

Strategic Marketing Alignment-Competitive Advantage Nexus: Green Entrepreneurship Path in SMEs

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Abstract

Purpose: This study investigated strategic marketing alignment (SMA) and competitive advantage (CA) in SMEs with an emphasis on the moderating role of green entrepreneurship (GE). By focusing on sustainability, resources, and capabilities, light is shed on the importance of GE for the success of small- and medium-sized enterprises (SMEs).

Design/Methodology/Approach: A descriptive cross-sectional design with a quantitative research approach relying on structured questionnaires is employed. The data collection resulted in a total of 250 filled-out questionnaires. Participants were SME owners and managers in manufacturing, and other sectors around Buffalo City Metropolitan, East London.

Findings: The results indicated that the relationship between SMA and SME CA was not statistically significant ($p = 0.702$) while SMA had a significant positive impact on GE. The results supported the positive and direct effect of GE on CA. The results highlighted a complete moderation of GE on SMA and SME CA.

Managerial/Policy implications: Management of SMEs can take advantage of ecological sustainability. SMEs' use of GE as their dynamic capabilities can enhance competitiveness and increase potential opportunities. SME organisational culture may affect green entrepreneurship and competitive advantage interaction.

Originality/Value: As a unique study bridging the gap between research and practice, the study delves further into encouraging SME managers and owners to align with ecological practices and comply with the environment in which



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they operate through sustainable practices to increase chances of differentiation and competitiveness.

Keywords: strategic marketing alignment; competitive advantage; SMEs; green entrepreneurship

Introduction and Background

Small- and medium-sized enterprises (SMEs) are the backbone of the world economy. These enterprises contribute to economic development by generating employment and increasing national income (Al-Haddad et al. 2019). For these SMEs to support their economic activities more efficiently, they must align their operations with changing environmental practices. A growing number of businesses now engage in green entrepreneurship (GE) to drive the green economy and to comply with environmental policies, laws, and regulations (Muo and Adebayo 2019; Neumann 2022). Implementing sustainable practices in SMEs can reduce their environmental impact and appeal to environmentally conscious consumers and investors. The shift towards GE is a trend that promises the potential to lead to long-term growth and success for SMEs globally. However, the failure of entrepreneurs in various businesses to align their operations with GE may indicate the lack of recognition of the opportunities associated with integrating sustainability. They may overlook the essence and benefits of GE (Muo and Adebayo 2019). GE entails recognising and seizing business opportunities that adhere to ecological principles and foster favourable environmental results (Tekala et al. 2024). Enterprises that embrace GE develop and implement innovative business models, products, and processes that address environmental, social, and economic issues while achieving sustainability, generating economic returns and competitive advantage (Muo and Adebayo 2019; Tekala et al. 2024). Competitive advantage (CA) is the “company’s distinct characteristics or capabilities that allow it to outperform its competitors and achieve tremendous success in the marketplace” (Juniarti et al. 2024, 591). It propels companies to receive sustainable benefits from successful strategy, create long-term value in the business, increase market share, necessitates efficient resource utilisation, and continue development and innovation (Juniarti et al. 2024; Novitasari and Agustia 2022). It seems likely that entrepreneurs who overlook the advantages of embracing sustainability are not only missing out on potential cost savings and increased efficiencies but also limiting their potential for growth and market expansion (Ekins and Zenghelis 2021).

In today’s increasingly eco-conscious world, businesses that fail to adapt to the green economy risk falling behind competitors who have already made the switch. Thus, for SMEs to compete and thrive in the ever-changing global market, it is essential for them to prioritise sustainability and environmental responsibility (Permatasari and Gunawan 2023). Considering increased environmentally conscious consumers and investors, there has been a noticeable growth in industrial and commercial activities such as sustainable product development and eco-friendly certifications to address this gap. Various businesses now continue to revise their corporate missions and visions to

correct the posed ecological concerns such as environmental degradation, hazardous emissions, waste generation, and loss of natural resources (Ahmadov et al. 2023). However, GE is more challenging for SMEs compared to large, established enterprises (Vasilescu et al. 2023). SMEs have not received significant attention in the ongoing global discussion about sustainable development (Durrani et al. 2024). These enterprises continue to confront several obstacles that have frequently slowed down and complicated their process of incorporating sustainable practices (Durrani et al. 2024). Therefore, due to limited resources, a lack of information, and high initial cost, many SMEs still struggle to change their current processes and achieve the agility required for GE (Sarwar et al. 2021). This becomes more severe in resource-constrained developing countries. According to Oyewole et al. (2024), many SMEs lack awareness of financial incentives, such as government subsidies, tax credits, grants for promoting environmental sustainability, and effective marketing strategies. These can help offset the costs associated with sustainable practices and technologies.

Consequently, notwithstanding the government efforts to promote entrepreneurship via laws, strategies, and programmes in developing nations such as South Africa, many SMEs continue to be unsustainable, resulting numerous challenges that hinder their performance, competitiveness, and ability to make efficacious advancements (Bugwandin and Bayat 2022; Mhlongo and Daya 2023). These SMEs are faced with failures attributed to poor strategy formulation and a lack of focus in marketing skills that can lead to potential growth, sustainability, and competitiveness (Bugwandin and Bayat 2022). Studies have shown that compared to other developing nations, South Africa has one of the higher failure rates of small, medium, and micro enterprises, with failure rates of between 60% and 80% during first and second years of business (Mhlongo and Daya 2023). As a result, by adopting green entrepreneurship, SMEs can put themselves at an advantage in aligning with effective marketing strategies, enhancing their financial performance, and attracting environmentally conscious consumers and investors (Ekins and Zenghelis 2021; Jamnekar and Sunny 2024). This can then lead to increased market competitiveness and sustained success in a rapidly changing corporate environment. According to Laburtseva et al. (2021), strategic marketing alignment (SMA) involves aligning with a set of long-term decisions regarding ways to meet the needs of existing and potential customers of an enterprise by using its internal resources and external capabilities. It includes allocating enterprise resources to achieve competitive advantage and to coordinate novel marketing activities and decisions to help the firm make critical choices regarding their marketing tactics and aim to deliver value to customers (Sudarman and Lailla 2023). Thus, proactive marketing strategies can closely connect with differentiation and sustainability, driving enterprises to green entrepreneurship. Green entrepreneurship also allows SMEs to position themselves as pioneers in sustainability, attracting a broader customer demographic and fostering loyalty among environmentally conscious consumers. This can result in higher financial gains and a stronger business structure in the face of climate change and other environmental challenges. By incorporating green practices into their business models, SMEs can differentiate themselves from competitors and

build a positive brand image that resonates with socially responsible consumers (Sujanska and Nadanyiova 2023). Additionally, embracing green entrepreneurship can lead to cost savings through energy efficiency and waste reduction, ultimately improving the bottom line for SMEs (Adu et al. 2023).

Therefore, understanding the motivations, such as cost reductions and consumer demands, and constraints, such as limited resources and expertise of environmentally conscious SMEs, can provide valuable insights for policymakers and stakeholders seeking to support their growth and impact (Ahmadov et al. 2023). Research claims that many SMEs face significant challenges in striking a balance between their ambitious environmental goals and the requirements for financial viability (Yasir et al. 2023). The current literature does not provide enough clarity on how SMEs can effectively manage the trade-offs between environmental responsibility and financial viability (Sharfaei et al. 2023). The rationale behind SMEs pursuing green entrepreneurship is often considered unsustainable for financially limited businesses due to high costs and uncertain returns. Hence, the current study investigates strategic marketing alignment and competitive advantage in SMEs, emphasising the moderating role of green entrepreneurship. This study proposes that SMEs can use green entrepreneurship by including eco-friendly strategies and sustainability initiatives to improve their marketing strategies and achieve competitive advantage. It proposes that aligning with effective marketing strategies influences SME competitive advantage with green entrepreneurship driving both SME strategic marketing alignment and competitive advantage. In realising the study aim, and filling the identified research gap, the study developed concise research questions. This article firstly determines how strategic marketing alignment affects SME competitive advantage; secondly, it assesses how strategic marketing alignment affects green entrepreneurship; thirdly, it determines how green entrepreneurship affects SME competitive advantage; and finally, it evaluates how green entrepreneurship moderates the relationship between strategic marketing alignment and SME competitive advantage. The outcome will provide SME owners and managers with knowledge and expertise that will assist them to compete in the dynamic business world and achieve sustainable business performance.

Theoretical Background and Hypotheses Development

The relationship between strategic marketing alignment, SME competitive advantage, and green entrepreneurship can be best understood through the resource-based view (RBV) and dynamic capability theory (DCT). From the lens of RBV and DCT, a company achieves a competitive advantage and better performance by assessing valuable, distinct resources and capabilities (Idrees et al. 2023). Companies that emphasise renewable energy technologies may have an edge on discovering and capitalising on green business practices (Idrees et al. 2023). RBV was first proposed by Wernerfelt (1984) to explain that organisations' unique capabilities create competitive advantage in the market. According to RBV, a company's material and intangible resources determine its competitive advantages. The firm's resources comprise assets,

capabilities, and attributes managed with the intent to execute strategies that increase the firm's effectiveness and efficiency (Bıçakcıoğlu et al. 2020). RBV articulates that green entrepreneurship leads to green innovation that creates a competitive advantage and affects environmental, social, and economic business performance (Muangmee et al. 2021). This shows that RBV views green entrepreneurship as a strategic resource incorporated with corporate culture and dynamic competency that assist enterprises in recognising, seizing, and sustaining environmental initiatives and being first movers of sustainability that creates competitive advantage (Shehzad et al. 2023). Organisations with distinctive and valuable resources and a proactive entrepreneurial mindset are strategically positioned to attain exceptional green entrepreneurial outcomes. Through knowledge, technical capabilities, and a proactive attitude toward environmental possibilities, businesses may create and provide cutting-edge green goods or practices and strengthen their competitive advantage (Idrees et al. 2023).

However, DCT, as proposed by Teece et al. (1997), shows that enterprises may develop and re-organise internal and external business-specific skills into new capabilities required in the current changing environment. It helps with identifying factors that promote sustainable practices, offering operational and strategic benefits while encouraging sustainable growth and competitive advantage (Mondal et al. 2023). According to Sarwar et al. (2021), DCT affirms that enterprises may need to get hands-on new resources and knowledge to enhance their innovation and sustainability capability. Thus, DCT becomes crucial for SMEs to show their leadership capabilities, flexibility, organisational structure, and continuous development culture to compete well in a fast-changing market (Mondal et al. 2023). The core assumption of dynamic capability theory is the interaction between the resource base of a company and its capabilities to extend and modify existing resources, or create new ones to maintain or achieve competitive advantage (Land et al. 2022; Zhang et al. 2023). DCT converges on an understanding of strategic marketing alignment, SME competitive advantage, and green entrepreneurship as it enables enterprises to create and produce products that have a positive influence on the environment (Xiao et al. 2023). Therefore, both RBV and DCT connect green entrepreneurship by prompting enterprise adoption and response to the changes in the external environment through sustainability such as changes in regulation, consumer demand, and new technology (Xiao et al. 2023). The essence of these theories in the study is to serve as a lens to view and describe the contextual phenomenon and help in drawing the relationships between strategic marketing alignment, SME competitive advantage and green entrepreneurship.

Strategic Marketing Alignment and SME Competitive Advantage

Strategic marketing alignment (SMA) supports business marketing strategy by identifying opportunities and threats in the business environment to best position the organisation in the marketplace. It includes understanding customers' needs and leveraging resources and capabilities, while also ensuring marketing initiatives are in line with the goals, objectives, and value creation of the enterprise (Al-Surni et al. 2019). The SMA construct can be measured using various subconstruct measures inclusive of

strategic alignment, operations technology capacity, market responsiveness, customisation capability, delivery capacity, and cost control capacity. Strategic alignment measure focuses on the importance of using organisational capabilities which are in the form of innovation to determine its business and link it with its ability to produce products or services that succeed in the market (Alsayah 2022). Operations technology capacity is a measure involving the capability to develop new products, and processes and more effectively operate the equipment or resources (Lestari and Ardianti 2019). Then, the customisation capability measure involves an enterprise's ability to quickly provide customised products or services on a large scale at a cost compared to mass production.

SME CA on the other hand, is a company's position in which its successful strategy cannot be imitated by its competitors, and it receives sustainable strategy benefits from the successful strategy (Novitasari and Agustia 2023). SME CA is measured by quality (Q), delivery dependability (DD), production innovation (PI), time to market (TM), and technology leadership (TL) metrics. Q involves the capability of SMEs to offer high-quality products and performance that provide better customer value (Astawa et al. 2021). DD is when enterprises deliver specified functionality that can be justifiably trusted and tend to adhere to the reliability, availability, and safety matrices of the product or service. PI is the firm's ability to introduce new products and features in the market. TM enables the enterprise to quickly introduce new production than competing firms (Astawa et al. 2021).

Therefore, the relationship between SMA and SME competitive advantage (CA) is crucial for SMEs' sustained success. SMEs can improve their competitive position in the market by aligning marketing strategies with overall business objectives (Sudirjo 2023); this helps SMEs harness their internal resources and competencies. SME firms aligned with good marketing strategies tend to integrate customer preferences into product development and marketing processes by putting the interests of customers first, encouraging a business to be forward-looking and likely to be interested in long-term success as opposed to short-term profits. Embracing an effective marketing strategy can enable SMEs to achieve competitive advantage in a fast-paced, sustainable, and evolving business environment (Meyer and Peter 2024). Consequently, repositioning an enterprise's strategic marketing to a point where competitors are unable to copy and differentiate, ensuring customer loyalty, bettering the image of the company, and creating value leads can lead to SME CA (Parwandani and Michaud 2021). Similarly, Mareno-Gomez et al. (2023) found that aligning with marketing strategies can increase competitiveness for a firm and those with more frequent use of marketing uniqueness strategies are more competitive. Therefore, the study proposes that:

Hypothesis 1: Strategic marketing alignment positively affects SME competitive advantage.

Strategic Marketing Alignment and Green Entrepreneurship

Adopting marketing strategies and GE helps build customer loyalty and good engagement with stakeholders and provides avenues for innovations (Afum et al. 2023; Marenó-Gómez et al. 2023). Adopting unique approaches, for example, strategies for innovation which include developing new products and services, enables companies to increase green activities such as creative resources and uniqueness of product or service (Afum et al. 2023). Thus, as part of influencing the marketing strategy of a firm, SMEs can derive ideas for novel products and services with a degree of innovation while also ensuring customer satisfaction with what the firm is currently offering and what can be done to improve the future product offerings in the enterprise. Proactive marketing strategies closely connect with differentiation and value creation as they concentrate on redefining enterprise processes, and the development of products and services to protect the environment and consequently lead to competing firms (Skordoulis, et al. 2022). SMEs aligned with SMA can adopt marketing strategies as a means of differentiating themselves, enhancing their reputation, and aligning with consumer expectations for sustainability and environmental friendliness (Sudi 2024). Likewise, Skordoulis et al. (2022) reveal a positive relationship between a firm's strategy and GE such that their study concluded that aligning with effective marketing strategies is more important than ever due to growing awareness of business impact on the environment and for society. These reasons show that SMA can link with GE. Therefore, based on these different opinions the study suggests that:

Hypothesis 2: Strategic marketing alignment has a positive indirect effect on green entrepreneurship.

Green Entrepreneurship and SME Competitive Advantage

Green entrepreneurship (GE) encompasses a company's capacity to reduce adverse environmental consequences and use sustainability as a catalyst for innovation, brand differentiation, and improving conventional competitive advantage (Shehzad et al. 2024). GE is the key factor in dealing with the great challenges of today's society. It drives businesses to contribute to sustainable growth by providing jobs in accordance with environmental requirements (Vasilescu et al. 2023). It involves implementing environmental management programmes and ecological processes, covering all activities based on natural resources (Misztal and Kowalska 2023). GE can be measured by green entrepreneurial orientation (GEO), green incremental innovation (GII), green radical innovation (GRI), and green absorptive capacity (GAC). GEO is the firm's level of proactive strategic inclination for identifying and grasping eco-friendly business opportunities based on comprehensive risks and benefits. GII implies small advancements or expansion of a firm's existing products, services, or processes by reinforcing current environmental innovation. GRI is the firms' novel creative green practice creation, processes, or services by radically introducing or developing a new technology (Guo et al. 2020). Then, GAC involves acquiring and applying

environmental knowledge among the enterprise's employees which is presumed to stimulate the enterprise's green competitiveness (Lin et al. 2020).

GE signifies CA acquired by SMEs through the integration of environmentally friendly practices and incorporation of sustainability in the business (Shehzad et al. 2024). This advantage arises from factors such as cost reduction, enhanced brand recognition, and the ability to access new markets and consumers. SMEs that successfully incorporate green entrepreneurial practices into their operations may distinguish themselves from their competitors, cut costs, and attract a more environmentally conscious customer base, resulting in improved financial performance and market positioning (Shehzad et al. 2024). SMEs aligning with GE can gain CA as greening enables the sale of their environmental innovation or services to improve enterprise image and create new markets which then stimulate their level of competitiveness. Thus, GE is likely to influence CA by using internal knowledge to generate new knowledge and provide the foundation for innovation (Mankgele 2023). GE enables enterprises to use unique physical and cognitive resources to help create and consolidate enterprise competitive advantage (Tu and Wu 2021). Greening stimulates enterprise performance through increased transparency, cost efficiency, and revenue growth because of product differentiation, which then impacts the level of competitiveness (Fatoki 2019). GE recognises the link between innovation and sustainability and develops a competitive advantage for a firm by selling differentiated products and services based on their environmental benefits or friendliness (Siswoyo et al. 2020). Acquiring CA through GE can ensure SME transformation and performance improvement. As a result, a study by Fatoki (2019) demonstrated that GE helps discover and exploit green opportunities and depict how a firm uses resources, proactiveness to achieve desired performance outcomes and competitiveness. Therefore, it is hypothesised that:

Hypothesis 3: Green entrepreneurship has a direct effect on SME competitive advantage.

Moderating Role of Green Entrepreneurship

The direct link between SMA and SME CA highlights the potential moderating role of GE. GE as an internal organisational behaviour fosters competitive advantage and promotes organisational growth (Shehzad et al. 2024). This implies that GE encourages businesses to innovate in ways that reduce their ecological footprint and create sustainable market solutions. Companies aligned with GE emphasise customer loyalty, thus, from an entry barrier perspective they can gain easy access to effective marketing. This includes product or service differentiation that is aligned with sustainability to help increase their competitiveness in the presence of substitutes and threats of similar companies (Farida and Setiawan 2022). GE helps to enhance firms' adaptability to environmental regulations and customer demand, fostering sustainability and competitive advantage (Shehzad et al. 2024; Xiao et al. 2023). Similarly, it aids in optimising resources and reducing costs, thereby addressing the dynamic environmental regulatory landscape and effective alignment of marketing strategies. It is concluded in

a study by Jamnekar and Sunny (2024) that green entrepreneurship enables sustainable practices implementation which bring down cost savings through energy efficiency, waste reduction, and resource conservation. Thus, by adopting eco-friendly practices and showcasing commitment to sustainability, SMEs can attract environmentally conscious consumers and stand out in the market (Jamnekar and Sunny 2024). Therefore, it can be suggested that:

Hypothesis 4: Green entrepreneurship moderates the relationship between strategic marketing alignment and SME competitive advantage.

Method

Research Design and Participants

The study used a cross-sectional survey with 250 completed questionnaires, employing a non-probability convenience sampling technique. Participants were SME owners and managers from Buffalo City Metropolitan in South Africa. Their selection was based on their knowledge of SME strategic marketing alignment, competitiveness, and green entrepreneurship. Ethical clearance (Project Number: 201903269-BM-DC) was obtained, and participation was voluntary. SMEs from the manufacturing sector were highlighted due to their significant environmental impact and regulatory compliance requirements. Table 1 provides the demographic profile, showing gender distribution, industry category, years in operation, and number of employees.

Table 1: Demographic profile

Variable	Levels	DF	F	Per cent (%)
Gender	Male	2	130	52
	Female		120	48
Industry category	Manufacturing	2	75	30
	Other		175	70
Years in operation	1 to 5 years	6	95	38
	6 to 10 years		110	44
	11 to 15 years		35	14
	16 to 20 years		7	3
	More than 21 years		3	1
Number of employees	1 to 20 employees	6	64	25.6
	21 to 50 employees		76	30.4
	51 to 100 employees		68	27.2
	101 to 150 employees		23	9.2
	151 to 200 employees		12	4.8
	201 to 250 employees		7	2.8

Variable Operationalisation and Proposed Model

The data collection was derived from a survey conducted in the form of a structured questionnaire. The scales on subconstruct measures of strategic marketing alignment (predictor), green entrepreneurship (moderator), and SME competitive advantage (dependent variable) were adapted from reliable and validated scales. The conceptualized study in figure 1 below was proposed.

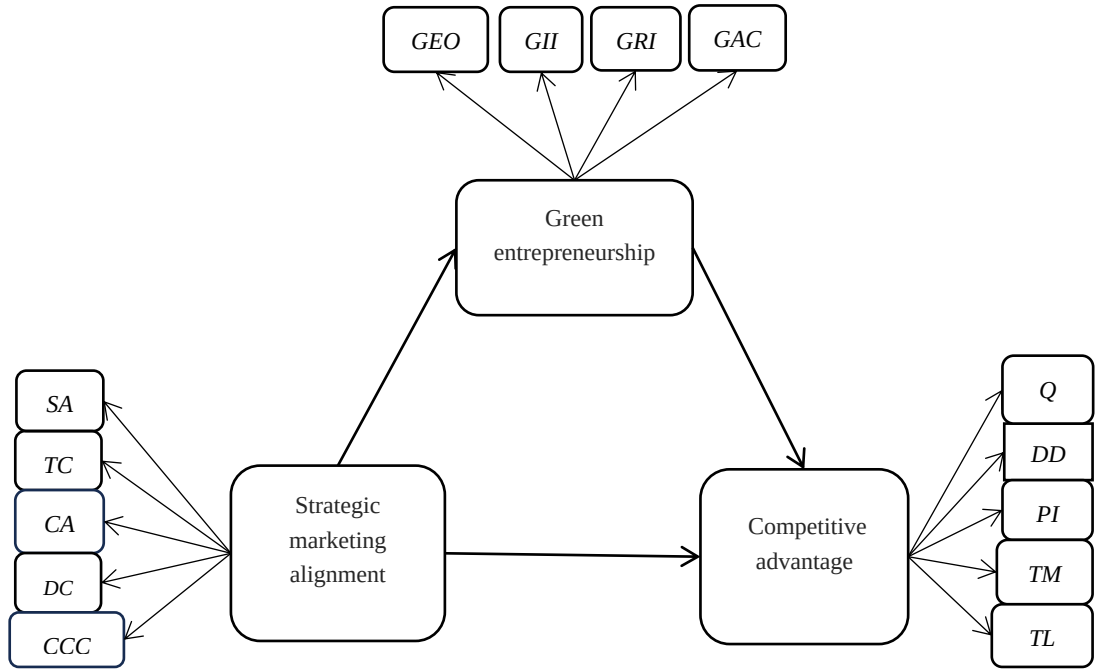


Figure 1: Conceptual model

Note: (a) is the effect of SMA on SME CA; (b) is the effect of SMA on GE; (c) is the effect of GE on SME CA. (CM) is the total influence of GE on SMA and SME CA.

Dependant Variable: SME Competitive Advantage (CA)

The study utilised five measures to assess SMEs' capability to achieve superior performance and surpass competitors in the market. The competitive advantage (CA) measures, adapted from Islami et al. (2020), included quality, delivery dependability, product innovation, time to market, and technology leadership. Quality (Q) was assessed by evaluating the ability to provide high-quality products and services ($\alpha = 0.8371$). Delivery dependability (DD) measured the reliability and trustworthiness of delivery performance ($\alpha = 0.8484$). Product innovation (PI) examined the SMEs' capacity to develop new products and processes ($\alpha = 0.8907$), while time to market (TM) assessed the speed of introducing new products ($\alpha = 0.8013$), and technology leadership (TL) evaluated the use of unique technology for differentiation ($\alpha = 0.7025$).

Moderator Variable: Green Entrepreneurship (GE)

In assessing green entrepreneurship (GE), scales from reliable and validated studies by Guo et al. (2020) and Lin et al. (2020) were utilised, covering four subconstructs: green entrepreneurial orientation, radical innovation, incremental innovation, and green absorptive capacity. Green entrepreneurial orientation (GEO) involved a five-item

measure ($\alpha = 0.946$), evaluating enterprises' ecological responsibility and innovation across business aspects. Incremental innovation (II) was measured using a four-item scale ($\alpha = 0.860$), assessing the enhancement of existing products, services, and processes with current environmental innovations. Radical innovation (RI) involved a four-item measure ($\alpha = 0.875$), focusing on SMEs' introduction of new, environmentally friendly concepts through research and development (R&D) efforts. Lastly, green absorptive capacity (GAC) was assessed through a five-item measure ($\alpha = 0.893$), evaluating SMEs' ability to disseminate, interpret, and commercialise environmental knowledge effectively.

Predictor Variable: Strategic Marketing Alignment

The study measured strategic marketing alignment (SMA) using five subconstructs: strategic alignment, technological capability, customisation ability, delivery capability, and cost control capability. These measures were adopted from validated scales by Sardana et al. (2016). Strategic alignment (SA) evaluated the use of organisational capabilities for innovation, consisting of five items with high internal consistency ($\alpha = 0.878$). Technological capability (TC) assessed SMEs' ability to develop new products and processes using six items ($\alpha = 0.863$). Customisation ability (CA) measured the enterprise's ability to provide customised products at scale, with four items ($\alpha = 0.717$). Delivery capability (DC) and cost control capability (CCC) were assessed using two items each, with internal consistency scores of ($\alpha = 0.580$) and ($\alpha = 0.483$), respectively.

Findings

SmartPLS 4.0 and WarpPLS 7.0 were utilised to evaluate the proposed hypotheses through structural equation modelling (SEM), ensuring the precision and reliability of the research. A normality test was conducted (see table 2) to determine whether parametric or non-parametric hypotheses should be applied, with results indicating that the data conformed to normality (p -values > 0.05). The Kaiser–Meyer–Olkin (KMO) measure and Bartlett's test of sphericity (BTS) shown in table 2 were used to assess sample adequacy and data suitability for factor analysis. KMO values met or exceeded the threshold of 0.5, confirming sufficient sample size, while BTS results (Sig. = 0.000) indicated significant correlations among variables. The study examined strategic marketing alignment, competitive advantage in SMEs, and green entrepreneurship within the Buffalo City Metropolitan, East London. The comprehensive analysis supports the validity and reliability of the data, facilitating meaningful conclusions and robust factor analysis.

Table 2: Sample adequacy tests

Variable	KMO	Bartlett's test of sphericity (BTS)		
		Approx. chi-square	df	Sig.
Strategic alignment (SA)	0.737	90.185	15	0.000
Technological capability (TC)	0.824	571.36	15	0.000
Customisation ability (CA)	0.804	447.84	6	0.000
Delivery capability (DC)	0.500	80.785	1	0.000
Cost control capability (CCC)	0.500	93.759	1	0.000
Green entrepreneurship orientation (GEO)	0.812	317.85	10	0.000
Radical innovation (RI)	0.788	363.38	6	0.000
Incremental innovation (II)	0.779	347	6	0.000
Green absorptive capacity (GEA)	0.805	405.09	10	0.000
Quality (Q)	0.851	522.28	10	0.000
Delivery dependability (DD)	0.751	589.57	21	0.000
Product innovation (PI)	0.753	276	6	0.000
Time to market (TM)	0.786	321.79	6	0.000
Technology leadership (TL)	0.728	283.75	10	0.000

Note: As indicated, the findings show a substantial relationship between the variables, signifying that the correlation matrix is suitable for factorability analysis and structural equation modelling (SEM).

The Reliability and Validity of the Variables

To underscore the credibility of the gathered questionnaire and assess data reliability, the study utilised Cronbach's alpha (CA) reliability coefficient. According to Chigori et al. (2020), a CA coefficient greater than 0.7 is deemed acceptable, while values falling below this threshold may necessitate adjustments to scale items. Consequently, Hair et al. (2011) also posit that a value exceeding 0.7 indicates a high level of explanation, while 0.5 or higher is considered acceptable. Notably, the CA values in this study (see table 3) fall within the range of 0.755 to 0.892, demonstrating robust internal consistency reliability. All composite reliability (CR) values surpass the 0.7 benchmark, and each construct's average extracted variance (AVE) values exceed 0.5, meeting the criteria for acceptability. These findings affirm the reliability of the measurement scales and establish their robust convergent validity. Thus, as outlined in table 3, convergent and discriminant validity were also explored by assessing CR and AVE.

Table 3: Reliability and validity of variables

Constructs		Subconstruct	Items	Factor loadings	CA	CR	AVE
Entrepreneurship	Green	Radical innovation (RI)	4	0.761–0.861	0.827	0.885	0.659
		Incremental innovation (II)	4	0.755–0.838	0.820	0.881	0.650
	Strategic alignment	Green absorptive capacity (GEA)	5	0.738–0.808	0.829	0.880	0.595
		Green entrepreneurship orientation (GEO)	5	0.720–0.753	0.788	0.855	0.541
Marketing	Strategic alignment	Overall strategic alignment (SA)	7	0.716–0.803	0.878	0.905	0.578
		Technological capability (TC)	6	0.608–0.884	0.834	0.884	0.606
		Cost control capability (CCC)	2	0.883–0.884	0.719	0.877	0.781
		Customisation ability (CA)	4	0.803–0.872	0.859	0.904	0.703
		Delivery capability (DC)	2	0.843–0.902	0.701	0.865	0.762
Competitive advantage	Competitive advantage	Quality (Q)	5	0.768–0.860	0.858	0.898	0.638
		Delivery dependability (DD)	7	0.698–0.784	0.802	0.862	0.557
		Product innovation (PI)	4	0.717–0.841	0.784	0.860	0.606
		Time to market (TM)	4	0.770–0.825	0.804	0.870	0.625
		Technology leadership (TL)	5	0.659–0.839	0.752	0.840	0.570

Note: All presented factor loadings in table 3 surpass the 0.50 threshold, signifying a commendable level of representation for the latent construct by the observed variables.

To examine the possible influence of common method bias, the variance inflation factors (VIFs) for each latent variable were used. The multicollinearity among predictor variables within a regression model were within the range of 2.000–2.600 (see table 4). Following the guidelines established by Sarstedt et al. (2014), all VIF values were within the acceptable threshold of 5. VIF values exceeding 5 indicate substantial multicollinearity among predictor variables in either regression or structural equation models. The VIF values are provided in table 4.

Table 4: The variance inflation factors (VIF)

Variable	SA	TC	CA	DC	CCC	GEO	RI
VIF	2.022	2.068	2.330	2.450	2.595	2.280	2.040
Variable	II	GAC	Q	DD	PI	TM	TL
VIF	2.100	2.011	2.255	3.036	2.559	2.042	2.419

Note: As shown in table 4, the data presents strong evidence suggesting the absence of collinearity and any potential common method bias. All VIF values comfortably remain below the well-established threshold of 5.0.

Before hypothesis testing of the study, a comprehensive evaluation of the model's congruence with a range of model fit indices was executed. The goodness fit indices assessed through WarpPLS 7.0 are presented in table 5. Thus, the data presented suggests that causality is not a significant issue in this study. This conclusion is reinforced by the nonlinear bivariate causality direction ratio (NLBCDR), which assesses the extent to which the nonlinear coefficients of association in bivariate relationships support the proposed directions of causality within the model. The NLBCDR surpasses the threshold value of 0.70 (see table 5), confirming the validity of the hypothesised causal relationships.

Table 5: Goodness fit indices

Indices	Decision criteria	Comment
Average path coefficient (APC) = 0.379	$p < 0.001$	Significant
Average R-squared (ARS) = 0.551	$p < 0.001$	Significant
Average adjusted R-squared (AARS) = 0.548	$p < 0.001$	Significant
Average block VIF (AVIF) = 1.876	Acceptable if ≤ 5 and ideally if ≤ 3.3	Ideal
Average full collinearity VIF (AFVIF) = 2.189	Acceptable if ≤ 5 and ideally if ≤ 3.3	Ideal
Tenenhaus goodness of fit (GoF) = 0.644	Small if > 0.1 , medium if > 0.25 , and large if > 0.36	Large
Sympson's paradox ratio (SPR) = 1.000	Acceptable if > 0.7 and ideally if = 1	Ideal
R-squared contribution ratio (RSCR) = 1.000	Acceptable if > 0.9 and ideally if = 1	Acceptable
Statistical suppression ratio (SSR) = 1.000	Acceptable if > 0.7	Acceptable
Nonlinear bivariate causality direction ratio (NLBCDR) = 0.750	Acceptable if > 0.7	Acceptable
Standardised root mean squared residual (SRMR) = 0.084	Acceptable if ≤ 0.1	Acceptable
Standardised mean absolute residual (SMAR) = 0.070	Acceptable if ≤ 0.1	Acceptable

Direct and Indirect Effects, Moderation Analysis

The PLS results presented in table 6 for the structural model unveil several significant direct and indirect effects within the study. It is notable that while SMA had an insignificant positive effect on CA ($\beta = 0.027$, t -statistic = 0.383, $p = 0.702$), SMA had a significant positive and indirect effect on GE ($\beta = 0.619$, t -statistic = 12.341, $p < 0.001$). This suggests that SMA is crucial, its full potential in enhancing CA is unlocked when combined with the sustainability that comes with green entrepreneurship (GE). Moreover, as shown in the conceptual model, GE had a significant positive and

direct effect on CA ($\beta = 0.696$, t -statistic = 10.059, $p < 0.001$). This reflects that SMEs can develop, and maintain their competitive advantage, leverage sustainable business practices, and comply with the environment through aligning with green entrepreneurship. The positive direct impact of GE on SME CA signifies that valuable, rare, inimitable, and organisational (VRIO) resources, capabilities, and effective strategic alignment are critical drivers of competitiveness in SMEs.

Table 6: SEM path coefficients

Hypothesis	Relationship	Coefficient	t -statistic	p -values	Decision
H ₁	SMA $\rightarrow$ CA	0.027	0.383	0.702	Not supported
H ₂	SMA $\rightarrow$ GE	0.619	12.341	0.000	Supported
H ₃	GE $\rightarrow$ CA	0.696	10.059	0.000	Supported
H ₄	GE x SMA $\rightarrow$ CA	0.431	7.217	0.000	Supported

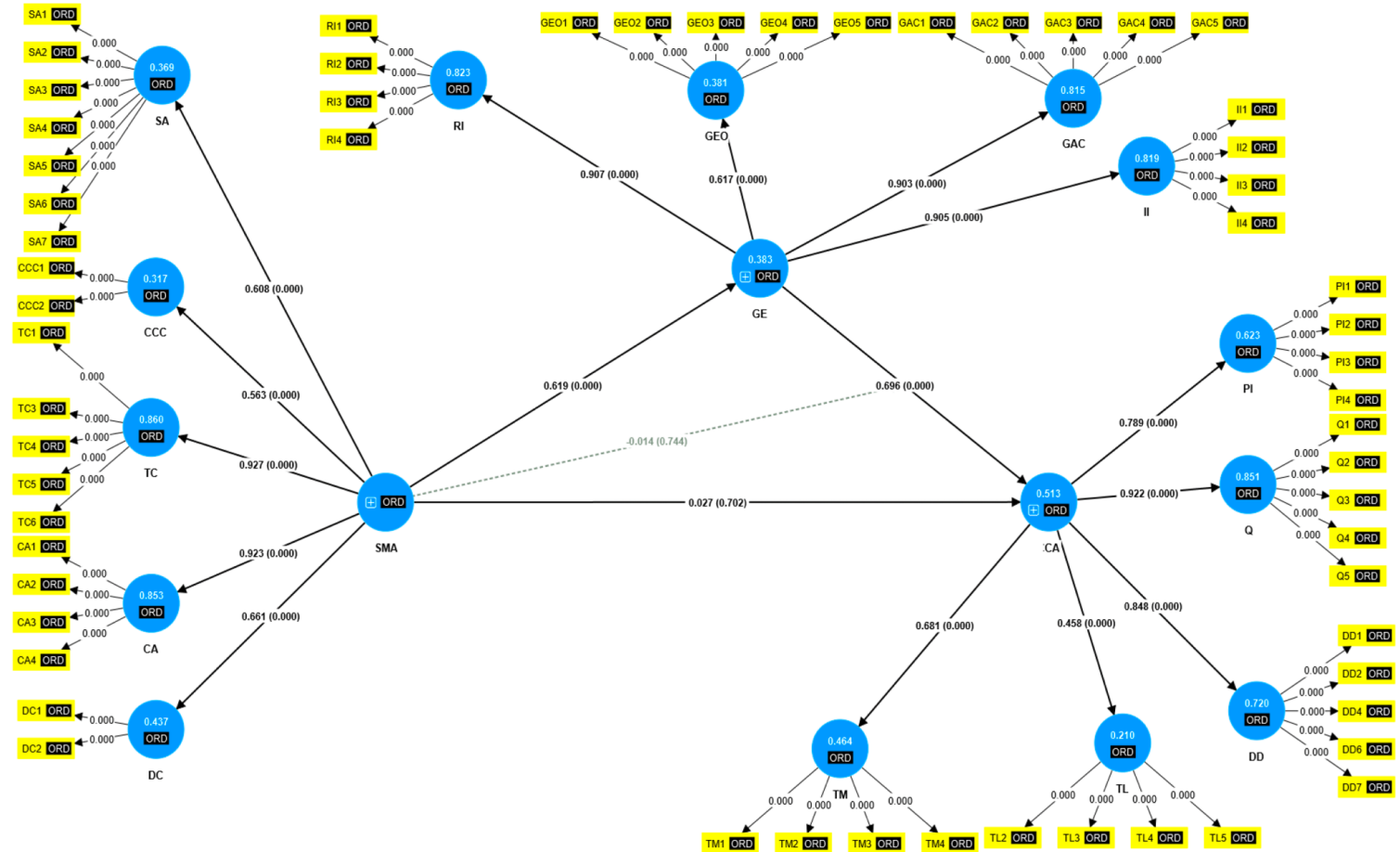
Predictor/Independent variable (X): Strategic Marketing Alignment (SMA)

Outcome/Dependent variable (Y): SMEs Competitive advantage (CA)

Mediator variable (M): Green Entrepreneurship (GE)

One notable observation revealed is that GE significantly moderate the effect between SMA and CA, with a relatively p -value ($\beta = 0.431$, t -statistic = 7.217, $p < 0.001$) (see table 6 and figure 2). This moderation effect can be characterised as full, given that SMA has a significant impact on GE, and GE, in turn, significantly influences CA, while SMA does not have a direct significant effect on CA. The study's findings support all hypotheses, and these findings are statistically significant at a 5% significance level, except for hypothesis H₁ in table 6 above. Figure 2 is a summary of the fitted model containing coefficients and factor loadings.

The model showcases strong convergent validity, evident in all factor loadings exceeding 0.70. Illustrated in figure 2: SEM conceptual model results, strategic marketing alignment (SMA), and green entrepreneurship (GE) jointly account for 51.3% of the total variability in competitive advantage (CA), while SMA independently explains 38.3% of the total variability in GE.



1 **Figure 2:** SEM conceptual model results

Discussion

Strategic Marketing Alignment and SME Competitive Advantage

The conceptual model indicated an indirect and significant effect between SMA and CA. The objective was to determine the effect of SMA in SME CA. The results contradict the proposed alternative hypothesis (H_1) that SMA positively affects CA with an indication that SMA insignificantly affects CA. This then implies that the relationship proposed in the study literature between SMA and SME CA was not supported by the study findings as it is not statistically significant.

Strategic Marketing Alignment and Green Entrepreneurship

The findings revealed that SMA positively and indirectly affects GE (with $p < 0.001$). The implication decision of these findings is supported as aligning SME marketing strategies with green initiatives is proven to enhance green entrepreneurship and thus means that most SMEs can use these strategies to make an informed decision about their sustainable future while also optimising their marketing effects (Guo et al. 2020; Lin et al. 2020). These findings supported the study's conceptual model, and the alternative hypothesis (H_2) proposed in the study literature that SMA significantly and indirectly affects GE. This implies that SMA aids revenue, market share, and profitability generation, encouraging entrepreneurs to rely on sustainable practices.

Green Entrepreneurship and SME Competitive Advantage

The study originally hypothesised that GE positively and directly affects SME CA. Notably, the results revealed that GE had a significant positive and direct effect on SME CA ($p < 0.001$). The implication decision is positive and fully supported proving that most SMEs gain competitive advantage through aligning with GE. These results concur with those of Mankgele (2023), who asserts that GE aspects gain a competitive advantage as greening enables the sale of their environmental innovation or services to improve the enterprise image and create new markets, leading to improved competitiveness. The results also align with those of Tu and Wu (2021) that GE enables SMEs to use unique physical and cognitive resources, creating a competitive advantage. Similarly, Novitasari and Agustia (2023) also found a significant effect between green innovation, the essence of green entrepreneurship, and competitive advantage in which the application of green innovation can create a positive company image, and increase market share and customer satisfaction.

Green Entrepreneurship on Strategic Marketing Alignment and SMEs' Competitive Advantage

The findings revealed that GE fully moderates the positive effect between SMA and CA. The study findings found a full moderation relationship between GE, SMA, and CA. The influence of SMA on GE is significant and direct while on CA is insignificant for direct influence. These findings also coincide with those of Tolossa et al. (2024) which posit that adopting green entrepreneurship is crucial for enhancing SMEs competitiveness, improving productivity, and enabling market expansion. Thus, these findings also support the relevant literature of the study on the complete moderation role of green entrepreneurship.

Theoretical Contributions

The main theoretical contribution is the development of RBV and DCT, which shows that SMEs integrate specific resources and capabilities to achieve sustainable market advantage (Olazo 2023). This article has advocated that SMEs can integrate and orchestrate tangible and intangible resources and capabilities such as technical expertise and organisational processes to maintain competitive advantage. The inclusion of RBV provides a novel theoretical lens to ascertain SME firm's performance in emerging markets. Previous studies have focused on the relationship between entrepreneurial orientation and innovation and did not consider the sustainability aspect that comes with green entrepreneurship (Muangmee et al. 2021). This study has extended the literature by incorporating sustainability into the proposed RBV and DCT theoretical frameworks. SMEs can sustain their market advantage if they integrate their capabilities. The study analysed SMA strategies that create SME CA and aspects of GE that ultimately lead to CA and sustainable business performance improvement, enriching the literature on RBV and DCT.

Managerial and Practical Implications

Incorporating Green Entrepreneurial Orientation into SMEs' Business Strategies

To achieve a high level of sustainability, managers and top executives need to incorporate green entrepreneurial orientation into SMEs' business strategies. Green entrepreneurial orientation impacts enterprise strategies and financial performance through three channels. Firstly, companies such as SMEs can reduce energy and resource costs by providing environmentally friendly products and adopting process innovations (Musfar 2023).

The top management of SMEs should also promote and encourage the development of programmes that enhance green entrepreneurial orientation in SMEs and increase firms' participation in green innovation (Muangmee et al. 2021).

Enforce the Use of Renewable Energy Sources and the Introduction of Energy-Efficient Technology

Managers of SMEs should use renewable energy sources and introduce energy-efficient technology to be more successful and profitable than traditional firms. This can be achieved by implementing energy-efficient technologies, adopting green practices, and utilising sustainable resources (Bataineh et al. 2024). Managers should also be aware of government policies concerning environmental issues and integrate environmental problems into strategic decision-making. The central findings and key argument of this study are that successful implementation of GE and marketing strategy alignment is required to adopt SME strategy for superior performance and competitiveness.

Policy Implications

Encourage Regulatory Compliance and Standards

Polymakers should strengthen environmental laws and encourage subsidies to firms to invest in green entrepreneurship and create a competitive advantage. Adhering to environmental regulations can help SMEs offset the costs and burdens of regulatory compliance—leading to reduced costs and increased competitiveness through the creation of new markets for environmentally desirable products and processes (Bataineh et al. 2024). Policies need to ensure SMEs and other firms take steps to ensure compliance to maximise their competitive advantage.

Constraining Unsustainable Producers

Polymakers can constrain unsustainable businesses or producers from taking advantage of market competition; these regulations encourage the implementation of sustainable practices and can help create value for SMEs. This can also help SMEs carry first mover advantage, allowing them to pursue distinct differentiation, improve their image, and gain competitive advantage (Bataineh et al. 2024). Also, these enterprises can build a positive image with customers and other stakeholders and reduce the risk of legal requirements.

Limitations and Future Research Directions

The study's limited scope only focuses on a specific geographical area which may restrict the generalisability of its findings to other regions of South Africa. Future research should broaden the scope to encompass various regions of South Africa and global markets. The information from the study was gathered from managers and owners that each represent a single SME organisation. Future researchers are urged to explore more valuable information by incorporating it in their questionnaires or interviews with various stakeholders who contribute to shaping and creating values for the business.

Moreover, this study highlights the moderating role of GE in the association between SMA and SME CA. Future research should investigate additional mediations and moderations such as the shift in consumer behaviour toward sustainability and regulatory changes. Additionally, while the study emphasises the positive impact of SMA on GE and GE on SME CA, it is crucial to critically examine the challenges associated with noble marketing strategies and green entrepreneurial strategies to provide a more balanced understanding and guidance for enterprises pursuing environmental goals.

Conclusion

In conclusion, SMA positively and indirectly affects GE while GE directly affects SMEs' CA. The findings support these relationships and enrich the body of knowledge by adding the moderating role of GE to show the effective operation of SMEs through aligning with noble marketing strategies and sustainable practices. Companies need to strike a balance between valuable, rare, and inimitable, unique resources, and dynamic capabilities to ensure long-term success. The adoption of green entrepreneurship is not just a trend or a compliance requirement but a strategic element for achieving competitive advantage. SMEs should embrace green entrepreneurship as a core part of their business strategy to achieve long-term success, sustainability, and thus corporate competitive advantage. They need to be proactive in identifying new opportunities for green products and services while adapting to changing market trends and consumer preferences.

Additionally, incorporating green practices into business operations can offer SMEs numerous competitive advantages. SMEs can differentiate themselves from competitors, attract "green" consumers, enhance their brand image, reduce operational costs, and meet regulatory requirements. Though a considerable amount of research is available on GE, a study that also incorporates SMA and CA in SMEs is still emerging and must be learned. The results can motivate practitioners who often view the journey toward sustainability alignment as a costly task. SME owners and managers should also encourage all employees to suggest their innovative ideas which contribute to the better adoption of business sustainability practices. Therefore, further research may be necessary to fully understand how strategic marketing alignment in SMEs influences their competitiveness and how green entrepreneurship influences the competitive advantage of SMEs through effective strategic marketing alignment.

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