UNDERSTANDING THE ROLE OF STRATEGIC MIX (INITIATIVES) IN ENHANCING RELATIONSHIP MARKETING PRACTICES AND BUSINESS PERFORMANCE: A CASE OF SMES IN JAMMU DISTRICT

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Abstract: *The purpose of the study is twofold. First, the study is conducted to revisit the relationship marketing construct and to identify its dimensionality in Indian context. Second, to examine the role of strategic mix in enhancing the relationship marketing concept and business performance of the SMEs operating in Jammu district of J& K state. All the owners of SMEs operating in Jammu District, that is, 658 (small scale industries) and 242 (medium scale industries) were contacted using census method. The study identifies and confirms strategic mix (defensive, proactive, analytical and risk-averse) and relationship marketing (conflict handling, reciprocity, communication and bonding) as multi-dimensional constructs. Furthermore, strategic mix is enhancing the relationship marketing practices and ultimately the business performance. The research has certain unavoidable limitations. First, the study is based on only one sector, that is, SMEs operating in developing industrial region of India and hence future research is suggested to comprehend the study in other service sectors like hotels and hospitals. Further, the moderating role of variables such as nature and age of the SMEs can also be studied in future research. Relationship marketing allows managers to understand how their firms facilitate the long term relationships and its subsequent affect on the business outcomes. Further, relationship marketing with strategic mix can be used by managers to determine which strategies and practices will have the most positive influence on employees' outcome to enhance the relationships. This paper can help managers in identifying the perspectives of relationship marketing with strategic mix in SMEs. Unlike the other studies, this study suggested that the single orientation is insufficient in the functioning of the organization so there must be combination of strategies.*

Keywords: *Business Performance, Market Share, Relationship Marketing, Strategic Mix*

Jel Classification: *M–Business Administration and Business Economics; Marketing; Accounting; Personal Economics {M3- Marketing and Advertising (M31- Marketing)}*

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INTRODUCTION

The unprecedented changes in the technology, competition, customer awareness and perception, etc. have reshaped the marketing discipline and business practices. There has been a paradigm shift in the business philosophies from production orientation to selling orientation, then to marketing orientation, and finally to relationship marketing (Chahal, Dangwal and Raina, 2014 and Gruen, 1995). Lately, another type of marketing philosophy that is, experiential marketing which views consumer as rational and emotional human beings who are concerned with achieving pleasurable experiences (Schmitt, 2000) also exists. The prime focus in organisation is still on the relationship marketing concept as building stronger firm-customer relationships (Ndubisi, 2009) also pave way for creating favourable and memorable experience. The marketing researchers suggest that the traditional short-term transaction-oriented exchange process has to be replaced with long-term buyer–seller relationships to sustain competitive advantage. Sin et al. (2005) remarked that relationship marketing focuses on development of continuous relationships between parties that are usually long-term and dynamic. They also put forth that organisations should be proactive in nature and should continuously monitor customer needs and wants. The literature has defined relationship marketing in different context. For instance relationship marketing was formally introduced by Parasuraman (1991) who defined it as attracting, maintaining and enhancing customer relationships.

Later, Gronroos (1995) proposed that in addition to establishing relationship with customers, relationship marketing also includes interaction with other parties that can generate profit by mutual exchange and fulfillment of promises. Palmer (1997, p. 321) has stated that " *relationship marketing means different things in different cultures and marketers should be as wary of prescribing universal solutions for exchange bases as they are of developing universal product and promotion for all markets*". Further, according to Gummesson (1998) relationship marketing is concerned not only with the customer–supplier dyad but also with supplier's relationship with its own suppliers, competitors and middlemen. Moreover, it can also perform a role in driving organisations towards more strategic direction (Conway and Whitelock, 2004).

Even, Veloutsou, Saren and Tzokas (2002) stated that market relationships are formed as a strategic response to industry conditions and the way to use the resources outside the firm. The quality of relationship marketing practices is also affected by the type of strategies adopted by the organisation. The firms are adopting various types of strategies such as analysis, aggressiveness, defensive, riskiness, reactors, futurity and proactive (Lau and Burton, 2011; Rogers and Bemford, 2002 and Venkatram, 1989) which affect the business performance and also affect relationship marketing practices. Further, previous research suggested that the single orientation is insufficient in the functioning of the organisation so

there must be combination of different strategic orientation (Mu and Benedetto, 2011). Number of researchers namely, Atuahene-Gima and Ko (2001), Bhuian *et al.* (2005) and Hakala (2011) stated that to attain better performance, the firms must concentrate on interactions between different strategic orientation. In addition, Laukkanen *et al.* (2013) and Deshpande *et al.* (2013) also identified that focusing on one strategic orientation at the expense of others may lead to weak performance and therefore, they suggested the use of multiple strategies in enhancing business performance and sustaining competition. Based on this backdrop, the study is conducted to revisit the relationship marketing construct and to identify its dimensionality in Indian context with focus on SMEs. Further, the study also made an attempt to examine the role of strategic mix in enhancing the relationship marketing concept and business performance of the SMEs.

REVIEW OF LITERATURE

Although past studies have made significant progress toward understanding relationship marketing but formally the concept was introduced by Berry (1983). He viewed relationship marketing as a strategy to attract, maintain and enhance customer relationships. Gummesson (1998) and Lindgreen et al. (2004) stated that relationship marketing concept emerged within the fields of service marketing and industrial marketing. The concept is defined as a strategy in which there is management of interactions, relationships and networks and is considered as a fundamental issue in an organisation by Gummesson (1998). According to Gronroos (1994), the aim of relationship marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. Further, Rapp and Collins (1990) suggested that the goal of relationship marketing is to create and maintain long term relationships between the firm and its customers. The relationship marketing concept is studied by various researchers under two school of thoughts. The first school of thought identified that relationship marketing is comprised of dimensions such as empathy, bonding, trust, caring, shared value, reciprocity, information sharing, customisation, conflict handling, communication, etc (Stern, 1997; Abramson and Ai, 1998 and Theron and Terblanche, 2009). However, other school of thought has focused only on some of the limited dimensions such as prestige, participation, mutual benefits, network failures, empathy and trust (Arnett, German and Hunt, 2003). The literature discusses different dimensions of relationship marketing which are sector/context specific.

The concept of strategic mix (SM) emphasises on consolidating strong competitive positions and conserving scarce resources (Perez, Jover and Amado, 2012). In other words it reflects strategic directions that are implemented by a firm to achieve continuous and superior performance (Slater, Olson and Hult, 2006). Noble, Sinha and Kumar (2002) remarked that it represents significant element in

an organisational culture that guides interactions between marketplace actors - customers and competitors. The previous studies reveals four types of evolutionary stages related to managerial choices to achieve business objectives during 1980-1990; types of strategies that include defenders, prospectors, analysers, reactors during 1990-2000; focus of organisations on customer, competitor and product orientation during 2000-2010 and recently the focus of organisation on radicalness, innovativeness and market orientation (2010-till date) (Chahal, Dangwal and Raina, 2014). To achieve superior business performance firms can pursue different strategies. These strategies can be classified on the basis of marketing practices such as market orientation, technology orientation etc, and competition practices such as defensive, proactive, riskiness etc. The classification of these strategies is not mutually inclusive, that is, firm may use multiple or mixed strategies during course of its functioning. . According to Voss and Voss (2000) and Slater, Olson and Hunt (2006) there exists positive relationship between different strategies and performance.

Due to the rapid growth in business, there is a need to analyse the role and effectiveness of strategies that prevail in different geographic markets. Such an analysis requires an examination of what particular strategies are associated with market characteristics and business performance (Stern, 1997). Several studies such as Yaghoubi, Doaee and Ardalan (2011) and Ghani (2012) have indicated that relationship marketing has a positive impact on firms' business performance (*sales growth* and *profit*). Moreover, Smith (1991) studied direct marketing in the insurance sector and found that relationship marketing helps to maximise long-term profitability. Based on this backdrop, the following hypotheses are formulated:

Hypothesis1: Relationship marketing is a multidimensional construct.

Hypothesis 2: Relationship marketing has significant impact on business performance.

Hypothesis 3: Strategic mix initiatives specifically defensive, proactive, analytical and risk-averse play significant role in enhancing business performance.

Hypothesis 4: Relationship marketing practices are influenced and enhanced by mixed strategies.

RESEARCH METHODOLOGY

The data were collected from owners/managers of 658 (small scale industries) and 242 (medium scale industries) operating in three industrial estates namely – Gangyal, Digiana and Bari Brahmana. The distributive approach was used for data collection and SMEs were selected on census basis. About 4 to 5 visits were made to collect the responses from the owners/managers. The questionnaire comprised of scale items extracted from the literature which were modified according to their applicability in the manufacturing sector. The studies used for the construction of scale items are given in table 1.

Table 1
Generation of Scale Items

S No	Components	Studies
1	Relationship Marketing	Gummesson (1998), Hunt and Morgan (1994), Gronroos (1991) and Parasuraman (1991).
2	Strategic Mix	Avci, Madanoglu and Okumus (2011), Crane (2011), Zhou and Li (2010), Hynes (2009), Laforet (2008), Morgan and Strong (2003).

The total items generated for 33 items of relationship marketing scale while strategic mix construct has 25 items. 25 items of business performance construct relating to profit (8 items), sales growth (6 items), sales revenue (6 items) and market share (5 items) are used for measuring the impact of strategic mix and relationship marketing.. The ratings for three instrument were based on a five-point scale, (5 as strongly agree, 1 as strongly disagree) or as do not know/not applicable.

DATA ANALYSIS

Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA)

EFA was used to reduce the variables into minimum number of factors vis-à-vis to summarise and analyse the construct items. Rotated component matrix and principal component analysis with varimax rotation was applied to the data. Kaiser-Meyer-Oklin (KMO) value greater than or equal to .50, measure of sampling adequacy (MSA) greater than .70, communality greater than .50 and factor loading equal to or greater than .50 criteria are used to retain scale items (Hair et al., 2003). The factors identified for relationship marketing (RM) and strategic mix (SM) were confirmed using CFA. The models that is, relationship marketing and strategic mix models were evaluated on the basis of model fit indices criteria which include, chi- square divided by degree of freedom (CMIN/df) less than 5, root mean square error of approximation (RMSEA) less than .08, normed fit index (NFI) and comparative fit index (CFI) greater than .90. Insignificant items in CFA with critical ratio (CR) values less than 1.96 were deleted.

The results of the EFA and CFA are discussed as under:

Relationship Marketing

Relationship marketing consists of 44 items are condensed to 33 items under four factors in the final run. The items are deleted as per the criteria discussed in the previous section. For instance, items namely, '*employees and customers (suppliers, distributors, etc) rely on each other*', '*employees always see things from the customer views*' and '*provides timely information* are deleted as the respective

communalities values for these items are 0.481, 0.395, 0.403 which are below the threshold value of .50 as recommended by Hair et al. (2009). The KMO (0.943) and BTS measure (chi-square = 1140.374, df = 528 and sig. = 0.000) values (for 33 items) indicate that data are suitable for conducting factor analysis. The model fit measures based on CFA namely, chi-square (1632.288), CMIN/df (3.704), CFI (0.897), NFI (0.873) and RMSEA (0.087) suggest good model fit. The results are shown in table 2.

The extracted factors under EFA followed by CFA are discussed as under:

Conflict handling: The factor comprises of ten items and their factor loadings range between 0.63 to 0.80. It explains 23.812% of variance. The items are significantly contributing the factor as all CR values are above 1.96. The items *'comprise one's ethics'* (0.91), *'promptly reprimanded if engaged in unethical behaviour'* (0.89), *'like and respect the values of employees'* (0.89), *'same opinion as customers'* (0.87), *'resolves problem'* (0.86), *'resolves conflicts within expected time'* (0.88), *'complaint is handled in positive manner'* (0.81), *'avoid same problem'* (0.83), *'shares proprietary information'* (0.72) and *'shares confidential information with employees'* (0.77) indicate robust prediction for the factor.

Reciprocity: Eleven items are retained under the factor 2 with factor loading ranging from 0.53 *(communicate and express the opinions)* to 0.76 *(flexible in adjusting the features of the product)*. It explains about 22.040% of variance. Further, all items are significant as critical ratio values (greater than 13.96) with SRW for the items are 0.64 *(understand customer preferences)*, 0.77 *(share same view)*, 0.67 *(keep promises)*, 0.83 *(respond sympathetically to any problem)*, 0.73 *(flexible in meeting needs)*, 0.82 *(appreciate employees)*, 0.77 *(flexible in adjusting the features of the product)*, 0.82 *(long-term cooperation)*, 0.82 *(supports business customers)*, 0.70 *(communicate and express the opinion)*, 0.72 *(employees can show discontent through communication)* and 0.75 *(communicate honestly)*.

Communication: This factor consists of seven items and it explains 13.923% of variance. The factor loadings for all items are above 0.57. The SRW for the items are 0.85 *(accurate information)*, 0.86 *(employees are informed about new developments)*, 0.80 *(communicates the expectations for the performance)*, 0.83 *(share same worldview)*, 0.82 *(share the same opinion)*, 0.78 *(share the same feeling toward things)* and 0.71 *(share the same values)* with CR values above 1.96.

Bonding: This factor is seen as a composite of four items and illustrates 12.987% of variance. The factor loadings of all the items are above 0.62. The items are significant as CR values are greater than 1.96 with SRW for the items namely, 0.59 *(keep in touch with your customers constantly)*, 0.55 *(employees are making efforts to accomplish the specific transactions irrespective of relationship marketing)*, 0.51 *(employees work in close cooperation with the customers)* and 0.54 *(customers give assistance when the company has difficulties then the firm would repay their kindness)*.

Table 2
Exploratory Factor Analysis and Confirmatory Factor Analysis Results of
Relationship Marketing

	Items	Mean	F L	CV	CR	SRW
Factor 1	It is often necessary to compromise one's ethics.	3.58	0.77	.821		0.91
	If any employee is discovered to be engaged in unethical behaviour that results primarily	3.63	0.76	.813	28.21	0.89
Conflict	in personal gain (rather than corporate					
Handling	gain), he/she should be promptly reprimanded.					
	The firm like and respect the values of employees.	3.66	0.79	.806	28.196	0.89
	In general, the firm employees' opinions and values are a lot like the customers.	3.60	0.80	.811	26.92	0.87
	The firm resolves problems in case there is a dispute.	3.58	0.71	.750	25.833	0.86
	The firm resolves employees' conflicts within the expected time.	3.53	0.74	.773	27.025	0.88
	Every complaint is handled in a positive and active manner.	3.71	0.72	.723	22.474	0.81
	The firm avoid same problem to occur again and again.	3.64	0.71	.769	24.107	0.83
	The firm shares proprietary information with the employees.	3.40	0.64	.658	18.146	0.72
	The firm will share confidential information with the employees.	3.58	0.688	.711	20.746	0.77
Factor 2	Employees understand customer's preferences.	3.75	0.68	.686		0.64
Reciprocity	Employees maintain friendly relationship with the customers.	3.42	0.54	.714	11.033	0.77
	Employees and customers share same views on most things.	3.76	0.69	.693	15.235	0.67
	The firm keeps promises in any situation.	3.39	0.62	.627	15.623	0.83
	When things go wrong, both the company and employees respond sympathetically to any problem.	3.78	0.76	.776	20.20	0.73
	The firm remains very flexible in meeting the needs of employees.	3.79	0.75	.684	17.431	0.82
	The firm shows appreciation right away when the employees make a valuable contribution.	3.70	0.76	.734	19.64	0.77
	The firm is flexible in adjusting the features of the product to satisfy the expectations of the customers.	3.72	0.76	.704	18.25	0.82
	The firm believes that business objectives can be achieved due to long term cooperation.	3.62	0.72	.744	19.79	0.82
	The employees communicate and express the opinions with the firm frequently.	3.38	0.53	.634	16.17	0.70

	Items	Mean	F L	CV	CR	SRW
	The employees can show discontent towards the activities of the firm through communication.	3.62	0.58	.608	16.75	0.72
	The employees communicate honestly.	3.68	0.65	.640	17.919	0.75
Factor 3 Commun-cation	The firm provides accurate information about products.	3.45	0.63	.768		0.85
	The firm keeps employees informed of new developments.	3.46	0.62	.744	21.54	0.86
	The firm communicates the expectations for the firm's performance to the employees.	3.35	0.72	.733	22.72	0.80
	The employees share the same worldview with the customers.	3.40	0.68	.775	22.032	0.83
	The firm and employees share the same opinion about most things.	3.28	0.71	.762	21.329	0.82
	The employees share the same feelings with the firm toward things around them.	3.52	0.57	.677	20.96	0.78
	The firm and employees share the same values.	3.30	0.65	.737	19.614	0.71
Factor 4 Bonding	You keep in touch with your customers constantly on regular basis.	2.88	0.67	.548		0.59
	Employees are making efforts to accomplish the specific transactions irrespective of relationship marketing.	2.11	0.80	.727	4.51	0.55
	Employees work in close cooperation with the customers.	3.03	0.81	.748	5.70	0.51
	If our customers give assistance when the company has difficulties then the firm would repay their kindness.	2.93	0.62	.551	7.85	0.54

CMIN/df = 3.704, NFI=0.873, CFI=0.897, RMSEA=0.087 MeanF LCVCRSRW

STRATEGIC MIX/ INITIATIVES

At the initial run, the KMO came out to be 0.78 but factor loadings for items such as '*the firm often sacrifices profitability to gain market share', 'cut prices to increase market share', 'seeks market share position at the expense of cash flow and profitability', 'uses several planning techniques and uses the outputs of management information and control systems'* were below 0.5, and hence were deleted. Similarly, in the second run due to presence of cross loadings among the items, few items such as '*the firm often uses production management techniques', 'forecasting key techniques/indicators of operations is common' and 'the firm conduct "what if" analysis of critical issues'* were deleted. When the third application of EFA was performed, all the items showed acceptance with KMO value 0.897. The results revealed four factors of strategic mix pertaining to *defensive* (Factor 1 - 06 items), *proactive* (Factor 2 - 05 items), *analysis* (Factor 3 - 03 items) and *risk- averse* (Factor 4 - 03 items). The CFA model fit measures that include CMIN/df, NFI, CFI and RMSEA recorded values as 2.714, 0.882, 0.920, 0.079 respectively that depict adequate fitness of the model. The factor wise results (Table 3) are discussed as under :
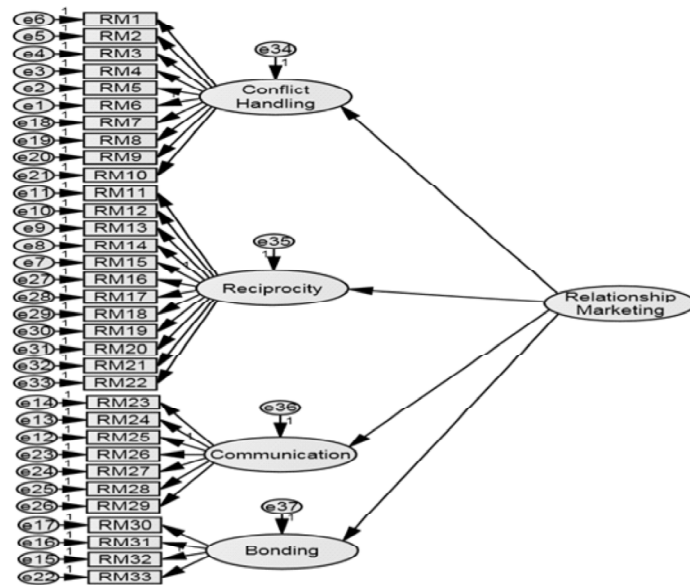
Figure1: Relationship Marketing

RM1= comprise one's ethics, RM2= reprimanded n case of unethical behaviour, RM3= respect values of employees, RM4= firms and employees have same opinion, RM5= resolves problem, RM6= resolves conflict, RM7= complaint handling, RM8= avoid problem, RM9= share information, RM10= share confidential information, RM11= understand customer preferences, RM12= friendly relations, RM13= share same views, RM14= keep promises, RM15= respond to problem, RM16= flexiblility, RM17= show appreciation, RM18= adjust the features, RM19= long term cooperation, RM20= effective communication, RM21= show discontent, RM22= communicate honestly, RM23= provide accurate information, RM24= keep informed, RM25= communicates expectations, RM26= share same worldview, RM27= share same opinion, RM28= share same feelings, RM29= share same values, RM30=keep in touch, RM31= accomplish specific transaction, RM32= work in cooperation, RM33= repay kindness and e1- e37= error of variance.

Defensive: Six items are retained under this factor wherein factor loadings range between 0.54 to 0.74. All the items of the sub-dimension are significant (CR>1.96). The SRW values of the items are 0.72 (*up gradation to manufacturing technology*), 0.73 (*regular manpower planning and performance appraisal of senior managers*), 0.73 (*formal tracking of significant general trends is common*), 0.73 (*use cost control systems for monitoring performance*), 0.80 (*emphasises on product quality through the use of quality circles*) and 0.80 (*provide employee with future competitive edge guidelines*) which reflect significant contribution of the items.

Proactive: This factor of strategic mix comprises of five items and their factor loadings are above 0.54. The respective CR and SRW values for the items are 10.56 & 0.57 (*constantly seeks new opportunities related to present operations*), 0.59 (*new projects are approved on a "stage by stage" basis*), 13.52 & 0.81 (*conservative view when making major decisions*) (), 13.83 & 0.85 (*tries to introduce new brands or products in the market*) and 14.11 & 0.89 (*look out for business that can be acquired*).

Analytical: This factor comprises of three items and factor loadings lie between 0.57 (*information system for decision making*) to 0.80 (*major decision based on analysis*). Further, SRW values for the items are 0.70 (*the firm usually tries to develop through analysis*), 0.81 (*firm emphasises effective coordination with different functional areas*) and 0.89 (*our information systems provide support for decision making*). All the CR values are above 1.96.

Risk-averse: The factor loadings for the items are above 0.62. The items contributed significantly to the strategic mix dimension as CR values are above the threshold criteria. The SRW values are 0.68 (*operations have generally followed the "tried and true" paths*), 0.77 (*firm often set prices below competition*) and 0.86 (*firm has a tendency to support projects where the expected returns are certain*).

Table 3
Exploratory Factor Analysis and Confirmatory Factor Analysis Results of Strategic Mix/Initiatives

	Items	Mean	F L	CV	CR	SRW
Factor 1 Defensive	Regular manpower planning and performance appraisal of senior managers.	3.54	.749	.672	16.32	.737
	Up gradation in manufacturing technology.	3.71	.744	.706	16.00	.723
	Use cost control systems for monitoring performance.	3.66	.722	.793	16.26	.735
	Emphasises on product quality through the use of quality circles.	3.54	.642	.765	17.92	.802
	Provide employee with future competitive edge guidelines.	3.07	.584	.799	18.01	.805
	Formal tracking of significant general trends is common.	2.85	.547	.761	1.00	.738
Factor 2 Proactive	Constantly seeking new opportunities related to present operations.	2.77	.546	.632	10.56	.571
	Tries to introduce new brands or products in the market.	3.44	.833	.789	13.83	.853
	Look out for business that can be acquired.	3.37	.822	.782	14.11	.891
	Have conservative view when making major decisions.	3.50	.756	.756	13.52	.819
	New projects approved on a "stage by stage" basis.	3.51	.656	.590	1.00	.591
Factor 3 Analysis	Effective coordination with different functional areas.	3.46	.650	.662	16.23	.811
	Information system for decision making.	3.54	.570	.765	16.49	.892
	Major decision based on analysis.	3.41	.801	.755	1.00	.709
Factor 4 Risk-averse	Set prices below competition.	3.56	.778	.604	15.47	.770
	Support projects where the expected returns are certain.	3.52	.643	.696	16.71	.861
	Followed the "tried and true" paths.	3.54	.629	.700	1.00	.683

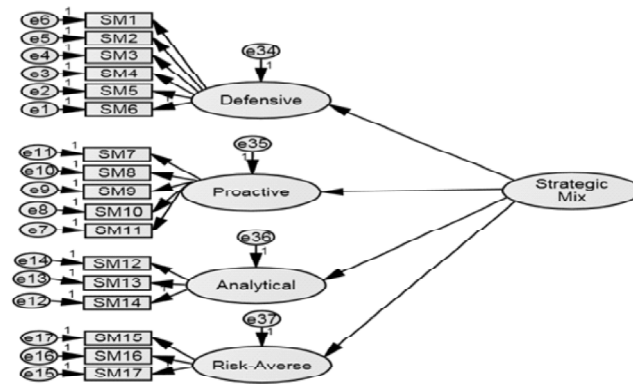**CMIN/df =2.714, NFI=0.882, CFI=0.920, RMSEA=0.079**MeaF LCVCRSRW

Figure2: Strategic Mix/Initiatives

Note: SM1= regular manpower planning, SM2= upgradation in technology, SM3= use cost control system, SM4= emphasises on product quality, SM5= provide future competitve edge, SM6= formal tracking of trends, SM7= seek new opportunities, SM8= introduce new brands, SM9= look out for business, SM10= conservative view, SM11= projects are approved on stage by stage basis, SM12= effective coordination, SM13= information system, SM14= major decision based on analysis, SM15= set prices below competition, SM16= support projects where certain are certain, SM17= follow true and tried path and e1 - e37= error of variance.

SEM RESULTS

Impact of Strategic Mix on Relationship Marketing

SEM is applied to examine the impact of strategic mix on relationship marketing. The strategic mix and relationship marketing model (SM - RM) indicates good model fitness as values CMIN/df = 3.340, CFI = 0.850, RMSEA = 0.079 and NFI = 0.90 are meeting borderline criteria. The SRW of the items lie between 0.57 to 0.90 and all the critical ratio values above the prescribed criteria i.e. above 1.96 (Table 4). The results indicate that all the strategic mix factors (*defensive, proactive, analytical* and *risk-averse*) significantly influence the relationship marketing practices.

Table 4
Impact of Strategic Mix/ Initiatives on Relationship Marketing

	Items	*CR*	*SRW*
Factor 1	Regular manpower planning and performance appraisal of senior managers.		.880
Defensive	Up gradation in manufacturing technology.	28.421	.883
- RM	Use cost control systems for monitoring performance.	28.418	.882
	Emphasises on product quality through the use of quality circles.	27.07	.863
	Provide employee with future competitive edge guidelines.	26.01	.847
	Formal tracking of significant general trends is common.	27.252	.865

contd. table 4

	Items	CR	SRW
Factor 2	Constantly seeking new opportunities related to present operations.	10.97	.775
Proactive - RM	Tries to introduce new brands or products in the market.	15.203	.493
	Look out for business that can be acquired.		.658
	Have conservative view when making major decisions.	15.559	.396
	New projects approved on a "stage by stage" basis.	20.24	.676
Factor 3	Effective coordination with different functional areas.	22.465	.798
Analytical - RM	Information system for decision making.	21.83	.869
	Major decision based on analysis.		.852
Factor 4	Set prices below competition.		.603
Risk-Averse - RM	Support projects where the expected returns are certain.	5.45	.702
	Followed the "tried and true" paths.	5.41	.700

CMIN/df = 3.340, NFI=0.894, CFI=0.850, RMSEA=0.076

Impact of Relationship Marketing on Business Performance

The impact of relationship marketing on business performance was examined using SEM. The results show moderate fit with values CMIN/df = 3.422, CFI = 0.876, RMSEA = 0.079 and NFI = 0.823. The SRW ranged between 0.50 to 0.88 and all the critical ratio values are above the threshold criterion (Table 5).

Table 5
Impact of Relationship Marketing on Business Performance

	Items	CR	SRW
Factor 1	It is often necessary to compromise one's ethics.		.879
	If any employee is discovered to be engaged in unethical behaviour that results primarily in personal gain (rather than corporate gain), he/she should be promptly reprimanded.	28.226	.881
Conflict Handling-BP	The firm like and respect the values of employees.	28.202	.881
	In general, the firm employees' opinions and values are a lot like the customers.	26.93	.862
	The firm resolves problems in case there is a dispute.	25.83	.845
	The firm resolves employees' conflicts within the expected time.	27.030	.864
	Every complaint is handled in a positive and active manner.	22.480	.786
	The firm avoid same problem to occur again and again.	24.109	.816
	The firm shares proprietary information with the employees.	18.146	.694
	The firm will share confidential information with the employees.	20.748	.751
Factor 2	Employees understand customer's preferences.	11.03	.776
Reciprocity - BP	Employees maintain friendly relationship with the customers.	15.238	.495

contd. table 5

	Items	CR	SRW
	Employees and customers share same views on most things.		.659
	The firm keeps promises in any situation.	7.85	.646
	When things go wrong, both the company and employees respond sympathetically to any problem.	15.62	.678
	The firm remains very flexible in meeting the needs of employees.	20.205	.834
	The firm shows appreciation right away when the employees make a valuable contribution.	17.42	.740
	The firm is flexible in adjusting the features of the product to satisfy the expectations of the customers.	19.63	.818
	The firm believes that business objectives can be achieved due to long term cooperation.	18.25	.771
	The employees communicate and express the opinions with the firm frequently.	19.79	.823
	The employees can show discontent towards the activities of the firm through communication.	16.17	.700
	The employees communicate honestly.	16.754	.718
Factor 3	The firm provides accurate information about products.	17.920	.804
Communca-	The firm keeps employees informed of new developments.	22.720	.871
tion - BP	The firm communicates the expectations for the firm's performance to the employees.	22.03	.853
	The employees share the same worldview with the customers.		.833
	The firm and employees share the same opinion about most things.	21.34	.825
	The employees share the same feelings with the firm toward things around them.	20.95	.784
	The firm and employees share the same values.	19.608	.712
Factor 4	You keep in touch with your customers constantly on regular basis.	17.08	.600
Bonding - BP	Employees are making efforts to accomplish the specific transactions irrespective of relationship marketing.		.649
	Employees work in close cooperation with the customers.	4.50	.618
	If our customers give assistance when the company has difficulties then the firm would repay their kindness.	5.70	.546

CMIN/df = 3.422, NFI=0.823, CFI=0.876, RMSEA=0.079

Impact of Strategic Mix/Initiatives on Business Performance

The impact of strategic mix on business performance model shows moderate model fitness with acceptable values of CMIN/df = 2.070 and RMSEA = 0.071 and marginally acceptable values of CFI = 0.867 and NFI = 0.839 (i.e. around 0.9). The SRW ranged between 0.57 to 0.76 and all the critical ratio values are above the threshold criteria.

<div align="center">

Table 6
Impact of Strategic Mix/Initiatives on Business Performance

</div>

	Items	*CR*	*SRW*
Factor 1	Regular manpower planning and performance appraisal of senior managers.	16.32	.737
Defensive	Up gradation in manufacturing technology.	16.00	.723
- BP	Use cost control systems for monitoring performance.	16.26	.735
	Emphasises on product quality through the use of quality circles.	17.92	.802
	Provide employee with future competitive edge guidelines.	18.01	.805
	Formal tracking of significant general trends is common.		.738
Factor 2	Constantly seeking new opportunities related to present operations.	10.56	.571
Proactive	Tries to introduce new brands or products in the market.	13.83	.853
- BP	Look out for business that can be acquired.	14.11	.891
	Have conservative view when making major decisions.	13.52	.819
	New projects approved on a "stage by stage" basis.		.591
Factor 3	Effective coordination with different functional areas.	16.23	.811
Analytical	Information system for decision making.	16.49	.892
- BP	Major decision based on analysis.		.709
Factor 4	Set prices below competition.	15.47	.770
Risk-averse	Support projects where the expected returns are certain.	16.71	.861
- BP	Followed the "tried and true" paths.		.683

CMIN/df = 2.070, NFI=0.816, CFI=0.852, RMSEA=0.0791

Strategic Mix / Initiatives Relationship Marketing Business Performance

The model values CMIN/df, CFI, RMSEA and NFI values were recorded as 2.183, 0.880, 0.075 and 0.831 respectively. All critical ratio values were greater than 1.96 and SRW were between 0.57 to 0.86 for different strategic mix, relationship marketing and business performance indicators. Overall, the strategic mix is significantly contributing towards the relationship marketing concept as SRW value is recorded as 0.897 and subsequently the relationship marketing is contributing to business performance (SRW = 0.754).

VALIDITY AND RELIABILITY

The psychometric properties are established through construct, discriminant and nomological validities.

Reliability

The reliability of all the two constructs in the study is assessed by computing cronbach alpha (α) and composite reliability (CR). The cronbach value (α) for the overall relationship marketing is 0.95 while factor- wise alpha values are

0.96 (*conflict handling*), 0.92 (*reciprocity*), 0.93 (*communication*) and 0.94 (*bonding)*. The composite reliability ranged between 0.77 (*conflict handing*) to 0.84 (*bonding*).

Similarly, the cronbach alpha value for the strategic mix scale is recorded as excellent that is, 0.91. The composite reliability and alpha value for the defensive (0.75 & 0.89), proactive (0.72 & 0.86), analytical (0.67 & 0.84) and risk-averse (0.64 & 0.79) also reflect good reliability of SM construct.

Validity

As the dimensions of relationship marketing and strategic mix have shown significant factor loading (0.50) in EFA and standardised regression weight (0.50) values in CFA which established the convergent validity of the scales. In addition, convergent validity was also established by examining the AVE of each construct of both the scales. As shown in the table 6, AVE values for all sub-dimensions of two constructs are above threshold criteria of .50, that support convergent validity of measurement scales. Further, to satisfy the requirement of the discriminant validity, the square root of a construct's AVE must be greater than the correlations between the construct and the other ones in the model (Malhotra and Dash, 2010). The study has established the discriminant validity as the above criteria are satisfied and values are shown in table 7.

HYPOTHESIS TESTING

The study shows that relationship marketing comprising of four factors (*conflict handling, reciprocity, communication* and *bonding*) and has significant and positive impact on business performance in general and with respect to profit (SRW = 0.85), sales growth (SRW = 0.71), market share (SRW = 0.69) and sales revenue (SRW = 0.66) in particular. Further, strategic mix/ initiatives also significantly and positively influence business performance (profit (0.63), sales growth (0.74), sales revenue (0.73) and market share (0.68). Both orientations show almost significant impact on business performance. Thus, hypotheses which relate to relationship marketing as a multidimensional construct (H1), relationship marketing practices (H2) enhance business performance are accepted. Further, all the four strategic mix initiatives that is, *defensive, proactive, analytical* and *risk-averse* significantly impact business performance leading to acceptance of hypothesis 3.

Further, mixed strategies are influencing relationship marketing practices namely, bonding (0.892) followed by *conflict handling* (0.851), *communication* (0.724) and *reciprocity* (0.653) dimension of relationship marketing construct. Thus, hypothesis that is, *relationship marketing practices are influenced and enhanced by mixed strategies* (H4) *is accepted.*

Table 7
Composite Reliability, Average Variance Extracted and Cronbach Alpha

Dimensions	CR	AVE	Conflict Handling	Reciprocity	Communication	Bonding	Defensive	Proactive	Analytical	Risk-Averse	Cronbach alpha
RM											
Conflict Handling	0.77	0.85	0.92*	-	-	-	-	-	-	-	0.96
Reciprocity	0.76	0.84	0.44	0.91*	-	-	-	-	-	-	0.92
Communication	0.78	0.82	0.41	0.67	0.90*	-	-	-	-	-	0.93
Bonding	0.84	0.74	0.40	0.47	0.43	0.86*	-	-	-	-	0.94
SM											
Defensive	0.91	0.75	0.34	0.67	0.69	0.48	0.86*	-	-	-	0.89
Proactive	0.82	0.72	0.47	0.45	0.52	0.43	0.46	0.84*	-	-	0.86
Analytical	0.76	0.67	0.35	0.43	0.49	0.46	0.45	0.32	0.81*	-	0.84
Risk-Averse	0.75	0.64	0.41	0.56	0.80	0.42	0.65	0.54	0.44	0.80*	0.79

*Values in the diagonal of correlation matrix are the square root of AVE.

DISCUSSION

The study is undertaken to have better understanding of strategic mix/initiatives and relationship marketing concept. Moreover, study also examines the role of strategic mix (initiatives) in enhancing relationship marketing practices and ultimately the impact of strategic mix/initiatives and relationship marketing practices on business performance. The results of the study established relationship marketing as multi-dimensional constructs comprising of four factors that is, *conflict handling, reciprocity, communication* and *bonding. All* the four relationship marketing practices, namely communication (SRW = 0.93), conflict handling (SRW = 0.85), reciprocity (SRW = 0.83) and bonding (SRW = 0.78) are being practiced by SMEs. The result indicates that effective communication, conflict resolution, reciprocity in relationships, and relationship building are quite effectively followed by the managers/owners of the firms in dealing with customers.

The study results revealed that SMEs in Jammu district are using mixed strategies namely, risk averse, defensive, proactive and analytical to have higher performance margins and to sustain competition unlike the seven strategies confirmed by studies like Rajagopalan and Finkelstein (2002) and Morgan and Strong (2003). *Riskiness, futurity* and *aggressiveness* could not be confirmed in SMEs in the present study. SMEs are using defensive, proactive, analytical and risk-averse strategies as per changing market conditions. Studies such as Atuahene-Gima and Ko (2001), Bhuian et al. (2005), Hakala (2011) and Mu and Benedetto (2011) also confirmed that for proper functioning of the firms, mixed strategies rather than single strategy can result in better performance. Under *risk averse* strategy SMEs should focus on such projects where the expected returns are certain and also they should set prices below competition as this can be useful in various resource allocation decisions as well as choice of products and markets. Further, in *defensive* strategy the firm should have consistent upgradation in their manufacturing technology and should indulge in effective manpower planning and performance appraisal techniques so that it provide competitive platform to remain ahead of competitors. Moreover, firms should reflect *proactive* strategies by approving projects on stage by stage basis and constantly seek new opportunities for experimenting with potential responses to changing environmental trends. To search deeper for the roots of problem and to generate the best possible solution alternatives *analytical* strategies should be implemented that is, using information system for decision making.

Further, the study also examines the impact of strategic mix on relationship marketing and ultimately the impact of relationship marketing on business performance. The results reflect significant relationship between strategic mix and relationship marketing practices (SRW = 0.897). Particularly, mixed strategies that is, *defensive, proactive, analytical* and *risk-averse* are affecting the bonding (0.892) dimension of relationship marketing construct followed by conflict handling

(0.851), communication (0.724) and reciprocity (0.653). In the context of strategic mix and relationship marketing, Palmatier et al. (2006) stated that the effectiveness of relationship marketing efforts are in relation to varied strategies and the exchange process. Furthermore, results also reveal that SMEs are more savvy towards defensive and analytical approaches in comparison to risk-averse and proactive strategies.

Among different business performance measures, significant relationship isestablished between relationship marketing and profit (SRW = 0.85) and sales growth (SRW = 0.71) while moderate relationship is found for market share (SRW = 0.69) and sales revenue (SRW = 0.66). Therefore, the study results indicate that the firms that adopt the phenomena of mixed strategies can enhance relationship marketing and ultimately business performance. The study findings support the existing literature on direct impact of relationship marketing on business performance (Arnett and Badrinarayanan, 2005 and Murphy, Stevens and McLeod, 1997). Further, researchers such as and Halimi, Chavosh and Choshali (2011), Taleghani, Gilaninia and Mousavian (2011) and Yaghoubi, Doaee and Ardalan (2011) also identified that relationship marketing is expected to have positive and direct impact on the business performance in terms of profit, market share, sales growth and sales revenue.

IMPLICATIONS

In the competitive environment, relationship marketing concept is necessary in the firms for its growth.

In the competitive environment, relationship marketing concept is necessary in the firms for their growth. Specifically, in order to implement relationship marketing practices the firms should concentrate on *conflict handling* (resolving problems within the expected time, complaint handling in a positive and active manner), *bonding* (close cooperation, reliability and regular interaction between firm and customers), *communication* (frequent communication and accurate information about products to customers) and *reciprocity* (keeping promises, showing appreciation, and flexible attitude).. All these relationship marketing practices are important for achieving organisational goals and sustaining competitive advantage.

However, the SMEs efforts to adopt mixed strategies for enhancing the relationship marketing process are established in the study but to a limited extent. The study results reveal that firms are able to sustain in the competition using mixed strategies (*risk averse, defensive, proactive* and *analytical*) in their regular operations. Among the four strategies, defensive and analytical strategies can help the firms in building better relationships with employees and customers and improved business performance more followed by risk-averse and proactive strategies. Further, all relationship marketing practices (conflict handling,

reciprocity, communication and bonding) when applied in unison and contribute more towards firms'profit followed by sales growth, market share than sales revenue. Overall appropriate and adequate focus on mixed strategies and relationship practices can help the firms in improving business performance.

LIMITATIONS AND FUTURE RESEARCH

The research work is conducted in the presence of certain unavoidable limitations. Firstly, the study examined role of strategic mix in enhancing relationship marketing in context to SMEs so, researchers can investigate this relationship in other service sectors such as banks, nursing homes, hotels, etc. The presence of subjective responses of the employees with respect to the relationship marketing and strategic mix constructs in the study is another limitation. To further strengthen the findings of the study, future research must focus on moderating role of relationship marketing between strategic mix and business performance.

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