CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter elaborates the relationship among CSR orientation, marketing capabilities and organisational performance. It begins with a discussion on the perspectives of CSR and CSR orientation that integrates the elements of social concern, economic concern and corporate citizenship culture. This is then followed by a discussion on the marketing capabilities and organisational performance.

2.2 Perspectives of Corporate Social Responsibility

Profit, stakeholders and societal responsibilities are the concept behind CSR (Carroll & Buchholtz, 2003). Profit maximization is the duty of organisations to fulfill to their stockholders and stakeholder's responsibilities refer to the obligations that organisations have toward those directly influenced organisations in achieving their objectives. Social responsibilities mean the organisations' obligation in making and protecting the natural environment to be a better place to live and work, thus, creating situations which are favourable and profitable for the general public and the organisations (Carroll & Buchholtz, 2003). Conclusively, the goals of organisations are not only for making profit but also should include social responsibilities.

CSR is a resemblance to the organisations working towards achieving sustainability and the triple bottom line that is People, Planet and Profit (Elkington, 1997; WBCSD, 1999). Ogrizek (2002) induces that the CSR realms comprise of environmental management system, human resources policy and investment in strategic management in order to be sustainable in the future. Chahal and Sharma (2006:207) indicate that "CSR activities embrace all organisational activities relating to organisation and society." Chakaraborty et al. (2004) and Staples (2004) consent that CSR is the organisation's commitment to care for and upgrade the wellbeing of society and also as a tool in attaining commercial accomplishment.

Hence, in soliciting these concepts into the organisations structure, two things need to be taken into consideration. Firstly, the quality management of people and process and secondly; the organisations operation effects pertaining to the society and environment (Feltus et al,. 2009; Bansal and Roth, 2000). Furthermore, Basu & Palazzo (2008); Lenssen et al. (2007) insist that organisations which practice CSR should make a paradigm shift towards a more strategic understanding in tackling social and environmental issues management.

In addition, by integrating of these concepts into organisations' structures and processes, CSR could also improve organisations' innovative and proactive solutions to societal and environmental issues (Skjaerseth et al., 2004). Eventually, CSR is the stepping stone for organisations to gain commercial success that assist in promoting the organisations as being one of the organisations that are reliable and responsible to the community (Dummett, 2006). In fact, Deakin and Hobbs (2007) agree that by embedding CSR in organisational structure and routines, the organisations will be better placed to compromise with future consumer preferences and regulatory changes. Furthermore, organisations' ability to study about their customers, competitors and regulators behaviour, would position themselves in a better opportunity of recognizing and taking action upon events and developments in the marketplace (Tippins & Sohi, 2003).

Essentially, CSR helps to create financial security, completion of objectives, develop better relationships with stakeholders, and increase productivity. Moreover, via effective CSR programmes organisations gain improvement in performance, decision-making, reduce risk, enhance brand image, notice new commercial opportunities, including new markets, reduce costs, attract, conserve and motivate employees (Judge & Douglas, 1998; Stanwick & Stanwick, 1998; Blomqvist & Posner, 2004; Fan, 2005; Porter & Kramer, 2002; Ramus & Steger, 2000; Collier & Esteban, 2007).

The society, government, and public associations influence decision-makers of organisations to deal with the public and environmental concerns especially in their strategic decision making (Banerjee, Iyer & Kashyap, 2003). Doyle and Hooley (1992) posit that the purpose of organisations is to be effective in serving and satisfying their customers and in chorus make profit. Fiol and Lyles (1985); Doyle and Hooley (1992) agree that organisations' objectives originate from the pressures created by the shareholders and other stakeholders of the organisations. In order to operate effectively and efficiently, it is a requirement for organisations to show enthusiasm in accepting responsibility for their own actions, consequently build and nurture the good image and sustain their reputation (Stainer, 2006). Fundamentally, CSR is the integration of public interest into corporate decision-making.

Due to the numerous definitions of CSR (which will be discussed later in detail in the following sections) which have been proposed and very often no clear definition is given; making the perspectives in analyzing CSR activities difficult. Furthermore, CSR cannot be analyzed through a single lens of perspective because CSR involves both theory development and empirical analysis (McWilliams et al., 2006). Thus, for the purpose of this study, a multiple perspective on CSR namely, management, marketing, economic, law, ethical and philanthropic or corporate citizen are discussed in giving an overall picture of defining and identifying CSR activities as well as examining the strategic role played by CSR in organisations.

Management Perspective

CSR management is a way organisations manage their operation on an economic, environment and social way to measure corporate performance which includes planning, organizing, leading and controlling people or resources for the purpose of achieving the desired goals and objectives.

CSR is a vision that organizes organisations to be successful. Vision is then transformed into the organisations' mission. Fundamentally, the mission and vision statements depict organisations' main objectives and values. Hence, in the context of CSR management in this study, it is concerned about how organisations manage their people and resources which have an impact on organisations ability to achieve their mission with regards to CSR activities. Thus, CSR management means taking the organisations corporate mission where they want to go. This would ensure that organisations achieved their vision. More specifically, it would strategize the perspective of what the organisations want to accomplish in their mission statement and it is vital to have CSR management point of view which reflects organisations actual business importance to their mission (Burke & Logston, 1996). As such, the management of people and resources so as to meet the stakeholders' needs and expectations would facilitate in building organisations objectives and sustaining their competitive advantage. Furthermore, for CSR management to be feasible, organisations must fully integrate all their operations into the key areas of business objectives, and measure the outcomes. Certainly, CSR is a vision that organises organisations to be successful.

CSR is designed to deliver sustainable value to internal and external stakeholders (Maignan et al. 2005). Miles et al. (2006) argue that strategic conversations and collaboration with stakeholders serve as the fundamental method in integrating CSR in the organisations' strategic plan. Svensson and Wood (2005) emphasize that employees are the most valuable asset to organisations. Organisations draw their employees from society, thus, everything organisations do with their employees need to be socially responsible. Through the development and management of their employees, organisations will preserve and improve their corporate strengths. Accordingly, investing in the internal stakeholders such as employees would positively and significantly affect organisations' performance (Galbreath, 2006).

Therefore, organisations must increase the value of their workforce by enhancing the work environment, enabling all employees to reach their full potential and enjoy their safe and comfortable workplaces. By having such quality work environment, organisations instil in their employees the CSR values of respecting employees as an individual and ensuring that employees can make the most of their unique traits and abilities in contributing to the organisations' success. In addition, the employment market is so competitive and good recruits want to work and stay with organisations that care (Ramus & Steger, 2000; Collier & Esteban, 2007). Evidence is mounting that organisations CSR activities is a valid, convincing and increasingly important way to attract and retain good employees which will benefit organisations productivity and, thus, save recruitment cost (Branco & Rodrigues, 2006; Maignan et al., 1999). From this management point of view the organisations will get good quality employees, produce high quality products and reduce losses which can be avoided.

Attracting and retaining talented, highly skilled and quality employees have become a necessity and a source of competitive advantage (Greening & Turban, 2000; Turban & Greening, 1997). Research findings indicated that a socially responsible organisations which are perceived as an attractive workplace, having a good CSR reputation, and valuable image can attract and gain high-quality employees (Greening & Turban, 2000; Albinger & Freeman, 2000). In consequence, relationships with internal stakeholders (employees) can lead to competitive advantage and is a source of superior performance. Likewise, Jones (1995) assents that organisations which evolve relationships with stakeholders based on honesty, mutual trust, and collaboration are in a better position to gain an advantage over organisations that do not.

In addition, in managing their resources organisations need to scan their environment constantly in order to anticipate changes that are likely to affect the organisations. Organisations that recognize critical changes early will be better positioned to take advantage of opportunities or to counter threats (Lamb et al., 2004). Jennings and Zandbergen (1995) suggest that members of modern societies require both economic development and balancing social development within local eco-systems when looking for sustainability. Therefore, managing, preserving and reducing the environment impacts not only benefit society but organisations too such as reducing pollution leading to cost saving, the productive use of resources and help produce goods valued by consumers (Porter & Kramer, 2002). Equally, ecological issues and problems position the organisations as being part of social responsibility (Stone et al., 2004).

By responding more effectively to the societal, environmental and stakeholders, organisations will achieve greater social responsibility and a higher added value (Sen & Swierczek, 2007). Conclusively, CSR provides the practical knowledge and enhances organisations to improve decision making, manage risk, and measure corporate performance. Moreover with strategic CSR management, organisations will be furnished with competitive advantage over their competitors (Asongu, 2007). A study done by Ogrizek in 2002 verified that when organisations integrate CSR with their business policies and management, organisations could gain concrete market-driven benefits and competitive advantage.

Marketing Perspectives

One of the main aims for conceptualizing CSR marketing perspectives is the value creation which goes beyond profit maximization and incorporates continuing business endurance besides meeting organisations obligation in considering the interests of customers, communities, and ecological considerations in all aspects of their daily operations (Husted & Salazar, 2006; Carroll, 1999; Shrivastava, 1995; Polonsky, 1995). Balmer (2001) suggests that societal application is one of the most important elements of CSR marketing.

Societal marketing has long been discussed among researchers. For instance, in 1960s and 1970s, marketing scholars have started uttering a concern for CSR focusing on social duties of marketing function (e.g. Lazer, 1969; Kotler & Levy 1969; Feldman 1971). In 1969 Lazer has attempted to address marketing's societal dimensions where he contends that marketing responsibilities should extend beyond profit consideration to intrinsic values such as social concern. According to him marketing must serve the goals of organisations and the society simultaneously. Additionally, Lazer (1969) identifies that the other major profound roles of marketing include preservation of natural resources, reshaping government interfaces with business and stimulation of economic growth. Undoubtedly, marketing and government must work together since marketing-government relationship must act in concert with each other so as to meet the social tasks. For that reason, marketing must portray itself as building a community sense, societal commitments and obligations by accepting this new social role (Lazer, 1969).

Lazer (1969) emphasizes that marketing long-term objectives should include societal considerations. This is because societal considerations will assume greater importance as consumers begin to understand that the resources of organizations' products could have an implication on the environmental system and society as regards to its production, consumption and disposal. Likewise, society becomes increasingly concerned about the environmentally disadvantageous allocation of resources (Lazer, 1969). The problems of imbalance between resource inventory and environmental capacity have posed a general threat to the environment. Feldman (1971) agrees that by shifting the marketing emphasis to societal considerations would allow marketers to act in the long-run interests of society. Furthermore, Feldman renders that marketing must take this as a challenge in facing the future.

Thus, resulting from Lazer (1969) and Feldman (1971) studies, the field of social marketing has emerged. In addition, the studies of CSR from the marketing viewpoint have expanded throughout the years. Emphasizing the alignment of CSR with marketing strategy, assists organisations to define their priorities, and build social organisation value as a way of differentiating organisations in the market place (Dummett, 2006). As such, CSR marketing strategies define organisations' ability for example allow organisation to have a unique selling position in the marketplace, gain reputation, continually build and strengthens their identity in the market place and achieve success (Dummett, 2006).

Organisations that consider CSR in their marketing perspective would increase the organisations brand images in the market (Ogrizek, 2002; Nigel, 2003; Saunders: 2006/2007). In the long run, the organisations can stabilize the businesses through the brand known by the public (Saunders, 2006/2007). Indeed, from a marketing perspective, a positive link between CSR and consumers' positive product and brand evaluations, brand choice, and brand recommendations from the organisations' economic benefits from CSR have been proven (Brown & Dacin, 1997; Drumwright, 1994; Handelman & Arnold, 1999; Osterhus, 1997; Sen & Bhattacharya, 2001).

To date, CSR is considered as a very logical practice and profitable to the organisations especially in facilitating marketing to be more creative and responsible to what it is producing. By applying the CSR concept in the marketing strategy, the organisations are building relationships of trust with customers by providing reliable, high-quality products, and responding to the customer complaints effectively (Liu & Zhou, 2009).

Essentially, research findings have identified that organisations with CSR marketing perspective enjoy a long-term sustainability (Schaltegger & Wagner 2006; Marrewijk, 2003; Epstein & Roy, 2003; Callens & Tyteca, 1999). In addition, CSR with marketing perspective also improved financial performance, increased sales, and identification of new markets. For instance, Maignan and Ferrell (2001), Liechtenstein, Drumwright and Braig (2004) contend that CSR is an active source of competitive advantage and could be used as a marketing tool in order to compete and sustain organisations competitiveness in the future. Asongu (2007) disputes that CSR is a powerful marketing tool with the goal of making a profit and at the same time contributes to society welfare. Fundamentally, CSR needs marketing for value creation in organisations while marketing needs CSR to enhance its place in the eye of the Board of Directors (Doyle, 2000).

To date, Maignan and Ferrell (2004); Maignan et al. (2005) notice an increasing effort from organisations to integrate CSR and marketing perspective. For instance, environmentalism also has been proposed as a developing area for marketing strategy where Drumwright (1994) investigated the importance of environmentalism in corporate buying decision while Menon and Menon (1997) came out with the idea of enviropreneurial marketing; Brown and Dacin (1997); Sen and Battacharya (2001) studied empirically that CSR associations affect product evaluation and consumer response and finally Barone et al. (2000) studied on cause-related marketing.

Thus, these studies indicate that CSR is a relevant marketing perspective, theory, practice and an excellent internal strategic marketing tool that organisations could apply in lines with CSR practices and values.

Economic and Law Perspectives

Organisations that exercise CSR will increase their value and develop the economic competitiveness (McWilliams & Siegel, 2000). Showing concerns on the social problems will stimulate the economic quality of life and furthermore serve the public interests at large (Lantos, 2001). Ramus (2002) indicates there is a relationship between environmental performance and economic performance. Correspondingly, investing in improvements in social or environmental performance yields competitive advantage (Porter & Kramer, 2002) and economic benefits (Catherine & Siegel, 2006; Orlitzky, Schmidt & Rynes, 2003; McWilliams & Siege, 2000).

Carroll (1991; 1979) refers CSR as the way organisations meet the economic, legal, ethical and discretionary (which also referred to as philanthropic) responsibilities in fulfilling the needs of their stakeholders. At the same time, researchers like Bowen (1953); Carroll (1979); Davis (1960) and McGuire (1963) identify CSR as those policies, activities, or behaviour undertaken by organisations that goes beyond the traditional economic and legal obligations that the organisations have with their targeted internal and external stakeholders. Sethi (1975) consents that what goes beyond these traditional responsibilities are classified as being ethical or moral obligation of the organisations where these responsibilities are influenced by the norms, values and expectations or needs of stakeholders of the organisations.

Therefore, organisations which go beyond economic and legal requirements are thereby assuring themselves a competitive advantage in terms of greater expectancy of and openness to external changes (Judge & Douglas, 1998; Klassen & McLaughlin, 1996). Chahal and Sharma (2006:211) concur that *"in a hyper competitive atmosphere, growth, stability, economic existence and social orientation of an organisation strongly depends upon its ability to perform social responsibility towards community"*.

Carroll (1999) ascribes CSR economic point of view as the organisations obligation to produce goods and services in society and sell them at profit. Before organisations can help multiple stakeholders in society; they must first be profitable and cost-effective because the economic performance supports the entire structure of CSR. Carroll (1999) affirms that by securing economic viability is one of the ways organisations provides for the society. Dahlsrud (2007) indicates economic perspectives as the socio-economic or financial aspects which include describing CSR in terms of organisations business operation and in the long-run preserving the organisations profitability. As such products and services could be produced to meet the market needs through effective utilization of resources so as to facilitate in building and sustaining competitive advantage (Porter & Kramer, 2006). Furthermore, it is part of organisations social contract responsibility with the society whereby organisations are expected to fulfill their economic goals in the boundary of the law (Carroll, 1979).

From the CSR legal point of view, it implies that the organisations responsibility is to fulfill their economic mission within the agenda of legal requirements where society interprets law as right and wrong and play by the rules which have been set by the legislation (Carroll, 1979). CSR which goes beyond its strict legal obligations to takes into account the impact its business operations have on stakeholders other than its shareholders. This also involves ideas of the "triple-bottom line" that is People, Planet and Profit (Elkington, 1997) which utilizes economic, social and environmental benchmarks as a way to measure corporate performance (Carroll & Buchholtz, 2003).

In other words, organisations are expected to obey the law while making profit, complying with societal laws and regulations, and at the same time carry out economic responsibilities (Carroll, 2000). In addition, organisations are responsible for producing goods and services which contribute directly or indirectly to the protection of the environment or to social development in respond to the stakeholders' concern, needs, and capturing the opportunities offered by the market and conforming to the law and regulations (Carroll, 2000, 1979; Carroll & Buchholtz, 2003).

Ethical and Philanthropic Perspectives

CSR is defined as an open and transparent business practice based on ethical values and assists organisations to attain marketable achievement along the Triple Bottom Line perspectives which emphasizes the economic, social and environmental bottom-line wellness (Elkington, 1997). Carroll (2000) classifies that the other two faces of corporate citizenship namely ethical and philanthropic perspectives as a moral obligation of organisations to the stakeholders.

Due to the current trend of globalisation, organisations have realized that in order to compete effectively in a competitive environment, they need to clearly define the business practices which focus on public interest. This is where organisations' values influence on organisations' perceived social responsibility and is verified by societal activities. Aupperle et al. (1985:458) argue that "*this type of business practice can be appropriately evaluated through the three non-economic components which are legal, ethical and discretionary perspectives*". Furthermore, Quester and Thompson (2001) note that the social goals in the long run are profitable since market forces grant financial incentives for socially responsible organisations.

Thus, to become socially responsible business, firstly, the organisations must acknowledge society's existence and society's growing demand for a more ethically responsible business practice. Organisations CSR behaviours impact the way customers behave towards the organisation (Creyer & Ross, 1997; Nebenzahl et al., 2001). Furthermore, consumers tend to punish or reward immoral or ethical behaviour of organisations (Creyer & Ross, 1997), as well as, consumers are more willing to purchase and pay more from socially responsible companies as compared to those that are socially irresponsible (Asongu, 2007; De Pelsmacker et al., 2005; Smith, 1996). In contrast, failure to recognize and respond to these responsibilities shows that organisations have failed to make the adaptation for their own long-term survival (Creyer & Ross, 1997).

Ethical standpoint of views requires organisations to abide by the moral rules where organisations are expected to behave appropriately in society (Carroll, 2000). The organisations are anticipated to do what is right, reasonable and evade things which will cause harm to society. Such responsibilities include providing employment opportunities for everyone, improving environment and promoting worldwide justice. Organisations do engage in ethical business whereby this ethical business guides organisations to have desire to do the right thing. Essentially, this guides the organisations to avoid legal consequences of their actions and as to convince stakeholders that the organisations concern includes serving the stakeholder interest (Creyer & Ross, 1997).

At the same time, marketeers are expanding their Research & Development and explore for the right formula to formulate a better product which can adapt the values of CSR in their ethic. Sen and Battacharya (2001) studied empirically that CSR associations affect product evaluations and consumers response. Certainly, all these researches have proven that CSR plays a role in building customer loyalty and trust based on distinctive organisations ethical value.

In summary, the organisations' ethical responsibilities are to meet society's expectations for conscientious and proper behaviour. Researchers like Carroll (1979; 2000); Lewin et al. (1995); Wartick and Cochran (1985); Wood (1991) agree that organisations' ethical responsibilities are not necessarily enacted into the system of law or rules. However, they are the expected behaviours of organisations by society's members as a moral obligation. Therefore, being the member of the society, organisations are anticipated to conduct their ethical responsibilities consistent with the expectation of the society itself.

Discretionary stand points are tantamount to philanthropic responsibilities and replicate society's desire to see organisations involve actively in the betterment of society. Philanthropy encompasses those corporate actions which are in response to society's expectation that businesses be good corporate citizens (Carroll, 1979). Organisations must contribute resources to the community which will improve the quality of life. Conclusively, the organisations discretionary responsibilities include the responsibility to carry out acts of a voluntary nature designed to contribute to a better society (Dahlsrud, 2007). Carroll (1991) denotes that philanthropy responsibilities are not expected as an ethical or moral sense unlike ethical responsibilities. Philanthropy is more discretionary or voluntary basis whereby organisations always perceive it as the societal expectation that organisations provide to the society (Carroll, 1979; 1991; 2000).

Lantos (2001:8) asserts that "*philanthropic/discretionary CSR used as a marketing tool is to enhance the firm's image is legitimate since it helps achieve the firm's financial obligation"*. In summary, the nation's social problems are part of organisations social responsibilities.

Essentially, Porter and Kramer (2006) conceptualize that CSR is about "shared value" (p.84) in which organisations have with the society and should move towards the perspective of collaboration or "corporate social integration" (p. 92). Lantos (2001) concludes that the marketing managers must unveil and address this shared value and vision while organisations leaders should push departments in the organisation to come forward with innovative strategies that counterpart to these values and visions. Moreover, with these visions of corporate social responsibilities, organisations are competent to earn the highest levels of trust required in order to balance the value with other stakeholders, the market, the environment and society (Carroll, 2000).

Having said this, CSR in this study is conceptualized as a business orientation where any organisation which is considered being CSR oriented tend to engage in three managerial orientations namely environmentally and socially orientation, employee orientation and financial orientation (Fritz, 1996) which have been discussed in detail. Fundamentally, business orientation is the organisations capabilities which set organisations' direction and activities/plans to guarantee resources which are fully utilized (Hooley et al., 1998) and organisations underlying values which verify their nature and realm of activities and plans (Peterson, 1989) that need to be achieved. Essentially, these are the principles which guide CSR organisations' basic values, goals, and strategies as to compete in the marketplace (Fritz, 1996).

2.3. CSR Orientation

Khandawalla (as cited in Miles and Munilla, 1993) illustrates a business orientation is an organisation's internal set of operating "beliefs and norms" which comprises the management philosophy of organisation. Kotler (1988) describes a business's orientation as the fundamental business philosophy which controls all the organisation internal and external activities. Consequently, Foxall (1984) interprets business orientation on how the organisations characterize three elements: themselves (the organisations), their objectives and their mission. Meanwhile, Miles and Munilla (1993) recognize that business's style or orientation is a fundamental management philosophy which controls and supports the internal structure, staffing, behaviour and strategic decision of organisations. These fundamental principles guide the organisations' basic value and goals, as well as, the organisations' strategies used to compete in the marketplace (Fritz, 1996). Precisely, business orientation is how the organisations as an entity relate to their internal and external environments (Miles & Munilla, 1993).

Besides, beliefs and norms that comprise the management philosophy of business orientation, Swanson (1995, 1999) argues that values also play a prominent role in the interaction between internal and external environments, business and society, as well as, in social issues in management literatures. Value orientation guides organisations to achieve their decisions (Ray, 2006) and the fundamental idea of applying CSR orientation in this study is to examine the values of organisational decisions involving CSR.

McCarthy and Perreault (as cited in Miles and Munilla, 1993) classify a production orientation, a sales orientation, and a marketing orientation as three traditional business orientations. In addition, Ginsberg (as cited in Miles and Munilla, 1993) adds entrepreneurial orientation as the fourth underlying philosophy. The production orientation is the internal focus which defines the product as being manufactured by the organisations (Miles and Munilla, 1993). Sales orientation involves external focus with the aims to increase sales volume (Zikmund & D'Amico, as cited in Miles and Munilla, 1993). Additionally, marketing-oriented is to satisfy the customer group as the main goal and entrepreneurial orientation is the propensity of organisations to be innovative, risk-taking and aggressive (Ginsberg, as cited in Miles and Munilla, 1993). However, because of the consumer's increased ecological awareness has forced many organisations to meet the long-term consumers' needs by adopting a more ecologically friendly and socially responsive approach in dealing with the business (Miles and Munilla, 1993). Kotler (1973) defines this new philosophy as marketing management supplemented by innovation, adaptation and with a strong social and ecological conscious. Miles and Munilla (1993:44) refer this fifth philosophy as *"eco-orientation or eco-marketing orientation as a response to social dynamics"*.

Therefore, this study proposes that corporate social responsibility is conceptualized as a business orientation since "*organisations engage in CSR activities are adopting the similar philosophy as business orientation which include the production orientation,* *sales orientation, marketing orientation, enviropreneurial orientation and eco-marketing orientation which involve beliefs, norms and values of organisations in meeting with the stakeholders expectations and needs. Moreover, the ecologically sensitive corporate orientation, which is also known as 'green' strategy, can initiate in its system of current production and marketing practices as well as adapting its corporate behaviour to reflect the increased level of environmental awareness "* (Miles and Munilla, 1993:44).

By conceptualizing CSR as a business orientation means that the philosophy of socially responsible activities and behaviour are present at each management level, from the highest executive level down to the lowest employee level. As such, this study assents that CSR oriented organisations must implement those philosophies mentioned and strategies within the organisation in order to satisfy the demands of both their internal and external stakeholders.

Miles et al. (2006) argue that collaboration with stakeholders serve as the fundamental method in integrating organisational decision involving CSR. So, CSR orientation in this study is used as a construct that captures the stakeholders' perceptions pertaining to organisations' social responsibility and performance (Smith et al., 2001) and using Carroll's (1979; 1991; 1999) and Maignan et al., (1999) frameworks that identify CSR as the way organisations meet their stakeholders expectations and needs with regards to the economic, legal, ethical and discretionary perspectives (also referred to as the four faces of a corporate citizen). Carroll is certain that these four faces of a corporate citizen are the ingredients organisations must meet in order to be considered socially responsible.

Moreover, it is one of the many ways businesses play their part as good corporate citizens (Maignan et al., 1999).

Before the constructs of CSR orientation can be discussed, it is important to explore the school of thoughts and definitions of what constitutes CSR. This is because the virtue of CSR as a fundaments concept (i.e. the fulfillment of organisations' responsibilities to society) is always changing (Holliday et al., 2002) and to answer to the question - how to determine organisations role in being socially responsible to the society? Thus, it is accurate to say that all societies at all point in time have had some degree of expectation that organisations would act responsibly by some definition; but what does socially responsible really means? Furthermore, with varying definitions and a lack of empirical measures of CSR, which makes it difficult to focus on connecting orientation or individual or organisation behaviour to social and economic performance measures. Thus, by exploring the school of thoughts and definitions of what constitutes CSR, this study would shed light into constructing the CSR orientation by using the stakeholders' concepts.

CSR School of Thought

Perspectives of CSR can be divided into two general schools of thought which argued that organisations obligation is only to capitalize on profit on condition that it functions within the restrictions of the law (Friedman 1970; Levitt 1958), while the other school of thought recommends that organisations responsibility toward society encompasses more than profit making (Ackerman, 1975; Freeman, 1984; Carroll & Buchholtz, 2003). These two general schools of thought of CSR are also known as macro and micro level analysis and they are conflicting when organisations are conducting CSR: who should be responsible. Table 2.1 shows the comparisons of the two schools of thought.

The first school of thought believes that an organisation is a legal construct and it concerns only on two responsibilities required by the law; that is making money for owners and obeying appropriate rules and regulation (Greenfield, 2004). To them, the government, not individual organisations, is responsible to establish and achieve a nation's social goals. This notion is similar to Friedman (1962) and Leavitt (1958) school of thought for CSR where they called it free market view/ the "macro level" of analysis. The managers' sole duty is to maximize the financial return on shareholders investment where in quest of any goal other than making money for the shareholders is illegitimate (Friedman, 1962). Furthermore, Friedman (1962) states that if the business operation of the free market could not solve a social problem faced by the society, it becomes the responsibility of government, not business, to address the issue. Organisations are anticipated to be efficient, profitable, and constantly maintain the shareholder interests (Carroll & Buchholtz, 2003).

Organisations role is to create wealth with the interests of the shareholders. In addition, the narrow vision of responsibility of the first approach is closely associated with the neo-classical perspective, suggesting that the main function of organisations is to provide goods and services that lead to the maximization of profit within the framework of legal requirements (de la Cruz Deniz & Cabrera Suarez, 2005; Quazi & O'Brien, 2000). Organisations' social responsibilities are to provide employment, payment of taxes and only involved with matters relating to the economic and legal responsibilities. In other words, the neoclassical perspective of corporate social responsibility recommends that organisations seek maximum profits and at the same time obey a minimum moral obligation.

Furthermore, this perspective recognizes the fact that addressing social issues is a cost to the organisations. Therefore, this costly but socially responsible action would hurt organisations' financial position. Finally, this perspective also argue that organisations are unprepared and not capable to address social problems because the organisations executives and managers are not trained and do not have the knowledge or skills to deal with social issues. In particular, these executives and managers are typically well trained in managing the finance, marketing, and operations management only. Besides, this view implies that corporate involvement in the social issues may perhaps make the situation worse. Thus, it is suggested that organisations should focus on what they can do best, that is producing quality goods and services and selling them at an affordable price to those needed (Barnett, 2010).

In summary, the followings are the first approach arguments against CSR:

- The only social responsibility of business is to create wealth for shareholders
- The pursuit of social goals would tamper organisations' primary purpose
- CSR activities would reduce economic efficiency and profit
- Embracing social and moral issues is not economically practical.
- Organisations focus is only on profit earning for their shareholders and the government should focus on social issues

McWilliams and Siegel (2001); Jones (1999) posit that the arguments against CSR are usually founded on managerial competency or property rights where most of the organisations leaders do not have the capability to make decisions when it comes to social issues or simply stated they do not have the authority to allocate or give away organisations' resources to efforts which would not produce any stockholder value (Friedman, 1971; Jones 1999).

The second school of thought, on the other hand, believes that organisations act intentionally through the planned actions of their members and stand for the duties and obligations of any good person or citizen (Hancock, 2005; Pettit, 2005 as cited in Jamali & Mirshak (2007). This thought translates CSR into a broader conception which entails a wider range of economic, legal, ethical, moral, and philanthropic responsibilities (Jamali et al., 2009).

This is coherent with the corporate social responsibility view / "micro level" analysis which states how individual companies could be made more responsible towards social issues. Organisations rely heavily on the society in which they operate. In order to survive and sustain in the market place, organisations have to take responsibility for society. Sharma and Talwar (2005) assert that the word "responsibility" means that organisations have some kind of duty towards the society in which they function in dealing with social problems and contributing more than just economic services. Correspondingly, Carroll's four part model states that the core responsibilities of organisations are economic and legal where producing goods and/or services required by society in a lawful manner and sell them at a profit. But yet the organisations still have ethical as well as discretionary responsibilities upon them. Failed to acknowledge these two responsibilities would allow society to bring the organisations under legal framework (Carroll and Buchholtz, 2003).

Ackerman (1975) and Freeman (1984) suggest that organisations should broaden and expand their objectives to include other goals in addition to profit maximization. This broader view of responsibility associated with the second group with the intention of meeting organisations wider field of expectations, such as protecting the environment, developing the community, preserving resources, and philanthropic giving (de la Cruz Deniz & Suarez, 2005; Quazi & O'Brien, 2000). It is also consistent with the earliest conceptions of responsibility articulated by early scholars for example Davis (1973), who insisted that the organisations have obligations which extended beyond narrow economic and legal requirements. Steiner and Steiner (1997) consider this view where organisations are embedded within a larger society with a responsibility to a wider spectrum involving stakeholder issues. Accordingly, Jamali et al. (2008) perceive this perspective as the responsibility of organisations which should expand beyond making profits and to embrace protecting and improving society's welfare or the well-being of specific constituent groups within society.

Organisations are responsible not only to their shareholders (owners) but to all stakeholders (consumers, employees, creditors, etc.) who contributes to the organisation's success. Thus, organisations should be held accountable for any of their actions that affect people, communities and the environment where they operate (Frederick *et al.*, 1992). Consequently, organisations should been seen purely as social institutions instead of private institutions (Frederick *et al.*, 1992; Freeman, 1984). Thus, based on this view, organisations are like regular persons or citizens who are expected to have a responsibility and obey the rules and principles of morality, accountability, and honesty with a much wider scope for potential contributions and involvements for the society (Frederick *et al.*, 1992; Freeman, 1984).

At large, organisations create many social problems. Therefore, they should attempt to address and solve them. This perspective suggests that organisations should perform their operations in an open and honest manner (Carroll & Buchholtz, 2003). Concomitantly, organisations need to realize that investments in society will lead to benefits in the future. Engaged in socially responsive activities may obviate governmental interference in the form of new legislation and regulation (Carroll & Buchholtz 2003).

Finally, the second school of thought suggests that businesses should assume social responsibilities because they are among the few private entities that have the resources especially in human and financial capital to do so. Thus, businesses should utilize some of their capitals in order to "make the world a better place."

In summary, the following are the second approach arguments in supporting CSR:

- Organisation social responsibility is not only to the shareholders but also include the other stakeholders
- The pursuit of social goals is part of organisations primary purpose
- CSR activities would strengthen the economic efficiency and profit

- Organisation depends on society for inputs and has mutual obligations to satisfy society's demands.
- Large organisations have vast funds of human and financial capital. Therefore, they should allocate some of their resources to attend to social issues.

Fundamentally, the arguments in favour of CSR tend to meet discretionary needs that usually have ethical underpinning perspectives (Carroll, 2000; Davenport, 2000).

In the past decades there have been significant changes in the relationship between organisations and society. Social problems are no longer the government's responsibility alone as the public's expectation of organisations to take responsibility for the society in which they operate is beginning to increase. As, Dodd (1932:1149) argues that organisations obligation is not only to economic responsibilities but also to social responsibilities to society because big organisations are *"permitted and encouraged by the law primarily because it is of service to the community rather than because it is a source of profit to its owners."* Moreover, because of the increase in social conflicts and issues, which cannot be solved by the government alone, the current situations of environmental and social problems need to be reviewed (Scherer et al., 2006; Sundaran & Inkpen, 2004). Therefore, it is time for both the government and the private organisations to shift to the second school of thought's point of view. Thus, consistent with the second school of thought, this study contends that CSR is the obligation of both the government and the public organisations.

Table 2.1: The Two Schools of Thought of CSR

The First School of Thought: Macro-level Analysis/Free market view		**The Second School of Thought: Micro-level Analysis**	
General argument: The Government, not individual organisations, should establish and achieve a country's social goals; Maximization of shareholder value		General argument: Individual organisations could be made more responsible towards society	
Key References	**Argument**	**Key References**	**Argument**
Friedman (1962)	He based his arguments on two perspectives: 1. Economic – if organisation spends corporate funds on projects with intention not to maximize profits, market efficiency will be damaged and resources will be misallocated within the economy. 2. Legal – Organisations main duty is to maximize stockholders return on their investments. If organisations spend corporate funds for social purposes, they are actually stealing from the stockholders	**Ackerman (1975)**	He suggested that responsiveness should be the goal of corporate effort.
		Freeman (1984)	Organisations are not only accountable to its shareholders but should also balance a multiplicity of stakeholders that can affect or are affected by the achievement of an organisation objectives
		Carroll & Buchholtz (2003)	Primary responsibilities of organisations are not only on economic and legal responsibilities but include ethical as well as discretionary bindings
Levitt (1958)	He commented that the main focus of business is to obtain the highest level of sustained profitability where corporation's business is making money		

The Definitions of CSR

CSR carries numerous meaning and classification. It is also known as corporate responsibility, corporate citizenship, corporate responsiveness, sustainable responsible business, or corporate social performance. Fundamentally, the definition of CSR subside into the two general schools of thought which has been discussed in the previous pages which disputed that organisations obligation is only to maximize profit as long as it operates within the boundaries of the law (Friedman 1970; Levitt 1958), while the other school of thought proposed that organisations obligation toward society encompass more than profit making (Ackerman, 1975; Freeman, 1984; Carroll & Buchholtz, 2003).

Table 2.2 shows CSR definitions developed over the years from 1953 to 2005 from the perspectives of management, marketing, economic, social and environment. Significantly, most of the definitions on CSR in this study represent the attitudes and responsibilities which organisations have towards society. Furthermore, in this study, the selection of definitions is highlighted ranging from economic to a more proactive perspective with a 'social' dimension.

Table 2.2 Definition of CSR

Author(s)	CSR is …
Bowen (1953:6)	"the obligations of businessmen to pursue those policies, to make those decisions or to follow those lines of actions which are desirable in terms of the objectives and value of our society." Social consciousness – businessmen were responsible for the consequences of their actions
Frederick (1960) **'Social Responsibilities'**	business oversee the operation of an economic systems that fulfill the expectation of the public and enhance total organisation socio-economic welfare
Ackerman (1975)	Monitoring and assessing environmental condition; attending stakeholder demands; designing plans and policies aimed at enhancing the organization's positive images
Sethi (1979) **'Social responsiveness'**	Suggest that what is important is not how an organisation should respond to social pressures but what its long-term role in dynamic social system should be
Strand (1983)	Organization adaptation to social environment
Carroll (1991); Heerama and Giannini (1991)	A concept where organization has the obligation not only to gain profit and obey the law but also must consider the interests of its stakeholders on all aspects of organization's operations.
WBCSD: 1999;2003 **Sustainable development**	The development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
Wilson (2003) **Corporate Sustainability**	It's an evolving concept that managers are adopting as an alternative to the traditional growth and profit-maximization model.
Staples (2004)	To protect and improve organization and society welfare present and future
Maignan & Ferrell (2004)	CSR initiatives as powerful managerial processes to monitor, meet and satisfy stakeholder needs and also as potential role in marketing discipline
Rao (2005)	be sensitive to environmental and ecological effects of organization practices and be responsible to improve the life of the community
Kotler & Levy (1969); Lazer (1969)	Social duties of organization are attached to the marketing functions
Drucker (1984)	Organization turn or convert social problems into economic opportunity and economic benefit
Andreasen (1994)	Social marketing that specialized in the contribution of marketing activities into socially desirable behaviour

Table 2.2., continued

Prahalad & Hamel (1994)	Changing customer expectation, regulatory shift, overcome problem of excess capacity and environmental concern as one of organization strategy
Singhapakti et al (1996)	The importance of ethics and social responsibility with marketing practices
Maignan, Ferrell & Hult (1999)	Marketing benefits resulting from corporate actions with social dimensions
Barone, Miyazaki & Taylor (2000)	CSR supporting charitable causes or cause-related marketing
Drumwright & Murphy (2001)	Encompasses marketing initiatives with at least one non-economic objective that relate to social welfare with the use of organization's resources and/or one of its partners
Wartick & Cochran (1985)	economic, legal, ethical and discretionary
Wood (1991)	Combination of economic, legal, ethical and discretionary together with organization outcomes or performances
Elkington (1997), *Triple Bottom Line* or People, Planet, Profit	Harmonization effort by organizations in order to be economically viable, environmentally sound and socially responsible
Kilcullen and Kooistra (1999:158) *Business ethics*	"The degree of moral obligation that may be ascribed to corporations beyond simple obedience to the laws of the state."
Marsden (2000) **Corporate Citizenship**	The understanding and managing a company's wider influences on society for the benefit of the company and society as a whole
Carroll, (2000)	Advocated as a social obligation. There are four faces of social obligations in order to be good corporate citizens: economic, legal, ethical and philanthropic or humanitarian.
Lantos (2001: 600)	"The obligation stemming from the implicit "social contract" between business and society for organizations to be responsible to society's long run needs and wants, optimizing the positive effects and minimizing the negative effects of its actions on society."
Chakraborty (2004)	Achieve organization success that respect ethical values, people, communities and natural environment resulting from organization actions that affect society and its well being
Schneider et al. (2005:10) *Socially Responsible Behavior*	"a discretionary decisions and actions taken by individuals in organizations to enhance societal well-being"

Carroll (1999) acknowledged Bowen (1953:6) as the father of CSR whom definition continues to serve as the foundation for CSR for many years. Ackerman (1975) definition asserts organisations to monitor environmental condition, meets stakeholders demands while improving organisations' positive images. Furthermore, Carroll (1991); Heerama and Giannini (1991) perceive CSR as a concept that besides profit making, organisations need to take into consideration the stakeholders interest. These stakeholders consist of employees, customers, competitors, suppliers, and the local community. Concurrently, social responsibility is a balancing act in which organisations must balance economic performance, ethical performance and social performance (Sharma and Talwar, 2005). Some academics like Clarkson (1995); Donaldson and Preston (1995); Wood and Jones (1995) claim CSR to be a stakeholder obligation.

The next category of definitions reveals CSR as a strategic management perspective. CSR is conceptualized as marketing functions, activities and practices that lead to economic development. Drucker (1984) contributes a new meaning for CSR which he includes 'the social' as the third group and contends that profitability and responsibilities are reciprocal ideas. Leitão and Silva (2007) agree that Drucker's contribution opened up unexplored trails of converting social responsibilities into the casement of opportunities for new and innovative business. To date, due to the increase in public demand for business to incorporate social issues in their decision-making (Stainer 2006), this has made CSR one of the open-minded new era in business strategic thinking for the twenty-first century (Lantos, 2001).

Researchers like Kotler and Levy (1969); Lazer (1969) were among the pioneers who signify that the social duties of organisations are attached to the marketing functions which resulted as marketing benefits (Maignan et al., 1999) to the organisations in the long-term. Balmer and Greyser (2006); Podnar and Jancic (2006) connote that this social duty is a societal marketing whereby organisations are balancing and meeting the needs of stakeholder's groups, present and future, as well as to demonstrate sensitivity to societal issues. Specifically, Prahalad and Hamel (1994) stress that one of the elements of organisations strategy is how organisations can change customer's expectation, overcome environmental problems and abide to the rules and regulations.

Elkington (1997) "***Triple Bottom Line***" or "People, Planet, Profit" definition refers CSR as a situation where companies harmonize their efforts in order to be economically viable, environmentally sound, and socially responsible as a tool of achieving organisations success. Additionally, definitions from Schneider et al. (2005); Chakraborty et al. (2004); Maignan and Ferrell (2004); Lantos (2001); Marsden (2000) and Kilcullen and Kooistra (1999) are consistent with Elkington (1997) which emphasized the preservation of environment, stakeholders welfare and organisation profitability. Precisely, the stakeholders in the above context consists of the internal and external stakeholders which demand organisations to act responsibly, behave ethically, and respond to the changing needs and wants of society (Steiner, 1972).

Lastly, Carroll (2000) conceptualizes CSR as a social obligation. He emphasized that corporations have "four faces" of social obligations in order to fulfill being good corporate citizens: economic, legal, ethical and philanthropic or humanitarian. In addition, Carroll suggested that organisations should be judged on their economic, legal obligations and also their ethical and philanthropic (discretionary) responsibilities. Having said this, other researchers also have identified similar four types of responsibilities: economic, legal, ethical and discretionary (i.e. Lewin et al., 1995; Wartick & Cochran, 1985; Wood, 1991).

Building on the development of definitions of CSR discussed above, CSR in this study is defined in terms of:

Classification:	Elements:
Social Responsiveness (Sethi, 1979)	• Addressing organisation characteristics and behaviours that encourage the development of CSR orientation that lead to variables of responsible action and decision making – **conceptualized as social concern** ▪ Link between social responsibility and responses to social concern/social issues ▪ Incorporated as the action oriented complement of CSR and the underlying approach to the development of responses to social concerns
Social Responsibilities (Frederick, 1960)	▪ business oversee the operation of an economic systems that fulfill the expectation of the public that enhance total organisation socio-economic welfare ▪ making business decisions based on their environmental, social and economic impacts – **conceptualized as economic concern**
Corporate Sustainability (WBSCD 1999; 2003)	▪ CSR initiatives as powerful managerial processes to monitor, meet and be sensitive to environmental and ecological effects of organization practices ▪ Economic sustainable business practices that open up new markets opportunity and achieve competitive advantage – **conceptualized as economic concern**
Corporate citizenship (Carroll, 1979; Maignan et al., 1999)	▪ Economic, ethical, legal and discretionary responsibilities - **conceptualized as corporate citizenship culture** with the aims of creating higher standards of living and quality of life in the society in which the organisation operation ▪ Organisation active responsibility for their employees' lives which also include organisation internal and external activities that contribute to the well-being of society ▪ Improving the employees' quality of life and society at large.

Thus, in this study, CSR is an integration of the above classifications where it is conceptualized as orientation as such; Davis (1960) argues that CSR should be seen in a managerial context. Fritz (1996) claims that for organisations which are considered as being CSR oriented are engaged in the managerial aspects of orientation which compose of employee orientation, market orientation; financial orientation, environmental and social orientation. Apparently, employees' oriented organisations have employees' satisfaction and a social responsibility to maintain job environment as part of their corporate goals; market orientation with corporate goals of customer satisfaction and loyalty, competitiveness and product quality as well as gaining differentiation as the corporate strategy.

Last but not least, the financially oriented organisations with profit and return on investment as the corporate goals (Fritz, 1996). Lastly, this study is using Carroll (1979; 1991) and Maignan et al., (1999) frameworks which defined CSR as the way organisations meet the economic, legal, ethical and discretionary needs of their stakeholders as the corporate citizenship culture. These frameworks simply recognized organisations socially responsible behaviour by meeting certain needs of society's expectations framed in these four faces of CSR.

2.4 The Constructs of CSR Orientation

CSR is about organisations' obligation to all stakeholders and balancing the stakeholders interest (Carroll, 2000). Clarkson (1995) asserts that transmitting corporate social responsibility into business management is best undertaken through stakeholder orientation. Similarly, the key success factor to survive in mature markets relies on sustaining long-term relationships with stakeholders (de Madariaga & Valor, 2007).

Organisations responsibility is toward the internal and external stakeholders and not just to the shareholders (Maignan et al., 2005). That responsibility can either be active or passive. Organisations with an active strategic social stance will be more involved in CSR activities than one with a passive stance (Carroll, 1979; Clarkson, 1995). However, organisations need to focus on more diverse social concerns or issues which directly or indirectly would affect its relationship with internal and external stakeholders (Maignan et al., 2005).

Social responsiveness - Social concern

Dahlsrud (2007) refers social concern as the relationship between organisations and society where organisations integrate social issues in their business operations, consider full scopes of their business impacts on society and finally contribute to a better society. Maignan and Ferrell (2004:8) define stakeholders' issues as *"the corporate activities and effects thereof that are of concern to one or more stakeholder communities."* One example of stakeholder issues is industrial pollution. *(The term social concern and stakeholder issues is using interchangeable in this study)*

Dummett (2006) claims that the internal and external stakeholders have the right to set rules those organisations must comprehend since; all the organisations' operations are connected to the stakeholders at large – access wealth from the world's resources, using the labour of members of society and selling products to society. Likewise, Jones (1994:100) and Mitchell et al., (1997) contend that organisations make decision based on the demands and claims the stakeholders have on the organisations. Essentially, this means that the stakeholders have power and influence over the organisations management (Maignan & Ferrell, 2004; Miles & Munilla, 1993) whereby stakeholders have the ability to withdraw, or threaten which gives them power over the organisations (Miles & Munilla, 1993). In addition, this stakeholders' power is influencing the urgency of the stakeholders' issues facing the organisations especially being environmentally friendly and socially responsible organisations (Miles & Munilla, 1993).

Nevertheless, with limited organisational resources, organisations cannot possibly address all stakeholder issues/demands. Essentially, identifying CSR issues and problems is the first step in determining who are the stakeholder groups that have an interest in organisational participation and solutions (Maignan et al., 2005; Miles & Munilla, 1993). Therefore, organisations need to specify which stakeholder issues/social concern and stakeholder group are deemed as most important to the organisations (Miles & Munilla, 1993).

Mitchell et al. (1997) assert that in assessing stakeholder issues, organisations should evaluate three critical elements: relative power of different stakeholder groups, legitimacy and urgency of the issues presented. Thus, in the context of CSR orientation, organisations will engage in socially responsible behaviours only in the presence of the stakeholder power where organisations limit their responsibility initiatives to those issues of concern only to the most powerful and visible stakeholder groups (Mitchell et al., 1997). Additionally, organisational values and norms are indeed useful to guide CSR practices when organisations identify the nature of either relevant stakeholder groups or important stakeholder issues (Maignan et al., 2005).

To date, issues such as global warming, ozone depletion, air and water pollution and deforestation are recognized as global environmental problems or stakeholders issues which required urgent solutions, along with regulation, concern that have induced organisations to instil environmental values into their corporate ethics (Ibrahim et al., 2003). Subsequently, organisations are now under pressure to demonstrate initiatives that take a balanced perspective on stakeholder interests (Maignan et al., 2005). Therefore, adoption of eco-orientation in responding to the increased pressures and demands by society for organisations to meet their ethical and moral responsibilities are required (Ibrahim et al., 2003). In other words, organisations have to take the stakeholders interest into account, since organisations must manage the risk to the business due to the influence of the activist group who have the power to exercise (Maignan et al., 2005). Thus, in order to create value for the shareholders and at the same times fulfill the stakeholder interest and issues; organisations must design actions and learn to understand the current and latent need of the organisations customers (Narver & Slater, 1990).

Consequently, building on this backdrop, this study conceptualized social concern as one of the dimensions in CSR orientation where public concern and regulatory forces are identified as the main target of the stakeholder groups and corporate environmental problems as the main organisations' social concern. Ibrahim et al. (2003) claim that governmental regulators, as external stakeholders, advocate greater corporate responsiveness to society's needs by playing a more active role in overseeing managerial decisions. Researchers like Banerjee (1998) and Maxwell et al., (1997) agree that external pressures specifically public concern and legislation are rising and have force organisations to incorporate environmental issues into its strategic planning process.

Social responsibility and strategic management – Economic concern

Frederick (1960) defines social responsibilities as a business overseeing the operation of an economic system that fulfills the expectation of the public and enhances the total organisations socio-economic welfare. Dahlsrud (2007) refers these socio-economic or financial aspects which describe CSR in terms of an organisations' business operation and in the long-run preserving the organisations' profitability. Essentially, corporate strategy is organisations decision that reveals their objectives, purpose or goals, policies and plans in achieving those goals. It defines organisations directions, the kind of economic they intend to be as well as the nature of the economic and noneconomic organisations they intend to contribute to their shareholders, employees, customers and communities (Andres, 1997). Ansoff (1980) alleges that any issues organisations choose to be strategic must be important to the organisations development as such the issues have a significant impact on organisations capability to congregate their objectives.

CSR is ultimately a strategic issue which could not be disengaged from an organisations' overall strategy (Andrews 1971; Carroll & Hoy, 1984). Porter and Kramer (2006) emphasize that for those organisations which intend to undertake CSR in a strategic manner by making social and environmental contribution must also be able to create tangible business benefits – profit maximization, sustainability and competitive advantage. Owen and Scherer (1993) indicate that socially responsible corporate actions have an effect on market share and thus have an effect on competitive advantage. Indeed, social responsibility is also a long-term investment decision that leads to win-win strategies (Burke & Logsdon, 1996) where the function of organisations is said to have a social purpose which is consistent with the organisations long-term economic interests – sustainability. CSR and corporate sustainability represent how organisations achieve enhanced ethical standards, as well as, balance the economic, environmental and social imperatives that addressing the concerns and expectations of their stakeholders. Wilson (2003) specifies this corporate sustainability as an evolving concept that managers are adopting as an alternative to the traditional growth and profit-maximization model.

Thus, in this study economic concern is being conceptualized as the other dimensions of CSR orientation, as such, that economic concern represents:

- *social responsibilities* as business oversee the operation of an economic system which fulfill the expectation of the public and enhance total organisations socio-economic welfare; and

- *corporate sustainability* as economic sustainable business practices that open up new markets opportunity to achieve competitive advantage.

This study draws on Banerjee (2001, 2002); Banerjee et al., (2003) concept of corporate environmentalism and Menon and Menon, (1997) and Baker and Sinkula (2005) concept of enviropreneurial marketing to construct the CSR orientation. Precisely, corporate environmentalism (hereinafter CE) concept will be used in explaining the implication of public concern and regulatory forces in how organisations manage their relationship with the environment. Banerjee et al. (2003) categorize public concern and regulatory forces as the antecedents for organisations in order to identify the importance of environmental management issues that organisations face and integrate those issues into the organisations' strategic plans by adopting the concept of enviropreneurial marketing. The concept of enviropreneurial marketing will be adapted in explaining the implication of environment as opportunity and environment as commitment in addressing how organisations tackle the environmental strategic issues. In short, CE is a strategic managerial process and Banerjee (2002) frames CE as a stakeholder and strategic issues but conceptualize it as a social concern and economic concern respectively in this study.

Corporate Environmentalism and Enviropreneurial Marketing

Attempts to incorporate the biophysical environment into CSR orientation have resulted into two main areas of conceptualizations in this study: corporate environmentalism and enviropreneurial marketing. Corporate environmentalism arises from the recognition of stakeholders' interest and it is *"a corporate value, akin to CSR that involves respecting, and caring for the environment and being responsive to external stakeholders as well as being good corporate citizens"* (Banerjee, 2002: 182). In addition, enviropreneurial marketing is *"the need for an entrepreneurial approach in melding ecological concerns and marketing strategy objectives'* (Menon and Menon, 1997:52). The followings are discussions on corporate environmentalism and enviropreneurial marketing in integrating social concern and economic concern respectively in the formation of CSR orientation.

Social Concern

Stakeholder issue/social concern is based on the managers' perception of the importance of the environmental issues facing the organisations and the need to respond to the environmental demand of external stakeholders (Banerjee, 2002). It is vital for the managers to respond to the stakeholders demand so as to gain legitimacy and consequently to obtain the license to operate (Banerjee, 2002). Organisations should focus and recognize the stakeholders' interest and needs in an ethical and moral manner (Clarkson, 1995). In addition, Banerjee (2002:179) clarifies that *"the stakeholders* *approach to corporate environmentalism involves some degree of recognition of the importance of the environmental issues, as well as efforts to develop strategies stakeholders' integration."*

Fundamentally, through CE organisations can address environmental issues (Banerjee et al., (2003). On one hand, Dummett (2006) agrees that corporate environmental responsibility is part of the organisations management and decision making structures. Specifically, CE is organisations' attempt to understand the development of pro-environmental organisation behaviour (Smith, 1991: Chan 2010).

Hemphill (1993) signifies CE as an organisations commitment and obligation to environmental responsibility which in turn is translated into action. Accordingly, organisations need to recognize the urgency of environmental issues facing their organisations and how those issues need to be assimilated into organisations' strategic plans (Banerjee, Iyer & Kashyap, 2003). Thus, placing corporate environmentalism within a strategic plan may enable managers to deal with environmental issue more effectively (Banerjee, 2002) and for that reason Coddington (1993) agrees that environmental concerns need to be translated into strategy if corporate greening is to occur. Prothero (1990) claims that within organisations community themselves, the environmental or so-called green market has emerged and it is growing. Moreover, a study done by Peattie and Ring (1993) reveal that the Chief Executive Officer of a United Kingdom organisation believes that green issues would influence organisations activities and the pressure from a number of different groups would also manipulate how the organisations' environment behave. As mentioned, public concern and regulatory forces are identified as the main target for stakeholder groups and corporate environmental problems as the organisations' social concern in this study. The reasons for choosing the two variables are discussed in detail in the following sections.

Public Concern

Stisser (1994) asserts that **public concern** for the environment is growing deeper every year whilst Banerjee (1998) believes that the increased in public concern will influence environmental orientation and strategies. Stakeholders play some major role in deciding what organisations should do with regards to environmental concern. Banerjee (1998) stresses that one of the ways organisations can take into account the needs of all their stakeholders is by responding to public concern for environmental protection. Indeed, Rao (2005) agrees to be sensitive to environmental and ecological effects of organisations practices and be responsible to improve the life of the community are some of the CSR practices.

*"Public concern can influence corporate environmentalism in two ways: First, by portraying green image as the way to indicate organisation responsiveness to public concern: Second, by developing environmental strategies as the way to target green customers."(*Banerjee, Iyer & Kashyap, 2003:109). Because of the public demands in business to incorporate social issues in the organisations strategy, which has made CSR one of the open-minded thinking for the 21st century and this denotes that organisations

are still concerned with the long-term interests of consumers and society at large (Stainer, 2006; Lantos, 2001).

Generally, when talking about societal expectation or public concern; the issues will be focused on products being produced by organisations. This is consistent with Banerjee et al. (2003) definition of public concern as:

1. an external political force exerted by community stakeholders which could partly be represented by environmental activists and

2. partly represented by customers who demanding environmentally friendly products.

Therefore, based on Banerjee et al (2003) definition, public concern consists of two parties: environmental activists and environmentally friendly customers:

Environmental Activists

Since the 21st century, the increased levels of consumer ecological activism have placed additional pressure on organisations to be more aware of the effects on the local ecology (Stone, Joseph & Blodgett, 2004). High public concern about the environment has emerged in the 1980s and the prominence issue increased over the next few years among the business leaders (Stisser, 1994). Lewis (2003) reports that public's perception on the role of organisations in society has changed significantly since late 1970s. The consumerism movement began in early 1970's *"that focuses on identifying and classifying market segmentation purposes consumers who will practice socially responsible purchasing with respect to the environment"* (Drumwright, 1994:1) Therefore, it is pivotal for managers to interpret environmental issues facing their organisations as an attempt to understand the development of pro-environmental organisations behaviour as Kang and James (2007) quote that the condition of society being well at large depends on the condition of the environment. Accordingly**,** Banerjee (1998) asserts that organisations could fulfill the needs and wants of all their stakeholders by corresponding and be answerable to the public concern on environmental protection.

More and more companies are positioning themselves as environmentally responsible organisations as the way to capitalize public interest in green issues (Jay, 1990). Essentially, green marketing conveys the message of the ecological role on marketing organisations. It promotes not only the sensitivity that marketing activities may bestow on natural environment but also encourages practices that might reduce any damaging impacts (Lozada, 1999).

Since the millennium, the increased levels of consumer ecological activism have placed additional pressure on organisations to be more aware of the effects on the local ecology (Stone et. al., 2004). All these examples entail that the local environmental pressure does have an impact on the level of ecological responsibility exhibited by the organisations (Stone et. al., 2004).

Environmentally Friendly Consumers

Consumers' demands for green products are increasing and according to Dummett (2006) there is a link between production and environmental degradation. Thus organisations could take this advantage by differentiating themselves in the market place and positioning themselves through corporate environmental responsibility.

Varadarajan (1992:342) takes a positive stand by indicating that organisations pursuing ecological responsible and environmentally friendly policies are *"likely to become an increasingly important organisational imperative in the years ahead."* Similarly, corporate environmental responsibility is becoming increasingly important to organisations since the issues of public awareness and concern for the environment are growing (Shetzer et. al., 1991).

Banerjee (2002; 1998) posits that corporate environmentalism involves organisations recognition that environmental problems arise from the development, manufacture, distribution, and consumption of organisations' products and services. Undoubtedly, demands for environmentally friendly products have become a powerful force (Banerjee, 1998). Thus, by developing new products that are less environmentally damaging, organisations can take advantage of the growing market for environmental goods and services (Dechant & Altman, 1994). Additionally, Maxwell et al. (1997) evoke how organisations personally need to move beyond image-building by demonstrating a commitment to continued improvements in the environmental performance of their products and services. Indeed, MacLean (2005) emphasizes that it is certainly the time for organisations to integrate environmental activities with product design and process, marketing and business overall strategy. The basic principles and practices organisations used to achieve corporate goals such as quality; safety and product innovation are equally applicable to meeting environmental objectives (Bergstrom, 1995).

Organisations have a responsibility to society, to respect environmental considerations, take care of public concern and provide facilities for consumer well-being such as not to misuse the scarce factors of production, and be more sensitive and alert about the effects and potential dangers of pollution, noise, waste disposal; and make more use of biodegradable materials. In addition, organisations have the responsibility to make the environment a better place to live and work. They need to improve the social problems about people or human welfare by addressing consumer skepticism. Organisations need to notify the society about the environmentally right thing they are doing. Thus, to overcome consumer skepticism, organisations need to convince the public that their production goes beyond product attributes and they are more alert about product health, safety, benefits and public concern.

Worcester (1997) indicates that due to increased evidence on consumer attitudes and commitment towards environmental issues and purchase patterns, this has forced organisations to incorporate environmental issues in marketing strategy and decision-making. Dawkins and Lewis (2003:188) voice similar view where they profess *"business is increasingly addressing corporate responsibility issues response to public concern."* Therefore, organisations need to find ways to better understand the expectations of societies and the dissatisfactions societies have with organisations performance. Lez-Benito and Lez-Benito (2006) contend that stakeholder pressure is a central element in the explanation of environmental proactively. Concomitantly, Henriques and Sadorsky (1999) support the idea that environmental proactively is associated with higher pressures from organisational stakeholders (e.g. customers, suppliers, employees, shareholders) and community stakeholders (e.g. non-governmental organisations, social groups).

Precisely, Carlson, Grove and Kangun (1993) mention that consumer surveys over the past decade indicates a growing segment of consumers who tend to reward or punish organisations based on the organisations' goals of environmental concern in their business and marketing practices. The current public pressure or concern of organisations is to minimize the externalities as the results of organisations activities. The trend towards proactive environmental management is being accelerated by public pressures on governments almost everywhere to assure a cleaner environment (Berry & Rondinelli, 1998). But more importantly, there is growing evidence for organisations who adopt proactive environmental management strategies become more efficient and competitive (Berry & Rondinell, 1998). Indirectly, an individual and society at large may be helped or hurt by the condition of the environment (Kang & James, 2007).

Furthermore, the organisations feel the pressures to consider the natural environment arise from a multiplicity of sources such as; regulation (Sanchez, 1997); internal management (Drumwright, 1994); strategic considerations (Shrivasta, 1995) and market forces (Menon & Menon, 1997).

In addition, Namiki (1984:6) purports that *"the goals of CSR programs would be to gain public acceptance of the legitimacy of business and to bolster public belief that business and corporate leadership operate in the public interest, serve legitimacy public expectations and help advance, not undermine, societal goals."* For that reason, Namiki (1984:5) strongly believes that *"the development of understanding by measuring public opinion or concern is a necessary prerequisite for developing appropriate CSR programs…"* (Italics added).

Azzone et al. (1997) admit that external pressures from public opinion, regulations, and the green movement have leaded the organisations to consider the natural environment in strategic management. Recently, Qu (2007) and Dummett (2006) consent that government regulation is among the most significant predictor of CSR and corporate environment responsibility. As such, the study will discuss about regulatory forces on the following.

Regulatory Forces

Among the various external stakeholders, regulatory stakeholders have long been perceived as the most significant driving force for corporate greening in developed (Fischer & Schot, 1993) as well as developing countries (Steger, Fang & Lu, 2003). Regulatory forces are the important stakeholders that influence business strategies in the actions imposed by them (Wood, 1991). Examples of regulatory forces are government and law enforcements. Government plays the role of administrative and law-maker while the private sector concentrate on the infrastructure, promote research and development, education and embark on new technologies. In addition, the Government's role is also to protect the "social interest" through an appropriate legislation (Wood, 1991) where legislation has become the major pressure on businesses to act in a more environmentally concerned manner (Barakat & Cairns, 2002).

Government legislative policies need to take a more active and leading role to encourage and even force greater environmental responsibility (Dummett, 2006). Due to the enforcement of these environmental regulations, which has make organisations to incorporate environmental issues in their marketing strategy and decision-making (Menon & Menon, 1997)? For example, in 1998 Langerak, Peelen and van der Veen report that environmental regulation is still the most important reason for marketeers to adopt environmentally marketing programmes. Subsequently, Berry and Rondinell (1998) confer that not complying with government regulations is no longer an option for corporations that seek to be competitive in international markets.

Organisations decision-making is influenced by any environmental regulations and this has been growing steadily in both developed and developing countries for years (Banerjee, 2001). It is one of the major factors influencing company environmental strategy (Banerjee, 2001) and the tougher regulatory forces and increasing public environmental concern have led to the development of environmental strategies (Banerjee, 1998). Buysse and Verbeke (2003); Chan (2010) assert that regulatory forces are corporate responsiveness towards environmental issues. Banerjee et al. (2003) indicate that regulator mandate compliance to environmental standard is important antecedents to environmentalism. Furthermore, strict environmental regulations will lead to a competitive advantage (Porter & van der Linde, 1995). Therefore, it is practical to expect a major increase in the influence of government on marketing decision making through the establishment of performance standards.

For organisations who do not react properly to the social or do not concern about the human welfare in producing a product or services, the political system will address this issue and at the end transform them into legislation or law. This can be seen by business irresponsibility which led to the new rules or regulations and in some cases led to the new formation of regulatory bodies. On the other hand, organisations that respond to government regulators and stockholders would remain competitive in the world market (Berry & Rondinelli, 1998). This was proven by Dechant and Altman (1994) who assert that companies which produce products and processes that result in cleaner environment often set the benchmark for future regulations for the government. In addition, consumers tend to become more direct regard to their needs for environmentally friendly products. Marshall and Mayer (1992) conclude for environmentally companies who compile to the government regulations and respond to current public attitudes towards environment seem to enjoy a greater consumer acceptance of their products and services.

External environmental turbulence also play a vital role in ensuring that corporate managers fulfill their societal expectations through tougher environmental laws and regulations, community activist groups, political and legal forces (Stone et al., 2004). Pressure from the various stakeholders especially from the government bodies have forced organisations to become more responsible which has lead the organisations to increase environmental marketing activities (Polonsky, 1995). Sanchez (1997) also agrees that pressures from the regulation make organisations to consider environmental concern in their strategic management.

Certainly, proactive corporate environmental strategies or a pattern of environmental practices that abide to the environmental regulations were found to be associated with improved financial performance (Judge & Douglas, 1998; Klassen & McLaughlin, 1996) rather than hurt competitiveness of organisational performance (Porter & van der Linde, 1995). Moreover, responsiveness to ecological issues prove beneficial in terms of reducing regulatory costs and penalties, lowering legal costs and improving sales results through improvement in corporate image (Stone & Wakefield, 2000). Finally, Carroll (2004) exemplifies regulatory forces of environment as an enforceable legal framework which is a key component of CSR orientation.

In summary, with the growing governmental regulations and consumerism movement, organisations began to incorporate potential and actual environmental impact explicitly as one of their decision criteria (Sale, 1993). Undoubtedly, pressure from government regulation and consumer seem to be the factors contributing to the development of natural environmental issues facing the organisations (Hendriques & Sadorsky, 1995). Similarly, social group and regulatory groups that seek to influence corporate environmental actions would convince top management that by paying attention to the environment would benefit society at large and the organisations themselves (Stone & Wakefield, 2000). Environmental issues are often framed as social issue (Post, 1991) and part of organisations' social responsibility (Drumwright, 1994). Moreover, MacLean

(2005) concedes the fact that there are issues and opportunities in corporate environmentalism that are not yet being pursued aggressively.

Economic concern

Recent studies on physical environment, as an external factor, influence the process and content of management decision making has evoke research to link environmental issues to environmental marketing strategies (Polonsky, 1995). Pressures from customers have influenced companies to incorporate environmental considerations into their strategic planning so as to assure their customers and citizens that they are acting in a socially responsible manner (Polonsky, 1995). Baker and Sinkula (2005:462) define enviropreneurial marketing *"as recognition of the importance of environmental concerns and/or a need to respond to them by a commitment to develop marketing strategies that balance organisational and societal concerns."* Furthermore, organisations aims are to position the organisations' operating strategy as ethical, environmentally and socially responsible (Banerjee, 2002).

Menon and Menon (1997) agree that the environment has been recognized as an important influence on corporate strategy and organisations are now incorporating the environment in their strategies to remain competitive (Kirkpatrick 1990). Hart (1995); Sharma and Vredenburg (1998) and Varadarajan (1992) identify the importance of natural environment in marketing strategy decision making.

Enviropreneurial marketing (hereinafter EM) have positive impacts on overall corporate image that translated into increased market share and profitability and organisations have used EM to improve their competitive position (Baker & Sinkula, 2005). Essentially, enviropreneurial marketing is the combination of corporate entrepreneurship orientation, marketing strategies and social performance goal through environmental concern when organisations develops their marketing plan in meeting consumer demands and maintains competitive market position (Keogh & Polonsky, 1998). In addition, Kotler (1994) purports that in order to formulate and implement EM strategies, organisations need to consider the organisations profits, consumer needs and satisfaction and society's interest to prolong the idea that integrating social performance objectives and marketing are linked to the organisations overall cause (Menon & Menon, 1997). From the environmental ethical perspectives, EM is a concept of balancing the environmental and economic issues, needs and objectives (Menon & Menon, 1997) of organisations in achieving competitive advantage and resolving environmental concerns (Shrivastava 1995).

Additionally, Polonsky (1995) defines the term 'environmental marketing' as green marketing and points out organisations are increasingly incorporating environmental issues which are affecting business-to-business marketing. Organisations that are engaging themselves in "green marketing" believe that they would gain or maintain a competitive advantage (Miles & Covin, 2000; Shrivastava, 1995; Dechant & Altman, 1994). Lozada (1999) professes that green marketing convey the message of ecological role on marketing organisations while Stone and Wakefield (2000) admit that ecological concerns are part of corporate social responsibility and ethics frameworks. Organisations that include ethical principles in the strategic decision processes lead to trust and commitment on part of theirs stakeholders (Hosmer, 1994).

Besides, Varadarajan (1992:342) voice his view of enviropreneurial marketing from the realm of marketing as:

(1) To achieve competitive differentiation advantage for the organisation offerings vis-a-vis competitors offering,

(2) Influenced by the organisation's view on the duties and responsibilities of a corporate citizen.

Detail explanation on enviropreneurial marketing has been discussed by Menon and Menon (1997), and followed by Baker and Sinkula (2005).
Environmental entrepreneurship (enviropreneurship) consists of innovation and identification of opportunities. Through innovation, organisations can reduce environmental problems (Mirvis, 1994). The major force of entrepreneurial oriented organisations is their ability to innovate and flex to exploit environmental opportunities and restrain environmental threats and then create innovative, highly profitable solutions (Miles & Munilla, 1993). Strategic EM attempts to create a long-term entrepreneur prerogative/privilege through the development of technologies, markets, and products that create changes within the industry or markets (Shrivastava, 1995) and activities that are willing to accept measures of risk (Miller, 1983; Stopford & Baden-Fuller, 1994). Russo & Fouts (1997) believe that organisations moving aggressively towards

environmental improvement will help organisations to become more entrepreneurial. Essentially, the managers of such organisations are described as entrepreneur, and also known as environmental advocates (Baker & Sinkula, 2005) who are able to *"leverage environmental issues as marketing propositions for transactional exchange"* (Menon & Menon 1997:57). Convincingly, EM formation is driven by internal forces of the organisations (Baker & Sinkula, 2005).

Furthermore, Baker and Sinkula (2005) conclude that organisations who adopt the EM approach would see environmental issues as market opportunities, be willing to take risk and willing to make an environmental commitment that are important and noticeable thus holding a fundamental desire to do the right thing. They further signified how important EM is an approach that represents the combination of ecological concern and marketing strategy objectives in a committed, responsible and proactive fashion. These three processes of entrepreneurship, commitment, and opportunities are interrelated (Keogh & Polonsky, 1998).

Therefore, based on Baker and Sinkula (2005) study, EM themes in this study are based on approaches that represent a confluence of environment and economic objectives and not based on legal pressure, increased regulation or public pressure. Moreover, EM strategies are principally an economic adaptation rather than social performance-based on social concern (Sethi, 1979). The core value guiding EM perspective is that the environmental issues or problems are market opportunities rather than organisations constraints (Coddington, 1993). Drumwright (1994) perceives such perspectives as opportune efforts guided by an opportunity being offered in the marketplace. **As a**

result, EM concept in this study is translated as an economic concern of organisations strategic management that involves environmentalism and sustainability directed to achieve economic, environmental as well as organisations objectives. Organisations need to show that making profits is not a corporate greed but as a way to get a vote for confidence from society and what is offered by organisations is valued (Matsushita, 2000). “Environment as opportunity” and “environment as commitment” from Baker and Sinkula (2005) are adapted as the core strategic issues operational in this study.

Environment as Opportunity

Even though environmentalism may impose many challenges, it also presents many opportunities for organisations to capitalize on the demand for greener products (Ottman & Terry, 1998). Varadarajan (1992) acknowledges that organisations see the environment as opportunity simultaneously would achieve a competitive differentiation advantage. Coddington (1993) admits that enviropreneurial marketing is the perspective where the environmental imperatives can be market opportunities rather than management constraint. Quazi (2001) reveals that organisations activities that are concern with environment would open up many new entrepreneurial opportunities. This type of organisational behaviour is to prove to the customers and citizens that the organisations are sensitive to the environment issues and they are acting in a socially responsible manner (Quazi, 2001).

Organisations can translate environmental concerns into business opportunities and use environmental strategies to leverage competitive advantage (Maxwell *et al*., 1997; Porter & van der Linde; 1995). Moreover, competitive strategies driven by environmental concerns come in different forms: least-cost strategy, differentiation strategy and niche strategy (Shrivastava, 1995).

Nevertheless, to be ahead of other organisations, organisations must be alert and effective in recognizing how to turn environmental issues into an opportunity. That being the case, organisations can explore opportunity from knowledge gained through the markets, customers' needs and the social issues by introducing new consumer offerings, developing new processes or creating new market segments (Jacobson, 1992; Hill & Deeds, 1996; Chan & Mauborgne, 2005). Intrinsically, organisations can fulfill their responsibilities by meeting a societal demand and create both economic benefit and consumer utility (McWilliams & Siegel, 2001; Mackey et al., 2007; Husted & Salazar, 2006).

Therefore, organisations that are proactive with strategic environmental planning enable their managers to deal with environmental issues more effectively (Banerjee, 2002). This explanation is concurrent with Hamid (1997) who denotes that management who fail to incorporate environmental issues into their strategic planning before the competitors might lose out on opportunities in the market place. In fact, more than two decade ago, Hunt and Auster (1990) have already emphasized the core value of EM are the perspective that the environmental imperatives can be market opportunities.

Researchers like Walley and Whitehead (1994); Porter and van der Linde (1995); Maxwell et al (1997) illustrate that environmental issues and being green is not a liability to organisations but in fact it brings new market opportunity, constant innovation, wealth creation and competitive advantage. Furthermore, Langerak, Peelen and van der Veen (1998) identify that organisations who voluntarily adopt green marketing are able to exploit green market opportunities and improve business performance. Indeed, for organisations which are concern for the natural environment, find themselves being empowered by the opportunities they see and discover opportunities others have missed (Keogh & Polonsky, 1998). Hostager et al. (1998) identify that organisations which are able to recognize environmental opportunities tend to increase a large pool of new ideas within the organisations, chance of financial success and gain significant economic and non economic benefits.

Environment as Commitment

Bharadwaj et al. (1993) define commitment as the irreversibility of the decision specificity of resources. Fundamentally, before implementing EM, organisations require serious inquiry and analysis due to the fact that EM decisions and programmes have a long term orientation and required significant resources allocation (Porter & van der Linde, 1995). (Italics added).

Corporate greening requires organisational commitment driven by internal rather than external concern and taking into consideration the link between environmental performance and the business environment (Zeffane et al., 1995). In addition, positive organisational commitment towards EM would improve organisational efficiency and effectiveness by contributing to resource transformation, innovativeness and adaptability (Williams & Anderson, 1991). Baker and Sinkula (2005:467) define environment as a commitment where organisations that focus on environmental marketing strategies can take the form *"of investments (financial and non-financial) that are very substantial and visible" and also considered to be "commitment that are irreversible."* To them, environmental issues may include marketing strategy development in the form of commitment. They believe that this commitment to the environment defines the strength or weakness of organisations' EM efforts and its ultimate influence on corporate behaviour. Conversely, Keogh and Polonsky (1998) define environmental as a commitment that requires the organisations and their individual member's consideration of environmental concerns. Whatever, these two groups of researchers define environment as commitment, but according to Hendriques and Sadorsky (1999) their definition falls in the sense that whatever a company is doing currently or in the past with subject on environmental issues is described as organisations' commitment to the environment.

Keogh and Polonsky (1998:40) contend that environmental commitments have three dimensions:

(1) Affective commitment, involving the individual's emotional attachment to, identification with and involvement in supporting environmental concerns.

(2) Continuance commitment, involving commitment based on the economics and social costs that the individual associates with disregarding environmental concerns.

(3) Normative commitment, involving the individual's sense of obligation to continue supporting environmental concerns.

Furthermore, according to Keogh and Polonsky (1998) an affectively committed entrepreneur will seek to integrate all available information from all source of streams while a highly continuance committed entrepreneur will seek to integrate information most predominantly related to economic and social norms. However, entrepreneurs who are normatively committed to the environment only seek information when the need arises and/or when they feel they are obliged to. Nevertheless, according to Shore and Wayne (1993) only affective and continuance commitment represent employee commitment to the organisations.

Commitment, vision, entrepreneurship and opportunity process are connected with each other where commitment fosters vision (Keogh & Polonsky, 1998). Lober (1997) purports that entrepreneurs tend to integrate and derive opportunity from the combination of problems, policies, organisation and social/political/ economic factors. Further, those entrepreneurs identify these combinations and recognize the opportunities it provides to embrace change in the organisations strategic decision. Thus, commitment and vision enables entrepreneurs to identify opportunities from various stream and sources mentioned by Lober (1997). Additionally, that commitment and vision created allow *"entrepreneur sees resources, the value of those resources and the manner in which those resources can be brought together to capitalize on opportunities"* (Keogh & Polonsky, 1998: 44).

Stisser (1994) indicates that organisations effort in making a substantial long-term commitment to the environment result in improving the public's attitudes toward the organisations themselves. In fact, environmental reactivity is associated with higher pressures from regulatory stakeholders (for example the governments, trade associations and the media). These same stakeholders demand a greater environmental commitment (Henriques & Sadorsky, 1999). Finally, both environment as opportunities, and environment as commitment lead organisations to *"achieve a competitive differentiation advantage,"* Varadarajan (1992:342).

Based on the discussion on the formation of CSR orientation (which consist of social concern and economic concern), this study concludes that the two issues, presented as the concepts, are significant in guiding the overall organisations consciousness that direct all activities pertaining to CSR activities as well as the organisations eco-marketing management philosophy in influencing growth, profitability and sustainability. Next, discussion continues with corporate citizenship culture being the other elements for CSR orientation in this study.

Corporate Citizenship Culture

Organisation culture relates to core organisational values (Weiner, 1988). In turn, values are things which are important to organisations and underpin decisions and behaviour (Deshpandé & Webster, 1989). All organisations have cultures or sets of values which influence the way people behave in a variety of areas, such as treatment of customers, standards of performance, innovation, etc. In summary, organisational culture helps to explain why an organisation behaves the way it does and shapes the employees' belief of an organisation regarding what is important and what is not (Gray & Balmer, 1998). Deshpandé and Webster (1989:4) described organisational culture as a *"pattern of shared values and beliefs that help individuals understand organisational functioning and thus provide them with the norms for behavior in the organization"*.

Corporate culture influences behaviour and decision-making in many ways. Flamholtz (2001: 269) concludes that " there are four key areas of cultural concern which organisations must manage their culture or values: (1) the treatment of customers, (2) the treatment of an organization's own people or human capital, (3) standards of organisational performance, and (4) notions of accountability." Nevertheless, additional areas with respect to innovation, corporate citizenship, openness to change is also considered as corporate values (Flamholtz, 2001).

Organisational culture influences the degree that organisations consider themselves to be CSR oriented and if the shared values and beliefs of the employees are CSR orientated as to act and behave morally, as well as to consider the ethical demands of their stakeholders, then the organisations are able to develop and implement socially responsible policies and philosophies (Varadarajan, 1992). Varadarajan (1992) views this type of organisation as having the organisation duties and responsibilities towards practicing corporate citizenship culture.

In this study, corporate citizenship culture is conceptualized based on the paradigm in the way organisations treat their employees affect the way the employees treat company customers, and, in turn, bring success to the organisations. This belief leads the organisations to a number of human resource practices that are designed to enhance the employees' feeling of being valued by the organisations. Moreover, in this study corporate citizenship culture enters the organisations system of conservationism, sustainability and at the degree to which environmental issues penetrate into the organisations climate where the desire for profit is tampered by the desire to do the right things.

Corporate citizenship (hereinafter CC) indicates organisations awareness and understanding of the societies in which they operate. The concept deals with issues such as sustainability strategies, ethics in the workplace and co-operation with stakeholders (Marrewijk, 2003). CC is the practice of ethical values, compliance with legal requirements, and respect for the environment or society in the decision-making process in business management (Bhandari & Abe, 2001). Marsden (2000) describes corporate citizen as the company's management of its influence on, and relationship with society. Asongu (2007) ascertains that CSR should focus on the obligation that a business has to fulfill if it is to be considered a good corporate citizen.

Windsor (2001) indicates that CC as the organisation's various responsibilities on how it fulfills the expectation placed on it by society and also describe what an organisation should do (or should not do) in terms of its societal responsibilities (Rodriguez et al., 2002). Some scholars such as Lewin et al. (1995) and Pinkston and Carroll (1994) propose that corporate citizenship is synonymous to corporate social performance where Carroll (1979:504) asserts that corporate social performance involves:

(1) an organisation's social responsibility be assessed, which consists of four types of responsibilities: economic, legal, ethical and discretionary (Carroll, 1979; Lewin et al., 1995; Wartick & Cochran, 1985)

(2) the social issues it must address be identified where some of the social issues suggested by Carroll (1979) were consumerism, environment, discrimination, product safety, occupational safety and shareholders issues.

(3) a response philosophy be chosen where Carroll (1979) and Clarkson (1995) claim that corporate citizenship should vary along the continuum ranging from proactively to reactively. An organisation could be reactive in its strategies by only complying with the existing regulation or could follow a more proactive strategy of developing competitive advantage through the organisation's environmental programmes.

Basically, a reactive organisation is when it rejects the responsibilities consigned by its stakeholder groups where else a proactive organisation is when it is alert of, anticipates and congregates its stakeholders' demands (Maignan et al.,1999).

Arguing in the same vein, Maignan et al. (1999:456) and Maignan and Ferrell (2001) profound that *"corporate citizenship designates solely the set of activities undertaken by businesses to concretely meet social demands responsibly"* imposed on them by various stakeholders in order to fulfill economic, legal, ethical and discretionary responsibilities of corporate social performance.

Alternatively, Maignan et al. (1999) propose that corporate social performance investigate (1) organisation moral issues, (2) managerial issues and (3) sociological issues. Despite Carroll (1979) and Maignan et al. (1999) argument on what encompass elements of corporate social performance, it is agreeable with Lewin et al. (1995); Pinkston and Carroll (1994) suggestion that corporate social performance framework is constructive to describe corporate citizenship. Reasons being that the literatures on corporate social responsibility have identified the four types of responsibilities and in order to be good corporate citizens where the organisations are believed to carry out their social responsibilities by engaging in economic, legal, ethical and discretionary citizenship (Maignan et al., 1999:456). Obviously, the process of corporate citizenship involves stakeholders.

Hence, corporate citizenship integrates stakeholders' management and corporate social performance (Maignan et al., 1999). However, in this study only three primary stakeholders were being considered: employees, customers and public stakeholders. In fact, these three groups were the most being researched in the past literature (Maignan et al., 1999). Issues on employees, customers and public stakeholders have been discussed in the previous sections of this study.

Overall, *"corporate citizenship should be viewed as both an attitude and a commitment to perform that places corporate environmental stewardship fully in line with public desires and expectations"* (Bhandari & Abe, 2001:66). Organisations have realized how their active contribution and participation in sustaining societal development could benefit organisation directly and indirectly (Ali, 2007) and also social responsibility involves organisations being a good corporate citizen and improving the community quality of life (Robin and Reidenbach, 1987). Conclusively, CC comprises of "ethical values, legal compliance, respect for the environment and commitment" as well as to raise productivity; protect the environment and society (Bhandari and Abe, 2001: 66).

Thus, in this study, the elements of corporate citizenship culture are adapted from Maignan et al. (1999) framework of 'good corporate citizens' where organisations are to carry out their social responsibilities by engaging in economic, legal, ethical and discretionary citizenship. All these four elements have been discussed in detail in the beginning of the chapter. So, based on the discussion of all the elements of social concern, economic concern and corporate citizenship culture, this study postulated that:

> **Proposition 1:** The elements of social concern, economic concern and corporate citizenship culture are antecedents to CSR orientation

2.5 CSR and Marketing Capabilities

Capabilities are existing resources which are being allocated within the organisations in order to produce a sufficient and satisfactory output (Arndt, 1983). Amit and Schoemaker (1993) refer capabilities as a repeated process or product innovations, organisation manufacturing flexibility and its response to market trends. Day (1994) consents that capabilities and organisational processes are closely entwined because capability allows the activities in a business process to be carried out. Capabilities can offer a higher quality, and a more responsive service or more innovative products (Day, 1994). Prahalad and Hamel (1990) believe that capabilities involve complex patterns of coordination between people and other resources that lead to a sustainable competitive advantage over time.

Collis (1994:145) defines organisational capabilities as "the socially complex routines that determine the efficiency with which organisations physically transform inputs into output." Once organisations have the ability to integrate the natural environment into their strategic planning process, this would allow the organisations to develop the opportunity to turn organisational capabilities into a valuable, potentially rare and not easily imitated resource (Hart, 1995). Judge and Douglas (1998) concur that the ability to integrate environmental issues into the strategic planning process allows organisations to have strategic capabilities that confer competitive advantage. In a sense, the less imitable the resource the more unique the capabilities they can provide.

Through the traditional resource-based view of the organisation (Hart, 1995), the available resources and organisational capabilities are linked to the competitive advantage. Rumelt (1984) and Barney (1991) agree that organisations' capabilities are actually based on the nature of the organisations' internal and external resources. Generally, resources consist of tangible or intangible factors such as assets (Dierickx & Cool, 1989), capabilities (Day, 1994) and dynamic capabilities (Teece et al., 1997) that are required to generate, manage and maintain organisations (Wernerfelt, 1984; Barney, 1991).

Marketing capabilities are defined as the integrative processes designed to apply the collective knowledge, skills, and resources of the organisations to the market's related needs to the business (Day, 1994). It enables the business to add value to its goods and services and meet competitive demands (Tuominen et al., 1997). Marketing capabilities relate to the innovative entrepreneurial organisations' behaviour (Weerawardena, 2003).

In the context of marketing capabilities, the relationship between employees and resources are needed (Greenley et al., 2005). By repeatedly applying the employees' knowledge and skills toward marketing problems, a deeper marketing knowledge base would develop (Tuominen et al., 1997). When employees throughout the organisations apply this deeper knowledge to solving marketing problems, the organisations' marketing capabilities are enhanced (Slater & Narver, 1995; Tuominen et al., 1997). Eventually, these unique marketing capabilities will develop as individuals combine their particular knowledge and skills with the resources available to them (Tuominen et al., 1997). In summary, entrepreneurship, innovation, marketing capabilities and competitive advantage process are strongly interrelated (Weerawardena, 2003).

Sharma (2000) concludes that managers interpret environmental issues either as threats or as opportunity to organisations. Hendriques and Sadorsky (1999) view pressures from various stakeholders with regard to environmental issues as having weaker or stronger influences on the organisations' environmental issues. Therefore, with the aim of maintaining a coalition between the business environment and organisational capabilities and in order to regulate environmental boundary, the organisations need to develop capabilities of a proactive environmental strategy (Aragón-Correa & Sharma, 2003). Sharma and Vredenburg (1998) believe that environmentally proactive organisations tend to develop organisational capabilities because organisations without an environmental management system are losing out to a rival that has one (Kane, 1994). In fact, the approach to natural environment issues requires the path dependence and embeddedness of the capabilities of higher-order learning, shared-vision, and continuous improvement (Hart, 1995; Sharma & Vredenburg (1998). The followings are the discussion on the constructs of marketing capabilities.

2.5.1 CSR and Organisational Learning

Learning within organisations is indicated by the successful organisational learning coping with rapid environmental change (Hedberg, 1981). In order to improve CSR practices, education and training are required (Unescap, 2007). Lack of understanding and uncertainty evolving around environmental issues are the key factors which forces organisations to learn how to integrate environmental issues (Banerjee, 1998). Sinkula et al. (1997) agree that all organisations will attempt to learn when environmental changes force on them. Regulatory forces and heightened environmental awareness among the public are the important reasons underlying these changes (Banerjee, 1998).

Environmental strategies lead to paths of learning and knowledge creation on the business or natural environment interface for the organisations (Sharma & Vredenburg, 1998) and, at the same time, environment is one of the main elements influencing learning by providing, evaluating and promoting the learning process and level of learning (Garcia & Llorens-Monkes, 2006). Apparently, Fenwick (2007) demonstrates a unique link between learning approaches and practices of ecological sustainability where her study supported that learning and education are critical to the organisational development for ecological sustainability. As such, this study adopted organisational learning as one of the elements of marketing capabilities because:

1. Organisational learning is pivotal as for organisational development for ecological sustainability (Fenwick, 2007)

2. Organisational learning is a strategy employed in achieving competitive advantage (Njuguna, 2009; Goh 2003)

3. Learning is important in the marketing capabilities development process (Vorhies and Harker, 2000).

In the next section, more explanations for adopting organisational learning as one of the elements for marketing capabilities will be conferred.

2.5.2 Organisational Learning (OL)

Njuguna (2009) emphasizes that organisational learning is a method and strategy used in achieving competitive advantage where organisations are capable of creating intellectual capital such as human capital, social capital and organisational capabilities that is rare and difficult to imitate. Goh (2003) also emphasized the same idea and pointed out that in order to remain and maintain being competitive, many organisations are implementing continuous learning as the organisation strategy.

Organisational learning (herein after OL) is concerned with the accumulation of experience through various activities or processes in organisations (Holmqvist, 2003). In other word, OL refers to the employees' precede learning in organisational environments, and apply what they learn in their work (Elkjaer, 2003). Narver et al. (2004) and Hult and Ketchen (2000) have identified OL as one of the elements in organisational capabilities. The environment is one of the main reasons learning is important (Garcia & Llorens-Montes, 2006). Vorhies and Harker (2000) stress that the importance of learning processes in the marketing capabilities development course of action. OL establishes the link between the organisations and the environment that encourages proactive rather than reactive behaviour. Therefore, OL contributes positively to innovation and competitiveness and to economic or financial results

(Lopez, Peon & Ordás (2005). Similarly, learning organisations characteristics are those that support employees' environmental innovation (Kemp & Soete, 1992).

The concept of organisational learning is growing and it is concerned with improving the behaviour and capability of individuals so that the organisations can more effectively respond to their environment (Hyland & Beckett, 2002). Organisational learning plays a pivotal role in bringing up to date organisational resources and capabilities in order to fulfill the internal and external demand (Grant, 1991). This is regarded as the attribute to the resource capability of the organisations (Grant, 1991). It is a dynamic capability that integrates/builds/reconfigures competences to address rapidly changing environments (Eisenhardt & Martin, 2000). Sinkula et al., (1997) relate organisational learning with knowledge acquisition and value acquisition. Dickson (1992) ascertains that the ability to learn faster than competitors is the only source of sustainable competitive advantage. Argyris (1977, 1991) considers learning as a process whereby members in organisations are stimulated to continually strive for new approaches and acquired, as well as, shared knowledge consequential to interactions with the environments.

A variety of definitions exist concerning organisational learning. Table 2.3 depicts the definitions of organisational learning.

Table 2.3 Definitions of Organisational Learning

Author (s)	Definition
López, Peón and Ordás (2005:228)	"a dynamic process of creation, acquisition and integration of knowledge aimed at the development of resources and capabilities that contribute to better organisation performance."
Tippins and Sohi, (2003)	The ability of organisation to learn about customers, competitors and regulators enable the organisations itself to sense and act upon events and trends in the marketplace
Murray and Donegan, (2003)	concerned with importing the behaviour and capability of individuals so that the organisation can more effectively respond to its environment
Hurley and Hult, 1998; Slater and Narver, (1995)	organisational learning is directly linked to superior outcomes such as greater new product success, superior customer retention, higher customer-defined quality and superior growth and/or profitability
Ferris and Fanelli, (1996) cited in Ramus and Steger, 2000	promote the continuous learning and knowledge creation of all their employees so that the organisations can grow, change and innovate
Bennis and Nanus, (1985)	as a system learns when it interacts with its environment in a manner that results in the translation of new knowledge
Dodgson (1993:377)	can be described as the ways firms build, supplement and organize knowledge and routines around their activities and within their cultures, and adapt and develop organizational efficiency by improving the use of broad skills of their workforces

In relation to this study, the definitions by Tippins and Sohi, (2003); Murray and Donegan, (2003) and Hurley and Hult, 1998; Slater and Narver, (1995) are interrelated with the issues being argued and discussed about the relationship between CSR and OL. Concurrently, through OL, organisations learn about their stakeholders (Massey & Walker, 1999) where the learning process influence the employees' behaviour and capability to be effective in responding to the environment and meeting the stakeholders' demands in producing a new and high quality product, greater customer relationship that lead to superior growth and profitability to the organisations (Kumar & Idris, 2006). This is supported by Banerjee (1998) who noted that the process of corporate environmental learning is required in order for organisations to integrate environmental issues with their business strategies.

Organisational Learning vs. Learning Organisation

The distinction between organisational learning and a learning organisation is discussed to ensure the term is clearly defined. Pedler et al. (1989) identify that a learning organisation as one that facilitates the learning of all its members and continually transformed itself whilst Garvin (1993:80) proposes that *"it is an organisation skilled at creating, acquiring and transferring knowledge and at modifying its behavior to reflect new knowledge and insights."* Alternatively, organisational learning is a process by which managers try to increase employees' capabilities in order to better understand and manage the organisations and their environment (Jones, 2000) and have the potential to influence behaviour (Sinkula, 1994). Thus, a learning orientation is the ability of the organisations' tendency to learn and adapt accordingly while organisational learning is concerned with the mechanisms of knowledge and skill acquisition. Moreover, learning orientation embraces a wider concept of adaptation and change (Mavondo et al., 2004).

For organisations to compete in today's dynamic and turbulent environment, they must pursue the process of learning, behaviour change and performance improvement (Slater & Narver, 1995). Fiol and Lyles (1985) strongly believe that behavioral change is pivotal for learning to take place and the ability of organisations to learn faster than competitors as the only source of sustainable competitive advantage (De Geus, 1988; Slater & Narver, 1995). In consequence, the ability to learn is a priority for organisations that wish to compete effectively and efficiently (Fiol & Lyles, 1985). Indeed, Slater and Narver (1995) agree that organisations should aim to become learning-oriented if they want to compete successfully in the long run. Moreover, Hurley and Hult (1998) also concluded that organisational learning is associated with the development of new knowledge, which is crucial for organisational performance. If organisations do not encourage the development of knowledge, employees will not be motivated to pursue learning activities. Furthermore, employees' initiatives in learning organisations relate to the employees' willingness to promote environmental initiatives (Ramus & Steger, 2000). Followings are the discussion on the dimensions of OL that are used in this study.

Commitment to Learning

Organisations commitment to learning is the value they place on learning (Ratten, 2008). Sinkula et al. (1997) state that commitment to learning as the degree to which organisations value and promote learning. Calantone, Cavusgil and Zhao (2002); Ratten (2008) agree that for survival, organisations need to be committed to learning and must consider it as an important investment. The more organisations value learning, the more likely learning will occur (Sinkula et al., 1997).

Organisations need to emphasize value on learning because through learning the organisations can improve their understanding of the environment over time (Murray & Donegan, 2003). The role of commitment in the organisations culture, task structure and learning environment can be important factors in fostering environmental concern within organisations (Gibb, 1995). Nevertheless, before companies could be said that they are committed to learning, they ought to understand the cause and effects of their actions (Shaw & Perkins, 1991). Obviously, if organisations do not emphasize learning, learning would not take place. In this respect, commitment to learning has always been associated with a long-term strategic orientation (Tajeddini, 2009; Calantone et al., 2002).

Open-Mindedness

Organisations open mindedness includes their ability to be open to new trends (Day, 1994), organisational practices (Liu, *et al*., 2002) and new techniques (Galer & Van der Heijden, 1992). Sinkula, Baker and Noordewier (1997) define open-mindedness as the willingness to critically evaluate organisations' operational routine and to accept new ideas in addition to engage in unlearning. The practice of unlearning takes place when organisations constantly questioned their routines, assumptions and beliefs over and over again which may no longer be practical. To avoid this situation, the organisations must be open-minded to confront and question them (Sinkula, 2002). Organisational members need to change and thus through open-mindedness; the process of unlearning can emerge and transpire (Baker and Sinkula, 1999). Individuals that are open-minded and committed to learning are motivated to learn, but may find it difficult to know what to learn unless a shared-vision is in place (Sinkula et al., 1997).

Shared-vision

Shared-vision refers to an organisation-wide focus on learning (Sinkula et al., 1997) and influences the direction of learning (Wang, 2008). Ted (2003) and Cullen (1999) stress that without a shared-vision; learning by members of an organisation is less likely to be meaningful. Slater and Narver (1995) agree that shared-vision is especially important because it pushes organisational members to work in the same direction with the organisations so as to obtain common objectives. Simultaneously, employees that share the same vision with the organisations are connected and bound together by a common goal. On the contrary, without shared vision, employees are less likely to share organisational outcomes and not be aware of what are the organisational expectations and outcomes (Hoe, 2007).

Organisations shared-vision is their ability to see things collectively (Sinkula, et al., 1997). It is the direction that organisations members take (Day, 1994). Organisations with a shared-vision have a sense of purpose and direction which impacts upon their willingness and ability to learn (Sinkula, et al., 1997). In short, learning would only be beneficial if the learning efforts are channeled effectively toward the organisations' common goals.

Eisenhardt and Martin (2000) identify the importance of shared-vision as outcomes of creative orientation and generative conversation which is closely linked to the ability to share a mental image of the future. Shared-vision implies a common commitment to desire the future. It gives strength to innovate and learn (Senge, 1990). Organisation can likely form strength or even a core competence if they have a clear and focus direction for learning which in turn cultivates energy, commitment and purpose among the employees themselves (Hoe, 2007).

Conversely, Garcia and Llorens-Montes (2006) and Fahey and Prusak (1998) sanction that lack of shared-vision would interfere with individuals' ability to find innovative solutions collectively and can further arise as one of the most important causes of failure for the processes of organisational learning. Dess and Picken (2000:22) highlighted that shared-vision is *"a necessary but not a sufficient condition for the development of an organisation that can learn, adapt and respond effectively to a rapidly changing competitive environment."*

Organisations that have employees with shared-vision allow the employees to take ownership in organisational goals (Sinkula et al., 1997). This climate of organisations would inspire the employees to agree upon, and respond to, market information processing and other activities for learning faster (Argyris, 1977; Day, 1994). Therefore, shared vision is very important for organisational learning because it provides the focus and energy for learning to take place (Hoe, 2007). Consequently, both open-mindedness and shared-vision are required as pivotal components of organisational learning. In fact, Baker and Sinkula (1999); Sinkula et al. (1997) empirical that studies have demonstrated the above-mentioned constructs are essential for the organisations in a fast changing market.

2.5.3 CSR and Enviropreneurship

In the long run, and to sustain in the market, Samuel and Saari, (2009) agree that social and environmental stability plays an important role. A concern for the environment is increasingly becoming a part of an organisational strategic agenda. Keogh and Polonsky (1998) believe that entrepreneurialism could be one of the mechanisms used to achieve this environmental concern. They called this entrepreneurialism as ecopreneurship where the potential of resources and opportunities is filtered by being committed to the environment.

In 2007, Dixon and Clifford discovered a strong link between entrepreneurialism and environmentalism. They purport that ecopreneurship represent the triple drivers of these individuals: environmental, social and economic. Keogh and Polonsky (1998) claim organisations which aggressively move towards environmental improvement help those organisations to become more entrepreneurial. Nevertheless, all these are impossible to implement without the commitment of the people in the organisation who share a common vision and are empowered to act on it (Dechant & Atman, 1994). Essentially, integrating environmental initiatives into organisations' long-term planning requires explicit management support throughout the organisations (Davis, 1991).

Enviropreneurship

Environmental entrepreneurship or ecopreneurship or enviropreneurship consist of entrepreneurs in organisations that concerned with environmental issues (Schaper, 2002). Environmental entrepreneurship is the practice of creating a healthier environment. To achieve this practice, firstly, organisations need to identify problems that the environments encounter. Secondly, to improve or create innovative ideas in order to address the problems encountered and finally, develop successful business projects to realize these ideas by integrating environmental concerns into the organisations' strategic plan (Greenproofing, 2010).

The role of entrepreneurship as a mechanism for raising the profile of environmental concern within organisations is very crucial (Drumwright, 1994; Menon & Menon, 1997). In relation to this study, the term enviropreneurship is used to refer to this environmental entrepreneurship or ecopreneurship. These individuals portray the traits of an entrepreneur. In consequence, to understand who they are, one needs to know the characteristics of entrepreneurs. Their existence is pivotal to organisations (Dixon & Clifford, 2007). Meyers (1986) agrees that without entrepreneurship would make business and society futile and inactive. However, with entrepreneurship organisations would be innovative and exploit opportunities to achieve their desired objectives (Meyers, 1986).

Entrepreneurs are individuals who perceive a vision, commit to the vision and believe they can accomplish that vision. They are opportunity seekers. With the vision they have, allows the entrepreneur to see beyond although with a restraint of resources and ability to recognize opportunities that others missed. They take challenges seriously, innovative, a risk taker and eager to seek and gain market information promptly (Keogh & Polonsky, 1998). Entrepreneurs are committed to their actions. *"All types of entrepreneurship are based on innovations that require changes in the pattern of resource deployment and the creation of new capabilities to add new possibilities for positioning in markets"* (Stopford & Baden-Fuller, 1994:522). Accordingly, Ireland et al. (2001:51) claim that "*entrepreneurship is a social process through which individuals and teams create wealth by bringing together unique packages of resources to exploit marketplace opportunities."* Keogh and Polonsky (1998) denote entrepreneurship is about the identification of opportunities. In addition, Rutherford and Holt (2007) acknowledge corporate entrepreneurship as a process whereby the organisations members' abilities to utilize their innovative skills are being enhanced.

Stafford, Polonsky and Hartman (2000: 122) define entrepreneurial as *"innovations that address environmental problems which lead to operational efficiencies, new technologies and marketable 'green' products."* Hostager et al. (1998) purport entrepreneurship consists of individual and groups working together to identify ideas for new products or services that reflect a concern for the environment and turn these ideas into profitable products and services.

Russo and Fouts (1997) believe that for organisations which are moving aggressively towards environmental improvement, in the long run, would assist the organisations to become more entrepreneurial. The role of commitment and entrepreneurialism in the organisations culture, task structure and learning environment are the important factors in fostering environmental concern within organisations (Keogh & Polonsky, 1998). Miller (1983: 771) claims that *"an entrepreneurial organisation is one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with 'proactive' innovations, beating competitors to the punch."*

Damanpour (1991) and Pearce et al. (1997) perceive that leadership willingness plays a role in supporting an individual's innovative behaviour. Hornsby et al. (2002) agree that leadership support contribute to the creation of an entrepreneurial corporate environment. The organisations demonstrate their support by creating appropriate climates to elicit alternative entrepreneurial activities. Management supports, available resources, organisational structure; incentives and risk-taking are among the factors that play important roles in promoting entrepreneurial behaviour (Brazeal, 1996; Kuratko et al., 1990).

Rutherford and Holt (2007) denote that organisations portray their commitment to corporate entrepreneurship which could positively influence the employees' respectively towards the organisations' efforts to introduce and implement organisations entrepreneurship. In addition, Pearce et al. (1997) emphasize that there is a link between subordinates' satisfaction and managers who behaved entrepreneurially. The statements above lead to the concept that organisations which encourage and practice entrepreneurial behaviour would make the individuals in the organisations more likely to engage in the same behaviour as themselves. Consistently, Penrose (1959) asserts that organisations need to have entrepreneurial managers' vision and imagination for an organisational opportunistic expansion.

Kuratko et al. (2005:700) signify that corporate entrepreneurship represents a set of internal behaviours that *"require organisational sanctions and resource commitments for the purpose of developing different types of value-creating innovations."* Indeed, Ireland et al., (2006:10) delineate that *"corporate entrepreneurship is a process through which individuals in an established firm pursue entrepreneurial activities to innovate without regard to level and nature of currently available resources."*

Entrepreneurship is critical to marketing discipline as such marketing is the host for organisational entrepreneurial process (Murray, 1981). Entrepreneurial organisations recognize and exploit emerging growth of opportunities through strategic management processes such as planning and scanning the environments (Barringer & Bluedorn, 999). Eventually, Rizzoni (1991) has established a link between entrepreneurship, organisations capabilities and innovation.

Likewise, from a marketing perspective, entrepreneurship orientation is the top management tendency to take calculated risks, be innovative and proactive (Morris & Paul, 1987). Similarly, Miller (1983) conceptualizes that entrepreneurship-oriented organisations are the one involve in product marketing innovation, risk taking and the first to come out with proactive innovations. Therefore, this study adopted enviropreneurship as one of the elements of marketing capabilities because:

1. The role of enviropreneurship is the mechanism used in promoting environmental concern in the organisations is very important (Drumwright, 1994; Menon and Menon, 1997)

2. Entrepreneurial organisations that pursues innovation as a key thrust in their competitive strategy would build and nurture distinctive marketing capabilities (Weerawardena, 2003)

3. Economically, enviropreneurship stimulates and contributes to economic development and markets growth

4. Socially, enviropreneurship empowers citizens, generates innovation and changes mindsets (http://www.unctad.org).

Essentially, enviropreneurship specializes in identifying conservation opportunities, mobilizing resources, and building a constituency for conservation (Baden, 1998), as well as, influencing the capability of organisations to manage knowledge, upgrading product or process innovation, improving competence and enhancing organisational effectiveness (Lee & Sukoco, 2007).

Arguments in supporting Organisational Learning and Enviropreneurship as the elements of Marketing Capabilities

The capacity for organisations to learn effectively tends to play an essential role in entrepreneurship (Lant & Mezias, 1990). Organisations that promote entrepreneurship are organisations which are capable of creating, learning and influencing the environment. Furthermore, entrepreneurship creates wealth by concentrating on organisational learning (Garcia & Llorens-Monkes, 2006). Once employees have been educated in environmental sensitivity, organisations could use them as the best source of ideas for further environmental improvements (Dechant & Altman, 1994). This is why environmental education needs to be instilled in the employees. Through environmental education/*learning* helps employees to engage in environmental behaviour which consequently creates a level of awareness about environmental issues in the employees themselves (Dechant & Altman, 1994). (Italics added).

Learning orientation affects the degree to which organisational members are pushed and recommended to think out of their comfort zone (Baker and Sinkula, 1999) and to be more innovative and competitive (Lopez, Peon & Ordás, 2005). Organisations that value entrepreneurship and innovation would create a learning environment (Hamel & Prahalad, 1991) whereby Kemp and Soete (1992) express that learning organisations are those that support vigorously employee environmental innovation. Employees must respond to changes in the internal and external environments of the organisations by detecting and correcting errors in organisations (Kemp & Soete, 1992; Shrivastava, 1983). Thus, this action allows them to sense and act upon events and trends in the marketplace better (Tippins & Sohi, 2003).

Entrepreneurial characteristics of high tolerance of risk, proactiveness and innovativeness (Naman & Slevin, 1993; Covin & Slevin, 1989; Morris & Paul, 1987) are strongly associated with knowledge acquisition, create learning and develop new behaviours to leverage learning (Slater & Narver, 1995). With this standpoint, to acquire the benefits of entrepreneurial characteristics and to achieve the meaning of information learning, organisations must be committed to learning, have an open-mind for new information and new ways of doing things, and in addition, engage in shared interpretation of information (Sinkula, 1994; Slater & Narver, 1995).

Conclusively, the more entrepreneurial organisations and the more learning-oriented they are, the more likely the organisations are to instill values which promote commitment to learning, open-mindedness, and shared-vision (Wang, 2008; Miles & Snow, 1978). Organisational learning is a continuous process throughout the life of organisations, and plays an important role in the entrepreneurial process as organisations grow larger (Lumpkin & Lichtenstein, 2005; Collinson & Shaw, 2001). Based on the arguments presented, organisational learning and enviropreneurship are proposed as important elements to marketing capabilities.

Dimensions of Enviropreneurship

Various groups of researchers have identified different dimensions of entrepreneurship. For example, Zahra (1993) reports two distinct but related dimensions: innovation and venturing, and strategic renewal; Miller (1983); Morris and Paul, (1987); Covin and Slevin, (1990) categorize three dimensions: proactiveness, innovation and risk taking. Nevertheless, Lumpkin and Dess (1996) classify another two dimensions: autonomy and competitive aggressiveness over proactiveness, innovation and risk taking. Yet, Covin and Miles (1999) notice that innovation is the most common dimension being used. In relation to this study, three dimensions namely proactiveness, innovation and risk taking are used because these three dimensions have been used repeatedly. Furthermore, according to Holt et al. (2007) due to the availability of the above variables valid and reliable measures, was another reason why the variables were favoured among researchers. In short, enviropreneurship reflects on the organisations' innovativeness, proactiveness and risk-taking propensity. Thus, the discussion continued with these three dimensions.

Proactiveness

Covin and Slevin (1991, 1989) contend that proactive firms compete aggressively with other firms and this is related to pioneering. Proactiveness is a forward–looking perspective characteristic of a marketplace leader. It acts in advance to anticipate future demand, as well as, identify new market opportunities and act on those opportunities which result in an increased level of intelligence generation and responsiveness (Lumpkin & Dess, 1997; 1996). This view is consistent with Miller and Friesen's (1978) view of proactiveness as shaping the environment through the introduction of new products and technologies. Precisely, the concept of proactiveness *“refers to the extent to which organizations attempt to lead rather than follow competitors in such key business areas as the introduction of new products or services, operating technologies, and administrative techniques”* (Covin & Slevin, 1986: 631). Basically, proactiveness is pioneering and initiative taking that is replicated in the orientations and activities of the top management level (Antoncic & Hisrich, 2003).

Venkatraman (1989:949) definite proactiveness as *"seeing new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, strategically eliminating operations which are in the mature or declining stages of life cycle."* Moreover, proactiveness is an opportunity-seeker seizing initiative in the marketplace as suggested by Chen and Hambrick (1995: 457) *that "a firm should be both proactive and responsive in its environment in terms of technology and innovation, competition, customers and so forth. Thus, taking the initiative in an effort to shape the environment to one's own advantage; responsiveness involves being adaptive to competitors' challenges."*

In addition, proactiveness is associated with the exploration of resources and the creation of new niches (March, 1991). This opportunity seeking is more successful in hostile and dynamic situations where limited resources are regained by capturing new product-market niches (Lumpkin & Dess, 1997), together with a rapidly growing and opportune setting kind of environment (Miller & Friesen, 1982). Morris and Sexton (1996) define that proactiveness is concerned with implementation. Meaning, doing whatever is necessary to bring an entrepreneurial concept to execution that involves considerable determination, adaptability, and a willingness to infer some responsibility for failure. It is also about taking the initiative, anticipating and carrying out new opportunities, as well as, creating or participating in emerging markets (Penrose, 1959). Indeed, Penrose also claims that proactive entrepreneurs are important for the growth of organisations since they provide the vision and imagination needed to carry out an opportunist growth.

In summary, proactiveness identify new market opportunities and act on those opportunities which result in an increased level of intelligence generation and responsiveness; an opportunity-seeking, forward-looking perspective involves introducing new products/services ahead of competition and anticipate future demands to create changes and shape the environment. Therefore, it could be recapitulated that proactiveness is a response to market place opportunities which leads to an increased level of intelligence and responsiveness (Kohli & Jaworski, 1990). It is about how organisations foresee and act on future market needs in addition to how organisations enter into a new market segment via market opportunities (Lumpkin & Dess, 1996). Furthermore, proactiveness involves the attitude and capabilities that allow for the implementation and control of the new products, services, or processes ahead of the competitors in the market (Morris & Paul, 1987).

Innovativeness

Entrepreneurs are faced with a number of challenges as they try to implement new ideas or try to solve problems. Thus, their innovativeness is a major issue for them to encounter (Brockhaus & Horwitz 1986).

Organisations must be innovative to survive in a volatile environment. Zahra and O'Neil (1998) point out that the factors in the external environment and the organisations interact, influence managers to respond creatively and act in innovative ways. Wang (2008) denotes that innovative organisations are the ones that reveal innovative behaviour constantly over time. Hamel and Prahalad (1991) consider entrepreneurial organisations as innovative and risk-tolerant. Lumpkin and Dess (1996:142) define innovativeness as *"an organisation's tendency to engage in and support new ideas, novelty, experimentation and creative processes that may result in new products, services or technological processes.*"

In addition, Weerawardena (2003:18) cites that innovativeness *"as a corporate environment that promotes and support novel ideas, experimentation and creative processes that may lead to new products techniques and technology."* Additionally, Venkatraman (1989) identifies innovativeness as organisations process searching for something new in the organisations, staying ahead in competition, aiming to anticipate and acting on future needs. Undeniably to Lumpkin and Dess (1996; 1997) innovativeness is important to organisations because through innovativeness it allows organisations to pursue new opportunities and organisation willingness to support creativity and experimentation in introducing new product/services, technological leadership and organisations research and development. Hurley and Hult (1998) describe innovativeness from a collective perspective, that is, openness to new ideas as an aspect of organisations' culture. In fact, innovation capability is the most important determinant of the organisations performance (Mone et al., 1998) and organisations must be innovative to gain a competitive edge in order to survive (Li & Calantone, 1998). Accordingly, organisations whose cultures emphasize innovation, together with availability of resources, tend to implement more innovations that lead to competitive advantage (Hurley & Hult, 1998).

Innovativeness is present when continuous improvement through creativity and ingenuity is encouraged (Hult et al., 2002). As Hult and Ketchen (2001) indicate that innovativeness contributes to the organisations' positional advantage and in turn creates competitive advantage. It is a firm-specific, valuable, and socially complex resource that is not easily transferable or imitable by other firms (Hult & Ketchen, 2001).

Innovativeness according to Miller (1983) can be categorized between product-market innovation and technological innovation. Product-market innovation is emphasizes on product design, market research, and advertising and promotion (Miller & Friesen, 1978). Additionally, Covin and Slevin (1989) identify market-related innovativeness based on a number of new product or service introduced by organisations.

As for technological innovation, the emphasis is on achieving competencies in terms of technologies, production methods and manufacturing processes (Lumpkin & Dess, 1996). Conclusively, technological innovation consists of product and process development, engineering, research, and an emphasis on technical expertise and industrial knowledge (Cooper, 1971; Maidique & Patch, 1982 as cited in Lumpkin & Dess 1996). Nevertheless, Lumpkin and Dess (1996) concur that the organisations' financial resources and human resource commitment towards innovation activities are important criteria in operationalizing innovativeness.

Subsequently, Zahra and Covin (1993:452) identify an additional aspect of innovativeness which they refer to as technology policy. Technology policy is the organisations commitment to *"acquiring, developing and deploying technology."* In this context, the organisation emphasizes technological development and acquires to build reputation in trying new methods and technologies (Zahra & Covin, 1993). Specifically, innovativeness represents the seeking of creative and novel solutions, developing new product and services, and utilizing new technology resources for attaining success for the organisations as a whole (Davis et al., 1991).

Risk Taking

Mill (as cited in Brockhaus & Horwitz, 1986) regards direction, supervision, control and risk taking to be the functions of an entrepreneur. Long (1983) believes that entrepreneurship involves uncertainty and risk coupled with managerial competence and creative opportunism. Indeed, the ability to bear risk has been identified as the primary challenge facing entrepreneurs (Knight, 1921). And yet, according to Ray (1993) risk is related to strategy and context and is not just a function of personality. The study of entrepreneurship from the sociological or behavioural view of entrepreneurship subscribes that the entrepreneur interacts with the environment (Garavan *et al*., 1997; Gartner, 1985). Thus, the capacity and ability of the entrepreneur to take risks is influenced by extrinsic factors such as crisis, changing business strategy and the business environment (McCarthy, 2000). Organisations pay much attention to the management of entrepreneurship in order to pursue an enhancement in customer satisfaction, reduction of red tape and promotion of risk taking activities in achieving more efficient, flexible and adaptable management in a turbulent and competitive environment (Moon, 1999).

Risk-taking focuses on the willingness of organisations to commit available resources to opportunities that might be in conjunction with a chance of costly failure (Morris & Paul, 1987) or willingness to provide large resources in order to gain better profit (Miller, 1983; Covin & Slevin, 1989; Lumpkin & Dess, 1996). However, these risks are typically calculated and manageable (Morris & Sexton 1996). Conclusively, risk taking refers to organisations' tendency to take bold actions such as venturing into unknown new markets, committing into large portion of resources to venture with uncertain outcomes and the quick pursuit of opportunities (Lumpkin & Dess, 1997). Dess *et al.* (1997) consider that entrepreneurial strategy reflects a bold, directive, and opportunity-seeking style with elements of risk taking and experimentation. Mintzberg (1973) views risk taking as elements of the entrepreneurial mode where entrepreneurial strategy-making is characterized by organisations making large and bold decisions in the face of uncertainty. This is supported by Covin and Slevin (1991) who consent that boldness is needed especially in pursuing opportunities.

Since entrepreneurial organisations tend to experience a higher level of external and internal uncertainty, risk taking is considered as a very important dimension to entrepreneurial organisations. In line with this, Lumpkin and Dess (1996) assert that the concept of risk taking is a quality which is constantly used to portray entrepreneurship.

2.6 CSR and Organisational Performance

Studies have indicated that both organisation strategies and the environment play significant roles in influencing profitability (Kotha & Nair, 1995) and organisations with high levels of environmental performance were associated with enhanced profitability (Russo & Fout, 1997).

One of the dimensions of CSR is the protection of the environment (Menon & Menon, 1997). The integration of environmental issues into the strategic planning process was a key variable which is positively related to financial and environmental performance (Baker & Sinkula, 2005). Due to this, organisations are required to match their internal resources with the external environment in order to enhance the organisational performance in the long run (Hamel and Prahalad, 1994). McGee (1998) considers CSR as one of the antecedents for economic performance and as a measure of proactive social response. Moreover, Liechtenstein, Drumwright and Braig (2004) distinguish CSR as the key factor to success.

Organisations could play two different roles in the environmental issues. On one hand they carry out the important role in preventing, stopping and reversing the process of environmental degradation where sustainability development and environmental excellence are achieved through the resources, innovation and entrepreneurship. On the other hand, organisations are also the culprit in creating severe problems such as pollution, resource depletion, etc (Bhandari & Abe, 2001).

Due to the harm that organisations can cause to the environment, researchers have supported the idea on why organisations must blend social and environment initiatives into the organisations' strategic planning process. This approach has been acknowledged as the source of opportunity, innovation and competitive advantage (Barney & Hansen, 1994; Sharma & Vredenburg, 1997; Porter & Kramer, 2006; Judge & Douglas, 1998). It is fundamental for organisations to incorporate environmental concern into their decision-making as researches indicated that "it pays to be green" (Russo & Fouts, 1997:534). Indeed, Walley and Whitehead (1994:46) claim that *"being green is no longer a cost of doing business; it is a catalyst for constant innovation, new market opportunity and wealth creation."* Through spending and donating back to the society, organisations are actually embedded in their organisational the policies and process of social responsibility element (Jones, 2003). Therefore, organisations need to prove to the society that they are not only polluters but also promoters of corporate environmentalism. Jones (2003) and Drumwright (1994) also concur that organisations ought to indoctrinate the importance of non-economic criteria especially the environment into corporate decision making.

Environmental strategies lead to improvements in quality (Banerjee, 1998; Wolters et al., 1997; Shrivasta, 1995). Sharma and Vredenburg (1998:729) point out that a strategy of being environmentally proactive must be viewed as a key organisational resource that is associated with the emergence of *"unique organisational capabilities…which in turn were seen to have implications for organisation competitiveness."*

Quazi (2001) notes that environmental performance and economic performance are positively linked while CSR and businesses are closely connected to each other. From another view point, Henri and Giasson (2006) suggest that environmental performance consist of four dimensions - enhanced products and processes; relationship stakeholders; regulatory compliance and financial impacts; environmental impacts and corporate image. According to McGuire et al. (1988) organisations with a high degree of CSR face a low financial risk due to the stable relation they have with the government and the financial community. In short, CSR is essential for successful organisations operations and as an opportunity for organisations to foresee excellent economic return and wider social concern (Jackson & Nelson, 2004).

2.7 Organisational Performance

Organisations must link CSR with their overall strategies for achieving business excellence (Maon et al., 2009; Jan & van Pijkeren, 2006; Bhattacharya & Sen, 2004). Organisations engage in socially responsible behaviours are to fulfill external obligations such as regulatory compliance and stakeholder demands, and to increase competitiveness and improve stock market performance (Bansal & Roth, 2000; Drumwright, 1994; Klassen & Mclaughlin, 1996; Russo & Fouts, 1997; Waddock & Smith, 2000). Consistent with the study done by Aupperle, Carroll and Hatfield (1985) indicate a positive relationship between social responsiveness and business performance. Furthermore, Spicer (1978) in a study of 18 pulp and paper corporations found that the best environmental performers enjoyed higher profits and lower perceived risks while Klassen and McLaughlin (1996) suggest two factors such as market gains and cost savings as the outcomes of superior environmental performance. Waddock and Graves (1997) contend that CSR is positively and significantly related to both future and prior financial performance.

Being branded as green organisations can be a potential benefit to business organisations (Grundey & Zaharia, 2008). Concurrently, Marshall and Mayer (1992) declare that the green image could generate more positive public image which in turn enhance sales, increase stock price and open access to public capital markets. Hanas (2007) contends that intangible value such as employee motivation and satisfaction plus brand loyalty are increasingly being linked to corporate performance. In 2003 the study done by Orlitzky et al., showed a significant positive effect on corporate social/environmental performance on corporate financial performance.

2.8 The Relationship between Social Concern and Marketing Capabilities

Organisations that practice environmental management are organisations that are concerned with the way how the members of the organisations deal with issues raised by the stakeholders (Gladwin, 1993). Organisational learning in this kind of organisations are required to process new information, to improve internal structures and approaches, to develop new products, and to adapt to changes in organisations (Slater & Narver, 1995). For example, any new knowledge with regards to developing a new product with less environmental problems involves different internal departments as well as external constituencies and environmental interests (Roome & Wijen, 2004). Access to problems, find solutions, and evaluate outcomes involve almost everyone either internal or external. This notion is consistent with Chevalier and Cartwright (1966) that describe environmental issues as metaproblems where responses to any issue generally affect the whole system in the organisations. Thus, De Bruijn and Tukker (2002); Hart (1995); Roome (1994); Sharma and Vredenburg (1998) agree that the engagement between organisations and stakeholders has become an important theme in corporate environmental management literature and practice. Furthermore, this 'stakeholder engagement' is important for organisations to establish a social legitimacy (Hoffman, 1997; Oliver, 1990; Westley & Vredenburg, 1991).

Organisational environmental learning is a critical part of stakeholder engagement (Clarke & Roome, 1999). Organisations ability to integrate inputs from stakeholders is based on previously learnt skills (Hart, 1995). As mentioned earlier, for organisations to embrace CSR, they need to identify what the stakeholders' wants, needs and desires. In addition, organisation must know how to meet those requirements because organisations have to recognize and address the concerns of their stakeholders to ensure that the organisations' decision and business activities are more socially acceptable which can be done through either single-loop or double-loop learning (Roome & Wijen, 2004).

Freeman (1984) signifies that stakeholders provide resources that are more or less critical to organisations' long-term success and organisations have to gain stakeholders continued support for survival (Maignan & Ferrell, 2004). What is more, Carroll and Buchholtz (as cited in Maignan et al. 2005:963) denote *"stakeholders have some level of power over a business because they are in the position to withhold, or at least threaten to withhold, organisational resources."* Concomitantly, Langerak, Peelen and van der Veen (1998) confess that there are three reasons why organisations begin to incorporate environmental issues in marketing strategy and decision-making:

(1) the degree to which consumers are committed to environmental issues

(2) consumer's expectation of the environmentalism of a business

(3) consumer's willingness to exert their power to make the marketers conform to their expectation.

Greve and Park (1994); Levinthal and Myatt (1994) conclude that organisations capabilities develop as a result of the organisations reaction to competitive environments. Furthermore, based on past literatures, tougher regulatory forces and increasing public environmental concern have led to the development of environmental strategies and have influenced the organisations' CSR actions and practices of strategic decision-making process as well (Maignan & Ferrell, 2004; Polonsky, 1995; Wood, 1991).

Organisations capabilities/*marketing capabilities* allow dynamic routines that govern the ability of the organisations to learn, adapt, change and renew over time (Teece et al., 1994 – italic added). Indeed, Weick (1979) views that organisations' capacity to respond to the environment will be dependent on their copying capacity, perception and exploration process. Furthermore, organisations need to balance their organisational learning and entrepreneurship orientation in order to have a better knowledge of their current and future customers, competitors and environment conditions, as well as, having greater overall adaptive and environmental management capability that enable organisations to adapt to and manage their market environment to meet current and emerging stakeholder needs (Baker & Sinkula, 2005). Consequently, organisations show a commitment to develop marketing strategies that balance organisational and societal concerns (Baker & Sinkula, 2005). Therefore, it is anticipated that:

Proposition 2: Social concern is related to marketing capabilities

2.9 The Relationship between Economic Concern and Marketing Capabilities

Penrose (1959) and Andrews (1971) agree that organisations which implements strategies which respond to market opportunities by exploiting their internal resources and capabilities would perform well and at the same time create value. Keogh and Polonsky (1998) declare how commitment could be considered not so much as a process and resultant, but to be considered as a precursor to vision and entrepreneurialism. This led to the statement that organisations require the entrepreneur to carry out their objectives of being a proactive environmental organisation.

Accordingly, without environment that initiates opportunities, entrepreneurship will not emerge (Stevenson & Jarillo, 1990). Daft and Weick (1984); Miles and Snow (1978) assert that when the more entrepreneurial an organisation is, it becomes more proactive and extensive in environmental scanning activities. Commitment to environment leads to identifying opportunities that others do not seek (Ottman & Terry, 1998) and according to Hart (1995) environmental opportunities are the major source of revenue growth. Certainly commitment fosters vision. Thus, individual ability to identify and focus on opportune sources that relate to organisational environmental activities are the result of commitment and vision (Keogh & Polonsky, 1998).

Hostager et al. (1998) indicate that proactive environmental organisations that blend learning in the organisations tend to recognize environmental opportunities better by helping to increase new ideas which resulting in a larger pool of ideas and a greater chance of financial success**.** Learning-oriented organisations are able to quickly rearrange the planning and reallocate their resources to focus on emergent opportunities and threats (Slater & Narver, 1995).

Moreover, organisations that foster improvement in the environmental performance through organisational marketing capabilities regard their products and services and emphasize ecological responsibility as part of their core principle (Stone et al., 2004). Thus, it is proposed that:

Proposition 3: Economic concern is related to marketing capabilities

2.10 The Relationship between Corporate Citizenship Culture and Marketing Capabilities

Collier and Esteban (2007) agree that in order to turn corporate social and environmental responsibility effectively, it all depends on the employees' responsiveness. However, employees need to be motivated and challenged to attain the goals of responsible corporate behaviour (Collier & Esteban, 2007; Andriopoulos, 2001). Corporate citizenship is capable of achieving this application (Collier & Esteban, 2007; Whitehouse, 2003). It may be used as a core argument in internal promotions designed to stimulate employees' motivation. Employees would perceive the organisation's goals and objectives of being a responsible organisation as attractive. Simultaneously, they would identify the organisation's strong attributes and translate these attributes into a cooperative citizenship-type of behaviour (Collier & Esteban, 2007).

Corporate citizenship could thus be explored as a commitment tool in retaining employees, transforming them into entrepreneurs and enhancing their performance (Maignan & Farrell, 2001). Employees' commitment refers to the extent to which business units' employees were fond of the organisation, saw their future tied to that of the organisation, and were willing to make personal sacrifices for the business unit (Jaworski & Kohli, 1993:60). Employees' propensities to take responsibility, avoid waste, and efficiently solve problems are areas that could be linked to corporate citizenship (Branco & Rodrigues, 2006) in building enviropreneurship of employees (Collier & Esteban, 2007).

In terms of organisational learning and environmental education, organisations have begun to take responsibility by engaging their employees with the environmental management initiatives (Dechant & Altman, 1994). These initiatives help employees identify environmental performance as a part of employees' ongoing responsibilities (Dechant & Altman, 1994). Organisational learning is concerned with importing the behaviour and capability of individuals so that the organisations can more effectively respond to their environment (Murray & Donegan, 2003). Furthermore, corporate citizenship leads to a supportive environment of a strong spirit de corps within the organisations (Dutton et at., 1994).

Drumwright (1994) and Prothero (1990) signify that there is evidence that organisational environmental consciousness is positively related to the presence of specialized personnel within an organisation. These specialized personnel are capable of assisting marketeers in developing and implementing the organisation's green marketing programmes so that organisation could remain competitive in the target market. Hence, it is suggested that:

Proposition 4: Corporate citizenship culture is related to marketing capabilities

2.11 Marketing Capabilities as the Mediator between Social Concern and Organisational Performance

Shrivastava (1995) concises environmental strategies lead to improvements in quality and any improvements in environmental quality often produce cost savings and increase efficiency. Maxwell et al., (1997) consent on how well-formulated environmental strategies lead to a number of business advantages, such as better quality, reduced costs, improved environmental image and the opening of new markets.

Judge and Douglas (1998) illustrate that integration of environmental issues into the strategic planning process was a key variable that is positively related to financial and environmental performance. Consequently, they demonstrated that the ability to successfully integrate environmental concerns can become the strategic capabilities which confer a competitive advantage. Furthermore, Hart (1995) discovers that stakeholder’s integration contributes to strategic capabilities.

Sharma and Vredenburg (1998:729) identify that a strategy of being environmentally proactive should be viewed as a key organisational resource that is associated with the emergence of *"unique organisational capabilities…which in turn were seen to have implications for organisation competitiveness."* In addition, Hart (1995) and Sharma and Vredenburg (1998) confess that as an approach to natural environment, organisations capabilities requires the path dependence and embeddedness of higher-order learning capabilities, shared-vision, and continuous improvement.

Ability to learn faster allows organisations to create superior customer value in today's dynamic and turbulent markets (Morgan et al., 1998; Slate & Narver, 1995; Day, 1994). Baker and Sinkula (1999) profoundly state that organisational learning is significantly related to business performance. In fact, many scholars regard organisational learning as the key to future organisational success (Farrell, 2000). Indeed, it may be the only source of sustainability competitive advantage (De Geus, 1988; Slater & Narver, 1995). In summary, learning is preeminent over other resources because it enables organisations to maintain long-term competitive advantage and attribute to resource capabilities of the organisations (Branco & Rodrigues, 2006; Grant, 1991).

Fiol and Lyles (1985) and Senge (1990) assert that organisational learning is important for a company's survival and effective performance. Furthermore, organisations environmental learning is processes that enhances corporate image by responding to public concern (Banerjee, 1998) and simultaneously lead to direct superior outcomes such as greater new product success, superior customer retention, higher customer-defined quality and superior growth and/or profitability (Slater & Narver, 1995; Hurley & Hult, 1998; Bontis et al., 2002). In the long run, enviropreneurial outcomes lead to operational efficiencies through resources reduction while competitive advantage can be achieved through green technologies and product (Hart, 1997; Porter & van der Linde, 1995).

Public environmental concern influence organisations' learning process in 2 ways: direct customers can demand environmental friendly products and packaging; and there is a need to develop and maintain a 'green' image among the public. Obviously, both of these two factors influence the level of environmental learning of an organisation (Banerjee, 1998).

Current political and regulatory climate indicate that ecological issues do play a substantial role in the competitive positions of most industrial organisations because the individuals organisation's environmental record is often a matter of public record (Stone et al., 2003). Thus, top level managers should develop marketing or Public Relation strategies that promote environmental responsibility as part of the organisations' overall organisational goals. In general, the more closely organisations are tied to social concern, the greater the organisations' opportunities to control the organisations' resources, capabilities and benefit the society and organisations (Porter & Kramer, 2006).

Essentially, marketing capabilities are based on the resources based view of the firm (Srivastava et al., 2001). Grönroos, (1994); Gummesson, (1997) identify that there are four categories used to operationalised marketing capabilities. The first category is known as outside-in capabilities where marketing capabilities are used as the mediating factors. The role of mediating helps the organisations to understand and participate in markets; for instance, the organisations would comprehend customers and could create better relationships with them. Subsequently through inside-out capabilities, the organisations could contribute to effective market participation, such as financial, human resource and marketing management. Then, by integrating inside-out and outside-in capabilities, the organisations develop new products and, finally networking capabilities and organisations managing relationships with suppliers and other strategic partners (Grönroos, 1994; Gummesson, 1997).

Weick (1979) observes that an organisation's capacity to respond to the environment will be dependent on its copying capacity, perception and exploration process, as well as, response capability. Accordingly, these organisational capabilities evolve as a result of the organisations response to their competitive environments (Barnett, Greve & Park, 1994; Levinthal & Myatt, 1994).

Hart (1995) argues that the organisations' response to calls for environmental protection is an important emerging competitive domain for the organisations which could be best explained in terms of the resource-based view of the organisations. In addition, Hart claims that the organisations' ability to integrate the natural environment into the strategic planning process, permit the organisations to gain the opportunity to develop a valuable, potentially rare, and not easily imitated organisational capability.

Furthermore Aragon-Correa and Sharma (2003) empirically examine how the organisations' resources and capabilities together with proactive environmental strategy can create a competitive advantage. In short, Sharma and Vredenburg (1998) also agree that proactive environmental strategy when dealing with ecological issues together with the emergence of capabilities lead to organisational competitiveness. Hence, it is predicted that:

Proposition 5: Marketing capabilities mediate the relationship between social concern and organisational performance

2.12 Marketing Capabilities as the Mediator between Economic Concern and Organisational Performance

Due to the uncertainties that environmental controversies face, the integration between social performance and economic objectives create special challenges. Organisations must be creative because they need to balance these uncertainties with the economic interests (Worster 1993 as cited in Menon & Menon, 1997). Furthermore, because of the uncertainties and risk inherent in the strategy approach and in the market, *"enviropreneurial marketing is driven by corporate entrepreneurship and grounded on a pragmatic environmental ethic of balancing environmental and economic issues, needs and objectives."* (Menon & Menon, 1997:54). Drumwright (1994); Menon and Menon (1997) have proven how important it is for organisations to protect the environment. In addition, from a theoretical perspective, environmental problems are being increasingly reframed as economic problems (Menon & Menon, 1997). Therefore, for any environmentally-conscious organisations there are need to move ahead to ensure that their behavioural consequences are favourable to the environment and to society (Menon & Menon, 1997).

Porter and van der Linde (1995) strongly claim that strategic enviropreneurial marketing requires serious inquiry and analysis prior to implementation, because these decisions and programmes have a long-term orientation and involve significant resource allocation.

According to Gibb (1995) the role of commitment and entrepreneurialism in the organisation culture, task structure and learning environment can be important factors in fostering environmental concern within organisations. In order to implement enviropreneurial marketing organisations, it requires resources and capabilities (Porter & van der Linde, 1995). Concomitantly, the investment of tangible and intangible resources for example human resources to generate the environmental/marketing capabilities is required for a proactive environmental strategy (Aragón-Correa & Sharma, 2003). Correspondingly, Hart (1995:993) quotes that a proactive environmental strategy is *"people intensive and depend upon tacit skill development through employee involvement."*

Menon and Menon (1997:52, 54) note that *"enviropreneurial marketing consists of entrepreneurial and environmental activities with aims to create revenues and provide exchange that satisfy organisation's economics and social objectives."* They further interpreted that the nature and scope of enviropreneurial marketing is to emphasize the need of an entrepreneurial approach in melding ecological concern and marketing strategy objectives together. It is a marketing practice that represents *"a confluence of social performance, environmental and economic objectives."* (Menon & Menon, 1997: 52;54). As a result, it is articulated:

Proposition 6: Marketing capabilities mediate the relationship between economic concern and organisational performance

2.13 Marketing Capabilities as the Mediator between Corporate Citizenship Culture and Organisational Performance

Good perceptions of citizenship behaviour result in good corporate reputation and brand associations (Menon & Menon, 1997). Corporate citizenship is not easily imitated because it is based on the relationships that the organisations establish with their own stakeholders (Banerjee, 2001; Maignan & Ferrell, 2001; Srivastava et al., 1998; Day, 1994). Organisations should treat and view corporate citizenship as a potentially profitable business investment that can be usefully integrated into the organisations' daily activities and strategic decisions (Matten and Crane, 2003).

Proactive corporate citizenship treats customers with extreme respect (Maignan et al., 2001; Maignan et al., 1999). Organisations monitor customer satisfaction closely by responding to individual customer's complaint, abiding to strict product safety standards and providing full information about their product and service. These actions make customers trust the company and they appreciate the efforts showed by continuing to buy the organisations' products (Maignan et al., 1999) because some consumers want the goods they purchase to have certain socially responsible attributes (McWilliams & Siegel, 2001). Lockwood (2004) articulates that a company whose product contributes to the safety of environment will be favourably viewed by the public. In the long run, organisations' corporate citizenship behaviour can increase the attractiveness of the organisations' products (Gardberg & Fombrun, 2006), theirs potential to be a powerful marketing tool and to help organisations to position their products both internally to employees and externally to customers (Maignan & Ferrell, 2001; Maignan et al., 1999). Besides, themes of social attributes such as "environmentally friendly" or a "caring company" serve as signals of quality product (Lantos, 2001).

Likewise, internal stakeholders are organisations' primary intermediaries. They are in a position to stimulate environmentally-beneficial marketing activities throughout the organisations with the goal of creating revenues by providing exchange with customers that satisfied the business's economics and social objectives (Menon & Menon, 1997). Therefore, it is proposed that:

Proposition 7: Marketing capabilities mediate the relationship between corporate citizenship culture and organisational performance.

2.14 Marketing capabilities is related to organisational performance

Wang (2000) believes that organisational success requires entrepreneurial orientation as the key prominent ingredient. Besides, Wiklund, 1999; Zahra, 1991; Zahra & Covin, 1995 reveal that organisations who illustrate more entrepreneurial strategic orientation perform better. Meanwhile, in order to maximize the effect of entrepreneurial orientation on organisational performance, the organisations must know how to strategize the activities for their organisational learning (Covin et al., 2006).

In the long run, according to Hart (1997) and Porter and van der Linde (1995) enviropreneurial outcomes lead to operational efficiencies through resources reduction while competitive advantage can be achieved through green technologies and product. Most corporate entrepreneurship activities are associated with organisations where entrepreneurial proclivity has a positive association with profitability and sales growth (Zahra, 1991, 1993b). Lumpkin and Dess (1996) and Miller (1983) are among the researchers that theoretically agree that entrepreneurship contributes to the organisations superior performance. In addition, Covin and Slevin (1986) empirically discover that entrepreneurial proclivity positively is related to the multi-item financial performance scale (sales, sales growth, cash flow, and return on equity, profit margin net profit and ROI).

In the long run, agility between people and other resources would lead to a sustainable competitive advantage (Prahalad & Hamel, 1990). Lastly, Hostager et al. (1998) indicate that an entrepreneur’s ability to identify environmentally friendly opportunities permit the organisations and theirs stakeholders to gain substantial economic and non-economic benefits. Thus, based on the backdrop discussion on marketing capabilities and organisational performance, it is postulated that:

Proposition 8: Marketing capabilities is related to organisational performance

2.15 Proposed Conceptual Framework

The framework proposes that the antecedents' namely social concern, economic concern and corporate citizenship culture would affect marketing capabilities. Marketing capabilities are the organisations' resources toward environmentalism (Aragon-Correa & Sharma, 2003) which consequently acts as a mediator on environmental marketing strategy performance (Menon & Menon, 1997; Menon et al., 1999; Sharma & Vredenburg, 1998; Banerjee et al., 2003; Baker & Sinkula, 2005). Thus, this study predicted that marketing capabilities variables would strongly mediate the relationship between the antecedents and organisational performance. The conceptual framework of this study is in line with the work of Banerjee, Iyer and Kashyap (2003); Baker and Sinkula (2005) and Maignan et al. (1999) which provided empirical evidence of the relationship between CSR orientations with performance.

2.16 Research Propositions

The conceptual framework of the study shows the relationship discussed in the above review. Below is the list of propositions of the study.

Proposition 1: Elements of social concern, economic concern and corporate citizenship culture are antecedents to CSR orientation

Proposition 2: Social concern is related to marketing capabilities

Proposition 3: Economic concern is related to marketing capabilities

Proposition 4: Corporate citizenship culture is related to marketing capabilities

Proposition 5: Marketing capabilities mediate the relationship between social concern and organisational performance

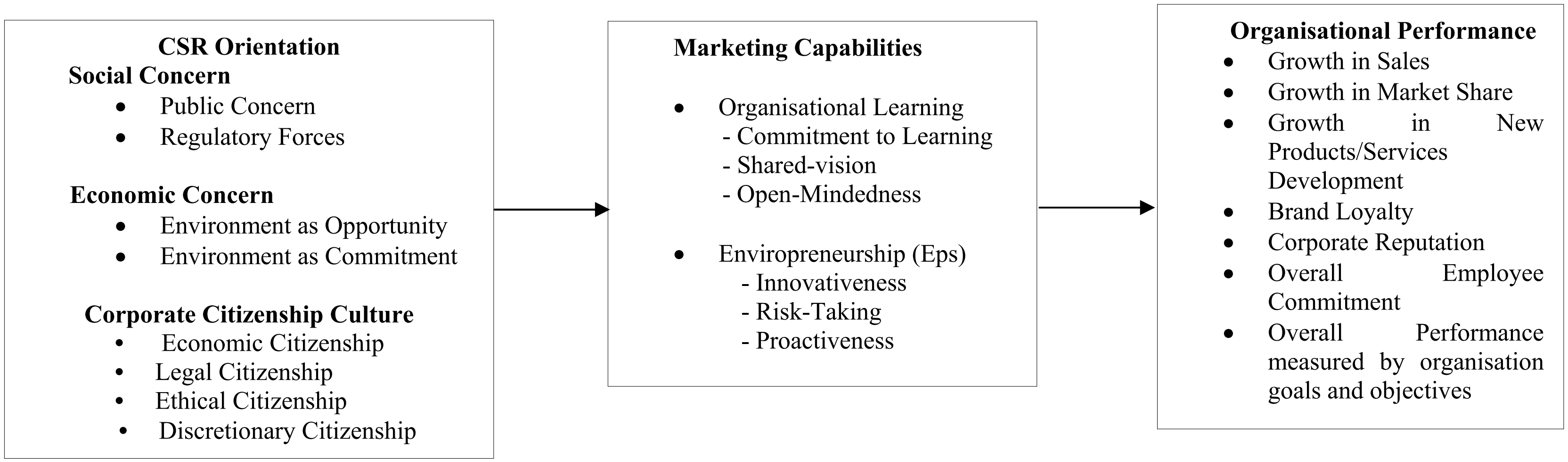
Proposition 6: Marketing capabilities mediate the relationship between economic concern and organisational performance

Proposition 7: Marketing capabilities mediate the relationship between corporate citizenship culture and organisational performance

Proposition 8: Marketing capabilities is related to organisational performance

Figure 2.1 Proposed Conceptual Framework

The Relationship between Corporate Social Responsibility Orientation, Marketing Capabilities and Organisational Performance



2.17 Chapter Summary

This chapter is to provide the framework for the study that was developed based on the review of literature. The purpose is to explore and test the organisational CSR orientation that might invoke to the development of marketing capabilities through stakeholder integration and the resource-based view perspectives which in turn would lead to a competitive advantage. All the variables: social concern, economic concern, corporate citizenship culture, marketing capabilities and organisational performance have been reviewed aggressively.

Corporate social responsibility (CSR) is the main theme for the study. Thus, the stakeholder approach and resource based view have been adopted as the theoretical underpinning for the study. In order for organisations to be competitive, they need to incorporate environmental issues into the strategic decision making by having social concern, economic concern, and corporate citizenship culture as the antecedents.