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Entrepreneurial Orientation, Agility, and Responsibility: A Triad for Sustainable Competitive Advantage

Abstract

Purpose: This study investigates the interactions between entrepreneurial orientation, strategic agility, and corporate social responsibility (CSR) in influencing sustained competitive advantage in Moroccan Small and medium-sized enterprises (SMEs). Additionally, it analyzed the influence of competitive intensity, firm size, and age on attaining sustained competitive advantage.

Design: We employed a dual approach to analyze 300 Moroccan SMEs, joining partial least squares structural equation modeling (PLS-SEM) and necessary condition analysis (NCA). PLS-SEM was utilized to maximize the explained variance of endogenous constructs and handle mediation effects, aligning with the study's explanatory purpose. The NCA was used to identify necessary conditions for sustained competitive advantage by examining the extent to which the conditions (i.e., entrepreneurial orientation, strategic agility, and CSR) are present in all cases where sustained competitive advantage is present.

Findings: The PLS-SEM analysis found that entrepreneurial orientation positively influences sustained competitive advantage and CSR, and strategic agility partially mediates the relationship between entrepreneurial orientation and sustained competitive advantage and between entrepreneurial orientation and CSR. The NCA results imply that CSR, entrepreneurial orientation, and strategic agility have small but significant effect sizes, indicating they are necessary conditions for achieving higher levels of sustained competitive advantage. Additionally, firm age and size are not necessary conditions.

Originality: This study provides a more comprehensive understanding of entrepreneurial orientation influencing sustained competitive advantage in SMEs. It challenges previous beliefs regarding the impact of CSR on sustained competitive advantage, particularly in the Moroccan SME context. Contrary to expectations, the findings indicate that CSR does not significantly impact sustained competitive advantage or mediate the relationship between entrepreneurial orientation and sustained competitive advantage. The NCA results further develop these findings by revealing that CSR is a necessary condition only for achieving upper levels of sustained competitive advantage in Moroccan SMEs.

Keywords: Entrepreneurial Orientation; Strategic Agility; Corporate Social Responsibility; Competitive Advantage; SMEs.

Introduction

Small and medium-sized enterprises (SMEs) face noteworthy challenges in achieving sustained competitive advantage, particularly due to resource constraints and limited financial capital (Lestari et al., 2020). To thrive in this competitive environment, SMEs must strive for exceptional performance by cultivating superior skills, resources, and strategic approaches that enable them to consistently outperform their rivals (Fabrizio et al., 2022). This imperative is further intensified by the rapid technological advancements that characterize the business ecosystem, imposing agile and adaptive strategies for SMEs to compete effectively against industry giants and peer organizations (Troise et al., 2022).

Two constructs have emerged as critical for SME success in response to these challenges: strategic agility (SA) and entrepreneurial orientation (EO). Strategic agility is "the ability of management to constantly and rapidly sense and respond to a changing environment by intentionally making strategic moves and consequently adapting the necessary organizational configuration for successful implementation" (Weber and Tarba, 2014, p. 7; Bui et al., 2020) and EO “refers to the processes, practices, and decision-making activities that lead to new entry” (Lumpkin and Dess, 1996, p. 136). Concurrently, EO is pivotal in enhancing SMEs' adaptability and ability to identify and capitalize on opportunities (Kiyabo and Isaga, 2020; Isichei et al., 2020). The efficacy of EO is further amplified when aligned with organizational reputation and sustainability initiatives, underscoring the interconnected nature of these elements (Shafique et al., 2021). Moreover, integrating corporate social responsibility (CSR) into this strategic matrix has been recognized as valuable for strengthening brand reputation and fostering robust stakeholder relationships (Oduro et al., 2021). However, the complex interplay between these constructs in the context of developing economies remains insufficiently understood and warrants further investigation (Jamali et al., 2017; Hauser et al., 2023).

Building upon this introductory understanding, it becomes imperative to elucidate the interplay between entrepreneurial orientation, strategic agility, corporate social responsibility, and sustained competitive advantage. Competitive intensity further complicates this relationship, particularly in high-competition scenarios where rival actions can swiftly erode a firm's competitive edge (Lyu et al., 2022). Consequently, examining how the competitive environment's intensity influences SMEs' sustained competitive advantage is demanded (Lyu et al., 2022; Estrada-Cruz et al., 2020). Furthermore, the relationship is subject to diverse contextual factors requiring comprehensive investigation. To address these complexities, this study proposes to answer the following research questions (RQ):

RQ1: What is the relationship between entrepreneurial orientation, strategic agility, and CSR in achieving sustained competitive advantage in SMEs?

RQ2: Which of these three constructs are necessary conditions for an SME to achieve sustainable competitive advantage?

To answer these questions, we analyze the Moroccan ecosystem. Previous studies on Moroccan SMEs have focused on EO's effects on firm performance (Khadhraoui et al., 2023; Moustaghfir et al., 2020) and innovation (Majdouline et al., 2020). However, they have not explored its impact on agility and CSR practices for sustainable competitiveness. This study addresses this gap by examining how CSR, strategic agility, and EO promote sustained competitive advantage in SMEs while considering the influence of firm size, age, and competitive intensity. We pioneered the combination of partial least squares structural equation modeling (PLS-SEM) and necessary condition analysis (NCA) to understand the relationship between the constructs in Morocco.

In light of the context of the developing economy, our study offers valuable contributions to understanding sustained competitive advantage in developing economies, focusing on EO. Firstly, we challenge prevailing assumptions by demonstrating that, contrary

to expectations, CSR neither significantly influences nor mediates the relationship between EO and sustained competitive advantage. This finding invites a reconsideration of the role of CSR in the entrepreneurial process within developing economies. Secondly, our research expands the theoretical framework by proposing that strategic agility is crucial in shaping the relationships between EO, CSR, and sustained competitive advantage. This insight highlights the importance of organizational flexibility and adaptability in translating entrepreneurial orientation into tangible competitive advantages. Thirdly, we contribute to the literature by investigating the influence of competitive intensity, firm size, and age as control variables. This approach provides a more nuanced understanding of the factors affecting SMEs' sustained competitive advantage, contextualizing the impact of EO within the broader business environment. Finally, our study employs an advanced dual methodological approach, combining symmetric (PLS-SEM) and asymmetric (NCA) methods. This analysis reveals that while EO, CSR, and strategic agility have small but significant effect sizes, these factors are not strictly necessary conditions for achieving sustained competitive advantage. However, their importance increases at higher performance levels, suggesting a more complex relationship between EO and competitive outcomes than previously understood.

These findings challenge conventional wisdom and offer new insights into the interplay of factors influencing SMEs' success in developing economies (Hauser et al., 2024; Shah and Khan, 2020). By providing a more comprehensive understanding of how EO influences sustained competitive advantage in SMEs, this study contributes to the entrepreneurship literature in the context of developing economies, offering valuable implications for scholars and practitioners.

Theoretical background and hypothesis development

Entrepreneurial Orientation

Entrepreneurial Orientation is a key construct in entrepreneurship research (Covin and Wales, 2019). EO is a multidimensional construct typically characterized by innovativeness, proactiveness, and risk-taking (Miller, 1983; Anderson et al., 2009; Anderson et al., 2015). These three dimensions capture a firm's propensity to act entrepreneurially, innovate, move proactively in markets, and take risks in pursuing new opportunities. Anderson et al. (2015) refined this conceptualization by proposing that innovativeness and proactiveness form a behavioral component of EO, while risk-taking represents an attitudinal component.

Innovativeness refers to a firm's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes (Lumpkin and Dess, 2001). Proactiveness involves taking initiative by anticipating and pursuing new opportunities and participating in emerging markets. It implies a forward-looking perspective where companies actively seek to introduce new products or services ahead of the competition and act in anticipation of future demand (Anderson et al., 2015). Risk-taking, the third dimension, is associated with a willingness to commit significant resources to opportunities in the face of uncertainty (Lumpkin and Dess, 2001; Anderson et al., 2015), which is remarkably relevant for SMEs (Zhang et al., 2023). Furthermore, in emerging economies, EO has been linked to performance (Diaz and Sensini, 2020; Isichei et al., 2020).

Entrepreneurial orientation and strategic agility

Entrepreneurial orientation and strategic agility are interconnected capabilities that can enhance organizational performance (Rofiaty et al. 2022, Sarkosi *et al*., 2022; Ferreira et al., 2020). Strategic agility involves the ability to grasp external ecosystems and the firm activity which is relevant for strategic renewal and adaptation (Bui et al., 2020). This agile orientation complements EO by enabling more rapid identification and exploitation of emerging opportunities and threats (Ferreira et al., 2020). The synergistic relationship between these

constructs can amplify a firm's innovative, marketing, and learning capabilities, ultimately conferring competitive advantages (Khalid et al., 2020). Therefore, we posit that:

H1. Entrepreneurial orientation positively impacts strategic agility.

Entrepreneurial orientation and corporate social responsibility

The relationship between EO and CSR has garnered increasing scholarly attention (Ameer and Khan, 2023; Fernhaber and Zou, 2022), especially in the SME context (Zhang et al., 2021). Empirical evidence indicates that entrepreneurs who excel in areas related to EO tend to positively impact sustainable initiatives and outcomes (Teran-Yepez et al., 2020; Ameer and Khan, 2023). Entrepreneurially-oriented firms are more likely to identify opportunities for sustainable practices and develop innovative solutions to environmental and social challenges (Schaltegger and Wagner, 2011). Their proactive stance enables them to anticipate and address environmental concerns before they become critical (Aragón-Correa and Sharma, 2003). Unsurprisingly, green entrepreneurial orientation (GreenEO) research in emerging economies is rising (Khan et al., 2023). Additionally, the risk-taking propensity associated with EO may encourage firms to invest in CSR initiatives and sustainable practices despite uncertainties regarding immediate financial returns (Mickiewicz et al., 2016). Given the evidence, we propose the following hypothesis:

H2. Entrepreneurial Orientation positively impacts corporate social responsibility.

Strategic agility and corporate social responsibility

Strategic agility can enhance an organization's engagement in CSR initiatives. Agile firms are more adept at identifying and responding to emerging societal and environmental issues, allowing them to develop timely and effective CSR strategies (Shams et al., 2021). This responsiveness enables organizations to align their CSR efforts with changing stakeholder

expectations and market dynamics (Teece et al., 2016). In stable business environments, strategically agile firms can more effectively balance pursuing market opportunities with addressing societal needs, potentially yielding significant benefits for their long-term sustainability (Oduro et al., 2021). The innovative culture fostered by strategic agility also supports the development of novel approaches to sustainability challenges (Weber and Tarba, 2014), further strengthening a firm's CSR engagement. Additionally, agile organizations can more efficiently allocate resources to CSR initiatives, adapting their approach as circumstances change (Ivory and Brooks, 2018). Thus, we propose:

H3. Strategic agility positively impacts corporate social responsibility.

Sustained Competitive Advantage

Sustained competitive advantage (SCA) denotes a firm's ability to maintain superior performance relative to competitors over an extended period (Barney, 1991). It holds particular value for SMEs in developing economies, where resource constraints and environmental volatility necessitate innovative strategic approaches (Jamali et al., 2017; Nadkarni and Barr, 2008). SCA is multidimensional, encompassing financial and operational aspects. This approach facilitates a more comprehensive assessment of a firm's competitive position, capturing financial outcomes and operational capabilities that may be harbingers of future performance (Venkatraman and Ramanujam, 1986).

Pretorius (2008) posits that firms in turnaround situations may need to prioritize operational efficiency and financial stabilization before embarking on more ambitious strategies for long-term competitive advantage. This perspective underscores the importance of a staged strategy formulation and implementation approach, particularly for SMEs operating in resource-constrained environments. The attainment of SCA necessitates cultivating and deploying unique resources and capabilities that are valuable, rare, inimitable, and non-

substitutable (Barney, 1991). However, the path to SCA is not linear, and firms must navigate the tension between short-term survival and long-term strategic positioning.

Strategic agility and sustained competitive advantage

Strategic agility significantly contributes to sustained competitive advantage, particularly for SMEs (Tufan and Mert, 2023) in dynamic and uncertain business environments (Sari and Ahmad, 2022; Dabiri and Gholami, 2015). Agile firms can swiftly adapt their strategies and operations to market changes, outmaneuvering fewer flexible competitors (Teece et al., 2016). This capability allows organizations to rapidly sense and seize opportunities, creating value through substantial innovation that influences market competition (Kuncoro and Suriani, 2018). For SMEs in emerging economies, strategic agility can be a crucial differentiator, allowing them to maintain a competitive advantage despite resource constraints and uncertain market conditions (Marco-Fondevila et al., 2018). Therefore, we hypothesize:

H4. Strategic agility positively impacts sustained competitive advantage.

Corporate social responsibility and sustained competitive advantage

Corporate social responsibility initiatives can drive sustained competitive advantage (Saeed and Arshad, 2012). Firms engaging in CSR-related activities often benefit from enhanced customer perceptions, leading to a distinctive competitive edge (Shah and Khan, 2020). By strategically integrating CSR into their operations, companies can simultaneously create value for society and their business, establishing a robust foundation for competitiveness and organizational performance (Banerjee et al., 2018). CSR initiatives contribute to long-term business expansion, fostering a sustained competitive advantage (Mai et al., 2021). Based on these arguments, we propose:

H5. Corporate social responsibility positively impacts sustained competitive advantage.

Strategic agility and corporate social responsibility as mediators

Entrepreneurial orientation impact on sustained competitive advantage may not always be direct, particularly in dynamic emerging markets like Morocco (Rasiah and Cheong, 2024; Kiyabo and Isaga, 2020). Therefore, we hypothesize that CSR and strategic agility mediate our framework (Figure 1).

Entrepreneurial orientation significantly influences a company's engagement in CSR initiatives, indicating a growing commitment to sustainable business practices (Valdez-Juarez et al., 2021). Companies with stronger EO tend to adopt more socially responsible practices due to their innovative, proactive, and risk-taking qualities (Zhuang et al., 2020). This engagement in CSR can enhance a firm's reputation and strengthen stakeholder relationships, ultimately leading to improved sustained competitive advantage (Nyuur et al., 2019). Furthermore, sustainable practices mediate the relationship between EO and performance in SMEs in emerging countries (Akomea et al., 2023). Thus, CSR actions likely mediate through which EO leads to a sustained competitive advantage.

H6. Corporate social responsibility actions mediate the relationship between EO and sustained competitive advantage.

Organizations with a robust EO require strategic agility to become strategically sensitive and improve their competitive advantage (Seepana et al., 2021). Strategic agility contributes to competitive advantage by advocating continuous examination of the internal and external environment, rapid information utilization, and swift responses to market changes (Kale et al., 2019). A previous study found SA to mediate the relationship between EO and performance (Seepana et al., 2021). Tallon and Pinsonneault (2011) found that SA mediates the relationship between strategic IT alignment and firm performance, suggesting its role as a key intervening

mechanism. Likewise, Tufan and Mert (2023) found strategic agility as a mediator between absorptive capacity and sustainable business performance in SMEs. Strategic agility mediates the EO relationship with organizational outcomes (Rofiaty et al., 2022). These findings imply that strategic agility likely serves as a pathway through which EO leads to sustained competitive advantage.

H7. Strategic agility mediates the relationship between EO and sustained competitive advantage.

Entrepreneurial orientation directly promotes strategic agility (Champatong et al., 2022). Strategic agility empowers businesses to effectively navigate changing environments by identifying opportunities and challenges in the business process (Sun et al., 2022). Ahmed et al. (2022) found that strategic agility mediates the relationship between digital platform capability and organizational performance in emerging market SMEs, highlighting its role in translating capabilities into outcomes. Furthermore, El Idrissi et al. (2022) demonstrate that strategic agility enhances crisis preparedness, suggesting its importance in adapting to environmental pressures. Given these findings, strategic agility is likely a mediating mechanism through which EO leads to CSR initiatives.

H8. Strategic agility mediates the relationship between EO and CSR.

Strategic agility enables organizations to respond proactively to CSR challenges and opportunities by promoting resource flexibility and heightened awareness of environmental changes (Claus et al., 2021). This agility allows firms to align their CSR initiatives with rapidly evolving societal concerns and stakeholder expectations. Nyamrunda and Freeman (2021) highlight strategic agility in building trust and relational capabilities, suggesting its role in enhancing firm performance through improved stakeholder relationships. Additionally, Zahoor

et al. (2024) demonstrate that strategic agility enables SMEs to address grand challenges, indicating its potential to drive CSR engagement. Consequently, CSR actions likely serve as a critical mediating mechanism through which strategically agile firms achieve and maintain competitive advantage in dynamic business environments. Based on these arguments, we propose the last hypothesis and present our framework (Figure 1).

H9. CSR actions mediate the relationship between sustained competitive advantage and strategic agility.

---------- INSERT FIGURE 1 ----------

As shown in Figure 1, we incorporated three control variables for potential confounding effects: firm size, firm age, and competitive intensity. Firm size can influence growth patterns and competitive dynamics (Mazzucato and Parris, 2015), while firm age may impact an organization's ability to innovate and adapt (Delmar et al., 2003). Competitive intensity was included due to its potential mediating effect on the relationship between entrepreneurial activities and firm performance (Zahra and Covin, 1995; Lumpkin and Dess, 2001; Estrada-Cruz *et al*., 2020). These controls allow us to better isolate the effects of our primary constructs of interest.

Method

Empirical context

Moroccan SMEs comprise 95% of the country's businesses, according to the General Confederation of Moroccan Enterprises (CGEM). Morocco's strategic location and improving business environment make it an ideal research context. The country ranks 53rd out of 190 economies in the World Bank's Ease of Doing Business Index and 30th out of 49 economies in

the Global Entrepreneurship Monitor's National Entrepreneurial Context Index - NECI (World Bank, 2020; GEM, 2023/2024).

There was substantial entrepreneurship development in South Africa, Nigeria, Egypt, Morocco, and Kenya between 2000 and 2021 (Abdulai and Hussain, 2024). Morocco is currently regarded as one of the most stable economies in the MENA region, particularly in the years following the Arab Spring (Jiang, 2023). Its development trajectory shows advancements despite reform challenges (SCDM, 2021). While CSR practices have gained prominence among Moroccan SMEs (Zayer and Benabdelhadi, 2023), many adopt them primarily to avoid costs and maintain competitiveness (El Baz et al., 2016). Moroccan entrepreneurs leverage local knowledge and relationships to meet global demand (Solano, 2016), though digital startups face competition from international firms due to regulatory gaps (Wentrup et al., 2020).

Sample

This study uses a sample of three hundred SMEs in Morocco, an emerging country, to explain how entrepreneurs in the Moroccan context could leverage EO, SA, and CSR to create SCA. Of the 300 convenience answers, 38% were CEOs, 52% were identified as TMT members, and 10% were other staff with managing responsibilities. Moreover, to ensure the representativeness of the sample, we stratified the sampling based on industry sectors, such as 46% worked in “manufacturing” while 54% operated in “service” operations (Table I). Additionally, we gathered answers from various industries, including but not limited to trade, corporate services, food and lodging, building, logistics, transportation, energy, and the environment. Based on this, partial least squares structural equation modeling (PLS-SEM) estimates are generally more reliable (Hair *et al.*, 2010; Kline, 2015; Shneor *et al.*, 2021). Thus, we analyzed the data using PLS-SEM in Smart-PLS 4.0. Our sample size aligns with the guidelines provided by Bartlett *et al.* (2001), suggesting that SEM research must have at least

ten observations for each indicator (independent variable). As a result, our sample size fulfills these criteria, ensuring an adequate representation of the SME population in Morocco and making it appropriate for using PLS-SEM analysis.

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Measures

The following variables were used in statistical calculations, and a questionnaire based on a survey was used to acquire the data. To measure firms' SCA (see Table II), we used the 7-item scale following previous studies (Durand, 2003; Hooley et al., 2001; Venkatraman and Ramanujam, 1986). The scale shows good reliability, an excellent Cronbach's alpha (Cronbach's $\alpha = .877$), and good composite reliability (CR = .905).

Our study focused on three independent variables: EO, SA, and CSR. We followed Anderson *et al.* (2015), measuring EO as a reflective construct consisting of three different indicators: innovativeness, proactive actions, and risk-taking, using a 5-point Likert scale ranging from 1, 'Not at all' through to 5, 'extremely'. The mediator variable SA was measured with an eight-item scale developed by Tallon and Pinsonneault (2011), ranging from 1, 'Not at all,' to 5, 'extremely'. They generated a Cronbach's alpha of .906. In addition, CSR is also included as a mediation variable, measured on a 1-5 Likert scale (1 = Not at all and 5 = extremely'), following Nazir and Islam (2020) and Rupp *et al.* (2018). It includes items such as: "Our business supports employees' education" and "We encourage partnerships with local businesses and schools". The Cronbach's coefficient for the items was .838.

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Control variables

First, for *firm size*, we calculate the firm's size as the natural logarithm of all equivalent full-time employees. Second, the natural logarithm of *firm age* is measured as the number of years between the firm registers to start business and survey completion for the sample firms. As country stability is relevant for entrepreneurship research in Arabic countries (Welsh et al., 2021), we also control for *competitive intensity,* measured using six items developed by Jaworski and Kohli (1993). Five-point Likert scales, ranging from 1, 'no advantage' to 5, 'very high advantage', are used to rate the items. The Cronbach's α coefficient was .911.

Addressing the common method variance

In adherence to Podsakoff *et al.*'s (2003) recommendations, we prioritized respondent anonymity to alleviate assessment concerns. This involved implementing strategies such as using different scale types and sources, randomizing the order of the questions, and avoiding biases in the question context or item placement. Additionally, several post-hoc analyses were conducted. Firstly, to assess the study's potential for common method variance (CMV), we employed Harman's one-factor test through IBM SPSS 24.0, as suggested by Fuller *et al.* (2016). The largest variance explained by a single factor was 34.343%, below the 50% threshold outlined by Podsakoff *et al.* (2003). Secondly, we examined the structural model for potential collinearity issues between indicators using the variance inflation factor (VIF). All VIF values were below the threshold of 3.3, indicating no multicollinearity among variables in our study, which aligns with the recommendations of Roberts and Thatcher (2009) and Becker *et al.* (2015). Considering these findings, we confidently exclude the potential impact of CMV on the measurements.

Analysis of the results

We employed a multi-analytic approach, combining symmetric (PLS-SEM) and asymmetric (NCA) methods to examine the proposed relationships comprehensively (Richter et al., 2020). PLS-SEM was utilized to maximize the explained variance of endogenous constructs and handle mediation effects, aligning with the study's explanatory purpose. The NCA was used to identify necessary conditions for an outcome (i.e., SCA) of interest by examining the extent to which the conditions (i.e., EO, SA, and CSR) are present in all cases where the outcome is present (Dul, 2016).

Confirmatory factor analysis

To assess the measurement quality of our scales, we performed reliability assessments and confirmatory factor analysis (CFA).

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As observed in Table III, the construct correlations are all notably less than one, and the square correlations computed between every pair of variables consistently fall below the square roots of the AVE values linked to those constructs (Shiu *et al.*, 2011; Cheung *et al.*, 2023), which are ranged from .593 to .737, we eventually conclude that the discriminant validity is verified (Hair *et al.*, 2010). The present research evaluates internal consistency reliability using Cronbach's α and composite reliability (Hair *et al.*, 2019; Cheung *et al.*, 2023), which is based on the indicator intercorrelations, which means that all indicators have equal outer loadings within their constructs. Table II shows that all the items loaded cleanly on their intended factors (i.e., > 0.50) without cross-loadings in CFA. The Cronbach's alpha (α) values for all scales exceeded the recommended minimum of 0.70, implying strong internal reliability (Nunnally, 1978). As the values for Cronbach's alpha for all scales range from 0.70 to 0.95, they

demonstrate satisfactory internal consistency (Hair et al., 2014).

Moreover, the composite reliability (CR) values of our constructs are in the range of .886 —.933, which exceeded the minimal requirement of 0.7 (see Table II), indicating that our constructs met the criterion for reliability and internal consistency (Hair *et al.*, 2016; Henseler *et al.*, 2009). In conclusion, our analysis shows that all the variables used in our model have satisfactory validity and reliability regarding connotation and measurement.

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Hypotheses testing

After establishing the validity and reliability of our various scales measuring our dependent and independent variables, we next turn to estimate our structural model (Figure 2) and hypothesis tests while supporting the goodness-of-fit between the hypothesized theoretical model and the data by following the updated guidelines and recommendations for PLS-SEM use (Hair *et al.*, 2020; Cheah *et al.*, 2023; Sarstedt *et al.*, 2014; Sarstedt *et al.*, 2021; Hair *et al.*, 2019). Our model's Structural path analysis results are summarized in Table IV.

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As reported in Table VI, the model tested resulted in a good fit to the data (SRMR =.066; d_ULS = 2.940; d_G = 1.562; Chi-square = 2379.365; NFI = .695), suggesting that the data and the verified research framework were well matched (Dijkstra and Henseler, 2015). The estimated model is well-fitting because the SRMR value in our model is .082, which is less than the allowable maximum of 0.10 (Hu and Bentler, 1998; Henseler and Sarstedt, 2013; Zaiț and Bertea, 2011). The value of chi-square (χ^2) was greater than the critical value of chi-square and

statistically significant at the 0.05 level (Maydeu-Olivares, 2017; Pavlov *et al.*, 2020), concluding that the goodness of fit indicators for our Model is robust.

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The R^2 is an essential instrument for assessing the validity of the PLS model, and, as a result, it reflects the explained variation in each endogenous construct (Hair *et al.*, 2014). Thus, the R^2 values of each exogenous variable measure the model's predictive accuracy. Specifically, Hair *et al.* (2014) and Henseler *et al.* (2009) argued that R^2 values of 0.75, 0.50, and 0.25 were significant, moderate, and weak, respectively. As shown in Figure 2, all R2 values consistently range between 0.158 and 0.434, exhibiting different levels of accuracy in predicting. The R^2 for the dependent variable of CSR indicated that strategic agility and entrepreneurial orientation explained 15.8% of the variance in the dependent variable. Similarly, entrepreneurial orientation explained 40.1% of the variance in strategic agility. Overall, the independent variables explain approximately 43.4% of the variance of our central dependent variable—Sustained competitive advantage— an endogenous variable.

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Figure 2 shows the standardized path coefficients and associated *t*-values to test the hypotheses. Entrepreneurial orientation had a direct positive influence on strategic agility, providing support for H1. The findings also showed a strong association between entrepreneurial orientation and CSR, supporting H2. According to the results, entrepreneurial orientation (β=1.974; p=.049) and strategic agility (β=4.381; p=0.00) directly and positively affect CSR, supporting hypotheses H2 and H3. Supporting H4, our findings show an

advantageous and substantial relationship between strategic agility and sustained competitive advantage. Contrary to expectations (H5), CSR has no strong direct association with sustained competitive advantage (β=.039, t=.854, non-significant). Among the studied control variables, our structural estimates showed that only the estimated coefficient associated with Competitive Intensity was positively connected to sustained competitive advantage.

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The estimated coefficients of both firm size and firm age are not significant. Results showed the importance of strategic agility on CSR (β=0.288, p= 0.000), followed by EO (β=0. 147, p= 0.049). Thus, H2 and H3 were supported. Strategic agility had the strongest and most positive effect on SCA (β=0.545, p= 0.0000). CSR effect is not significant (β=0.039, p= 0.394).

As can be seen in Table IV, we have evaluated the mediation effects of Strategic agility (H6 and H9) and CSR (H6 and H9). Indirect effects must be significant for these mediation effects to be considered significant. The findings support H7 since fostering strategic agility at a greater level of entrepreneurial orientation results in more sustained competitive advantage (β=.345; p=.0000). This suggests that the relationship between entrepreneurial orientation and sustained competitive advantage is partially mediated by strategic agility. Similarly, H8 was also supported, suggesting that firms with an increased entrepreneurial orientation can integrate sustainable CSR practices into their business strategies more effectively through improving strategic agility (β=.183; p=.0000). This suggests that strategic agility has a partial mediation influence on the link between entrepreneurial orientation and CSR. H6 argued that a firm's entrepreneurial orientation affects sustained competitive advantage through CSR practices. As we show in Table IV, this indirect effect of entrepreneurial orientation on sustained competitive advantage via CSR practices is non-significant (β=006, t=.643, non-significant). Thus, we

reject H6. Most significantly, the direct impact of strategic agility on sustaining a competitive advantage was greater than the indirect impact, as determined by the mediating role of CSR. However, the direct effect of entrepreneurial orientation on CSR was smaller than the indirect effect, assessed via the mediating role of strategic agility.

Necessary Condition Analysis

After uncovering the relationship between the constructs (i.e., EO, CSR, SA, and SCA), we conducted an NCA (Dul et al., 2016) to examine if EO, CSR, and SA are necessary conditions for achieving SCA in Moroccan SMEs. The analysis, using the CE-FDH and CR-FDH ceiling line techniques (Tóth et al., 2019), revealed that CSR, EO, and SA had statistically significant effect sizes, although small in magnitude (Table VIII). The thresholds for effect size were categorized as small ($0 < d < 0.1$), medium ($0.1 \leq d < 0.3$), large ($0.3 \leq d < 0.5$), and very large ($d \geq 0.5$) (Dul et al., 2020). We also conducted a permutation test (Tóth et al., 2019) with 5,000 resamples. These findings suggest that CSR, EO, and SA are necessary for SCA. Concerning firm age, firm size and CI were found to have effect sizes 0.000 in both the CE-FDH and CR-FDH analyses, with non-significant permutation p-values. This indicates that these conditions are not necessary for achieving SCA.

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The bottleneck analysis (Table IX) presents the values of the condition variables (i.e., CSR, EO, SA, Firm Age, Firm Size, and CI) at different percentiles of the dependent variable (i.e., SCA) for the CE-FDH ceiling line. This table allows for a more detailed examination of the necessity of each condition across the range of the SCA outcome (Richter et al., 2020).

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At lower percentiles of SCA (up to the 50th percentile), none of the condition variables have observations above the ceiling line, as indicated by "NN" (Not Necessary). This suggests that these conditions are not necessary at lower levels of SCA. However, to higher percentiles of SCA, we start to observe values for some of the condition variables. For example, at the 60th percentile, EQ and SA have values of -1.958 and -2.445, respectively. This indicates that at this level of SCA, some observations for these conditions lie above the ceiling line, suggesting they are not strictly necessary for achieving the corresponding level of the outcome variable (SCA). As we progress to even higher percentiles (70th to 100th), more condition variables show values, with CSR, EQ, and SA consistently appearing. This pattern suggests they are necessary at higher levels of SCA. It is relevant to point out that CI, Firm Age, and Firm Size do not show values until the 100th percentile, indicating that they are not necessary conditions for achieving high levels of SCA in this dataset. The bottleneck table (Table IX) analysis complements the findings from the effect size and significance tests, providing a more detailed understanding of the necessity of each condition across the range of the outcome variable (i.e., SCA).

Findings

The PLS-SEM analysis answers RQ1, revealing the relationships among EO, CSR, and SA affecting SCA in Moroccan SMEs. EO demonstrates positive relationships with both SA and CSR. SA emerges as a central factor, showing a direct positive association with SCA and mediating the relationship between EO and SCA. Additionally, SA mediates the link between EO and CSR. While CSR is positively associated with both EO and SA, it does not show a significant direct relationship with SCA in this context. CI exhibits a small but significant positive relationship with SCA, whereas firm size and age do not demonstrate significant

associations. These findings highlight the potential importance of cultivating EO and developing SA as pathways for Moroccan SMEs to enhance their SCA. They also suggest a more complex role for CSR in this business environment.

Additionally, the NCA answers RQ2, unveiling that EO emerges as the most broadly necessary condition, highlighting the value of fostering innovative, proactive, and risk-taking behavior across Moroccan SMEs. SA is the second most necessary condition, underscoring the need for SMEs to remain flexible and responsive in the face of dynamic market conditions. While necessary only at higher levels of SCA, CSR signals the growing importance of ethical and sustainable business practices in achieving market leadership. Conversely, SME characteristics such as age and size and competition intensity do not appear to be necessary conditions for SCA. This suggests that SMEs' internal capabilities and strategic orientations are more determinative of their success in the Moroccan context than external factors or structural attributes.

Discussion

Our study paints a complex picture of how Moroccan SMEs can achieve SCA. It provides novel insights into the complex interplay between EO, SA, corporate CSR, and SCA. EO emerges as a fundamental driver in our model, positively influencing both SA and CSR. This aligns with previous research in emerging economies (Zhang et al., 2021; Champatong et al., 2022; Valdez-Juarez et al., 2021), reinforcing the notion that entrepreneurially-oriented firms are more likely to develop agile capabilities and engage in socially responsible practices. Thus, we also dialogue with emerging research on GreenEO in emerging economies (Khan et al., 2023). The strong positive relationship between EO and SA underscores the symbiotic nature of these constructs, supporting earlier findings by Rofiaty et al. (2022) and Sarkosi et al. (2022). Moreover, EO appears to be the most broadly necessary condition for achieving higher

levels of sustained competitive advantage, highlighting its critical role in the success of Moroccan SMEs. This finding supports previous research on the value of EO in the Moroccan context (Majdouline et al., 2020) and in emerging economies (Zhang et al., 2023; Isichei et al., 2020).

Strategic Agility stands out as a central factor in our study, demonstrating directly positive impacts on CSR and SCA. These findings extend previous research on strategic agility (Weber and Tarba, 2014; Bui et al., 2020). It also aligns with previous studies highlighting the relevance of agility in enhancing CSR engagement (Shams et al., 2021) and driving competitive advantage (Tufan and Mert, 2023; Sari and Ahmad, 2022). Importantly, SA acts as a partial mediator in the relationships between EO and SCA and between EO and CSR. These findings extend our understanding of how EO translates into tangible outcomes, supporting the work of Seepana et al. (2021) on the role of SA in the EO-performance relationship. The necessity of SA for achieving higher levels of SCA, second only to EO, underscores its prominence in the strategic toolkit of Moroccan SMEs.

Our study addresses the call to understand entrepreneurship impacting solutions to grand challenges (Fernhaber and Zou, 2022); it shows that CSR presents a more complex picture. Contrary to expectations and some previous literature (Saeed and Arshad, 2012; Shah and Khan, 2020), we found no significant direct relationship between CSR and SCA. This challenges conventional wisdom regarding the impact of CSR on competitive advantage, particularly in the context of Moroccan SMEs. This finding may reflect the unique challenges SMEs face in developing economies when implementing CSR initiatives, as Jamali et al. (2017) noted. However, our analysis reveals that CSR becomes increasingly necessary for achieving higher levels of SCA, suggesting a more nuanced role for CSR. This complexity aligns with observations by Zayer and Benabdelhadi (2023) on the increasing adoption of CSR practices by Moroccan SMEs, even if they do not directly translate into competitive advantages in this

context.

Our examination of contextual factors yields mixed results. CI shows a small but significant positive relationship with SCA, aligning with previous research on its role in shaping entrepreneurial outcomes (Estrada-Cruz et al., 2020). However, firm size and age do not demonstrate significant associations with SCA or appear to be necessary conditions for achieving it. This suggests that internal capabilities and strategic orientations may be more determinative of SME success in the Moroccan context than structural attributes, challenging some previous assumptions (Mazzucato and Parris, 2015; Delmar et al., 2003).

Our study addresses the call for more context-specific insights at the firm level in developing economies (Jamali et al., 2017) and offers a more comprehensive understanding of how EO influences CSR and competitive outcomes in different cultural and economic contexts (Zhang et al., 2021; Ameer and Khan, 2023). It extends the understanding of the intricate relationships between EO, SA, CSR, and SCA in the context of developing economies. It contributes to the growing literature on entrepreneurship in developing economies (Rasiah and Cheong, 2024; Hauser et al., 2023) by providing empirical evidence from Morocco.

Theoretical Implications

This study offers noteworthy contributions to the theoretical landscape of entrepreneurship and strategic management, particularly in developing economies. First, we advance the understanding of EO by demonstrating its multifaceted influence on SME outcomes. While previous research has established EO's relevance in emerging economies (Zhang et al., 2023; Isichei et al., 2020), our study uniquely positions EO as a necessary condition that directly impacts SCA and operates through the mechanisms of SA and CSR. This nuanced perspective enriches the theoretical discourse on EO, suggesting that its effects are more pervasive and complex than previously conceptualized. By extending the work of scholars

like Anderson et al. (2015) and Covin and Lumpkin (2011), we provide a more comprehensive framework for understanding how EO manifests in diverse organizational outcomes.

Second, our research contributes to the evolving understanding of SCA in SMEs, particularly in developing economies. By identifying pathways through which EO leads to SCA, we build upon and extend the resource-based view of SCA. Our findings suggest that in the context of Moroccan SMEs, the path to SCA is not linear, involving complex interactions between EO and SA. This perspective adds depth to the discourse on how SMEs in emerging economies can achieve and maintain competitive advantage, extending beyond the traditional focus on resource constraints (Lestari et al., 2020).

Third, our study challenges and refines existing theories on the relationship between CSR and SCA in developing economies. The absence of a direct link between CSR and SCA in the PLS-SEM, coupled with CSR's necessity for upper levels of SCA, introduces a new theoretical perspective. This finding suggests a more sophisticated role for CSR in SCA, particularly for SMEs in emerging economies, and calls for reevaluating how CSR is approached in these contexts. It extends the work of scholars like Jamali et al. (2017) and Hauser et al. (2023) by providing a more detailed understanding of CSR's role in SMEs within developing economies.

Fourth, by integrating CI into our framework, we contribute to the theoretical discourse on environmental factors in SMEs' SCA in developing economies. Our findings suggest that the competitive landscape plays a subtle yet significant role in shaping SCA, interacting with firm-level factors in ways that warrant further theoretical exploration. This builds on the work of Estrada-Cruz et al. (2020), Lyu et al. (2022), and Akomea et al. (2023), offering a more contextualized understanding of environmental factors influencing entrepreneurship in developing economies.

Lastly, our study advances methodological perspectives in entrepreneurship research by

employing a dual analytical approach combining symmetric and asymmetric analyses (Richter et al., 2020). This methodological innovation allows for a more holistic examination of the relationships between constructs, offering a template for future studies seeking to capture both linear and non-linear effects in complex organizational phenomena.

These theoretical implications collectively push the boundaries of existing knowledge, offering a more integrative and context-sensitive framework for understanding the dynamics of EO, SA, CSR, and SCA in developing economies.

Practical Implications

Our research offers valuable insights that can help managers and policymakers improve Moroccan SMEs' CSR performance and competitiveness. By demonstrating the impact of EO and SA on CSR and SCA, this research can guide managers and policymakers in developing strategies to enhance CSR and SCA in SMEs. The practical implications of our research are of great worth for managers and policymakers in the Moroccan context. The study reveals that nurturing an EO can enhance SA, CSR, and SCA. Hence, managers should establish an organizational culture that values innovation, proactiveness, and risk-taking to foster entrepreneurial activity. This could be achieved by implementing policies that reward innovative ideas or training programs that enhance employees' entrepreneurial skills. Moreover, managers can enhance SA by developing the firm's capacity to respond promptly and effectively to market changes. This could involve investing in flexible production systems, fostering adaptability, or adopting agile project management methodologies.

For policymakers, these findings highlight the importance of creating an entrepreneurial environment that supports entrepreneurial activities and enhances SA. Policies could be implemented to provide training programs that enhance entrepreneurial skills or offer financial incentives for SMEs demonstrating a potent EO and SA. The Moroccan government could introduce tax incentives for SMEs that introduce innovative products or services or demonstrate

a strong commitment to CSR. Furthermore, policymakers could focus on developing infrastructure and policies that enhance the SA of Moroccan SMEs. This could involve investing in technological infrastructure, promoting digital transformation, or implementing policies encouraging agile practices. For example, the government could launch initiatives to promote digital literacy and digital tools among Moroccan SMEs, enhancing their ability to adapt to the increasingly digital marketplace.

Limitations and Future Research

Despite all contributions, this research has limitations, to name a few: the cross-section design and the convenience sample. Consequently, future research ought to undertake further empirical studies employing a variety of research designs to gain a deeper understanding of the relationship between the constructs. Employing alternative methods, such as multilevel analysis and fuzzy-set qualitative comparative analysis, would yield valuable insights. Similarly, alternative explanations for the non-significant relationship between CSR and SCA could be explored. A deeper analysis of factors like economic development, market characteristics, cultural influences, regulatory framework, and digital technologies is pertinent. This includes examining the impact of the "digital divide between developed and emerging countries" on entrepreneurship practice and value creation (Lamine et al., 2023, p. 4), the individual level of EO (Clark et al., 2024), and focusing on specific industries, such as entrepreneurs in the food sector (Dias and Rocha, 2023). Additionally, it is noteworthy that while the relationship between EO, CSR, SA, and SCA could potentially apply to other developing economies, the specific context of each economy could influence the strength and nature of these relationships. Therefore, further research is needed to understand how these relationships emerge in different developing economies and their relation to other concepts, such as ambidexterity (Ed-Dafali et al., 2023).

In particular, based on the recommendations provided by Andrade et al. (2022), we advocate for additional research aimed at examining the role of knowledge dynamics within emerging markets and entrepreneurial ecosystems. Furthermore, drawing on the findings of Rocha et al. (2024), we recommend an in-depth investigation into the influence of national culture and socio-economic context within the entrepreneurial educational ecosystem, specifically concerning fostering EO and SCA. In alignment with the insights of Rocha and Ferreira (2021), we propose a focused examination of Gazelle companies operating within these ecosystems. Additionally, based on Rocha et al. (2023), we suggest thoroughly exploring the challenges associated with developing a circular entrepreneurial ecosystem in developing countries.

Likewise, the role of religion (religiosity) should be addressed. Although Islam is central in Morocco, we did not analyze our study's religious values or religiosity. Accordingly, based on the theological turn in the entrepreneurial field (Smith et al. 2023), we suggest further research to examine it closely, for instance, exploring the distinction between normative and instrumental CSR initiatives across different religious contexts in developing countries.

Conclusions

Our study investigated the complex relationships between entrepreneurial orientation, strategic agility, and CSR in achieving sustained competitive advantage among Moroccan SMEs. We reveal that entrepreneurial orientation positively influences both strategic agility and CSR, while strategic agility emerges as a crucial mediator between entrepreneurial orientation and sustained competitive advantage. Our findings challenge conventional wisdom by demonstrating that CSR, while necessary for achieving higher levels of sustained competitive advantage, does not directly impact competitive advantage in this context. The research extends the theoretical understanding of how SMEs in developing economies can achieve sustained

competitive advantage by highlighting the central role of strategic agility and entrepreneurial orientation while revealing the nuanced role of CSR in Morocco, where 95% of businesses are SMEs. This investigation contributes to entrepreneurship literature in developing economies by providing a more comprehensive framework for understanding how SMEs can leverage their strategic capabilities to achieve competitive advantage. It also offers practical insights for managers and policymakers in fostering entrepreneurial ecosystems in emerging markets.

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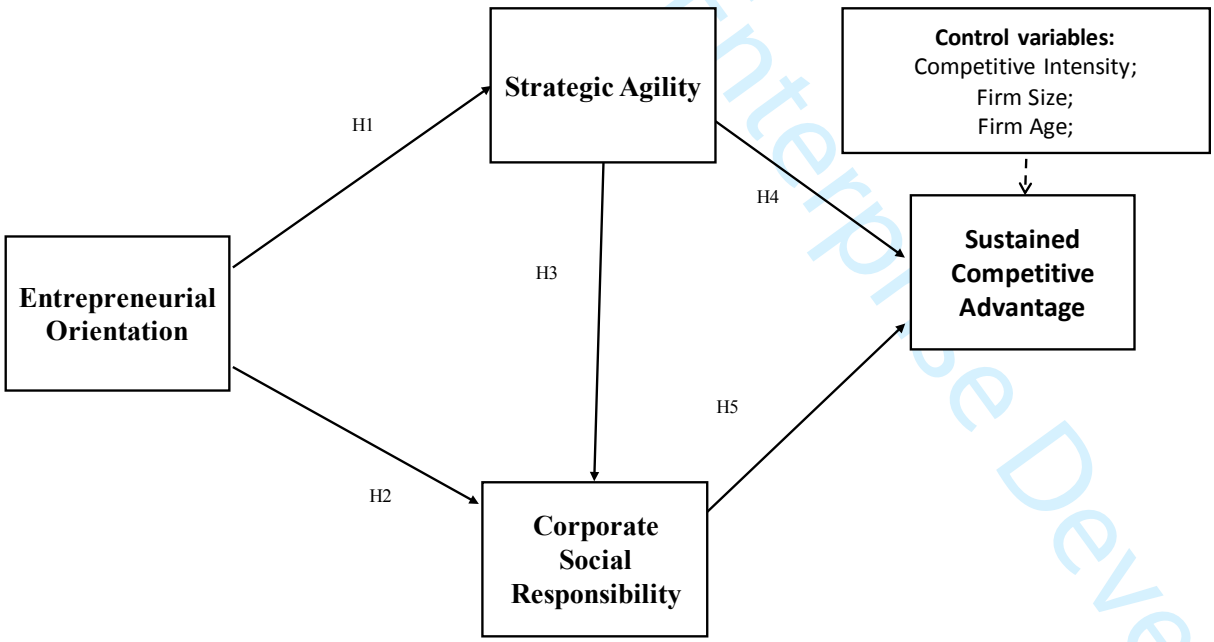

Figure 1. The conceptual model (developed by the authors).

Table I. Profile of the research sample (developed by the authors).

Characteristics	Frequency	Percentage
Position of respondents		
CEOs	115	38%
TMT members	156	52%
Middle managers	29	10%
Size of firm		
0–50employees	117	39%
≥ 50 employees	183	61%
Sectors		
Manufacturing	139	46%
Service	161	54%

Table III. Measurement properties (developed by the authors).

Constructs	Items	Total items	FL	CR (>= .7)	AVE (>= .5)	α (≥.7)
CSR	CSR1	5	.0711	.886	.609	.838
	CSR2		.0829			
	CSR3		.0832			
	CSR4		.0721			
	CSR5		.0800			
EO	INN1	9	.0804	.929	.593	.913
	INN2		.0814			
	INN3		.0746			
	PRO1		.0853			
	PRO2		.0801			
	PRO3		.0789			
	RISK1		.0699			
	RISK2		.0711			
	RISK3		.0693			
SA	SA1	8	.0787	.924	.604	.906
	SA2		.0762			
	SA3		.0774			
	SA4		.0710			
	SA5		.0833			
	SA6		.0787			
	SA7		.0820			
	SA8		.0734			
SCA	SCA1	7	.0753	.905	.579	.877
	SCA2		.0811			
	SCA3		.0806			
	SCA4		.0863			
	SCA5		.0745			
	SCA6		.0651			
	SCA7		.0675			
CI	CI1	5	.863	.933	.737	.911
	CI2		.902			
	CI3		.871			
	CI4		.794			

CI5	.858

Note: EO= Entrepreneurial orientation; CSR= Corporate Social Responsibility; CI= Competitive Intensity; SA= Strategic agility; and SCA= Sustained competitive advantage.

Table III. Correlations among major constructs (developed by the authors).

	CI	CSR	EO	SA	SCA
CI	**.0858**				
CSR	.0227	**.0780**			
EO	.0420	.0330	**.0770**		
SA	.0494	.0379	.0635	**.0777**	
SCA	.0437	.028	.0569	.0641	**.0761**

Note: EO= Entrepreneurial orientation; CSR= Corporate Social Responsibility; CI= Competitive Intensity; SA= Strategic agility; and SCA= Sustained competitive advantage.
Note: diagonal = √AVE.

Table IV. Structural estimates (developed by the authors).

No.	Hypothesized Effect	Path coefficient (β)	t-value	p-Value	Decision
Controls					
	CI -> SCA	.0155	3.108	.0002	Supported
	Firm Size -> SCA	-.0004	.0077	.0939	Not significant
	Firm age -> SCA	.0056	1.165	.0244	Not significant
		Main effects			
H1	EO → SA	.0634	15.346	.0000	Supported
H2	EO → CSR	.147	1.974	.0490	Supported
H3	SA → CSR	.288	4.381	.0000	Supported
H4	SA → SCA	.545	9.834	.0000	Supported
H5	CSR → SCA	.039	.854	.3940	Not significant
		Mediating effects			
H6	EO → CSR→ SCA	.006	.643	.5210	Not significant
H7	EO → SA → SCA	.345	7.240	.0000	Supported
H8	EO → SA → CSR	.183	3.934	.0000	Supported
H9	SA → CSR → SCA	.011	.814	.4160	Not significant

Note: EO = Entrepreneurial orientation; CSR = Corporate Social Responsibility; CI =

Competitive Intensity; SA = Strategic agility; and SCA = Sustained competitive advantage.

Table V. Variance Explained (developed by the authors).

Dependent Constructs	R^2	Adjusted R^2
CSR	.158	.153
SA	.401	.399
SCA	.434	.424
GoF	45%	

Table VI. Summary of the Goodness of Fit Indicators (developed by the authors).

	Saturated model	Estimated model
SRMR	.066	.082
d_ULS	2.940	4.456
d_G	1.562	1.609
Chi-square	2379.365	2411.142
NFI	.695	.691

Table VII. Collinearity Diagnostic Assessment – VIF tolerance values for the structural model (developed by the authors).

Predictors	Endogenous Latent Variable		
	CSR	SA	SCA
CI	—	—	1.339
CSR	—	—	1.178
EO	1.671	1.000	—
SA	1.671	—	1.477
Firm Size	—	—	1.131
Firm age	—	—	1.132

Note: EO= Entrepreneurial orientation; CSR= Corporate Social Responsibility; CI= Competitive Intensity; SA= Strategic agility; and SCA= Sustained competitive advantage.

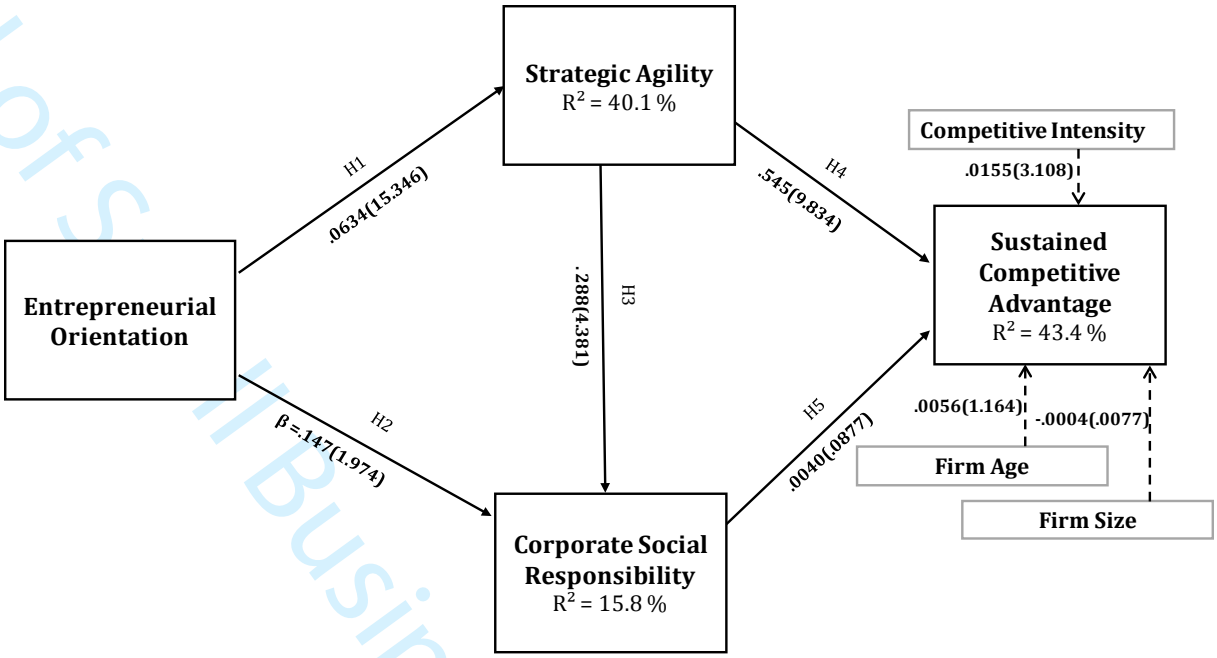

Figure 2. Structural model results (developed by the authors).

Note: Standardized regression coefficients with T-statistics are reported in parentheses.

Table VIII: Ceiling Line Effect Sizes and Significance (developed by the authors).

	CE-FDH		CR-FDH	
Condition	**Effect Size**	**Permutation p**	**Effect Size**	**Permutation p**
EO	0.080	0.000	0.069	0.000
CSR	0.042	0.000	0.030	0.000
SA	0.090	0.000	0.061	0.002
Firm Age	0.000	0.989	0.000	0.000
Firm Size	0.000	1.000	0.000	0.000
CI	0.000	0.000	0.000	0.000

Note: EO= Entrepreneurial orientation; CSR= Corporate Social Responsibility; CI= Competitive Intensity; SA= Strategic agility; and SCA= Sustained competitive advantage.

Table IX: Bottleneck Table (developed by the authors).

Percentile	**SCA**	**EO**	**CSR**	**SA**	**Firm Age**	**Firm Size**	**CI**
0.0%	-3.712	NN	NN	NN	NN	NN	NN
10.0%	-3.204	NN	NN	NN	NN	NN	NN
20.0%	-2.696	NN	NN	NN	NN	NN	NN
30.0%	-2.188	NN	NN	NN	NN	NN	NN

Percentile	SCA	EO	CSR	SA	Firm Age	Firm Size	CI
40.0%	-1.679	NN	NN	NN	NN	NN	NN
50.0%	-1.171	-2.200	NN	NN	NN	NN	NN
60.0%	-0.663	-1.958	NN	-2.445	NN	NN	NN
70.0%	-0.155	-1.958	NN	-1.997	NN	NN	NN
80.0%	0.353	-1.958	-1.570	-1.997	NN	NN	NN
90.0%	0.861	-1.896	-1.389	-1.997	NN	NN	NN
100.0%	1.370	-1.136	-0.478	-1.997	-1.846	-1.114	-2.225

Note: EO= Entrepreneurial orientation; CSR= Corporate Social Responsibility; CI= Competitive Intensity; SA= Strategic agility; SCA= Sustained competitive advantage; and NN = Not Necessary (no observations above the ceiling line).