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Exploring the Role of Technological Advancement, Organizational Capabilities, and Governance in Mitigating Financial Delinquency: The Mediating Effect of Green Innovation and Risk Management

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	Abstract
Ali Raza Elahi* Assistant Professor, Department of Commerce of Finance, Government College University, Lahore, Pakistan alirazaelahi@gcu.edu.pk Safyan Majid Assistant Professor, Department of Commerce of Finance, Government College University, Lahore, Pakistan Muhammad Gulzaib Chaudhary Lecturer, Department of Economics, Government College University, Lahore, Pakistan *Corresponding Author	This study investigates the contribution of technology development, firm competencies, and governance on minimizing financial delinquency using green innovation and risk management as the primary mediators that assist in lowering the chances of financial delinquency and overdue payments. For this study, a quantitative research design with Partial Least Square Structural Equation Modelling (PLS-SEM) is adopted. This data was collected from questionnaires distributed using a five-point Likert Scale to employees working within the corporate and financial sectors. A non-probability sampling method was used and data were analyzed using SmartPLS software. The findings indicate that technology innovation and capabilities have a significant and positive influence on financial delinquency, either direct or indirect. The capability in risk management and green innovation is significant in the mediation process, but green innovation had more influence. However, corporate governance is insignificant in the moderation process. Also, the findings indicate that there are issues with measurement validity, as evidenced by the low factor loadings. The study makes a theoretical contribution through the integration of RBV and DCT theories with financial delinquency theory. This contributes through provision of an integrated perspective on how resources translate into dynamic capabilities that influence financial performance. The study suggests that businesses should emphasize the development of technology and organizational skills to improve their financial performance. They should also develop risk management systems and adopt green innovations. The government needs to facilitate the adoption of good corporate governance and risk management for financial performance improvement.
Keywords:	Technological Innovation, Organizational Capabilities, Green Innovation, Risk Management Capabilities, Corporate Governance, Financial Delinquency

1. Introduction

One of the most significant and overlooked risks to business sustainability is financial delinquency - the inability of firms to meet their financial obligations on time (Burkova et al., 2023). In a digital economy characterized by growing market uncertainty and increasing regulatory scrutiny, firms' ability to effectively manage their resources to manage financial risk is critical to avoiding financial default, reputational loss, and sustained financial distress (Burkova et al., 2023). So, it is no longer a question of whether firms should invest in technology and capabilities, but how to strategically direct these investments to avoid financial delinquency in the first place.

In the last two decades, technological innovation has revolutionized corporate financial management (Qureshi, 2025). The use of digital platforms, financial technology (Fin-tech), data analytic and automated financial monitoring systems has changed the way firms monitor financial transactions, identify irregularities and implement fiscal discipline (Abikoye et al., 2024). At the same time, the increasing focus on organizational capabilities - which refers to managerial skill, strategy coordination, and planning - has brought attention to the role of organizational resources as a source of financial resilience (Lee & Chen, 2022). Companies capable of leveraging technological and organizational resources are more likely to honor financial obligations and adapt to economic uncertainty (Almashhadani & Almashhadani, 2023). Beyond such direct influences, researchers have also increasingly acknowledged the influence of dynamic capabilities in the link between firm resources and financial performance (Ali, 2015; Shang et al., 2020).

Innovation in green technologies and processes, for instance, has been recognized as a dynamic capability that not only drives cost efficiencies, but also enhances firm credibility in the eyes of stakeholders (Ali, 2018; Singh et al., 2022), and boosts long-term financial performance. Similarly, risk management capability, representing the firm's capacity to identify, measure and manage financial and operational risks, has been shown to play a pivotal role in mitigating financial risk (Qiao & Zhao, 2023). Additionally, corporate governance, which refers to the control, oversight and monitoring mechanisms that shape the nature of managerial decision making, also plays a role in this context (Sari, 2023). While there has been increasing research in each of these areas, they are not well integrated (Ali & Bibi, 2017; Mishra et al., 2025). Existing research has tended to focus on technological advancement, organizational capabilities, green innovation, risk management and corporate governance in isolation (Ali & Audi, 2016; Wu et al., 2026), resulting in a limited understanding of their interactions and shared impact on financial delinquency (Xiao & Kim, 2022). Specifically, it is unclear whether green innovation and risk management capability play significant intermediary roles in how technological and organizational resources alleviate financial delinquency risk, and whether corporate governance moderates these effects (Ali & Rehman, 2015; Al-Nimer, 2024; Longston et al., 2025). The latter is particularly true of corporate and financial sector organizations, where risks associated with financial delinquency are greatest and where integrated, capability-based strategies are urgently needed (Faro et al., 2024; Khalil et al., 2025).

Drawing on the Resource-Based View (RBV) and Dynamic Capabilities Theory (DCT), this research seeks to address these issues by (Modimogale, 2021) proposing and testing an integrated model which views technological development and organizational capabilities as key strategic resources, green innovation and risk management (Musiello Neto et al., 2022) capability as dynamic, mediating capabilities, and corporate governance as a moderating factor for the impact of risk management on financial delinquency (Pan et al., 2023). The key proposition of this study is that firms do not simply manage financial delinquency by having technology or capability - they do so by transforming these resources into dynamic capabilities that regulate financial risk and foster fiscal discipline (Narayan et al., 2023; Nasir et al., 2025).

2. Literature Review

2.1. Theoretical Foundation

This paper draws on the Resource-Based View (RBV) and Dynamic Capabilities Theory (DCT) to understand how firms use internal resources and dynamic capabilities to avoid financial delinquency (Hafnidah et al.). The RBV suggests firms achieve competitive advantage through valuable, rare and inimitable resources - in this study, technological innovation and managerial capabilities (Kero & Bogale, 2023). Information technologies and data analytics improve the efficiency and transparency of financial processes, and managerial capabilities help firms effectively integrate these resources, improving cash management, internal controls and financial discipline (Olatinsu & Eke, 2025). DCT extends the RBV by highlighting the importance of firms' ability to respond and re-configure resources to dynamic environmental conditions (Duong, 2026). In our study, green innovation and risk management capability are dynamic capabilities that integrate and convert technological and organizational resources to financial strategies (Liang et al., 2025). Green innovation leads to better resource management and better performance through sustainability (Marc et al., 2022; Aftab et al., 2023), while risk management competence contributes towards building resilience in organizations through risk assessment and mitigation (Marc & Ali, 2023; Correia et al., 2024). These capabilities bridge the gap between organizational resources and financial delinquency reduction, and form the basis of this study.

2.2. Hypothesis Development

2.2.1. Technological Advancement, Organizational Capabilities and Financial Delinquency

Technology is crucial in improving organizational efficiency, innovations, and financial performance (Petare et al., 2023). In the resource-based view and dynamic capabilities theory, organizations adopting technology are able to become efficient, save costs and make better decisions, and hence be in a position to manage their financial obligations without becoming delinquent in terms of finances (Kero & Bogale, 2023; Marc et al. 2026).

With technology, firms are in a position to automate processes, conduct analyses, and monitor activities on a real-time basis, leading to improved financial controls (Adekunle et al., 2023). Through improved financial controls, a firm is able to identify potential financial risks and act upon them so as to prevent cases of delinquency (Nwachukwu et al., 2024).

Also, organizational capabilities, which are defined as an organization's ability to coordinate and effectively utilize its capabilities, skills, and knowledge, are essential in the financial performance of organizations. Organizational capabilities make it easy to plan and co-ordinate activities (Ofori-Amanfo et al., 2022). This results in financial discipline and therefore prevention of delinquency (Efunniyi et al., 2024).

Based on this, our hypotheses are as follows:

H1: Technological advancement has a negative significant impact on the financial delinquency.

H2: Organizational capabilities is negatively related to financial delinquency.

2.2.2. Technological Advancement, Organizational Capabilities and Green Innovation

Innovation with regard to environmental issues involves developing products or practices that are sustainable (Ghobakhloo et al., 2021). Technological advancement is one way through which this type of innovation can be accomplished since there will be provision of technology as well as processes which will promote sustainable production and use of resources (Pineiro-Villaverde & García-Álvarez, 2020).

The firms adopting the use of technology will be motivated towards green innovation because of the fact that sustainable practices will be incorporated, waste reduced and energy saved (Ullah et al., 2022). This result is supported by previous findings, which show that technological resources facilitate sustainability.

Finally, firm capabilities are important elements with regard to the innovation (Mendoza-Silva, 2021). The firm's capabilities, which include knowledge management, leadership and flexibility, are vital with respect to making the process of business more sustainable (Mahdi & Nassar, 2021).

Hence, the following hypotheses are stated:

H3: Green innovation is positively related to technological advancement.

H4: Organizational capabilities has a significant positive effect on green innovation.

2.2.3. Technological advancement, organizational capabilities and risk management capability

Risk management capability refers to the ability of businesses to detect, assess, and manage risks, which include both financial and operational risks (Balaji et al., 2024). The ability to do so can be strengthened through advancements in technology via data analysis, forecasting, and risk assessment software (Elumilade et al., 2023).

Using advanced technology enables businesses to monitor their transactions more effectively, detect any irregularities, and address any associated risks. This reduces uncertainty for the business financially (Ruzel & Hasan, 2023).

Corporate capabilities, too, contribute to the management of risks through increased coordination, communication, and responsiveness (Balaji et al., 2024). Businesses with strong internal capabilities are able to build risk management systems and foster risk management culture (Ali et al., 2023).

Therefore, the following hypotheses are developed as:

H5: Technological development has a significant positive link with risk management capability.

H6: Organizational capabilities have a significant positive relationship with risk management capability.

2.2.4. Green Innovation, Risk Management Capability and Financial Delinquency

The advantages of green innovation, aside from being environmentally friendly, include better financial performance (Ha et al., 2024). With green innovation, businesses can employ efficient means of production that result in cost savings, leading to better profits and financial viability, hence reducing delinquency (Sarfraz et al., 2023).

Moreover, green innovation enhances reputation and trust among stakeholders, which can help access finance and mitigate financial risk (Javeed et al., 2022).

Risk management is also essential in reducing financial delinquency. Firms that have effective risk management processes can detect potential financial problems, mitigate their effects, and ensure financial stability (Eyinade et al., 2025). Good risk management practices mitigate financial risks and improve the firm's capacity to fulfil financial commitments.

Therefore, we offer the following hypotheses:

H7: Green innovation is significantly and negatively related to financial delinquency.

H8: Risk management capability is significantly negatively related to financial delinquency.

2.2.5. Green innovation and risk management capability as a mediator

Green innovation is a mediating variable between technological advancement and organizational capabilities and financial performance (Asni & Agustia, 2022). Companies that advance their technology and capabilities are more likely to practice green innovation, which subsequently enhances financial performance and decreases delinquency (Khan et al., 2021).

Likewise, risk management capability is a mediator between technological advancement, organizational capability and financial delinquency (Kyambade et al., 2024). Technological advancement and organizational capabilities improve risk management, which in turn reduces financial risks and delinquency (Santorry, 2024).

Thus, the following hypotheses are put forward:

H9: Green innovation is a mediator of the influence of technological advancement on financial delinquency.

H10: Risk management capability is a mediator between technological advancement and financial delinquency.

H11: Green innovation mediates the relationship between organizational capabilities and financial delinquency.

H12: Risk management capability mediates the relationship between organizational capabilities and financial delinquency.

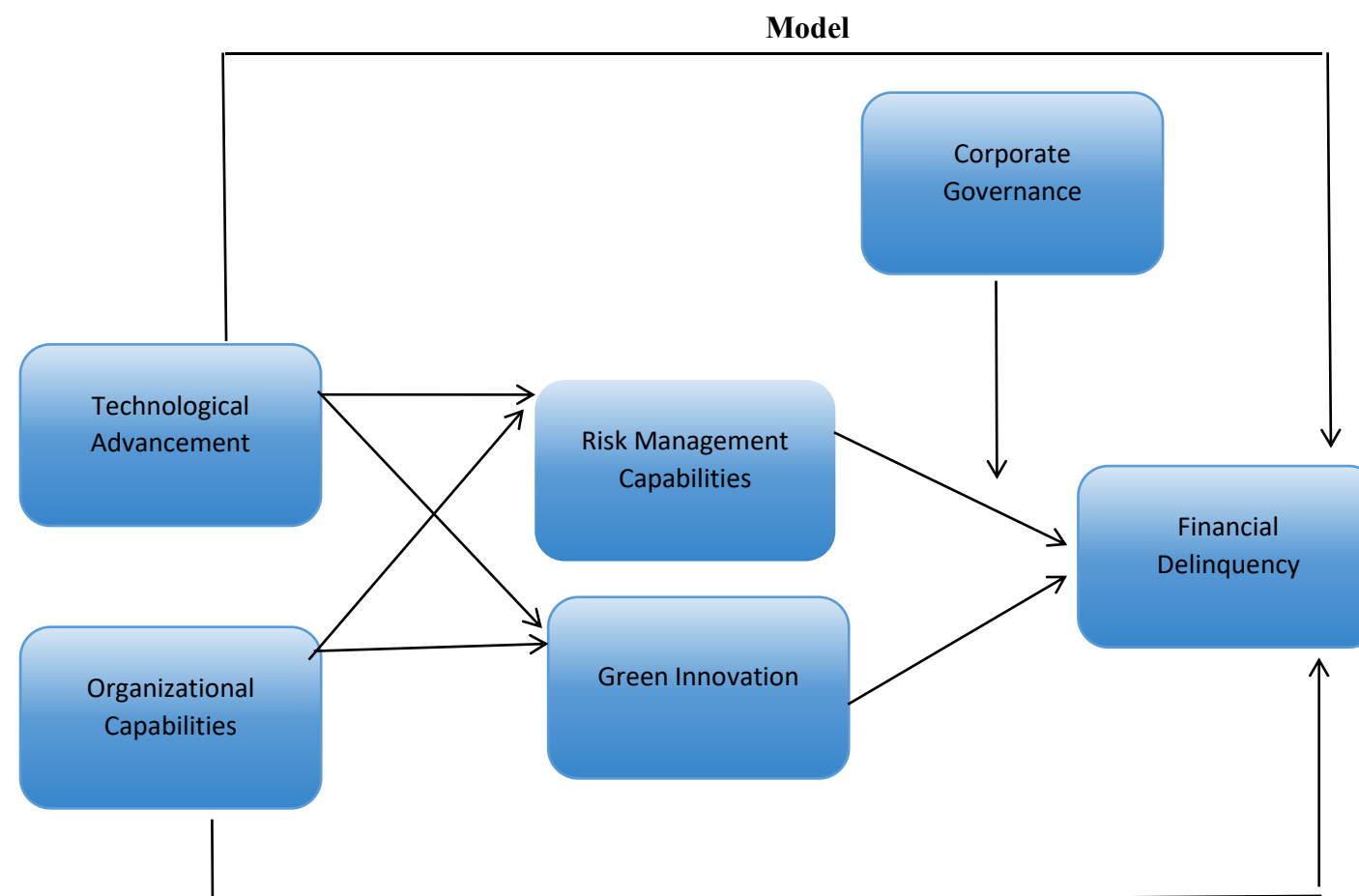
2.2.6. Moderating role of corporate governance

Corporate governance encompasses the systems, processes and controls that promote accountability, transparency and sound decision-making (Efunniyi et al., 2024). Good governance mechanisms improve monitoring and ensure management actions are in line with the objectives of the firm (Napitupulu et al., 2023).

Corporate governance enhances the effectiveness of risk management capability through monitoring, compliance and accountability (Efunniyi et al., 2024). Companies with robust governance structures are more likely to engage in effective risk management, thus further decreasing financial delinquency (Moridu, 2023).

Therefore, it is hypothesized that:

H13: Corporate governance moderates the association between risk management capability and financial delinquency by enhancing the relationship.



3. Methodology

3.1. Research Design and Data Collection

This research employs a quantitative research method to investigate the association between technological development, institutional capability, green innovation, risk management capability, corporate governance and financial delinquency (Khababa & Jalingo, 2023). A cross-sectional survey approach is adopted to efficiently gather data from a large sample at one time. The study's sample represents a population of employees and managers in financial institutions and corporate organizations as they have knowledge about financial practices, technological use and governance. The data are gathered through a questionnaire based on previously validated scales to enhance the validity and reliability of the study (Younas & Porr, 2025). The responses are measured on a five-point Likert scale (1-strongly disagree, 5-strongly agree). A non-probability convenience sampling method is adopted for ease of access and time restrictions (Pace, 2021). The survey is administered through both hard copy and online modes to encourage and increase the response rate. Once collected, the data is checked to eliminate incomplete or unreliable questionnaires, thus ensuring the accuracy and reliability of the data for statistical analysis (Hossan et al., 2025).

3.2. Measures

The variables in this study are all measured through multiple items based on scales developed in the literature, slightly modified to fit the context of financial delinquency and performance. Technology is assessed using items capturing the use of digital platforms, financial technology, automation and analytic technologies that improve efficiency and financial control (Parasuraman et al., 2024). Organizational capabilities are measured by items that reflect managerial skills, strategy, coordination, and the efficient use of organizational resources (Hall et al., 2011). Environmentally sustainable innovation is assessed using items that reflect sustainable practices and processes and innovation that enhances efficiency in resource use and the impact on the environment (Borah et al., 2023). Risk management is measured through items capturing the firm's capacity to identify, analyze and manage financial and operational risks through systems and strategies (Mu et al., 2014). Corporate governance is assessed using items capturing transparency, accountability, control systems, and effectiveness of governance practices (Xuan & Loang, 2023). Lastly, financial delinquency is measured using items that assess financial obligations, default risk, cash flow management and economic uncertainty (Xiao & Kim, 2022). The measurement items are rated on a five-point Likert scale to maintain consistency across items and perform empirical analysis.

3.3. Empirical Analysis

We used PLS-SEM in SmartPLS to analyze the relationships between the variables. The measurement model was satisfactory, but low factor loadings suggest low reliability for some of the indicators. Structural model outcomes showed that technological progress and organizational capabilities have significant positive impacts on financial delinquency, both directly and indirectly via green innovation and risk management capability. Risk management capability had a greater influence than green innovation. The indirect effects



confirmed that the effects are partially mediated. But the effects of corporate governance as a moderator were insignificant. In general, the model was found to be a good fit and highlighted the role of internal resources and dynamic capabilities in predicting financial delinquency.

3.4.Measurement Model Assessment

The results of the measurement model suggest the constructs have satisfactory levels of internal consistency reliability and convergent validity, but not so for indicator reliability. That is, Cronbach's alpha scores range from 0.734 to 0.884 and composite reliability (CR) ranges from 0.835 to 0.912, both being above the acceptable level of 0.70, thus establishing that the constructs are reliably measured. Moreover, the Average Variance Extracted (AVE) ranges between 0.507 and 0.667, exceeding the recommended minimum of 0.50, which demonstrates that convergent validity is present and that there is enough variance accounted for by the indicators of the constructs.

While these reliability and validity measures are acceptable, the indicator loadings are relatively low, ranging from 0.176 to 0.486 (below the recommended value of 0.70 and even below 0.50 in most cases). This implies that individual indicators are not strongly related to their corresponding constructs, especially in the case of Organizational Capabilities, Green Innovation and Financial Delinquency (Marín-Vinuesa et al., 2020). Thus, indicator reliability is low, and some indicators may need to be eliminated or amended to enhance the measurement model.

Table 1: Convergent Validity

	Indicator	Factor Loading	Alpha	CR	Ave
Corporate Governance	CG1	0.399	0.734	0.848	0.651
	CG2	0.486			
	CG3	0.348			
Financial Delinquency	FD1	0.312	0.791	0.865	0.615
	FD2	0.302			
	FD3	0.356			
	FD4	0.303			
Green Innovation	GI1	0.284	0.752	0.835	0.507
	GI2	0.303			
	GI3	0.266			
	GI4	0.329			
	GI5	0.213			
Organizational Capabilities	OC1	0.190	0.884	0.912	0.632
	OC2	0.176			
	OC3	0.223			
	OC4	0.215			
	OC5	0.217			
	OC6	0.234			
Risk Management Capabilities	RMC1	0.382	0.741	0.837	0.562
	RMC2	0.303			
	RMC3	0.340			
	RMC4	0.306			
Technological Advancement	TA1	0.397	0.751	0.857	0.667
	TA2	0.459			
	TA3	0.368			
	Technological Advancement * Corporate Governance	1.000	1.000	1.000	1.000

Fornell-Larcker criterion was used to test the discriminant validity of the constructs. The findings show that the square root of the Average Variance Extracted (AVE) of each construct is higher than its correlations with the other constructs, suggesting the discriminant validity of the measurement model is satisfactory. For example, the square root of the AVE for the construct Corporate Governance (0.807) is greater than its correlations with Financial Delinquency (0.442), Green Innovation (0.486), and other constructs. Likewise, the values of Financial Delinquency (0.784), Green Innovation (0.712), Organizational Capabilities (0.795), Risk Management Capabilities (0.749), and Technological Advancement (0.817) are greater than their correlations with other constructs. This suggests that all the constructs are distinct and measure different ideas in the model. The value for the moderating effect is 1.000 due to the single-item interaction term, as expected in moderation studies. In conclusion, it is confirmed that the measurement model has adequate discriminant validity, which implies that the constructs are distinct constructs and can be used in the structural model analysis.

3.4.1. Discriminant Validity



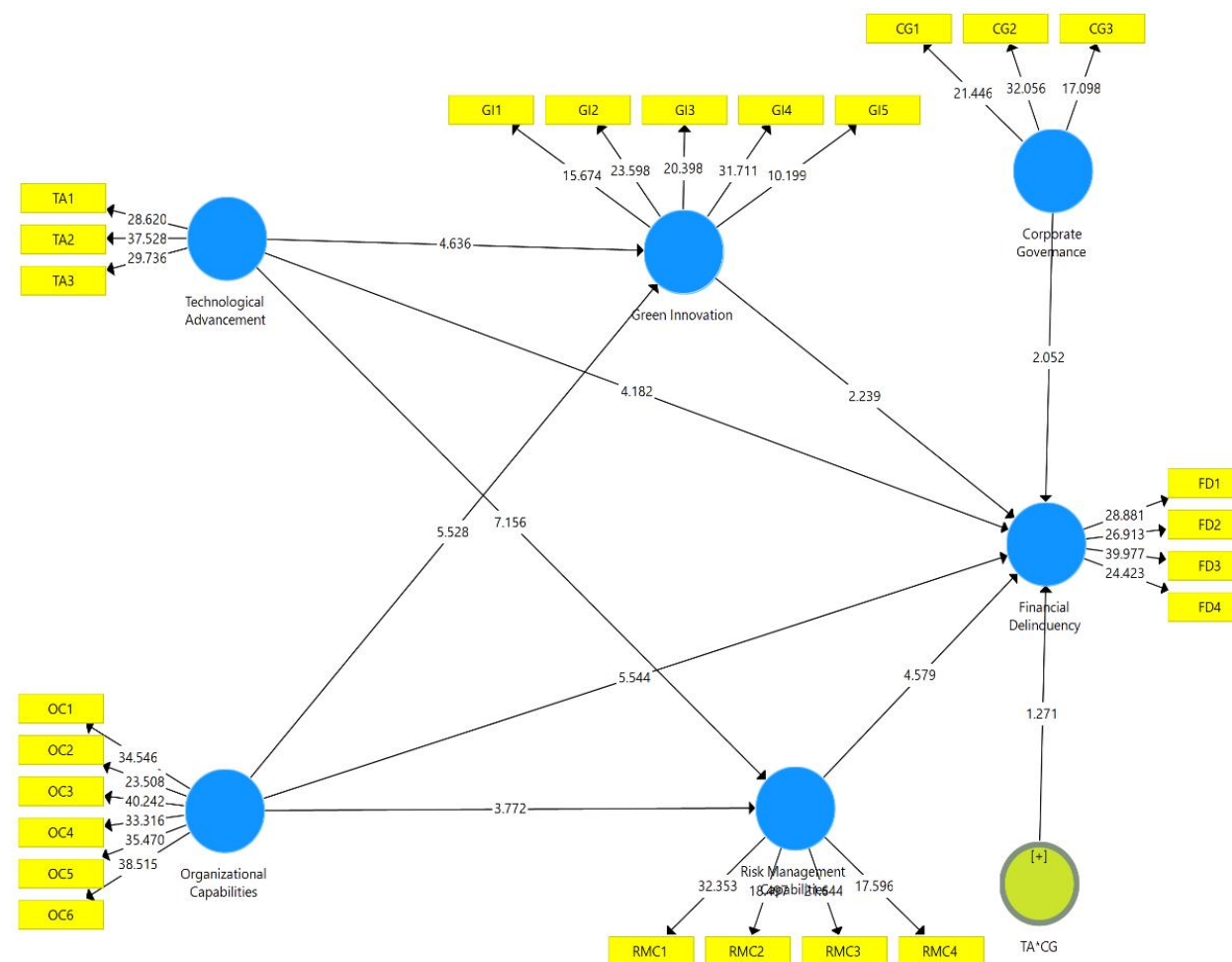
Advance Journal of Econometrics and Finance

Vol-4, Issue-1, 2026

The discriminant validity of the constructs was also confirmed by the Heterotrait-Monotrait Ratio (HTMT) analysis. The results show that discriminant validity is mostly established. The HTMT ratios range between 0.187 and 0.838, all of which are lower than the suggested critical value of 0.90 (and even lower than the more stringent value of 0.85 in most instances). This indicates that the constructs are not overly similar. While some values, such as the links between Risk Management Capabilities and Green Innovation (0.838) and Financial Delinquency (0.824) are relatively high, they are still within acceptable limits, so there are no major issues with discriminant validity. In summary, the HTMT results indicate that each construct measures a different concept, thus confirming the discriminant validity of the measurement model. The HTMT findings strengthen the measurement model by demonstrating that each construct captures a distinct concept within the study. This supports the robustness of the model and confirms that multicollinearity or construct overlap is not a significant concern, thereby enhancing the credibility and interpret-ability of the subsequent structural model results.

Fornell-Larcker Criterion							
Indicator	CG	FD	GI	ME 1	OC	RMC	TA
Corporate Governance	0.807						
Financial Delinquency	0.442	0.784					
Green Innovation	0.486	0.541	0.712				
Moderating Effect 1	-0.335	-0.243	-0.298	1.000			
Organizational Capabilities	0.269	0.559	0.372	-0.179	0.795		
Risk Management Capabilities	0.460	0.635	0.636	-0.295	0.358	0.749	
Technological Advancement	0.367	0.504	0.339	-0.344	0.287	0.477	0.817

3.4.2. Heterotrait-Monotrait Ratio (HTMT)							
Indicator	CG	FD	GI	ME 1	OC	RMC	TA
Corporate Governance							
Financial Delinquency	0.570						
Green Innovation	0.658	0.691					
Moderating Effect 1	0.391	0.272	0.344				
Organizational Capabilities	0.323	0.663	0.452	0.187			
Risk Management Capabilities	0.622	0.824	0.838	0.341	0.432		
Technological Advancement	0.482	0.649	0.445	0.397	0.350	0.627	



3.4.3. Structural Model Assessment

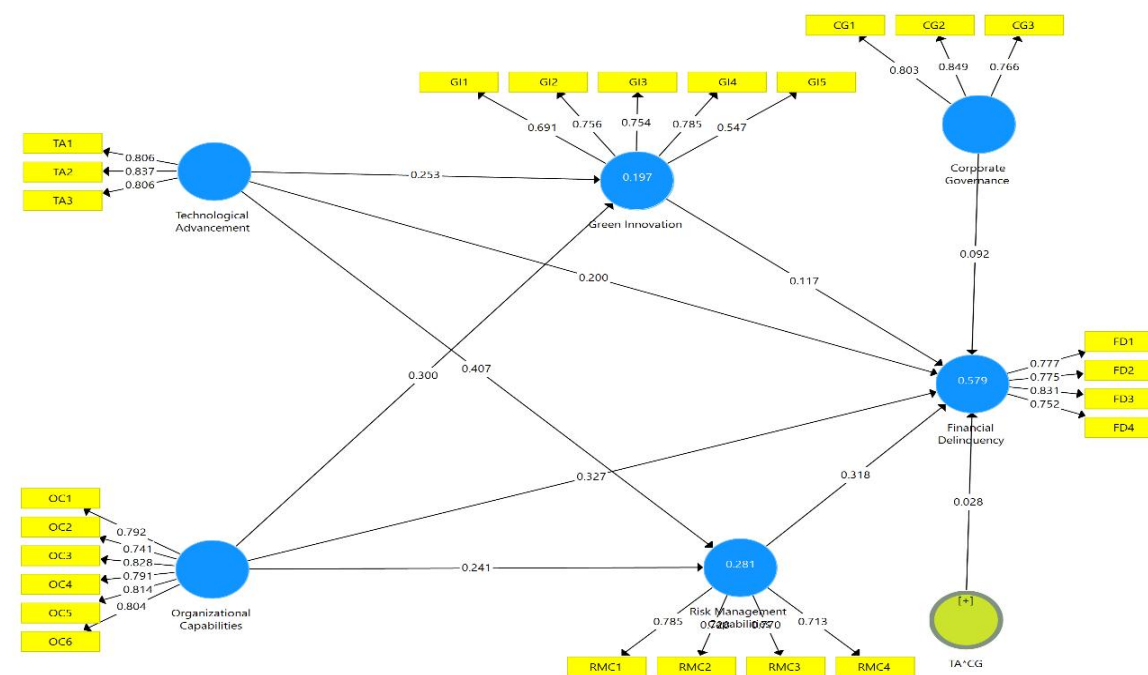
The results of the structural model confirm the positive and significant nature of most direct effects. Organizational capabilities emerge as the strongest direct predictor of financial delinquency ($\beta = 0.327$, $p = 0.000$), followed by technological advancement ($\beta = 0.200$, $p = 0.000$), risk management capability ($\beta = 0.318$, $p = 0.000$), green innovation ($\beta = 0.117$, $p = 0.026$), and corporate governance ($\beta = 0.092$, $p = 0.044$). In turn, technological advancement also has a strong direct effect on both risk management capability ($\beta = 0.407$, $p = 0.000$) and green innovation ($\beta = 0.253$, $p = 0.000$), whereas the postulated moderating role of corporate governance is not confirmed ($\beta = 0.028$, $p = 0.197$). The indirect effects reveal that both green innovation and risk management capability partially mediate the effects. Risk management capability has the more robust indirect effects - technological advancement ($\beta = 0.130$, $p = 0.000$) and organizational capabilities ($\beta = 0.077$, $p = 0.011$) - while green innovation has smaller but significant indirect paths for both predictors ($\beta = 0.030$ and $\beta = 0.035$, $p = 0.049$). Overall, the model shows that indirect effects, especially through risk management capability, significantly contribute to the overall explanatory power of the model.

Direct Effects

Indicators	beta	(STDEV)	T Statistics	P Values	Min	Max
CG -> FD	0.092	0.045	2.016	0.044	0.003	0.185
GI -> FD	0.117	0.053	2.234	0.026	0.014	0.219
Moderating Effect 1 -> FD	0.028	0.022	1.291	0.197	-0.017	0.070
OC -> FD	0.327	0.057	5.745	0.000	0.211	0.435
OC -> GI	0.300	0.054	5.581	0.000	0.195	0.402
OC -> RMC	0.241	0.063	3.832	0.000	0.117	0.365
RMC -> FD	0.318	0.069	4.635	0.000	0.183	0.454
TA-> FD	0.200	0.047	4.239	0.000	0.111	0.296
TA-> GI	0.253	0.055	4.615	0.000	0.142	0.357
TA -> RMC	0.407	0.056	7.252	0.000	0.294	0.513

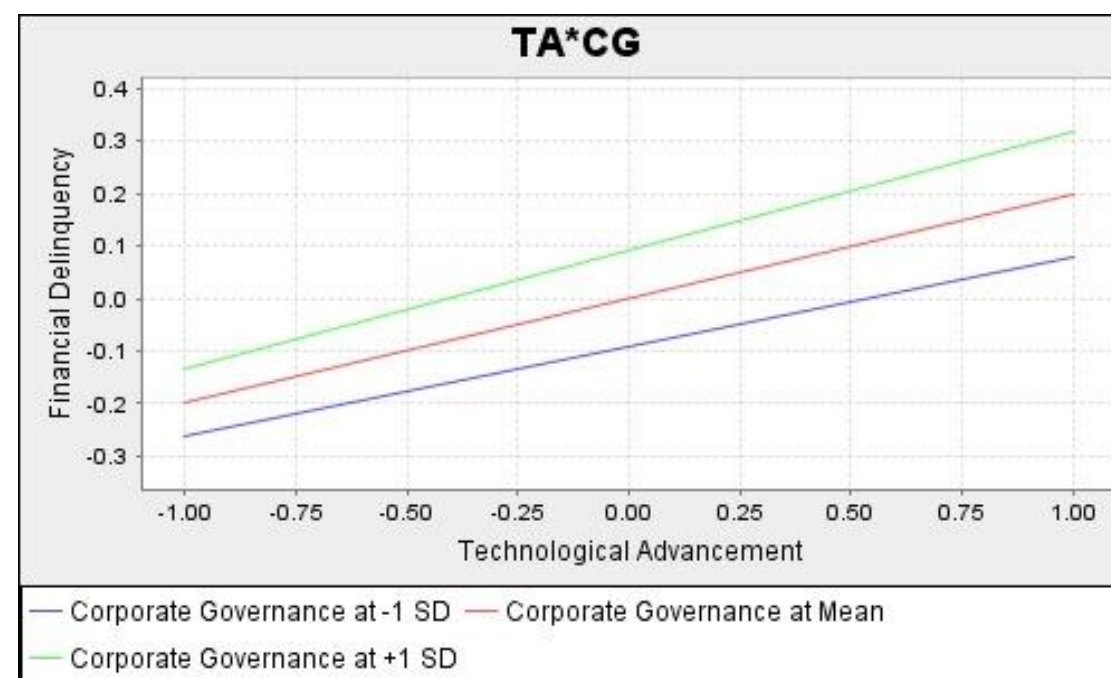
Indirect Effects

Indicators	beta	(STDEV)	T Statistics	P Values	2.5%	97.5%
OC-> GI -> FD	0.035	0.018	1.969	0.049	0.004	0.073
TA -> GI -> FD	0.030	0.015	1.969	0.049	0.003	0.062
OC -> RMC -> FD	0.077	0.030	2.556	0.011	0.029	0.146
TA -> RMC -> FD	0.130	0.030	4.346	0.000	0.074	0.194



3.4.4. Moderation Analysis

The interaction plot ($TA \times CG$) presents the effect of technological advancement and corporate governance on financial delinquency. All three lines have a positive upward slope, showing that financial delinquency increases with technological advancement, regardless of whether corporate governance is low, moderate or high. This reveals a positive association between technological advancement and financial delinquency. But the lines differ in that, at low levels of corporate governance (-1 SD), the increase in financial delinquency is relatively small, at the mean level it is moderate, and at high levels of corporate governance ($+1$ SD), there is a stronger and sharper increase in financial delinquency. This implies corporate governance seems to enhance the impact of technological advancement on financial delinquency. However, this visualization should be taken with a grain of salt, as the statistical findings suggest that the moderating effect is not significant. So, while the graph may indicate an interaction effect, it cannot be said that corporate governance plays a significant moderating role in this relationship.



4. Discussion and Implications

Using PLS-SEM, this research investigated the effects of technological advancement, organizational capabilities and corporate governance in reducing financial delinquency, mediated by green innovation and risk management capability. The findings reveal that technological advancement ($\beta = 0.200$, $p = 0.000$) and organizational capabilities ($\beta = 0.327$, $p = 0.000$) have a positive impact on financial discipline, confirming the Resource-Based View (RBV) notion that purposefully deployed resources such as information technology, automation systems, and managerial skills improve operational control and decrease financial delinquency. Importantly, it is not resource ownership per se but rather its active deployment that affects financial performance. Risk management capability is a stronger mediator with indirect effects of 0.130 ($p = 0.000$) and 0.077 ($p = 0.011$) for

technological advancement and organizational capabilities, respectively, on financial delinquency. This supports the notion that the capacity to recognize, measure and anticipate financial risks is the key transmission mechanism that transforms internal resources into financial discipline.

In line with Dynamic Capabilities Theory (DCT), the results highlight that companies not only need to have resources, but also dynamic capabilities to effectively use these resources, among which risk management is most effective in reducing financial delinquency. The impact of green innovation was another significant mediating factor although it had less influence than the previous one, since the indirect effect was 0.030 ($p = 0.049$) on technological advancement and 0.035 ($p = 0.049$) on organizational capabilities. Companies that adopt green innovation practices in their operations would enjoy increased efficiency, reduced expenses, and enhanced stakeholders' confidence, all of which lead to better financial results and fewer delinquent cases. Consequently, the finding shows that green innovation is indeed important from both ethical and financial standpoints, which helps justify why it can live up to its responsibilities in good time. Regarding corporate governance, there seems to be a contradictory situation between the direct and the moderating effect.

Although corporate governance has a small but significant direct influence on financial delinquency ($\beta = 0.092$, $p = 0.044$), the proposed moderating role in the relationship between risk management and financial delinquency is not statistically significant ($\beta = 0.028$, $p = 0.197$). While the interaction plot may reflect a visual trend, it is not significant, suggesting governance may impact financial outcomes indirectly. Finally, the findings confirm the RBV-DCT approach: firms need to build both resources and dynamic capabilities - especially risk management and green innovation - to reduce financial delinquency.

4.1.Theoretical Contribution

This research adds to the current body of knowledge by using Resource-Based View and Dynamic Capabilities Theory to develop a holistic model of financial delinquency (Kero & Bogale, 2023). It builds on existing research by simultaneously considering technological advancement and capabilities as resources, and green innovation and risk management capabilities as mediators (Trần et al., 2026).

Moreover, it adds to the literature by uncovering the role of dynamic capabilities in converting resources into financial outcomes. The high mediating effect of risk management capability suggests the importance of risk management as a strategic process to mitigate financial risks (Sajid et al., 2023). Moreover, the research contributes to the methodology by pointing out measurement issues, such as low factor loadings, despite reasonable reliability and validity. This implies that there is a need for improved measuring devices in future research efforts.

4.2.Practical Implications

The findings are highly useful for management, organizations, and the government. First, companies need to focus on technological development to enhance financial monitoring, automation and decision-making, which can subsequently assist in addressing financial delinquency (Apooyn, 2025). Second, firms should improve their internal resources, including managerial skills and coordination, to support resource efficiency (Aristei & Gallo, 2021).

Third, the findings show the importance of risk management capability. Companies need to build risk management systems to manage and prevent financial risks. Green innovation should also be promoted as it helps firms become sustainable and boosts financial performance, albeit to a lesser extent (Sarfraz et al., 2023).

And while corporate governance has a direct effect, there is little evidence of its moderating impact; as such, firms should prioritize better corporate governance practices for transparency and accountability rather than focusing on it as a moderating factor (Efunniyi et al., 2024). Governments should also promote the use of technology and management of risk to improve financial stability (Eyinade et al., 2025).

4.3.Limitations and Future Research

This study has several limitations. First, the study used a cross-sectional survey, which cannot provide information on causality. Longitudinal studies can be used in future research to examine how the process unfolds. Second, because of the convenience sampling, the sample may not be representative; future research should include larger and more diverse samples.

the study is limited by its reliance on self-reported data, which may be subject to response bias and social desirability issues, potentially affecting the accuracy of the findings. Future research could incorporate objective or secondary data sources to enhance validity. Additionally, the study focused on a specific context, which may limit the generalizability of the results to other industries or regions; therefore, comparative studies across different sectors and geographical settings are recommended to strengthen external validity.

Third, the problem of low factor loadings suggests low indicator reliability. The scales should be improved or items should be removed in future studies. Moreover, this research only examined financial delinquency; other outcomes such as firm performance, profitability or financial stability can be examined in future studies.

Other moderators and mediators, such as financial literacy, culture or regulatory practices, can also be explored to gain more insights into financial behavior.

5. Conclusion

In summary, this research identifies that technology and capabilities have a strong impact on financial delinquency, both directly and indirectly. Our study reveals that dynamic capabilities, especially risk management capability and green innovation, play a crucial role in risk management. In particular, risk management capability appears to have the most significant effect, suggesting its critical role in financial stability. Although corporate governance has a direct impact, it doesn't moderate statistically. Overall, the study highlights that firms need to not only have a good resource base, but also the ability to convert these resources into capabilities to minimize financial delinquency. The study underscores the importance of integrating technological advancement with organizational learning and strategic flexibility to enhance resilience against financial risks. Firms that continuously invest in capability development and innovation are better positioned to anticipate uncertainties and respond effectively to changing market conditions. Therefore,

policymakers and managers should prioritize capability-building initiatives and foster a culture of innovation to ensure long-term financial sustainability and reduced delinquency risks.

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Advance Journal of Econometrics and Finance

Vol-4, Issue-1, 2026

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