

The Causal Model of Green Marketing Strategy from View of Stakeholder Theory and Marketing Exchange

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Abstract: This research intended to be discussed in this study is those important antecedents included in companies' green marketing strategies under the view point of exchange between stakeholder theory and marketing exchange. The research architecture proposed in this study includes such three main dimensions as the management's commitment on environment, green culture of company and green strategy planning, among which green strategy planning can be divided into such two sub-dimensions as environmental corporate strategy and environmental marketing strategy. This study researched total 34 hotel practitioners in Taiwan, both local and international, and has taken composite hotels providing both accommodation and meals as the main objects. According to the analysis results of this study, after the possible influence of social desirability has been excluded, the management's commitments on environment have a significant positive influence on green culture of company and corporate environmental strategy, corporate green culture will have significant positive influence on environmental corporate strategy, corporate green culture plays a meditation part, and environmental corporate strategy will also have significant positive influence on environmental marketing strategy.

Key word: green marketing; green culture; stakeholder theory; marketing exchange; environmental marketing strategy

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1. Introduction

In the traditional concept of marketing exchange (Bagozzi, 1975), subjects of stakeholders of exchange are mainly companies and consumers. However, if natural environment, which can influence the corporation operation and survival of the society, is considered as an exchange subject with everyone's attention, stakeholder subjects exchanged in green marketing will include companies, consumers and natural environment (Chamorro & Banegil, 2006). Therefore, before achieving its economic target, a company will have to face the environmental protection pressure from the customers and be required to lower the impact to the natural environment in the course of exchange, so as to sustain continued existence of the society. If a company is willing to launch environmental friendly operations voluntarily, the company itself will also achieve sustainable operation environment, complete its social responsibilities, increase customers' reliance on and purchase of company, thus

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benefiting all the three parties.

Under this logic, it can be derived that the formation of companies' green marketing strategy and activities comes from corporate operators' intent to use their environmental protection achievements to gain acceptance of social values, so as to achieve economic and social objectives in tripartite exchange. However, a company's complete planning and execution of green marketing strategy and activities requires the involvement of all stakeholders, internal and external, of the company. Therefore, the history and causal model of green marketing may be investigated in a relatively complete architecture in virtue of the discussion of viewpoints of stakeholders (Freeman, 1984; Mitchell, Agle & Wood, 1997). This research intended to be discussed in this study is those important antecedents included in companies' green marketing strategies under the view point of exchange between stakeholder theory and marketing exchange.

2. Theoretical Background

2.1 Top Management Commitment of Green Marketing

In traditional marketing, the subjects of exchange include manufacturers and customers, while in green marketing they are manufacturers, consumers and the environment. The target of traditional marketing includes consumer satisfaction and target of the manufacturer, while in green marketing, the target is social responsibilities. In marketing strategy making, traditional marketing pays attention to phases from manufacture to use of products, while in green marketing, it pays attention phases from obtainment of raw material to post consumption phase. As to the requirements of ecological aspect, traditional marketing follows legal requirements, while green marketing surpasses legal requirements and customize around the environment. Finally, as to the requirements on green groups, traditional marketing adopts the attitude of confrontation or negativity, while green marketing adopts relationship of openness and cooperation (Chamorro & Bañegil, 2006)

It is known that, by deriving from the perspective of stakeholders, it could be more clearly learned factors to be included in the causal model of green marketing and about the difference between it and traditional marketing model. Firstly of all, Freeman (1984) defined stakeholders as "in an organization, stakeholders mean individual or group influencing or being influenced by the achievement of the organization's objective". Therefore, if an organization will have considerable reverse impact on the natural environment and ecology in its operation, stakeholders caring environmental protection will exercise its power as well the legitimacy of his relation with the company and propose dimensions such as urgency of his requirements, etc., to try to influence the organization with green ideas (Mitchell, Agle & Wood, 1997). Banerjee, Iyer & Kashyap (2003) used stakeholder theory to explain that the definition of environmental stakeholders is individuals or groups that may have influence on the company's achievement of environmental protection objectives or that will be influenced by whether such objectives have been achieved or not. Under this definition, environmental stakeholders may include regulatory makers, organization members, community members or media. The influence of these stakeholders on the organization will have direct impact on the senior management of the organization, and greening of the organization will then be influenced through senior management. Therefore, senior groups' support and faith in company greening will be the first step for a company to launch green marketing.

2.2 Green Culture

Organizational culture refers to assumption, values, beliefs and meaning systems shared by organization members, which is different from other organization (Levin, 2000). Besides integrating staff and guiding the

personnel to achieve some targets of the organization, it can also help the organization make appropriate rapid response to adapt to the outside environment. According to Chamorro and Bañegil (2006), green culture is an organizational culture, looking for a long term environmental performance in accordance with environment protection. Environment -oriented enterprises will shape the common value of organization through the culture, therefore producing environmental behavior. Banerjee, Iyer and Kashyap (2003) argued that corporate green culture will clearly show environmental responsibility in the company's mission, emphasizing the value, standards, that can reflect the ethical behavior of the internal enterprise to environmental protection and commitment to environment protection. The external reflection of a company's attention to its orientation of environment equals to the effect on major stakeholders. The more enterprise culture is of environmentally friendly spirit, the more likely it will be to invest more resources in environmental management, the more the environment will be guided by the spirit of enterprise value chain green to influence environmental performance.

Schein (1985) indicated that the formation of corporate culture comes from the beliefs and values of founder of the organization. Sathe (1985) argued that the leader and founder are the primary source of organizational culture, indicating that the company green decisions often requires a push from the highest level for the concrete implementation. Unite the consensus with other senior leaders together to forge a consensus to form a green corporate vision, develop environmental management plan, and allow enterprises to be more eco-friendly, to encourage organizations members to practice environmental behavior. Organizational green culture is culture shall be implemented by top-down, because in order to the organization member can be formed and rooted within the organization, recognition and support of top management must be obtained first, to influence the staff from within. Action like that can form the green culture. The first hypothesis is that that the management's commitments on environment have positive influence on the corporate green culture.

H₁: The top management's commitments on environment have positive influence on the corporate green culture.

2.3 Green Culture as a Mediator

Corporate environmentalism could be interpreted as corporate accept and integrate the concept of environmental protection in the corporate decision-making process. Banerjee (2002) divided corporate environmentalism into the corporate environmental orientation and environmental strategy focus, of which corporate environmental orientation refers to the opinion about corporate responsibility for the environment, and importance of awareness of companies about minimizing the environmental impact. Corporate environmental orientation is the corporate value, similar to the corporation green culture. Content of corporate environmental orientation, on the one hand can contain internal corporate values, behavior and ethical standards, and commitment to environmental protection, called the internal environment orientation. On the other hand it contains the awareness of manager about external stakeholders responding to their concerns which can be called as the external corporate environment orientation, from which we can know that the corporate green culture contains the relevant concept of internal corporate environment orientation. However, the main content of corporate green culture is about the spiritual delivery between values and cognition, while the measurement of internal corporate environment orientation giving much emphasis on guidelines and standards in the respect of behavior. Besides, scale development of corporate environmentalism is limited by operational capacity. The concept theoretical definition is too broad, and hard to be implemented practically (Menguc & Ozanne, 2005). Hence, it is necessary to redefine a suitable concept for the analysis of the concept of the internal environment orientation.

Environmental policy focus refers to the degree of integration of environmental issues to the strategic planning process, which is also divided by the policy hierarchy into corporate strategy focus and business/functional strategy focus. In corporate environmentalism, the enterprise environment orientation will positively affect the environmental policy focus construct. According to the study, it can be found that due to the internal corporate environment orientation are partial to measure of corporate values, so the impact on the environment corporate strategy is more significant. Conversely, the external corporate environment orientation emphasize much on the balance between environmental protection and various external stakeholders, therefore, most of such decisions will belong to the functional level, especially on the marketing decisions. Therefore, external corporate environment orientation will have a strong impact on environmental marketing strategies (Banerjee, Iyer & Kashyap, 2003). According to the above results, values and constructs of cognition level will be more applicable to the investigation of the influence of company's environmental spirit on strategy planning, and if investigation is carried out around corporate green culture, the influence relationship between each dimension will be more consistent with theoretical implications. Therefore, the H2 can be inferred. The corporate green culture will influence the degree of corporate green strategy positively, and corporate culture will primarily affect the company- level policy, while functional level strategy will be affected by the level of corporate level strategy

H₂: The corporate green culture has a positive influence on the degree of corporate green strategy.

H₃: Environmental corporate strategy has a positive influence on the degree of environmental marketing strategy.

Support from top management will improve the employees' eco-initiatives (Ramus & Steger, 2000), and the attitude of managers will also affect the preference of resource reducing activities of the organization (Flannery & May, 2000). Even in industries with strong environment impact (such as refinery or gas industry), different management interpretation of the manager on environmental issues (deemed as opportunities or threats on management) will affect the choice of strategy of manager, and different strategy selection will influence the content of subsequent environment management activities of the company (Sharma, 2000). Therefore, it can be reasonably believed that environmental commitment of top management will affect the development of green culture in the company and the progress of green strategy planning of the company, especially environmental protection strategy at corporate level. That means green culture plays a partial mediation between environmental commitment and corporate green strategy planning of the top management team. H4 is proposed concerning the extent of positive influence of the management's commitment on environmental corporate strategy.

H₄: The top management's commitments on environment have a positive influence on environmental corporate strategy.

3. Research Method

The research architecture shows as Figure 1. Since environmental protection issues are susceptible to social desirability, this study controls social desirability dimension and eliminate joint influence and effect of social desirability on other study dimensions. The social desirability dimension uses Scale SDRS-5 developed by Hays, Hayashi and Stewart (1989). There are 5 questions in total, among which question No. 2, 3 and 4 are reverse questions and may be used to determine the effectiveness of respondents' completion.

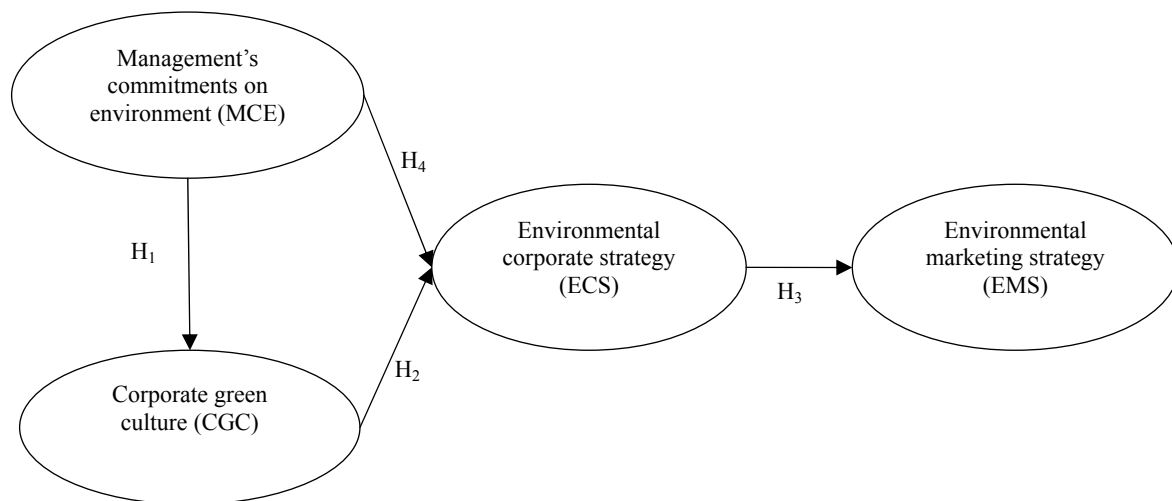


Figure 1 Research Model of Green Marketing Strategy

Note: Social desirability is the control variable

The definition of social desirability is that an individual, based on the social code he perceived, answers the question with his favorite method, trying to express himself instead of his real feelings (Roper & Parker, 2008). Questions of this section are not related to environmental protection and are able to clear the dependency of consumers' answers on variable questions and to separate questions of measure which depend on dependent and independent variables. Since consecutive questions of measure will have the respondents measure the dimension with similar methods and thus cause similarity between measures of questions by same method variance. If the respondents have to spend more time and effort on separate questions not related to the respondents, method variance caused by common method will be reduced (Feldman & Lynch, 1988).

The definition of the management's commitment on environment is that top management of the company, under the environmental protection requirement of external stakeholder, is willing to promote and support the progress of green internal operation and activities, so as to guide the environmental values and environmental protections of internal stakeholders. This study has introduced 3 questions of measure developed by Banerjee, Iyer and Kashyap (2003). This study defines green culture of company as a kind of environmental thinking and faith in corporate culture which change and influence the behavior of individuals and organizations unobtrusively and imperceptibly. An organization's awareness and attitude about environmental protection will also affect its objective, strategy, operational mode and strategy making behavior, etc., having the organization and member of all levels show their environmental protection spirit in daily operation activities. Revision (i.e., Fraj, Martínez & Matute, 2011; Bastič & Gojčič, 2012) has been made after reference to environmental protection scale provided by relevant literature, and total 8 questions of measure were developed to fit the green corporate culture dimension defined by this study.

In the section of corporate green planning, this study will carry out assessment using the scale developed by Banerjee, Iyer and Kashyap (2003). The scale includes two sub concepts, respectively being environmental corporate strategy (4 questions) and environmental marketing strategy (3 questions). Environmental corporate strategy is defined as environmental strategy planning at corporate level, which belongs to objective planning of internal integrity; environmental marketing strategy is defined as environmental strategy planning at function

level, which belongs to external objective planning of marketability. All of the above questions of measure are measured in Likert 5 point scale, and two open questions are designed in the questionnaire requiring the respondents to fill in their employer and title.

This study researched total 35 hotel practitioners in Taiwan, both local and international, and has taken composite hotels providing both accommodation and meals as the main objects. Hoteliers to be researched must be legally registered by the government and have considerable operation scale. Self-run hoteliers without registration or small hoteliers without brand effect were not considered. Questionnaires were distributed in both paper and network, and 34 effective questionnaires were fed back. There was 1 invalid questionnaire which was filled by non-managerial personnel and was therefore not included in subsequent statistical analysis.

4. Analysis

This study includes 5 dimensions in total, namely environmental protection commitment of top management (mean = 2.71, S.D. = 1.23), corporate green culture (mean = 2.75, S.D. = 1.20), green strategy planning (mean = 2.68, S.D. = 1.10), corporate strategy of environmental protection (mean = 2.69, S.D. = 1.24), and environmental protection marketing strategy (mean = 2.68, S.D. = 1.02) as well as social desirability of control variables. The reliability value of each dimension is above 0.94, and relevant coefficient, after controlling the influence of social desirability, is between 0.60~0.85, which has achieved the significance level of 0.001. That means the theoretical dimensions to be studied are highly relating, thus satisfying the necessary condition for causal relation inference.

In the section of regression analysis, this study has sequentially tested the influence relation from H1 to H4, and has added social desirability dimension in the regression mode as control variable. Regression mode 1 analyzed the influence of the management's commitment on environment on green culture, and according to the analysis, the influence coefficient β was 0.95 ($t = 16.75$, $\alpha < 0.001$), having achieved the traditionally suggested significance level of 0.5. Regression mode 2 measured the influence of social desirability as the control variable, and the results shown that the influence of social desirability on green culture had not reached the significance level ($\beta = -0.05$, $t = -0.43$, $\alpha = 0.67$) and that the influence ability of the management's commitment on environment ($\beta = 0.98$, $t = 8.99$, $\alpha < 0.001$) had not been obviously affected, indicating that social desirability had not influenced the causal relation derived by this study. The above analysis results proved the influence relationship derived by H1.

Regression mode 3 analyzed the influence of the management's commitment on environment on strategy of environmental corporate strategy, and the result shown that the influence coefficient $\beta = 0.95$ ($t = 17.43$, $\alpha < 0.001$). This was the basic comparison mode. Regression mode 4 added influence analysis after green culture dimension. The coefficient of influence of the management's commitment on environment and green culture on corporate strategy of environment was respective $\beta = 0.57$ ($t = 3.64$, $\alpha < 0.01$) and 0.40 ($t = 2.52$, $\alpha < 0.05$), the influence of the management's commitment on environment decreases as the addition of green culture dimension, indicating that green culture may be the mediating variable between them (Baron & Kenny, 1986). Regression mode 5 was the measurement of social desirability as the control variable, the analysis results showed that social desirability's influence on the strategy planning of environmental protection companies had not reached the level of significance ($\beta = 0.14$, $t = 1.49$, $\alpha = 0.15$), and the influence of the management's commitment on environment ($\beta = .44$, $t = 2.42$, $\alpha < 0.05$) and green culture ($\beta = 0.42$, $t = 2.67$, $\alpha < 0.05$) had not been affected, indicating that social desirability had not influenced the causal relation derived by this study. The above analysis results had

proved the influence relationship derived from H2 and H4. The inference that green culture of company and the management's commitment on environment has positive influence on the corporate strategy on environment is supported, and that green culture serves as partial meditation variable for the influence of the management's commitment on environment on corporate strategy on environment is supported.

Regression mode 6 analyzed the influence of environmental companies' strategy on environmental strategy of marketing, and the result shown that the influence coefficient $\beta = 0.82$ ($t = 8.22$, $\alpha < 0.001$). Regression mode 7 measured the influence of social desirability as the control variable, the analysis results showed that social desirability's influence on environmental strategy of marketing had not reached the level of significance ($\beta = 0.02$, $t = 0.13$, $\alpha = 0.90$), and the influence of environmental companies' strategy ($\beta = 0.80$, $t = 4.22$, $\alpha < 0.001$) had not been affected. The above analysis results proved the influence relationship derived from H3. The inference that environmental companies' strategy has a positive influence on the environmental strategy of marketing supports the empirical data. The above results of regression analysis and information of explanatory power are shown in Table 1.

Table 1 Statistic of Regression Model

Dependent variable	Model 1 DV: CGC	Model 2 DV: CGC	Model 3 DV: ECS	Model 4 DV: ECS	Model 5 DV: ECS	Model 6 DV: EMS	Model 7 DV: EMS
Independent variable							
MCE	0.95 ^{***} (16.75)	0.98 ^{***} (8.99)	0.95 ^{***} (17.43)	0.57 ^{***} (3.64)	0.44 [*] (2.42)		
CGC				0.40 ^{**} (2.52)	0.42 [*] (2.67)		
ECS						0.82 ^{***} (8.22)	0.80 ^{***} (4.22)
Social desirability		-0.05 ^{n.s.} (-0.05)			0.14 ^{n.s.} (1.49)		0.02 ^{n.s.} (0.13)
R ²	0.90	0.90	0.91	0.92	0.93	0.68	0.68
F-value	280.69	136.84	303.74	180.36	125.70	67.48	32.71

Note: Number of the table is β coefficient (standard regression coefficient) and t-value shows in parentheses. ^{***} means β coefficient achieve .001 significant level; ^{**} means β coefficient achieve .01 significant level; ^{*} means β coefficient achieve .05 significant level; ^{n.s.} means β coefficient is non-significant. MCE is management's commitments on environment. CGC is corporate green culture. ECS is environmental corporate strategy. EMS is environmental marketing strategy. Social desirability is the control variable.

5. Discussion

It can be known from the discussion of stakeholder theory and viewpoints of marketing exchange that, to from an environmental marketing strategy in a company, it is a must to start promotion from the top management and then nurture the value of the entire employees so as to create a corporate strategy featuring environmental protection and to have the environmental marketing strategy practiced. This is consistent with the empirical result. However, in the past studies corporate green culture is considered as a part of the corporate environmental orientation, which makes it very easy to ignore the influence of nurturing of environmental values on strategy planning and as a result leads to the inference with behavior orientation as cause and strategy planning. By investigation of development and theory in the green culture dimension, this study expects to enrich the content of causal relationship model of environmental marketing strategy.

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