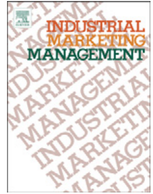
Industrial Marketing Management 45 (2015) 151–161

Contents lists available at ScienceDirect

Industrial Marketing Management



Developing an eco-capability through environmental orientation and organizational innovativeness

Colin B. Gabler [a,*], Robert Glenn Richey Jr. [b,1], Adam Rapp [c,2]

[a] Department of Marketing, College of Business, Copeland Hall 530, Ohio University, Athens, OH, 45701, United States
[b] Morrow Faculty Excellence Fellow, Department of Marketing, Culverhouse College of Commerce and Business, PO Box 870225, Tuscaloosa, AL 35487, United States
[c] Jones Chair of Services Marketing, Department of Management and Marketing, Culverhouse College of Commerce and Business, University of Alabama, PO Box 870225, Tuscaloosa, AL 35487, United States

ARTICLE INFO

Article history:
Received 18 May 2013
Received in revised form 4 September 2013
Accepted 4 March 2014
Available online 12 March 2015

Keywords:
Eco-capability
Environmental orientation
Organizational innovativeness
Resource-based view
Dynamic capabilities

ABSTRACT

Green marketing has become increasingly prevalent, however, generating profits through green marketing has not. Although firms continue to adopt environmental strategies, they struggle to gain a competitive advantage. This study sheds light onto this discrepancy by introducing the concept of an eco-capability, as well as two antecedents instrumental to its formation (i.e., environmental orientation and organizational innovation). Applying the resource-based view of the firm and dynamic capabilities literature, we investigate this eco-capability which fully leverages a firm's human, business, and technology resources. Using survey data from marketing managers across fourteen industries, we estimate a Latent Moderated Structural model that provides support for these three resource components. Environmental orientation and organizational innovativeness are found to be predictors of this eco-capability. Their interaction is also significant, which suggests that a firm that it is both environmentally oriented and innovative is most likely to develop an eco-capability. Finally, we demonstrate that an eco-capability is positively related to two strategic outcomes — market and financial performance, as well as the perceived quality of the firm's offering.

© 2015 Elsevier Inc. All rights reserved.

1. Introduction

Whether or not business can lead the charge to a sustainable society depends on a simple question: can companies be both environmentally-friendly and profitable, or is it a 'one-or-the-other' (Polonsky & Rosenberger, 2001) scenario? With an increasing number of CEOs acknowledging the importance of sustainability to the future of their businesses (Lacy, Haines, & Hayward, 2012), firms are beginning to consider more environmentally focused strategies (Peattie, 2001; Sharma & Iyer, 2012). For instance, in 2011, 69% of firms worldwide disclosed some kind of environmental impact data, up from 50% in 2007 (Makower, 2013). Researchers across business disciplines have argued the positive impact of these strategies (Sharma, Iyer, Mehrotra, & Krishnan, 2010); however, many firms have not experienced the financial gains necessary to make the shift worthwhile (Lubin & Esty, 2010). The 'holy grail' of the green marketing literature – that is, environmental initiatives that positively impact firm performance – has been studied theoretically and empirically, with neither providing consistent results (e.g., Cantor, Morrow, McElroy, & Montabon, 2013) to justify or inform their implementation.

Scholars agree that research is needed to determine how to make environmentally-focused, or green, initiatives profitable. Such an understanding is essential if sustainability is to transition from a special interest topic to a pervasive business norm (Lirn, Wu, & Chen, 2013). Similarly, managers want to know which resources are key to creating a marketplace advantage. Academics and practitioners alike, therefore, agree upon the need for environmentally-focused measures, as well as a deeper understanding of how they impact firm performance (Chabowski, Mena, & Gonzalez-Padron, 2011) and competitive advantage (Banerjee, Iyer, & Kashyap, 2003). Although environmental orientation has emerged as an important construct in this regard, it alone falls short in identifying the full impact of a firm's environmental practices. Cronin, Smith, Gleim, Ramirez, and Martinez (2011) agree, suggesting that research has yet to establish a sound link between environmental strategy and performance. Further, while innovation and green technology go hand-in-hand, there is no consensus that stakeholders even consider green products to be 'innovative,' which leads to ambiguous and often undervalued results (Cronin et al., 2011). Together, these points highlight two substantive gaps in the literature. Little is known about (1) how firms determine and utilize the

* Corresponding author. Tel.: +1 740 593 2024; fax: +1 740 597 2150.
E-mail addresses: gabler@ohio.edu (C.B. Gabler), richey@cba.ua.edu (R.G. Richey), arapp@cba.ua.edu (A. Rapp).
[1] Tel.: +1 205 310 5973; fax: +1 205 348 6695.
[2] Tel.: +1 205 348-7420; fax: +1 205 348 6695.

http://dx.doi.org/10.1016/j.indmarman.2015.02.014
0019-8501/© 2015 Elsevier Inc. All rights reserved.

proper resources to maximize the performance of environmental initiatives, and (2) the role that organizational innovation plays in such initiatives.

Using the resource-based view of the firm (RBV) and dynamic capabilities literature, we integrate theory and findings on organizational orientation and innovation to better understand the drivers of firm success associated with environmental initiatives. We posit that by leveraging these two key resources, firms can create what we refer to as an *eco-capability*, comprised of human, business, and technology components. An eco-capability has the potential to pay dividends in terms of firm financial and market performance, as well as the perceived quality of its offerings. Further, we consider how environmental orientation and organizational innovativeness interact to influence a firm's eco-capability. We conclude with practical implications for management as well as directions for future research.

2. Theoretical background

2.1. Resource based view of the firm

RBV is often the foundation for marketing strategy research because of the relationship between resource deployment and performance (e.g., Barney, 1986, 1991; Peteraf, 1993). It is particularly well-suited to investigations involving green strategy and sustainability (Hult, 2011). A central tenet of the RBV is that firms can enjoy a competitive advantage by acquiring and leveraging a bundle of valuable resources (Day & Nedungadi, 1994). A resource refers to any asset, piece of information, attribute, or process that allows a firm to develop and implement strategies that increase efficiency or effectiveness (Barney, 1991). Operand resources are static entities such as building equipment or warehouse space that do not produce any value unless acted upon. Operant resources, such as employee values and service climate, are abstract, dynamic, and complex (see Madhavaram & Hunt, 2008; Vargo & Lusch, 2004, 2008). Not only are operant resources intrinsically valuable by themselves, but their application is necessary to derive any value from operand resources (Vargo & Lusch, 2004, 2008).

As the natural environment becomes a strategic issue, it offers a potential source for firm differentiation. While the RBV explicitly considers external factors such as political and economic conditions, it fails to incorporate the physical environment (Stead & Stead, 1992). Hart (1995) addressed this important omission. Following the traditional RBV perspective, he posited that firms could create a competitive advantage by matching organizational resources and external conditions, including the natural environment. He also viewed the natural environment as not just a key stakeholder, but as a source of competitive advantage for savvy firms.

2.2. Dynamic capabilities

Extending from RBV, dynamic capabilities research focuses not on firm resources per se, but on how well firms create new resources or modify existing ones to meet their goals (Eisenhardt & Martin, 2000; Helfat & Peteraf, 2003). Although there is considerable overlap between resources and capabilities, Teece, Pisano, and Shuen (1997) make a clear distinction: a resource represents a tangible stock of available factors a firm controls, whereas a capability represents a firm's ability to deploy those resources for some desired outcome. While resources are available to all firms, capabilities are unique and particular to each firm (Day & Nedungadi, 1994). Further, although a resource may be difficult to imitate, a capability, by definition, cannot be duplicated without the transfer of ownership of the firm itself (Makadok, 2001). Firms may, however, convert a resource into a capability by embedding it within the organization or its marketing strategy (e.g., Zott, 2002). The distinction between a resource and a capability, then, hinges not on possession but on application and utilization (Ngo & O'Cass, 2009). A true capability improves or optimizes the productivity of other resources (Amit & Shoemaker, 1993), which, in turn, strengthens the firm's overall performance. In this way, a capability reflects the ability to transform a common resource into a valuable offering (Day & Nedungadi, 1994; Teece et al., 1997).

A capability is considered dynamic when it enhances a firm's ability to make decisions, solve problems, identify opportunities and threats, and modify existing resources (Barreto, 2010). Dynamic capabilities, accordingly, represent a firm's ability to build and reconfigure resources to respond to changes in the competitive marketplace (Teece et al., 1997). A firm with a dynamic capability is more adept at handling uncertain competitive or industry forces and better positioned to respond with the creation of new products and services (Teece & Pisano, 1994). Such dynamic capabilities are instrumental in the development and maintenance of a core competency that is rare, unique, non-substitutable, and difficult to imitate and acquire by competitors (Hunt & Morgan, 1996). In sum, the pivotal point in the dynamic capabilities literature is that firms compete based on this ability to create value from resources (Prahalad & Hamel, 1990).

3. Building an eco-capability

Sustainability refers to the idea that, as a society, our actions will meet our current needs and not compromise the ability of future generations to meet their own needs (WCED, 1987). Its focus is on the continual growth of the natural ecosystem system with interrelated human systems (political, business, social, and economic) without the loss or destruction of one system for betterment of another. Recently, Nidumolu, Prahalad, and Rangaswami (2009) predicted that sustainability would be the driver of new product development for the foreseeable future. Indeed, there is increasing innovation and new product development in green sectors such as energy conservation, recycling and remanufacturing, renewable energy, and pollution reduction (Bing, Groot, Bloemhof-Ruwaard, & van der Vorst, 2013; Lubin & Esty, 2010; Pujari, Peattie, & Wright, 2004). But for most firms, these resources have not translated to capabilities (Nidumolu et al., 2009), which represents a considerable gap and a pressing challenge for marketing scholars.

Hart (1995) suggests that a firm can develop a capability based on its interaction with the natural environment. Banerjee (2002) and Banerjee et al. (2003) have taken concrete steps in this direction, but the broad nature of their constructs limits their applicability for managers (Menguc & Ozanne, 2011). Marcus and Anderson (2006) describe an environmental capability with four factors, but because two of the factors deal with recycling behavior, it may more accurately describe a reverse logistics capability (Turrisi, Bruccoleri, & Cannella, 2013). Building upon the aforementioned studies as well as the work of Powell and Dent-Micallef (1997), which has also been leveraged in the development of both a sales management capability (Rapp, Trainor, & Agnihotri, 2010) and an e-Marketing capability (Trainor, Rapp, Beitelspacher, & Schillewaert, 2011), we advance the notion of an *eco-capability*.

Based on the WCED's (1987) definition of sustainable development, the first goal of an eco-capability would be to minimize the firm's ecological impact. Drawing from the capability literature, an eco-capability would: (1) embed the environmental resources within the firm so that they are inseparable from the firm itself (Teece, 2009), and (2) use these resources to enhance the productivity of other firm resources (Helfat & Peteraf, 2003). An eco-capability, then, is a multidimensional construct hinging on the possession, application, and utilization of proper resources that reduces ecological impact while creating value and increasing firm performance (Ngo & O'Cass, 2009). Building from Powell and Dent-Micallef (1997), we define an eco-capability as a firm's capacity to deploy environmental human, business, and technology resources to enhance firm performance and conserve the natural environment.

Download English Version:

https://daneshyari.com/en/article/7432992

Download Persian Version:

https://daneshyari.com/article/7432992

Daneshyari.com