

# **The Role of Competitive Strategy and Green Supply Chain Management on Firm Performance: Case Study of MSMEs in Traditional Market**

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## ***ABSTRACT***

*This research aims to examine how the implementation of competitive strategies in MSMEs in traditional markets to improve company performance. Not only that, in the current issue of environmentally friendly aspects, this research is also researching how MSMEs in the traditional market manage environmental-based supply chains, which are often called Green Supply Chain Management on company performance. This research involved 200 MSMEs in traditional markets located in Sleman Regency, Yogyakarta. This research was conducted by structural equation modeling to test the relationship between variables to be reviewed. The results showed that all competitive strategies turned out to have a significant effect on Green Supply Chain Management while the Competitive strategy and Green Supply Chain have a positive impact on the performance of MSMEs companies in the Traditional market.*

**Keywords:** *Competitive Strategy, Firm Performance, Green Supply Chain Management*

## **Introduction**

In the current era of globalization, good economic growth is an assessment of the success of the government in carrying out development, including the economic aspects. The government also makes and supports programs with the concept of people's economy. The idea of populist economics is the idea of the manner, nature, and purpose of development with the primary objective of improving a lot of the people who generally live in rural areas. This concept has made essential changes towards progress, especially towards breaking down barriers that are shackling the majority of the Indonesian people in a state of shortage and underdevelopment.

It is known that Micro, Small, and Medium Enterprises (MSMEs) have an essential and strategic role in national economic development. In addition to playing a role in economic growth and employment, MSMEs also have a role in distributing development results. MSMEs have also been proven to be unaffected by the current crisis. When the disaster occurred in the period 1997 - 1998, only MSMEs were known to be able to remain firmly established

UMKM itself significantly increases from year to year. At the time of the crisis in 1997-1998, it was known that the UMKM growth had decreased by 7.42%. But in 1998 - 2017 experienced a significant increase every year, and it was noted that the most significant growth occurred in 2005 by 5% constant until 2016 (BPS, 2017). In 2017 the Indonesian government itself said that there were 59.2 million MSME entrepreneurs and 8 percent had used the online platform (Ministry of Communication and Information Technology 2017)

One of the centers of MSMEs in Indonesia is the traditional market. Traditional markets are a symbol of culture and the center of the people's economy. The traditional market is a cultural symbol and one of the centers of economic activity for the people of Indonesia. The existence of traditional markets as social institutions has a strategic role in the development process of a nation (Bariarcianur, 2018).

It makes essential for traditional markets to continue to grow. However, with the entry of modern civilization marked by the mushrooming of modern markets such as supermarkets, malls, and other modern shopping centers in Indonesia, the existence of traditional markets is endangered (Wiyarni et al., 2013). In the current era, globalization is inevitable, and inevitably we must be involved in it to prevent the extinction of traditional markets. The way to avoid the destruction of traditional markets is not to avoid globalization but to compensate for globalization.

That way it can be said that the traditional market today must compete against the modern market. Competitive strategy is one way to fight against competitors in the modern market. Competitive strategy is a way of superior position in the market that leads a company to outperform its competitors (Porter 1985). Because market formation and the economic environment influence the selection of strategies, each business applies a different competitive approach.

By implementing the Competitive Strategy in the traditional market, it is expected that the performance of the traditional market will increase. It is, as stated by Parnell (2011), that company performance will increase when the competitive strategy also adopted increases. It is also supported by qualitative research by Azim et al. (2017) and Majeed (2011), who stated the same thing.

With an increase in the traditional market, performance is expected to expand market share and even regain market share that is currently dominated by the modern market. It is known that traditional markets have great potential to create an attraction for consumers. One of the possibilities in traditional markets is the presence of cultural and unique elements in buying and selling transactions (Wiyarni et al. 2013).

In addition to the potential of traditional markets in the form of culture and uniqueness, Prabowo and Rahadi (2015) stated that traditional market consumers are still dominated by the older generation while the interest of the younger generation to shop in traditional markets is still small. To increase the importance of a young age (generation Y) for buying in traditional markets need to improve several attributes of accessibility, quality of merchandise, reputation, in-store service, shop atmosphere, public facilities, prices, and security (Prabowo & Rahadi, 2015 ).

On the other hand, one of the most significant weaknesses of traditional markets

compared to modern markets lies in supply chain management (Wan et al. 2017). Modern markets have high bargaining power because managed by large companies and can regulate and provide qualifications to suppliers, while traditional markets are a collection of MSMEs that do not have enough bargaining power to control and deliver product qualifications to suppliers.

Talking about the supply chain, a lot of literature states that currently, the competitive advantage of a company is not only in the management of the supply chain in general, but one that is a separate value is the Green Supply Chain. Companies that can protect the environment and produce environmentally friendly products will gain more benefits and be able to attract consumers.

Çankaya & Sezen (2018) states that Green Supply Chain Management influences company performance and Bayraktar, et al. (2016) adds that competitive strategy influences company performance. Therefore this study aims to analyze the effect of green supply chain management and competitive strategies on company performance.

## **Literature Review**

### **Competitive Strategy vs Green Supply Chain Management**

The competitive strategy has a positive effect on Green Supply Chain Management. In the research mentioned there are two measurements on the impact of environmental performance and economic performance (Laari et al., 2018). With the increasing competitive strategy implemented, it has a positive effect on GSCM. However, with the increase in GSCM which was improved based on the Competitive Strategy it turned out to be based on performance. The increased GSCM has a positive impact on environmental performance, while not on economic performance. Another study conducted by Laari (2016) said that Competitive Strategy has a positive effect on GSCM. Differentiation, both operationally and marketing is the most pursued strategy to improve GSCM to improve company performance. The same

thing was also stated by Laari et al. (2016, who indicated that marketing differentiation and operational differentiation were the most competitive strategies to improve GSCM in manufacturing and trading. The findings show that companies that pursue marketing differentiation are more likely to be able to compete by only having a small environmental impact, and by adopting a more advanced form of external GSCM. Therefore it can be said that Competitive Strategy has a positive effect on Green Supply Chain Management.

H1: Competitive Strategy has a positive effect on Green Supply Chain Management

### **Green Supply Chain Management vs Firm Performance**

Çankaya & Sezen (2018) states that Green Purchasing, Green Manufacturing, Green Marketing, Green Distribution, Green Packaging, Internal Environmental Management, Environmental Education, and Investment Recovery which are part of Green Supply Chain Management have an impact on a company's performance. The performance mentioned in the research, namely Environmental Performance, Economic Performance, and Social Performance, increased when Green Supply Chain Management increased significantly.

A study conducted by Younis et al. (2015) said that there are several dimensions in Green Supply Chain Management. These dimensions are Eco Design, Green Purchasing, Environmental Corporation, and Reverse Logistics. GSCM in the study said some of these dimensions had a positive effect on the performance of a company. Company performance in the study was divided into three dimensions, namely Operational Performance, Environmental Performance, and Economic Performance. There are two dimensions in GSCM that affect company performance, namely: Green Purchasing and Environmental Corporation significantly influence Operational performance, Green Purchasing substantially impacts a company's economic performance, while there is no dimension that affects operational performance. It means that green purchasing which is a dimension of GSCM has a positive

effect on company performance.

In the research, Namagembe, Sridharan & Ryan (2019) said that Green Supply Chain practice has a positive effect on the performance of a company. There are five dimensions of GSCP in this research: Green purchasing practices, Eco-design practices, Customer cooperation practices, Investment Recovery Practices, and Internal Investment recovery practices. The company's performance in this research is divided into three dimensions, namely Environmental performance, Economic benefits, and Economic costs. The five aspects of the GSCP have a significant effect on environmental performance. For impact on Economic benefits and Economic costs, there is only one dimension that does not significantly influence the Customer cooperation practices dimension, while the other four dimensions have a positive effect on Economic benefits and Economic costs. Therefore it can be concluded that in the research, GSCP is having a significant impact on the performance of MSME companies in Uganda. It is known that supply chain management is a process that involves upstream to downstream in a company's operations. The Green Supply Chain itself is an environmentally oriented supply chain. In an environmentally oriented supply chain mentioned by Namagembe, Sridharan & Ryan (2019) that part of GSCM namely Eco-design has a positive effect on Environmental performance, Internal environmental management has a positive impact on Environmental performance, Internal environmental management has a positive effect on Economic benefits, and Internal environmental management has a positive effect on Economic costs. Another research conducted by Geng et al. (2016), who conducted research using a meta-analysis stated that GSCM had a positive and significant impact on company performance. Therefore it can be said that Green Supply Chain Management has a positive effect on a company's performance.

*H2: Green Supply Chain Management has a positive effect on Company Performance*

## **Competitive Strategy VS Firm Performance**

Teeratansirikool et al. (2012) conducted research that found that there was a relationship between competitive strategy and performance measures. This hypothesis is supported because the cost leadership and differentiation strategies are significantly related to all components of performance measurement. In this research the competitive strategy has variables that are cost leadership, differentiation, and financial measures. In other studies also revealed that Cost leadership, Differentiation, and Innovation have a role in improving the performance of a company. The existence of cost leadership and differentiation cannot directly affect firm performance, but with innovation as a modification, Cost leadership and Differentiation indirectly influence firm performance (Bayraktar et al. 2016).

María José (2010), in her study, mentioned that Competitive Strategy, which has a dimension of cost leadership and differentiation in companies increases, firm performance increases with a note that if there is a significant capability technology, then the gain in corporate performance is also higher. Meanwhile, according to Teeratansirikool et al. (2012) GSCM, which has the dimensions of differentiation and cost leadership, expressing differentiation has a significant direct relationship with company performance while Cost Leadership does not go through non-financial. But differentiation and cost leadership affect company performance through financial measures.

In other studies that not only have two dimensions of cost leadership and differentiation, according to Parnell (2011), there are three dimensions in competitive strategy, namely Differentiation, Cost Leadership, and Focus Strategy, which positively influence company performance. This research supports previous research, which argues that differentiation and cost leadership significantly affect the performance of a company.

A collaborative study conducted by Majeed (2011) states that the higher the competitive advantages, the higher the performance of a company. It was also approved by research from

Azim et al., 2017, which says that a competitive strategy, which has a cost leadership and differentiation dimension, has a significant effect on a company's performance. From the qualitative and quantitative research data, it can be concluded that a company's performance will increase when there is an increase in competitive strategy.

H3: Competitive Strategy has a positive effect on Company Performance

### Research Model

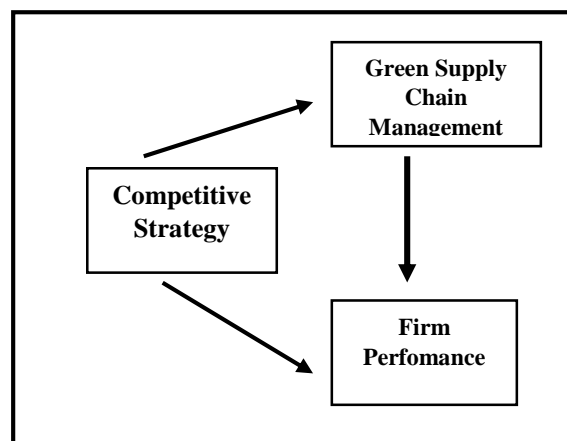


Figure 1: Research Model

### Methodology

The population used in this study is MSMEs in traditional markets managed by the Sleman Regency Yogyakarta Industry and Trade Office. The sampling technique used in this study is the purposive (judgment) sampling method. The sample used in this study was 200 managers or owner of MSMEs in the traditional markets of Sleman Regency

The data to be used in this study was obtained through distributing questionnaires to 200 managers or owner of MSMEs in traditional markets. The questionnaire is a close question and used Likert scale can be created as the simple sum of questionnaire responses over the full range of the scale (e.g., 1 = strongly disagree to 5 = strongly agree). The Structural Equation Model (SEM) method was performed to test the hypothesis. The statistic tools are AMOS



## **Variable and Measurement**

### ***Competitive Strategy***

Competitive strategy in this study had two dimensions: cost leadership and differentiation (Teeratansirikool, et al. 2012):

### **Cost Leadership**

Cost leadership is measured by the four items, as follows:

- Prices are lower than competitors
- Lower average production costs
- The policy strictly controls the costs that come out.
- Costs in selecting raw materials and distribution systems

### **Differentiation**

Differentiation is measured by the eight items, as follows:

- Make a significant effort to build a reliable brand name.
- Develop new products to differentiate from competitors.
- Integrate the latest technology and features in merchant products.
- We are creating new marketing techniques.
- Looking for a new business or market opportunities and can benefit from these growth opportunities.
- Conduct the advertising and marketing of existing products.
- We are developing existing products.
- Improve sales team performance.

### ***Green Supply Chain Management***

Green Supply Chain Management in this study had four dimensions (Younis, 2015):

**Eco-design (ED)**, is measured by the four items, as follows:

- Product design used can reduce material/energy consumption.
- Product design can be recycled or reused.
- Product design does not use hazardous materials.
- Product design used to minimize existing waste.

**Green Purchasing (GP)**, is measured by the four items, as follows:

- Provide specific criteria to suppliers/suppliers for environmental conditions to be purchased.
- I am auditing the internal environment at the supplier.
- Conduct an environmentally friendly evaluation at the supplier.
- Suppliers/suppliers are chosen based on environmentally friendly criteria.

**Environmental Cooperation (EC)**, is measured by the seven items, as follows:

- Working closely with suppliers or suppliers and consumers to use environmentally friendly designs.
- Work with suppliers and consumers to use sanitary products.
- We are collaborating with suppliers or suppliers and consumers for environmentally friendly packaging.
- Work with suppliers or suppliers and consumers to use less energy.
- Work together to reduce the environmental impact of the activities carried out by the company.
- Conduct joint planning to anticipate and resolve problems related to the environment.
- Make joint decisions with other supply chain members about how to reduce the overall impact of the environment on the company's products.

**Reverse logistics (RL)**, is measured by the three items, as follows:

- Reuse the packaging used.

- I am using remanufacturing materials.
- Restore the company to use its disposable products.

### ***Firm Performance***

Company performance is measurements are as follows (Beheshti et al. 2014):

- MSME can make efforts to reduce costs
- High return on capital
- Sales increase
- The asset has a good rate of return (Comparison of income and assets continues to increase)
- MSMEs have good liquidity (cash)
- Net profits continue to grow

## **Result and Discussion**

### **Result**

#### ***Confirmatory Analysis***

The confirmatory analysis is used to test concepts that are built using several measurable indicators. The conformity model conformity test is verified using the Goodness of Fit Index which includes Chi-Square, probability, RMSEA, GFI, CFI, and TLI. This study uses seven variables including Cost Leadership (CL), Differentiation (D), Eco Design (ED), Green Purchasing (GP), Environmental Cooperation (EC), Reverse Logistic (RL), and Firm Performance (FP) by the amount a total of 36 indicators. From the results of the analysis it can be seen each loading factor.

Loading Factor can be used to measure of construct validity where a questionnaire is said to be valid if the questions on the questionnaire can reveal something that is measured by the questionnaire. According to Hair et al. (2010) the minimum number of factor loading is  $\geq 0.5$  or ideally  $\geq 0.7$ . From these results, it is known that there are eight indicators whose

loading factor values are still. Therefore these eight indicators must be removed. After removing the eight indicators, all indicators have a good loading factor. Next, confirmatory analysis goodness of fit test is performed.

From the results of the goodness of fit test, it appears that there is 2 Goodness of Fit criteria that have not been met. The goodness of Fit is Probability and GFI. With 2 data not yet fit, it is necessary to modify the model by referring to the modification indices so that a new model is obtained. As for the Goodness of Fit test results after the modification is as follows:

Table 1: Goodness of Fit test results

Goodness of Fit	Criteria	Cut-off value	Information
Chi-Square ( $X^2$ )	Expected to be small	277,778	Fit
Significance Probability	$\geq 0,05$	0,912	Fit
RMSEA	$\leq 0,08$	0,000	Fit
GFI	$\geq 0,90$	0,913	Fit
TLI	$\geq 0,90$	1,010	Fit
CFI	$\geq 0,90$	1,000	Fit

Source: Processed Data

### ***Structural Equation Model (SEM) Analysis***

#### **Reliability Test**

The reliability coefficient ranges from 0-1, so the higher the coefficient (close to number 1), the more reliable the measuring instrument. Constructive reliability is good if the construct reliability value  $> 0.7$  and the extracted variance value  $> 0.5$  (Hair et al. 2010)

From the calculation results, the following results are obtained:

Table 2: Validity Test Result

<b>Indicator</b>	<b>Standard Loading</b>	<b>Standard Loading<sup>2</sup></b>	<b>Measurement Error</b>	<b>CR</b>	<b>VE</b>
GS1	0,821	0,67	0,33	0,9	0,6
GS2	0,811	0,66	0,34		
GS3	0,624	0,39	0,61		
GS4	0,848	0,72	0,28		
9,63	3,104	2,44	1,56		
GS5	0,82	0,67	0,33	0,9	0,6
GS6	0,843	0,71	0,29		
GS7	0,735	0,54	0,46		
GS8	0,716	0,51	0,49		
9,70	3,114	2,44	1,56		
GS9	0,965	0,93	0,07	0,9	0,6
GS10	0,965	0,93	0,07		
GS11	0,52	0,27	0,73		
GS13	0,558	0,31	0,69		
9,05	3,008	2,44	1,56		
GS14	0,633	0,40	0,60	0,8	0,5
GS15	0,823	0,68	0,32		
GS16	0,744	0,55	0,45		
4,84	2,2	1,63	1,37		
CS6	0,724	0,52	0,48	0,9	0,6
CS7	0,812	0,66	0,34		
CS8	0,793	0,63	0,37		
CS9	0,802	0,64	0,36		
9,80	3,131	2,46	1,54		
CS1	0,77	0,59	0,41	0,9	0,6
CS2	0,752	0,57	0,43		
CS3	0,756	0,57	0,43		

CS4	0,825	0,68	0,32		
CS5	0,754	0,57	0,43		
14,88	3,857	2,98	2,02		
FP1	0,734	0,54	0,46	0,9	0,6
FP2	0,774	0,60	0,40		
FP3	0,782	0,61	0,39		
FP4	0,814	0,66	0,34		
9,63	3,104	2,41	1,59		

Source: Processed Data

From the table above, it can be seen that the construct reliability of all variables already shows  $\geq 0.7$ . As for the variance extracted in this study, each variable also has a value above 0.5. So it can be concluded that the questionnaire used for this study was declared reliable.

### Structural Model Identification

One way to see whether there is an identification problem is to look at the estimation results. SEM analysis can only be done if the model identification results show that the model is included in the over-identified category. This identification is made by looking at the DF value of the model created.

Table 3: Computation of degrees of freedom (Default Model)

A number of distinct sample moments:	406
A number of distinct parameters to be estimated:	81
Degrees of freedom (406 - 81):	325

Source: Processed Data

The AMOS output results indicate that the DF value of the model is 325. It is shown that the model is categorized as over-identified because it has a positive DF value. Therefore data analysis can proceed to the next stage.

**Goodness-of-Fit Criteria and Model Modifications.**

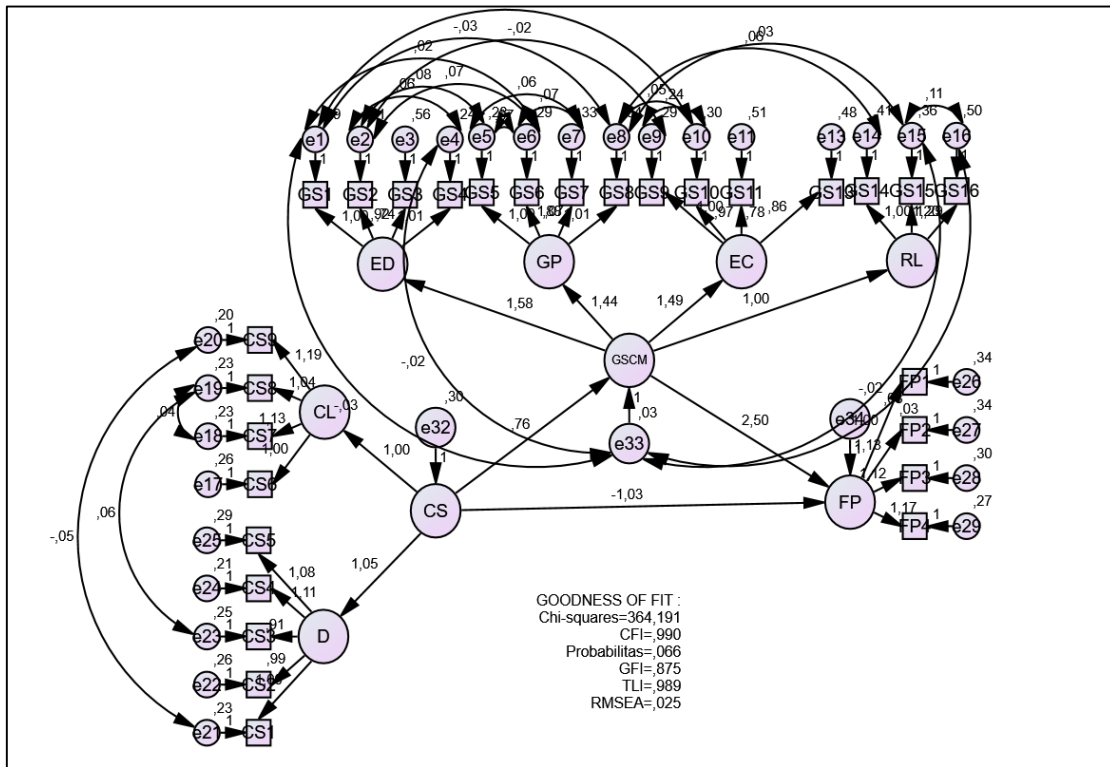
Test the suitability of the research model is used to test how good the level of goodness of fit of the research model. The results of model testing are as follows:

Table 5: Goodness-of-Fit Criteria

Goodness of Fit	Criteria	Cut-off value	Information
Chi-Square ( $X^2$ )	Expected to be small	364,191	Fit
Significance Probability	$\geq 0,05$	0,066	Fit
RMSEA	$\leq 0,08$	0,025	Fit
GFI	$\geq 0,90$	0,875	Marginal Fit
TLI	$\geq 0,90$	0,989	Fit
CFI	$\geq 0,90$	0,990	Fit

Source: Hair, et al. 2010

Based on the table, it is known that from all the goodness of fit criteria, all criteria have been fulfilled by this research model. All requirements are good or fit except the probability value that is still not fit but can be tolerated, and this research model can be said to be good or meet the goodness of fit criteria. The final path analysis model of this research is as follows:



**Figure 2: Path Analysis Model**

**Hypothesis testing**

The next analysis is the Structural Equation Model (SEM) analysis in the full model to test the hypotheses developed in this study. The regression weight test results in this study are as follows:

Table 6: Result of Hypothesis Testing

	Estimate	S.E.	C.R.	P	Label
GSCM <--- CS	,762	,097	7,873	***	
FP <--- GSCM	2,500	,397	6,297	***	
FP <--- CS	1,027	,236	4,353	***	

Source: Processed Data

To see the hypothesis accepted or rejected, that is by looking at the value of the Critical Ratio (CR) and the value of Probability (P) from the results of data processing. If the test results show a CR value above 1.96 and a probability value (P) below 0.05 / 5%, then the proposed



research hypothesis is accepted. In detail, the research hypothesis testing will be discussed in stages according to the hypothesis that has been submitted. In this research, a hypothesis is proposed, the discussion of which will be elaborated as follows:

**H1:** Competitive Strategy has a significant effect on Green Supply Chain Management

**H2:** Competitive Strategy is having a significant impact on Firm Performance

**H3:** Green Supply Chain Management is having a significant effect on Firm Performance

## **Discussion**

### ***Relationship of Competitive Strategy to Green Supply Chain Management***

Based on the results of the analysis that has been done has proven that competitive strategy has a significant positive effect on green supply chain management in MSMEs in the traditional markets of Sleman Regency. Based on data processing, it is known that the CR value is 7.873, and the p-value is 0.000. These results indicate that the CR value is still below 1.96 and the p-value is below 0.05. The estimated amount in the relationship between the two variables is 0.762, meaning that with an increase in Competitive Strategy by 1% it will increase the performance of Green Supply Chain Management by 76.2%.

From these results, there is a positive and significant effect on the Competitive Strategy on Green Supply Chain Management in the traditional market MSMEs of Sleman Regency. These results are supported by previous research conducted by (Laari et al., 2018) in his study saying that Competitive strategy has a positive and significant effect on Green Supply Chain Management.

It was also supported by another study conducted by Laari (2016), saying that Competitive Strategy had a positive effect on GSCM. It was mentioned in the Differentiation

research, both operationally, and marketing is the most pursued strategy to improve GSCM to improve company performance. A similar case was also raised by Lari et al. (2015), who argued that marketing differentiation and operational differentiation were the most competitive strategies pursued to improve GSCM in manufacturing and trade. The findings show that companies that seek marketing differentiation are more likely to be able to compete by only having a small environmental impact and by adopting a more advanced form of external GSCM. Although it is said that only the differentiation that influences GSCM but is differentiated is part of a competitive strategy, therefore it can be said that the Competitive Strategy has a positive effect on Green Supply Chain Management.

### ***Relationship of Green Supply Chain Management with Firm Performance***

Based on the results of the analysis in this study, there is a significant positive effect of Green Supply Chain Management on Firm Performance at MSMEs operating in the traditional markets of Sleman Regency. Based on data processing, it is known that the CR value is 6.297, and the p-value is 0.000. These results indicate that the CR value is above 1.96 and the p-value is below 0.05. The estimated value in the relationship between these two variables is 2,500, meaning that with an increase in Green Supply Chain Management by 1% it will increase Firm Performance by 250%.

From these results, there is a positive and significant influence of Green Supply Chain Management on Firm Performance / Company Performance in the traditional market MSMEs of Sleman Regency. These results are supported by previous studies conducted by Çankaya & Sezen (2018), Younis et al. (2015), , Namagembe, Sridharan, & Riyan (2019), Geng et al., (2016), Choi et al. (2016) states that Green Supply Chain Management has a positive and significant effect on Firm Performance. On the other hand Zhu et al. (2012) said that the need for producers to coordinate between internal and external GSCM practices to realize their

maximum potential performance. Indirectly, the internal and external methods of GSCM have a positive effect on environmental, economic, and operational performance in company.

### ***Relationship of Competitive Strategy to Firm Performance***

Based on the results of the analysis that has been done has proven that competitive strategy has a significant positive effect on green supply chain management in MSMEs in the traditional markets of Sleman Regency. Based on data processing it is known that the CR value is 4.353, and the P-value is 0.000. These results indicate that the CR value is still below 1.96 and the P-value is below 0.05. The estimated value in the relationship between the two variables is 1.027, meaning that with an increase in Competitive Strategy by 1%, it will increase the performance of Firm Performance by 102.7%.

From these results, there is a positive and significant influence on the Competitive Strategy Firm Performance / Company Performance in traditional markets SMEs Sleman Regency. These results are supported by Teeratansirikool, et al. (2012), Majeed (2011), Azim, et al., (2017) and Parnell, (2011) stated that Competitive Strategy has a positive and significant effect on Firm Performance. However, another study by Fatih (2010) gave somewhat conflicting results. The research said that differentiation and cost leadership, which are dimensions of competitive strategy, do not affect firm performance. Only a few items matter. While Focus Strategy itself has a significant effect on firm performance, in addition there are two types of research Bayraktar, et al. (2016) and María José (2010), which state that differentiation and cost leadership, which are dimensions of Competitive Strategy do not directly influence, but there must be a control item that makes firm performance improve. Although there is research that states there is no significant relationship between competitive strategy and Green Supply Chain Management, the majority of previous research states that Competitive Strategy can affect the Firm Performance of SMEs in the traditional market of Sleman Regency.

## **Conclusion**

- 1) There is a positive and significant influence on the Competitive Strategy on Green Supply Chain Management in SMEs in the traditional markets of Sleman Regency.
- 2) There is a positive and significant influence of Green Supply Chain Management on Company Performance (UMKM) traditional markets in the Sleman Regency.
- 3) There is a positive and significant influence a Competitive Strategy on Company Performance (SMEs) in the traditional markets of Sleman Regency.

## **Managerial Implications**

- 1) Competitive Strategy is an essential item that must exist in any company both large and small. Because of the increasing number of competitors outside the traditional markets, MSMEs in these market markets must have differentiation (differentiation) and of course more affordable prices (cost leadership). It is also known in this research that Competitive strategy has the most significant role in improving company performance compared to GSCM. Therefore, MSMEs in traditional markets, especially in Sleman, Yogyakarta, must have a Competitive Strategy to balance out the development of competitors outside the market very rapidly and will improve the performance of MSMEs themselves.
- 2) Environmentally friendly is an aspect that cannot be released in the current era. Today's consumers also view products not only from the price but also from how they are made, packaging, cleanliness, and how they affect the environment. Therefore Green Supply Chain Management is needed for SMEs in the market in the face of current developments. It is evident from this research, which shows that GSCM improves Company Performance.
- 3) Competitive Strategy Practices in this study also affect GSCM itself. Therefore, MSMEs in the Sleman Regency market can implement competitive strategies that are suitable for their

products that support GSCM so that they can compete more with competitors outside the traditional markets that have begun to achieve this.

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