

Impact of Strategic and Tactical Green Marketing Orientation on SMEs Performance

Mukesh Kumar Mishra¹, Dibyendu Choudhury², K. S. Venu Gopal Rao¹

¹Department of Marketing & Strategy, IBS Hyderabad (A Constituent of the ICFAI Foundation of Higher Education), Hyderabad, India

²National Institute for Micro, Small and Medium Enterprises (ni-msme), Hyderabad, India
Email: mukes h26672@gmail.com, dibchoudhury@gmail.com, ksvg.rao@gmail.com

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Abstract

The objective of this paper is to examine the impact of tactical green marketing orientation (TGMO) and strategic green marketing orientation (SGMO) on small & medium scale enterprises (SMEs) performance and environmental performance. This study uses data from owners/managers from different Industry Associations and clusters in the SMEs domain in South India and uses a two-step approach for data analysis. In the first step, a measurement model was used to assess the validity and reliability of the measures, and then in the second step structural model was used to test the proposed hypotheses. The results indicate that tactical green marketing orientation impacts firm performance. To author's knowledge, this paper is unique in the terms of finding impacts of TGMO and SGMO on firm performance and environmental performance.

Keywords

Strategic Green Marketing Orientation (SGMO), Tactical Green Marketing Orientation (TGMO), SMEs Performance, Environmental Performance

1. Introduction

Although the green marketing thought has progressed since 1960s and early 1970s with extending stress over the impact of use and patterns of production on nature [1]; in any case, it has gotten enormous attention from late 1980s with a development in the component of green consumerism [2]. Until today, the concept has not been grounded broadly. Lee [3] remarked that the enterprises which at first conveyed green products were not productive in their undertakings. Ob-

liged availability, confined handiness features and surprising expenses were seen to be noteworthy clarifications behind the mistake of such products [4]. These reasons diminished the enthusiasm for green concept following which green marketing thought lost some undeniable quality in the discourse [5]. Misleading advertisements, false promises, uncertain labels, and irregular performance further elevated the confusion among consumers, which reason a reducing quantity of green merchandise launched. This state of affairs is labelled as “greenwashing”. Pilai *et al.* [6] suggested that “greenwashing” is a situation in which corporations claim that a product is environmentally-friendly products, but in actuality the product does now not perform as it promised.

A short time later, enterprises again ventured up to the plate and started producing green products yet in the wake of reasoning about cautious research on four P’s (Product, Price, Place and Promotions). Ottman [7] argued that such enterprises underscore unmistakable confirmation of the possibility of customer wants for product, price and the marketing approach that helps in the straightforwardness of accessibility of the product. Further, investigators, for instance, Grant [4] and Peattie and Crane [8] argued that for enterprises to set up a green picture they need to publicize closeness and must endeavor research to appreciate and to show their customers to build brands, products and services that are environmental pleasant. The thought later reached out to consolidate environment-friendly activities just as activities which are sound, useful, enabling, priceless and perfect for the stake holders preferred standpoint of the accomplices. In this particular situation, Lee [9] in his research highlighted the need to recognize the enterprise practices that will diminish negative sustainability impacts. Saxena and Khandelwal [10], stated that green economy is a profitable zone that consists of green products, natural agriculture, renewable energy, green technology and natural resources, which recommend that marketer should catch this chance in order to gain competitive advantage. Hence, according to Hasan *et al.* 2015 [11], many industries are adopting green enterprise strategy to make certain sustainable growth which encompasses the green attribute in their business operation. Gurau and Ranchhod [12] also complemented the need to check exhibiting techniques using factors, for instance, determinants of green strategy. In this way, there is a need to look for research on the green orientation strategies to associate the enduring investigation gap that exists between marketer’s Strategic green marketing orientation (SGMO) and customers concern, and genuine acquiring [13]. Despite the ubiquity of green/environmental narratives in the advertising and marketing literature remarkably few empirical researches guide groups to combine and operationalize green advertising and marketing in everyday enterprise exercise [14] [15]. Consequently, green marketing fails to achieve its possibilities for improving the quality of existence for consumers, neither offered advantages for the ecosystem [16].

Green management is an enterprise recreation to make inputs (raw materials and auxiliaries) into outputs (goods and services) by prioritizing the balance and

synergy between economic, social, and environmental benefits [17]. Therefore, it is critical to find out about green management models for SMEs—beginning from finding out the input (green input), processing of raw materials (green process), processing inputs into output (green output), distributing and promoting items and services (green marketing), as well as the application of government rules and public recognition for SME performance improvement [17]. It is anticipated that green management can help enterprises to not solely expand profits, but additionally to do their social responsibility to the community and to preserve environmental sustainability.

Globally, India is ranked third for carbon emissions subsequent to China and United States ([18] and its emissions have been heightened with 5.1% fee [19]; Among emerging economies, India has witnessed an increasing growth rate, and SMEs are the spine of Indian economy [20]. SMEs contribute about 45% in the country's manufacturing outputs, 40% of exports, and 17% of GDP, which is predicted to reach 22% in 2020 [21] [22]. In the last few years, power prices, pollution, and global warming have been notably increasing in India alongside with the strict implementation of environmental associated policies and regulations [23]. Both "Make in India" and "National Manufacturing Competitiveness Programme" are aiding SMEs to make India as the world's largest manufacturer [24]. Papadas *et al.* (2017) [14] developed a scale related to strategic green marketing orientation (SGMO) and Tactical green marketing orientation (TGMO). Very few researches have been done about impact of TGMO and SGMO on SMEs firm performance and environmental performance. The purpose of this study is to examine the impact of TGMO and SGMO on SMEs performance and environmental performance.

1.1. Green Marketing

Green marketing was first presented by Lazer [25] as a societal component of marketing that tends to limited accessibility of ecological assets, natural effects of ordinary marketing and greening of the various parts of customary marketing. Kotler and Armstrong [26] characterize green marketing as "marketing that meets the present needs of customers and enterprises while additionally safeguarding or improving the capacity of future generations to address their issues".

The idea of green marketing is advanced from the customary marketing idea since 1980s ([8]. As indicated by Prakash [27], connection between marketing disciplines and common habitat is significantly important as enterprises see it as an open door that can be utilized to accomplish their goals. This relationship has been depicted by numerous terms: that is, environmental marketing [28], ecological marketing [29] [30], green marketing [2] [7] [31] [32] [33], sustainable and feasible marketing [34] and greener marketing [35].

Polonsky [16] stated that green advertising and marketing contains product modification, adjustments to the production method and process, packaging and enhancing advertising. Juwaheer, Pudaruth, & Noyaux [36] advocated that tre-

mendous green marketing strategy have to be in addition developed on green branding, packaging, labelling and marketing to create demand for the green products. Chamorro & Bañegil [37] stated that the goal of the green marketing is to lessen the impact on the natural surroundings throughout the technique of planning and implementations of products or services, price, place and promotion and Mourad & Ahmed [38] points out that the aim for green marketing is to create profit and preserve the social responsibility.

Despite the omnipresence of green/natural stories in the marketing writing surprisingly couple of experimental examinations control enterprises to coordinate and operationalize green marketing in ordinary and common business practices [15]. Global money related emergencies, post-Brexit challenges and a moving corporate social obligation scene [39] [40] are pushing economic advancement to the fore, and directors perceive the need to operationalize green marketing all through the enterprises, and incorporate maintainability with the execution of their people, products and services [41]. Enterprises that execute all-encompassing ecological techniques send a solid message to their stakeholders that they perceive the business dangers and importance of the present natural difficulties, show care for society and the biological system, yet in addition comprehend green marketing as an internal and external opportunities [42] that can achieve low costs, extra benefits, advantages through differentiation, and business advancement and development [43] [44].

Marketing administration writing admirably perceives the key significance of client maintenance and long haul client relationship to accomplish marketing performance [45]. Combining maintainability considerations in marketing, otherwise called green marketing, is talked about as one of the compelling methodologies in such manner [46] [47].

1.2. Green Marketing Orientation

Cronin *et al.* [13] stated that when an enterprise tries to achieve the desires of an organization, there are a range of opportunities by way of which businesses can pursue green strategies to address the wants of the a variety of stakeholder groups. Three foremost kinds of green strategies mentioned in the marketing literature encompass green innovation, greening the technique and green alliances. Previous green marketing research [37] [48] recognizes three columns that are central tenets of the control, to be specific strategic green marketing, tactical green marketing and inner green marketing. In any case, shockingly few empirical researches give an integrative structure that offers an entire authoritative way to deal with the green marketing idea. Observational proof exhibits the presence of multidimensional ways to deal with green marketing just as execution connected results [49] [50].

Strategic orientations refer to “the strategic instructions implemented via a company to create the appropriate behaviours for the continuous gold standard performance of the business” [51]. Environmental orientation being a new strategic course for green-oriented firms, acts as an splendid lens to recognize the

relationship between eco innovation and enterprise overall performance as enterprise operations that underpin innovation decision-making and activities are driven by means of corresponding orientations [52]. Papadas *et al.* [14] summarize the pertinent literature and conceptualize strategic green marketing orientation (SGMO) as the extent to which an enterprise integrates the environmental essential in its strategic marketing decisions. Banerjee [53] states such reconciliation of green qualities into the enterprises corporate methodology is a reaction to those that challenge the conventional marketing introduction of expanded deals and benefit amplification [54] [55]. Partner joining is additionally basic to an enterprise's dimension of green marketing rehearses. For instance, production network partners, for example, customers require their merchants to receive proactive ecological methodology to improve their natural execution [56]. Corporate clients likewise require their providers to exhibit formal affirmation of their consistence with fitting ecological guidelines [57]. Environmental proactivity helps that orientation when you consider that adopting environmental protection strategies that go beyond felony compliance is a widespread step [58].

Tactical Green Marketing Orientation (TGMO) includes momentary activities that change the customary marketing blend into a greener one [14]. This measurement incorporates item related choices to lessen the natural impression [59]. When it comes to product buying decision, buying green merchandise is similar to buying any other products, in which buyers are involved in an information-seeking method to acquire product knowledge, statistics on the ingredients, as nicely as their effects on the surroundings [60]. This further influences their purchase decisions, enabling them to make the proper choices, and develops their willingness to pay extra for inexperienced products [61] when it comes to promote the inexperienced method for strategic use advancement apparatuses that decrease the negative natural effect of the company's marketing interchanges and convey products' ecological advantages [55]; activities to improve natural execution in the inventory network [56] and balanced valuing arrangements for green products [62]. Such strategies offer adaptability to firms trying to secure or profit the regular habitat by saving vitality as well as lessening contamination [7].

In Product strategy, green marketing focused strategies incorporate naturally capable bundling and fixings; recyclable or reusable substance; reconsideration of the item life-cycle and sustainable power source [13] [63]. Green packaging is an essential aspect not only because it is intently associated to the different aspects of the price chain however additionally because it has a direct effect on the surroundings [64]. Green packaging practices consist of easy packaging, biodegradability, removing immoderate packaging, use of paper wrappings, decreased quantity of polystyrene, handy disassembly and use of simplified packaging substances [65] [66]. Progressively it implies the reception of a roundabout economy introduction to keep up the estimation of products, materials and assets for whatever length of time that conceivable [67]. New item advancement requires a considerable refocus to improve the ecological execution of an item as opposed

to just presenting restorative changes [31]. Naturally cognizant valuing methodology can utilize value situating that mirrors an item's biological fixings, gifts to ecologically dependable enterprises, and special estimating strategies that draw in end-clients to help green activities [44] [68]. It is important for marketers to discover market segments in which customers are extra worried about the environment and are greater inclined to buy green merchandise even at a greater fee [60]. Consumers' demographics, their stage of earnings and purchase power are major elements that have an effect on their fee sensitivity and willingness to buy green merchandise [69] [70]. Different methodologies include systems, for example, life-cycle costing (to reflect support to-grave manageability impacts), carbon balance valuing and aggressive evaluating [71] [72].

Green distribution is a vital undertaking that influences the overall performance of a green supply chain. Green distribution consists of all activities to reduce/eliminate environmental damages and wastes at some point of shipment [73]. The gasoline consumed by the vehicle transporting the product, frequency of transportation operations, distance to the customers and packaging traits (weight, structure and material) has an effect on the overall performance of green distribution [64]. In conveyance programs, ecological endeavors incorporate working with naturally dependable channel accomplices to distinguish decrease and reuse/repurposing openings, and urging end clients to return recyclable materials [63]. It incorporates the turnaround inventory network approach (support to-support) to recuperate the item's greatest conceivable esteem [74]. These natural strategies requiring providers and wholesalers to co-make a greener store network can lessen the ecological effect of the company's circulation technique [56].

Advancement is essential to TGMO as the improvement and usage of effective green systems relies on great correspondences [75]. People are more sensitive to the prospect of loss than to the prospect of gain and, thus, have an enhanced tendency to keep away from losses than acquire positive aspects [76]. Special systems can convey ecological sponsorships, natural driven item adjustments and unmistakable ecological activities [77]. Belz and Peattie [78] propose that online life, web journals and sites can upgrade this correspondence by participating in immediate, open discourse about green products and benefits, and teach buyers with transparency, trade and legitimacy. This infers enterprises need to think about the amount to move their correspondence from print to online to catch new and key crowds (Kotler, 2011) [46].

1.3. SMEs and Green Marketing Orientation

Where bigger firms, frequently global endeavours, have been building up the abilities expected to accomplish the triple primary concern in the course of the most recent decades, little and medium-sized ventures (SMEs) regularly do not have the information, mastery, aptitudes, fund and HR to roll out the ideal improvements inside enterprises [79]. Likewise, it is usually seen that the methodologies are barely engaged to explicit highlights of the creation procedure or

the item when the SMEs endeavored to change. Therefore, SMEs frequently have a restricted view on the course of future development and will in general handle green issues in a specially appointed way [79]. With a little example of Italian enterprises, Azzone [80] discover the quirks of the little firms' assets. These incorporate absence of money related assets to relegate to green activities, the capacity of adapting its very own enterprises from outer upgrades, and the nonappearance of an authoritative unit uniquely went for overseeing ecological issues. In a comparative vein, with an extensive example of Korean businesses, Lee [3] distinguishes a present development of SMEs in green administration: SMEs are moving from a command and control way to deal with a market and rivalry approach in executing green management. SMEs in particular green-oriented SMEs, have the doable for "triggering economic development by the exploitation of emerging green business opportunities" [81].

2. Hypothesis Development

In previous studies, (Papadas *et al.*, 2017) [14], has develop construct for SGMO and TGMO and found impact of SGMO and TGMO on marketing performance. (Amegbe *et al.*, 2017) [79], found impact of green orientation on performance of SMEs. This paper is unique in the term of previous paper because, this paper objective is to find impact of SGMO and TGMO on sales performance as well as environmental performance in the context of SMEs.

Unlocking the relationship between enterprise environmental strategy and firm competitiveness is paramount for modern-day enterprise researchers, policy makers and practitioners [82]. A green financial system that is low carbon, aid environment-friendly and socially inclusive is also the aim of the United Nations Environment Programme (UNEP, 2011) [83]. Despite calling for radical, holistic strategies past mere technological fixes and product innovation [84] [85] there remains a perceived but unresolved anxiety between green marketing and competitive advantage [86].

Stanwick and Stanwick [87] examined the relationship between environmental disclosure and economic overall performance in surprisingly large companies. The consequences exhibit that organizations are classified as having excessive monetary overall performance have a higher relation to coverage and/or description of environmental commitment than those labeled as low performers. Companies labeled as having intermediate economic performance have the absolute best incidence of corporate environmental insurance policies and/or descriptions of their environmental commitments. Handoko [88] observed that green management has a terrible impact on financial performance, however now not significant. Purnomo and Widianingsih (2012) [89] examined the relationship between environmental orientation and financial performance of enterprises in Indonesia. The result indicates that environmental overall performance has a high-quality impact on monetary performance. Furthermore, Mutaminah and Siyatimah) [90] found that most Batik organizations in Central Java have utilized green management for green input, green process, green marketing, and

green ICT. Green management is demonstrated to improve economic performance and market performance.

Thus we propose

H1: Environment Strategic Green Marketing Orientation (SGMO) directly impacts SMEs performance.

H2: Strategic Green Marketing Orientation (SGMO) directly impacts Environment performance.

H3: Tactical Green Marketing Orientation (SGMO) directly impacts SMEs performance.

H4: Tactical Green Marketing Orientation (SGMO) directly impacts Environment performance (**Figure 1**).

3. Research Methodology

Data was collected using a pre-tested questionnaire from owners/managers from different Industry Associations and clusters in the SMEs domain in South India. The total sample size was 595, of which 501 completed questionnaires. Only 492 of these were usable, resulting in a response rate of around 82%, which is regarded as satisfactory for a survey of this type [91]. 9 responses were not usable because their responses are very casual (**Table 1**).

3.1. Data Analysis and Results

Table 2 presents the Descriptive analysis of SMEs identified for this study. 492 SME Enterprises participated. The sample consisted of 220 (40.73%), Electronics 107 (21.7%), Information and Communication 129 (26.2%) and Pharmaceutical and medical services 36 (7.3%)

Following Anderson and Gerbing's [92] recommendation, a two-step approach for data analysis was utilized. In the first step, a measurement model was used to assess the validity and reliability of the measures. Then in the second step structural model was used to test the proposed hypotheses.

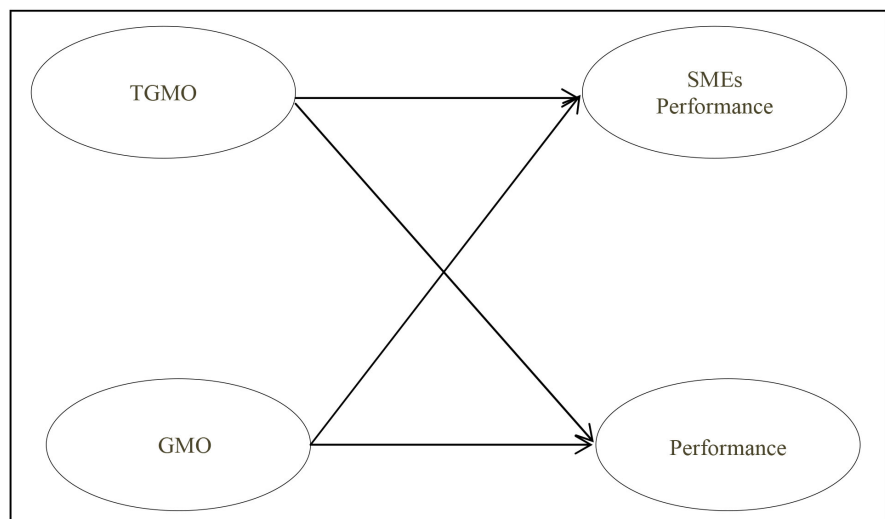


Figure 1. Proposed research model.

Table 1. Measurement instruments.

Construct	Item
Tactical green marketing orientation (Papadas <i>et al.</i> 2017)	We encourage the use of e-commerce, because it is more eco-friendly.
	We prefer digital communication methods for promoting our products/services, because it is more eco-friendly.
	We apply a paperless policy in our procurement where possible.
	We use recycled or reusable materials in our products/services.
	We absorb the extra cost of an environmental product/service.
	We invest in low-carbon technologies for our production processes.
Strategic green marketing orientation (Papadas <i>et al.</i> 2017)	We use specific environmental policy for selecting our partners.
	We invest in R&D programs in order to create environmentally friendly products/services.
	We make efforts to use renewable energy sources for our products/services.
SMEs Performance (Sadiku-dushi <i>et al.</i> 2019)	Among other target markets, we also target to environmentally-conscious consumers.
	My firm is usually satisfied with sale growth.
	My firm is usually satisfied with market share growth.
	My firm is usually satisfied with return on sales.
	My firm is usually satisfied with net profit margins.
Environmental performance (Zhu <i>et al.</i> , 2008)	My firm is usually satisfied with gross profit margins.
	Reduction of air emissions.
	Reduction of effluent waste.
	Reduction of solid wastes.
	Decrease in consumption for hazardous/harmful/toxic materials.
	Decrease in frequency for environmental accidents.

Table 2. Descriptive analysis.

Type of Industry	Count	%
Manufacturing	220	44.7
Electronics	107	21.7
Information and communication	129	26.2
Pharmaceutical and medical services	36	7.3

3.2. Measurement Model: Reliability and Validity

The measurement model indicated an acceptable model-fit of the data ($\chi^2 = 327.514$, $df = 168$; $\chi^2/df = 1.949$; GFI = 0.941; AGFI = 0.926; TLI = 0.941; IFI = 0.948; NFI = 0.899; and RMR = 0.049) [92]. In addition, all the indicators loaded significantly on the latent constructs. The values of the fit indices indicate a reasonable fit for the measurement model with data [93]. For the assessment of scale reliability, we have estimated the Cronbach alpha (α) value. [94] Have em-

phasized that the reliability coefficient above 0.70 demonstrates adequate reliability. As shown in **Table 3**, all constructs have adequate reliability coefficients of greater than 0.70. Thus, these four constructs hold good reliability coefficients (see **Table 3**). While Cronbach alpha is an estimate of construct reliability, Fornell and Larcker [95] have emphasized the reliability of each measurement item (indicator). Squared multiple correlations (SMC) is a measure to estimate indicator reliability. As mentioned in **Table 3**, all SMC values are also greater than the suggested cut-off of [96].

3.3. Measurement: Reliability of Items and Constructs

Table 3. Reliability of items and constructs.

Construct	Item	λ	SMC	α	CR	AVE
Tactical Green Marketing Orientation	V1	0.791	0.63	0.755	0.79	0.36
	V2	0.681	0.46			
	V3	0.635	0.40			
	V4	0.6	0.36			
	V5	0.564	0.32			
Strategic Green Marketing Orientation	V1	0.849	0.72	0.962	0.96	0.68
	V2	0.902	0.81			
	V3	0.926	0.86			
	V4	0.919	0.84			
	V5	0.907	0.82			
SMEs Performance	V1	0.9	0.81	0.952	0.95	0.78
	V2	0.885	0.78			
	V3	0.891	0.79			
	V4	0.893	0.80			
	V5	0.898	0.81			
Environment Performance	V1	0.895	0.80	0.752	0.89	0.72
	V2	0.783	0.61			
	V3	0.745	0.56			
	V4	0.743	0.55			
	V5	0.732	0.54			

Note (Abbreviation): S.D. = Standard Deviation, λ = Standardized Factor Loading, SMC = Squared Multiple Correlation, CR = Composite Reliability, α = Cronbach Alpha, AVE = Average Variance Explained.

3.4. Convergent Validity

Convergent validity is defined as the degree to which items of measurement instrument correlate with items in the measurement instrument that are intended to measure the same construct. Hair *et al.* [94] suggested three criteria to ensure convergent validity: standardized factor loading of each individual indicator should be greater than 0.50, the average variance explained value for each con-

struct should be greater than 0.50, and composite reliability (CR) value for each construct should be greater than 0.70. As shown in **Table 3**, identified factor structure (*i.e.* the measurement model) satisfies all three requirements. Therefore, this measurement model shows adequate convergent validity.

3.5. Discriminant Validity

Discriminant validity was assessed by comparing the Average Variance Explained (AVE) with the corresponding inter-construct squared correlation estimates [95]. As shown in **Table 3**, the AVE values of all the factors are greater than the inter-construct correlations, which support the discriminant validity of the constructs. Thus, the measurement model has adequate reliability and construct validity.

4. Structural Model: Estimation of Research Hypotheses

Given the acceptable convergent validity and discriminant validity, the estimation of structural relationships then constitutes an assessment of hypothesized theoretical relationships. The structural model also fitted well with data ($\chi^2 = 327.514$, $df = 168$; $\chi^2/df = 1.949$; GFI = 0.941; AGFI = 0.926; TLI = 0.941; IFI = 0.948; NFI = 0.899; and RMR = 0.049) Thus, all model fit indices met the acceptable threshold value of indices for model fit suggested by Anderson and Gerbing [92].

5. Results and Discussion

The results of the study indicate that tactical green marketing orientation impacts firm performance (H1: $\beta = 0.270$, $p < 0.001$) (**Table 4**). As the concept of tactical green marketing orientation is widely used in e-commerce, digital communication and framing of a paperless policy [14], we observe that by adopting these initiatives, efficiency of a firm is enhanced resulting in superior firm performance. Firms are moving towards greater budget allocation towards digital platforms as a long term strategy leading to lesser usage of conventional material such as paper and plastic, synthetic material to name a few. These initiatives lead to lower costs as well as reducing the intensity of environmental pollution which used to happen as a result of conventional outdoor marketing communication platforms such as banners, wall paintings etc. This argument is supported by Luo and Bhattacharya [97], who are of the view that firms can increase the positive gains or the performance by adopting environmentally friendly marketing strategies.

Table 4. Results of hypothesis testing.

Hypothesis	Hypothesized Relationship	Path Coefficient	p-value	Result
H1	TGMO \rightarrow SMEs Performance	0.270	<0.000	Supported
H2	TGMO \rightarrow Environmental Performance	0.254	0.322	Not Supported
H3	SGMO \rightarrow SMEs Performance	-0.191	0.155	Not Supported
H4	SGMO \rightarrow Environmental Performance	-0.469	0.375	Not Supported

When it comes to environmental performance tactical green marketing orientation is having little impact (H2: $\beta = 0.254$, Not supported). In a developing country such as India, SMEs tend to have lower degree of environmental awareness which does not permit from relating to the ill effects of air emissions and solid waste effluents being released into the environment, in other words, reduced green orientation. We believe that government has a crucial role to play in creating general awareness and create the necessary ecosystems to train manpower in SMEs specifically in ways and means of reducing pollutants, emission, solid and liquid effluents. These initiatives will be a direct help in creating an ecofriendly environment.

When it comes to the strategic marketing orientation, SMEs do not find the required incentives to invest money in R&D Programs to create environmental friendly products or to invest in low carbon technologies for production processes. They feel that investing money for green initiatives decreases firm performance both top-line as well as bottom-line. Further, entrepreneurs/managers working in SMEs are not as visionary as big firms to relate their strategic orientation with environmental performance.

Over all, there is a big role that is expected of any Government to design a policy aimed at educating and training SMEs professional about ecological balance; however SMEs needs to contribute to it and entice with the idea of green marketing orientation to improve the firm performance and environment performance.

6. Limitations and Future Scope of Study

The study was conducted among SMEs located in southern India although they are present in all regions of the country. Generalization of the findings could be easy when the sample is chosen in all major regions. Given the high importance of green initiatives and the impending consequences of not adopting proactive initiatives it is imperative that the study is extended to other categories of organizations such as Medium sized/large industries to have better understanding the impact of strategic green marketing orientation and environmental performance.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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