

Article

Measuring Sustainable Marketing Orientation—Scale Development Process

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Abstract: The purpose of this paper is to explore how sustainable marketing orientation (SMO) should be properly implemented in an organization built on the theoretical model of market-oriented sustainability. The aim of the paper is to explore and confirm the elements of sustainable marketing orientation and to develop a measurement tool with a mixed method approach. First, the construct was conceptualized through a literature review and qualitative research of in-depth interviews on a purposive sample of 20 experts, who generated items. The next stage included collection of data from 112 respondents that resulted the item purification and exploratory factor analysis, which confirmed the three dimensions of SMO: strategic integration, societal engagement and ethical capabilities. The main study consisted of 174 respondents and confirmed the measurement instrument, which contains three subscales proposed by the theoretical model, each containing six, five and four items, respectively, with high degrees of proven reliability and validity. The paper confirmed and further explored the framework of multidimensional SMO; the measurement tool captured the actual implementation of the construct in practice, allowing it to be investigated across industries.

Keywords: sustainable marketing orientation; sustainable marketing; sustainability strategy; strategic integration; societal engagement; ethical capabilities; scale development

1. Introduction

The term “sustainability” stands for “the development that meets the needs of current generations without compromising the ability of future generations to meet their own needs,” as stated in the UN’s Brundtland Report “Our Common Future” [1]. Sustainability is predominantly researched as a multidimensional construct requiring implementation of social, economic and environmental elements in strategy and operations [2,3]. As a derivative of sustainability, sustainable marketing is a three-dimensional construct consisting of environmental responsibility, social engagement and economic success [4]. Through the three pillars, companies create unique capabilities that lead to increased profitability due to unique competitive advantage [5]. Practitioners have been very keen on introducing sustainability into strategic language of firms mainly because it has been a decision of strategic reputation-building or a source of positioning strategy. Proactive sustainability orientation does create unique benefits that indirectly lead to competitive advantage [6,7]. At the same time, academics have been predominantly defining and researching sustainable marketing from a theoretical standpoint [8], without a valid implication of how to implement it and measure it. As a result, sustainable marketing has been investigated through a wide variety of conceptual and disciplinary lenses that make the published literature very confusing and ambiguous. There is no cohesion or common agreement in the definition of the most basic terms and developed measures [3,9–11]. There are numerous indices that track corporate sustainable development and its application on the functional level, such as marketing, but these have great limitations [12,13]. The restraints arise from industrial context [3,14], from the perspective of CSR and sustainable marketing as primarily a reputation

building tool, thereby measuring stakeholders' perception of corporate sustainable development activities [15] or from the rather narrow view of strategically integrated activities directed towards identified stakeholder groups [11]. To address these gaps, this paper is built on the theoretical model of market-oriented sustainability [16] and established on Hart's [17] natural resource-based view of the firm. The purpose is to investigate the manifestations of sustainable marketing orientation elements and develops a measurement instrument for sustainable marketing orientation (SMO). The paper investigates a multidimensional concept of sustainable marketing orientation and its elements, which requires a mixed method approach (qualitative and quantitative) in order to conduct a thorough and rigorous measurement development process mainly focused on pretest, manifestation determination and validity and reliability of new construct measurement [18–21]. An almost identical process of measurement development was found in relevant papers published in reputable journals [21–26]. Moreover, it investigates the influence of SMO on the organization performance to give more precise evidence on the link between competitive consequences of proactive companies in terms of SMO.

Identification of sustainable marketing orientation dimensions and the development of a sound measurement tool present an essential solution for measuring a phenomenon on the functional level that is both theoretically and practically highly disintegrated, therefore incomparable. The great challenge of the field and the overarching aim of the paper is to offer sound methodological development of a new, unified multidimensional measure of sustainable marketing orientation that is both valid and reliable. The purpose of this paper is built within the notion to understand the underlying mechanism at the organizational level, with the intention of answering two questions: What are the entitled dimensions of SMO? How can SMO be properly implemented in an organization?

The paper first introduces the notions of sustainable marketing and its orientation, and how specific sustainable marketing activities have influenced development of marketing strategies and orientation. It further progresses by explaining three elements of sustainable marketing orientation: strategic integration, societal engagement and ethical capabilities. Then it reflects on the employed methodology of scale development and its validation, which is then followed by discussion, main conclusions and limitations.

1.1. Sustainability, RA Theory and Sustainable Marketing

Since sustainability is a macro-oriented concept, the transformational role of sustainable marketing is built on the idea of how marketing and society can encourage individuals and organizations to include this aspect in the way of thinking [27]. The growing interest in linking sustainable marketing with various strategic concepts is proven by three relevant overviews of published literature [28–30]. At the same time, there is a great noise in the literature, partially due to unclear usage of the terminology. The terms sustainable marketing, sustainability strategy, sustainability orientation, green marketing, green marketing strategy, corporate social responsibility of marketing are often used interchangeably.

Sustainable marketing has also been referred to either as revolutionary, holistic green marketing [31] or as contemporary development of social responsibility of marketing [32,33]. In its essence, it is defined in line with sustainable economic development [34], through the balance of the three dimensions of sustainability [4], by building and strengthening long-lasting relations with clients, natural and social environment and by producing customer solutions that are ecologically oriented, feasible and ethical [35] (p. 31). Sustainable marketing pursues the goal of delivering sustainable value to consumers and serves customers' needs but also owners and other stakeholders' [36]. It is also modeled as a transconceptual approach, unifying economic, environmental, social, ethical and technological elements of marketing [8], which also considers production, consumption and disposal of waste [37].

There is no consensus whether sustainability strategy emerges from the practice or if it is planned [38]. Planned strategies are plausible for controllable environments but not for everyone. Therefore, sustainable marketing is not something that would be widely applicable. Within the marketing theory, resource theory suggests that sustainability oriented comparative advantages lie in the resources and the way the firm structures and manages them [39]. The resources-based theory

debates that firms create exceptional, nonimitable and valuable capabilities that lead to the creation of unique competitive advantage on the market [17,40,41]. Following Barney's [42] advice: "... what may be more helpful is to understand that the resource-based view can be applied in several different ways, and that the way it should be applied depends mostly on the empirical context of the application," the theoretical context of this paper explores the research advantage (RA) theory in the context of sustainable marketing.

Company resources can be skills or specific knowledge, tangible assets, human resources, organizational assets, intangible assets, competing abilities, achievements or certain properties that enable a competitive advantage on the market [43]. Therefore, it is assumed that an enterprise, including sustainability in its marketing strategy, may have a differentiation advantage over its competitors, based on intangible advantages such as fundamental ideology and dynamic opportunities arising from sustainability. Even though sustainability marketing strategy has a normative character, while RA (research advantage) theory has a positive character, there are clear overlaps between the two. The process of competition in RA theory is compatible with strategy of focusing on the "sustainability" segment, justified by self-interest-seeking motivation (of those who care). Companies are also self-interest seeking but constrained with personal moral codes willing to sacrifice short-term for long-term desirable outcomes. "The RA theory accommodates not only the strategy of producing inherently 'green' market offerings, but also the strategy of producing offerings by 'green' means." RA theory's superior financial performance, being the primary objective, enables firms to pursue other objectives, such as social and environmental [44].

Sustainability is also the key driver of innovation [45] that yields a return on two levels—environmental efficiency reduces costs because of the resource input reduction, at the same time generating additional revenue from the creation of new products and opening new markets [46]. There have been numerous studies in environmental marketing that have proven the creation of competitive advantage through environmental orientation: environmental management tends to lead to competitive advantage through cost optimization and environmental differentiation if implemented with proactivity [47–49]; pre-emptive environmental management ensures the development of capabilities that guarantee unique competitive advantage [50–52]. Hunt and Morgan [53] claim that companies have competitive advantages based on resources (internal capabilities of the company), which then result in market positioning and achieving financial results. Company resources can be skills or specific knowledge, tangible assets, human resources, organizational assets, intangible assets, competing abilities, achievements or certain properties that enable a competitive advantage on the market [54]. Nevertheless, sustainable marketing does not immediately lead to the creation of unique competitive advantage [55], mainly because it presupposes a strategic approach that is time consuming and because it is oriented toward intangible ethical values that take time to be noticed by the market—especially if the company does not use sustainability as an element of positioning strategy. However, by accumulation of valuable sustainability-oriented resources and capabilities, companies ensure superior performance [56–58].

Most of the published empirical research intensively investigated solely one component of sustainability (ecological or social) rather than taking the holistic perspective by either focusing on the environmental marketing as a marketing strategy [6,45,58–64] or evaluating corporate social responsibility through the strategic marketing function [64–66]. Moreover, none of the available empirical papers focused on sustainable marketing, but rather on the influence of sustainability-oriented CSR on environmental marketing [67], social responsibility orientation on the environmental sustainability disclosure [66], on the investigation of sustainable strategic orientation [68] or on the ecological and social elements of marketing strategy [69].

The available, validated measurement tools use the concept of economic, ecological and social dimension on the corporate level, which only partially overlap with marketing function. Chow and Chen [3] modeled corporate sustainable development constructs by integration of social, economic and environmental pillars for which they have established a context-specific three-dimensional

scale on the Chinese market. Social development refers to a reduction of social inequality and improvement of the quality of life, economic development requires managing a company's market success and the environmental development indicates continuous efforts to reduce final products' harm to the environment. Martinez, Perez and Rodriguez del Bosque [14], in their industry specific hotel brand investigation, modeled consumers' perception of CSR and also used the three-pillar approach. Banerjee, Iyer and Kashyap [70] modeled environmental orientation through the lens of internal and external dimension, whereas environmental strategy was measured through the corporate and marketing dimensions. Namagembe [71] developed enviropreneurial orientation as a unidimensional measure based on RA theory that was used and confirmed in other published research on the sample of SMEs. [58]. Green marketing strategy through the validation has been divided relative to the focus of activities—process and market oriented, whereas environmental culture has been measured separately [70]. All of the mentioned approaches do not clearly explain nor cover the main issue: how sustainable marketing, containing all three pillars, should be properly implemented and what that specifically means in terms of operations and measurement.

1.2. Sustainable Marketing Orientation—Definition and Elements

The market orientation of an enterprise represents the ability to achieve profitability and superior value for consumers, while keeping in mind the needs of key interest groups [72]. Sustainability-oriented business strategy is focused on the efficient and effective use of resources in order to create comparative advantages [17], and on the delivery of values arising from the relationship development with local community, the legislator and other stakeholders [73]. Such an approach to an organization's strategy is demanding in terms of operationalization, as it does not provide clear guidelines on how to implement it three-dimensionally nor how to measure it. Moreover, advice on the goal formulation is incoherent, especially when conflicts arise in the hierarchical order of goals. By looking at "marketing environment," two general, exclusive approaches have been developed that companies can have toward "responsible" business strategies [74]. "The compliance model" improves simple alignment with rules and legal obligations, and is a defensive approach to a company that mainly operates on the consumer goods market where price plays a crucial role. "The strategic model" proposes proactive implementation of a responsible market access approach, based on which comparative advantage of the enterprise is created.

Market-oriented sustainability is a theoretical framework based on the resource advantage theory, a comparative advantage theory arguing in favor of sustainable marketing orientation having measurable impact on company's resource advantage [16]. There is a clear need to implement the concept of sustainability in strategic and tactical marketing, but it is neither simple nor easy to formulate or implement, because the consumer, in accordance with his or her wishes and needs, is the one that shapes the marketing strategy of the company [75].

Sustainable marketing orientation comes down to building and managing relationships with a diverse set of stakeholders, where consumers stand out as the most important group. A rising share of companies recognize the value of looking at the business strategy from a broader perspective that favors integration of sustainability into the organization's culture (norms and beliefs) [76]. Theoretically modeled sustainability market orientation represents the combination of environmental, social and economic orientation, which should integrate a macromarketing systems approach to marketing management, reinforce credibility and legitimacy with all stakeholders involved and recognize sustainability management principles in marketing management [77]. The model combines market orientation with the sustainable development concept as an opportunity to reconcile profit maximization with broader society issues. Even though sustainability is developed through the lenses of three pillars in terms of the operations and measurement, sustainable marketing orientation has many shortcomings if developed and implemented within the division of three pillars. In order to break through from that approach, it is necessary to identify the external and internal drivers of sustainability [78]. The external ones include legal requirements, societal pressures and norms as

well as market drivers, while internal drivers include the culture of the company, its strategy and recourses. Following the notion, “How marketing job is done ultimately leads to what marketing job has done” [79], the concept of market-oriented sustainability has been developed [16]. It represents “the how” behind the socially responsible marketing practices, theoretically developing underlying triggers of sustainable actions which are internally driven and lead to the creation of unique resources. This theoretical model fits perfectly into the research recommendation [10,37], outlining the overarching determination of this paper to develop a multidimensional scale of sustainable marketing orientation. Using RA theory, Crittenden and others [16] have proposed an underlying foundation of the integration of sustainable development into market orientation. The model portrays the most thorough theoretical and normative proposition on strategic sustainability integration, as shown in Figure 1. A company’s strategic affinity towards sustainability is a consequence of its DNA (also referred to as culture and climate), a construct referring to the actual implementation of sustainability. Building on the presented theoretical foundations, sustainable marketing orientation is modeled as a formative multidimensional measure of three elements: strategic integration, societal engagement and ethical capabilities.

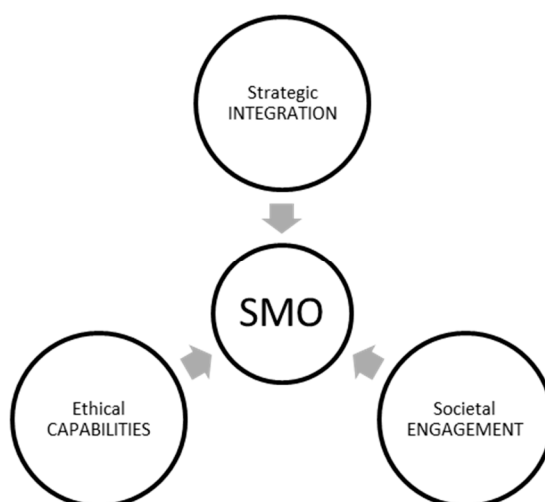


Figure 1. Sustainable marketing orientation (SMO)—conceptual framework.

1.2.1. Strategic Integration

Key elements of sustainability integration into the company’s operation should be done through the development of triple responsibility—economic, environmental and social, thereby shifting away from the conservative theory of sole profitability [80]. The same is valid for the marketing function. The main obstacle that stands before implementing more strategic, sustainable transformational marketing orientation is the basic conflict between individual benefits and benefits for the wider environment and society. Such integration, however needed, is not easy to formulate or to implement as consumers with their needs and wants are the center of marketing strategy development [75].

Strategic integration embodies true incorporation of sustainability values and ethics into the firm’s strategy [78], consisting of a mission and shared values as well as norms [16]. It refers to the approach of internally building sustainability culture and having sustainability-embedded strategy, rather than just selling sustainable products or using such activities as an image-building tool. Sustainability has to be integrated into the value system, it has to have an advanced, integrated system of monitoring sustainability indicators in terms of the triple bottom line [81]. One of the greatest challenges of strategic integration is the degree to which the sustainability principles are incorporated in the corporate strategy [82] as organizations tend to manage sustainability related matters as a separate, individual strategic issue. The mission of SMO can be formally communicated through the set of guiding principles within the company, but it is to be truly integrated in the corporate culture and decision making [83]. The commitment of top management is crucial in the creation of strong internal political force that

fosters sustainability [70], as well as the culture of sustainability-oriented incentive systems for the motivation of employees [84]. Moreover, as there is no consensus on the formulation of environmental and social objectives and there is clear confusion and conflict about the hierarchical order, such a situation is usually solved by giving the economic ones priority [85]. Atkinson [73] stressed the importance of understanding the sustainability strategy beyond the scope of unified standards in such a way that the company monitors business effects not only through the profit creation or customer satisfaction as a better index of economic achievement [85], but also towards environment and society. Strategic integration basically represents the essential culture of market orientation [16]: sustainable marketing orientation.

1.2.2. Societal Engagement

Societal engagement or climate stands for the “proactive development of strategies that benefits stakeholders and the organization” [16]. It is developed around the societal challenges and prospects that could be used as generators of companies’ resources. Moreover, active involvement of the stakeholders is a facet of a sustainable enterprise [81]. According to Morgan and Hunt [86], relationship marketing refers to “all marketing activities that are oriented towards the creation, development and maintenance of successful exchange relations.” Such an approach suggests a much broader consideration of stakeholder engagement than consumer interests. However, despite a clear shift towards creating a relationship, contemporary marketing emphasis is placed on creating relationships with consumers, while ignoring the wider social context of their activities. “New marketing myopia” assumes three interconnected phenomena: limited focus on the consumer, which leads to the exclusion of other stakeholders, too narrow a definition of the consumer and his/her needs, and a failure to recognize the altered business and social context that seeks to provide answers and solutions for a much wider range of public interests [87]. Practical application of marketing orientation towards stakeholders is necessary for the establishment and progress of ethical decision-making in all marketing activities [88]. As a solution for “new marketing myopia,” Ferrell and others [89] have gone a step further and advised a shift towards stakeholder orientation, in a way that the strategic efforts consider a broader understanding and involvement of the interests of all stakeholders in the process of value delivery. This suggests an increase in resources in the form of the stakeholders’ engagement (such as employee commitment, good reputation) that are then outlined in better business results. Proactive companies, in terms of ecological strategy implementation, strategically and systemically track and fulfill expectations of a diverse set of primary stakeholders [90]. Innovative companies are pushed towards innovating due to the stakeholder pressure [91], and therefore it is essential to build the societal engagement within the primary stakeholder framework. Primary stakeholders include suppliers, customers, employees and owners—groups that have a vivid, formal, professional or contractual relationship with the company [76,92]. Secondary stakeholders are also important even though there is no legally binding relationship with the company; such groups have a capacity to mobilize public opinion in favor or against the company [93]. For example, active participation in the local community cannot be considered as a focal point in stakeholder engagement, but in the corporate world it is considered as one of the most important sustainability implementations in the social pillar of the GRI (Global reporting initiative) reporting scheme [94]. Moreover, the cooperation between the company and its suppliers is identified as a systemic resource that could be used to reach comparative advantage through the selection and effort coordination [76].

1.2.3. Ethical Capabilities

A company’s resources can be seen through unique skills or knowledge, material assets, human resources, organizational assets, achievements or other features that ensure the creation of comparative advantage on the market [54]. “Marketing resources refer to all types of resources expanded by an organization toward the creation, communication and delivery of products that offer value to customers in transactional and relational exchanges with the organization” [95]. Dynamic capabilities refer to

deeply embedded organizational routines and best practices developed in different environments and at different stages within the firm's processes [78]; they are also referred to as core competencies, organizational capabilities and collective skills [16]. They always denote habitual actions rather than isolated success stories and include marketing activities such as new product development, communication, pricing or management capabilities in market intelligence [96].

While there is a clear need for the creation of sustainability-oriented marketing capabilities, it is neither simple nor easy to formulate or implement them [75] due to many reasons: it is determined by the type of industry, culture of the market, suitable marketing strategies, consumers' needs and wants etc. For example, the goals of sustainable products—addressing climate change issues, reducing poverty, and addressing impoverishment of natural resources, along with standard economic performance in terms of long-term market growth [97] (p. 160) in a high-tech information-oriented industry—makes no sense. Measuring products' environmental and human health impacts of companies' activities, processes and products [98] is crucial for recourse and labor-intensive industries, but not for all. Moreover, many point towards unique capabilities in the process of product development and supply chain management [16], with great emphasis on sustainability positioning [99] (p. 113), the lifecycle assessment methodology [98–100], products addressing climate change issues, reducing poverty, and addressing impoverishment of natural resources [97] (p. 160) or a sustainable approach to product packaging [101]. However, precisely that approach is not only nonapplicable across industries (e.g., services), it also neglects a much broader concept of morality that has to be implemented in all of the sustainability-oriented marketing actions. In terms of sustainable orientation, marketing capabilities have to be analyzed through the ecological and social ethics of standard marketing activities. Therefore, ethical marketing capabilities denote marketing action patterns that are in its definition, originated in the morality and are oriented towards achieving “the right and the good” within each of the three pillars of sustainability (economic, social and ecological) [8,35] (p. 16). That includes all product, pricing, communication and selling activities to be aligned with the highest criteria of sustainability ethics. In that respect, specific marketing capabilities such as new products and the services development process, knowledge of customers, the development of image, communication, selling and distribution relationship building, pricing [102–105] are to be investigated and developed as ethical capabilities.

2. Materials and Methods

As Churchill [18] (p. 64) pointed out, “a critical element in the evolution of a fundamental body of knowledge in marketing, as well as for improved marketing practice, is the development of better measures of the variables with which marketers work.” In line with recommendations in the published literature, we designed a mixed method research approach through a rigorous scale development process for sustainable marketing orientation focused on pretest, validity and reliability of new construct measurement [19]. For adequate development of scale measurement of satisfactory psychometric properties, it was necessary to follow a process consisting of several stages [18]: domain specification, item generation, data collection, scale item purification, another data collection for the assessment of reliability and validity and the development of the norm. An almost identical process of scale development was found in the relevant papers published in reputable journals [24–26].

First, after the thorough review of published literature that was used to generate the measurement items, the initial pool of items was enriched within the process of exploratory qualitative research on a sample of marketing managers of proactive companies in terms of SMO ($n = 20$). The generated items then entered the stage of scale purification. Five professors specializing in the field assisted as judges to assess the content validity of the items generated in the literature review and qualitative research by allocating them to the right element of sustainable marketing orientation. All of the items which were not properly or consistently assigned were eliminated; the process resulted in the total of 30 statements that entered further stages of the process. Consequently, the pool entered the pilot study to conduct the exploratory factor analysis. To confirm the factor structure, as well as to deliver the evidence of

dimensionality, scale reliability and ability to generalize across industries, the evidence was collected from the conduct of the main study ($n = 172$). The overview of the process is available in Figure 2.

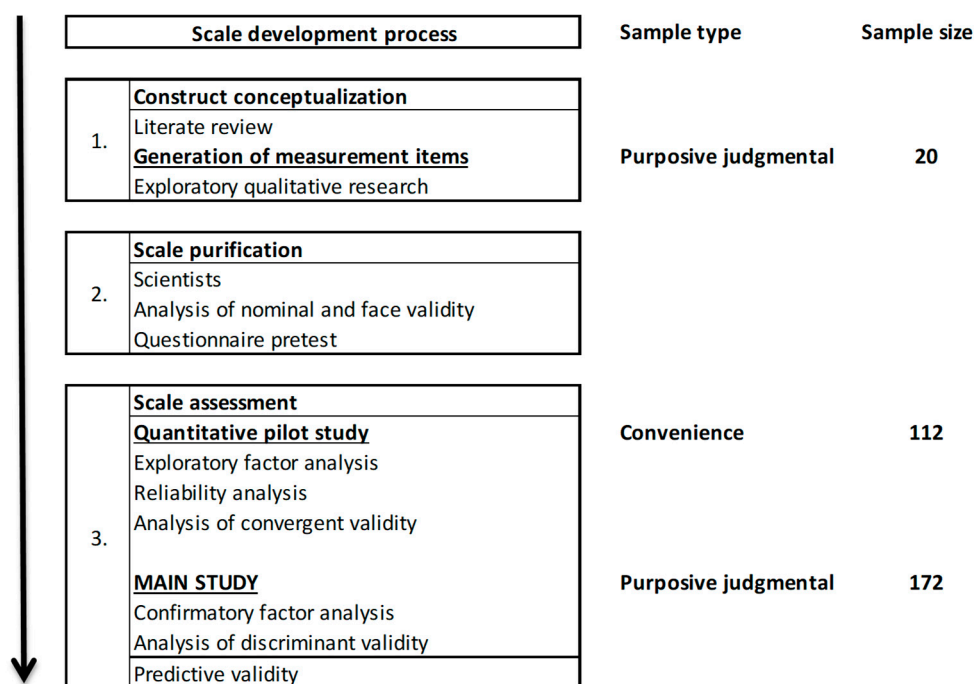


Figure 2. Scale development process overview.

2.1. Item Generation and Content Validity

As a result of literature review, SMO was modeled as a multidimensional construct consisting of three elements: strategic integration, societal engagement and ethical capabilities. Following Churchill's [18] design of the scale development process, the construct conceptualization was followed by item generation. In order to generate a relevant pool of items, we reviewed relevant literature and conducted extensive qualitative research. Procedural recommendations on the further development and confirmation of marketing theory suggested that the theories be investigated in the context of their creation and advancement [96,106]. Therefore, for the exploration of the phenomenon in focus it is recommended to use experts in the field who can offer their experience as well as new ideas and visions [18].

Exploratory Qualitative Research Results

Qualitative research was conducted with the aim of establishing an understanding of the fundamental implementation of sustainable marketing orientation elements: strategic integration, societal engagement and ethical capabilities. The research was undertaken with the aim to advocate and confirm the conceptual dimensions of SMO, as well as their respective indicators. The author personally conducted and recorded the interviews. The instrument for the research conduct was a premade reminder for in-depth interviews done in line with recommendations [107] (p. 133–134).

To select firms that were considered sustainable marketing leaders, 50 companies were listed according to their reported sustainable marketing activities, website content, nominations for sustainability-related awards and image that they built within the business society. The choice of respondents was given a lot of attention, with the idea to get across industry, size and market-type perspective according to their experience in the field. Eight companies in the sample operate on the B2B market and eight offer services, spanning all sizes, from a microsize of 10 employees to large corporations of 6000. Companies come from various industries: pharmaceutical, consulting, information, cement, telecommunication, dairy, beverages etc., as one of the objectives was to determine the implementation

of sustainable marketing orientation, its dimensions and to establish a valid measurement instrument across industries. Such an approach was essential, as one of the main aims of the SMO conceptualization and measurement is to solve the methodological and theoretical limitation of indices that are developed within the context of one industry [3,14].

The research sample consisted of 20 respondents, with one from the academic community, another an independent sustainability association director and the other 18 marketing managers or CEOs of various companies that are business leaders in sustainability integration. The detailed description of the sample is given in Table 1.

Table 1. Qualitative research sample—description of participants.

No.	Gender	Age	Industry	Education
1	Female	55	Environmental innovation	MA
2	Male	60	Engineering	MBA
3	Female	52	Cement	PhD
4	Female	49	Food and beverages	MBA
5	Female	45	Telecommunication	MBA
6	Male	60	Retail	BA
7	Female	47	Pharmaceutical	MBA
8	Male	43	Recycled paper products production	MSc
9	Female	39	Retail	MA
10	Male	47	Manufacturing	MBA
11	Male	55	Technology and engineering	MA
12	Male	41	Communication	MA
13	Female	48	Sustainability association NGO	PhD
14	Male	50	Academics	PhD
15	Male	40	Technology	MBA
16	Male	53	Food and beverage	MBA
17	Male	48	Banking and finance	MBA
18	Female	47	Fast moving consumer goods (FMCG)	MBA
19	Male	46	Technology	MA
20	Male	52	Agriculture	MA

The data analysis consisted of content analysis and categorization that was done by the transcript examination, identifying repeated notions that were then classified [108]. The classification was done according to the elements that were previously developed and confirmed by the theoretical model. Reoccurring statements were analyzed if they showed potential to be listed as indicators for the variable they were supposed to represent.

The majority of managers confirmed the long-term orientation of the sustainability integration in the marketing function and strategy. Most of them pointed out the challenges in the setting, prioritizing, achieving and measuring the triple objectives, where each of them offered a fresh perspective on how they specifically deal with the issue. The analysis did not generate any similarities in terms of the approach to the goal prioritization; however, all of the respondents stressed the importance of flexibility and culture of understanding within the company that truly wishes to achieve triple objectives. They claimed that profit sometimes cannot be maximized but optimized and the only possible way is through the creation of business climate that supports that—coming down from the top. “The integration of sustainability takes time, and most of the time, does not deliver results, for a long time. For that, one needs strong leadership and culture that embraces the opportunity cost.” However, most of the respondents indicated a clear and direct association of sustainable marketing orientation and profitability—due to the recognition it gets from all interested parties and the fact that relationships are built on credibility and trust. The true integration of sustainability in the marketing strategy and culture is the essential requirement for the successful creation of authenticity, and therefore, competitive advantage. Many pointed out that even though sustainability is being used as an image-building tool or the instrument for the achievement of objectives, such approach usually leads to a dead end.

One respondent pointed out that many talk too much about it, but do almost nothing in terms of implementation—sustainability being another pledge on the wall without actual, measurable execution. In terms of motivation of sustainability marketing orientation, most of the respondents pointed out that, since it was a dynamic process, they started it by fulfilling the legal requirement—that being the most basic stage. Later on, with the rise in awareness, they continued in the development of the strategic approach either with the pure motive of being a good “corporate citizen” or in the direction of creating a long-term-oriented sustainable comparative advantage.

In terms of societal engagement, all of the respondents advocated the imperative of integrating the interests of stakeholders into the strategic orientation of the firm. The relevance of stakeholders determines the integration of their interest into the strategic orientation of the firm, according to the respondents. Not all companies have the same (or almost the same) set of internal and external stakeholders significant to their business. A majority of them indicated that it is necessary to evaluate suppliers and to select them according to the set of sustainability-oriented criteria. Furthermore, all of them indicated the need to acknowledge interests of the local community they operate in and the importance of the development of programs for interaction and “giving back.” Moreover, all of the respondents indicated employees as one of the most important and valuable stakeholder groups. Internal marketing strategies are mainly connected to the department of human resources, but marketing managers in the sample reported their own initiative for the policies of motivation and training of their employees. They indicated that systematic personal development and education of employees leads to satisfaction and loyalty that is necessary for the strategic implementation of sustainability within the marketing strategy. In addition, motivation programs and positive work atmosphere enable employees to believe the sincerity of sustainability-related intentions and actions. Moreover, the respondents pointed out the need to make selected social issues a part of the strategy and the ongoing processes rather than one-time initiatives that unfortunately prevail in everyday business.

In terms of ethical capabilities, most of the respondents connected the notion with ecological efficiency of the production and the ecological impacts of product use. Some of them connected it to the positioning in terms of the sustainability of the brand or the entire company. Most of the people in the sample indicated the importance of conscious and ethically aware consumers as the driver of sustainability, especially in small markets where the market segment of 15% does not present a profitable one, as indicated by one respondent. Respondents who used sustainability as a differentiation strategy indicated that their motivation was not only based on profit, but the aspiration for honest change in behavior and awareness that has a less negative impact on the society and the environment. The most advanced companies indicated they had developed a set of ethical marketing principles that concerned all marketing activities. Ethical capabilities are derived from that because they refer to the unique capabilities that arise from the “ethical” way of doing marketing—in terms of honest communication, fair pricing, honest- and relationship-oriented selling etc.

2.2. Pilot Study—Item Purification

The questionnaire was developed based on generated items together with a previously published scale measuring business performance (comprising effectiveness, efficiency and adaptability) [109]. All of the items were measured with a seven-point Likert scale. The items were originally developed in Croatian and subsequently translated into English. In order to ensure clarity and avoid ambiguity, the questionnaire was pretested with 20 Executive MBA students.

The pilot study was done on the sample of MBA and Executive MBA students in the region of Croatia, Slovenia and Serbia, noting that the convenience sample of executive education students (in this case professionals) is adequate for the research because of its exploratory nature, and the test items were known and relevant to the respondents [110], noting that this type of sample was used in this stage in methodologically similar studies [26]. After two rounds of reminders in 2014, the online questionnaire was filled out by 212 individuals, out of whom 112 delivered complete questionnaires valid for further assessment. All of the respondents that were considered valid were employed

predominantly on middle and high management positions in diverse industries: 53.9% of them in the B2B market and 46.1% in B2C, half of them in the service business (50.65%) and the rest dealing with products; 14.3% percent came from very large companies with more than 1000 employees, 21.4% in large companies (250–1000 employees), 29.8% in medium-sized (51–250 employees) enterprises, 20.2% in small (11–50 employees) and 14.29% in microsize companies (less than 10 employees).

We conducted exploratory factor analysis to determine scale dimensionality on the appropriate sample size [111] (p. 102). Tests confirmed the sample's adequacy for EFA (KMO 0.8 and Bartlett's test of sphericity, (significance 0.000) shown in Table 2. In the process of EFA, we excluded all of the variables that had a factor loading of less than 0.5 [111], a factor loading more than 0.3 on more than one factor, communality less than 0.4, as well as the ones that loaded the "wrong" factor [111]. The process resulted in 12 deleted items.

Table 2. Pilot study—exploratory factor analysis.

Communality		Rotated Component Matrix				Alpha	Eig.	C.var %
Initial	Extraction		1	2	3			
SM_1	0.599	SM_1	0.767	0.063	0.083	0.859	5.071	21.759
SM_2	0.454	SM_2	0.638	−0.037	0.213			
SM_3	0.595	SM_3	0.759	0.057	0.125			
SM_4	0.513	SM_4	0.711	0.077	0.034			
SM_5	0.521	SM_5	0.645	−0.182	0.268			
SM_6	0.760	SM_6	0.859	0.077	0.124			
SM_7	0.443	SM_7	0.650	0.056	0.131			
SM_8	0.828	SM_8	0.003	0.910	0.012	0.868	3.453	40.995
SM_9	0.629	SM_9	−0.106	0.777	0.122			
SM_10	0.611	SM_10	0.030	0.779	0.061			
SM_11	0.685	SM_11	0.034	0.801	−0.205			
SM_12	0.716	SM_12	0.201	0.821	0.035			
SM_21	0.464	SM_21	0.151	−0.042	0.663	0.836	2.265	59.941
SM_24	0.555	SM_24	−0.009	0.068	0.742			
SM_25	0.438	SM_25	0.162	0.194	0.612			
SM_26	0.567	SM_26	0.072	−0.077	0.746			
SM_27	0.698	SM_27	0.264	−0.020	0.792			
SM_29	0.713	SM_29	0.290	−0.050	0.791			
Extraction Method: Principal Component Analysis.	Extraction Method: Principal Component Analysis.							
	Rotation Method: Varimax with Kaiser Normalization.							
	a Rotation converged in 5 iterations.							

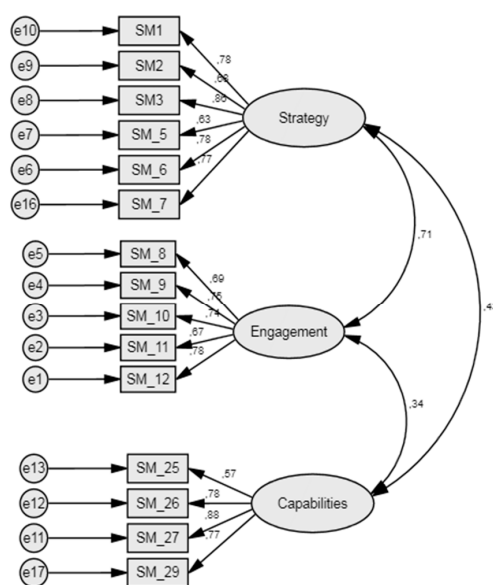
3. Results

The main study was undertaken by using a structured online questionnaire on the sample of marketing managers from 1500 of the most successful Croatian companies (declared by FINA—Croatian Financial Agency) with the aim of reliability and validity assessment. It is important to note that there were several companies present on the list that in their organizational nature do not have a traditional marketing function (e.g., specific types of utility companies). We therefore paid special attention not to send the survey to them. The research was conducted from February to September 2015 by sending two rounds of e-mail reminders, further enhanced with telephone reminders. The final sample of fully answered surveys included 172 questionnaires that entered the following stage of psychometric properties assessment. Sample characteristics are shown in Table 3.

Table 3. Main study—sample characteristics.

Characteristics of Organizations of the Main Sample			
<i>n</i> = 172		Frequency	Percent
Business type	B2B	101	58.7%
	B2C	71	41.3%
Product type	Products	84	48.8%
	Services	88	51.2%
Firm size	Small (<20)	68	39.5%
	Medium (<250)	43	25.0%
	Large (>251)	61	35.5%
Ownership	State owned	14	8.1%
	Privately owned	98	57.0%
	Foreign owned	47	27.3%
	Missing	13	7.3%
Gender	Female	64	36.6%
	Male	109	63.4%

The confirmatory factor analysis was completed using AMOS 22 in order to test internal structure validity using a maximum likelihood procedure. There is no clear consensus on the selection of model adequacy indicators in confirmatory analysis, with examples from published literature being even contradictory [112,113]. Following what relevant papers [114,115] used as indicators of a good fit, we considered following: chi-square goodness-of-fit, the goodness-of-fit index (GFI), comparative fit index (CFI), noncomparative fit index (NFI), Tucker–Lewis index (TLI) and the root mean square standardized residual (SRMR), error of approximation (RMSEA). We also evaluated measurement items relative to their contribution to significant residual covariation and cross-loading in order to ensure the “uniqueness” of each factor’s representation of sustainable marketing orientation. As a result, we eliminated three items, leaving us with a total of 15 items: six for strategy, five for engagement and four for capabilities, as shown in Figure 3.

**Figure 3.** Confirmatory factor analysis—modified three-factor correlated model for SMO.

With the purpose of investigating the dimensionality of the construct, we tested three different models in terms of selected fit indices shown in Table 4. Model 1 represented three correlated factors with all of the items from the pilot research; Model 2 referred to a one-factor model where sustainable marketing orientation is hypothesized as a one-dimensional construct; and Model 3 denoted a model of three correlated factors without items SM4, SM21 and SM24. According to all selected indices, it was determined that Model 3 had a good fit, and the best among the three.

Table 4. Comparison of the model results obtained from the SMO construct.

	Criterion	3 Correlated Factors	One Factor	3 Correlated Factors (w/o 3 Items)
χ^2		297.79	229.464	165.545
$\chi^2/\text{d.f.}$	<2.0	2.256	2.55	1903
p		0.000	0.000	0.000
Goodnes of fit index				
GFI	>0.8	0.84	0.735	0.89
Comparative fit index				
CFI	>0.9	0.891	0.789	0.939
Tucker-Lewis index				
TLI	>0.9	0.874	0.753	0.926
Standardized Root Mean Square Residual				
SRMR	<0.08	0.085	0.103	0.0795
Root Mean Square Error of				
RMSEA	<0.08	0.086	0.135	0.073

Furthermore, the analysis of construct reliability was conducted and is shown in Table 5, where Cronbach Alphas were found to be greater than the threshold of 0.7 [116] (p. 245). In addition, all standardized regression weights were larger than 0.5, which is considered a limit in exploratory research [101] (p. 722) and all statistically significant, thereby ensuring construct reliability, also the item-to-total correlations indicated homogeneity.

Construct validity denotes the “degree to which a measure assesses the construct it is purposed to assess” [117] (p. 134) and is assessed through convergent, discriminant and nomological validity. Convergent validity presumes that extracted variance should exceed 0.5 for each factor, which was satisfied with the outcomes of the confirmatory analysis shown in Table 5.

Discriminant validity represents the “uniqueness” of the conceptualized measure and was tested by the process proposed by Fornell and Larcker [118]. The test was satisfied in the model, as squared correlations between factors were smaller when compared to the variance extracted estimates, as shown in Table 6.

Predictive validity represents the capacity of the scale to behave in accordance with expectations arising from the theoretical context in relation with other constructs [119]. As discussed in the literature review, SMO leads to relevant capabilities, therefore ensuring competitive advantage and consequent superior business performance; they outperform both in the stock market and accounting performance [11,46–48,56]. Due to these well-grounded theoretical reasons, predictive validity can be proven by a statistically significant positive relationship between SMO and business performance. As business performance can and is conceptualized through the development of a wide variety of notions (long-term oriented or short-term oriented, focused on the department or the whole organization), it was measured relatively through the concepts of efficiency, effectiveness and adaptability [109]. Objective measures were also tracked; however, most of the respondents did not want to reveal them. Previously, it had been proven that subjective measures of performance have a strong association with objective ones [120].

Table 5. Construct validity and reliability.

		Cronbach Alpha	Item-to-Total Correlation
>Strategic integration		0.883	
SM1	My department's success is measured by the combination of financial, environmental and social indicators.		0.834
SM2	Sustainable development is embedded into values of our department's culture.		0.729
SM3	In my department employees are being motivated to achieve environmental and social goals in addition to the financial ones.		0.873
SM5	We are committed to monitoring customer satisfaction.		0.705
SM6	We monitor the impact of our products/services on the environment.		0.816
SM7	We monitor the impact of our product/services on the community.		0.812
>Societal engagement		0.857	
SM8	We work with various stakeholders in order to understand their expectations that have been placed in front of us.		0.787
SM9	We select suppliers based on the set of environmental, social and economic criteria.		0.794
SM10	We encourage personal and professional development of our employees through training, career planning etc.		0.788
SM11	We participate in the development and preservation of the local cultural and historical heritage.		0.766
SM12	We prefer the purchase and use of environmentally friendly products and services.		0.814
>Ethical capabilities		0.827	
SM25	We act responsibly and ethically when pricing our products/services.		0.689
SM26	Our customers/clients always have full information about our offerings.		0.833
SM27	Attributes of our offerings are clearly, accurately and honestly communicated to consumers.		0.898
SM29	We are ethical and honest in our sales activities in order to build long-term partnerships.		0.840

Table 6. Convergent and discriminant validity.

Average Variance Extracted (AVE)	56.73%	52.90%	57.86%
Composite Reliability	0.96	0.95	0.96
Interconstruct Correlations	STR	ENG	CAP
Strategic integration STR	1.00		
Societal engagement ENG	0.71	1.00	
Ethical capabilities CAP	0.43	0.34	1.00
Correlations Squared	STR	ENG	CAP
Strategic integration STR	0.57		
Societal engagement ENG	0.50	0.53	
Ethical capabilities CAP	0.18	0.12	0.58

Before hypothesis testing, it was required to evaluate the validity and reliability of the structural model. Loadings of the factors were larger than 0.7 [121] (p. 103) and AVE for the reflexive variable larger than 0.5 (AVE for performance is 0.543) [121] (p. 103). Composite reliability must be larger than 0.7 [122] (p. 103), which was also confirmed (CR for Performance is 0.780). A Fornell–Lacker criterion of discriminant validity was also established as there was only one reflexive variable. Formative variable SMO has nomological validity due to the designated theoretical framework, and the weights of all three factor constructs were assured with the statistical significance. Index VIF signals possible multicollinearity and must be below 5 [121] (p. 430). That was valid for all of the indicators in the model (Adaptability 1.146, Capabilities 1.053, Effectiveness 1.189, Efficiency 1.281, Engagement 1.067, Integration 1.082).

The structural model was estimated with R2 and Q2. Relatively low R2 (0.085) was explained with a very simple model (only one latent variable) with the aim of generalizing the model and not the explanation model, and it was thus logical that performance is determined mainly by elements other than SMO. The adequacy of the structural model included the estimate of predictive relevancy of the model with the Stone–Geisserovog criterion [123], and all values above 0 indicate that latent variables had predictive validity. Q2 = 0.034 suggests small but predictive validity. Moreover, statistical significance of all structural coefficients of weights and loadings was larger than $p < 0.05$. Due to all of the above, it can be concluded that the measurement model was adequate and exhibited a satisfactory level of fit. Therefore, the structural model supported the hypothesis that there was a positive correlation between SMO and performance ($r = 0.291$, $p < 0.000$), as shown in Table 7.

Table 7. Predictive validity PLS-SEM Model results—hypothesis testing.

H	Direction of Relation	Standardize Estimate (Beta Coefficient)	Standard Error	t Value	p Value	Result
H1	Sustainable marketing -> Performance	0.291	0.073	3.960	0.000 **	YES

** $p < 0.001$.

The paper accomplished its purpose of identifying the dimensions of sustainability orientation as well as in the scale development. The sustainable marketing orientation scale has high degrees of reliability and validity and can therefore be used as a multidimensional measure of the selected construct. Methodological contribution of the paper is vivid in the unique, far-reaching psychometrically rigorous scale development process, supplementing the published literature with a well-needed measure.

4. Discussion

Although the topic of integrating sustainability in strategic marketing has been extensively studied, there is no uniform advice on how to implement it and how to measure it [2,9–11]. Moreover, most of the available theoretical models of sustainable marketing orientation and sustainable marketing measures are insisting either on the three-pillar approach (social, environmental and economic) derived from the definition of sustainable development [1,3,77], or focus only on one component [6,59–61]. Both approaches have a wide variety of practical and scientific limitations that are overcome by the research results reported in this paper.

The main aim of this study was to confirm that the conceptual model of sustainable marketing organization is formed by three dimensions: strategic integration, societal engagement and ethical capabilities, and that it presents the greatest theoretical contribution of this paper. Moreover, the paper confirmed the theoretical foundation of RA theory within the context of sustainability [42,44], proving that accumulation of sustainability-oriented resources ensures superior performance. This study conceptually extended the theoretical model of sustainable marketing orientation [16], explored what the implementation requires in practice and clarified that it can be effectively represented by a

three-dimensional construct. Prior to testing the model, we conducted exploratory qualitative research to further develop and validate measurement items for the three dimensions. Through the rigorous procedure of scale development, the study confirmed that SMO could be formed by the three proposed dimensions. The result of the study provides a measurement instrument containing three subscales proposed by the theoretical model, containing six, five and four items, respectively. The development of such a multidimensional SMO measure captures the actual implementation of the construct in practice and allows it to be measured across industries, regardless of the environmental or societal positioning of the companies' products. The results described in this paper conform to published research [11,46–49,56], supporting the idea that the incorporation of sustainability within the marketing function, in this case SMO, improves profitability in the long run.

Strategic integration requires firms to recognize the necessity to integrate sustainability strategically and for it to be embedded into the company culture, in line with similar research in the field of environmental orientation that is in line with similar research [49,70]. Moreover, it is confirmed that employees should have sustainability-oriented incentive systems [84]. It is also validated that from that perspective it is necessary to use the combination of tracking results with a triple bottom line approach. This is one of the greatest practical challenges as companies are predominantly focused on reaching desired levels of profitability. In that respect, the indicators of the performance also must be sustainability-oriented. Respectively, the model confirmed the importance of understanding and monitoring business effects in terms of customer satisfaction, the impact of products service on the society and the environment, in line with several other published papers [73,85]. Another relevant result emerging from the scale development process is the confirmation of the importance of societal engagement in the implementation of sustainable marketing orientation. It serves the development of stakeholders and the organization [16]. Common manifestation of societal engagement includes elements that were recognized in other papers: the understanding of various stakeholders' expectations from the enterprise [91], explicit policies and internal procedures about the selection of suppliers and purchase of goods and services [76], the participation in the development of preservation of local heritage [87] and the development of employees [89]. Ethical capabilities were verified as the third element of sustainable marketing orientation, which until now has not been uniquely covered in that way. Organizational routines and collective skills, ethical in the first place, portray the very core of the sustainability strategy essence as one that develops marketing action patterns "in the right way". The paper confirms the importance of acting responsibly and ethically in pricing, selling and communicating the offerings. Sustainability ethics implies that marketing capabilities should first and foremost be developed as ethical capabilities, regardless of the sustainability positioning. Although previous literature has not been conclusive on the link of SMO and performance, this paper reinforces the idea that enterprises should strive towards sustainable marketing not only to be good corporate citizens, but also because in the long-run it creates unique competences that lead to better performance. Now more than ever, sustainability-oriented marketing as a philosophy and strategy of achieving unique competitive advantages is the direction firms should follow.

5. Conclusions and Limitations

This research presents a valid contribution for both academics and practitioners. Psychometrically comprehensive measurement is considered to be a requirement for any theoretical development [123], therefore this paper presents a valid theoretical advancement in terms of improved understanding of the SMO implementation within the three unique dimensions. The confirmation of the stability of identified dimensions gives relevant ground for further examination of links between relevant variables such as stakeholder pressure, personal attitudes of managers and sustainable marketing orientation. The validated measure gives an opportunity to researchers to undertake studies and further explore SMO. For practitioners, the confirmation of the three dimensions of SMO provides a valuable direction for the discussion on sustainability implementation in marketing. With the confirmation of the three dimensions, practitioners can now invest a more explicit and focused effort into the development of

such competences that ensure the implementation of SMO. Moreover, this paper also provides a very precise outline of what SMO requires from organizations. By breaking away from the three-pillar approach towards integration of sustainability into strategic marketing, it provides each organization with the opportunity to evaluate what they are doing and how they can be better at orientation towards sustainable marketing. Companies should be focused on the development of strategic integration of sustainability within the marketing department, social engagement of their activities and at the development of ethical capabilities in all of the marketing tactics and tasks. It is important to note that practitioners must accept the long-term orientation of SMO in terms of creating a unique set of resources—that is, profitability. The creation of true integration of sustainability into the marketing strategy and function starts with the creation of culture that supports the imperative of sustainability within everything that the marketing department does.

Given that this is a relatively new area within marketing theory, there has been no similar research to make a meaningful comparison in terms of the three dimensions of SMO. The aim of the research was to operationalize the SMO construct, which has not been done so far in the published literature, so the results should be assessed through the prism of an indicative, pioneering character rather than a conclusive one. The study has three methodological limitations. The limitation of the pilot study conducted for the purpose of exploratory factor analysis, despite its methodological adequacy, has a limitation in the form of sample type. Accordingly, due to the rigorous statistical and methodological procedures for designing the measuring instrument, it is possible that there were too many rejected parts that theoretically corresponded to the described construct.

The limitations of the main quantitative survey mainly stem from the sample size and the possible bias of the respondents. The reluctance of highly positioned managers to participate in the survey, together with the complexity of the questionnaire, led to a relatively low response rate and the number of completed survey questionnaires. Although the sample size was large enough for the selected data analysis method, the sample is still classified as small, which is a limitation in the form of representativeness and generalization of the results obtained. According to the selection of the sample, which is not limited by industry or size of the enterprise, it can be said that the limitations of the research result from the inability to show the significant specificities of a particular industry or market type, and thus different roles and importance of marketing function, for example, in the business market relative to the end-use market.

Future research should aim to remove the limitations of the research conducted in this paper. In order to generalize the results, it is proposed to implement the same or similar model in other countries so that the results can be compared and to determine whether the proposed model is significant and adequate in different business and cultural realities. In addition, the model was tested on the population of the most successful companies, with the assumption that they are more sustainable and responsible than most other companies that mainly struggle for survival in Croatia. A high-quality dimension of data would be obtained by conducting the same research in a defined industry or in a single product group to check, in particular, the effects of competing activities on the level of implementation of sustainable marketing. Furthermore, in the sample of this research, large enterprises are predominantly present, and the model could be adapted to the market of small and medium-sized enterprises. Given that a limited number of variables in the model were considered to ensure the acceptable complexity of the questionnaire, and that there is a theoretical basis for examining those that significantly influence the level of application of sustainable marketing, such as organizational culture, stakeholder approaches and managerial attitudes, further models should include other variables that were not part of this model to examine their relationship. To ensure that the results can be verified with a time lag, it is recommended that a longitudinal survey be conducted to further confirm the positive, statistically significant relationship between the level of sustainable marketing and the success of the business. Given that the survey was conducted on a sample of enterprises of all activities, sizes and types of markets, in order to gain insight into the specifics of the application of sustainable marketing

in relation to the mentioned characteristics, we refer to conducting the same or similar research in a defined market subsegment.

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