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**A MULTI-STAKEHOLDER PERSPECTIVE ON SUSTAINABLE
MARKETING**

Studying business–society relations through action research



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Abstract

This licentiate thesis is concerned with the discussion on business–society relations that has been taking place within the discipline of marketing. Although there has been extensive research on marketing’s relationship with society and the natural environment, the focus has predominantly been on exploring ways to integrate social and environmental concerns into the objectives of marketing strategy.

In this study, the author argues that this research approach shows two main limitations. The first limitation is grounded in the belief that sustainability can be studied from the perspective of the single firm. It is assumed that stakeholders are isolatable actors, independent from each other, clearly identifiable and whose interests can be considered in marketing decisions. This particular view contributes to a detachment from the socio-cultural context in which market activities and interactions between humans and nature take place. The second limitation is an excessive reliance on technical and managerial expertise to address environmental and social issues. While this view suggests that marketers are competent enough to determine what is right and fair for society, it neglects the practical knowledge (re-)produced in the marketplace through multi-stakeholder interactions.

This thesis aims to contribute to a more nuanced understanding of the complexities of an environmentally enlightened and socially responsible approach to marketing by taking a critical perspective on sustainable marketing. To that end, the author works towards a theoretical and methodological framework that helps answer the following research questions: how is the notion of sustainability (re-)defined through multi-stakeholder relationships and interactions within a marketing context?

Theoretically, the framework draws on cultural marketing, environmental ethics and critical approaches to sustainable marketing and stakeholder theory. These theoretical premises help to look into sustainability as a social construction continuously redefined through stakeholder interactions. Methodologically, the framework draws on action research, which allows to study sustainable marketing within a real-life socio-cultural context and to build theories from practice. While the framework is illustrated by presenting preliminary findings from an action research study on sustainable tourism service development in a small business network, this study is theoretical in nature. Finally, the author discusses theoretical, managerial contributions and implications for future research.

Keywords: Sustainable marketing, social responsibility, stakeholders, action research

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1 Introduction

In 1987, the publication of the Report “Our Common Future”, in which sustainable development is defined as “development that meets the needs of current generations without compromising the ability of future generations to meet their own needs”, revived the discussion on the role of business in society (World Commission on Environment and Development 1987, 8). Since then, the notions of social responsibility and sustainability have become important principles for assessing business activities and social development. These issues have developed further through business and political initiatives, such as the Rio Declaration on Environment and Development in 1992 and Johannesburg summit in 2002. In a similar vein, at the beginning of the 21st century, the European Council in Lisbon made a special appeal to the companies’ sense of social responsibility regarding best practices for sustainable business development and further encouraged debate by publishing several official documents on the topic (European Commission 2001; 2002). Over the years, sustainability and social responsibility have thus become part of the daily business rhetoric, and an extensive body of both scholarly and practitioner oriented literature has emerged on the topic (see Doane 2005; Wilenius 2005). While both notions may slightly differ in focus and scope (e.g. role of stakeholders, temporal span), sustainability and social responsibility are closely connected (Korhonen 2003; Steuer et al. 2005; van Marrewijk 2003), allowing me to use them interchangeably in the context of the present study.

Much of the discussion on these notions has revolved around such terms as corporate social responsibility¹ (CSR), corporate citizenship² (CC), green

¹ The European Commission (2002) defines corporate social responsibility as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”

marketing³ and sustainable marketing in particular (Carroll 1998; Carroll 1999; Maignan & Ferrell 2004; Matten & Crane 2005; Matten et al. 2003; Peattie & Crane 2005; Rondinelli & Berry 2000). In this literature, CSR and CC are usually discussed in terms of four types of responsibilities: the economic responsibility to be profitable; the legal responsibility to conform to the laws of society; the ethical responsibility to do what is right, just, and fair; and the philanthropic responsibility to contribute to various kinds of social, educational, recreational, or cultural purposes (Matten & Crane 2005). And green or sustainable marketing is generally considered as a kind of socially responsible and ethical form of marketing that represents progress towards sustainability (Crane & Desmond 2002; Peattie & Crane 2005), that is, a desired situation in which humans are able to live and work in ways that can be maintained for decades and generations without depleting or causing harm to our environmental, social and economic resources (Doppelt 2003; Hawken 1994). In sum, social responsibility – in terms of ethical and philanthropic responsibilities – and sustainability can be regarded as voluntary company activities with a common purpose – namely, to include the social and environmental concerns of stakeholders in business decision making (see van Marrewijk 2003).

Despite the wide acceptability of these terms, this does not mean that the integration of social and environmental concerns into business operations is simplistic or uncontroversial. Indeed, the very notions of sustainability and social responsibility have remained ambiguous both in theory and practice (see Doane

² Matten and Crane (2005): “CC describes the role of the corporation in administering citizenship rights for individuals. Such a definition reframes CC away from the notion that the corporation is a citizen in itself (as individuals are) and toward the acknowledgement that the corporation administers certain aspects of citizenship for other constituencies. These include traditional stakeholders, such as employees, customers, or shareholders, but also include wider constituencies with no direct transactional relationship to the company.”

³ Mintu and Lozada (1993) define green marketing as “the application of marketing concept and tools to facilitate exchanges that satisfy organizational and individual goals in such a way that the preservation, protection, and conservation of the physical environment is upheld.”

2005; Dryzek 2005; Loeber 2003; Sanz López & Sánchez Alhama 1998; van Marrewijk 2003). Moreover, definitions and conceptual models that take a societal approach are often implemented as managerial techniques by using standard tools, such as the traditional marketing mix, environmental management systems (e.g. EMAS, ISO 14000, SA8000, forthcoming ISO 26000) and reporting practices (see e.g. Doane 2005; Fuller 1999; Kotler & Lee 2005; Sirgy & Lee 2008). Sustainable marketing, for instance, has been regarded as a managerial technique for helping marketers respond to growing concerns about ecological degradation and social inequity. As a strategic goal, however, the idea of sustainability tends to remain open to multiple interpretations, taking different meanings in different political, socioeconomic and moral contexts, which the traditional approach to sustainable marketing has not been able to capture (see Cairncross 1993; Crane 2000; Crane & Matten 2004; Meriläinen et al. 2000; Moisander 2001).

In effect, the issues underlying sustainability are too complex – theoretically and morally – to be observed from a unilateral perspective (marketer or customer), as is usually the case in mainstream marketing. Sustainability relies on the different meanings it takes on among different interest groups within society. While marketers may see it as a new way of business development or growth, environmentalist and Third-World advocates associate it with intrinsic values of nature and global redistribution respectively (Dryzek 2005; Hemmati 2002). In this regard, sustainability becomes a discourse (about fundamental meanings and values) that requires looking into from multiple perspectives. Consequently, it is one of the premises of this licentiate thesis that the judgment and interpretation of business–society relations cannot be based solely on the wisdom of experts on judging and defining business–society relations (see Beck 1999). So far, this kind of elitist knowledge has failed in helping marketers to holistically realize the interrelationship of their daily activities with the natural environment and human social systems.

It is in this sense that I argue in this thesis that the managerial approach to sustainable marketing, which relies mainly on the basic assumptions of the marketing concept, shows considerable limitations in addressing business–society relations. Indeed, due to the reductionist managerial orientation and the strong focus on rational processes inherited from the industrial modernization (Beck 1999; Kilbourne & Beckmann 1998), sustainable marketing fails to recognise and thus explain the complex social and cultural context in which business and other members of society (re-)produce, maintain, negotiate, resist and transform values and meanings about sustainability (see Moisander 2001; Moisander & Valtonen 2006b; Peñaloza & Venkatesh 2006). In line with Dryzek (2005, 8), I argue that the complexity of sustainability refers to the vast number of socio-cultural elements and interactions found at the intersection of two manifold and multidimensional systems, the ecosystem and the human social system. *Reductionism* is reflected in the scope of sustainable marketing that is limited to the perspective of the marketer who does things to environmentally and socially concerned customers, segments them, distributes and promotes to them in order to maximize the firm's objectives (see Peñaloza & Venkatesh 2006; Vargo & Lusch 2004). Accordingly, it implicitly, if not explicitly, assumes that the market is separable into isolated units that can be studied and understood on their own and then put together to give a picture of the whole. From the perspective of sustainable marketing, this can be considered a problem, since it leads to a detachment from the social and cultural context in which market activities and interactions between humans and nature take place.

In a similar manner, *rationalism* manifests itself in the strong reliance of sustainable marketing on technical, scientific and managerial expertise to address environmental and social issues. According to this, it is assumed that those at the top (e.g. managers, engineers, scientists), where the expertise is centralized, know better than those at lower levels (see Dryzek 2005; Jamal et al. 2003). This represents a serious limitation to the practical implementation of more sustainable

marketing practices since it neglects the knowledge dispersed among the different market constituencies. Consequently, I suggest here that to better understand the relationship between business and society it is necessary to shift attention towards the knowledge and subjective understanding that is created and continuously recreated at the market level through multi-stakeholder interactions. Particular attention is thus given to the implications of stakeholding to sustainable marketing theory. However, the stakeholder notion used here is consistent with the idea of “*multi-stakeholder processes*” suggested by Hemmati (2002). In her drive to re-orient stakeholder thinking, she has drawn attention to the study of stakeholding processes and the wealth of subjective perspectives, knowledge and experiences they bring in. Hence, by taking a multi-stakeholder perspective this study moves away from the prevailing managerial approach to stakeholder theory that aims to find an appropriate balance between stakeholder interests and firm interests.

The point of departure of this thesis is, as discussed above, the current debate on social responsibility that is taking place within the discipline of marketing. Drawing particularly from cultural marketing (see Firat & Venkatesh 1995; Moisander & Valtonen 2006b; Peñaloza 2000) and critical studies in the fields of stakeholder theory (see Buchholz & Rosenthal 2005; Hemmati 2002; Wicks et al. 1994), sustainable marketing and environmental management (see Crane & Desmond 2002; Kilbourne 1998; Meriläinen et al. 2000; Moisander 2001; Pesonen 2006; Starkey & Crane 2003), this study looks into social responsibility and sustainability as social constructions continuously redefined through multi-stakeholder dialogues, interactions and relationships. In particular, I agree with Moisander (2001) that the basic assumptions of the marketing concept, on which sustainable marketing largely relies, are insufficient for studying the notions of sustainability and social responsibility that are inherently culturally and socially embedded.

In order to study sustainability as a social construction, I draw on action research as a methodological approach. Thus, this thesis also contributes to the current discussion and debate about the need of introducing new theories and ways of doing research in the context of sustainable marketing and social responsibility as a whole (e.g. Crane 1999; Kilbourne et al. 1997; Meriläinen et al. 2000; Moisander 2001; Montoro 2003). It should, however, be noted that this debate does not focus only on the limitations of traditional research methods in gathering relevant information or on the unsuitability of these methods in considering tacit knowledge, as Michael Polanyi (1967) would argue. Moreover, the question of methodology and theoretical development is seen as vital for re-evaluating the taken-for-granted view of environmental and social problems and for critically inquiring into the role of marketing and consumption within the sustainability discussion (see Moisander 2001). Especially, there is a need for methodologies that allow researchers to study the relationship between marketing and the phenomenon of sustainability in a real-life socio-cultural context and subsequently to build theories out of the empirical data (see Schultz & Hatch 2005). This kind of theoretical development is regarded as necessary to build up a more holistic understanding of sustainability in marketing and thus overcome the difficulties found in its practical application.

The overall purpose of this licentiate thesis is to contribute to a more nuanced understanding of the complexities of an environmentally enlightened and socially responsible approach to marketing by taking a critical perspective on sustainable marketing theory and the role of business in society. To that end I aim to work towards a theoretical and methodological framework that helps answer the following research question: *“How is the notion of sustainability (re-)defined through multi-stakeholder relationships and interactions within a marketing context?”* In line with Alasuutari (1996, 373), I use the term “framework” to denote the set of ontological and epistemological premises that can enable us to

study sustainability as a marketplace phenomenon. Therefore, despite the presentation of some preliminary empirical results, this thesis remains theoretical in nature. The theoretical and methodological framework is elaborated and illustrated by answering the following sub-questions:

1. *What are the theoretical premises and challenges underlying the conceptual development of sustainable marketing?*
2. *How do ethical principles contribute to the diversity of stakeholder views?*
3. *How does action research contribute to studying sustainability from a multi-stakeholder perspective?*
4. *How does reflection on multi-stakeholder interactions contribute to translating the notion of sustainability into business practice?*

While these questions are addressed separately in the four essays included in this thesis (Chapters 2-5), the next sections of this summary answer them by drawing together and refining the key findings of the essays. Section 1.1 examines and criticizes, to some degree, the theoretical underpinnings of sustainable marketing, paying attention especially to the stakeholder approach emerging in this research field. Section 1.2 draws attention towards action research which is seen, in this thesis, as a methodological approach offering an alternative way of conceptualizing business–society relations and dealing with environmental and social issues within a marketing context. In section 1.3, the empirical context of this research is outlined by first examining the links between product development, small service firms and networking from a sustainability perspective and then illustrating the action research study through which it was possible to obtain the preliminary results presented in this thesis. The action research study was launched and supported by “Equality Trail” a project funded by the European Social Fund –

EQUAL Community Initiative – and co-ordinated by the University of Lapland (see Ahola et al. 2008). Section 1.4 presents the essays with their key arguments in relation to the sub-question they intend to address. Finally, theoretical, methodological and managerial contributions, research limitations and implications for further research are discussed in the last chapter of this thesis.

1.1 Sustainable marketing: looking beyond the basic assumptions of the marketing concept

The environmentally enlightened and socially responsible approach to marketing has been discussed and debated among marketing scholars and practitioners for the last decades (see Crane 2000; Kilbourne & Beckmann 1998). The approach first emerged in the United States under the labels, societal marketing⁴ (Kotler 1972) and ecological marketing⁵ (Henion & Kirner 1976). Later, other terms such as environmental marketing⁶, green marketing and sustainable marketing – generally used as synonyms – were introduced with the purpose of describing and fine-tuning this form of marketing that aims at addressing social and environmental concerns (see Peattie & Crane 2005). I chose to use the term sustainable marketing in this thesis to keep a language that can easily be related to the study of marketing's relationship with society and the natural environment. Indeed, in contrast to other labels used in the marketing literature such as green, environmental and societal, the label sustainable includes implicitly – if not explicitly – both social and environmental aspects. Despite the initial recognition that the consideration of

⁴ Kotler (1972): “the societal marketing concept calls for a customer orientation backed by integrated marketing aimed at generating customer satisfaction and long-run consumer welfare as the key to attaining long-run profitable volume.”

⁵ Henion & Kinnear (1976): “Ecological Marketing is concerned with all marketing activities: that serve to help cause environmental problems, and that may serve to provide a remedy for environmental problems.”

⁶ Coddington W (1993): “Environmental marketing refers to the marketing activities that recognize environmental stewardship as a business development responsibility and business growth opportunity.”

social and ecological issues require marketers to see marketing as a social process going beyond the scope of the firm (e.g. Bartels 1974; Fisk 1973; 1974), sustainable marketing has been viewed as a simple managerial and microeconomic activity (Kilbourne 1998). For instance, according to Fuller (1999, 1): “*Sustainable marketing refers to the process of planning, implementing, and controlling the development, pricing, promotion, and distribution of products in a manner that satisfies the following three criteria: (1) customer needs are met, (2) organizational goals are attained, and (3) the process is compatible with ecosystems*”.

This definition of sustainable marketing emphasizes the central role of marketing management principles in dealing with growing concerns about environmental degradation. As van Dam and Apeldoorn (1996, 52) point out, most environmentally enlightened marketing concepts can be seen as simple attempts to convert ecological issues from a societal challenge into a marketing problem that can be easily solved through the application of the right marketing tools and techniques. Consequently, sustainable marketing constitutes a simple extension of the production-oriented approach to marketing that neglects consumption activities and market interactions (see Grönroos 1997). This thus suggests, as argued by many critics (e.g. Crane & Desmond 2002; Kilbourne 1998; Meriläinen et al. 2000; Moisander 2001; van Dam & Apeldoorn 1996), that sustainable marketing is less a transformation of the basic assumptions of the marketing concept and more the simple unreflective adoption of the notions of sustainability and social responsibility to the objectives of marketing strategy. While it is true that this traditional approach to sustainable marketing may help marketers become wiser and more innovative regarding social and ecological issues, there are some pitfalls, especially, if social and environmental concerns are treated as simple means to achieve economic goals without critically reflecting on them. The strong focus on business efficiency may even hinder marketers from identifying the real benefits or

harms to the natural environment and all those involved directly or indirectly in the wider market process. This is mainly because the idea of efficiency legitimizes and reinforces marketing managerial principles in such a degree that it overshadows the ecological, political and moral principles and meanings that may contribute to making marketing sustainable or socially responsible (Kilbourne 1995; Crane 2000). Indeed, by valuing and defining nature in economic terms, other values such as social and cultural ones risk being omitted in the marketing process (see Jamal et al. 2003, 153–154).

Whereas the managerial approach to sustainable marketing has implicitly been accepted by most marketing scholars interested in studying the relationship between marketing and the natural environment (e.g. Coddington 1993; Fuller 1999; Menon & Menon 1997; Ottman 1998), there have been some calls to further develop sustainable marketing theory by including a macro orientation and a moral perspective (e.g. Apaiwongse 1994; Kotler 2004; Laczniak & Murphy 2006; Sirgy & Lee 2008). Nevertheless, these efforts do not suffice since they do not look beyond the prevailing assumptions of mainstream marketing and as such they only represent a theoretical continuum of traditional marketing theory (see Kilbourne 1998; Crane & Desmond 2002). Macro and moral issues are indeed subjugated to the neoclassical economic principles of marketing which are seen as suitable for reaching a balance between what is just, right and fair for both the firm and society as a whole. Hence, there still remains a visible gap between social responsibility theory and marketing practice that distresses scholars and practitioners.

1.1.1 Toward a stakeholder orientation

The idea that marketing exists to provide both social and economic processes that benefit not only firms and customers but also other key stakeholders has been recognized by several marketing scholars (e.g. Bartels 1974; Fry & Polonsky 2004;

Grönroos 1997; Gummesson 2004; Kimery & Rinehart 1998). The majority of these studies follow Freeman's (1984, 46) definition of stakeholder: "*any group or individual who can affect or is affected by the achievement of an organization's objectives*". The stakeholder approach, which has received extensive examination in the management literature (Stoney & Winstanley 2001), seems thus to have significant implications for marketing strategy, especially in regards to sustainability. Indeed, by taking the environmental and social concerns of various groups and individuals marketers are able to arrive at responsible marketing decisions that contribute to their business objectives. This approach is in line with Fry and Polonsky's (2004, 1304) argument that the success of both the firm and its stakeholders is highly dependent on the other.

The notion, however, that the market represents a system composed of interrelated complex entities is not new. Robert Bartels (1974, 74), for instance, was among the first marketing scholars to draw attention to the interconnection of market actors by portraying marketing as a social process including functions and responsibilities that go beyond the narrow firm-customer relationship. Since 2004 the marketing definitions published by the American Marketing Association have, interestingly, been embracing this logic of marketing. For example, the last marketing definition unveiled by the American Marketing Association (2008, 1) states that: "*Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large*". In these terms, marketing is viewed no longer as a function but as a process that expands beyond the boundaries of the firm.

Nevertheless, while the integration of stakeholder thinking into marketing strategy represents a significant advancement in unfolding the responsibility of marketers towards key stakeholders and society in general, it continues to rely on the basic marketing premises. Indeed, stakeholding advocates have simply

focused efforts on extending the philosophy of the marketing mix and the popular notion of satisfaction beyond the customer to include other parties who take part, directly or indirectly, in the wider marketing process. As a result, most of the marketing literature dealing with stakeholder thinking emphasises the modernity-based business philosophy in which stakeholder relations are observed from the perspective of the single firm and as a rational manageable strategy handled by the marketer. However, this view is also a consequence of the basic assumptions of stakeholder theory. Most stakeholding definitions assume that stakeholders are isolatable, individual entities, that are independent from each other and clearly identifiable by the firm, and that their interests can be taken into account in business decision-making (Buchholz & Rosenthal 2005).

This particular approach becomes a limitation especially when business–society relations are seen as a phenomenon in constant development taking place within a social and cultural context (see Moisander 2001). As such, it makes more sense to focus on studying the interactions and relationships existing between the different stakeholders – including nature (see Starik 1995) – rather than to simply manage and try to control them. A similar question has been raised among a host of management scholars who have recognized the need to focus efforts on understanding the relational nature of stakeholder theory (e.g. Buchholz & Rosenthal 2005; Wicks et al. 1994). This view is grounded in the assumption, as Buchholz and Rosenthal (2005, 147) point out, that companies are not detachable from their stakeholders but in fact constituted by the multiple relationships in which they are embedded and which give them their very being. From this point of view, it can be assumed that the key to sustainable marketing lies not in having tools to respond to stakeholder demands, but in having the enhanced ability to understand the notion of sustainability within a particular web of relationships.

In this regard, the cultural approach to marketing offers an alternative way to study stakeholders as social actors who actively interact with the firm helping to

construct meanings about sustainability. The multi-stakeholder perspective to sustainable marketing thus suggests looking beyond the traditional managerial stakeholder approach to recognize and explore the complex socio-cultural relationships and interactions through which marketers, consumers and other stakeholders produce, maintain, negotiate, resist, and transform values and meanings regarding business–society relations (see Moisander 2007; Moisander & Valtonen 2006b; Peñaloza & Venkatesh 2006). This thesis thus contributes to the literature on using stakeholder theory to develop environmentally enlightened and socially responsible marketing strategies (e.g. Lee & Sirgy 2004; Maignan & Ferrell 2004; Maignan & Swaen 2004; Maignan et al. 2005; Polonsky 1995) by emphasizing the role that the subjective understanding originating from ongoing multi-stakeholder interactions and relationships plays in (re-)defining business–society relations. As the nature of this subjective understanding is grounded in values and meanings, it seems opportune to clarify these notions in relation to sustainable marketing. In the section below, I thus explain what exactly I mean by these terms in the context of this study and how they contribute to the social construction of sustainability.

1.1.2 Understanding sustainability: the role of values and meanings

The notion of “*values*” refers here to the core set of beliefs and principles deemed important and desirable by individuals or groups (see Andrews 1987; Cheney & Vibbert 1987; Mason 1992). As the environmental and societal debate implies discussions about the rightness, fairness and justness of procedures to address economic, environmental and social affairs, values in the context of sustainability are directly related to moral issues. As such, the role of morality in the field of sustainable marketing cannot be overlooked (Crane 2000). Morality is at the heart of the global debate on sustainability, and the idea of a more environmentally

enlightened and socially responsible marketing. Drawing upon Andrew Crane's (2000a, 150) "*reconstructionist perspective*" on the role of moral values within the marketing–environment literature, morality denotes here a fundamental force that guides how the environment and society are understood and related to by individuals and groups within a socio-cultural, economic and political context. Morality, as a set of values, conditions not only the way marketers but also customers and other stakeholders define, interpret and approach environmental and social issues. In this sense, a better understanding of morality and thus ethical theories seems to be essential to realize and comprehend the role that values play within marketplace interactions and relationships.

Environmental ethics, in particular, can contribute to creating a common language for discussing and grasping the social, environmental and economic responsibilities contained in the global debate on sustainable development (see DesJardins 2001). Indeed, by gaining an insight into the ethical approaches (e.g. utilitarianism, deontology and virtue ethics) that inform the discussion on the role of business in society, it is possible to better understand why different stakeholders interpret sustainability differently. For instance, while the idea of conserving the environment as long as it provides resources for the well-being and development of human society is based on utilitarianism, the belief that nature has a worth of its own, irrespective of its utility to human beings, draws upon deontology. It may already be clear that my intention here is to contribute to further theoretical development by integrating the moral and ethical aspect into the notion of sustainable marketing. By emphasizing the role of values, this study presents solid arguments and thus paves the way for a more explicit inclusion of morality into the practice of exploring and theorizing marketing's relationship with society and the natural environment. Nonetheless, it should be noted that I do not seek to prescribe what moral sustainable marketing should be or how moral values should be included into sustainable marketing decision-making processes. Rather I see

morality as a means to elucidate the complexity and challenges of sustainability within a marketing context. In effect, it should improve researchers' and practitioners' ability to understand the beliefs, assumptions and principles that guide and constrain thinking and talking about sustainability in a marketing context. Furthermore, morality can contribute to critically re-evaluating the basic premises of marketing and thus making marketing more sensible to the principles of sustainability.

“*Meaning*” is a complex notion, which has become strongly associated with the field of cultural studies (e.g. du Gay et al. 1997; Hall 1997; Hall et al. 1986), cultural marketing and consumer research (e.g. Arnould & Thompson 2005; Firat & Venkatesh 1995; Moisander & Valtonen 2006b; Peñaloza 2000; Valtonen 2004). While there is a general consensus on the central role of language in the production of meanings, there are different views on how meaning is produced through language. According to Stuart Hall (1997, 24–25), three approaches can be used to explain how the representation of meaning through language works: “*the reflective approach*”, in which language reflects the true meaning of objects or ideas as they already exist in the world, “*the intentional approach*”, which argues that words mean what the author intends them to mean, and “*the constructionist approach*”, which sees language as a medium for constructing meaning in social interaction. In this study, I understand meaning as described by the constructionist approach; that is, meaning here refers to the human perception of social reality that arises from the way in which an object or idea is represented in language, both oral and visual (du Gay et al. 1997; Hall 1997). This human perception, which is context-dependent and conceived as flowing and drifting, is continually redefined through the use of signs and language in the process of consumption (Douglas & Isherwood 1996, 43–45; du Gay et al. 1997, 24–25). Just as Berger and Luckmann (1985, 34–35) point out, language and signs are essential for any understanding of the reality of everyday life. Also, it can be contended that language and human-made symbols

play a significant role not only in producing, reproducing and communicating meanings but also in preserving their dynamic existence over time (Berger & Luckmann 1985, 36; Douglas & Isherwood 1996, 43). However, while most marketing studies drawing upon the constructionist approach look at meaning as the outcome of individual experience, this thesis is more in line with the “*analytics of cultural practice*” of Moisander and Valtonen (2006a), who see meaning as the active product of everyday social practices and interaction. Moisander (2001, 114) summarizes this way of understanding meaning as follows: “*meaning is constructed in social interaction, with the help and within the limits of available discourses and representational systems, using text, talk, images and signifying practices*”.

From this point of view, I argue that sustainability is not a single and fixed notion that we strive to understand. On the contrary, in line with Friedman’s (1994, 74) idea of culture, the meaning of sustainability as a contextual product of social interaction is highly dependent on multiple interpretations both within society and between members of society. More precisely, it is by the way companies, consumers, local communities among other stakeholders talk, think and feel about environmental, social and economic issues in relation to their everyday life – that is, how they represent and assimilate them – that the meaning of sustainability is continuously (re-)created (see du Gay et al. 1997; Hall 1997; Moisander & Valtonen 2006b). However, it should be emphasized that social interaction itself does not automatically lead to meaning creation; rather it becomes a precondition for the production and reproduction of meanings. Indeed, it is in social interactions that the abstract notion of sustainability acquires meaning when complex relations are established between elements (words, ideas, objects, goods, etc.), which are guided by the rules, principles and logics, of two different representational systems: the ecological system and the economic market system (see Culler 1986, 33–38; Douglas & Isherwood 1996, 49; Hall 1997, 17–19). In line with this, I take

up the task to explore how the notion of sustainability and the attributive “*sustainable*” acquire meaning in a marketplace context that draws upon these two representational systems. It is in this sense that I approach sustainability, in this thesis, as a social construction whose meaning does not exist in isolation, but it is produced, resisted, negotiated and interpreted by managers, consumers and other stakeholders through relationships and interactions taking place in an increasingly global environment (see Beck 1999; Bradbury et al. 2008; Gergen & Gergen 2008; Hall 1997; Longino 2002).

1.1.3 Meeting the sustainability challenge in marketing

The discussion above shows why simple adjustments of marketing strategy and techniques may not suffice to stimulate changes in production and consumption patterns that are required to achieve healthier human-nature relationships. Progress towards more socially responsible marketing policies and practices seems thus to rely heavily on multi-stakeholder engagement, dialogues, critical reflection and creative thinking. In effect, the complexity and ambiguity inherent in the notion of sustainability requires a more in-depth study of sustainable marketing from a socio-cultural perspective that further elaborates the emerging stakeholder approach to sustainable marketing, which has mainly been based on traditional management and marketing theories with an emphasis on economic transactions and exchange (e.g. Crane 1998; Fry & Polonsky 2004; Mendleson & Polonsky 1995; Polonsky & Ottman 1998; Zeithaml & Zeithaml 1984) and stakeholder satisfaction (e.g. Polonsky 1995). From this managerial position, stakeholder thinking is only seen as a strategic imperative of listening to key stakeholders and thus bringing their knowledge within the confine of the company walls with the purpose of ensuring long-term profitability. It is in this sense that I suggest, drawing on Peñaloza and Venkatesh’s (2006) idea of markets as social constructions, that the stakeholder

approach needs to be shifted from the dominant subject-object relation between firms and stakeholders towards a more subject-subject relation. That is, the conception of a stakeholder needs to be shifted from someone who has a stake or interest in the operations of a particular firm to someone who actively contributes to redefining the relationship between business, the natural environment and society. From this point of view, the stakeholder is not seen as a simple holder of a stake – which stresses passivity – but as an active “*market actor*” who is not only subjected to the marketer but also to other market actors.

By acknowledging this, sustainable marketers will be moving closer to tearing down the wall that separates production from consumption (see Firat & Dholakia 2006) and thus detaches them from the social and cultural context in which market activities and interactions between humans and nature take place. This becomes crucial in the field of sustainable marketing where that particular wall usually keeps not only marketers from being successful in the quest for raising the sustainability of their products but also consumers among other stakeholders from participating in the development of more sustainable life-styles. In line with du Gay et al. (1997, 103), I even argue that all efforts made throughout the production process of sustainable products – through environmentally friendly technology, eco-design, advertisement, for example – may be in vain if the producer fails to recognize and interpret the changes in meaning that the notion of sustainability undergoes through consumption processes. Accordingly, I suggest in this thesis an alternative way of viewing and studying marketing’s relationship with the natural environment and society. The multi-stakeholder perspective introduced here emphasizes the relevance of stakeholders’ subjective understanding regarding the natural environment and civic life. Rather than approaching stakeholders as single independent true selves, the objective is to explore them as multiple selves embedded in a continuously changing and fluid history of relationships (see Moisander & Valtonen 2006b; Peñaloza 2000). Accordingly, subjectivity is largely

conceived as being continuously constituted through a series of social interactions taking place within specific historical and socio-cultural contexts (Moisander 2001, 120). Furthermore, by promoting critical reflection on stakeholders' subjective understanding we – either as marketers or researchers – are better able to gain insights into the moral values and meanings that may either limit or promote sustainable marketing actions.

1.2 Action research in sustainable marketing

Action research can be regarded as a form of inquiry grounded in the actions of its participants and their critical reflections about the consequences of their actions (Ballantyne 2004). It is said that it originated with the social scientist Kurt Lewin over half a century ago (Dickens & Watkins 1999; Perry & Gummesson 2004). Lewin, who wanted to formulate a method to help the practitioner, has been regarded as the “father of action research” (Ottosson 2003). However, it has also been claimed that, similar to Lewin, other social reformists such as Collier, Lippitt and Radcke were using action research in the 1940s (see Dick 2007; Masters 2000; McKernan 1991). Furthermore, there is some evidence that this methodological approach was already used in community development at the beginning of the twentieth century and in education at the end of the nineteenth century (McKernan 1991). At the same time, parallel to Lewin and the socio-technical school, the Tavistock Institute in the U.K. was working on the development of action research methodology (see Nielsen & Svensson 2006). All in all, it can be concluded that Lewin and the Tavistock Institute were the two major forces which prompted the development of action research throughout the world and thus its application in different research fields including business (Holter & Schwartz-Barcott 1993). Nevertheless, while action research has been integral to the growth of theory and practice of organizational development and organizational research in management

since the 1950s (Coghland & Brannick 2001), its theoretical and methodological contribution has been largely overlooked in marketing (Perry & Gummesson 2004). The publication of a special issue on action research in the *European Journal of Marketing* in 2004 indicates, however, a surge of interest in this methodology among marketing scholars. Due to the scarce application of action research in marketing, the majority of action research studies dealing with social responsibility and sustainability are found in the management literature (e.g. Bradbury 2001; Meynell 2005; Nielsen 2005). Nonetheless, there have been some attempts to study social responsibility within a marketing context, for example in the field of sustainable consumer research (e.g. Heiskanen & Timonen 2003).

The lack of interest in action research among marketing scholars can be explained by the basic assumptions underlying conventional marketing research. These assumptions indeed emanate from a discourse and research tradition that is firmly rooted in positivism, positivist-empiricism or logical-empiricism (see Moisander 2001). As such, most marketing research is based on the belief that as long as researchers do not influence the research object nor any part of the research environment the reliability and objectivity of the investigation is assured. This seems to be particularly unsuitable for the study of business–society relations which has to deal with human-beings embedded in an interrelated social and ecological system. Indeed, the idea of a disembodied and de-contextualized human being – researcher and/or research object – becomes not only unrealistic but, what is more important, it disguises the way in which the market and marketers are dependent on unsustainable transfers from nature and society (Meriläinen et al. 2000; Reason & Bradbury 2008). This epistemological problem has prompted calls for introducing more interpretive and poststructuralist approaches to theorizing and doing empirical research on the relationship between business, nature and society (e.g. Crane 2000; Meriläinen et al. 2000; Moisander 2001). While the use of action

research in this thesis represents a response to those calls, it still needs to deal with criticism regarding the active role of the researcher in the study.

In effect, the idea of a researcher whose actions are directed towards making changes to the actual phenomena under investigation is far off the paradigmatic scope of traditional marketing (Ballantyne 2004). As a result, it is not surprising that the validity of action research is often called into question. Nevertheless, this criticism is unjustified since it mainly refers to the common unsuitability of conventional scientific criteria to validate action research knowledge and not to the inability of action research to produce acceptable theories. This indeed becomes part of the extensive debate about what constitutes acceptable theory and what kind of criteria should be used to validate knowledge (see Lincoln & Guba 2005). Some researchers had formulated a theoretical foundation and criteria for the validity of action research. For instance, Heinz Moser (see Swantz 2008) suggested three criteria: transparency of the whole process, compatibility of the aims with the methods of research and the expertise of the researcher who should know the situation better than any outside observer does. But it is just the particular position of the action researcher in combination with an active engagement of the “*co-researchers*” (practitioners) that contributes to the validity and authenticity of action research studies (Gergen & Gergen 2008). These practices, interactions and the whole social context become validating elements in action research and thus in the creation of knowledge about social responsibility (see Swantz 2008; Longino 2002). As such the validity and quality of an action research project is strongly related to the plurality of knowing and a deep understanding of value and purpose (Reason & Bradbury 2008). This idea has been confirmed in marketing and management by a host of scholars who argue that researchers not only discover facts, theories and representations but also have an active role in constructing them (e.g. Firat & Venkatesh 1995; Katila & Meriläinen 2006; Moisander 2001; Peñaloza & Venkatesh 2006; Schultz & Hatch 2005). Nevertheless, it is important

to notice that action research is not exclusively confined to the field of qualitative or critical research approaches. On the contrary, this methodological approach is very flexible and receptive to any kind of techniques and research traditions, including quantitative approaches and positivism. Indeed, there is a rich variety of approaches to action research whose differences lie mainly in the epistemological underlying assumptions and world views of the action researcher and co-researchers that lead to variations in the way projects are designed and carried out.

By leaning on the three knowledge-constitutive interests – the technical, the practical and the emancipatory – described by Habermas (1972), action researchers have been able to identify three main approaches to action research: technical, practical and critical (e.g. Grundy 1982; Holter & Schwartz-Barcott 1993; Masters 2000). In the first, technical approach the researcher begins the action research process with a clear notion of the problem and a predefined intervention that should help improve the situation or solve the riddle (see Holter & Schwartz-Barcott 1993). In this sense, practitioners are highly dependent on the researcher as a facilitator and a source of expertise that tells them how to improve their practices (see Reason & Bradbury 2008; Zuber-Skerritt 1996). The primary interest of the researcher, on the other hand, lies in increasing the effectiveness of practices and the development of research literature (Carr & Kemmis 1986). As a result, the interactive and collaborative process becomes a means to gain the support of the practitioners during the implementation of the action research project. This form of action research, which is based on positivist assumptions, was common among early advocates of this methodology (Masters 2000; McCutcheon & Jung 1990). As a whole, the main purpose of the technical approach is to discover laws underlying a reality which is seen as single and measurable (Masters 2000).

In the second, practical approach, the practitioners are included in making decisions through all the phases of the action research process. Together with the action researcher they identify the problem and proceed to underlie causes and

possible interventions (see Holter & Schwartz-Barcott 1993). All this takes place in a cooperative relationship based on ongoing dialogues and social interactions. Whereas in the technical approach the criteria used to judge the practice is usually imported into the process by the action researcher, the practical approach treats the criteria as open to development through self-reflection (Carr & Kemmis 1986). The practical deliberation and reflective communication between the researcher and co-researchers contribute to gaining understanding on the situation being studied. According to Grundy (1982) the practical approach seeks to improve practice through the application of the personal wisdom of the participants. In this respect, while the action researcher is a facilitator of the process of change and understanding, the co-researchers have the necessary knowledge and expertise to solve the problem or improve the given situation. The action researcher's role as a facilitator seems to be Socratic, since it becomes a kind of sounding-board against which co-researchers may try out ideas and learn more about the process of self-reflection (Carr & Kemmis 1986). This form of action research is associated with an interpretivist and constructivist perspective since it encourages participants to make sense of their respective social worlds by reflecting on their taken-for-granted elements (see Masters 2000). Especially some key issues of constructionism, such as the view of knowledge as historically and culturally specific and sustained by social practices as well as the critical stance towards taken-for-granted knowledge and understanding, have contributed to further developing this approach into the critical approach (see Gergen & Gergen 2008).

The third, the critical approach goes beyond practical improvements and participants' better understanding to challenge those taken-for-granted conditions which are contradictory or irrational and thus hinder desired improvement in the system or organization (Zuber-Skerritt 1996). The action researcher raises questions about underlying premises and values and thus encourages co-researchers to critically reflect on the basic assumptions (e.g. habits, customs, daily

routines, attitudes) and unwritten laws which govern their lives (see Carr & Kemmis 1986; Holter & Schwartz-Barcott 1993). In this sense, the critical approach is a kind of emancipatory process aiming at redressing imbalances of power and restoring the capacities of self-reliance and ability to manage their own lives to ordinary people (Reason & Bradbury 2008). Hence, not only the action researcher but also all co-researchers take full responsibility for the so-called Socratic role of assisting the group in its collaborative self-reflection (Carr & Kemmis 1986). As the term indicates, the critical approach draws connections to critical theory (see Nielsen & Svensson 2006). Next, I intend to position this thesis among these three different approaches to action research. To that end, I consider not only my own point of view as a researcher but I also take the perspective of co-researchers into account.

Action research, as I conceptualize it here, is closely related to the practical approach. However, there are also significant elements in this study that point to the technical and critical approach. It seems therefore opportune to discuss all three approaches in relation to this thesis. The practical approach arises and finds expression in the light of the idea of doing research with a group of entrepreneurs and not on them (see Heron & Reason 2001). This idea materialized when eight craft micro-entrepreneurs (for further details see section 1.3.4) started to work towards a common action – namely, the development of sustainable tourism services in a network environment. In so doing, a research process was initiated, in which the entrepreneurs jointly inquired into the notion of sustainability and how it relates to their own business practices by relying mainly on their practical experience, skills and expertise. In particular, the interpretivist perspective manifested itself in the different workshops in which these entrepreneurs, as members of the network, shared and discussed stakeholders' feedback on their actions and practices. Indeed, self- and group-reflection played a key role in this study and was even extended to also include customers testing the services of the

small business network. By involving customers, the firms were able to experience the value of engaging stakeholders whose actions and perspectives may influence the definition of both problems and solutions related to the integration of sustainability into business practices (see Schultz & Hatch 2005). Reflections, however, were not only made on the services and their attributes but they also help to inquire into the meanings and values that determine what should be sustained, for whom and how it should be sustained (see Jamal et al. 2003). The practical approach helped co-researchers to experience the network as a community rather than as a simple association of business units. According to Reason and Bradbury (2008), such a shift of perception from simple objects towards subjects-to-subjects relationships is urgently needed to make progress towards a more sustainable society. From May 2006 to June 2007 this group of entrepreneurs was able to improve their practices and networking skills, and to gain insights into how to develop healthy relationships with the natural and social aspects of their business environment. Especially the process of action and reflection seems to have contributed to developing and strengthening relationships and the authenticity of interactions between the different parties involved (see Ballantyne 2004).

The technical approach, on the other hand, came up when I, as the researcher, took the initiative of using action research as a form of increasing the understanding of social responsibility in the business network. Indeed, I defined the problem and designed the intervention prior to the start of the action research process without consulting the co-researchers. However, it should be stressed that I did not impose the intervention on them. In fact, co-researchers, taking part in the study, joined the project voluntarily due to their interest in learning how to develop sustainable services and establish co-operative ties to entrepreneurs with similar interests and personal values. As a whole, it can be concluded that the study was initially driven by my eagerness to explore how the implementation of action research in the service development process contributes to the understanding and

integration of socially responsible practices in a network of small entrepreneurs. In line with this, I was seeking to generalize the results so that the sustainable service development approach based on action research methodology could be implemented in other networks or business organizations. From this perspective, the idea of involving a group of entrepreneurs in marketplace actions – and its economic, social and environmental aspects – that occurred in a particular time and space intended not only to affect their present understanding of business–society relations but also to lead towards new abilities to generate general knowledge on social responsibility (see Perry & Gummesson 2004).

In relation to the previous two approaches, which were directly or indirectly determined by the researcher and co-researchers, the critical approach was already implicit in the topic of the present study. Indeed, while it is true that the debate on sustainability and social responsibility aims at improving and understanding the dynamics of business–society relations, its final objective is to transform the dominant economic system and those conditions which promote ecological degradation and social inequities. From this perspective, it can be argued that in this particular study action research aimed at informing the network members about the nature, consequences and contexts of their marketplace actions requiring them to use their practical and moral judgement in deciding how to proceed in order to change and improve the situation (see Carr & Kemmis 1986). In the long-run, this means that the process of action and reflection leads co-researchers towards alternative ways of conceptualizing business–society relations and dealing with the environment and society as a whole.

In summary, action research as a methodology helps to confront the traditional conceptualization of human-beings and nature that become evident in the production and use of sustainable marketing related knowledge, which in turn reproduces the view of the scientist as the knowing agent, thus excluding other knowers and alternative ways of knowing nature from a scientific domain (see

Meriläinen et al. 2000). As such, it represents an opportunity to expand the scope of sustainable marketing beyond the simple prescription of actions for managing nature and stakeholders towards the narrow objectives of a particular company. Action research can indeed contribute to making not only marketers but also other stakeholders aware of the highly tentative nature of their view of the environment and society; to critically exploring the metaphors that express their interactions with nature and other members of society; to identifying other metaphors that have caused others and themselves to ignore important aspects of this relationship (see Harré et al. 1998; Meriläinen et al. 2000). All this indicates that action research holds great promise as a methodology for exploring business–society relations. Some researchers even would argue that action research is more than a simple methodology; a family of practices of living inquiry that aims to link practice and ideas in the service of human flourishing (see Reason & Bradbury 2008). As Reason and Bradbury state (2008, 4) “*A primary purpose of action research is to produce practical knowledge that is useful to people in the everyday conduct of their lives. A wider purpose of action research is to contribute through this practical knowledge to the increased well-being – economic, political, psychological, spiritual – of human personas and communities, and to a more equitable and sustainable relationship with the wider ecology of the planet of which we are an intrinsic part*”.

Drawing on critical (Meriläinen et al. 2000), interpretive (Crane 1997; Drumwright 1994) and constructivist approaches (Moisander 2001; Pesonen 2006) of theorizing and doing empirical research in the field of sustainable marketing, I argue that a theoretical and methodological framework based on action research is appropriate for conceptualizing and gaining insights into business–society relations. From a managerial perspective, it can be contended that the use of action research contributes to promoting critical thinking, reflection as well as a shared and holistic understanding of human-nature relationships among the different

stakeholders involved in a particular marketplace by facilitating dialogue spaces that allow for a multiplicity of perspectives (see Bradbury 2001). Indeed, by creating links between production, consumption and everyday life experiences, this highly accessible methodology allows not only marketers but also other stakeholders to improve awareness of social responsibility and sustainability.

1.3 Empirical context: developing sustainable tourism services in a network of micro businesses

The purpose of this section is to present the empirical context of this study which is based on the efforts of a network of micro entrepreneurs who worked towards the development of sustainable tourism services. As the empirical context brings forward three major themes – product development, small service firms and network theory, it seems pertinent to discuss these topics and their relation to each other briefly in this section. First, I discuss how product development is conceptualized in the sustainable marketing literature and its implications to the service sector. Second, I draw attention to the role of small service firms in the sustainability discussion. Third, I present networking as an instrument for facilitating the implementation of sustainability in the small business sector. Finally, I illustrate the setting of the action research study which was the arena for the generation of the empirical material.

1.3.1 Sustainable product development

In much of the recent discussion on sustainable marketing, product development activities have been identified as suitable for embedding social and environmental goals and thus promoting more sustainable lifestyles (e.g. United Nations Environment Programme et al. 2005). After all, decisions made in product development have important consequences for the specific ways in which goods

and services are produced and distributed in the markets, and thus on the resource use and waste generation patterns resulting from production and consumption activities (Fuller 1999). Moreover, it has been argued that product development plays a crucial role in helping the firm to implement its sustainability values and thus communicate its commitment towards social and environmental objectives to its customers, employees, supply networks and other business partners (Polonsky & Ottman 1998). With regard to the debate on sustainability, terms such as eco-design, design for the environment, life cycle design, sustainable product development and sustainable product design are used to describe a form of product development which considers social and environmental aspects in the development process of goods as well as services (see Byggeth & Hochschorner 2005; Fuller & Ottman 2004; Roy 2000).

Although there has been a growing interest in social responsibility research, the majority of studies have focused on large business organizations (Jenkins 2004; Lähdesmäki 2005; Murillo & Lozano 2006; Spence & Lozano 2000; Taipalinen & Toivio 2004). And the field of product development, which has been inspired by modern marketing and management, has not been the exception to the rule. In effect, most of the product development studies that deal with the sustainability challenge have strongly taken the viewpoint of large manufacturing enterprises, neglecting the relevance of the service sector in the sustainability discussion (van der Zwan & Bhamra 2003). Both the development of sustainable products and services is thus conceived as a series of rational actions in which environmental objectives are seen in terms of technical requirements (e.g. reduction of industrial emissions, water and energy efficiency, recycling practices) that have to be met in order to create value for socially concerned consumers. This is not surprising if we consider the prevailing tendency to understand service development by drawing from traditional approaches in the product development domain (Syson & Perks 2004). As there has been little attention to the relationship between sustainability

and the service sector, there is a need to study sustainable product development from a service perspective. It is, indeed, first and foremost the socio-cultural aspect of consumption and production – rather than technology and management systems – that determine whether services can be developed in a more sustainable way. Following this observation, it seems more relevant to gain insights into the process of (re)developing environmentally friendly and socially responsible services than to merely look into the driving forces behind, and the outcomes of, that particular process. As the recent discussion on the service logic has suggested (e.g. Grönroos 2006; Vargo & Lusch 2004), the focus of analysis in marketing is shifting from outputs towards information, knowledge, interactions and relationships, and thus towards the idea of a co-productive view on marketplace behaviour and value creation. In accordance with this advancement in marketing worldview, product development in the service sector becomes a dynamic and continuous endeavour in which services are constantly been (re)created by the different parties participating in their production and consumption. Hereinafter, when referring to the development of sustainable services, I use the term “*sustainable service development*”. This allows me to emphasize the role of services in the context of this study.

1.3.2 The role of small service business in society

As it was suggested in the previous section, the gap between social responsibility theory and business practice become further exacerbated among small firms, especially those operating in the service sector (see Mandl & Dorr 2007; van der Zwan & Bhamra 2003). There is very little information and knowledge about how business–society relations are shaped within such a business context. These firms are, however, too relevant to society to be neglected. They are, indeed, seen as the backbone of national economies; they are considered to be the key to

entrepreneurial spirit, innovation, productivity growth and job creation and thus crucial to ensure national competitiveness (Bosma et al. 2008; Finnish Funding Agency for Technology and Innovation et al. 2006). A brief look at industrial statistics of developed countries clearly indicates that small firms account for more than 95 per cent of all businesses and contribute around 50 per cent of private sector employment in those economies, particularly within service industries such as trade, hotels, restaurants and personal services (European Commission 2004; Organisation for Economic Co-operation and Development 2005a; 2005b). That all suggests that small service firms are not only the main source of employment and economic growth, but it also reveals the butterfly effect that the actions of those companies can have on society and the natural environment. In effect, improvements that promote the sustained economic vitality of small service firms can contribute to advancements in environmental quality and the well-being of society. In this sense, rather than simple business units small service firms represent open systems embedded within, and in continuously interaction with, the environment and the society in which they operate (see Håkansson & Snehota 2006; Jack & Anderson 2002; Spence et al. 2003).

Recently the debate on social responsibility has showed a special interest in the small business sector. The European Union (EU), for instance, has launched different programs for promoting the integration of more socially responsible practices in small companies (e.g. Kramer et al. 2005; Mandl & Dorr 2007). Nevertheless, the key characteristics found in small businesses, such as being owner-managed, a multi-tasking approach, limited cash-flow, personal relationships, mistrust of bureaucracy and reliance on informal control mechanisms show that small firms differ from large companies not only in size but also in nature (Lähdesmäki 2005; Spence 1999). This indicates that the outcomes of social responsibility research done so far in large business organizations cannot be directly applied to a small business context (Jenkins 2004; Spence & Rutherford

2003; Thompson & Smith 1991). Consequently, there is a need for research that not only helps understand the dynamics of business–society relations within a small business context but also provides new approaches for enabling small business owners to participate in the discussions on the role of business in society (Perrini et al. 2007; Spence & Lozano 2000; Taipalinen & Toivio 2004). In particular, networks and relationships to other small businesses have been identified as playing a crucial role in improving the ability of small business in addressing social and environmental concerns (Halme 2001; Halme & Fadeeva 2000; Spence & Schmidpeter 2003; Spence et al. 2003).

1.3.3 Networking as a means to sustainability

The discussion above draws attention to network theory (e.g. Äyväre 2006; Möller et al. 2005) and inter-organizational learning (e.g. Larsson et al. 1998) which could be useful for studying business–society relations. Especially, network theory has become very relevant in marketing research including studies with a focus on social responsibility and service development (Alajoutsijärvi et al. 2001; Iacobucci 1996; Lindfelt 2006; Syson & Perks 2004). Networks seem to offer superior flexibility, information processing capacity and knowledge creation by engaging in interpersonal communication and collective learning (Achrol & Kotler 1999; Foss 1999; Olkkonen et al. 2000). These particular benefits provided by interfirm relationships contribute to the integration of social responsibility in business organizations. Moreover, interfirm relationships play a significant role in the development of new services and in the fine-tuning of competencies of partnered organizations by bringing flexibility in resource combination and coordination (Heikkinen & Tähtinen 2006; Syson & Perks 2004).

Several studies have, indeed, argued that the adoption of socially responsible practices requires learning processes that help develop new shared values, norms

and attitudes within a business organization (e.g. Cramer 2005; Nielsen 2005). Studies on large enterprises have previously indicated that knowledge is created by turning formal, explicit knowledge into informal, tacit knowledge, and vice versa through socialization taking place on different organizational levels (see Johannisson 1998). Whereas the human encounters needed for socialization to take place are available within large business settings, small business managers often have to locate them outside their organizational internal boundaries. Therefore, networks become crucial to achieve theoretical and practical advancements in the field of social responsibility within a small business context. Some studies in the field of social responsibility have acknowledged small business networks for their ability to create collaboration that leads to an increment of knowledge, responsibility and reflexivity (e.g. Fadeeva 2003; Heiskanen & Timonen 2003). In addition to this, participation in network activities contributes to self-empowerment and a feeling of belonging and ownership (Halme & Fadeeva 2000). And what is more important, the scope of the network can be expanded beyond business partners to include other external parties such as local authorities, NGOs, and customers (see Crane 1998; Fadeeva 2003; Polonsky & Ottman 1998).

All this indicates that not only collaboration but also communication with other parties play a key role in helping small business to respond adequately to environmental and social concerns. In sum, the integration of a network perspective into service development can contribute to gaining a better understanding of the stakeholder interactions and relationships that shape business–society relations. Some studies have, for instance, suggested that the cultural sensitivity and contextual everyday knowledge required to attain sustainable innovations can only be gained by involving customers and other key stakeholders at the early stage of product development (e.g. Heiskanen et al. 2005; Hoffmann 2007; Weller 2001). It is in this sense that the participative and practical nature of action research appears to be apposite for studying sustainable service development

in a network environment. Action research provides an opportunity to engage in co-learning processes in which it is possible to inquire into how human actors contextualize sustainability – and the changes it might require – in relation to their everyday lives either as entrepreneurs, employees, customers, civil servants, activists or citizens.

1.3.4 The setting of the action research study

The case in this action research study is based on a co-operative service development process that takes place in a small business network. The small business network was created in May 2006 as a case designed for the purpose of “Equality Trail” a project co-funded through the Equal Community Initiative run by the Ministry of Labour and co-ordinated by the University of Lapland Regional Development and Innovation Services (see Ahola et al. 2008). Whereas Equality Trail’s general objective was to consolidate women’s leadership and entrepreneurship, this particular case focused on the search for suitable ways to support product development efforts in female enterprises situated in or close to rural areas. In particular, small businesses operating in rural areas have been recognized as an integral part of the local economy, a major source of employment and thus as one of the main determinants of rural economic development (Meccheri & Pelloni 2006). Especially in Finland where a third of the population lives in rural areas, the income of rural industries is highly significant for the national economy (see Niemi & Ahlstedt 2004). This has become more relevant in Lapland, especially nowadays, since the vitality of its rural economy depends to a great extent on small enterprises specialized in handicrafts, hospitality, restaurants and other services related directly or indirectly to the tourism sector (see Regional Council of Lapland 2007). Moreover, it should be emphasized that more than half of these enterprises are led by female entrepreneurs (Merenheimo 2006).

Therefore, business success in developing sustainable products and services in small female enterprises contributes not only to adding value to the economy but also to improving the quality of life of the societies living in this Finnish province.

The network was comprised of eight craft micro enterprises operating in different service areas such as catering, hospitality, pottery, natural health care, tourist tours, gastronomy, photography and interior decoration. Despite the variety of services that the members of this network offer, they share the common interest in positioning their services in the tourism sector. Moreover, the network consisted of firms engaged in “sunken CSR” (Perrini et al. 2006) or “silent CSR” (Jenkins 2004); that is, they were already implementing socially responsible practices without thinking of them in those terms. As such, one of the main challenges of these entrepreneurs was to realize that and thus learn how to highlight these practices in their products and services. The similarities of values, interests and perceptions between the members of the network considerably increase the willingness of members to cooperate (see Heikkinen & Tähtinen 2006). Some of the members operate in the same localities whereas others are more geographically dispersed. Before joining the network these micro-businesses all operated individually in the market, selling their services directly to the final customer or through resellers and other intermediaries. At the end of the action research process, they began to move toward more collective practices that strengthen their business relationships and thus add value to their market offerings. In effect, the action research study played a key role in developing trusting relationships between the network members (see Ballantyne 2004). At the end of the project, the network members decided to continue their collaboration, however, in two different groups; a decision mainly based on the geographical situation.

In addition to the network members, this action research study includes the direct participation of customers and regional authorities. The idea was that the implementation of a co-operative service development process, in which network

members and other stakeholders take part, would lead to a better business performance by creating services that are not only desired by customers but also accepted by key stakeholders. As such, the interest, values and expectations of various stakeholders were recognized and reconciled at the level of service development. In this regard, it can be argued that the action research study created an arena for dialogues prompted by willingness of a group of female entrepreneurs to take action to learn how to develop sustainable services through inter-organizational cooperation. Nonetheless, rather than emphasizing the success of the network participating in the action research project, my intention is to draw attention towards the methodological implications of action research for the study of business–society relations. As explained in the introduction chapter, the purpose of this study is to gain an insight into the complexities of sustainability.

1.4 The essays: basic arguments and contributions

In this introductory chapter, I have presented my research objective, theoretical underpinnings, methodological approach and empirical case. I have also provided concrete reasons for supporting my research endeavour within the field of sustainable marketing. In so doing, I have been able to position my thesis within the group of critical studies working towards a thorough re-evaluation of the basic assumptions that underlie business research on social responsibility. The critical stance of this study can be observed in two main premises. First, I draw on the argument that business–society relations are defined and redefined in a dynamic socio-cultural context (see Moisander 2001) and second, in line with Longino (2002, 129), I argue that subjective understanding on environmental and social issues is transformed into more objective notions by assuring that what is ratified as sustainability or social responsibility knowledge has survived criticism from multiple perspectives. Thus rather than trying to define what is sustainable or

socially responsible, the study sets out to identify and explore the complex interactions, diffuse relationships, meanings, beliefs and values that determine the sustainable/socially responsible status of a product, service and/or business activity.

To that end, my research draws on a multi-stakeholder perspective and an action research approach. More precisely, by exploring the stakeholder interactions and relationships associated with the (co-)development, (co-) production and consumption of sustainable tourism services within an action research context, I point out and thus confirm some of the complexities and challenges of sustainable marketing. This, in turn, allows me to work towards a theoretical and methodological framework for studying sustainability and social responsibility as socio-cultural constructions. Through the four essays that follow I elaborate and illustrate this framework by drawing particularly on the process of tourism service development, where interactions and dialogues between tourism companies, tourists, local communities among others stakeholders form the precondition for engaging in the construction of meanings and redefinition of values (see Baerenholdt et al. 2004; Urry 1990), helping to determine a shared understanding and legitimate knowledge of sustainability.

Before I introduce each of the essays comprised in this thesis (chapters 2-5), the authorship of the essays needs to be clarified. While I am fully responsible for the writing of essays I and III, essays II and IV were co-authored papers. Essay II and IV are the result of a collaborative writing process with Prof. Johanna Moisander. Both of us participated equally in writing all parts of the essays. However, I was responsible for collecting and analysing the empirical material presented in essay IV. While all the essays have the common purpose of elucidating the complexities of business–society relations, their objective is determined by the sub-questions of this study. Next, I discuss the contribution of each paper separately and indicate the sub-question they seek to answer.

Essay I: “From Social Marketing to Sustainability Marketing: Integrating Social Responsibility into Marketing” provides a basic insight into the field of social responsibility and discusses briefly how business–society relations have been conceptualized in the marketing literature. The aim of the paper is to highlight the main shortcomings – both theoretical and practical – in the field of sustainable marketing. For that purpose, this conceptual paper presents a review of the different attempts made to address social and environmental issues within the discipline of marketing. Thereby, I intend to point out the main factors that have hampered advancements in sustainable marketing both in theory and practice. Whereas social marketing is invoked in this paper, it should be stressed that it is not regarded as a synonym of sustainable marketing. On the contrary, it is presented as a concept in its own right. However, I consider it necessary to bring it up here since it is historically related to the emergence of sustainable marketing as a research field. In fact, due to their common roots, social marketing serves as a benchmark to identify the limitations and challenges of sustainable marketing. After all, it is interesting to analyse why social marketing has a wider acceptance and recognition among practitioners than its contemporary sustainable marketing. All in all, the paper highlights that the success of a sustainable marketing strategy implemented by a firm depends on the degree of knowledge and understanding of business–society relations. Furthermore, it recognizes that progress towards a better understanding of human-nature relationships and socio-cultural interactions taking place within a market context requires new theoretical approaches and more innovative empirical research. Indeed, by exposing the fact that most of the literature in sustainable marketing has revolved around the managerial marketing approach, the essay directs attention towards alternative marketing research traditions in theorizing and doing empirical research on sustainable marketing. This essay thus contributes to answering the sub-question: *“What are the theoretical premises and challenges underlying the conceptual development of sustainable*

marketing?” The paper was written for the Nordic Academy of Management 1st Winter Conference, held in Umeå, in Sweden in 2006 (García-Rosell 2006).

Essay II: “*Ethical Dimensions of Sustainable Marketing: A Consumer Policy Perspective*” analyses sustainable marketing from an ethical perspective. More specifically, the overall purpose of the paper is to emphasize the role that morality and ethics play in the research field of sustainable marketing. First, the essay discusses how sustainability and social responsibility have been conceptualized in the marketing literature. Then, it elaborates on the different approaches to environmental ethics that inform this literature and the public discussion on sustainable marketing, focusing particularly on the roles and responsibilities that each of the approaches ascribe to different market actors. Environmental ethics is identified as very suitable for that end, since it is based on both anthropocentric and non-anthropocentric perspectives. In this regard, it is possible to gain a broader overview of the ethical dilemmas that arise between business and members of society regarding environmental concerns. By taking a close look at the different conceptualizations of sustainable marketing, the aim is to elucidate the role that morality has played in addressing environmental and social concerns within a marketing context. While most sustainable marketing concepts assumed that it is morally wrong to pollute and destroy the natural environment, the ethical principles and values on which such morality is based have remained implicit. Nevertheless, moral theories cannot be sidestepped since they provide justifications for the different beliefs, values and norms that shape business–society relations. Hence, the analysis is premised upon the idea that to develop and implement effective strategies for sustainable and socially responsible marketing, firms need to view themselves as ethical subjects and corporate citizens. Sustainable marketing, as a process taking place within a social and cultural context, entails complex ethical issues and requires that companies make ethical judgments about what is right and fair for their stakeholders. And to be able to make justified ethical judgments

marketers need to become aware of those principles, norms and values that they appeal to in defining and defending their philosophies and normative claims about sustainable marketing. In this sense, this paper contributes to the discussion about the role of morality in sustainable marketing and how ethical principles influence the diversity of stakeholder perspectives concerning business–society relations. Accordingly, this essay contributes to answering the sub-question: “*How do ethical principles contribute to the diversity of stakeholder views?*” The paper, which was co-authored with Prof. Johanna Moisander (Helsinki School of Economics), was originally written for the European Conference of the Association for Consumer Research, held in Milan, Italy in 2007, and subsequently published in the book of proceedings “European Advances in Consumer Research” as a full paper (García-Rosell & Moisander 2008).

Essay III: “Action Research and Grounded Theory: Methods for Understanding Social Responsibility in Theory and Practice” describes and illustrates the processes and strengths of action research and grounded theory to study business–society relations. The essay intends to highlight the scientific and practical potential of these two methodological approaches. Indeed, it explains how the use of action research and grounded theory holds promise for developing theoretical knowledge, understanding and practical skills of social responsibility and thus facilitates the heated debate on business in society. In particular, I argue that conventional methods and empirical research have considerable shortcomings in dealing with the complexity of social responsibility as a dynamic phenomenon and field of research for two important reasons. On the one hand, they fail to consider the change factor characteristic of business–society relations. And on the other hand, they are unsuitable for studying the relationship between business and society in a real-life context and thus for developing new theories from tacit knowledge; a feature particularly needed in the under-developed research field of social responsibility. These two reasons provide a solid justification for the use of

action research and grounded theory. Though both research approaches are discussed equally, it should be noted that the main focus lies on action research. Indeed, grounded theory is used as a benchmark to highlight the methodological properties, strengths and weaknesses of action research. In the essay, the active involvement of participants and the researcher – typical of action research studies – is portrayed as a precondition to gain insights into the perceptions, values, beliefs and norms that play a key role in (re-)defining the notion of social responsibility. Furthermore, it allows the exploration of the cultural and social context within which individuals interact and construct meaning about social responsibility. Hence this essay provides an answer to the sub-question: “*How does action research contribute to studying sustainability from a multi-stakeholder perspective?*” The paper was initially written for the research seminar on Responsible Business and Multidisciplinarity sponsored by and held in the Turku School of Economics, Finland in 2006, and later published by the University of Turku as a chapter in a book titled “*Vastuullinen Liiketoiminta: Monitieteisyys ja Systemiajattelu*” [responsible business: multidisciplinarity and system thinking in English] (García-Rosell 2007).

Essay IV: “*Understanding Social Responsibility in Theory and Practice*” illustrates the practical application of the theoretical and methodological framework developed in this thesis by presenting preliminary findings from the action research study on developing sustainable tourism services within a small business network. The action research and stakeholding elements of the framework are particularly emphasized. In effect, it is argued in the paper that social responsibility is a strategic goal that can be achieved only through complex social processes and collaborative practices occurring in the marketplace, where different stakeholders (re-)produce, maintain, negotiate, resist and transform the meaning of sustainability and social responsibility. As such, it is recognized that the development of business activity towards more sustainable and socially responsible

policies and practices requires multi-stakeholder engagement, continuous moral reflection and changes in the organizational culture. This paper might give the impression that it introduces a new tool for integrating social responsibility into business organizations. This impression would certainly be mistaken. Our intention is not to replace standard managerial tools with similar technical procedures. Rather the purpose of the paper is to highlight the role of critical reflection and social interaction in achieving progress towards more socially responsible practices. Indeed, the empirical evidence presented in this essay contributes, to some degree, to illustrating the relationship between marketplace activities and social responsibility awareness. Dialogues, interactions, relationships and sharing of personal experiences taking place within the business network and between the business network and its key stakeholders became a means to define the nature and scope of social and environmental objectives. Though the action research project presents evidence that marketplace actions play a key role in (re-)defining the notion of social responsibility, it reminds us that mere actions do not suffice to foster knowledge and understanding of social responsibility. The study indeed confirms that better social responsibility awareness can only be achieved if daily marketplace actions are subjected to continuous critical reflection. It should be noted that whilst the number of stakeholders in this study was not exhaustive, those represented in the action research case are key players and their participation serves to provide an example of the relevance of taking a multi-stakeholder perspective in sustainable marketing. Finally, the approach provides the cornerstone for continuing with the development of the theoretical and methodological framework for the analysis of business–society relations. In sum, this last essay contributes to answering the sub-question: *“How does reflection on multi-stakeholder interactions contribute to translating the notion of sustainability into business practice?”* The paper was co-authored with Prof. Johanna Moisander (Helsinki

School of Economics) for the 23rd European Group for Organizational Studies Conference held in Vienna, Austria in 2007 (García-Rosell & Moisander 2007).

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2 From social marketing to sustainability marketing: integrating social responsibility into marketing

2.1 Introduction

Social responsibility and sustainability⁷ are the watchwords for the 21st century. Academicians and even practitioners have lately been advocating the integration of social and environmental issues into business strategies (Drumwright 1994; Menon & Menon 1997; Palazzi & Starcher 2000; European Foundation for Management Development 2005). However, a large number of managers still remain wary of committing resources to social responsibility activities that cannot guarantee specific gains, not at least in the short term (Osterhus 1997; Maignan & Ferrell 2001; European Foundation for Management Development 2005). Despite these reservations, many companies have increasingly been expressing their commitment towards social responsibility and therefore, claiming to be committed to sustainable development (Rondinelli & Berry 2000; Maignan & Ferrell 2004; Belz 2005; Doane 2005). Furthermore, management terms, such as corporate social responsibility (CSR) and corporate citizenship (CC), have produced streams of literature as well as been in common usage among business people over the last years (Carroll 1999; Maignan & Ferrell 2001; Matten et al. 2003). That does not mean, however, that issues related to the social responsibilities of business are at all clear. It is evident that though there is a large amount of management literature related to the topic, researchers and business people are still struggling to

⁷ Social responsibility, sustainable development and sustainability are widely used terms which are usually interpreted as synonyms. However, this paper makes a difference between them. The article refers to social responsibility as the bundle of responsibilities that have to be address when committing to sustainable development (process) which aims at achieving sustainability (goal).

understand the meaning of social responsibility as well as to find a way to implement it successfully in practice (Greenfield 2004).

At the same time, the ambivalent role of marketing has been widely recognized. On one hand marketing has been celebrated for its contribution to raising the material standards of living around the world, while on the other hand it has been blamed for neglecting its share of responsibility in the generation of social and environmental problems. In spite of these assertions, marketing has been identified as a way to integrate social responsibility into business organizations, promote more sustainable lifestyles as well as develop and diffuse sustainability innovations. (Kotler 2004 ; Maignan & Ferrell 2004 ; Belz 2005 ; United Nations Environment Programme et al. 2005.) Nevertheless, research contributions regarding marketing as a potential solution to the problems affecting our society and environment have not attracted enough, with few exceptions e.g. social marketing, cause-related marketing and green marketing, the attention of the business community.

During the last decades companies have been regarding CSR as well as other social responsibility concepts as simple business tools to be implemented in the organization. However, social responsibility concepts are not merely tools; they not only demand commitment towards the company's main stakeholders but also understanding and satisfying their needs and interests by dealing with trade-offs, that is, balancing economic, environmental and social goals in a responsible way. (Palazzi & Starcher 2000; Pruzan 2005.) In this context, marketing can be identified as a key driver of social responsibility within an organization. After all, the task of a marketer is to keep in constant touch with the organization's stakeholders, read their needs, develop products and services addressing these needs and manage communication not only to inform people of these products and services but also to express the main purpose of the organization. Furthermore, dealing with trade-offs is more common and obvious in marketing than in other

business function. (Kotler & Levy 1969; Kotler 2004; Belz 2005). In spite of these strengths, it has been proved difficult to deliver a marketing concept that is based on social responsibility. No marketing concept has yet achieved the acceptability that management concepts such as CSR and CC have attained among business people.

This paper shows that social responsibility has for a long time been a part of the marketing agenda. It seeks to re-examine the different marketing contributions regarding social responsibility, which began decades ago with the emergence of “social marketing” and which ends – in this paper – with the introduction of “sustainability marketing” four years ago. It took marketing scholars two decades to realize that a proactive marketing approach based on the principles of sustainability was essential to further sustainable development. Unfortunately, we can not rely on two more decades to achieve a breakthrough in marketing regarding social responsibility. Acknowledging the sustainability challenge from a marketing perspective will contribute not only to achieving greater sustainability but also to assuring the future freedom of action of marketing as a business discipline. The article aims at reviewing the different efforts made to integrated social responsibility in marketing and to find out why progress has been so difficult. This paper should finally stimulate as well as provide a solid ground for further research in this interesting subject.

2.2 Social responsibility: a brief overview

Although according to the World Business Council for Sustainable Development (2002) no single, universally accepted definition of CSR exists, social responsibility has a long and interesting history (see Carroll 1999). The responsibility and concern of business communities towards society has been expressed in various ways over the last centuries. Adam Smith (1999 [1776]), for

instance, wrote two hundred years ago in “The Wealth of Nations” about the lack of responsibility showed by large enterprises. He argued that the large enterprises of his day posed a threat to society because they externalised the risk inherent in their operations so that it was to be borne by stakeholders (workers, customers, investors) rather than by the enterprise itself. It seems that time has passed by, but the issue of social responsibility is as current as it was in Smith’s time with the difference that nowadays enterprises have strong business reasons to demonstrate that they are responsible business players (Collier & Wanderley 2005). Research and formal writing on social responsibility has been mostly done, however, during the last 55 years. Howard R. Bowen who is considered “the father of CSR” argued in 1953 that social responsibility is no panacea, but that it provides a guide for business in the future. Since Bowen’s time, social responsibility has been the subject of many conceptualizations originating mainly from the management literature (Maignan & Ferrell 2004).

One of the founding definitions of the modern conceptualization of social responsibility is the four-part model proposed by Carroll (1999) according to which the social responsibility of business encompasses the economic, legal, ethical, and philanthropic expectations that society has on organizations at a given point of time. While economic and legal expectations are a mandatory part of business, ethical and philanthropic expectations are only voluntary. However, if business organizations want to assure their freedom of action today and in the future, they should follow the rules of behaviour considered appropriate by society, whether these rules are stated in laws or not. At this point, it is also convenient to highlight the relationship between social responsibility and sustainability – a term which has been increasingly used since the early 90s. Sustainability is a goal that demands a lot of work and commitment. Achieving this goal requires assuming responsibilities that allows humans to achieve an economic state in which they can live and work in ways that can be maintained for decades and generations without

depleting or causing harm to our environmental, social and economic resources and thus leave the world a little better than we found it (Hawken 1994; Doppelt 2003). The relationship between these two terms became clear when in 1994 John Elkington coined the term triple bottom line which states that for an organization to be sustainable, it must be financially secure, it must minimise its negative environmental impacts and it must act in conformity with societal expectations (Elkington 1997). As a matter of fact, social responsibility and sustainability concepts not only integrate the interest and needs of stakeholders into business strategies but they also improve business performance. Indeed, social responsibility and profits are so intertwined that they foster each other mutually. (Palazzi & Starcher 2000).

2.3 Tracing social responsibility within the marketing discipline

While in the late 60s and 70s writings on social responsibility were proliferating rapidly in the management literature, the topic was just starting to attract academic interest in marketing. The perceptions of the threats posed by environmental and social degradation led marketing scholars to become critical of the emphasis on material consumption without consideration of societal benefit (Abratt & Sacks 1988). Two main streams of marketing contributions could be identified at that time. On one hand, some academic contributions argued that marketing was outdated due to its use in the generation of socially undesirable products such as weapons and tobacco. For instance, Dawson (1969, as cited in Feldman 1971) even suggested that the marketing concept should be replaced by the “human concept” which was supposed to rely on needs and profits while considering human and environmental aspects. On the other hand, other scholars were focusing their efforts not only on extending the implementation of marketing tools into new arenas (e.g. Simon 1968; Kotler & Zaltman 1971) but also on broadening the

existing marketing concept to include ecological and/or social responsibilities rather than replacing it (e.g. Kotler & Levy 1969; Lazer 1969; Bell & Emory 1971; Kotler 1972; Sweeney 1972; Henion & Kinnear 1976).

Philip Kotler was one of the scholars who played a major role in the integration of social responsibility into marketing. First, he suggested the expansion of marketing beyond traditional business boundaries (Kotler & Levy 1969) and second, he encouraged the use of marketing techniques to the marketing of socially beneficial ideas and causes by coining the concept of social marketing (Kotler & Zaltman 1971). At that time Kotler and Levy (1971) also coined the term demarketing which refers to a strategy aiming at lessen consumption. These contributions did, however, satisfy neither Kotler nor other “reconstructionists” who continued arguing that the marketing concept has to be revised to adopt a more social orientation (see Crane & Desmond 2002). As a result, Kotler (1972) introduced the concept of societal marketing which calls for marketing aimed at generating customer satisfaction and long-run consumer welfare as the key to attaining long-run profitability. Since social marketing is simply an extension of the application of conventional marketing into the non-profit sector, societal marketing could actually be regarded as the first marketing concept embracing social responsibility. This affirmation should not in any way underestimate the potential contribution of social marketing in influencing social behaviour towards greater sustainable consumption and lifestyles (Andreasen 1994; United Nations Environment Programme et al. 2005).

The fact that environmental and social issues were approached separately during the 70s also led to the introduction of the ecological marketing concept which addresses the ecological responsibilities of marketing (Henion & Kinnear 1976; Peattie 1995). It is also noteworthy to remark that these concepts were prompted and supported by several contributions aimed at helping marketing people understand their responsibility concerning societal and ecological issues

(e.g. Lavidge 1970; Feldman 1971; Fisk 1973; 1974; Takas 1974). In spite of these early attempts to introduce social responsibility into marketing, further research was not channelled in that direction. Societal marketing and ecological marketing not only remained sketchy and underdeveloped, but they completely vanished from the research agenda. Perhaps the fundamental belief that the market process is sufficient to correct any environmental imbalances, the scientific uncertainty and the hesitant commitment by business people towards society and the natural environment at that time made it difficult for marketing scholars to engage themselves in further research in this area (Takas 1974; Prothero 1990; Sheth & Parvatiyar 1995; Crane & Desmond 2002). However, after the publication of Kotler-Zaltman's (1971) article, social marketing, which cannot be considered an authentic social responsibility concept, became widely used. Indeed, its practical application was fostered by the interest of both government and non-profit practitioners in marketing as a key factor in the successful implementation of social programs (Andreasen 1994).

In the late 80s, after more than a decade of being faded away, social and environmental issues became again a focus of attention not only among marketing academicians but this time also among marketing practitioners. Some initial contributions focused on showing that business can be at the same time profitable and socially responsible by practicing societal marketing or some other similar marketing approach based on social responsibility and ethics. (Robin & Reidenbach 1987; Abratt & Sacks 1988; Prothero 1990.) However, Abratt and Sacks (1989) also recognized that in comparison to other terms such as social marketing and cause-related marketing, societal marketing failed to find its way into common business language. Indeed, cause-related marketing, a definition introduced at that time, also attracted the attention of practitioners, since it offered an opportunity to realize business and marketing objectives, while at the same time providing financial support to worthy causes. Cause-related marketing views social

objectives as part of the marketing goals of a business organization. (Varadarajan & Menon 1988; Menon & Menon 1997). During the early 90s further new terms such as enviropreneurial marketing (Varadarajan 1992; Menon & Menon 1997), green marketing (Charter 1992; Peattie 1992; Mintu & Lozada 1993) and environmental marketing (Coddington 1993; Peattie 1995) were coined. Although social and environmental concerns were considered under the same agenda at that time, these terms were strongly focused on the integration of environmental dimensions into traditional marketing thinking (Peattie 1995; Kilbourne & Beckmann 1998; Belz 2005).

Later, in an attempt to make these concepts more consistent with the concept of sustainable development, sustainable marketing was first coined as a term and after some years finally defined, but again with a strong emphasis on the ecological aspect (Sheth & Parvatiyar 1995; Fuller 1999). Furthermore, the term sustainable marketing was thought to be misleading, since the adjective “sustainable” refers also to a kind of marketing that is based on building long-lasting customer relationships effectively without any particular consideration of sustainability or social responsibility (Belz 2005). This acknowledgement led to the introduction of sustainability marketing which holds that the task of an organization committed to sustainability is to satisfy their customers’ needs in a way that prevents environmental degradation and negative impacts on society (Belz 2002; 2003). Despite the different labels, all these concepts could be considered as a form of marketing which in a certain way represent progress towards sustainability (Peattie & Crane 2005).

The attempts to integrate social responsibility into marketing have not only been limited to the introduction of new concepts, but have also involved discussions concerning the potential benefits of considering social responsibility dimensions in marketing decision-making. Accordingly, these research contributions lead to the acknowledgement that the role of social and environmental issues in marketing

strategy and business performance is crucial. (Drumwright 1994; Brown & Dacin 1997; Menon & Menon 1997; Handelman & Arnold 1999). Nevertheless, few contributions have considered how marketing thinking and practices can contribute to the development of socially responsible practices throughout the organization (Maignan & Ferrell 2004). Management concepts such as corporate citizenship and corporate social responsibility have as well been studied from a marketing perspective and they have even been regarded as useful and promising marketing tools. These contributions have also pointed out that one of the main tasks of marketing is to establish valuable relationships between the firm and its key stakeholders. Although the identification and analysis of target markets have been regarded as a central role of marketing, marketing contributions regarding social responsibility have been advocating for expanding the marketer's focus beyond customers to include other stakeholders into marketing strategies. (Robin & Reidenbach 1987; Menon & Menon 1997; Maignan & Ferrell 2001; 2004; Kärnä et al. 2003).

2.4 Social responsibility and marketing: why has progress sometimes been so difficult?

After almost four decades of research contributions to integrate social responsibility into marketing, progress in this research field has met neither scholars nor practitioner expectations and thus, there is still a lot of work to be done. This does not mean that all attempts have failed, or that there has been no progress towards more responsible marketing practices. (Kilbourne & Beckmann 1998). Indeed, on one hand, there are several companies that represent good examples of how a marketing approach based on social responsibility can contribute to innovation, improvement and competitive advantage (United Nations Environment Programme et al. 2005). On the other hand, concepts such as social marketing and cause-related marketing succeeded in receiving the attention of

practitioners and therefore in becoming well-known marketing concepts. Now, if we think of what determined the success or failure of such concepts, we will come to the conclusion that the same factors, which prompted social marketing, hampered societal marketing and brought down green marketing. There are two relevant preconditions which have played a key role in facilitating the implementation of marketing concepts based on social responsibility; first, well-defined goals and second, existing knowledge and understanding among practitioners.

For instance, concepts such as social marketing and cause-related marketing contain clear goals – while social marketing emphasizes on changing social behaviour, cause-related marketing aims to improve business performance by helping worthy causes. At the same time, these concepts rely on existing knowledge and understanding, since social marketing is implemented by people working in the social field and cause-related marketing count on the experience of business people regarding philanthropic activities. This shows that since the introduction of these concepts practitioners were aware of where and how they can be applied and what kind of benefits they can deliver to the organization implementing them. These examples represent, however, the exception to the rule, as most social responsibility concepts do not meet these preconditions. Although sometimes clear goals are existent, the majority of these concepts lack of understanding and needed knowledge among their users. Green marketing, which was initially welcomed euphorically in the 90s, depicts a good example of not meeting the preconditions – first, the goal was misinterpreted as a merely sales strategy and second, there was no understanding of green issues among most of the practitioners who implemented the concept. The upshot became finally known as the backlash of green marketing (Crane 2000a).

It is also important to remark that green marketing and environmental marketing were not only initially prompted but also finally brought down by market pressure.

Indeed, especially green marketing was the victim of a rush that overtook researchers and practitioners who identified an imminent “green trend” in the market. Nevertheless, this precipitate exhilaration led to a general disappointing among market players and thus, a suddenly backlash. The failure of these concepts can also be related to a premature birth, that is, these concepts based on social responsibility were introduced widely and euphorically before they were ready for a practical application. As Peattie and Crane (2005) argue, green marketing practices had little to do with the environment. In effect, firms misunderstood or did not want to understand the philosophy behind these concepts. They preferred to focus on plucking the low hanging fruit without the intention of moving towards sustainability. The responsibility, however, lies also on the concepts, because they failed to convey a clear picture of this emerging paradigm. Consequently, it was not understood that this new paradigm based on social responsibility relies not only on innovation and a long-term orientation but also takes into consideration all the company’s resources and stakeholders. (Peattie & Crane 2005).

It should be recognized, however, that what marketing departments have been describing as social responsibility concepts, are not really social responsibility concepts at all, since the social responsibility dimensions are not usually embedded into the values of the organization. Furthermore, companies have been regarding the environment and societal issues as an additional promotional dimension and a form to achieve short-term cost savings and increase profits. (Peattie & Crane 2005). It is true that marketers have been very successful in identifying new needs and expectations in the market concerning the environment and society, but it is also true that they have been failing to estimate not only the complexity of marketing concepts based on social responsibility but also the degree of commitment that such concepts will require from them and their organizations. For years, both theory and practice regarding the adoption of social responsibility in marketing have been a focus of criticism and controversy. Several scholars’

contributions have focused on reviewing particular marketing concepts which take into account social responsibility dimensions. These reviews have provided relevant critiques of the different attempts made to integrate social responsibility into marketing. Based on these previous contributions and the author's own judgment it could be concluded that the research contributions have so far been:

Too focused on particular dimensions or responsibilities – marketing contributions concerning social responsibility have focused on particular dimensions or responsibilities of this conception and therefore it has led to the introduction of concepts focusing on specific responsibilities. For instance, while cause-related marketing embraces the philanthropic dimension, environmental marketing and green marketing are based on ecological values as part of the ethical dimension. Although these research efforts have contributed to developing expertise on these concepts, no attempts have been undertaken to establish a connection between them. (Maignan & Ferrell 2004.) Some scholars have even argued against the integration of some social responsibility dimensions into marketing. Prothero (1990), for example, argued particularly against dealing with philanthropy within marketing, because it is not related to the role of marketers. Perhaps discrepancies in the understanding of social responsibility and the role of marketing people regarding social responsibility have prevented to establish a connection between the different research areas studying social responsibility from a marketing perspective.

Too focused on a particular market segment – although research in the fields of environmental marketing and green marketing aimed at developing a more social approach within marketing, these efforts remained too focused on defining environmentally concerned market segments and identifying the characteristics of individuals including demographics, attitudes, personality and behaviour. Indeed, green marketing, in particular, has focused on targeting and satisfying green consumers by integrating environmental criteria into marketing mix decisions

rather than on reconsidering the social and environmental role of marketing in a broader sense. Furthermore, it seems that green marketers have not been regarding environmental friendliness as a matter of moral decency, but as a simple marketing tool used to satisfy the need of a limited number of green consumers by offering a limited number of green products. (van Dam & Apeldoorn 1996; Kilbourne & Beckmann 1998; Crane 2000b).

Too focused on a micromarketing perspective – since Fisk (1973; 1974) expressed his critical position toward the marketing process by proposing “the theory of responsible consumption”, which addresses the problem from a macromarketing perspective, few scholars have recognized the importance of expanding their research focus to include the macroscopic character of ecological and societal motives which are nowadays compiled under the sustainability paradigm. Indeed, a crucial difference between ecological marketing and the concepts that came after is that the societal and moral motivation of the former is replaced in the latter by market pressure. Although this development has contributed to increasing the awareness of ecological issues among business organizations, the macroscopic character related to this subject has been completely ignored. (van Dam & Apeldoorn 1996; Crane 2000b.)

Too focused on managerial and normative perspectives – the large majority of contributions have been managerial and normative in orientation and this indicates the degree to which marketing scholars have been immersed in the generation of new concepts and guidelines that aim at managing social responsibility within business organizations (Kilbourne & Beckmann 1998). As a matter of fact, during the last decades we have witnessed the ongoing introduction of different marketing concepts which integrate, in a way or another, social responsibility or sustainability. These concepts have helped marketers in decision making and in sending signals to key stakeholders (Belz 2005). However, most marketers have been regarding these concepts as simple marketing strategies for dealing with social responsibility

within the marketing department. This approach is one of the main reasons that have prevented companies from developing a holistic strategy to tackle environmental and social issues. (Peattie & Crane 2005). Moreover, this type of approach has led companies to lose credibility and customer trust, because of green washing accusations.

As it can be seen, there are some gaps that have to be filled before we can fully integrate social responsibility into marketing. This task will demand radical and innovative interdisciplinary research contributions that may in some way challenge mainstream marketing theory and practice. That should not be a problem for marketing which is a discipline based on ongoing innovation. However, marketing, which has been used to borrow from other disciplines such as economics, psychology and sociology successfully, has lately become diffident in working with other disciplines – something crucial if marketing is to meet the sustainability challenge (Kilbourne & Beckmann 1998). At the same time, the majority of marketing people are too focused on short-term economic values. This could possibly be attributed to the marketing curriculum which is designed to teach students how to increase profits quickly by neglecting social and environmental dimensions. As a result, the success of this endeavour will depend not only on the combined efforts of scholar and practitioners but also on the ability to integrate a social responsibility perspective into the marketing curriculum. Neglecting the existence of these gaps and failing to overcome these self-imposed barriers will not only hinder progress toward sustainability but also question the application of marketing in the future.

2.5 Conclusion

During the last years the academic and business community have been discussing the role of business in society, however, mainly from a management perspective.

These discussions have been generally focused on defining the main responsibilities of businesses towards society as well as on how to integrate these responsibilities into business decision processes. The subject of social responsibility has achieved such a degree of acknowledgement that it has begun to be incorporated in the curriculum of several business schools around the world. Furthermore, it has been recognized that there is a need to integrate social responsibility and sustainability into other business disciplines such as marketing. (World Business Council for Sustainable Development 2005; Webb 2006). In this context, marketing can become a key driver of social responsibility, since it can contribute to developing and co-ordinating a holistic business strategy which is a main precondition for adopting and integrating social responsibility through the whole organization.

To date, the role of marketing in fostering the integration of social responsibility within business organization and more sustainable lifestyles within society has been underestimated by the majority of scholars and practitioners. Indeed, marketing can play a relevant role, since marketing is replete with activities focused in one way or another with organizing the entire activities of a company behind the drive to satisfy the customers – but also considering the need of other stakeholders – at a profit. Accordingly, marketing can not only contribute to integrating social responsibility into the whole business organization but also to satisfying the customers' needs in a more sustainable way. Although it has been difficult to establish a solid bridge between social responsibility and marketing, the concerns of practitioners and scholars over social and environmental issues in marketing has showed that the problems, which initiated the first marketing contributions concerning social responsibility, have clearly not gone away and, if anything, have probably become more complex and evident. In this regard, it is necessary to define in which direction research efforts should be channelled in the future. This paper offers three suggestions.

First, the integration and operationalization of social responsibility in marketing requires going beyond customers to identify and include other key stakeholders' interest and needs in the marketing process (Matten et al. 2003; Vos 2003). This will mean to move from the traditional customer-oriented towards a more stakeholder-oriented approach. Such an approach will further relationships between the enterprise and its stakeholders and contribute to the adoption of socially responsible behaviour within business organizations. Marketers have to acknowledge businesses as open and flexible systems made up of diverse actors and embedded in a network of relationships with various other actors. Stakeholder management is obviously one relevant avenue for further research in this field, and even more, since the potential benefits offered by different kind of stakeholder partnerships have recently been an issue of discussion within the business and research community. (Crane & Desmond 2002; Maignan & Ferrell 2001; 2004).

Second, a marketing approach based on social responsibility has to include a micro as well as a macro perspective. Previous concepts, which have been mainly regarded from a micromarketing perspective, have intended to address people's environmental and social concerns through inducing commitment to societal and ecological values but without changing their materialistic consumer lifestyle. However, what is also needed is to build a bridge between that current lifestyle and the marketing which both serves and drives it, and a more responsible marketing based around more sustainable production and consumption (Peattie & Crane 2005). Although a focus on the promotion of the ecological and social features of products is important, marketers have to go beyond it to educate customers to use products in an efficient and sustainable way. (Lichtl 2002; European Foundation for Management Development 2005). As Kilbourne and Beckmann (1998) noticed, marketing scholars have to channel their efforts into research that examines the root causes rather than the symptoms of the problem. According to him the consideration of macro issues will also demand more interdisciplinary research so

that marketers can familiarize with the philosophy behind social responsibility and sustainability. Furthermore, tackling social responsibility in marketing from both a micro and macro perspective demands to go beyond economic, social and environmental dimensions to include a cultural dimension. The cultural knowledge of the marketplace allows marketers to design products that make sense in and add value to the everyday life of their customers and thus, they can also shape possible courses of action in the market (Moisander & Valtonen 2006). This, in turn, may help marketers further more sustainable lifestyles by developing products that are not only sustainable but also acceptable and desirable.

Third, although managerial and normative foundations are very important for the application of a social responsibility concept, it is time to dedicate more time and efforts to deliver transformational contributions which are also extremely necessary. It is about the true commitment of companies towards sustainability and their active participation in public and political processes. On the one hand transformational research should aim at changing the present institutional framework to expand the intersection between socio-ecological problems and consumption and to set up the conditions for the successful application of a marketing concept based on social responsibility (Belz 2005). On the other hand it should intend to transform organizations by redefining their business, strategies, structure and their organizational cultures to include core values based on sustainability which may have positive implications for the business, society and environment. While change involves risks, failure to initiate changes may result in greater risk. (Dunphy et al. 2003). If we assume that the environment in which organizations operate is always changing, then we have to accept that companies have to adapt continuously to the new environment and thereby, change is an inevitable natural process (Håkansson & Snehota 1989).

As it was noticed earlier in this paper, there is further research needed in this fascinating and still emerging field. There have already been some indications that

marketing has started to explore the issue of social responsibility from a broader perspective. These new developments show that marketing efforts in this research field are beginning to head in the right direction. Societal marketing, for instance, was redefined as a marketing concept that aims at determining the needs, wants, and interests of target markets and delivering the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and society's well-being (Kotler 2003). This new definition goes beyond customer satisfaction to include the needs of society at large. At the same time the concept of sustainability marketing, which was introduced recently, offers a comprehensive approach based on the sustainability principles. Indeed, the concept is divided in six steps: analysis of socio-ecological problems, analysis of consumer behaviour, normative sustainability marketing, strategic sustainability marketing, instrumental sustainability marketing, and transformational sustainability marketing (Belz 2005). This concept also indicates that research contributions are becoming more macro and transformational in orientation.

Nothing said here should retract from the major contributions that management has made regarding social responsibility by developing concepts such as CSR and CC. After all, these concepts are very close to societal marketing and sustainability marketing. It is evident, however, that despite these facts, the application of CSR and CC is limited by their inability to deliver customer value and deal with trade-offs and the difficult task of balancing economic, ecological and social goals, qualities especially evident in concepts such as sustainability marketing (Belz 2005). In any event, these marketing and management concepts should not compete for their practical application but rather complement each other. Marketing concepts which include social responsibility dimensions may even foster, for example, the management of concepts such as CSR and CC within business organizations. We should recognize that the task of integrating social responsibility and sustainability into business is a challenging one and therefore, it

requires co-operation between disciplines such as management and marketing. Otherwise, it will be very difficult to finally understand the meaning of social responsibility and achieve sustainability.

2.6 References

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3 Ethical dimensions of sustainable marketing: a consumer policy perspective

3.1 Introduction

Social responsibility and sustainability can be regarded as the watchwords of the 21st century. Among academics and practitioners alike, there has been a growing interest in business ethics and the responsibility of business communities towards society. In business research, much of this discussion has revolved around corporate social responsibility (CSR), corporate citizenship and the role of business activity in sustainable development (Carroll 1999; Collier 1995; Collier & Wanderley 2005; Crane 1999; Crane & Matten 2004; Doane 2005; Maignan & Ferrell 2004; Rondinelli & Berry 2000). Sustainability, in these discussions, usually refers to the long-term maintenance of systems according to environmental, economic and social considerations (Crane & Matten 2004).

Also in business practice, the topics of social responsibility, business ethics and sustainable business development have emerged in the corporate agenda (Collier & Wanderley 2005; Rainey 2006). In specifying and communicating their corporate values, for example, many contemporary business organizations currently express their commitment to social responsibility and sustainable development and thus also publish environmental and social reports as part of their investor relations programs (Doane 2005; Hummels & Diederik 2004).

In much of the recent discussion on these topics, marketing has been identified as a way to integrate social responsibility into business organizations, promote more sustainable lifestyles as well as developed and diffuse sustainability innovations (Maignan & Ferrell 2004; Maignan et al. 2005; United Nations Environment Programme et al. 2005). Marketing decisions have important consequences for the specific ways in which goods and services are produced and

distributed in the markets, and thus on the resource use and waste generation patterns that can be attributed to the products and services of a company. Moreover, through internal marketing and marketing communication companies implement their strategic values and communicate their commitment to sustainability to their customers, employees, supply networks and other business partners (Polonsky & Ottman 1998).

Unfortunately, however, in the existing literature the concept of sustainability and the responsibilities that it entails are not at all clear. Both in theory and practice, sustainability and social responsibility mean very different things to different people (Cairncross 1993; Crane 2000; Crane & Matten 2004), and “corporate social responsibility” continues to be a contested concept (Doane 2005; McWilliams et al. 2006). As a result, both researchers and business practitioners still seem to be struggling to understand how the principles of sustainability can be integrated successfully into business practice (Greenfield 2004).

In this paper, our aim is to work towards a better understanding of sustainability and social responsibility in business practices by elaborating on the prevalent approaches to environmental ethics and social responsibility that inform the discussion on sustainable marketing in the existing literature. We also analyze how the roles and responsibilities of different market actors are depicted in these different approaches to sustainable marketing, drawing conclusions particularly for consumer policy.

Our analysis is premised upon the idea that to develop and implement effective strategies for sustainable and socially responsible marketing, companies need to view themselves as ethical subjects and corporate citizens. Sustainable marketing entails complex ethical issues and requires that the company makes informed and justified ethical judgments about what is right and fair for all members of society—also from a consumer policy perspective. And to be able to make well informed and carefully justified ethical judgments they need carefully analyze and evaluate

the concepts, principles, and theories that they appeal to in defining and defending their philosophies and normative claims about sustainable marketing.

In the sections that follow, we first discuss how sustainability and social responsibility is conceptualized in marketing literature. Then we discuss the different approaches to environmental ethics that inform this literature and the public discussion on sustainable marketing, focusing particularly on the roles and responsibilities that each of the approaches ascribe to different market actors. Finally, we draw conclusions from this analysis for consumer and environmental policy.

3.2 Sustainability in marketing literature

Over the last twenty years, ever since the term ‘sustainable development’ was introduced by the Brundtland Commission and defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development 1987), “sustainability” has been a significant conceptual tool for assessing not only economic and social development, but also business activity more generally (Crane & Matten 2004). The Rio Declaration in 1992 and the follow-up World Summit on Sustainable Development in Johannesburg in 2002 further fostered the discussion on these topics and opened up new directions for the debate on the roles and responsibilities of business organizations in society. Hence, from the early 1990s onwards the discussion on sustainability has been extended into the field of business activity, and the terms “sustainable” and “sustainability” have been integrated into the standard business jargon. The beginning of “sustainable marketing”, however, can be dated back to the late 1960s and early 1970s, when the appropriate scope and the societal role of marketing was discussed and debated among marketing scholars (Dawson 1971; Feldman 1971; Kelley 1971; Kotler &

Levy 1969; 1971; Kotler & Zaltman 1971; Lavidge 1970; Lazer 1969). In the following sections we discuss the emergence of sustainable marketing in its different theoretical forms in the history of marketing thought.

In the marketing literature of the late 1960s and early 1970s, there was a critical self-reflection and debate on the role of marketing in the processes of social and environmental change (Anderson & Cunningham 1972; Fisk 1974; Kelley 1971; Lavidge 1970). In some accounts, this self-reflection also involved an ethical and societal problematization of marketing as an institution as well as calls for business organizations to accept more responsibility in society as corporate-citizens (Dawson 1971; Lazer 1969; Lazer & Kelley 1973). Kelley (1971, 2), for example, called for a shifting of the emphasis of marketers from “individual want satisfaction to societal considerations”. Dawson (1971, 67), for his part, argued that *“It is important to recognize that this thrust of interest in consumer welfare extends well beyond simple dissatisfactions of customers with allegedly inferior products. It covers the entire question of the nations poor, the minority groups, the elderly, and other disadvantaged citizens in terms of their ability to receive fair treatment in the marketplace”*.

Along these lines, Kotler (1972) made an endeavour to broaden the traditional marketing concept by introducing the societal marketing concept, which called for a customer orientation backed by integrated marketing and aimed at generating customer satisfaction and long-run consumer welfare as the key to attaining long-run profitability. While societal marketing responded primarily to the concerns of consumerism, the demands of environmentalism were taken up by other marketing scholars, who realized that the ecological challenge would call for deep changes in the marketing discipline, including the education of both consumers and marketers regarding the relationship between their daily decision-making and the natural environment (Feldman 1971; Fisk 1973; 1974). Feldman (1971), for example, stressed the importance of marketing for understanding and influencing life styles,

as well as for determining the extent to which our society may be channelled into sounder consumption practices.

In this regard, Fisk (1973; 1974) made an important contribution by proposing the theory of responsible consumption and the ecological imperative, which stress the responsibility of marketers to work towards limiting individual consumption. From this perspective, a major social goal of marketing is to encourage responsible rather than frivolous consumption by involving the consumer as an informed responsible market actor. In another effort to provide further solutions to environmental problems Henion and Kinnear (1976) introduced ecological marketing, which is concerned with all marketing activities: (1) activities that have served to help cause environmental problems, and (2) activities that may serve to provide a remedy for environmental problems. The objective of introducing these concepts was to help marketers respond to social and environmental problems to maintain corporate legitimacy in the face of shifting social values and burgeoning civil movements (Crane 2000).

While research and academic discussion on social responsibility continued uninterrupted in the field of management during the 1980s, further efforts by marketing scholars were not channelled in that direction. Despite the initial boom of contributions in the 1970s, the discussion on the responsibilities of marketing toward the environment and society somewhat faded away, relegating the new marketing field to the annals of marketing history (Mintu & Lozada 1993; Sheth et al. 1988). It has been suggested that the recessions that originated from the oil crises of 1973 and 1980, together with a strong faith in the ability of the market mechanism to correct environmental imbalances, and the lack of committed interest among marketing practitioners in environmental and social issues made it difficult, at the time, for marketing scholars to engage themselves in further research in this area (Peattie 1995; Sheth & Parvatiyar 1995; Sheth et al. 1988). It was not until the late 1980s—when environmental and social problems were again

in the focus of public attention—that the discussion on the role of marketing in society re-emerged and new concepts, such as green marketing, environmental marketing and enviropreneurial marketing, were introduced (Charter 1992; Coddington 1993; Menon & Menon 1997; Mintu & Lozada 1993; Peattie 1992; 1995; Peattie & Crane 2005; Varadarajan & Menon 1988).

The 1990s represented a new era for the further development of sustainable marketing (Mintu & Lozada 1993). Mintu and Lozada (1993), for example, proposed a definition of green marketing as the application of the marketing concept and tools to facilitate exchanges that satisfy organizational and individual goals in such a way that the preservation, protection, and conservation of the physical environment is upheld. In contrast to the concept of ecological marketing, this approach prescribed a more proactive role for marketers, not only in monitoring the negative impacts of marketing activities on the natural environment but also in actively engaging in practices that reduce or minimize these impacts.

At that time, also the need to turn the environmental imperative into profitable business opportunities was discussed. Walter Coddington (1993), a communications consultant, introduced the concept of environmental marketing, emphasizing the significance of environmental stewardship not only as a business development responsibility but also as an opportunity for business growth. According to this line of thinking, the success of such a sound business strategy lies mainly on the attitude of the management team regarding the role of the firm in relation to the environment.

It was not until 1995, however, that the term sustainable marketing was coined by Sheth and Parvatiyar (1995) who discussed marketing efforts that are both competitively and ecologically sustainable. Taking a macro-marketing perspective, they recognized the link between marketing and sustainable development and as a result, also the urgent need to move from the current consumption marketing to a more sustainable marketing. According to them, sustainability can only be achieved

by combining active government intervention with proactive marketing targeting at sounder consumption and production patterns. Taking a more managerial perspective, Menon and Menon (1997) also proposed the concept of enviropreneurial marketing, referring to the process of formulating and implementing entrepreneurial and environmentally beneficial marketing activities with the goal of creating revenue by providing exchanges that satisfy a firm's economic and social performance objectives (see also Varadarajan 1992).

In much of the discussion on the topic, however, sustainable marketing has been discussed in terms of a mere logical extension of the mainstream, managerial, marketing concept (Crane & Desmond 2002; Kilbourne 1998). Fuller (1999, 4), for example, re-defines the concept as the process of planning, implementing, and controlling the development, pricing, promotion, and distribution of products in a manner that satisfies the following three criteria: (1) customer needs are met, (2) organizational goals are attained, and (3) the process is compatible with ecosystems. This stream of research tends to be based on a distinctively managerial, micro-marketing approach as opposed to more societal, macromarketing perspective to sustainable marketing. In this literature, sustainable marketing, in its different forms, is primarily represented as a managerial technique, and the moral values and principles on which it is based have tended to remain implicit.

It is the thesis of this paper, however, that sustainable marketing is fundamentally an ethical issue, and should therefore be discussed as a philosophical and political question of environmental ethics. Next we shall discuss the prevalent approaches to environmental ethics that inform and structure the discussion on sustainable marketing.

3.3 Prevalent approaches to environmental ethics and sustainable marketing

In general, discussions on sustainable marketing are based on a tacit understanding that it is morally wrong for individuals and firms to pollute and destroy the natural environment or use it in a way that poses threats to the ecological stability of the planet. It is acknowledged that neither social nor economic goals can be achieved without a healthy ecological system and therefore it is the moral responsibility of individuals and firms to refrain from destroying it. The theoretical development of sustainable marketing thus clearly involves an attempt to determine and frame the goals of business activities from an ethical perspective (Crane & Matten 2004).

The moral basis of this theoretical development, however, is very seldom elaborated. Accordingly with the managerial approach to marketing, it is implicitly assumed that morality is something singular; that there is only one appropriate perspective on morality that applies. Yet, in moral theory there are a number of different approaches to ethics, and firms and individuals have multiple perspectives to choose from when making their ethical judgments. Therefore, it would seem important to identify the values and implicit understandings about ethics that guide and constrain thinking and talking about sustainability and sustainable marketing in organizations and which also provide a rationale and legitimization for managerial practices. Here we discuss three major approaches to normative environmental ethics (Brennan 2002): consequentialism, deontology, and virtue ethics, discussing also the roles that these approaches prescribe to consumers in sustainable development.

Consequentialist approaches

The reasoning found in consequentialist ethical theories suggests that the rightness or wrongness of an action is determined by its consequences (bad/good). From a consequentialist perspective the environment has only instrumental value, since it

is regarded as a means to satisfy human needs and interests. Therefore, intrinsic value is not attributed to the natural environment itself but to the pleasure and satisfaction it provides for human-beings. Within environmental ethics utilitarianism has arguably been the most prominent consequentialist theory⁸.

From the utilitarian perspective, the ethical status of behavior is evaluated based on its consequences (e.g. Smart & Williams 1973). Moral subjects are thus to judge their acts and decisions in terms of their utility or their usefulness in producing good consequences. The morally responsible green consumer, for example, “takes into account the public consequences of his or her private consumption” (Webster 1975, 188). Since utilitarianism is social in character and focuses on the welfare of society as a unit (Robin & Reidenbach 1987), a given decision is usually considered ‘right’ if it brings about positive consequences for all people involved, preferably producing the greatest good for the greatest number of people. From this perspective, the protection of the environment is morally right as long as it implies a greater balance of pleasure over pain for the greatest number of human beings.

While utilitarianism comes in different varieties (see Curd 1992), in the public discussion on environmentalism and sustainable marketing, it often takes the form of act utilitarianism, according to which the rightness of each individual act is evaluated based on its consequences (the unit of moral analysis is an individual act). In the context of eco-labels, it also takes the form of rule utilitarianism, according to which the rightness of individual acts is evaluated based on specific moral rules to which the principle of utility is applied. The ethical status of a consumer’s product choice, for example, is evaluated by testing whether or not it

⁸ In the context of sustainable marketing, however, also ethical egoism has been discussed as consequentialist ethical position (Crane & Matten 2004). The philosophical idea of egoism has a long tradition and it has been very influential in modern economics. Adam Smith, in particular, argued that an economic system based on free competition and individual self-interest was the key to attaining a fair and productive society (Smith 1999 [1776]). Normative egoism suggests that a person’s action is morally right if it maximizes his or her self-interest (Shaver 2002).

falls under a certain moral rule, such as “buy eco-labeled products when available”. And this rule is crafted and evaluated based on considerations of the consequences that result from consumers adopting that rule (the unit of analysis is the moral rule). Either way, the ethical status of marketplace behavior is based on complex and controversial analyses of the environmental consequences of different choices and practices—which ideally would need to be quantified and measured for comparison.

From a critical consumer policy perspective, however, utilitarian ethics may be problematic for a number of reasons (Moisander 2007). In particular, it holds consumers responsible also for things that they cannot control. Consumers and their actions are judged by the consequences of their acts even when they have no way of anticipating or controlling all the consequences that their actions have (DesJardins 1997). Moreover, utilitarian approaches to environmental ethics and sustainable marketing often de-politicize sustainable development by downplaying the importance of the social and political dimensions of environmental problems. When representing sustainable development primarily as an economic problem, utilitarian ethical positions tend to represent sustainable development merely as a question of utility, satisfaction and individual responsibilities. As DesJardins (1997, 30) has convincingly argued

In doing this, we can easily overlook how much our choices, attitudes, and values are influenced and limited by what is outside. Human beings not only create and shape their social institutions; these institutions in turn create and shape humans’ attitudes, beliefs and values. Ethics must also challenge us to look at our social institutions and ask what are they doing to us and for us? Are our social institutions just? Are burdens and benefits distributed fairly? Do our social and political arrangements encourage cooperation and community or competition and domination? How is power distributed, how is it limited? How should we—as a group, not individuals—live?

Deontological approaches

Deontological approaches to environmental ethics are based on the idea that there are distinct moral rules or duties, and the violation of these rules and duties is intrinsically wrong, while observance is intrinsically right (Brennan 2002). In the context of deontological approaches to environmental ethics, these rules and duties are based on the intrinsic value of the environment. It is taken that the environment has a moral right to respectful treatment, and this generates a moral duty to humans to protect it. In other words, we have a *prima facie* duty not to harm it. Hence, while consequentialist theories requires us to only protect the environment as long as doing so maximizes the overall good consequences, deontology argues that fulfilling duties and respecting rights lead automatically to something good.

Deontological approaches to environmental ethics can take different forms depending on how intrinsic value is ascribed to different elements of the natural environment. Some approaches are anthropocentric or human-centered in the sense that they assign intrinsic value only to human beings (anthropocentric in an absolute sense) or they assign significantly more intrinsic value to human beings than to non-human things (Brennan 2002). Nonanthropocentric approaches, for their part, grant a moral standing to natural objects and thus recognize intrinsic value in the environment. Biocentric approaches are based on giving intrinsic value to all the organisms of the biosphere and ecocentrism grant intrinsic value to ecosphere as a whole. In marketing literature, however, it usually is some form of anthropocentric thinking that provides the basis for deontological approaches to environmental ethics, considering the rights of consumers (human-beings) rather than the natural environment (see e.g. Robin & Reidenbach 1987).

In the literature on sustainable marketing, deontological approaches to environmental ethics are hard to find. There seem to be grounds for assuming, however, that being a deeply concerned and dedicated environmentalist often

involves a commitment to some sort of a prima facie duty, i.e., a duty that is obvious or evident without proof or reasoning (Moisander 2007). Harré et al. (1999), for example, have found that the moral discourse that many environmentalist organizations such as the Sierra Club rely on is deontological in flavor, placing an emphasis on doing something right in itself rather than for some practical end.

Moreover, while firms are usually expected to prescribe to some sort of anthropocentric approaches to environmental ethics, they might as well base their moral deliberations on some sort of biocentric or ecocentric accounts. They might well argue that sustainable development would downright require that consumers ascribe some kind of objective value to nature and adopt a moral obligation to protect all living things. They might well believe that the flourishing of human and non-human life on Earth has intrinsic value and that the value and rights of non-human life forms are independent of the usefulness they have for narrow human purposes. It may well be that some 'environmentally responsible' firms consider a given environmentally sensitive moral decision 'right' primarily because of some religious moral beliefs or moral obligations based on deontological and/or ecocentric ethical considerations, such as the respect for 'mother earth' or 'healthy planet' (see e.g. Patagonia, <http://www.patagonia.com> and Stonyfield, <http://www.stonyfield.com>).

From a consumer policy perspective, de-ontological approaches to environmental ethics would seem to pay more attention to the socio-political aspects of sustainable development. The wide scope of the different positions would also seem to encourage discussion and debate on the values on which sustainable development should be based on. From this perspective, deontological approaches to sustainable marketing might well foster transformative criticism and dialogue between different market actors and members of society.

Virtue ethics

Virtue ethics shifts the focus from rules, rights and utility to the moral character of the decision maker. It implies viewing both the environment and ourselves in a different way (DesJardins 1997). Virtue ethics contends that morally correct actions are those undertaken by actors with a virtuous character and who pursue virtues such as wisdom, honesty, friendship, mercy, etc.

Central to ethics of virtue is the notion of “good life”. From a business perspective “good life” means more than profit generation and market share (Crane & Matten 2004). Indeed, virtue ethics involves a much more holistic approach to business, since not only profits but also employees’ satisfaction, good relationships with internal as well as external stakeholders are considered as important aspects of good business life (Collier 1995). Overall, considering virtues in environmental ethics helps us to determine not only what we want but also what we are (Sagoff 1990).

Virtue ethics has played an important role in the adoption of sustainable marketing by business organizations. For example, firms such as Ben and Jerry’s, Tom’s of Maine and the Body Shop have followed the instincts and personal values (virtuousness) of their leaders in determining their moral stance rather than taking a customer-led approach (Crane 2005). This reflects the extent to which the motivation and justification of actions are intertwined with the character traits of the acting agent (market actor). The moral character of the company’s leader can, as a result, be spread through the whole organization and its stakeholders. According to Collier and Esteban (1999), the notion of virtue gains meaning in practice where it contributes to developing excellence based on human capabilities. Although virtue ethics can be found in the practical application of sustainable marketing, this ethical approach has not been yet discussed within the literature related to sustainable marketing.

3.4 Discussion and consumer policy implications

The brief analysis above shows that the prevalent utilitarian approaches to environmental ethics are only one alternative way of deliberating on the ethical issues that sustainable marketing involves. Other possibilities include to act on principle, independently of its anticipated consequences, based on duties and rights (deontology) or to base one's deliberations on some sort of religious teleological reasoning and to pursue some virtues related to environmental protection. In pursuing sustainability, firms, consumers and policy-makers thus have a number of different options in framing and determining their goals, decisions and strategies.

Our analysis also indicates that each of these ethical approaches to sustainable marketing tends to ascribe somewhat different roles, rights and responsibilities for different market actors. It is therefore important, we argue, to analyze the assumptions and beliefs about morality and sustainability that different environmental policy measures are based on, as well as to critically evaluate the complex implications of these assumptions for consumer agency. It would seem particularly important to acknowledge that sustainability is a complex issue, which entails complex political, socioeconomic, and moral questions.

Finally, our analysis suggests that environmental ethics may offer valuable perspective and a set of useful conceptual tools to the further theoretical development of sustainable marketing. Ethical discussion and debate on the roles, rights and responsibilities of different market actors arguably contributes to better understanding of not only the theoretical assumptions but also the social values, norms and beliefs that guide and constrain thinking and talking about sustainability in organizations, be they private, public, or NGOs, as well as among consumers and policy-makers. It is important to know these values and beliefs because they provide a rationale and legitimization for managerial practices.

To conclude, we therefore argue that from a consumer policy perspective, the major challenge for sustainable marketing is to foster moral reflection and

constructive dialogues about the appropriate roles, rights and responsibilities of different market actors in society. There is a need to view sustainable marketing as a social process which involves multiple moral actors. Not only firms, but also consumers and other stakeholders play a key role in moving the global economy towards sustainability. This discussion and debate may not diminish the complexity of sustainable development but it may serve to make the phenomenon more transparent for all parties involved.

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4 Action research and grounded theory: methods for understanding social responsibility in theory and practice

4.1 Introduction

Social responsibility and sustainability⁹ mean very different things to different people (Crane 2000; Crane & Matten 2004). Indeed, business organizations find it very hard to understand the meaning of concepts such as corporate social responsibility (CSR), corporate citizenship, triple bottom line and sustainable marketing. For instance, there is no single universally accepted definition of CSR (Doane 2005; Morimoto et al. 2005; World Business Council for Sustainable Development 2002), though it has been one of the most used social responsibility terms during the last decade. The lack of consensus on the interpretation of social responsibility and the responsibilities of business in society may have contributed to the use of different terms and concepts leading to the rise of a jungle of terminology (see Lindfelt 2006). Unfortunately, this diversity of terms has led to more confusion rather than helped clarify the substance of social responsibility. But why has it been so difficult to reach a general consensus on social responsibility? Isn't it, because it challenges our traditional way of thinking regarding the role of business in society and, moreover, because we all have a different idea of what social responsibility should be? Perhaps we have not focused enough attention on understanding how social responsibility is related to particular situations (e.g. geographic regions, business sectors, enterprises, etc.). Rather, most efforts have been directed towards finding a universally accepted construct of social responsibility without considering the constraints posed by such an attempt. After all, social responsibility and sustainability are closely related to morality (see Crane

⁹ In this paper, the terms social responsibility and sustainability are used synonymously, although there is no single universally accepted definition of both terms.

& Matten 2004; Robin & Reidenbach 1987). And since morality, which is based on norms, values and beliefs, differs from culture to culture, what is considered responsible in one particular location is not necessarily so in another country, region or even organization (see Lindfelt 2005). This shows that moral and ethical questions play an important role when discussing the societal responsibilities of organizations and thus, they should be addressed in future research.

Social responsibility is not only a trendy subject but also a new way of seeing business responsibilities in society. As researchers, it is our duty to help practitioners realize the main idea behind this subject and how to implement it successfully in practice. But how can we do that? How can we help improve the practical application of social responsibility within companies? How can we help organizations generate deeper knowledge and understanding regarding social responsibility? More recently, it has become clear that neither normative contributions nor quantitative research are sufficient to answer these questions in a satisfactory manner. Actually, a pure traditional scientific approach based on the belief that knowledge is created by scientists who stand outside the situation being studied cannot start up the change and learning process needed to achieve greater sustainability (Dunphy et al. 2003).

Since change is not only the natural state of today's organizations but also an inherent strategy (Abrahamson 2000; Dick 2003; Gummesson 2000; Håkansson & Snehota 1989), we need to look beyond the status quo of organizations and most mainstream academic research. An effective adaptation to a new emergent business environment demands not just hard structural changes in the organization; it requires, rather, an in-depth appreciation of the cultural, human aspects of the organization, and taking actions based on this understanding (Heracleous 2002). Indeed, most change attempts fail because the cultural and social aspects of organizations are neglected during the change process (Heracleous 2001; Pascale et al. 1997). According to Bradbury (2001), it is necessary to change our individual

and organizational behaviour, if approaches such as social responsibility are to be meaningfully catalysed, implemented and sustained. That means that a successful implementation of social responsibility cannot be achieved if the human factor and a change approach – redefining the organization – are omitted. Moreover, such a change process requires organizations to step beyond their boundaries and to become more sensitive to the culture of their main external stakeholders.

In this paper, I intend to highlight the role that research methodologies such as “action research” and “grounded theory” may play in helping to understand social responsibility and facilitating the discussion on business in society. Although these methodologies are often associated with qualitative research, they can involve both qualitative and quantitative data. However, the increasing acceptance of qualitative research across different business disciplines have contributed to the expansion of action research and grounded theory as business research methodologies. But why do I refer to these two particular methodologies? In my opinion these practical emergent data-driven methodologies based on an inductive approach fulfil the requirements for studying social responsibility within organizations. They are very representative of the continuous process of critical reflection and transformation which includes acting and thinking as well as practice and theory (Schwandt 2000). Moreover, they allow the researcher to study the situation as an inquirer, that is, as a person with an open mind looking for creative or viable options and trying to open up new interpretations on established truth (Stanfield 2000). These are crucial features, since a commitment towards social responsibility usually challenges the established norms and values of an organization and even demand their redefinition if necessary. Furthermore, such a commitment asks the actors involved to step beyond the boundaries of their disciplines.

In this paper it is argued that new perspectives and approaches are needed in order to foster social responsibility in theory and practice. The paper addresses, to some degree, some of the shortcomings of mainstream research regarding social

responsibility and their connection to the research traditions commonly used in the field. As a result, the paper highlights and justifies the use of more qualitative oriented approaches in the study of issues related to social responsibility. It focuses particularly on illustrating how action research and grounded theory can be used to combine academic and practical knowledge in a fruitful way so that social responsibility research outcomes are useful for both academicians and practitioners.

The paper is organized into six major sections. In the sections that follow this introduction, I first discuss how change and understanding are related to social responsibility. Then I discuss the role of qualitative approaches in social responsibility research, focusing particularly on the basic tenets and elements of action research and grounded theory. Finally, I draw conclusions and implications for research on social responsibility.

4.2 Change and understanding – preconditions for social responsibility

It may be naïve to believe that we can attain a fully integration of social responsibility into companies by merely delivering concepts such as CSR or developing guidelines such as the Global Report Initiative (GRI). Some research contributions have already showed that the simple adoption of environmental management systems, code of conducts or voluntary reporting do not automatically lead to better performances and change in corporate behaviour (see e.g. Doane 2005). For instance, the development of ISO 26000 has also been seen by some as the panacea for tackling social responsibility within the business community. Furthermore, there are some expectations that this new standard will finally define social responsibility and find an appropriate way of approaching it (Schwartz & Tilling 2006). However, these expectations are not surprising, since we have been mainly relying on the results of normative and instrumental contributions. Indeed,

most scholars and practitioners have been focusing on integrating social responsibility in organizations through merely incremental improvements without changing existing business thinking (Doppelt 2003). In the long run, this may lead companies to face Hamlet's eternal dilemma of "to be or not to be", which can usually be found in the field of social responsibility. According to Senge et al. (1999), the sustainability challenge demands not only to modify the strategies, structures and systems of a particular organization, but also to change the way people think and interact within it. As a result, adopting more socially responsible and environmentally friendly measures will not suffice, unless we gain further understanding on the values, norms, and beliefs that are existent in an organization as well as among its main stakeholders. Such an understanding will finally lead into a fundamental redefinition of the company's norms and core values (Doppelt 2003; Dunphy et al. 2003).

It seems that research has been too focused on introducing new concepts, guidelines and standards, while overlooking the fact that the majority of companies face difficulties with their practical implementation. Moreover, many firms are holding back from engaging with social responsibility because it seems overwhelming. The present situation can be compared to approaching the problem of illiteracy in a remote village by allocating more and more books for the local library without teaching the villagers to read. This shows that concepts and guidelines need to be supported by a learning programme which fosters understanding of how to develop and change towards greater social responsibility. The success of any attempt to integrate social responsibility within an enterprise will depend on such a support. Actually, the main reasons for the failure of social responsibility initiatives are related to poor learning mechanisms and limited understanding of the relationship between the organization and its stakeholders (Doppelt 2003). Overcoming these deficiencies can turn into a very challenging task if we do not consider that we are dealing with thinking human beings. Since

most individuals resist change when others attempt to change them, we should make people feel that they are in charge of the change process (Doppelt 2003). For instance, this can be achieved through the use of approaches that encourage high participation, learning, understanding and knowledge flow within organizations.

As it has been noted recently, we have reached a level where commitment towards social responsibility means more than publishing CSR reports, funding charities and expressing sustainability values in websites. Nowadays, organizations are not only under the scrutiny of governments and NGOs, but also customers among other key stakeholders have their eyes on how companies tackle societal and environmental issues within their daily activities (Doane 2005). Therefore, portraying social responsibility as a simple business tool might contribute to promoting superficial makeovers which in turn may lead companies towards greater risks rather than benefits (Pruzan 2005). In this regard, it is necessary to consider a holistic approach when tackling social responsibility.

Nothing said here should retract from the fact that normative and managerial contributions and the incremental change they bring forth play an important role in becoming more socially responsible. Indeed, according to Dunphy et al. (2003), incremental changes contribute to the development of corporate capabilities, cultures and practices leading to the creation of more socially responsible organizations. Nevertheless, as it has been pointed out in this section, incremental improvements are not enough to consolidate social responsibility in an organization. Consequently, more transformational changes, which contribute to redefining norms and core values by engaging in a process of learning and change, are extremely needed to achieve that goal. Whereas incremental change can often be successfully generated and led entirely by people internal to the organization, transformative change almost always needs input from outsiders (Dunphy et al. 2003). Furthermore, this process of change toward greater social responsibility should replace the traditional business model of the organization in a step by step

basis. Such a process can be fostered by the research methodologies described later in this paper.

4.3 Qualitative methods – tools for understanding social responsibility

During the last years literature has been pointing to qualitative approaches as forms of data collection and analysis that can help gain valid insights, contribute to theory building and as a result, develop the right skills and competencies needed in business fields such as management and marketing (Goulding 2005; Gummesson 2000). Researchers, particularly in the field of business ethics and social responsibility have argued that more qualitative approaches may offer an epistemological potential to their research field (Brigley 1995; Crane 1999). In fact, today's business environments are changing very fast – especially in the field of social responsibility – demanding an ongoing evaluation and adaptation of our professional abilities to the new emerging situations. Furthermore, there is a need to close the existent gap between theory and practice which is leading to counter-productive results due to limited exchange of ideas, knowledge and know-how between academic and business communities (Catterall 1998). By combining efforts academics and managers can learn from one another in a virtuous cycle of understanding, explication and action (Partington 2000). Qualitative research offers a possibility to fulfil that gap and build theories that are not only valid but also useful. As Kurt Lewin once said, “there is nothing as practical as good theory” (cited in Ottosson 2003).

Although the wider academic management and marketing communities often oppose the use of qualitative research and classify it as second-rate, the last two decades have seen a steady increase in the number of qualitative studies and papers appearing in academic journals (Catterall 1998; Goulding 2005; Gummesson 2000; Hunt 1994; Marshall 2001). Furthermore, qualitative research has started to be

regarded as a heterogeneous methodological field, including different approaches, which are grounded on more or less different epistemological, ontological and methodological commitments (Moisander & Valtonen 2006). Perhaps this rise of qualitative research has been the result of increasing critics on the quantitative, theory testing research – dominant in fields such as management and marketing – which is often oriented to techniques rather than to useful results that can improve understanding of essential phenomena and thus have an impact on business and society (Perry & Gummesson 2004). The consequences can be seen in how practitioners neglect business schools' research and in the way academic journals, which were initially thought as a channel for discussion between academicians and practitioners, have practically lost their audience in business and government (Bauerly et al. 2005; McKenzie et al. 2002; November 2004; Partington 2000).

However, I am not arguing in this paper that qualitative research offers the best methodologies for tackling the phenomenon of social responsibility. Nor am I arguing for action research and grounded theory as the best alternatives over other qualitative methods. As researchers, we cannot discriminate between research methods but recognize the appropriateness of a certain method to a specific situation. Otherwise, being complete faithful to a single research tradition could become inappropriately defensive and inhibit research as a result (Marshall 2001). Indeed, different research approaches can lead to quite divergent pictures of the same phenomenon (Heiskanen 2005). Such divergences contribute, in turn, to gaining a deeper understanding of the phenomenon under scrutiny. Especially scholars working in the field of social responsibility, which involves highly complex notions such as morality and ethics, should not only understand the relative strength and weaknesses associated with a particular methodological approach but also be able to identify its appropriateness to the particular research situation (Crane 1999).

Applying qualitative research in the field of social responsibility can contribute to increasing understanding about how notions related to morality and ethics are used, interpreted and understood in the corporate setting (Crane 1999). Particularly, the use of language as a medium of analysis helps to examine the perceptions of participants and thus, clarify the cultural and social contexts within which individuals interact and express meaning regarding social responsibility. It is in such situations where quantitative approaches have limited general applicability. However, this does not mean that quantitative methods would be redundant. By contrast, qualitative research may represent the first step for identifying moral and ethical variables which can then be used in quantitative research in order to measure and define social responsibility in a specific situation.

Indeed, we should consider that research environments in business are rarely subject to the same control as those in the natural sciences where repeating experiments are unlikely to produce anything other than confirmation of the law, since all conditions can be controlled (Gummesson 2000). And even in the natural sciences it is difficult to control all conditions. Although some researchers think that only quantitative methods give them such a control over the research situation, this sensation of control may, especially in business situations, only be an illusion. It is also true that neither qualitative nor quantitative methods can avoid a subjective construction of social responsibility in the researcher's mind before entering the research field. Indeed, a fact to be noted is that whatever method or methodology we may choose to make research scientific it will have implicit and explicit problems (Glaser & Holton 2004). Nevertheless, qualitative research can help diminish these problems by offering more reflexive approaches which allow researchers questioning their own assumptions and terminologies (Crane 1999). There are also other forms to increase the potential contribution of qualitative research towards securing the success of socially responsible strategies. The adoption of a cultural approach in qualitative research, for example, can help

organizations striving for greater social responsibility improve their ability to understand the prevailing symbols, myths, images, values, norms and beliefs of the culture of their customers as well as other key stakeholders (Moisander & Valtonen 2006).

The methodologies to be discussed in the following sections have been chosen because of their ability to contribute to understanding, change and theory building; issues that are urgently needed in the field of social responsibility. In fact, social responsibility is a fast evolving field whose approaches may differ from case to case. According to Gummesson (2000), in such situations researchers need methodologies that allow them to increase their theoretical sensitivity and ability to react to changing conditions. Furthermore, the increasing recognition of multidisciplinary in social responsibility research (see e.g. Kallio & Nurmi 2005; Spence & Rutherford 2003; Vihanto 2005) calls for methodological approaches such as action research and grounded theory which are less likely to rely on existing theoretical frameworks from bounded disciplinary traditions. Such methodologies create, especially in studies related to sustainability and social responsibility, space for different perspectives by facilitating and encouraging dialogue between different stakeholders – from diverse disciplines – both inside and outside the organization (Bradbury 2001; Coghlan & Brannick 2001). Although action research and grounded theory share some similarities, they have their own strengths that combined can contribute to great advances in underdeveloped research fields (Dick 2007). One of their key strengths is their focus on searching for disagreement and disconfirmation of data as a way to allow researchers to build deeper understanding and more practical theory (Dick 2003). Some of the parallels and differences are listed below (see table 1).

Table 1. Grounded theory and action research side by side.

| Grounded Theory | Action Research |
|--|---|
| emergent | emergent |
| seldom participative, participants are involved only as informants. | usually participative, participants are involved as researchers. |
| implicit cyclic | explicit cyclic |
| not action oriented, researchers are seldom actors in the research | action oriented, researchers are involved as actors in the research |
| very explicit about how theory is developed | not very explicit about how theory is developed |
| theory construction is based on disagreement and disconfirmation | theory construction is based on disagreement and disconfirmation |
| develop theory from experience rather than testing hypothesis | develop theory from experience rather than testing hypothesis |
| high emphasis in developing theory from field information and experience | high emphasis in leading to change and greater understanding |

In sum, action research and grounded theory help understand a specific research situation by combining the theoretical knowledge of the researcher with the experience based knowledge of the practitioners (Perry & Gummesson 2004). It is also noteworthy to recognize that both approaches emerged as a response to the dominance of positivism in the field of the social sciences, which was regarded as the cause of the gap between theory and empirical research (Palmu 2000; Partington 2000). Action research and grounded theory use varied data sources and methods of analysis (e.g. deep-interviews, convergent interviews and focus-groups) to reach critical insights and more balanced judgements (Dunphy et al. 2003). This kind of “triangulation” – a term used for any technique which uses multiple sources and methods – helps to view the research situation from different perspectives increasing rigour of the data and interpretation (Dick 2002). This particular course

of action is the main reason why action research and grounded theory are usually considered as methodologies rather than simple methods. Finally, it is noteworthy that these two research approaches have been recognized as very suitable methodologies for producing optimal, sustainable and positive solutions to social and organizational problems (Gummesson 2000; Simmons & Gregory 2004). The next sections explore action research and grounded theory in more detail.

4.4 Action research

The term action research was coined by the social scientist Kurt Lewin over half a century ago (Dickens & Watkins 1999; Perry & Gummesson 2004). Lewin, who wanted to formulate a method to help the practitioner, has been regarded as the “father of action research” (Otto 2003). However, other contributions such as the writing of John Collier at that time made a contribution to the development of this methodology which was seen as a way of engaging directly with real social problem while developing theoretical understanding (Dick 2007; Masters 2000). Since the 1950s action research became integral to the growth of theory and practice of organizational development and organizational research in management, education, community work and health care (Coghland & Brannick 2001). The use of action research in Finland – “toimintatutkimus” in Finnish – was prompted by the contributions of Jyrkämä and Kangas in the late 1970s (Palmu 2000). It is interesting to note that similar to social responsibility action research has been approached in different forms. Definitions and terms differ to some degree between authors. In the literature we can find besides the term action research, the labels participatory action research (PAR), action science, and action learning, among others (Coghland & Brannick 2001; Dickens & Watkins 1999; Greenwood & Levin 1998; Reason & Bradbury 2001). Nevertheless, I will not clarify the nuances between the different approaches as it is not the aim of this

paper. Although in this paper I refer to action research from a management perspective, I will not use the term management action science, which is preferred by Gummesson (2000), in order to keep a broad overview of the concept. Action research will be considered here as a methodological approach that pursues action (change) and research (understanding) with the goal of fostering progress – practical and theoretical – towards greater social responsibility.

There is wide agreement on the key role of using an action and reflection process to facilitate the implementation of social responsibility and sustainability in organizations (see e.g. Ballard 2005; Bradbury 2001; Dunphy et al. 2003). Indeed, action research has been used for several studies on sustainability due to its appropriateness, since it increases understanding through flexibility, responsiveness and participation – features that play a key role in change processes towards greater social responsibility. For instance, Ballard (2005) used action research in a UK company for finding ways to respond profitably and creatively to the challenge of sustainable development. Other examples include Heiskanen and Timonen's (2003) experiment on sustainable alternatives for online grocery shopping in Finland and Nielsen's (2005) experiment to improve an integrated awareness of sustainable development in three Danish bread-producing firms. All these cases show how action research can help organizations improve their practices on social responsibility. They also confirm that the success of a social responsibility initiative depends mainly on the ability to include knowledge, needs, and values from different stakeholders into the approach.

The reflective nature of action research, which encourages researchers to challenge their own assumptions as well as look outwards, makes this methodological approach well suited to situations that are not fully understood (Marshall 2001). Action research can help managers identify the main features of the existing situation and visualise the features of the desired situation which includes not only economic but also social and environmental dimensions.

Implementing action research can also contribute to identifying the path that will lead the organization toward such a desired situation. In addition, such a process of change and understanding can allow organizations to find ways of influencing the behaviour of consumers, enterprises and other actors in society to adopt more environmental friendly and socially responsible practices (Heiskanen 2005).

According to Dick, the quality of relationship plays a key role in action research, since it forms the basis for full engagement and participation that in turn builds ownership and support for the change process (Williams 2004). Indeed, participation, which builds shared understanding and commitment, helps uncover and manage possible resistance in a form that, instead of discouraging, encourages a collective process toward sustainability by addressing it productively (Dick 2003; Doppelt 2003; Heracleous 2002). It should, however, be emphasized that action research in business is not about emancipation but about finding new ways of thinking that can bring benefits to the organization (Perry & Gummesson 2004). Action research is more than every day problem solving; it is learning about learning (Coghlan & Brannick 2001). In this particular field of study, action research should help organizations learn about learning how to become more social responsible. The value of such an attempt is not whether a change process towards greater social responsibility was successful or not, but rather how this particular change was managed and to what extent it provides useful and interesting theory that may contribute to learning on the subject of change towards sustainability (Coghlan & Brannick 2001).

Although action research is seen as a methodology that attempts to provide theoretical contributions while also solving practical problems, theory building is relatively neglected in the literature (Dickens & Watkins 1999; Perry & Gummesson 2004). For example, only one chapter of the 45 chapters in the "handbook of action research" (see Reason & Bradbury 2001) mentions the issue of theory building. This also shows the strong focus of action research on practical

solutions by delivering change and understanding whilst neglecting theory development. In fact, according to some action researchers, theory building is not the aim of action research. However, there have been attempts to improve theory development within action research studies. Some scholars, for instance, argue that integrating certain techniques of grounded theory into the action research cycle can contribute considerably to theory development (Baskerville & Pries-Heje 1999; Dick 2003). Dick (2007) offers a list of different action research studies where grounded theory has been added successfully to make the theory building more systematic and rigorous. In sum, it is important that gaining expertise about these methodologies can contribute to fostering the study of social responsibility in a way that generates theoretical and practical knowledge. This, as a result, will increase acknowledgement of action research in academic circles such as management and marketing.

But how can action research really help organizations in the field of social responsibility? Action research can help them improve their practices on social responsibility through a change and reflection processes (Ballard 2005). The iterative cycles of planning, acting, observing and reflecting (Figure 1) included in an action research program invite the researcher and the participants into a joint process of learning that aims at increasing understanding by introducing gradual change toward greater social responsibility. The action research process can help the action researcher and the participants identify suitable ways for moving the organization from its existing situation to a new situation that is not only more socially responsible but also accepted and recognized by the whole organization and its main stakeholders. Instead of taking a form of top-down learning about environmental management systems with emphasis in experts and standards, action research offers the possibility for using a bottom-up approach to social responsibility (Nielsen 2005). Finally, this methodological approach contributes to managing theory and practice in a way that practitioners integrate social

responsibility into their organizations and researchers draw theoretical conclusions from their field experience.

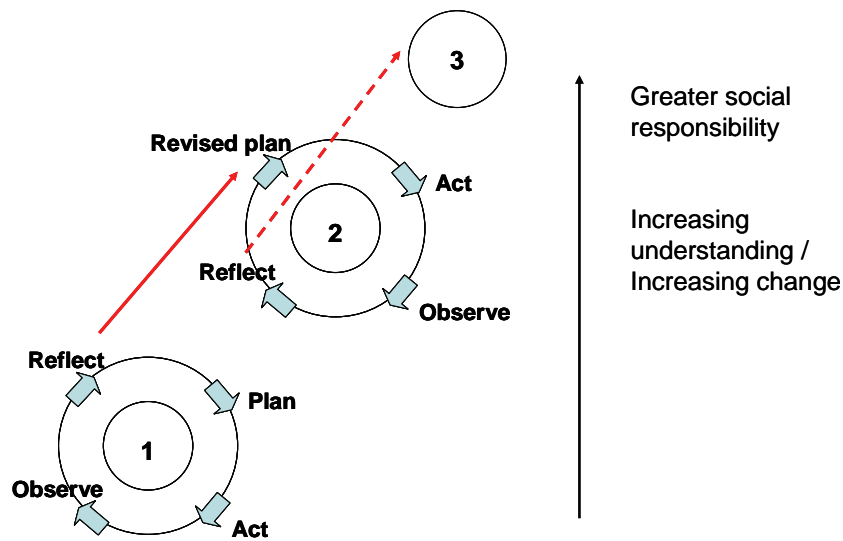


Figure 1. Action research applied in the field of social responsibility. (Adapted from: Zuber-Skerritt (2001)).

4.5 Grounded theory

Grounded theory builds theory that is not only grounded in data but also works in practice and is relevant to the situation being researched (Dick 2003). This is achieved through a kind of abstraction from time, place and people that free the researcher from data worry and data doubt by living the well-known Glaser's dictum "all is data" (Glaser 2002). Since the introduction of grounded theory this methodological approach has especially been suitable in underdeveloped research fields where the generation and building of theory is required to understand the phenomena being studied (Glaser & Strauss 1967). Although their joint publication, Glaser and Strauss became divided on how grounded theory should be further developed. While Glaser's priority was to enhance researchers' latent creativity, Strauss was more inclined towards producing prescribed procedures for

the use of the new approach (Partington 2000). According to Glaser and Holton (2004) “classic or Glaserian” grounded theory is a comprehensive, integrated and highly structured but eminently flexible methodology that takes the researcher from the first day in the field to a finished written theory. Such an approach allows the researcher to transform tacit knowledge into codified knowledge (Partington 2000). In other words, practical knowledge is first classified, then written down and finally stored. Since Glaser’s approach appears to be more clearly emergent and more suitable for practical applications (Dick 2005; Simmons & Gregory 2004), this article follows Glaser’s form more closely than it does Strauss and Corbin’s approach, which despite providing a more detailed course of action is a more complex and constraining approach (Dick 2003; Partington 2000).

Given the wide and ambiguous discussion on social responsibility, the implementation of grounded theory would seem very appropriate, since it can help convert information and experiences related to social responsibility into useful theories. Certainly, there are some other qualitative approaches such as ethnography and case study which may lead towards the same goal. However, while ethnography focuses on studying a single culture or social system, grounded theory uses multiple sources of data, including different social systems, to develop a theory (Miller & Salkind 2002). On the other hand, in comparison to case study, grounded theory enables the researcher to investigate a phenomenon at great and narrow depth providing a good basis for generalization (Glaser 2001). In a nutshell, it could be said that grounded theory aims at making sense of a general phenomenon rather than merely obtaining a description of it.

Some scholars in the field of social responsibility have already begun to use grounded theory as a methodological approach. For instance, Murillo and Lozano (2006) used grounded theory for gaining fresh perspectives on CSR within small- and medium-sized enterprises (SMEs) in Spain. Other examples include the attempt of Morimoto et al. (2005) to develop a CSR auditing system and the study

of Weerawardena and Sullivan Mort (2006) concerning the development of an empirical derived model of social entrepreneurship. These studies provide interesting findings and perspectives concerning the application and perception of social responsibility in practice. After all, this inductive methodology encourages social responsibility researchers to look beyond the surface to apply every possible interpretation before developing final theories and to demonstrate these theories through explication and data supported evidence (Goulding 2005). Grounded theory allows the researcher to understand what is happening in the situation being studied and how the different actors manage their roles (Dick 2005).

This paper portrays grounded theory as a suitable method for analysing organizations which has been integrating social responsibility, directly or indirectly, into their business activities. Such an analysis would contribute to generating theoretical knowledge grounded on data from the field. In particular, the use of grounded theory in social responsibility research provides the advantage of looking into unknown areas. For instance, it can contribute to identifying what kind of moral questions emerge in the field of social responsibility. This theoretical knowledge may help not only the organization under study to move toward greater social responsibility but also other organizations that are interested in entering this fascinating field. The grounded theory process has been summarized graphically below (figure 2). Although this approach can actually use any data, researchers have been keen on using qualitative data usually obtained through the use of observation, conversation and interviews (Glaser & Holton 2004). Since the theory should emerge from the data, Glaser and Holton (2004), for example, recommend to avoid extensive reading in the substantive area.

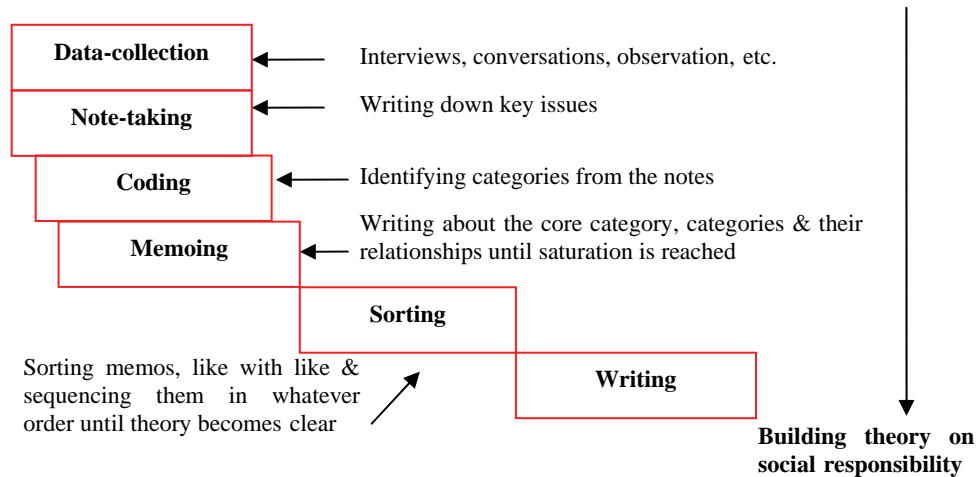


Figure 2. Grounded theory step by step. (Adapted from: Dick (2005)).

The grounded theory process is mainly based on the principles of theoretical sampling and constant comparison (Partington 2000). While the former regards data collection as a process controlled by the emerging theory, the latter refers to the ongoing process of coding and analysing the collected data. These two processes lead finally to a theoretical saturation, that is, the point at which incremental learning is minimal because the researchers began to observe phenomena seen before (Glaser & Strauss 1967). This form of research helps to find out what is going on, especially, in areas that have either never studied before or those that are inundated with disparate theories (Yee 2001). Since both conditions become evident in the field of social responsibility, this style of study seems to be very suitable for studying issues related to social responsibility and thus, contributes to general advancements in the field.

4.6 Conclusions and implications

This paper has showed that the integration of social responsibility involve a change process which demands constant learning and deep understanding. While social

responsibility is presented as an important construct in this paper, it was not intended to portray its adoption as a compulsory measure. In fact, organizations have to decide for themselves whether it would make sense to commit to a social responsibility initiative. On the contrary, my intention was to point out the main issues that have to be considered by companies involved or planning to get involved in a social responsibility programme and how the academic community may contribute to facilitating the successful implementation of such initiatives. Moreover, it encourages organizations to see social responsibility as a holistic approach based on transparency and mutual trust between the organization and its stakeholders rather than a simple tool or strategy. Indeed, approaches that lead towards a poor commitment to social responsibility should be avoided, since they may create more risks than benefits in the long term.

My personal experience in business and research has encouraged me to reflect on how to deliver contributions that are accepted by both practitioners and scholars due to their practical and theoretical implications. Not only working but growing up in a family enterprise made me realize since an early age that problem-solving plays a central role in daily business. Indeed, practitioners value practice over theory and action over reflection. As a result, they do not have the willing nor the time for documenting their actions and practices which makes it very difficult for researchers to track down what had to occur in order to achieve a particular outcome or situation. That is why usually researchers who study business organizations from a distance are only able to obtain a fragmented and retrospective view of the whole process (Ottosson 2003). Especially in the field of social responsibility, scholars need to gain access to knowledge that is created in a context of application. This, as a result, contributes to the development of useful theories. Likewise, since social responsibility can still be considered as uncharted waters, practitioners need to learn from experience by being more reflective on their actions.

It is necessary to remember that as researchers we have not only a responsibility to science but to society at large. According to Reason and Marshall (1987), a researcher can consider her research as good if she is able to communicate to three audiences. As they pointed out *“All good research is for me, for us, and for them: it speaks to three audiences... It is for them to the extent that it produces some kind of generalizable ideas and outcomes... It is for us to the extent that it responds to concerns for our praxis, is relevant and timely, and so produces the response “that works!” from those who are struggling with problems in their field of action. It is for me to the extent that the process and outcomes respond directly to the individual researcher’s being-in-the-world”*. (Reason & Marshall 1987, 112-113).

The paper has looked at two research methodologies – action research and grounded theory – that take usually a qualitative approach. These methodologies seem to be very suitable for studying social responsibility in organizations, since they attempt to combine practical knowledge with theoretical knowledge by promoting dialogues and interactions between the different actors involved. They also encourage academicians and practitioners to learn from each other by engaging in a mutually research process with the pragmatic aim of fostering understanding and action. While academics can learn how to create theory out of processing deeds and words, managers are able to learn how to implement these theories in practice (Partington 2000).

Furthermore, the flexibility and responsiveness of these methodologies allow researchers to adapt them to particular situations and research purposes, thus having positive implications for studies on social responsibility. After all, creative approaches and researchers are needed for studying the phenomenon of social responsibility in which different actors interact within a political, socioeconomic and moral context. Action research and grounded theory can contribute to understanding the role of knowledge, perspectives, needs and values of different

stakeholders and how these factors influence their ethical reasoning when justifying what is right and fair regarding a specific social responsibility construct.

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5. Understanding social responsibility in theory and practice

5.1 Introduction

The introduction of sustainable development by the Brundtland Commission in 1987 brought a new perspective into the discussion on the role of business in society (World Commission on Environment and Development 1987). Since then, firms have been expressing their interest and commitment to environmental and social causes—issues usually thought to be opposed to the idea of profit maximization—in new ways. Over the years, sustainability and social responsibility have become part of the daily business rhetoric, and an extensive body of both scholarly and practitioner oriented literature has emerged on the topic (Barry 1996; Charter 1992; Crane 2000; Dolan 2002; Kilbourne 1995; Lazlo 2003; Menon & Menon 1997; Rainey 2006; Robin & Reidenbach 1987; Sheth & Parvatiyar 1995). Much of the discussion has revolved around the role of business in society, corporate social responsibility (CSR) or corporate citizenship (CC) in particular (Carroll 1998; Carroll 1999; Collier & Esteban 1999; Collier & Wanderley 2005; Doane 2005; Maignan & Ferrell 2004; Matten & Crane 2005; Matten et al. 2003; Rondinelli & Berry 2000). In this literature, CSR and CC are usually discussed in terms of four types of responsibilities: (1) the economic responsibility to be profitable; (2) the legal responsibility to conform to the laws of society; (3) the ethical responsibility to do what is right, just, and fair; and (4) the philanthropic responsibility to contribute to various kinds of social, educational, recreational, or cultural purposes (Matten & Crane 2005). And sustainability has been generally portrayed as a desired situation in which humans are able to live and work in ways that can be maintained for decades and generations without depleting or causing harm to our environmental, social and economic resources (Doppelt 2003; Hawken 1994).

In the practice of business organizations, however, the very notions of sustainability and social responsibility have remained ambiguous (Doane 2005; Greenfield 2004). CSR programs are often implemented by taking onboard basic off-the-shelf management tools (see e.g. Doane 2005), such as environmental management systems and standards (e.g. ISO 14000, 26000), as well as specific codes of conduct and reporting practices offered by CSR consultants. But as strategic goals and values, sustainability and social responsibility tend to remain open to multiple interpretations, taking different meanings in different political, socioeconomic and moral contexts, which no single CRS model has been able to capture (Cairncross 1993; Crane 2000; Crane & Matten 2004). As a result, for practitioners it is often difficult to assess how their daily activities contribute to sustainable development and to the well-being of society. And the successful implementation of social responsibility principles into business practice remains a challenge (Greenfield 2004; Maignan et al. 2005). Hence, there seems to be a need for social responsibility programs that are more sensitive to the particular local realities and cultural contexts of the business organization (see also Barry 1996; Fadeeva 2003; Irwin 1995; Smith 2003).

In this paper, we take a multi-stakeholder perspective to social responsibility (Hemmati 2001; Maignan et al. 2005) and argue that sustainability and social responsibility are strategic goals and values that can be achieved only through complex social processes and collaborative practices, where different stakeholders negotiate the meaning of sustainability and social responsibility in business practice. Therefore, the development of business activity towards more sustainable and socially responsible policies and practices requires multi-stakeholder engagement, continuous moral reflection and changes in the organizational culture. Simple top-down modifications of business strategy, structures and systems are not enough. From this perspective, we set out to develop a theoretical and methodological approach to social responsibility that allows organizations to

become aware of these complex processes and practices, and which enables them to develop a more holistic social responsibility initiative that can be introduced gradually into the organizational culture. More specifically, our objective is to elaborate on these processes and practices in the empirical context of service development, where the interactions and dialogues between different actors form the basis of the business offering.

In the sections that follow, we illustrate this approach by presenting preliminary findings from an ongoing action research project carried out in the Finnish province of Lapland. The general purpose of the project is to determine to which extent the use of action research in the service development process can contribute to a better understanding of social responsibility and thus foster its consolidation within an organizational setting. The empirical data used in the study consist primarily of ethnographic material (interviews, video, photographs, and fieldnotes) and focus groups. The data collected in this study portrays the first cycle of an action research process launched in a network of micro entrepreneurs. The material was collected between June 2006 and May 2007. The interviews, which were conducted at the beginning of the action research process with the owners of seven micro enterprises, provided their perspectives on social responsibility. A focus group, on the other hand, was carried out with five customers at the end of the first action research cycle. The focus group helped to gain insights into customers' view on social responsibility. While fieldnotes are mainly the result of the observations made by the action researcher as the co-researchers participated in the action research process, photographs and video represent the action stage of the process.

5.2 Social responsibility — between theory and practice

The discussion on the role of business in society has been taking place for centuries (Carroll 1999). Adam Smith (1999 [1776]), for instance, wrote two hundred years

ago in “The Wealth of Nations” about the lack of responsibility showed by large enterprises. He argued that the large enterprises of his day posed a threat to society because they externalized the risk inherent in their operations so that it was to be borne by their stakeholders (e.g. workers, customers, investors) rather than by the enterprise itself. While these concerns continue to be at the center of current debates on CSR and sustainability, in marketing and management literature, a prominent stream of research also discusses CSR and CC in terms of social investments, which help to build the firm’s reputation or social capital and thus contribute positively to the firms’ economic performance in the long run (Collier & Wanderley 2005; Smith 2003). Unfortunately, however, there is no agreed-upon definition of CSR (Carroll 1999; World Business Council for Sustainable Development 2002), and the specific responsibilities and roles that being a “corporate citizen” entails remain a topic of heated debate and discussion. While there is a general consensus that CSR is concerned with the societal obligations of business, there is still uncertainty about the nature and scope of these obligations (Ward & Smith 2006).

In much of the managerially oriented literature, social responsibility and sustainability are understood along the lines of some sort of “triple bottom line” (TBL) –thinking, according to which corporate, labor and other stakeholder interest are interdependent. A sustainable organization is therefore financially secure, it minimizes its negative environmental impacts and acts in conformity with societal expectations (Elkington 1998). In this literature, is also argued and emphasized that at best TBL reporting and CSR programs provide corporations with valuable new opportunities to improve their business performance (Ottman 1998).

This discussion and conceptualization of sustainability and social responsibility in terms of TBL has arguably strengthened the business case for CSR, and thus contributed to a more wide-spread acceptance of the idea in the market. While in the past the question was whether or not to commit to CSR, nowadays the issue is

more about how to make such a commitment, as N. Craig Smith (2003) has pointed out. It can be argued, however, that in placing the emphasis on designing reporting practices, standards and management systems, the TBL-literature also runs the risk of leading practitioners to misconstrue social responsibility as simple codes of conduct that can be implemented by means of standard management tools. This is problematic because, as many have argued, such simple TBL –thinking fails to direct adequate attention to the complexity of CSR quandaries in business and organizational contexts and thus leads to superficial and unreflective implementation of CSR in practice (Doane 2005; Doppelt 2003; Dunphy et al. 2003; Power 1997). Therefore, commitment to CSR demands a more reflective and systematic implementation (Maignan et al. 2005; Smith 2003; Stahl 2005).

Both researchers and practitioners, then, still seem to be struggling to understand how social responsibility principles can be integrated successfully into business practice (Greenfield 2004). While some scholars have tried to tackle this problem by introducing new approaches that are based on modifying organizational strategies, structures and systems, others have emphasized the importance of studying the values, norms, and beliefs that prevail in the organization and among its main stakeholders, so as to identify the social obligations of the organization (see e.g. Doppelt 2003; Dunphy et al. 2003; Senge et al. 1999; Smith 2003).

In this paper, we take a multi-stakeholder perspective (Hemmati 2001) to incorporate social responsibility and sustainability and propose an action-research based model for designing CSR programs in organizations. It based on the idea and conviction that sustainability and social responsibility are strategic goals and values that can be achieved only through complex social processes and collaborative practices, where different stakeholders negotiate the meaning of sustainability and social responsibility in business practice. Therefore, the development of business activity towards more sustainable and socially responsible policies and practices

requires multi-stakeholder engagement, continuous moral reflection and changes in the organizational culture.

After all, sustainability is a complex phenomenon, which entails political, socioeconomic and moral questions that go beyond a micro perspective. From this perspective, not only the firm, but also the consumers and other stakeholders play a key role in moving towards sustainability by changing or maintaining their production and consumption patterns. Therefore, progress towards sustainability within a business setting depends on the ability of the corporation to engage in social processes and collaborative practices and to negotiate the meaning of sustainability with the different stakeholders or market actors. Since both in theory and practice, social responsibility means very different things to different people, negotiations and finding compromises become a crucial condition in social responsibility initiatives (Crane 2000; Crane & Matten 2004). Unless companies assume a multi-stakeholder approach, moral reflection and changes in the organizational culture, they will find hard to identify which direction they should take in order to move toward greater social responsibility. There is therefore a need to find ways to help organizations to redefine their business strategies, structure and organizational culture in such a way that have positive implications for the business, society and the environment.

5.3 Case and empirical material

The empirical case that we use to illustrate the multi-perspective approach to social responsibility, which we propose in this paper, is based on an ongoing action research project that is carried out within a business network of micro entrepreneurs. The network was created in May 2006 for the purposes of a business development project funded by the European Social Fund and co-ordinated by the University of Lapland. The business development project was designed with the

idea of promoting female entrepreneurship through a co-operative sustainable service development process implemented in micro enterprises.

The aim of the study that we present here is to investigate to which extent the use of action research in the service development process can contribute to increasing theoretical and practical understanding on social responsibility. While a better theoretical understanding contributes to advancements in the research field of social responsibility, practical understanding may foster its consolidation within an organizational setting. The objective is also to empirically elaborate on the processes and practices surrounding the idea of social responsibility.

The business network, called “Authentic Lapland”, is formed by eight micro businesses in the Finnish province of Lapland. They operate in the service sector and their services include hospitality, natural health care, tourist tours, gastronomy, photography and interior decoration. Despite the variety of services that the members of this network offer, the members all share a common interest in positioning their services in the tourism market. Before joining the network these micro-businesses all operated individually in the market, selling their services directly to the final customer or through resellers and other intermediaries. Now, they have begun to move toward more collective practices that strengthen their business relationships and thus add value to their market offerings.

The service development process was chosen as the empirical context of the study, because it offers an ideal setting for learning how an understanding—partly shared, partly contested and continuously negotiated—of social responsibility unfolds continuously through the interactions and dialogues between the internal and external stakeholders of an organization. Moreover, the central role of service development as a link between production and consumption offers an exceptional opportunity for the implementation of such an action research approach which aims at integrating social responsibility. People working in service development are, indeed, in constant interaction with internal and external stakeholders and thus able

to understand their needs and expectations. These individuals are the first who detect changes in the environment and help the organization adapt its services to the new expectations of the market. From a social responsibility perspective, this means that changes initiated in the service development process may have a deep impact on the whole organization as long as the process is participative, flexible and responsive – key features of action research. As a result, integrating action research thinking into service development contributes to launching a bottom-up approach to social responsibility which strengthens commitment to environmental and social objectives.

The action research process within the network has been in progress since June 2006. So far seven convergent interviews, one focus group and continuous observation have been carried out in the network. The data used in this study consists primarily of ethnographic material obtained through interviews and observation (interview transcripts, fieldnotes, videotapes and photographs). Especially, the planning stage of the action research process relies heavily on convergent interviews with respondents in seven of the business entities in the network. Convergent interviewing is especially recommended to identify the main issues and represent the reality of a particular situation (Dick 1990; Rao & Perry 2003; Williams & Lewis 2005). The aim of these interviews was to build a shared understanding of social responsibility that is accepted and supported by the entrepreneurs in the network. The idea is that social responsibility evolves continuously as the perspectives of key stakeholders regarding the services of the network are integrated into the construct of social responsibility which is shared by all the members.

Each convergent interview was taped and later summarized into a two-page document. All interviews were carried face-to-face at the respondent's place of work. The duration of the interviews varied from forty-five minutes to two hours approximately. Since the main questions and the probe questions were open and the

interview semi-structured, the respondents had the opportunity to respond without restraints expanding and elaborating their responses (Dick 1990).

The focus group and documentary material (e.g. business web sites, press articles, project reports, brochures) was used mainly as supplementary data in the study. While observation was carried out continuously both by the action researcher and the co-researchers (entrepreneurs), interviews and focus groups were implemented exclusively by the action researcher.

Focus group research is particularly useful where multi-perspectives on a specific issue are needed (Krueger & Casey 2000). Five participants took part in the focus group discussion which lasted an hour. The focus group was complemented by the use of visual techniques (Heisley & Levy 1991). During the focus group discussion participants were asked to comment on five photographs which show them taking part in different activities. The focus group discussion was taped and transcribed.

In this study, participant observation has been continuously applied (Tedlock 2000). The action researcher and the co-researchers (entrepreneurs) have been observers and participants. In this particular case, observation has been regarded as context for collaboration between the researcher and co-researchers, rather than a single method for collecting data (Angrosino & Mays de Pérez 2000). In particular, the data obtained through participant observation has been very enlightening of the action research process described in this paper.

5.4 An action research approach to social responsibility

The theoretical frame of reference proposed in this study is mainly a combination of action research and stakeholder thinking. The action research model introduced by Zuber-Skerritt (2001) has particularly served as the main structure for elaborating this approach. The Action research contributions by Ballard (2005),

Nielsen (2005) and Heiskanen and Timonen (2003) have especially inspired the conceptual ideas and the approach presented in this paper. In addition, the approach has been complemented by components of the stakeholder model to implement social responsibility in marketing which was introduced by Maignan et al. (2005). Consequently, the approach presented here has not only a systematic but also a cyclic nature which contribute to a more reflective implementation of social responsibility (Stahl 2005).

Since this approach to social responsibility is based on action research methodology, it is recommended that an action researcher introduce it into the organization. The first task of the action researcher would be to create an action research team formed by members of the organization. The team should not only consist of people interested in social responsibility but also include people who have a certain degree of authority within the organization. However, while the action researcher is indispensable at the beginning of the process, his/her role decrease as the co-researchers become more and more confident with the practice of action and reflection.

The theoretical and methodological approach presented in this section outlines the steps to be adopted by organizations seeking to become more socially responsible market players. Especially, the approach is designed to help organizations to become aware of the complex processes and practices surrounding social responsibility and thus to introduce it gradually into the organizational culture. The proposed AR approach to social responsibility is illustrated in Figure 1.

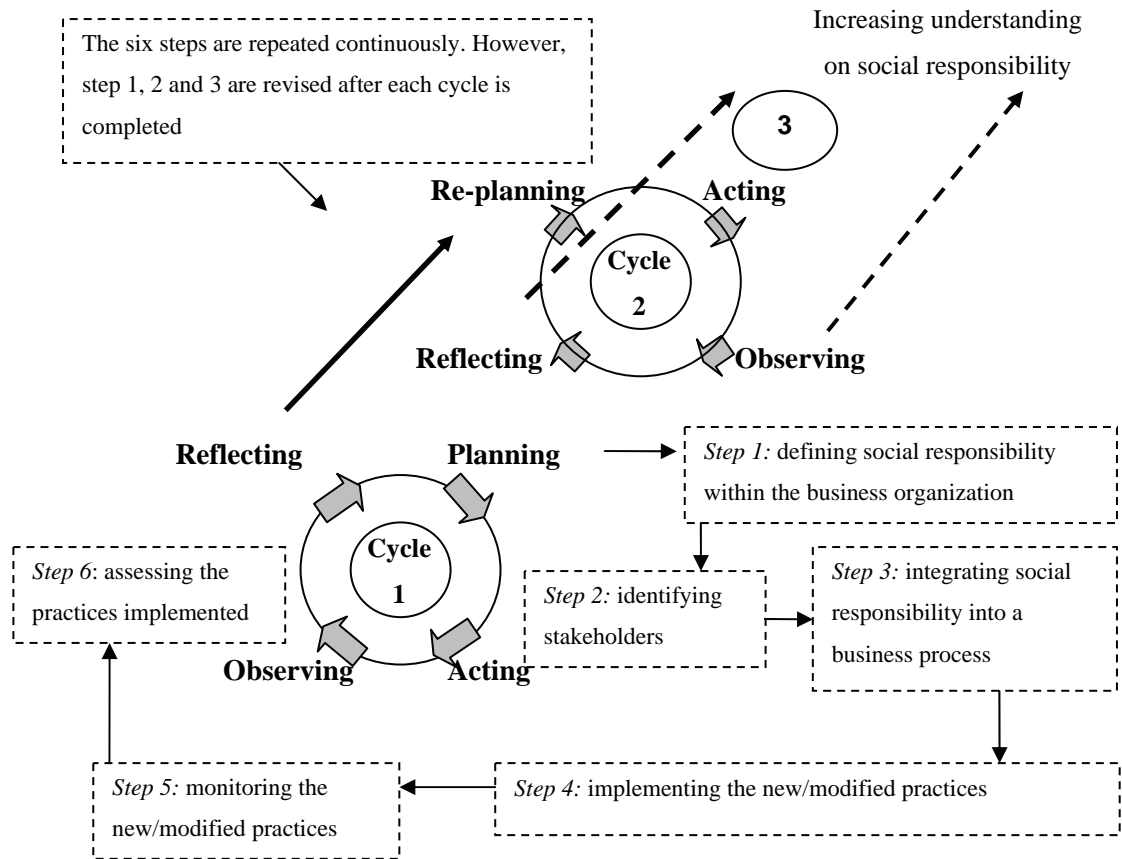


Figure 3. Action research approach to social responsibility

Planning

Step 1: defining social responsibility within the business organization

In order to achieve commitment toward social responsibility within an organization, it is necessary to identify the values, norms and expectations of its members. Furthermore, it is important to find out what they understand by social responsibility and how they related their organization to it. They should be able to identify environmental and social issues that are regarded as most relevant by the whole organization. However, while individual opinions are relevant, it is more

important to arrive at a construct of social responsibility that is shared and accepted by all members (see Stahl 2005). Reaching such a construct contribute to delineating the nature and scope of the societal obligations of the organization of interest.

In the case “Authentic Lapland” seven convergent interviews were conducted to elicit entrepreneurs’ attitudes and perceptions to social responsibility. The method helped to achieve a common understanding on social responsibility within the network. After the interviews were completed, each of the members received a memo presenting their common idea of social responsibility. For instance, Maignan et al. (2005) highly recommend the use of interviews to yield fruitful insights into the topic. They also recommend the use of documents such as the mission statement, annual reports, sales brochures and web sites as a way to elicit how the organization portrays its relationship to society. In the case of small enterprises, where such documents are scarce or no existent, interviews play a key role.

The construct of social responsibility, which resulted from this first step, helped the members of the network to agree on which directions their efforts should be channelled. Indeed, they were able to position their idea of social responsibility within the goals and strategies of the network. It could also be said that from a network perspective this initial step contributed to strength co-operation between the members. This let us assume that this approach could help to reinforce considerably team work within an organization.

Step 2: identifying stakeholders

The first step already plays a significant role in the identification of the main stakeholders. Indeed, the common construct of social responsibility, which provides an overview of the relationships between the organization and its social and natural environment, contributes to identifying which stakeholder issues are deemed as most important. However, the organization still needs to grasp the

nature of these stakeholder issues. In this regard, it would be vital to find out what these stakeholders understand by social responsibility in general and what is more important, how these stakeholders associate the organization with their view of social responsibility. Here, methods such as interviews and focus groups can be implemented. Also this information can be obtained through boundary spanners (e.g. sales representatives, purchasing managers) and secondary documents published by stakeholder organizations such as government agencies, NGOs or competitors (Maignan et al. 2005).

The business owners participating in the network discussed in one of the initial meetings about their main stakeholders. The information obtained, however, was based on personal experiences and practical knowledge gained through their continuous interaction with the local government, regional development agencies, local communities, suppliers and customers. The particularity of the case did not demand a deep inquiry on stakeholder issues. After all, these business owners are part of the local communities and have direct contact to supplier and customers among others. In addition, their strong involvement in different regional projects makes them aware of the regional position concerning economic, socio-cultural and environmental objectives.

Step 3: integrating social responsibility into a business process

After clarifying the meaning of social responsibility within the organization and among their main stakeholders, it is important to identify a key business activity into which social responsibility aspects could be integrated. Here, it is important to choose a business process that is highly interconnected with the diverse parts of the organization and which is in direct contact with most of the external stakeholders. This business process will assume the role of a promoter of social responsibility practices. Indeed, instead of implementing social responsibility in a broad sense, we can start in a step by step basis introducing it gradually into the organizational

culture. The selection of the most suitable business process will depend on factors such as organization size, sector and geographical location. The decision concerning the selection of the business process can also be made before the approach is implemented.

Once the business process has been selected, the action research team begins to evaluate current practices by using the construct of social responsibility. The evaluation should help to identify organizational practices – within this particular business process – which need improvements. On the other hand, new practices can also be introduced. The stakeholders' views on social responsibility could be considered when making the improvements. At the end of this step, the organization should have an idea of the practices that need to be added or improved.

In the case presented in this paper, we chose to integrate social responsibility into the service development process. Our decision was based on the relevance played by product (service) development in small enterprises (European Commission 2004). It should be noted that the decision was made before the action research process actually started. The service development process has represented a very interactive activity in the network increasing communication between the entrepreneurs. The initiative of developing services that entail social responsibility attributes has created a continuous flow of ideas which in turn have contributed to the evolution of the idea of social responsibility within the network. Actually, the integration of social responsibility in the service development process has contributed to keep alive the idea of social responsibility. It has not only been a mission statement written in a piece of paper, but an idea constantly in the minds of the entrepreneurs. The fact that they try to develop more sustainable services keep them thinking about how they can integrate their vision of social responsibility into their services.

In this case, we started with an evaluation of the services offered by the different members of the network. The discussions focused on how their services were related to societal and environmental issues by considering their own construct of social responsibility. Then, we implemented brainstorming in order to find ways to achieve improvements in their services. However, brainstorming brought them to a completely new idea. They decided to focus on the development of a new service concept in which all members would take part. The service concept was a tourism packaged supported by the services of the different members of the network.

Acting

Step 4: implementing the new/modified practices

Once the planning stage is over, the organization is ready to implement the practices created or modified during the first stage of the action research approach. The purpose of the action stage is to test the work done in the previous stages. Depending on the organization type and the business process chosen, new/modified practices may be tested in single interventions or a daily basis. The service concept designed in the network “Authentic Finland” was tested with a group of tourists in a time period of two days.

Observing

Step 5: monitoring the new/modified practices

After the new/modified practice have been put in practice it is important to observe how internal and external stakeholders react to them. It is very important to share these observations with other members of the organization. For this purpose, participant and non-participant observation supported by techniques such as note-taking, videotaping and photographing (if allowed) are very useful. During this step the action research team plays a key role in overseeing the implementation of

these practices. This, as a result, helps to ensure the consistency of the practices with the organizational construct of social responsibility.

In the “Authentic Lapland” network, the entrepreneurs were asked to observe and make notes of issues that emerged during the testing event. They were also encouraged to comment their observations with each other. The action researcher also took the role of observer. In addition, he videotaped and made photographs of the activities. Also some of the members of the network were taking photograph of what was going on in the field. The material gathered through notes, videos and photographs complemented the information obtained through other data collection techniques.

Reflecting

Step 6: assessing the practices implemented

The practices implemented during the action stage help stimulate a dialogue with stakeholders (internal and external). Gaining stakeholder feedback is crucial not only for improving the practices but also for increasing understanding on social responsibility. This allows the organization to keep with this phenomenon which is everything but static. The assessment process in step 6 can be divided in two parts. Whereas the first part focuses on collecting feedback by using techniques such as surveys, interviews and focus groups, the second part of the assessment consists essentially in internal meetings for reflecting on the feedback collected. This helps to merge the perspectives of external stakeholders regarding social responsibility with the social responsibility construct of the organization.

All in all, the assessment step contributes to pointing out aspects that require further improvements. While the step 6 closes the first cycle of the action research process, it provides the input that is needed for revising the first three steps of the next action research cycle (see Fig.1). Indeed, the methods implemented in this final step can provide new insights into the social responsibility construct of the

organization. After all, since social responsibility is strongly related to stakeholders' issues, it is essential that the organization continuously gauge the evolution of these concerns, and integrate the changes into the organizational values, norms, and practices (Maignan et al. 2005).

In our case feedback was obtained through direct observation and a focus group discussion. This was further supported by videotapes and photographs. After the implementation of the service program, we carried out a focus group discussion with some of the customers. The focus group, which was attended by five persons, lasted an hour. Whilst the whole discussion was transcribed, only a summary of two pages was delivery to the entrepreneurs for further discussion. In addition, a total of 150 pictures and a sixty-minute film of the event were made.

Finally, three weeks after the implementation of the service program, all network members met for reflecting on the information obtained. During the meeting, both the result of the focus group and personal observations were brought into the discussion. The reflection process was supported by the visual material (pictures and video). This reflective network meeting helped the network members not only to evaluate their practices but also to expand their perspective on social responsibility.

Further cycles...

The six steps described above are repeated in each of the following cycles. However, step 1, 2 and 3 are revised in each new cycle. In other words, at the beginning of a new cycle the construct of social responsibility is redefined, stakeholder issues and the different practices in the business process are revised. In that way, the idea of social responsibility moves into a new level; becoming step by step more holistic in relation to the organization and its surrounding environment.

After the step 6 was carried out in the case discussed here, the members of the network began with the second cycle of the action research process. The

information gained from the reflective assessment complemented their understanding of social responsibility. At least, in this first cycle they had the opportunity to realize how their customers see the idea of social responsibility. This new insights gained in the last step of the first cycle represented an opportunity for redefined their service program and so continue with the action research process.

5.5 Conclusion

The purpose of this paper was to shed some light on the theoretical and practical discussion on sustainability and social responsibility. The literature reviewed in this paper show that there is an urgent need for theoretical and empirical research that contributes to taking a more reflective and systematic approach to social responsibility. In this regard, the use of stakeholder and action research thinking in the field of social responsibility may contribute to gaining significant insights into the processes and practices surrounding this complex phenomenon. Furthermore, their combination can help to promote multi-stakeholder thinking and moral reflection; two components that are extremely needed if social responsible is to be integrated into the organizational culture of an organization.

The case “Authentic Lapland” allowed the identification of some of the elements that play an important role when integrating action research into a business process. Indeed, the methodological approach presented in this paper is a concrete result of the process of action and reflection conducted in the network of micro-entrepreneurs. This indicates that action research offers a fruitful methodology not only for improving business practice but also for building new theory.

The fact that the companies of the network studied here are rather a special case of organizations (e.g. micro enterprises, rural.) might limit the results of the present research. Although the case presented in this paper illustrates how the action

research approach to social responsibility works in practice, there are still many questions that need to be answered. For instance, questions such as: Can this approach be implemented in any kind of organizational settings? If not, what are then the limitations? Can the approach be implemented in business processes other than service development? How sustainable is the approach after the action researcher leaves the organization? Hence, the implementation of this approach in other organizational settings could provide not only a answers to these questions but also a better picture of the complex processes underlying the action research approach to social responsibility presented in this paper.

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6 Discussion and implications

In comparison with earlier studies, this thesis provides a different, wider and more holistic view of sustainable marketing. While the stakeholder approach to sustainable marketing has been invaluable in stimulating the ideas behind this thesis, I argue that it has serious limitations for exploring marketing's relationships with the natural environment and society at large. Despite the shift in the focus of analysis from narrow firm-customer relationships to complex firm-stakeholder relationships, the stakeholder approach to sustainable marketing represents a minor adjustment to the managerial techniques of the marketing concept. Indeed, the philosophy of the marketing mix and the popular notion of satisfaction are extended beyond the customer to include other parties who take part directly or indirectly in the wider marketing process. As such, stakeholder thinking is seen as an opportunity to transform resistance and opposition to marketing power into a source of economic value by opening beneficial dialogues with key stakeholders. This undoubtedly suggests that despite this theoretical advancement, sustainable marketing still continues to uncritically respond to environmental and social concerns. It is one thing to say that stakeholders' concerns and knowledge are considered in marketing decision-making, but it is quite another to suggest that this means that their concerns and knowledge are viewed as an input for re-evaluating basic marketing assumptions and that this input would thus prompt reflection on how to develop more sustainable lifestyles.

In this sense, the multi-stakeholder perspective discussed in this study opens up a new way of addressing sustainability within a marketing context by suggesting that the subjective understanding – the amalgam of fundamental meanings and values – resulting from the ongoing interactions and relationships between different marketplace actors is a key determinant of business–society relations. Nonetheless,

this emphasizes that it is only through critical reflection on this subjective understanding that it is possible to gain insights into the complexities and challenges of a marketing approach to sustainability. This notwithstanding, the idea of a multi-stakeholder perspective to sustainable marketing should not be mistaken with an attempt to introduce a more silent form of dominance in which consumers, local community members and NGOs, among others, are asked to voluntarily hand over valuable knowledge and creativity that allows firms to respond to the environmental and social concerns haunting their markets more efficiently. Rather its principal purpose is to produce practical knowledge and reflective understanding that contributes to more healthy relationships between business, society and the natural environment. This study also provides a theoretical contribution to the field of sustainable product development. In effect, by shifting the focus of analysis from technical properties to the process of service development, this thesis contributes to a more nuanced understanding of the socio-cultural dynamics and complexities of sustainable consumption and production in general. As such, service development is portrayed as a very suitable business process for launching mutual learning activities that might lead to sustainability innovations and a better understanding of sustainability within the firm and its stakeholders.

The majority of studies taking a critical view of sustainable marketing have mainly relied on discourse analysis (e.g. Moisander 2001) narrative analysis (e.g. Moisander & Pesonen 2002; Starkey & Crane 2003) and case study (e.g. Crane 1998; 2000) as empirical methods. This thesis contributes to expanding this methodological diversity by discussing how action research may be used to build capacity for, and in the study of, marketing's relationships with the natural environment and society. The suitability of action research for the study of business–society relations draws from its highly participative, reflective and change-oriented nature. This methodological approach can indeed contribute to a

more equitable relationship between marketing processes, the environment and society by promoting dialogues that allow for a multiplicity of perspectives. As Hemmati (2002, 265) points out, one of the main challenges for sustainability is to provide stakeholders with the fora to bring their wisdom to the table effectively and equitably. Moreover, if it is acknowledged that business–society relations are shaped by ongoing social events and forces (see Moisander 2001), then the adoption of more sustainable practices in marketing requires innovative approaches that not only encourage people to critically reflect on the status quo but also help them redefine their relationship to nature and other human-beings. It is in this sense that action research becomes essential in creating arenas where participants – researcher and co-researchers – interact, establish relationships and reflect on sustainability. And it is in those particular arenas where business– society relations can be studied dynamically and interactively contributing to the generation of theory from practice that allows researchers and practitioners to navigate the complexity and challenges of sustainable development (see Schultz & Hatch 2005). Furthermore, it should be emphasized that this study contributes to the better understanding of the use of action research not only within the field of sustainable marketing but within a marketing context in general. So far, the potential benefits of action research methodology to marketing research have been overlooked by most marketing scholars.

This study provides a number of valuable insights to marketers and stakeholder groups alike. Its key managerial contribution is to make it explicit that the issues underlying sustainability and social responsibility are too complex – in theory and practice – to only be observed from the position of the marketer or the customer. Therefore, this study suggests the need for considering other market participants that may affect or are affected by the marketing process. This represents a fundamental shift from a customer-oriented to a stakeholder-oriented sustainable marketing strategy. However, while the thesis recognizes the value of managing

relationships and benefits for key stakeholders, it underlines that such an approach is not enough for addressing environmental and social issues. Accordingly, it exhorts both marketers and stakeholder groups to focus attention on the subjective understanding that emerges from collaborative reflections on daily marketplace interactions and relationships. It is just this kind of understanding, and not the isolated consideration of stakeholders' interests and values, that can lead to radical changes that may contribute to raising the sustainability of products and services (micro-effect) and thus fostering more sustainable lifestyles (macro-effect). Indeed, rather than searching for guidance on how to behave socially responsible, firms among other stakeholder groups should concentrate more on understanding what they are doing and what implications this might have both for them and, more critically, for the environment and society itself (Crane 2000).

At the same time, the study has an important managerial recommendation for small service companies, especially for those operating in the tourism sector. It suggests that the way to foster sustainable innovation is to foster multi-stakeholder cooperation in the context of service development. On the one hand, an inter-organizational network increases the effectiveness of a sustainable innovation process within a small business context by promoting interpersonal communication, collective learning, reflexivity, responsibility, shared understanding and the efficient combination of knowledge as well as resources. However, the study shows evidence that the compatibility of values, interests and understanding of the network members plays a key role in the success of cooperation and thus in the progress toward more sustainable practices. On the other hand, the process of service development in the tourism industry seems to be the most indicated for exploring and reflecting on marketplace interactions and relationships. Among the different service industries, it is in the tourism sector where marketplace interactions and relationships overlap production, consumption and living conditions (Baerenholdt et al. 2004; Urry 1990). The tourism service

development process thus offers an arena for mutual learning, allowing customers, business partners and local community members among other stakeholders to learn about, and reflect on, a specific sustainable service concept and how it is likely to affect their own lives (see Heiskanen et al. 2007; Hoffmann 2007). Sustainability is not a technical element that can be integrated into a service without a critical scrutiny; to be later communicated as a value-added attribute of the service offering. Rather it demands the involvement of stakeholders in a continuous collaborative process in which they are able to reflect on how a particular service concept might contribute to economic, social and environmental objectives. It is in this regard that I suggest that tourism companies interested in addressing social and environmental issues might consider allowing more scope for a multiplicity of perspective on their service development process. This would help companies gain a better understanding of how their sustainable service concepts are contextualized within their particular marketplace. Finally, it is also important for practitioners – either entrepreneurs or other stakeholder groups – to consider the methodological potential of action research as an approach that, despite being flexible and accessible, provides a systematic structure for carrying on reflexion and change processes towards sustainability.

In many ways this study has had an influence on me as a researcher and human being. Looking back, I see my own transformation from a fresh doctoral student who was keen on bridging theory and practice into a young researcher who not only was able to work in an equal relationship with research participants – respecting and considering their views and knowledge as potential research contributions – but also become more self-reflective and critical of the social world in which he lives and does research. It is in this sense that it can be assumed that the change process inherent in an action research study does not only allow researchers to contribute actively in changing a given situation but also the other way around. As a matter of fact, my active participation in this study has changed

my views in many different ways and it has started an endless self-reflection process. As a result of some of my reflections, I have thought of several implications for future research, four of which seem to be particularly of note. First, while this thesis focuses on the field of sustainable marketing, future research could be directed towards exploring sustainability within a general marketing context. Indeed, sustainability, like democracy, is a discourse that has been widely recognized not only by the majority of policy makers and business practitioners but even by the civic society around the world. Furthermore, the confluence of sustainability, globalization and technological development, which are redefining the political, economic and socio-cultural parameters of contemporary society, seems to question the relevance of sustainable marketing as an extraordinary marketing approach for tackling social and environmental issues. After all, today's marketers cannot escape the sustainability discourse whether they like it or not. Second, it seems necessary to continue exploring the implications of cultural studies to the study of marketing's relationship with society and the natural environment. A cultural approach can significantly contribute to elucidating the socio-cultural context in which business–society relations are (re-)defined. Third, it seems to be appropriate to gain further insights into the role of morality within sustainability. A better awareness of morality and the different moral positions shaping the sustainability discourse can contribute to healthier business relationships with society and the natural environment. Finally, an especially interesting avenue for further research is to explore the political influence that social and environmental improvements at the company level (micro-changes) can have on promoting change toward sustainability in society (macro-effect). For this purpose, institutional theory can provide valuable insights in understanding the impact of a multi-stakeholder perspective in bringing forth institutional change in society.

To conclude, it appears convenient to address some of the limitations of this licentiate thesis, which also provide opportunities for further research. As the purpose of this study is to present a theoretical and methodological framework, one of its main limitations can be found in its highly theoretical nature. Further empirical results are needed to illustrate the framework and thus how sustainability is constructed through multi-stakeholder interactions and relationships in a marketplace context. On the other hand, though this study takes a multi-stakeholder perspective, it focuses only on three stakeholder groups (firms, customers, and regional authorities). However, I believe that these three stakeholder groups contribute to delivering satisfactory results regarding the social construction of sustainability. Also the fact that this study focuses on small tourism businesses could be seen as a research limitation. Indeed, the reader may ask whether this framework could be applied in a different empirical context (e.g. large company, a different business sector). As the case presented here is unique, the results and experiences from it cannot be transferred to other contexts. However, the set of ontological and epistemological premises, which form this framework, can be used to study sustainability as a social construction in different contexts. Hence, I suggest applying the framework to settings with different conditions and a greater variety of stakeholder groups. Such studies would not only further enrich our understanding of sustainability as a marketplace discourse, but also contribute to its practical application across diverse business sectors.

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