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Rahman, Md Azzajur

School of Business and Entrepreneurship, Independent University, Bangladesh

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CAN GREEN BUSINESS PRACTICES BE THE SOURCE OF COMPETITIVE ADVANTAGE FOR LEED-CERTIFIED BANGLADESHI RMG COMPANIES?

Md Azzajur Rahman[1*], S M Sohel Rana[1], Tasneem Jahan Tumpa[2]

[1]Department of Marketing, Independent University, Bangladesh

[2]Department of Economics, United International University, Bangladesh

Abstract

Companies across industries seek competitive advantages in many ways. Gaining a competitive advantage through green resources and capabilities, especially for ready-made garment (RMG) companies in major sourcing destinations worldwide, is the new competitive frontier and a means of staying relevant in the intensely competitive fast-fashion industry. The primary objective of this qualitative study is to investigate the relationship between green business practices in RMG factories and their competitive advantage in international markets. It aims to reveal how the green movement, climate change, and sustainability concerns shape the competitive dynamics of the fast-fashion industry. A well-structured thematic analysis is conducted to extract insight from the qualitative secondary data. Major findings emphasize the importance of acquiring green resources and capabilities for RMG companies to remain competitive in the rapidly evolving fast-fashion industry.

Keywords: Green business practices, competitive advantage, sustainability, RMG industry, LEED-accreditation, and strategic capability.

Introduction

The ready-made garments (RMG) industry is the lifeblood of Bangladesh's economy. More than 150 countries import apparel from Bangladesh, and 4,000 factories across the country employ approximately 4 million people, primarily women (BGMEA, 2025). According to the Export Promotion Bureau (2025), almost 84% of the foreign currency ($47 billion in 2023) is generated from this sector alone. In terms of women's empowerment and nation branding abroad, no other industry comes close to the RMG sector. The sustainability of this sector is critically important to Bangladesh's economy, as global competition intensifies. Different dynamics and their savvy execution can give Bangladeshi RMG factories core competencies, alongside their existing low-wage advantage, to dominate their position in the international market. The green revolution is the

* Corresponding Author: Md Azzajur Rahman, E-mail: azzajur@iub.edu.bd

buzzword across the RMG sector. It resonates well with the global movement for climate preparedness, eco-friendly market offerings, and the sustainable development agenda, which serves as a benchmark worldwide. In the era of cutthroat competition, sophisticated customers, the green movement, and hyper-critical media outlets worldwide, sustainable and green business practices are pivotal ways for companies to remain competitive (Esty & Winston, 2009). Taking into consideration the environment, the needs of both present and future generations, and the economy at large, green business practices can help modern corporations gain an edge over competitors and win the hearts of today's well-informed, chameleon customers in many ways. Heading towards sustainable business operations will be the decisive moment for companies in Bangladesh's RMG industry to ensure sustainable profitability.

From a socio-economic perspective, RMG is one of the most important sectors. However, little research has been conducted to address the contemporary sustainability issues in this industry. Therefore, our study surely adds new dimensions to the existing literature on green business practices. Another uniqueness of this study is that it has articulated a strategic direction for ready-made garment companies currently engaged in green business practices and has set examples for those yet to take any green initiatives. This study aims to answer these two research questions:

- Do the factories that follow green business practices get a competitive advantage in the international market?

- Is there any relationship between green business practices and competitive advantage?

Literature Review

Green Business Practices

Green business practices incorporate eco-friendly and sustainable principles across all business functions, from supply chains and manufacturing to operations, marketing, human resource management, and finance, aiming to mitigate environmental impacts and promote circularity through recycling and reuse. Green business practices seek to strike a balance among people, planet, and profit by reducing adverse environmental impacts at the local and global levels, considering the long-term well-being of society, and ensuring sustainable profitability through eco-friendly market offerings that utilize green production processes across the entire value chain (ILO, 2023). Despite allegations of greenwashing, which can mislead customers (UN, 2015), green business practices are revolutionizing industries worldwide.

Green Supply Chain Management: Green supply chain management (GSCM) in the RMG sector involves facilitating all steps of traditional supply chain management while addressing environmental hazards. This practice addresses the environmentally friendly, closed-loop approach to a product's lifespan, from sourcing, designing, manufacturing,

packaging, storing, collaborating with stakeholders, and transporting to disposal at the end of the product's life cycle (Selim, 2018). Firms can ensure green supply chain in practice through green logistics (less fuel consumption and emission by using renewable energy sources and reduced toxic dispersion (DeSimone & Popoff, 2000), green warehousing, reverse logistics, waste management (Sheu, 2008), green transportation, choosing the correct route for product delivery to use less fuel and emission can enhance the probability of gaining a competitive advantage. In Bangladesh, supply chain activities heavily rely on fossil fuels, thereby emitting an alarming amount of carbon dioxide, greenhouse gases, and other harmful gases that can endanger the environment and climate (Sarkar et al., 2020). However, competitive advantage requires businesses to leverage lower emissions and lower pollution for sustainable growth. The GSCM model ensures profitability and captures market share by reducing environmental risks and promoting sustainability (Habib et al., 2020). This practice uplifts organizations' financial performance and helps achieve competitive advantage (Khan & Qianli, 2017).

Green Marketing Management: With the growing demand for integration between business practices and environmental concerns, the concept of green marketing continues to gain ground in the design of sustainable marketing policies (Choudri et al., 2017). A more holistic definition of organic or green marketing emphasizes innovating, promoting, packaging, recycling, and reusing products in an environmentally friendly manner. Previous studies have noted that green marketing is the process by which an organization improves its product offerings, pricing, distribution, and promotion to satisfy customer demand while mitigating adverse environmental impacts (Dangelico & Vocalelli, 2017; Peattie, 2012). In this regard, LealMillan et al. (2018) noted that worldwide environmental awareness has led to positive attitudes toward consumers' buying behavior for green products. Therefore, better segmentation of green consumers based on their psychographic characteristics can facilitate the development of green marketing strategies and help gain a competitive advantage. By going green, a business signals its distinction from others and gains a competitive advantage. Though green marketing may entail additional costs, it delivers tangible commercial benefits and enhances profitability.

Green Operations Management: Green operations include activities that reduce firms' environmental footprint, such as lower energy consumption, eco-friendly sourcing of raw materials, and reduced waste and toxic dispersion. Green manufacturing practices (GMPs) in the RMG industry can reduce the negative environmental impact of production and simultaneously boost profitability (Digalwar et al., 2017). One of the prerequisites for green operations and manufacturing is organic sourcing from a supplier committed to the green concept (Paulraj, 2011). Another significant aspect of green operations is ensuring efficient manufacturing techniques. Green production aims to increase output with fewer resources and lower energy consumption. Green manufacturing strives to minimize soil degradation, air and water pollution, and wastage as much as possible (Gao et al., 2009; Routroy, 2009). In addition, Pal and Gander (2018) found that incorporating sustainable operations can help RMG companies compete in the global fashion industry by creating greater value.

Green Human Resource Management: Green human resource management involves efficiently managing all HR practices to achieve environmental sustainability. It integrates green selection and recruitment, green training and development, green compensation and benefits, green performance management, and green employee relations. It is considered that implementing green business is directly related to an organization's human resource management capability. Green recruitment and selection attract green human capital to a business firm. According to Hatch & Dyer (2004), the embodied knowledge and set of skills turn an employee into human capital. Green human capital comprises the knowledge, skills, and abilities of the workforce, encompassing green attitudes, commitment, sustainable innovation, and green entrepreneurship. Earlier studies found that green human capital and eco-innovation increase green competitive advantage (Astuti & Datrini, 2021; Widiyati & Murwaningsari, 2021), although they might not always have a significantly positive impact (Lastanti & Yvonne, 2022). Generally, green human capital contributes to competitive advantage due to its inimitability, intangibility, and social complexity.

Green Financial Management: Green finance in RMG sectors refers to investment and financing in projects concerned with sustainability and ecological balance. This practice refers to investing in eco-friendly initiatives, such as renewable energy, green technology, recycling, and waste-disposal equipment, within RMG firms. Government financial support (Porter & Linde, 2000), such as tax rebate facilities, subsidies, and feed-in tariffs for power generation (Sarkar et al., 2020) are lucrative return on investment from green finance. RMG firms can also receive a subsidy to enhance R&D and adopt cleaner technologies, which will ultimately produce greener products that will open the door to the global market, where green labels are valued. Therefore, strategic investment in green financial projects is important. According to Nohong et al. (2024), there is a strong association between strategic finance and green competitive advantage. Strategically financing green projects enables the RMG sector to align with global competitors and may help gain a competitive edge.

Strategic Capabilities

Strategic capabilities refer to the individual skills of employees and the unique resources that emerge from the interactions of different actors within the company. Strategic capabilities could emerge within team members, between workers and managers through workplace camaraderie, and between personnel and tangible assets through output optimization. These interactions could be omnipresent across various industries and contingent on the caliber of the individuals who form them (Hall, 1989). All the functional aspects of green business practices—green supply chain management (sustainable sourcing, in-bound and out-bound logistics), green marketing management (eco-friendly products, eco-packaging, eco-labelling, eco-positioning and green brand imagery), green operations management (recycle and reuse, reducing carbon footprint, using renewable energy and conserving and optimizing resources), green HRM (green recruitment and selection, training and development, compensations and benefits) and green financial management (green investment, return on invest and measuring green financial performance)—are the orchestrators behind versatile strategic capabilities that firms seek to acquire. These acquired

capabilities, whether through process buildup or resource creation, confer competitive advantages for firms in international markets. Green capability-building endeavors can drive RMG firms to redefine their ability and compete in the global market.

Competitive Advantage

The green business model for sustainable development determines companies' green competitiveness (Porter, 1991). The paradigm of competitiveness is changing and gradually leaning towards companies that focus on corporate green performance, which incorporates green innovation (Khan et al., 2020), improved products or processes that fulfill customers' quality concerns and environmental performance simultaneously (Yu & Huo, 2019). The race towards sustainability and corporate green performance is accelerating among firms to gain a market edge through green offerings, implementing green processes (Xie et al., 2019), and practicing green management (Li et al., 2018) to mitigate the environmental impacts of business operations. Firms can achieve a competitive advantage by configuring a strategic system developed through a green business model. The strategic system resource is a socially complex network and an interrelationship of tradable and non-tradable factors. The resource-based view of the firms asserts that although a given firm may possess many resources, only those resources that are valuable, rare, inimitable, and non-substitutable provide a sustainable competitive advantage (Barney, 1991). By adopting a green approach, fast-fashion companies can gradually thrive by building new resources and capabilities. The RMG firms that successfully leverage valuable, rare, non-substitutable, and difficult-to-imitate resources are likely to gain an advantage over their competitors in the marketplace, thus ensuring superior profitability (Hitt et. al., 1999).

Methodology

It's a qualitative study and based on secondary data. A thematic analysis is meticulously conducted to develop common themes (Lochmiller, 2021) and to articulate the commonalitRMG firms that successfully leverage valuable, rare, non-substitutable, and difficult-to-imitate resources are likely to gain an advantage over competitors in the marketplace, thereby ensuring superior profitability (Hitt eties of sourcing policies followed by global garment buyers. The validity of the thematic approach has been established by earlier studies in business and management research (Humble & Mozelius, 2022; Simunaniemi & Muhos, 2017).

Data Sources

Secondary data is analyzed for the study. The LEED-certified company's accreditation details were collected from the USGC (2025) official website. Major exporting companies and their details were collected from the Textile Focus website, a specialized textile-oriented news portal. Information on the overall scenario of the RMG industry was gathered from the BGMEA website (2025), the leading trade body representing RMG owners. The sourcing policies of global buyers were collected from their publicly available websites to inform their relevant stakeholders about transparent business practices. Only official sources were considered throughout the data collection process for maximum credibility

and reliability. Extraneous information and unnecessary details were discarded to ensure relevancy with the study at hand.

Qualitative Analysis

Thematic Analysis: It refers to identifying recurring themes and patterns in textual or narrative data (Majumdar, 2022). Presumably, the qualitative research method involves systematically reading and interpreting data to extract meaning and understand different perspectives (Christou, 2022). A thematic analysis is conducted to identify a common theme in the sourcing policies of global buyers, based on publicly available information. The following approaches are followed to discern the desired theme:

- *Familiarization:* Become thoroughly familiar with the data and information on the sourcing policy of global suppliers, especially those who have operations in Bangladesh, often through multiple readings.

- *Categorization and Tabulation:* The sourcing policies of global garment buyers are categorized and tabulated into relevant sections of the data to generate potential themes.

- *Theme Development:* Themes that substantiate the versatile aspects of green business pertinent to the global fashion industry are carefully developed.

Table 1. Steps followed for thematic analysis

Steps	Thematic Analysis	Description
	Familiarization	Orienting with relevant data
	Categorization and Tabulation	Tabulating information into specific sections
	Theme Development	Developing a common theme
	Reviewing Themes	Connecting with research questions
	Defining and Naming Themes	Denoting precise names
	Writing Up	Transcribing findings

- *Reviewing Themes:* Identified themes are carefully crafted and well-defined to establish relevancy with research questions on green business practices in the RMG industry and the dynamics of competitive advantage in the international market.

- *Defining and Naming Themes:* Clearly defining what each theme represents and giving them concise, understandable names such as sustainability, human wellbeing, animal welfare, responsible sourcing, human rights, people's policy, supply chain policy, and protecting the planet—all these address different aspects and outcomes of green business practices.

- *Writing Up:* Presenting the findings, demystifying the identified themes, supporting evidence, interpreting research results to address research questions, and achieving the study objectives.

Rationale Behind Applying the Thematic Approach: Thematic analysis is particularly suitable for its simplicity, fewer prescriptions and procedures. It helps to compare and contrast and to generate unanticipated insights (Braun & Clarke, 2006). In this study, thematic analysis is conducted to summarize a large volume of data on sourcing policies of fast-fashion companies, to follow a well-structured approach to data management, and to report findings in an orderly manner (King, 2004).

Conceptual Framework

The following research framework shows that the exogenous variable, green business practices, has multidimensional measures: green supply chain management, green marketing, green operations, green human resource management, and green finance.

Presumably, these green business practices enhance companies' competitive advantage by building dynamic capabilities, which, in turn, are measured by pollution prevention,

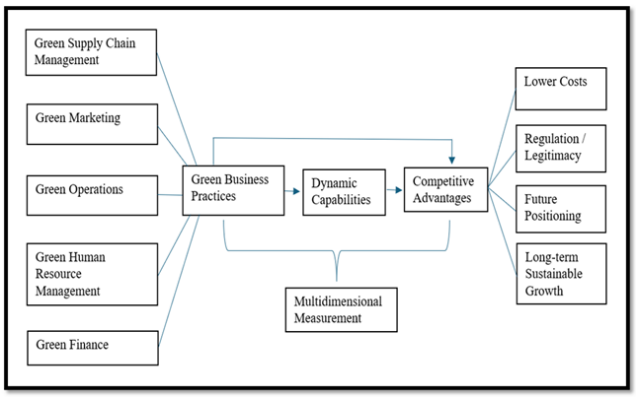


Figure 1. *Conceptual framework*

product stewardship, and sustainable development that entails clean technology and the base of the pyramid. On the other hand, endogenous variable competitive advantages are measured by lower costs, reputation or legitimacy, future positioning, and long-term sustainable growth. The framework also demonstrates that dynamic capabilities mediate between green business practices and competitive advantages. It refers to the idea that green business practices lead to competitive advantage when companies excel at building dynamic capabilities.

This proposed research framework has been extended to align with the study at hand, based on the natural-resource-based view (NRBV) of the firm proposed by Hart (1995). The idea of NRBV itself was an upgrade of the resource-based view (RBV), which ignores the impact of environmental factors necessary for sustaining competitive advantage. The facets of RBV, such as resources (Wernerfelt, 1984; Reed & DeFillippi, 1990; Barney, 1991), capabilities (Prahalad & Hamel, 1990; Ulrich & Lake, 1991), and competitive advantage (Ghemawat,1986; Porter, 1990), are thoroughly studied by researchers over the years. However, NRBV fills the void of the biophysical (natural) environment, which

was previously missing in the firm's competitive success discourse. Later, NRVB was contemporized by incorporating the perspectives of clean technology and BoP (bottom of the pyramid) into strategic capabilities, for a more comprehensive understanding of environmental strategies and to sustain the success of firms in the continuously evolving marketplace.

Analysis And Discussion

One of the largest global hubs for garment manufacturing and affordable sourcing, and the second-largest garment exporter in the world, Bangladesh's ready-made garment (RMG) industry is the driving force of the South Asian emerging economy. In 2023, Bangladesh's RMG exports reached $47.5 billion, which is the second-largest figure after China's substantial $165 billion (BGMEA, 2025). Major markets for Bangladesh's RMG products are the USA, EU, Japan, Canada, and Australia (Bangladesh Bank, 2024). Based on data from the National Board of Revenue (NBR, 2024) and the vernacular daily Prothom Alo (2024), the following table shows the top buyers for the fiscal year 2023-24. This list has been prepared by analyzing and synthesizing nearly 2.1 million export shipments.

Table 2: The top foreign companies purchasing Bangladeshi garments—2023-24

Company Name	**Country of Origin**
H & M	Sweden
Inditex	Spain
Primark	Ireland
Bestseller	Denmark
Marks & Spencer (M&S)	United Kingdom
C&A	Netherlands
Uniqlo	Japan
Kmart	United States of America
LPP	Poland
Next	United Kingdom
Pepco	Poland
Walmart	United States of America

The sourcing policies of these companies are very rigorous. Alongside strict quality control measures, companies in the USA and EU often require sourcing destinations to comply with sustainability standards, human rights, animal rights, ethical business practices, and fair trade across the supply chain. Any violation is tantamount to termination of the business. Continuously increasing pressure from consumer rights groups, human rights groups, animal rights groups, global media houses, regulators, and governments

makes it particularly difficult to avoid responsibility for malpractices in the supply chains of fast-fashion garments. The following table demonstrates the common theme of sourcing policies of top RMG purchasing companies in Bangladesh. This list isn't exhaustive, but it significantly covers the major issues prevalent in sustainable sourcing.

Table 3. Sourcing policy of top RMG products purchasing companies in Bangladesh

No.	Company Name	Common theme of the sourcing policy
1	H & M (2025)	• Sustainability: ✓ Save water ✓ Reduce fossil fuel use ✓ Reduce environmental risk • Animal welfare • Human rights: ✓ OECD Due Diligence Guidelines for Responsible Business Conduct ✓ UN Guiding Principle on Business and Human Rights ✓ Supplier relationships
2	Inditex (2025)	• Culture of sustainability: ✓ Sustainable recruitment • Participation of purchasing team: ✓ Training for purchasing teams on the sustainability of the supply chain • Collaboration with the industry: ✓ Promote best practices in the industry that foster the payment of living wages
3	Primark (2025)	• Sustainability and ethics ✓ Strengthening Clothing Durability ✓ Halving Carbon Footprint ✓ Clothes That Can Be Recycled ✓ Cotton Project: cotton that's organic, recycled, or sourced through profitable farming • Protecting life on the planet: ✓ Promoting biodiversity ✓ Eliminating non-cloth waste ✓ Responsible manufacturing ✓ Eliminate, innovate, circulate • Improving people's lives ✓ Tackle gender-based violence ✓ Improve financial resilience ✓ Empowering women

4	Bestseller (2025)	• Sustainability: ✓ Climate impact ✓ Circular future • Supply chain policy: ✓ Social and environmental sustainability across the supply chain • Forest protection • People's policy: ✓ Promoting diversity, inclusivity and strong values • Packaging policy: ✓ Moving away from plastic and paper-based packaging
5	Marks & Spencer (2025)	• Sustainability: ✓ Net-zero business across the entire value chain • People's policy: ✓ Organizational culture that promotes diversity, inclusivity, personal development and respect • Responsible sourcing and human rights: ✓ Upholding Global Sourcing Principles ✓ Allowing individuals to lead a dignified and independent life, free from abuse and violation
6	C&A (2025)	• Sustainability: ✓ Environmental management ✓ Sustainable chemical management ✓ Climate change and water stewardship • Human welfare: ✓ Labor and human rights ✓ Equity, inclusion and freedom from discrimination ✓ Health and safety ✓ Freedom of association • Animal welfare
7	Uniqlo (2025)	• Sustainability: ✓ Reuse, Recycle ✓ Ethically produced materials ✓ Low carbon footprint ✓ Minimizing environmental impacts ✓ Abolishing fur, feather and merino wool suppliers who source from farmers practicing mulesing • Animal welfare • No human rights violations

8	LPP (2025)	• Sustainability ✓ Decarbonization ✓ Promoting circularity ✓ Recycling and reducing the carbon footprint ✓ Eliminating single-use plastics ✓ More optimized production ✓ Energy-efficient infrastructure • Human welfare: ✓ Appropriate remuneration ✓ No child labor ✓ Freedom of association ✓ Voluntary work ✓ Health and safety standards
9	Next (2025)	• Sustainability approaches: ✓ Measuring climate impacts ✓ Energy efficiency ✓ Distribution efficiency ✓ Waste and recycling ✓ Product lifecycle management ✓ Packaging • Responsible sourcing • Human rights and modern slavery • Community engagement • Trading ethically throughout the supply chain
10	Pepco (2025)	• Sustainability: ✓ Reduce carbon footprint ✓ Use less material ✓ Minimize waste ✓ Use responsibly sourced materials in products • Develop people • Care for colleagues and partners • Practice strong governance

The sourcing policies of global buyers indicate the priority of sustainability. The major themes that emerge from the above table are ethical business practices and the utmost concern for people and the planet. As customers become more sophisticated and compliance with fair trade and ethical business standards becomes the norm, global fashion brands have few choices but to remain relevant by embracing sustainability. Though it is costly to implement, a sustainable endeavor is the only way to contemporize or inevitably differentiate product offerings. Any sustainability effort often calls forth green business practices within the organization to reap the benefits of emerging opportunities in international markets. The recent green revolution in Bangladesh's RMG industry is a timely move to capitalize on these untapped opportunities. A few pioneering companies

have begun going green, and others are following suit. The increasing number of LEED-certified factories in Bangladesh is an indication of the green revolution in this sector. The following chart summarizes the categories of certification levels.

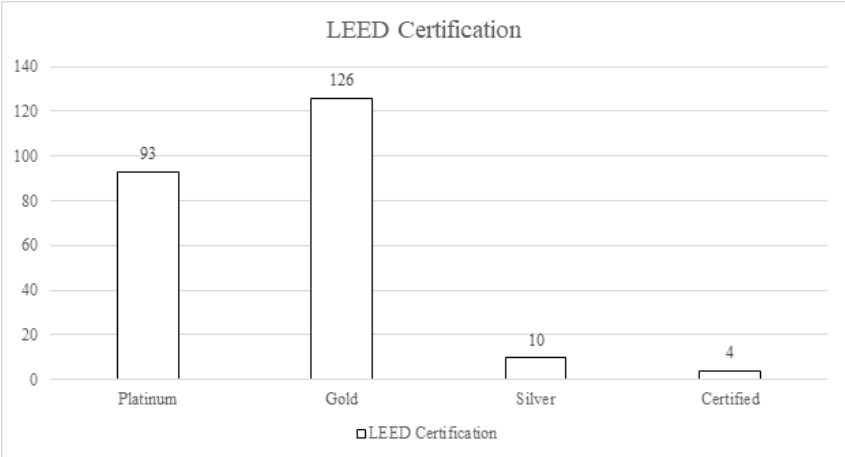


Figure 2: Categories of LEED certification

Platinum certification is the highest level of LEED and requires projects to earn more than 80 points out of 110. Gold is the second-highest level with significant achievement and requires projects to earn between 60 and 79 points. Silver is the third-highest level of recognition for sustainable practices and requires projects to earn between 50 and 59 points. Currently, 55 out of 100 LEED Green Factories worldwide are in Bangladesh. Among them, nine of the top 10 and 18 of the top 20 are located in Bangladesh, indicating a significant leap toward solidifying Bangladesh's reputation as a sustainable RMG manufacturing hub (Dhaka Tribune, 2024). It also indicates the green capacity-building of RMG companies in Bangladesh and their agility to remain competitive. As of January 2025, a total of 233 RMG factories received LEED (Leadership in Energy and Environmental Design) certification from the US Green Building Council (USGBC), a nonprofit organization that promotes sustainability in building design, construction, and operation (Daily Star, 2025). The following figure tabulates a few leading RMG manufacturers located in Bangladesh:

Ha-Meem Group	Masco Industries Limited	Spinning Ltd (Unit-2)
Beximco Apparels Ltd	Asian Apparels Limited	Saadatia Sweaters Ltd
Square Fashions Ltd	Envoy Textile	Executive Greentex Ltd
DBL Group	Plummy Fashion Limited	Ananta Jeanswear Limited
Posh Garments	Amanat Shah Group	Big Boss Corporation Limited
Ananta Group	Sepal Garments Ltd	Aptech Caswier Limited
Basic Shirts Limited	Cotton Field BD Ltd	Euro knit spinn ltd

TM Jeans Limited	Consist Apparels Limited	Eurotex Group
Babylon Casualwear Ltd	Continental Garments Ind. P. Ltd.	Banga Fashion Ltd

Figure 2. Leading RMG factories with LEED certification in Bangladesh

Bangladesh's Progress in green manufacturing is giving companies here an edge over competitors in the international market. It's the leader in the global apparel industry, with a growing number of LEED-certified factories. The leading trade body, Bangladesh Garment Manufacturers and Exporters Association (BGMEA), plays a key role in promoting sustainable practices in the RMG industry. Especially in the aftermath of the Rana Plaza tragedy, one of the world's largest industrial accidents that killed approximately 1200 people in 2013 (Clean Clothes Campaign, 2025), the move towards green manufacturing helps to improve and regain Bangladesh's image and strengthen its position as a responsible global player.

Conclusion

This study addressed the impact of green business practices on the competitive advantage of Bangladeshi RMG companies in the international market, focusing on the rigorous sourcing policies of global garment buyers and their predilection for sustainability. Key findings indicate that Bangladeshi RMG companies that got certification from global sustainability measurement bodies, such as LEED, have an edge over other players in the industry. The compliance these companies follow meets the expectations of the top-notch global buyers and their sourcing policy. From environmental sustainability and climate impact to human rights, animal welfare, ethical business practices, and fair-trade practices, LEED-certified RMG companies are demonstrating better performance and leading the sector by being recognized as a top sourcing destination for global buyers. As Bangladeshi companies hold the most LEED certifications, they have the upper hand over their counterparts in China, Vietnam, India, Indonesia, Cambodia, Turkey, and other RMG-exporting countries. Another notable finding of this study is the alignment of all the company's functional activities, as the purview of green business practices demands a sweeping sustainability impact on the company's operational configuration. Especially in functional areas, the green agenda should be properly implemented to achieve holistic sustainability impact across supply chain, marketing, operations, finance, and human resource management. These findings underline the importance of policymakers pushing RMG companies to go green further to ensure sustainable profitability and a competitive edge. Additionally, this study acknowledges the limitations of numerical analysis of the companies' financial status for a clear understanding of their performance in the international market. At the same time, empirical evidence of how green business practices help build companies' strategic capabilities and ensure competitive advantage could be presented to clarify the causal relationship in future research.

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