Effects of green marketing strategy on firm financial performance. The moderating role of government policy

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Abstract: The present study follows two main theories - stakeholder and resource-based view - in order to understand the relationships of green marketing strategy and firm performance, and evaluate the moderating role of government policy in this interconnection. The paper aims to explore effects of green marketing mix strategy to overall performance and financial performance of firms using the case of car dealers in Jordan. To meet this aim, the present research collects data from 386 green car dealers in Jordan. The study performed structural equation modelling (SEM). The research has found that the effects of size, education, experience, product, distribution, physical evidence, process on the firm overall performance and the effects of age, product, and promotion on the firm financial performance are significant and positive. The analysis has found that government policy has a moderating effect on the influence of education and green marketing strategy on the firm overall performance.

1. Introduction

The competitive environment of the market is becoming dynamic in the modern era with the concern of increased need for sustainable environment; as the result firms seek to find how the green marketing strategy influence, beneficently or dangerously, to their performance (Leonidou, Katsikeas, & Morgan., 2013a). The ever increasing concern of the common man, rigidity in regulations and policies, and the intensity of the need created by the stakeholders have made the decision makers to bring the green issues in consideration while setting business strategies (Leonidou et al., 2013a; Hult, 2011). Even though green products and services have been received great attention of consumers and executives have started considering the green marketing strategies, there is a little attention while documenting their empirical implications (Kotler, 2011; Luchs, Naylor, Irwin, & Raghunathan, 2010; Cronin, Smith, Gleim, Ramirez, & Martinez, 2011). The impact of adopting green marketing still remains lees understood among the executives and strategists of organizations (Chabowski, Mena, & Gonzalez-Padron, 2011; Leonidou et al., 2013a; Leonidou, Leonidou, Fotiadis, & Zeriti, 2013b).

Not only the professionals but also the academics have been paying increased attention to the issues related to sustainable (green) environment for more than four decades, since the issue of sustainable environment raised first time. The foreseeable grievances motivated consumers, common people and the government to compel organizations to adopt pro-environmental practices (Leonidouu et al., 2013b). There has been number of empirical investigations towards the separating lines between the biophysical environment and the business firms (Leonidou & Leonidou, 2011). Studying the existing literature in the field of green marketing still reveals a wide gap in the research addressing critical issues (Cronin et al., 2011).

The corporate strategist concentrates more on green issues due to the elevating concern of public regarding environmental issues. The pro-environmental concern has attraction for corporate strategist, however, little attention of academia results lack of knowledge about sustainable green marketing among executives (Leonidou et al., 2013a). One way to increase the demand for particular products of a company is to advertise what they have adopted regarding the green marketing strategy and showing the public their pro-environmental behavior (Raska & Shaw, 2012; Cronin et al., 2011).

The paper aims to explore effects of green marketing mix strategy to overall performance and financial performance of firms using the case of car dealers in Jordan. The need for the research over the creation of clean, vitality proficient and green automobile is unavoidable to reduce the dependence on fossil fuels and help decreasing the carbon dioxide emission. Therefore, more investigation is required on the topic of green marketing, especially regarding logistics.

The structure of this paper is as follows. Section 2 presents the theoretical background and a review of previous studies. Section 3 discusses the data and methodology. Section 4 summarizes the empirical results. Section 5 offers discussion of results. Section 6 provides policy implications and further research prospects. The article ends with the sections outlining the research limitations and the conclusion.

2. Literature review

The resource-based view (RBV) theory indicates that the adoption of competitive strategies enables firms not only to reduce cost, but also to seize market opportunities, gain competitive advantages which later contribute to enhanced firm performance (Barney, 1991). According to Newbert (2008), firm performance is viewed in terms of a firm's financial worth, which is the output from the effective use of the firm's resources and capabilities. While firms can compete either based on similar cost or by lowering their cost, the key is to make it sure that the benefits provided are at least the same. Either way firms will still benefit competitive advantages which subsequently increase firm performance (Newbert, 2008).

The implementation of the RBV within the automobile industries was employed in Garay & Font's (2012) research. Their studies employed the RBV to depict how pro-environmental initiatives can positively affect firm performance. Leonidou et al. (2013b) also employed the RBV to illustrate the positive impacts that green marketing strategy have on firm performance. Their studies discovered that inimitable environmentally responsible firm resources and capabilities serve as a good platform to develop new strategies, which can in return positively affect a firm's performance.

Though it is evident that adopting green strategies lead to better firms' performance, the Jordanian car dealers need to consider relevant matters such as the firm's green knowledge, the varieties of green vehicles and its prices, and the availability of infrastructure which support the use of green vehicles. Moreover, firms also need to take into account the experiences they possess in the green auto industry. The education and expertise of managers in terms of dealing with green cars are also important. Therefore, the resources and capabilities to develop the most appropriate green marketing strategies are most essential for car dealers in Jordan.

The stakeholder theory further acknowledges that organizational pressure is not the only key determinant that affects a firm's strategic planning and decision-making; the direction and decision of a firm is also influenced by its stakeholders (Freeman, 1984). According to Mitchell, Agle, & Wood (1997), the insistence and the legal rights of stakeholders' supremacy do have a major effect on the way manager behaves. Henriques & Sadorsky (1999) show that the managers of environmentally proactive firms are more committed than managers of environmentally reactive firm. When managers successfully attain a steady equilibrium of decisions and government policies, they become more effective and creative (Majumdar & Marcus, 2001). They are then able to identify what are the products and resources that are required to implement green marketing strategies.

Firm size and firm performance

Numerous studies regarding the relationship of firm size and performance depicts that the more the capacity of the firm, the more the chances of profitability (Mishra & Suar, 2010; Salim & Yadav, 2012). Waddock & Graves (1997) note that the firm size measured as the number of employees influence firm performance. Kirca, Hult, Roth, Cavusgil, Perryy et al. (2011) argue that firm's size is the indication of resource base and has a positive association with the productivity and profitability.

We suggest, therefore, the following hypotheses:

H1a: *Firm size has a positive relation with firm overall performance*
H1b: *Firm size has a positive relation with financial performance*

Firm age and firm performance

Older firms in the industry tend to perform better due to their experience in the particular industry and their reputation in the market. In comparison, the relatively new firms tend to fail or perform under the average industry level due to their newness in the industry and less experience in the related business (Kirca et al., 2011). The measure for the firm age is taken as the years since the firm has been established (Ismail et al., 2013).

We suggest the following hypotheses:

H2a: *Firm age has a positive relation with firm overall performance*
H2b: *Firm age has a positive relation with firm financial performance*

Educational level of managers and firm performance

Higher education level is the measure of the executives' skills in business management and of the ability to comprehend the situation and have more ways to handle the day-to-day

business situations. Moreover, the knowledge of mathematics and communication are the required skills for the managers to ensure qualified analysis and reporting based on certain calculation. More educated and qualified personnel in organization tend to achieve firm's objective in an effective and efficient manner and, therefore, lead to the higher organizational performance.

Rody & Stearns (2013) claim importance of education as the more qualified managers tend to be capable of processing the information in better way and, moreover, they are capable to differentiate and choose between the alternatives. Furthermore, firm performance and qualification of executives are positively correlated (Inmyxai & Takahashi, 2009).

In this connection, we suggest the following hypotheses:

H3a: *Managers education level and firm performance have a positive relationship.*
H3b: *Managers education level and firm performance have a positive relationship.*

Experience of managers and financial performance

Managers having long tenures in the industry tend to have more knowledge and creativity, which ultimately lead to innovation and increased firm performance. These managers are the human capital of the firm, and their knowledge is the firm asset supplementing the part of firm resources. Long tenures of managers in the industry are advantageous to them in a sense that they have better networking with key stakeholders. According to Lin (1998), experienced managers have skills to make decision in a better way, choose between the best alternatives, and anticipate the market movement in the best way. The firms with better human capital in relation with their financial resources tend to have better performance (Rody & Streans, 2013). Firms with more experienced executives have better performance due to skilled and expert managers' efficient decision making qualities (Reuber & Fischer, 1999).

This leads to hypothesize the following:

H4a: *The experience of a manager tends to enhance overall firm performance*
H4b: *The experience of a manager tends to enhance financial performance*

Green marketing strategy and firm performance

A concept pertaining to strategy adopted by organizations achieving the organizational objectives related to the strategy and strategic finance, in particular reducing the negative impact on the environmental sustainability. There is consistency with the point of view that there should be one to one correspondence between each marketing strategy and the impact it will have over the environmental sustainability (Dahlstro, 2011). Camino (2007), Wanjohi, Gachoka, Kihoro, & Ogutu (2013), Leonidou et al. (2013a) argue that green marketing strategy positively affects firm performance.

The receiving of green marketing strategy affects the general showcasing process. As a result, the elements of green processes are incorporated into the entire marketing mix. According to Fraj, Martinez, & Matute (2009), such efforts improve a firm's reputation and image. Ensuring that stakeholders are concerned about for green products helps firms to prevent the boycotts, shifting environmentally conscious customers to another

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product. As such, this inhibits unnecessary adverse publicities (Menon, Menon, Chowdhury, & Jankovich, 1999).

Firms can achieve bigger gathering of buyers and expands their market share (Baker & Sinkula, 2005). Adopting green promoting strategy improves clients' fulfillments and expands clients' loyalty (Fraj et al., 2009). The adopting of green marketing strategy not only positively affects customer's perception, but it also addresses consumers' concern on the issue of sustainability (Fraj et al., 2009).

This leads to suggest the following hypothesis:

H5: *Green marketing strategy has a positive influence on overall firm performance*

According to Russo & Fouts (1997), forging good relationship with necessary parties may possibly benefit the firms economically in terms of lower regulation and environmental compliance costs. Firms also benefit from reduced environmental liabilities risks, which can be obtained by limiting potential legal costs and reducing unnecessary capital cost (Christmann, 2004). In the case where environmental matters are of particular concern to the employees of a firm, the implementation of green marketing strategy supports the employee self-determination and efficacy (Menon et al., 1999; Peng & Lin, 2008). Menon et al. (1999) claim that the implementation of green marketing strategy enables firms increasing sales, particularly because green products are usually priced at the higher end.

This leads to suggest the following hypothesis:

H6: *A positive influence exists between green marketing strategy and financial performance.*

Green product

These days green products have been the point of great significance due to the increased concern over the global environmental issues. By producing and selling the green products firms promote their pro environmental brand images to the customers and other stakeholders (Lee & Huang, 2011). Several studies indicate a positive significant impact of using the greener products by the firms on their firm performance (Leonidou et al., 2013a, 2013b; LeCren & Ozanne, 2011).

This leads to postulate the following hypotheses:

H5.1: *Green products have positive relation with overall firm performance.*
H6.1: *Green products have positive relation with financial performance.*

Green price

Green pricing is defined as pricing practice related to the costs incurred in terms of economy or environment while doing the marketing of green products and simultaneously increasing the customer value and a reasonable profitability for the firm (Martin & Schouten, 2012). Leonidou et al. (2013a) find significant impact of the effective green pricing strategy to the overall firm performance. Leonidou et al. (2013b) and Mathur & Mathur (2000) find the positive impact on firms which adopt the green price strategy compare with other firms that using traditional price strategy.

This leads to suggest the following hypotheses:

H5.2: *Green price and overall firm performance relate positively.*
H6.2: *Green price and financial performance relate positively.*

Green distribution

Green distribution is defined as the proper managing of distribution channels which minimalize environmental issues (Arseculeratne & Yazdanifard, 2014). The damage to the sustainable environment is mostly occurred while distribution. Henceforth, organizations need to put into operation safety provisions on the transport of manufactured goods (Arseculeratne & Yazdanifard, 2014). Leonidou et al. (2013a, 2013b) provide sufficient evidence that green distribution positively affects a firm performance.

Our research states the following hypotheses:

H5.3: *Green distribution and overall firm performance relate significantly.*
H6.3: *Green distribution and financial performance relate significantly.*

Green promotion

Dahlstrom (2011) argues that green marketing should consider promotional efforts and strategies for environmentally friendly products. Leonidou et al. (2013a) show in their conceptual model that promotional strategies positively influence on the competitive advantage of firms, market performance and financial performance.

Accordingly, we hypothesise:

H5.4: *Green promotion and overall firm performance relate positively.*
H6.4: *Green promotion and financial performance relate positively.*

Green physical evidence

Many researchers recognize (see e. g. Leonidou et al., 2013a, 2013b; Arseculeratne & Yazdanifard, 2014) recognize that green physical evidence is a part of components of extended green marketing mix. Clients require solid data on the green products to take care of and avoid ecological issues. The physical confirmation is a green procedure and it is a component of green promoting system. Larashati, Hudrasyah, & Chandra (2012) show that physical evidence does influence to willingness to buy environmentally friendly beauty products.

Accordingly, we hypothesise:

H5.5: *Green physical evidence and overall firm performance relate positively.*
H6.5: *Green physical evidence and financial performance relate positively.*

Green people / employees

The people working in an organization using green communication strategy for selling their respective green product are green employees (Solvalier, 2010). The employees having the adequate education regarding green behavior promote the activities regarding

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green marketing and green corporate culture (Solvalier, 2010).The people involved to the provision of green services should have green mindset and behavior (Larashati, Hudrasyah, & Chandra, 2012).

Accordingly, we hypothesise:

H5.6: *Green people and overall firm performance relate positively.*
H6.6: *Green people and financial performance relate positively.*

Green process

Green process represents another important part of the green marketing mix and describes how the services are delivered to customers.

We hypothesise the following:

H5.7: *Green process and overall firm performance relate positively.*
H6.7: *Green process and financial performance relate positively.*

Moderating role of government policy

Kotler (2011) argues that government can play a positive role to push the companies to bear the burden of negative externalities, although creating complex political issues. Government policies are one of the most significant forms of organisational pressure (Kassinis & Vafeas, 2006). Government policies play an important role that can either encourage or discourage firms from adopting green marketing strategy.

We hypothesise the following:

H7a: *Government policy has moderating role in the relationship between Size and overall firm performance*
H8a: *Government policy has moderating role the relationship between Age and overall firm performance*
H9a: *Government policy has moderating role the relationship between Education and overall firm performance*
H10a: *Government policy has moderating role relationship between Experience and overall firm performance*
H7b: *Government policy has moderating role the relationship between Size and financial performance*
H8b: *Government policy has moderating role the relationship between Age and financial performance*
H9b: *Government policy has moderating role the relationship between Education and financial performance*
H10b: *Government policy has moderating role the relationship between Experience and financial performance*
H11a: *Government policy moderates the effect of green marketing strategy on overall firm performance.*
H11b: *Government policy moderates the effect of green marketing strategy on financial performance*

3. Data and methodology

This study employs the purposive sampling technique. The use of purposive sampling in this study is parallel to Patton's (2002) logical reasoning to obtain in-depth and meaningful information by purposefully selecting the most suitable sample.

The research population comprises the green car dealers that are operating in Jordan. The sample included 417 green car dealers. Jordanian car dealers have more exposure towards green issues relative to the other sectors. Our study selected only car dealers who possess the knowledge or experience in green cars businesses. To prevent sampling bias, a total of 417 questionnaires were distributed to green car dealers in Jordan. However, after removing incomplete questionnaires, only 386 questionnaires were used.

To collect the relevant data a comprehensive data collection instrument was needed. In the case of this study, such questionnaire was developed on basis of the foundation postulated by Synodinos (2003).

The scales for the sub-constructs of green marketing (Table 1) are adopted from the study done by Leonidou et al. (2013a; 2013b), Fraj et al. (2011). The variables regarding the company characteristics enlist firm size, age, ownership pattern, level of education and level of expertise as mentioned by Mishra & Suar (2010), Ismail et al. (2013), Rody & Stearns (2013). The moderating variable in the conceptual framework of the study is the government policy (Abdullah & Hussin, 2010). The measurement of firm performance is based on the scales used by Leonidou et al. (2013b), while the measurement of firms' financial performance is based on the scales used by (Zhou & Wu, 2014).

FIGURE 1. RESEARCH HYPOTHESES IN RESEARCH MODEL 1

Source: Prepared by Authors.
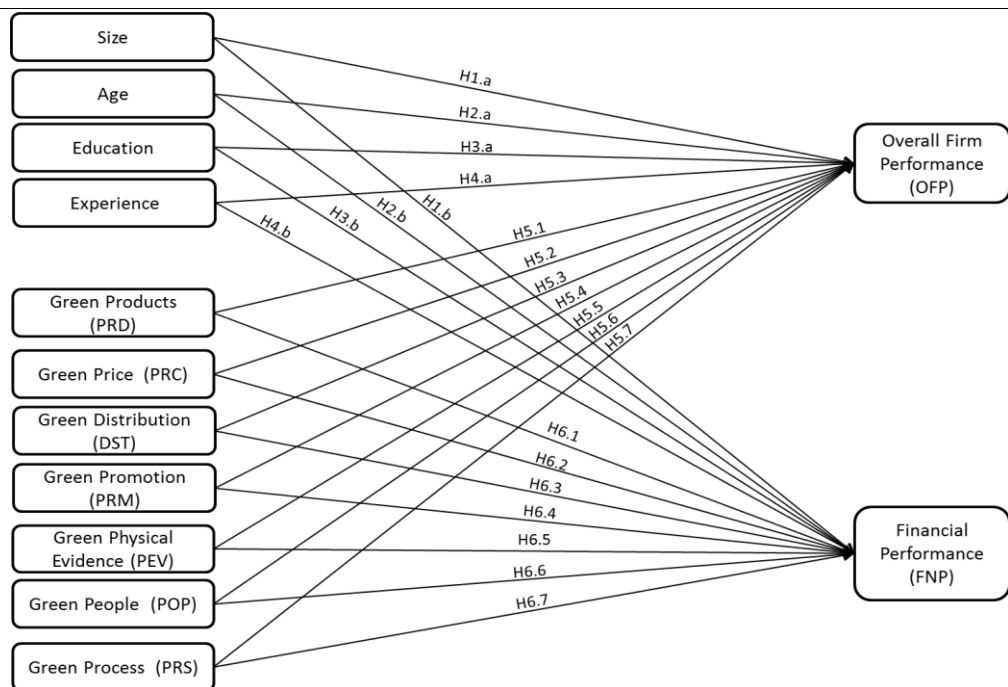
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FIGURE 2. RESEARCH HYPOTHESES IN RESEARCH MODEL 2
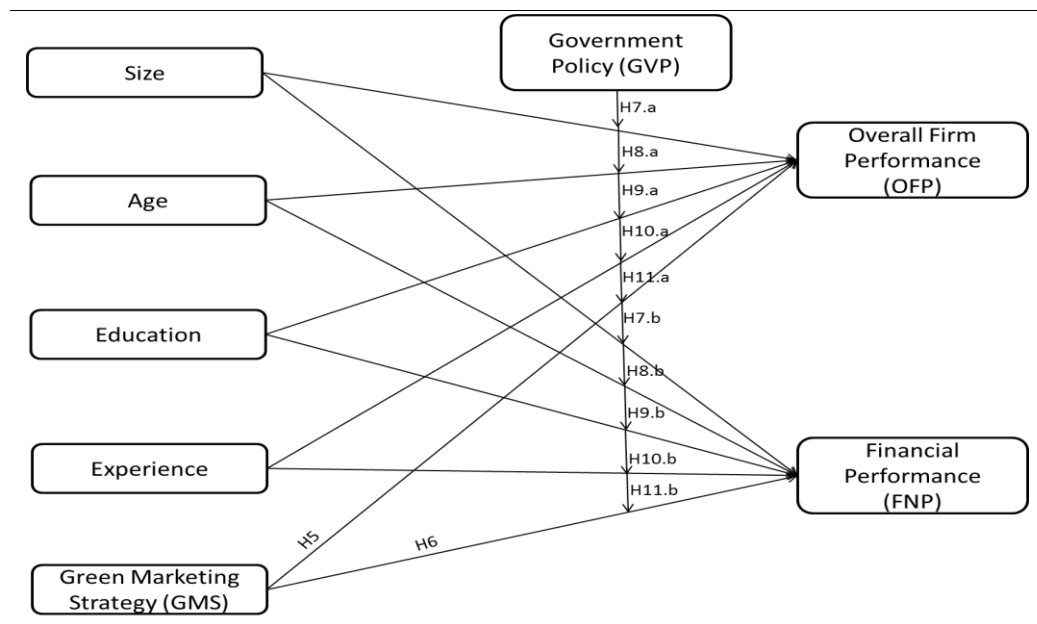
Source: Prepared by Authors.

As the model is trying to check multiple relationships simultaneously, SEM (structure equation modeling) is the best way to analyze the data. The gathered data was analyzed using AMOS version 20. The hierarchy of analysis of this study contains: the relationships among two firm characteristics dimensions, two ownership structure dimensions, seven dimensions regarding the broad green marketing strategy.

TABLE 1. MEASUREMENT DIMENSIONS FOR GREEN MARKETING MIX

STUDIES	INSTRUMENT	DIMENSIONS
Mishra & Suar, 2010	*FIRM SIZE*	- Number of employees - Total assets
Ismail et al., 2013	*FIRM AGE*	- Number of years since the establishment of the firm
Rody & Stearns, 2013	*EDUCATION*	- Years of formal education
Rody & Stearns, 2013	*EXPERIENCE*	- Years of actual experience in green marketing
Leonidou et al., 2013a, 2013b; Fraj et al., 2011	*GREEN PRODUCT*	- Selling the green vehicles - Modify the sales decisions - Priority to offering green vehicles - Level of sales of green vehicles
Leonidou et al., 2013a, 2013b; Fraj et al., 2011	*GREEN PRICE*	- Environmental compliance costs - Cost savings - Competitive prices - Charge higher prices for non-green vehicles
Leonidou et al., 2013a, 2013b; Fraj et al., 2011	*GREEN DISTRIBUTION*	- Suppliers and strategic partners - Channel members - Distributors - Environmental responsibility - Re-usable containers in logistics

TABLE 1. MEASUREMENT DIMENSIONS FOR GREEN MARKETING MIX

STUDIES	INSTRUMENT	DIMENSIONS
Leonidou et al., 2013a, 2013b; Fraj et al., 2011	*GREEN PROMOTION*	- Environmental preservation - Environmental efforts - Uses ecological arguments - Environmental initiatives - Green branding - Special promotions to purchase green vehicles
Leonidou et al., 2013b; Fraj et al., 2011	*GREEN PEOPLE*	- Training on environmental issues - Rewards green employees - Green educate - Participate in environmental awareness - Awareness of the green vehicles
Leonidou et al., 2013b; Fraj et al., 2011	*GREEN PROCESS*	- Collaboration with customer in environmental protection - Collaboration in improving environmental standards and practices
Leonidou et al., 2013b; Fraj et al., 2011	*GREEN PHYSICAL EVIDENCE*	- Energy saving practices - Water saving practices - Waste management practices - Uses renewable sources 5-Uses green decoration - Uses environmentally friendly furniture - Uses green renewable sources of energy - Uses green clothes - Uses green certification (such as ISO 14001)
Leonidou et al., 2013b	*FINANCIAL PERFORMANCE*	- Profit rate - Return on investment - Sales amount - Sales volume - Return on assets - Market share - Return on sales
Leonidou et al., 2013b	*NON-FINANCIAL PERFORMANCE*	- Reputation - Customer satisfaction - Customer loyalty - Product quality offered - Retaining existing customers - Rate of acquiring new customers - Rate of increasing sales from existing customers
Zhou and Wu, 2014	*FINANCIAL PERFORMANCE*	- The number of green and non-green cars sold from 2010 to 2014
Abdullah & Hussin, 2010	*GOVERNMENT POLICY*	- Tax incentives - Government regulations - Business policy

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Our study develops two research models (Figures 1 and 2) which show the relationships between green marketing mix variables and firms performances.

4. Results

Confirmatory factor analysis (CFA) was employed to test the overall measurement model for second order latent constructs (i.e, Green Marketing Strategy and Firm Performance), one first order construct (i.e., Government Policy) and five scale variables (i.e., Size, Age, Education, Experience and Financial Performance).

The Table 2 show the factor loading of the items used in the questionnaire as well as the latent variables found to be above the threshold value of 0.5 (Hair et al., 2006). The values

being minimum at 0.706 till the maximum 0.939 indicate that none of the items were removed as they were all above the cut-off value of 0.5.

TABLE 2. STANDARDIZED FACTOR LOADINGS IN OVERALL CFA MODEL

CONSTRUCT / ITEM	SUBCONSTRUCT / SUBITEM	FACTOR LOADING	ITEM DELETED
GREEN MARKETING STRATEGY (GMS)	Green Products (PRD)	0.808	
	Green Price (PRC)	0.775	
	Green Distribution (DST)	0.875	
	Green Promotion (PRM)	0.822	
	Green Physical Evidence (PEV)	0.706	
	Green People (POP)	0.818	
	Green Process (PRS)	0.755	
OVERALL FIRM PERFORMANCE (OFP)	Financial Performance (FNP)	0.783	
	Non-Financial Performance (NFP)	0.89	
GOVERNMENT POLICY (GVP)	GVP1	0.927	
	GVP2	0.939	
	GVP3	0.872	

Goodness of fit indices

While examining the result after performing the confirmatory factor analysis one can notice an overall model fit of the measurement model, chi-square being 220.018 along with df = 94 and p=.000. The threshold value for GFI is above 0.9 (Hoyle, 1995). The GFI in the current result is 0.937 which is above the recommended value; while the AGFI is 0.898 being over the recommendation of 0.80 (Chau & Hu, 2001).

The other indices such as CFI, TLI and IFI are all higher than the recommended model fit value 0.9 (Bagozzi & Yi., 1988; Byrne, 2001; Hair et al., 2006) - 0.966, 0.951 and 0.967 respectively. Moreover the RMSEA value is 0.059 and under the value recommended by Schumacker & Lomax (2010); the CMIN/df is 2.341 being under 5 showing the good fit of the model (Bagozzi & Yi., 1988). The overall interpretation of the result is that CFA analysis shows a good model fit of the data and no need to perform any adjustments in the data.

Reliability and convergent validity

Table 3 demonstrates the results of validity and reliability of the construct at achieving the unidimensionality.

As shown in Table 3, the AVE values for Green Marketing Strategy (GMS), Overall Firm Performance (OFP) and Government Policy (GVP) are 0.633, 0.703 and 0.834; they are over the cut-off 0.5 as recommended by Nunnally & Bernstein (1994). The composite reliability values for Green Marketing Strategy (GMS), Overall Firm Performance (OFP) and Government Policy (GVP) are 0.923, 0.825 and 0.938 respectively. These values surpass the prescribed estimation of 0.6 as suggested by Bagozzi & Yi (1988). The Cronbach's Alpha values for Green Marketing Strategy (GMS), Overall Firm Performance

(OFP) and Government Policy (GVP) are 0.921, 0.826 and 0.937 respectively, over the edge of 0.7 as recommended by Nunnally & Bernstein (1994).

TABLE 3. RESULTS OF CRONBACH ALPHA AND CONVERGENT VALIDITY FOR OVERALL CFA MODEL

CONSTRUCT / ITEM	SUBCONSTRUCT / SUBITEM	INTERNAL RELIABILITY CRONBACH ALPHA	CONVERGENT VALIDITY		
			FACTOR LOADING	AVERAGE VARIANCE EXTRACTED (AVE) [a]	COMPOSITE RELIABILITY (CR) [b]
GREEN MARKETING STRATEGY (GMS)	Green products (PRD)	0.921	0.808	0.633	0.923
	Green price (PRC)		0.775		
	Green distribution (DST)		0.875		
	Green promotion (PRM)		0.822		
	Green physical evidence (PEV)		0.706		
	Green people (POP)		0.818		
	Green process (PRS)		0.755		
OVERALL FIRM PERFORMANCE (OFP)	Financial performance (FNP)	0.826	0.783	0.703	0.825
	Non-financial performance (NFP)		0.89		
GOVERNMENT POLICY (GVP)	GVP1	0.937	0.927	0.834	0.938
	GVP2		0.939		
	GVP3		0.872		

Note: [a] - Average Variance Extracted = (sum of the square of the factor loadings)/{(sum of the square of the factor loadings) + (sum of the error variances)}. [b] - Composite reliability = (square of the sum of the factor loadings)/{(square of the sum of the factor loadings) + (square of the sum of the error variances)}.

Discriminant validity

According to Table 4, absolute inter-correlation of the constructs and scale variables range from -0.175 to 0.734, being below the recommended value of 0.85 (Kline, 2011). The analysis shows that all correlations below the AVE indicate on the sign of better discriminant validity (Kline, 2011).

By looking at the results of both convergent and discriminant validity it can be said that the items and scales used in the model are valid and reliable.

TABLE 4. DISCRIMINANT VALIDITY OF OVERALL CFA MODEL

	GMS	OFP	GVP	SIZE	AGE	EDUCATION	EXPERIENCE	FNP
GREEN MARKETING STRATEGY (GMS)	0.796							
OVERALL FIRM PERFORMANCE (OFP)	0.734	0.838						
GOVERNMENT POLICY (GVP)	0.166	0.228	0.913					
SIZE	0.137	0.232	0.081	1				
AGE	0.006	0.05	-0.022	0.204	1			
EDUCATION	-0.11	0.071	-0.001	0.115	0.167	1		
EXPERIENCE	0.024	0.152	-0.175	0.236	0.321	0.147	1	
FINANCIAL PERFORMANCE (FNP)	0.491	0.286	-0.093	0.161	0.123	-0.089	0.009	1

Note: Diagonals represent the square root of the average variance extracted (AVE) while the other entries represent the correlations.

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Structural model 1

TABLE 5. EXAMINING RESULTS OF HYPOTHESIZED DIRECT EFFECTS OF
THE VARIABLES IN STRUCTURAL MODEL 1

PATH	UNSTANDARDIZED ESTIMATE		STANDARDIZED ESTIMATE	C.R.	P-VALUE	HYPOTHESIS RESULT
	ESTIMATE	S.E.	BETA			
Size → OFP	0.03	0.009	0.136**	3.194	0.001	H1.a - Supported
Age → OFP	-0.002	0.004	-0.02	-0.471	0.638	H2.a - Rejected
Education → OFP	0.031	0.012	0.109*	2.568	0.01	H3.a - Supported
Experience → OFP	0.038	0.016	0.098*	2.285	0.022	H4.a - Supported
PRD → OFP	0.179	0.053	0.23***	3.364	***	H5.1 - Supported
PRC → OFP	-0.07	0.055	-0.08	-1.266	0.206	H5.2 - Rejected
DST → OFP	0.16	0.069	0.18*	2.323	0.02	H5.3 - Supported
PRM → OFP	-0.011	0.059	-0.014	-0.194	0.846	H5.4 - Rejected
PEV → OFP	0.281	0.067	0.251***	4.198	***	H5.5 - Supported
POP → OFP	0.091	0.064	0.103	1.426	0.154	H5.6 - Rejected
PRS → OFP	0.204	0.063	0.199**	3.216	0.001	H5.7 - Supported
Size → FNP	2.106	1.171	0.085	1.799	0.072	H1.b - Rejected
Age → FNP	1.35	0.48	0.134**	2.809	0.005	H2.b - Supported
Education → FNP	-1.891	1.479	-0.059	-1.278	0.201	H3.b - Rejected
Experience → FNP	-2.035	2.063	-0.047	-0.986	0.324	H4.b - Rejected
PRD → FNP	16.882	6.588	0.191*	2.562	0.01	H6.1 - Supported
PRC → FNP	6.328	6.956	0.064	0.91	0.363	H6.2 - Rejected
DST → FNP	-2.27	8.483	-0.023	-0.268	0.789	H6.3 - Rejected
PRM → FNP	16.365	7.353	0.177*	2.225	0.026	H6.4 - Supported
PEV → FNP	12.335	7.658	0.097	1.611	0.107	H6.5 - Rejected
POP → FNP	-6.567	8.027	-0.066	-0.818	0.413	H6.6 - Rejected
PRS → FNP	14.628	7.922	0.126	1.847	0.065	H6.7 - Rejected

Note: * - p< 0.05, ** - p< 0.01, *** - p< 0.001.

While examining of goodness-of-fit indices, we have found that the structural model 1 reasonably fits the data: $\chi2 = 36.632$, df = 12, p=0.000, AGFI = 0.882, CF = 0.990, TLI = 0.925, IFI = 0.990, GFI = 0.986, RMSEA =0.076 and $\chi2$/df= 3.219. Coefficient of determination R^2 for Overall Firm Performance (OFP) and Financial Performance (FNP) takes values 0.60 and 0.27 respectively. Therefore, it can be said that 11 predictors of the firm performance are responsible for the 60% explanatory power in overall performance of the firm.

Table 5 shows the results of hypotheses testing of direct effects with the path coefficients. As shown in Table 5, seven paths (from Size, Education, Experience, PRD, DST, PEV and PRS to the Overall Firm Performance (OFP)) and also three paths (from Age, PRD and PRM to the Financial Performance (FNP)) have the significant probability values. This supports the hypotheses **H1.a**, **H3.a**, **H4.a**, **H2.b**, **H5.1**, **H5.3**, **H5.5**, **H5.7**, **H6.1**, and **H6.4**. Conversely, the effects from Age, PRC, PRM and POP on Overall Firm Performance (OFP) as well as the effects of Size, Education, Experience, PRC, DST, PEV, POP and PRS on the Financial Performance (FNP) are statistically insignificant. This rejects the hypotheses **H2.a**, **H1.b**, **H3.b**, **H4.b**, **H5.2**, **H5.4**, **H5.6**, **H6.2**, **H6.3**, **H6.5**, **H6.6**, and **H6.7**.

Structural model for research model 2

The structural model 2 has adequate data fit result as the $\chi2 = 190.380$, df = 60, p=0.000, GFI = 0.933, AGFI = 0.883, CF = 0.951, TLI = 0.926, IFI = 0.952, RMSEA =0.075 and $\chi2/df= 3.173$. According to Bagozzi, Yi, & Phillips (1991) the chi-square value is significant, this is not surprising as the sample size is large. The coefficient of determination (R^2) values for Overall Firm Performance (OFP) and Financial Performance (FNP) are 0.58 and 0.26 respectively, satisfying the required benchmark value of 0.10 (Quaddus & Hofmeyer 2007).

Table 6 shows the results of the hypotheses testing performed for examining the direct effects with the path coefficients.

TABLE 6. EXAMINING RESULTS OF HYPOTHESIZED DIRECT EFFECTS
OF THE VARIABLES IN STRUCTURAL MODEL 2

PATH	UNSTANDARDIZED ESTIMATE		STANDARDIZED ESTIMATE	C.R.	P-VALUE	HYPOTHESIS RESULT
	ESTIMATE	S.E.	BETA			
GMS → OFP	0.662	0.055	0.732***	12.092	0.000	H5) Supported
GMS → FNP	48.919	5.103	0.467***	9.586	0.000	H6) Supported

Note: * - p< 0.05, ** - p< 0.01, *** - p< 0.001.

As shown in Table 6, both paths from Green Market Strategy (GMS) to Overall Firm Performance (OFP) and Financial Performance (FNP) are found statistically significant at 0.001 level. This supports our hypotheses **H5** and **H6**.

Moderation effects of Person-Organization Fit (POF)

Table 7 shows test results for the government policy (GVP) moderation effects for the influence of Size, Age, Education, Experience and Green Marketing Strategy (GMS) on the Overall Firm Performance (OFP) and Financial Performance (FNP).

TABLE 7. MODERATION EFFECTS OF GOVERNMENT POLICY (GVP)

PATH	INTERACTION	UNSTANDARDIZED ESTIMATE		STANDARDIZED ESTIMATE	C.R.	P-VALUE	HYPOTHESIS RESULT
		ESTIMATE	S.E.	BETA			
GVP→(Size→OFP)	GVP * Size	-0.001	0.01	-0.012	-0.078	0.938	H7.a) Rejected
GVP→(Age→OFP)	GVP * Age	-0.005	0.009	-0.214	-0.598	0.55	H8.a) Rejected
GVP→(Education→OFP)	GVP * Education	0.011	0.005	0.237*	2.263	0.024	H9.a) Supported
GVP→(Experience→OFP)	GVP * Experience	0.015	0.014	0.196	1.097	0.273	H10.a) Rejected
GVP→(GMS→OFP)	GVP * GMS	0.309	0.1	1.356**	3.1	0.002	H11.a) Supported
GVP→(Size→FNP)	GVP * Size	-0.832	1.206	-0.118	-0.689	0.491	H7.b) Rejected
GVP→(Age→FNP)	GVP * Age	0.783	1.07	0.284	0.732	0.464	H8.b) Rejected
GVP→(Education→FNP)	GVP * Education	-0.813	0.612	-0.147	-1.329	0.184	H9.b) Rejected
GVP→(Experience→FNP)	GVP * Experience	-2.425	1.684	-0.278	-1.44	0.15	H10.b) Rejected
GVP→(GMS→FNP)	GVP * GMS	5.12	9.803	0.195	0.522	0.601	H11.b) Rejected

Note: * - p< 0.05, ** - p< 0.01, *** - p< 0.001.

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As shown in Table 7, the interactions of Government Policy (GVP) with Education and Green Market Strategy (GMS) have significant effects on Overall Firm Performance (OFP). Thus, it can be concluded that Government Policy (GVP) moderates the effects of Education and Green Market Strategy (GMS) on Overall Firm Performance (OFP). Therefore hypotheses **H9.a** and **H11.a** are supported.

Interactions of Government Policy (GVP) with Size, Age and Experience have not any significant effects on Overall Firm Performance (OFP). Thus, it can be concluded that Government Policy (GVP) could not moderate the effects of Size, Age and Experience on Overall Firm Performance (OFP). Therefore, hypotheses **H7.a**, **H8.a** and **H0.a** are rejected.

Similarly, the interactions of Government Policy (GVP) with Size, Age, Education, Experience and Green Market Strategy (GMS) have not any significant effects on Financial Performance (NFP). Government Policy (GVP) could not moderate the effects of Size, Age, Education, Experience and Green Market Strategy (GMS) on Financial Performance (OFP). Therefore hypotheses **H7.b**, **H8.b**, **H9.b**, **H0.b** and **H11.b** are rejected.

5. Discussion

Firm size and firm performance

The empirical results portrayed that overall firm performance is positively affected by the size of the firm. These findings provide support for the **H1a**. According to the human capital theory, larger firms with large number of employees have a comparative advantage over smaller firms. While it is discovered that firm size can affect firm performance, our study shows that firm size negatively affects financial performance. It is not surprising that the green cars business in Jordan is affected by firm size because it is a small business. There **H1b** is rejected on the basis of these findings.

Firm age and firm performance

The study has found that the age of firm and the overall firm performance relate negatively; therefore, we have to reject hypothesis **H2a**. The finding of this study is not surprising while the majority of green car dealers are newer dealers; the green cars are introduced in Jordan in late 2009. As a result, there is a difference in the sale of green and non-green automobiles. While the ages of firm in accordance to learning curve theory is positively linked to firm performance. On the other hand, our analysis finds positive relationship between age of firm and financial performance. This provides support for the acceptance of **H2b** hypothesis.

Education and firm performance

The level of education positively affects overall firm performance and thus supports the hypothesis **H3a**. The human capital theory also supports this result, that high level of education leads to high knowledge and improves firm performance. On the other hand,

we have found a negative relationship between education and firm financial performance; this rejects hypothesis **H3b**.

Experience and firm performance

Managers' experience is positively related to overall firm performance; therefore, parallel to the human capital theory, long experience in green marketing improves firm performance. Accordingly, **H4a** is accepted. Meanwhile, the research has shown that the opposite situation occurs for financial performance. This study has reported that experience has a negative effect on financial performance; the hypothesis **H4b** is rejected

The green marketing strategy and firm performance

It is evident that the overall firm performance is positively associated with green marketing strategy (comprising the seven dimensions) (see Figure 1 and Table 6). The evidence supports the hypothesis **H5**. The positive impact that green marketing strategy has on overall firm performance may result from the moderating role of government policy. It is discovered (see Table 5) that green product, green distribution, green physical evidence and green process are positively associated with overall firm performance, thus supporting hypotheses **H5.1**, **H5.3**, **H5.5**, and **H5.7**. Meanwhile, the study has discovered that green price, green promotion and green people negatively affect the overall firm performance.

The findings demonstrate that green product, green distribution, green physical evidence and green process are more important. Green pricing is negatively associated with firm performance because firms constantly seek on how the implementation of green marketing can benefit the firm in terms of minimized cost, satisfied customers and enhanced relation of the firm and government. The adoption of green distribution, physical evidence, and process serve as a motivating factor to encourage consumers to purchase green products. Therefore, adopting green strategies allows a firm creating awareness among consumers of the presence and benefiting from the pro-environmental products. The adopting of such strategy is found to enhance the amount of sales of green cars.

In order to adopt green marketing strategy, firms need to improve their existing marketing strategy. The adopting of the strategy not only reduces negative environmental impacts, but it also increases their sales of green cars. Logically, implementing green marketing strategy does not translate into increased sales of green cars. The implementation serves to improve the firm image and reputation. In this study, green car dealers acknowledge that the implementation of green marketing strategy reflects a green and sustainable image, thus improves their relationship with stakeholders.

The data (2010-2014) regarding the sale of green and non-green cars indicate the firms' performance. Based on the results of this study, it is evident that the strategy has positively affected the financial performance.

While the findings generally denote a positive relationship between the said variables, it is discovered that the effects differ across each marketing strategy components. Parallel to hypothesis **H6.1** to **H6.7**, it is discovered that two elements (green product and green promotion) positively affect financial performance; while the rest such as green (price,

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physical evidence, people, process and distribution) negatively affect financial performance. As discovered in this study, green product and green promotion are positively associated with financial performance. The increasing number of sales of green products such as green cars subsequently results in increased financial performance.

Likewise, the findings of this study revealed that firm's financial performance is not affected by green price since firms are likely to consider the benefits of cost minimization. The relatively expensive cost of green training and the amateurish green people, who lack the ideas and thoughts of green products, negatively affect financial performance. It is more prominent among firms that operate in a more harmful environment to adopt the green marketing strategy. The availability of the resources and capabilities will enable the firms to adopt the strategy for better performance. In line with the RBV, this study has established that there are in fact several firm characteristics leading to the implementation of green strategy. The implementation subsequently results in improved firm performance.

The moderating role of government policy

Based on the analysis, it is discovered that government policy plays a moderating role the relation between educational qualification and green marketing strategy on performance, indicating on the importance of the higher level of government policy; the relationship, on the other hand, is negative in the case of lower level of government policy. Such findings, therefore, provide further support to hypotheses **H9a** and **H11a** having the relationship is stronger in the case of higher level of government policy. A higher level of government support such as lowering import and export taxes of green cars is essential in order to encourage green car dealers to implement green marketing strategy. When the government employs green policies themselves, firms are able to achieve better performance. As a consequent, the performance of the firm becomes better in line with green marketing strategy.

6. Policy implications and further research

In contradiction to past studies, this research discovers that positive linkages between green marketing strategy and firm performance do exist. This research thus acknowledges that green marketing strategy is, in fact, an excellent strategy that can be employed by green car dealers to improve their performance through the sales of green cars. Nevertheless, managers need to recognize that improvement in firm performance is due to implementing green strategy under certain circumstances. Implementing green marketing strategy facilitates the sales of green cars, which also signifies minimization of negative environmental impacts. Non-green marketing strategy could possibly signify inferior performance.

In order to promote better understanding on the subject of green marketing, four other research areas are proposed. Firstly, because this study is based only on the firm's perspectives, it is therefore recommended that for future studies to investigate green marketing strategy from customer perspectives. Secondly, while there are options to include other available moderating variables, this study however includes only one moderating variable which is the government policy. Hence, future research can consider incorporating the unexplored moderating variables such as public sensitivity,

environmental complexity, organizational culture, and technological and human resources and their linkages between green marketing strategy and firm performance. Thirdly, it is recommended for future researchers to examine how the proposed model of this study is applicable internationally. Fourthly, the conceptual framework of this study needs to be tested in other countries, both developing and developed countries. This is in order to gain external validity and to draw comparisons of the implementation of green marketing strategy among different countries.

In addition, applying the conceptual framework to other industry such as the catering and tourism industry can further determine its applicability.

7. Limitations of the study

This study covers only the Jordanian perspective and, therefore, its results may not be generalized to other countries. In particular, cultural differences may cause variation of reaction of firms in different countries. Thus, future studies on green cars dealers in other countries would help to establish generalizability. The fact that this study focuses on only one moderating variable which is government policy leaves ample rooms of opportunities to incorporate other moderating variables such as public sensitivity, environmental complexity, organizational culture (Leonidou et al., 2013b), technological and human resources (Fraj et al., 2011).

8. Conclusion

The research has found that implementation of green marketing strategy improves firm performance by offering product differentiation, improves image and reputation, and increases the sales of green products. The finding of this study has proven that of pro-environmental policies and the employing of environmentally friendlier technologies can help firm to better implement green marketing strategy. The implementing green marketing strategy differentiates firms from other competitors. Firms to effectively fulfill green marketing strategies need use the unique and non-imitable strategies. The fact that firm performance improves in line with green marketing strategy signifies that the implementation can positively affect the sales of green cars, process efficiency, and energy saving. Hence, firms that are facing stiff competition should take advantage by implementing green marketing strategy.

Due to the limited literature on green marketing strategy, especially in the case of Jordan, this study serves as an important source of knowledge of green marketing strategy. This study describes the existing green marketing strategy in the green car industry in Jordan. This study highlights the importance of green marketing strategy. By doing so, it raises the confidence of current and potential green stakeholders. By investigating green marketing strategy from the perspectives of car dealers, it motivates green car dealers to implement green marketing strategy. The fact that green marketing strategy and firm performance are positively associated serves as a proof and reference source to guide other car dealers to implement green marketing strategy.

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