingly expected to go beyond traditional financial metrics and demonstrate their contribution to environmental sustainability and social well-being (Bargoni et al., 2024). Research indicates that integrating social and environmental governance elements into business strategies can significantly impact financial performance, in a positive way. (Caratas et al., 2021). As consumer awareness of environmental and social issues grows, businesses that prioritize sustainability in their marketing strategies are likely to achieve higher levels of market performance and societal impact.

As businesses face increased pressure to innovate and remain relevant, integrating marketing capabilities into core strategies becomes paramount (Jie et al., 2023). This integration enhances operational performance and positions organizations to capitalize on emerging opportunities in the market. Given the significance of marketing capabilities, the present study investigates their impact on various dimensions of organizational performance, including motivation, market, productivity, and societal performance. By highlighting the relationships between these constructs, the study aims to provide valuable insights for practitioners and scholars alike, underscoring the strategic importance of marketing capabilities in today's dynamic business environment.

## LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

### A. Organizational Performance

Organizational performance is a complex concept that encompasses a variety of indicators used to assess how well an organization is achieving its goals (Rashid et al., 2023). Evaluating organizational performance holistically requires looking at different dimensions, including motivation performance, market performance, productivity performance, and societal performance (Lai & Cheng, 2005). Each of these dimensions contributes to the overall health and sustainability of an organization, providing insights into its strengths, weaknesses, and areas for improvement (Mikalef et al., 2023). Motivation performance is a critical internal dimension that reflects the degree to which employees are engaged, satisfied, and aligned with the organization's mission and objectives (Lai & Cheng, 2005). A motivated workforce is more likely to exhibit higher levels of productivity, creativity, and loyalty, leading to improved organizational outcomes. Factors that drive motivation performance include effective leadership, opportunities for professional development, recognition, and a supportive work environment. When employees feel valued and connected to their work, they contribute more actively to the organization's success. High motivation performance also plays a key role in reducing turnover rates and fostering a positive organizational culture, which can have long-lasting benefits. Market performance refers to an organization's ability to compete effectively in its market and satisfy customer needs (Pamucar & Biswas, 2023). This dimension includes measures such as market share, customer satisfaction, revenue growth, and brand loyalty. Organizations with strong market performance are typically those that understand customer preferences, anticipate market trends, and position their products or services effectively (Chen, 2020). Market performance is directly linked to the organization's marketing capabilities, as well as its ability to adapt to changing market conditions. By excelling in this dimension, organizations can achieve a sustainable competitive advantage and secure long-term profitability (Phiri, 2020). Productivity performance measures the efficiency with which an organization utilizes its resources, including labor, technology, and capital, to produce outputs (Crafts, 2006). High productivity performance indicates that an organization is maximizing its

resources while minimizing waste, leading to cost savings, enhanced profitability, and operational efficiency (Boothby et al., 2010). Organizations that excel in productivity performance are typically able to meet market demands more effectively, scale their operations smoothly, and maintain high levels of quality and service. Productivity improvements are often driven by process innovations, technology integration, and employee performance management (Mistereck et al., 1992; Van Ark, 1993). Societal performance focuses on the organization's impact on society and its commitment to social responsibility (Shen et al., 2022). This dimension encompasses activities related to CSR, sustainability initiatives, ethical business practices, and community engagement. Organizations that prioritize societal performance contribute to the well-being of their communities and build stronger reputations and foster trust with consumers, employees, and stakeholders (Dolman et al., 2012). The integration of CSR with business strategy builds consumer trust, resulting in direct benefits for the company (Caratas & Trandafir, 2022). By balancing profit generation with positive societal contributions, organizations can enhance their long-term viability and align their business practices with broader societal values (Van Passel et al., 2013; Fehder et al., 2018). Taken together, these four dimensions provide a comprehensive framework for evaluating organizational performance. By focusing on motivation, market, productivity, and societal performance, organizations can better understand their overall effectiveness and identify areas for strategic improvement, ensuring sustained success and growth.

## **B. Marketing Capabilities**

Marketing capabilities refer to an organization's ability to effectively integrate and utilize various marketing resources and activities to meet customer needs and enhance overall business performance (Morgan et al., 2009; Barrales-Molina et al., 2014; Morgan et al., 2018). These capabilities encompass several dimensions.

Pricing capabilities refer to a firm's ability to set prices strategically to maximize profitability while remaining competitive in the market (Liozu & Hinterhuber, 2013). This involves understanding customer demand, competitor pricing, and internal cost structures to determine the best pricing strategy. Companies with strong pricing capabilities can dynamically adjust prices in response to market shifts, ensuring that they can capture value from customers without losing market share (Hinterhuber & Liozu, 2015). Effective pricing strategies contribute to higher revenues, customer retention, and overall business sustainability.

Product capabilities involve the ability to design, develop, and manage products that meet or exceed customer expectations (Thompson et al., 2005). These capabilities are critical in creating products that are innovative and respond to market demands (Holl et al., 2012). Strong product capabilities enable organizations to continuously improve their product offerings, ensuring that they stay relevant in fast-changing industries (Zhai et al., 2011). This dimension includes product design, development, and life cycle management, allowing firms to respond to new trends and technological advancements.

Distribution capabilities are the firm's ability to deliver products to customers efficiently and effectively (Abushaikh, 2018). This involves optimizing supply chain management, selecting appropriate distribution channels, and ensuring timely availability of products (Kazmi & Ahmed, 2022). Companies with robust distribution capabilities can meet customer demands promptly, minimize logistical challenges, and ensure products are available where and when needed. Strong distribution capabilities can lead to higher customer satisfaction and reduced operational costs (Gruchmann et al., 2019).

Marketing communication capabilities encompass the firm's proficiency in conveying its value proposition to the target audience (Falahat et al., 2020). This includes advertising, public relations, digital marketing, and other forms of outreach that help shape customer perceptions and drive purchasing behavior (Chatterjee et al., 2023). Firms with excellent communication capabilities can create strong brand awareness, build a positive brand image, and foster loyalty among customers (Murray et al., 2011). These capabilities are essential for differentiating products in competitive markets and building long-term relationships with customers.

Selling capabilities refer to the firm's ability to effectively sell its products or services. This involves developing and managing sales strategies, training the salesforce, and maintaining strong customer relationships (Cruce & Moise, 2017). Effective selling capabilities enable companies to convert leads into sales, negotiate deals, and meet revenue targets (Pratono, 2018). Strong selling capabilities contribute to an organization's ability to grow market share and expand into new markets (Vinhas, 2023).

Marketing planning capabilities are the ability to strategically plan and execute marketing efforts (O'Cass et al., 2012). This involves analyzing market trends, understanding customer needs, setting marketing objectives, and developing comprehensive marketing plans that align with overall business goals (Fonseca et al., 2023). Strong marketing planning capabilities help organizations allocate resources efficiently, capitalize on market opportunities, and measure the success of marketing initiatives. These capabilities ensure that marketing efforts are aligned with long-term business strategies and are adaptable to changing market conditions (Mainardes et al., 2022). Hence, the following hypotheses are proposed.

H1: Marketing capabilities influences on motivation performance

H2: Marketing capabilities influences on market performance

H3: Marketing capabilities influences on productivity performance

H4: Marketing capabilities influences on societal performance

Figure 1 presents the research model.

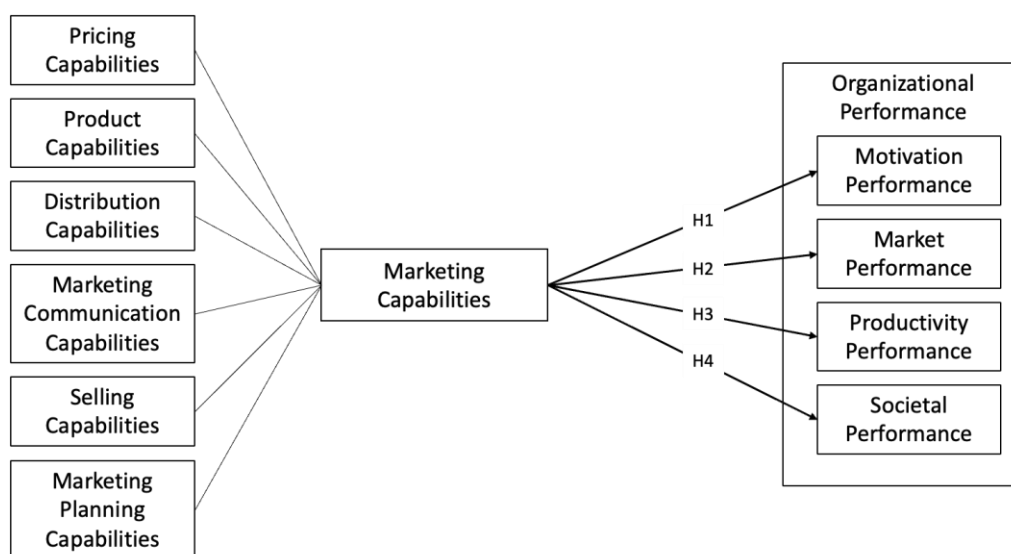


Figure 1. Research Model

## METHODS

The methodology employed in this study is based on a cross-sectional research design, focusing on data collection from managerial-level employees in the manufacturing sector in Saudi Arabia. A total sample size of 316 participants was obtained through convenience sampling techniques, allowing for efficient data collection from a relevant population. To gauge participants' attitudes and perceptions, a 5-point Likert scale was utilized, enabling respondents to express their level of agreement or disagreement with various statements. To measure marketing capabilities, the study examined six dimensions: pricing capabilities, product capabilities, distribution capabilities, marketing communication capabilities, selling capabilities, and marketing planning capabilities. This measurement included 23 items adapted from the work of Morgan et al. (2009). In addition, organizational performance was assessed through four dimensions: motivation performance, market performance, productivity performance, and societal performance, which comprised a total of 15 items adapted from Lai & Cheng (2005). Data analysis was conducted using "Partial Least Squares Structural Equation Modeling (PLS-SEM)" with SmartPLS software. This analytical approach allowed for the exploration of complex relationships between the constructs and provided insights into the effects of marketing capabilities on various dimensions of organizational performance.

## RESULTS

The demographic profile (Table 1) of the sample (n=316) shows that the majority of participants are male (57%), while females constitute 43%. Most respondents fall within the 25-34 age range (47%), followed by those aged 35-44

(32%), and a smaller portion are between 45-54 years old (13%). Only 5% of the participants are between 18-24 years, and an even smaller group (3%) is aged 55-64. Regarding education, 65% of the participants hold a Bachelor's degree, 29% have a Master's degree, and 6% have a high school education or its equivalent. In terms of work experience, the majority of respondents (58%) have 1-5 years of experience, 25% have 6-10 years, and 14% have 11-15 years of experience, while just 3% have less than 1 year of experience.

Table 1: Demographic Information (n=316)

	Frequency	Percent
<b>Gender</b>		
Male	179	57%
Female	137	43%
<b>Age</b>		
18-24	15	5%
25-34	149	47%
35-44	101	32%
45-54	42	13%
55-64	9	3%
<b>Education</b>		
High School or equivalent	19	6%
Bachelor's Degree	206	65%
Master's Degree	91	29%
<b>Experience</b>		
Less than 1 year	11	3%
1-5 years	183	58%
6-10 years	79	25%
11-15 years	43	14%

The measurement model in Table 2 shows strong internal consistency and reliability for all constructs. Cronbach's alpha values range from 0.769 to 0.835, indicating good reliability across the constructs. The composite reliability values are similarly robust, falling between 0.723 and 0.798, confirming overall reliability. The Average Variance Extracted (AVE) for all constructs exceeds the 0.50 threshold, with values ranging from 0.516 to 0.665, demonstrating adequate convergent validity. Additionally, the item loadings above 0.7 meet the threshold for acceptable reliability, further validating the strength of the measurement model. Constructs such as marketing communication capabilities and market performance show the highest AVE, while organizational performance has a lower AVE, though it remains within acceptable limits.

Table 2: Measurement Model

Items with constructs	Loadings	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
<b>Marketing Capabilities</b>		0.781	0.761	0.598
<b>Pricing capabilities</b>		0.813	0.793	0.613
PR1: "Using pricing skills and systems to respond quickly to market changes"	0.756			

PR2: "Knowledge of competitors' pricing tactics"	0.781		
PR3: "Doing an effective job of pricing products/services"	0.81		
PR4: "Monitoring competitors' prices and price changes"	0.792		
<b>Product capabilities</b>	0.784	0.773	0.575
PD1: "Ability to develop new products/services"	0.734		
PD2: "Developing new products/services to exploit R&D investment"	0.741		
PD3: "Successfully launching new products/services"	0.775		
PD4: "Ensuring that product/service development efforts are responsive to customer needs"	0.823		
<b>Distribution capabilities</b>	0.775	0.797	0.581
DB1: "Strength of relationships with distributors"	0.856		
DB2: "Attracting and retaining the best distributors"	0.833		
DB3: "Adding value to our distributors' businesses"	0.781		
DB4: "Providing high levels of service support to distributors"	0.811		
<b>Marketing communication capabilities</b>	0.769	0.737	0.665
MK1: "Developing and executing advertising programs"	0.711		
MK2: "Advertising management and creative skills"	0.796		
MK3: "Public relations skills"	0.856		
MK4: "Brand image management skills and processes"	0.795		
<b>Selling capabilities</b>	0.792	0.723	0.638
SL1: "Giving salespeople training they need to be effective"	0.824		
SL2: "Sales management planning and control systems"	0.778		
SL3: "Selling skills of salespeople"	0.763		
SL4: "Sales management skills"	0.817		
SL5: "Providing effective sales support to the salesforce"	0.824		
<b>Marketing planning capabilities</b>	0.835	0.782	0.582
MP1: "Marketing planning skills"	0.767		
MP2: "Ability to effectively segment and target market"	0.733		
<b>Organizational performance</b>	0.819	0.798	0.516
<b>Motivation Performance</b>	0.772	0.768	0.562

MTP1: "The equity of our company (e.g., wage, promotions, fringe benefits) to employees has been continuously improving in the past 3 years"	0.832		
MTP2: "The training function provided to employees for the acquisition of necessary job skills and knowledge has been continuously improving in the past 3 years"	0.788		
MTP3: "The extent of employee job satisfaction has been continuously improving in the past 3 years"	0.765		
MTP4: "The extent of employee job security has been continuously improving in the past 3 years"	0.779		
MTP5: "The environmental factors affecting the job (e.g., safety of the job environment) have been continuously improving in the past 3 years"	0.801		
<b>Market performance</b>	0.803	0.751	0.636
MKP1: "The success rate of our company in introducing new or modified products/services to satisfy customer needs has been continuously improving in the past 3 years"	0.722		
MKP2: "The price of the products/services of our company has remained relatively competitive to the price trend of the competitors in the past 3 years"	0.718		
MKP3: "The ability of our company to satisfy customer needs has been continuously improving in the past 3 years (e.g., decrease in customer complaints, product returns)"	0.788		
<b>Productivity performance</b>	0.788	0.739	0.605
PP1: "The efficiency of materials usage of our company (e.g., ratio of total output to material input) has been continuously improving in the past 3 years"	0.805		
PP2: "The efficiency of labor of our company (e.g., ratio of total output to labor input) has been continuously improving in the past 3 years"	0.796		
PP3: "The efficiency of capital utilization of our company (e.g., ratio of total output to capital input) has been continuously improving in the past 3 years"	0.789		
<b>Societal performance</b>	0.773	0.776	0.554

SP1: "The level of consumer rights of our company has been continuously increasing in the past 3 years"	0.774
SP2: "The level of recognition of the need to protect the environment in our company has been continuously increasing in the past 3 years"	0.763
SP3: "The expansion of the product/market of our company has been continuously increasing in the past 3 years"	0.783
SP4: "The provision of employment opportunities by our company has been continuously increasing in the past 3 years"	0.712

The discriminant validity assessment using the "Fornell-Larcker criterion", presented in Table 3, shows that each construct shares more variance with its own indicators than with other constructs, confirming adequate discriminant validity. Table 4 presents the path coefficients for the relationships between marketing capabilities and different performance outcomes. The beta values indicate the strength of these relationships, with marketing capabilities positively impacting motivation performance ( $\beta = 0.512$ ), market performance ( $\beta = 0.389$ ), productivity performance ( $\beta = 0.416$ ), and societal performance ( $\beta = 0.268$ ). All the paths show significant results, as indicated by the T-statistics (above the threshold of 1.96) and the P-values of 0.00, confirming that each hypothesis (H1 through H4) is supported. This highlights the significant positive influence of marketing capabilities on various dimensions of organizational performance. The R-square values in the Figure 2 represent the proportion of variance explained by the marketing capabilities for each performance outcome. Specifically, marketing capabilities explain 30.7% of the variance in motivation performance, 41.8% of the variance in market performance, 31.3% of the variance in productivity performance, and 33.5% of the variance in societal performance. These values indicate that marketing capabilities have a moderate explanatory power in predicting these various aspects of organizational performance.

Table 3: Discriminant Validity (Fornell-larcker criterion)

	Market Performance	Marketing Capabilities	Motivation Performance	Productivity Performance	Societal Performance
Market Performance	0.815				
Marketing Capabilities	0.589	0.787			
Motivation Performance	0.662	0.582	0.675		
Productivity Performance	0.547	0.616	0.446	0.707	
Societal Performance	0.526	0.468	0.535	0.604	0.829

Table 4: Path Coefficients

Paths	Beta	Standard deviation	T statistics	P values	Results
Marketing Capabilities -> Motivation Performance	0.512	0.253	6.324	0.00	H1 supported
Marketing Capabilities -> Market Performance	0.389	0.197	8.453	0.00	H2 supported
Marketing Capabilities -> Productivity Performance	0.416	0.172	11.672	0.00	H3 supported
Marketing Capabilities -> Societal Performance	0.268	0.103	4.559	0.00	H4 supported



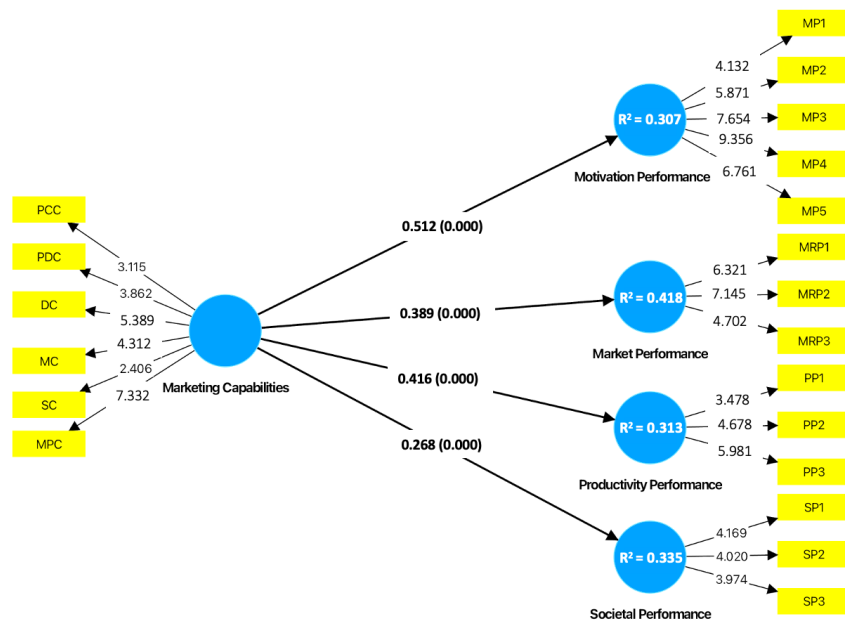


Figure 2: Structural Model

## DISCUSSION

The findings of the study highlight the critical role marketing capabilities play in influencing various aspects of organizational performance, including motivation, market, productivity, and societal performance. The analysis reveals strong relationships between marketing capabilities and each performance outcome, demonstrating that well-developed marketing strategies contribute to both internal and external organizational success. Firstly, the relationship between marketing capabilities and motivation performance indicates that marketing strategies significantly enhance employee motivation. Organizations with effective marketing approaches can create a work environment where employees feel more motivated and engaged (Chatterjee et al., 2023). This connection emphasizes the importance of aligning marketing efforts with internal communication, ensuring that employees understand and support the company's marketing vision (Falahat et al., 2020). Secondly, the effect of marketing capabilities on market performance shows that organizations with refined marketing strategies are better equipped to attract customers and enhance their competitive position in the market. This relationship suggests that companies must continuously adapt their marketing strategies to remain relevant to their target audience and effectively respond to market trends (Pamucar & Biswas, 2023). Additionally, marketing capabilities positively influence productivity performance, indicating that businesses with advanced marketing strategies are more efficient in their operations. The ability to allocate resources and streamline processes leads to higher productivity levels, reinforcing the idea that marketing capabilities contribute to overall organizational efficiency (Boothby et al., 2010). Finally, the impact of marketing capabilities on societal performance underscores the broader influence marketing can have on an organization's relationship with society (Fehder et al., 2018). The integration of CSR with business strategy builds consumer trust, resulting in direct benefits for the company (Caratas, 2023). Companies that focus on socially responsible marketing initiatives and CSR practices are better positioned to build strong relationships with the community and maintain a positive public image (Alsadoun & Alrobai, 2024).

The findings of this study offer several important implications for both practitioners and researchers in the field of marketing and organizational performance. First, the significant positive relationship between marketing capabilities and motivation performance suggests that organizations should invest in developing their marketing functions to enhance employee engagement. Companies can achieve this by creating internal marketing programs that align employees' roles with the overall marketing strategy, fostering a sense of ownership and accountability. Regular training and development initiatives can equip employees with the skills and knowledge needed to contribute effectively to marketing objectives, which can lead to improved motivation and job satisfaction. Second, the positive impact of marketing capabilities on market performance underscores the importance of adopting innovative marketing strategies that are responsive to changing consumer preferences. Businesses should leverage data analytics and consumer insights to craft targeted marketing campaigns that resonate with their audience (Alnasser, 2024).

This approach enhances market performance and helps build strong brand loyalty among consumers, especially in competitive markets where differentiation is fundamental. Moreover, the relationship between marketing capabilities and productivity performance indicates that a well-developed marketing function can drive operational efficiencies. Organizations should seek to integrate marketing strategies with their overall business processes (Alateeg & Alhammadi, 2024a). By aligning marketing initiatives with production, supply chain, and customer service operations, businesses can optimize resource utilization and enhance productivity. Additionally, the significant effect of marketing capabilities on societal performance emphasizes the need for organizations to incorporate CSR into their marketing strategies. Companies that actively promote their CSR initiatives can enhance their brand image and foster a positive relationship with consumers who value ethical practices. The alignment of an organisation's culture with the strategic management of the organisation is a competitive advantage in the global marketplace (Caratas et al., 2018). These social values improve social performance, and attract socially conscious consumers who want to support brands that make a positive contribution to society.

For researchers, future studies could approach specific components of marketing capabilities that most significantly influence organizational performance. Understanding which aspects, such as digital marketing proficiency or customer relationship management, play an essential role can guide organizations in their strategic investments. Additionally, exploring the moderating effects of factors like organizational culture, market dynamics, and leadership styles could provide valuable insights into the complex interplay between marketing capabilities and performance outcomes. Overall, the implications derived from this study highlight the critical role of marketing capabilities in enhancing various dimensions of organizational performance. By focusing on developing these capabilities and integrating them into broader business strategies, organizations can achieve sustainable growth and a competitive advantage in an increasingly dynamic market landscape.

## CONCLUSION

This study demonstrates the vital role that marketing capabilities play in enhancing organizational performance across multiple dimensions, including motivation, market, productivity, and societal performance. The significant relationships identified highlight the necessity for organizations to invest in and develop their marketing functions to achieve not only operational efficiencies but also greater market competitiveness. By aligning marketing strategies with employee engagement initiatives and CSR efforts, businesses can foster a motivated workforce and build strong relationships with consumers. The findings suggest that organizations should adopt innovative marketing practices that respond to evolving consumer needs, leveraging data-driven insights to craft targeted campaigns. Furthermore, the integration of marketing capabilities into overall business processes can drive productivity improvements and enhance societal impact, ultimately leading to sustainable growth. Future research should explore the specific elements of marketing capabilities that most effectively drive performance outcomes and investigate how contextual factors influence these relationships. This study contributes to a deeper understanding of the strategic importance of marketing capabilities in today's dynamic business environment, offering valuable insights for both practitioners and scholars.

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