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Sustainable Market Orientation: A New Approach to Managing Marketing Strategy

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Abstract

Market orientation has been a foundation of corporate marketing strategy since the middle of the last century. There is a need for a broader conceptualization of market orientation and a new corporate marketing model is proposed: sustainable market orientation (SMO). Taking a macromarketing perspective, the new conceptualization proposes the use of three key sustainable development objectives in corporate marketing strategy; economic, social, and ecological sustainability. Corporate benefits from a SMO are discussed, a model for empirical testing is presented, and a range of research opportunities are discussed.

Keywords

macromarketing, sustainable market orientation, corporate strategy, marketing, environment

Introduction

Market orientation (MO) has been a core philosophy underpinning corporate marketing management since the middle of the last century (Gebhardt, Carpenter, and Sherry 2006; Gronroos, 1989; Hunt and Lambe 2000; Jaworski and Kohli 1993; McKitterick 1957; Narver and Slater 1990). Since then, the concept has been refined and is now endorsed by international academic research (Deng and Dart 1994; Homburg and Pflesser 2000; Lado, Maydeu-Olivares, and Rivera 1998; Morgan and Strong 1998; Pulendran, Speed, and Widing II 2000; van Egeren and O'Connor 1998). Despite this, there is evidence that MO has substantial conceptual shortcomings warranting a review of how it may be reconceptualized as a more comprehensive management framework.

At the outset, MO should be defined. The strategic perspective proposed by Morgan and Strong has been selected (Morgan and Strong 1998). They perceive market orientation is a mode of corporate management founded on:

> an appreciation that understanding present and potential customer needs is fundamental to providing superior customer value; encouraging the systematic gathering and sharing of market information regarding present and potential customers, competitors as well as other related constituencies and instilled the *sine qua non* of an integrated organization-wide priority to respond to changing customer needs and competitor activities to exploit opportunities and circumvent threats (Morgan and Strong 1998, 1052).

A key issue is MO's concentration on microeconomic and functional management, but this is not easily aligned with a more comprehensive view of the roles and functions of contemporary marketing organizations (Elliott 1990; Fisk 1967, 1974; Fisk and Nason 1982; Glaser 1986; Hunt 1981; Layton 2007). The need for this broader view of marketing management is reinforced by management problems arising from the severe adverse ecological, social, and economic impacts that have arisen from globally significant, market-driven events. Examples of unsustainable short-term, market-based corporate strategies include exploitation of indigenous forests in the Amazon Basin and South East Asia; depletion of the North Atlantic cod fishing resources; socially negligent production management at the Union Carbide chemical plant in Bhopal, India; marketing of unsafe products such as Ford Pinto cars, Firestone tires, pharmaceutical products Vioxx and Thalidomide; and more recently, the inadequacies of corporate governance exposed by the collapse of major companies, banks, and insurance companies in the 2008–2009 global financial crisis. Common themes are deficiencies in governance, exploitative social and environmental strategies, and an emphasis on maximizing short-term profitability to the detriment of long-term stakeholder interests. Some of these failures could be attributed to management regimes that have been sanctioned or passively accepted by corporate management and government. These practices challenge the adequacy of the MO concept, demonstrating the need for corporations to

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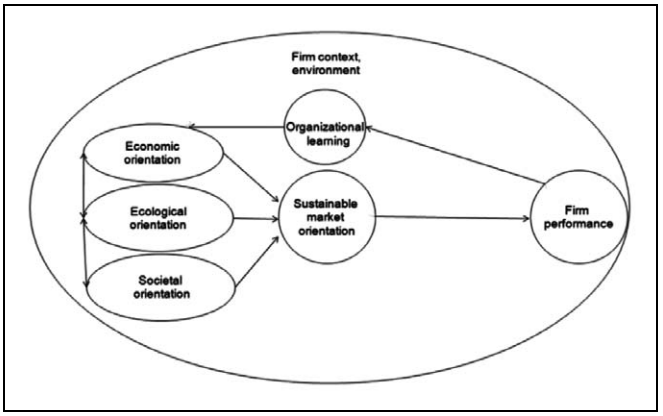

Figure 1. Antecedents and consequences of institutional sustainable market orientation.

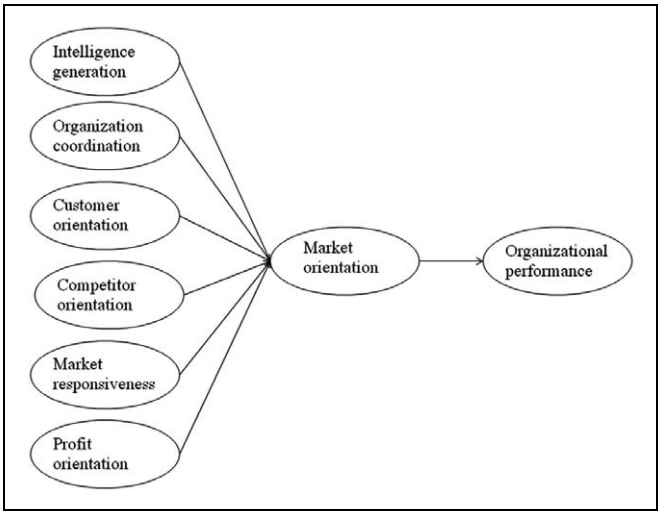

Figure 2. Model of market orientation. Adapted from Narver and Slater (1990) and Dobni and Luffman (2003).

develop more universally acceptable processes for responsible marketing management. Dominant economic drivers call for maximizing corporate profit and shareholder returns through efficient management of resources and competitive marketing that is responsive to customer needs. A reconceptualization of the MO paradigm offers potential to achieve greater alignment of long-term commercial performance with the interests of a wider range of stakeholders including latent or potential customers and communities.

A promising avenue for the reformulation of MO lies in a synthesis of market orientation, macromarketing, corporate social responsibility, and sustainable development management concepts as sustainable market orientation (SMO). By adopting an SMO, corporate management will move beyond a conventional concentration on microeconomic and functional management prescribed by MO.

We suggest that SMO may be conceptualized as having four components: objectives, strategies, processes, and benefits. It is institutional marketing management where the firm uses sustainable management principles to:

- anticipate and meet customer needs through the effective integration of comprehensive environmental intelligence with operational and marketing systems;
- apply profitable, socially and environmentally responsible value systems;
- generate positive, long-run outcomes in economic, social, and environmental terms that are acceptable for primary stakeholders who derive direct financial benefits from firms and secondary stakeholders who gain indirect economic, social, and environmental benefits.

The model of corporate SMO (figure 1) provides for a more comprehensive, stakeholder-based approach to corporate management than the widely accepted model of MO (figure 2). SMO combines the principles of market orientation (Jaworski and Kohli 1993; Narver and Slater 1990) with a macromarketing systems management approach (Fisk and Nason 1982; Homburg and Pflesser 2000; Layton 2007; Shultz 2004; van Dam and Apeldoorn 1996); a stakeholder approach to integrating corporate social responsibility and marketing strategy (Maignan, Ferrell, and Ferrell 2005; Wheeler, Colbert, and Freeman 2003), and use of the sustainability management concept proposed in the report of United Nations' (UN) World Commission on Environment and Development (Brundtland Commission) to balance corporate economic, social, and environmental governance (Chichilnisky 1977, 1997; Gladwin, Kennelly, and Krause 1995; Goodland 1995; Shrivastava 1995; WCED 1987).

Antecedents to SMO

The conceptualization of SMO is supported by four significant streams of academic literature. First, literature on MO will be discussed and current limitations identified. Second, macromarketing literature is referenced to illustrate the need for a systems approach to corporate marketing activities. Third, the importance of corporate stakeholder responsibility is highlighted. Fourth, sustainable management authorities have been selected to emphasize the value of integrating economic corporate performance with social and environmental principles consistent with the model proposed by the UN's World Commission on Economic Development in 1987.

Investigation of MO literature demonstrates that since 1990, there has been general agreement on the key components of MO (figure 2): market intelligence gathering and the synthesis of market information to develop and implement competitive, profitable marketing strategies (Cano, Carrillat, and Jaramillo 2004; Cervera, Molla, and Sanchez 2001; Deshpande and Farley 1998; Greenley, Hooley, and Rudd 2005; Kirca, Jayachandran, and Bearden 2005; Kohli and Jaworski, 1990; Lafferty and Hult 2001; Narver and Slater 1990). MO should focus on the market-oriented integration of firm's capabilities to generate long-run profitability, maintain or increase customer

numbers, improve firm competitiveness, expand market share for its products or services, ensure organizational responsiveness in providing customer value and satisfaction, and meet strategic corporate targets (Dawes 2000; Homburg and Pflesser 2000; Kohli and Jaworski 1990; Kohli, Jaworski, and Kumar 1993; Narver and Slater 1990). Improved performance through organizational learning enhances MO management (Baker and Sinkula 1999; Farrell and Oczkowski 2002).

However, more recent MO research has also recognized a need for proactive corporate management to profitably address the interests of a spectrum of social, political, and business (commonly described as environmental) stakeholders (Cano, Carrillat, and Jaramillo 2004; Cervera, Molla, and Sanchez 2001; Gonzalez-Benito and Gonzalez-Benito 2008; Greenley, Hooley, and Rudd 2005). This body of research has been enriched by debate about how environmental forces affecting MO should be isolated, measured, and evaluated (Cadogan, Souchon, and Proctor 2008; Dobscha, Mentzner, and Littlefield 1994; Lawer and Knox 2008; Pelham 1999).

Exploration of the place of MO in the management of corporate relationship quality has been a recent development. Positive findings demonstrate that MO supports improved corporate performance founded on positive external relationships in different cultural environments (Cano, Carrillat, and Jaramillo 2004). Additionally, a market-oriented firm may attract better service from governments (Cervera, Molla, and Sanchez 2001). However, the extent to which stakeholders influence corporate strategy, which is not directly market related, still has to be confirmed (Gonzalez-Benito and Gonzalez-Benito 2008). Furthermore, a recent meta-analysis of MO literature encourages researchers to move beyond the conventional micromanagement approach and scrutinize moderators of MO performance such as market, technological, and environmental turbulence (Kirca, Jayachandran, and Bearden 2005).

The authors' review of the MO research related to environmental and stakeholder management confirms a need for corporations to invest more in gathering social and environmental intelligence and developing a broader range of stakeholder relationships.

Contrasted with the micro focus of MO, macromarketing parameters offer persuasive grounds for reconceptualizing MO. To support this argument, a definition of macromarketing is presented. Hunt defines macromarketing as a system-based process that calls for the examination of "the impact and consequence of marketing systems on society and . . . the impact and consequence of society on marketing system" (1981, 8). In a further refinement, Dixon conceived that marketing was a subsystem of society's adaptation to its material environment (Dixon 1984).

Macromarketing literature distinguishes MO from SMO by advocating corporate marketing strategies that combine the quest for economic benefits with activities that have both positive outcomes through alignment of corporate marketing activity with social and environmental norms (Varman and Costa 2008). Expanding on this, macromarketers reason that marketing is a multidimensional activity comprising direct and indirect, social and economic exchange networks (Dixon 1984; Fisk and Nason 1982; Hunt 1981; Layton 2007). Macromarketing scholars van Dam and Apeldoorn (1996) proposed an early version of sustainable marketing through the unification of ecological marketing, green marketing, and sustainable marketing in a concept called "environmental marketing" (1996, 12-3). Broadening the theoretical debate, Kilbourne, McDonagh, and Prothero (1997) recognized the marketing dilemma posed by adherence to the dominant social paradigm (DSP). Instead, current corporate reliance on micromarketing should be replaced by a new marketing paradigm in which macromarketing concepts take a central role. Sustainability standards should be applied using an open systems approach informed by political and ethical deliberation.

The importance of business embeddedness in social relationships and conformity with social norms has been emphasized by both macromarketing (Varman and Costa 2008) and sociology scholars (Granovetter 1992; Uzzi 1996). Although academics advocated that corporate marketing management should effectively and productively manage factors including economic risk, social, cultural, and environmental considerations (Fisk 1967), marketing practitioners focused on "green marketing" (van Dam and Apeldoorn 1996) overlooking the broader social and environmental responsibilities required by holistic application of corporate sustainable management. Van Dam and Appeldoorn perceived that implementation of sustainable marketing would require "feasible tradeoffs" between business and environmental concerns. Furthermore, they predicted that regulatory measures would be required to ensure that marketing processes were effectively within confined ecological boundaries. Their interpretation of sustainable marketing did not explore the balanced approach to corporate management of sustainable development proposed by the Brundtland Report and more recent academic studies (Figge and Hahn 2004; Steurer et al. 2005). Addressing this shortcoming, the conceptualization of SMO offers a more comprehensive managerial framework for sustainable marketing supported by three sustainability management constructs: social, environmental, and economic corporate responsibilities.

Examination of the third literature area, corporate stakeholder management, also supports the reconceptualization MO. The origins and historic development of the modern corporation extend back over 250 years (Fullerton 1988). Within corporate boundaries, the primary engine for economic performance has long been regarded as the marketing function (Alderson and Cox 1948; Arndt 1978; Drucker 1954; Keith 1960). Indeed, today the marketing concept has been:"the foundation of the methodology and organization of marketing, ... is also the raison d'etre in the western world" (Arndt 1978, 9). Alderson saw the marketing function as part of a "dynamic process of matching goods and needs in organizing institutions and processes" (Alderson 1964, 94). However, MO's commitment to profitably satisfy market demand places inadequate obligations on corporations to meet social and environmental expectations of communities and governments. As early as

1969, Lazer recognized the need for corporations to bridge the "chasm between the profit motive and social responsibility, between corporate marketing objectives and social goals, between marketing actions and public welfare" (Lazer 1969, 9). This call for corporate marketing strategists to address societal issues and social responsibility was echoed by other prominent marketing academics and practitioners (Feldman 1971; Lavidge 1970). Although there has been academic debate over the dimensions of corporate social responsibility for four decades, recognition of the concept by marketing practitioners was largely mute until the end of the twentieth century. Since then, practitioner views have been moderated by the identification of positive relationships between corporate social responsibility and improved corporate financial performance stimulated by consumer recognition of corporate social responsibility (Becker-Olsen, Cudmore, and Hill 2006; Maignan 2001; Waddock 1989).

Reinforcing the understanding of societal influences on marketers has been the increasing appreciation of stakeholders' relevance in how these groups impact the management of organizations (Aldrich and Pfeffer 1976; Pfeffer and Salancik 1978; Porter 1979) and a stronger recognition of a constituency-based approach to corporate strategy (Anderson 1982; Day and Wensley 1983; Mahon and Wartick 2003; Porter and Kramer 2006). Importantly, the long-term benefits of constructive stakeholder-driven management are confirmed by the meta-analysis of Orlitsky et al. (2003) on the integration of corporate market and nonmarket strategies. Their findings showed that positive corporate social performance and corporate financial performance appear to "mutually affect each other through a virtuous cycle" (Orlitzky, Schmidt, and Rynes 2003, 424) and that organizational effectiveness is enhanced by a trade-off in corporate strategy that addresses both economic and social objectives. In-depth academic scrutiny of the linkages between corporate social responsibility and corporate long-term economic performance suggest the need to complement corporate social and economic responsibility with environmental responsibility. Thus, academic research underlines the potential value of the SMO model proposing a more holistic approach to corporate marketing management.

The fourth and final stream of evidence supporting the conceptualization of SMO is furnished by sustainable development management literature that extends the parameters for managing corporate marketing beyond the narrow environmental and ecological prescriptions implicit in conventional corporate management guided by the MO paradigm. A sustainability management perspective demands corporate strategy with a reduced reliance on the economic performance and a lessened adherence to the DSP (Kilbourne, Beckmann, and Thelen 2002). Instead, corporate economic strategy should be keyed to an ecological social paradigm designed to progress socially equitable and responsible use of global resources and sustainable consumption (Bossel 2001; Dunlap 1983; Dunlap and Van Liere 1978; Gunderson and Holling 2002).

After decades of academic and political debate over the need for sustainable management of global resources, a compromise strategy proposed by the World Commission on Environment and Development (Brundtland Commission) sought to meet the pressures for economic growth and at the same time recognized the need for improved, long-term stewardship of resources to meet current and future global economic, social, and ecological needs (Robinson 2004). General political acceptance of the Commission's proposals has been followed by a series of international agreements endorsing the incorporation of sustainable ecological and social management with economic management in the governmental domain (UNO 1992, 2002).

Corporate recognition of, and adaptation to, sustainability concepts developed by economic academics and proposed in the Brundtland Report (Chichilnisky 1997; WCED 1987) has generated intense theoretical debate on the applicability of the sustainable development paradigm in corporate management. Over the past decade, discussion has progressed to the development of normative principles and management metrics (Bansal 2005; Epstein and Roy 2001; Jennings and Zandbergen 1995; Porter and van der Linde 1995; Shrivastava 1995; Stubbs and Cocklin 2008; van Marrewijk 2003). However, even with the support of the UN's World Council on Economic Development and the World Bank (Goodland 1995; Goodland and Daly 1996; WCED 1987), it has been challenging to gain widespread acceptance of these concepts in the corporate domain (Kolk 2003; Kolk and Levy 2001).

To date, conceptualizations of sustainable corporate management and sustainable marketing have often focused on the micromanagement of ecological issues and only in the past decade has there been development of different corporate sustainability indicators in response to UN and government policy determinations (Fuller 1999; Sheth and Parvatiyar 1995; van Dam and Apeldoorn 1996) and stakeholder pressures (Gonzalez-Benito and Gonzalez-Benito 2008). Guidelines on improved sustainability operations management and reporting (Atkinson 2000; Hak, Moldan, and Dahl 2007; Reuvid 2006; SRG 2006; von Geibler et al. 2006); value-added sustainability strategies (de Chernatony, Harris, and Dal'Olmo 2000; Figge and Hahn 2004); sustainability performance (Epstein and Roy 2003); and stakeholder evaluation of sustainability management (Sangle and Babu 2007) provide pointers for further research into strategic corporate sustainability. In the sphere of marketing, management has recognized the potential of profiting from consumer environmental sentiments through the development of environmental management codes and green marketing strategies (Menon and Menon 1997; Sharma and Vredenburg 1998). However, benefits that can accrue from alignment of corporate marketing strategies to long-term community social and environmental goals as envisaged by the application of sustainability theory in SMO have not yet occurred.

Under the proposed SMO model, corporate marketing management moves beyond MO's market-based fundamentalism to corporate marketing characterized by long-run strategies that aim to meet market expectations by the competitive and environmentally responsible application of resources (Bansal 2005;

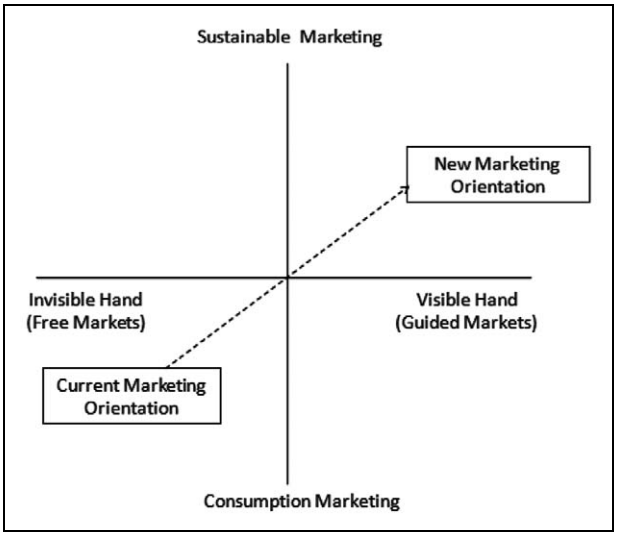

Figure 3. Model for ecological marketing. Source: Sheth and Parvatiyar (1995), 4.

Barney 1991; Hart 1995) and stakeholder-focused marketing enriched by dimensions of environmental and social responsibility (Dobscha, Mentzner, and Littlefield 1994; Griffiths, Dunphy, and Benn 2005; Sheth and Parvatiyar 1995).

Conceptualizing Sustainable Marketing

As noted above, academic literature offers evidence of some progress toward establishing a theoretical basis for sustainable marketing. In our review of literature, three sustainable marketing models have been identified; a "socioecological" model, an ecological lifecycle model, and a macromarketing model. The last model is influential in the development of a more comprehensive sustainable marketing model for SMO.

The first conceptualization is a "socioecological" market orientation proposed by Sheth and Parvatiyar (1995). They observed that ecological and social problems associated with a free market approach could be addressed by developing corporate management framework operating within the bounds of a "guided market" (figure 3) where corporations and society agree on a combination of economic, political, and social and ecological norms to govern the marketing-based economy.

Sheth and Parvatiyar reasoned that marketing's claim to serve societal needs by informing customers of the availability of goods and services to improve their quality of life is only tenable if firms engage in educating markets and channeling current and potential customers toward "ecologically benign products services and or activities" (1995, 7). Their concentration on environmentally sound production and marketing recognized the potential for using sustainable development principles in the domain of marketing. However, Sheth and Parvatiyar did not follow through with adoption of integrated triple component management. Instead, they concentrated on corporate environmental marketing management (rather than applying a sustainability management lens) and a reliance on substantial government regulation to moderate free market marketing forces.

A second approach to sustainable marketing propounded by Fuller (1999) and supported by other academics, advocates the benefits of environmentally green corporate marketing strategies and incorporates lifecycle ecological management of product and service management (Mendelsen and Polonsky 1995; Menon and Menon 1997). Corporate management would require more than the organizational marketing intelligence generation and coordination prescribed in MO. Additional managerial components include corporate anticipation; understanding of, and adaptation to, societal and governmental pressures; adjusting to changes in market regulation; and ensuring corporate responsiveness to emerging norms governing environmental management. Although there is academic recognition of the importance of environmentally responsible lifecycle management of company production and marketing, again there is inadequate integration of the social, economic, and environmental management factors as called for under the paradigm of sustainable development.

A third approach to sustainable marketing uses a macromarketing lens (van Dam and Apeldoorn 1996). This implicitly criticizes the conventional approach to corporate marketing aimed at short-term economic gain and its inadequate consideration of long-term ecological, social, and business costs associated with environmental deterioration. The proposed solution (subsuming allied green and ecological marketing conceptualizations) seeks to achieve feasible trade-offs between business and environmental concerns.

> "Sustainable marketing is, among other things, an appeal to lengthen corporate time horizons and value continuity over profit. Most importantly, sustainable marketing is an appeal to accept the ecological and social limitations of the conventional corporate marketing philosophy" (van Dam and Apeldoorn 1996, 53).

Van Dam and Apeldoorn argue that even with social and political restraints, sustainable marketing can improve corporate efficiency. This approach resonates with the earlier delineation of how macromarketing can be used to incorporate social and environmental management concepts to corporate marketing. Further endorsement for SMO is provided by two decades of research into performance measures that can inform and support sustainable development management (Corbiere-Nicollier et al. 2003; Elkington 1994; Hak, Moldan, and Dahl 2007; Parris and Kates 2003; van den Brink and van der Woerd 2004; van Marrewijk and Hardjono 2003).

The authors conclude that all three marketing models indicate progress in expanding on the concept of MO but fall short of the SMO model conceptualized in this article. Because of the paucity of research into frameworks that can support sustainability-based marketing management, the authors have proposed the model of SMO as a new and systematic approach to corporate sustainability and marketing management (Dyllick and Hockerts 2002) generating enhanced value to broader

range of corporate stakeholders (Wheeler, Colbert, and Freeman 2003) by applying value-added management criteria (Figge and Hahn 2004) and using internationally accepted performance indicators (van den Brink and van der Woerd 2004).

Comparing MO and SMO

Conceptually, the advantages offered to corporations by SMO over conventional MO are significant. An extensive review of market orientation literature indicates that MO is weak in its consideration of the influence of external stakeholders outside economic and market spheres of interest. The low recognition in MO to monitoring the potential impacts of social trends and political debate in corporate strategy needs to be altered. Macromarketing literature supports the case for increased social and environmental scanning capabilities to equip firms to respond more effectively to stakeholder environmental pressures and to take up new opportunities and address threats to positive corporate performance. Stakeholder literature confirms that the strategic returns that result from of a more comprehensive analysis of corporate relationships with societal and environmental stakeholders will provide corporate strategists with richer information on latent consumer demand for existing products and provide greater understanding of developing consumer trends in product and service demand. Beyond the marketplace, adoption of an SMO perspective will encourage a better understanding of societal issues and concerns, while an appreciation of accompanying political developments will signal potential areas of business risk and new areas of business opportunity. In line with resource-based theory, it is contended that an SMO will allow companies to build on the advantages gained through an MO-based strategy. Finally, science and management-based sustainability literature demonstrates the imperative for corporations to manage their operations, including marketing, more sustainably. In summary, SMO's proactive financial, socially responsible and environmentally sound management offers a more responsible long-term management frame than MO's economic micromanagement approach.

Implementing SMO

From the foregoing, it is proposed that a corporate SMO will generate a higher level of corporate confidence among key stakeholders stimulating positive sustainable corporate performance—economically, socially, and environmentally. Because economic activities are generally managed on a microlevel commercially and politically, it is proposed that the applicability of SMO should initially be investigated at a company and local community or regional level, researching the relative success of firms in the application of sustainability management to internal corporate management and marketing-oriented channel and societal stakeholder relationships (Goodland 1995; Layton 2007; Varman and Costa 2008).

There is continuing debate on an ideal form of self-organization for corporations (Bossel 2001; van Marrewijk and Hardjono 2003; van Marrewik and Werre 2003) and how to measure organizational performance by applying sustainable development principles (Elkington 1994; Epstein and Roy 2001; Jahnke and Nutzinger 2003; Parris and Kates 2003; Pearce and Atkinson 1998; SRG 2006). The starting point should be the use of proven MO indicators and complementing these with sustainable development indicators. Differentiators of MO corporate capacity include organization size and resources, age, company culture, internal structure, decision making, organizational learning, and marketing brand management (Hurley 1998; Lawer and Knox 2008). It follows that SMO will require a different set of management processes. Generic managerial processes are one approach (Epstein and Roy 2003). A more utilitarian approach is founded on assessing corporate marketing objectives, resource management (including stakeholder relationship management), strategic planning, marketing mix and promotion management, efficient and competitive delivery, and long-run marketing performance management and the creation of value (Epstein and Roy 2001; Figge and Hahn 2004; van den Brink and van der Woerd 2004; Wheeler, Colbert, and Freeman 2003).

Accordingly, it is proposed that investigation of a firm's commitment to SMO should incorporate:

- Conventionally determined market orientation capabilities (Cadogan, Souchon, and Proctor 2008; Kohli and Jaworski 1990; Slater and Narver 1994).
- Employment of a macromarketing systems approach to manage the influence of society on markets and how this is reflected in corporate marketing management (Dixon 1984; Kilbourne, McDonagh, and Prothero 1997; Layton 2007; van Dam and Apeldoorn 1996).
- Strategies to reinforce salience, credibility, legitimacy, and emotional ties with internal and external stakeholders. Internal stakeholders should include employees, investors, customers, and business partners as explained in MO literature. External stakeholders should include special interest groups, local communities, government, regulators, and the media (de Chernatony, Harris, and Dal'Olmo 2000; Gonzalez-Benito and Gonzalez-Benito 2006; Greenley, Hooley, and Rudd 2005; Harris and de Chernatony 2001; Maio 2003; Pelham 1999; van den Brink and van der Woerd 2004; Wheeler, Colbert, and Freeman 2003).
- Alignment of corporate marketing management to recognized sustainability management principles, including sustainable consumption and brand management (Epstein and Roy 2001; Epstein and Roy 2003; Epstein and Wisner 2006; Figge and Hahn 2004; Kilbourne 2004; Lawer and Knox 2008; Maio 2003; Parris and Kates 2003; Schaefer and Crane 2005; SRG 2006).

A conceptual model for determining a firm's SMO propensity is presented below (figure 4). The model allows assessment of firm performance along axes for sustainable stakeholder commitment and focused brand management. This will provide data on a firm's capability for self-organization to enhance survival and security, performance effectiveness, adaptability,

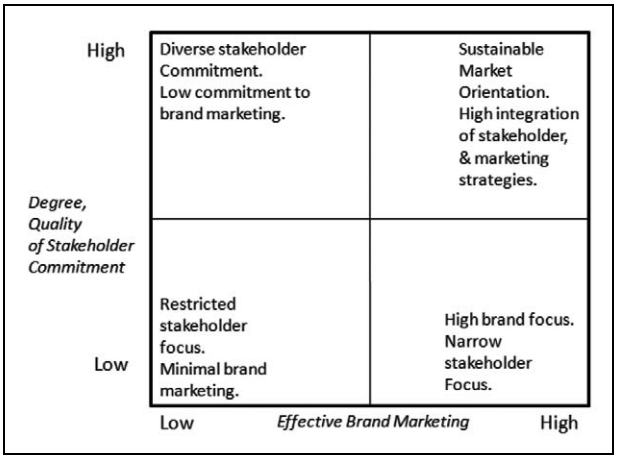

Figure 4. Matrix to assess corporate sustainable market orientation.

coexistence with other commercial and noncommercial organizations and satisfying the needs of key stakeholders (Cadogan, Diamantopoulos, and de Mortanges 1999; Kirca, Jayachandran, and Bearden 2005; van Marrewijk and Hardjono 2003; van Marrewik and Werre 2003).

The SMO matrix presented in figure 4 proposes that firms with a low commitment to SMO are likely to be involved in highly competitive, low-margin commodity marketing. Under this strategic approach, there will be focus on corporate survival and maximizing short-term profitability. There will be a commitment to a narrow range of market stakeholders. Strategy will be characterized by an aggressive and competitive pursuit of market share and profitability, but minimal recognition of societal and environmental responsibilities will increase the likelihood of government intervention to address community concerns.

Conversely, the socially, economically, and environmentally responsible marketing of well-branded products by firms that address significant stakeholder needs will indicate a high commitment to SMO even in a highly competitive marketplace. It is hypothesized, therefore, that those firms with a high degree of SMO will generate superior long-term market performance because of their holistic approach to business management. Their innovative socially and environmentally responsible practices are more likely to generate additional income and operating efficiencies (Dean and McMullen 2007; Epstein and Roy 2003; Menon and Menon 1997; Orlitzky, Schmidt, and Rynes 2003). A corporate commitment to SMO will reflect an understanding of latent market and community expectations that is also likely to foster trust-based market, societal, and governmental stakeholder relationships and minimize the risk of government intervention and regulation (Andrews 1998; van Dam and Apeldoorn 1996).

The new matrix represents an advance on the ecologically based marketing model proposed by Sheth and Parvatiyar (1995; figure 3), because it reflects the developments in organizational management and marketing theory and more comprehensively integrates the concepts of sustainable development with corporate stakeholder responsibility and MO (Goodland 1995; Lawer and Knox 2008; Mahon and Wartick 2003; Maignan, Ferrell, and Ferrell 2005; WCED 1987).

The conceptualization of SMO opens up fresh opportunities for marketing research. Initially, researchers should aim to confirm the constructs of SMO and, drawing on the growing body of literature dealing with sustainability measurement, select the most appropriate indicators and metrics for sustainable marketing performance measurement. The application of sustainable development principles to managing brand marketing and performance will be central to this research. An important adjunct to the assessment of SMO in marketing management will be the evaluation of corporate relationships with key economic, social, and other environmental stakeholders. Subsequent research should therefore investigate how corporate management may apply SMO principles to achieve improved long-term organizational performance and possible barriers that may arise in realizing the conceptual benefits. Investigating the application of SMO criteria in firms of differing size operating in different regional, national, economic, cultural, and environmental contexts will play an important part in evaluation of SMO. Research will be needed to evaluate the varying potential of SMO individual industry sectors and the potential for generalizability across groups of industries. Only with such investigations will the value of the SMO concept be understood.

Conclusion

An extensive review of MO literature has confirmed the evolution and growing sophistication of MO as a management concept. Over six decades, MO literature has emphasized a corporate marketing management focus on *internal* corporate dynamics to achieve efficiency and profitability through marketing channel management. However, other literature clearly indicates a need to expand on the core concept. Compounding the arguments for reconceptualization of MO, key macromarketing, institutional stakeholder, and sustainability authorities demonstrate that corporate performance is also reliant on the development of constructive, long-term *external* social, ecological interactions that complement and economic interactions to underpin and enhance positive long-term corporate performance.

This article therefore proposes the reconceptualization of MO as SMO as a more comprehensive approach to corporate marketing than management frameworks described by previous MO authorities. By adding to the conventional focus of marketing management on customers and market dimensions, SMO offers more strategic marketing effectiveness through an increased understanding of societal and ecological systems, the ways in which they affect corporate strategy and the ways in which societal and environmental considerations can be effectively integrated with economic management, to sustain and improve long-term corporate marketing performance.

A matrix has been proposed for the analysis of a firm's SMO capabilities and how its marketing performance could be further improved through better integration with sustainability

management principles. Testing and refinement of this management tool will provide the means for corporate managers to monitor and adjust corporate marketing strategies by applying an empirically proven mix of long-term economic, social, and ecological performance indicators.

Increasing societal, market, government, and corporate awareness of the importance of sustainable development and accompanying sustainability management are reinforcing the need for the addition of social and environmental dimensions to the MO concept in managing contemporary corporations. Adoption of SMO offers the potential to produce significant long-term benefits for both primary and secondary corporate stakeholders.

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