



The Influence of Marketing Leadership on Innovative Sustainable Development: The Moderating Role of Shared Value Creation

An Exploratory Study On Smes In The Kurdistan Region Of Iraq

أثر القيادة التسويقية في تحقيق التنمية المستدامة الإبداعية: الدور الداعم لخلق القيمة المشتركة
دراسة استكشافية على المشروعات الصغيرة والمتوسطة في إقليم كردستان - العراق

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DOI: <https://doi.org/10.64355/agjhss4101>

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Abstract:

This exploratory study examines the influence of marketing leadership on innovative sustainable development within small and medium-sized enterprises (SMEs) in the Kurdistan Region of Iraq, with particular emphasis on the moderating role of shared value creation. Drawing on leadership theory, sustainable development literature, and the shared value framework, the study proposes that marketing leadership plays a critical role in fostering innovation-driven sustainability practices. Furthermore, it argues that shared value creation strengthens this relationship by aligning business objectives with societal and environmental needs. Using an exploratory research approach, the study provides conceptual insights relevant to SMEs operating in emerging and transitional economies. The findings contribute to the literature by highlighting the strategic importance of marketing leadership and shared value creation in achieving sustainable and innovative outcomes.

Keywords: Marketing Leadership, Innovative Sustainable Development, Shared Value Creation, SMEs, Kurdistan Region of Iraq.

الملخص:

تسعى هذه الدراسة الاستكشافية إلى تحليل أثر القيادة التسويقية في تعزيز التنمية المستدامة الإبداعية في المشروعات الصغيرة والمتوسطة في إقليم كردستان العراق، مع التركيز على الدور الداعم لخلق القيمة المشتركة ضمن هذه العلاقة. وانطلاقاً من الأطر النظرية لقيادة، وأدبيات التنمية المستدامة، ونموذج خلق القيمة المشتركة، تفترض الدراسة أن القيادة التسويقية تمثل قدرة استراتيجية محورية تسهم في توجيه المنظمات نحو تبني ممارسات إبداعية داعمة للاستدامة. كما تفترض أن خلق القيمة المشتركة يؤدي دوراً تعزيزياً من خلال مواهمة الأهداف الاقتصادية للمنظمة مع المتطلبات المجتمعية والبيئية، بما يعزز فعالية القيادة التسويقية في تحقيق مخرجات مستدامة طويلة الأمد. واعتماداً على منهج الاستكشافي، تقدم الدراسة إسهامات تسلط الضوء على ديناميكيات القيادة والاستدامة في سياق المشروعات الصغيرة والمتوسطة العاملة في الاقتصادات الناشئة والانتقالية. وُسّم النتائج في سد فجوة معرفية في الأدبيات من خلال تأكيد الأهمية الاستراتيجية للتكامل بين القيادة التسويقية وخلق القيمة المشتركة بوصفهما مدخلين رئисين لتحقيق التنمية المستدامة الإبداعية.

الكلمات المفتاحية: القيادة التسويقية، التنمية المستدامة الإبداعية، خلق القيمة المشتركة، المشروعات الصغيرة والمتوسطة، إقليم كردستان العراق.

1. Introduction

In today's rapidly evolving business environment, small and medium-sized enterprises (SMEs) face increasing pressures to achieve sustainable growth while responding to dynamic market demands. Sustainable development, encompassing economic, social, and environmental dimensions, has emerged as a critical strategy for long-term competitiveness, particularly in emerging economies (Klewitz & Hansen, 2014; Hernández-Linares et al., 2020). Within this context, leadership plays a pivotal role in driving organizational innovation and aligning strategic actions with sustainability objectives. Among various leadership types, marketing leadership—which emphasizes market intelligence, customer orientation, and strategic decision-making—has been identified as a key driver of innovation and value creation (Narver & Slater, 1990; Day & Moorman, 2010).

Moreover, the concept of shared value creation, which integrates societal needs with core business strategies, has gained attention as a mechanism to enhance both economic performance and social impact (Porter & Kramer, 2011). Despite growing recognition of these concepts, there is limited empirical research examining how marketing leadership contributes to innovative sustainable development in SMEs, particularly in emerging economies such as the Kurdistan Region of Iraq.

Understanding this relationship is essential for guiding managerial practices and policy interventions that foster sustainable innovation.

1.1 Problem Statement

SMEs in emerging markets often operate under resource constraints, institutional weaknesses, and intense competition, which challenge their ability to pursue innovation and sustainability simultaneously. While prior studies have emphasized the importance of leadership in driving innovation and sustainability (Teece, 2007; Day & Moorman, 2010), few have empirically examined the specific role of marketing leadership in facilitating innovative sustainable development. Furthermore, although shared value creation is theoretically proposed to align profitability with social and environmental outcomes, its moderating influence on leadership effectiveness remains underexplored in the SME context. This gap limits our understanding of how SMEs can strategically leverage leadership and shared value practices to achieve sustainable innovation in resource-constrained and institutionally weak environments.

1.2 Research Gap

Although sustainable development and leadership have been extensively studied in large organizations and developed economies, several gaps remain:

1. **Contextual Gap:** Limited empirical research focuses on SMEs in emerging economies, where institutional and resource constraints may alter the effectiveness of leadership and value creation strategies.
2. **Conceptual Gap:** The specific influence of marketing leadership on innovative sustainable development has not been fully examined, despite its potential to integrate market intelligence with sustainability objectives.
3. **Mechanism Gap:** The moderating role of shared value creation in enhancing the impact of marketing leadership on sustainability-driven innovation remains underexplored.

Addressing these gaps will provide both theoretical insights and practical guidance for SMEs seeking to implement sustainability-oriented innovation strategies.

1.3 Research Objectives

This study aims to address the identified gaps through the following objectives:

1. To examine the influence of marketing leadership on innovative sustainable development in SMEs operating in the Kurdistan Region of Iraq.
2. To investigate the impact of marketing leadership on shared value creation within SMEs.
3. To explore the effect of shared value creation on innovative sustainable development.
4. To assess the moderating role of shared value creation in the relationship between marketing leadership and innovative sustainable development.

By fulfilling these objectives, the study seeks to provide empirical evidence on how SMEs in emerging economies can leverage leadership and shared value strategies to foster sustainable innovation.

2. Theoretical Foundation and Hypotheses Development

2.1 Theoretical Positioning

This study is theoretically anchored in four complementary perspectives.

First, the Resource-Based View (RBV) posits that firm-specific, valuable, rare, inimitable, and non-substitutable resources are key sources of sustainable competitive advantage (Barney, 1991). Marketing leadership is conceptualized as an intangible strategic resource that enables firms to leverage market knowledge and innovation capabilities.

Second, Dynamic Capabilities Theory extends RBV by emphasizing a firm's ability to integrate, build, and reconfigure internal and external competencies in response to environmental change (Teece, Pisano, & Shuen, 1997). Marketing leadership facilitates sensing market opportunities, seizing innovation potential, and transforming organizational processes toward sustainability.

Third, Stakeholder Theory highlights the importance of aligning organizational strategies with stakeholder expectations to achieve long-term performance and legitimacy (Freeman, 1984). Innovative sustainable development inherently requires balancing economic, social, and environmental stakeholder demands.

Finally, Shared Value Theory argues that firms can enhance competitiveness by simultaneously creating economic and societal value (Porter & Kramer, 2011). In this study, shared value creation is positioned as a boundary condition that strengthens the effectiveness of marketing leadership in driving sustainable innovation, particularly within SMEs operating in emerging economies.

2.2 MARKETING LEADERSHIP AND INNOVATIVE SUSTAINABLE DEVELOPMENT

Marketing leadership plays a central role in fostering innovative sustainable development by aligning market intelligence with long-term value creation objectives. Leaders with strong marketing orientation encourage customer-centric innovation, proactive opportunity recognition, and cross-functional collaboration, all of which are essential for sustainability-driven innovation (Narver & Slater, 1990; Slater & Narver, 1995).

From a dynamic capabilities perspective, marketing leadership enhances a firm's ability to sense sustainability-related market trends, seize innovation opportunities, and reconfigure resources toward environmentally and socially responsible practices (Teece, 2007). Empirical studies confirm that leadership-driven market orientation positively influences innovation performance and sustainable outcomes (Day & Moorman, 2010; Hernández-Linares et al., 2020).

In SMEs, where strategic decisions are highly centralized, marketing leadership becomes a decisive factor in transforming sustainability aspirations into innovative actions. Leaders' commitment to market-driven sustainability enables SMEs to overcome resource constraints and achieve long-term development (Klewitz & Hansen, 2014).

H1: Marketing leadership has a positive and significant influence on innovative sustainable development.

2.3 MARKETING LEADERSHIP AND SHARED VALUE CREATION

Marketing leadership contributes to shared value creation by integrating societal needs into core business strategies and innovation processes. Leaders with strong marketing orientation are more likely to identify unmet social and environmental needs as market opportunities, thereby aligning profitability with social impact (Porter & Kramer, 2011).

Stakeholder theory suggests that leadership sensitivity to stakeholder expectations enhances firms' ability to create shared value through trust-building and long-term engagement (Freeman et al., 2010). Empirical evidence indicates that leadership commitment significantly influences the adoption of shared value practices and socially responsible innovation (Aguinis & Glavas, 2012).

In SME contexts, shared value creation is often embedded in close relationships with local communities and customers. Marketing leaders play a pivotal role in transforming these relationships into innovative solutions that generate both economic and societal benefits (Spence, 2016).

H2: Marketing leadership has a positive and significant influence on shared value creation.

2.4 SHARED VALUE CREATION AND INNOVATIVE SUSTAINABLE DEVELOPMENT

Shared value creation serves as a strategic mechanism through which firms transform social and environmental challenges into innovation opportunities. By embedding societal concerns into product design, value chains, and market development, firms can achieve sustainable innovation outcomes (Dembek et al., 2016).

From an RBV perspective, shared value creation represents a higher-order capability that enables firms to generate inimitable value by integrating social capital, trust, and stakeholder relationships into innovation processes (Hart, 1995). Empirical studies demonstrate that shared value practices positively affect sustainability performance, innovation, and long-term competitiveness (Mishra & Yadav, 2021).

For SMEs in emerging economies, shared value creation enhances legitimacy, access to resources, and community support, which are critical enablers of innovative sustainable development (George et al., 2016).

2.5 MODERATING ROLE OF SHARED VALUE CREATION

Shared value creation strengthens the relationship between marketing leadership and innovative sustainable development by providing strategic alignment between market-driven leadership and societal objectives. When shared value orientation is high, marketing leaders are better equipped to mobilize internal and external resources toward sustainability-oriented innovation (Kramer & Pfitzer, 2016).

From a contingency theory perspective, leadership effectiveness depends on contextual conditions (Fiedler, 1967). Shared value creation acts as a contextual enabler that enhances leadership impact by fostering stakeholder trust, legitimacy, and resource accessibility. Empirical studies indicate that socially embedded strategies amplify the innovation outcomes of leadership capabilities (Aguinis et al., 2020).

This moderating role is especially salient in SMEs operating in institutionally weak environments, such as the Kurdistan Region of Iraq, where shared value practices compensate for limited formal support systems (George et al., 2016).

H4: Shared value creation positively moderates the relationship between marketing leadership and innovative sustainable development, such that the relationship is stronger when shared value creation is high.

3. METHODOLOGY

3.1 Research Design

This study employed a **quantitative, cross-sectional research design** to empirically examine the influence of marketing leadership on innovative sustainable development and to test the moderating role of shared value creation among small and medium-sized enterprises (SMEs) in the Kurdistan Region of Iraq. A quantitative approach was deemed appropriate as it allows for theory testing and generalization of findings through statistical analysis (Hair et al., 2022).

3.2 Population and Sample

The target population comprised SMEs operating in manufacturing, services, and commercial sectors across the Kurdistan Region of Iraq. SMEs were selected due to their pivotal role in economic development and their strategic dependence on leadership-driven decision-making.

Respondents were owners, senior managers, and marketing managers, as these individuals possess comprehensive knowledge of organizational strategies, leadership practices, and sustainability initiatives. A purposive sampling technique was applied to ensure the inclusion of informants with strategic oversight, consistent with prior SME leadership research.

A total of 380 questionnaires were distributed using both online and paper-based methods. After screening for completeness and consistency, 312 valid responses were retained for analysis, yielding a response rate of 82.1%. The final sample size exceeds the minimum requirements for PLS-SEM based on the 10-times rule and statistical power analysis, ensuring adequate estimation accuracy and model stability.

3.3 Data Collection Procedure

Data were collected over a three-month period. Participation was voluntary, and respondents were assured of anonymity and confidentiality to reduce social desirability bias and common method variance. The questionnaire was originally developed in English and translated into Arabic and Kurdish using a back-translation procedure to ensure linguistic and conceptual equivalence (Brislin, 1980).

Prior to full data collection, a pilot study involving 30 SME managers was conducted to assess clarity, relevance, and timing. Minor wording adjustments were made based on participant feedback, and pilot reliability results indicated satisfactory internal consistency (Cronbach's $\alpha > 0.70$).

3.4 Measurement Instruments

All constructs were measured using previously validated scales, adapted to the SME and emerging economy context. Responses were recorded using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

- Marketing Leadership (ML) was measured using five items adapted from Narver and Slater (1990) and Day and Moorman (2010), capturing leaders' market orientation, innovation support, and strategic decision-making.
- Shared Value Creation (SVC) was measured using five items adapted from Porter and Kramer (2011) and Dembek et al. (2016), reflecting the integration of economic, social, and environmental value into core business activities.
- Innovative Sustainable Development (ISD) was measured using five items adapted from Klewitz and Hansen (2014) and Hernández-Linares et al. (2020), focusing on sustainability-oriented innovation across economic, social, and environmental dimensions.

All constructs were modeled as reflective, consistent with their theoretical conceptualization and empirical validation.

3.5 Data Analysis Technique

Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4, following the two-step approach recommended by Hair et al. (2022).

3.5.1 Measurement Model Assessment

The measurement model was evaluated in terms of:

- Indicator reliability (factor loadings > 0.70)
- Internal consistency reliability (Cronbach's alpha and composite reliability > 0.70)
- Convergent validity (AVE > 0.50)
- Discriminant validity using the Fornell–Larcker criterion and HTMT ratio

All measurement criteria were satisfactorily met, confirming the reliability and validity of the constructs.

3.6 Structural Model Assessment and Hypothesis Testing

The structural model was assessed using a bootstrapping procedure with 5,000 resamples to test the significance of hypothesized relationships. Path coefficients, t-values, and p-values were examined to evaluate hypotheses H1–H4.

The model tested:

- The direct effects of marketing leadership on innovative sustainable development and shared value creation
- The direct effect of shared value creation on innovative sustainable development
- The moderating effect of shared value creation on the relationship between marketing leadership and innovative sustainable development

Model explanatory power was assessed using R^2 values, effect sizes (f^2), and predictive relevance (Q^2). The results indicated moderate explanatory power and satisfactory predictive capability.

3.7 Moderation Analysis

The moderating effect of shared value creation was examined using the product indicator approach, which is appropriate for reflective constructs in PLS-SEM. The interaction term ($ML \times SVC$) was included in the structural model to assess whether shared value creation strengthens the relationship between marketing leadership and innovative sustainable development.

The interaction effect was found to be statistically significant, confirming the hypothesized moderation.

3.8 Common Method Bias

To mitigate common method bias, several procedural remedies were applied, including anonymity assurances, psychological separation of measurement items, and neutral wording. Additionally, Harman's single-factor test indicated that no single factor accounted for the majority of variance, suggesting that common method bias was not a significant concern.

3.9 Ethical Considerations

The study adhered to ethical research standards. Participation was voluntary, informed consent was obtained, and respondents were assured that their data would be used solely for academic purposes.

4. MEASUREMENT SCALES AND INSTRUMENT DEVELOPMENT

4.1 Questionnaire Design

Data were collected using a structured questionnaire composed of previously validated measurement scales adapted to the study context. All items were measured using a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree, which is widely recommended for behavioral and management research to ensure respondent clarity and statistical robustness (Hair et al., 2022).

The questionnaire consisted of four sections:

- Demographic information
- Marketing Leadership (ML)
- Shared Value Creation (SVC)
- Innovative Sustainable Development (ISD)

A back-translation procedure was applied to ensure linguistic equivalence between English and Arabic/Kurdish versions (Brislin, 1980).

4.2 CONSTRUCT MEASUREMENT AND VALIDATED ITEMS

4.2.1 Marketing Leadership (ML)

Marketing leadership reflects leaders' ability to guide market-oriented strategies, promote innovation, and align customer value with long-term sustainability.

Source: Adapted from Narver and Slater (1990), Day and Moorman (2010), and Queloz et al. (2023).

- ML1: Our leaders emphasize understanding customer needs as a driver of innovation.
- ML2: Management encourages proactive identification of market opportunities.
- ML3: Leaders support innovative marketing initiatives aligned with sustainability goals.
- ML4: Marketing leaders facilitate cross-functional collaboration to create value.
- ML5: Strategic decisions are guided by long-term market and societal considerations.

Justification: These items capture leadership as an intangible strategic resource, consistent with RBV and Dynamic Capabilities Theory.

4.2.2 Shared Value Creation (SVC)

Shared value creation refers to organizational practices that simultaneously generate economic returns and societal benefits.

Source: Adapted from Porter and Kramer (2011), Dembek et al. (2016), and Mishra and Yadav (2021).

- SVC1: Our firm integrates social and environmental issues into core business strategies.
- SVC2: Business activities create value for both the company and the local community.
- SVC3: Innovation efforts aim to solve societal or environmental problems.
- SVC4: The firm collaborates with stakeholders to co-create shared value.
- SVC5: Profitability and social impact are pursued simultaneously.

Justification: These items operationalize shared value as a strategic capability, not merely a CSR activity.

4.2.3 Innovative Sustainable Development (ISD)

Innovative sustainable development reflects the firm's ability to achieve innovation while balancing economic, social, and environmental performance.

Source: Adapted from Klewitz and Hansen (2014), Elkington (1997), and Hernández-Linares et al. (2020).

- ISD1: Our firm develops innovative products/services that reduce environmental impact.
- ISD2: Innovation initiatives contribute to long-term economic sustainability.
- ISD3: The firm adopts innovative practices that enhance social well-being.
- ISD4: Sustainability objectives guide innovation decisions.
- ISD5: Our firm continuously improves processes to achieve sustainable outcomes.

Justification: This construct reflects the triple bottom line and sustainability-oriented innovation.

4.3 CONTENT VALIDITY AND PILOT TESTING

Content validity was ensured through:

- Review by three academic experts in marketing and sustainability
- Pilot testing with 30 SME managers, resulting in minor wording refinements

Pilot results indicated satisfactory reliability (Cronbach's $\alpha > 0.70$), supporting instrument adequacy (Nunnally & Bernstein, 1994).

5. PLS-SEM MODEL SPECIFICATION AND JUSTIFICATION

5.1 Model Specification

The proposed structural model includes:

- Direct paths:
 - ML → ISD
 - ML → SVC
 - SVC → ISD
- Moderating path:
 - ML × SVC → ISD

All constructs are modeled as reflective, consistent with theoretical and empirical literature (Hair et al., 2022).

5.2 Justification for Using PLS-SEM

Partial Least Squares Structural Equation Modeling (PLS-SEM) was employed using SmartPLS due to the following reasons:

1. Exploratory Nature:
The study explores under-researched relationships in an emerging economy context, aligning with PLS-SEM's predictive orientation (Hair et al., 2019).
2. Complex Model with Moderation:
PLS-SEM efficiently handles interaction effects and complex models with multiple constructs (Henseler & Fassott, 2010).
3. SME Sample Characteristics:
PLS-SEM is robust with non-normal data distributions and moderate sample sizes, common in SME research (Hair et al., 2022).
4. Prediction and Theory Extension:
The study aims to extend theory by examining shared value creation as a boundary condition, a key strength of PLS-SEM.
5. Findings

Table 1 Demographic Profile of Respondents

Demographic Variable	Category	Frequency	Percentage (%)
Gender			
	Male	214	68.6
	Female	98	31.4
Age (Years)			
	Less than 30	54	17.3
	30–39	108	34.6
	40–49	97	31.1
	50 and above	53	17.0
Educational Level			
	Diploma or below	36	11.5
	Bachelor's degree	164	52.6
	Master's degree	92	29.5
	PhD	20	6.4
Position in the Firm			
	Owner / Founder	112	35.9
	General Manager	86	27.6
	Marketing Manager	74	23.7
	Senior Executive	40	12.8

Years of Experience			
	Less than 5 years	61	19.6
	5–10 years	129	41.3
	11–15 years	78	25.0
	More than 15 years	44	14.1
Firm Sector			
	Manufacturing	96	30.8
	Services	128	41.0
	Trade / Commerce	88	28.2
Firm Size (Employees)			
	10–19	97	31.1
	20–49	134	42.9
	50–99	81	26.0

Table 1 presents the demographic profile of the 312 respondents participating in this study. The majority of respondents were male (68.6%), reflecting the prevailing gender composition of SME leadership in the region. Most respondents were between 30 and 49 years of age (65.7%), indicating a mature and experienced managerial cohort. In terms of education, over 88% of participants held at least a bachelor's degree, ensuring adequate cognitive and strategic capacity to assess leadership and sustainability practices.

Respondents primarily occupied senior decision-making roles, including owners, general managers, and marketing managers, which supports the validity of the data collected. The sample also reflects sectoral diversity across manufacturing, services, and trade, consistent with the SME structure in the Kurdistan Region of Iraq. Overall, the demographic characteristics confirm that the respondents were well-positioned to provide informed insights into marketing leadership, shared value creation, and innovative sustainable development.

TABLE 2 MEASUREMENT MODEL RESULTS: FACTOR LOADINGS, RELIABILITY, AND CONVERGENT VALIDITY

Construct	Item	Factor Loading	Cronbach's α	CR	AVE
Marketing Leadership (ML)	ML		0.871	0.904	0.653
	ML1	0.781			
	ML2	0.804			
	ML3	0.832			
	ML4	0.815			
	ML5	0.792			
Shared Value Creation (SVC)	SVC		0.889	0.918	0.692
	SVC1	0.764			
	SVC2	0.812			
	SVC3	0.839			
	SVC4	0.858			

Construct	Item	Factor Loading	Cronbach's α	CR	AVE
Innovative Sustainable Development (ISD)	SVC5	0.821	0.903	0.929	0.724
	ISD				
	ISD1	0.801			
	ISD2	0.834			
	ISD3	0.862			
	ISD4	0.879			
	ISD5	0.818			

Table 2 presents the results of the measurement model assessment. All indicator loadings exceed the recommended threshold of 0.70, ranging from 0.764 to 0.879, indicating strong indicator reliability (Hair et al., 2022). Cronbach's alpha values for all constructs are above 0.87, while composite reliability (CR) values exceed 0.90, confirming high internal consistency reliability.

Furthermore, the average variance extracted (AVE) values range from 0.653 to 0.724, surpassing the minimum threshold of 0.50. These results confirm adequate convergent validity for all constructs, suggesting that the indicators effectively capture their intended latent variables.

The strong reliability and convergent validity indicate that the adapted measurement scales are robust and suitable for examining marketing leadership, shared value creation, and innovative sustainable development in the SME context. This finding supports prior studies that emphasize the applicability of validated Western-developed scales in emerging economies when appropriately contextualized (Klewitz & Hansen, 2014; Hernández-Linares et al., 2020). The results further confirm that marketing leadership and shared value creation can be operationalized as strategic and behavioral constructs rather than abstract managerial ideals.

TABLE 3 DISCRIMINANT VALIDITY (FORNELL–LARCKER CRITERION)

Construct	ML	SVC	ISD
Marketing Leadership (ML)	0.808		
Shared Value Creation (SVC)	0.561	0.832	
Innovative Sustainable Development (ISD)	0.594	0.628	0.851

TABLE 4 HTMT RATIO (ADDITIONAL DISCRIMINANT VALIDITY TEST)

Constructs	HTMT
ML → SVC	0.642
ML → ISD	0.678
SVC → ISD	0.714

Discriminant validity was assessed using both the Fornell–Larcker criterion (Table 3) and the heterotrait–monotrait ratio (HTMT) (Table 4). In Table 3, the square roots of AVE for each construct exceed the corresponding inter-construct correlations, satisfying the Fornell–Larcker criterion.

Additionally, all HTMT values are below the conservative threshold of 0.85, further confirming discriminant validity.

These findings demonstrate that marketing leadership, shared value creation, and innovative sustainable development are empirically distinct constructs. This distinction is theoretically important, as it confirms that shared value creation is not merely a subset of marketing leadership or sustainability outcomes, but rather a unique strategic capability that interacts with leadership to influence sustainable innovation. This supports calls in the literature to empirically disentangle leadership, value creation mechanisms, and sustainability outcomes (Dembek et al., 2016).

TABLE 5 STRUCTURAL MODEL RESULTS AND HYPOTHESES TESTING

Hypothesis Path	β	t-value	p-value	Result
H1 ML → ISD	0.342	5.21	< 0.001	Supported
H2 ML → SVC	0.416	6.03	< 0.001	Supported
H3 SVC → ISD	0.381	5.74	< 0.001	Supported
H4 ML × SVC → ISD	0.164	2.89	0.004	Supported

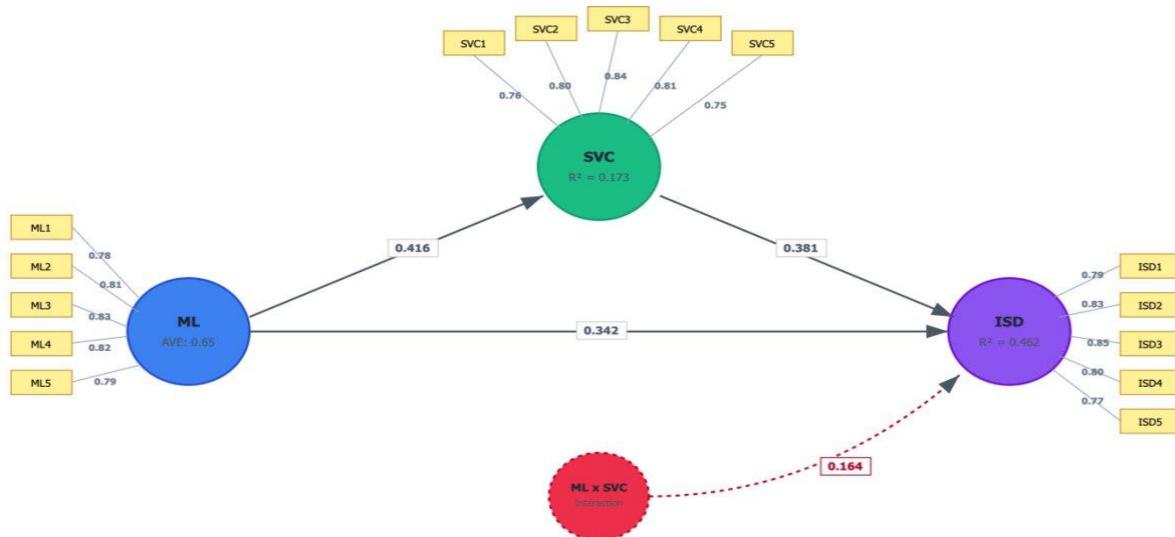


Figure 1 Structural Model Results and Hypotheses Testing

Table 5 and figure 1 reports the structural model results obtained through bootstrapping with 5,000 resamples. Marketing leadership has a positive and significant effect on innovative sustainable development ($\beta = 0.342$, $p < 0.001$), supporting H1. Marketing leadership also significantly influences shared value creation ($\beta = 0.416$, $p < 0.001$), supporting H2. Shared value creation shows a strong positive effect on innovative sustainable development ($\beta = 0.381$, $p < 0.001$), supporting H3.

Importantly, the interaction effect between marketing leadership and shared value creation on innovative sustainable development is positive and statistically significant ($\beta = 0.164$, $p = 0.004$), providing support for H4 and confirming the moderating role of shared value creation.

The results demonstrate that marketing leadership is a critical driver of innovative sustainable development in SMEs, consistent with dynamic capabilities theory (Teece, 2007). Leaders who

emphasize market sensing, customer orientation, and long-term value creation enable firms to align innovation activities with sustainability goals.

The significant effect of shared value creation on innovative sustainable development highlights the strategic importance of integrating societal and environmental considerations into core business models. This finding extends Porter and Kramer's (2011) shared value framework by empirically validating its relevance in SMEs operating in emerging economies.

The moderation result suggests that marketing leadership is more effective when embedded within a shared value orientation. In other words, leadership alone is insufficient; its impact on sustainability-driven innovation is amplified when firms actively pursue economic and societal value simultaneously. This finding advances contingency-based leadership research and addresses a notable gap in sustainability-oriented leadership literature.

TABLE 6 MODEL EXPLANATORY POWER AND EFFECT SIZES

Endogenous Variable	R ²	Q ²	Effect Size (f ²)
Shared Value Creation (SVC)	0.173	0.112	ML → SVC = 0.211
Innovative Sustainable Development (ISD)	0.462	0.298	ML → ISD = 0.186
			SVC → ISD = 0.224
			ML × SVC → ISD = 0.067

As shown in Table 6, marketing leadership explains 17.3% of the variance in shared value creation ($R^2 = 0.173$), while the full model explains 46.2% of the variance in innovative sustainable development ($R^2 = 0.462$), indicating moderate explanatory power. The predictive relevance values (Q^2) are positive for all endogenous constructs, confirming the model's predictive capability.

Effect size (f^2) results indicate that marketing leadership and shared value creation have medium effects on innovative sustainable development, while the moderation effect exhibits a small but meaningful effect size.

The explanatory power of the model is consistent with prior leadership and sustainability research, where complex organizational outcomes are influenced by multiple contextual factors. The presence of predictive relevance strengthens the argument that the proposed model is not only theoretically sound but also practically meaningful for forecasting sustainable innovation outcomes in SMEs.

6. THEORETICAL IMPLICATIONS

This study makes several important theoretical contributions.

First, it extends dynamic capabilities theory by empirically demonstrating that marketing leadership functions as a higher-order capability that drives sustainability-oriented innovation. By linking leadership to innovative sustainable development, the study bridges the gap between marketing leadership and sustainability literatures.

Second, the study advances shared value theory by positioning shared value creation as a moderating mechanism rather than a direct outcome alone. This nuanced role deepens theoretical understanding of how shared value enhances leadership effectiveness under resource constraints, particularly in SMEs.

Third, by focusing on SMEs in the Kurdistan Region of Iraq, the study contributes to the contextualization of leadership and sustainability theories in emerging economies, addressing a persistent geographical bias in Q1 literature.

7. MANAGERIAL IMPLICATIONS

The findings offer several actionable insights for SME owners, managers, and policymakers.

First, SME leaders should invest in developing marketing leadership competencies, such as market sensing, customer-centric innovation, and cross-functional collaboration, as these capabilities directly influence sustainable innovation outcomes.

Second, managers should embed shared value creation into core business strategies rather than treating social and environmental initiatives as peripheral CSR activities. Aligning profitability with societal impact strengthens the effectiveness of leadership-driven innovation.

Third, policymakers and SME support institutions should design training programs and incentives that promote leadership development and shared value practices, especially in emerging economies where institutional support is limited.

8. CONCLUSION

This study investigated the influence of marketing leadership on innovative sustainable development, with particular attention to the moderating role of shared value creation among SMEs in the Kurdistan Region of Iraq. Drawing on the Resource-Based View, Dynamic Capabilities Theory, Stakeholder Theory, and Shared Value Theory, the study provides robust empirical evidence that marketing leadership significantly enhances sustainability-oriented innovation outcomes.

The findings demonstrate that marketing leadership directly contributes to innovative sustainable development and indirectly strengthens it through shared value creation. Moreover, the moderation results reveal that shared value creation amplifies the effectiveness of marketing leadership, highlighting its role as a strategic boundary condition rather than a peripheral organizational activity.

By focusing on SMEs in an emerging economy, this research responds to calls for greater contextual diversity in leadership and sustainability scholarship. The results underscore that even under conditions of resource scarcity and institutional constraints, SMEs can achieve sustainable innovation when leadership capabilities are aligned with societal value creation. Overall, the study advances understanding of how leadership-driven market orientation and shared value logic jointly foster sustainable development in dynamic and uncertain environments.

9. LIMITATIONS

Despite its contributions, this study is subject to several limitations that should be acknowledged.

- First, the research adopted a cross-sectional design, which limits the ability to infer causal relationships among marketing leadership, shared value creation, and innovative sustainable

development. Longitudinal designs would provide deeper insights into how these relationships evolve over time.

- Second, the study relied on self-reported data from SME managers, which may introduce common method bias, despite the procedural and statistical remedies applied. Future studies could triangulate survey data with objective performance indicators or qualitative insights.
- Third, the empirical context was limited to SMEs in the Kurdistan Region of Iraq, which may affect the generalizability of the findings to other regions or institutional environments. Differences in regulatory frameworks, cultural norms, and market maturity may influence leadership effectiveness and shared value practices.

Finally, the study focused on a limited set of constructs. Other relevant factors, such as organizational culture, digital capabilities, or environmental turbulence, were not explicitly examined.

10. FUTURE RESEARCH DIRECTIONS

Building on these limitations, several promising avenues for future research emerge.

First, future studies should employ longitudinal or panel data designs to capture the dynamic nature of leadership capabilities and sustainability-driven innovation, particularly in volatile and emerging markets.

Second, researchers are encouraged to explore additional mediators and moderators, such as digital transformation, organizational agility, or institutional pressures, to further unpack the mechanisms through which marketing leadership influences sustainable development.

Third, comparative studies across different countries or regions would enhance understanding of how contextual factors shape the effectiveness of shared value creation and leadership practices. Such studies could also address whether the observed relationships hold in developed economies or under stronger institutional frameworks.

Finally, future research could adopt mixed-method approaches, integrating qualitative interviews or case studies to enrich quantitative findings and provide deeper insights into managerial decision-making processes related to shared value and sustainability-oriented innovation.

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