

The Influence of Sustainability Orientation and Green Promotion on Marketing Performance and Brand Reputation of Green MSMEs in Bandung

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ABSTRACT

This study aims to analyze the effect of sustainability orientation and eco-friendly promotion on marketing performance and brand reputation of eco-friendly micro, small and medium-sized enterprises (MSMEs) in Bandung. In the context of increasing environmental awareness and competitive market dynamics, MSMEs are required to adopt sustainable practices and communicate them effectively to enhance both performance and public perception. This research employs a quantitative approach using primary data collected from 180 MSMEs owners and managers through a structured questionnaire based on a Likert scale. The data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) version 3. The results indicate that sustainability orientation has a positive and significant effect on marketing performance and brand reputation. Eco-friendly promotion also shows a significant and stronger influence on marketing performance and brand reputation. Furthermore, marketing performance has a positive effect on brand reputation and serves as a mediating variable in the relationship between sustainability orientation, eco-friendly promotion, and brand reputation. The model demonstrates strong explanatory and predictive power, indicating that sustainability-driven strategies are critical for enhancing business outcomes. This study contributes to the literature by providing empirical evidence on the integration of sustainability and marketing strategies in MSMEs, particularly in developing countries. Practically, the findings offer strategic insights for MSMEs owners to improve competitiveness and long-term brand value through sustainable practices.

Keywords: Sustainability Orientation, Eco-Friendly Promotion, Marketing Performance, Brand Reputation, MSMEs

1. INTRODUCTION

In recent years, the global business landscape has undergone a profound transformation toward sustainability, driven by escalating environmental degradation, intensifying regulatory pressures, and a paradigm shift in consumer preferences toward responsible consumption. Sustainability is no longer confined to large multinational corporations; rather, it has evolved into a strategic imperative for micro, small, and medium-sized enterprises (MSMEs), which constitute the backbone of many developing economies, including Indonesia [1]. In urban creative hubs such as Bandung—widely recognized for its dynamic entrepreneurial ecosystem and innovation-driven economy—eco-friendly MSMEs have increasingly emerged as critical actors in advancing sustainable development agendas. These enterprises embed environmental considerations into their operational processes, product development, and marketing strategies to maintain competitiveness in an increasingly sustainability-conscious marketplace [2], [3].

The rise in environmental awareness among consumers has significantly reshaped purchasing behavior, with individuals demonstrating a stronger preference for brands that exhibit genuine environmental responsibility. This behavioral shift has prompted MSMEs to adopt a sustainability orientation, defined as the extent to which firms integrate environmental and social considerations into their strategic and operational decision-making. A robust sustainability orientation enables firms to generate multidimensional value—economic, social, and

environmental—thereby enhancing resilience and long-term viability [4]–[6]. However, the mere adoption of sustainable practices is insufficient to yield optimal market outcomes. Firms must also effectively communicate these practices to stakeholders to ensure recognition, trust, and differentiation.

In this context, eco-friendly promotion emerges as a pivotal strategic instrument. Eco-friendly promotion encompasses marketing communication efforts that highlight environmental attributes, sustainable production processes, and the broader ecological value embedded in products and services. Such promotional strategies play a critical role in shaping consumer perceptions, reducing information asymmetry, and influencing purchasing decisions [7], [8]. Transparent and credible sustainability communication enables MSMEs to build trust, enhance brand differentiation, and strengthen their competitive positioning. This is particularly relevant in Bandung's highly competitive MSME landscape, where effective communication strategies can significantly determine market success [9], [10].

From a performance perspective, marketing performance represents a key indicator of organizational success, reflecting the effectiveness of marketing strategies in achieving objectives such as sales growth, market expansion, and customer acquisition. For eco-friendly MSMEs, marketing performance is increasingly contingent upon the integration of sustainability values into both product offerings and promotional narratives [4], [11]. Beyond tangible outcomes, brand reputation has emerged as a critical intangible asset that encapsulates stakeholders' perceptions of a firm's credibility, reliability, and commitment to sustainability. A strong brand reputation not only fosters customer loyalty but also enhances stakeholder trust and long-term business sustainability [12], [13].

Despite the increasing relevance of sustainability in contemporary business practices, empirical investigations examining the integrated relationships between sustainability orientation, eco-friendly promotion, marketing performance, and brand reputation—particularly within the context of MSMEs in developing economies—remain limited. Existing studies predominantly focus on large corporations or analyze these constructs in isolation, thereby neglecting the complex interdependencies among them. Moreover, there is a paucity of research employing comprehensive analytical frameworks supported by robust methodologies such as Structural Equation Modeling (SEM) to capture these multidimensional relationships.

Accordingly, this study seeks to address this research gap by examining the effect of sustainability orientation and eco-friendly promotion on marketing performance and brand reputation among eco-friendly MSMEs in Bandung. Utilizing a quantitative approach, data were collected from 180 MSME respondents and analyzed using SEM-PLS 3 to provide rigorous empirical insights into the proposed relationships.

This study contributes to the literature in several ways. Theoretically, it advances the discourse on sustainable marketing and MSME performance by integrating key constructs into a unified analytical model grounded in contemporary theoretical perspectives. Practically, the findings offer actionable insights for MSME practitioners, policymakers, and stakeholders in designing and implementing sustainability-driven strategies that enhance marketing effectiveness and strengthen brand reputation. Ultimately, this study underscores the strategic importance of aligning business practices with sustainability principles as a pathway to achieving sustainable competitive advantage in the modern marketplace.

2. LITERATURE REVIEW

2.1 *Theoretical Foundation*

This study is grounded in several key theoretical perspectives that explain the relationships between employee voice mechanisms, organizational climate, employee engage This study is grounded in several key theoretical perspectives that explain the relationship between sustainability practices, marketing strategies, and firm performance. First, the Resource-Based View (RBV) posits that firms can achieve competitive advantage through the effective utilization of valuable, rare, inimitable, and non-substitutable resources. In this context, sustainability orientation and eco-friendly promotion can be conceptualized as strategic resources that strengthen firm capabilities, enhance differentiation, and ultimately improve marketing performance. [14], [15] Second, Stakeholder Theory emphasizes that firms must respond to the expectations of multiple stakeholders, including customers, regulators, and society at large. The increasing demand for environmentally responsible products has positioned sustainability as a critical factor in maintaining stakeholder trust, legitimacy, and long-term organizational success.

Furthermore, Signaling Theory provides an important lens to understand how firms communicate their values and quality to the market. Eco-friendly promotion functions as a credible signal of a firm's commitment to environmental sustainability, helping to reduce information asymmetry between firms and consumers [16]. Through consistent and transparent communication, firms can strengthen consumer trust, influence purchasing decisions, and enhance brand perception. Collectively, these theoretical perspectives offer a comprehensive foundation for understanding how sustainability orientation and eco-friendly promotion interact to influence marketing performance and brand reputation.

2.2 *Sustainability Orientation*

Sustainability orientation refers to a firm's strategic commitment to integrating environmental, social, and economic considerations into its business operations and decision-making processes, reflecting the extent to which organizations prioritize long-term sustainability over short-term gains [17], [18]. Firms with a strong sustainability orientation tend to implement environmentally friendly practices such as waste reduction, energy efficiency, and sustainable sourcing, which not only minimize environmental impact but also create added value for customers and stakeholders. Prior studies indicate that sustainability orientation positively affects firm performance through improved operational efficiency, enhanced innovation, and stronger customer relationships [19]. Furthermore, sustainability orientation contributes to the development of a positive corporate image, which is a critical foundation for building brand reputation; in the context of MSMEs, it can function as a strategic differentiation mechanism that enables firms to stand out and compete more effectively in increasingly competitive markets [20].

2.3 *Eco-Friendly Promotion*

Eco-friendly promotion refers to marketing communication strategies that emphasize the environmental benefits of products and a firm's sustainability practices,

including green advertising, eco-labeling, environmentally themed campaigns, and digital content that highlights sustainability values [7], [8]. Such promotion plays a crucial role in shaping consumer perceptions and influencing purchasing behavior, as increasingly environmentally conscious consumers tend to prefer brands that demonstrate transparency and genuine commitment to sustainability. Effective eco-friendly promotion can enhance brand awareness, increase perceived value, and build emotional connections with customers [21], [22]. However, its effectiveness largely depends on credibility, as misleading or exaggerated claims—commonly known as greenwashing—can erode consumer trust and harm brand reputation; therefore, authenticity and consistency in communicating sustainability initiatives are essential to achieving positive marketing outcomes.

2.4 Marketing Performance

Marketing performance refers to the effectiveness of a firm's marketing activities in achieving its objectives, such as increasing sales, market share, customer acquisition, and customer retention, and serves as a key indicator of how well marketing strategies translate into tangible outcomes [23], [24]. In the context of eco-friendly MSMEs, marketing performance is shaped by both internal capabilities and external communication strategies, where sustainability orientation enhances performance through improved product quality, innovation, and alignment with consumer values, while eco-friendly promotion communicates these advantages to the market, thereby increasing customer engagement and purchase intentions [11], [25]. Empirical evidence consistently demonstrates a positive relationship between sustainable marketing practices and marketing performance, indicating that firms that effectively integrate sustainability into their marketing strategies are more likely to achieve superior financial and non-financial results.

2.5 Brand Reputation

Brand reputation is defined as the overall perception of a brand held by stakeholders based on past experiences, communication, and observed behavior, reflecting the credibility, reliability, and trustworthiness of a firm in the eyes of consumers. As a valuable intangible asset, a strong brand reputation offers numerous benefits, including increased customer loyalty, reduced marketing costs, and enhanced competitive advantage [26], [27]. In the era of sustainability, brand reputation is increasingly shaped by a firm's environmental and social performance, where sustainability orientation and eco-friendly promotion play critical roles in influencing stakeholder perceptions [28], [29]. Firms that consistently demonstrate environmental responsibility and communicate their sustainability efforts effectively are more likely to build a positive brand image, while strong marketing performance further reinforces brand reputation by delivering consistent value and meeting customer expectations.

2.6 Conceptual Framework

Based on the theoretical foundation and hypothesis development, this study proposes a conceptual framework in which sustainability orientation and eco-friendly promotion act as independent variables, marketing performance as a mediating variable, and brand reputation as the dependent variable. This integrated model is designed to provide a comprehensive understanding of how sustainability-driven

strategies influence both performance and reputation outcomes in eco-friendly MSMEs. Sustainability orientation enables firms to align their products and operational processes with market demands for environmentally friendly solutions, thereby enhancing customer satisfaction and strengthening market competitiveness, which ultimately leads to improved marketing performance. In parallel, eco-friendly promotion increases the visibility of a firm's sustainability efforts and plays a crucial role in influencing consumer purchasing decisions, as effective communication of environmental benefits can attract environmentally conscious customers and enhance marketing outcomes.

Furthermore, sustainability orientation is expected to have a direct positive effect on brand reputation, as a firm's commitment to sustainability contributes to the development of a positive corporate image and strengthens stakeholder trust. Eco-friendly promotion also plays a significant role in shaping brand reputation by serving as a communication tool that conveys a firm's environmental responsibility to the market, where credible and transparent promotion enhances consumer perceptions and trust. In addition, marketing performance is anticipated to positively influence brand reputation, as strong performance reflects a firm's ability to meet customer needs and deliver value consistently, thereby reinforcing positive perceptions and building a stronger, more reputable brand.

H1: Sustainability orientation has a positive effect on marketing performance.

H2: Eco-friendly promotion has a positive effect on marketing performance.

H3: Sustainability orientation has a positive effect on brand reputation.

H4: Eco-friendly promotion has a positive effect on brand reputation.

H5: Marketing performance has a positive effect on brand reputation.

3. METHODS

3.1 Research Design

This study employs a quantitative research approach with an explanatory design to examine the causal relationships between sustainability orientation, eco-friendly promotion, marketing performance, and brand reputation. The quantitative approach is considered appropriate as it allows for statistical testing of hypotheses and generalization of findings across the population of eco-friendly MSMEs in Bandung. The research utilizes a cross-sectional design, where data are collected at a single point in time.

3.2 Population and Sample

The population of this study consists of eco-friendly micro, small, and medium-sized enterprises (MSMEs) located in Bandung, Indonesia. These MSMEs are characterized by their active involvement in environmentally friendly practices, including the use of sustainable materials, waste reduction initiatives, eco-conscious production processes, and the implementation of green marketing strategies. As key contributors to the local creative economy, these enterprises represent a relevant context for examining the integration of sustainability and marketing performance.

The sampling technique employed in this study is purposive sampling, where respondents are selected based on specific criteria to ensure relevance and data quality. The criteria include MSMEs that actively implement environmentally friendly practices, business owners or managers who possess adequate knowledge of the firm's marketing and sustainability strategies, and enterprises that have been operating for at least one year. Based on these criteria, a total of 180

respondents were selected as the sample size, which is considered sufficient and appropriate for analysis using Structural Equation Modeling–Partial Least Squares (SEM-PLS).

3.3 Data Collection Method

The data used in this study are primary data collected through a structured questionnaire distributed to owners or managers of eco-friendly MSMEs. The questionnaire was developed based on indicators derived from prior literature and adapted to suit the context of eco-friendly MSMEs. Responses were measured using a five-point Likert scale, ranging from 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree. To enhance the response rate and ensure broader coverage, the questionnaire was administered through both online and offline distribution methods.

3.4 Operational Definition of Variables

This study consists of four main variables, namely two independent variables, one mediating variable, and one dependent variable. The independent variables include sustainability orientation (X1), which refers to a firm's commitment to integrating environmental and social considerations into its business strategy, measured through indicators such as the adoption of environmentally friendly practices, commitment to sustainable resource usage, long-term environmental planning, and integration of sustainability into business decisions, and eco-friendly promotion (X2), which refers to marketing activities that emphasize environmental benefits and sustainability values, measured through the use of green advertising messages, transparency in environmental claims, promotion of eco-friendly product attributes, and the use of digital media to communicate sustainability. The mediating variable is marketing performance (Z), which reflects the effectiveness of marketing strategies in achieving business objectives, measured by indicators such as increased sales, growth in market share, customer acquisition rate, and customer retention. Meanwhile, the dependent variable is brand reputation (Y), defined as stakeholders' overall perception of a brand's credibility and reliability, measured through brand trust, brand credibility, positive public perception, and customer loyalty.

3.5 Data Analysis Technique

The data analysis in this study is conducted using Structural Equation Modeling–Partial Least Squares (SEM-PLS) version 3, which is selected due to its suitability for analyzing complex research models, its ability to accommodate small to medium sample sizes, and its minimal assumptions regarding data distribution. The analysis is carried out in two main stages, beginning with the evaluation of the measurement model (outer model) to assess the validity and reliability of the constructs. Convergent validity is examined through outer loading values (≥ 0.70) and Average Variance Extracted ($AVE \geq 0.50$), while discriminant validity is assessed using the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio (< 0.90). In addition, reliability is evaluated using Cronbach's Alpha and Composite Reliability, both of which must exceed 0.70 to indicate acceptable internal consistency.

The second stage involves the evaluation of the structural model (inner model), which aims to analyze the relationships between variables and test the proposed hypotheses. This evaluation includes examining path coefficients to determine the strength and direction of relationships, as well as t-statistics and p-values to assess statistical significance ($p < 0.05$). Furthermore, the coefficient of determination (R^2) is used to measure the model's explanatory power, while effect size (f^2) assesses the contribution of exogenous variables, and predictive relevance (Q^2) evaluates the model's predictive capability. Hypothesis testing is conducted using the bootstrapping method in SEM-PLS, where a hypothesis is accepted if the t-statistic is greater than 1.96 and the p-value is less than 0.05, and rejected otherwise.

4. RESULT AND DISCUSSION

4.1 Respondent Profile

This study involved 180 respondents representing owners and managers of eco-friendly MSMEs in Bandung. The respondent profile analysis is essential to ensure that the data collected reflects individuals who possess adequate knowledge of sustainability practices, marketing strategies, and business performance within their organizations. Based on gender, the majority of respondents are male (60%), while female respondents account for 40%, indicating that male entrepreneurs still dominate the eco-friendly MSME sector in Bandung, although female participation remains substantial. In terms of age, most respondents (55%) fall within the 25–40 years category, followed by 41–55 years (20%), under 25 years (15%), and above 55 years (10%), suggesting that the sector is largely driven by individuals in their productive and innovative age who are generally more adaptive to sustainability trends and digital marketing developments.

Regarding educational background, the majority of respondents hold a bachelor's degree (45%), followed by high school graduates (25%), diploma holders (20%), and postgraduate degree holders (10%), indicating that most MSME actors possess sufficient educational capacity to understand and implement sustainability-oriented strategies. In terms of business experience, 65% of respondents have operated their businesses for more than three years, 25% for 1–3 years, and 10% for less than one year, reflecting that most enterprises are relatively established and capable of evaluating the impact of sustainability and promotional strategies on performance. Furthermore, based on business sector, the majority of respondents are engaged in the culinary sector (35%), followed by fashion (30%), handicrafts (20%), and other sectors (15%), all of which are closely linked to Bandung's creative economy and demonstrate strong potential for the adoption and development of eco-friendly practices.

4.2 Descriptive Statistics

The descriptive analysis shows that all variables are perceived positively by respondents:

Table 1. Descriptive Statistics

| Variable | Mean | Category |
|----------------------------|------|----------|
| Sustainability Orientation | 4.21 | High |
| Eco-Friendly Promotion | 4.15 | High |
| Marketing Performance | 4.08 | High |
| Brand Reputation | 4.18 | High |

The descriptive statistics presented in Table 1 indicate that all variables in this study fall within the high category, suggesting a strong overall perception among eco-friendly MSME actors in Bandung toward sustainability and marketing practices. Sustainability orientation shows the highest mean score (4.21), reflecting that most MSMEs have already integrated environmental and social considerations into their strategic decisions. This is followed by brand reputation (4.18) and eco-friendly promotion (4.15), indicating that firms not only engage in sustainability practices but also actively communicate these values to the market and are perceived positively by stakeholders. Meanwhile, marketing performance, although slightly lower (4.08), still falls within the high category, suggesting that sustainability-driven strategies have contributed to favorable business outcomes. Overall, these findings imply that eco-friendly MSMEs in Bandung have developed a relatively mature alignment between internal sustainability orientation and external marketing efforts, which supports both performance enhancement and reputation building.

4.3 Measurement Model (Outer Model) Evaluation

The evaluation of the measurement model (outer model) aims to assess the validity and reliability of the constructs used in this study. This step is essential to ensure that the indicators accurately measure the latent variables, namely sustainability orientation, eco-friendly promotion,

marketing performance, and brand reputation. The evaluation includes tests of convergent validity, discriminant validity, and reliability using SEM-PLS.

4.3.1 Convergent Validity

Convergent validity is assessed by examining the outer loading values of each indicator and the Average Variance Extracted (AVE). Indicators are considered valid if they have outer loading values greater than 0.70.

Table 2. Outer Loading Values

| Variable | Indicator | Outer Loading |
|----------------------------|-----------|---------------|
| Sustainability Orientation | SO1 | 0.826 |
| | SO2 | 0.853 |
| | SO3 | 0.882 |
| | SO4 | 0.846 |
| Eco-Friendly Promotion | EP1 | 0.807 |
| | EP2 | 0.832 |
| | EP3 | 0.873 |
| | EP4 | 0.815 |
| Marketing Performance | MP1 | 0.866 |
| | MP2 | 0.888 |
| | MP3 | 0.842 |
| | MP4 | 0.823 |
| Brand Reputation | BR1 | 0.898 |
| | BR2 | 0.873 |
| | BR3 | 0.855 |
| | BR4 | 0.837 |

The results in Table 2 show that all indicators have outer loading values above the recommended threshold of 0.70, indicating strong convergent validity for each construct in the model. For sustainability orientation, the loadings range from 0.826 to 0.882, demonstrating that all indicators consistently reflect the underlying construct, with SO3 showing the highest contribution. Similarly, eco-friendly promotion indicators range from 0.807 to 0.873, indicating reliable measurement of green promotional activities, particularly EP3 as the strongest indicator. Marketing performance also exhibits high loadings between 0.823 and 0.888, confirming that all indicators effectively capture performance outcomes, with MP2 being the most dominant. Furthermore, brand reputation shows the highest overall loadings, ranging from 0.837 to 0.898, suggesting that its indicators strongly represent the construct, especially BR1. Overall, these findings confirm that all measurement items are valid and capable of reliably explaining their respective latent variables, thereby supporting the adequacy of the measurement model for further structural analysis.

4.3.2 Average Variance Extracted (AVE)

AVE measures the amount of variance captured by a construct relative to the variance due to measurement error. A value of $AVE \geq 0.50$ indicates adequate convergent validity.

Table 3. AVE Values

| Variable | AVE | Interpretation |
|----------------------------|-------|----------------|
| Sustainability Orientation | 0.722 | Valid |
| Eco-Friendly Promotion | 0.693 | Valid |
| Marketing Performance | 0.745 | Valid |
| Brand Reputation | 0.766 | Valid |

The results presented in Table 3 indicate that all constructs have Average Variance Extracted (AVE) values above the recommended threshold of 0.50, confirming adequate convergent validity

for the measurement model. Sustainability orientation has an AVE of 0.722, eco-friendly promotion 0.693, marketing performance 0.745, and brand reputation 0.766, all of which demonstrate that each construct explains more than 50% of the variance of its respective indicators. Notably, brand reputation exhibits the highest AVE value, indicating that its indicators provide the strongest representation of the construct, followed by marketing performance and sustainability orientation. Although eco-friendly promotion has the lowest AVE among the variables, it still meets the validity criteria, suggesting that its indicators remain sufficiently robust. Overall, these findings confirm that all latent variables possess strong convergent validity and are appropriate for further structural model analysis.

4.3.3 Reliability Test

Reliability is evaluated using Cronbach's Alpha and Composite Reliability (CR). A construct is considered reliable if both values exceed 0.70.

Table 4. Reliability Results

| Variable | Cronbach's Alpha | Composite Reliability | Interpretation |
|----------------------------|------------------|-----------------------|----------------|
| Sustainability Orientation | 0.882 | 0.912 | Reliable |
| Eco-Friendly Promotion | 0.873 | 0.908 | Reliable |
| Marketing Performance | 0.897 | 0.925 | Reliable |
| Brand Reputation | 0.902 | 0.933 | Reliable |

The results in Table 4 demonstrate that all constructs exhibit high reliability, as indicated by Cronbach's Alpha and Composite Reliability values exceeding the recommended threshold of 0.70. Sustainability orientation shows values of 0.882 and 0.912, eco-friendly promotion 0.873 and 0.908, marketing performance 0.897 and 0.925, and brand reputation 0.902 and 0.933, respectively. Among these, brand reputation has the highest reliability scores, indicating the strongest internal consistency among its indicators, followed closely by marketing performance. These high values confirm that all measurement items consistently capture their respective constructs without significant measurement error. Overall, the findings provide strong evidence that the constructs used in this study are reliable and suitable for further analysis in the structural model.

4.3.4 Discriminant Validity (Fornell-Larcker Criterion)

Discriminant validity is assessed using the Fornell-Larcker criterion, where the square root of AVE for each construct must be greater than its correlations with other constructs.

Table 5. Fornell-Larcker Criterion

| Variable | SO | EP | MP | BR |
|----------------------------|-------|-------|-------|-------|
| Sustainability Orientation | 0.852 | | | |
| Eco-Friendly Promotion | 0.624 | 0.834 | | |
| Marketing Performance | 0.685 | 0.703 | 0.862 | |
| Brand Reputation | 0.657 | 0.672 | 0.723 | 0.875 |

The results in Table 5 confirm that the discriminant validity of the constructs is well established based on the Fornell-Larcker criterion, as the square root of the AVE for each variable (diagonal values) is greater than its correlations with other constructs. Sustainability orientation (0.852), eco-friendly promotion (0.834), marketing performance (0.862), and brand reputation (0.875) all exhibit higher diagonal values compared to their respective inter-construct correlations, indicating that each construct shares more variance with its own indicators than with other variables in the model. Although there are moderate correlations among constructs—particularly between marketing performance and brand reputation (0.723)—these values remain below the corresponding AVE square roots, confirming that the constructs are empirically distinct. Overall, these findings

demonstrate that each variable captures a unique concept, supporting the adequacy of the measurement model for subsequent structural analysis.

4.3.5 Discriminant Validity (HTMT Ratio)

The Heterotrait-Monotrait Ratio (HTMT) is another method used to assess discriminant validity. The threshold value should be less than 0.90.

Table 6. HTMT Values

| Relationship | HTMT Value |
|--------------|------------|
| SO → EP | 0.743 |
| SO → MP | 0.785 |
| SO → BR | 0.766 |
| EP → MP | 0.811 |
| EP → BR | 0.792 |
| MP → BR | 0.844 |

The HTMT results in Table 6 indicate that all inter-construct values are below the recommended threshold of 0.90, confirming that discriminant validity is satisfactorily established across the model. The highest HTMT value is observed in the relationship between marketing performance and brand reputation (0.844), followed by eco-friendly promotion and marketing performance (0.811), suggesting relatively strong but still acceptable distinctions between these constructs. Meanwhile, other relationships, such as sustainability orientation with eco-friendly promotion (0.743) and brand reputation (0.766), also fall within acceptable limits, indicating that although the constructs are conceptually related, they remain empirically distinct.

4.4 Structural Model (Inner Model) Evaluation

The structural model (inner model) evaluation aims to examine the relationships between latent variables and to test the proposed hypotheses. This stage assesses the model's predictive power and the significance of the relationships using SEM-PLS bootstrapping procedures. The evaluation includes the coefficient of determination (R^2), path coefficients, hypothesis testing, effect size (f^2), and predictive relevance (Q^2).

4.4.1 Coefficient of Determination (R^2)

The coefficient of determination (R^2) indicates the proportion of variance in endogenous variables that can be explained by exogenous variables in the model, and the results show strong explanatory power. Specifically, marketing performance has an R^2 value of 0.643, indicating that sustainability orientation and eco-friendly promotion collectively explain 64.3% of the variance in marketing performance. Meanwhile, brand reputation has an R^2 value of 0.715, meaning that sustainability orientation, eco-friendly promotion, and marketing performance together explain 71.5% of the variance in brand reputation. These findings demonstrate that the proposed model is robust and capable of explaining a substantial portion of the variation in the key dependent variables.

4.4.2 Path Coefficients and Hypothesis Testing

Hypothesis testing is conducted using the bootstrapping method. A hypothesis is supported if the t-statistic > 1.96 and p-value < 0.05 .

Table 7. Path Coefficients and Hypothesis Testing

| Hypothesis | Relationship | Path Coefficient | T-Statistic | P-Value | Result |
|------------|--|------------------|-------------|---------|-----------|
| H1 | Sustainability Orientation → Marketing Performance | 0.352 | 4.852 | 0.000 | Supported |

| | | | | | |
|----|--|-------|-------|-------|-----------|
| H2 | Eco-Friendly Promotion → Marketing Performance | 0.423 | 5.763 | 0.000 | Supported |
| H3 | Sustainability Orientation → Brand Reputation | 0.286 | 3.927 | 0.000 | Supported |
| H4 | Eco-Friendly Promotion → Brand Reputation | 0.312 | 4.212 | 0.000 | Supported |
| H5 | Marketing Performance → Brand Reputation | 0.403 | 6.105 | 0.000 | Supported |

The results in Table 7 indicate that all proposed hypotheses (H1–H5) are supported, as evidenced by positive path coefficients, t-statistics greater than 1.96, and p-values below 0.05. Sustainability orientation has a significant positive effect on marketing performance ($\beta = 0.352$; $t = 4.852$), confirming that firms integrating sustainability into their strategies achieve better marketing outcomes. Eco-friendly promotion shows an even stronger influence on marketing performance ($\beta = 0.423$; $t = 5.763$), highlighting the critical role of effective sustainability communication in driving market success. Furthermore, sustainability orientation ($\beta = 0.286$; $t = 3.927$) and eco-friendly promotion ($\beta = 0.312$; $t = 4.212$) both significantly enhance brand reputation, indicating that both internal practices and external communication contribute to positive stakeholder perceptions. Notably, marketing performance has the strongest effect on brand reputation ($\beta = 0.403$; $t = 6.105$), suggesting that superior marketing outcomes reinforce brand credibility and trust.

4.4.3 Effect Size (f^2)

Effect size (f^2) is used to evaluate the magnitude of the impact of each exogenous variable on endogenous variables in the structural model, providing insight into how strongly a predictor contributes to explaining a dependent construct. The interpretation of effect size follows established criteria, where a value of 0.02 indicates a small effect, 0.15 represents a medium effect, and 0.35 reflects a large effect, allowing researchers to assess the practical significance of each relationship beyond statistical significance.

Table 8. Effect Size (f^2)

| Relationship | f^2 Value | Effect Size |
|--------------|-------------|-------------|
| SO → MP | 0.184 | Medium |
| EP → MP | 0.252 | Medium |
| SO → BR | 0.123 | Small |
| EP → BR | 0.155 | Medium |
| MP → BR | 0.302 | Large |

The results in Table 8 indicate varying levels of effect size across the relationships in the model, demonstrating the relative contribution of each exogenous variable. The relationship between sustainability orientation and marketing performance ($f^2 = 0.184$) and eco-friendly promotion and marketing performance ($f^2 = 0.252$) both fall within the medium effect category, suggesting that both variables play a meaningful role in enhancing marketing outcomes, with eco-friendly promotion showing a slightly stronger impact. In contrast, sustainability orientation has a small effect on brand reputation ($f^2 = 0.123$), indicating that its direct contribution is relatively limited compared to other variables. Meanwhile, eco-friendly promotion exhibits a medium effect on brand reputation ($f^2 = 0.155$), highlighting the importance of effective sustainability communication in shaping brand perceptions. Notably, marketing performance shows the largest effect on brand reputation ($f^2 = 0.302$), approaching the threshold of a large effect, which underscores its critical role as a key driver in strengthening brand reputation.

4.4.4 Predictive Relevance (Q^2)

Predictive relevance (Q^2) is assessed using the blindfolding procedure, where a Q^2 value greater than zero indicates that the model has predictive relevance. The results show that marketing performance has a Q^2 value of 0.423 and brand reputation has a Q^2 value of 0.482, both of which fall into the category of high predictive power. These findings indicate that the model is not only capable of explaining the relationships among variables but also has strong predictive accuracy in estimating endogenous constructs, thereby confirming the robustness and practical relevance of the proposed research model.

4.4.5 Mediation Analysis

To examine the mediating role of marketing performance, indirect effects were analyzed.

Table 9. Indirect Effects

| Relationship | Indirect Effect | T-Statistic | P-Value | Result |
|--------------|-----------------|-------------|---------|-----------|
| SO → MP → BR | 0.142 | 3.453 | 0.001 | Supported |
| EP → MP → BR | 0.174 | 3.981 | 0.000 | Supported |

The results in Table 9 indicate that both indirect relationships are statistically significant, confirming the mediating role of marketing performance in the model. The indirect effect of sustainability orientation on brand reputation through marketing performance ($\beta = 0.142$; $t = 3.453$; $p = 0.001$) is significant, suggesting that sustainability practices enhance brand reputation not only directly but also by improving marketing outcomes. Similarly, eco-friendly promotion shows a stronger indirect effect on brand reputation through marketing performance ($\beta = 0.174$; $t = 3.981$; $p = 0.000$), indicating that effective sustainability communication contributes to reputation building by first influencing marketing performance. These findings demonstrate that marketing performance acts as a significant partial mediator, reinforcing the importance of translating sustainability strategies into tangible marketing results to maximize their impact on brand reputation.

Discussion

The findings of this study provide important empirical insights into the role of sustainability orientation and eco-friendly promotion in enhancing marketing performance and brand reputation among eco-friendly MSMEs in Bandung. The results not only support the proposed hypotheses but also reinforce several theoretical perspectives, including the Resource-Based View (RBV), Stakeholder Theory, and Signaling Theory. First, the results demonstrate that sustainability orientation has a positive and significant effect on marketing performance. This finding indicates that MSMEs that integrate sustainability into their strategic decision-making processes are better able to achieve superior marketing outcomes. From the perspective of the Resource-Based View, sustainability orientation can be considered a strategic capability that differentiates firms from competitors. By adopting environmentally friendly practices, MSMEs are able to enhance product value, increase efficiency, and align with the growing demand for sustainable products. In the context of Bandung's competitive MSME environment, such alignment becomes a critical factor in improving sales performance, market share, and customer acquisition [30], [31].

Second, the study finds that eco-friendly promotion has a stronger and more significant effect on marketing performance compared to sustainability orientation. This suggests that while internal sustainability practices are important, the ability to effectively communicate these practices to consumers plays an even more crucial role in driving market success. This finding is consistent with Signaling Theory, where promotional activities act as signals that convey information about a firm's environmental commitment to the market. Eco-friendly promotion reduces information asymmetry and increases consumer awareness, which in turn influences purchasing decisions. For MSMEs, especially those with limited resources, strategic communication through digital platforms becomes a powerful tool to amplify the impact of their sustainability efforts [4], [5].

Third, the results confirm that both sustainability orientation and eco-friendly promotion significantly influence brand reputation. This indicates that stakeholders increasingly evaluate firms not only based on product quality but also on their environmental and social responsibility. MSMEs that consistently demonstrate genuine commitment to sustainability are more likely to build trust, credibility, and positive public perception. This finding aligns with Stakeholder Theory, which emphasizes the importance of meeting stakeholder expectations in order to maintain legitimacy and long-term success. In this study, sustainability orientation contributes to brand reputation by shaping the firm's values and identity, while eco-friendly promotion strengthens this perception through effective communication.

Furthermore, the study reveals that marketing performance has the strongest direct effect on brand reputation. This finding highlights the role of tangible business outcomes in reinforcing intangible assets such as reputation. When MSMEs achieve high marketing performance—reflected in increased sales, customer satisfaction, and market expansion—these outcomes signal reliability and competence to stakeholders. As a result, customers are more likely to develop trust and loyalty toward the brand. This suggests that brand reputation is not only built through communication but also through consistent delivery of value [26], [27].

An important contribution of this study is the identification of marketing performance as a mediating variable. The results show that sustainability orientation and eco-friendly promotion indirectly influence brand reputation through marketing performance. This implies that sustainability practices and promotional efforts must first translate into measurable marketing outcomes before fully enhancing brand reputation. In other words, the effectiveness of sustainability strategies is realized when they contribute to improved business performance, which subsequently strengthens brand perception.

From a practical perspective, these findings provide several implications for eco-friendly MSMEs in Bandung. First, MSMEs should prioritize the integration of sustainability into their core business strategies, rather than treating it as an additional or symbolic activity. Second, firms must invest in effective eco-friendly promotion, particularly through digital marketing channels, to communicate their sustainability initiatives clearly and credibly. Third, MSMEs should continuously monitor and improve their marketing performance, as it serves as a key driver of brand reputation. Moreover, the findings highlight the importance of authenticity in sustainability practices. In an era where consumers are increasingly aware of environmental issues, any inconsistency between a firm's claims and actual practices can lead to skepticism and damage brand reputation. Therefore, MSMEs must ensure that their eco-friendly promotion reflects genuine and verifiable sustainability efforts.

In conclusion, this study confirms that sustainability orientation and eco-friendly promotion are not only ethical imperatives but also strategic tools that enhance marketing performance and brand reputation. By effectively integrating and communicating sustainability, eco-friendly MSMEs in Bandung can achieve competitive advantage and ensure long-term business sustainability.

CONCLUSION

This study concludes that sustainability orientation and eco-friendly promotion play a crucial role in enhancing marketing performance and brand reputation among eco-friendly MSMEs in Bandung. The findings confirm that firms that integrate sustainability into their strategic framework are more capable of achieving superior marketing outcomes, as sustainability orientation not only strengthens internal business processes but also contributes to building a positive brand image. Furthermore, eco-friendly promotion emerges as a key driver with a stronger influence on marketing performance, highlighting the importance of effectively communicating sustainability initiatives to the market. MSMEs that actively promote their environmental values are more likely to attract environmentally conscious consumers and improve their competitiveness.

Additionally, marketing performance is found to have the strongest direct effect on brand reputation and serves as a mediating variable in the relationship between sustainability orientation, eco-friendly promotion, and brand reputation. This indicates that sustainability practices and promotional strategies must first translate into tangible marketing outcomes before significantly enhancing brand perception. Strong marketing performance reinforces trust, credibility, and customer loyalty, which are essential components of brand reputation. Overall, this study emphasizes that sustainability is not only a moral responsibility but also a strategic asset for MSMEs; by integrating sustainability orientation with effective eco-friendly promotion, MSMEs can improve their marketing performance and build a strong, reputable brand, providing important implications for practitioners and policymakers in strengthening sustainable business development and competitiveness.

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