

# Marketing strategy, competitive advantage and business success among SME auto parts: Basis for business agility framework

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## Abstract

In today's rapidly evolving business landscape, business agility is no longer a luxury, but a necessity for survival. This concept allows companies, including small and medium enterprises (SMEs) in the competitive auto parts industry, to adapt and thrive amidst changing market dynamics, customer demands, and technological advancements. Marketing strategy, competitive advantage, and business success contribute to achieving business agility. The study aimed to examine the marketing strategy, competitive advantage and business performance among SME Auto Parts in Beijing, China that will be the basis in developing a business Agility Framework for SMEs. A descriptive approach was used in this study to systematically define the conditions, and assess the variables that were examined. Target respondents are 385 employees of small and medium-sized auto parts manufacturing firms in Beijing, China. A survey questionnaire was used for data collection which was subsequently analyzed using the SPSS software. Based on the findings of the study, the respondents agreed on the marketing strategies in terms of performance marketing, digital marketing and relationship marketing. SME auto part companies exhibit competitive advantage as to cost leadership, service quality and flexibility as agreed upon by the respondents. The respondents have good assessment on the business performance as to financial performance, operational performance and sustainability performance. There was a statistically significant relationship between performance marketing and sustainability performance and between relationship marketing and sustainability performance. Business agility framework for the SME auto parts sector was developed to maintain strong customer ties and adapt to market shifts.

**Keywords:** business agility, business performance, competitive advantage marketing strategies, sustainability performance

## **Marketing strategy, competitive advantage and business success among SME auto parts: Basis for business agility framework**

### **1. Introduction**

In today's rapidly evolving business landscape, business agility is no longer a luxury, but a necessity for survival. This concept allows companies, including small and medium enterprises (SMEs) in the competitive auto parts industry, to adapt and thrive amidst changing market dynamics, customer demands, and technological advancements. Marketing strategy, competitive advantage, and business success contribute to achieving business agility. It's important to understand that these elements are not isolated but rather interconnected. Building a strong marketing strategy fosters a customer-centric approach, setting the foundation for understanding and addressing evolving customer needs. This, in turn, contributes to creating a competitive advantage, leading to business success. Business success further fuels the resources and capabilities needed to maintain and enhance marketing strategies, competitive advantage, and ultimately, overall business agility.

SMEs in the auto parts industry in China leverage agile marketing strategies to stay competitive and respond to shifts in market demand, technological advancements, and customer preferences. Many SMEs have embraced digital marketing strategies, utilizing online platforms like Alibaba and JD.com to reach both B2B and B2C customers. The shift toward e-commerce allows SMEs to access broader markets beyond traditional offline channels, reducing dependency on regional buyers. Business success for auto parts SMEs in China is increasingly driven by their ability to quickly respond to market disruptions, new technologies, and evolving customer demands. The global automotive industry has faced significant disruptions, such as the COVID-19 pandemic, semiconductor shortages, and shifts towards green technologies. Agile SMEs are better equipped to handle these shocks by quickly pivoting to new markets, finding alternative suppliers, or adjusting their production models. This resilience helps them survive and thrive even in turbulent times. Agile SMEs can take advantage of domestic and international opportunities more rapidly than larger firms. For example, with China's Belt and Road Initiative (BRI), SMEs are entering emerging markets in Asia, Africa, and Eastern Europe, which provide growing demand for auto parts.

A well-defined marketing strategy starts with a deep understanding of customer needs and preferences. By actively listening to their target audience, they can develop products and services that meet their evolving demands, allowing for quicker adaptation and innovation. Selective responsiveness combined with flexibility makes up strategic agility. According to Hagen et al. (2019) achieving strategic agility is largely dependent on marketing strategy and partner and customer contact. Integrating customer- and market-centric thinking into a critical set of business operations is crucial. Strategic agility is enhanced by marketing's capacity to manage relationships, time, and functional dependencies.

Embracing technology like automation, data analytics, and online platforms enables efficient operations, facilitates real-time data analysis, and streamlines communication. This fosters agility by enabling faster decision-making and adaptation to emerging trends. The study by Yusuf et al. (2022) revealed that business agility was impacted by competitive advantage. A business competitive advantage is a collection of special qualities that the market values highly. One of the main factors influencing the development of consumer or brand loyalty to a particular product or brand is this element. An organization that has a competitive advantage outperforms its rivals in terms of earnings. Business agility can be attained by an organization with a competitive advantage. This is made possible by the ability of the firm with a competitive edge to implement various organizational structures, control mechanisms, and intensive systems. Businesses with good competitive advantages utilize large resources and consistently conduct a cost-benefit analysis to evaluate various opportunities between existing business units and potential business units within the organization.

Maintaining a healthy financial position allows for greater flexibility to invest in opportunities, adapt to changing market conditions, and weather unexpected challenges. Agile businesses can adjust their financial strategies based on real-time market insights, ensuring long-term sustainability. The research done by Yildiz et al. (2021) adds to the body of literature by putting out the idea that organizational innovation, through business agility, enhances business success. Organizational innovation gives the business the capacity to recognize, evaluate, and respond to changes in the market. This ability to integrate knowledge into specific, calculated strategic activities that capitalize on fresh market trends boosts business success.

The auto parts industry in Beijing, China, presents a unique landscape with immense potential but also significant challenges to business agility. The market is saturated with domestic and international auto parts suppliers, making it difficult to stand out. The automotive industry is constantly evolving with new technologies like electric vehicles and autonomous driving. Keeping pace with these changes requires agility. Customer preferences for specific parts, performance upgrades, and eco-friendly options necessitate agile businesses to cater to these changing demands.

By analyzing successful SME auto parts businesses in Beijing, the study can identify marketing strategies that resonate with local customers, build a competitive edge, and contribute to overall business success. These insights can then be used to create a framework that guides SMEs in developing their own agile marketing approaches. The framework can help SMEs identify key factors that contribute to a competitive advantage in the Beijing market. This knowledge empowers them to adapt their business models, product offerings, and operations to maintain a strong market position in the face of change. Studying successful SMEs can reveal how they achieve business success while remaining agile. This can inform the framework on how to prioritize resources for marketing, technology adoption, and employee training to maximize agility and overall business health. Overall, this research has the potential to significantly impact the success of SME auto parts businesses in Beijing by providing a roadmap for achieving business agility in this specific and dynamic market. The framework derived from this study can serve as a practical guide for SMEs to navigate the competitive landscape, adapt to changing customer demands, and achieve sustainable growth.

**Objectives of the Study** - The study aimed to examine the marketing strategy, competitive advantage and business performance among SME Auto Parts in Beijing, China that will be the basis in developing a business Agility Framework for SMEs. Specifically, it aimed to determine the marketing strategy in terms of performance marketing, digital marketing and relationship marketing; describe the competitive advantage as to cost leadership, service quality and flexibility; and assess the business performance as to financial performance, operational performance and sustainability performance. It also tested the relationship among marketing strategy, competitive advantage and business performance and developed a business agility framework for SME auto parts.

## 2. Methods

**Research Design** - To thoroughly characterize the population, specify the environment, and evaluate the marketing strategies, competitive advantage, and business success of auto parts companies in Beijing, China, a descriptive technique was employed in this study. Descriptive design tries to characterize a population, organizational circumstance or phenomenon in a methodical and precise manner. It can provide answers to the following questions: what, where, when, and how. Descriptive research is an appropriate choice when the research aim is to identify characteristics, frequencies, trends, and categories. The researcher will design a survey questionnaire, which will be used to collect primary data and assessed for validity and reliability. Through online questionnaire distribution software, the surveys will be sent to respondents in Beijing, China, where they will be completed and returned via the same channel to gather data. Data on the weighted mean, standard deviation, and correlations will be gathered using the relevant statistical methods in SPSS version 28 for the statistical analysis.

**Respondents of the Study** - Target respondents are 385 employees of small and medium-sized auto parts

manufacturing firms in Beijing, China. The selected small and medium-sized auto parts manufacturing firms are Beijing WKW Automotive Parts Co., Ltd, Beijing Changchun Automotive Parts Co., Ltd, Beijing Deyang CRRR Automotive Parts Co., Ltd. Borg Warner Automotive Components Beijing) Co., Ltd and Beijing Roswell Auto Parts Co., Ltd.

**Instruments of the Study** - The primary tool utilized to gather data will be a survey questionnaire. This was used to find out how the target respondents felt about the implementation of market strategies, competitive advantage and business success. In order to provide guidance and support for the statements in the research questionnaire, the researcher engaged time in reading and analyzing relevant literature about the study variables and dimensions. Reliability testing and comprehensive validation by field experts and the researcher's mentor are planned. In the first part of the questionnaire, the researcher determined the perception of the respondents on marketing strategies as to performance marketing, digital marketing and relationship marketing. The second part is about determining competitive advantage in terms of cost leadership, service quality and flexibility. The last part was used to assess the business success as to financial performance, operational performance and sustainability performance. The Likert scale was employed in this study to assess bank customers' attitudes on the topics under consideration. The questions on the four-point Likert scale contained responses of "Strongly Agree," "Agree," "Disagree," and "Strongly Disagree," with weights ranging from 1 to 4, with 1 being the lowest (Strongly Disagree) and 4 being the highest (Strongly Agree). For this study, the Likert Scale grading was 3.5-4 for Strongly Agree, 2.5-3.49 for Agree, 1.5-2.49 for Disagree, and 1.00-1.49 for Strongly Disagree.

In order to assure validity and dependability of the research contents and output, the researcher spoke with the school adviser and incorporated all comments and ideas from the panel and adviser into the study. The Cronbach Alpha reliability test will be applied to the questionnaire in order to assess its reliability. This will be accomplished by gathering information from a minimum of twenty respondents to assess the quality, acceptability, and accuracy of the survey questions.

**Table 1**  
*Reliability Summary Table*

Indicators	Cronbach Alpha	Remarks
Marketing Strategy, Competitive Advantage and Business Success Instrument	.951	Excellent
Per variable		
Marketing Strategy	.895	Good
Performance Marketing	.785	Acceptable
Digital Marketing	.815	Good
Relationship Marketing	.751	Acceptable
Competitive Advantage	.902	Excellent
Cost Leadership	.928	Excellent
Service Quality	.903	Excellent
Flexibility	.826	Excellent
Business Success/Performance	.913	Excellent
Financial Performance	.926	Excellent
Operational Performance	.902	Excellent
Sustainability Performance	.787	Acceptable

George and Mallery (2003) provide the following rules of thumb: “\_ > .9 – Excellent, \_ > .8 – Good, \_ > .7 – Acceptable, \_ > .6 – Questionable, \_ > .5 – Poor, and \_ < .5 – Unacceptable”

Based on the result, the Marketing Strategy, Competitive Advantage and Business Success Instrument has an Excellent consistency as exhibited by the Cronbach's Alpha value of (.951). This was validated by the good remark from Marketing Strategy (.895); it was confirmed by the Acceptable results from Performance Marketing (.785), and Relationship Marketing (.751), and good results from Digital Marketing (.815). Also, it was validated by the Excellent remark from Competitive Advantage (.902); it was confirmed by the Excellent results from Cost Leadership (.928), Service Quality (.903), and good result on Flexibility (.826). It was further validated by the Excellent result from Business Success/Performance (.913); it was confirmed by the Excellent results from Financial Performance (.926), Operational Performance (.902), and Acceptable result on Sustainability Performance (.787); which shows that the instrument at hand passed the reliability index test.

**Data Gathering Procedures** - When the research adviser has provided feedback, the researcher used the completed questionnaire as a method for gathering data. After the reliability test is successfully finished, the results will be encoded and distributed to the respondents via an internet platform for the dissemination of questionnaires in Beijing, China. The researcher requested permission to conduct the customer perception survey in a letter addressed to the management of the chosen and participating companies before distributing the questionnaire. More importantly, authorization from the consumers must be secured before they can participate in the survey. The researcher will compile, assess, and interpret the data that was collected.

**Ethical Considerations** - Maintaining the integrity of the research process, the validity of the findings, and participant protection all depend heavily on conducting research ethically. Adhering to these ethical guidelines guarantees that research is carried out conscientiously and advances knowledge in a manner that upholds human rights and welfare. Without excessive influence or compulsion, participants must have the freedom to decide whether to engage in the research. Informed permission will be given by the researcher and will comprise a clear and intelligible explanation of the research goal, procedures, risks, and benefits; a chance for questions to be answered fully; and the freedom to leave the study at any time without facing consequences. The researcher will take all reasonable steps to minimize physical, psychological, and social risks to participants and will protect the privacy of participants, ensuring confidentiality of their data and identities unless explicit consent is granted for disclosure. The author will uphold honesty and transparency throughout the research process, including data collection, analysis, and reporting and to consider the broader societal implications of the research and how it may impact different groups or communities.

**Data Analysis** - Weighted mean and rank were used to determine the marketing strategy in terms of performance marketing, digital marketing and relationship marketing; describe the competitive advantage as to cost leadership, service quality and flexibility; and assess the business performance as to financial performance, operational performance and sustainability performance. The result of the Shapiro-Wilk Test showed that p-values of all variables were less than 0.05 which means that the data set was not normally distributed. Therefore, Spearman rho was used as part of the non-parametric tests to determine the significant relationship. All analyses were performed using SPSS version 28. The estimated means will be evaluated using the Four (4) Point Likert Scale, and the matrices used are depicted below: 4 – Strongly Agree (3.5-4.00) ; 3 – Agree (2.5-3.49) ; 2 – Disagree (1.50-2.49) ; and 1-Strongly Disagree (1.00-1.49).

### 3. Results and discussion

**Table 2**

*Summary Table on Marketing Strategy*

Key Result Areas	Composite Mean	VI	Rank
Performance Marketing	3.23	Agree	2
Digital Marketing	3.31	Agree	1
Relationship Marketing	3.02	Agree	3
Grand Composite Mean	3.19	Agree	

*Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree*

Table 2 provides a comprehensive summary of various marketing strategy areas based on the assessment of the respondents. The overall composite mean of 3.19 with verbal interpretation of “agree” across all key result areas indicates a general agreement towards the effectiveness and strategic importance of marketing strategies within the organization.

Digital marketing emerges as the highest-ranked indicator, showing strong alignment and effectiveness in leveraging digital channels such as social media, email, and content marketing to achieve marketing objectives. Performance marketing follows closely behind digital marketing, highlighting its significant impact on marketing ROI and the organization's ability to experiment with new technologies and approaches to enhance performance. While relationship marketing ranks third, it still demonstrates a positive alignment with organizational strategies, emphasizing the importance of building long-term customer relationships and

integrating customer feedback to enhance marketing initiatives.

The overall composite mean underscores the importance of a balanced and integrated marketing strategy for SMEs in the auto parts industry. By combining digital marketing prowess with performance-driven approaches and customer-centric initiatives, SMEs can enhance brand visibility, customer engagement, and overall market competitiveness. SMEs must remain agile and adaptable to evolving market trends and consumer behaviors. The agreeable ratings across all key result areas indicate a readiness to embrace digital transformation, adopt new technologies, and innovate marketing strategies to stay ahead of competitors.

Kumar et al. (2022) highlight that businesses can significantly strengthen customer relationships by actively involving them in the co-creation process. Their study demonstrates that when companies leverage online tools to collaborate with customers, they not only enhance customer satisfaction but also drive innovation and brand loyalty. Similarly, Zhang et al. (2023) explore the impact of digital engagement on co-creation and relationship building. They argue that digital channels offer unique opportunities for companies to co-create value with customers, thereby deepening relationships and fostering a sense of partnership. The research indicates that businesses that effectively utilize digital platforms for co-creation can gain a competitive edge by aligning their offerings more closely with customer needs and preferences.

**Table 3**  
*Summary Table on Competitive Advantage*

Key Result Areas	Composite Mean	VI	Rank
Cost Leadership	3.41	Agree	1
Service Quality	3.35	Agree	2
Flexibility	2.62	Agree	3
Grand Composite Mean	3.13	Agree	

*Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree*

Table 3 summarized the results of the survey on competitive advantage. The composite mean of 3.13 indicates that, on average, the respondents agree that their organization achieves a competitive advantage in the key result areas of cost leadership, service quality, and flexibility. This suggests that the organizations recognize and implement strategies that contribute positively to these areas. Ranked first with a composite mean of 3.41, cost leadership is the strongest competitive advantage for these organizations. This implies that SMEs in the auto parts industry prioritize cost reduction and efficiency in their operations, which helps them maintain competitive pricing and improve profitability. Service quality is ranked second with a composite mean of 3.35. This indicates that organizations place significant emphasis on delivering high-quality services to their customers. However, there may still be room for improvement to reach a "Strongly Agree" level. Flexibility is the lowest-ranked area with a composite mean of 2.62. Although still within the "Agree" range, this suggests that SMEs in the auto parts industry may struggle more with adapting quickly to changes and accommodating diverse employee needs compared to their efforts in cost leadership and service quality.

Several methods have been used to demonstrate the beneficial impact that operational capabilities have on competitive performance, including raising revenue, cutting expenses related to product development and delivery, and raising the caliber of a company's current procedures and output. More specifically, there are many ways in which each kind of operational competence enhances competitive performance. With the help of marketing skills, businesses may more successfully re-position themselves in response to competitor actions and gain a deeper understanding of the demands of their existing and future customers. On the other hand, the company's excellent technological capabilities allow it to effectively and efficiently convert inputs into outputs. Because they can meet a greater variety and change frequency of market expectations while also limiting excessive costs, time-to-produce, and organizational disruptions, firms with this ability are better positioned to achieve and maintain a state of competitive advantage (Mikalef et al., 2020).

Table 4 summarizes business success of SME auto parts companies showing a grand composite mean of 3.09 and verbal interpretation of agree. This suggests that the organization performs best in Operational

Performance, followed by Financial Performance, and ranks lowest in Sustainability Performance. The overall business performance, indicated by the Grand Composite Mean, is categorized as "Agree," reflecting a positive assessment across these key areas but with room for improvement, particularly in sustainability efforts.

**Table 4***Summary Table on Business Success*

Key Result Areas	Composite Mean	VI	Rank
Financial Performance	3.18	Agree	2
Operational Performance	3.29	Agree	1
Sustainability Performance	2.81	Agree	3
Grand Composite Mean	3.09	Agree	

*Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree*

With higher rankings in Financial (Rank 2) and Operational Performance (Rank 1), the SME demonstrates strong capabilities in managing financial resources effectively and maintaining efficient day-to-day operations. This could translate to stable profitability, streamlined processes, and timely service delivery. Despite the overall positive performance, the lower ranking in Sustainability Performance (Rank 3) suggests areas that require attention. SMEs in the auto parts sector may benefit from enhancing their sustainability practices, such as adopting eco-friendly manufacturing processes, reducing carbon footprint, and implementing sustainable sourcing strategies. Improving sustainability not only aligns with global trends towards environmental responsibility but can also enhance reputation and appeal to environmentally conscious customers and stakeholders.

Significant long-term earnings from a successful business can boost employment opportunities and elevate people's standards of life. A financially successful business will also have improved manufacturing facilities, higher-quality products for its customers, and higher employee returns. This approach is not workable without an outcome measure. Thus, performance measurement is essential to the effective management of the business. It serves as the main source of the business's perceptive abilities, organizing abilities, and control capabilities. To assess and identify the management strategy, predict future internal and external conditions, monitor status and behavior in connection to the goals, and make decisions when appropriate, performance measurement is required (Taouab et al., 2019)

**Table 5***Relationship Between Marketing Strategy and Competitive Advantage*

Variables	Rho	p-value	Interpretation
<b>Performance Marketing</b>			
Cost Leadership	0.020	0.702	Not Significant
Service Quality	-0.087	0.089	Not Significant
Flexibility	-0.048	0.345	Not Significant
<b>Digital Marketing</b>			
Cost Leadership	0.014	0.791	Not Significant
Service Quality	-0.012	0.821	Not Significant
Flexibility	0.034	0.511	Not Significant
<b>Relationship Marketing</b>			
Cost Leadership	0.025	0.618	Not Significant
Service Quality	-0.056	0.270	Not Significant
Flexibility	-0.063	0.217	Not Significant

\*. Correlation is significant at the 0.05 level

As seen in the table, the computed rho-value of 0.020 indicates a very weak direct relationship between performance marketing and cost leadership while the computed rho-values ranging from -0.048 to -0.087 indicate a very weak indirect relationship between performance marketing and the sub variables of competitive advantage namely service quality and flexibility.

The computed rho-values ranging from 0.014 to 0.034 indicate a very weak direct relationship between digital marketing and the sub variables of competitive advantage namely cost leadership and flexibility while the computed rho-value of -0.012 indicate a very weak indirect relationship between digital marketing and service

quality. The computed rho-value of 0.025 indicates a very weak direct relationship between relationship marketing and cost leadership while the computed rho-values ranging from -0.056 to -0.063 indicate a very weak indirect relationship between relationship marketing and the sub variables of competitive advantage namely service quality and flexibility. There was no statistically significant relationship between marketing strategy and competitive advantage because the obtained p-values were greater than 0.05.

These findings suggest that while there are some weak correlations observed, they are not statistically significant enough to establish a clear relationship between the different marketing strategies and competitive advantage dimensions in this study. The study indicates that the specific marketing strategies analyzed (performance marketing, digital marketing, relationship marketing) may not directly and measurably impact competitive advantage dimensions such as cost leadership, service quality, and flexibility. This suggests that other factors or a combination of factors beyond these marketing strategies might be more influential in determining competitive advantage in the studied context. Researchers and practitioners may need to delve deeper into understanding what factors truly drive competitive advantage in the industry or context under study. This could involve exploring additional variables, refining measurement methods, or considering alternative theoretical frameworks to capture the complexities of competitive dynamics.

For businesses, these findings imply that while marketing strategies are important, they alone may not suffice to achieve or sustain competitive advantage. Companies may need to reassess their strategic priorities, potentially diversifying their focus beyond marketing to encompass operational efficiency, product innovation, customer service enhancements, or other areas identified as critical through further research.

**Table 6**  
*Relationship Between Marketing Strategy and Business Performance*

Variables	Rho	p-value	Interpretation
<b>Performance Marketing</b>			
Financial Performance	0.003	0.960	Not Significant
Operational Performance	0.005	0.915	Not Significant
Sustainability Performance	0.117*	0.022	Significant
<b>Digital Marketing</b>			
Financial Performance	-0.080	0.115	Not Significant
Operational Performance	-0.046	0.371	Not Significant
Sustainability Performance	0.076	0.137	Not Significant
<b>Relationship Marketing</b>			
Financial Performance	0.010	0.848	Not Significant
Operational Performance	0.010	0.844	Not Significant
Sustainability Performance	0.126*	0.013	Significant

\*. Correlation is significant at the 0.05 level

The computed rho-values ranging from 0.003 to 0.117 indicate a very weak direct relationship between performance marketing and the sub variables of business performance. There was a statistically significant relationship between performance marketing and sustainability performance because the obtained p-value was less than 0.05.

The computed rho-values ranging from -0.046 to -0.080 indicate a very weak indirect relationship between digital marketing and the sub variables of business performance namely financial performance and operational performance while the computed rho-value of 0.076 indicate a very weak direct relationship between digital marketing and sustainability performance. There was no statistically significant relationship between digital marketing and the sub variables of business performance because the obtained p-values were greater than 0.05.

The computed rho-values ranging from 0.010 to 0.126 indicate a very weak direct relationship between relationship marketing and the sub variables of business performance. There was a statistically significant relationship between relationship marketing and sustainability performance because the obtained p-value was less than 0.05.

The statistically significant relationship between relationship marketing and sustainability performance ( $p <$



0.05) implies that there is enough evidence to suggest a real association between these two variables in the sample. This significance means that the relationship observed is unlikely to be due to chance. Even though the direct impact on overall business performance sub-variables is weak, the significant relationship with sustainability performance highlights that relationship marketing might be more effective in enhancing aspects related to sustainability.

This could imply that businesses focusing on relationship marketing might see better outcomes in areas such as environmental impact, social responsibility, and long-term viability rather than immediate financial metrics. Companies could leverage relationship marketing strategies specifically to boost their sustainability initiatives, aligning with increasing consumer and regulatory emphasis on sustainable practices. This alignment can improve brand reputation, customer loyalty, and potentially lead to business agility benefits over time.

Zhang et al. (2022) examine the impact of trust-based relationships on sustainable supply chain practices. Their research emphasizes that strong relationships between supply chain partners facilitate the adoption of environmental and social sustainability initiatives. They find that trust and commitment within these relationships lead to improved information sharing, better coordination of sustainable practices, and joint problem-solving efforts, which are crucial for addressing sustainability challenges.

**Table 7**  
*Relationship Between Competitive Advantage and Business Performance*

Variables	Rho	p-value	Interpretation
<b>Cost Leadership</b>			
Financial Performance	0.054	0.287	Not Significant
Operational Performance	0.079	0.121	Not Significant
Sustainability Performance	0.003	0.947	Not Significant
<b>Service Quality</b>			
Financial Performance	-0.016	0.762	Not Significant
Operational Performance	-0.006	0.903	Not Significant
Sustainability Performance	-0.023	0.647	Not Significant
<b>Flexibility</b>			
Financial Performance	-0.005	0.917	Not Significant
Operational Performance	-0.066	0.195	Not Significant
Sustainability Performance	-0.003	0.948	Not Significant

\*. Correlation is significant at the 0.05 level

The computed rho-values ranging from 0.003 to 0.079 indicate a very weak direct relationship between cost leadership and the sub variables of business performance. The computed rho-values ranging from -0.006 to -0.023 indicate a very weak indirect relationship between service quality and the sub variables of business performance.

The computed rho-values ranging from -0.003 to -0.066 indicate a very weak indirect relationship between flexibility and the sub variables of business performance. There was no statistically significant relationship between competitive advantage and business performance because the obtained p-values were less than 0.05.

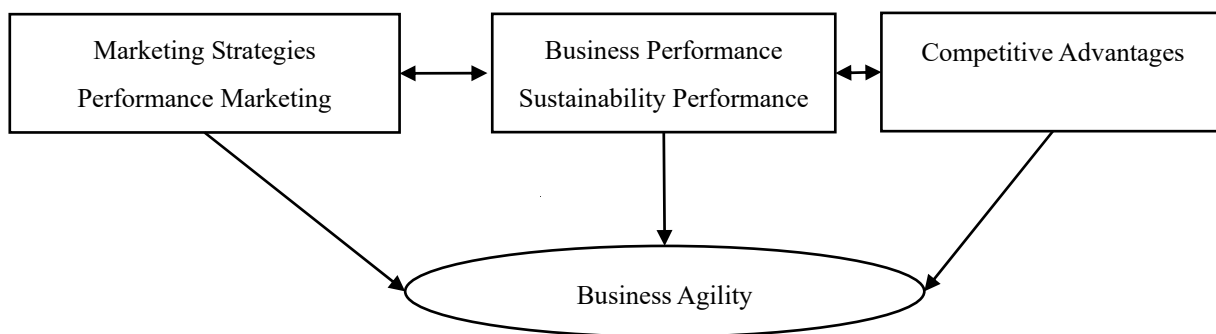
The weak and indirect relationship suggests that while flexibility is important, its impact on business performance sub-variables may be minimal or mediated through other factors. Flexibility alone may not drive significant changes in performance outcomes. Companies might need to consider other factors in conjunction with flexibility to see a more pronounced effect on business performance.

The lack of a statistically significant relationship implies that competitive advantage, does not directly correlate with business performance. This could be due to various reasons, such as the measures of competitive advantage not capturing the true essence of what drives performance, or the presence of other overriding factors influencing business performance. A 2023 study published in the Sustainability journal examined how supply chain integration influences resilience, flexibility, and innovation, subsequently impacting business performance. The study found that while flexibility plays a role in adapting to changes, its direct impact on business performance metrics like competitive advantage was not statistically significant. Instead, factors such as

innovation and supply chain integration had more pronounced effects on overall business performance (MDPI, 2023).

The analysis suggests that while flexibility and competitive advantage are important aspects of business strategy, their direct impact on business performance might be limited or mediated by other factors. Future research could explore these mediating variables and consider a more integrated approach to understanding how these elements contribute to overall performance. By leveraging related studies and practical applications, companies can refine their strategies to better align flexibility and competitive advantage with desired performance outcomes.

### PROPOSED FRAMEWORK



*Fig. 1 SME Auto Parts Business Agility Framework*

The SME Auto Parts Business Agility Framework highlights the interconnectedness of marketing strategy, business performance and competitive advantages leading to business agility. By focusing on performance and relationship marketing, SMEs can maintain strong customer ties and adapt to market shifts. Sustainable practices ensure long-term viability, making the business resilient and capable of thriving in a dynamic environment.

By focusing on measurable outcomes, performance marketing ensures that marketing efforts directly contribute to business agility. For instance, efficient marketing campaigns can quickly adapt based on real-time data analytics. Strong customer relationships foster loyalty and repeat business, crucial for maintaining agility in changing markets. Engaged customers are more likely to provide valuable feedback that can drive agile adjustments in strategy. Sustainable practices ensure long-term viability and resilience. Incorporating sustainability into business performance means the company can adapt without compromising future resources, aligning with the principles of business agility.

### 4. Conclusions and recommendations

Based on the results of the study, the following conclusions were drawn: The respondents agreed on the marketing strategies in terms of performance marketing, digital marketing and relationship marketing. SME auto part companies exhibit competitive advantage as to cost leadership, service quality and flexibility as agreed upon by the respondents. The respondents have good assessment on the business performance as to financial performance, operational performance and sustainability performance. There was a statistically significant relationship between performance marketing and sustainability performance and between relationship marketing and sustainability performance. Business agility framework for the SME auto parts sector was developed.

Marketing managers may measure the effectiveness of their marketing campaigns through key performance indicators (KPIs) such as conversion rates, customer acquisition costs, and return on marketing investment (ROMI). Top management may invest in research and development (R&D) to innovate and improve their product offerings. Company owners may adopt sustainable business practices to reduce environmental impact

and appeal to eco-conscious customers. The proposed framework may be adopted to enhance business agility. Researchers and practitioners may need to delve deeper into understanding what factors truly drive competitive advantage in the industry or context under study. This could involve exploring additional variables, refining measurement methods, or considering alternative theoretical frameworks to capture the complexities of competitive dynamics.

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