

## Business Sustainability through successful integration of Marketing and Operations

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### Abstract

Theory development regarding issues of business sustainability and sustainability oriented business practices requires progression beyond work that examines environment, supply chain management and corporate social responsibility. This special issue presents insights and recommendations regarding an integrated approach between marketing activities and operations, in order to contribute to current gaps in knowledge. A further contribution of this special issue is the application of current marketing and operations related theories in a business-to-business context. The work presented, highlights new and exciting applications of industrial marketing theories in this area, and additionally presents many possibilities for more research.

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Business sustainability is central to the strategic decision making processes of every modern organizations as it helps managers to manage risks that fall within the scope of their business practices (Tonelli et al. 2013; Peteraf, 1993; Porter, 1991; Olson et al. 2005). Also, commitment of an organisation towards sustainability reflects in the scope of activities its managers perform to fulfil their business related obligations and requires consideration of specific issues related to sustainability by them (Spence and Pernini, 2009; Sagebiae and Whellams, 2010; Ratnayake, 2012). While researchers have generally explored the favourable and unfavourable impact of sustainability initiatives on performance of a business (Frey, 2001; Thomas, 2004; Gupta and Kumar, 2012), practising managers have expressed concerns regarding the management of complex and possibly competing basic requirements of sustainability i.e. care for environment, economic stability and social consciousness. This is so because, pursuing sustainability agenda through only one of its different facets has not resulted into great benefits for their organisation (Mancebo, 2013). Researchers have recommended a simultaneous focus on all the aspects of sustainability with synchronised adoption of sustainability initiatives by different domains of a business (Seliger et al. 2008; Thai, 2008). Academic knowledge in this area also suggests that economic stability and social consciousness together, creates shareholder value (Collins et al. 2007) and incorporation of care for the environment, with the other two, broadens the scope of sustainability to create greater value for stakeholders (Lloyd-Walker and Walker, 2011). Individually, economic stability relates to sensitivity towards sales, profit margins, taxes, working capital and assets (Huang and Rust, 2011); environmental consciousness emphasises on minimisation of waste, recycling of natural resources, reduction of material used, consumption of energy and prevention of pollution (Galvic and Lukman, 2007) and social consciousness focuses on impact of activities of a firm on advantages it receives such as reputation in a competitive marketplace (Carroll and Shabana, 2010).

It was reported by DNV consultant Nili Safavi in a presentation delivered to the Enterprise Risk Management Special Interest Group at The Institute of Risk Management *in 2011* that 93% of CEOs consider sustainability initiatives to be critical for the future success of their business; 72% of CEOs reflect on brand, trust and reputation as the top three factors that drive adoption of sustainability initiatives and 96% of CEOs relate sustainability initiatives with the supply chain. Such claims reflect on the significance of two important functions of a business i.e. marketing and operations in achieving sustainability related objectives identified by its managers. They also support the argument made by Musteen et al. (2012) that marketing can play an important role in building a brand to instil trust, and develop a good reputation based on efficiency of operations achieved through sustainability initiatives adopted by its supply chain. Therefore, effective marketing and efficient operations allow a business to achieve sustainability scores through innovative management, monitoring and evaluation of its assets, budgets and procedures (Closs et al. 2011). Despite these clear imperatives, current research does not explain to managers as to how can they synchronise their different business practices to achieve goals related to

business sustainability, particularly through integration of operations and marketing activities. Therefore, guidance on integration of sustainability initiatives at a functional level is important for enabling managers to enhance overall ecological sustainability of their organisation (Kumar and Vidhyalakshmi, 2012). It is important for them to understand how they can weave sustainability initiatives successfully into their business strategies, procedures and processes while fulfilling the rational objectives of their own, their associate and intermediary firms to increase competitiveness in a marketplace (Mass and Reniers, 2013).

From a praxis perspective, an attempt was recently made by Accenture to identify sustainability leaders and understand their actions to integrate an overall philosophy of sustainability into their business practices. The Accenture report *Driving Value from Integrated Sustainability* (2010) explains how high performers on a sustainability index, successfully address the complexity of incorporating sustainability related initiatives into the different functions performed by their organization. In particular, a concurrent focus on the determinants of growth, profitability, longevity, positioning, consistency and motivations has been reported to be the pillars of organisational capability to achieve sustainability objectives by Accenture. Business strategies that recognise the need for sustainability initiatives as an industrial pressure created by different business associations will be able to successfully drive an organisation to achieve business sustainability (Schallegger and Burritt, 2010). An action plan that engages different actors required to achieve sustainability-related goals can further facilitate smooth implementation of sustainability initiatives and achievement of identified goals (Gupta and Kumar, 2012). However, the integration of strategic initiatives into specific activities related to sustainability determinants, and the engagement of intermediaries in sustainability initiatives within an industrial setting, needs to be assessed and acknowledged far more than current academic and managerial understanding.

A overall consciousness about sustainability encourages identification of key indicators that facilitate assessment of performance and outcome of sustainability initiatives (Szekely and Knirsch, 2005). Researchers use strategic frameworks to coordinate these indicators as different pointers on a value chain, so that suppliers, competitors and customers are all pulled in the same direction (Bose and Luo, 2011; Law and Gunasekaran, 2011). Such a coordination of efforts when managed in a sustainable environment based on the identified indicators can improve efficiency of operations and reflect on the capability of marketing to create value (Mish and Debra, 2010). Managers can communicate about value thus created through various channels, such as intermediaries, suppliers and business customers (Zineldin, 2004). Delivery of value created through sustainability initiatives as an outcomes enable managers to understand the tools and techniques required to design, create and deliver value that is found to be appropriate when measured using indicators of business sustainability (Hagel and Brown, 2011).

Communicating sustainability consciousness creates favourable reputation, facilitates increments in growth of revenue, and reflects on the performance of the firm on sustainability indices (Gunasekaran and Spalanzani, 2012). For this purpose, various technology firms like IBM are introducing energy-efficient products by collaborating with industrial partners to reduce their cost of production and marketing, and consequently improve the overall performance of their firm. Companies in the financial sector are also appointing social enterprises as agents to efficiently manage the delivery of their products, and improve the social effectiveness of products like micro-financing. These collaborations need integration of marketing and operations to achieve their goals by creating value that influences bottom line profitability and efficiency of more than just a single supplier firm (Closs et al. 2011). Within this context, sustainability audits of intermediary firms have also been found very useful by companies like Hewlett-Packard. Such activities enable them to identify gaps and build mutual capabilities through training for those partners who are not strong on sustainability oriented business processes (Biondi et al. 2002; Crals and Vereeck, 2005). In doing so, companies can make all the firms engaged in their entire supply chain highly sustainability conscious and build a strong sustainability oriented reputation for their own selves (van Tulder et al. 2009; Faisal, 2010).

As sustainability research has now evolved considerably making it easier for managers to identify indices that might enable the successful integration of marketing and operations activities in a sustainability context. The indicators identified by various research studies included in this special issue are important contributors to further expand this area of research. The theoretical underpinning of these articles is strong, and the development of propositions and testable hypotheses is succinct. Furthermore, the articles address a wide range of questions within the broad context of business sustainability, using a lens focused on marketing and operations. The studies collected in the present special issue of *Industrial Marketing Management* address some of such fundamental questions concerning how marketing and operations can integrate towards sustainability, as touched on above. Importantly, such questions are addressed from a number of different theoretical and methodological perspectives, including topics like relationship between responsible supply chain management and corporate reputation, the establishment of industrial branding through dyadic logistics partnerships, and the examination of sustainability performance in the supply chain practices of Greek dairy sector.

As such, the studies included in this special issue of *Industrial Marketing Management* provide a unique picture of this critical area. An overview of sustainability-related activities of industrial brands is presented by V Kumar and Angeliki Christodouloupoulou, to expand the current understanding of brand sustainability associations. Their paper provides an influential framework to guide the implementation of two identified functions simultaneously by sustainability projects, for superior firm performance. The relationship between an industrial brand and its dyadic logistics partnership success is pointed out by Nor Aida Abdul Rahman, TC Melewar and Amir Sharif,

who recommend that business-to-business service providers should be attentive to creating a differentiable value proposition that customers link with their brand experiences. An interesting debate-based approach has been used by Stefan Hoejmose, Jens Roehrich and Johanne Grosvold to develop a conceptual framework of heterogeneity and homogeneity across multiple companies and sectors, incorporating the protective and enhancing role played by responsible supply chain management. Following from this, the alignment between green marketing needs and a sustainable supply chain is studied by Clare Brindley and Lynn Oxborrow to understand strategic directions provided by a sustainable supply chain as 'lean and efficient' and 'local and seasonal'.

The financial perspective of marketing and operational capabilities is investigated by Wantao Yu, Ramakrishnan Ramanathan and Prithwiraj Nath. Their study found that the marketing capabilities of a firm have a significant influence on its operational capabilities, and that the operational capability fully mediates the relationship between marketing capability and financial performance. An International and cross-cultural integration perspective is taken by Teck-Yong Eng and Sena Ozdemir, using data from 202 electronics manufacturing firms operating in China and Hong-Kong. The authors here reflect on intra and inter-firm integration of functions for new product development in the context of R&D integration between a host and partner collaboration. Their study explains how various levels of integration can enhance performance of new product development. Edward Ramirez and Ricardo J Gonzalez interviewed managers at two different levels to understand how they overcame the diverse barriers that are internal and external to the organisation (including suppliers and organisational culture), and how managers can facilitate adoption of environmentally sustainable offerings. Finally, Michael Bourlakis, George Maglaras, David Gallear and Christos Fotopoulos used the interdisciplinary sustainability framework to test the sustainability performance of suppliers and wholesalers of Greek dairy products, by integrating sustainability related indicators of marketing and operations. In doing so, they explain that breeders underperformed on both flexibility in delivery and urgency of actions to be taken by members of a supply chain, in cases where products that have poor conservation time.

In conclusion, issues of business sustainability are of great importance to the diverse, and often competing, stakeholder portfolios of modern organizations. Research in this area has developed rapidly, and has presented extremely useful insights; the research presented in this Special Issue of Industrial Marketing Management is testament to this. However, great opportunities to develop theory and create managerial insights in this area are manifold. Academic researchers and practising managers, their organisations and stakeholders have much to gain by grasping at this challenge, and working together to create novel and interesting research agendas in this area; many ideas for which are highlighted in this special issue.

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