

## Development through Competitive and Green marketing strategy: Manufacturing SMEs, operating in Jaffna district

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### Abstract

Small medium enterprises (SMEs) are often the driving forces and backbone for the Nation. The purpose of the study is to examine the impact of marketing strategy on the SME development in Jaffna district. All the owners of manufacturing SMEs in Jaffna district were the population for this study and 302 managers were contacted for data collection. Data were collected by using questionnaires. Random sampling method was applied to select samples for this study. Structural equation method (SEM) was utilized to assess the impact of each dimension marketing strategy on the development of SMEs. Marketing strategy and development model derived from theories and models of earlier researches. The linkage of Marketing strategy with the development was created based on the resourced based and stakeholders underpinning theories. This study identified and confirmed two marketing strategy, namely competitive and green marketing strategy and five dimension of development of SMEs as financial, customer, employee, growth and social development perspectives. Mixed result were identified from the dimension of marketing strategy and development of SMEs. Competitive strategy had significant impact on financial, customer and growth perspective development. Green marketing strategy had significant effect on customer, employee and social development. Green marketing strategy also indirectly effects on financial and growth of SMEs through customer development. This research findings regarding competitive marketing strategy could help mangers of SMEs to gain competitive advantage and development. Green marketing strategy explains managers how this strategy affect directly and indirectly the development of organization. This finding induce the managers of SMEs to apply green marketing strategy to be successive in this competitive world. The paper can help managers in identifying the perspectives of development of SMEs in Jaffna district. This study establish five dimension of development rather than performance only.

**Key words:** competitive marketing strategy, green marketing strategy, development of SMEs

### INTRODUCTION

SMEs is the backbone in any economy through employments generation, contribution to Gross Domestic Product (GDP) embarking innovations and stimulation of other economic activities(ESBA, 2011).SME sector was seriously affected by nearly three decades of separatist war between 1983 and 2009 in Sri Lanka and post war environment contains destruction of infrastructure, poverty, regional imbalance, low income, poor education, psychological effects on society and women headed families.

SMEs in Jaffna district have captured 99% of enterprises, at the same time low and fluctuating gross domestic product (GDP) contribution of NP which displays poor development of SMEs. Pilot study was conducted to identify the problems from 36 SMEs in Jaffna District. The answer from owner of SMEs different 54 problems were identified, in these pool of problems 28 are marketing related problems and 26 are non-marketing related problems. This pilot study displayed that there is huge marketing related problems for SMEs in Jaffna district. Marketing of goods or services is the ultimate objectives and goals of organizations for all types of organizations. Application of proper marketing strategies catch up the sustainable growth and development of organizations. A blend of marketing strategies better deal with environmental challenges and enjoy superior performance in SMEs. Intelligent firms develop their business by applying proper marketing strategies, but impoverished firms fail to do so (Lazer & Culley, 1983). Strategic analysis was conducted on the development of SMEs in the European context (Irina, 2008). Shaw (2012) has created marketing strategy concept commonly for all types of organizations. The strategy configuration analysis related Chinese's SMEs was explored by Tang and Hull (2011). Perera and Wijesinha (2011) suggested that marketing strategies can drive high development of SMEs. Competitive strategy was already empirically tested on financial, customer development and growth of organization (Yan and Chew, 2011). Competitive strategy was not tested on the employee and social development. Green marketing strategy was tested on financial, customer and employee development (Chahal, Dangwal, and Raina, 2014), but not tested on the growth and social development. They also produced mixed result as positive and negative. In addition competitive and green marketing strategies have still not been empirically investigated in the SMEs in the Jaffna district, which is the gap in this study. Therefore, the main aim of this study is to explore what extent competitive and green marketing strategies impact on development of SMEs in Jaffna district.

## **LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

The term SME is denoted as micro, small and medium enterprises (MIC, 2015). Different countries use different definitions for SMEs based on their level of development. The commonly used yardsticks are total number of employees, annual turnover and investment (MIC, 2015). SMEs are also categorized as Manufacturing service and trade.

### **Competitive Marketing Strategy (CMS)**

Porter (1979) explained that organization can achieve competitive advantage over its rivals: cost advantage and differentiation advantage. Further he identified three strategies that businesses can use to tackle competition. They are cost leadership, differentiation strategy and focus strategy. Cost advantage is at a lesser cost, organization provides the product and services as its competitors.

Differentiation advantage is better and differentiated product services offered by organization than its competitors. Focus strategy ideally tries to get businesses to aim at a few target markets and this strategy is often used for smaller businesses since they may not have the appropriate resources or ability to target everyone. Michael Porter's theory of the competitive advantage of nations provides a sophisticated tool for analyzing competitiveness with all its implications. Kotler (2000) explained that promotion is a major competitive tool by inform about products, persuading target audience to purchase by promotions and sell directly to customers

### Green Marketing Strategy (GMS)

Earlier researchers revealed dimension of green marketing strategy, namely, green purchasing, manufacturing, green process, waste disposal and green supply chain (Koner and Cohen, 2001). Green purchase is denoted as the probability and willingness of a person to give preference to products that are having eco-friendly features over other traditional products in their purchase considerations. Green purchasing includes use biodegradable, recyclable materials, contamination-free and green materials, purchase safety certified materials, do not use toxic, harmful ingredients, or indecomposable materials (Wu and Lin, 2016). The green *manufacturing* is use fewer natural resources, reduce pollution and waste, recycle and reuse materials, and moderate emissions in their processes (Wu and Lin, 2016). Green marketing process includes use of cleaner technology, use of ecological materials, urges customers to take environmental actions, the firm selects cleaner transportation method, holds awareness seminars for customers and implement natural environmental programs (Chahal, Dangwal and Raina, 2014). Green supply chain management consists of uses ISO certification on quality, redefines operation and production processes, uses recyclable or reusable containers, requires commitment from senior managers and environmental management systems (Chahal, Dangwal and Raina, 2014).

### Development

Development is the process in which someone or something grows or changes and becomes more advanced (Beard, 2000) and gradual growth of something in organization (Cook, 1998). Ellerby and Taylor (2005) stated that "organization development is aimed at improving organizational effectiveness". Organizational development defined as a planned intervention of change for group, team or organization to improve organization (Taute, and Taute, 2012). According to Bennett and Brodie (1979) indicator of development is the roles a manager takes on performance and effectiveness and success of SMEs. Marin (2002) focus on the identification of the most relevant tendencies in the SMEs sector from the perspective of six indicators considered to be relevant: the number of enterprises, the number of persons employed, the gross value added,

the apparent labor productivity, the rate of profitability and the propensity to invest. Among many dimension of development, financial perspective, customer perspective, people (employee) perspective, growth perspective and social perspectives were considered as major elements for this research. Financial perspective encourages to high-level financial performance as cash flow, total revenue, return on equity, return on assets, leverage ratio and liquidity ratio (Tsai and Chou, 2009; Lavric, 2010). Customer perspective encourages the identification of measures important to our customers as number of new customers, product return rate, customer retention rate, on time delivery, share of important customer purchases, customer satisfaction and ranking by important customers (Yongvanich and Guthrie, 2006). Employees' development was foundation for organization development which includes sustainable job and benefit, worker development, innovation and training and leadership. Worker development emphasis on teamwork and group activities, employee involvement, learning, quality of work life, human resource capacity utilization and productivity (Olaru *et al.*, 2010). Leadership includes employee care, equal and fair treatment, building the confidence and information to employees (Yongvanich and Guthrie, 2006). Growth of organization was indicated by the development of number of branches or sales centers, increased information transfer speed, number of employees, turnover and capital growth, new product introductions, advances in technical, financial, marketing and other field of competence, develop new generation of products and the mentality to face risk (Navickas and Malakauskaite, 2009). Social perspectives is related to benefits for the community, sell products related to the natural, historical and cultural environment, involvement in the community's ecological projects, contribution to the local infrastructure development, education for the community and reducing risk to human health and safety (Prud'homme and Raymond, 2016)

### **Underpinning Theory**

The Resource-Based View (RBV) and resource-advantage (R-A) theory is an economic tool used to determine the strategic resources available to a firm (Barney, Jay, 1991, Hunt and Morgan, 1995). SMEs have unique resources which create comparative advantage by applying competitive marketing strategy and achieve market position. The stakeholder of an organization can be defined as a group or individual who can affect or is affected by the achievement of organizational objectives (Freeman, 1984). Thus, the objective of SMEs should be to balance the competing interests of these stakeholders (Fontaine, Haarman, & Schmid, 2006). In this study competitive marketing strategy of SMEs underpins the resource based and advantage theory and green market strategy of SMEs underpins the stakeholder theory.

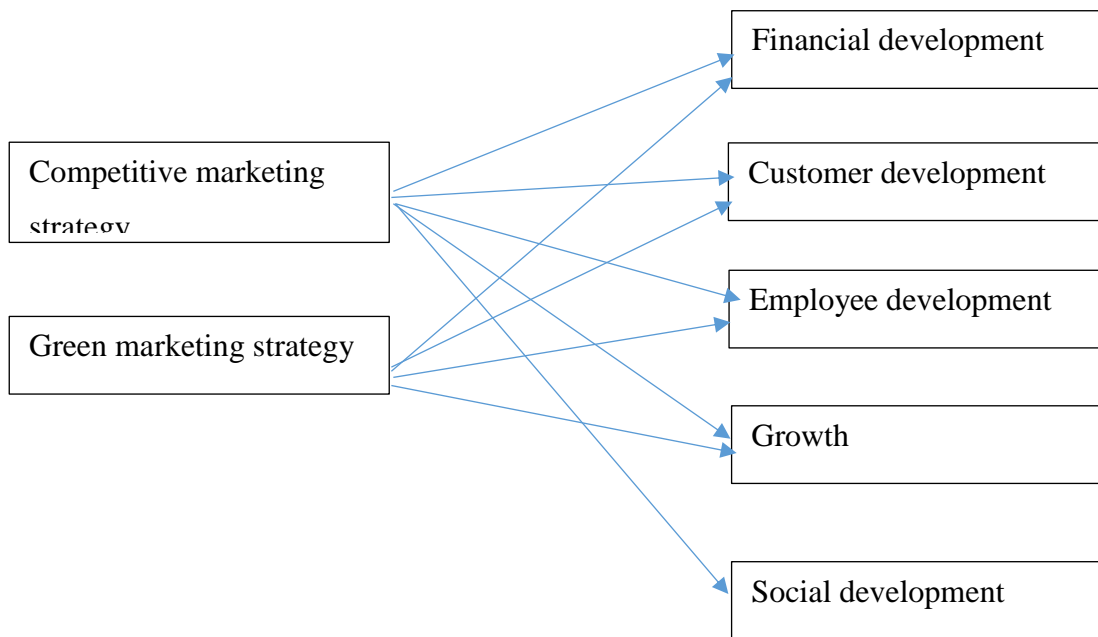


Figure 1: Conceptual model of Competitive and green marketing strategy and Development of SMEs

## Hypotheses Development

### CMS and Development of SMEs:

Gajanayake (2010) diagnosed the impact of marketing strategies on the business growth in Sri Lanka. Pushpakumari & Watanabe (2009) try to empirically investigate the performance differences and business strategy orientation of small and medium sized Enterprises (SMEs) in two Asian economies. Nieminen, Larimo and Springer (2002) explored to analyze market strategies and performance of Western firms active in Eastern Europe (EE). Mutisya Swabra Mumbua (2010) applied competitive strategies for SMEs in Kenya. Yan and Chew (2011) applied competitive marketing strategy for construction SMEs, namely, differentiation and focus strategies. Specially, it appeared that construction SMEs could develop the institution mechanism and adopt new technology and process as important means to achieve competitive advantage and success. The construction SMEs should rely heavily on developing marketing differentiation and focus in order to be sustainable in the industry and to achieve competitive advantage and success. Focusing on a market segment could make a company to gain exclusive experience of the conditions and in turn improves its responsiveness. Thus focus strategy may provide SMEs some potential for creating competitive. Differentiation strategy through ancillary intangibles may prove effective to achieve success for small firms in China.

Based on the a

*H1: CMS impacts on the financial development of manufacturing SMEs in Jaffna district*

*H2: CMS impacts on the customer development of manufacturing SMEs in Jaffna district*

*H3: CMS impacts on the employee development of manufacturing SMEs in Jaffna district*

*H4: CMS impacts on the growth of manufacturing SMEs in Jaffna district*

*H5: CMS impacts on the social development of manufacturing SMEs in Jaffna district*

### **GMS and Development of SMEs:**

Yang *et al.* (2013) exposed environmental marketing strategy effects on market-based assets listed firms in China. Devi Juwaheer *et al.* (2012) analyzed the impact of green marketing strategies on consumer purchasing patterns in various hypermarkets and supermarkets in Mauritius. There is possibility of introducing greener patterns of consumption into contemporary lifestyles in the current context where green products are increasingly available. Wu and Lin (2016) explored the influence of green marketing strategies on business performance by surveying organic farms certified and registered in Taiwan. Yanget *al.* (2013) empirically examined the effect of environmental marketing strategy on market-based assets and the moderating effect of strategic proactivity on the above relationships by using survey data collected from chief executive officers of publicly listed firms in China. Croninet *al.* (2011) explained that green marketing strategies become increasingly more important to firms adhering to a triple-bottom line performance evaluation, it is essential to better understand the role of “green” as a marketing strategy. Hence we propose the following hypotheses:

*H6: Green marketing strategy impact on the financial development of manufacturing SMEs in Jaffna district*

*H7: Green marketing strategy impact on the customer development of manufacturing SMEs in Jaffna district*

*H8: Green marketing strategy impact on the employee development of manufacturing SMEs in Jaffna district*

*H9: Green marketing strategy impact on the growth of manufacturing SMEs in Jaffna district*

*H10: Green marketing strategy impact on the social development of manufacturing SMEs in Jaffna district.*

*H11: Green marketing strategy impact on the financial development of manufacturing SMEs in Jaffna district through customer development.*

*H12: Green marketing strategy impact on the growth of manufacturing SMEs in Jaffna district through customer development.*

### **RESEARCH METHODOLOGY**

Initially the questionnaires were issued to 350 owners of manufacturing SMEs by applying random sampling method operating in Jaffna district, but 302 questionnaires were returned. The items used to

measure competitive marketing strategy and green marketing strategy and their impact on financial development, customer development, employee development, growth and social development were derived from literature review, interviews and discussions with the owners and the subject experts. The studies used in generating items independent and dependent variables are given in table 1. The items generated for variables were based on a five point scale(1=strongly disagree, 5= strongly agree). The finalized instrument comprised 14 items for CMS, 11 items for GMS, six for financial development, five for employee development, 11 item for employee development, six item for growth and six item for social development. The research instrument was finalized after pretesting it using qualitative and quantitative approaches. The content validity of the each items were ensured by the literature, interview with managers of SMEs and open discussion with subject experts. Pretest was conducted on 30 SME owners operating in manufacturing SMEs.

**Table 1: Generation of conceptual model**

<b>Components</b>	<b>studies</b>
CMS	Yan and Chew (2011); Michael Porter (1979); Mutisya Swabra Mumbua (2010)
GMS	Wu and Lin (2016); Chahal, Dangwal and Raina (2014); Croninet <i>al.</i> (2011)
Financial development	Lavric (2010) , Stubblefield <i>et al.</i> (2010) Olaru <i>et al.</i> (2010) , Tsai and Chou (2009), Yang and Xu (2006)
Customer development	Stubblefield Loucks <i>et al.</i> (2010); Olaru <i>et al</i> (2010), Tsai and Chou (2009); Yongvanich and Guthrie (2006)
Employee development	Prud'homme and Raymond (2016); Olaru <i>et al</i> (2010), Stubblefield Loucks, <i>et al.</i> (2010); Yang and Xu (2006)
Growth of SME	Lavric (2010) ; Tsai and Chou (2009); Yang and Xu (2006)
Social development	Olaru, <i>et al.</i> (2010); Yongvanich and Guthrie (2006)

## DATA ANALYSIS

### Reliability Analysis

Reliability is the measure of how consistency a scale will give the same response, if data are collected at different points in time (Hair & Anderson, 2010). The cut-off point of Cronbach's alpha coefficient of a scale should be above 0.7 or 0.5 (Nunnally, 2010).

**Table 2: Reliability scores of construct of the conceptual model**

<b>Construct</b>	<b>Cronbach's alpha Coefficient</b>
Differentiation	0.822
Cost leadership	0.635
Focus	0.800
Promotions	0.622
Green purchasing and manufacturing	0.806
Green process and waste disposal	0.600
Green supply chain	0.603
Financial development	0.872
Customer development	0.871
Sustainable job and benefits	0.613
Worker development	0.834
Leadership	0.656
Growth of SMEs	0.812
Social development	0.784

Overall Cronbach's alpha coefficient for all the constructs is 0.792. This suggests that the internal consistency of every construct was within the acceptable limits. Kaiser (1974) recommends that the



accepted index of KMO & Bartlett's Test of Sphericity should be over 0.5. Also The KMO value is 0.845 with Barlett's test of Sphericity (BTS) co-efficient as chi-square= 1818.7, df=741 and BTS=0.000. Hence, data indicate the suitability and appropriateness.

### Confirmatory Factor Analysis

CFA was performed initially factor-wise on each of the independent and dependent variables(Hair & Anderson, 2010). Both measurement estimates and structural estimates were examined for overall model fitness as recommended by Hair & Anderson (2010).

### First Order CFA Result

CMS has four dimension as differentiation, cost leadership, focus and promotion. Fourteen item were assigned to CMS. Low factor loading (<0.5) of four items were deleted. Balance ten items were moderate to high factor leading (Table 3). Another variable green marketing strategy consists of 11 items, five items were deleted by the low factor loading. Balance six items were moderate to high factor loadings (Table 3). One item from the financial development, two item from customer development, four items from employee development, one from growth and three from social development were deleted by low factor loadings. Balance items were moderate and high factor loadings.

**Table 3: First order CFA result of independent variables**

Items	SRW	Model fit indices
<b>Competitive marketing strategy</b>		<b>Chi-Square=88.417</b>
<i>Differentiation</i>		CMIN/df=2.947
Product quality	0.85	NFI= 0.912
Innovative product features	0.87	CFI=0.968
product customization (tailor-made products)	0.89	RMSEA =0.8
Cultural match	0.86	GFI=0.949
<i>Focus</i>		AGFI=0.906
Selected market	0.88	
Market leadership	0.82	

innovate products/services	0.58	
<b><i>Advertising and promotion</i></b>		
Adequate awareness	0.60	
Adequate promotions	0.71	
Personal selling	0.53	
<b>Green marketing strategy</b>		<b>Chi-Square=7.276</b>
<b><i>Green purchasing and manufacturing</i></b>		CMIN/df=0.909
Use biodegradable recyclable materials	0.882	NFI=0.993
Use natural products	0.857	CFI=0.945
Avoid producing waste matter, wastewater, exhaust gas	0.898	RMSEA =0.3
<b><i>Green supply chain</i></b>		GFI=0.992
commitment from senior managers	0.621	AGFI=0.980
reduce energy consumption	0.888	
greenhouse gas emission and low energy	0.680	

The CFA of CMS had a CMIN/df value of 2.947 and it is below the cutoff point. Also fit indices CFI, GFI, TLI and AGFI were above 0.9. Additionally, RMSEA value was below the cutoff points. These indices suggest a good model approximation to the sample data (Table 3). The CFA of GMS had a CMIN/df value of 0.909 and it is below the cutoff point. Also fit indices CFI, GFI, TLI and AGFI were above 0.9. These indices suggest a good model approximation to the sample data (Table 3).

### **CMS and Financial Development**

The chi-square, CMIN/df, CFI, RMSEA and NFI values for the CMS – financial development model came to be 464.096, 3.73, 0.909, 0.072, 0.890 respectively, showing high model fit (Table 4). The SRW of items lie between 0.508 and 0.894.

**Table 4: SEM result for CMS and Financial Development**

<b>CMS and financial development</b>	<b>SRW</b>	<b>Model fit indices</b>
<b>Competitive marketing strategy</b>		Chi-Square=464.096
<i><b>Differentiation</b></i>		CMIN/df=3.73
Product quality	0.851	NFI= 0.890
Innovative product features	0.873	CFI=0.909
product customization (tailor-made products)	0.894	RMSEA =0.072
Cultural match	0.868	
<i><b>Focus</b></i>		
Selected market	0.881	
Market leadership	0.823	
innovate products/services	0.583	
<i><b>Advertising and promotion</b></i>		
Adequate awareness	0.604	
Adequate promotions	0.711	
Personnel selling	0.538	
<b>Financial Development</b>		
Cash flow	0.805	
Total revenue	0.875	
Return on equity	0.577	
Gross profit	0.551	
Return on assets	0.508	

## CMS and Customer Development

The model values for chi=quare, CMIN/df, CFI, RMSEA and NFI values for the CMS and customer development were recorded as 248.567, 4.361, 0.953, 0.076, 0.94 (Table 5). SRW values were between 0.53 and 0.88 for items of CMS (Table 5).

**Table 5: SEM result for CMS and Customer Development**

<b>CMS and customer development</b>	<b>SRW</b>	<b>Model fit indices</b>
<b>Competitive marketing strategy</b>		Chi-Square=248.567
<i>Differentiation</i>		CMIN/df= 4.361
Product quality	0.85	NFI= 0.94
Innovative product features	0.87	CFI=0.953
product customization (tailor-made products)	0.89	RMSEA =0.076
Cultural match	0.86	
<i>Focus</i>		
Selected market	0.88	
Market leadership	0.82	
innovate products/services	0.58	
<i>Advertising and promotion</i>		
Adequate awareness	0.60	
Adequate promotions	0.71	
Personal selling	0.53	
<b>Customer Development</b>		
Number of new customers	0.86	
Customer retention rate	0.77	

Customer satisfaction through on time delivery	0.80	
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### CMS and Growth of SMEs

The CMS and employee development model indicated that the items were significantly contributing as the SRW was quite acceptable as per the threshold criteria (Table 6).

**Table 6: SEM result for CMS and Growth of SMEs**

CMS and Growth of SMEs	SRW	Model fit indices
Competitive marketing strategy		
Growth of SMEs		Chi-Square=276.946
Increased of branches or sales centers	0.856	CMIN/df= 3.258
Number of employees	0.873	NFI= 0.913
Turnover	0.791	CFI=0.937
Capital growth	0.779	RMSEA =0.077
New product introductions	0.790	

### CMS with employee development and social development

The model of CMS with employee development and social development indicated that the items were not significantly contributing as the SRW was not met the threshold value.

### GMS and Customer Development

The chi-square, CMIN/df, CFI, RMSEA and NFI values for the GMS – financial development model came to be 51.014, 2.2126, 0.987, 0.061, and 0.975 respectively, showing high model fit. The SRW of items lie between 0.621 and 0.882 indicating that all items are significant predictors.

**Table 7: SEM result for GMS and customer development**

Items	SRW	Model fit indices
<b>Green marketing strategy</b>		<b>Chi-Square=51.014</b>
<b><i>Green purchasing and manufacturing</i></b>		CMIN/df=2.126
Use biodegradable recyclable materials	0.882	NFI=0.975
Use natural products	0.857	CFI=0.987
Avoid producing waste matter, wastewater, exhaust gas	0.748	RMSEA =0.061
<b><i>Green supply chain</i></b>		GFI=0.966
Commitment from senior managers	0.621	AGFI=0.936
Reduce energy consumption	0.828	
Greenhouse gas emission and low energy	0.680	
<b>Customer Development</b>		
Number of new customers	0.812	
Customer retention rate	0.845	
Customer satisfaction through on time delivery	0.627	

### **GMS and Employee Development**

The model values for chi=quare, CMIN/df, CFI, RMSEA and NFI values for the GMS and employee development were recorded as 241.563, 4.558, 0.889, 0.078, 0.943 (Table 8). All SRW values were between 0.513 and 0.862 for items of GMS.

**Table 8: SEM result for GMS and Employee development**

Items	SRW	Model fit indices
Employee development		Chi-Square=241.563
Worker development and training		CMIN/df= 4.558

employee involvement,	0.742	NFI=0.943
productivity	0.813	CFI=0.889
promoting to constructive group/ team work	0.862	RMSEA =0.078
developing multi-skilled and new method by initial and continuous training	0.800	GFI=0.966
<b>Leadership</b>		AGFI=0.936
employee care	0.564	
equal and fair treatment,	0.807	
building the confidence	0.513	

### GMS and Social Development

The GMS and employee development model indicated that the items were significantly contributing as the SRW was quite acceptable as per the threshold criteria (Table 9).

**Table 9: SEM result for GMS and Social Development**

Items	SRW	Model fit indices
<b>Social development</b>		Chi-Square= 57
Sell products related to the natural, historical and cultural environment	0.524	CMIN/df= 2.375
The education for the community	0.795	NFI=0.969
Reducing risks to human health and safety	0.864	CFI=0.882
		RMSEA =0.068
		GFI=0.959
		AGFI=0.922

## GMS with Financial Development and Growth

The model of GMS with employee development and social development indicated that the items were not significantly contributing as the SRW was not met the threshold value. In addition the model of GMS indirectly contributing to the financial and growth through the customer development (Table 10). Financial and growth of SMEs were not affected by GMS ( $r^2 = 0.325$  respectively, insignificant 0.474). GMS has significant effect on the customer development (0.553, 0.000) and customer development significantly impacts on financial development (0.357, 0.032). So there is full mediation of customer development between the green marketing strategy and financial development and hypothesis 11 was accepted. Customer development has significant impact on the growth of SMEs (0.427, 0.012). There is also full mediation between green marketing strategy and growth of SMEs hypothesis 12 was accepted.

**Table 10: Indirect result of SME for GMS and Financial Development and Growth**

Items	SRW	Sig.
Green marketing strategy and financial development	0.172	0.474
Green marketing strategy and customer development	0.553	0.000
Customer development and financial development	0.357	0.032
Green marketing strategy and growth	0.202	0.325
Green marketing strategy and customer development	0.553	0.000
Customer development and growth	0.427	0.012

## RESULT OF HYPOTHESES TESTING

The study show that competitive marketing strategy has a significant and positive impact on financial development (0.757), customer (0.653) and growth (0.525) of SMEs (Table 11). Green marketing strategy has directly impact on the customer development, employee development and social development and indirectly impact on financial development and growth through customer development.



**Table 11: Hypotheses testing**

<b>Hypotheses</b>	<b>SRW</b>	<b>Sig.</b>	<b>Conclusion</b>
H1: competitive strategy impact on the financial development of manufacturing SMEs in Jaffna district	0.757	0.000	Accepted
H2: competitive strategy impact on the customer development of manufacturing SMEs in Jaffna district	0.653	0.001	Accepted
H3: competitive strategy impact on the employee development of manufacturing SMEs in Jaffna district	0.284	0.245	Rejected
H4: competitive strategy impact on the growth of manufacturing SMEs in Jaffna district	0.525	0.000	Accepted
H5: competitive strategy impact on the social development of manufacturing SMEs in Jaffna district	0.102	0.321	Rejected
H6: Green marketing strategy impact on the financial development of manufacturing SMEs in Jaffna district	0.160	0.474	Rejected
H7: Green marketing strategy impact on the customer development of manufacturing SMEs in Jaffna district	0.544	0.000	Accepted
H8: Green marketing strategy impact on the employee development of manufacturing SMEs in Jaffna district	0.794	0.021	Accepted
H9: Green marketing strategy impact on the growth of manufacturing SMEs in Jaffna district	0.199	0.325	Rejected
H10: Green marketing strategy impact on the social development of manufacturing SMEs in Jaffna district	0.448	0.000	Accepted

## **DISCUSSION AND IMPLICATION**

The present study considered owners/ managers of the SMEs(Manufacturing) operating in Jaffna district. The study is undertaken on competitive and green marketing strategy on the development of SMEs. The findings confirm the three dimensions of CMSconstruct. Unlike the dimension construct

of earlier studies and theories (Yan and Chew, 2011; Porter, 1979), this study established three appropriate dimensions of CMS, namely, differentiation, focus and promotions. These dimensions are quite significant in the context of manufacturing SMEs. The differentiation consists of four items, out of which high contribution is done by quality, innovative features, product customization and culture match. The SMEs try to produce quality products, most of their products are handmade with innovative features, SMEs directly communicate with customers and fulfill the needs of customer, and consider their culture to produce the products. Second factor loaded moderate contribution, namely, focus strategy consists of three items as selected market, market leadership and innovative products for selected market. SMEs consist of 90% of micro business. Most of the micro producers focus on a selected market, produce innovative and unique products for that selected market and try to access the market leadership in the selected market. Another dimension of promotion includes that SMEs advertise to create awareness and induce to purchase, promote and induce customer to purchase and have personnel selling to sell their products. SMEs do not use cost leadership strategy as its contribution is below average, that is, SMEs haven't low prices by high cost of production, have high operating cost, don't use latest technology in operation. Further under factor of differentiation, SMEs haven't complex and imitated products, easily they can be copied by others, so this item has low contribution. CMA has significant positive impact on the financial, customer and growth of SMEs. So the study establishes that firms can induce the development through adopting CMS. Over all strong contribution of CMS is on financial and growth of SMEs and moderate impact of CMS on customer development. The result indicates that the firms that adopt the phenomena of competitive marketing in their activities can ultimately develop the SMEs.

This present study considered GMS with three dimensions for Manufacturing SMEs. This study focused on three dimensions, namely green purchasing and manufacturing, green process and waste disposal, and green supply chain, these are gathered from earlier studies (Wu and Lin, 2016, Chahal, Dangwal and Raina, 2014). Two dimensions are quite significant, namely green purchasing and manufacturing and green supply chain. SMEs urge to use biodegradable recyclable materials, use natural resources, avoid to produce waste matter, water and exhaust gas, reduce energy consumption, maintain green gas emission and low energy consumption and manager have higher commitment towards the greener productions. Use of bio\_degradable recyclable material and use of natural product have high contribution, this means SMEs use environmental friendly raw materials as much as possible. Commitment from SMEs' managers for green productions is average contribution, further reduce energy consumption, avoid for producing waste matter, waste matters and exhaust gas, reduce energy consumption and greenhouse gas emission is also average contribution by SMEs. GMS has significant impact on customer development, employee development and social development. Further GMS has indirectly impact on financial development and growth of SME through the customer

development. This study reveals that SMEs induce their development through adopting environmentally friendly marketing strategy (Koner and Cohen, 2001; Wu and Lin, 2016). There is strong positive impact of GMS on customer and employee development and moderate impact on the social development. From overall perspective there is strong contribution of CMS and GMS on the development dimensions.

## Implications

National and international competitions for SMEs creates challenging environment in Jaffna district. Measuring CMS is considered to manage these competitive pressure of SMEs. Our study findings have implications for theory development of SMEs and practice. GMD is considered one of today's pressing issues for manufacturing SMEs both globally and as nationally. GMO is a key approach in the comprehensive development of the organizations and important strategies for manufacturing SMEs. SMEs associate green concerns in the purchasing manufacturing and delivery and supply of goods. As Earlier researches (Chahal, Dangwal and Raina, 2014; Koner and Cohen, 2001) stressed this study establish firm must take an initiative to understand the role of green marketing strategy and its long run impact on the development and the society. The SMEs efforts in the CMS are established in the study but cost leadership can be successful by limited resource capacity of SMEs. GMS adoptive for SMEs, at the same time SMEs unable to adopt green process because unable to use of cleaner technology and urges customers to take create. In the case of recycle and reuse of unwanted industrial products and substances, government must create infrastructure to adopt green perspectives for SMEs.

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