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articles

The Impact of SMEs Capability for Service Innovation and Its Tactical Green Marketing on Sustainable Business Performance

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Corporate social responsibility (CSR) is now central to all firms. Customers now expect companies to promote sustainability and social well-being actively. This study examines the direct and indirect effects of stakeholder pressure (SP), corporate social responsibility (CSR), tactical green marketing orientation (TGMO), and service innovation competence (SIC) on five sectors of Pakistani Small and Medium enterprises' (SME) sustainable business performance (SBP). The paper used a resource-based view and stakeholder theories. An online questionnaire collected data from 284 SMEs in five areas. The study tested its hypotheses using partial least squares (PLS) 4.0 path modeling. The study found that stakeholder pressure and corporate social responsibility (CSR) affect tactical green marketing and sustainable organizational performance. The data also shows that tactical green marketing mediates the impact of stakeholder pressure and CSR on sustainable business performance. Service innovation moderates the link between tactical green marketing orientation and sustainable business performance. This study seeks to clarify and improve the relationship between tactical green marketing and company sustainability. This It gives management a complete picture of the company's long-term success.

1. Introduction

Sustainable development problems are at the center of most dialogues focusing on the issue of setting and accomplishing SDGs at all levels, especially corporate levels, involving the SME sector (Blinova et al., 2022). The achievement of the United Nations' Sustainable Development Goals (SDGs) pertaining to the effective usage of resources, environmental sustainability, and human well-being depends on the adoption of eco-consumption and green production models, particularly within the SME sector (Rodrigues & Franco, 2023). Societies worldwide are currently implementing and enforcing environmental laws to save the environment. Nevertheless, in order to get more favorable outcomes in green governance, it appears crucial to involve all parties with a vested interest in ecological preservation and actively work towards undoing the harm that has been done (Zhang et al., 2019).

The UN Environment Program (UNEP) prioritizes the reduction of carbon emissions in order to promote sustainability and enhance the resilience and resource efficiency of industries (UNEP, 2011). The stakeholders have expressed significant concerns regarding service innovations and green efforts due to unresolved sustainability challenges. These issues have failed the firm to create a green environment, innovate in its operations, and meet social demands (CSR) (Geels et al., 2015; Lim, 2016). The firms must dedicate time and assets to CSR assessment to establish stakeholders' correlative needs and requirements (Ikram et al., 2019). Establishing and understanding the connection between corporate environmental strategy and sustainable business development is critical at the same time for modern businesses.

Despite being cognizant of their environmental footprint and the benefits of carbon reduction, many small firms often lack the financial resources to take action, despite the widely recognized fact that implementing climate measures enhances company resilience (Hub, 2022). The small and medium business sector in Pakistan plays a prominent part in the country's growth, encompassing over 90% of SMEs operating in diverse industries throughout the nation. Pakistani small and medium enterprises (SMEs) encounter a multitude of obstacles, such as a limited technological foundation, difficulties in obtaining financial resources, inadequate workforce expertise, burdensome regulatory processes, insufficient market intelligence, limited product variety, and inadequate value enhancement (Nazir et al., 2024; SMEDA, 2019). In addition, small and medium-sized enterprises (SMEs) from many industries, particularly manufacturing organizations, have a significant role in causing natural resource contamination from pollution, extraction, and processing of raw materials, which have adverse effects on the environment, as well as contributing to climate change and global warming (Fahad & Wang, 2020; Passaro et al., 2023).

Stakeholder pressure and CSR practices analysis in the context of SME shows the absence of experimental studies (Ikram et al., 2019). At the same time, few investigators (Harris, 2018; Nazari, Hrazdil, & Mahmoudian, 2017) concentrated on various CSR features, which established the basis of prior research in this field. In progressive nations like Pakistan, businesses have encountered substantial issues of perceiving and empowering societal needs and green CSR practices to support firms' achievement. However, linkages between green marketing and corporate competitiveness are identified by prior studies (Papadas et al., 2019). However, business sustainability needs to be addressed by integrating stakeholders' pressure and the firm's CSR with green marketing orientations.

In recent decades, companies have had a significant impact on the environment. This impact includes not only the consumption of energy and pollutants resulting from production and product usage, but also social and economic disruptions (Crowther & Seifi, 2023). Firms are discussing the role of CSR as the global perspective is changing, and more focus on society is emerging to save nature and humanity and boost economic conditions (Crowther & Quoquab, 2020). Moreover, the long-term viability of a business relies on the ability of decision-makers and owners to effectively engage in micro-level activities that enable the organization to recognize, respond to, and manage the demands of stakeholders (Del Giudice et al., 2017; Freeman, 2010; Helmig et al., 2016; Tapaninaho & Kujala, 2021), and Integrating CSR and strategic decision-making of the firm can increase profitability leading to sustainability (Molin et al., 2023). If the population grows, then definitely more resources are required for sustainability, and these issues must be addressed proactively (Crowther & Seifi, 2021).

However, numerous firms still hold the belief that embracing environmentally-friendly practices will negatively impact their competitive edge despite the fact that there is no viable alternative to achieving long-term, sustainable growth (Nidumolu et al., 2009). This reality hinders progress and fosters a fragmented comprehension of environmental matters in the field of marketing. Without a doubt, the private sector plays a significant role in introducing numerous excellent products that lead to enhancements in living standards. Nevertheless, the growth of the industrial sector has adverse effects on the natural environment. Merely engaging in green consumption is insufficient for attaining SBP. The inclusion of planet-friendly or environmentally conscious manufacturing practices is similarly important.

Hence, the paramount aim is to examine the connections between the CSR practices of companies and their ability to maintain long-term viability. Initially, it analyzes and elaborates on the evidence supporting the significance of CSR and SP in promoting a strategic focus on environmentally friendly marketing practices and their direct influence on sustainability. Furthermore, it examines the impact of adopting a tactical green marketing approach on the long-term success of a corporation and investigates the influence of the ability to innovate in providing services. This research enhances to our understanding in two ways: Firstly, it analyses the influence of TGMO as a mediator on SBP. Secondly, it explores the intervening impact of SIC.

Consequently, this study revolves around the intersection of corporate social responsibility (CSR) practices, tactical green marketing (TGMO), and sustainable business performance (SBP) within the context of SMEs. While prior literature has acknowledged the importance of CSR and green marketing in fostering sustainability, there remains a gap in comprehensive studies focusing on the specific mechanisms through which these practices influence SBP, particularly in the context of SMEs. Existing research has predominantly examined CSR and tactical green marketing (TGMO), the impact of Stakeholders on SBP. Our study seeks to investigate how the integration of CSR, Stakeholder pressure, and tactical green marketing initiatives within SMEs contribute to long-term viability and how they influence sustainability. Finally, while exploring the moderating effect of SIC on the TGMO - SBP link, this study contributed by being the first to analyze how tactical green marketing orientation (TGMO) as a mediator and service innovation capability as a moderator affect business performance sustainability. Thus, by examining the interplay between service innovation, tactical green marketing, and SBP, our research aims to provide valuable insights for SMEs seeking to enhance their environmental and social performance while maintaining competitiveness in the market.

In the upcoming sections, we have discussed into exploring the links among variables within the literature review and hypothesis development section by starting thoroughly reviewing current literature, and developing a foundation of the study. Then, methodology will be explained, including the method of data collection. In the next section, we present the results, analysis and significance. Finally, in the conclusion section, our main findings and future research agendas in this field

2. Literature review and hypotheses development

The purpose of this section is to throw light on the available literature that is connected to the current research and the creation of hypotheses. On the basis of the postulated relationships and the consequences those relationships have on the variables under investigation, the following hypotheses have been formulated.

2.1. Relationship between CSR and TGMO

The primary justifications for why CSR should be implemented in industries have drawn the attention of many researchers. CSR poses a strong effect that helps to display a firm's performance and policies (Campbell, 2007). Many firms already added an innovation and green environmental attitude in their CSR policies (Alam & Islam, 2021; Kärnä et al., 2003). Researchers utilize CSR, advertisement, and promotion to broaden and enhance stakeholder interests (Pfajfar et al., 2022). An organization's internal benchmarks can also support a business's transition to establishing eco-friendly business practices for sustainable operations. Businesses develop green marketing strategies to meet the requirements of CSR and the needs of their internal and external partners.

CSR initiatives can give a firm a competitive edge to improve corporate awareness, like client retention. CSR and environmental commitment are connected to natural environment positioning (Menguc et al., 2010). Therefore, a firm may be sustainable and safeguard the environment simultaneously by linking TGMO with CSR. Thus, the below-mentioned hypothesis is developed:

> H1: CSR has a constructive relationship with TGMO.

Relationship between SP and TGMO

The demands of stakeholders may have an impact. Businesses must embrace the key eco-centric adoption motives, and the firm must have the participation of stakeholders in order to earn institutional credibility (Latip et al., 2022; Shahzad et al., 2023) . As a result, when stakeholders influence, the authenticity of the enterprise may be questioned, and the extent of environmental damage can be altered (Tapaninaho & Kujala, 2021). According to the findings of research conducted in the green streams, firms have developed green marketing strategies by taking into account the diverse requirements of stakeholders, including both internal and external partners (Mukonza & Swarts, 2020).

Companies can address these pressures exerted by a proactive environment. Organizations can independently and preemptively mitigate the negative impact on the environment caused by pollution and vandalism as a result of these influences (Khan et al., 2024; Polas et al., 2023). These strategic execution groups can facilitate the establishment of partnerships with governmental entities. Customers, as stakeholders, exert influence on the acceptability of eco-friendly practices by insisting that suppliers comply with regulations and improve its effectiveness through eco-preferences (N. Nguyen & Adomako, 2021).

Firms must also consider how product development, eco-effect decisions, marketing approach, customer support, fabrication processes, development via research, obtaining inventory, and recycling management affect stakeholders' eco-conscious marketing approaches. Therefore, stakeholders are linked to green marketing strategy (Henriques & Sadorsky, 1999). Hence, based on the above discussion, the subsequent hypothesis has been developed.

> H2: SP significantly influence TGMO

2.2. Relationship between CSR and SBP

CSR has impacts on business performance in various ways. It helps the organization enhance its monetary performance and leads to positive, rapid growth and profitability. Integrating CSR into the organizational policy and focusing on the satisfaction of its stakeholders leads to outperforming its competitors. In the previous few decades, CSR issues have emerged rapidly and attracted the focus of the stakeholders. Stakeholders are now more focused on the requirements and needs of CSR and questioning the cost and benefits of implementing CSR policies at all levels (Tsoutsoura, 2004). Although there is no proper definition of CSR available, however, various scholars perceive it in other ways.

(Hill, 2006) argues that CSR is a bunch of activities that explain the part of good and progressive management, business policies, and activities and it is more about the organization's intentions for its stakeholders. It is the obligation to society, the economy, and the environment. Recent studies show that measures of business performance are only financial and market share gain. (Evans et al., 2017) a sustainable enterprise undergoes assessment through three key dimensions: economic, social, and environmental. This is socially requireda firm should focus on a larger perspective and protect people and the planet. The trend of CSR has rapidly increased in the last few years. According to (Evans et al., 2017; Khan et al., 2023) sustainability is generating more revenues, taking care of the stakeholders, and focusing on company reputation building leads to market share growth and, consequently sustainability. Therefore, it is postulated that:

> H3: CSR has a significant impact on SBP

2.4. Relationship between SP and SBP

The significant pressure from stakeholders influences the firm's policy and decision process, manufacturing, product, branding, packaging design, procurement of materials, and distribution. An important challenge arises from the fact that stakeholders have different expectations due to their diverse backgrounds, making it challenging for the company to understand and respond to each of them. During critical circumstances, stakeholder demands can exert significant and conflicting pressure on enterprises (N. Nguyen & Adomako, 2021).

In modern world, it is typical among businesses to create techniques for the assessment of stakeholder claims based on their importance and immediacy. The process of formulating a firm's strategy and integrating stakeholders' expectations should enhance overall effectiveness and simultaneously improve corporate citizenship by establishing a positive image (Hristov & Appolloni, 2022). Therefore, this argument concludes that SP significantly influences the sustainability of the firm, thereby improving the comprehensive sustainability performance of the organization. Therefore, a hypothesis is proposed:

> H4: SP has a constructive relationship with SBP

2.5. Mediation

TGMO refers immediate actions taken by a company to transform the traditional marketing mix into an environmental friendly mix (Papadas et al., 2019(Negi et al., 2023). This activity results in a decrease in the organization's eco-imprints (Choudhary & Gokarn, 2013). These promotion tactics are utilized to communicate the positive environmental attributes of the product rather than its negative impacts (Chung, 2020). This has a comprehensive impact on the overall environmental efficacy of the organization across various aspects, such as product placement (Tjahjadi et al., 2020), and pricing strategies for eco-friendly products (Le, 2021).

According to the study conducted by (Evans et al., 2017), a business is deemed sustainable when it is evaluated based on three dimensions: economic, social, and environmental. Organizations have varying responsibilities to society (Carroll, 1979), and stakeholders, as identified by (Freeman, 2010), are the individuals or groups that exert influence on the organization. This influence prompts organizations to adopt environmentally friendly practices in order to minimize their ecological impact. Consequently, showcasing the environmentally sustainable nature of the product diminishes the potential negative impact on stakeholders and enhances their level of engagement. Companies face pressure from stakeholders about several aspects of their company activities, such as manufacturing, production, operating timetables, positioning, and advertisement (Kytle & Ruggie, 2005; Rio, 2011)(López-Rodríguez, 2016). Previous research has confirmed that the influence of stakeholders has an impact on both eco-production and the reputation of the company (Baah et al., 2021; Mensah, 2014; Tian et al., 2021). (Mensah, 2014) contend that SP has an impact on a company's ability to generate money, engage in CSR), and maintain sustainable performance. On the other hand, (Baah et al., 2021) assert that SP has a major influence on organizations' adoption of environmentally friendly policies, their reputation, and their ecological performance.

Therefore, utilizing TGMO as an enterprise capacity and technique to surpass competition aids firms in implementing, cultivating eco-friendly policies to diminish their ecological impact, address stakeholders' considerations, and enhance the sustainability (Luo & Bhattacharya, 2006; Shankar et al., 2009). Hence, the primary objective of the present study is to determine the mediating function of TGMO. So, it is hypothesized;

> H5: TGMO mediates between CSR and SBP

> H6: TGMO mediates between SP and SBP

2.6. Relationship between TGMO and SBP

The customer focus, as proposed by (Narver & Slater, 1990), is a highly effective and efficient organizational method for cultivating the necessary behaviors to deliver exceptional performance and value to customers continually. Market-oriented organizations engage in the collection of information regarding customer wants and competitor activities. They then organize and align these activities in order to create exceptional value for customers (Al-Henzab et al., 2018; Narver & Slater, 1990). With increasing client awareness and sophistication regarding environmental sustainability, and businesses' growing concern about their competitive performance, companies are adopting targeted solution-oriented strategies to address environmental challenges (DeBoer et al., 2017; Soewarno et al., 2019).

Organizations should adopt environmentally-friendly methods to minimize the consumption of resources, energy, and harmful substances in order to achieve sustainable development (Glavič & Lukman, 2007). Green marketing initiatives prioritize environmental stewardship and foster mutually beneficial connections between customers and enterprises (Moravcikova et al., 2017). Hence, in an age characterized by heightened environmental awareness, prioritizing the green market is imperative for the prosperity of corporate endeavors. Companies should incorporate eco-sustainable procedures to align their aims with the goals of improving and maintaining its business success (Papadas et al., 2017).

TGMO approach refers to short, time-based actions aimed at improving the environmental friendliness of product development, pricing, placement, and promotion (Papadas et al., 2017). The addition of item-related alternatives in this test diminishes the natural impression (Pujari et al., 2003). When buyers are deciding what to buy, purchasing green products is no different from purchasing any other product. Consumers go through a process of gathering information to learn about the product, including data on the ingredients and their environmental impact. This information directly influences their purchasing decisions, giving them the power to choose the best options and increasing their willingness to invest even if they have less experience.

A study conducted by (Fraj et al., 2011) examined 361 manufacturing organizations in a European Union nation to illustrate the potential benefits of adopting a green marketing strategy in terms of improving both marketing and operational capabilities. A study conducted by (Amegbe et al., 2017) in Ghana revealed the positive impact of green marketing orientation on performance. Simply said, the greater the emphasis on green marketing orientation, the greater the sustainability in terms of client retention, profitability, and business expansion. Therefore, the following hypothesis is being suggested.

> H7: There is a direct correlation between adopting a tactical green marketing approach and achieving SBP.

2.7. The Moderation

According to Resource-Based View (RBV) philosophy, enhancing skills are a means of effectively utilizing resources to attain improved performance outcomes. Effectively identifying optimal resource allocation, consistently enhancing current capabilities, and generating novel, cutting-edge capabilities are essential components of employing the Resource-Based View (Bergfors & Larsson, 2009; Leonard-Barton, 1992). Service innovation capabilities, as described in the literature, enable a company to differentiate itself from competitors by delivering superior value (Salunke et al., 2013). In addition, the capacity to develop novel services enhances both profitability and customer happiness (D. T. Nguyen et al., 2020).

Moreover, creativity has been seen as a interventional and a vital part of firm efficacy (Damanpour, 1991; Najib et al., 2022). The introduction of advanced tech innovation enhances significance and confers a rivalrous advantage. Firms that are implementing green marketing strategies can enhance their worth as a pioneer among stakeholders. Hence, the presence of service innovation capabilities in a firm can potentially attenuate the link between TGMO and SBP. Therefore, the subsequent hypothesis is suggested:

> H8: The link between TGMO approach and sustainability is influenced to a moderate extent by service innovation capabilities.

2.9. Resource-Based View Theory

Potential stakeholders, whether they are external or internal players, are individuals or groups who can exert influence or be impacted by a particular situation (Freeman et al., 2010). Stakeholder's theory emphasizes two fundamental aspects of evaluation: the objectives of enterprises and their responsibility towards these individuals or groups. Businesses should fulfill the expectations of their stakeholders by addressing the following inquiries (Freeman, 2010).When formulating a corporation's policies, it is crucial to acknowledge that the firm has obligations to different stakeholders, and each stakeholder group has distinct expectations regarding the firm's performance (Polonsky, 1995). Consequently, SMEs that have open and indirect contracts with several partners should be accountable for satisfying all of their commitments towards the environment and society (Aragón et al., 2016). Corporate social responsibility (CSR) states that businesses should not only focus on making monetary benefits, bear not only the liabilities to shareholders and staff, but also commit their selves to bear responsibilities towards consumers, societies, and surroundings. CSR requires firms should focus out of the box rather than taking benefits as the organizational only goal, and give significant attention to the human well-being in the manufacturing process, concentrating on offering protection to the environment, end users, and community (Beck & Storopoli, 2021).

In the future, there will be a growing trend for businesses to incorporate Corporate Social Responsibility (CSR) into their day-to-day operations. As social and environmental crises rise, this moderate shift in business practices is expected to persist, continually evolving over time (Beck & Storopoli, 2021). Because they believe that the competitive benefits come when firms incorporate policies to reduce environmental footprints.

As a result, investing in social responsibility initiatives has significant implications for developing core intangible resources. CSR's external benefits are tied to its impact on a firm reputation. Corporate reputation is often considered a crucial intangible asset that can be produced or drained due to decisions to engage or refrain from engaging in social responsibility initiatives and disclosure. (Branco & Rodrigues, 2006), Businesses involved in good CSR activities enhance and strengthen their relations with external actors, leading to long-term benefits. CSR is a firm's idea and policy that is widely used to address social and business links (Branco & Rodrigues, 2006). (Chung, 2020) proposed a favorable association between CSR and TGMO., Nonetheless, further research to explore the link between CSR and sustainability is inevitable.

In contrast, the RBV theory posits that achieving a sustained competitive advantage is contingent upon the firm's internal resources, both real and intangible, rather than relying on external forces. It implies that in order to maintain relevance and dominance in the market, the firm's resources must possess the qualities of being diverse, immovable, precious, rare, difficult to imitate, and not easily replaceable (Wernerfelt, 1984). A company's ability to implement environmentally friendly policies and utilize reusable materials contributes to the development of its brand. These benefits are achieved through the adoption of various eco-friendly strategies, such as incorporating new technologies and providing unique services that surpass those of its competitors. This assists the business in gaining a competitive advantage, achieving exceptional efficacy, increasing presence, improving economic stability, and ultimately ensuring firm's resilience (Barney, 2001).

Sustainable promotion and advertisement has been a prominent topic in talks surrounding organizational sustainability, exerting influence over academic and end-user priorities (Dangelico et al., 2017). The existing advanced literature on business sustainability-related issues, such as environmental marketing, has typically presented fragmented theoretical perspectives rather than integrating and consolidating them, in order to cultivate a more favorable understanding (Cheng et al., 2017). Acknowledging the stakeholder theory alongside the resource-based view (RBV) is imperative for ensuring sustainability, especially when there is no integration between these two key management theories (Sodhi, 2015; Sodhi & Tang, 2018). In this light, it is critical to provide stakeholder relevance to the enterprises so that they may realize the unique competitive advantage based on sustainability that is at the heart of RBV. Despite the paucity of research on the subject, the importance of S-RBV as a paradigm for evaluating sustainable business practices has been emphasized (Sodhi, 2015). Consequently, RBV and stakeholder (S-RBV) theories are used to wrap up the work in this research. According to both schools of thought, companies may boost their sustainability performance by strengthening their competitive advantage, gaining a comprehensive grasp of the issue, and incorporating the key stakeholders (Sodhi, 2015). The activities promoted by regulatory stakeholders such as trade groups, the government, rivals, and society can bring about SP (Aragón et al., 2016; Freeman, 2010; Steurer et al., 2005).

(Fassin & Van Rossem, 2009; Helmig et al., 2016; Kassinis & Vafeas, 2006) define SP as the capacity and influence to affect a firm's policies and behavior. According to (Helmig et al., 2016) SP is a key factor that motivates modern corporations to prioritize CSR and sustainability. According to (Sarkis et al., 2010) eco-guidelines, eco-marketing (Connelly et al., 2011), and eco-friendly human resource management (Arulrajah & Opatha, 2016) are all forms of modern green management. SP is thought to be the key to firms accepting these principles. Prior research by (Chung, 2020) indicated that there is a favorable correlation between SP and TGMO. Even though, further investigation into "the link between SP and SBP" is necessary

Table 1. Measurement of Variables

Variables	Assessment	Indicators	From
SBP	Likert 7 scale	6	(Wang (2019), Abbas (2020), Hourneaux et al. (2018)
CSR	Likert 7 scale	7	Turker, 2009
SP	Likert 7 scale	6	Sarkis et al., 2010
TGMO	Likert 7 scale	5	Papadas et al., 2017
SIC	Likert 7 scale	5	Chapman et al (2003), Lin et al (2009)

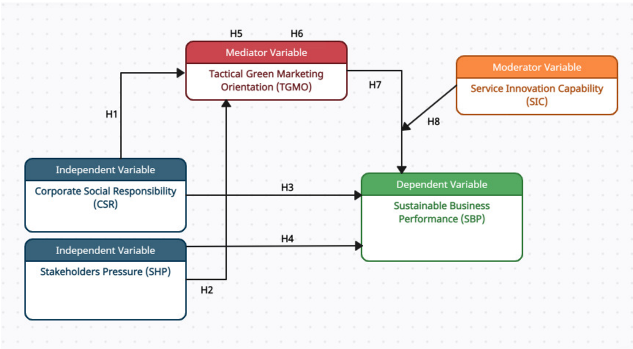

Figure 1. Research Model

(Amui et al., 2017; Chen & Chang, 2013). There is power in the hands of stakeholders, who can influence companies, one example is the Pakistan Customs department's policy to establish Pakistan's single window, which facilitates paperless transactions for both importers and exporters. Businesses respond to stakeholder demand by engaging in environmentally friendly practices and introducing innovative technologies. Consequently, there is a dearth of studies that attempt to analyze sustainability-related organizational behaviors through the two theoretical lenses (Sodhi, 2015).

3. Methodology

This study specifically targeted the proprietors, managers, chief executive officers, and individuals responsible for making decisions in SMEs located in Pakistan. The research was carried out with the aim of focusing on five distinct SME sectors, encompassing leather, stone, rice, and steel sectors aligning with the study objectives in order to address pollution issues and mitigate risks to both human health and the environment. The data was acquired from several sources including the SMEDA, SME Business facilitation center Multan, and other relevant associations. The components utilized in this study have been derived from multiple origins. This study utilized a 7-point Likert scale, as indicated in Table 1.

3.1. Sample Size

The sampling frame is 980 small and medium size businesses, and a sample of 343 SMEs was selected.

3.2. Sampling Method

A stratified sampling method was selected in this study. The entire population was further divided into heterogeneous and homogeneous groups and strata were devised from it. The study population consists of knowledgeable informants and representatives of SMEs. Total **980** SMEs were selected as a sampling frame.

- It's a procedure in which the population is divided into further subgroups a sample drawing from each.
- Each subgroup consists of items that represent characteristics that perform fair analysis, replicate the heterogeneous population, and saves time and money.

3.3. Response Rate

Data was obtained from the decision makers (MD/CEO/Manager) of the selected SMEs. The questionnaire was disseminated to participants via emails and the links to the google forms were provided, and responses were collected over a period of three months to ensure comprehensive data collection and analysis. Amicable gentle reminders were made to augment the response. The guideline used to interpret the result is based on (Sekaran & Bougie, 2010). A total of 284 questionnaires were returned out of the 610, thanks to the diligent efforts made. The poll yielded a response rate of approximately 83%, which is considered acceptable for this type of survey (Malhotra, 2011). This response rate is comparable and considered as good as the response rates reported in recent relevant research (Jeong & Chung, 2023).

3.4. Initial Data Examination, Screening, and Preparation

It is essential to arrange screening of data to recognize any violations in the assumptions (Hair et al., 2010). Consequently, Absent information, anomalies, adherence to normal distribution, and multicollinearity are assessed and addressed. Since the questionnaire was sent using a Google Forms link, no missing value was found. The criteria for skewness and kurtosis, which must both fall within the range of ±1 and ±3 for normal data distribution, were satisfied in the current study (Field, 2013). The "Harmon's single-factor analysis" is evident in the results, that only exhibit 31.80% of the overall change. The present research adhered to the requirements for skewness and kurtosis, and all results are within the recommended range.

Table 2. Stratified sampling

Category	Population	Sample
Leather Industry	**71**	**25**
Stone Crushing Businesses	**75**	**26**
Rice Milling Facilities	**415**	**145**
Steel Re-rolling Mills	**255**	**89**
Steel Furnace Operations	**164**	**58**
Total	**980**	**343**

Table 3. Response Rate of the Questionnaires

Response	Leather Industry	Rice Milling Facilities	Stone Crushers	Steel Re-Rolling Mills	Steel Furnaces	Freq/ Rate
No. of distributed questionnaires	105	215	60	95	135	610
Returned questionnaires	36	122	19	58	49	284

Variables	Items	Factor loadings	Cronbach's alpha	AVE	t-value
Corporate Social Responsibility	Our company participates in activities that aim to protect and improve the quality of the natural environment.	0.925	0.919	0.664	3.296
	Our company implements special programs to minimize its negative impact on the natural environn	0.778			
	Our company encourages its employees to participate in voluntary activities	0.925			
	Our company contributes to campaigns and projects that promote the well-being of society	0.951			
	Our company supports non-governmental organizations working in problematic areas.	0.748			
	Our company makes investments to create a better life for future generations.	0.708			
	Our company targets sustainable growth which considers future generations	0.605			
Sustainble Business Development	We achieve market share growth over time	0.67	0.85	0.625	0.625
	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	0.694
	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	0.56
	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	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	0.752
	We improve resource efficiency over time	0.882			
	We improve environmental performance over time	0.836			

Table 4. Measurements items and scale reliability

4. Results

3.5. Measurement Model Assessment

Validity and reliability are the primary procedure employed in PLS-SEM analysis to check the measurement model. The inner model's assumption about the nature of the relationship among variables relies on the "instruments' reliability and validity (Hair Jr et al., 2014; Hulland, 1999). The adequacy of the outer model (AVE) can be evaluated by examining two factors: (1) the reliability of the variables as perceived by each individual respondent, and (2) the convergent validity of an instrument, which is determined by the average extracted variance of a variable related to it.

Internal coherence assesses the degree of consistency in the results obtained from different test items, in order to determine if the items used to measure a construct have equal value. Cronbach's alpha was used in this study to assess the internal reliability, as CR does not accurately predict the same level of unobserved components. The minimum value for the number is 0.7, and the threshold cannot be less than 0.60 in order for the CR to depart from the range of 0 to 1 (Hair Jr *et al.*, 2014). A CR internal consistency number ranging from 0.6 to 0.7 indicates a moderate range of internal consistency, although a score in the range of 0.70 and 0.90 is considered suitable.

The reliability and validity score of the model exceeded 0.50. The minimum requirement is for the projected average variance to be greater than 0.50. However, in order to improve the overall quality of the data, any factor loading below 0.50 must be eliminated, starting with the least value (Hair Jr *et al.*, 2014).

Discrimination was achieved, and recommend testing the discriminant validity using the average variance generated with a ranking of 0.50 or higher. The AVE was used as suggested in this work to test the discriminant validity, and the square root of the AVE was used to compare the link between latent structures (Fornell & Larcker, 1981). The following table presents a comparison between the square root of AVE constructs and latent constructions: The CSR value is 0.845, the SBP value is 0.791, the SP value is 0.833, the SIC value is 0.748, and the TGMO value is 0.867. All data values in the current study adhere to the stated range, satisfying the criterion.

3.6. Descriptive statistics and the results of hypotheses testing

The VIF was employed to quantify the degree of multicollinearity. The computed VIF values suggest the absence of a major collinearity effect. A bootstrapping analysis was conducted to analyze the impact of CSR, SP, and TGMO on SBP. The data clearly demonstrate that CSR has a substantial and beneficial impact on SBP (t=3.296, p=0.000), Additionally, CSR is also constructively associated with the TGMO (t=4.855, p=0.000), SP was also positively linked with TGMO (t=11.602., p=0.000). TGMO is constructively influencing the SBP (t=4.018, p=0.000), TGMO positively mediates between the CSR and SBP (t=2.809, p=0.002) and between SP and SBP (t=3.644, p=0.000). The findings indicate

Table 5. Discriminant Validity

Variables	CSR	SBP	SHP	SIC	TGMO
CSR	0.845				
SBP	-0.38	0.791			
SHP	0.415	0.076	0.833		
SIC	-0.22	0.502	-0.155	0.748	
TGMO	-0.148	0.479	0.458	0.089	0.867

Table 6. Hypothesis Testing and Results

Hypothesis	Path Coefficients	Standard deviation	T statistics	P values	Remarks
CSR -> SBP	0.272	0.082	3.296	0.000	Supported
CSR -> TGMO	0.411	0.085	4.855	0.000	Supported
SHP -> SBP	0.087	0.089	0.977	0.164	Not Supported
SHP -> TGMO	0.623	0.054	11.602	0.000	Supported
TGMO -> SBP	0.358	0.089	4.018	0.000	Supported
SIC x TGMO -> SBP	0.223	0.074	3.013	0.000	Supported
Hypothesis Results					
Mediations	**Path Coefficients**	**Standard deviation**	**T statistics**	**P values**	**Remarks**
CSR -> TGMO -> SBP	0.147	0.052	2.809	0.002	Supported
SHP -> TGMO -> SBP	0.289	0.076	3.803	0.000	Supported
Moderation	**Path Coefficients**	**Standard deviation**	**T Statistics**	**P values**	**Remarks**
SIC x TGMO -> SBP	0.302	0.062	4.871	0.000	Supported

that the effect of SP on SBP slightly increased after entering TGMO as mediator and H6 is supported. On the other hand, result shows SP is not influencing SBP (t=0.977, p=0.164) thus H8 is not supported, SIC Strengthens the positive relationship between TGMO and SBP (t=3.013, p=0.000). The results showed that the effect of CSR on SBP a bit decreased after placing TGMO as mediator.

4. Discussion

This study is focused on five different sectors specified in an official letter of Punjab small industries corporation. These are also way forwards for the different industry partners to formulate and impose procedures to prevent the planet. H1 shows that a company's CSR and tactical green marketing attitude are positively correlated. Thus, CSR-focused organizations are more likely to use tactical green marketing strategies like promoting eco-friendly products or publicizing their sustainability efforts.

H2: SP can strongly affect green marketing and other sustainable company practices. When pressured by stakeholders, companies adopt a Triple Bottom Line (TBL) approach can benefit. These include improving their social responsibility and environmental sustainability, attracting environmentally conscious clients, and gaining a competitive edge. H3 implies that when corporations engage in socially responsible practices, such as encouraging sustainability and lowering negative environmental impacts, they are likely to have favorable outcomes in terms of financial, social, and environmental performance. This shows that sustainability and CSR can boost revenue, brand reputation, and environmental sustainability. CSR can improve economic, social, and environmental performance, according to the triple bottom line approach to corporate performance.

Further, H4 shows that SBP is directly related to SP on a corporation's adoption of sustainable practices. This connection is not direct always. Although pressure from internal and external actors can affect a firm's sustainability policies, it does not guarantee enhanced sustainable business performance (SBP). Financial rewards, regulatory obligations, and the company's comprehensive sustainability plan can also influence its performance. Therefore, the hypothesis not supported stresses the need for a deeper understanding of the many variables that affect efficacy in organizations. TGMO may contribute to the beneficial association between CSR and SBP, according to H5. Thus, companies that promote their environmental responsibility practices through green marketing are more likely to achieve SBP. To succeed in the long term, firms should emphasize TGMO strategy creation to link CSR programs with sustainable business goals. H6 suggests that a tactical green marketing strategy helps mitigate SP on a company's sustainability performance. Thus, integrating tactical green marketing into business strategy can help firms meet stakeholder expectations and improve sustainable corporate performance.

Lastly, H7 revealed that companies are more likely to use environmentally friendly marketing and operations approaches. This can improve environmental and business performance. Environmental sustainability through TGMO has been shown to increase customer loyalty, brand perception, and efficiency savings. The study implies that TGMO may improve SBP if a company can innovate its services. Simply put, a company's ability to innovate in its services can maximize TGMO benefits.

The findings support the organizational eco-policy development and its implementation, which is important to the success over competition and sustainability of the firm (Menon & Menon, 1997; Porter, 1995). This study verifies the previous research about the direct relationship between stakeholders' pressures with a green marketing strategy (Polonsky, 1995). In addition, by analyzing the impact of Stakeholders' pressure on the tactical green marketing orientation, this research provides added support to the role played by stakeholders in devising long-term helpful green marketing policies.

Second, these findings added to the literature on the previous research on the green marketing and sustainability link e.g. (Miles & Covin, 2000) by showing the latest and detailed analysis into the implementation of a green marketing policy. This study goes above and beyond to establish for the first time how a tactical green marketing-oriented approach affects the performance of sustainable businesses, addressing a critical research gap in the literature (Leonidou & Leonidou, 2011). Third, confirming the tactical green marketing orientation as a mediator on sustainable business performance through two links a) CSR and sustainable business performance, b) stakeholders pressure and sustainable business performance provide support for previous related studies e.g. (Baker & Sinkula, 2005) regarding the impact of such policies on performance outcomes. Our study also goes one step further and emphasizes the dual positive effect of tactical green marketing orientation on sustainable business performance through corporate social responsibility and stakeholder pressure.

These results build on RBV theory by highlighting the significance of being tactically green if sustainable business performance is the goal. Fourth, we analyzed the moderation effect of service innovation capability on the tactical green marketing orientation-sustainable business performance relation. Although there is a previous study on the direct link between a firm's eco-friendly policies and competitivity (Chen, 2008), the interplay between tactical green marketing orientation and service innovation capability through CSR and stakeholders pressure under the light of two theories RBV theory and Stakeholders theory on sustainable business performance was not the focus in the past. Given that the current eco-marketing policy should apply to every aspect of the firm, (Kotler, 2011).

The results confirm this by highlighting the moderating role of service innovation capability. In particular, this effort spotlighted the importance of analyzing the effect of various characteristics of eco-marketing policy on a firm's sustainability. These results suggest that CSR and stakeholders pressure both have a positive influence through tactical green marketing orientation.

Implications

Theoretical Implications

This section shed light on the results and discusses the objectives in line with the theory used. The study's main goal is to examine the direct impact of CSR, Stakeholders' pressure on the sustainability of the business performance of the SMEs, the role of Tactical green marketing orientation as a mediator, and the moderating role of service innovation capability. More specifically, two independent variables, CSR and SP, are hypothesized to affect sustainable business performance positively. The connection is also believed to be moderated by service innovation competence and mediated by tactical green marketing orientation. Four objectives in total are expressed and constructed based on the study's primary goal and the research questions that were generated from the dilemma.

Learning about these relationships provides directions to increase SMEs' sustainability. The RBV theory supports this framework. Stakeholders are the actors who can influence a firm's decision and can be impacted by the firm's output. Consequently, in this study, CSR is the intangible resource, while tactical green marketing orientation and service innovation capability are the tangible resources. There were 8 hypotheses were drawn, tested, and results generated. Based on the results 7 out of 8 are supported.

Furthermore,This study highlights the importance of CSR practices and SIC in improving the sustainable performance of small and medium-sized firms (SMEs). Additionally, it examines the consequences of these discoveries for professionals and decision-makers. Nevertheless, the study includes constraints that necessitate future research to investigate additional variables that could potentially impact this correlation.

Managerial Implications

The study findings have multiple ramifications for business practitioners. Firstly, adopting a tactical strategic approach to green marketing can be a beneficial tool for demonstrating long-term dedication to green marketing projects, positively impacting sustainability. The scope encompasses the development of environmentally friendly products, the management of transportation and distribution, promotional activities, and the creation of low-carbon packaging materials. Incorporating this strategy into the organization's 5-year business plan can serve as a means to differentiate it from competitors driven by greenwashing and surpass them in performance.

Furthermore, CSR may come before TGMO, but it necessitates a distinct approach due to its involvement in tactical marketing tasks and consequences. Therefore, implementing a CSR policy may be essential. The validated research framework proposes decision makers a comprehensive viewpoint on how tactical green marketing-oriented actions may lead to a performance edge over rivals. Hence, firm can achieve both environmental sustainability and competitiveness by having a clear strategic orientation.

Limitations and Future Research

The study uncovers a relationship between the strategic focus on environmentally friendly marketing and the potential to develop innovative services. It offers managers detailed insights into the strategy a firm should adopt to reach optimal levels of sustainability. Future research should take into account the limitations of the study. Primarily, the study exclusively examines small and medium-sized enterprises (SMEs) in Pakistan, which restricts the applicability of the results to a broader context. Furthermore, the study is dependent on cross-sectional data, which restricts the capacity to establish causal links. Additionally, the study does not account for the potential impact of other variables, such as organizational culture, leadership, and strategic orientation, association among CSR, tactical advertisement approach, and sustainable business performance.

- Subsequent researchers can use our approach to conduct a comparison analysis between SMEs and large corporations.
- We propose utilizing Stakeholder's pressure as a moderating variable to examine business sustainability.
- Quantitative studies possess intrinsic limitations. We recommend that future study employ a qualitative research design and can be undertaken in various different countries like Bangladesh Nepal, Sri Lanka, Vietnam, and India.

Ultimately, the study offers significant insights into the correlation between CSR, tactical green marketing strategy, and sustainable business performance in SMEs. The results emphasize the significance of stakeholders' influence and the aptitude for service innovation as crucial aspects that impact this connection. The recommendations outlined in this study seek to improve the sustainability of SMEs by implementing CSR practices, fostering their service innovation potential, and strengthening their tactical green marketing approach. SMEs can improve their competitiveness, reputation, and sustainability performance by following these tips.

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Data availability statement

The data can be available upon request.

Language Improvement

The researcher engaged a language expert to enhance language quality.

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