
The Interplay of Tactical Green Marketing Orientation and Service Innovation Capability on Sustainable Business Performance

Fawad Ahmed Khan*, Adnan Ahmad Shaikh¹, Saadat Abbas²

Abstract

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Sustainable business performance has gained significant attention in today's business landscape. Increasing global apprehension regarding environmental issues is compelling organizations to align with sustainable development principles (Khan, Ahmad, et al., 2023). This study examines the direct and indirect effects of stakeholder pressure, tactical green marketing orientation, and service innovation capability on sustainable business performance in five specific SME sectors. A web-based questionnaire was administered to 233 SME representatives from the selected industries using the resource-based view theory and stakeholder's theory. Path modeling using Partial Least Squares (PLS) 4.0 was used to analyze the data and assess the research hypotheses. The results indicate that stakeholder pressure influences green marketing tactics. In addition, the results indicate that green marketing orientation moderates the relationship between stakeholder pressure and sustainable business performance. In contrast, service innovation capability moderates the relationship between green marketing orientation and sustainable business performance. This study contributes to better comprehending the relationship between tactical green marketing and a company's sustainable performance, thereby providing managers with valuable insights for enhancing sustainable business performance

Introduction

The issue of sustainable development problems occupies a central position in discussions surrounding the establishment and achievement of Sustainable Development Goals (SDGs) across various levels, particularly within corporate settings that involve the small and medium-sized enterprise (SME) sector (Blinova et al., 2022). Accomplishing the UN's SDGs related to utilizing various resources efficiently, green effects and human

¹ Air University, Multan

² Shaheed Zulfiqar Ali Bhutto Institute of Science and Technology (SZABIST), Islamabad

* Corresponding Author: fawad_kulachi@yahoo.com



wellness and welfare relies on eco-consumption and green production models, especially in the SME Sector (Blinova et al., 2022). Environmental laws are now globally enforced by societies to protect the environment. However, to achieve better results for green governance, engaging all stakeholders in eco-protection efforts and reversing the damage is imperative (Zhang et al., 2019).

The United Nations Environment Program (UN) focuses on reducing environmental carbon emissions to achieve sustainability, making the industry more resilient and resource-efficient (UNEP, 2011). Service innovations and green initiatives have remained severe concerns for the stakeholders because unresolved sustainability issues have led the business to fail to create a green environment and innovation in the operations (Geels et al., 2015; Lim, 2016).

SMEs are important to economic development (Khurana et al., 2021). According to (WorldBank, 2017), up to 80% of a nation's non-agricultural workers are employed by SMEs from various sectors. Moreover, lack of awareness, technological advancement, and other barriers cause the SME sector to contribute 70% of the total waste emissions (Fahad et al., 2022). Even small businesses aware of their environmental impact and the advantages of carbon mitigation commonly lack the funds to act, even though it is well known that taking climate action makes businesses more resilient (Hub, 2022). In Pakistan, the small and medium business sector dominates the country's economic development and consists of more than 90% of SMEs working in various sectors across the country. Pakistani SMEs face numerous challenges, including a low technology base, access to finance, lack of labor skills, regulatory procedures, lack of market information, low level of product diversification, and value addition (SMEDA, 2019). Small and medium-sized enterprises (SMEs) are essential to any economy, as they contribute significantly to the gross domestic product (GDP) and create jobs (Khan, Sheikh, et al., 2023). Moreover, SMEs from various sectors especially manufacturing organizations, are significant contributors to environmental issues such as resource environmental pollution, extraction of raw material, and its processing always impacts the environment, climate change, and global warming (Fahad & Wang, 2020; IPCC, 2013).

Although prior studies identify linkages between green marketing and corporate competitiveness (Papadas et al., 2019), business sustainability must be addressed by integrating stakeholders' pressure with green marketing orientations. Over the few decades, our environment has been affected by the activities carried out by companies, it is not only the energy utilization and pollution through the processes involved in the production and final product usage, but it involves social and economic disturbance (Crowther & Seifi, 2023). Furthermore, business sustainability, in the long run, is dependent on how decision-makers, and owners, perform micro-level activities that help business to identify, reacts, and handle stakeholders' claims (Del Giudice et al., 2017; Freeman, 2010; Helmig et al., 2016). Stakeholders' pressure affects a business's ability to absorb positively (Aboelmaged & Hashem, 2019; Singh et al., 2020). (Zameer et al., 2020) argue that stakeholders' growing concern and knowledge toward environmental issues

push policymakers to devise policies to combat such challenges in the future and reverse the damage where possible, pushing industries to upgrade them with eco-friendly production through green innovation integration.

Similarly, Green marketing has grabbed the literature's attention on marketing and management (Chamorro et al., 2009; Dangelico & Vocalelli, 2017; Polonsky, 2011). In contrast, many businesses believe going green will hurt their ability to compete, although there is no substitute for sustainable growth (Nidumolu et al., 2009). This fact slows the development and creates a splintered understanding of environmental issues in marketing. The notable attention directed towards the realm of innovation has substantially underpinned operational activities within businesses, leading to a notable augmentation of their international scope (Sheikh et al., 2017). Undoubtedly, the private sector contributes many new valuable products which cause improvements in living standards. However, the expansion in the industrial sector also damages the natural environment. Only green consumption is not a way to achieve sustainable business performance, but the role of eco-friendly or eco-friendly production is also necessary.

Consequently, the primary objective of this study is to investigate the connection between stakeholder pressure and firm sustainability. To accomplish this objective, the study will first analyze and strengthen the evidence supporting the significance of stakeholder pressure in promoting strategic green marketing orientation and its direct impact on sustainability. In addition, this study aims to provide an exhaustive analysis of the effect of adopting a tactical green marketing orientation on sustainable company performance. In addition, this study intends to examine the impact of a service innovation capability on this relationship. This study contributes to our knowledge in two critical areas: first, it examines the role of green marketing orientation as a mediator in sustainable business performance, and second, it investigates the moderating effect of service innovation capabilities. Based on the preceding data, a study framework has been developed.

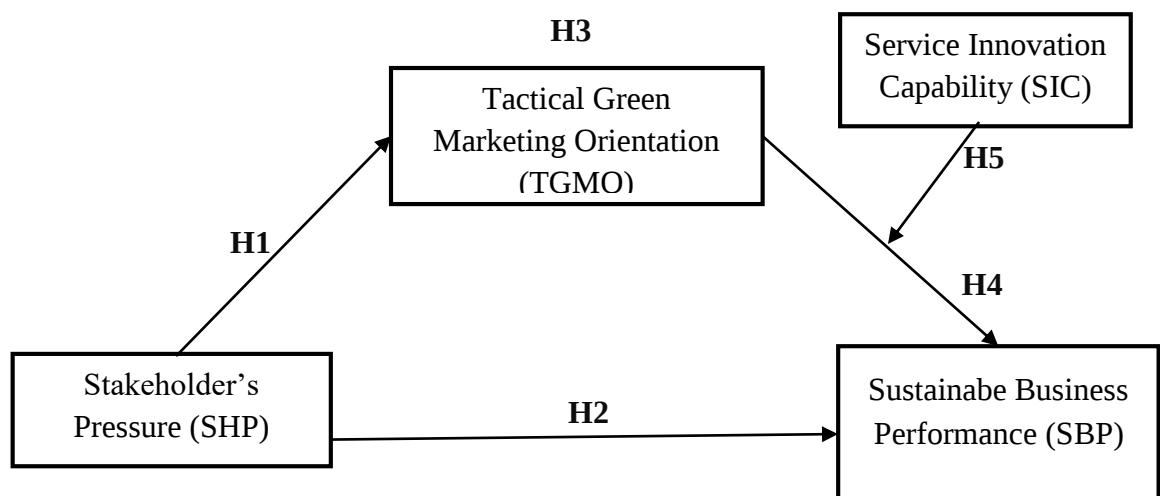


Figure 1: Research Framework

Literature Review

Underpinning Theory

RBV theory (Wernerfelt, 1984a) is used as underpinning, and Stakeholders theory (Freeman, 1984) as a supporting theory to explain the relationships in the model.

Theoretical foundations

External or internal actors are called potential stakeholders, those who may influence or can be influenced (Freeman et al., 2010). Stakeholder theory highlights two basic and main points of assessment: the purpose of businesses and their liability towards these actors. Businesses should satisfy their stakeholders by answering these questions. (Freeman, 2010). When defining a firm's policies, it must recognize that they are responsible to various partners, and each partner group has a unique expectation regarding the company's performance (Polonsky, 1995). As a result, SMEs with open and indirect contracts with numerous partners should be held accountable for honoring all those commitments to the environment and society (Aragón et al., 2016).

On the other hand, the RBV theory of (Wernerfelt, 1984b) states that sustainable competitive advantage relies on the firm's internal resources, which are tangible and intangible, rather than exploiting external factors. It suggests that the firm's resources must be heterogeneous, immobile, valuable, rare, inimitable, and non-substitutable to remain dominant in the market. A firm's capability of implementing green policies and reusable materials helps develop the brand (Papadas et al., 2019). Furthermore, these benefits come through various eco-friendly tactics, by adding or enhancing organizational capabilities to adopt new technology or give unique services which outperform its competitors, assist the business to gain a competitive edge, superior performance, market share, financial positions, and mainly organizational sustainability (Barney, 2001).

Environmental marketing has been at the top of organizational sustainability discussions, controlling academic and end-user agendas (Dangelico et al., 2017). In developing a more desirable awareness of firm sustainability-relevant matters, like, environmental marketing, current advanced literature has normally provided parted theoretical viewpoints instead of unifying and merging them (Cheng et al., 2017). Particularly in the absence of integration between two influential management theories, it is important to consider the stakeholder theory and the RBV of sustainable business performance (Sodhi, 2015; Sodhi & Tang, 2018). This absence of using theories has been a notable limitation of the advanced literature on firm sustainability (Connelly et al., 2011). This absence of integration of theories has been to combine these two theories (Sodhi, 2015). Given this situation, it is important to give relevance to the firms' stakeholders to potentialize the distinctive sustainability-based competitive benefit that is the core of RBV. This relevancy of S-RBV as a theory for considering sustainable related actions of firms has been highlighted, although the study on this topic is limited (Sodhi, 2015). As a result, in this research, RBV and stakeholder theories are incorporated to tie

up the work. Both theories argue that businesses can enhance and strengthen their sustainability performance by improving their competitive benefit, complete understanding, and involving the main stakeholders (Sodhi, 2015).

According to stakeholder theory (Aragón et al., 2016; Freeman, 2010), stakeholders' pressure can be realized through the activities advertised by the regulatory stakeholders like trade associations, government, competitors, society (Steurer et al., 2005). Pressure from stakeholders is the ability and influence to impact a firm's policy and actions (Fassin & Van Rossem, 2009; Helmig et al., 2016; Kassinis & Vafeas, 2006). Stakeholder pressure is believed as the key to organizations accepting modern green management beliefs (Sarkis et al., 2010) argue that green policies, green marketing (Connelly et al., 2011), green human capital management (Arulrajah & Opatha, 2016). A prior study (Chung, 2020) found a positive connection between stakeholder pressure and tactical green marketing orientation; however, "the relationship between stakeholders' pressure and sustainable business performance" requires focus and research. (Amui et al., 2017; Chen & Chang, 2013). Stakeholders posit force and can impact businesses. For example, the Pakistan Customs Department devised a policy to implement Pakistan's single window to help importers and exporters to go paperless. Thus, implementing new technology and involving in such green activities is a reaction of the businesses that come from the pressure the stakeholders pose. As a result, research investigations into the two theoretical lenses applicability to understanding sustainability-related organizational activities are scarce (Sodhi, 2015).

Hypotheses development

This portion sheds light on related literature to the present research and hypotheses development.

The following hypotheses are developed based on the assumed relationships and their effects on the study variables.

Relationship between Stakeholders' Pressure and Tactical Green Marketing Orientation

Global warming leads to significant and disruptive alterations in the natural environment, resulting in the degradation of ecosystems. This global climate change substantially threatens human survival and is a pivotal catalyst for businesses to adopt green marketing strategies to safeguard the planet (Chung, 2020). Stakeholders closely examine organizations concerning environmental concerns (Berrone et al., 2013; Sodhi & Tang, 2018) to ensure compliance with environmental regulations and integrate sustainable development principles into their corporate culture (Chuang & Huang, 2018) to foster sustainable knowledge acquisition and dissemination.

Stakeholder demands may influence Organizations to embrace the most key environmental adoption motives (Buysse & Verbeke, 2003). The corporation needs stakeholder involvement to achieve institutional credibility (Sarkis et al., 2010). Thus, when stakeholders pose force, the corporate system's legitimacy may be addressed, and

the level of environmental damage is changed (Henriques & Sadorsky, 1999). Research in the green streams has noted that businesses have created green marketing considering the various needs of stakeholders, including internal and external partners (Coddington, 1992).

Stakeholders primarily focus on monitoring organizations and governments to exert mandatory pressure on them to make concessions (Zhu & Sarkis, 2007). Firms can deal with these forces exerted in the form of pressure by a proactive environment. Thanks to these pressures, organizations can take action on their own and proactively reduce any harm to nature through the spread of environmental pollution and vandalism (Sarkis et al., 2010). Partnerships with governmental entities can be created through these strategic execution groups. Stakeholders like customers also impact the acceptance of eco-friendly practices since they demand that suppliers follow the law and enhance their performance through eco-favoritism (Lee & Klassen, 2008).

Additionally, businesses need to be aware of how different stakeholders' green marketing strategies are impacted by factors like product development, product-related environmental impact decisions, promotional strategy, backup services, manufacturing and production procedures, research and development, material sourcing, and waste management operations (Petkus & Woodruff, 1992). Prior research has shown that eco-friendly attitudes to influencers can draw a market portion through environmental legislation. (Buysse & Verbeke, 2003; Murillo-Luna et al., 2008). Hence, stakeholders are associated with the tactical green marketing orientation (Henriques & Sadorsky, 1999). Therefore, the following hypothesis has been developed:

H1: Stakeholder pressure is positively related to a tactical green marketing orientation.

Relationship between Stakeholders pressure and sustainable business performance

Stakeholder pressure is a force that can influence the firm regarding its decision-making process, production, product designing, sourcing supplies, and placement in the market (Parmigiani et al., 2011). A considerable issue is that stakeholders' expectation differs as there are various stakeholders, and it is quite difficult for the firm to absorb and react to each of them. In extreme situations, stakeholder claims even pose unwanted and huge contradictory pressure on organizations (Gavetti et al., 2005).

Nowadays, it is in the practice of many organizations to develop such strategies to examine the stakeholder claims given their salience and urgency (Mitchell et al., 1997). A firm's strategy formulation and stakeholders' expectations integration process should improve the overall effectiveness and enhance good citizenship by promoting its image (Yaziji, 2004). Thus, this argument leads to the result that stakeholder pressure has a huge role in the firm's sustainability. It enhances the overall organizational sustainable performance. Thus, It is hypothesized:

H2: Stakeholder pressure has a positive relationship with Sustainable Business Performance

The Mediating role of Tactical green marketing orientation

Tactical green marketing orientation is conceptualized as the short-term activities performed by the firm to switch the conventional marketing mix into an eco-friendly green marketing mix (Papadas et al., 2019). Such action leads to the reduction in the eco footprints of the organizations (Pujari et al., 2003). These marketing advertisement tools are used to convey the eco-friendly benefits of the product instead of the harmful effects (Kilbourne et al., 2002), it overall affects the organizational environmental performance in all dimensions like the placement of the product (Zhu & Sarkis, 2007), setting the prices for eco-friendly products (Chen, 2001).

According to (Evans et al., 2017), a business is considered sustainable if measured in three ways which are economic, social, and environmental. Organizations have different obligations toward society (Carroll, 1979), and according to (Freeman, 2010) stakeholders are the actors that influence the organization, which pushes the organization to adopt green practices to reduce their eco-footprints. Thus, presenting the eco-friendly image of the product reduces the stakeholder risk and increases their interest. Companies perceived stakeholders' pressure on the business activities that involve manufacturing, production, operational timelines, positioning, and advertisement (Kytte & Ruggie, 2005; Rio, 2011). Prior studies have established that stakeholder pressure affects eco-production and the firm's image (Baah et al., 2021; Mensah, 2014; Tian et al., 2021). (Mensah, 2014) stakeholder pressure affects the firm's revenue generation capability and sustainable performance (Baah et al., 2021) argued that pressure from stakeholders significantly impacts the organizations to practice green policies, firms reputation, and eco-performance.

Consequently, tactical green marketing orientation as an organizational capability and tool to outperform competitors helps organizations to practice and develop green strategies to reduce the eco-footprints, address the stakeholders' concerns, and the firm's sustainable performance (Luo & Bhattacharya, 2006; Shankar et al., 2009). Therefore, the current study aims to establish the mediating role of Tactical green marketing orientation. Thus this study hypothesizes:

H3: Tactical green marketing orientation mediates between stakeholders' pressure and sustainable business performance.

Relationship between Tactical green marketing orientation and sustainable business Performance

Market orientation is a very successful and efficient organizational technique for developing the behaviors needed to provide higher value and consistently outstanding performance for customers. Market-oriented businesses will gather information about client demands and rival actions and then coordinate these operations to produce superior customer value (Al-Henzab et al., 2018; Narver & Slater, 1990). As clients become more aware and sophisticated about the green environment and firms are more concerned about their performance against their competition, businesses follow focused-based solution-

derived strategies to handle environmental challenges (DeBoer et al., 2017; Soewarno et al., 2019).

Organizations must employ eco-friendly techniques to use fewer resources, energy, and toxic or hazardous substances to achieve sustainable growth (Glavič & Lukman, 2007). Green marketing initiatives emphasize environmental responsibility and establish healthy relationships and networks b/w customers and businesses (Moravcikova et al., 2017). Therefore, in an era of environmental consciousness, a focus on the green market is crucial to the success of corporate activities. Environmentally friendly practices must be implemented by a firm when objectives are lined up with the improvement and to sustain its business performance (Papadas et al., 2017).

The term tactical green marketing orientation refers to small and little time-based initiatives to switch the simple standard to develop a product, price it, place it, and promote it in a better sense that is more environmentally friendly (Papadas et al., 2017). The natural impression is lessened by this measurement's inclusion of item-related choices (Pujari et al., 2003). Buyers making a purchasing decision, purchasing green products is similar to purchasing any other product in that consumers engage in an information-gathering process to learn about the product, data on the ingredients, as well as their eco effects (Laroche et al., 2001), directly impact the purchasing decisions, empowering them to select the best options and increasing their priority to invest with less experience (Barber et al., 2008).

Promoting a novice strategy for the growth of technologies that reduce the negative effects of nature on company marketing interactions and communicate the ecological benefits of products (Kilbourne et al., 2002); improving natural execution through inventory network activities (Zhu & Sarkis, 2004) and fair pricing schemes for eco products (Chen, 2001). These methods provide adaptability to businesses looking to protect or benefit the ecosystem by saving energy and decreasing pollutants (Ottman & Books, 1998).

A study by (Fraj et al., 2011) on 361 Manufacturing companies in an EU nation demonstrated how a green marketing approach might help businesses enhance their marketing and operational capacity. Research by (Amegbe et al., 2017) in Ghana shared findings on how green marketing orientation enhances performance. In short, the higher the role of green marketing orientation, the higher the sustainability of customer retention, profit-making, and business growth. Thus, following hypothesis is proposed.

H4: The tactical green marketing orientation has a positive relationship with Sustainable business performance.

The Moderation Effect of Service innovation capability

In light of the RBV theory, developing capabilities is one way to employ resources to achieve better performance results. Being able to determine the best resource organization, continuously develop already-existing capabilities, and produce new, innovative capabilities is, in fact, a vital part of using the RBV (Bergfors & Larsson, 2009; Leonard-Barton, 1992). According to the literature, service innovation capabilities allow

a firm to stand out from its rivals by providing higher value (Salunke et al., 2013). Additionally, the ability to innovate services contributes to higher profit margins and consumer satisfaction (Oliva & Kallenberg, 2003).

Furthermore, innovation has been viewed as a moderator and a critical component of company performance (Damanpour, 1991). The new technology introduced adds value and gives a competitive edge. Companies transforming their business through green marketing can have more value as an innovator among stakeholders. Therefore, innovation activities may moderate the link between tactical green marketing orientation and sustainable business performance when any firm adds service innovation capability. Consequently, the following hypothesis is proposed:

H5: Service innovation capability moderate on tactical green marketing orientation and sustainable business performance link.

Methodology

Research Model

The research model is used to investigate the role of exogenous and endogenous, as shown in Figure 1.

Data Collection and Sample

This study focused on the owners, managers, CEOs, and decision-makers of SMEs in Punjab, Pakistan. According to the brief “Resource Efficiency & cleaner production (RECP) Investment in key industrial sectors.” Punjab Small Industries Corporation (PSIC) is implementing an ADP scheme under the title mentioned above; five industrial sectors (leather tanneries, stone crushers, rice husking mills, steel re-rolling mills, and steel furnaces) have been prioritized to provide support to SMEs to combat pollution and reduce risk to human and environment (PSIC, 2022). The data was obtained through the Small and medium enterprises development authority, the SME business facilitation center Multan, the environment protection department, the Pakistan Tanneries association, the steel re-rolling Association, the rice Husking mills association, and the steel melters’ Association of Pakistan. The items used in this study are adopted from several sources. This study used a 7 Likert scale, which is mentioned in Table 1.

Table 1. Measurements of Variables

Variables	Measurement	Items	Sources
<i>Sustainable business performance</i>	Likert 7 scale	6	(Wang (2019), Abbas (2020), Hourneaux et al. (2018)
<i>Stakeholders' pressure</i>	Likert 7 scale	6	Sarkis et al., 2010
<i>Tactical green marketing orientation</i>	Likert 7 scale	5	Papadas et al. 2017
<i>Services innovation capability</i>	Likert 7 scale	5	Chapman et al (2003), Lin et al (2009)

Sample Size

The sampling frame consists of 804 small and medium-sized firms, from which a sample of 220 SMEs was chosen. The study employed a stratified sampling strategy. The sample size was determined using a commonly employed rule of thumb, multiplying the number of items by a minimum of 5 and a maximum of 10. The sample size for the current study was determined using the formula 22 multiplied by 10, resulting in a total of 220 participants. This calculation is following the methodology outlined by J. F. Hair, R. E. Anderson, et al. (2010). Additionally, the data was obtained using the stratified sample technique, with proportions as outlined in Table 2.

Table 2. Stratified Sampling Procedure

Category	Population	Sample
Leather Tanneries	66	18
Stone Crushers	50	14
Rice Husking Mills	350	95
Re-Rolling Units	200	55
Steel Furnaces	138	38
Total	804	220

Response Rate

This study collected data from the Owners/Managers of the SMEs. The questionnaire was emailed, and Google form links were sent. Friendly calls were made as a reminder to increase the response rate (Sekaran & Bougie, 2010). Because of the efforts, 183 questionnaires were returned out of 366. Resulting in a response rate of around 83%, which is regarded as satisfactory for a survey of this type (Malhotra, 2011). This response rate is comparable and considered as good as the recent relevant studies by (Jeong & Chung, 2023). The response rate was 28.8%, and (Ismail & Mohamad, 2022) the response rate was 13%.

Table 3. Response Rate of the Questionnaire

Response	Leather Tanneries	Rice Husking Mills	Stone Crushing Units	Steel Re-Rolling Mills	Steel Furnaces	Freq/Rate
No. of distributed questionnaires	50	145	20	76	75	366
Returned questionnaires	19	79	4	41	40	183

Initial Data Examination, Screening, and Preparation

Conducting data screening is a crucial step in identifying potential violations in the underlying assumptions (J. Hair et al., 2010). Hence, an assessment is conducted to identify and address missing data, outliers, normalcy, and multicollinearity. No instances of missing values were identified while the questionnaire was distributed through a

Google form hyperlink. The present study successfully met the requirements for skewness and kurtosis, as both values fell between the acceptable range of ± 1 and ± 3 , which is indicative of a normal distribution of data (Field, 2013). The lack of Harman's single-factor analysis" in this study is reflected in the findings, which only display 31.80% of the total variation. The current study complied with skewness and kurtosis standards; all data values fall within the recommended range (Field, 2013).

Data Analysis and Findings

Measurement Model Assessment

Initially, descriptive analyses were performed using SPSS 24.0 to examine the minimum and maximum values of the data obtained from the participants. The study observed a range of responses from the participants, with the lowest value recorded as 1 and the highest value recorded as 7. Furthermore, the data precisely related to the skewness and kurtosis values. The outcome files indicated that the data exhibited normal distribution in terms of skewness and kurtosis. The outliers were addressed, and missing values were handled using the maximum optimization method.

Additionally, assessments were conducted to address any common method bias. Therefore, Harman's one-factor test was employed to examine the extent of common method biasness (CMB). The results indicated that the total variance was below 32 percent, lower than the maximum threshold of 50 percent.

Next, the study analyzed the data using SmartPLS-SEM. The two primary criteria used in PLS-SEM analysis to assess the measurement model are validity and reliability (Hair Jr et al., 2014; Hulland, 1999) (Ramayah et al., 2011). The inner model's assumption regarding the type of association between variables is based on the reliability and validity of the instruments (Latif et al., 2020). One can assess the suitability of the outer model (AVE) by looking at (1) variable reliability observed by the individual responder and (2) the convergent validity of an instrument linked by an individual variable with an average extracted variance. The convergent validity is established since the average extracted variance of the constructs is more significant than .50. This means the items are converging to represent the constructs; they are coming together to represent the construct.

First, internal coherence evaluates the consistency of outcomes across test items to see whether the items supplied for construction measurements have an equivalent value (Hair Jr et al., 2014). In this study, Cronbach's alpha was employed to measure the internal reliability because CR does not predict a similar load of the unobserved components. The number must be 0.7 or above, and the threshold cannot be lower than 0.60 for the CR to deviate from 0–1 (J. F. Hair et al., 2010). Because of this, a CR internal consistency number between 0.6 and 0.7 denotes a medium level of internal consistency, while a value between 0.70 and 0.90 is seen as more appropriate.

The reliability and validity score for this model was at least 0.50. First, the estimated average variance must exceed 0.50. Nevertheless, since doing so enhances the

data quality, each loading factor below 0.50 must be removed, starting with the lowest one (Hair Jr et al., 2014).

Table 4. Items, Factor loadings, Reliability, and Validity

Variables	Items	Factor loadings	Cronbach's alpha	AVE	Composite reliability
Sustainable Business Performance	We achieve market share growth over time	0.67	0.85	0.625	0.892
	We achieve customer database growth over time	0.72			
	We improve resource efficiency over time	0.872			
	We improve environmental performance over time	0.86			
	Our contribution to improving social welfare increases over time	0.812			
Stakeholders Pressure	Client pressure	0.913	0.867	0.694	0.9
	Shareholder's pressure	0.88			
	Worker's Pressure	0.722			
	Competitor's Pressure	0.803			
Service innovation capability	Innovation is readily accepted in program/project management	0.697	0.804	0.56	0.864
	Our firm's top management gives special emphasis on service innovation	0.798			
	Our firm constantly seeks new ways to better service our customers	0.814			
	Our firm is able to change/modify our current service approaches to meet the special requirements of customers	0.717			
	Compared to our competition, our firm is better able to come up with new service offerings	0.706			
Tactical green marketing orientation	We achieve customer database growth over time	0.882	0.835	0.752	0.901
	We improve resource efficiency over time	0.882			
	We improve environmental performance over time	0.836			

Discriminant Validity

Discrimination was achieved (Fornell & Larcker, 1981), and they recommend testing the discriminant validity using the average variance generated with a ranking of 0.50 or higher. As suggested, to test the discriminant validity, the square root of the AVE was used to compare the link between latent structures. The table below compares the

square root of AVE constructs to latent constructions as a result: Value of SBP = 0.791; SHP = 0.833; SIC = 0.748; TGMO = 0.867; All of the data values in the current study fall within the specified range, meeting the criterion.

Table 5. Discriminant Validity

Variables	SBP	SHP	SIC	TGMO
SBP	0.791			
SHP	0.076	0.833		
SIC	0.502	-0.155	0.748	
TGMO	0.479	0.458	0.089	0.867

Hypotheses Testing and Results

The variance inflation factor (VIF) was used to determine the intensity of multicollinearity. The VIF values obtained indicate that there was no significant collinearity effect. Bootstrapping analysis was carried out to examine the impact of SHP and TGMO on SBP. It is evident from the results that Stakeholder pressure was also positively linked with TGMO ($t=11.602$, $p=0.000$). TGMO positively influences the SBP ($t=4.018$, $p=0.000$), and TGMO positively mediates between SHP and SBP ($t=3.644$, $p=0.000$). The findings indicate that the effect of SHP on SBP slightly increased after entering TGMO as a mediator. On the other hand, results show SHP does not positively influence SBP ($t=0.977$, $p=0.164$). SIC Strengthens the positive relationship between TGMO and SBP ($t=3.013$, $p=0.000$)

Table 6. Hypotheses Testing

Hypothesis	Path Coefficients	Standard deviation	T statistics	P values	Remarks
SHP -> TGMO	0.623	0.054	11.602	0.000	Supported
SHP -> SBP	0.087	0.089	0.977	0.164	Not Supported
TGMO -> SBP	0.358	0.089	4.018	0.000	Supported
Mediations	Path Coefficients	Standard deviation	T statistics	P values	Remarks
SHP -> TGMO -> SBP	0.223	0.061	3.644	0.000	Supported
Moderation	Path Coefficients	Standard deviation	T Statistics	P values	Remarks
SIC x TGMO -> SBP	0.223	0.074	3.013	0.000	Supported

Conclusions and Discussion

Findings based on the results exposed the role of stakeholders in these five different sectors. These are also guidelines for stakeholders to implement and enforce policies to protect the environment and make the industry sustainable. In today's market situations and business practices, our research contributes four-fold: 1) In this study, we have undertaken the task of constructing a comprehensive and rigorous investigation, which for the first time explores the concept of tactical green marketing orientation and its notable positive association with sustainable company performance. 2) By incorporating and synthesizing prior research conducted in the relevant domain, we have sought to create a cohesive and comprehensive understanding of the subject matter (Papadas et al., 2019). This study presents a contemporary paradigm for tactical green marketing, drawing on empirical evidence from real-world corporate practices. Additionally, we build upon previous research by examining the factors driving green marketing strategy implementation and the effects. This study examines the impact of the services innovation capacity scale as a moderator in the link between tactical green marketing orientation and sustainable company performance. Our findings reveal that services play a significant moderating role in the development of sustainable business performance. 4) Stakeholders are individuals or groups that exert influence on an organization, either from within or outside its boundaries (Ansu-Mensah et al., 2021; Freeman, 1984; Helmig et al., 2016), the pressure from stakeholders on sustainability is exposed in the study in the context of SMEs operating in Pakistan. **H1** implies that stakeholder pressure can be a key driver in promoting sustainable business practices, including green marketing. Companies that respond to stakeholder pressure by adopting a TGMO approach can benefit in several ways, including enhancing their reputation as socially responsible and environmentally friendly, attracting environmentally conscious customers, and creating a competitive advantage in the market.

Further, H2 suggests that the more pressure a company faces from its stakeholders to adopt sustainable practices, the better its SBP will be. However, this relationship is not always straightforward. While stakeholder pressure can influence a company's decisions regarding sustainability, it may not always result in improved SBP. Other factors, such as financial incentives, regulatory requirements, and the company's overall sustainability strategy, may also play a role in determining its SBP. Thus, the rejected hypothesis highlights the need for a more nuanced understanding of the complex factors that influence SBP in organizations.

Next, H3 suggests that when stakeholders exert pressure on a company to improve their sustainability performance, adopting a strategic green marketing approach can mediate the impact of that pressure on the company's sustainable business performance. Therefore, by incorporating a tactical green marketing orientation into their business strategies, companies may be better able to meet the demands of their stakeholders, ultimately leading to improved sustainable business performance. Also, H4 demonstrated that companies adopting a TGMO approach are more likely to integrate environmentally

sustainable practices into their operations and marketing strategies, improving environmental outcomes and enhancing business performance. Research has shown that companies prioritizing environmental sustainability through a TGMO approach can benefit from increased customer loyalty, improved brand reputation (Chung, 2020), and reduced costs through efficiency gains. Finally, H5 implies that the effectiveness of TGMO in enhancing SBP may be influenced by a firm's ability to innovate its services. In other words, a firm's service innovation capability may play a crucial role in enabling the firm to leverage the benefits of a TGMO. As a result, these findings contribute a series of beneficial theoretical and managerial implications analyzed below.

Theoretical Implications

This study presents a unique endeavor to investigate the impact of tactical green marketing on sustainable business performance. Additionally, it aims to empirically analyze this relationship within the context of service innovation capability actions. Consequently, this research makes a significant contribution to the advancement of eco-marketing. In summary, our findings present four primary propositions that contribute to theoretical progress. This study contributes to the existing body of research on the determinants of tactical green marketing (Choudhury et al., 2019). The findings of this study further validate prior research that supports the existence of a positive correlation between stakeholders' pressures and the adoption of a green marketing strategy (Polonsky, 1995). Furthermore, by examining the influence exerted by stakeholders' pressure on the tactical implementation of green marketing orientation, this study provides further validation for the strategic significance of stakeholders in shaping a sustainable green marketing strategy.

Furthermore, the findings of this study build upon prior scholarly investigations of the association between green marketing and sustainability, as exemplified by the work of (Miles & Covin, 2000). This study contributes to the existing literature by offering a contemporary and comprehensive examination of the practical execution and outcomes of a green marketing program. Significantly, our study extends previous research by examining the effects of a tactical green marketing orientation approach on sustainable business performance. This research addresses a notable gap in the existing literature, as prior studies have primarily focused on implementing eco-marketing mix-related policies (Leonidou & Leonidou, 2011). Thirdly, the confirmation of the mediation effect of tactical green marketing orientation on sustainable business performance by establishing a connection between stakeholders' demands and sustainable company performance lends support to prior studies in this area, such as those (Baker & Sinkula, 2005) Concerning the influence of these policies on performance outcomes. In addition, our study extends the analysis by highlighting the direct and beneficial impact of a tactical green marketing approach on sustainable business performance, specifically in response to stakeholder pressure.

The above findings contribute to the existing body of knowledge on Resource-Based View (RBV) theory by emphasizing the significance of adopting a tactically green

approach to attain sustainable business performance. In light of the discoveries mentioned above, we examine the moderating influence of service innovation capabilities on the link between tactical green marketing orientation and sustainable company success. Previous studies have established a positive correlation between company environmental policy and competitiveness (Chen, 2008). The previous research has not examined the relationship between tactical green marketing orientation and service innovation capabilities in response to stakeholders' pressure, using the perspectives of resource-based view theory and Stakeholders theory on sustainable business performance. Considering the present state of the green marketing strategy, it must be implemented across all facets of the organization (Kotler, 2011).

The findings support this perspective by emphasizing the moderating influence of service innovation capability. This endeavor brought attention to the significance of examining the effects of different attributes of green marketing strategy on a company's sustainability. The findings of this study indicate that the influence exerted by stakeholders has a favorable effect on the sustainable performance of businesses, namely through adopting a strategic approach towards green marketing.

Practical Implications

The results of this study have multiple ramifications for professionals, policymakers, government bodies, industries, managers, and top management of the SMEs. A strong emphasis on long-term dedication to green marketing initiatives characterizes the tactical green marketing orientation. This orientation is closely associated with sustainability and can be an effective business tool. Tactical green marketing initiatives encompass several strategies, such as the development of environmentally friendly products, the implementation of sustainable logistical practices, the utilization of low-carbon emission advertisements, and the adoption of eco-friendly packaging. These policies may be regarded as prospective goals inside the five-year strategic plan of an organization for implementation. In addition, making such decisions would enable firms to differentiate themselves from their competitors and surpass them. This is particularly important as some competitors may engage in greenwashing practices, which involve superficial actions to enhance their corporate image. Moreover, several groups of stakeholders may exert significant pressure to induce changes in marketing methods. In contemporary times, consumers place significant importance on a company's dedication to environmental causes, evaluating and questioning the extent to which it fulfills its environmental responsibilities.

The results of this study indicate that the adoption of tactical green marketing techniques is influenced by pressures from stakeholders, which in turn has a beneficial impact on the performance of sustainable businesses. The managers ought to transform these pressures into mutually beneficial possibilities that promote stakeholder satisfaction and achieve excellence in green marketing. Furthermore, rigorously evaluated through empirical research, our conceptual framework offers managers a holistic perspective on how tactical green marketing-oriented activities can effectively improve competitive

advantages vis-à-vis their rivals. In a more specific context, it is worth noting that adopting a tactical green marketing orientation may not be an inherent inclination. However, based on our research findings, it is evident that implementing tactical green marketing orientation initiatives can positively impact the long-term viability and success of a business.

Simultaneously achieving environmental sustainability and competitiveness within a company is contingent upon a clear strategic direction. The assumption carries significant consequences for C-level executives aiming to drive transformative change in their organization's environmental strategy. Organizations adopting sustainable practices must significantly modify their product development processes to adopt a strategic green marketing approach, attaining competitive advantages and extraordinary commercial performance. The results of our study demonstrate a relationship between tactical green marketing orientation and actions to enhance service innovation capabilities. These findings offer managers detailed insights into the most effective way for organizations to adopt to attain significant sustainability levels.

Limitations and Future Research

Although our work has implications for both theory and practice, it is essential to acknowledge its limits. Scholars may utilize our framework to conduct a comparative analysis between small and medium-sized enterprises (SMEs) and large firms. This study aims to identify disparities in the direct and indirect impacts of stakeholder pressures, tactical green marketing orientation (with moderation by service innovation capability), and the sustainable performance of these firms. It is recommended that Stakeholder pressure be employed as a moderating variable in the examination of sustainable business performance. It is also advisable to consider the influence of stakeholders' pressure while evaluating and formulating regulations about consumer behavior concerning environmental practices.

Additionally, we propose the inclusion of corporate social responsibility (CSR) as a factor in comprehending the correlation between tactical green marketing and sustainable company performance. Furthermore, quantitative research possesses intrinsic limitations. It is recommended that future research endeavors incorporate both quantitative and qualitative study approaches to address the limitations of each approach and generate robust implications for both theoretical understanding and practical application. Comparative research might be undertaken in other nations, such as Bangladesh and India, to explore the subject matter further.

Finally, the present study was carried out exclusively within the five sectors of small and medium-sized enterprises (SMEs) located in Punjab, Pakistan, instead of encompassing other provinces and sectors within the SME industry. Therefore, it is recommended that future studies empirically investigate our study framework by selecting firms as samples from Pakistan and other industries in various nations. This would contribute to developing sustainable business performance, ensuring stakeholder satisfaction and competitiveness in the global markets. Notwithstanding the limitations

above in the study, the research findings yield significant implications for theory, researchers, and organizations about green marketing in small and medium-sized enterprises (SMEs) operating in emerging countries.

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