

## **The Effect of the Adoption of E-Commerce and Digital Marketing on the Firm and Sustainability Performance of Companies**

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### **Abstract**

This research aims to investigate how e-commerce and digital marketing impact the performance and sustainability of businesses. To test our hypotheses, we collected data from 144 participants employed in small and medium-sized enterprises in Iran. We analyzed this data using Partial Least Squares Structural Equation Modeling (PLS-SEM). Our findings indicate that both e-commerce and digital marketing have a positive and significant influence on firm performance. Additionally, they also have a positive and significant impact on sustainability. Moreover, our results reveal that there is a positive and significant correlation between firm performance and sustainability. This suggests that adopting e-commerce and digital marketing strategies can lead to sustainability, benefiting not only the company's economic growth but also its environmental and social contributions.

**Keywords:** E-Commerce, Digital Marketing, Firm Performance, Sustainability

### **1. Introduction**

E-commerce has been steadily expanding in numerous developed nations, with analysts projecting a potential market penetration increase of up to 25% by 2026 (Taylor, 2019). In today's digital age, e-commerce plays a crucial role in economic landscapes, alongside internet and smartphone technologies ((Abumalloh, Ibrahim, & Nilashi, 2020; Nilashi, Jannach, bin Ibrahim, Esfahani, & Ahmadi, 2016) Guven, 2020; Raharja et al., 2019). Its evolution has yielded profoundly positive impacts on society (Sudiatmika & Purwanti, 2020). As economic globalization and information technology progress, electronic

commerce is increasingly shaping people's lives. It transforms traditional business models, offering expanded marketing channels and reduced operational costs for enterprises. Crucially, it enhances coordination along supply chains and fosters inter-enterprise collaboration (Mata et al., 1995). Compared to traditional models, e-commerce boasts advantages such as streamlined distribution, lower costs, and operational flexibility (Huang & Benyoucef, 2013). While classical theories of the information society may not explicitly address e-commerce, it emerges as a natural consequence of societal information development. In today's context, Information and