THE 33\textsuperscript{rd} ANNUAL MEETING OF THE MACROMARKETING SOCIETY 2008

Macromarketing: Systems, Causes, and Consequences

Papers of
The 33\textsuperscript{rd} Annual Macromarketing Conference

Clemson, South Carolina, USA
June 4 – 7, 2008

Program Chairs
William Kilbourne, Clemson University
John Mittelstaedt, Clemson University

Arrangements Chair
John Mittelstaedt

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Editor’s Notes:

Special thanks for all those who contributed their time and energy serving as track chairs for the conference. Their suggestions, cooperation, and diligence played a pivotal role in the creation of an academically exciting program for the 33rd Macromarketing Conference. We would like to commend them all for their efforts.

Track Chairs

Art, Culture, and Markets
Alan Bradshaw, University of Exeter, UK

Competition and Markets
Andreas Falkenberg, Adger University, Norway

Globalization
Don Rahtz, College of William and Mary

Ethics, Equity, and Justice
Gene Laczniak, Marquette University
Pat Murphy, University of Notre Dame

Ethnicity and Religiosity
John Mittelstaedt, Clemson University

Environment, Nature, and Sustainability
Pierre McDonagh, Dublin City University, Ireland
Michael Polonsky, Victoria University, Australia

Marketing and Development
Tony Pecotich, University of Western Australia, Australia

Quality of Life
Joe Sirgy, Virginia Tech

Cultural/Economic Institutions and Marketing
Bill Redmond, Indiana State University

Marketing History
Bill Keep, Quinnipiac University

Macromarketing Education
David Hunt, University of Wyoming
Scott Radford, University of Calgary, Canada

Systems and Modeling
Ben Wooliscroft, University of Otago, New Zealand

Technology and Marketing
Nik Dholakia, University of Rhode Island
Bill Kilbourne, Clemson University
Consumption, Materialism, and Society
Jim Gentry, University of Nebraska, Lincoln
Chris Manolis, Xavier University, Cincinnati

Macromarketing Research Methodology
James Agarwal, University of Calgary, Canada

In addition to the track chairs, others have contributed their time and effort as reviewers for the many papers that were submitted. They should all be commended as well.

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And a special thanks goes to Ben Wooliscroft who created and maintained the online registration process that will benefit Macromarketing conferences in years to come.
# Table of Contents

<table>
<thead>
<tr>
<th>Editor’s Notes</th>
<th>iii</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table of Contents</td>
<td>v</td>
</tr>
<tr>
<td>Schedule of Sessions</td>
<td>x</td>
</tr>
<tr>
<td>“Faking It”: The Social Consequences of Using Counterfeit Status Goods</td>
<td>1</td>
</tr>
<tr>
<td>Stephanie Geiger-Oneto, University of Wyoming</td>
<td></td>
</tr>
<tr>
<td>The Negative Role of Advertising in the Changing Gender Norms within the Family</td>
<td>3</td>
</tr>
<tr>
<td>James W. Gentry, University of Nebraska-Lincoln</td>
<td></td>
</tr>
<tr>
<td>Robert L. Harrison III, University of Nebraska-Lincoln</td>
<td></td>
</tr>
<tr>
<td>Technology, Gender, and Pro-Environmental Consumption Behavior: A Multinational Exploratory Study</td>
<td>13</td>
</tr>
<tr>
<td>Abhijith Holehonnr, Clemson University</td>
<td></td>
</tr>
<tr>
<td>Catherine Mobley, Clemson University</td>
<td></td>
</tr>
<tr>
<td>David Gras, Clemson University</td>
<td></td>
</tr>
<tr>
<td>Amanda Cooper, Clemson University</td>
<td></td>
</tr>
<tr>
<td>William Kilbourne, Clemson University</td>
<td></td>
</tr>
<tr>
<td>Marko Grünhagen, Eastern Illinois University</td>
<td></td>
</tr>
<tr>
<td>Janice Foley, University of Regina, Canada</td>
<td></td>
</tr>
<tr>
<td>Consumer Pride And Materialism</td>
<td>22</td>
</tr>
<tr>
<td>Katherine Sredl, University of Illinois</td>
<td></td>
</tr>
<tr>
<td>Redeveloping an Urban Slum: A Case Study and Macromarketing Implications</td>
<td>29</td>
</tr>
<tr>
<td>Abhijit Roy, University of Scranton</td>
<td></td>
</tr>
<tr>
<td>Mousumi Roy, Pennsylvania State University</td>
<td></td>
</tr>
<tr>
<td>Engendering “Trust” Among Agricultural Producers: Prospects For Successful Cooperatives In Mexican Marketing Channels</td>
<td>34</td>
</tr>
<tr>
<td>Julie V. Stanton, Saint Joseph’s University</td>
<td></td>
</tr>
<tr>
<td>C. Ken Weidner II, Saint Joseph’s University</td>
<td></td>
</tr>
<tr>
<td>Tim J. Burkink, University of Nebraska, Kearney</td>
<td></td>
</tr>
<tr>
<td>Food Safety, Consumer Choice, and the Changing Marketplace in Urban China</td>
<td>39</td>
</tr>
<tr>
<td>Ann Veeck, Western Michigan University</td>
<td></td>
</tr>
<tr>
<td>Hongyan Yu, Jilin University, China</td>
<td></td>
</tr>
<tr>
<td>Alvin C. Burns, Louisiana State University</td>
<td></td>
</tr>
<tr>
<td>Title</td>
<td>Page</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Management Perceptions, Industry Structure and Company Performance:</td>
<td>45</td>
</tr>
<tr>
<td>A Preliminary Conceptual Formulation</td>
<td></td>
</tr>
<tr>
<td>Janine Wong, University of Western Australia, Australia</td>
<td></td>
</tr>
<tr>
<td>Anthony Pecotich, University of Western Australia, Australia</td>
<td></td>
</tr>
<tr>
<td>The Social Engineering Decision Making Process</td>
<td>53</td>
</tr>
<tr>
<td>Ann-Marie Kennedy Thompson, Auckland University of Technology, New Zealand</td>
<td></td>
</tr>
<tr>
<td>The Role of Risk in Marketing Systems</td>
<td>64</td>
</tr>
<tr>
<td>Robert A. Mittelstaed</td>
<td></td>
</tr>
<tr>
<td>John D. Mittelstaed</td>
<td></td>
</tr>
<tr>
<td>Improvising in the Wake of Disaster</td>
<td>65</td>
</tr>
<tr>
<td>Debra L. Scammon, University of Utah</td>
<td></td>
</tr>
<tr>
<td>Deirdre T. Guion, North Carolina Central University</td>
<td></td>
</tr>
<tr>
<td>A. Leila Borders, Kennesaw State University</td>
<td></td>
</tr>
<tr>
<td>Can Marketing Systems be Informed by Canonical Examples from Physics?</td>
<td>75</td>
</tr>
<tr>
<td>Ben Wooliscroft, University of Otago, New Zealand</td>
<td></td>
</tr>
<tr>
<td>On Economic Growth, Marketing Systems and the Quality of Life</td>
<td>84</td>
</tr>
<tr>
<td>Roger A Layton, University of New South Wales, Australia</td>
<td></td>
</tr>
<tr>
<td>Developing a Measure That Captures Elderly’s Well-Being in Local</td>
<td>105</td>
</tr>
<tr>
<td>Marketplace Transactions</td>
<td></td>
</tr>
<tr>
<td>H. Lee Meadow, Indiana University East</td>
<td></td>
</tr>
<tr>
<td>M. Joseph Sirgy, Virginia Polytechnic Institute &amp; State University</td>
<td></td>
</tr>
<tr>
<td>International Entrepreneurship And Quality Of Life</td>
<td>109</td>
</tr>
<tr>
<td>A. Coskun Samli, University of North Florida</td>
<td></td>
</tr>
<tr>
<td>Catholic Social Thought and Ethical Issues in Marketing</td>
<td>117</td>
</tr>
<tr>
<td>Thomas A. Klein, University of Toledo</td>
<td></td>
</tr>
<tr>
<td>Gene R. Lacznik, Marquette University</td>
<td></td>
</tr>
<tr>
<td>Social Identity Theory and Ethical Predisposition</td>
<td>128</td>
</tr>
<tr>
<td>Larry Neale – Queensland University of Technology, Australia</td>
<td></td>
</tr>
<tr>
<td>Sam Fullerton – Eastern Michigan University</td>
<td></td>
</tr>
<tr>
<td>A Typology of Stealth Marketing as Strategies</td>
<td>132</td>
</tr>
<tr>
<td>Abhijit Roy, University of Scranton</td>
<td></td>
</tr>
<tr>
<td>Satya P. Chattopadhyay, University of Scranton</td>
<td></td>
</tr>
<tr>
<td>Stated and Revealed Preference for Locally Grown Produce: Implications for Food Marketing Systems</td>
<td>136</td>
</tr>
<tr>
<td>Renee Hughner, Arizona State University</td>
<td></td>
</tr>
<tr>
<td>Jessica Robinson, Arizona State University</td>
<td></td>
</tr>
<tr>
<td>William Nganje, Arizona State University</td>
<td></td>
</tr>
</tbody>
</table>
Standby Power Consumption: A Macromarketing Perspective
Terri L. Rittenburg, University of Wyoming
Mateen Hashmi Syed, University of Wyoming

Environmental Marketing Claims: Consumer Interpretation and Policy Implications
Clare D'Souza, La Trobe University, Australia
Mehdi Taghian, Deakin University, Australia

Generativity and its Relationship to Eco-Friendly Behavioral Intentions and Environmentally Responsible Consumption Behavior
Bertrand Urien, Université de Bretagne Occidentale, France
William Kilbourne, Clemson University

Meso-Market-Ethics (MME): The Confluence of Market Segments, Ethics, and Time
William W. Keep, Quinnipiac University

Home and Host Country Culture’s Influence on Manager’s Individual Decision Making Related to Ethical Issues in an MNC
Virginija Kliukinskaitė, University of Agder, Norway

Barcoding Behaviors of Seven Multinational Corporations: Revealing the Country of Origin or Deliberate Obfuscation
Charles R. Patton, The University of Texas
Pandora L. Patton, The University of the Nations

Ethics And Marketplace Deception: An Exploration Into The Accommodative Role Of Deceptive Practices In Market Exchanges
Scott Radford, University of Calgary, Canada
David M. Hunt, University of Wyoming

A Time Affluence Model of Adolescent Compulsive Buying
Chris Manolis
James A. Roberts

The Use of Place in Alternative Food Networks
Christine Moynihan, Centre for Consumption Studies, Dublin City University, Ireland
Pierre McDonagh, Centre for Consumption Studies, Dublin City University, Ireland

Fan-Identity Construction in a Globalized Premier League
Pongsakornrungsilp, Siwarit, University of Exeter, UK
Healy, Jason, Dublin City University, Ireland
Bradshaw, Alan, University of Exeter, UK
McDonagh, Pierre, Dublin City University, Ireland
Schroeder, Jonathon, University of Exeter, UK
Effects of International Trade on the Economy, People, and the Environment 238
Michael R. Mullen, Florida Atlantic University
Patricia M. Doney, Florida Atlantic University
Selima Ben Mrad, Florida Atlantic University
Shirley Ye Sheng, Florida Atlantic University

Structuring the Global Marketplace: The Impact of the United Nations Global Compact 249
Robert W. Nason, Michigan State University

Automotive Foreign Direct Investment in the U.S.: Economic and Cultural Consequences of Market Globalization 259
Robert L. Underwood, Furman University
Lauren J. Tomory, Furman University

Global Food Marketing Systems and Local Cultural Change in the Developing World 263
Terrence H. Witkowski, California State University, Long Beach

Introducing Sustainability into the Classroom 278
Stephanie Geiger-Oneto, University of Wyoming
Melea Press, University of Wyoming

Improving Worldview Literacy Among International Marketing Students: A Multi-Country Perspective 279
Mark Peterson, University of Wyoming
Stephen J. Terry, Kansas City Federal Reserve Bank

An Open-Source, Controversies-Based Macromarketing Chapter: An Initial Step Toward a Free Online Macromarketing Course? 288
Stanley J. Shapiro, Simon Fraser University, Canada

Institutional Trust and Quality of Life for the Poor: A Case From Turkey 290
Ahmet Ekici, Bilkent University, Turkey
Mark Peterson, University of Wyoming

Community Quality of Life: Evaluation and Expectations in a Developing Community 296
Don R. Rahtz, The College of William and Mary
Clifford J. Shultz, II, Arizona State University

Marketing to Ethnic Subcultures: Efforts to Generate Higher Quality of Life for Hispanics 300
A. Coskun Samli, University of North Florida
Diego Molina, University of North Florida
Who Needs Who the Most? 303
Ben Wooliscroft, University of Otago, New Zealand

Toward a Better Understanding of Volunteering 304
Elton Briggs, University of Texas at Arlington
Mark Peterson, University of Wyoming
Gary Gregory, University of New South Wales, Australia

Regulatory Compliance or Collaboration: Impact on Corporate Social Responsiveness 313
Tracy L. Gonzalez-Padron, University of Colorado at Colorado Springs
Robert W. Nason, Michigan State University

A Note on Institutional and Social Aspects of Marketing Systems 317
William H. Redmond, Indiana State University

What Does Macromarketing Have to Say About Marketing Strategy? 321
John Mittelstaedt, Clemson University
Stacey Baker, University of Wyoming
Robert Mittelstaedt, University of Nebraska
Wednesday, June 4

6:00 – 8:00 Cocktail Reception and Open Registration - Madren Center Ballroom B
Board Meeting to follow

Thursday, June 5

8:00 – 8:30 Breakfast at Martin Inn

8:30 – 10:00

Session 1 – Plenary Session - Re-branding Macromarketing Panel discussion
BellSouth Auditorium
Robert Nason, Michigan State University
Stan Shapiro, Simon Fraser University
Tom Klein, University of Toledo
Mark Peterson, University of Wyoming
Stacey Baker, University of Wyoming
Pierre McDonagh, Centre for Consumption Studies, Dublin City University

10:00 – 10:30 Break

10:30 – 12:00

Session 2 – Competitive Session - Consumption and its Consequences
BellSouth Auditorium

“Faking It”: The Social Consequences of Using Counterfeit Status Goods
Stephanie Geiger-Oneto, University of Wyoming

The Negative Role of Advertising in the Changing Gender Norms within the Family
James W. Gentry, University of Nebraska-Lincoln
Robert L. Harrison III, University of Nebraska-Lincoln

Technology, Gender, and Pro-Environmental Consumption Behavior: A Multinational Exploratory Study
Abhijith Holehonnur, Clemson University
Catherine Mobley, Clemson University
David Gras, Clemson University
Amanda Cooper, Clemson University
William Kilbourne, Clemson University
Marko Grünhagen, Eastern Illinois University
Janice Foley, University of Regina

Consumer Pride And Materialism
Katherine Sredl, University of Illinois

12:00 – 1:00 Lunch at Madren Center (Ballroom B)

1:00 – 4:30 BMW Tour, Greenville

4:30 – 5:30 Conversations and Discussions

5:30 – 7:30 Dinner at The Blue Heron – (Board meeting to follow if necessary)

Friday, June 6

8:00 – 8:30 Breakfast at Martin Inn

8:30 – 10:00 am

Session 3 – Plenary Session Sustainability Panel
BellSouth Auditorium

10:00 – 10:30 Break

10:30 – 12:00

Session 4a – Economic Development
BellSouth Auditorium

Redeveloping an Urban Slum: A Case Study and Macromarketing Implications
Abhijit Roy, University of Scranton
Mousumi Roy, Pennsylvania State University

Engendering “Trust” Among Agricultural Producers: Prospects For Successful Cooperatives In Mexican Marketing Channels
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C. Ken Weidner II, Saint Joseph’s University
Tim J. Burkink, University of Nebraska, Kearney

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Ann Veeck, Western Michigan University
Hongyan Yu, Jilin University
Alvin C. Burns, Louisiana State University
Janine Wong, University of Western Australia
Anthony Pecotich, University of Western Australia

Session 4b – Market Systems
Seminar Room 1

The Social Engineering Decision Making Process
Ann-Marie Kennedy Thompson, Auckland University of Technology

The Role of Risk in Marketing Systems
Robert A. Mittelstaedt, University of Nebraska
John D. Mittelstaedt, Clemson University

Improvising in the Wake of Disaster
Debra L. Scammon, University of Utah
Deirdre T. Guion, North Carolina Central University
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Can Marketing Systems be Informed by Canonical Examples from Physics?
Ben Wooliscroft, University of Otago

12:00 – 1:00 Lunch (Ballroom B)

1:00-2:30

Session 5a Quality of Life – The Market View
BellSouth Auditorium

On Economic Growth, Marketing Systems and the Quality of Life
Roger A Layton, University of New South Wales

Developing a Measure That Captures Elderly’s Well-Being in Local Marketplace Transactions
H. Lee Meadow, Indiana University East
M. Joseph Sirgy, Virginia Polytechnic Institute & State University

International Entrepreneurship And Quality Of Life
A. Coskun Samli, University of North Florida
Session 5b – Ethics Theory
Seminar Room 1

Catholic Social Thought and Ethical Issues in Marketing
Thomas A. Klein, University of Toledo
Gene R. Laczniak, Marquette University

Social Identity Theory and Ethical Predisposition
Larry Neale – Queensland University of Technology
Sam Fullerton – Eastern Michigan University

A Typology of Stealth Marketing as Strategies
Abhijit Roy, University of Scranton
Satya P. Chattopadhyay, University of Scranton

2:30 – 3:00 Break

3:00 – 4:30 Concurrent Sessions

Session 6a – The Environment
BellSouth Auditorium

Stated and Revealed Preference for Locally Grown Produce: Implications for Food Marketing Systems
Renee Hughner, Arizona State University
Jessica Robinson, Arizona State University
William Nganje, Arizona State University

Standby Power Consumption: A Macromarketing Perspective
Terri L. Rittenburg, University of Wyoming
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Environmental Marketing Claims: Consumer Interpretation and Policy implications
Clare D’Souza, La Trobe University
Mehdi Taghian, Deakin University

Generativity and its Relationship to Eco-Friendly Behavioral Intentions and Environmentally Responsible Consumption Behavior
Bertrand Urien, Université de Bretagne Occidentale
William Kilbourne, Clemson University

Session 6b – Ethics in Practice
Seminar Room 1

Meso-Market-Ethics (MME): The Confluence of Market Segments, Ethics, and Time
William W. Keep, Quinnipiac University
**Home and Host Country Culture’s Influence on Manager’s Individual Decision Making Related to Ethical Issues in an MNC**
Virginija Kliukinskaitė, University of Agder

**Barcoding Behaviors of Seven Multinational Corporations: Revealing the Country of Origin or Deliberate Obfuscation**
Charles R. Patton, The University of Texas
Pandora L. Patton, The University of the Nations

**Ethics And Marketplace Deception: An Exploration Into The Accommodative Role Of Deceptive Practices In Market Exchanges**
Scott Radford, University of Calgary
David M. Hunt, University of Wyoming

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**4:30 – 5:30 Open Discussions**

**5:30 – 7:00 South Carolina Barbeque Dinner, Ballroom B**

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**Saturday, June 7**

**8:00 – 8:30 Breakfast at Martin Inn**

**8:30 – 10:00**

**Session 7 – Consumption and Consumers**
**BellSouth Auditorium**

*A Time Affluence Model of Adolescent Compulsive Buying*
Chris Manolis, Xavier University
James A. Roberts, Baylor University

*The Use of Place in Alternative Food Networks*
Christine Moynihan, Centre for Consumption Studies, Dublin City University
Pierre McDonagh, Centre for Consumption Studies, Dublin City University

*Fan-Identity Construction in a Globalized Premier League*
Pongsakornrunsilp, Siwarit, Centre for Consumption Studies, University of Exeter
Healy, Jason, Centre for Consumption Studies, Dublin City University
Bradshaw, Alan, Centre for Consumption Studies, University of Exeter
McDonagh, Pierre, Centre for Consumption Studies, Dublin City University
Schroeder, Jonathon, Centre for Consumption Studies, University of Exeter
10 - 10:30 Break

10:30 – 12:00

Session 8 – The Global Marketplace
BellSouth Auditorium

*Effects of International Trade on the Economy, People, and the Environment*
Michael R. Mullen, Florida Atlantic University
Patricia M. Doney, Florida Atlantic University
Selima Ben Mrad, Florida Atlantic University
Shirley Ye Sheng, Florida Atlantic University

*Structuring the Global Marketplace: The Impact of the United Nations Global Compact*
Robert W. Nason, Michigan State University

*Automotive Foreign Direct Investment in the U.S.: Economic and Cultural Consequences of Market Globalization*
Robert L. Underwood, Furman University
Lauren J. Tomory, Furman University

*Global Food Marketing Systems and Local Cultural Change in the Developing World*
Terrence H. Witkowski, California State University, Long Beach

12:00 – 1:00 Lunch at Madren Center

1:00 – 2:30 Concurrent Sessions

Session 9a – Macromarketing Education
BellSouth Auditorium

*Introducing Sustainability into the Classroom*
Stephanie Geiger-Oneto, University of Wyoming
Melea Press, University of Wyoming

*Improving Worldview Literacy Among International Marketing Students: a Multi-Country Perspective*
Mark Peterson, University of Wyoming
Stephen J. Terry, Kansas City Federal Reserve Bank

*An Open-Source, Controversies-Based Macromarketing Chapter: An Initial Step Toward a Free Online Macromarketing Course?*
Stanley J. Shapiro, Simon Fraser University
Session 9b – Quality of Life – Groups
Seminar Room 1

Institutional Trust and Quality of Life for the Poor: A Case From Turkey
Ahmet Ekici, Bilkent University
Mark Peterson, University of Wyoming

Community Quality of Life: Evaluation and Expectations in a Developing Community
Don R. Rahtz, The College of William and Mary
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Marketing to Ethnic Subcultures: Efforts to Generate Higher Quality of Life for Hispanics
A. Coskun Samli, University of North Florida
Diego Molina, University of North Florida

Who Needs Who the Most?
Ben Wooliscroft, University of Otago

2:30 – 3:00 Break

3:00 – 4:30

Session 10 – Institutions
BellSouth Auditorium

Toward a Better Understanding of Volunteering
Elton Briggs, University of Texas at Arlington
Mark Peterson, University of Wyoming
Gary Gregory, University of New South Wales

Regulatory Compliance or Collaboration: Impact on Corporate Social Responsiveness
Tracy L. Gonzalez-Padron, University of Colorado at Colorado Springs
Robert W. Nason, Michigan State University

A Note on Institutional and Social Aspects of Marketing Systems
William H. Redmond, Indiana State University

4:30 – 5:30 Open Discussions

5:30 – 7:00 Low Country Boil, Harris Terrace

Sunday, June 8 – Starting at 7:00 ish

Shuttle trips to airport
“Faking It”: The Social Consequences of Using Counterfeit Status Goods

Stephanie Geiger-Oneto, University of Wyoming

The idea that you are what you buy – that possessions confer status – has long existed and guided some purchasing, as most notably observed by Thorstein Veblen (1899). It is not surprising then, that many individuals often rely on a brand’s prestige to communicate information about themselves, and/or make inferences about others (Braun and Wicklund 1989). In fact, consumers who purchase expensive luxury items often place greater importance on the status or image associated with the product than with the product itself (Dubois and Duequesne 1993). It is the status of these luxury brands that has fueled the market for counterfeit goods. Counterfeits, allow consumers to gain the prestige and status associated with the brand being copied without having to pay the price premium (Bloch et al. 1993). In essence, these consumers are sending inaccurate information about their social status and misrepresenting themselves to others. The current research applies Social Identity Theory (SIT) to investigate how individuals that choose to purchase and display counterfeit products are perceived by others.

Social identity theory (Tajfel and Turner 1979) focuses on explaining the dynamics of intergroup relations, and has been applied to better understand the strategies members of low status groups use to increase their status both individually and collectively. According to this theory, people gain self esteem from their membership in social groups, and will pursue goals they believe will increase or maintain the status of their social groups. According to SIT, one way this is manifested is in the evaluations people make of in-group vs. out-group members. Individuals tend to favor or make more positive evaluations of members within their social group (in-group members) than members of other groups. Although the misrepresentation of one’s social status through the purchase of counterfeit products violates social norms, people’s judgments about counterfeit consumers, according to SIT, will depend on whether those counterfeit consumers are in-group or out-group members. Two studies were conducted to test the hypothesis that individuals will make less favorable evaluations of counterfeit consumers when those consumers are members of an out-group, compared to an in-group.

In Study 1, students were asked to read and evaluate an online dating profile containing a photo of either a Caucasian or African-American male target. The profile also included information about his hobbies, likes/dislikes, education and income. In addition, the profile included a passage describing one of three possible products that the target had recently purchased (high status: Rolex watch, lower status: Seiko watch or counterfeit: Rolex watch). After reading the passage, respondents were asked to evaluate the target on a number of attributes: desirability as a date, desirability as a marriage partner, physical attractiveness, social status and trustworthiness.

Results were analyzed using MANOVA. As expected, a significant main effect of product status was found. Targets portrayed as having recently purchased, and wearing, a counterfeit Rolex watch were rated significantly less favorably on all five dependent variables than those wearing either a Seiko or
authentic Rolex watch. As predicted by SIT, a significant three-way interaction of participant race x target race x product type was observed when analyzing Caucasian and African-American respondents. In other words, when the subject’s race matched that of the target, respondents rated the target wearing the counterfeit product more favorably than when the race of the target differed from their own.

In Study 2, students were asked to view an online profile of a job candidate. The profile contained information about the target’s race, education, income, and employment. Students were then asked to read a passage which described how the candidate was “caught” wearing a counterfeit product during a job interview. After reading this scenario, respondents were asked to evaluate the job candidate on a number of characteristics. Again, respondents evaluated the target more favorably when the target was an in-group, as opposed to an out-group member. In addition, respondents were more likely to share that story with others when the person “caught” was a member of their out-group as opposed to an in-group member.

The results from both studies provide support for the efficacy of Social Identity Theory in understanding status consumption, and the hypothesis that perceptions of consumers of counterfeit products depend on the respective group memberships of the consumer and the observer. This study also suggests that consumers of counterfeit products are actually not acquiring the prestige and status they are seeking. In fact, their choice of counterfeit products may actually negatively influence the image these consumers project to others.
The Negative Role of Advertising in the Changing Gender Norms within the Family

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Abstract

Gender relationships within the family are changing gradually, but not as rapidly as in other domains of society. Despite the fact that wives earn more than husbands in 1/3 of US married couples, egalitarian roles within the household are not the norm. Possible explanations for the slow progress are provided, and content analyses of television commercials directed to men and to women are conducted to indicate how marketers model gender relations. The results show that men and women see different gender portrayals, with men seeing far more traditionally masculine ones.

Introduction

Gender norms are in a state of flux globally, but especially in the developed world. Further, norms are changing at different rates in different domains. Support for the socially constructed nature of gender lies in the evidence that gender is a malleable concept. For example, an assertive woman executive may enact her gender quite differently in the workplace than at home, or as Risman (1998, p. 2) writes, “the same person may display passive and subordinate ‘femininity’ in a love affair yet be a tyrant at the office.”

The focus of this paper will be on the influence of changing gender norms on the institution of the family, in which gender norms have been observed to be changing more slowly than in domains such as the workplace or leisure (Commuri and Gentry 2005; Gentry, Commuri, and Jun 2003). We argue that the biggest social change in the last half century was the massive entrance of middle class women into the workplace in the 1970s and 1980s. Much family research during that time contrasted working wife households with non-working wife households in terms of household consumption and production patterns. The findings generally indicate that women are doing much less housework, but that men are not doing any more. More specifically, Berk and Berk (1979), Meissner et al. (1975), Pleck (1984), Robinson (1977), and Walker and Woods (1976) found husbands’ behavior regarding household production to be the same regardless of the wife’s working status. As Gentry et al. (2003) noted, rather than he or she, or someone else, often it is no one that is doing the housework. There is just much less being done in the household today than there was three decades ago.

Thus, starting with the continuing increase in the number of women entering into the workforce, men’s relative participation has increased in the household in general and in childcare in particular. Yet, most evidence has been critically qualified to show the substantive and qualitative differences in the efficacies of men’s and women’s performance, with the implication that women are more effective. For example, though it has been shown that men’s share in childcare is on the rise (see Gardyn 2000), it has also been noted that though the father may dress the child in the
morning, it is the mother who is responsible for determining what to wear and purchasing those
clothes (DeVault 1997); that the fathers’ engagement does not entail organizational or managerial
tasks such as setting a medical appointment (Marsiglio 1995); and that fathers are only recruited
by mothers as helpers, but seldom determine the direction themselves (Lareau 2000). DeVault
(1997) also noted that even in households in which husbands did most of the cooking, the wife
was still the household manager and controlled most planning functions related to cooking. As
one mother in Russell’s (1986) study noted, “I am still the Executive Director of children.”

Therefore, men’s roles as fathers are often discussed in terms of the first three stages of the
evolution discussed by Russell (1986; i.e., moral teacher, breadwinner, and sex-role model), but
seldom in terms of the fourth stage – the nurturant father. While fathers see themselves as being
involved in their children’s lives, their contributions are not hands-on as those by mothers; rather
they involve playfulness, the transmission of life skills, and conversational dominance (Lareau
2000). Parke and Stearns (1993, p. 166) concluded that although modern fathers are more
involved with their children, their role is still seen as one of supporter: “Fathers have moved into
a more prominent supporting-actor stance, rather than earning billing with mothers.” Fathers
“help” with parenting but mothers are never seen in this way. Mothers have a responsibility for
their children that is exclusive and constant.

This finding that women are the executive directors of the family has been consistently supported
empirically, despite frequently expressed expectations for change. In the 1980s, there was
discussion of changing father roles, moving toward the final stage of nurturant father proposed by
Russell (1986). Ferber and Birnbaum (1980, p. 269) suggested that since “there is a diminishing
utility for professional and housework, spouses are likely to find a more balanced sharing of
housework beneficial, and the husband may enjoy getting to know the children better.” Sussman
(1993, p. 312) predicted that changes within the family will not revert to the old superordinate/
subordinate pattern, but rather that equity and sharing will grow in both prevalence and incidence
in the coming years. Firat (1994) predicted that post-modernity would be associated with the
break between gender and sex categories, arguing that feminine and woman and masculine and
man are no longer seen as exclusive representations [what Risman (1998) referred to as gender
vertigo]. Pleck (1987, p. 93) suggested that a new image, summed up in the term “the new
father,” was clearly on the rise in print and broadcast media. The new father differed from older
images of involved fatherhood in several key respects: he was present at the birth; he was
involved with his children as infants, not just when they are older; he participated in the actual
day-to-day work of child care, and not just play; he was involved with his daughters as much as
his sons. To some extent, this optimistic perspective of father parenting may have been based on
domestic comedies on television (Cantor 1990), which showed women as more independent than
previously and fathers as more caring and more domesticated. The message presented was that
middle-class men are kind, gentle, loving, just, and supportive husbands and fathers and therefore
worth getting and keeping. Working class men were more likely to be portrayed as buffoons, but
at least they were easily manageable. Wife battering and child abuse did not occur, and divorce
was rarely observed (Cantor 1990). This ‘new father’ perspective was seen by the target market
for domestic comedies, which consisted of women and children. Men found a very different
perspective on the media they encountered (Barthel 1992; Coltrane and Allan 1994; Coltrane and
Messineo 2000; Kaufman 1999; Kervin 1990; Prinsloo 2006; Sabo and Jansen 1992; Wenner

In general, there has been little evidence that husbands have taken over traditionally “female”
household roles. Using a gendered lens, Allen and Walker (2000, p. 7) concluded “there is no
better predictor of the division of household labor than gender. Regardless of one’s attitude about
‘gender’ roles, the resources one brings to the relationship, and the time one has available, there is
nothing that predicts who does what and how much one does in families than whether one is a
woman or a man.” Since neither men nor women actually perceive household work as leisure, it is typically regarded as worrisome, tiresome, menial, repetitive, isolating, unfinished, inescapable, and often unappreciated (Allen and Walker 2000; Berheide 1984; DeVault 1997; Ferree 1984). It has been observed that when men “help” out, they usually do so by selecting some of the nicer household tasks such as playing with children when wives prepare meals or clean up.

Rationales for Resisting Egalitarianism

Today in the US, wives earn more than their husbands in one third of married households. With the obvious shift in the provider role, why are we not seeing more change in other aspects of gender norms in the household? Why are we still observing the traditional parenting roles described by Risman (1986): mothers are nurturant, person oriented, and child centered, and fathers are competitive and work oriented.

One reason may be that some wives do not wish to give up responsibility for the home. Thompson and Walker (1989, p. 859) explain that, when women criticize their husbands’ work in the household, they are protecting threatened territory. The home is the woman’s dominion, and many women are reluctant to share control over the one domain in which they have power. In other words, some women do not wish to not do their gender. Risman (2004, p. 446) noted that many people enjoy gender differentiation: “We must remember, however, that much doing gender at the individual and interactional levels gives pleasure as well as reproduces inequality, and until we find other socially acceptable means to replace that opportunity for pleasure, we can hardly advocate for its cessation.”

This reluctance to change may be especially strong when it comes to child care. Fischer (2000, p. 186) noted the deeply embedded feminine role: “The care-giving role in general, and the mothering role in particular, are among the most sanctified across a broad range of collectivities, even those where the notion of the patriarchal nuclear family is not resonant.” Further, this reluctance to lose the “nurturer” role on the wife’s part may even lead to her active participation in the illusion that the husband is still the provider even when he is not. Commuri and Gentry (2005) reported evidence of efforts to “normalize” a marriage in the case of couples where the wives earn more than their husbands. Steil and Weltman (1991) found that, even when wives earn more, there is pervasive evidence that both spouses define the man as the primary provider. Rosen (1987) noted that many working class wives realize that their husbands’ prides, authority, and manhood are based upon being the provider and thus willingly do whatever they can to preserve the image of the husbands as the bread-winners, even though the wives may be earning more than their husbands. One way that couples try to maintain the image of wives as secondary providers is to use husbands’ salaries for the essentials and wives’ salaries for extras (Commuri and Gentry 2005).

Some women found it easier to do the housework themselves than to get other family members to do it to their standards. In a study of fairly “egalitarian” dual-career couples, Coltrane (1989, p. 480) found there were at least six frequently performed household chores over which the mother retained almost exclusive managerial control and made sure they were performed adequately. In general, mothers were more likely than fathers to act as managers for cooking, cleaning, and child care, even though half of the couples said that they “shared” responsibility in these areas. Helper-husbands often waited to be told what to do, when to do it, and how it should be done. Schwartz (1998) found that, among couples with high-earning career wives, men felt their partners were entitled to do less housework, but did little to integrate an egalitarian process.
A second reason why men do so little housework, even when they support the idea attitudinally, is that such men do not wish to do a gender that they are not. In other words, they do not want to do gender inappropriately. Twiggs, McQuillan, and Ferree (1999) found that when men participate substantially in household chores, they must cross a series of hierarchical gendered thresholds in order to become high participators. Husbands do not easily take on a task if it calls for crossing a gender boundary. Coltrane (1989) noted that dual-career fathers’ talk of spending time with their children was perceived by co-workers as indicating they were not serious about their work. Over half of the dual-career couples reported receiving negative feedback from their own parents regarding their division of domestic labor when the man was actively involved in it, with most feedback indicating that the wife should quit work and stay home with the kids. Men and women who do gender inappropriately are thus prone to societal sanctions. Coltrane (1989, p. 473) noted “traditional tasks of fatherhood are limited to begetting, protecting, and providing for children. While fathers typically derive a gendered sense of self from these activities, their masculinity is even more dependent on not doing the things that mothers do.” Kynaston (1996, p. 227) noted that “women may be called upon to do ‘men’s’ work when necessary, but only women will ever do ‘women’s’ work.”

**Advertising’s Role in Supporting the Status Quo**

As the previous section makes clear, there are strong forces within the family that serve to maintain the status quo in terms of family gender norms. At this point, we want to investigate the interface of advertising and the family, noting the role played by advertising in the change (or lack thereof) in norms. As Gentry et al. (2003) asked, “Does the portrayal of men in commercials for household products reflect the current state of the American household?” The following review of the literature generates the ubiquitous response to most questions in the realm of marketing, “it depends.” In this case, it depends on what kind of media you are watching or reading. In general, if it is female-oriented, it is fairly egalitarian. If is male-oriented though, it depicts gender roles that we would like to think have been put behind us.

Knill et al. (1980) concluded that exposure to stereotyped commercials reinforced traditionally sex-typed behaviors. Shields and Heinecken (2002) noted that prescribed gender roles of a society are disseminated in mass media, of which advertising plays a very important role. Literature in the 1970s found that women were portrayed in subservient roles, or in a “relatively unfavorable manner” (McArthur and Resko 1975, p. 209). Female central figures in commercials were more likely to be portrayed in a role defining them in terms of relationships to others (a spouse, parent, girlfriend, or housewife). Men were more likely to be portrayed in an independent role (i.e., worker, professional, celebrity, or narrator/interviewer). Perloff, Brown, and Miller (1982, p. 265) concluded that “recent content studies have continued to find that women are underrepresented and stereotyped in television commercials.” They reported that the National Advertising Review Board and the National Association of Broadcasters had developed a checklist to see if advertisements are egalitarian; all items dealt with female status alone.

More recent literature has indicated that female role portrayals have become more favorable. For example, Coltrane and Allan (1994) found that women’s symbolic roles in TV commercials have undergone the most transformation in the past few decades. One of their findings was that one-third of commercials in the 1950s showed women as parents, but only 8% did in the 1980s. For men, there was little change (7% in the 1950s and 10% in the 1980s). Thus, while there is little doubt but that women were demeaned through their portrayals in commercials, that has been rectified to some extent, at least in those commercials shown to target markets including women and children. But, as Wenner (1991, p. 405) noted in the “sanctum sanctorum of male beer-and-sport commercials,” women occupy tangential and servile positions if they are represented at all.
Male roles in commercials and advertisements have changed very little over time, largely because “men’s roles in media have been tacitly viewed as unproblematic” (Sabo and Jansen 1992, p. 169). Wilson (1988) noted that most gender literature has dealt with a feminist perspective of seeking equality for women. The limited literature that has looked at male roles in commercials over time has found little change. Kervin (1990) looked at the 50-year advertising history of Esquire, and found that the masculine stereotypes found in the 1930s were still in use five decades later. Thus, it appears that, while the advertising industry was sensitive to the portrayal of women in “more positive roles,” there was little change in how men were portrayed. Kervin (1990) noted that the overtness of a threat to masculinity was practically nonexistent. In fact, there is evidence that, if anything, the accusation that men are portrayed in violent roles (Esack 1999) is more true in recent days. Coltrane and Allan (1994) found that the biggest change in male portrayal in commercials was in male aggressive roles (measured by displays of forceful, competitive, antagonistic, or possessive behavior). Only one in six men was shown in such roles in commercials in the 1950s, but one in two was in the 1980s. Coltrane and Allan (1992, p. 55) concluded that “images of autonomous and controlling men were, and still are, the norm for television commercials, and emotionally expressive or vulnerable men are still a rarity.”

If we restrict male portrayals to those in a family context, we find far more limited research as men are not commonly portrayed in the father role in commercials. Vigorito and Curry (1998, p. 135) argued that “men were frequently treated as if they had no gender, a fact that rendered their privileged position invisible.” Esack (1999) criticizes the media more for the omission rather than the representation of fathers, noting that articles, radio stories, or television programs on fatherhood are rare. Wilson (1988, p. 10) noted that “whilst fatherhood has a very long history, it boasts few historians.” We argue that advertisements, especially those more likely to be seen by men, do not portray fathers accurately in terms of their current roles within the family. When the authors ask their classes how many of them have fathers who cook better than their moms, at times nearly one-third of them respond positively. We do not see that in commercials. Kaufman (1999, p. 456) noted that the image of the involved family man is rarely seen in commercials, and that the chance of seeing a father baking cookies is exceedingly small. She went on to note that “commercials may act as a socializing agent for parents, especially for fathers. In a time when men’s roles are changing, real men need a point of comparison. They cannot look to their own fathers.”

The research discussed above has dealt with adults, but clearly one should be concerned with the gender representations shown to children as well. Nobel Laureate Gary Becker (1965) labeled family a “small factory” that produces commodities (children, health, leisure, etc.). Risman (1998) expanded that perspective, saying that a household is a “gender factory.” Despite that straightforward observation, consumer research has had virtually no coverage of the learning of gender norms in the household. For example, John’s (1999) classic review of the consumer socialization literature did not deal with gender issues.

There can be little doubt that children learn much about gender norms from media, especially television. For example, Pike and Jennings (2005) noted that activities portrayed in commercials often signify traditional gender roles. For example, Smith (1994) observed that girls engaged in shopping, whereas boys did not, and that only boys performed antisocial behaviors such as stealing or fighting. Aggressive behavior is more visible in commercials that feature boys than in those that feature girls (Larson 2001; Macklin and Kolbe 1984; Welch et al. 1979).

There is hope, though, that changes may be beneficial. Research indicates that gender neutral commercials are well received and can help breakdown the boy-violent and girl-caring stereotypes so prominent in commercials. For example, nontraditional images can lead to less
stereotyped attitudes toward women, but more so for girls than for boys (Pingree 1978). Pike and Jennings (2005) found that nontraditional depictions of girls playing with a typical boys’ toy may have encouraged children (especially boys) to broaden their gender schema of what is gender appropriate toy use.

Content Analyses

We conducted a content analysis of commercials during sports programming during Spring 2007. In all, 1392 commercials were viewed during the NBA and NHL playoffs and during Major League Baseball games, all assumed to have predominantly male audiences. The commercials were coded for a variety of phenomena, including violence, domestic roles, and family presentations.

Of the 1392 commercials observed during sports coverage, only two showed a man in an indoor-domestic role. Sixteen did show men in the tradition domestic role of Do-It-Yourselfer. Despite Patterson and Elliott’s (2002, p. 235) conclusion that consumption and shopping were deemed to be part of the feminized sphere of life and incompatible with masculinity, 13 commercials did show men shopping. However, they were either shopping for beer or auto parts. Meals and food were portrayed in 177 commercials, ALL in the context of dining out. Nearly 10% (118) showed men in violent roles. Over 100 ads showed men with family, but only seven with any kind of emotional ties to the children. In 2007, advertising clearly targeted to men, such as on sports programming, does not stress the nurturant father to any extent whatsoever.

A second content analysis was conducted during the winter of 2008, observing 300 commercials shown during afternoon television directed to the female market. A surprising number of commercials (75) dealt with medical issues. Food was a frequent topic, with 33 commercials promoting food to be eaten at home and 22 promoting dining out. Seven commercials showed males shopping for groceries, compared to none (except for beer) among the commercials shown during sports coverage. Only two commercials showed violence, both of which showed the male being violent. At the same time, there were two commercials providing information on what women can do if there is violence within the home. Only two commercials showed the father in a nurturant role with his children, but that still constituted a higher percentage than those in the sports commercials. One cannot conclude that men are shown as new age parents in daytime television commercials, but the roles are quite a bit different from what is shown in commercials targeted to men in terms of being less violent and showing men eating at home and shopping for food to be eaten at home.

Discussion

There may be television programs and commercials showing men in more egalitarian roles, but are men seeing these shows? Vigorito and Curry (1998, p. 98) noted that men are likely to come away from reading their magazines with traditional identities reinforced, while women are likely to come away from reading their magazines with more nurturing visions of men in their minds. Commercials directed to women have increasingly shown them in more egalitarian roles; we suggest that there should be pressure to do so with male portrayals in media directed to men as well. While women have been depicted in more independent roles, real men (like those watching sports on TV) are not shown as being active fathers. Garst and Bodenhausen (1997, p. 555) discussed a quote from Barbara Durham, an advertising executive, noting that advertisers are aware that gender roles are changing, but they have found it is important not to rob men of their masculinity.
From a pragmatic point of view, the protection of the male ego is understandable. However, there needs to be socially responsible consideration of what the underlying messages are. The frequently observed violence may perpetuate norms that violence is acceptable; clearly, spouse and child abuse are not acceptable. Further, what is wrong in showing a man as a loving, caring, responsible father? Fathers’ portrayals in the media should facilitate that active parenthood, not sustain the more distant perspective from the past.

References


Technology, Gender, and Pro-Environmental Consumption Behavior: A Multinational Exploratory Study

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Abstract

The purpose of this study was to examine the relationship between technological values, gender, and pro-environmental consumption behavior. To do this, a survey of university students in three countries (Canada, Germany, and the US) was undertaken. The questionnaire contained measures of technological values regarding the environment and willingness to change consumption behavior in the face of environmental decline. The results of the study indicate that technological values moderate the gender effect usually found in such studies. Gender was only significant for respondents with higher beliefs in the efficacy of technology in ameliorating environmental problems.

Introduction

Since the late 1960’s and early 1970’s, the impact of business and consumer practices on the environment has received considerable attention in the public, political, and scientific debate. While interest has not been constant during that period, there is currently a renewed interest in various dimensions of the environmental crisis (Kilbourne and Beckmann 1998).

This renewed interest may be stronger today than any time in recent history. A case in point is the enthusiastic public response that the documentary *An Inconvenient Truth* and the book of the same title that dealt with the topic of dangers of consumption and the resulting carbon dioxide emissions. It has become the third highest grossing documentary film to date in the US, and the book has been added to the *New York Times* best seller list. Concern and awareness are indeed steps in the right direction, yet the question of how to translate this concern into action in the behaviors of consumers and businesses alike still plagues researchers.

Some of the earliest research on the subject explored differences in gender to explain the resulting differences in environmental positions. Previous work has shown that men and women perceive and react differently towards environmental problems. Further, research has shown that gender differences correlate with environmental attitudes, concern, involvement, etc. (Blocker and Eckberg 1997; Borden and O’Connor 1997; Ozanne, Humphrey, and Smith 1999; Zelezny, Chua, and Aldrich 2000). Yet, the mere realization of existing differences between genders does not offer any substantial aid in changing individual behavior or public policy. In contrast, if researchers can peel away the gender layer and reveal the factors that explain environmental dispositions common to both men and women, then research can move forward in transforming these factors for the betterment of society.

One of the recent contributions to this conundrum is the Dominant Social Paradigm (DSP). The DSP proposes that an individual’s technological, political, and economic dispositions are among the
underlying factors of their environmental disposition. Research on the DSP, which will be elaborated on later, has yielded information that may be helpful in understanding the social factors that shape individual environmental attitudes and behaviors. This paper seeks to expand the body of work on the DSP to better understand its role as an antecedent of gender differences in environmentally related behaviors. The DSP will also be examined across three countries in an effort to determine the influence nationality has and its relationship to gender.

Literature Review

Research has found that there are differences between genders in a variety of circumstances and social situations. For instance, males exhibit more status/power activity than females in ostensibly neutral task situations (Balkwell and Berger 1996). In relation to society, research has shown that females have stronger senses of “other orientation” and social responsibility in comparison to males (Zelezny, Chua, and Aldrich 2000). Additionally, women, as a social category, are more consistently concerned than men, as a social category, when a specific risk is suggested (Borden and O'Connor 1997).

While it is clear that there are gender differences in a substantial variety of social conditions, the primary concern in this paper is with the particular area pertaining to environmental attitudes and behaviors. Blocker and Eckberg (1997) found a fundamental gender distinction that leads women to be more environmentally conscious than men and the distinction is unrelated to social background or other beliefs. For women, once risks to health and personal well being become linked to environmental issues, their levels of concern tend to surpass those of men (Borden and O'Connor 1997). Women express their concern for the environment in a variety of ways that may differ from men as well. For example, in comparison to men, women exhibit more concern for environmental quality by being more likely to buy environmentally friendly goods (Ozanne, Humphrey, and Smith 1999). The relatively consistent differences between men and women concerning the environment have lead researchers to examine the origins of such inherent differences.

Initial theories suggested that women become more concerned with the environment following reproduction. This is based on the notion that women feel a connection to nature that enhances their environmental concerns at this point in their life cycle. Evidence from later studies suggests, however, that these differences are present earlier in life as well. Research has found that there is a gender disparity in environmental attitudes and behaviors among primary and secondary school children in California. Girls reported a higher number of pro-environmental responses than boys in this study (Zelezny, Chua, and Aldrich 2000).

Other studies show that innate personality traits contribute to how environmentally attuned women are. For example, one study concluded that environmentally concerned females appeared to be much more extraverted than environmentally indifferent females or environmentally concerned males. It has been suggested that the reason for the active involvement of females in environmentally related activities is to attain social recognition and status, whereas men who are involved in environmental activities are oriented more toward the issues themselves than toward opportunities for social recognition (Borden and Francis 1978). This study supports the view that there are gender differences in environmentalism and that these differences may be rooted in value differences, especially differences in concern for other humans, other species, and the biosphere itself, which in turn are the result of socialization and life experience (Dietz, Kalof, and Stern 2002).

Recognizing that men and women are different does not, however, contribute much to our understanding of the factors that contribute to these differences. It is important to understand that male-ness and female-ness are not useful constructs in the development of environmental theory. As suggested in the research cited earlier, there are social factors that differentiate men from women, and it is the difference in socialization that creates differences in attitudes more than mere gender. This is not to suggest that gender alone cannot be a contributing factor, but social ecologists such as Bookchin (1980) argue that the genetic differences are far overshadowed by the socialization process. A number of studies pertaining to environmentalism have looked at this difference. Research has suggested that one difference between boys and girls in environmentalism is gender socialization which was found to start at
a very young age (Zelezny, Chua, and Aldrich 2000). Another study concluded that, “Socialization and social structure can shape individual environmental concern either by affecting value orientations or by altering individuals’ attentiveness to information” (Stern, Dietz, and Kalof 1993).

As part of the socialization process, it has been argued that values, attitudes and beliefs are engendered in social collectives through the dominant social paradigm (DSP) of every society. Milbrath (1984) suggests that the DSP is “the values, metaphysical beliefs, institutions, habits, etc. that collectively provide social lenses through which individuals and groups interpret their social world.” Several studies have argued that the DSP is made up of three elements: political, economic, and technology (For example, see Cotgrove 1982; Dunlap and Van Liere 1984; Milbrath 1984). This suggests that, in order to understand the source of differences between individuals or groups, it is useful to examine their position in their respective paradigms. Thus, willingness to change consumption behaviors, the topic of interest in this paper, can be better understood in the context of the DSP.

Kilbourne, McDonagh, and Prothero (1997), in a conceptualization of the DSP, began the formal investigation of the role of the DSP in environmental decline by relating it to the sustainability of current Western industrial consumption patterns. The relationship was further developed by Kilbourne (1998) who expanded the economic, political, and technological constructs, but in neither case was there an empirical examination of the relationship between the DSP and consumption practices.

More recent empirical research suggests that the economic, political, and technological dimensions of the DSP are inversely related to the measures of environmental concern and willingness to change consumption behaviors (Kilbourne, Beckmann, and Thelen 2002). Kilbourne et al. (2001) drew the same conclusion relating to the role of technology in environmentally related consumption behavior. Both of these studies concluded that economic and political liberalism and technological optimism are inversely related to willingness to change consumption practices in response to environmental decline. This research also suggested that the economic and political dimensions of the DSP significantly affect both the perception of specific environmental problems and the perception of general environmental conditions. While the dimensions of the DSP have all been shown to affect environmentally related behavior, the scope of this paper will be restricted to the technological dimension alone. In doing this, a better understanding of the role of gender can be developed. To do this, a brief examination of the relationship between gender and technology will be provided. While a complete examination is beyond the scope of this paper, the gender context of technology will be provided to the extent sufficient to develop testable hypotheses on the relationship.

While a theory of technology has been slow in developing for a number of reasons, recent efforts have provided substantial insight into the process of technological development (Ihde 1993). Both Winner (1977; 1986) and Leiss (1972; 1990) provide comprehensive analyses of the role of technology in history and in contemporary society. The main thrust of their respective analyses is that technology is much more complex than the mere application of machines to the solution of problems. Rather, they argue that technology is integrated in society through a series of institutional changes that both reflect society and transform it. Winner (1986) argues that new technologies create a veiled contract the terms of which are not fully understood. In this way, technologies create forms of life that can be consistent with prevailing institutions or result in the transformation of those same institutions. Among those institutions can be found the gender relations of a society. As a result, technologies can be, and frequently are, gender biased (Kilbourne and Weeks 1997).

In male dominated Western industrialized societies, technologies that are consistent with and perpetuate dominance are those that will be most likely to be adopted within society. This can include dominance over both nature and particular social groups or classes. Because the masculine character is most associated with dominance and the feminine character most associated with communality in such societies, it follows that their respective relations to technological rationality would be different (Kilbourne and Weeks 1997; Merchant 1980). Specifically, men would be more receptive to and positive toward technologies as solutions to problems, while women would be more cooperative and seek communicative approaches to problem solution. From the environmental context, this suggests that men would be more likely to choose a strategy for environmental change that was technological and designed
to dominate nature, while women would be more receptive to changes in the relation to nature itself. Because technological rationality dominates the male world, technology would be the instrument of choice in the solution to environmental problems. Conversely, women, whose rationality is more communicative and passive, should be less likely to choose a path reflecting dominance over nature, but prefer changes in the relation to nature (Merchant 1980).

Thus, there is enough consistency in the research findings to date to suggest that both gender and the DSP are implicated in the development of environmental attitudes and the behavior that follows from them. It has been shown that females tend to be more environmentally concerned and more willing to change purchase behavior (towards green products, for example), and that beliefs in the basic tenets of the DSP of Western industrial societies tend to be inversely related to willingness to change consumption behaviors in the face of environmental decline. A significant question remains unexamined in the context of individuals’ willingness to engage in more environmentally responsible consumption behavior. That question regards the relationship between gender and technology. It has been empirically demonstrated that both gender and technological values affect willingness to change behaviors, but interaction between the two variables has not been examined. The purpose of this paper is specifically to examine the interaction between gender and technology.

It is generally acknowledged, however, that attitudes and behaviors towards environmental concern vary by countries. Drawing on research done in the field of values and behavior across cultures (Hofstede 1980), it is evident that the dominant characteristics such as power distance, individualism, masculinity, uncertainty avoidance and long-term orientation are not the same for people from different countries. These underlying traits may have an impact on the manner in which people interact with one another and the environment.

Environmental research in the cross-cultural context is only just beginning, but it has been increasing. Work by Zelezny et al. (2000) has demonstrated the presence of gender differences in environmental attitudes and behaviors in other countries (Zelezny, Chua, and Aldrich 2000). In another study conducted across 22 nations, it was found that gender differences do exist across countries, but such differences do not remain constant. Women in some countries were found to undertake substantially more environmentally oriented behaviors in the private sphere when compared to men (Hunter, Hatch, and Johnson 2004). It has further been shown that Western industrial countries differ on their position within the DSP, and this could affect their interest in environmental action. The lower DSP countries tend to exhibit greater concern and willingness to change in the face of environmental decline than countries higher on the DSP (Kilbourne, Beckmann, and Thelen 2002). These cross-cultural insights are indeed very important, but they have not been fully developed as yet. While countries have been shown to be different in environmental attitudes, because the three countries used in this study (US, Canada, and Germany) are all similar on the DSP, the country effect is likely to be minimal as are the interactions of other variables with country.

Working for an improved environment is a global issue. A number of countries around the world are embracing the free market economy and the results are heightened consumption and deterioration of the environment. To create awareness about the critical character of the issue and to influence behaviors in favor of protecting the environment, research should examine the factors that cause differences in behavior and attitudes across countries. Like gender-ness, country-ness is not a factor per se, but it could be related to other variables upon which countries differ. Among these variables are attitudes toward technology and gender. It is important to understand why other countries perceive environmental issues differently and what role technology and gender play in the process. Here again, it is the interaction between country and other variables that is of interest. Research, therefore, has to specifically examine the reasons for these underlying differences. Such information would allow us to suggest remedial actions and better inform public policy initiatives. This paper takes a step in uncovering some of the factors that underlie the differences between genders and between countries.

Based on the foregoing literature review, the following hypotheses were developed for testing in the study.

H1: Females will be more willing to change consumption behavior than will males.
H2: Those with lower scores on environmental technology will be more willing to change consumption behaviors.
H3: The interaction of technology and gender will be significant. Specifically, females will be more willing to change consumption behaviors regardless of their scores on environmental technology, but males’ willingness will be affected by attitudes toward environmental technology.
H4: Country of respondent will affect willingness to change consumption behaviors.
H5: Remaining two and three way interactions will not be significant as all countries are relatively high

dsp countries.

Method

Sample
The study consisted of convenience samples of university students from three countries, the USA, Canada, and Germany. The final sample sizes were 139, 168, and 97 respectively, and the sample was 46% male and the median age was 22. Because of the exploratory nature of the study and the fact that values are formed early in life and are fairly stable through life, the student sample was considered a reasonable approach in this study. All participation in the study was voluntary with questionnaires completed outside of class and returned anonymously. No credit was given for participation.

Measurement Instrument
The questionnaire contained 87 questions not all of which were used in the present study. Gender and country information were provided in the demographic section of the questionnaire. The scale used to assess technological values was taken from Kilbourne, Beckmann, and Thelen (2002) and contained five items to assess individual perceptions of technology. The five items were factor analyzed and yielded two factors in all three countries. The factor of primary significance here contained two items referred to as the technofix by O’Riorden (1976) suggesting that all environmental problems can be solved by the efficient application of technology. The second factor was a measure of general technological optimism and was not of interest in the present study. These two factors were consistent with the original use of the scale by Kilbourne, Beckmann, and Thelen (2002). Coefficient alpha for Canada, Germany, and the US were 0.64, 0.56, and 0.63 respectively. All the reliability coefficients were within the range specified by Peter (1979) for use in exploratory research.

Because the purpose of the study was to determine the interaction of gender and technology across countries, the technology variable was split into two groups, low and high technofix. The dependent variable was also drawn for Kilbourne, Beckmann, and Thelen (2002) and consisted of four items indicating a willingness to change consumption behavior. The four items were also subjected to exploratory factor analysis and found to form a single factor in all three countries. Coefficient alphas for Canada, Germany and the US were 0.77, 0.69, and 0.64 respectively.

Analysis
This approach taken here provided a straightforward 2X2X3 experimental design through which the interactions were directly analyzed. The main effect factors were gender (male-female), technology (low-high), and country (Canada, Germany, and the US). The dependent variable was willingness to change behavior and was an interval scaled variable. The hypotheses formulated suggest that there should be three main effects and one two way interaction, that between gender and technology. The remaining interactions were hypothesized to be non-significant.

Results
The ANOVA results indicate that the hypotheses were substantially confirmed. The main effect for country was significant at p < 0.03. In the post hoc analysis, the effect was found to be accounted for by differences between the US with the lowest willingness to change and Canada with the highest. Germany was between the US and Canada, but it was not significantly different from either one. The
means for all the results are presented in Table 1. As predicted, the interactions between country and all other variables were not significant. The main effects for gender (p < .04) and technology (p < .002) were both significant as predicted with females more willing to change than males and respondents with low technology scores more willing to change than respondents with high technology scores.

Table 1. Treatment Means

<table>
<thead>
<tr>
<th>Technological Values</th>
<th>Low</th>
<th>High</th>
<th>Country Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Fem</td>
<td>Male</td>
</tr>
<tr>
<td>Canada</td>
<td>5.29</td>
<td>5.20</td>
<td>4.46</td>
</tr>
<tr>
<td>Germany</td>
<td>4.89</td>
<td>5.09</td>
<td>4.55</td>
</tr>
<tr>
<td>USA</td>
<td>5.00</td>
<td>4.78</td>
<td>4.51</td>
</tr>
<tr>
<td>Level Means¹</td>
<td>5.05</td>
<td>5.02</td>
<td>4.51</td>
</tr>
</tbody>
</table>

¹. Means for the Technology X Gender interaction

Each of these results confirms previous research cited in the introduction. Of primary interest in the present study was the interaction between gender and technology. This interaction was significant at p < .02. This suggests that the interpretation of the main effects for gender and technology need to be reassessed because the relationship between gender and technology is more complex than previous research has indicated and needs to be interpreted differently. While gender does affect willingness to change, it only does so in the high technology condition. In the low technology condition, there is no significant difference between males and females (difference between the means of .036) indicating that all are equally willing to change consumption behavior regardless of gender. The gender effect only exists in the high technology group. Here, as hypothesized, females are much more willing to change than are males (difference between the means of 0.447). The difference between the means for males and females is more than ten times greater in the high technology condition than in the low. Thus, all of the hypotheses were confirmed, but the interpretation of the main effect for gender is only partially true. Females are not always more willing to change consumption behaviors than males. The difference between males and females is only true when individuals have a strong belief in technology as the solution to environmental problems.

Summary and Conclusions

Within the study of environmentally related consumption behaviors, it has been shown that females generally express greater concern for the environment than males. It has also been demonstrated that technological values affect individuals’ willingness to change behaviors in that those who believe that technology will solve environmental problems are less willing to change than those who do not believe it. Within the environmental literature, this is referred to as belief in the “technofix.” Likewise, it has been shown that people in different countries hold different environmental values that affect their willingness to change. In this study, we have tried to add to this consistent set of results by adding an explanatory variable that helps to explain why these results occur. It is suggested that gender-ness alone is not a sufficiently powerful explanation, particularly if one is concerned about policy instruments designed to ameliorate environmental degradation. That is, to suggest that gender makes a difference in attitudes is less than maximal as one cannot impose a policy mandating males to be more like females. Rather, it is necessary to discover why males are different from females in their environmental attitudes.

The variable of interest in this study was technology. Specifically, the role of technological values was examined to determine if it influenced willingness to change consumption behaviors across gender and country. If this were the case, than additional information about gender and country could be used to render public policy more efficient than knowledge of gender effects alone. The results indicated this to be the case. While gender did make a difference as in previous research, it was demonstrated that the
gender effect was not a true main effect. Gender manifested its influence only in the high technology condition suggesting that males are not always less willing to change behavior as a true gender effect would indicate. Rather, males were less willing to change only when they indicated a strong belief in technology as the solution to environmental problems. Among those with low beliefs in environmental technology, males and females were equally willing to change. The policy implications of this result are quite significant.

If one assumed that gender was an antecedent to proenvironmental attitudes, then policy would be directed primarily toward males encouraging more environmentally benign consumption behavior. However, with the knowledge that technological values affect willingness to change, policy would be redirected. Its focus would shift from behavior change to changing beliefs about the efficacy of technology in solving environmental problems, and the target of influence would shift from all males to those who hold the strongest values regarding technology. This would result in more efficient and efficacious policy instruments.

Limitations

One clear limitation of this study is the student sample. The potential bias is clear, though it is not certain. If age is a factor in the results achieved, then a bias would be induced. Further research on a broad spectrum of ages would be appropriate here. More importantly, only a small portion of the DSP was included in the study. Clearly, there are other variables, some of which have already been examined superficially, that would affect willingness to change and interact with both gender and country. This would provide additional information in the policy process. Finally, the lack of an interaction between country and the other variables could well have been because all three were Western industrial countries that, while marginally different on the DSP, are very similar overall. Using a different set of countries that exhibit greater diversity would be useful in generalizing the results to other countries.

References


Consumer Pride And Materialism

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Abstract

Materialism in the consumer literature focuses on psychological traits and values but not on emotions. Scholars know very little about how goods are part of self-evaluative processes. This article, based on seven months of research in Zagreb, Croatia from 2006 to 2007, using the extended case study approach (Burawoy 1991), presents findings that illustrate and elaborate pride as a self-reflective emotion related to materialism. The findings focus on self-evaluation and on the phenomenological experience of its outcomes, which can be more complicated than a clear sense of achievement or accomplishment, feelings of self-worth, and pleasure as suggested in the psychology literature on pride. Materialism research asks about the intersection of individual and market forces. Prior materialism research in the US found social desirability is a limit because materialism is framed by consumers the “dark side” of consumer culture (Mick 1996). Consumers in Zagreb were forthcoming about their feelings for tableware, the object of this research. It could be an outcome of economic difficulty after Yugoslavia, or middle class affluence in state socialist Yugoslavia. Regardless, there is a specific understanding of consumer culture in which aspects of materialism, like pride, are normalized.

Introduction

Materialism in the consumer literature focuses on psychological traits and values but not on emotions. Scholars know very little about how goods are part of self-evaluative processes. This article, based on seven months of research in Zagreb, Croatia from 2006 to 2007, using the extended case study approach (Burawoy 1991), presents findings that illustrate and elaborate pride as a self-reflective emotion related to materialism. The findings focus on self-evaluation and on the phenomenological experience of its outcomes, which can be more complicated than a clear sense of achievement or accomplishment, feelings of self-worth, and pleasure as suggested in the psychology literature on pride. Materialism research asks about the intersection of individual and market forces. Prior materialism research in the US found social desirability is a limit because materialism is framed by consumers the “dark side” of consumer culture (Mick 1996). Consumers in Zagreb were forthcoming about their feelings for tableware, the object of this research. It could be an outcome of economic difficulty after Yugoslavia, or middle class affluence in state socialist Yugoslavia. Regardless, there is a specific understanding of consumer culture in which aspects of materialism, like pride, are normalized.

Theoretical Overview

Materialism research looks at how the relationship between consumer behaviors and market forces might be related to individual propensities to acquire goods. They ask, in short, if people are materialistic because they are that way, or because marketing influences them so, or both, and to what outcomes. Rassuli and Hollander, in exploring the source of consumer desire, define materialism as, “a mind-set … an interest in getting and spending that results from the perception of possibilities for acquiring large sets of desirable goods and services, and the perception that others are generally also so engaged” (1986:10). Belk, in seeking to develop scales to measure constructs related to materialism, defines materialism as “the importance a consumer attaches to worldly possessions” (1984:291). Belk points out three subtraits of materialism - envy, nongenerosity, tangibility, possessiveness (Belk 1985). Richins and Dawson present materialism as a value, representing a person’s orientation towards the importance of possessions
in life (1992). They measure it as centrality, happiness, and success (Richins and Dawson 1992). This materialism research, however, does not explore other psychological functions, such as self-conscious, evaluative emotions, and how they might be part of materialism. One such emotion is pride. As a way of further understanding how people relate to goods, this research seeks to develop consumer pride as a self-conscious, evaluative emotional construct related to materialism.

Again, pride is a self-conscious, evaluative emotion. Self-conscious emotions, which are an emerging stream of the psychology scholarship, involve self-reflection and self-evaluation against a set of culturally constructed standards, rules or goals (SRG) learned as children (Lewis 1992, 2000). Pride is defined as an emotion “generated by appraisals that one is responsible for a socially valued outcome or for being a socially valued person” (Mascolo and Fischer 1995:66). It is about self-worth and behavior that conforms to social standards; pride is also social, about our relationships with others. Pride occurs when the self is credited as the cause of the event. Pride can be “authentic,” meaning it is based on “specific accomplishments and is likely accompanied by genuine feelings of self-worth” (Tracy and Robbins 2007:507). For example, “I passed the test because I studied diligently.” Hubristic pride is related to feelings of self-worth, unrelated to specific actions, more related to feelings and evaluations such as, “I passed the test because I am always great” (Tracy and Robbins 2007:507).

This research is concerned with authentic, or beta pride, pride related to internal, unstable, controllable causes. It is concerned with feelings of self-worth from accomplishing socially valued outcomes, like maintaining a good job, might be related to materialism. It would be evaluations such as, “I have a set of fine porcelain plates because I worked hard for 25 years to earn the money.” Richins and Dawson have already put forth that materialists tend to judge themselves and others by their consumption (1992:304). This research builds on that argument by developing the notion of consumer pride. It further argues that in pride, materialism is emotional and self-evaluative.

The specifics of the research site, Zagreb, Croatia, lend themselves to extending theories about materialism. During state socialism, from 1943 to 1991, the state controlled the economy and from the early 1950s on, focused on creating a middle class consumer culture as a way of Yugoslav life (Sredl 2007). The Homeland War (Domovinski rat) lasted from 1991 to 1995 and brought economic hardship for most people in Croatia (Pecotich, Renko and Shultz 1994). Prior materialism scholarship frames materialism in a historical question of why consumer culture developed the way it did in the US, it asks if it could have been different, and how (Belk 1985; Rassuli and Hollander 1986). Consumer culture in contemporary Zagreb sits between middle class consumer culture and the struggles to achieve it in spite of the problems brought by war. This context is likely to generate new findings about materialism and the ways consumers evaluate themselves and their goods. Finally, while most of the prior materialism research uses survey methods, this research uses data from depth interviews and ethnographic methods. The findings come up from consumer experience (Thompson et at. 1989).

Methods

The research approach was extended case method; the field site was a place for expanding existing theories (Burawoy 1991). The data for this research was collected in Zagreb, Croatia, from September 2006 to June 2007. Depth interviews were conducted with consumers in their homes, but sometimes in their offices or in cafes. The depth interviews were conducted in Croatian or in English and digitally recorded (McCracken 1988). They lasted between one and four hours, usually about one and a half hour. Discussion focused on people’s relationships with their tableware: fine porcelain plates, china, crystal glasses, glass, serving pieces, tablecloths, decorative items of crystal and so on as well as major life experiences, such as weddings, moves, and career advancements or changes.

Tableware was purposely selected for this research because it is a possession into which consumers invest psychological effort, according to the consumer literature on possessions and materialism (Csikszentmihalyi and Rochberg-Halton 1981). Tableware is a more or less global product, so perhaps it is not difficult for any reader to imagine its use in Zagreb. Tableware is historical. It has been used across Europe, first by royalty in the late 1600s, then by the bourgeoisie in the late 1700s, and then by other
classes in the late 1800s. In home interviews allowed observation of the home environment. Photographs were taken of the informants and their tableware; either the researcher took the photos during the interview process, or, if the interview was not in the home, the informant later took them emailed them to the researcher. The informants were accessed through the snowball method, through colleagues, friends, relatives and neighbors. Several age groups were included, from University through retirement, and some interviews were mother-daughter or husband-wife dyads. About fifteen informants, mostly the University students, participated through group interviews of no more than three informants. The dynamic of the group led to each informant’s comparing his or her experiences with the others and commenting on theirs, providing greater deep cultural context. Working, middle and upper middle class positions were included. These categories of age and class allowed the research to capture any variances. About forty informants were women and about ten were men.

Data (interview audio files and field notes) was analyzed as it was collected to direct subsequent interviews to find emergent themes and to saturate them (Glaser and Strauss 1967). A key informant reviewed, with the researcher, photographs and notes from the research interviews and offered further insights into the context. This was considered crucial as the researcher, regardless of a high level of Croatian language fluency and deep local roots, is from the United States, and might not catch all of the cultural cues of place and conversation. Data analysis took place again after the fieldwork concluded. Interviews and images were again reviewed intratextually and intertextually (Thompson et al.1989).

Findings

This section presents findings that illustrate and elaborate pride as a self-reflective emotion related to materialism. As in the discussion of pride in the Theoretical Overview, the findings focus on self-evaluation and on the phenomenological experience of its outcomes, which can be more complicated than a clear sense of achievement or accomplishment, feelings of self-worth, and pleasure as suggested in the pride literature. The research context and methodological approach lend to further insights into the achievements of which consumers are proud.

Pride and Social Relationships

Hana B. is a professional from Zagreb with an advanced degree. The researcher was acquainted with Hana B. prior to the interview through a mutual contact. The interview, in Hana B.’s office, opened with a few questions about her biography; Hana B. revealed it is two days past her 59th birthday. Then, she was asked to talk about inherited items in her house. She reported most of them come from her husband’s family; he is also a successful professional in Zagreb. The discussion moved to tableware. In doing so, she evaluated herself, her marriage, and her tableware.

Hana B. Yes, I have old things and I have new things. But let’s say I have my things from when I married, which will very soon be 34 years ago. From the first day, I had a mixer and it works, no one would say so, but it does, those old things last a lot longer than new things. And about tableware. Dishes, cutlery. [Pause] No, I don’t have old cutlery. I have a set of cutlery that is 34 years old and I have two new sets. Of plates, I have a relatively old complete set for twelve people that is cobalt blue, with roses, fine porcelain, and I have now something new, [eyes widening] that I bought, but that is a well known brand, Villeroy & Boch. That is fine porcelain. That is for everyday use with me. I serve with all the place settings, for salad, etc. I doesn’t matter how many of us are at the table. It has been that way for me since the beginning [looking at me directly, but not aggressively]. I like that the table looks nice. I have had a dishwasher for 24 years. Practically always. When we moved to a house, we immediately bought a dishwasher.

Interviewer, “Why is it important how the table looks?”

Hana B. For living together, it must be nicely decorated. The table always has to be nice and clean and orderly and neat. For that, it doesn’t matter how much money a person has, it must
always be nice and orderly. For that, you don’t have to have a lot of money. It is just the way it has to be.

Notice how, right away, Hana B. moves the evaluative terms of her tableware from the interviewer’s old vs. new, inherited vs. bought, to her evaluation criteria. It is hers. It is evaluated against the history of her marriage and its stages over 34 years. Multiple sets of cutlery have stayed together. Mixers have not been replaced, regardless of temptations. Two sets of fine porcelain, one for daily use and one not, are complete and ready to serve a full meal to many guests. Hana B. credits herself as responsible for the outcome because she has taken care not so much of the table but of maintaining order, harmony and aesthetics in their life together. Her body language with me tells me the use of her tableware conveys some stubbornness that goes along with the pride in keeping her own things and standards in a long marriage. She discusses her relentless practices of using the tableware and enforcing a specific sociality at the table. These have been encoded in books, Illustrated Bonton & Protocol, (Illustrirani Bon Ton & Protocol) which was published in Zagreb from 1963 to 1989, and A Book for Every Woman (Knjiga za Svaku Ženu), published from 1952 to 1989. How Hana B. evaluates her achievement – the marriage and the tableware - depends on the interpersonal dynamic of the relationship, which seems to be overall good, but with tensions. She is proud, but it is not the singular expression of joy and happiness presented in the pride literature (Lewis 2000). There is an expression of emotional tinge of the obstacles and processes of relationships, too, like becoming a wife and resisting temptations, maintaining sets of cutlery and tableware. Hana B. has achieved a specific social atmosphere through her use of tableware. Abstract, social outcomes can be achieved, in part with goods, and consumers feel pride those achievements.

**Pride and Socio-historical Context**

Sanja S. is a pensioner who is working unofficially as a maid in a private home. She was recruited through a friend of the researchers who is also one of her former employers. She is sixty years old and arrived in Zagreb from a poor family in a village in province of Croatia, Slavonia, in 1960, just after finishing the eight years of education which were then compulsory. The interview moves into the story of her life in Zagreb, and then focuses on her tableware.

**Interviewer:** Tell me about how you got these pretty plates?

Sanja S. “I never bought anything for me. Not even a magazine or an ice cream cone. Everything that you see here, someone gave me. Those plates are from a neighbor who lives in Germany. I saved everything from working at MOZ and from working in houses of people. That is how I came to have all this [meaning the house and the property as well as the tableware around us].” As she was talking, Sanja S.’s demeanor in gesturing to her glass case enclosing nondescript, dated porcelain was as matter of fact as a subsequent informant, Vanda L., who opened the oak doors of the hall closet in her apartment in an exclusive part of town to show me her antique Meissen fine porcelain complete table setting for twelve, which is rare, valuable and expensive. In answering the interviewer’s question, Sanja S., like Hana B., immediately re-wrote the question on her terms. She takes credit for causing what her guests see rather than giving others the credit of giving.

Sanja S. lives with her husband of thirty two years in a very modest house she bought in a working class suburb of Zagreb. Heating comes from a wooden stove in the kitchen and she must wake up in the middle of the night to stoke the fire. Sanja S. worked at a factory (MOZ) for thirty two years until it closed during privatization in 1993, all the while also working after hours as a maid. Now, she and her husband barely survive on their pensions and her cash income as a maid. Regardless, the house is still theirs and it is tidy. It has the things a guest would expect: window treatments, a large table covered with a tablecloth and chairs for sitting and talking in the living room, a display cabinet full of tableware, and pictures on the walls. Sanja S.’s achievement is starting as a poor village girl and then having all this. Her pride does not seem to be influenced by feelings of class position, for apologizing that she is not “better.” The state-sponsored, “state socialist dream” of moving from the village, agricultural drudgery to cities and creating a mass, urban middle class (Sredl 2007) and later, the problems of war and privatization,
framed her achievements and her evaluations of them. Consumers feel pride over achieving standards, rules and goals (SRG) of consumption in a variety of contexts.

Discussion And Further Research

Just as the research site has been a site for findings on materialism, it presents potential limits to the findings. Feelings of pride as they relate to consumer practices are understood culturally; perhaps pride would not emerge as a theme if the research had been conducted in a context in which consumer culture takes a different historical, narrative framework. Tableware presents limits. Its use is in the privacy of the home only, for the most part. Although it tends to be used in a social context, the home, it is usually not for display outside the home. Perhaps focusing on an object that is used outside the home would present different findings. Most of the scholarship takes a construct and tests it through survey research; scale development and validation have been important issues (Richins 1994). This means further research is required to develop a valid scale that will measure consumer pride. There are other potential limits to the research. Since war emerged as an influence on evaluations of accomplishment, research taking place in regions and cities in Croatia in which there was heavy fighting may or may not have presented other findings. Pride would probably still have emerged in the findings since the pride reported here related to survival.

The research presented here argues consumers attach significance to their goods because they are proud of them. They evaluate their achievements, give themselves credit for their achievements, and acknowledge their use of goods in their achievements. These achievements can be social, as in a sustained marriage. The achievements can also be material, for example, owning a house. In this research, materialism is reported as part of consumer achievements and feelings of self-worth. Mick has argued the problem of socially desirability among informants limits research findings on materialism because it is considered by consumers and researchers alike to rest in the “dark side” of consumer behavior (Mick 1996). It was not a limit to this research. Ger and Belk have argued the results of materialism measures differ cross-culturally, such that they are higher in the “less developed” world (1990). The research findings on pride presented in this article suggest materialism, like consumer culture, is culturally specific, shaped by historical forces.

REFERENCES


Knjiga za Svaku Ženu (A Book for Every Woman)


Redeveloping an Urban Slum: A Case Study and Macro-marketing Implications

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Abstract

The Maharashtra State Government in India has given the green light on the Dharavi Redevelopment Project in Mumbai (formerly known as “Bombay”). A total of 535 acres (about the area of Magic Kingdom, Epcot Center and MGM Universal Studios taken together in Disney World, Orlando) will have to be reengineered to resettle about 600,000 current residents (approximately the population of a city like Boston) of this slum neighborhood. We begin by using a historical analysis to understand the parallel growths of Dharavi and Mumbai over the past century, and then appraise the proposed reengineering project using a holistic stakeholder approach, and simultaneously examine potential caveats of the proposal. According to a recent UN-HABITAT report, rural to urban migration will continue to spiral in the next few decades, thus creating larger urban slum populations throughout the developing world. If successful, the Dharavi project has a wide potential of being replicated in reengineering other urban slums in India and elsewhere.

Introduction

It is difficult for any traveler flying into Mumbai, the commercial and financial capital of India, not to notice the wide spread of corrugated roofs covering the vast area of Dharavi in the middle of the city amidst several high rises that have come up in the last decade. Mumbai, the commercial capital of India, generates approximately 5% of India’s GDP and contributes to a third of the country’s tax revenues. The rapid urbanization and industrialization over the past few decades has increased its population to over 18 million in 2007, and according to the Population Institute, an independent nonprofit organization, the city is set to overtake Tokyo as the largest city in the world by the year 2020.

In June 2007, the state government gave the authorization to a private project management consultant to proceed with the redevelopment of the Dharavi project worth Rs. 10,000 crores ($2.5 billion) over 7 years. The area will be divided into five sectors using low cost high speed mass housing construction technology, sixty-five percent of which will be for the rehabilitation of the eligible approximately 57,000 families, each of whom will be provided with 225 sq. foot of living area with attached toilet and bathroom, free of cost. Most of the existing 4,500 industrial units will be allowed to be reengineered to continue operating there, with the exception of environmentally hazardous operations like leather tanning and recycling, which will be relocated to the outer suburbs of the city.

Re-engineering Dharavi

The proximity to airports, railways and newly emerging business district made Dharavi prime land in Mumbai (Neuwirth, 2005). However, Dharavi, the oldest slum in Mumbai had been built horizontally to its limit. The dark allies, the huge amount of dirt and garbage dumped every day; inadequate water supply
and absence of basic sanitary utilities have created an unsanitary, unhealthy and inhuman living condition here. Not only the government land had been encroached upon, the thefts in water and electricity in such a vast area have been causing government a great loss of revenue. At the same time it is unmistakably home for a thriving society of entrepreneurs and survivors, whose contributions to the soaring economy of the country are remarkable. Past redevelopment projects in Dharavi have resulted in limited success, because of the following difficulties:

- Uncontrolled development, reduced efficiency of present infrastructure and scope of future development
- Development schemes were planned along the major roads only, thus preventing the upgradation of interiors of the slums
- Major developers were not attracted due to low profitability, thus causing poor construction quality.
- Piecemeal redevelopment schemes hampered proper overall planning
- Outsiders’ unwillingness to migrate Dharavi resulted in less demand of property sale
- Changing towards vertical slum instead of existing horizontal slum

In 2004, the newly formed Mumbai Task Force adopted Dharavi as the first housing development projects. They recommended a radical redesign or reengineering, rather than incremental redevelopment of Dharavi. Mr. Mukesh Mehta, an architect and a project management consultant was hired to develop a blueprint for reengineering Dharavi. He developed the Dharavi Redevelopment Plan (DRP) based on three objectives, 1) to remove slum dwellers from their intolerable conditions, 2) to make a profitable scheme and 3) to provide a scheme for redeveloping all of Dharavi, not one part of it at a time (Neuwirth, 2005). His proposal for upgrading Dharavi is much more ambitious and expensive in nature than the earlier efforts. The main goal of Mr. Mehta’s $2.1 billion plan is to build sustainable development with better quality of life by improving health, income, knowledge, environment and socio-cultural integration (HIKES) for the residents in the area. A state official, Mr. Iqbal Chahal, emphasized that Dharavi would be one of the best places to live in Mumbai once the project would complete.

The 535 acres of prime land will be re-engineered in five sectors over seven years. DRP is divided in four categories as follows:
- Slum Redevelopment
- Redevelopment of MCGM / MHADA and such other semi government estate properties / staff quarters
- Development of D. P. Reservations / Additional Amenities
- Development of privately owned open plots.

The 65% of 325 acres, the core building construction will be used to provide free housing to the 57,531 families. The rest 35% of the building will be put up for sale. The eligible family will receive 225 sq. ft housing unit, free of cost and option to buy more area at the construction cost. Only non-polluting and non-hazardous business will be allowed to be rehabilitated. The families will be provided with temporary residence during the construction period. Existing roads will be widened and new roads will be built. Surrounding railways will be connected to the area for residents’ commute.

The blueprint of the whole project includes shopping malls, hospitals, schools and colleges, police stations, post offices, international craft villages, parks, art galleries, theater, even a cricket museum. 65% of the total available land, or about thirty million sq. ft will be allocated as residential space. Medical facilities will be built on 6 acres. 36 acres and 35 acres will be allocated to schools and parks/ garden respectively. The developers will provide for the project cost in return of owning total of 40 million sq. ft of commercial space in the prime land of Mumbai. The state government is also adding incentives by
granting maximum Floor Space Index (the ratio of total floor area to the plot size) of 4 for the slum houses, 3.1 for the Municipal and Government land and 1.3 for the Private lands.

The various stakeholders for this project are

- Slum dwellers and their representatives
- Mayors, Members of Parliament, MLAs’ and other government officials
- Government agencies like MAHADA, MMRDA, MCGM, Prime minister’s office, and the Planning commission.
- Citizen Action Groups, NGOs’
- Builders / Developers

To disseminate the information, the stakeholders and media representatives were given presentation of the project. The developers as well as the government will share the profits from this project. Government will use its share of profit for further development of the area. The Slum Rehabilitation Authority (SRA) began inviting tenders since June, 2007. The location of Dharavi and current incentives promised by government policies are alluring to the real estate developers. It has drawn a huge response from leading international developers from forty cities across the world. Joint ventures between international and local developers have been form for the final bidding by end of 2007.

Conclusion

The ever-increasing urban population, coupled with inequality of income, has resulted in deteriorating human living conditions in these regions in the developing world. Ameliorating the conditions of slum dwellers is one of the priorities of the Millennium goal of the United Nations (Sachs, 2005). The innovative concept of the amalgamation of public-private partnerships, along with global organizations, non-governmental agencies, and the local residents offers a tremendous promise in achieving these goals.

Dharavi, in Mumbai, is the home for diverse, hardworking illegal settlers and entrepreneurs, who have proven their resilience to survive until now. The locals from Dharavi have been contributing to Mumbai’s growth by providing cheap labor and goods. However, the construction workers, domestic servants, rag pickers, fruit and grocery sellers, and workers of many more occupations remain unacknowledged in the city of Mumbai. According to Prahalad and Hart (2002), fortune can be mined from this “bottom of the pyramid” population.

The government found that re-engineering Dharavi is a big step towards solving housing problems and thus reforming Mumbai as a world-class city with a vibrant economy and globally comparable quality of life (Government of Maharashtra, 2004). Being located adjacent to this extremely high real estate, Dharavi is a very lucrative piece of land for developers. The re-development plan is mostly financed by private developers and financial institutions and will potentially generate big revenues for all stakeholders.

In implementing the re-engineering process, the answers to several critical questions will unfold. Is a public-private partnership the best solution for Dharavi? Will foreign multinational corporations be interested in bidding for the various contracts in this project? Will special types of retail formats be successful in operating in these new neighborhoods? (The Economist Times, 2007) Can the project be completed within the given time and budget constraints? How will various aspects of corruption and illegal transactions be alleviated? Will the residents of Dharavi be accepting of this proposal and will social justice principles be upheld? How will the NGOs with vested interests in this community react to
the projected reengineering plans? Finally, what are the overall chances of success of this innovative institutional project?

References


Engendering “trust” among agricultural producers: Prospects for successful cooperatives in Mexican marketing channels

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Statement of Purpose

Effective participation in agricultural marketing channels, particularly export-oriented, is out of reach of most small farmers in developing countries. Limited production volumes, lack of production and post-harvest technologies, inadequate infrastructure for communications, water delivery and transportation, and other factors reduce the attractiveness of smaller producers in the eyes of major buyers (Stanton and Burkink 2008). Indeed, in today’s highly competitive global markets, few increases in transaction costs are tolerated by buyers, leaving smaller producers at an ever-increasing disadvantage.

Nonetheless, greater market participation by small farmers is viewed as an important driver of economic and social progress around the world (Rock 2002). In large part, this stems from the prevalence of poverty in rural areas; World Bank estimates put as much as four fifths of the rural population below the poverty line in developing countries, and most of them rely on agriculture (World Bank 2005). Elevating the economic potential of such rural households offers a direct impact on poverty alleviation. In addition, however, small farmers add their own contribution to the global food system. For example, the advantages of family over contracted labor (common on larger farms) in specialized harvest situations have been touted (e.g. Marsh and Runsten 1996) suggesting that small farms may outperform larger farms with respect to niche, organic and other specialized crops.

Collective action – cooperation between farmers to achieve a mutually desirable outcome – is considered a reasonable solution to small farmers’ limited market access, from both theoretical and practical perspectives. As farmers join forces to produce, process and/or market their crops, they mimic large-scale producers, thereby saving the potential buyer a variety of transaction costs, including technical assistance, communication, transportation, negotiating, and others expenses. As a community-level mechanism to overcome market barriers, cooperatives also offer a method for both avoiding top-down prescriptions common in agricultural development policy as well as increasing the likelihood of attaining development goals. However, cooperative action requires a collective mindset, an agreement to act as one, and thus is susceptible to issues of trust among its members.

In this paper, we examine the roles played by trust in (a) shaping farm-level interest in the cooperative mechanism, and (b) the functionality of cooperative organizations. We are especially interested in the cultural and economic factors which directly influence opportunities for success in (export-oriented) marketing channels. The conceptual model we present provides a guide to the effects of trust on cooperative action and the most salient contributors to its establishment, erosion, or absence in the context of small-scale farming.
We are specifically interested in the roles that trust plays in the case of Mexican farming. In particular, Mexican culture has a tendency toward distrust and the expectation of being exploited by others. While this distrust is not unique and our research is still able to be generalized, the Mexican setting provides plentiful fodder for identifying cultural traits that influence trust. Thus, we develop a model to guide future field research on market access problems for small farmers in Mexico by identifying meaningful, practical issues to explore with the farmers themselves.

Relevant Literature

The concept of trust

Convergent definitions of “trust” have emerged from its study in a wide array of disciplines including political science, public health, strategic management, psychology, sociology and economics. As a concept, trust is commonly understood as a willingness to either be vulnerable (Zand 1972) or increase vulnerability (Weidner 1997) to another party. Additionally, confident expectations (Ladebo 2006) – including expectations that one will be freed from exploitation by others (Morrow et al. 2004) – are central to the existence of trust (Rousseau et al. 1998). The literature has also drawn a distinction, with some inconsistency, between trust (a characteristic of a relationship) and trustworthiness (an attribution about another party). Less often explored has been distrust, which has been theoretically defined and empirically found to be a willingness to reduce vulnerability to another party (Weidner, 1997).

The most common theoretical framework used to guide conceptual development of trust has been Blau’s (1964) social exchange theory. Blau characterized relationships as being one of two types: social exchange and economic – or transactional (Weidner, 1997) – exchange, and argued that social exchange occurs dynamically and continuously to create an ambiguous and pervasive social contract between individuals and/or organizations. Accordingly, social exchange is characterized by multiple non-economic transactions – exchanges of social consideration – between actors, above and beyond the economic or other requirements that are formally agreed upon. By contrast, in transactional exchange relationships, actors interact primarily for economic or transaction-specific reasons at a specific point in time, with emphasis on immediate gains/losses rather than future interaction or continued mutual dependence. When social exchange ceases to exist, reducing organization membership to purely an economic or transactional exchange, disengagement, withdrawal behaviors, or exit are likely to occur (Rousseau & Parks, 1993). Thus, the presence of trust in an organization may be important in reinforcing continued organization membership in the face of challenging circumstances (Katz & Kahn 1978); conversely, distrust in an organization may serve as a precursor to organization exit (Weidner, 1997). In summary, the extent to which a relationship is characterized by social or transactional exchange is likely to determine the extent to which one party’s increased risk will be either affirmed – or taken advantage of – by others.

Conceptual Model

At this stage of development, our conceptual model incorporates individual, group, and environmental factors, and those factors’ expected influence on the presence of trust in a group, with direct implications for the outcomes of collective action. Applying social exchange theory, actors’ beliefs regarding the nature of their relationship with another party are foundational to the development of trust and/or distrust (Weidner, 1997). Our objective then becomes to determine whether transactional exchange relationships – and a subsequent lack of trust and performance – outweigh social exchange relationships in the Mexican agricultural cooperative context. More importantly, if social exchange relationships and trust are not prevalent, then factors that lead to their development are critical to identify so that successful cooperatives are more likely to emerge and be sustained.
**Existing groups**

Moreland and Levine’s (2002) article regarding work group membership provides a multi-level illustration of the various factors relevant to our model. For any group, an individual may possess full membership or some level of quasi-membership, the latter capturing those who are heading toward or away from full membership. Full members perform a sometimes-unconscious calculus to (a) decide whether to trust quasi-members and (b) continuously reevaluate the trust they have for one another. Members’ trust depends on characteristics of the individual and group and is only generated if individuals take the time to evaluate the non-transactional elements of their interaction with other members and elevate the relationships to social exchange. Attaining social exchange is predicated on being satisfied with the outcome of that evaluation.

Translating the work group context to that of a Mexican agriculture cooperative, our model argues that social exchange relationships (and hence trust) are dependent on factors such as the individual’s previous cooperative experience, general reputation, competence in farming and new ventures, local social relationships, and prior display of selfish or immoral action. At the group level, social exchange relationships are dependent on the cooperative’s history, the homogeneity of its demography, its maturity and experience with successful practices, and its economic vulnerability, the latter having particular weight in the context of the developing country. General environmental factors such as the perceptions of risk – intrinsic to agriculture – and degree of competition in the available markets are also important factors; greater levels of risks would likely put pressures on members that could tempt them to suddenly “turn” transactional.

Our conceptual model proposes that these and other similar factors (e.g. relative protection of property rights (Slangen et al. 2003) and size of group (Welch et al. 2005)) are directly responsible for the development of social exchange in the agricultural cooperative context. With social exchange comes the ability to trust and with trust comes better performance both in the daily functioning of the cooperative and its long-term sustainability.

**New cooperatives**

Our model also considers factors that influence development of new cooperatives, those with neither shared history nor normative expectations to draw upon. Whereas existing cooperatives evaluate new members (and vice versa), individuals considering the formation of a new cooperative are making a decision at the individual farm level vis-a-vis each of their prospective partners.

Much as a marriage is first “tested” by outside factors or conflict, so too are (new) cooperatives when market and agriculture-specific risks are encountered. How individual members cope with challenges to the cooperative’s solidarity and shared risk will often determine whether the collective is sustained (and, ultimately, successful). Trust can be eroded quickly (i.e., in a moment), and may take years (or decades, or more) to rebuild. Once distrust characterizes relationships between members of a collective, the downward spiral (Fox 1974) toward premature aging and organizational death is often not far behind (Adizes 1988).

**Original Contribution**

As sketched above, our model melds work from several disciplines. It offers a first-hand look at the practical issues associated with helping smaller producers gain entry into marketing channels. We examine one aspect of small sellers making connections with buyers: the contributors to successful
establishment of cooperatives which reduce transaction costs and thus increase appeal. The marketing literature contains too little research effort to understand how marketing channels in developing countries differ from their counterparts in developed countries; thus, any effort to explain these entry issues is significant.

In addition, this study is motivated by concerns of poverty alleviation and agricultural development. With the reduction of government support to agriculture in many developing countries, farmers are left vulnerable to the same market forces that motivated the original support programs. Our study offers insight into collective action – a promising tool for engendering sustainable economic progress.

References


Food Safety, Consumer Choice, and the Changing Marketplace in Urban China

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In the most recent decade, urban Chinese consumers have experienced fundamental changes in their food supply, including the expansion of supermarkets and greater availability of processed food. Based on two sets of food shopping observations and interviews, conducted in 1996 and 2006 in urban areas of China, this longitudinal study explores how food shoppers, with new choices in food retail venues and products, evaluate food safety. The findings indicate that, while consumers are not necessarily more concerned with the safety of the food supply now than they were a decade ago, strategies which consumers use to feel more secure about the food that they serve their families have changed. The implications of these results for the safety regulation of food in China are discussed.

Introduction

In recent years, urban Chinese consumers have experienced fundamental changes in their food supply. Within the last two decades, a largely local food system, restricted by season and location, has expanded greatly to offer a much larger variety of foods year round (Veeck and Burns 2005). Shoppers can now make choices among foods that are fresh, branded, prepared, processed, frozen, imported, locally grown, genetically modified, or some combination of the above. Supermarkets and other forms of modern food retailers have established a presence in cities, joining traditional enclosed and outdoor food markets. In short, as in many other places in the world, urban dwellers are becoming farther removed from the sources of their food, and they are relying on increasingly distant and complex chains of production, distribution, and processing to deliver their food.

In the West, some researchers have linked greater consumption choice to greater dissatisfaction, in what Schwartz (2004) calls “the paradox of choice.” In particular, the growing abundance of food, due to global trade and modern technology, has been associated with anxiety related to the safety and nutrition of food choices (Rozin 1989). Fischler (1980) believes that the delinking of consumers and western food production systems creates uncertainty and fear, because “modern individuals are left without clear socio-cultural cues as to what their choices should be as to when, how, and how much they should eat” (p. 92). The “risk society” thesis, in which Beck (1992) and Giddens (1991) describe anxiety as a defining characteristic and outcome of post-industry society in the West, has been applied to the modern food system by a number of researchers (e.g. Caplan 2000; Ekstrom and Askegaard 2000; Smith 2007). In China, then, given the sudden and extensive changes in food supply from “right off the farm” to “sealed in plastic in a supermarket,” one wonders how urban food shoppers are adjusting to and evaluating the new food choices.

The purpose of this paper is to explore how, with an expanded food supply and new forms of information, Chinese consumers characterize the safety of their food systems and how shoppers make safe and healthy food choices for themselves and their family members.

Methodology
The data from this study are based on two sets of food shopping observations and interviews, conducted in 1996 and 2006 in urban areas of China. In 1996 we conducted shopping observations of the primary food purchaser of twenty families in the city of Nanjing. We asked each of the participants to allow us to accompany them as they conducted a routine food shopping trip, starting and ending at their homes. Following the shopping trips, we conducted an interview with the participants and surveyed their cooking and dining areas.

A decade later, in 2006, we conducted another set of fifteen food shopping trip observations. We followed the procedures that we had used a decade earlier. To expand our perspective of the urban experience, we conducted five shopping observations in each of three cities: Nanjing, Changchun, and Beijing. To add a longitudinal perspective, we conducted our observations/interviews in Nanjing with five of the same participants whom we had observed ten years ago (Lowrey, Otnes, and Ruth 2004; Otnes et al. 2007).

For both sets of observation/interviews we took hundreds of photographs of the food shopping trips and the homes, particularly the cooking and dining areas, of the participants. During the food shopping trips we audiotaped our observations, including descriptions of the food retail venues; details of each transaction; and a record of all social encounters, including with vendors and other shoppers, of the participant. The interviews in the homes, each conducted in Chinese and lasting from 45 minutes to 2 hours, were audiotaped, translated into English, and transcribed for analysis.

The research questions that organized the analysis for this study included the following:

- How did the changing structure of the food systems affect how the participants characterized the safety of their food supply in 1996 and 2006?
- What strategies did the participants rely on to evaluate food safety and ensure safe choices for themselves and their families in 1996 and 2006?

Findings

The most striking difference we found in our food shopping trip observations between 1996 and 2006 was in how much more diverse in 2006 the behavior of our participants was, including choices of retail venues, time spent shopping, amount of food purchased, and money spent. In 1996, every one of our observations of shopping expeditions involved a trip by foot to a neighborhood market (called a “free market” at the time) that featured multiple vendors of food items. In 2006, a number of food retail options were available, with the most important being: 1) the morning market, in which individual vendors (generally farmers or wholesalers) arrive on streets that are designated for that purpose to sell their fresh produce from about 4 a.m. to 7 a.m. (at which time the streets reopen to traffic); 2) markets, which are generally roofed and enclosed and contain individual stalls from which vendors sell fresh produce; and 3) supermarkets. Our fifteen food observations included visits to four morning markets, one outdoor food market, five enclosed food markets, four supermarkets, and one small family-owned grocery store. The diversity in the 2006 shopping options was a testament to both the variety of options then available for purchasing groceries and the wide-ranging life styles that were accommodated by these options.

In both 1996 and 2006, we listened to a number of safety concerns expressed by the shoppers related to purchasing food. While the nature of the fears was similar between the decades, the context of the concerns, as well as the coping strategies to manage food safety, had changed. In 1996, much of the shoppers’ anxiety in regards to food choice was related to the recent transition of food sales from state stores to private sellers. Although food choices from the state-run markets were limited and inferior, the state-run food stores were viewed as more honest, as state-employed sellers had no incentives to cheat the shoppers. As a 45-year-old male shopper said:

I don’t trust vendors. Sometimes their food isn’t sanitary and they try to cheat you. The government-run stores used to be more trustworthy.
Like the man quoted above, many of the 1996 shoppers whom we interviewed felt that most vendors were dishonest and might even sell tainted products to make more money. While state-run food booths were gradually disappearing, some shoppers still sought them out for their food purchases, in the belief that private vendors gouged prices and were unconcerned about the safety of the food.

The main food safety concerns of shoppers in both 1996 and 2006 included pesticide- and pollution-tainted food, dangerous levels of chemicals in processed foods, spoiled products, and unsanitary handling practices. In 1996, food grown with pesticides was fairly new, and participants feared that the application of chemical-based pesticides that was beginning to replace organic methods of growing crops at the time had left them vulnerable to food poisonings. For example, one 62-year-old woman reported that she did not dare buy bean sprouts any more because she heard that they were grown with too much pesticide. A 32-year-old woman stated:

Many believe that freshness is equal to nutrition. I don’t necessarily agree. Fresh food might be loaded with pesticides.

A 30-year-old male shopper claimed that when he shopped for food he searched for vegetables with worms on them. He preferred buying worm-infested vegetables, because he could be sure that they were not grown with excess pesticides.

The 2006 shoppers were, if anything, even more concerned with the excess application of pesticides. Many participants felt that the new abundance and variety of food crops that were being offered for purchase had resulted in part from an increasingly dangerous use of pesticides and fertilizers by farmers. A 36-year-old female stated:

Ten years ago vegetables and meat were fresher. Ten years ago, most vegetables, such as tomatoes were organic. But now vegetables are grown with chemicals.

To combat the pesticides, most of the participants in 1996 had a fairly intensive washing ritual to ensure that their food products were clean. Typically, participants reported that they soaked their vegetables for at least fifteen minutes, rinsing the vegetables three times. In 2006, in addition to thoroughly washing their food products, a new potential solution to the fear of pesticides in 2006 was to purchase organic foods. Many of the shoppers stated that they preferred purchasing organic foods even though they were more expensive than food that was not labeled as organic.

However, almost all of the same shoppers said they were skeptical of many of the organic claims of labels and admitted they had no way of knowing if the food they were purchasing was truly pesticide-free. A 35-year-old female from Beijing said:

I began to buy organic food two years ago. Nowadays more and more people get stick from eating tainted foods. Organic food is good for the health of my daughter and my parents...However, most of the food is “so-called” organic food. I often ask my parents to buy organic foods, but they don’t think there are differences between the organic food and the ordinary food.

In 2006, many shoppers tended to trust the label “organic” on food purchased from supermarkets as opposed to purchasing directly from farmers who claimed their food was organic. As one 36-year-old female said:

I care about the safety of food, but most of the time, I can not identify whether or not food is safe in the market. I can identify organic food if I go to a supermarket, such as Wal-Mart, because there is a label on the food. I prefer to buy organic foods although the price is high. I think safety is very important for us.

A 54-year-old female, on the other hand, said:

I’m very concerned about the safety of food, but, unlike other people, I don’t believe there really is organic food. I have no clear idea what that means. I prefer to buy food with very famous brands and I only buy them at the supermarket.

Another concern that had changed during the decade separating our observations was fear of spoiled foods, particularly meat. In 1996, most of the shoppers we observed bought animal products, with pork being the favored meat, at outdoor markets. At that time, the freshly butchered pig was displayed on
tables, and, as such, was exposed to the outside environment, regardless of the day’s temperature. At the
time, a strategy for shoppers to buy safer meat was to buy it earlier in the day. A 53-year-old female said:
I can tell the freshness of the meat by smelling it and looking at its color. If it is abnormally red
then I am suspicious.
Some vendors would discount meat that had not been sold as it got closer to the time when the market
would close.
Another important strategy in 1996 was to buy the source of the meat while it was still alive,
which enabled the shopper to evaluate the animal’s healthiness. Shoppers would select fish by reaching
into the tub and picking up fish one by one with their bare hands to choose the liveliest fish. Consumers
would also manually inspect live chickens and ducks prior to their selections. One shopper we
accompanied to the market felt the abdomens of twelve different live chickens “to check for insect bites
and feel how fat they are” until she found a satisfactory chicken. A 62-year-old woman said:
Fish should be alive. A chicken’s comb should be red and sturdy. The chicken shouldn’t look
sickly. You can see from the way it looks whether it’s fresh or not.
Seeing a chicken or fish butchered before one’s eyes offered compelling assurance that the product about
to be purchased was fresh.
By 2006, freshly butchered pork that had not yet been refrigerated (“fresh” pork) was still
available for sale at many traditional markets. However, several of the markets we observed also offered
refrigerated and frozen, as well as “fresh” pork. Even so, while one of the shoppers we observed
purchased refrigerated pork tails from a market, most of the shoppers we interviewed said that they only
purchased meat from supermarkets because they felt more secure that meat had been handled properly
when sold at supermarkets than at traditional markets.
The live chickens and ducks which were sold in markets in 1996 were no longer readily available
in urban markets in the post-SARS and -Avian Flu era of 2006, thus eliminating one strategy for ensuring
safety. Poultry products were offered butchered, in either fresh or frozen form, in the food markets and
supermarkets of 2006. Fish, on the other hand, while also offered already killed and cleaned, were still
available for sale alive, swimming in tubs and tanks in markets. In 2006, to compete with traditional food
markets, many supermarkets also offered live fish for purchases. At Wal-Marts and Carrefours, shoppers
could point to the fish of their choice swimming in a tank, which would then be scooped up in a net by an
attendant, weighed, cleaned, and then handed to the shopper in a bag.
By 2006, purchasing branded products, particularly meats, had become an important strategy for
many shoppers to ensure safety. A 44-year-old woman said:
I pay attention to brand names, especially for food…I know what brands are good, and I think
branded food ensures safety. Ten years ago, there were few branded foods, but now there are a
number of popular brands for beef, pork, milk, beverages, and processed foods. Only our
generation pays attention to brand. My mother and father and mother-in-law pay no attention;
they just care about price.
When queried, most of the shoppers were able to listed names of food brands that they trusted to have
good quality and safety.
In 2006, with the diverse food retailer options of morning markets, enclosed traditional markets,
and supermarkets for consumers in the three cities we observed, different forms of retailers fulfilled
different safety and quality needs. Markets were felt to be superior to supermarkets to purchase fresh
produce, as the markets offered fruits and vegetables that were fresher and had more variety, according to
shoppers. Supermarkets were more trusted to buy branded food and organic food. In 2006, the
participants generally felt fortunate in comparison to ten years ago with the expanded options in their food
supply systems.

Discussion

While consumers were not necessarily more concerned with the safety of the food supply in 2006
than they were a decade previously, the sources of their fears had altered due to the changes. In
particular, as would be expected, newer forms of food handling, such as modern agricultural techniques and manufacturing were generating concern related to safety. Consumers were concerned that increased pollutants in the land, air, and water were tainting their food supply and that more dangerous chemicals had entered the food supply during the growing and handling of food. At the same time, the modern food supply offered newly-available food options, such as purchasing branded food and organic foods, that could served as a tool to help some consumers feel more secure about the food they serve their families.

While the shoppers in the studies, both in 1996 and 2006, raised legitimate food safety concerns, a crippling fear of the food supply, with an over-arching view of the world as a threatening place, was not apparent in the responses of the participants. Most individuals had developed strategies and networks with which to navigate food consumption experiences. Further, in contrast to the thesis of the “risk society,” (Beck 1992; Giddens 1991), consumers appeared more likely to attribute food safety problems as resulting from farmers, manufacturers, and retailers who were using dangerous and unethical methods to reap a higher profit that from the unknowable consequences of scientific advances. As such, the change to an economy that was less subject to state oversight had created anxiety related to the food supply. At the same time, some of the solutions that consumers used to feel more secure about the food supply derived directly from a market economy. For example, in 2006, some newly-available food options, such as purchasing trusted brands and organic foods, allowed some consumers to feel more secure about the food they serve their families. Yet, the price differential between branded, organic, and other specialty foods versus food purchased at traditional markets could also create social stratification based on purchase power. In other words, higher income consumers had greater opportunity to purchase foods that some perceived as safer.

While some Chinese urban consumers now shop almost exclusively at supermarkets, most prefer to purchase vegetables and fruits at food markets. Still, the local foods movement that has become an important rallying cause for a vocal group of western consumers (e.g. Enticott 2003; Fonte 2002; Murdoch and Miele 1999), was not as salient for the Chinese participants in this study. Some consumer preferred to buy certain kinds of food directly from farmers or purchase locally grown food, both for quality and safety assurances, but most were also appreciative of the vastly expanded food options that privatizing the market and loosening import regulations had allowed. The period of standing in line for subpar food was too recent for consumers to wish for a return to local, state-run markets. With China’s long, and often hard, history that has included devastating famines, the nation has incontrovertible rationale for promoting agricultural productivity as much as food safety (Wang 2004). Whereas in the West, a debate related to the food supply has focused on the loss of the small farmer and indigenous food culture, in China a more salient concern is the risks of a privatized economy, in which farmers improve crop yield at the risk of poisonous levels of pesticides, factory managers eschew sanitary practices to make a few more bucks, and shysters sell counterfeit, unsafe food to unsuspecting customers.

The Chinese government concedes that monitoring food safety in the current, rapidly expanding economy is an arduous task (Xinhua News Agency 2007). The current situation is characterized by conflicting regulations at the provincial level, uneven enforcement of laws, and a legal system that is struggling to keep pace. While comprehensive national food safety regulations are the ideal, introducing an enforceable federal policy will take years to accomplish. As privatization, deregulation, trade liberalization, and globalization continue to transform the economy, protecting the safety of the food supply is going to take the cooperation of a number of groups. Governmental, legal, agricultural, manufacturing, retailing and consumer agencies will need to collaborate to enact and consistently enforce reasonable and effective regulations. Consumers also must be encouraged to practice healthy—not hysterical—activism, rather than assuming the passive and cynical attitude that has been habitual. In particular, an ongoing and active dialogue, involving all interested stakeholders, that seeks to balances consumer freedom and consumer safety will need to be given top priority.
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*We develop a conceptual model based on the industry structure, conduct and performance formulations of industrial economics in particular Porter's model. A major purpose is to integrate the different research traditions and to emphasise the importance of human agency within the process.*

Since the collapse of the Eastern bloc vehemence of the ideological debate between the advocates of collectivist versus market based systems as the best option for the optimum achievement of human welfare has declined and most nations of the world appear to be moving toward some form of a market system. The critical assumption for the efficient operation of the market system is that prices are set through a competitive interplay without interference from institutional forces. The market determines nature of production as well as the price and quantity of what is produced. Within marketing Hunt (2000, p., 135) has defined competition as “the constant struggle among firms for comparative advantage in resources that will yield marketplace positions of competitive advantage for some market segments and, thereby, superior financial performance.” It seems that competition is a kind of behavior involving “structure” (the environment in which the firm must compete) and processes. It involves the conditions prevailing in the market in which rivals sellers try to increase their profits at one another’s expense. Although the market system may well be an unreachable ideal it is a goal aimed at by U.S. antitrust laws as well as the philosophical basis of the reforms in much of the transforming and developing world (e.g., Koves and Marer 1991; Lane 1991; Lindblom 2001). Issues associated with the market and competition are therefore, both at the macro and micro levels, of critical interest to the business related disciplines.

Within the business related disciplines the market, competition and corporate strategic action have been addressed from three general academic perspectives – marketing, business policy and strategic management, and industrial organisation. Although the perspectives and some of the specifics of the first two approaches may be different, human agency, the manager or the management team is central to the evaluation of environmental conditions which form the basis of strategic action (e.g. Aaker 2001; Cravens 1999; Jauch and Glueck 1988). The third view on business strategy has emerged from the *industrial organisation* viewpoint where characteristics of the industry environment determine the strategies that companies choose whose joint conduct determines the performance of the industry – the structure, conduct, performance paradigm. (Bain 1956; 1968; Caves 1980; Mason 1939; Porter 1980a; 1985; Scherer 1970; Scherer 1980). In this formulation the role of human agency, even if, perhaps implicit, is ambivalent at best. The focus is on objective external criteria where the executive’s role is largely non-existent.
It was not until Porter (1979; 1980b; 1981; 1985; 1990; 1991) integrated research across these three disciplines to formulate a model for assessing the structure of competition in an industry and a new classification basis for generic corporate-level strategies that the implicit role of the executive became clear. Using the industrial organisation paradigm, Porter (1980) developed the five forces model to analyse industry competitive structure which was postulated to determine strategic choice and so lead to the creation of a sustainable defendable position that it turn resulted in superior performance. Porter’s theory was quickly embraced within both marketing (e.g. Aaker, 2001; Cravens, 1999) and strategic management (Campbell-Hunt 2000; Glueck and Jauch 1984; Thompson and Strickland 1999) as it provided a model for analysing competition in an industry and a new perspective on generic corporate-level strategies. In particular, Porter’s “five forces”, “generic strategy” and “value chain” models remain at the heart of most business school strategy courses (Stonehouse and Snowdon 2007).

However, Porter (1980) assumes managers choose one of the generic strategies based on an objective analysis of industry structure. The issue is that the manager’s action is based on their perception of industry structure and their perception, in turn, is influenced by many variables including their personality, internal politics and company objectives. Furthermore, the manager can only respond to what they perceive – things that are not noticed do not affect the manager’s decisions and actions. The organisation becomes a victim of perceptions which ignore or distort environmental elements (Miles and Snow 1978; Miles et al. 1974). Consequently, the same “objective” environment may appear differently to senior management within one organisation and to organisations in the same industry.

The key assertion is that, “there is a real world that exists independently of us and our experiences” and in that world there are objects (Searle 1998). Objects have properties and people have perceptions about the extent to which objects possess these properties and feelings about whether this is good or bad. In the applied strategic marketing context, the industry may be viewed as the object and its properties are the five competitive forces. Senior management within an organisation can observe the same industry but their perception of its structural properties and their feelings about whether this is good or bad may vary. Thus, it is possible that corporate strategic action corresponds with management perceptions of industry structure rather than objective data (Miles et al. 1974; Pecotich et al. 2003). If this is the case, the critical question is: “what is the best predictor of company performance; objective data, a single manager’s perception or a congruence of top management perceptions? If the best predictor of company performance is objective data then top managers could be thought of as power brokers, responding to demands and constraints imposed by stakeholders in contrast to leaders who drive corporate performance. It is our purpose to provide an integration of the literature and to develop a conceptual framework that may form the basis for the evaluation of Porter’s theory with the correspondence between objective conditions and the nature of management perceptions accounted for.

CONCEPTUAL DEVELOPMENT

Scholars working within the Industrial organisation paradigm are concerned with the workings of markets and industries, in particular with corporate competition. The main premise of industrial organisation is the structure-conduct-performance framework. These relationships between industry structure, company conduct and performance were conceived by Mason (1939) and extended by numerous scholars (Bain 1956; 1968; Caves 1980; Caves and Porter 1977; Porter 1980b; Scherer 1970; Scherer 1980). The most influential conceptualization in management, public policy and marketing emanated from Porter’s (1980) book in which was outlined a model
for assessing the structure of competition in an industry and a new classification basis for generic corporate-level strategies (see figure 1). According to Porter (1980), five forces shape industry structure which determines one of three generic strategies a company should choose from to create a sustainable defendable position and outperform competitors. Performance is measured as a company’s return on investment. While political, economic, social and technological factors affect all companies, Porter emphasised corporate response to industry structure as the critical variable.

Figure 1 Porter’s structure-conduct-performance paradigm

Porter (1980) proposed that industry structure is shaped by five forces – rivalry among existing companies, the threat of new entrants, the threat of substitute products/services the bargaining power of buyers, and the bargaining power of suppliers (Figure 1). These structural features of industries determine the intensity of competition and hence industry profitability. Analysis of the five forces highlights strengths and weaknesses of the company, identifies environmental trends that may be opportunities or threats, determines a company’s positioning in the industry, and clarifies areas where strategic changes may yield the greatest payoff.

While numerous studies have investigated the effects of industry structure on company performance among the marketing, management and industrial organisation disciplines the drawing of strong conclusions concerning the postulated relationships is still problematical. For example, measurement and definition of “industry structure” has varied across all three disciplines. In the industrial organisation area, the typical approach has been to use quantitative data to measure structural factors that affect the conduct of firms such as the entry deterring price. These measures tend to be single item, numerical indicators and disadvantages include the exclusion of executive perceptions and inadequate representation of the construct being measured (Pecotich et al. 1999; Pecotich et al. 2003). The most widely accepted measurement and definition of “industry structure” was Porter’s (1980) five forces model but there was little evidence to support Porter’s model (e.g. there may be more or less than five forces) and no scale that measured industry structure according to management perceptions prior to Pecotich et al. (1999). Nonetheless, it seems reasonable to postulate a general positive relationship between structure and conduct. This is strongly implied in the economic and business literature that general proposition being that the stronger the competition the better should be the choice of strategy and corporate performance as inefficient competitors are driven from the industry (see figure 1 and 2)

The corporate conduct (strategy) is determined by industry structure and once a company has analysed the five forces it can take offensive or defensive actions to create a defendable position in an industry and therefore yield a superior return on investment (Porter, 1980). Porter (1980)
argues there are three potentially successful generic strategic approaches to outperforming other companies in an industry: overall cost leadership, differentiation and focus. Porter (1980) strongest theoretical is that a company must choose one of the three generic strategies to create a sustainable defendable position and outperform competitors or be stuck in the middle. Companies stuck in the middle will suffer from low profitability because they will lose customers looking for the lowest cost or a unique product. Trade offs are essential to strategy because adhering to one strategic position builds a consistent brand in customers minds, creates efficiencies in carrying out a tailored set of activities that support the strategic position and clarifies a company’s organisational priorities. Corporations that are uncertain of their strategic posture, diffuse in their formulations or “stuck in the middle” are therefore expected to perform poorly. These arguments lead to three theoretical hypotheses (see Figure 1 and 2).

\[ H1: \text{There is a positive association between competitive structure and strategic action (conduct - cost leadership, differentiation and focus).} \]

\[ H2. \text{There is a positive association between focussed strategic actions (conduct - cost leadership, differentiation and focus) and performance.} \]

**Problems with Porter’s Formulation**

Porter (1980) assumes managers choose one of the generic strategies based on an objective analysis of industry structure. The issue is that the manager’s actions are based on their perception of industry structure and their perceptions, in turn, are influenced by many variables including their personality, internal politics and company objectives. Furthermore, the manager can only respond to what they perceive – things that are not noticed do not affect the manager’s decisions and actions. Signalling theory argues that noisy environments can make it difficult for managers to perceive competitive forces (Clark and Montgomery 1996; 1999). The organisation becomes a victim of perceptions which ignore or distort environmental elements (Miles et al., 1974). Consequently, the same “objective” environment may appear differently to senior management within one organisation and to organisations in the same industry. For example, the focus strategy is a demand-driven concept and the concern is with a particular market, buyer or segment. This strategy depends on how managers perceive, define and disaggregate the market and so strategic action is driven by management perceptions of the nature of the market (Pecotich et al., 2003).

Senior management within an organisation can observe the same industry but their perception of its structural properties and their feelings about whether this is good or bad may vary. For example, in one organisation the marketing manager may believe that competition from current rivals is a greater threat than the sales manager who feels that the bargaining power of buyers poses a more serious one. Their perception of the environment can affect company performance. The sales manager can reduce prices in response to their perception that the bargaining power of buyers poses a serious threat resulting in lower short term profitability. The view that corporate action can be traced to the decisions and behaviour of individual employees is consistent with the micro perspective of the organisation derived from social psychology. Here, the company is viewed as a collection of individuals (Cyert and G., 1963/1992; Weick 1979). Weick (1979) argued organisational environments are enacted or created through a process of attention. Specifically, the organisation only responds to what it notices; things that are not noticed do not affect the organisation’s decisions and actions. The enacted environment is artificial in that it is affected by the manager’s preferences, purposes, idiosyncratic punctuations, desires, selective perceptions and designs. Cyert and March (1963/1992) contend any decision process involves a
group of individuals who are simultaneously involved with other activities. As a result, the manager only perceives a portion of the environment; not all of it. Consequently, understanding decisions requires an understanding of how those decisions fit into the lives of the decision makers. These arguments lead us to formulate the general measurement hypothesis (see Figure 2)

\[ H_3: \text{The CEO’s perceptions of industry structure, conduct and performance will be positively associated with objective or other measure of the same variables.} \]

\[ H_4: \text{Perceptions of industry structure conduct and performance within the senior management group of a corporation will be positively associated with objective or other measure of the same variables.} \]

\[ H_5: \text{Measures of industry structure conduct and performance within an industry will have a stronger positive association than that which will exist between industries.} \]

**CONCLUSION**

We have attempted to develop an extension of the theory of structure, conduct and performance as developed within the industrial organizational literature in particular emphasising the work of Porter (1980). Our preliminary conceptual model while retaining the basic elements of Porter’s (1980) model tends to emphasise human agency as postulated in the management and macro marketing literature. This formulation addresses the possible variations between human perceptions and other hypothesised indicators as a measurement problem. To make the formulation difficulties tractable we may have oversimplified and it is quite possible that the expected congruence between measures and levels of analysis may not eventuate. The imprecision of Porter’s original formulation and the fundamental differences in the nature of the unit of analysis makes this a realistic and exciting possibility for research with implications for human welfare, progress and development.
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The Social Engineering Decision Making Process

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Abstract
The outlined conceptual framework combines Podgórecki’s (1990) social engineering framework with Roger’s diffusion decision process (2003) and marketing communications. This framework helps stakeholders to explore societal problems, seek their solutions and work through a decision making process regarding that solution. Its contribution to society is shown through creating transparency in macro-level decisions. In this it looks at the facilitating role of the marketing system on the social system during social engineering decision processes. The framework identifies the most influential stages of the process, allowing stakeholders to present their arguments to the decision making group effectively to gain maximum impact.

Introduction
Macromarketing explores marketing systems and the reciprocal nature of their interaction and impact on society (Hunt & Burnett, 1982; Dixon, 1984; Hunt, 1981). Marketing systems coordinate marketing activities (Dowling, 1983) surrounding products which can include such intangibles as ideas and behaviours (Layton, 2007). The marketing system not only impacts society, but is also a part of society (White, 1981) and can help to facilitate change within society (Hunt, 1981; Dixon, 1984). This paper outlines a conceptual framework that looks at the facilitative impact of marketing on a social system during social engineering (SE) decision making; specifically the marketing communications element of the marketing system (Klein & Nason, 2000; Dixon, 1984). There is a call for macromarketing to consider the environmental factors which may influence a social system (Layton, 2007) in the context of a social system (Dixon, 1984) which this framework does. This conceptual framework benefits macromarketing as it focuses on the positive impacts of marketing on social welfare (Dixon, 1984; White, 1981) while extending the considerations of macromarketing to social engineering.

The impact of marketing on the social system is necessary in the context of SE. Social engineering is

“…a process of efficient social action, or, more concretely, as the application of social science knowledge to practical social affairs. The task of [Social Engineering] is to inform the practitioner of the manner in which to seek effective ways and means to realize intended social goals, provided that these can be related to an accepted system of values and a usable set of scientific propositions describing and explaining human behaviour.” (Podgórecki & Shields, 1985, p2)

It is important to explore the impact of the marketing system on social action, that is, its impact on the social system as a whole, which is the realm of SE (Layton, 2007; Dixon, 1984; White, 1981).

SE proposes to be a discipline that is informed by the social sciences. But at this stage has not applied general theories of behaviour to SE situations. Therefore, this paper aims to apply a
general theory to an SE situation. This is an important aspect of SE as prior studies have focused on frameworks for the application of SE (Podgórecki, 1990; Cherm, 1976; Etzioni, 1976) or the analysis of prior SE interventions (Duff, 2005; Shaver, 2001); generally without the use of social science theory. This will further research in the area of SE through the use of a general theory in marketing, namely the diffusion process. The effectiveness of the marketing communications aspect of the marketing system throughout the process will also be explored.

The Conceptual Development of Social Engineering

Social engineering may occur because of a trigger that makes society ready for change at that point (Alexander & Schmidt, 1996). In the 20th century, many of the SE interventions have been implemented in totalitarian states (e.g. Russia). These states were trying to create utopias and to do this they would try to control every aspect of their people’s lives. This approach is looked upon negatively by the prominent authors in the SE literature (Popper, 1945; Mannheim, 1940; Zetterberg, 1972; Podgórecki, 1990). They instead posit that SE must occur gradually (Popper, 1945), matching societies values (Czapow & Podgórecki, 1972; Podgórecki, 1990) so that actions may be put right if unforeseen, negative consequences occur (Popper, 1945). Macro-level SE can occur through a top down approach where the government is the instigator of the change. It can also occur using a bottom up approach where the community and lobby groups instigate change (Alexander & Schmidt, 1996), such as in many democratic societies.

These different approaches exemplify how SE works differently in each different society and socio-political system. Each system bares different barriers and opportunities for each aspect and technique of SE. Each different socio-political system will present a different form or framework for SE (Kojder, 1996). Therefore in a pluralistic system, an SE intervention may look like the choice of the society when the intervention itself has gained public approval. Approval can be achieved through the marketing system (Yankelovich, 1990).

However, it should never be forgotten that SE deals with human beings. Therefore, while SE tries to give the rules for behaviour and the social system gives the context for the change, the human element means that any change process is just that, a process that is organic and ever changing (Alexander & Schmidt, 1996). It is also good to remember that SE is proposed to use social scientific findings to mould humans and this may often happen without their welfare and happiness in mind. Therefore, the values of the people and their society must be taken into account at every step of an SE intervention (Andreski, 1976). In this way SE as a discipline bares the mantra to do no harm. Therefore many SE studies have focused on uncovering the SE in governmental interventions and laws so that society can be better aware of this happening (Alexander & Schmidt, 1996).

These distinctions are important because when SE interventions fail, they tend to lead to violence (Alexander & Schmidt, 1996). However, some SE interventions cause suffering if they are successful. For instance, black sociotechnics was used in places such as the Nazi concentration camps to stop prisoners from escaping (Podgórecki, 1990). Some reasons that SE interventions have failed include trying to transform society by forcing order onto it; high modernist ideologies which caused myopic thinking and lastly, authoritarian states and a society that is too weak to resist negative SE interventions (Scott, 1998).

For SE interventions to succeed there has been many different theories posited. Cherm (1976) has offered a list of variables including social science variables, research variables, problem variables, organisational variables, diffusion variables and social and cultural variables that need to be analysed and kept in mind when partaking in SE. The most important of these in the given situation need to be identified and included in any SE intervention. Duff (2005) adds that SE
should include a deontological ethic and posits four rules for SE: 1) A deontological belief that the dignity of every person be upheld through out time. 2) Each person deserves the right to be a part of and to also create their own family. 3) As SE is in the very long term, the rights of the current generation are not worth more than the rights of future generations. 4) SE must fight for its right to mould society in a good way (Duff, 2005). Lastly, the goals that SE should pursue should be in agreement with the values of the society in which it operates while the social science theories and techniques used must also be in agreement with these values (Podgórecki, 1990).

The Process of Diffusion
The diffusion process looks at the dispersion of new ideas in a social system (Rogers, 2003). This may equate to social change through the alteration of society’s structure (Rogers, 2003) or in the adoption of innovations such as products and services (Robertson, 1971). There are many different paths of innovation communication including through change agents, opinion leaders (Rogers, 2003) and general marketing activities (Robertson, 1971). Innovation diffusion can occur through intended or unintended activities. It is important to note that diffusion is not seen as instantaneous but as a process over time (Rogers, 2003; Robertson, 1971). Innovations can be defined as any “idea, practice or object that is perceived as new” (Rogers, 2003, p12) if the individual has not yet formed an opinion about it. Thus the process of diffusion is the process where individuals or groups form attitudes toward an innovation through collecting information about it. This information may be sought to decrease uncertainty and risk regarding the innovation (Rogers, 2003).

The Social Engineering Decision Making Process
The SE decision making process is an adaptation of the methodological framework outlined by Podgórecki (1990) for SE. The innovation diffusion decision process (Rogers, 2003) is combined as the behavioral theory basis. Podgórecki (1990) is used here as his framework represents a fuller view of SE literature compared with other frameworks (e.g. Cherns, 1976; Etzioni, 1976). His framework is also more suited to variable contexts and users, as other frameworks focus on the social engineer as a consultant translating society into a scientific problem (e.g. Cherns, 1976; Etzioni, 1976).

The framework shows the progression of a decision regarding an SE intervention. It shows the stakeholder group’s decision stages. Marketing communications and the mass media (the marketing system) can be used with different emphasis at most stages of the SE decision making process. The use of marketing communications during the process serves to influence the views of the problem and solution and thus try to influence the chance of adoption of the solution (Lin & Burt, 1975; Rogers, 2003; Mannheim, 1940; Alexander & McDonald, 1996; Lazarsfeld, Berelson & Gaudet, 1948). Marketing communications spread awareness and general information about the solutions and can also represent evaluative information (Yankelovich, 1991).

What follows is the explanation of the SE decision making process (figure one) which is illustrated with the example of the introduction of anti-smacking legislation.

The Pre-Problem Stage
The pre-problem stage is the state of nature at the time of the decision. It includes prior conditions which will affect the adoption of a sought social change (Cherns, 1976; Kocowski, 1976). Conditions include the previous practices of the society regarding social change in general and specifically for this context; the felt needs and problems of the society at the time; the level of innovativeness of the society and the norms of the social system (Rogers, 2003; Mannheim, 1940;
Alexander & Schmidt, 1996). For instance regarding common norms around children and
smacking, there may be beliefs that while smacking children is acceptable, abusing them is not.

**The Recognition Stage**
The next stage is the recognition stage (Podgórecki, 1990). Here, a trigger occurs which
imbalances or creates turbulence within the society and brings a problem/need or possibility to
the fore (Alexander & Schmidt, 1996; Lazarsfeld & Reitz, 1975). For example a child may die
from child abuse. Mass media campaigns may be used here to create turbulence and awareness
of the problem possibly through advertising or media releases (Alexander & McDonald, 1996;
Hay, 1996). The ensuing discussions within stakeholder groups will uncover the extent of bias in
original reporting of the trigger occurrence. Other forms of intervention may be possible
depending on the problem and at this point the decision for an SE approach is decided
(Podgórecki, 1996). This stage is about perception of the problem and awareness of it.

**The Identification and Assessment Stage**
At this stage the problem is described and its extent estimated. This is done through the collection
and sorting of facts regarding the situation and its causes (Podgórecki, 1990).
The stakeholder groups then each decide whether the problem is worth pursuing. Marketing
communications can be used here to convince the stakeholders that the problem is worth solving
(Alexander & McDonald, 1996; Hay, 1996). The stage is partly carried out through identifying
the values of the society (Podgórecki, 1990). For example, facts of the extent of child abuse may
be collected and broadcast through marketing communications.

A moderating factor of the identification and assessment stage is the type of decision that is being
made. There are four types of decisions that may be made according to Rogers (2003). These are
optional, collective, authority or contingent decisions. An optional decision is one in which each
group or individual can choose to adopt the solution themselves. A collective decision however is
one in which the choice to adopt a solution is one that is decided by the whole social group
involved. An authority decision happens when only one group in society decides whether to adopt
or reject a solution. While all other groups have little bearing on the decision, they must all follow
the solution once it has been adopted by the decision making group. Lastly, a contingent decision
is a two step process whereby a solution has to be adopted before each individual can then decide
whether they will individually adopt that solution.

**Solution Stage**
The solution stage searches for ways to solve the problem (Podgórecki, 1990; Alexander &
Schmidt, 1996; Yankelovich, 1991; Alexander & McDonald, 1996; Kocowski, 1976). From this
point in the SE decision making process the behavioral theory of the innovation diffusion process
(Rogers, 2003) is combined with Podgórecki’s original process (1990). In the solution stage,
sought after outcomes must be articulated first before solutions can be identified. It is here where
knowledge is sought of how the solution may work (Rogers, 2003). Specifically information is
sought to help to decrease uncertainty over the solution and its effects (Podgórecki, 1990).
Marketing communications can be used at this stage of the process (Rogers, 2003; Lazarsfeld,
Berelson & Gaudet, 1948; Alexander & McDonald, 1996; Hay, 1996; Narasimhan & Sen; 1983)
to bring about awareness and knowledge of the solution (Rogers, 2003; Alexander & McDonald,
1996; Hay, 1996). For instance the proposed anti-smacking legislation may be outlined in
brochures. The steps in this stage may not be undertaken consciously by stakeholders (Podgórecki,
1990).
The first moderating factors for the solution stage are the characteristics of the decision making unit. Socio-economic channels, communication behaviors and personality variables may affect the speed and efficiency of information flow as well as other aspects of decision making (Rogers, 2003; Alexander & Schmidt, 1996; Kojder, 1996). These may not be variables that can be changed by those undertaking the SE intervention. However, awareness of them may give more viability to planning processes and measurement.

Figure 1 – Social Engineering Decision Process (Adapted from Podgórecki, 1990 and Rogers, 2003)

A second moderating factor for this stage is the type of solution that is being offered. It could be a continuous, a dynamically continuous or a discontinuous innovation. A continuous innovation is a solution which is an extension of an existing solution. Therefore it will be less complex and more compatible with society’s beliefs and practices. For example, tightening laws around the definition of child abuse to include any form of smacking that leads to a bruise on a child. A continuous solution will decrease the need for trial of the solution because a variant of it is already being followed. However, the relative advantage will still need to be presented, especially its advantage above the current status of the original practices and also the observability of these advantages will still be sought (Robertson, 1967).
A dynamically continuous innovation is one that may be more disruptive than the continuous innovation. However it is still based on existing solutions used. These solutions require a little more understanding and linking to the current beliefs and practices of the society. This will also require more emphasis on the relative advantages, trialability and observability aspects of the solution as well (Robertson, 1967). For example introducing a law that allows children to be smacked on the backside only.

Lastly, a discontinuous innovation is a solution that is different from any that are in place at the time and involve changes in behaviors to follow them. This will entail heavy emphasis on all the characteristics of the solution in order to explain its relative advantages above other solutions; to convince the society that it is compatible with them, to explain its complexity and to create some sort of trial and observable advantages of the solution (Robertson, 1967). An example of this is if legislation was passed that outlawed any smacking or physical disciplining of children at all.

**The Solution Evaluation Stage**

Evaluations of the solution and its consequences take place at the solution evaluation stage (Alexander & McDonald, 1996; Zetterberg, 1962; Mannheim, 1940; Lazarsfeld & Reitz, 1975; Rogers, 2003). It is here that an attitude towards the solution is formed and evaluative information sought to do this. Evaluative information can be dispersed through marketing communications (Yankelovich, 1991; Alexander & McDonald, 1996). With our example, this could be in the form of press releases which outline the advantages and disadvantages of the introduction of anti-smacking legislation.

The moderator that affects this stage is the perceived characteristics of the solution itself (Rogers, 2003) which are relative advantage, compatibility, trialability, complexity and observability. The relative advantage of the innovation is apparent when it is compared with current solutions (Rogers, 2003). Compatibility is the amount to which an innovation is seen to be attuned with the social system’s past experiences, values and needs (Rogers, 2003). This is because if the innovation is compatible with prior knowledge in the social system they will be less uncertain about the innovation itself. However for the innovation to match the needs of the social system, they may need to know its benefits, that is, what needs it fulfills, for them to be able to judge its compatibility. A cost-benefit analysis of the solution is undertaken at this stage as well. These characteristics may be influenced by stakeholders to increase the likelihood of acceptance of the solution. At this stage the process may loop back to the solution stage if the solution does not meet the evaluative criteria set by the decision making group. Awareness of new solutions would occur there.

The third attribute of innovations that will affect the rate of diffusion is complexity. This is seen as how difficult the innovation is to understand as well as how difficult it is to use (Rogers, 2003). The more complex the innovation the slower the rate of diffusion. Trialability is how easy it is to be able to trial an innovation for a shorter period of time and is the fourth aspect of an innovation that will affect its rate of adoption (Rogers, 2003). If an innovation can be trialed then this reduces the amount of uncertainty surrounding it and thus increases the rate of diffusion. Lastly, observability is how much the benefits of the innovation can be seen by others (Rogers, 2003). This attribute will increase the rate of diffusion the more that the benefits can be shown to others.

At the solution evaluation stage interpersonal communications are the most effective form of communication (Rogers, 2003). Interpersonal communications generally come through seeking evaluative information about the solution from a person’s peers, especially opinion leaders (Rogers, 2003). It is a logical progression however, that opinion leaders must gain their information from somewhere in the first place. One place is marketing communications and the
mass media (the marketing system), as opinion leaders are seen to be more media savvy than other consumers (Rogers, 2003). While interpersonal communications are more effective, it is more difficult for stakeholders to use in SE situations, thus another option is marketing communications (Robertson, 1967; Lin & Burt, 1975). Marketing communications and the mass media can successfully be used to present evaluative information regarding the solution (Alexander & McDonald, 1996; Hay, 1996; Narasimhan & Sen; 1983).

Further, at this stage each of the characteristics of the solution can be presented through marketing communications in order to help the evaluative process. Thus if the relative advantage of the solution to other solutions can be spelled out; how the solution is compatible with the needs and values of the society can be highlighted; the complexity of the solution can be decreased through presenting it in a clear and concise manner and also through its explanation; if the solution itself cannot be observed, its benefits can be presented and if trial is not possible then this may also be a useful tactic. All of this may be done through the use of marketing communications and the media, especially advertising, incentives, and other related promotions and support services such as debates and interviews (Narasimhan & Sen; 1983).

The Decision Stage

The decision stage is the first time that physical actions take place as opposed to cognitive. An implementation plan for the solution is tested and its consequences are considered and adjusted for (Podgórecki, 1990; Yankelovich, 1991; Lazarsfeld & Reitz, 1975; Podgórecki & Łoś, 1979). This is similar to the evaluation of the solution which takes place in the design stage however the evaluations that are made here are not theorized but actually physically tested. This is the stage where the solution is accepted or rejected. Thus it is here where there is another feedback loop if the solution is rejected then the process reverts back to the theory base stage and search for more solutions. For example, it would be here that details as to the enforcement of an anti-smacking bill would be discussed as well as timing of implementation.

Once the decision is adopted information about how to attain the solution, how to use it and its potential consequences, are sought. This is also the stage where the solution is used (Rogers, 2003 Popper, 1945). This stage may repeat itself also until the plan to implement the solution is successful. In the anti-smacking context, this would be where marketing communications were used to explain the boundaries of the legislation regarding what is and is not child abuse. When the law will come into force, how it will be policed and its consequences would also need to be explained.

The Post Evaluation Stage

Lastly, the post evaluation stage is where the use of the solution is assessed and its effects are truly understood. It is here where the solution may be changed or rejected (Podgórecki, 1990; Popper, 1945; Gershuny, 1976; Lazarsfeld & Reitz, 1975; Rogers, 2003). If the solution is rejected then the process starts at the solution stage again with another solution.

Overall it can be said that this conceptual framework is one based on the SE framework outlined by Podgórecki (1990), and informed by diffusion theory and the diffusion decision process (Rogers, 2003). Further, the diffusion process in general as well as the more specific aspects of the diffusion process included, are in agreement with the assumptions of SE and have support from many social engineers.
**Assumptions**

Here it is appropriate to look at the broader view of the SE diffusion process and its assumptions. The first assumption of this process is that multiple parties may be going through the decision at the same time. Likewise, multiple parties may be at different stages within the process at the same time. Further, each party may be subjected to different levels of the moderating variables.

This framework assumes a free will society where direct manipulation or enforcement of SE interventions does not take place (such as in totalitarian societies of dictatorships). Instead it is meant to make SE transparent and give an outline of the areas in which parties are able to influence the process, often through the use of marketing communications and the mass media. What the free will aspect really implies is that the process has points at which the solution is assessed and may be rejected.

This brings up the question of who is the intended user of this process. This process is seen to be used by multiple parties at once on a common problem in a macro context. However, there must be one overarching decision maker such as a government. Thus multiple solutions may be offered to the problem, or one party may lead the process with the other parties inputting at the various influencing stages. This may be the case where governments are involved in the solution with laws. They may not be the original instigator of problem identification, but they may be the only ones who have the power to adopt the solution (a law) and thus will be the important party that will go through the whole of the process more publicly than other parties.

The most effective SE interventions are when the stakeholders agree with the SE decision (Yankelovich, 1991). This leads the intervention to be successful. Success comes from public approval of their solution before implementation.

It is not proposed that this process has happened to date consciously for social change. What is being suggested is that if it was used consciously, that this would be a more effective way of facilitating social change.

**Conclusion**

By combining the diffusion decision process (Rogers, 2003) and the SE framework of Podgórecki (1990), an SE decision process emerges that can explain the different stages that groups within a society may go through during macro level social change decisions. This framework contributes to macromarketing literature as it further explores the facilitating role of the marketing system for social change and the marketing system’s impact on the social system. This framework contributes to the SE and marketing literature as well as to society. The proposed framework identifies areas where stakeholder groups are able to influence the decision process of all other groups involved in an SE decision process. It does this by identifying the stages and techniques that are most effective for different stakeholder groups to use to express their points of view to the government and members of society. It is hoped that this framework could be used effectively to facilitate social change.

**References**


The Role of Risk in Marketing Systems

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Abstract

Although prominent in early marketing literature, discussions of risk seem to have nearly disappeared. This paper is a modest attempt to renew interest in the topic. It will discuss risk by expanding on the following five propositions. First, all supply chains for goods and services are systems involving many actors, each of whom is related to at least one other actor in a relationship of mutual obligations, including but not limited to contracts enforceable by law. Second, obligations mean that one actor pledges to do something for another actor at a future time. This element of futurity creates risks for the parties involved which, in broad terms, can be divided into two general types – long and short. Long risks arise from the ownership of assets, or the outputs of those assets, not yet sold. Short risks arise from the sale of assets not yet owned or produced. Third, within a system, risk can be absorbed, shifted, spread, and/or offset. However, considering the system as a whole, risk cannot be avoided. This proposition holds true for any single period but, over time, the magnitude of risk may be reduced or increased by environmental change. Fourth, the eventual incidence of risk is both a function of and a determinant of the structure of the system itself because: (a) some actors are better able and/or more willing to absorb risk (and therefore earn profits); and (b) specialized institutions arise to shift, absorb, offset or spread risk. Finally, business practices (i.e., institutional arrangements) that put the burden of risk on actors less able and/or willing to accept it, however attractive they may appear to the initiating actor, are inefficient in terms of the system as a whole and will not survive over the long run. Note that this last proposition is stated as an hypothesis which suggests future avenues of research.
Improvising in the Wake of Disaster

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Abstract

Many businesses have continuity and emergency management plans designed to help them recover from disasters. Research suggests that plans can have both positive and negative consequences. Advanced planning ensures businesses critically analyze their operations, leaving less to chance. But planning and preparation can lead to rigidity and complacency. Disaster research has shown that organizations able to adapt quickly and flexibly to the changing environment following a disaster are able to regain a sense of normalcy and reestablish effective operations. This study examines responses by marketers following Hurricane Katrina to gain an understanding of the role of creativity and improvisation in recovery.

Introduction

Planning is considered vital in the preparation for disasters as demonstrated in the phases of disaster management model (Mileti 1999). During the preparedness phase articulation of plans for future emergencies is encouraged. Thus, many businesses have emergency management plans designed to help them recover if disasters should occur. Some types of organizations are mandated to have emergency recovery plans. The Joint Commission for Accreditation of Healthcare Organizations (JCAHO), for example, requires that hospitals have plans for granting privileges to practicing physicians from other organizations. However, such plans are necessarily made for a hypothetical future situation and the reality of any particular disaster is likely to be quite different than the future for which the plan was made.

Following disasters emergency responders and others responsible for disaster management are sometimes criticized for not following the established plans. Some argue that plans are merely “fantasy documents,” created then shelved, with little likelihood of influencing actions when the need arises (Clarke 1999). Disaster researchers have begun to explore actions following disasters to gain a better understanding of the role of plans in response and recovery efforts. This research suggests that plans can have both positive and negative consequences. Applied specifically to businesses, advanced planning ensures that they have critically analyzed all aspects of their operations, leaving less to chance in case of an emergency. On the other hand, planning and preparation can actually lead to rigidity in response and/or to complacency. Optimistic biases may lead those who plan for the worst to feel better prepared than they actually are and possibly let down their guard.

Recently, disaster researchers have begun to recognize the importance of creativity and improvisation in effectively responding to disasters (Kendra and Wachtendorf 2003). Organizations that are able to adapt quickly and flexibly to the changing environment following a disaster are likely to be able to regain a sense of normalcy and reestablish effective operations even in the face of devastation. Examination of emergent responses by businesses following
disasters could lead to a better understanding of the role that creativity and improvisation play in recovery. Thus, the purpose of our study is to examine actions taken by marketers in the wake of Hurricane Katrina. We first discuss some ideas about creativity and improvisation in organizations generally, and then we introduce data from interviews with business managers in New Orleans during the 24-month period following Katrina as well as publicly available data on recovery and investments in various business sectors in New Orleans.

**Creativity and Improvisation**

Kendra and Wachtendorf (2003) draw upon Amabile (1997) and others’ work on organizational creativity applying the concept to disasters and conclude, “Planning and creativity work in concert to produce effective improvisation.” Creativity is an important element in the success of many organizations as it relates to an organization’s capacity for “sensemaking,” described by Weick (1998) as “the ability to comprehend aspects of the environment and to make decisions.” Clemens (1996) observes that “[all] definitions [of creativity] include some aspect of novelty.” Novelty, however, is in the eyes of the beholder. Thus, something can be new if it is applied in a new situation, by a new manager or team, or is a new way of obtaining needed resources.

Creativity as a skill is the capacity for generating new ideas. Realizing the importance of creativity to their competitiveness, some organizations offer creativity training and exercises such as brainstorming for employees (Mendonca 2001). Kendra and Wachtendorf (2003) suggest disaster response organizations should consider such planning and training to enhance creativity at all levels of organizations. They argue that “it is important to recast creativity, not as a dysfunctional feature, but as a highly necessary and adaptive response.” This sort of creativity may also be valuable to businesses facing potential disasters.

Amabile (1997) developed a framework in which she categorized the creativity observed by entrepreneurial organizations on four dimensions: 1) products or services, 2) identification of a market for the products or services, 3) ways of producing or delivering the products or services, and 4) ways of obtaining resources to produce or deliver the products or services. Collective creative action appears to be tied closely to gathering information about the environment, considering its implications with respect to the pending challenges, then generating and pursuing actions that effectively meet those challenges. Thus, creativity by and within an organization is essentially the pursuit of an environmental scan, an essential foundation of any marketing strategy. It seems plausible then that those businesses able to conduct an environmental scan quickly following a disaster are likely to emerge from the chaos more successfully.

In the disaster literature, improvisation refers to unplanned activities that take place after a crisis. Thus, improvisation is akin to creativity, but relies upon effective communication in order for it to fit the emerging situation. As Kendra and Wachtendorf (2003) in their research following the collapse of the World Trade Center note, “disasters create new environments that must be explored, assessed, and comprehended. They change the physical and social landscape, and therefore disasters require a period of exploration, learning, and the development of new approaches.” Both creativity and improvisation may play critical roles. Kendra and Wachtendorf (2003) suggest that prior preparedness increases the ability to improvise, but note that the very need for improvised action points to the inability of plans to take adequately into account demands of a specific situation. They conclude that “creativity emerges as an instrumental contributor to successful improvisation.”
Context of Our Study and Research Method

Hurricane Katrina was a “wake-up” call that brought the world’s attention to the need for better disaster preparation and possible mitigation of future disasters of this magnitude. In the wake of this disaster the Port of New Orleans closed and off shore drilling was suspended. Domestic and global commerce experienced disruptions in the production and distribution of a vast array of products from sugar to oil to seafood. But the impact of Katrina on the local business environment was possibly more devastating as many small local businesses derived much of their income from tourists and local residents.

In the aftermath of Hurricane Katrina we interviewed business managers in New Orleans to gain their perspective on redeveloping the local communities, businesses, and infrastructure following Katrina. Specifically, sales managers and executives from large, medium and small companies were interviewed. Two hundred and ten interviews were conducted over the 24 months following Katrina. The interviews were divided into two main sections: 1) questions about changes in day-to-day operations since the hurricane, challenges in continuing business, and the priorities for proceeding post-disaster; and 2) sales management concerns on recruiting, hiring, training, motivating, developing and compensating employees, and forecasting future business. Respondent firms were in the financial, utilities, food and beverage, agriculture, lodging and facilities, sports and entertainment, transportation, education, and healthcare sectors. Two major themes emerged from our analysis of the interview data: challenges in rebuilding and strategies pursued to ensure business viability.

Challenges in Rebuilding

Informants acknowledged a number of challenges in rebuilding New Orleans following Hurricane Katrina. The ability of businesses to move forward was impeded by dramatic changes to the infrastructure of the city, the size and character of the population, the availability of labor and the nature of jobs, and most importantly, the image of the city. The interconnectedness of the affected sectors of the New Orleans economy highlights the importance of a systems perspective in assessing the impacts on businesses (See Figure 1).

Infrastructure

Neither residents nor businesses wanted to return to areas that were vulnerable to potential future flooding. One informant stated “without levees built to specifications, businesses will continue to hesitate to reopen or come to New Orleans. We have to protect the citizens living in the area first.”

Lack of essential public services such as fire and police protection, basic utilities including electricity, water, power, waste disposal/sanitation, and communications, deterred residents from returning. Hospitals damaged in the storm were closed as were many schools at all levels. As a result of the flooding, many areas in the city were dealing with a number of environmental hazards such as air and water pollution, mold, and debris. Roads, bridges, airports, and the public transportation system were all affected making travel into and around the area difficult.
Figure 1. The System of Recovery

Population

The size and composition of the population of New Orleans was quite different immediately following Katrina. Evacuees left the city overwhelming surrounding areas, particularly cities such as Baton Rouge, LA, Houston, TX, Atlanta, GA and cities in many other neighboring states. But the residents and businesses that stayed were critical to New Orleans’ recovery. One informant explained:

“There are many local businesses in this area that have been able to rebound faster than large corporations. The larger corporations are retreating to economies such as Houston and Atlanta which are capable of providing the demand needed. However, these local business owners in town are more passionate about the city and want to see it return better than ever.”

It is estimated that by the end of 2005 only half of the 900,000 evacuated residents of the Greater New Orleans area had returned (www.bls.gov/news.release/empsit.nr0.htm, 2005). Local residents had previously patronized the restaurant and entertainment facilities so many New Orleans businesses and educational institutions downsized to serve this much smaller resident population.

The important tourist business was also impacted. The city lost nearly $3 billion in business and convention cancellations through June 1, 2006. Thus, repair of convention facilities was high on the list of priorities for rebuilding. One informant noted that travel and tourism were a high priority since they provide a substantial amount of tax dollars and jobs, both of which the city desperately needed.
The convention and visitors bureau tracks active convention activity for the area. By July 2007 the Marc Morial Convention Center had undergone $62 million in renovations and the New Orleans Convention and Visitors Bureau reported 94 major conventions, trade shows, and meetings being held in 2007. Of note is the return of the Essence Music Festival which brings 200,000 tourists to the city and the American Marketing Association’s Annual Case Competition, which opted to raise funds for the student competition to remain in New Orleans instead of moving to another city (www.neworleanscvb 2007).

**Labor**

For many businesses the demand for labor exceeded supply. Businesses hired anyone who would come to work, sometimes regardless of qualifications. One informant noted that pre-Katrina employees were required to interview and train prior to beginning work. Post-Katrina, often applications were merely taken [for protocol and taxes] and jobs were being given to almost anyone willing to work. This informant stated he would explain to his customers that many new employees did not speak English but that they were doing their best. Employees were scarce in part due to the shortage of housing and other essential services, illustrating the impact of the disaster on the whole socioeconomic system.

**Image of the City**

During recovery from a disaster, the media have a particularly powerful role in creating vivid images of the impact of disaster events. Nowhere was this more evident than in New Orleans. The images that had been indelibly etched in the public’s mind were of a devastated city that had been changed forever. In addition to the physical devastation of the city, overcrowding, crime, and political corruption were common topics in media coverage. But more harmful than any to the city’s reputation was the demise of the culture of New Orleans. As one informant stated, “We’re in an ultra-competitive environment, at a competitive disadvantage because of the negative images everyone’s seen on TV”. With the exodus of so many residents it was feared that the essence of New Orleans – its laid-back atmosphere, ethnic diversity, musical history, and extravagant holiday events – would also be lost. In many ways each and every resident of the city is an ambassador for the city. From street vendors, to cab drivers, to waiters and waitresses, carriage drivers, jazz singers and impromptu jazz bands along the quarters, much of what made the city was its people. With so many residents gone, the image of the city was in jeopardy.

**Recovery Strategies**

“Rebirth and Renaissance,” a slogan adopted by the city and its residents, captures the essence of the business responses to the changed environment. Many of our informants acknowledged that there was an opportunity for business to rebound and for new businesses to move into the city if investors wanted to gamble (a major local pastime) on the “new New Orleans.” Many managers and owners were optimistic, but worried about the long-term viability of their businesses. To help ensure their sustainability, businesses were motivated to respond in ways they had never operated before. We discuss some of their strategies within the framework of the elements of the marketing mix (see Figure 2).
**Figure 2. Strategies for Recovery**

**Product:** New Customers, New Products, New Services

Significant reductions in revenues and income, particularly in the Hospitality, Restaurant, and Tourism industry, resonated throughout the state. Morale was very low even among some of the returning residents because others had not returned. As one informant put it, immediately after Katrina,

“They reality is [that] tourism is functionally suspended now…the relief workers are in the hotels, the major attractions are not open and the major conventions are canceled through June 2006. So that’s a lot of distress on the small businesses from the art galleries to the small hotels.”

With residents gone and tourists scarce, hotels primarily housed relief workers and hotel employees. Revenues were not collected from most of the people in the hotels, because the hotel-motel tax was waived for the Federal Emergency Management Agency's workers. However, the relief workers in town visited the tourist sites on their days off. Family and friends of New Orleans residents stayed in hotels while they helped repair the residents’ homes. As one informant surmised,

“It looks better every time I see it, even if it’s gonna take five years to clean up everything…But I love this city, and I’m going to come visit and go to the different eating places. At lunch, we’re talking about where we’re going for supper.”

Tourism-reliant businesses modified their product and service offerings to attract this new kind of tourist. For example, one New Orleans Riverboat owner, changed his normal cruise services by adding "sunset cocktail jazz cruises" aboard the Cajun Queen. By offering live music and an open bar, this business was able to cater to relief workers who wanted to enjoy cocktails while simultaneously solving its problem of limited staff for serving dinner.

Understaffed restaurants were concerned that when they opened with limited staff that customers would not be satisfied impacting their reputations for years to come. One resident declared, “restaurants are desperate for employees and customers…Ralph’s on the Park (a well-known restaurant) for instance, opened Wednesday with three cooks, a chef and executive chef, as
opposed to 30 cooks normally” (http://www.thetowntalk.com/apps/pbcs.dll/article 2005). But the reality was for many businesses, downsizing was the only alternative to going out of business.

Communication was a problem for nearly everyone. With land line and cell phone transmission down, text messaging became the main source of communication between owners, managers, and employees. A third-generation grocery owner exclaimed, “I quickly learned to use text messaging since phone towers were down.” This business owner who lost 80% of his employees stated his newly required disaster plans include identification of where employees will most likely evacuate (with alternate contact names, addresses, and numbers to reach employees) in case of another disaster.

The creativity and commitment of local business owners to New Orleans is poignantly demonstrated by the actions of celebrity Chef Emeril Lagasse. During the immediate aftermath of the storm, the Emeril Lagasse Foundation used websites and set up blogs to locate displaced workers and to ask other celebrity chefs to employ workers who relocated to their areas. Lagasse also created the Carnival Du Vin, a culinary fundraiser that raised $1.4 million in 2005 to help the children in storm ravaged areas. Lagasse’s commitment to the Gulf Coast was also evident in his signing a deal with Biloxi Casino owners in 2006 to open an Emeril’s Fish House on property (www.emerils.com 2007).

In addition to relief workers and friends and families of affected residents, some tourists came to New Orleans merely to see the devastation first-hand. The “Katrina” tours have been a new source of revenue for Gray Line Tours. New Orleanians initially resented the natural instinct of morbid curiosity; “some are skeptical of the sightseers, but it’s important for people to come here, because we need the people to come back...Until you see it first-hand, it’s hard to see the vastness (of the area’s devastation).” (http://www.thetowntalk.com/apps/pbcs.dll/article).

A common theme among business managers interviewed was that attention to customer service was a key concern. Many went above and beyond to ensure that their customers’ needs were taken care of, even if it meant that they sacrificed short-term revenue. As one manager said:

“I had a staff of very knowledgeable and factory-trained local appliance specialists. I knew there would be critical deficiencies in the area of appliances – from the availability of the products to the installation of them. Therefore, I sent my workers out to provide this service free of charge to the local residents and businesses. This was what they needed. This is what I gave them.”

**Place**

The majority of the local restaurants, shops, and hotels were faced with the struggle of reopening or relocating their establishments. Many businesses found that their existing locations were in need of moderate to major renovations. For them, building repairs were the focus of daily activities.

Many businesses in the outlying areas sustained minimal structural damage and were able to re-open fairly quickly and were overwhelmed with customers, traffic, and increased inventory costs that sometimes soared by as much as 60 percent higher than normal (http://www.cbsnews.com/stories/2005/11/23/eveningnews/main1074803.html, 2005).
Some larger businesses were fortunate to have locations to which both business and employees could transfer. One informant noted:

“Fortunately, we had other call centers in the nine states that we serve within the region. So they were able to continue with operations and absorb the extra call volume… We provided employees with temporary housing and moved them to other call centers. If employees were unable to move back to their original call center, we provided them with permanent jobs at their temporary location.”

Other businesses were plagued with inventory shortages. As one informant of a major rental car company whose business had experienced a 78% decrease in inventory and a 67% decrease in staff acknowledged:

“Demand was our worst enemy. We had more customers than vehicles. Customer service was affected, but luckily our customers adapted to the new way we did business. Since cars became scarce, we had to develop a new system. At one point we had a waiting list with over 1,000 customers.”

Price

A number of factors contributed to real price differences. Shortages of many products meant that prices rose. Some merchants seemed to take advantage of the situation and price gouging was reported for many necessities, especially gasoline. For others, raising prices was simply a matter of survival since their costs of doing business were higher. Many firms were paying premium wages and offering signing bonuses in order to attract employees. One informant stated, “I gave a 25% increase in wages after the storm and time-based bonuses to get workers to come back. The earlier the employees returned to work, the higher their bonuses. I had to get back up and running.”

Some businesses experienced increases in other operating costs, such as insurance and heretofore unneeded delivery and courier services. The owner of a courier service explained in the interview that one of his newly acquired customers stated, “Money is running low; we are draining from every source of funds we can muster. To survive, we have to get the supplies in so we can get our products out.” Though businesses were struggling at every turn, a positive side to these financial issues was that many firms continued to pay employees who had to evacuate and provided loans and other forms of supplemental compensation to help the employees get back to work as fast as they could so the employees could get back on their feet.

Promotion

In January 2007, the New Orleans Convention and Visitors Bureau (CVB) launched an aggressive marketing and public relations campaign designed to lure domestic and international visitors back and overcome misperceptions about New Orleans. “Forever New Orleans,” a 30-minute travel television show, showcasing the unique and vibrant culture of the city, aired in 51 countries in Europe, the Middle East and North Africa. “Forever New Orleans” is the international branding campaign that is complemented by headlines like “New Orleans is Open. To Just About Anything,” “Soul is Waterproof,” and “Old World, New Promise,” appearing on billboards and in magazines nationwide (www.neworleanscvb 2007).

New Orleans businesses suggested resolutions to speed the process such as using local, national, and global media to advertise New Orleans and Louisiana as a destination. Many areas of New Orleans were not heavily damaged and that message was critical to increase attention on sections such as the French Quarter, Downtown, and Lake Pontchartrain. Businesses and
residents agreed that it was important to make sure that local festivals, such as Jazz Fest, French Quarter Fest, and the Strawberry Festival in Ponchatoula, had the funding and support needed to continue. And, importantly, getting the Marc Morial Convention Center and other large convention sites open as soon as possible was viewed as critical to increasing revenues and tourist traffic.

Businesses in and outside the HRT industry were quick to recognize that recovery of this vital sector of the economy was critical to the future of New Orleans. As one informant said, "Tourism is very important. It brings almost the largest amount of dollars to New Orleans. Anyone who is a manager in this industry has their job cut out for them, and I think it is important to realize that it plays an integral part in the redevelopment of the city."

To let customers know they were back in business, one respondent from a cellular phone establishment said, “We put up flyers and signs in the grass surrounding the building, all over the city, and in neighboring cities. Customers traveled for miles to get phones.”

Another boutique owner whose store is now flourishing responded, “We aimed to recapture tourists in our local drive markets (within an 8 hour driving distance). Those clients were furious with people who would dare to ‘kick the economy,’ meaning not shop in the city and contribute to the demise of fashions that can only be found in New Orleans. This niche of our regular boutique clients said they would make sure all their family and friends for hundreds of miles around knew that their favorite boutique in the world was back in business, no matter the time or cost.”

In the downtown area, three segments of the HRT industry were particularly hard hit: sports teams, entertainment, and conventions. Consensus among residents and businesses was that these segments had priority for rebuilding.

In the effort to rebuild, one of the first and most visible signs of recovery was the first football game held in the New Orleans Superdome on September 26, 2006. All told, the Superdome has undergone $180 million in renovations and upgrades. The 2007 season for the New Orleans Saints was sold out. The Hornets, the city’s National Basketball Association (NBA) franchise, has also returned to the city for its 2007-2008 season. Additionally, the city hosted the NBA All-Stars Game in February 2008. Though extensive efforts have been made to revitalize the sports and entertainment of New Orleans, they still lag in recovery (Metropolitan Report 2006 and 2007).

One of the most visible displays of New Orleans culture and revelry is its annual Mardi Gras celebration. This event typically garners global tourists and media attention as the weeks of parties and parades lead up to the beginning of Lent. In 2006, approximately 700,000 people took part in the festivities. The estimated crowd in 2007 was 800,000 with hotels at 95% occupancy. The numbers are still not up to the pre-Katrina level of 1 million revelers but the trend is positive (www.neworleanscvb 2007).
Conclusion

Overcoming the challenge of natural disasters is shown in the resilience of the people, the businesses, and the relationship management efforts that emerge. For those who can envision the future, opportunities abound following a disaster. In New Orleans, the commitment and determination of returning residents were critical to recovery. This is likely the case in the wake of disasters around the globe.

Staying focused on a customer orientation and providing excellent customer service appear to be two essential features of disaster recovery. If businesses are sensitive to the changed composition of their customer base, they are more able to adapt their services and offerings to appeal to the needs of the changed population. When businesses improvise by adapting their marketing strategies, the benefits are evident across the entire community as businesses that remain open provide needed jobs for residents facilitating their faster return to the disaster area. This in turn fuels the recovery as residents are able to support local businesses. Whether natural or man-made, local, regional or global, a businesses ability to improvise in the wake of disaster offers the aecf community a substantive opportunity timely recovery.

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Can Marketing Systems be Informed by Canonical Examples from Physics?

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Abstract

Macromarketing is centered in the systems perspective, but has yet to embrace the latest findings of the physical sciences with regards to systems. This paper presents three key theories of non-linear system behavior through the use of metaphors to marketing phenomena. The implications of these theories include a requirement that macromarketers stop looking at results of any macromarketing phenomena and look at the likely distribution of the results. The only certainty is uncertainty.

The 1950s and early 60s saw systems thinking to the fore in marketing theory development, lead by Wroe Alderson (Wooliscroft, 2003). He situated his theory generation in functionalism—a systems type paradigm (Alderson, 1957). The language of systems was common throughout the textbooks and monologues of the times, before there was a discernible change to the language of managerial marketing, with the arrival of undergraduate marketing textbooks from McCarthy (1960) and Kotler (1967), textbooks which were to change the direction of mainstream marketing and dominate the class rooms of business schools around the world.

Systems thinking has, however, remained at the center of macromarketing thought (Layton, 2007). For that reason it is important that macromarketing scholars are kept up to date with the latest findings in the discipline with systems at its center, physics.

Physics has been a leading discipline when it comes to understanding systems interactions for centuries. The goal of predicting where a cannon ball, arrow, etc. lands has driven much of physics research throughout the ages, but these problems all involve systems with many interactions (Volkman, 2002).

Physics has put considerable research energy into canonical examples of behavior, examples that cannot be reduced to more simple cases and that there are no known exceptions to. Three of these canonical examples will be illustrated with marketing metaphors below. But first, the assumption of non-linearity is addressed, central as it is to these canonical examples.

On Linearity

Managerial marketing is firmly seated in the linear models of marketing phenomena, focussing, as they do, on dyads rather than systems. Physicists can also solve imaginary dyadic relationships, but since Newton the three body problem has been recognized as unsolvable (McGehee, 1974).

Physics has moved away from linear models and embraced non-linear relationships as the base of their models. Linear models may be convenient, because they are solvable, but they fail to capture reality, which is much better approximated with nonlinear models.

It is hard to think of any relationship in marketing that is linear, apart from simple accounting type relationships. Many of the usual examples given as linear only appear to have linear relationships because across small ranges the curve of the nonlinear relationship can be
approximated by a linear equation, with an error. It is hard to imagine there being a data set, derived from the market, that does not have an increased \( r^2 \) when a nonlinear line of best fit is applied to it over the \( r^2 \) of a linear line of best fit.

There are also cogent arguments why the relationships in markets must be non-linear that revolve around the lack of predictability of markets. If markets were linear in their relationships, they would be solvable/predictable and there would be no risk – this is obviously not the case. If it is recognized that markets are non linear systems, they are also, sometimes, subject to the unpredictability associated with the leading research findings from physics.

**On Systems**

Systems can be open or closed. A closed system is one, as its name suggests, that doesn’t interact with components outside of itself. Open systems are those that however you define them, or put boundaries around them, interact with components outside of that definition or those boundaries. The majority of mainstream marketing thought is produced in the closed system approach — there is a firm and a consumer, or a firm and its competitors, usually considered in isolation from their environment. This is obviously not the case for marketing systems ‘in the wild’, where whatever the system under consideration it interacts with other systems and is a part of a bigger system. The use of closed systems is not appropriate for marketing phenomena, phenomena that exist in the ‘wild’.

Beyond the open and closed categorization, Jantsch (1973) suggests that there are mechanistic, adaptive, and inventive systems. In a similar vein, Layton (2007) suggests that there are purposeful, structured, emergent, and random systems. The last two of Layton’s categories relate to the ‘problems’ with systems to be discussed below. It is important to note that from a systems perspective, even purposeful systems exist within wider systems which are not purposeful, and that those wider systems may severely impact on the purposeful system.

Alderson (1957) divides systems into atomistic, ecological and organismic, then suggests that marketing systems fall into the middle category. This positioning of marketing is appropriate as it crosses the boundaries of systems and recognises that marketing systems are exposed to wider influences. There is little doubt that marketing systems are open systems.

When thinking of systems, most readers will be familiar with Katz and Kahn (1966, pp. 23-30) who list 10 characteristics of open systems:
1. Importation of energy from the environment (resources, people, etc.)
2. Throughput (transform resources available to them).
3. Output (export some resources to the environment).
4. Systems as cycles of events
5. Negative entropy (through input of energy/resources)
6. Information input, negative feedback, and a coding process. (to maintain steady state).
7. The steady state and dynamic homeostasis (and a tendency toward growth to ensure survival).
8. Differentiation and specialization.
9. Integration and coordination
10. Equifinality (many paths to same end).

These ten characteristics point towards complex relations and phenomena with many more dimensions to be aware of than the reductionist dyads of the marketing manager.

All interactions can be considered a system and the strongest criticism of systems thinking is the difficulty of finding the appropriate boundary for a system under study. The problem with systems, boundary limits, links into the necessary recognition of systems within systems and the possibility of predictable systems within, or overlapping with, unpredictable systems.

Three areas of current research from the physical sciences shall now be considered in light of systems; complexity and emergence, self organizing critical states, and chaos theory.
Metaphors that aim to demonstrate the close connection between these concepts and marketing phenomena are provided.

![Oscillons — Emergent patterns in shaken sand](image)

**Figure 1: Oscillons — Emergent patterns in shaken sand**

**Systems and Complexity: Emergence**

Johnson (2001) and Ackoff (1999) recognise the difference between the reductionist study of a complex system (a cat for example, studied in parts) and a systems approach to studying the same phenomena, the difference is the systems effect, or emergent behavior (in the case of the cat, life is the difference between the sum of its parts and the system cat).

In the physical sciences oscillons have been found to emerge from simple systems. An oscillon has been defined by physicists as: “localized, time-dependent, unstable, spherically symmetric solutions to the nonlinear Klein-Gordon equation” (Honda and Choptuik, 2002, p. 1). It is, in layman’s terms, an emergent behavior of a simple nonlinear system — an astonishing 3-dimensional pattern that emerges in a tray of sand/mud/ball-bearings when vibrated at certain frequencies—which has not currently been explained by the laws of physics that govern the grains of sand. Oscillons, see Figure 1 are examples of macroscopic phenomenon that cannot currently be predicted from the microscopic laws of physics governing the underlying components of the system. When we look at a market, or society, with its many interactions, almost entirely nonlinear, it is entirely reasonable to expect markets and society to produce their own oscillons — patterns of behavior that can’t be explained by our understanding of the interactions between two consumers, two firms, or a consumer and a firm. The study of complex systems leads to the redundancy of reductionist theories of dyads, which can be located in wider systems (Lewin, 1992). This leads clearly to the need to look at macroscopic/macromarketing level patterns rather than microscopic/micromarketing dyads to understand a market.

**Systems and Self-Organized Critical States**

Lawson and Wooliscroft (2002) and Buchanan (2000) suggest that the natural state for complex systems appears to be that of a self organized critical state. The first example of a self organizing critical state was generated by Bak, Tang and Wiesenfeld (1988) with his famous sand pile simulation. (Bak, 1996) has considered how self organized critical states can be seen in the economy.

In a self organized critical state the output of the system is not related to the size of the input. Systems of forest fires, earth quakes, river systems, record sales, etc. all exhibit power law distributions of outputs (size of forest fire, intensity of earth quake and, number of records sold); that is there are many more small occurrences than there are large ones for the same input (Buchanan, 2007). This distribution is the same as a Pareto distribution.
Examples from marketing include; the return on showing an advertisement, the impact of new advertisements, the impact of releasing a new product, the profitability of a new firm, etc. All of these inputs to the system have outputs that are, often, distributed in a similar way to the sand pile, see Figure 3.

Chaos and Systems

In 1987 Gleick brought the concept of chaos to non-physicists. He presented compelling evidence of the occurrence of seemingly random results in deterministic non linear systems depending on minute changes in initial starting conditions. The most common metaphor to understand chaos theory is the idea of the butterfly flapping its wings and that act having a disproportionate impact elsewhere in the global weather system. Evidence for the widespread existence of chaotic systems includes weather systems, stock prices, etc. (Gleick, 1987).

One metaphor that resonates closer to marketing is the pendulum, see Figure 4. Most managerial marketing focuses on a dyad, similar to a simple pendulum with the firm driving the movement of the consumer. But, a more realistic metaphor, the double pendulum, see Figure 5 takes us into the territory where a physicist is unable to predict behavior. The double pendulum is a chaotic system. Of course, marketing systems are much more complicated than a double pendulum, a simple channel of distribution is considerably more complex, see Figure 6. And, an even more realistic representation of a marketing system demonstrates that there is ample opportunity for chaotic behavior and unpredictability in the complex non-linear systems that are markets, see Figure 7.

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Figure 2: The sandpile of advertisements/ new products/ new firms/ etc.
Figure 3: The distribution of sand pile slumps/ advertisement’s impact/ new product’s success
Figure 4: A typical marketing 'pendulum'

Figure 5: A more realistic marketing 'pendulum'

Figure 6: An even more realistic marketing 'pendulum'
Given the principle problem of systems research, bounding the system under study, any marketing systems that are open systems are embedded within/with systems that are prone to exhibiting emergent behavior, demonstrate outputs with Pareto distributions, and/or suffer from a lack of predictability associated with chaos theory’s initial conditions problem.

As an example, the retail banking industry is a purposeful open system, which conventional wisdom has it we can predict. But, it has in the past been impacted severely by the share market, a system that demonstrates fractal patterns, typical of a chaotic system (Peters, 1994). This leads us to the problem of systems thinking, to use a systems perspective to understand markets — and there is little doubt that it is the only appropriate epistemology — given the current state of knowledge about open systems leads to a recognition that marketers do not have control.

Conclusions

One of the systems ecologists, who inspired Alderson’s (1957; 1965) use of functionalism/systems for the development of his theory of marketing, has this to say about management and control:

Many demands are being placed on ecology to offer simple rules for managing ecosystems. What must be learned is that people do not manage ecosystems, they manage their interaction with them, and no simple rules exist. (Kay and Schneider, 1994, p. 32)

When we consider the market as a system we must give up control. The relationships become fuzzy and the direct “X causes Y” statements of managerial marketing cease to have value. Ultimately ‘marketing management’ gives way to ‘marketing influence’ and empirical macromarketing will be about the shape of outputs from systems.
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On Economic Growth, Marketing Systems and the Quality of Life

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There is a third significant set of factors that could and should be taken into the analysis of economic growth. Where there is specialization there must also be trade, and, over time, where there is trade there will also emerge the specialized roles and market structures needed to handle trade efficiently. These specialized roles and market structures, identified as marketing systems, together with institutions and technology constitute the three essential sets of factors needed for growth to occur. While institutional change tends to be long term, and technological change is often discontinuous and medium term, marketing system changes leading to improvements in either or both of effectiveness and efficiency in trade have a much more immediate impact on the well being of the community. If the marketing systems that play such a central role are poorly adapted to the environments in which they operate, or lack in health, resilience or responsiveness, for structural or functional reasons, then growth and ultimately quality of life will be directly affected. An understanding of marketing systems, their emergence, and their role in influencing economic growth is thus a necessary first step towards the “constructive engagement” of marketing with society envisaged by Shultz (2007).

The search for growth

Why is it that some countries enjoy sustained growth, others falter, and others seem unable to grow at all? A similar question could be asked of regions, towns, and markets. As one distinguished economist (Helpman 2000,1) notes, “. . after more than two hundred years the mystery of economic growth has not been solved”, although considerable progress has been made. At the national or regional level there is widespread agreement that while economic growth has its origin in the division of labor and the benefits of specialization, it is also generally agreed that it is “the accumulation of knowledge and, in particular, the incentives for knowledge creation” (Helpman, 2000, x) that really matter. It is also clear that formal and informal institutions play an equally important, longer term, role in shaping patterns of trade and thus the incentives to accumulate and innovate (North 2005).

The purpose of this paper is to suggest that there is a third significant set of factors that could and should be taken into the analysis of economic growth. Where there is specialization there must also be trade, and, over time, where there is trade there will also emerge the specialized roles and market structures needed to handle trade efficiently. These specialized roles and market structures, which will be called marketing systems, identify the third essential set of factors needed for growth to occur. While institutional change tends to be long term, and technological change is often discontinuous and medium term, marketing system changes leading to efficiencies or inefficiencies in trade have a much more immediate effect on the well being of the community.

The paper develops the argument for the importance of this third set of factors, building on ideas from the New Classical School of heterodox economists, linking these with contemporary work in complex adaptive systems and in agent based modelling. The marketing systems that emerge in this way are then dissected in some detail in order to identify the factors that will drive system efficiency and effectiveness over time. Bringing technology change, the growth of knowledge (both propositional and prescriptive (Mokyr 2002)), and institutional factors back into the analysis, it is argued that these factors all work, at least partially, in shaping overall growth and thus quality of life, through their interaction with the marketing system(s) that emerge over time. If the marketing systems that play such a central role are poorly adapted to the environments in which they operate, or lack in health, resilience or
responsiveness, then growth and quality of life or well-being will be directly affected. An understanding of marketing systems, their emergence, and their role in influencing economic growth is thus a necessary first step towards the “constructive engagement” of marketing with society envisaged by Shultz (2007).

The basic model is set out in Figure 1 below:

We begin the paper with a reality check, as a reminder of the real world that lies behind the theoretical debate, and go on to ask where marketing, as a social discipline, stands in meeting the challenges involved.

A reality check

“Tiffany reaches for her breakfast pastry and blows softly across her cup of coffee . . .” (Wilkie and Moore 1999:200). The authors summarise the steps needed for Tiffany to enjoy her breakfast coffee, beginning with a Colombian hillside, and ending as a vacuum packed, branded product in a local IGA store. The pastry was even more complex, as it was a new product introduced by a major food marketer in the premium segment. Each of 15 ingredients had been sourced separately and required the activities of specialist growers, storage, transport and other intermediaries. Tiffany’s breakfast was possible as a result of the operation of a highly sophisticated, complex aggregate marketing system.

Okibi was a small boy, aged about nine, selling cigarettes one by one in a dusty marketplace in a town in Angola. When the pack was sold he went back to the trader, Katonga, paid him his share and was given a fresh pack to sell. Okibi was one of a band of war orphans who lived in a ruined bank building. The trader occupied a bullet-pocked building and sold goods ranging from cigarette packs to gleaming new television sets. He was part of a network of traders dealing in commodities from timber to diamonds, involving “troops and civilians, profiteers and thieves” (Nordstrom, 2007:8), that operated throughout Angola and across international boundaries. The cigarettes that Okibi sold were almost certainly smuggled, in company with illegal drugs, arms etc, illicit or pirated DVD’s, as well as legal goods, through shipping routes that were themselves in effect markets in container space.

In another part of Africa, on Josiah Tongogara Avenue in Harare, Petina Gappah found “men stand in the middle of the road, selling everything from top-up cards for pay as you go mobiles to hand made sandals. I see metal objects that glint in the sun. Closer inspection reveals these to be funnels. In Harare, fuel is more often funnelled into a car from cans than piped from a garage pump.” At the Eastgate shopping complex she finds a giant television showing local football teams, an internet café and a supermarket. In the supermarket, the effect of 7000 to 8000 percent inflation is obvious. “The shelves are not totally empty. They are packed with toilet rolls and shoe polish, a few packets of biscuits and a variety of crisps so vile tasting that even my junk food crazy nephews will not touch them.” (Gappah, 2008)

Further north in the ancient city of Fez in Morocco the souk or medina is alive with the sounds of bargaining, with the colour and smells of foods, textiles, pots and pans, carpets, leather tanneries, and the
ubiquitous donkeys that carry bags, bales and buckets through the narrow lanes and alleys. Some 60,000 people live in the medina, there are 4500 shops and countless itinerant traders, all in an area of about 360 hectares. It is one of the oldest and largest medinas to be found, rivaling the Grand Bazaar in Istanbul. It has been active in the same place and in many of the same buildings for over 1000 years.

To the south, in the Soweto Township, which 30 years ago was the center of the fight against apartheid, the Maponya Mall was opened by Nelson Mandela in September 2007. South Africa’s largest shopping center, the Maponya Mall comprises 65,000 square meters of space, with 200 retailers including local entrepreneurs and national chains, and an eight-cinema Ster Kinekor complex. One reporter noted “the mall is likely to change the face and the shopping habits of Soweto residents, who, in the past, have had to leave their area to go and do their shopping in the former white areas.” (Townships.iblog 2007) Another commented, “Soweto is now looking forward to the day when it can become a fully fledged twin city of Johannesburg, rather than just a dormitory town”. (BBC, 2007)

In China, following some deregulation in the distribution of pharmacy products, two distinct competing channels have emerged – one based on the old system of pharmacies linked to hospitals and part of a state owned system, and the other comprising both chains and single pharmacies offering a wider, modern range of products and services in stand-alone locations. Similar patterns of interchannel competition can be found in the growth of supermarkets where these compete with existing ‘wet’ or informal markets. These are examples of the far reaching effects of economic growth in China, which at the other end of the scale is reflected in the long term resource deals with countries such as Australia, and in the growing involvement of Chinese enterprise in major international takeovers and mergers.

Each of these examples of market processes at work raise important questions for our understanding of marketing both in a positive and a normative sense. The aggregate marketing system that brought Tiffany her breakfast stands in sharp contrast with the primitive system in which Okibi lives and operates. In the aggregate system a myriad of entities interact over time and space, dealing with each other in ways that presume commercial order and trust, across national and cultural borders. Is the exchange system in which Okibi and Katonga are embedded similar in structure to those found in the provision of Tiffany’s breakfast? Where are the similarities and where the differences? Is it similar in operation to other exchange systems in other parts of the world, at other times in history, or even those found in the disadvantaged sub-communities in most developed economies? Why does catastrophe sometimes find expression in low level equilibria such as that found in parts of Angola and what seems to be the case in Harare, while in others it can lead to recovery and growth (Shultz et al, 2005)? What are the circumstances that lead to these vastly different outcomes? The medina in Fez has persisted in a more or less stable state for centuries, absorbing political, economic and technological change. Other souks or medinas in the Islamic world have been less successful – is size a factor? The variety or diversity of the goods and service flows? External and internal linkages? Is competition between informal and formal exchange systems, between regulated and deregulated systems a factor? The Maponya Mall in South Africa illustrates the role of marketing systems in contributing positively to growth and quality of life. But what were the factors that made this change possible in Township life? Is there any systemic similarity between the resource deals that China does with Australia and the bargaining that takes place in the Fez medina or the check outs in a supermarket?

Looking beyond these examples there are still wider questions to be considered. Is it possible for there to be too much choice? Could this be true for everyone in a relevant market or just for some? Will exchange systems like those noted above simply expand without limit or are there barriers to growth? What happens when an exchange system hits an externally imposed limit or barrier? Is Paul Stiles (2006) right in regarding the market as a “beast” that plainly needs taming? True in the US perhaps, but is it true for other societies or for developing countries?

In a more immediate sense, do these and similar questions raise legitimate concerns for marketing scholars? Or are they questions for some other social discipline to consider? While it is certainly easier to say that these are not for us, in my view these are or should be of interest and concern for marketing scholars. The problem then arises that we lack the conceptual frameworks that would enable us to tackle the issues involved, both in a positive sense, and then in terms of normative responses.
Where does marketing stand? The AMA Debate and the search for a conceptual framework

In a recent issue of JPPM (Fall, 2007: Vol 26, 2), as part of a continuing examination of the nature and extent of marketing initiated by the AMA, a number of scholars debated the 2004 definition of marketing.

“Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.”

While this has broad support from the community of marketing scholars and practitioners it also attracted critical comment. Clearly it does not open the door to a study of the phenomena noted above. In the JPPM debate, Lusch (2007: 267) commented , “if we get everything else “right” but fail to develop a coherent and compelling body of thought regarding the aggregate marketing system we will have failed society and ourselves as a profession.”

In searching for a more inclusive definition, Wilkie and Moore (2007:274) pointed out that there were at least three contending perspectives to be considered. These were,

1. Marketing as a managerial activity, or what marketers do;
2. Marketing as a philosophy, as in market driven organizations, and
3. Marketing as a field of study, or discipline.”

It is the third of these that comes closest to capturing the point of view needed here. Mick (2007:291) identified the “dominance of micromarketing and its narrow managerial orientation” as an important factor limiting the growth of the discipline, and went on to consider a macromarketing view expressed by Mittelstaedt, Kilbourne and Mittelstaedt (2006) which sees the “ marketing system as a complex set of multi-layered, near-and-far relationships in which the choices and actions of market participants have long-term consequences beyond their firms, partners and customers.” (Mick:291).

Shultz (2007) takes the argument further, noting that “all micromarketing activities occur within and thus derive meaning from some larger marketing system.” (p294). Drawing on his experience in Vietnam and the aftermath of the Balkan conflicts, he goes on to propose “a new synthesis in the form of a macromarketing orientation toward constructive engagement” that could “render adversarial relationships more cooperative, beneficial and sustainable”. (p298) He concludes by noting that as Mittelstaedt et al point out, the markets of the ancient world, the agoras of Greece and elsewhere, were largely benevolent, and that “it is now incumbent on us to drive constructive engagement as a new marketing synthesis and to make the global agora/market a benevolent place” (p299).

The search for a widely acceptable definition is made more difficult by the lack of a conceptual framework or theory that might serve to integrate the various points of view. Hunt (2002) observed that the closest thing to a general theory of marketing is Alderson’s functionalist theory of market behaviour. Hunt (2002) argues strongly for RA theory as the foundation for a general theory, while Lusch and Vargo (2006) suggest that a service-dominant logic which is compatible with RA theory might serve as a starting point. Each of these scholars however is using a micro starting point for the development of theory. An alternative approach might be to begin with a macromarketing perspective, and here again Hunt (1977) provides the necessary starting point with his emphasis on the role of marketing systems. A number of authors, including Fisk (1967), Dixon and Wilkinson (1989), Meade and Nason (1991), Wilkie and Moore (1999) and more recently Layton (2007) have taken this idea much further. In particular Layton (2007) has suggested that marketing systems exist at all levels of aggregation and as such might serve to build the essential bridge between the micro and the macro perspectives in marketing. As Rust (2006) notes, “marketing will only become mature as a field when it is realized that it is also possible to have theory that is indigenous to marketing.” (p1)
In 2007 a fresh definition of marketing was proposed by the AMA that opened the door a little more widely to a consideration of marketing as a social discipline.

“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.”

This debate however is a world away from the reality of exchange as it is experienced in Angola, or the complexity of the Fez medina, or the careful bargaining required for the Australia-China resource deals. If the questions raised by these examples and others like them are to be addressed then marketing must move beyond the economic and cultural boundaries that have been implicit in the debate and look for ideas and concepts that have much wider applicability. We need a fresh starting point.

The purpose of this paper is to suggest that the concept of a marketing system might provide such a starting point and go on to build a picture of the ways new knowledge in marketing as a social discipline might contribute to the challenges of economic growth wherever these arise. We begin once again with the ideas of Adam Smith, avoiding this time the emphasis on the allocation of scarce resources to alternative ends that led to classical microeconomics, and which underpins much of the work in managerial or micro marketing; instead we begin with the processes that lead to wealth creation. This leads naturally to the concept of a marketing system, as the basic unit of analysis in the study of markets and marketing. It provides the appropriate context for the detailed study of firms, households and markets. And, in turn, it can be linked at the micro level with the SD logic proposed by Vargo and Lusch (2004), and at the macro level with the idea of constructive engagement suggested by Shultz (2007). A focus on wealth creation rather than wealth allocation provides the essential shift in perspective.

**Wealth creation, or wealth allocation? Finding the right place to start!**

Adam Smith (1776) began his book on the Wealth of Nations with the comment, “The greatest improvement in the productive powers of labour, and the greater part of the skill, dexterity and judgement with which it is anywhere directed, or applied, seem to have been the effects of the division of labour”. Specialisation was then the key to wealth, greatly increasing the productivity of the workforce, thereby lowering costs and creating tradeable surplus. The benefits from specialisation, however, and in particular the usefulness of the surplus thus created, required people to be willing to “truck, barter and exchange” in order to satisfy their needs for a diversity of goods and services. As a consequence he noted that “it is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own self interest.” It was also true that the division of labour was limited by the extent of the market. The larger the market, the greater the potential benefits of specialisation. Smith goes on to point out that it is free and open competition, “the rivalship of competitors who are all endeavouring to jostle one another out of employment”, that leads prices to gravitate to a natural price for every commodity. This process is one where each individual is “led by an invisible hand to promote an end which was no part of his intention”.

Although Smith gave priority to the processes that lead to the creation of wealth, it was his ideas on the allocation or distribution of wealth through the operation of the invisible hand that attracted most interest. This theme was taken up by eminent economists including Ricardo, Mill, Walras and later, Alfred Marshall. Perhaps reflecting the complexity of the subject, the arguments became more abstract, and increasingly reliant on marginal analysis where the calculus could be fully employed. While the fact was recognized that these tools relied critically on the assumption of diminishing returns, it was argued that, with some ingenuity, the assumption could be retained despite mounting evidence for the existence of increasing returns. Marshall met the challenge by introducing the idea of externalities or spillover effects into partial equilibrium analysis, and noting that while increasing returns might lead to the dominance of some firms in the short run, this would disappear in the long run, and overall diminishing returns would again apply. As Buchanan (2004) notes, Marshallian externalities were later picked up by Romer (1986) and Lucas (1988) and incorporated into their work on the knowledge producing industries. Looking back, Marshall’s work laid the foundations for the marginal analysis that lies at the heart of
contemporary neo-classical microeconomics. It is in turn neo-classical microeconomics that lies at the heart of contemporary managerial or micro marketing thought. With all its problems.

What if economics had developed the economics of specialisation in parallel with the marginalist approach? And marketing as an emerging discipline had drawn inspiration from both streams of thought? It is an interesting speculation as it might lead to an alternative equally rigorous understanding of marketing phenomena that complements the existing theory. As it happens it is possible now to see at least in outline form what this alternative approach might look like. The work of the inframarginalist school (or the new classical school) of economists (cf Yang and Ng, 1993; Yang, 2001; Cheng and Yang, 2004; Gilles and Diamantaras, 2005) at Monash and elsewhere begins at precisely the point that is needed.

The starting point for this alternative view is based on the ideas of Adam Smith in regard to wealth generation. Wealth generation flowed from the division of labour. This however was limited by the extent of the market and that in turn was strongly influenced by transportation costs. His ideas, updated a little and expressed in the rather more contemporary language of new classical economics, can be summarised as follows:

1. Producers are also consumers and both roles are of equal importance.
2. As consumers, individuals differ and have a wide variety of needs
3. As producers, individuals may enjoy different endowments of resources and capabilities, and may choose to specialize or to be self sufficient (an inframarginal decision).
4. Specialization leads to economies achieved through an exploitation of increasing returns based on the division of labor and the application of capital.
5. A decision to specialize implies that all other needs must be met through trade connections with other specialists.
6. Trade is not free. There are transaction costs and, with increases in specialization, coordination costs, both of which must be met.
7. Rational individuals “will specialize their production and trade activities when confronted with production technologies that exhibit increasing returns and a market system that is subject to transaction costs” (Gilles and Diamantaras, 2005; the “specialization theorem” Yang, 1988)
8. Individual decisions about tradeoffs between specialization economies and transactions cost will determine the extent of the market, the size and complexity of the underlying network of trade connections, and thus the social division of labor.

In 1928, Young took matters a little further with what has come to be called the Smith-Young theorem on the network effects of specialization (Cheng and Yang, 2004).

9. Not only does the division of labor depend on the extent of the market, but the extent of the market also depends on the division of labor.

Young noted that while individuals were free to choose the level of specialization that was best suited to their needs, the benefits that flowed would depend on the extent of the market, on both the number of participants and the number of goods on offer. The feedback loop introduced in this way opened the door to the idea of a “moving” or dynamic equilibrium and endogenised the number of goods on offer. The extent of the market now was not simply measured by the size of the relevant population, but also by the number of goods and the proportion of all goods that were traded. Growth in the extent of the market offered increased gains from trade and opened the door to economic growth which in turn led to increased market diversity. Increases in role complexity arising from increased social division of labor were then reflected in the emergence of institutions that lead to the generation of new wealth.

Using this approach, Yang and Ng (1995) explain the emergence of the firm and of the patterns of intermediate trade. (For an alternative complementary approach using generative social science modelling, see Epstein, 2006; Epstein and Axtell, 1996). Yang and Rice (1994) detail the emergence of a dual structure between the urban and rural sectors of an economy. Yang and Wills (1990) show how property rights can develop. Lio (1998) provides important insights into the positive and negative effects of increasing network size, with implications for e-commerce and globalization. Increases in role complexity are further enhanced by external and internal factors such as the development of technology,
improvements in infrastructure and increases in skill levels resulting from “learning by doing”, which reduce transaction and coordination costs while increasing the returns from specialization.

It is the potential for the emergence of marketing systems from the interaction of choices made by decentralised decision makers that is for our purposes the first critical outcome of this alternative starting point. Gilles and Diamantaras (2005:51) put it like this:

10. “In principle, a market system could explicitly be recognized as a multi-faceted collective good . . . chosen collectively in view of its benefits and costs to the society as a whole.”

This way of thinking about the emergence of marketing systems from the collective choices of individual decision makers is of particular interest. It raises many questions about the detailed processes involved, such as the time periods likely to be needed under differing environmental conditions; the likelihoods of growth, some form of equilibrium, or collapse; and the staging in the development of the elements making up the primitive and sophisticated marketing systems found in the world today. These are questions that go to the heart of the problems confronting Obiki in Angola, the problems of Zimbabwe, and the challenges of systemic transition in the pharmacy markets in China.

The second critical outcome is simply that with increasing specialization comes increasing diversity in the goods offered for trade. Lusch (1986) recognized the importance of this link when he proposed the first of four fundamental axioms – “As division of labor increases the number and complexity of exchange dyads expands,” In Smith-Young terms, diversity and specialization mutually interact to provide a mechanism for growth. In marketing terms, this assigns a central role to assortment in our thinking about marketing system growth and change.

11. Assortment increases with specialization.

Although the initial impetus for the establishment of marketing systems arises from the need to fill the gaps experienced by each producer in their roles as consumers, an early transition will occur to a setting where each consumer when faced with an unpredictable environment begins to look for wider choices both within and between product categories. The process is highlighted by Wing Suen (1991) who showed that “heterogeneity in product value and the maximizing behaviour of individuals may be one reason why product diversity is desirable”. As assortment or variety increases, so do the opportunities for specialization open to innovative entrepreneurs.

Just as emergence raises many interesting (and difficult) questions so too does assortment. How should it be assessed or measured? Parallels with species diversity in ecology or with variety in economics suggest possible answers. What are the factors influencing change in assortment? Factors impacting the division of labour in a society, such as high transaction costs or low levels of development, will clearly play a role. If emergent marketing systems establish connecting links, then assortments offered in both systems will change, with the changes diffusing through each marketing system over time in ways reflecting social and economic structure and dynamic. Historically, these processes can be seen in the opening up of the Silk Road to China, in the early development of trade with India, and in the caravans that crossed the Sahara bringing African goods to Europe, linking the developing markets of Europe with those of Asia and Africa. Within the European scene, the earlier establishment of trade routes linking otherwise separate localized marketing systems had much the same effect. In each of these situations the newly formed linkages led to a steadily widening and deepening assortment becoming available, diffusing slowly though changing distribution channels to reach ever wider sections of the communities.

Focussing on assortment in this way also brings into play one of the most obvious characteristics of marketing systems wherever they arise – the scale, scope, colours, smells, and sounds of markets at work. Whether it be the medina in Fez or a WalMart store, or a shopping center almost anywhere, it is the impact of the assortment of goods, services, experiences and ideas on offer that that provides the most vivid memories of a visit. From a slightly different point of view, Stuart Kauffman (2000:212) noted that “one of the most striking facts about current economic theory is that it has no account of this persistent secular explosion of diversity of goods, services and ways of making a living”. Much the same could be said of marketing.
This brief (and, admittedly, inadequate) overview of the new classical economics suggests how a complementary theoretical framework might be constructed, based on wealth generation instead of wealth allocation, that goes some way towards providing insights into the emergence and growth of increasingly complex marketing systems. Not only does it provide a basis for the study of emergence but it highlights the pivotal role of assortment or diversity in traded goods (and services) as specialization grows. For both producers and consumers the decision to trade in principle involves much more than a single commodity. Consumers seek and acquire assortments that match their needs, and producers will seek to put together product combinations that build on accessing the distinctive competences needed to reap the benefits of specialization through increasing returns. In this world view, technology and the growth of knowledge, as well as the emergence of supporting institutions, play essential roles in reducing or managing transaction and coordination costs, in facilitating the transactions needed for the system to function and in creating new sets of needs on the part of consumers as they become aware of the opportunities generated by new knowledge.

Although the discussion to this point has drawn heavily on the inframarginalist point of view this approach is not uncontroversial. Alternative views that are to an extent complementary include the work in evolutionary economics (eg Nelson and Winter, 1982; Potts, 2000; Metcalfe and Foster, 2004) that leads into the applications of complexity science to economic systems, in evolutionary game theory modelling (Bowles, 2004; Skyrms, 2004) and the New Institutional Economics (Ménard and Shirley, 2005). The modelling of emergent processes explored in agent based modelling is also particularly relevant (Epstein, 2006). In a parallel analysis Fujita, Krugman and Venables (1999) show how a hierarchy of villages, towns and cities might emerge from an initial random placing of producers and consumers interacting over time in a two dimensional geographic space. In each of these different modelling approaches there is confirmation of the emergence of structure or pattern as suggested by the inframarginalists. As noted above, open questions then include how many individuals (or agents) are needed for the process to start; whether homogeneity or heterogeneity of agent decision making is critical; how to specify the knowledge of individual agents; the nature and extent of the interactions assumed between the agents; whether the rules governing these interactions are constant or changing, perhaps under evolutionary pressures; the time frames likely to be needed under differing environmental circumstances; whether structure, order or pattern always eventuate; the evolution of complexity or detail in the resulting structures or patterns; the workings of adaptation or selection; the effects of spatial, or other barriers; and the nature of the trajectory followed by the system as it evolves towards order or pattern.

It seems then that the emergence of primitive marketing systems is possible, even likely, but not always. Whether and when these will evolve into systems of the complexity that is found in the ‘real world’ is an open question. In each case, however, given that division of labor based on specialization is the starting point, assortment or variety in the goods, services, experiences and ideas – offered, sought, accessible and acquired - is an essential, distinguishing characteristic of a marketing system. This is captured in the working definition of a marketing system suggested by Layton (2007) as:

(1) A network of individuals, groups and/or entities:
(2) Linked directly or indirectly through sequential or shared participation in voluntary exchange of value:
(3) Which jointly creates, assembles, transforms and makes available:
(4) Assortments of products, services, experiences and ideas:
(5) Provided in response to customer demand.

Looked at in this way, marketing systems can be identified with regions or locations (Maponya Mall, Soweto, Johannesburg or . . ); with products (including services, experiences and ideas eg cigarette marketing system, advisory services, tourism marketing systems . .) ; with economic sectors (eg pharmacy distribution in China . .) with firms or groups of firms or enterprises (eg WalMart, Microsoft . .); with technologies (eg social operating systems such as Facebook); and may be limited to a single transaction of exchange, or embrace the patterns of exchange characterizing an aggregate marketing system. The extent to which such interlocking systems can be identified reflects the emergent
complexity of economic growth. Where interlocking systems exist, the health or effectiveness of the whole depends intimately on the health of each of the component systems. An understanding of these interdependencies lies at the heart of any policy responses to the trauma of war such as Okibi is experiencing, or of hyperinflation as in Harare, or to the reconstruction efforts described by Shultz et al (2005) in the Balkans and in Vietnam. It is also an essential factor in the redesign of marketing systems to counter social problems such as those arising from obesity, gun control, alcohol and drugs.

**Marketing systems – structure and function.**

With increasing specialization the networks of trade connections linking sellers and buyers become increasingly dense and the emergence of macro patterns more likely. Since exchange is not cost-free and increasing returns are available, further specialization in trade related roles and functions along the lines envisaged in the inframarginal analysis is also likely. This will in turn lead to increasing specialization within markets, and more generally in the structure and functioning of marketing systems. A further consequence is that role specialization within the emerging patterns may itself lead to a next generation of patterns or emergent structures in which the elements or agents are themselves marketing systems (Epstein and Axtell, 1996:130). These effects will be heightened by factors including changes in technology, improvements in ‘learning by doing’, and institutional or infrastructure development. Finally, it should be noted that the same element or agent (producer or consumer) may participate in many more than one marketing system at any one time. Depending on the specification (including boundaries) of the marketing system or systems of interest, multiple participations may bring with it important spillover effects. An example may be the found in remote aboriginal communities where the tensions between alcohol (a quasi-legal marketing system) and food/grocery purchasing for a family can often be devastating.

In reality the marketing systems found in most developed or developing economies display this multi-layered, multi-agent, multi-participatory structure. It is obvious in the Fez medina and in the Maponya mall in Johannesburg, and can be seen in the emergent channel structures developing in the Beijing pharmacy market.

The inherent complexity of the marketing systems found in practice can be seen in Figures 3 and 4 below which in Figure 3 list some of the major structural and functional elements of a marketing system, likely to influence the functioning of the system, under the headings of exchange logics or contexts, flows and roles, networks, and organizing principle. These elements are then in Figure 4 combined with the distinctive features of the many customer groups (intermediate and final) whose needs are served by the operation of the system, and the location and nature of the assortments generated in response to these needs.

In considering the overall or general attributes of a marketing system, attributes such as overall responsiveness, resilience in the face of external or internal shock, overall ‘health’ or capacity to benefit specific segments or communities, it is important to keep in mind that a marketing system is often best thought of as a multilayered or multilevel system, where the individual agents or actors may themselves be marketing systems with similar or perhaps quite different sets of structures and functions. The properties of the whole at any one level of aggregation flow not just from the system under study but from systems above and below. At the level where decisions or choices are made by managers or by customers, the decision and choice processes are shaped by perceptions of the immediate marketing system in which the actors or agents are embedded, and in many cases by the emergent characteristics of the system or systems at the next higher levels. In this sense system becomes environment and an understanding of the structural/functional characteristics of the relevant systems is an essential input into strategic and operational marketing decision processes.

Turning now to the specific elements of a marketing system a brief comment will be made on each. Exchange contexts can develop over time from the silent trade practised by primitive communities dealing with each other across a common frontier, to the barter found in more developed trading groups (and still found in international trade today in the form of counter trade), to the sales where money plays
a central facilitating role (Cassady, 1974). The content of the exchange includes products, services, experiences and ideas, all of which may often require close cooperation between buyer and seller if the desired values are to be created for all the parties to the exchange. (Vargo and Lusch 2004) The values sought by the participants in an exchange may be economic and/or non-economic in nature, the exchange may be legal or illegal, bilateral or multilateral. Much may depend on whether the exchange is seen as a once-off event or as part of a long term pattern or relationship.

Figure 2: Marketing Systems – Structural Options

<table>
<thead>
<tr>
<th>Exchange contexts</th>
<th>Flows, Roles</th>
<th>Networks – structure, dynamics</th>
<th>Organising principle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products, services, experiences, ideas</td>
<td>Ownership</td>
<td>Number, boundaries, aggregation</td>
<td>Reciprocal</td>
</tr>
<tr>
<td>Tangible, intangible</td>
<td>Possession</td>
<td>Actors – individuals, families, entities, system; endowments, capabilities, interests, limitations</td>
<td>Redistributive, fiat</td>
</tr>
<tr>
<td>Separable, co-creation of value</td>
<td>Finance</td>
<td>Value contributed by each role, actor</td>
<td>Market/Exchange</td>
</tr>
<tr>
<td>Simple, complex offer</td>
<td>Risk</td>
<td>Network demographics – number etc</td>
<td>Random, autarchic</td>
</tr>
<tr>
<td>Unitary, bundled, tied</td>
<td>Information</td>
<td>Spatial factors, location, infrastructure</td>
<td>Emergent</td>
</tr>
<tr>
<td>Isolated, system embedded</td>
<td>Creating, transforming</td>
<td>Physical design, structure, facilities</td>
<td>Structured</td>
</tr>
<tr>
<td>Once off, repeated</td>
<td>Assembling</td>
<td>Transaction costs</td>
<td>Purposeful</td>
</tr>
<tr>
<td>Contemporary, future</td>
<td>Storing, transporting</td>
<td>Linkages, interaction, relationships, guanxi</td>
<td></td>
</tr>
<tr>
<td>Low risk, high risk</td>
<td>Ascorting, offering</td>
<td>Power, influence, trust</td>
<td></td>
</tr>
<tr>
<td>Costs involved</td>
<td>Searching</td>
<td>Density, connectivity, stability, complexity, resilience</td>
<td></td>
</tr>
<tr>
<td>Addictive, non-addictive</td>
<td>Buying, exchanging</td>
<td>Alliances, cooperation, competition, within and between systems</td>
<td></td>
</tr>
<tr>
<td>B2C, B2B, C2C</td>
<td>Funding</td>
<td>Single, multi-network focus</td>
<td></td>
</tr>
<tr>
<td>Fixed price, auction, negotiated</td>
<td>Communicating</td>
<td>Layering – single, multilevel</td>
<td>Informal, formal</td>
</tr>
<tr>
<td>Obligation, gift, barter, sale</td>
<td>Informing</td>
<td>Parallel systems</td>
<td>Forward, reverse channels</td>
</tr>
<tr>
<td>Economic, non-economic values, tradeoffs</td>
<td>Delivering</td>
<td>Dynamics – past, present, future</td>
<td></td>
</tr>
<tr>
<td>Legal, illegal</td>
<td>Recording</td>
<td>Equilibrium, punctuated equilibrium, disequilibrium, chaos, collapse</td>
<td></td>
</tr>
<tr>
<td>Honest, corrupt</td>
<td>Facilitating, insuring</td>
<td>Intersections, overlaps</td>
<td></td>
</tr>
<tr>
<td>Bilateral, multilateral</td>
<td>Gatekeeping</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Protecting, policing, enforcing</td>
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<td></td>
<td>Judging, regulating</td>
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</table>

In order for exchange to take place buyers and sellers must be brought directly or indirectly into contact. Of necessity there must be a flow of information underpinning the exchange. Depending on the substance of the transaction, ownership and possession changes may be required, value given for value received, and risks accepted, implicitly or explicitly, by each party. (Vaile, Grether, Cox 1952; Fisk, 1967) Each of these flows, of ownership, possession, finance, risk and information, may require role specialization based on distinctive resources, learned skills, and acquired network capabilities. Where one or more of these flows are absent, or unbalanced (eg information asymmetries), the marketing system will lose in both effectiveness and efficiency, and possibly fail.

As specialization grows the network of linkages between buyers and sellers becomes more complex, specialists emerge and take on buyer-seller roles in the process adding to the complexity of the network. Linkages become relationships and may crystallize into alliances, mergers and acquisitions. Networks develop based on shared or common interests. System boundaries become more diffuse and porous, more difficult to define. Physical or spatial limitations give way in the face of lower cost flows of information, possession and ownership. Transaction costs are important factors in determining the efficiency of a marketing system. While in some situations an equilibrium seems to be reached, as in the Fez medina, in others, such as those based on the internet, the structural network is clearly evolving, adapting to changing circumstances and may possibly collapse. Over time and with economic growth a layering of the network comes into being, where components in one level are themselves marketing systems which can then be further sub-divided This introduces a fractal-like character to a marketing system where at each level or layer component systems take on structures and functions that may echo those at higher levels.

The fourth element in a mapping of a marketing system is concerned with the overall organizing principle governing the operation of the system. Polanyi (1944) pointed out that societies may choose a
reciprocative or a redistributive pattern in which to handle the production and distribution of goods and services. He went on to note that a third, and perhaps most common pattern is one of market exchange. In keeping with the new classical model of growth and exchange, trade may move from a situation where each individual is more or less self-sufficient, perhaps with some barter between producers, to one where specialization has developed with each producer participating in the market as both producer and consumer (a form of economic autarchy), to one where some pattern or order emerges in roles, location in space or time, and relationships. This will arise for example in a search for ways of reducing transaction costs through the introduction of intermediaries, and as producers seek market niches where specialization can lead to competitive advantage (White, 2002). At this point, the generalised patterns give way to the formation of firms, groups or alliances and concentration of market power begins to develop (cf Carroll and Hammond, 2000). With this concentration of market power comes an increasing variety of goods, services, experiences and ideas as firms seek to capitalise on economies of scope as well as scale. Each of these firms, groups or alliances may constitute a purposeful marketing system with component systems, in some cases leading to a business ecosystem (Iansiti and Levien, 2004) or to the establishment of business networks (Wilkinson, 2008). As Baumol, Litan and Schramm (2007) note, the underlying nature of the capitalist system involved, ranging from state guided (China, Japan, Korea etc), oligarchic (Russia), big firm (US mid century, Europe), and a small firm, entrepreneurial system (or blends of these different forms) will play an important part in determining growth and thus the context in which the final stages of the evolution of marketing systems outlined above will occur.

The remaining two elements to be considered in the mapping of a marketing system are the customers or customer groups and the assortments that bring producers and consumers together. The process begins with an identification of the customers or customer groups associated with a marketing system. These will often not be just end users but depending on the specification of the boundaries of the marketing system of interest, may also include intermediate purchasers of both goods and services. Customers may at one level be thought of as individuals, households or managers, or at another level be considered in aggregate as segments, groups, or perhaps communities or regions. Purchasing may be considered in terms of individual or single purchases of goods or services, or in the form of ’shopping baskets’ created to meet diverse needs. Where the purchase involves strong elements of co-production or co-creation of value will often be a prime determinant of the nature and function of a marketing system. The heterogeneity of the resource endowments or capabilities of purchasers, including capacity to pay, will be another important determinant of system functions and structure. In a negative sense the consequences of lack of capability such as might be experienced by the illiterate or disabled purchasers are also important factors in system design. This leads directly to a review of demographics and of decision processes both at the individual and group level. Finally, it is often the case that purchasing is not an isolated event. Rather it is an occasion for social interchange and as such the physical settings become important providing a distinctive set of benefits. (Oldenburg, 2001)
Although marketing systems may be autarchic, emergent, structured or purposeful they have one primary social function and that is to provide assortments that will serve the needs and interests of the agents or elements, buyers and sellers, comprising the system. In a multi-layered system, assortments will usually arise at many points in each of the different layers. Physical presentation will be an important factor, or failing that the ability to communicate the depth and width of an assortment through catalog displays, through internet access, or through a virtual reality will all play an important part.

Assortments may be looked at in terms of what is offered, what customers are looking for, what is in fact accessible to potential customers, and then in terms of what is acquired and accumulated. Perhaps the most complex aspect of the concept of assortment lies in measurement. Here an appeal to other disciplines such as ecology, biology or geography where diversity is a critical component can help. New thinking in the study of complex systems is also relevant. There is however a great deal to be done in the construction and use of diversity or assortment measures that will help in the study of marketing system efficiency and effectiveness.

Wherever an assortment is found in a marketing system, the possibility of discrepancy will also arise. An assortment is discrepant if elements of an assortment are sought by customers but not found, and if there are elements in the assortment that are not sought by customers (Alderson, 1965). Depending on location in a marketing system perceived discrepancy in one or more of the five areas listed may lead to product or service additions or changes through the opening up of new links between or among existing systems, the closing of old links, major or minor product/service innovation or deletion, or a reaching out to new or otherwise inaccessible groups of purchasers. As such, the extent and nature of the discrepancies experienced by a marketing system over time is the most important driver of change in the marketing system.

Each of these elements are interrelated and contribute to the structure and function of a marketing system. Each can be seen in the examples provided at the beginning of this paper – from the bargaining Okibi initiates with a prospective buyer of a cigarette from the pack that Katonga provided, to the donkey logistics needed to sustain the Fez medina, to the emergence of parallel black market systems in Harare, to the structured world of the Maponya Mall. While Tiffany’s breakfast coffee is the norm for most of our work in contemporary marketing for most of the world the marketing system they know is closer to that of Okibi, the fuel funnel sellers of Harare, the medina in Fez, or the blend of state control and private initiatives found in the pharmacy channels in Beijing.
Innovation, entrepreneurship, and institutions.

The marketing systems that we began with ranged from the sophisticated aggregate marketing system that made possible Tiffany's breakfast to the edge-of-existence system in which Okibi lived and worked. Both of these systems and indeed all of the systems considered are deeply influenced by external shocks - recession or hyper-inflation, war, policy shifts, or catastrophes - and by factors partially or wholly endogenous to the system.

Contemporary work in the theory of economic growth has highlighted the importance of two sets of largely endogenous factors; firstly, knowledge based innovation and secondly the institutional framework in which the marketing system is embedded.

The first of these, knowledge based innovation, was anticipated by Smith when he drew attention to the productivity enhancing effects of division of labor, where proficiency grew over time as a result of 'learning by doing'; when he recognized the importance of machines, "by which labour is so much facilitated and abridged"; and then when he anticipated the growth of specialized research and development where the "quantity of science is considerably increased." The optimism which Smith brought to his assessment of growth prospects was not matched by the economists who followed, many of whom emphasised the consequences of diminishing returns, limits to growth, and the potential for crisis in the growth of capitalism. Reality intruded, and it became apparent that long term productivity was increasing in many regions, that the limits to growth were receding in the face of technological and market change, and that the revolution had at the least been postponed. The reason behind these shifts was identified by Schumpeter (1934) who identified five types of innovation (Dixon, 2000: 84)) two of which impacted process technology, new production methods and new sources of raw materials or semifinished goods, and three were product innovations in the form of new products, new markets and new industry structures. Schumpeter recognized the critical role of the entrepreneur, noting that innovation was far more than simply invention and required an act of will and risk taking if it were to take place. Inevitably, existing technologies were replaced and a process of creative destruction initiated. If this was to occur some protection was needed for the innovator. This took the form of property rights bestowing limited market power and monopolistic competition was born. Another economist, Paul Romer (1985) initiated the next wave of insights into the factors dominating growth, noting that innovation not only created private benefits to the innovator but also generated public or external benefits from the creation of new knowledge. From this point onwards, the growth of knowledge, captured in human capital was seen as a central, albeit discontinuous, driver of economic growth and wealth. Entrepreneurship is central to what Baumol (2002) called the “free market innovation machine”. And, of course, it is growth that drives the ‘innovation machine’ – in this sense the creation of knowledge and the emergence of new technology is endogenous.

The second set of factors is concerned with the institutional framework within which economic growth occurs and which also directly affects the marketing systems supporting economic growth. What are institutions? North (1990:3) suggested that “Institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction.” He goes on to note that “they structure incentives in human exchange, whether political, social, or economic.” Grief (2006: xv) thought North’s view was too narrow, and suggested that institutions could be thought of as “systems of rules, beliefs, norms and organizations (social structures) that guide, enable, and motivate behaviour in various transactions.” Ménard and Shirley (2005, 1) suggested that “institutions are the written and unwritten rules, norms and constraints that humans devise to reduce uncertainty and control their environment” distinguishing these from organizational arrangements, which refer to the “different modes of governance that agents implement to support production and exchange.” Acemoglu, Johnson and Robinson (2004) focus on economic institutions including property rights, the political, legal and social structures governing the operation of markets, and the allocation of resources and benefits. Institutions are the product of the past history of a community (ie are path dependent) and have the capacity to influence the trajectory likely to be followed in the future.

The paper began with a question as to why some countries grow, others falter, and some fail. The institutional framework within which marketing systems emerge and grow, and within which knowledge
develops or is restricted, plays a central role in determining the overall outcome. This framework includes the economic institutions noted above, and also includes geographic and cultural factors. Geography brings factors such as climate (the benefits of temperate zone existence), ecology (impacts of soil, vegetation, animals and humans on the ability of a community to survive (cf Diamond, 2005)), and the burden of disease into account. The potential importance of cultural factors goes back to Weber’s analysis of the Protestant reformation, an emphasis on religious belief that was taken up by Landes (1998) and in the wider sense of values, beliefs and preferences by Grief (2006) and North (2004). In addition to these basic factors, the existence or non-existence of supporting infrastructure is a critical factor in determining the ability of marketing systems to respond to changing demands. Institutions matter because they shape incentives and these in turn influence the day to day operations of the agents comprising the marketing systems that drive growth.

In this analysis it is important to note that the effects of technology change and the changes flowing from institutional shifts all work through the marketing systems of a community to impact growth outcomes. Technology and increasing knowledge as well as directly affecting production, marketing and distribution options, will shape expectations about assortments on offer, and open up possibilities for an innovative response to discrepancy gaps. Culture change also works through marketing systems to change society. Examples include changes in gender related participation, religious beliefs such as those practised by some Islamic communities, the opening up of remote aboriginal communities, or the political revolutions seen in Afghanistan over recent years – in each case the impacts of the changes are most apparent in the day to day behaviors found in the marketplace.

The picture that emerges from this discussion is shown in Figure 4 below. In this view the factors driving growth at any level of the overall system are to be found in the degree of specialization, the workings of the marketing system structures and functions that emerge from the effects of role specialization and increasing diversity, all of which are directly affected by the growth of knowledge and the institutional framework within which the system operates. The growth of knowledge and the institutional framework are themselves impacted by economic growth. Exogenous events will always be important factors – new technologies, social change, economic collapse, natural disaster, or war. And the system itself will have important externalities arising from its operations – impacts on environment, on social institutions, social life and well being, on politics and power, and on religious and other values.
Outcomes – Growth, Quality of Life, and Externalities

While economic growth is typically measured in terms of changes in per-capita real income levels this is much too narrow a measure for use in the study of marketing systems, where success or failure is ultimately concerned with the delivery of a standard of living or quality of life to the participants and the communities of which they are part, and this in turn is a consequence of the affordability, quality, relevance, and accessibility of the assortments created by the marketing system. For each of the individual participants – producers or consumers, individuals, groups or organizations, facilitators or intermediaries – specific surplus, profit or utility goals will govern their involvement with the marketing system. If these goals are not satisfied the marketing system will fail, in part or in whole, to deliver the necessary assortments. The overall health of the system thus depends on performance both in a narrow economic sense and in a wider social sense. Both sets of indicators are listed in Figure 5 below. The growth set is concerned with direct measures of system performance, including those relating directly to economic growth and related outcomes, while the second, a well-being set, is more focussed on wider social outcomes and externalities. The two sets are treated separately to highlight the differences – growth may or may not lead to well-being.
Although some of the indicator variables in the growth set can be measured directly (the performance indicators, value added, satisfaction levels and some aspects of assortment) we lack good or even approximate measures of the remainder. In particular we are challenged to produce useful measures of the health, responsiveness and resilience of a marketing system. Intuitively, the systems that led to Tiffany’s coffee, or that re embodied in the medina in Fez, or the Maponya Mall are in some sense “healthy” and responsive or adaptive, while the system in which Okibi plays a role as cigarette seller, or the collapse of conventional retailing in Zimbabwe, or the disintegration that followed the tsunami in Sumatra, would all be classed as “not healthy” and non-responsive, although each may be self sustaining in a kind of low level equilibrium. As Nordstrom (2007: 153) points out, “informal economies pick up where the legitimate economy doesn’t deliver.”

A similar although even more complex set of problems arise in finding usable measures of well-being resulting from the operations of a marketing system. The search for ‘quality of life’ measures this context is discussed in detail by Sirgy (2001) in a ground-breaking review of the field. From a slightly different point of view, economists such as Layard (2005), Bruni and Porter (2005) explore the economics of happiness. Social critics such as Paul Stiles, point to the deficiencies of the “market” as it is experienced in countries such as America. Questions of distributive justice, particularly in regard to disadvantaged or excluded sectors in a community are becoming increasingly important. Examples occur in the treatment of remote aboriginal communities in Australia, where access to appropriate assortments of food, groceries and other household necessities is often restricted and costly, or in the refugee camps found in many parts of Africa, or in the markets of places like Kabul and Baghdad.

**Conclusion**

While it is clear that marketing systems emerge as an essential part of the processes that lead to economic growth, contributing to and benefiting from growth, it is also clear that we know very little about the factors influencing the staging, timing, and structural or functional details associated with the emergence of marketplaces, markets and more generally marketing systems. In part this is a challenge to economic anthropology, to economic sociology, to heterodox economics and other related fields. But more important it is also a challenge to contemporary marketing theory and practice.

The marketing systems that emerge, grow, adapt and evolve over time in such intricate detail and in so many different ways, times and places provide the settings within which everyday marketing and consumption decisions are made. From the day to day bargaining in the Fez medina to the complexities of strategy choice and implementation in a networked world the decisions made by participants are shaped by and shape the marketing systems in which they are embedded. While we have a rich set of
insights into the choices made by market participants, and are keenly aware of the complexity of the specific environments they perceive and to which they are responsive, we know relatively little about the ways these choices cumulate to create the complex, emergent patterns and structures called marketing systems. It could be argued that the co-production of value in individual exchange is matched by a parallel process at the collective level where producer-consumer interactions co-produce marketing systems and generate the assortments that do much to define community values. In this sense then an understanding of the dynamics of marketing systems is an essential counterpoint to our understanding of choice and consequences at the participant level.

This paper has been concerned with the emergence and growth of marketing systems. In a theoretical sense we have shown how marketing systems emerge as an integral part of the economic growth arising from the division of labor and the gains from specialization. These theoretical models find their real life counterpart in the emergence of marketplaces, increasingly sophisticated markets, in the growth of trade fairs, shopping centres and malls, in the evolution of increasingly sophisticated intermediary and facilitating roles, and in the successes and failures of market capitalism. Each and all of these provide the settings within which the competitive struggle, highlighted by Schumpeter (1934), Hunt (2000), Baumol et al (2006) and many other distinguished writers, is carried on.

From a policy point of view the need for a richer set of insights at the marketing system level is also clear. Policy choices impact the technological and institutional settings within shape directly or indirectly the efficiency and effectiveness of the marketing systems of interest. These in turn then create the opportunities and threats to which market participants can and do respond. Whether that response, in the short or long term, is the response hoped for, will depend on the structure and function of the relevant marketing system. Constructive engagement depends on an appropriate theory of marketing systems and their role in promoting and sustaining economic growth.

Finally it is perhaps relevant to ask “Is a general theory of marketing feasible?” Can marketing, as Rust suggested, develop an indigenous theory of the phenomena it chooses to study? For those of us whose primary concern is with the challenges faced by managers in a modern world of business strategy, the AMA approach is perhaps entirely adequate and the research needed to guide decision is impressive. As this paper has argued, there is however more to marketing than the competitive struggle, and that the concept of a marketing system that is shaped by and which shapes economic growth may have an important role to play. It is at least indigenous to marketing, draws on related disciplines, links scholarship in the micro and macromarketing fields, and derives much of its intellectual stimulus from new and exciting developments in the field of complex adaptive systems. Perhaps a general theory of marketing is indeed feasible.

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Developing a Measure That Captures Elderly’s Well-Being in Local Marketplace Transactions

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The goal of this study is to report on the development of a measure designed to capture elderly satisfaction with local retail establishments. The measure is based on the notion that elderly consumers experience well-being with retail institutions in purchasing food, housing, household operations, household furnishings, clothing and accessories, personal care, medical care, recreation, transportation, and education. Thus the focus of study is to develop a measure to capture overall consumer satisfaction among the elderly and to demonstrate the measure’s predictive validity by relating it to established measures of life satisfaction. Specifically, we develop two measures of overall consumer satisfaction, namely a composite measure called Overall Consumer Satisfaction-Composite (OCSC) and a global (holistic) measure called Overall Consumer Satisfaction-Global (OCSG).

The attitude index we developed to capture elderly’s attitude toward these various categories of retail institutions was based on multiattribute attitude models. The exact formulation is as follows:

\[ \text{OCSC}_{ik} = \sum_{j=1}^{N} (B_{ijk} \cdot a_{ijk} \cdot I_{ijk}) \]

where,

- \( \text{OCSC}_{ik} \) = the aggregation of sub-domain satisfaction resulting from summing \( j \) retail institutions in the \( k \)th sub-domain of the \( i \)th individual

- \( B_{ijk} \) = the level of familiarity of individual \( i \) in relation to the \( j \)th retail institution in the \( k \)th sub-domain [belief instrumentality component]

- \( a_{ijk} \) = the level of retail institution satisfaction resulting from interactional relationships for \( i \)th individual with the \( j \)th retail institution in the \( k \)th sub-domain [affective or evaluative component]

- \( I_{ijk} \) = the importance level of belief given the \( i \)th individual for the \( j \)th retail institution in the \( k \)th sub-domain [belief centrality component]

- \( N \) = the number of retail institutions in sub-domain

The logic of this multiattribute attitude model is simple. The satisfaction expressed in relation to a given retail establishment is moderated by the extent to which the consumer is familiar or not familiar with this establishment and the perceived importance of that establishment in relation to other establishments. Specifically, the level of satisfaction or dissatisfaction with a retail store is amplified or dampened as a direct function of the consumer familiarity with the store—the more familiar the consumer is with the store the more his or her feelings of satisfaction or dissatisfaction would be amplified. Conversely, feelings of satisfaction/dissatisfaction would be dampened if the consumer is not that familiar with the store. The same logic applied to perceived
importance: satisfaction/dissatisfaction feelings would be amplified if the consumer perceives that store to be important in relation to other stores and dampened if the consumer perceives the store to be not that important. The logic of our multiattribute attitude model is highly consistency with expectancy-value and multiattribute attitude formulations very popular in the behavioral/social sciences and marketing.

In the context of our study, we measured the $a_{ijk}$ variable (the level of retail institution satisfaction resulting from interactional relationships for $i^{th}$ individual with the $j^{th}$ retail institution in the $k^{th}$ sub-domain or the affective or evaluative component) in the context of the 37 different types of retail/service establishments. Here is an example measure applied to eating and drinking establishments: “How satisfied are you with eating and drinking establishments (for example restaurants, bars, etc.)? Very Satisfied ___: ___: ___: ___: ___: Very Dissatisfied” “Very Satisfied” was coded as +2 all the way to “Very Dissatisfied” as -2 with the in-between categories as +1, 0, and -1.

We measured the $B_{ijk}$ variable (the level of familiarity of individual $i$ in relation to the $j^{th}$ retail institution in the $k^{th}$ sub-domain or the belief instrumentality component) in the context of the 37 different types of retail/service establishments. Here is an example measure applied to eating and drinking establishments: “How familiar are you with eating and drinking establishments (for example restaurants, bars, etc.)? Not Familiar At All ___: ___: ___: ___: ___: Very Familiar” “Very Familiar” was coded as 5 all the way to “Not Familiar At All” as 1 with the in-between categories as 2, 3, and 4.

We measured the $I_{ijk}$ variable (the importance level of belief given the $i^{th}$ individual for the $j^{th}$ retail institution in the $k^{th}$ sub-domain or the belief centrality component) in the context of the 37 different types of retail/service establishments. Here is an example measure applied to eating and drinking establishments: “How important are eating and drinking establishments (for example restaurants, bars, etc.)? Very Important ___: ___: ___: ___: ___: Not Important At All” “Very Important” was coded as 4 all the way to “Not Important At All” as 0 with the in-between categories as 1, 2, and 3. Therefore, the Overall Consumer Satisfaction Composite (OCSC) score was computed for each individual respondent by summing the multiplicative resultant score of $B_{ijk}$, $a_{ijk}$, and $I_{ijk}$ across the 37 retail/service establishments.

With respect to the Overall Consumer Satisfaction Global (OCSG), this measure was designed to capture global or holistic evaluation of retail institutions in the local area in general. Specifically, the measure reflects an attitude tapping satisfaction with obtained products and services in the local area, as well as satisfaction with interactions with retail personnel and the service facilities at large. Specifically, OCSG was captured with five items: (1) “Overall, I am satisfied with the products I purchase from business people and firms.” (2) “Overall, I am satisfied with the services I purchase from business people and firms.” (3) “Overall, I am satisfied with the interactions I have had with business people and firms with whom I have purchased products.” (4) “Overall, I am satisfied with the interactions I have had with business people and firms with whom I had purchased services.” And (5) “Overall, as a CONSUMER, I am satisfied with my dealings with business people and firms with whom I purchase products and services.” A 5-point Likert-type scale was used to capture responses to these items (“Agree ___: ___: ___: ___: ___: Disagree” “Agree” was coded as 5 all the way to “Disagree” as 1 with the in-between categories as 2, 3, and 4. A composite score for OCSG was derived by summing the scores pertaining to these five items.

With respect to life satisfaction, this construct represents an aggregate attitude state (level of satisfaction) resulting from interactive experiences with living conditions and life concerns embedded within life domains. To capture this construct, we employed three measures: Andrews and Withey’s (1976) Life Satisfaction-Three Scale (LS-3), Cantril’s (1965) Ladder (CL), and the Wood et al.’s (1969) Life Satisfaction Index-Z (LSI-Z).

The LS-3 measure involves an index of two exactly worded items placed in different parts of the same questionnaire: “How do you feel about your life as a whole?” Delighted,
Pleased, Mostly Satisfied, Mixed (about Equally satisfied and Dissatisfied), Mostly Dissatisfied, Unhappy, Terrible.” “Delighted” was coded as 7 with “Terrible” coded as 1 with the other categories varying from 2 to 6.

The CLAD measure captures overall life satisfaction by asking respondents to choose one of the 11 rungs (intervals in scaling terms) that best represent how they felt about their life. The top and bottom rungs are anchored with “best life I could have” and “worst life I could have,” respectively. Respondents were prompted with following cue: “By looking at the picture below of a ladder, where do you feel you stand at the present time? The 11 rungs were coded from 1 to 11 with 11 as representing the highest score and 1 as lowest.

The LSI-Z measure is a 13-item measure used to gauge successful aging among the elderly. It represents a life satisfaction indicator or general morale and contentment of people over 60. Respondents are asked to examine statements made about life in general and express their agreement or disagreement with the statements. The items are:

1. As I grow older, things seem better than I thought they would be.
2. I have received more of the breaks in life than most of the people I know.
3. This is the dreariest time of my life. (reverse coded)
4. I am just as happy as when I was younger.
5. These are the best years of my life.
6. Most of the things I do are boring or monotonous. (reverse coded)
7. The things I do are as interesting to me as they ever were.
8. As I look back on my life, I am fairly well satisfied.
9. I have made plans for things I’ll be doing a month or a year from now.
10. When I think back over my life, I didn’t get most of the important things I wanted. (reverse coded)
11. Compared to other people, I get down in the dumps too often. (reverse coded)
12. I’ve received pretty much what I expected out of life.
13. In spite of what people say, the lot of the average man is getting worse, not better. (reverse coded)

Responses to these 13 items were coded on a 3-point Likert-type scale: “Agree” = 2, “Disagree” = 0, and “?” = 1. A composite LSI-Z score was computed by summing the scores after reverse coding items 3, 6, 10, 11, and 13.

Two hypotheses were tested as the basis for testing the predictive validity of the OCSC and OCSG measures. The first hypothesis (H1) states that there is a positive relationship between overall consumer satisfaction and life satisfaction of elderly consumers. To test this hypothesis, we expect that indicators of overall consumer satisfaction (OCSC and OCSG) to correlate positively and significantly with indicators of life satisfaction.

Our second hypothesis (H2) is as follows: Each sub-domain involved in determining overall consumer satisfaction of elderly consumers is positively related to their life satisfaction. To test this hypothesis, we expect that OCSC scores pertaining to each of the 11 consumer domains to be positively and significantly correlated with indicators of life satisfaction.

Two-hundred and forty-nine (N = 249) elderly consumers were surveyed to demonstrate the validity of this measure. The survey was conducted by mail.

Hypothesis One states that there was a positive relationship between OCS and life satisfaction of the elderly consumer. In order to test this hypothesis, two analyses were conducted to examine the relationship between the indicators of the two constructs, overall consumer satisfaction and life satisfaction. First, product-moment correlations were generated to test the relationship between indicators of overall consumer satisfaction and life satisfaction. These relationships were found to be positive and significant as expected. Second, an analysis was performed using a canonical correlation procedure. The correlations between the linear composite of predictor variables (indicators of overall consumer satisfaction) were consistent
with the previous findings. Thus, Hypothesis One was found to be generally supported by the results.

Hypothesis Two states that each sub-domain of the OCSC construct was positively related to the life satisfaction of the elderly. In order to test this hypothesis, a number of correlation and regression analyses were performed.

The first analysis performed for Hypothesis Two was a canonical procedure. Using the OCSC sub-domains as the predictor set and the life satisfaction indicators as the criterion set, the relationship between life satisfaction and OCSC sub-domains was examined. The results revealed some inconsistency but, in general, provided some support to the second hypothesis.

In sum, we believe that we have accomplished the goal we have set out to attain: develop a comprehensive, diagnostic, and valid (in terms of its predictive validity) measure of elderly consumer well-being. Such a measure can help policy makers formulate public policies designed to enhance elderly well-being through their local marketplace transactions.
Abstract

The current globalization activity which is top-down, is causing a critical gap between the well being of haves and have-nots. It is proposed that there must be a bottom-up globalization which would create faster economic growth and resultant quality of life for the poor. The article, after making a case for international entrepreneurship, discusses the mechanics of how such a proposition could materialize.

Introduction

The income distribution of the world is deteriorating as the incomes of developed countries go up as the incomes of developing countries stagnate or even go down. According to some estimates two thirds of the world’s population live on three dollars a day. About one and a half billion of them live on one dollar a day. This situation is simply getting worse. This author believes that quality of life begins with creating reasonable economic conditions. The prevailing abject poverty cannot possibly generate a satisfactory quality of life or improve the existing quality of life in the third world countries where shocking levels of poverty prevail. This paper proposes that a major answer, if not the only answer, to this devastating problem is entrepreneurship. When an entrepreneur identifies new emerging market segments, new customer needs, other customer needs that are not satisfied, or develops new ways of manufacturing, and distributing products and services cheaper and more conveniently or simply makes the missing goods and services available the quality of life for those who are involved in these activities improve (Allen 2003). This article puts forth a major idea that the poorer countries in the world are experiencing a vicious cycle of economic underdevelopment and entrepreneurship leading to bottom-up globalization is the way to develop these economies. If the quality of life of the poorest of the poor in the world were to be improved, there must be a global movement towards creating a bottom-up globalization movement.

Bottom-up Globalization: A Justification

Globalization is the closer integration of the countries and peoples of the world because of major reductions in transportation costs, improvements in information flows and reduction in trade barriers (Stiglitz 2002). No doubt those who are directly involved in globalization and its outcome have benefited economically and their quality of life improved. The Asian four tigers are an important example, Singapore, Hong Kong, Taiwan and South Korea moved from being very poor to becoming members of the group of the richest countries. Clearly the economic advancement improved their quality of life. However, despite its promise and its powers globalization has been extremely beneficial, selectively. Mostly industrialized countries and some pockets of developing countries enjoy the direct benefits of globalization. Indirectly globalization has widened the gap between the rich and poor (Stiglitz 2002, Noreena 2001, Samli 2002, Isaak 2005). This is primarily because the current globalization process is top-down and reaches out to only a few countries and select pockets of people. It simply does not reach out to the people who need help the most. This author named this situation as the forgotten majority (Samli 2004). What is desperately needed is to extend the benefits of globalization out to the poorest parts of the world where economies can become vibrant and the resultant quality of life improves. It is proposed here that this goal can be achieved by a bottom-up globalization process. Unlike top-down globalization which is based on exogenous development, bottom-up globalization is driven by bottom-up globalization, which is empowered by endogenous development primarily generated by entrepreneurs. Exhibit 1 presents the
key factors why exogenous development has not been effective. First, not only foreign direct investments have been limited but also they have been taking out more than what they have been putting in. Second, international giants that have not generated domestic economic value are taking out much of their profits. Third, international financial lending organizations have been putting many restrictions before they loan money. And fourth, third world countries in general and special economic sectors in particular are receiving advice from consultants who do not understand some of the special needs and idiosyncrasies of the poorer countries. Thus the whole exogenous economic development is ending up as being economic marginalization (Samli 2002). When exogenous economic development is not working quite well it is necessary to turn to endogenous economic development which is implemented in a bottom-up fashion.

Exhibit 1

BARRIERS TO EXOGENOUS GROWTH

- Limited Foreign Direct Investments
- Too Much Profit Taking By International Giants
- Too Many Restrictions by International Creditors
- Lack of Understanding By Consultants Of the Country’s Idiosyncrasies

Source: Adapted and Revised from Samli (2002)
The Case for Entrepreneurship

Endogenous economic development is the key to bottom-up globalization. Bottom-up globalization begins with entrepreneurship. Exhibit 2 illustrates the steps involved in starting from the bottom as a small enterprise that can discover, evaluate and activate businesses as market opportunities are identified. Even in a highly advanced economy that is present in the U.S. over ninety percent of the businesses are small but they generate somewhere between sixty to eighty percent of new jobs annually (Allen 2006). Similarly, it has been asserted that they are much more prominent in innovative activities in that they generate most new products and new services. Entrepreneurship as can be seen is extremely important even in the American economy, but it is almost totally essential in developing countries. The sequential order presented in Exhibit 2 indicates that entrepreneurialships start growing and learn to develop partnerships both domestic and international. Partnerships typically find themselves in networks and these networks develop themselves as international trading blocks (Samli 2002). The whole process depicts successful endogenous economic development.
Developing the Process

Just how do we develop an entrepreneurial culture in different countries? Exhibit 3 illustrates a general picture. It must be understood that the whole process of bottom-up globalization is not a one-size-fits all solution. First and foremost, entrepreneurial opportunities vary from country to country or from region to region. This is because economic conditions vary significantly from one place to another. Similarly, enterprising individuals have different skills, different make-ups and different orientations in different national or cultural settings. Thus, discovering, evaluating and generating entrepreneurship
possibilities do not take place in an order manner in every society. Formation of new businesses is a process that is iterative, non-linear and non-systematic (Bhave 1994). It is critical to make a point that entrepreneurial activities are not automatic in developing countries. The whole movement calls for certain types of support. Three types of such support activity are identified in Exhibit 3. These are: government, information sharing societies and Silicon Valley Facsimiles. First, the government: It is essential that the government of the country believes in the critical role that entrepreneurship is likely to play. Second, information sharing societies: Where certain social groups exchange knowledge, information and critical direction which would be very useful in entrepreneurial development. Finally, Silicon Valley Facsimiles: The unique type of organizational development that the United States benefited from in using multiple innovational and organizational developments that emerged from a gigantic think tank. It is proposed that every country will have its own Silicon Valley which this author coined Silicon Valley Facsimiles. These three support systems can provide the necessary guidance to start an entrepreneurial movement in the country. In Exhibit 3 opportunities and enterprising individuals are separated as parts of the general entrepreneurial picture. In Exhibit 4 these two concepts are discussed.

Exhibit 3

THE GENERAL PICTURE
Opportunities Versus Individuals

The first column in Exhibit 4 is based on varying economic conditions which determine the native and extent of entrepreneurial opportunities. All of these critical conditions have different impact in different countries. For instance some countries have much better developed infrastructure than others. That may lend itself more readily to the development of certain industries or entrepreneurialships. In some countries it may be easier to start new businesses. The education system may be more supportive for entrepreneurial decisions in one country than others. Availability of resources, by definition will make a critical impact as to which entrepreneurial activities may be emphasized. Finally, division of labor, traditionally, may be such that it could support independent thinking which would support entrepreneurship.

The second column of Exhibit 4 deals with characteristics of individuals. For instance, the prevailing cultural characteristics are such that individuals can carry out profound decision making processes. Similarly, information acquisition of individuals is quite different and may or may not be supportive of entrepreneurship. In all cultures, levels of ambition are not the same. There has to be a certain level of ambition to be an entrepreneur. Entrepreneurs are risk takers and risk managers. Once again the risk taking and risk managing capabilities differ in different settings. Finally, all people do not have the same equal ability to make critical decisions and to manage. Thus managerial skills that are needed for entrepreneurs vary significantly.

When entrepreneurial opportunities are matched by skills of the enterprising individuals the end result is faster than usual economic growth for all leading to constantly improving quality of life.

Exhibit 4

THE SPECIFIC PICTURE

<table>
<thead>
<tr>
<th>Economic Conditions</th>
<th>Enterprising Individuals</th>
<th>Economic Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>Cultural Characteristics</td>
<td>Quality of Life Creation</td>
</tr>
<tr>
<td>New Business Development</td>
<td>Information Acquisition</td>
<td></td>
</tr>
<tr>
<td>Education System</td>
<td>Ambition</td>
<td></td>
</tr>
<tr>
<td>Resource Availability</td>
<td>Risk Perception</td>
<td></td>
</tr>
<tr>
<td>Division of Labor</td>
<td>Managerial Skills</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted revised from Baker, Gedal, Lovic and Lubitkin (2005)
Conclusions

This article makes a case against the existing globalization process which is top-down and is creating questionable global income distribution. Instead, it is proposed here that there is a dire need for bottom-up globalization so that the benefits of modern globalization will reach out to the poor of the world. This bottom-up globalization can be achieved by international entrepreneurship which is perhaps the most appropriate way to generate economic growth in third world countries. Economic growth is the necessary ingredient of objective quality of life. The discussion throughout implies that international globalization is not simply a model dealing with one size fits all. Rather, every country must be encouraged to facilitate entrepreneurial growth so that the world will not be composed of two hostile groups: haves and have-nots.
REFERENCES


Catholic Social Thought and Ethical Issues in Marketing

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Abstract
This paper updates earlier work by the authors and proposes the social teachings of the Roman Catholic Church to be an encompassing and coherent source of principles that address contemporary issues in marketing, especially when a manager faces ethically charged questions. Our approach to this task pursues two paths. First, the main tenets of Catholic Social Teaching (CST) are presented, along with some discussion of sources. Then, some of the ethical issues associated with contemporary marketing are introduced. These two paths are joined together by connecting CST principles to these questions. Finally, we argue for the value of this approach outside the framework of any denominational or sectarian context.

This paper updates and extends earlier work by the authors (e.g., Klein 1987; Laczniak 1997, 1999) and proposes the social teachings of the Roman Catholic Church as an encompassing and coherent source of principles for addressing contemporary ethical issues in marketing. The approach to this task is twofold. First, the main tenets of Catholic Social Teaching (CST) are presented, along with some discussion of sources. Then, some of the ethical issues associated with contemporary marketing are discussed. These two paths are linked together by applying CST principles to these questions. Finally, we argue for the advantage of this approach independent of its connection to any religious doctrine. That is, we contend that the principles of CST are valuable as normative ethical guidelines regardless of their denominational roots, in part, because they can also be derived from non-sectarian philosophical theory.

Some introductory comments will lay a foundation for this exposition. CST is the sum total of lessons from scripture (including the Ten Commandments as well as passages from both the Old and the New Testament of the Bible), papal encyclicals and other Vatican writings, documents prepared by Church Commissions, and letters from national conferences of bishops as applied to social concerns. In a broader sense, CST also includes the analyses of theologians, philosophers, and subject matter experts (e.g., economists) attempting to relate these lessons to particular problems, times, and places. CST has been applied to a variety of social issues (e.g., the role of the family unit in society and the concept of a “just” war), but our major concern here is its application to business practice, particularly questions having marketing dimensions. It should also be pointed out that these CST lessons have both diagnostic and prescriptive content. In other words, it addresses both how a problem arises and what might be done about it that is in

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keeping with religious teachings. Of additional interest is the fact that CST has both micro and macro implications. That is, CST admonishes individuals and firms to act in adherence with its values, but also suggests (seldom specifying in detail) general public policy approaches for correcting deficiencies in the social and economic systems that influence processes and outcomes at odds with those values.

A complete enunciation of CST theory can be found in *Compendium of the Social Doctrine of the Church (2005)* issued by the U.S. Conference of Catholic Bishops. An abbreviated version of CST is available from a 1999 publication of the National Conference of [U.S.] Catholic Bishops, *Sharing Catholic Social Teaching: Challenges and Directions*. The focus of that latter work is on seven major issues which can serve as our organizing platform for the enduring themes of CST: (1) Life and dignity of the human person, (2) Call to family, community, and participation, (3) Rights and responsibilities, (4) Option for the poor and vulnerable, (5) Dignity of work and the rights of workers, (6) Solidarity (across national, racial, and other differences or boundaries), and (7) Care for God’s creation.

From each of these seven themes, guiding principles have been derived based on citations to the religious root-sources referenced above (*Compendium 2005*). The CST tradition conceives of these principles as connective and integrative. That is, beginning with the core principle of “human dignity,” each principle can be utilized to increase one’s understanding of the others. Altogether, they constitute a “moral theology” or a *religion-based ethics* for business, but also (as we shall contend), an approach to business ethics that can be seen as a blended moral philosophy entirely compatible with secular reasoning and parallel, non-sectarian derivation (*Compendium 2005, 34*). As we set forth the various principles of CST most relevant to marketing issues, their compatibility to lines of reasoning in secular, moral philosophy and business ethics are also briefly noted.

The key principles of CST follow:

**The principle of human dignity.** The most basic and fundamental instruction of CST flows from the idea that *all* persons (“created in the image of God”) have inherent worth regardless of race, color, or creed. Dignity is not “earned” but rather it is always a given right to be accorded to all persons in all circumstances. This principle is used to argue that “The economy exists for the person, not the person for the economy” (National Conference of Catholic Bishops 1997 [1]) and that an excessive focus on profit maximization can be harmful to authentic personal development because rewards and burdens may not be justly distributed (*Compendium 2005*). Evaluated on its own, this principle also is suggestive of Kant’s (1787) categorical imperative (second formulation), which reminds that people should never be used as a means *merely* for some [economic] end.

**The principle of the common good.** This principle flows partly from the above noted theme #2 and its “call to family, community and participation” of everyone in the benefits of the commonwealth. From it unfolds the CST doctrine of the “universal destination of goods” (*Compendium 2005*). This implies that the goods of the earth should be used for the benefit of all, not exclusively from an economic perspective, but from a balanced social, cultural, and community standpoint. While CST clearly affirms the right of private property, this teaching undergirds the notion that “all persons have the right to secure the basic necessities of life.” Included here would not only be the right of all persons to food, shelter and available work, but also access to education and affordable healthcare (Pope John XXIII 1963 [11]). This principle

**The principle of subsidiarity.** This is one of the most basic articulations of rights and responsibilities inherent in CST. It states, “It is an injustice…to assign to a greater or higher association what lesser and subordinate organizations can do” (Pope Pius XI 1931 [79]. It grants that everyone, as they are able, needs to contribute as well as receive from the community: “If able, all people have … a … duty to work and provide for their families” (National Conference of Catholic Bishops 1997 [6]). Commentators on this principle also imply that the concept warns about the dangers of over-regulating business activities and, indeed, such an argument can be sustained. However, the same principle is also used in CST to insure that sufficiently powerful parties weigh in to offset persistently unfair practices in society: “Society has a moral obligation, including governmental action where necessary, to assure opportunity, meet basic human needs, and pursue justice in economic life” (National Conference of Catholic Bishops 1997 [8]). While respectful of the idea that the work of commerce in the society is undertaken by the private sector with private property and rewards, this principle underscores the “integrative social contracts” implication that businesses collectively must operate in the public interest (Donaldson and Dunfee 1999).

**The principle of preference for the poor and vulnerable.** This teaching recalls the gospel admonitions of Jesus to “Love thy neighbor” and “What you do for the least of my brethren, you do for me.” Here CST contends “the proper end of economic activity is the progress of the entire community, especially the poor” (Massaro 2005). This centrality of obligation to help the poor is manifest not only in CST, but in *every* major religious doctrine - Jewish, Protestant, Islamic, Hindu, and Buddhist. Holding a mandated obligation to aid the impoverished is also consistent with the secular theory of “justice as fairness” articulated in the writings of philosopher John Rawls (1971). In particular, the Rawlsian “difference principle” seeks that changes in social policies be evaluated in terms of how they affect those least well off. Therefore, actions that benefit those better off at the expense of the poorest are “unjust.” The “first face” *duty of munificence* - the obligation of those with more resources to help as they are able, as argued in the (secular) moral intuitionism of philosopher William David Ross (1930) - also comes to mind in conjunction with this teaching.

**The principle of worker rights.** This theme advances the idea that work is central to human growth and that workers help to continue the wonder of God’s creation. This is the oldest teaching of modern CST, embodied in the encyclical of Pope Leo XIII, *Rerum Novarum*, published in 1891, and elaborated in Pope John Paul II’s *Laborem Exercens* (1981). These documents proclaim: “All people have the right to economic initiative, to productive work, to just wages and benefits, to decent working conditions as well as to organize and join unions or other associations” (National Conference of Catholic Bishops 1997 [5]). They grant workers the right to organize in unions and suggest that duties of past loyalties by workers always need to be recognized. “Any business that does not enhance its workers and serve the common good is a moral failure no matter how healthy the bottom line” (DeBerri et al. 2003). The principle also calls to mind the business framework of “stakeholder theory” and its specification of employees as central stakeholders to any corporate enterprise (Freeman 1984; Freeman, Harrison, and Wicks 2007).

**The principle of solidarity.** This concept recognizes that all people and social groups are united in a brotherhood that seeks common growth and fulfillment, in the debt of one another for the support that we require in community. The principle is suggestive of the idea that “… economic life should be shaped by moral principles” (National Conference of Catholic Bishops 1997 [2])
because all persons both seek and want a fair opportunity to attain betterment in their life. This foundational theme of CST is the basis for advocating ethical responsibilities of rich nations to poor as well as the special ethical obligations of multinational businesses operating in developing countries (Tavis 1999). Further reflection on this principle evokes the classical notion of virtue ethics whereby individuals seek to contribute their part to the creation of a “moral community” (Aristotle 1985 ed.) and to cultivate “strength of character” in order to donate to the common good of an expanding community (MacIntyre 2007).

The principle of stewardship. This precept captures the responsibility of every party - including corporations - to contribute to the care of the earth. It is among the newest in the evolution of CST. It calls for economic actions always to “respect the integrity and cycles of nature” and to fastidiously avoid environmental exploitation (Compendium 2005). It views the physical environment as a common pool of abundant resources not to be exploited for the benefit of only a few or at the expense of future generations. It connects to the “green ethic” and the “sustainability criterion” so prominent in current competitive strategy discussions (Elkington, 1998).

Considered together, these principles represent a blended moral theory that provides guidance for managers and policymakers seeking insights when they encounter “tough” ethical questions stemming from marketing situations. We characterize CST as “blended” because it addresses intent, duties, and outcomes - the full spectrum of ethical analysis and, when looked at independently from its doctrinal anchoring, seems consistent with a variety of secular moral philosophies.

But why should a non-Catholic marketing manager pay any attention whatsoever to CST? At least two responses to this question seem to merit consideration. One has to do with how the majority of managers respond when asked from what source they derive their ethical values. The most common answer is their religion (McMahon 1989). The second response, hinted at above, relates to how the various principles of CST can also be reconciled with those advocated by the major thinkers in moral philosophy - Aristotle, Kant, Ross, Rawls, etc. In other words, CST reflects thinking that parallels a variety of ethical perspectives enshrined in moral philosophy that are also applicable to business situations that raise social questions.

While the pertinence of the principles discussed above to marketing issues varies, all have some implications for marketing practice. One may also detect in these themes strands of thought that might apply to well-understood secular questions about marketing: Do the poor pay more? Are vulnerable markets such as children and immigrants sufficiently protected? Are suppliers or distributors treated fairly when they are the distinctly less powerful channel members?

These CST themes also can be connected to macro discussions such as the ideal construction of market exchange systems (How “free” versus “regulated” should various markets be?) and technology utilization (i.e., its mandate to facilitate human advancement while, at the same time, avoiding exploitation). In marketing, specific examples of technological exploitation occur when customer databases are sold without patron permission or when hidden cameras are used to observe consumer behavior without notification.

Contemporary marketing concerns include a range of managerial, consumer, and public policy issues. An exhaustive analysis of these questions is neither possible nor, arguably, necessary to serve the purpose of this discussion. However, several of each can certainly be proposed as sufficient to establish the point that CST is “up to the job” of providing moral direction to individual, corporate, and public decision making. Marketing managers today are confronted
with a range of possibilities, aided by advances in technology, in product conceptualization and design, promotion, pricing, and distribution. The design and promotion of high performance vs. energy efficient automobiles has implications for the environment. The use of the internet as a vehicle for promoting and pricing products raises questions of fairness as does the exclusion of consumers who have no internet access. Consumer ethics must address lifestyle and product choices. Public policymakers confront questions about the impact of regulations on various sectors of society. Finally, overarching concerns exist regarding the impact of globalization on the rights of workers, the environment, and the comparative standards of living and quality of life in more and less developed economies. More detailed discussion of these issues follow.

**Product design and promotion.** Both safety and social-environmental impact are important considerations in the conceptualization, design, production, and disposal of many products. Heightened consumer interest in these issues has undoubtedly increased the attention given to them. Nonetheless, the weight given these concerns by marketers seems highly variable and not all consumers bring these concerns to the fore in their purchase decisions. Accordingly, selling and advertising messages commonly stress attributes such as speed in automobiles, the social pleasures associated with alcoholic beverages, the low cost of toys produced in low wage economies, and so on. On the other hand, in response to health and ecological concerns, marketers often stress these qualities even when their presence is debatable.

**Promotion and pricing.** The combination of so-called “spyware” or “leechware” and data mining, often implemented under questionable circumstances, facilitates the targeting of promotional messages and pricing practices based on individual demand propensities. First, the data that are the foundation for these practices are often obtained via deceptive practices and invasions of privacy. Second, while some may benefit from information and pricing that responds to individual needs or interests or rewards loyalty, others complain that they are subject to unwanted e-mail, “robo-calls,” pop-up ads, and inflated pricing for some products and services because of their postal codes, past purchases, or the timing of transactions.

**Consumer ethics.** Markets and the exchange transactions that make them operative are based on mutual trust. Unfortunately, that trust is frequently violated when obligations, implied or explicit, are ignored or violated. While it is customary to call attention to corporate violations, e.g., failures to deliver promised services in a timely manner, consumers also frequently abuse the trust placed in them to pay according to promise and otherwise observe contract terms. At a more macro level, social concerns about environmental and cultural deterioration are heightened by consumer choices that increase the depletion of natural resources, add to pollution, or otherwise appear to degrade population segments or humanity in general. Some well-known examples here are the purchase of vehicles with poor fuel consumption, the failure to take advantage of convenient recycling opportunities, forms of entertainment that inherently victimize women, and taking advantage of free ridership opportunities by failing to support important cultural institutions in our communities.

**Public policy and regulation.** Satisfactory market performance requires rules that govern institutional structures and conduct that would otherwise result in unacceptable levels of justice and efficiency. However, such rules are most often forged in a political atmosphere of conflicting interests and ideological extremes. Accordingly, a common experience is inadequate regulation or enforcement or of regulations that unreasonably limit freedom and/or can only be enforced at a cost that far outweighs any benefit. Market forces – competition and information - alone are often sufficient to control situations that might disadvantage some buyers or sellers. On the other hand, social and environmental impacts that, for the most part, lie beyond the predictable influence of individual buyers and sellers because of limited information or personal interest may
call for governmental intervention. However, zeal to prevent abuses can also lead to “regulatory failure”- policy strategies and enforcement mechanisms that unduly limit innovation, cost too much, or ignore alternative approaches that might be more effective or less costly.

**Market globalization.** The geographic expansion and integration of markets across the globe have brought opportunities and advantages to many in the form of access to new or better products, lower prices, and potential demand that would otherwise be unavailable. These advantages, however, are often “purchased” at the expense of employment where sources of supply emigrate and of poor working conditions and environmental abuse in new points of supply. Globalization has also heightened concerns about quality controls and product safety in regimes where regulation is non-existent or weak and short-term opportunism seems to dominate business strategy.

The juxtaposition of the major themes in CST and marketing issues outlined above are displayed in Figure 1. The letters in each cell refer to the following comments regarding the kind of direction CST affords to individuals, firms, and public policy makers. CST is not put forward as the final solution to problems in the realms specified below. Rather, it offers a set of principles to be consulted by marketing decision makers of good will when deciding how to resolve questions where ethical implications are present. In the aggregate, these connections to CST provide a core of normative guidelines for ethical marketing (Laczniak and Murphy 2006).

**Figure 1. Applications of Major Themes in Catholic Social Teaching to Selected Social Issues in Marketing**

<table>
<thead>
<tr>
<th>Issues</th>
<th>Human Dignity</th>
<th>Common Good</th>
<th>Subsidiarity (Family &amp; Community)</th>
<th>Option for the poor &amp; vulnerable</th>
<th>Dignity of work &amp; rights of workers</th>
<th>Solidarity</th>
<th>Stewardship (Care for God’s creation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product design &amp; promotion</td>
<td>A</td>
<td>B</td>
<td>C</td>
<td>D</td>
<td>E</td>
<td>F</td>
<td></td>
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<td>Promotion &amp; pricing</td>
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<td>H</td>
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<td></td>
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<tr>
<td>Consumer ethics</td>
<td>J</td>
<td>K</td>
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</tr>
<tr>
<td>Public policy &amp; regulation</td>
<td>M</td>
<td>N</td>
<td>O</td>
<td>P</td>
<td>Q</td>
<td>R</td>
<td>S</td>
</tr>
<tr>
<td>Globalization</td>
<td>T</td>
<td>U</td>
<td>V</td>
<td>W</td>
<td>X</td>
<td>Y</td>
<td>Z</td>
</tr>
</tbody>
</table>

CST seems to suggest that …

122
A. Marketers place a high priority on safety and refrain from promotions that take advantage of information asymmetries and motivations that reflect psychological insecurity or immaturity.

B. Marketers take seriously their obligations to guard the interests of consumers, while honoring the rights of both companies and consumers to make choices that are as free from coercion or limits as practicable.

C. Marketers consider the needs of low- and moderate-income consumers, the elderly, and those with physical handicaps and refrain from questionable promotions and finance schemes that target disadvantaged consumers.

D. Marketers balance legitimate interests in controlling operating costs against the equally legitimate interests of channel members and their families in protecting stable employment, compensation sufficient to support a decent family life, and a safe workplace.

E. Marketers consider the global impact of their operations and recognize obligations to balance the impact of strategies on workers, consumers, and other stakeholders in the various regions where they do business.

F. Marketers recognize environmental obligations in design and promotion decisions that affect, e.g., energy efficiency, plant and vehicle emissions, and recyclability of products and parts.

G. Marketers refrain from promotions and pricing schemes that take advantage of information asymmetries.

H. Marketers avoid programming that threatens family or community integrity while emphasizing strategies that are responsive to local needs.

I. Marketers recognize special obligations to children and adolescents as well as those whose addictions may be stimulated by promises and images projected over the worldwide web.

J. Consumers make choices that meet authentic needs while avoiding products, behaviors, and lifestyles that may endanger others.

K. Consumers recognize their responsibilities to marketers and others that protect the integrity of marketing transactions and relationships while honoring freedom of choice.

L. Consumers choose products and services and disposal methods that protect environmental sustainability, e.g., favoring energy efficiency, renewable resources, and recycling.

M. Policymakers adopt regulatory strategies that preserve, insofar as possible, freedom of individual choice, while recognizing the value of improving economic opportunities and health and safety for all persons.

N. Policymakers meet their obligations to serve the common good, irrespective of variations in political and economic power across constituencies, refraining from corrupt practices (e.g., bribery or extortion), while fostering the development and maintenance of institutions and policies that advance individual liberty.

O. Policymakers recognize obligations to families and communities whose interests may be lost in regulatory strategies that do not honor the principle of subsidiarity.

P. Policymakers recognize special obligations to protect the welfare of the poor, disadvantaged minorities, youth, elderly, and others whose ability to navigate and take advantage of complex markets might otherwise be compromised.

Q. Policymakers balance responsibilities to workers and consumers while protecting the dignity of both.

R. Policymakers refrain from policies that unnecessarily serve the interest of only some segments of society, taking into account both local and global interests.

S. Policymakers serve the interests of future generations in regulatory strategies that protect the natural environment.

T. Marketers and policymakers respect the interests of all persons, refraining from merely taking advantage of economic, educational, and other circumstances, treating some as only a means of production or economic success.
U. Marketers and policymakers provide for participative mechanisms in decisions which affect families and communities and, in less developed regions, attempt to meet the needs of families and communities in such basic areas as health care, education, and housing.

V. Marketers recognize special responsibilities to both individuals and communities in settings where policies and regulations are weak or non-existent and refrain from participation in corrupt practices and human rights violations that appear to be inherent in such settings.

W. Marketers, policymakers, and consumers accept special obligations to both individuals and communities in settings where these interests are exploited, ignored, or given only lip service.

X. Marketers foster, may require, healthy working conditions and adequate wages in jurisdictions where these values are often abused, especially when labor and other subcontractors use the shield of privacy to protect practices that would otherwise be an embarrassment to their customers and clients.

Y. Marketers, policymakers, and consumers observe the common interests of humanity across economic, social, and geographic groups.

Z. Marketers and policymakers take account of the interests of future generations and the environment in all settings where these interests might otherwise be ignored, refraining from practices that are permitted because of lax or non-existent regulations.

Concerns and limitations – In considering CST as a source of guidance for resolving managerial and public policy questions in marketing, the validity and appropriateness of this guidance, particularly as the context of these questions is most often non-ecclesiastical, are properly weighed.

A reasonable first concern is the proper standing of CST relative to longstanding and/or non-religious moral traditions. It has been demonstrated here that CST is generally consistent with, e.g., rights and duties, stakeholder claims, “justice as fairness,” and social contract theories. It must be noted, however, that this consistency is operative at the practical level, not precisely in its philosophical roots. Alford (2006) offers a compelling argument for these philosophical differences. Despite the etymological validity of that argument, however, there is often little patience among managers and public policymakers for philosophical discourse and a deep desire for practical guidance.

A ranging review of the CST tradition also is likely to unearth radical criticisms of circumstances to be found in various markets and parts of the world as well as radical solutions for the social and economic problems they identify. This is particularly the case when the authors of these criticisms and proposals write without ecclesiastical authority. Some of the calls by liberation theologians in the 1970s and 1980s for the widespread nationalization of corporate assets would be a specific example of such excesses. Whatever their merits, such critiques and proposals are unlikely to find wide acceptance among those with the authority and responsibility for corrective action.

Considered as a whole, however, CST offers a balanced, nuanced understanding of the legitimate conflicts between present and future as well as individual and community interests extant in many important socio-economic dilemmas. The guidance provided, as noted by Dennis McCann (1997), is both religious and publicly accessible, “theologically grounded as well as publicly argued.” To paraphrase a reviewer, CST is proposed as both universal and essential to moral and spiritual order. While the Catholic social tradition is deeply theological and spiritual, it is not merely sectarian. It speaks to all people of good will, yet is not proposed as having a monopoly on the good. This tradition connects faith with reason and is commonly expressed in terms of natural law. It expresses a uniquely coherent, consistent, yet dynamic set of standards that bear
within themselves a compelling rationale: to act out of one’s best and most noble instincts, with the intention of serving the best and most noble qualities in others. This tradition has confidence that its particular teachings and principles can be presented and placed in dialogue with the world in a way that is intelligible and accessible to people of all backgrounds and cultures, religious or secular, because of our common humanity. Moreover, the philosophical character of the tradition provides resources for faith-based principles of morality to be expressed in more reason-based terms that will resonate with the wide range of people represented in the marketplace.

Significantly, CST leaves the task of solving specific problems and dilemmas to the informed consciences at work in particular situations in the private and public sectors. As a reviewer noted, “Catholic social principles … do not guarantee competence. … Principles alone do not provide blueprints or technical solutions, nor are they meant to. They point the direction, but they do not show the way. There is no Catholic cookbook on how to advertise in non-manipulative but creative and effective ways.” Nevertheless, CST provides an ethical framework for those public and private decisions that foster human flourishing, including both institutions and practitioners that serve that less ambiguous end.

In conclusion, CST makes four important contributions in resolving ethical questions in marketing:

1. CST assists in the resolution of ethical dilemmas at both the micro (personal and organizational) and macro (institutional or system) levels.
2. CST demarcates a common ground for helping resolve marketing conflicts that persist in applications of the principal secular, teleological and deontological moral philosophies espoused in business ethics. That commonality lies in the goal of advancing the welfare of humanity, which has both individual and social or community dimensions.
3. Insofar as an understanding of religious norms are critical to understanding economic institutions and behaviors in nations across the world (e.g., Mittelstaedt 2002) and given that most religious traditions agree with the themes advanced by CST, it offers a worthy basis for the development of a global business and marketing ethos because it embodies the religious/cultural norms underlying most societies.
4. CST meets the test of rationality insofar as it is consistent with the natural law, i.e., is based on a coherent understanding of the nature of humanity.

The conclusion reached on the basis of our analysis is that Catholic Social Teaching offers guidance that goes substantially beyond that of a denominational morality. It usefully provides a set of principles - universal and coherent - for solving important contemporary problems in marketing having prominent social implications. Marketers, public policymakers, and consumers concerned with discharging their ethical responsibilities can benefit from following these principles. Academics testing or articulating the efficiency, efficacy, and ethicality of marketing systems can also gain from the insights provided by Catholic Social Thought.

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Social Identity Theory and Ethical Predisposition

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Abstract

While previous ethics studies have produced consistent results in concluding that females are generally more critical of questionable business practices than are males, no such consensus exists for the results comparing academic majors. This study uses Social Identity Theory to explain these mixed results, and a two-part questionnaire to test the relationship. Results reveal that business students at university form a psychological group and identify as businesspeople, while non-business students self-categorize and identify as consumers.

Introduction

There is a great deal of research on the ethical proclivity of university students, comparing them between sexes, over age ranges, over time and across majors. Not all of this research has produced consistent conclusions. For example, the results of studies on university students comparing academic major with ethical sensitivity have proven difficult to predict. By contrast, researchers focusing on gender and ethics have routinely applied psychological and sociological theories to explain student behaviors. For example both the Theory of Moral Reasoning and Social Role Theory (Eagly 1987) can help predict and explain the differences between male and female students regarding ethical sensitivity. In addition, Kohlburg’s Theory of Moral Development (1984) can help explain why older students tend to be more critical of questionable behaviors than are younger students. This theoretical vigor is missing from the studies of academic major and ethics.

How individuals define themselves influences their ethical behavior, therefore Social Identity (SIT), Self-Categorization and In-Group Bias theories may help explain university students’ responses to scenarios involving questionable consumer actions and questionable business practices. To investigate this, the current study compares the responses of business and non-business students and applies Social Identity theory. In-Group Bias helps predict the direction of the relationship.

Previous Research

Women consistently adopt a more critical stance on ethical issues than men, but there is little consistency when researchers compared academic majors and ethical standards. SIT may provide some clues to the inconsistent results by providing a theoretical framework to test differences across academic majors. SIT proposes that individuals self-categorize into groups – psychological groups in the case of university students – and that group members perceive the behaviors of in-group members more positively that those of out-group members.

Developing Hypotheses

There are two objectives of this research. First, we test whether university students with various majors conform to previous research on gender and ethics, namely females being more critical than males. This step could validate the data by comparing student responses to questionable consumer and business actions and comparing by gender. Second, we apply Social Identity theory along with in-group bias to explain previously conflicting results between how business school students and non-business students evaluate ethical dilemmas. These two objectives require four hypotheses:
H1: female students are more critical of questionable consumer actions than are male students

H2: female students are more critical of questionable business actions than are male students

H3: business students are more critical of questionable consumer practices than are non-business students

H4: non-business students are more critical of questionable business practices than are business students

Survey Instrument
The 28 items used in this study came from a scale used by Fisher et al. (2003). The items depict questionable practices by both consumers and businesses. In the questionnaire, the scenarios provide a range of actions varying from legal to illegal. Examples of questionable business practices include illegal behaviors such as deceptive pricing, legal but controversial practices such as raising prices after a natural disaster, and commonly employed business strategies such as using popular athletes as product endorsers. Similarly, examples of consumer actions include illegal behaviors such as filing a false insurance claim, legal but controversial practices such as misleading market researchers, and common consumer strategies such as using a retailer for product information but purchasing elsewhere. Each of the 28 vignettes required students to rate the acceptability of the described action on a six-point Likert type scale, anchored by 1 = Acceptable and 6 = Unacceptable.

Data
Data were collected using non-probability, purposive judgment design with self-completed questionnaires distributed in lectures at three large Australian universities over a ten year period. The first sample (n=407) was collected in 1997, and the second (n=345) in 2007. An overall total of 752 students provided usable responses. The sample is 47% male, and 81% were enrolled in business (predominantly marketing) majors. Using an independent samples t-test, we compared the responses of the combined student group and tested between genders and academic majors.

Results
Hypothesis 1 tests the contrasts between male and female respondents on the 14 questionable consumer actions. Females were significantly more critical of consumers who engaged in the following actions: not returning extra change, filing false insurance claims, purchasing mistakenly marked retail items at lower prices, selling a frequent flyer ticket, returning goods to the wrong retailer, using coupons for the wrong goods and returning used goods for a full refund.

Hypothesis 2 compares male and females responses to 14 questionable business actions. Females were significantly more critical of businesses on ten of the 14 scenarios: tying a retailer to a sole distributor contract, using bait and switch tactics, raising prices after a natural disaster, charging more for the same goods in poorer areas, delaying new stock until old stock is sold, shipping unsafe products to countries with different standards, not displaying a ‘sold’ sign after a house had been sold, using transfer pricing to reduce tax liability, smuggling illegal medicine into the country and using comparative advertising. Males were not significantly more critical of any of the business behaviors than females.

Hypothesis 3 compares the responses of business and non-business students to 14 questionable consumer actions. Business students were significantly more critical of seven consumer actions including: filing a false insurance claim, lying about their child’s age to secure a discount, purchasing mistakenly marked
retail items at lower prices, using a retailer for information and buying elsewhere, selling a frequent flyer ticket, returning goods to the wrong retailer and using coupons for the wrong goods. Business students were significantly less critical of only one consumer action: returning used goods for a full refund.

Hypothesis 4 examines the prevailing attitudes of business and non-business students on 14 questionable business actions. The analyses, revealed seven significant differences, all in the hypothesized direction. Non-business students were more critical of businesses: using bait and switch tactics, charging higher prices in poorer areas, delaying new stock until old stock is sold, using transfer pricing to reduce tax liability, promoting a paid phone call to Santa, outsourcing labor to cheaper countries and advertising a false sale.

Adding and comparing the consumer and business actions provides additional measures to test the four hypotheses. Figure 1 summarizes the results on gender and academic major, and shows the grand mean score for females is significantly higher (p < 0.05) for both consumer and business actions. Regardless of academic major, females are more critical of questionable practices, and therefore both hypotheses 1 and 2 are supported. Again, using the summed totals for each segment, Figure 1 reveals that business students are significantly (p < 0.05) more critical of questionable consumer actions than are non-business students; however, the reverse is true for questionable business actions. Therefore hypotheses 3 and 4 are also supported.

**Figure 1: Summarizing Results on Gender and Academic Major**

![Graph showing grand mean scores for consumer and business actions by gender and academic major.]

**Discussion**

The results emanating from this assessment further support the often-stated premise that women tend to possess a stronger ethical predisposition than do their male counterparts. Furthermore, they document the reality that it does not matter whether the questionable behavior is undertaken by a business entity or a consumer; women are more critical in either case.

Since hypotheses three and four were both supported, the results illustrate that students form broad macro-level psychological groups while still at university and tend to align themselves with future reference groups to which they aspire to belong. It is reasonable to conclude that business students already see themselves as businesspeople, and they have already begun to assume a mindset that they feel is consistent with the members of that aspiratory reference group. Conversely, the non-business students may be more inclined to associate themselves with the consumer segment within this dyad. As such, they may view themselves as potential victims of practices that they deem to be unacceptable. Thus, the non-business students are likely to impose higher standards for the conduct of business entities with which they interact. In an *us-against-them* setting, the consumer transgressions may simply be viewed as a small win in an environment where consumers often perceive themselves to be at a disadvantage.
References


A Typology of Stealth Marketing Strategies

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Abstract

Stealth marketing as a strategy has gained increased attention in the past few years. A brief historical review is provided to shed some perspective regarding the use of the current stealth marketing strategies. A broadened definition of stealth marketing is then proposed to conceptually understand how it has been used in various contexts. Specifically, we propose a typology of stealth marketing strategies based on whether businesses and/or competitors are aware of them and whether they are visible to the targeted customers. We further consider techniques used to counter stealth marketing strategies. Evidence is also provided how many firms are “doing well” by using these strategies. Assessment of stealth marketing strategy in terms of its efficiency and effectiveness, and related ethical implications are finally discussed.

Introduction

As the “emerging new consumer” becomes savvier by demanding greater quality in products and services, placing greater emphasis upon receiving value for their money. As we continue to demonstrate higher levels of price awareness and price sensitivity, exhibit little brand loyalty and a greater willingness to switch between brands, marketers face the daunting task of making the appropriate adjustments to meet these new and emerging needs. As summed by Kotler (2001), “Marketing correctly interpreted and practiced will be the key to company adaptability and profitability.”

Two broad generic strategies that can help them achieve this goal. Organizations can practice “In Your Face” marketing described by Johanson (2005), which involves marketing relentlessly to customers, as practiced by major corporations such as Nike, McDonald’s Coca Cola and Disney. Alternatively, they can use a “guerilla” approach as described by Levinson (1984), using unconventional marketing strategies which may involve catching the consumer unawares and in unexpected ways. The distinction between the two strategies is illustrated in Stalk and Lachenauer’s (2004) and Stalk’s (2006) articles describing the use of “hardball” vs. “curve ball” approaches to marketing respectively. According to Stalk and Lachenauer (2004), “hardball” competitors focus relentlessly on their competitive advantage by devastating their rival’s profit sanctuaries, openly plagiarizing other’s good ideas, and unleashing overwhelming force in remaining focused and overhauling their business operations if necessary.

“Curveball” competitors, according to Stalk (2006), use clever moves that get customers to look the other way while they capture the customer’s business, or outsmart them into doing something they should not have done, or into not doing what they should have done. Hoodwinking competitors to misjudge their success, disguising their success by lying low so that they are not attacked by them or luring them to disadvantageous areas are a few ways by which organizations practice such strategies.

Although, the term “stealth marketing” has appeared in the business press over the past few decades, Kaikati and Kaikati (2004) introduced it in the academic literature to refer to “curveball” strategies aimed at customers without their knowledge and consent, e.g., viral marketing, brand pushers, celebrity
marketing, bait and tease marketing, marketing video games and marketing in pop and rap music. In this article, we broaden the definition of the term and argue that such strategies are not only used by firms towards their customers, but their competitors as well, as noted by Stalks (2006), and have a wider applicability in dealing with other stakeholders, such as distributors, suppliers, employees and even regulatory agencies as well.

We first offer a definition of stealth marketing, and briefly delve into the historical roots of this practice around the globe. A typology is then proposed which considers whether or not such strategies are visible to the target customers and whether the competitors are aware of such practices. Several additional practices are identified that fit in this rubric of 2 X 2 matrix. We also consider the degree of transparency and the related ethical implications for each of these stealth strategy typologies as well as how stealth as a strategy relates to each element of the marketing mix. We conclude by illustrating how stealth marketing, beyond the negative implications, has potential of being used for the good of society and provide recommendations for further research.

**What is Stealth Marketing?**

The root of the word “stealth” as defined in the *Webster’s New Collegiate Dictionary, 3rd edition*, refers to an “act or action of proceeding furtively, secretly or imperceptibly,” “a furtive or surreptitious departure or entrance,” or “intended to escape observation.” Interestingly, the word “stealth” originally meant “theft” as used by in the seventeenth century by authors like Shakespeare and others, but by the turn of the eighteenth century, this was gradually been replaced by the metaphorical “furtiveness,” or “concealment.”

Thus “stealth marketing” basically refers to “undercover,” “covert,” or “hidden” marketing. Because of a low level of visibility, the target is unaware of the marketers’ actions to some degree at least. For example, the B-2 “Stealth Bomber,” America’s biggest military secret since the Atom Bomb,” according to Scott (1991), was designed to be “low-observable,” difficult to be detected by radar or other means. The plane’s overall shape, complex surface, use of advanced radar absorbent material, and use of engines free of thermal and acoustic “signatures” is its signature innovation and *raison d’etre*.

Some have offered a narrower definition of the term, e.g., as a means to reach a target audience without the advertisement being perceived as an advertisement or a context (Cooney 2005), i.e., covert marketing in mass media (Goodman 2006). *The Word of Mouth Marketing Association (WOMMA)*, supported by it’s over 300 international governing members, many of whom belong to the Fortune 500 list of companies, considers the practice to be unethical and defines it as “any practice designed to deceive people about the involvement of marketers in a communication.”

As noted earlier, in researching the meaning of the word, “stealth,” we noticed that the meaning of the word had gradually moved from meaning “theft” to “follow furtively, secretive or imperceptible manner.” Moreover, examples of the usage of stealth marketing mostly focus on entry or operating strategies of firms, yet most thesauruses point out that such strategies can be used for “departure” as well. For example, a firm not doing well in an international market, e.g., eBay in China, can choose to make a “stealthy departure,” without major announcements, thus avoiding public scrutiny and negative publicity. It is also important to keep in mind that such practices are not always necessarily designed to be deceptive as discussed later in this article. Based on these premises, we offer the following definition of the term:

“Stealth marketing is a deliberate act of entering, operating in or exiting a market in a furtive, secretive or imperceptible manner, or an attempt to do so.”
Doing Good Using Stealth Marketing

It is easy to see how “stealth marketing” typically conjures up negative connotations with ethical implications. Yet, it is possible to use this strategy to do good for the society, and at other times generating positive publicity for self and earning the goodwill of the customers. As noted earlier, the meaning of the word in the seventeenth and eighteenth centuries had positive implications as noted in Pope’s (1731) “Do good by stealth, and blush to find it fame” and Charles Lamb (1834) “The Greatest pleasure I know is to do a good action by stealth, and to have it found out by accident.” Video games have had a long success in entertaining users, yet some manufacturers are now using it as a medium of promoting positive change, even though younger buyers buy them for the voyeuristic thrill and mindless fun.

For example, Peacemaker, a videogame, allows players to assume the role of either the Israeli Prime Minister or Palestinian President and negotiate a settlement. Similar games like the United Nations, “Food Force” allows consumers to understand the difficulties of dispensing aid to war zones, while Otpor (Resistance), the Serbian youth movement widely credited for ousting Slobodan Milosevic, also produced “A Force More Powerful,” a game that taught the principles of non-violence. The games force the players to be engaged in a positive way, and surreptitiously enhance their critical thinking skills. The American Institute of Certified Public Accountants (AICPA), on the other hand, devised an on-line game “Catch Me If You Can,” to change perceptions and portray the accounting profession as an attractive career opportunity for young people. The campaign was timed to coincide with the current public interest in various forensic and investigative TV shows such as CSI and Law and Order. The “Catch Me…” campaign recruited junior and senior high school students to step into the footsteps of a CPA and investigate their way through twelve intriguing financial crimes. The top players were eligible for cash prizes- the contest elicited 32,000 responses, 13822 registrations, and 6,384 leads for a career path that many of them would not even have considered otherwise.

Conclusion: Future of Stealth Marketing

Media coverage of high profile failures of corporate governance in organizations around the globe have increased emphasis on transparency in today’s environment. Under this condition, it is important to try to understand stealth marketing practices, and predict which forms of stealth marketing are likely to survive in the future? If the goal of marketing is to be simply honest and transparent, will the field lose its creative focus, artlessness and spontaneity?

What are the normative perspectives (Laczniak and Murphy 2006) of stealth marketing practices? One possible solution we suggest is to view stealth marketing strategies in ethics continua with several possible dimensions. Overall, stealth strategies targeted at individual consumers are likely to be perceived by consumers as being more unethical than those targeted at businesses or competitors. Moreover, those targeted at vulnerable populations (e.g., children, low income etc.) are likely to be considered to be more egregious particularly if they are targeted with harmful products. Personal approaches used in stealth marketing strategies, e.g., brand pushers, will perhaps be evaluated as being less ethical than non-personal (media) based stealth marketing strategies. Internal stealth marketing practices aimed at improving customer service interactions are likely to be evaluated to be more ethical than those targeted at simply monitoring employees.

Astute marketers in most industries are transitioning from conventional ad campaigns to subtler and sometimes intrusive promotions. How can stealth marketers deliberately harness the power of buzz? Where we draw the legal and ethical boundaries on the level of intrusion that is acceptable will perhaps shape the marketing practices of the twenty-first century.
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Stated and Revealed Preference for Locally Grown Produce: Implications for Food Marketing Systems

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Abstract

In recent years, the “buy local” movement has escalated in popularity. In the United States, mainstream food chains such as Kroger, Publix, and Food Lion have taken to promoting local produce, viewing it as an opportunity to differentiate their merchandise and offer value to consumers. Product signage touting the attributes of locally-grown produce (e.g., taste, environmental protection and sustainability and the support of local economies) advertise to consumers the value of buying local (Duff 2006). In 2007, even Wal-Mart, the behemoth of retailers, began advertising its commitment to purchase from local growers with its "Salute to America's Farmers" promotion (Business Week 2006).

A number of attributes have spurred consumer demand for locally grown food: consumer disillusionment with the production and procurement processes of organic food; environmental concern; desire to support the local community; and perceptions of increased quality, nutrition and food safety. For some, buying locally-grown has become an environmental imperative aimed at cutting down transportation-related pollution; for others, a way in which to increase food safety assurances. Whether due to altruistic environmental and social values or simply the perceived reduction of food safety risk and increased healthfulness, supermarkets are observing a growing interest among consumers concerning locally grown foods and the impacts on the overall food marketing system can not be undermined.

In an environment of heightened food safety concern, this research examines the effects of a “locally grown” label on consumers’ perceptions of food safety risk. Specifically, attributes pertaining to “dread” and “unknown” on consumers’ stated preference pertaining to locally grown-labeled produce are examined. Actual purchase behaviors or revealed preferences are

1 “Dread” includes those variables believed to be uncontrollable and not easily reduced, with potential for catastrophic or fatal consequences (Slovic 1987). As Yeung and Morris (2001) state, “The dread factor reflects the observation that risk perception is shaped more by the severity of the consequences than by the probably of occurrence” (pg. 174). Consumers’ perceptions of “dread” are modified by their perceptions of control, information and choice. Specifically, as consumers perceive the amount of control they have to be greater and/or the amount of information or choices available to increase, their associated perceptions of risk decrease. Commonly given as an example is the view that meals prepared at home are safer than meals eaten out. Statistics indicate the likelihood of food poisoning is actually far greater for homemade meals. However, perceived control over food prepared at home subsequently serves to reduce consumers’ perceived risk (Yeung and Morris 2001).

The category of “Unknown” includes hazard variables related to unobservable or unknown risks of a hazard. Also included are consumers’ perceptions of the adequacy of governmental regulations and the reputation of regulatory agencies, as well as characteristics and reputation of the party responsible for the hazard. With respect to food, consumer distrust of governmental agencies and use of new technologies (such as GMO) tend to increase consumers’ perceptions of risk; whereas, familiarity “with a product, process or practice can breed complacency about the degree of risk...” (Yeung and Morris 2001 pg. 174).
also examined. Additional data pertaining to consumer characteristics was collected to lend further insight into factors affecting risk perception. Two-hundred and fifty-six surveys were conducted in a regional supermarket chain in the Phoenix, Arizona metropolitan area. Twenty supermarkets were selected; ten stores were selected as intervention stores, ten as control stores. In the intervention stores, point of purchase material promoting a new “Locally Grown” certification label was located by the one-pound bags of peeled, baby carrots which were selected to feature a “leaf logo” label with the slogan “Locally Grown” (See Figure 1). Other point of sale materials were installed in the interventions stores, including laminated bookmarks and an approximate two foot by three foot floor cling, which was intended to draw consumers’ attention to the product. A matched set of ten stores with similar demographic characteristics were selected to serve as control sites. These stores also carried the featured product, but it was not identified under the Locally Grown label, nor did the stores receive the POS materials. Product sales were monitored and consumer intercept surveys were conducted at all stores in the two sub-samples (intervention and control). The study was implemented during a three-week period. Product sales were monitored for a five-week period before and four-week period after the experimental period. Of the 256 surveys conducted, 115 were conducted at intervention stores and 141 were conducted at control stores.

The marginal impacts of attributes impacting stated and revealed preference for locally grown were analyzed using a multinomial logit model. Preliminary results indicate that dread and unknown - awareness and knowledge of the “locally grown” label; perceptions of the adequacy of governmental regulation and the reputation of regulatory agencies significantly impact preference and demand for locally grown. Consumer demands for food products now reflect a broad range of consumer concerns over a variety of issues, including food safety, environmental issues, product origin, and production methods to name a few. Production or marketing practices that are employed in response to these consumer demands often yield products which are indistinguishable through visual inspection or even product sampling from other, conventionally produced and marketed products. Implications on the food marketing system are discussed.

REFERENCES


*Figure 1. Locally grown label used to identify bagged carrots*
STANDBY POWER CONSUMPTION: A MACROMARKETING PERSPECTIVE

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Abstract

Standby power, power drawn when appliances are turned off, is estimated to consume about 12 percent of electrical power usage in developed countries. This paper examines the standby-power issue as a case study for application of a macromarketing framework in the solution of an environmental problem. If global economic development is to attain sustainability, the waste of this much energy needs to be addressed. Suggestions are made for directions macromarketers could take in contributing to a solution to this problem.

Introduction

Macromarketers have long been concerned with environmental issues and conservation of energy resources, as well as the need for sustainable economic development. Kilbourne, McDonagh, and Prothero (1997) challenged the dominant social paradigm driving the values that have created our current consumption situation. Much of the research related to environmental issues in marketing has been at the micro level, with a primary focus on managerial issues related to consumers’ beliefs, attitudes, intentions, and behaviors (Kilbourne and Beckmann 1998). At the macro level much work needs to be done in the realms of values, the dominant social paradigm, and sustainability. This paper examines the case situation of standby power from a macromarketing perspective, focusing on institutional-level needs, problems, and possible solutions.

Standby Power Case

Electrical power is important for economic growth. Electricity is an integral part of life in developed countries. Loss of electricity causes not only inconvenience, but also economic loss. If electricity is used efficiently, a lot of power can be saved and can be available for other uses. Power is split into two types: operational power and standby power. Standby power is the consumption of electricity when equipment or appliances are not in use. Appliances are plugged in and in ready mode. Millions of appliances that are not used continuously draw power when plugged in, which causes wasted electrical power consumption. A surprisingly large number of electrical products -- from air conditioners to VCRs -- cannot be switched off completely without being unplugged. These products draw power 24 hours a day, often without the knowledge of the consumer. Appliances which have remote control, wall packs and clocks all draw power when plugged in. This phenomenon was first called “leaking electricity” (Sandberg 1993), but has since been termed “standby power” (Meier n.d.).
**Background and Problem**

Standby power uses a lot of energy. In the U.S., standby power comprises about 5 percent of residential electricity use; in Japan, Germany, and the Netherlands, it comprises 10 to 15 percent of electricity consumption. It is estimated that U.S. consumers spend over $4 billion per year on standby electricity (Lebot, Meier and Anglade 2000). There have been no more power plants built since the late 1970s. Power engineers have predicted blackouts for many years. This standby power, if used in an efficient way, could stop the blackouts by lowering overall consumption. Also, with the appliance plugged in, there is one more disadvantage which is the harmonic distortion. Overall, using the generated power in a reasonable way is better for all. Appendix A provides some appliance information; a table summarizing statistics on standby power is included in Appendix B. While consumers seem to be gaining in environmental awareness and increasing efforts in areas such as recycling, the number of home appliances is proliferating and therefore standby power usage is increasing.

Standby power typically accounts for about 10 percent of all residential power, or 20 to 60 watts per household in developed countries. Desktop PCs, laptops, TVs, VCRs, DVDs, and set-top boxes all use it (Cheng and McGarry 2003). However, use of standby power could increase further with the growing number of electronic appliances in the average household. The calculation for a year of standby consumption is an enormous 526 kWh/year per household. Average use is 3880 kWh/year per household. The associated standby cost for a household is estimated at $65.68 when 10-12 cents per kWatt average cost is used for calculations. This can be one or more months of free electricity. The 98 million households in the US, thus, leak about 43 TWh of electricity per year (Fung, Aulenback, Ferguso and Ugursal 2003), for an estimated loss of $4 billion annually for the U.S. The waste of electricity is best understood by the number of power stations it needs to generate standby power. This equals the output of 25 2-MW, fossil-fueled power plants. In general, statistics for standby power use and the resulting waste products are relatively consistent across the developed world (Cheng and McGarry 2003).

Standby power usage seems an excellent example of the culture of consumption, providing a marginal level of convenience to affluent consumers at a great cost in total resources. The age-old environmentalist’s question must be asked: Convenience for whom, and at what cost?

**Macromarketing Issues**

In thinking about the standby power case, several issues of macro scope emerge. First and foremost is the obvious issue of environmental damage from waste of energy resources. Secondly, because energy is an important resource in economic development and most energy still flows from nonrenewable resources, issues of inequity occur. Finally, the issue of quality of life under current standby power consumption arises. These factors mirror the “present situation” element in Kilbourne et al.’s (1997) framework. Each of these will be discussed briefly.

**Environmental Issues**

The waste of finite resources is the crux of the standby power case; moreover, there is waste of consumers’ financial resources in paying for this constant state of readiness in appliances. Micro approaches to the issue focus on engendering environmental concern in consumers. Kilbourne and Beckmann’s (1998) review of the literature in this area summarizes the findings as inconclusive. Heslop, Moran, and Cousineau (1981) found energy consumption appears to be driven by self-interest, a finding that seems compatible with observations over the last three decades.

The question of self-interest is one that Kilbourne et al. (1997) consider in more depth, making the distinction between a consumer’s economic self-interest and the self-interest of an individual as a citizen within a political context. Nonetheless, considering current high energy prices, consumers who were better informed might recognize the consistency between economic self-interest in lowering their costs and collective interest as citizens in conserving energy. Viewing this problem as a failure of individual citizens smacks of victim blame. Clearly a system-wide solution is needed, as alluded to by Fisk (1974). Kilbourne et al. (1997) assert that a shift from hyperconsumption to sustainable consumption is critical.
Equity Issues

As long as energy resources remain finite, consumption cannot increase infinitely. While there is debate as to whether the gap between rich and poor is growing worldwide, there is no question that a huge gap remains. A look at recent Gross National Income (GNI) per capita figures (World Bank 2007) indicates a range from a high of $76,040 to a low of $100 (in U.S. dollars), with GNI over $10,000 in 61 countries and nearly as many at the bottom of the scale with GNI under $1,000. Kilbourne et al. (1997) state: “. . . the current emphasis on increasing consumption in the First World is inequitable and improves the QOL marginally, for relatively few people” (p. 13). From a social justice standpoint, it seems unconscionable that a few rich in the world are wasting vast amounts of energy when large populations of poor people are living under conditions of minimal subsistence (Prahalad 2006).

Also related to the equity issue is the potential for development. As countries experience economic growth, energy consumption rises as consumers’ standards of living increase. With respect to the standby power case, as incomes rise, consumers buy more appliances that use electricity. Thus, in countries “moving up” to middle and high income levels, substantial leakage will occur on a more global scale. The problem will reach even more dramatic proportions in the fast-growing big emerging market economies of China, India, and Indonesia.

A paradox here is that one of the greatest contributors to environmental degradation is poverty (Kilbourne et al. 1997). So not only will environmental degradation increase as poor countries grow economically, but it will continue or increase if poor countries remain poor too. Without a change in the dominant social paradigm, there is no solution to this Catch-22.

Quality of Life Issues

In thinking about standby power, it provides a benefit for an instant-gratification society. We don’t have to wait those extra few seconds for our television set to warm up. We can turn on television, music, electric fans, and other conveniences by remote control without leaving the comfort of our sofas. For rich societies facing epidemic obesity, this is a mixed blessing. We earlier alluded to the benefits of standby power as a marginal convenience. In global terms, standby power is a peripheral benefit to the core product, which is in itself a convenience for affluent societies.

Consumption is only one of the dimensions of quality of life, which represents overall life satisfaction (Sirgy 1991). How much do such standby power benefits add to a First World consumer’s quality of life? In the grand scheme of things, in comparison for example to the benefits of clean running water or flush toilets to a Zimbabwean’s quality of life, they are negligible. As consumers we view our wealth in relative terms; in rich societies, this means a constant striving for more, although added material possessions may bring very little additional enjoyment. Unless there is a shift away from the ideology of consumption, consumers will continue to acquire more energy-wasting appliances in their attempts to gain that elusive happiness they desire, with continued damage to the environment.

Macromarketing Solutions

Micromarketing approaches to the solution of environmental problems may be inadequate in that they focus on symptoms without getting at root causes (Kilbourne and Beckmann 1998). Kilbourne et al. (1997) proposed mechanisms for action via informed consumers participating with government and business toward the desired state of sustainability. An analysis of the standby power case illustrates how such an approach might be implemented.

Macroenvironmental arenas of political, economic, and technological spheres provide a frame for discussion of environmental issues (Kilbourne et al. 1997). Solutions to the standby power problem can be framed within these contexts.

Technological

From a technological point of view, the standby function of an appliance provides a benefit to which consumers have become accustomed. But with education about the amount of power being used,
one or more segments of consumers may choose to forgo that convenience. Technologies that “turn off” the appliance when not in use, or that use less power than most currently consume, will be attractive to some consumers. In fact, such technologies may provide the added benefit of protecting the appliance from power surges.

**Economic**

From an economic standpoint, consumers look for ways to conserve energy when energy prices are high. Current gasoline prices are leading some consumers to give up their gas-guzzling SUVs for smaller, more fuel-efficient models and/or hybrids or other alternative technologies. More consumers are walking, bicycling, and using public transportation. Informed consumers might also make changes in appliances using standby power if it saves them money, as suggested by Heslop et al.’s (1981) findings.

**Political**

Again, given consumer education about the standby power problem, consumers may well exercise their power by putting pressure on both the business and government sectors to provide solutions. This will happen through consumer advocacy groups and as individual consumers participate in the political process and “vote with their feet” in what they buy.

One example of such action is in the U.S., where President Bush passed the 1 Watt Executive Order in 2001 (White House 2001) which requires federal agencies to buy appliances which consume 1 watt or less in standby mode. If not available, agencies must purchase products with the lowest standby power wattage while in their standby power-consuming mode.

At least one government exemplifies a regime that restricts consumption of some appliances; Cuba has had a ban against citizens using toasters, personal computers, DVD and video players, although the restrictions are being eased since Raul Castro became president (Frank 2008). These restrictions appear to be more related to energy shortages than proactive attempts at conservation, however.

**Broad-Based Approaches**

In considering application of Kilbourne et al.’s (1997) framework for meaningful change, we must examine how the sectors of consumers, business, and government interact. Each is influenced by and may influence the other. The public is the key to prompting action by business and/or government; likewise the public must be informed in order to gain adequate momentum to demand action. Responses by both business and government need to be based on universal principles with sustainability as their overarching goal. They must address systemic issues and not the piecemeal response to symptoms that has characterized too much past action.

**Business.** One approach which may offer an avenue for a fruitful conversation in the business sector is Global Business Citizenship (Wood, Logsdon, Lewellyn and Davenport 2006). Developed as a transformative framework for ethics and sustainable capitalism, Global Business Citizenship (GBC) provides a process by which businesses can achieve their goals while contributing to the collective good. The GBC process requires: (1) a set of fundamental values embedded in the corporate code of conduct and in corporate policies that reflect universal ethical standards; (2) implementation throughout the organization with thoughtful discovery of where the code and policies fit well and where they might not fit; (3) analysis and experimentation to deal with problems of fit, conflicts, and contradictions; and (4) formal, systematic processes to organize and communicate organizational performance and the specific results of implementation and experiments in order to facilitate learning both within the organization and for its stakeholders and other organizations (Wood et al. 2006, p. 13). In identifying fundamental values that reflect universal ethical standards, the authors advocate principles that arise from social consensus and political arrangement, such as the Global Compact. The Global Compact contains a substantial environmental component (UN Global Compact 2008), as do several of the global principles developed in recent years to guide business organizations operating internationally (Wood et al. 2006). As such, this
may be a tool for the business sector in responding to consumer pressure for environmental sustainability and accountability.

**Governments/NGOs.** Though certainly not new, the extended model of strategy mix choice for planned social change developed by Sheth and Frazier (1982) has much to recommend it. This approach could be adopted by governments, non-governmental organizations, consumer advocacy groups, industry organizations, or businesses. The model uses a matrix structure to categorize consumers based on their attitudes and behaviors. Both behaviors and attitudes may be positive, neutral, or negative, creating nine cells of consumer segments. Strategies are selectively applied to different segments depending upon their attitudes and behaviors. Strategies incorporated include: informing and educating, persuasion and propaganda, social controls, delivery systems, economic incentives, economic disincentives, clinical counseling and behavior modification, and mandatory rules. For the standby power example, if the desired behavior is for consumers to shut appliances completely off while not in use, this model would advocate reinforcement through information for consumers with positive attitudes toward this behavior who are currently engaging in the behavior. In contrast, radical inducement such as economic incentives might be offered to consumers with neutral attitudes who do not currently engage in the behavior. In this way, consumer segments can be targeted for maximum effectiveness in achieving the desired behavior, and thus the social change. Political systems are needed that incentivize the saving of power. Greater citizen awareness would drive policy and innovation in this direction. One need only observe the success of the fair trade movement as a grassroots consumer advocacy approach to see the potential for consumer action and change (Conroy 2001).

**CONCLUSIONS**

Clearly, there are both micro and macro issues for marketers with respect to standby power. From a micro perspective, the marketing of appliances that use standby power could be examined, with particular emphasis on product (such as mechanical override switches that give consumers an option to shut off standby power) and promotion (such as educating consumers about the advantages of not using standby power) elements. In new product development, marketers can work with the new generation of engineers to design better control systems that can turn themselves OFF when standby mode is determined. The promotion of products that save energy by not relying on standby power would mean a new direction for many companies to emphasize energy conservation rather than convenience. One of the authors recalls seeing a bumper sticker in the U.S. in the aftermath of the 1973 energy crisis that touted “My Limits” as 68°F. in winter, 80°F. in summer, and 55 mph on the highways. Such conservation messages may be more palatable to the public in light of high oil prices. Nonetheless, we must recognize the limitations of micro solutions.

From a macro perspective, the focus must be on systemic issues. How does the use of standby power affect quality of life? in the long run? in the short run? for what segments of consumers? What role do governments and NGOs play in addressing this issue? Earlier work in macromarketing suggests a direction in exploring solutions. This paper offers two suggested frameworks to aid in implementation of this direction. Macromarketers may serve as the needed catalyst to effect the needed change.

There are millions of electrical devices that are plugged in and not used, but even if the individual consumption is small, their total impact on the national and international electricity demand may be quite significant. While technical experts are clearly needed to search for solutions to this energy waste, systemic change is needed to make any real impact on the environmental damage continuously occurring as a result of these “conveniences”.

143
Bibliography


APPENDIX A

TEST INSTRUMENTS

Finding the standby power consumption is easy; many digital easy-to-use instruments are available. A True RMS Watt Clamp-on is shown in Figure 1 (Extech Instruments Corporation 2004). This digital power meter gives watts, current, and voltage. All one has to do is pass the power cable through the clamp and it converts the resistance heat into readings. Readings provided by a True RMS Watt Clamp-on are helpful for the evaluation of standby power loss.

APPLIANCES/RESULTS

There are many common appliances in the office and at home which consume standby power. The major consumers are CD players, television, cable boxes, VCRs and security systems at home or office. Figure 2 (Harrington n.d.) shows the difference between the newer technology and the older, more power-consuming technology. With fast-track life came televisions that did not require “warm-up” time, but they consume more power to keep them in ready mode for 20 hours then use them for 4 hours. Typically a television consumes 28 watts per hour while the television is ON and as Figure 2 (Harrington n.d.), illustrates, it consumes 7.7 watts while in standby mode. A few more comparisons are shown in Appendix B (Rosen 1999). A CD player consumes a lot of standby power due to many circuitries and the speakers which constantly draw power. As mentioned earlier most appliances nowadays have an internal clock to support and remote control units which keep ready for accepting signals. This adds to the standby power consumption. Another big standby power consumer is the cable box. It has a clock display and it waits for two-way signals while having a remote controller.

As mentioned earlier, the standby power issue is a global issue as seen in Figure 3 (Meier 2002). The “Global 1 Watt” program stipulates that any device operating in the standby mode consumes less than 1W of input power (Cheng and McGarry 2003). Japan has the highest standby consumption rate due to many available technologically advanced appliances, and in Japan sensors are used in as many places as possible. This increases the consumption of standby power. There are many global organizations which try to help, educate and reduce this loss. One of the international organizations claims, “But the fact is, standby power accounts for an increasing proportion of the world's energy use. In 'developed' countries, it can represent up to 12% of household electricity consumption. In Australia, standby power could be costing consumers around $500 million every year -- and resulting in greenhouse gas emissions of more than 5 megatonnes (CO₂ equivalent) annually. Worldwide, standby power is estimated to account for as much as 1% of global greenhouse emissions” (Energy Star Australia 2005).
### APPENDIX B

**Standby Power Summary Table**

<table>
<thead>
<tr>
<th>Appliance Category</th>
<th>Appliance</th>
<th>Min</th>
<th>Avg</th>
<th>Max</th>
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<td>0.7</td>
<td>2.2</td>
<td>7.7</td>
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<td>Compact system</td>
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<td></td>
<td>Component System</td>
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<td>1.3</td>
<td>4.2</td>
<td>12.0</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Radio, Clock</td>
<td>0.9</td>
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Environmental Marketing Claims: Consumer Interpretation and Policy implications

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Mehdi Taghian – Deakin University, Australia

Abstract

Environmental claims communicate the concept of green brands. The purpose of this paper is to examine if environmental claims yield satisfactory results. Secondly, what policy measures would best encourage the adoption of environmental claims by businesses? Finally, how should businesses address practical and theoretical implications? The results suggest that in order to avoid misleading consumers, policy makers need to evaluate the public’s understanding of the meaning of claims, disallow the use of non-standard claims by businesses, establish an education program and mandate their usage. There is also an indication that the usage of recognisable third party environmental labelling may be a more reliable.

Introduction

This study investigates consumers’ understanding of common environmental safety claims made by manufacturers and the need for further policy refinements to provide a more definitive framework for action to regulate the usage of environmental safety claims. The process of [aggregate] consumption, potentially, has profound ethical, political and social implications (Peattie, 2003), thus, it is a substantial responsibility for the policy makers. Consumption characteristics and pattern, actual or perceived, may be, potentially, influential in the strategy formulation of firms serving the market. There is growing interest in using environmental claims to stimulate environmental buying behaviour and to accomplish environmental safety goals. There is also evidence to suggest that there is a lack of uniformity of meaning for environmental claims resulting in consumers’ confusion. This interest is in reaction to the consumers’ perceived concern about the environment (Rowlands, Scott and Parker, 2003). There is evidence to suggest that consumers are becoming increasingly aware of environmental safety issues and the risks associated with negligence in environmental protection (Tonner, 2000). Research indicates that since the early 1990’s an increasing number of consumers consider themselves as green consumers (Diamantopoulos, Schlegelmilch, Sinkovics, and Bohlen, 2003).

The environmental literature reflects that in order to act in a sustainable manner, organisational business strategy will need to go beyond technical fixes and adopt new environmentally responsible values, beliefs and behaviours (Harris and Crane, 2002). This fundamental transformation goes beyond an attempt to communicate an environmentally responsible image for the company (Coors and Winegarden, 2005). Embracing environmental claims provides the foundation for businesses to move towards environmentalism, by reducing the negative green impact of some products and searching for ways of creating extended values for green products.

While environmental claims have ensured that firms demonstrate environmental protection, the claims made also purportedly limits their capabilities due to either being misleading or deceptive or consumer’s not being able to interpret them accurately. The Australian Competition and Consumer Commission (ACCC) issues the guidelines for environmental claims in marketing. There are concerns whether there is an apparent disregard for the law by businesses resulting in significant public disadvantage due to
possible deceptive attempts by some businesses. The concern is for the need for action on these firms to be worthwhile or have an effective learning or deterrent influence and whether this is totally, a new emerging market issue that needs to be addressed (Martin, 2005). If this is a very new market, then what policy initiatives should be adopted in dealing with the problems related to these issues.

This paper specifically investigates consumer perceptions of product labels, it attempts to evaluate consumer understanding on green claims by examining a few claims made by businesses. It also addresses key policy questions raised by environmental claims to provide helpful insights to marketers and policy makers:

- Do environmental claims yield better results in terms of accomplishing greener practices?
- What policy measures would best encourage adoption of environmental claims by businesses?
- How should businesses address practical and theoretical implications of making environmental safety claims for their products?

Environmental claims can be communicated using any form of labelling, advertising, promotional materials, whether affirmed directly or by implication, through words, symbols, emblems, logos, depiction, product brand names or through any other oral or written method to promote the product as environmentally friendly. The introduction of green products necessitated the communication of green attributes for products to the intended target market. Communication of green claims, can help consumers to make better-informed purchase decisions. Prior to the emergence of green products, product labels were only endorsed in the form of warnings and mandatory disclosure, whilst today, claims such as "reduced energy consumption", "degradable," and "recyclable" are commonly found on green products packaging. There is evidence that some consumers are influenced in their product selection by these green claims (Cason and Gangadharan, 2002).

The important issue is how accurately consumers understand these green claims. The academic literature lacks any reference to consumers understanding of green claims. Additionally, some green claims are made representing different environmental benefits such as ‘ozone safe’, ‘biodegradable’ or ‘environmentally friendly’ (Karna, J., Juslin, H., Ahonen, V. and Hansen, E., 2001). There are other green claims that are scientific terms, complex by nature, and if not described adequately, can confuse consumers. Additionally, the perception of consumers regarding the authenticity and believability of the green claims need to be investigated (Thorson, Page and Moore, J. (1995). To complicate the matter further, different companies may use the same term to represent different environmental benefits. This may cause further confusion for the consumer.

**Do Environmental Claims Yield Better Results in terms of Accomplishing Greener Practices?**

To address this question it would be best to examine it from consumers’ perspective as to how they perceive green claims. While consumers’ have varied perception of green brands, their preference for green product attributes may possibly be influenced by their personal characteristics and external environment (Ginsberg and Bloom, 2004). Personal characteristics of the consumer contribute to their value structure, prior beliefs, and experiences. These are known to be internally driven, whilst external factors, which, in part, are initiated by marketers, include all forms of marketing communication (Schuwerk and Lefkoff-Hagius, 1995).

The generally accepted idea is that consumer perceptions of green products are formed by the messages they receive from the media and from claims appearing on product labels, which, in turn would contribute to the positioning of the product, moderated by consumers’ personal experiences with the product (Adcock 2000). Product positioning, arguably, lays the foundation of how consumers perceive and compare alternative brands (Adcock, 2000). Extant research points to the influence of positioning on the
overall perception of a green product, which in turn may influence the consumers’ intentions to purchase the product (Adcock, 2000). Past research has established that perception and the resulting purchase intention are also positively associated with the perceived product value (Grewal, Kent and Krishnan, 1998). However, the green products positioning may not be properly activated if green brand attributes are misunderstood by consumers (Pickett, Kangun and Grove, 1995).

For consumers, the benefits of using a green brand are the core benefit of the product itself, and the environmental benefits it claims to have. Environmental dimensions, such as biodegradable product quality, recyclable product components, recyclable product packaging and the energy saving characteristics are some of the environmental factors that consumers consider attractive when assessing the value of a green brand (Ellen, Wiener and Cobb-Walgren, 1991). The functional environmental aspect of a product would not benefit the consumer directly (Hartmann, Ibanez and Sainz, 2005). Conversely, the environmental benefits of a product when considered on an emotional perspective may benefit the consumer in terms of altruistic (Ritov and Kahnemann, 1997), auto-expression (Belz and Dyllik, 1996) and nature related (Kals, Schumacher, Montada, 1999) criterion. For example, if the consumers were to purchase a green laundry brand, they would buy it based on the claims of it being biodegradable. The decision to buy is made not only on the laundry detergent itself, which provides a primary core benefit, but also the environmental benefit i.e. altruistic benefit, that the consumer expects the detergent to be environmentally safe.

**Consumer Evaluation of Green Claims**

To assess consumers informed participation in fulfilling environmental safety goals, it is helpful to evaluate their understanding of green claims. Environmental claims or green claims are communicated to consumers using all forms of marketing communication techniques, but more frequently through product labels and media advertising. These green claims can be made in the form of words, symbols, emblems or logos. The various terms used for claiming environmental benefits, such as biodegradable, ozone safe, recyclable, and environmentally friendly have the potential to confuse consumers, if not defined adequately and communicated effectively. Businesses have been criticized for being ambiguous, misleading and even sometimes deceptive in using these terms (Johnson, Ambrose, Bassette, and Bowen 1997).

The literature reflects consumers’ concern that environmental claims may be, at times, misrepresenting environmental attributes, not being adequately transparent or truthful, not being based on scientific and verifiable facts, being discriminatory, and sometimes even being misleading (Polonsky, Bailey, Baker, Basche, 1998). In addition, the Roper poll (The Roper Organization, 1993) also showed that some American consumers distrusted advertising and labelling claims pertaining to the environment. Subsequently other research indicated that the use of green claims was not very helpful as the ads often simply stated that the product was either ‘environmentally friendly’ or ‘natural’ and appeared to be claiming the company as being environmentally concerned and socially responsible (Karna, Juslin, Ahonen, Hansen, 2001).

Some environmental claims may even be, potentially, deceptive through making explicit or implicit claims or omissions of some facts (Maronick, and Andrews, 1999). Deception may be categorised as “unconscionable lies”, in which false claims are made intentionally, “claim/fact discrepancies”, in which some relevant qualifications are omitted, and “claim/belief discrepancies”, in which no deceptive claim is made explicitly, but a deceptive belief is created” (Schiffman, Bednall, O’Cass, Paladino, and Kanuk, 2005, p. 589). The last category is by far insidious, and can be used subtly by manipulation of words to create misleading claims which is difficult to detect and police (Schiffman et al, 2005).
While some businesses have tried to promote a greener image, the evidence suggests that a few have been unable to live up to their claims (Polonsky and Rosenberger, 2001). There have been cases where businesses gave the impression that an entire product was environmentally friendly, when in actual fact only a small component of the product had environmentally safe attributes (West, 1995). Australian consumers have been warned of deceptive claims by some manufacturers (Pollard, 2004) and in some instances the Australian Competition and Consumer Commission had taken legal action against alleged misleading and deceptive claims (ACCC, 2003). The publicity resulting from these issues may contribute to consumers’ concern for the integrity of environmental claims attributed to some green products. While consumers appear to be somewhat sceptical about green claims (Peattie, 2001) the lack of an in-depth understanding of environmental terms, and the inclination to over generalize the level of safety from environmental claims (Morris, Hastak, and Mazis 1995) perhaps adds to consumers level of concern.

In Australia, the misleading or deceptive claims about environmental attributes of a product that appear on packaging and product labels may breach the Trade Practices Act (Clarke and Sweeney, 2000). The role of the ACCC is to enforce the Act by providing for consumer protection and promoting competition. The commission issued guidelines in 1992 on some environmental claims that may breach the general prohibition on misleading and deceptive conduct in the Act (ACCC, 2005). Additionally, Standards Australia has launched a new standard for environmental claims (Standards Australia, 2000). The new standard provides guidelines to assist in determining the reasonableness of self declared claims by the marketer and the evidence required to substantiate those claims. It states that environmental claims should be accurate and non-deceptive, substantiated and verified, specific about the improvements or benefits claimed, and be specific about whether the claims relate to the product or its packaging (ACCC, 2005). Some frequently used environmental safety claim terms are discussed below.

**Recyclable/Recycled**

According to Standards Australia (2000) ‘recyclable’ is described as ‘a characteristic of a product, packaging or associated component that can be diverted from the waste stream through available processes and programs and can be collected, processed and returned to use in the form of raw materials or products’. For instance, ‘post consumer’ material is derived from previously used business or consumer waste products (newspapers, cardboard, plastic bottles), while ‘pre-consumer’ material is manufacturing waste. When a recyclable claim is made, the use of a symbol is optional and the mobius loop (three chasing arrows) without the percentage claim may be used.

However, in the case of ‘recycled material’ which is defined as ‘proportion’, by mass, of recycled material in a product or packaging, only pre consumer and post consumer materials shall be considered as recycled content, where the percentage of recycled material must be stated. The use of a symbol is optional but if it is used then the mobius loop should be accompanied by a percentage value (Standards Australia, 2000, p.13).

There are general concerns about manufacturers using this term, as it has been indicated that manufacturers often use only the word ‘recyclable’ with the understanding that consumer’s won’t notice the different ending of the word and assume that the product is made from recycled materials (Giuliano, 1999)

**Non-Toxic to the Environment**

Claims such as “non-toxic,” “essentially non-toxic,” or “practically non-toxic” are overused and ambiguous terms. It is suggested that in order to make these claims, the manufacturer should have a rationale that these products won’t cause any significant risk to people or the environment, this often is
lacking clarity and the consumer may not be able to understand these terms unless they are told the circumstances under which the product is non-toxic (Giuliano, 1999).

Environmentally Friendly/Environmentally Safe

The generic term, ‘environmentally friendly’, is sometimes used for specific product claims such as “phosphate-free” or “biodegradable”. Biodegradable materials, like food and leaves, break down and decompose into elements. It is stated that products such as detergents and shampoos, using ‘biodegradable’ claim have always degraded causing no harm to the environment (Giuliano, 1999). Phosphates are organic compounds that can pollute water. The algae that feeds on them, creates massive populations called algae blooms that can destroy other organisms by using all the oxygen in the water. There are concerns that those cleaners that claim to be phosphate-free may still contain other harmful chemicals (Giuliano, 1999).

Being degradable is a ‘characteristic of a product or packaging that, with respect to specific conditions, allows it to break down to a specific extent within a given time’ (Standards Australia, 2000, p. 17). A product qualifies to be characterised as degradable only if it has been tested using specific test methods and verified as being degradable. Standards Australia (2000) recommends that any unqualified claim about a product or package that is degradable, biodegradable or photodegradable should be substantiated by proficient and reliable scientific evidence. For instance, that the entire product or package will completely break down and return to nature, i.e., decompose into elements found in nature within a reasonably short period after disposal.

Environmentally safe’ is another generic term often used. There are also specific terms such as "CFC-free" or "ozone-safe." These products should aim at not harming the atmosphere, either the upper ozone layer or the air at the ground level. Chlorofluorocarbons (CFCs) are chemical substances that can exhaust the earth’s protective ozone layer in the upper atmosphere. They were banned for use as propellants in 1978 in practically all consumer aerosol products. They were progressively being phased out in all products and manufacturing processes. Some products may not contain any ozone-destroying chemicals they may contain volatile organic compounds that, when released into the atmosphere can cause photochemical smog (Giuliano, 1999). The use of claims of ‘free’ should, as far as possible, be avoided since they cannot be shown to be literally true as there will always be presence of ‘trace contaminants’ and ‘background levels of substance in question’ in the product (Standards Australia, 2000).

In fact vague or non-specific terms such as ‘environmentally safe’, ‘environmentally friendly’, ‘earth friendly’, ‘non polluting’, ‘green’, ‘nature’s friend’, and ‘ozone friendly’ should not be used (Standards Australia, 2000). For instance, in 2003 an Air conditioning company in Australia was forced to correct false claims that its air conditioners used environmentally friendly gases. Whilst these standards do not represent the law and only act as guidelines, it can be still used by regulatory agencies in evaluating claims (Clarke and Sweeney, 2000). Even if claims made in relation to environmental friendliness or benefits of a particular product, it is required to be clearly stated and qualified (ACCC, 2005).

Environmental labels

There are two types of environmental labels, one is the manufacturer’s labels and the other is the third party labels. Environmental labels are labels such as ‘dolphin free’ ‘eco-safe" and those that demonstrate some environmental seals — say, a picture of the globe with the words "Earth Smart" around it. Those labels that are endorsed by the manufacturer are unhelpful for two reasons: First, if there is a manufacturing process involved, there is, potentially, some amount of pollution. All manufactured products and the packaging used may have some environmental impact. Second, these claims alone do not provide the specific information consumers need to be able to compare products, packaging, or
services for their environmental merits. On the other hand, those claims that are verified by third parties have more merit and credibility since they are not being claimed by the manufacturer. Arguably, no manufactured product is entirely environmentally friendly and the third party symbol used simply identifies the product as being friendlier to the environment relative to other similar products (Gertz, 2004).

The third party environmental labels operate like seals of approval. These programs use their logos as indications of environmental quality that are verified by independent sources (Wasik, 1996). They are also awarded by public/private non-profit organizations that make environmental standards for product categories and certify that products. Some studies have addressed green claims (Carlson, Grove, and Kangun, 1993; Obermiller, 1995; Schuwerk and Lefkoff-Hagius 1995; Manrai, Manrai, Lascu and Ryans, 1997) and have measured environmental claims, in terms of clarity and specificity. However, there has not been a recent study addressing the Australian consumers’ understanding of the environmental claims. This assessment is beneficial, if environmental claims can be interpreted and accurately comprehended by the consumer, then what policy measures would best encourage the adoption of environmental claims by businesses?

**Interpretation of environmental claims**

To examine how consumers interpret environmental claims, this study will address the consumers’ understanding of the following environmental claims:

- recyclable
- non-toxic to the environment
- environmentally friendly terms (biodegradable or phosphate free)
- environmentally safe terms (ozone safe)
- Third party environmental labels (dolphin free or eco-safe)

At the same time, the extent to which consumers may be environmentally oriented would, potentially, have an impact on their motivation to pay attention to and understand green claims. Therefore, it may be helpful to segregate green consumers into high and low involved groups to measure their differences, if any, in the understanding of green claims.

**Method**

A survey research was designed to investigate the issues forming the objectives of the study. The unit of analysis in this study was defined as adult consumers, irrespective of gender, who were the main shoppers from supermarkets. The sampling frame used was the residential telephone directory of Victoria, Australia. The sample was selected randomly using a CATI technology. A total of 207 completed interviews were conducted. A structured research instrument was prepared and pre-tested prior to its administration. The instrument contained questions designed to collect the necessary information required for analysis to satisfy the research objectives. The sample profile of the respondents included 59% (18-34 years old), 63% (employed). The interviews were conducted over one weekend. There were four questions that constituted consumer involvement. This study used similar measures for high-low involvement scales adopted by Schuwerk & Lekoff-Hagius (1995). The overall involvement with the environment using four 7-point Likert type scale items included the following statements:

a. I am concerned about the environment.

b. The condition of the environment affects the quality of my life.

c. I am willing to make sacrifices to protect the environment.

d. My actions impact on the environment.
These items, which were developed and refined by Schwerk and Lekoff-Hagius (1995), produced a Cronbach's alpha of 0.90 implying adequate internal consistency and reliability. The reliability of these items in this study measured at Cronbach’s alpha of 0.89. Although, researchers have identified various shades of green consumers (Shrum, McCarthy and Lowery, 1995), this study will group respondents into only two groups of high and low involved consumers. Thus, the above scales were then further divided into two groups characterised with high and low environmental preferences using K-means cluster (Table 1).

**Table 1: Final Cluster Centres**

<table>
<thead>
<tr>
<th>Clusters</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am concerned about the environment</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>The conditions of the environment affect the</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>quality of life</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am willing to make a sacrifice to protect</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>the environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My actions impact on the environment</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Number of cases</td>
<td>52</td>
<td>155</td>
</tr>
</tbody>
</table>

More specifically, this research was structured to investigate whether highly involved green consumers (i.e., those who are more concerned about the environment), and low involved green consumers (i.e., those who are less concerned about the environment) differ in their perceptions and interpretations of green claims (Schuhwerk and Lefkoff-Hagius 1995). The cluster analysis identified two relatively homogeneous groups of cases based on selected characteristics (see Table 1). The convergence was achieved due to small or no change in cluster centres. Table 2 shows the number of cases included in each cluster formed. There were 52 low involvement cases and 155 high involvement cases.

**Table 2: Chi-square tabulation for advertising claims**

| There is no difference between the variances of the groups for understanding recyclable claims | $\chi^2 (6) = 6.98, p >.05$ |
| There is no difference between the variances of the groups for understanding non-toxic to the environment claims. | $\chi^2 (6) = 4.60, p >.05$ |
| There is no difference between the variances of the groups for understanding the term environmentally friendly | $\chi^2 (6) = 8.70, p >.05$ |
| There is no difference between the variances of the groups for understanding the term environmentally safe | $\chi^2 (6) = 12.11, p >.05$ |
| There is no difference between the variances of the groups for understanding what ecolabels or environmental labels mean. | $\chi^2 (6) = 2.98, p >.05$ |
Results and discussions

In Table 2, the results of the Chi-Square test indicate that there are no differences between high and low involved consumers, in terms of their understanding of various environmental safety claims (Pavkov and Kent, 2003). This result was somewhat unexpected, as it was anticipated that the high involved group would, by virtue of their interest and association with environmental issues, understand these claims somewhat better than the low involved consumer groups. On the other hand non-toxic claims were poorly understood by both groups. This may also be due to the scientific terms generally used in green claims, which are not part of the normal vocabulary used by customers.

The second half of the study was undertaken to test consumer interpretation of environmental claims. In order to test consumer interpretation of the claims, the interviewer probed for further explanation to find out what the respondents understandings of those terms were. All responses were given in qualitative descriptions. The study designed involved traditional funnelling techniques, a similar approach used by Maronick and Andrews (1999). Respondents were first asked to indicate whether they had any idea what the environmental claims were and then only those who responded affirmatively were asked to provide further responses. This assured that the results were not contaminated by false positive responses.

Consumers were asked of their attitude towards the advertising claims made by manufacturers. This was initially measured on a seven point Likert-type scale where number 1 indicated that they strongly agreed that the claim was easy to understand and number 7 indicated that they strongly disagreed. In addition, qualitative responses were sought of their interpretation of what they perceived to be for example ‘recyclable’ or ‘environmentally friendly’. Consumers generally interpreted ‘recyclable’ (75%) as meaning the product contained 100% recyclable material. Similar to other studies (Morris, Hastak and Mazis, 1995), about five percent of the respondents demonstrated thorough understanding of "recycled" and "recyclable" consistent with the Australian Standards definitions and about half of respondents showed some basic understanding of the terms "recycled" and "recyclable". Additionally, the consumers considered ‘non toxic’ claims as being ‘ambiguous’ (85%) and some consumers even suggested there should be no need for the claim to be made since all products should be non-toxic.

The two general claims ‘environmentally friendly’ or ‘environmentally safe’ were too broad and ambiguous, therefore ‘biodegradable and phosphate free’ and ‘ozone safe’ were used instead to obtain consumer’s interpretation. Consumers appear to have good understanding of what the term biodegradable (88%) was, while phosphate free (67%) was understood to mean a product without any phosphate. However, 30% of respondents correctly indicated that the term refers to organic compounds that can cause water pollution. The respondents (92%) could not fully understand the environmental safe term “CFC-free" or "ozone-safe". Their general understanding of “ozone-safe” was that the claim refers to the product being safe to the environment (62%), while they had no recognition of CFC-free. In addition to asking consumers if they understood what third party environmental labels (dolphin free or eco-safe) meant, other third party environmental labels were also introduced in the study. Consumers were asked if they had knowledge or were aware of any of the four groups of third party environmental labels, i.e., Green Power (73% answered ‘No’), Environmental Choice Australia (86% answered ‘No’), Australian Certified Organic (95% answered ‘No’), and Green Globe 21 (90% answered ‘No’). Clearly, only a small proportion of consumers appear to be aware of environmental labelling programs and what they stand for. However, respondents had a better understanding of third party symbols such as ‘dolphin free’ and ‘eco free’. Additionally, respondents indicated that third party labels were considered to be more credible than the manufacturers’ labels to them.
Practical implications for businesses

The results of this study provide useful information about green consumers. There appears to be no differences between environmentally high and low involved groups in their understanding of environmental claims. However, while comparing their interpretation to Standards Australia (2000) guidelines, the only claims that were better understood were environmentally friendly terms such as ‘phosphate free’ and ‘biodegradable’.

However, there is a degree of ambivalence regarding the integrity of these claims. The uncertainty about the meaning of these terms could have been resulting from potential misrepresentations by manufacturers or inadequate publicity and public education. It appears that these terms are subject to individual customer’s interpretation. For example, ‘recycled’ can be construed as being totally or partially recycled, or if it refers to the quality of a product, or if the product is manufactured using reconditioned or reused parts and those made from recycled raw materials (Stds Australia, 2000).

In comparing the high and low groups, there was no difference between the two groups regarding the term ‘recyclable’. Most consumers assumed that the product was made with 100% recyclable material. With respect to non-toxic claim both high and low involved groups found it difficult to understand. More clarity would be required on the part of manufacturers to what the term means with respect to the product on which it has been used. A green product positioning may assist in promoting a company’s corporate environmental safety responsible status and be useful in building customers’ support for a green product. It has been suggested that green positioning can be broken into three major components – product attributes, product benefits and green claims (Lautman, 1993). The product attributes and claims both are controllable variables in the hands of management. It is, therefore, beneficial that managers specifically address these components of green positioning. Product attributes are the tangible aspects forming the observable and experiential parts of the product. Benefits evolve from product attributes, claimed by management and experienced by consumers. However, in the case of green brands some of the benefits acquired would be subjected to protection of the environment, which may not be observable to and experienced by the customer. Therefore, marketers are faced with the task of providing and communicating the dual benefits of the products to their consumers.

Consequently, the success of environment protection strategy through consumers’ aggregate consumption is assisted by effective communication (Pickett, Kangun and Grove, 1995), making an effort to ensure clarity of environmental terms and to avoid potential misleading or deceptive expression of green claims. This will promote consumers’ informed purchase decisions and will encourage businesses to maintain the integrity of their claims through proper product redesign and manufacturing processes. While at times, no deceptive claims are made explicitly by producers, the ambiguity of the green terms used may inadvertently result in a deceptive belief created (Schiffman, Bednall, O’Cass, Paladino, and Kanuk, 2005). To avoid or minimise the possibility of this happening the use of third party environmental labels and symbols may be considered, as consumers appear to have more trust in the independent and objective nature of third party labels.

Policy issues

If environmental claims are features that help to sell the product then in this case, policy initiatives would be required to encourage management commitment towards the introduction of claims. The findings of this research indicate that policy measures need to be undertaken more from a regulatory point of view to encourage the commitment required by businesses to make environmental improvements, instead of relying on the business to exercise self restraint. Several policy options can be designed to encourage the proper use of environmental claims. Namely, by the government providing education to the masses as to what these claims mean. The push will then come from consumers themselves. No doubt, firms are more
likely to adopt the environmental claims if their competitors and other stakeholders support their use. Policy measures such as subsidies could be offered for the cost of implementing environmental claims. Audits could be undertaken on claims to ensure they are being used accurately and properly. The regulation could include measures to discipline those who violate the mandates. In deciding whether to adopt policies that would help initiate environmental claims, policy makers will need to assess how firms can benefit from incentives to improve their environmental performance. While policies ensure that all stakeholders have a general understanding and expectations about environmental claims, effective environmental policies are fundamental in ensuring consistency of meaning and communication in environmental claims.

Some cautionary observations are warranted in using the results of this study. First, the generalisation of the findings is limited by the limited geographical area from which the respondents were selected. A more comprehensive study including samples from other states in Australia would be useful. Secondly, due to limitation resulting from the size of the high and low involved consumer groups in the study, potentially, a degree of bias in the results obtained can be expected. In future research studies, consumers’ intentions to buy green brands should be included, in order to investigate the extent of the association of green message understanding and purchase intentions.

Conclusions

The issue of clarity of green claims is important in establishing green market positioning for a product. While it is difficult for an individual manufacturer to remove all ambiguity currently existing in the market about the meaning and importance of these claims, policy initiatives can be used to educate and creatively address the communication of these claim terms, so that they are not easily misunderstood. Such a policy approach may prove to be, potentially, more rewarding than the general pursuit of the subtle persuasiveness of appeals in advertising green brands. On the larger scale, since standards only provide guidelines, policies based on regulations may be required to enforce their usages on products according to the meanings assigned to them. The present situation breeds more ambiguity and hence further clarity is required in understanding claims in order to allow consumers meet environmental goals.

REFERENCES


Generativity and its Relationship to Eco-Friendly Behavioral Intentions and Environmentally Responsible Consumption Behavior

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Abstract
Because sustainability requires a long term perspective, we posit that generativity, a construct developed by Erikson (1950), should be an antecedent variable for environmentally responsible consumption behavior. Generativity refers to individuals’ beliefs that their current behavior has consequences that extend into future generations. One of the consequences referred to in studies of generativity is environmental integrity. This suggests that individuals high on generativity ought to be more aware of and concerned about the environment and modify their behavior accordingly. The results of the study indicate that individuals who score high on generativity are more likely to have eco-friendly intentions and more environmentally responsible consumption behaviors.

Introduction
Since the early 1970s, the environment has been in issue of interest within the marketing domain. Seminal studies by Kassarjian (1971), Kinnear et al. (1974), and Fisk (1973) examined various aspects of the environmental problem and its relationship to marketing. Many others followed examining such things as environmentally friendly products, characteristics of green consumers, energy conservation, and green advertising. Since then, research on environmental issues has become more sophisticated and has begun to examine deeper issues from the psychological, societal, and paradigm levels of analysis.

In addition, the environmental problem has achieved greater attention within society at large and has become an important social issue for larger numbers of people than ever before. Dunlap (1991) and Kempton et al. (1995), for example, argue that many individuals in the US consider the environment to be foremost among social problems. The problem is recognized across countries as well. Levine (2002) states that 65% of Americans participate in recycling and the percentage is larger in several other countries. One anomaly in this scenario is that, while environmental attitudes are relatively high now (Dunlap & Scarcie, 1991), pro-environmental behaviors are not commensurately high (Costarelli & Colloca, 2004; Kalafatis, Pollard, East, & Tsogos, 1999). Alwitt and Pitts (1996) refer to this as the attitude-behavior gap. McCarty and Shrum (2001) concur on this arguing that, while many individuals hold positive environmental attitudes and agree that they would pay more for green products, few such products have been successful.

A number of explanations have been offered for this attitude-behavior gap in recent years. Among them are such things as measurement issues relating to Ajzen and Fishbein’s (1977; 1980) argument that the relationship between attitude and behavior constructs is greater when they are measured at the same level of abstraction. Because attitude constructs such as environmental concern are more general than are specific contextualized behaviors, it follows that their statistical relationship might be low (Fransson & Garling, 1999). It is also suggested by the theory of planned behavior that behavioral intentions intercede between attitudes and behaviors further distancing behaviors from attitudes. This suggests that measures of intentions might be appropriately included in a model of environmentally responsible consumption behaviors (ERB).

Another factor to consider is that all relevant variables may not be included in the model of environmental behavior. Because of the complexity of the relationship between behavioral
antecedents and behavior itself, it is difficult to include all relevant variables in a single model. In most consumer behaviors, for example, it is assumed that self-interest is a driver of the process, but this is not the case for ERBs which would require more altruistic motives because there is no direct benefit from the behavior. This altruistic impulse has been shown to affect environmental concerns, intentions, and behaviors (Schultz, 2001). Consequently, one should not expect the level of explanatory power found in hard sciences or even in mainstream marketing and economics where the self-interest assumption has greater influence on consumption behavior.

Among the antecedent variables in ERBs have been social structural variables such as demographics (Dietz, Stern, & Guagnano, 1998), gender (Olli, Grenstad, & Wollebaek, 2001; Zelezny, Chu, & Aldrich, 2000), race (Johnson, Bowker, & Cordell, 2004) and geography (Carrus, Bonaiuto, & Bonnes, 2005; Johnson, et al., 2004). Political variables have included political orientation (Blake, 2001; Elliott, Seldon, & Regens, 1997) and form of political process (Eckersley, 1992; Porritt, 1984). In addition to these more general variables in the explanation of ERB, psychologically related variables have been examined as well.

A number of psychologically related factors have received empirical support indicating their relationship to environmental consciousness, green attitudes, and behaviors. Liberalism, a political factor, was shown by Roberts (1996) to be a relevant variable in determining ecological concerns and behaviors when measured generally but not related to any specific area of concern. Stern et al. (1993) examined value orientations such as altruism and their relationship to eco-friendly behavior and found that altruism and egoism affected individuals’ willingness to take political action in an environmental context. This result was confirmed by Clark, Kotchen, and Moore (2003) who demonstrated that biocentric, altruistic, and egoistic motives were important contributors to pro-environmental behavior.

Perceived consumer effectiveness has been examined by a number of authors (see for example Berger & Corbin, 1992; Kinnear, et al., 1974; Roberts, 1996) who found that it has positive links to ecologically conscious consumer behavior. In these studies, consumers indicate they will respond appropriately when they perceive that their actions will have an effect. In addition, general environmental concern has been examined as a correlate to ERB and found to be positively related (Roberts & Bacon, 1997; van Liere & Dunlap, 1981). Value orientations and their relationship to environmental concern and eco-friendly behavior have also been examined by a number of researchers and found to be positively related to both concern and behavior (see for example Poortinga, Steg, & Charles, 2004; Schultz & Zelezny, 1998; Stern & Dietz, 1994).

As can be seen, the range of psychological variables that might be related to ERB is broad. These variables have been examined at some length over the past thirty years (Kilbourne & Beckmann, 1998). But those that have been studied do not exhaust the range of possibilities, and many others might be argued to be related as well. It is clear that how individuals see the environment and how they relate to it is a function of some combination of psychological states that might exist at any point in time. Some of these states are ephemeral, increasing and decreasing with the circumstance. Some are more enduring, such as values related variables, and mediate one’s actions over a longer period of time. Those that have an enduring effect are of primary interest because their role in environmental decline or remediation will have long term consequences not only to one’s self, but to future generations as well. This raises the issue of intergenerational justice that has been examined in the areas of environmental economics and environmental ethics but has been relatively ignored within the marketing and business related disciplines.

Trans-generational issues have not been examined within the marketing literature except with the modest admonitions within the societal marketing concept (Kotler, 2002). But even this does not address future generations because its primary focus is on other members of society today. Sustainability, however, is very future oriented suggesting that the needs of those today should not be satisfied at the expense of future generations to the extent that this is possible. It must be recognized here that every contemporary action has future consequences that cannot be anticipated with any degree of certainty. Sustainability refers to more reckless and profligate actions such as excess consumption of material superfluities by current consumers in developed economies. Recognizing the importance of the sustainability construct requires citizens of the world to consider time frames beyond their own. This frame of reference was referred to by Erikson (1950) as generativity, and he suggested that it is a psychological trait relating to one’s future orientation. Because of its relation to intergenerational justice, it is well worth examining in some detail for its possible role in sustainable,
eco-friendly behavior. Because one of the things the present generation must pass along to the future is the state of the environment, generativity is a psychological variable that could be of some importance in models of ERB.

Generativity

The Concept of Generativity

The concept of generativity was first introduced over 50 years ago by Erik Erikson (1950). Included in this theory of the human life cycle, “generativity versus stagnation” is the seventh of the eight stages of human life and, in its original formulation, it is first associated with the middle adult years. One of the first experiences of generativity could be expressed in bearing and rearing children. But a broader view of this concept includes different life settings such as one’s profession, proclivity to volunteer, political and religious affiliations, leisure activities, and community activities (McAdams & de St. Aubin, 1998). From a sociological point of view, generativity is a resource encouraging people toward the public good, maintaining continuity from one generation to the next. Moreover, Bellah et al. (1992) suggest that communities could have a certain level of collective generativity. They argue that we have lost the real meaning of life that stems from who we are rather than what we have. They further raise the question regarding the kind of world, both physical and cultural, we will leave to our children and grandchildren if we persist in our present forms of behavior focused as they are on increasing wealth and consumption. Fromm (1976) addresses the same issue in the conflict between having and being.

From a psychological point of view, generativity is a drive whose resolution may enhance adults’ well-being. For Erikson (1950), some of the best examples of generative people he has studied are Martin Luther and Mahatma Gandhi. It can also be seen in Erikson’s (1974) psychoanalysis of Thomas Jefferson. After examining the anatomy of generativity, we will deepen the links between generativity and the life cycle.

The Anatomy of Generativity

Although the potential interest in this concept in psychology and sociology is significant, a close examination of its meaning and its content has not been carried out for more than 20 years. After Erikson, one of the first who did examine the concept was Kotre (1984). He defined generativity as the desire to live in such a way that what we do will last beyond our own lives. According to Kotre (1984), generativity comes not only from the awareness of death but also, and maybe first of all, from exuberance and expansiveness of life. Berman (1995) states that Kotre distinguished a four-fold taxonomy of the manifestations of generativity including biological, parental, technical, and cultural generativity. Biological generativity deals with reproduction and caring for one’s children (Berman, 1995). Parental generativity relies on the nurturing and disciplining of offspring and also on the transmission of the family’s traditions. Technical generativity deals with teaching skills and the symbol system in which one is embedded to the next generation. Finally, cultural generativity deals with the creation, renovation, and conservation of the symbol system that is passed on to the next generation. According to Kotre (1984), cultural generativity is a vehicle that transfers the meaning of life from one generation to the next and that allows individuals to transcend the finitude of human existence (in Manheimer, 1995). Kotre (1984) also suggests that each stage has its own typical activities and outcomes. For example, within biological generativity, the outcome is a child, but for cultural generativity, it could be a work of art.

More recently, in a psychosocial approach, McAdams and de St. Aubin (1992) proposed a schematic representation of generativity that links the person and the social world. McAdams, Hart, and Maruna (1998) suggest that this theory of generativity includes several features. First, there are two kinds of ultimate motivational sources of generativity. These are:

1. A personal inner desire for symbolic immortality (the desire to defy death by constructing legacies that live on), and the need to be needed by others (an expression of communion relating to others in loving, caring, and so on). Bakan (1966), in a similar vein, talks about “agency” and “communion.” Agency represents a way to expand one’s existence, while communion represents participation of the individual in a larger interpersonal context. In this way, generativity could be either agentic or communal.
2. A cultural demand (developmental expectations and societal opportunities) that could offer an adult the ability to shape her/his generative inclinations.

In the adulthood stage, these motivational sources promote a consciousness for the next generation through which a person cares for and about the development of the next generation. This concern could be reinforced by a belief in the species (Erikson, 1950) or in the fundamental goodness and worthiness of human life in the future (McAdams & de St. Aubin, 1992). The contradiction between this view and the economic penchant for discounting the value of future generations in environmental analyses is clear. Thus, inner desire, cultural demand, belief in the species, and conscious concern produce generative commitment to decisions and goals, and generative actions like creating, maintaining, or offering of one’s self. By “creating,” the authors mean a generative behavior towards things and people, figuratively and literally giving birth to both (McAdams, et al., 1998). The individual thus creates an extension of the self that serves as a legacy expressed in one’s own image.

“Maintaining” is another kind of generative behavior. It deals with conservation or preservation behavior that could be considered worthy. Very explicitly, McAdams et al. (1998) talk about behaviors such as preserving good traditions, enacting rituals, and protecting the environment. Finally, “offering” would be the last kind of generative behavior. It corresponds to the offering or the gift of that which has been previously created and maintained. By offering, we mean passing something or someone on to the next generation. Ultimately, adults will construct a narrative of generativity relying on their generative efforts. This narrative makes sense of the life story and life review that make up their identities. Thus, according to McAdams et al. (1998), generativity consists of a “constellation of inner desire, cultural demand, conscious concern, belief, commitment, action and narration revolving around and ultimately justified in terms of the overall psychological goal of providing for the survival, well-being and development of human life in succeeding generations” (p. 9).

**Generativity and Life Cycle**

Generativity was first associated with the middle adult years. According to Erikson’s (1950) model, generativity scores should be relatively low in young adulthood, reach their highest level at midlife, and decrease a bit in mature people. However, more than forty years later, Manheimer (1995) argues that Kotre (1984) expanded the concept and freed it from a fixed chronological position. Ryff and Heincke (1983) tested the level of generativity on three samples from different age groups (average ages 21, 48, 69) and found that the youngest of the three samples tended to show the highest generativity score. McAdams et al. (1993) have shown that young adults scored lower than middle adults but higher than older adults on generativity. In a retest of the same experiment six months later, the authors confirm that midlife adults score higher than younger and older adults but found no significant differences between middle and older groups. Moreover, Marks and Koeppke (1994) have shown that generativity and pet attachment are related in young adults in that both involve nurturance, and the desire to nurture and be needed are important aspects of generativity. Van de Walter and McAdams (1989), in a study examining the relation between generativity and four personality traits, found that nurturance (Jackson, 1974) was the strongest predictor of generativity. Thus, the relationship between age and generativity does not appear robust indicating that generativity could be present in each stage of the lifecycle but with different levels of intensity. On this analysis, the generativity of young adults could be at least as high as that of mature adults.

**Behavioral Intentions**

A number of studies have examined the role of behavioral intentions in estimating actual behavior. These are based primarily on the theory of reasoned action developed by Ajzen and Fishbein (1980) who argued that intentions mediate between antecedent attitudinal variables and actual behavior. This model has been used in a number of marketing applications including the purchase of environmentally friendly products. It has been suggested that the reason there have been few results predicting behaviors successfully is that the variables are not measured at similar levels of abstractness (Fransson & Garling, 1999). Relating general environmental values to purchase behavior, for example, is unlikely to be successful because such highly abstract concepts as values are too
dissimilar to specific behaviors. Such connections are frequently mediated by intervening variables, and the theory of reasoned action suggests that one of those variables is intentions to perform a behavior (Kalafatis, et al., 1999). Alwitt and Pitts (1996) concur arguing that mediating variables intercede between concern and the purchase of environmentally friendly products. From this it is evident that behavioral intentions are an important component in models relating the more abstract constructs like values and attitudes to the more specific like behaviors.

Because the variable of concern in this study is an abstract, psychological variable, generativity, it was considered necessary to include an intentions variable between generativity and ERBs. This is because, based on the evidence extant, a direct link between generativity and ERB is unlikely to be predictive. Consequently, a scale measuring intentions to behave in environmentally friendly ways was created using a variety of eco-friendly behaviors in which one might engage. This was included in the measurement instrument. This provides the link between the more abstract generativity construct and specific ERBs.

Environmental Responsible Behavior

Environmental behaviors have been examined in relation to a number of different independent variables. These have included such individual factors as locus of control (McCarty & Shrum, 2001) and gender (Stern, et al., 1993) and such social factors as collectivism (McCarty & Shrum, 2001) and political attitudes (Blake, 2001) among others. While there have been many such studies conducted, the relationship between behavior and antecedent conditions has been inconsistent. Both Fransson and Garling (1999) and Stern (2000) argue that the inconsistency might be the result of measurement deficiencies and definitional problems.

Stern (2000) argues that one of the measurement problems is that environmental behavior has been considered a one-dimensional construct. He suggests that there are different types of behaviors and that each may have different causal factors. One way to classify behaviors is to distinguish between the public and private spheres. Public sphere behaviors, also known as non-activist citizenship behaviors, refers to activities such as petition signing, contributions, and joining environmental groups. These are distinguished from direct behaviors and activism (Dietz, et al., 1998) and are considered to affect the environment only indirectly by influencing public policy. Activist public sphere behaviors include such actions as boycotting products and companies and protesting environmental behaviors. Private sphere behaviors, also referred to as household behaviors, are elicited with the intention of producing a direct effect on the environment and include such behaviors as green consumption, reducing consumption, and changing consumption patterns. Such behaviors, while they directly affect the environment, are only efficacious in the aggregate; that is, when many people perform the same behaviors. The approach to behavior measurement taken in this study is that suggested by Stern and his colleagues in that three different types of behavior are examined. These reflect non-activist public, activist public, and private sphere behaviors. The first relates to joining and contributing to organizations, the second relates to protesting and boycotting, and the third relates to changing patterns of consumption behavior on an individual basis. This provides a three dimensional model of ERB as suggested by Stern (2000).

Generativity, Intentions, and Behavior: Model and Derived Hypothesis

We have seen that ERB can be broadly considered as a function of many possible variables including situational, social, interpersonal, and psychological. Kinnear, Taylor and Ahmed (1974) started from the assumption that individuals who show environmentally friendly behavior are particularly aware of these issues, and they identified what motivated individuals worried about environmental issues. Several literature reviews identify some of these motivational factors and among them was social or altruistic values (Granzin & Olsen, 1991). Generativity reflects such social, altruistic values in its expressed concern for the future and generations that will follow. But, unlike simple altruism or prosocial behavior, it involves the creation of a product or legacy for the next generation. Among those legacies the present generation will leave the future is the natural environment. We propose that generativity could be one of the variables that has a potential impact on environmental behavior because it reflects inter-generational values and concern for the future. Moreover, as we have seen above, McAdams et al. (1998) refer explicitly to “protecting the
environment” as generative behavior. This is a trait that is consistent with current expressions of sustainability.

The forgoing literature review suggests the following hypothesis that can be empirically tested. Because generativity reflects social, altruistic values and a future, long-term orientation, it follows that those who exhibit high levels of generativity should be predisposed to behave in such a way as to preserve the environment. Consequently, they should exhibit intentions to act in environmentally benign ways. This leads to hypothesis 1 below.

H1: As measures of generativity increase, intentions to behave environmentally responsibly will increase.

As has been shown consistently in the environmental literature, an individual who expresses intentions to behave in an environmentally responsible way is more likely to do so. This leads to hypothesis 2.

H2: As intentions to behave environmentally responsibly increase, self-reported measures of ERB will increase.

Methods

Sample and procedures

This study was carried out on convenience samples of young adults from two countries, the USA and France. There are two reasons for the cross-cultural sample. We would like to test the robustness of the results across two different cultures and, at the same time, increase the external validity of the proposed model. The final sample sizes were 283 and 198 respectively. The sample was 41% female with an average age of 20.3 for the US sample and 40% female with an average age of 20.7 for the French sample. Young adults samples are considered appropriate here for two reasons. First, generativity, eco-friendly intentions, and ERB are pertinent concepts for both young adults and older adults. Young adults represent one of the three groups usually studied in generativity research and have recently been shown to exhibit the trait in other contexts. This research expands the context to include ERB. Second, the purpose of the study was to assess the relationship between generativity, eco-friendly intentions, and ERB and not to determine the levels of generativity within each group. This approach also allows for control of the possible influence of age differences.

For the US sample, the questionnaire was distributed and completed in class. For the French sample, the questionnaire was translated using standard back-translation protocol, and the French version was distributed and completed in class. All participation was voluntary in both groups.

Measurement Instruments

Following the procedures set forth by Steenkamp and Baumgartner (1995; 1998) and Chen at al. (2005), before testing the structural invariance of the model, we first assessed the cross-cultural invariance of the three measurement models. The fit criteria used were the comparative fit index (CFI), Bollen’s incremental fit index (IFI), and the root mean square of approximation (RMSEA). These robust fit criteria were used to account for the possible lack of multi-normality (Bentler, 2006). The cutoff criteria for each of the fit statistics were .9 for the CFI and IFI and .08 for the RMSEA as recommended by Hair et al. (1998). For testing increasingly constrained models, sequential chi square difference tests (SCDT) were used with a cutoff criterion of .05 as suggested by Anderson and Gerbing (1988).

Using these procedures, we assessed the cross-cultural invariance of the three measurement models (Loyola Generativity Scale, Environmental behavioral intentions, and Environmental behaviors) making up the structural model independently. The results of the invariance tests are all presented in Table 1. Each of the scales achieved at least partial metric invariance in the two samples, and for testing structural equation models, this is all that is required (Steenkamp and Baumgartner 1995). This rigorous approach to testing the models was used because none of the scales used in the study have been shown to be valid across cultures. Achieving partial metric invariance indicates that the correlations between the constructs in the model are comparable across the two samples, so the structural equations are comparable as well. It was also demonstrated, using the approach outlined by Chen et al. (2005), that the LGS and behavioral measures were second order constructs. This structure was used in subsequent analyses. As can be seen in Table 1, the criteria used in the model assessment
were all well within the criteria specified for the analysis. Following the assessment of the individual constructs, the full structural equation model was tested.

**Table 1. Measurement Model Fit Statistics**

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<th>df</th>
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<th>IFI</th>
<th>RMSEA</th>
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**Results for the Proposed Structural Model**

In this final stage of the analysis, the structural equation model was tested for invariance. The latent constructs, generativity, intentions, and behaviors were arranged in the proposed nomological net and tested for both significance and invariance. The proposed model and relationships are presented in Figure 1.
The structural model was tested first for overall fit across countries. The results were acceptable with $CFI = 0.90$, $IFI = 0.90$ and $RMSEA = 0.038$ indicating that the proposed model did fit the data well. Hypothesis 1 predicted a positive relationship between generativity and eco-friendly behavioral intentions and this was confirmed. The standardized coefficients for that path were 0.27 for France and 0.30 for the US, and both were significant with $p < .003$. Hypothesis 2 predicted a positive relationship between intentions and ERBs, and this relationship was confirmed as well. The standardized path coefficient was .88 for the French sample and .84 for the US sample. Both coefficients were significant with $p < .001$. To test structural invariance, the two paths in the model were constrained to be equal for the two countries. The fit of the model was acceptable with $CFI = .90$, $IFI = .90$ and $RMSEA = .038$. These statistics and a SCDT of .61 indicated that fit of the model did not change significantly by imposing the constraints across countries. We can thus conclude that the structural model is invariant across the French and US samples. This confirmed both hypotheses for both samples. Generativity was shown to be positively related to eco-friendly behavioral intentions, and intentions were positively related to ERB. The result was confirmed for both the USA and French samples.
Summary and Conclusions

Previous research on the antecedents of ERB has indicated that the relationship is a complex one. While such variables as demographics, attitudes, concern, values, knowledge, beliefs, and intentions have all been shown to be related to ERB, the models tested generally reveal that much is left to be explained because of the complexity of the relationship. In addition, little research has been carried out within the marketing domain relating to intergenerational aspects of the environmental problem which are intimately bound up with sustainability. Most, if not all, research pertains to contemporary aspects of the problem as they relate to current individuals. With the exception of environmental economics and environmental ethics, the temporal dimension of the environmental problem remains relatively unexamined. The work of Joireman (2005) is an exception to this. He has recently suggested that environmentally friendly behaviors fall under the category of specific dilemmas known as “delayed traps.” These delayed traps correspond to temporal conflicts in which a behavior with immediate positive consequences for oneself may have a negative impact for oneself and for others in the long run.

The results of this research begin to bridge the gap between the present and the future as they pertain to the environmental problem. We propose the addition of new psychological construct to the models of ERB that have been developed thus far. Erikson’s (1950) concept of generativity is argued to be relevant to both current environmental behaviors and to the future as well. Generativity refers to the beliefs within the individual that the future is important, and that there is an obligation on the part of the current generation to leave to future generations important aspects of culture and the environment that will be instrumental in their lives. Thus, it has ramifications for both the present and the future. This recalls the definitions of sustainability that mandate that present needs not be satisfied without regard for the needs of future generations.

A model of generativity and its relation to ERB was developed and tested using two samples of young adults, one from the USA and one from France. The Loyola Generativity Scale and scales to measure both eco-friendly behavioral intentions and ERBs were administered to the samples. The results of the study indicated that generativity (the belief that one has made contributions that will positively affect future generations) was significantly related to eco-friendly behavior intentions. It was concluded that those respondents who believe their contributions to the future are important reported greater intention to engage in more eco-friendly consumption behaviors including such things as buying organic, reducing household waste, and buying eco-friendly products. It was also demonstrated that those who had more positive intentions indicated that they actually engaged in ERBs more often than those respondents with lower intentions. In addition, it was shown that the relationship was the same for both French and American respondents.

The implications of the results of this study have both practical and policy implications. As was emphasized by Stern (1992), all the relevant environmental behaviors are, in the end, consumer behaviors. Consequently, if a shift toward sustainability is to be achieved, it must necessarily be related to a shift in consumer behaviors. This is particularly true in Western industrial societies in which materialistic values inform and direct many individuals’ behaviors. This is partly due to the short term orientation in industrial societies. Materialism has been shown in numerous studies to diminish individual perception of well-being, and more recently, materialism has been related to environmental problems. The long term consequences of individual consumption behavior are given little consideration by either consumers or marketers who reinforce materialistic values. From a practical standpoint, the results of this study suggest that if marketers desire to move toward marketing practices that might engender sustainability as a model of thought, then their focus must turn from the immediate to the long term. The attitude-behavior gap might be bridged by marketers if their appeals focus on the future. This could increase generative values in those who do not have them and simultaneously appeal to those who do have them. This could, in turn, enhance the value of green product offerings making environmentally responsible consumption behaviors more appealing. In order to behave as though the future matters, one must first agree that the future does matter. This is the essence of generativity.

From a policy perspective, there are similarly important implications to be derived from the results. Much environmental consumer policy is oriented toward promoting specific ERBs such as recycling and consuming greener products. What this study suggests is that policy instruments to
effect such changes may be ineffective as they fail to consider the true nature of sustainability as future oriented. One of the primary attributes of greener consumption behavior is that it is only effective in the aggregate if all consumers engage in a similar behavior. It thus has the character of a social trap (Dawes, 1980) when self-interest predominates individual consumption behavior. This short term perspective is also characteristic of commons dilemmas based on the same cultural conditions (Shultz & Holbrook, 1999). In the end, the negative environmental consequences all must suffer were intended by none. To initiate the move toward sustainability, consumer policy instruments must instil a sense of the future in consumers and not be directed solely at altering their current behavior. Again, it is generative values that compel individuals to think of the future. The likelihood of both direct and indirect ERBs and of sacrificing behaviors would be enhanced if individuals recognized the relevance of their current consumption behavior to the future.

References


Meso-Market-Ethics (MME): The Confluence of Market Segments, Ethics, and Time

William W. Keep, Quinnipiac University

Abstract
Marketing ethics theory has covered a great deal of ground though has yet to consider the possibility of a segment-based approach. Between macro and micro, a meso approach to ethics focuses on the segment or group level, not unlike other marketing decisions relating to the product offering or marketing message. The current paper introduces the meso level approach, as found in the business ethics literature, positions this approach relative to two commonly recognized macro and micro marketing ethics theories, and applies the approach to two examples.

Meso-Market Ethics: Bridging the Macro – Micro Divide
A comprehensive review of the marketing ethics literature categorizes articles according to two commonly accepted dichotomies: positive v. normative and micro v. macro (Nill and Schibrowsky 2007). In addition, the authors further distinguish among papers that focus on each primary marketing area (i.e., price, product, etc.) as well as a number of sub-disciplines and topics (e.g. consumer related issues, green marketing, etc.).

The current paper adds to the discussion by placing ethics decisions at the meso-level, within the context of market segments. Already established in the business ethics literature, a “meso” approach to ethics recognizes differences across groups consistent with, and in addition to, the contribution of macro or micro considerations (Heugens, Oosterhout, and Keptein 2006; Dunfee 2006). Given the strong tradition of segmentation in marketing, a segment level approach recognizes the potential for ethical differences on the buying side across market segments.

Despite the fact that marketers have long sought to segment markets, often including values-based product/service characteristics that include meanings extending beyond the product’s utilitarian function, ethics discussions of market behaviors have tended to focus on micro and macro evaluations, positive and normative approaches, functional topics (e.g., pricing), sub-disciplines of marketing (e.g., sales), and special topics (e.g., green marketing) (Nill and Schibrowsky 2007). All the while, however, companies develop products and marketing messages that appeal to one segment and sometimes, intentionally or not, offend another.

Consider the following examples. Some parents and media have criticized Abercrombie and Fitch for marketing sexually suggestive and racially insensitive t-shirts, and thongs for girls as young as 10; and publishing a catalog with nude, young models (Carr and Rozhon 2003; Ortiz 2002). Calvin Klein was similarly criticized for producing ads likened to child pornography (Elliott 1995). When attempting to secure new locations, large box retailers have faced stiff opposition from some communities though not others—opposition borne more from social values than economics (Rimer 1993). England’s recent ban on advertising “junk” food to children under 16, and France’s move to include a percentage of space dedicated to healthy lifestyle messages in similar advertisements, represent clear attempts to articulate an ethical standard for marketing to a specific market segment (Hall 2007). For their part, companies have at times taken the ethical lead, pulling their ads from radio and television shows, and websites—ads clearly
targeted to specific market segments—because of content considered to be too offensive or otherwise in bad taste, violating the firm’s own ethical sensibilities (Steingberg and McBride 2007).

By defining meso-market-ethics (MME) at the segment level, we overtly recognize the potential for ethical differences across segments in literally every aspect of the market offering including but not limited to: the product (e.g., tobacco), the message (e.g., use of sexuality), packaging (e.g., environmental unfriendly materials), targeting (e.g., thongs for 10-year old girls), distribution channel (e.g., gun shows), and price (e.g., outsourced manufacturing that relies on child labor to lower costs). Decisions in these areas are more often than not segment-level decisions and not simply one-off decisions made by individuals within the firm (i.e., micro) or corporate-wide decisions affecting all products in all markets (i.e., macro).

Complementing the segment-level approach, the current paper adds the element of time. By doing so, we demonstrate the impact of changing social values on both buyers and sellers at the segment level. Our goal is not to make a relativist argument, suggesting that sellers adopt an “anything goes” ethical position. Quite to the contrary, we argue that most ethical decisions from the seller’s perspective are framed by the market context at the segment level and that this context changes over time. As a result, our approach highlights the opportunity for firms to adopt ethical leadership positions in their respective market segments.

We fit the MME approach into two different ethical views: a general theory of marketing ethics model, described as “a positive, not a normative, theory of ethics...a process theory that explains and predicts phenomena in situations having ethical content” Hunt-Vitell (2006, 149) and a normative, basic perspectives (BPS) model designed to show “what marketing organizations ought to consider to better evaluate and improve their ethical behavior” Laczniak-Murphy (2006, 156). If MME is to offer value to the discipline we need to demonstrate in what ways it complements current thinking.

**The H-V model**

The Hunt-Vitell theory (H-V) models positive-micro ethics decision, diagramming the impact of personal, cultural, and organizational (i.e., organizational, industry, and/or professional) influences on an individual’s ethical evaluation of a given market situation. Normative evaluations serve as necessary components to what is essentially a process model for individual decision making as the individual considers of what one “ought to do” in the specific ethical situation. Variation can occur across different individuals facing the same market situation—even those working in the same organization—and the ethical evaluation of a given individual can change across different market situations.

The H-V model includes two fundamental ethical evaluations, one deontological and the other teleological. The former deals with the “rightness” of an approach without regard to outcome while the latter deals with the “goodness” or desirability of an outcome (see non-shaded areas, Figure 1), both include normative evaluations, though the former more than the later. Situation-specific influences are most apparent and more easily measured as part of the teleological evaluation because they call for a conclusion regarding the outcome of a specific action (e.g., closing a sale). In this context the individual’s evaluation includes: an assessment of the probability and desirability of the outcome or consequences of each alternative, and the importance to the stakeholders involved. Relative to a market outcome, the customer will generally be a primary, if not the primary stakeholder.

The H-V model allows for but does not explicitly include the role of market segments. Though research documents ethical dilemmas of individual sales managers consistent with the model (Hunt Vitell 2006), many marketing decisions involve ethical evaluations at the segment or meso-level. In these cases an individual or committee accepts or rejects products, adopts one advertising campaign over another, authorizes vendors, targets customers, and selects channels. Marketers and marketing academics
necessarily care about the ethical evaluations affecting both individual stakeholders as well as those comprising an entire market segments.

The large grey box in Figure 1 highlights the impact of individual market segments on the ethical evaluation process described by the H-V model. Each segment and even individuals within a segment may develop a different ethical view of a given market offering (e.g., the view of thongs for 10 year-olds held by some young girls and their parents versus that of other young girls and their parents; the view of gun shows held by some gun owners versus others, etc.) and have different relative importance to the seller. Different segments may also face different available market alternatives. For example, low income urban customers desiring organic foods because they feel strongly against the use of pesticides but who rely on mass transportation may have fewer choices than suburban, car-enabled customers with a similar ethical view.

Thus, in the context of the adapted H-V model, each market segment may represent a different “Probability of consequences” and may be different in “Importance of stakeholder(s)” when responding to a seller’s action. Consider the following examples. Some parents speak out against unhealthy food choices while other parents with similarly aged children regularly take family outings to fast food restaurants that sell products linked to obesity. When charged with selling shoes made with child labor some Nike consumers promoted a product boycott while others remained loyal. MME recognizes this variety in ethical views and the impact they can have on the marketer’s ethical evaluation. The “Actual consequence” will be the sum total of how each segment responds.

The adapted H-V model also allows for change over time, though it does not specifically explain how marketing-related values change, or how such values get more or less well articulated at the various environments. The time element (Figure 1) makes explicit the recursive relationship between the market behavior of buyers within a market segment and the cultural, industrial, professional, organizational, and personal environments. The impact of time on ethics evaluations is further explored in the next sections.

The BPS Model

Though the H-V approach does not prefer one set of ethical standards or norms over another, a normative approach to ethics does. Researchers in this area emphasize the micro and macro importance of engaging in behaviors that reinforce rather than undermine social norms embedded in long recognized moral traditions (Laczniak and Murphy 2006). In effect, normative ethicists harness the overall ethical evaluation to a broader moral framework imbedded in shared foundational beliefs. The normative approach represents approximately one-third of the marketing ethics literature (Nill and Schibrowsky 2007) yet it alone attempts to answer the questions: What is the moral responsibility of marketers to society? Given that such a responsibility exists, what specific behaviors will be supportive of the responsibility?

Laczniak and Murphy (2006) outline a normative framework consisting of seven “basic perspectives” (BPS). They are as follows: 1) Ethical marketing puts people first; 2) Ethical marketers must achieve a behavioral standard in excess of the law; 3) Marketers are responsible for whatever they intend as a means or ends with a marketing action; 4) Marketing organizations should cultivate better (i.e., higher) moral imagination in their managers and employees; 5) Marketers should articulate and embrace a core set of ethical principles; 6) Adoption of a stakeholder orientation is essential to ethical marketing decisions; 7) Marketing organizations ought to delineate an ethical decision-making protocol.

Individual BPs address different actions, ranging from processes (e.g., delineating a protocol, BP7) to outcomes (e.g., achieving behavior standards in excess of the law, BP2). Three BPs involve marketing behaviors evaluated relative to a broader social consensus: BP2 calls for behaviors “in excess of the law”; BP4 calls for cultivating “better (i.e., higher) moral imagination,” necessarily requiring some points of
reference; and BP6 requires adopting a “stakeholder orientation,” allowing marketers to recognize—even potentially link to—the ethical position of stakeholders.

The BPS model is meant to be considered in total. Thus the less relative BPs (e.g., “marketers are responsible for whatever they intend”) limit the impact of relative changes in the environment. In other words, marketers are responsible for whatever they intend regardless of whether or not other actors, including stakeholders, act in a similarly responsible manner. Still time will inevitably be a relevant factor in shaping the overall evaluation of an ethical decision. At the product level laws, moral imaginations, and stakeholder orientations can change over time. Indeed, just as deontological evaluations within the H-V model are shaped by the cultural environment, members of market segments are also subject to, and play a role in shaping, that same cultural environment.

**Applying the MME Approach**

We argue that adopting an MME approach—focusing on the ethics of individual market segments—allows marketers to more easily understand, adapt to, and even take a leadership role in shaping the ethics of their respective market segments. We argue that in the absence of a segment approach marketers risk making ethical decisions based on social cues that are either too broad or too narrow. To fully appreciate the ethical context marketers are best served by being aware of the history of the segment. Such awareness then opens the possibility for taking an effective ethical leadership role. To make our point we offer two examples.

**Fashion and Young Women**

Fashion plays important cultural roles that include: transferring, inventing, and reforming cultural meanings, with fashion marketers serving as active participants through new product designs and fashion-related marketing messages (McCracken 1986). That is not to say, however, that fashion marketers manipulate or drive fashion changes. The complex process involves the consumer in a “dance of interpretive positions” where marketers provide “a means by which consumers can affect large scale changes in social discourse” (Thompson and Haytko 1997, 37). Researchers consistently view the symbolic, esthetic, and utilitarian aspect of fashion as dynamic and evolving (Barber and Lobel 1952) (Miller et al. 1993). Thus producers and marketers of fashion actively assist consumers in interpreting social meanings and symbolically expressing personal feelings through fashion styles and messages (Sproles 1981; Miller et al. 1993).

History provides striking examples. In the 1850s the “Bloomer” dress joined a Turkish-influenced pair of billowy bloomers, not unlike pants gathered at the ankle, under a short dress and created social turmoil. Part political challenge and part fashion statement, the Bloomer combined greater comfort with a defiant expression of personal freedom, despite the fact that the wearer’s limbs were completely covered. The dress and similar “pantalets” were viewed as masculine, indecent, and un-Christian, owing to its Turkish influence (Fisher 1997). By the late 1890s bloomers and other pant-like fashions facilitated women’s interest in bicycle riding but continued to be viewed as un-feminine (New York Times 1894).

Post-WWI the “Flapper” style, the first to expose the wearer’s limbs, became popular and also controversial. Unlike bloomers and pantalets, the widespread marketing of the Flapper fashion made the product in retail stores and frequently appeared in advertisements. Reaction to the style ranged from “boiyish” to “brazen” to catastrophic: “When the flapper raised her skirts above the knee and rolled her hose below it, the naked flesh of the lower limbs of respectable women was revealed for the first time since the fall of Rome; the connection of the two events was not seen as coincidental” (Yellis 1969, 46). Young women’s dress styles followed that of older women’s in terms of having more masculine look, often with pants worn under a dress (Fisher 1997). The post WWII years saw a significant rise in the size and spending power of the middle class, and a corresponding interest in fashion and fashion marketing.
The relationship between fashion and personal aspirations was apparent to post-WWII copy writers, one of whom wrote “If at first you don't succeed, change the way you dress” (Barber and Lobel 1952, 126). National publications such as *Life*, *Ladies Home Journal*, *Mademoiselle*, *Harper's Bazaar*, and *Seventeen* communicated in text and advertisements the message that fashion can assist in achieving personal and social goals. For twelve to seventeen year old young women, however, the fashion message continued to be conservative. Nice girls at this time did not use fashion to display sex appeal. Their first step in that direction was when a young woman wore her “first black dress,” a coming of age fashion that recognized the potential for “sexual enticement” (Barber and Lobel 1952).

By the 1960s (i.e., the decade of the mini-skirt), however, girls as young as thirteen were wearing shorter skirts (Reynolds 1968). Fashions ranged from sexual overt short skirts to gender blurring “uni-sex” pants with the fashion-leading edge increasingly viewed to be among the young (Glueck 1964). By the late 1970s gender roles and sexual attitudes had changed dramatically for young women when compared the just twenty years earlier. *Seventeen*—targeted at 13 to 17 year-olds—surveyed readers in the late 1970s and found that fewer than half, 41 percent, reported that they would like to remain virgins until marriage (Bennetts 1979). A subsequent review of 244 articles published in *Seventeen* from 1974 to 1994 showed young women being portrayed less as sexual objects and victims and more as agents acting on their own sexual desires. Taken in total, the magazine content was more varied than in previous decades, ranging from recognizing the reader’s own sexuality to trusting one’s own conviction to remain sexually inactive (Carpenter 1998). Magazines like *Seventeen* rely heavily on advertising revenue and feature marketing messages linking magazine content with contemporary fashions.

Though the actual impact of fashion designers and marketers in the complex interplay of interpretation, expression, and affiliation has yet to be established, there have been some notable instances of strong adverse public reactions to marketing efforts. In 1995 Calvin Klein, a designer known for “pushing the boundaries of advertising since 1980” agreed to withdraw an advertising campaign described as “kiddie porn” (Elliott 1995). In 1997 Abercrombie and Fitch introduce the “A&F Quarterly” catalog feature clothing for young men and women. The company quickly came under attack by feminist and social conservativies because of the nude and nearly nude models featured within. After six years of controversy and a final Christmas catalog feature “Group Sex” on the cover, the catalog was discontinued (Carr and Rozhon 2003). It should be noted that the success of the catalog, in turn, attracted advertisements from other marketers targeting this segment. Abercrombie and Fitch followed this controversy with the introduction of “thongs” marketed to girls as young as ten years old. Some versions of the product featured printed messages, such as “wink wink” and “eye candy.” In an attempt to be reassuring, a spokesperson for Abercrombie and Fitch said, "It's not appropriate for a 7-year-old, but it is appropriate for a 10-year-old" (Ortiz 2002).

Fashion directed toward young women has evolved from the simple black dress of the 1950s to sexually explicit styles. Styles changed within a context of increasing sexual awareness and assertiveness among women (i.e., the so called “sexual revolution”). Along the way individual firms made decisions about the appropriateness of their market offerings and their market efforts. The controversies surrounding Calvin Klein and Abercrombie and Fitch are notable, in part, because they are the exception rather than the rule. Many other brands selling to the same market segment chose less ethically questionable products and messages. The final quote in the preceding paragraph highlights the fact that marketers do think about what is and what is not appropriate for specific market segments at a specific point in time. Though not directly shaping consumer preferences, fashion marketers both respond to and influence changes in this environment for this market segment.

*Marketing Distilled Spirits*

Prohibition in the United States, a sumptuary law banning the manufacture, transportation, and sale of alcohol, lasted just thirteen years, from 1920 to 1933. This period was followed by a patchwork of laws
that presented considerable challenges for alcohol manufacturers. The residual effects of the temperance movement included: limited distribution, restricted advertising, and little price competition. States and local governments passed a variety of laws limiting the marketing and sale of alcohol ranging from limited or no price comparisons, restricted selling hours (e.g., no sales on Sundays), resale price maintenance, and limited distribution (Faust 1994). Kentucky, for example, allowed each county to choose between being “wet” (i.e., allow alcohol sales), “dry” (i.e., prohibit alcohol sales), and “moist” (i.e., allow alcohol in some part[s] of an otherwise “dry” county). Such market irregularities had obvious implications for product sales and distribution, and the selection of advertising media.

In 1936, just three years after the end of Prohibition, manufacturers of distilled spirits (i.e., liquor) and radio broadcasters imposed their own sumptuary policy by voluntarily agreeing to ban all liquor ads from the airways. A similar ban began for television in 1948. Sixty years later the trade association for the manufacturers of distilled spirits voted to lift the ban, a decision that followed by six months a television advertisement for Crown Royal whiskey that ran in March, 1996 on the Prime Sports Network (Elliot 1996). Thus the broadcast advertising of distilled spirits entered a new era.

At about the same time, new alcohol products arrived on the market that critics accused of being specifically designed to attract minors due to their sweet taste and high alcohol content. Included among these products were “alcopops,” lemon-flavored ales carrying names such as “Yellow Belly” and “One-Eyed Jack,” and frozen, fruit-flavored malt liquors like “Squeeze” that could be found in the freezer aisle near the ice cream sandwiches (Halbfinger 1997). These new products prompted complaints from parents and community groups. Though a Federal Trade Commission investigation did not find the distilled spirits industry guilty of inappropriately targeting minors, some states moved to classify selected products as hard liquor, effectively increasing the price in an effort to limit purchases by young consumers (Marshall 2007).

Thus the mid-1990s witnessed a two-prong change in the marketing of distilled spirits. Advertisements on broadcast media reversed a 60 year ban and new, sweeter alcohol products—arguably more appealing to young consumers—entered the market. Each of these highlights the segment-based decisions made by marketers in this industry. The changes raise two questions: 1) What motivated the changes? 2) What further changes may be expected?

The answer to the first question follows from liquor’s precipitous decline relative to beer and wine. From the late 1940s when television viewing began until the mid-1990s per capita liquor consumption remained flat while per capita beer consumption increased by 20 percent; from 1980 to 1995 total liquor sales decline 29 percent (Hacker 1998). In addition, widespread use of the Internet by consumers and marketers facilitated the growth of liquor advertisements featuring characteristics similar to what would be possible on television (i.e., video, animation, and sound), leading one industry executive to wonder "Why is one TV screen acceptable but not another?" (Elliot 1996).

The answer to the second question regarding further changes appears to be “more of the same.” Since the fall of the broadcast ban in 1996 the marketing of liquor continues to evolve. The three national television networks continue to uphold the original ban though cable companies and some local stations owned by these networks increasingly accept liquor advertisements. Since 2003 the number of local broadcast stations accepting the advertisements nearly doubled from 400 to 700 (Elliot 2007). Some stations limit the showing of liquor ads to late evenings as both industry and broadcast executives continue to seek socially responsible positions (Elliot 2007). New media have also attracted liquor advertising revenue. Reversing a 30 year ban on liquor promotions, the National Association for Stock Car Auto Racing (NASCAR) announced that beginning in 2005 liquor messages could appear on race cars. Conscious of
the links between youths and race cars, the NASCAR promised that such promotions will be responsible and sensitive to the links between youth, fast cars, and under-age drinking (Multinational Monitor 2004).

Because of the danger of product abuse marketers of alcohol, including distilled spirits, and federal and state governments developed consumer warning labels. On the positive side, awareness of the dangers of drinking and driving and drinking while pregnant appear to be well known. In addition, manufacturer generated warning labels, as opposed to those produced by the government, have a positive impact on consumer attitudes toward the manufacturer (Garretson and Burton 1998). On the negative side, few studies have confirmed a relationship between warning labels and actual changes in behavior, and perceptions of risks associated with drinking remain low for college students of legal drinking age (Bang 1998; Garretson and Burton 1998).

Changes in the marketing of liquor may create a special challenge. The marketing of alcohol in all forms has received considerable attention from marketing academics. An early study of liquor advertising from 1953-1962 noted that advertising expenditures exceeded product costs for many brands and demonstrated that advertising had a measurable impact on brand retention (Simon 1969). Almost twenty years later Bang (1998) reviewed eleven studies of the impact of alcohol advertising expenditures on alcohol consumption. The authored observed that in the aggregate prior research did not show a significant relationship between advertising expenditures and alcohol consumption. The results varied, however, according to product type with some studies finding a positive and significant relationship between liquor advertising expenditures and liquor consumption. This result suggests an ability of liquor advertisers to move consumers over from other alcohol products. Earlier studies also showed a significant relationship between alcohol advertisements and consumer beliefs and attitudes toward alcohol (Bang 1998).

Conclusion
Our review of fashion products and messages directed at young women and the marketing of liquor are not intended to provide a comprehensive history of each segment. Indeed, such histories would require separate papers for each. Our purpose, however, was to illustrate both the impact of time, manifest by changing ethical views that impact individual market segments, and therefore lend support for adopting an MME approach to marketing ethics. A segment-level approach helps marketers, especially those in large, multi-product, multi-market corporations, to more readily appreciate the evolving ethical context of each segment and to identify the ethical implication of trends on individual product offerings and marketing messages. Our goal is to provide a usable tool for increasing the likelihood of marketers playing an informed role in shaping these trends. Marketers with too broad of ethical focus risks developing an ethical position that will not be portable from one product/market segment to another or not be easily communicated to individual product managers, thus risking a failure to develop any coherent ethical position. Marketers with too narrow of ethical focus risk developing an ethical position that lacks consistency, and that cannot be easily articulate inside or outside the firm.
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The MME model, an adaptation of the H-V (2006) model, links probable consequences, importance of a stakeholder group (i.e., customers), and actual consequences to the market response(s) across one or more market segment. The model also allows ethical evaluations to move over time.
Home and Host Country Culture’s Influence on Manager’s Individual Decision Making Related to Ethical Issues in an MNC

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Abstract

The paper reviews the most often quoted descriptive models of individual decision making process related to ethical issues in business, marketing, and international business, as well as the related empirical studies, having a goal to propose an extension of the most parsimonious model if it is to be applied to an MNC setting with an inclusion of an influential variable specific to an MNC. The paper also suggests an empirical research design that would help to test not only whether the variable has an effect on individual decision making process related to ethical issues in an MNC, but also how it influences the process.

Introduction

Cases of misconduct in business related to ethical issues have impelled researchers to analyze the causes of unethical business behavior. Perhaps having such an understanding it would be possible to weed out unethical behavior in organizations. A number of researchers have developed descriptive models that show what factors determine an individual’s decision making process related to ethical issues in business in general, marketing settings, as well as in international business in particular.

Although neither general business models nor specific marketing models have been originally intended by their authors to be applied to individual decision making related to ethical issues in international business, they have been tested empirically in cross-cultural studies. However, so far the so-called international/cross-cultural models have not been tested empirically in the settings their authors have suggested. The majority of the researchers who carried out the empirical testing of the models have arrived to a general conclusion that home country culture does affect the moral structure upon which individuals base their decisions related to ethical issues. However, none of the existing models appears to be applicable to an international business setting as none of them takes the specific nature of an MNC into account. The very nature of an MNC implies that individuals working in such an organization will be affected not only by the home country culture but also by the culture of the host country in their decision making process carrying ethical content. Although it has been found by several empirical studies on expatriate managers’ attitudes in general and their judgments related to ethical issues in particular that host country’s culture has a significant effect on individual attitudes in general and decision making process related to ethical issues in particular, neither the models of individual decision making related to ethical issues in business, marketing, and international business have incorporated the variable, nor have empirical studies tested the factor’s influence.

The main purpose of the paper is two-fold: to propose (1) an extension of the most parsimonious descriptive model that would be applicable to an MNC’s setting, showing that apart from the factors incorporated in the existing model of individual decision making related to ethical issues, both home and host country cultures affect the process of individual decision making related to ethical issues in international business, and (2) an empirical research design that would help to test not only whether such an effect of home and host country culture on individual decision making related to ethical issues in international companies exist, but also how/to what extent home and host country cultures influence the individual decision making process related to ethical dilemmas in an MNC.

As the model is an extension of Hunt and Vitell (1986, 1993, 2005, 2006) theory based on the previous theories and results of the related empirical studies, the descriptive models most often mentioned in the relevant literature are briefly reviewed first. Having a goal to arrive at a suggestion of the most parsimonious existing model for its extension and adjustment to a specific MNC’s setting, an analysis of the most often quoted descriptive models is presented in the next section of the paper. Finally, propositions, originally meant to test home country culture’s influence on individual decision making process related to ethical issues, presented by Vitell et al. (1993), are extended to the
hypothesized host country’s culture effect on managers’ working in MNCs. Methodology for testing the propositions is suggested, too.

Models of Individual Decision Making Related to Ethical Issues in Business

According to Rest’s (1986) four-component model, an individual’s reasoning process related to an ethical issue is initiated through (1) identification of an issue having ethical content. After that, the person enters a process of prescriptive reasoning in which he/she evaluates the ideal outcomes that should occur in a certain situation. The aftermath of the reasoning process is a (2) judgment of what should be done to resolve that ethical issue. After that, an individual contemplates on his/her (3) intention to act/behave on that issue, which involves a value assessment of the ethical choice vs. other decision choices. After that an individual (4) acts/behaves which is a function of his/her conscious choice and certain personal characteristics (Rest 1986).

Based on the Kohlberg’s theory (1969), Trevino (1986) posits that the individual’s cognitive model development stage determines his/her reaction to a certain ethical issue. Individual variables are shown in the model to affect the likelihood of an individual’s acting on cognitions of what is right or wrong, while situational variables arising from the immediate job context and the broader organizational culture also moderate the cognitionbehavior relationship (Trevino 1986: 602). Characteristics of the job itself and the moral content of the organizational culture are shown in the model as situational factors affecting the stages of individual moral development (Trevino 1986: 611).

Bommer, Gratto, Gravander, and Tuttle’s (1987) model shows several categories of factors influencing managers’ decisions when they are confronted by ethical dilemmas: social, government and legal, work, professional, and personal environment, as well as individual attributes. These variables affect “ethical and unethical behavior” via the mediating structure of the individual’s decision-making process (Bommer et al. 1987: 267). The decision process in the model functions as a central processing unit with its own internal characteristics such as the individual’s cognitive style, type of information acquisition and processing, and perceived levels of loss and reward that influence the decision (Bommer et al. 1987: 267).

Fritzsche’s (1991) model incorporates Ferrell and Gresham (1985), Hunt and Vitell (1986), and Trevino’s (1986) models. It portrays a set of personal values of an individual as the dominant individual level input into the decision making process that are mediated by organizational culture. The decision making is also affected by stakeholders. The recognition of the management problem motivates the decision maker to search for solutions. A set of solution alternatives is evoked which consists of the total set of decision alternatives considered by the decision maker, and each alternative is evaluated on the basis of economic, political, technological, social, and ethical issues (Fritzsche 1991: 850).

Jones’s (1991) model stresses the characteristics of the ethical issue itself. Jones argues that six component parts of the moral intensity are positively related to four stages of decision making process related to ethical issues (1991: 372). Organizational factors (group dynamics, authority, and socialization processes) affect two stages of decision making process, i.e., establishment of intent and behavior itself.

Jones and Ryan (1997) suggest that individuals consider four factors when defining their own or other person’s level of moral responsibility in a certain situation: the severity of the consequences of that act, the certainty that the act is moral/immoral, the individual’s degree of complicity in the act, and the extent of pressure the individual feels to behave unethically. The individual uses the four factors to determine the level of moral responsibility that his/her referent group will attribute to him/her. Based on that, the individual is believed to plan a certain course of action and estimate how much moral approbation can be expected from the referent group based on that behavior (Jones and Ryan 1997).

Brass, Butterfield, and Skaggs (1998) propose that it is not only individual, organizational, and issue-related factors that influence individual decision making process related to ethical issues, it is also types and structure of relationships among actors that have the effect.

Models of Individual Decision Making Related to Ethical Issues in Marketing

Zey-Ferrell, Weaver, and Ferrell (1979) assume association with peers and other employees who are defined as participating in unethical behavior and condoning such behavior, and the opportunity to be involved in such behavior, are major predictors of unethical behavior.
Based on the role-set configuration analysis, Zey-Ferrell and Ferrell (1982) claim that the greater the distance, the less likely the focal person’s ethical/unethical behavior will be influenced by referent others; that top management as referent others with greater authority will have greater predictive influence on the focal person’s ethical/unethical behavior; that both beliefs and behaviors of referent others as perceived by the focal person may influence the ethical/unethical behaviors of the focal person. Apart from role-set configuration influences, the opportunity of the focal person to become involved in ethical/unethical behavior is also claimed to be influential to ethical/unethical behavior (Zey-Ferrell and Ferrell 1982).

Ferrell and Gresham’s (1985) model demonstrates that decisions involving ethical dilemmas are affected by individual factors, significant others within the organizational setting, and opportunity for action. The societal/environmental criteria used to define an ethical issue are treated in this model as exogenous variables. The variables affecting behavior that is related to ethical dilemmas in the field of marketing are categorized into individual and organizational contingencies (Ferrell and Gresham 1985).

Hunt and Vitell’s (1986, 1993, 2005, 2006) model addresses the situation in which an individual confronts a problem perceived as having ethical content. If the individual perceives an ethical problem in the situation, then the process shown in the model begins. The next step is the perception of various possible alternatives that might be taken to solve the problem. Having perceived the set of alternatives, a deontological and teleological evaluation follows. An individual’s ethical judgments are a function of the individual’s deontological and teleological evaluations. The model shows that ethical judgments affect behavior through intentions. Since teleological evaluation independently affects intentions, too, ethical judgments can sometimes differ from intentions. Another variable in the model—action control—is the extent to which an individual exerts control in the enactment of an intention in a particular situation. After a certain behavior, the actual consequences of the alternative selected are evaluated, which serves as a feedback to the category of variables named “personal characteristics” (Hunt and Vitell 1986, 1993, 2005, 2006). Cultural, industry, professional, and organizational environments are said to influence the process, too.

Dubinsky and Loken (1989) claim the immediate determinant of engaging in ethical/unethical behavior is one’s intention to perform the behavior. Intention is influenced by the individual’s attitude toward the behavior and/or subjective norm. The theory proposes that the relative importance attached to attitudes and subjective norms in predicting intentions (and behavior) varies depending upon the particular ethical behavior tested or the particular subgroup/population investigated (Dubinsky and Loken 1989: 87).

Ferrell, Gresham, and Fraedrich’s (1989) model is a synthesis model based on Ferrell and Gresham (1985), Hunt and Vitell (1986), and Kohlberg’s (1969) models. From Hunt and Vitell’s (1986) model the researchers took a micro aspect of the individual’s cognitive decision process. From Ferrell and Gresham’s (1985) model the authors took a more macro orientation, i.e., the organizational culture. From Kohlberg’s model (1969) they took the aspect of cognitive moral development. Based on Ferrell and Gresham (1985) model, which shows that recognition of an ethical issue also depends on the evaluation of ethical/unethical behavior, which in its own turn is affected by social learning, the researchers also included the social learning as a variable.

Models of Individual Decision Making Related to Ethical Issues in International Business

Wines and Napier (1992) have pointed out that Owens’s model (1983) is not applicable to MNC context as it is based on a simple framework for viewing moral values and ethics within a single culture and suggests that cultures are closed systems in which public opinion involving moral beliefs is reflected through the political and economic system to change the external environment for business decisions. Wines and Napier think Owens’s model (1983) needs to be extended to a cross-cultural perspective as cultures may overlap when a firm conducts business outside its home country. The focus of their model is on clusters of cultures with shared moral values. It shows how different cultures may be linked by “value strings” representing common moral values (Wines and Napier 1992: 836).

Robertson and Fadil (1999) built their model on previous ones, with a focus on cultural dimension of individualism/collectivism and the ethical philosophy of consequentialism. It also incorporates education and training, moral development, the intensity of the ethical dilemma, and moderating factors (individual and situational factors influenced by a manager’s national culture).
Discussion and Suggestions

Without a doubt, the authors of the models have made a valuable contribution to building a descriptive theory of individual decision making process related to ethical issues in organizations. However, the models have some shortcomings: some of them do not portray the very process of decision making related to ethical issues; others do not specify the influence of certain factors on the process of individual decision making or are built on questionable assumptions; some either do not encompass certain influential factors that have been empirically proven to affect the individual decision making process, or contain too many of them; and none of them reflects an influential factor affecting decision making process related to ethical issues in an MNC’s setting in particular.

Neither Zey-Ferrell et al. (1979) nor Zey-Ferrell and Ferrell (1982) include the stages of the decision process related to ethical issues in their model, only two main groups of independent variables and the dependent variable. Fritzsche’s (1991) model does not incorporate stages of decision making process either, its description of the decision making process is limited to listing the dimensions along which alternative solutions may be evaluated (Bartlett 2003). Trevino’s (1986) model pictures just cognition and action/behavior, intention not being included. However, research has shown that intentions mediate between perceptions/cognitions of an ethical issue, judgment, and behavior itself. Brass et al. (1998) model does not show the very process of decision making, rather that certain groups of factors affect the aftermath of the process—the very behavior, therefore, it could hardly be called a model for it simply lists different factors having effect on decision making process. Ferrell and Gresham’s (1985) model does not show the intention gap between evaluation and behavior (Ferrell, Gresham, and Friedrick 1989: 62). Wines and Napier (1992) and Robertson and Fadil’s (1999) models do not address decision making as a process either, just list various factors.

Fritzsche (1991) thinks that as it is formulated in Trevino’s (1986) model, Kohlberg’s stages of moral development construct contribute little to the understanding of actual behavior. He points out that it provides a rationale for exhibited behavior depending on the stage of moral development that an individual has reached. However, while the rationale may change depending upon level of development, the behavior is a constant (Fritzsche 1991: 842). However, the model by Fritzsche (1991) does not specify exactly how one of the factors, i.e., culture, mediates individual personal values.

Dubinsky and Loken think that the models by Zey-Ferrell et al. (1979), Zey-Ferrell and Ferrell (1982) lack specificity with respect to individual marketing behaviors, i.e., the models seem to imply that the relative influence of a given factor on ethical/unethical behavior will inhibit consistency across all behaviors (Dubinsky and Loken 1989: 90). Ferrell and Gresham’s (1985) model stresses the social learning elements but does not provide a component analysis of the moral evaluation process. It is also unclear what the dependent variable is in Robertson and Fadil’s (1999) model. Although Dubinsky and Loken are among those researchers who think Hunt and Vitell’s (1986) model is the most comprehensive, they criticize the model incorporating elements of deontological and teleological moral philosophies that require that the individual perceive the situation as having ethical content. They claim that for many behaviors individuals may be unaware of its ethical content, and even when the ethical content of a behavior is salient, it may not contribute significantly to intentions (1989: 90).

Dubinsky and Loken think the models by Zey-Ferrell et al. (1979), and Zey-Ferrell and Ferrell (1982) have too few variables that they may not be useful for theorists and/or managers (1989: 89). Meanwhile, Bommer et al. (1987) model seems to be more like a “catalogue of factors” rather than a model as it simply lists over twenty variables (Jones 1991: 369). Kelley and Elm (2003) criticize Jones’s (1991) model for minimizing both the impact of organizational setting and organizational factors. They point out that in Jones’s model (1991) context is shown to affect the moral intent and behavior of the individual rather than to affect the issues’ moral intensity directly. Therefore, Kelley and Elm (2003) proposed an improved model which shows organizational factors directly affecting moral intensity of an issue. However, in both models, individual factors are not included. Brass et al. (1998) do not include cultural effects as a factor in their model. Although Ferrell and Gresham’s (1985) model is comprehensive, it contains too many variables in order to test the model as a whole (Dubinsky and Loken 1989: 89). Ferrell and Gresham’s (1985) model neither incorporates the moral development process nor lists the moral philosophical components that include the basic principles managers use in ethical decision making (Ferrell et al. 1989: 62). Fritzsche thinks the main shortcoming of the model is that there is little development of the role that individual factors play in the decision making process or of the actual decision making process itself (1991: 841). Wines and Napier’s (1992) cross-cultural
model does not include any other influential factors apart from national culture. Robertson and Fadil (1999) model incorporates only one of the five Hofstede’s cultural dimensions, besides, the authors included only consequentialist theories in their model, while previous theoretical and empirical research demonstrates that it is both deontological and teleological judgments that influence decision making.

However, the main problem with the models is that none of them can be applied to an MNC setting, the type of company which is obviously different from a local company. An MNC can be conceptualized as a social community that crosses national boundaries (Kogut and Zander 1992). According to Watson and Weaver, “internalized firms are characterized (in part) according to the dispersion of their operations over varied cultural groups or “psychic zones” featuring different conceptions of acceptable management practices and variation in other culturally based attitudes, beliefs, and behaviors” (2003: 79).

Judging from their descriptions and titles, most of the models of decision making process related to ethical issues in business or marketing perhaps have not been intended by their authors to be applied to international setting. However, probably just because they had a factor called “culture” or “nationality” included, they have been tested in international settings as well. E.g., Hunt and Vitell’s (1986, 1993, 2005, 2006) model was tested by Cherry et al. (2003), Menguc (1998). Other models, e.g., Robertson and Fadil’s (1999), judging from the title of the article (“Ethical Decision Making in Multinational Organizations: A Culture-Based Model”), were probably intended by their authors to be applied to an MNC setting.

And indeed, cross-cultural comparisons of attitudes/awareness/judgments/intentions/behaviors of business managers in various countries have indicated that home country culture does have a strong influence on various decision making process stages related to ethical issues (e.g., Christie et al. 2003, Nyaw and Ng 1994, Singhapakdi et al. 1995).

Whatever the case, all the models seem to have not taken into account the specific nature of an MNC in general and specifically the manager who operates outside his/her home country location, in a different cultural setting of a host country, i.e., the expatriate manager who, as pointed out by McDonald, in many instances is faced with additional and often significant psychological and behavioral adaptive demands (1993: 20). As noted by McDonald (1993), while extensive research work of an inter-cultural comparative nature has been undertaken in the area of cross-cultural management, there have been very few intra-cultural studies initiated regarding the divergent attitudinal positions of expatriate versus local managers. Lee and Larwood (1983) examined the socialization of managers, hypothesizing that expatriates would come to adopt attitudes between those of the parent and the host country. The researchers based their hypothesis on the two bodies of research: finding important attitude differences among nationals of different cultural groups, and another examining the cultural learning process, or socialization. In such a way, individuals living in a certain culture are most likely to be able to observe the behaviors that will be expected of them by others. The researchers claim that individuals can engage in anticipatory socialization, in such a way enduring that they will be rewarded for carrying the role out in an appropriate way (Lee and Larwood 1983). The authors of the study have pointed out that usually expatriates work closely with host country nationals who provide alternative role models to parent country attitudes and behavior. In order to increase their level of reinforcement in social interactions, expatriates may be forced to make some changes in their behavior. Having done so, they may incur parallel self-concept changes which will bring them into greater agreement with the way of thinking of members of the host country (Lee and Larwood 1983).

And indeed, the empirical study revealed that the attitudes of American expatriates appeared to fall between those of Korean and American (home country) managers and that overall expatriate attitudes seemed less likely to differ from those of the parent than from those of the host country, in such a way providing additional support for socialization theory which claims that individuals who seek to maximize their reinforcement levels attempt to behave in ways that are seen to be appropriate by those with whom they interact, and those who carry out the new roles most readily expose themselves to the possibility of self-concept change in which they adopt attitudes supporting their new behavior (Lee and Larwood 1983: 663). Hegarty and Sims (1978) in their empirical study found the foreign nationals to be significantly less ethical than U.S. nationals. Similar results were found in a replication study by Hegarty and Sims (1979). Similarly, but this time, as noted by McDonald and Kan (1997), in a very rare purely intra-cultural empirical comparison of ethical attitudes between expatriate and local managers, Kam Hon Lee (1981) researched the possible differences in ethical attitudes between
expatriate and local managers and concluded that although it was generally believed that managers, brought up in different cultures, held different values and ethical beliefs, no differences on ethical standards in business practices were found between British and Chinese managers in Hong Kong. The finding that expatriates and local managers held the same moral standards is due to the acculturation process that has been undertaken by British expatriates (McDonald 1993: 21). From their study of ethical perceptions of expatriate and local managers in Hong Kong, McDonald and Kan (1997) found significant differences in responses to ethical dilemmas between local and expatriate personnel with expatriate respondents indicating a lower level of agreement to unethical actions. In a more recent study, Bailey and Spicer (2007), based on two conditions of integrative social contracts theory—type of norms and degree of communication inclusion—found out support for their hypotheses about convergence of managers’ decision making related to ethical issues. Russian and American managers expressed similar attitudes toward organizational practices violating ethical “hypernorms,” besides, American expatriate managers who were highly integrated in Russian communities were similar in their attitudes to those of Russian managers when evaluating practices related to so-called “local norms” (Bailey and Spicer 2007: 1462).

Based on the previous models and empirical studies on decision making related to ethical issues, as well as on the theory of acculturation and the empirical research done on expatriate experience, the paper suggests to improve the most parsimonious model of decision making process related to ethical dilemmas in business with an influential variable specific to an MNC setting—i.e., host country cultural environment.

From all existing models of decision making related to ethical issues in international marketing the model by Hunt and Vitell (1986, 1993, 2005, 2006) seems to have least number of shortcomings: it includes the variables that have been proven to be influential by a number of empirical studies, and contains four stages of decision making process related to ethical issues which has also been proven empirically to be the case. Compared to some other models, Hunt and Vitell’s model (1986, 1993, 2005, 2006) explicates the individual decision making process in detail, presenting philosophical theories that could explain a decision maker’s judgments, therefore, the model starts at an earlier explanatory stage than other models (Burns and Kiecker 1995: 24). Besides, Hunt and Vitell’s model proposes specific hypotheses regarding philosophical theories driving ethical decision making that are empirically testable. Therefore, the Hunt and Vitell model “is the most detailed and comprehensive” (Burns and Kiecker 1995: 24; also Vitell and Ho 1997: 700; O’Fallon and Butterfield 2005). Based on these observations, Hunt and Vitell’s (1986, 1993, 2005, 2006) model could be used for the restructuring to arrive at the model that could be applicable to an MNC. Since Hunt and Vitell (2006) have pointed out that their model is a process, not a causal, model of decision making related to ethical issues, i.e., it does not mean that each concept in the model is a construct to be measured, it is not necessary to test all of their model, but rather, as suggested by its authors, it is better to develop causal models consistent with the theory underlying Hunt and Vitell’s (1993) model. Following Hunt and Vitell’s (2006) suggestion, propositions are developed for extending and testing certain parts of Hunt and Vitell’s (1986, 1993, 2005, 2006) model.

Hofstede (1980), Hofstede and Bond (1988) identify five cultural dimensions along which societies differ: (1) individualism/collectivism; (2) power distance; (3) uncertainty avoidance; (4) masculinity/femininity; and (5) Confucian dynamism. As noted by Vitell et al. (1993), the first four cultural dimensions relate to ethics in the sense that they may influence the individual’s perception of ethical issues, norms for behavior, ethical judgments, and other factors. As societies differ with regards to these cultural dimensions so various components of their decision making process related to ethical dilemmas differ.

Several researchers, especially Schwartz (1994), have criticized Hofstede’s cultural dimensions, noting that (1) Hofstede’s cultural dimensions are not exhaustive as the survey Hofstede analyzed was not designed to identify dimensions of national culture, therefore may not have encompassed all relevant questions; (2) the sample of countries did not fully reflect all national cultures so that adding other countries could have resulted in other or a different number of cultural dimensions; (3) the IBM employees surveyed were not representative of the general population of their respective countries as related to their education, scientific and technological background, as well as modernization; (4) Hofstede’s cultural dimensions may be outdated as the data was obtained between 1967 and 1973; (5) it is unclear whether people from different countries understand Hofstede’s value items in the same way.
However, Drogendijk and Slangen point out that “it may be premature to dismiss Hofstede’s (1980) work as outdated or an inappropriately reflecting national cultures, and to consider Schwartz’s (1994, 1999) more recent framework to be superior” (2006: 362, 376). Getz and Volkema also think the studies suggesting that since then countries’ cultures may have changed provide “an insufficient basis upon which to reject Hofstede’s measures” (2001: 18). Sondergaard (1994) in his examination of 61 replications of Hofstede’s study found only a few non-confirmations, which in general confirms Hofstede’s findings.

In their model Hunt and Vitell proposed that “cultural norms affect perceived ethical situations, perceived alternatives, perceived consequences, deontological norms, probabilities of consequences, desirability of consequences, and importance of stakeholders” (1986: 10). However, as noted by Vitell et al. (1993), neither the earlier version of the theory nor the improved model specifies how cultural norms affect individual decision making process related to ethical issues. After noticing the shortcoming in the theory, Vitell et al. (1993) have conceptualized the impact of culture on the deontological and teleological evaluation of business practitioners. Vitell et al. (1993) formulated several propositions by applying Hofstede’s cultural typology to the proposals of the revised Hunt and Vitell’s (1993) model. Their original propositions are extended to reflect the main proposition of the paper, i.e., that not only home country culture has an effect on decision making process, but also host country culture influences expatriate managers’ decision making process.

Building on Hofstede’s conceptualization of the individualism/collectivism construct, Vitell et al. (1993) suggested that managers from countries low on individualism dimension tend to be more susceptible to group and intra-organizational influence than managers from countries that score high on this particular Hofstede’s cultural dimension. Managers from collectivistic countries are most likely be influenced by the norms of various industry, professional, business, etc. groups to which they belong since they cannot easily distance themselves from these groups. Individuals coming from more individualistic cultures are more concerned with their own self-interests, therefore, group norms tend to influence them less:

**Proposition 1a:** Managers in countries high on individualism (e.g., the U.S./Canada) will be less likely to take into consideration informal professional, industry, and organizational norms when forming their own deontological norms than business practitioners in countries high on collectivism (i.e., Japan).

Based on the results of the expatriate empirical studies that proved that host country cultural environment has an effect on expatriates’ perceptions, a related proposition can be suggested:

**Proposition 1b:** Expatriate managers from countries high on individualism (the U.S./Canada) after working (not less than 2 years (Van Vianen et al. 2004)) in an MNC subsidiary in a country high on collectivism dimension (Japan) will be more likely to take into account informal professional, industry, and organizational norms when forming their own deontological norms than their colleagues in the home country (the U.S./Canada).

**Proposition 2a:** Managers in countries high on individualism (the U.S./Canada) will be less likely to take into account formal professional, industry, and organizational codes of ethics when forming their own deontological norms than business practitioners in countries high on collectivism (Japan).

**Proposition 2b:** Expatriate managers from countries high on individualism (the U.S./Canada) dimension after working (not less than 2 years) in a MNC subsidiary that is located in a country high on collectivism dimension (Japan) will be more likely to take into account formal professional, industry and organizational codes of ethics when forming their own deontological norms than their colleagues in the home country (the U.S./Canada).

Vitell et al. (1993) quote the study conducted in the U.S. by Hegarty and Sims (1979) which revealed that the personal desire for wealth is positively related to unethical behavior, while organizational profit goals do not have any significant influence on the respondents’ behavior related to ethical issues. Meanwhile, Ouchi (1981) has noted that in the typical Japanese organizational structure employees demonstrate more commitment to their organization. Based on the empirical studies, Vitell et al. (1993) formulated the following propositions:

**Proposition 3a:** Business practitioners in countries high on individualism (the U.S./Canada) will be likely to consider themselves as a more important stakeholder than owners/stockholders and other employees.

**Proposition 3b:** Expatriate managers from countries high on individualism (the U.S./Canada) after working (not less than 2 years) in a MNC subsidiary located in a country high on collectivism (Japan)
will not be likely to consider themselves as a more important stakeholder than owners/stockholders and other employees.

**Proposition 4a:** Business practitioners in countries high on collectivism (Japan) will be likely to consider the owners/stockholders and other employees as more important stakeholders than themselves.

**Proposition 4b:** Expatriate managers from countries high on collectivism (Japan) after working (not less than 2 years) in a MNC subsidiary in a country high on individualism (the U.S./Canada) will not be likely to consider the owners/stockholders and other employees as more important stakeholders than themselves.

Managers in countries high on power distance are more likely to accept the inequality in power and authority that exists in most organizations, and because of that they are more likely to demonstrate individuals in prominent positions undue reverence compared to managers in countries with a small power distance (Vitell et al. 1993). Vitell et al. (1993) suggested that the supportive findings of the empirical studies done by Zey-Ferrell et al. (1979), Zey-Ferrell and Ferrell (1982) could mean that in countries with a small or medium power distance individuals look more to both their peers and informal norms than to their superiors and formal norms for guidance on appropriate behavior. On the other hand, in countries high on power distance, superiors are expected to act autocratically without consulting subordinates:

**Proposition 5a:** Business practitioners in countries low on power distance (the U.S./Canada) are more likely than business practitioners in countries high on power distance (France) to take their ethical cues from fellow employees and to consider informal professional, industry, and organizational norms as more important than formal codes of ethics when forming their own deontological norms.

**Proposition 5b:** Expatriate managers from countries low on power distance (the U.S./Canada) after working (not less than 2 years) in a MNC subsidiary in a country high on power distance (France) are less likely to take their ethical cues from fellow employees than their nationals and to consider informal professional, industry, and organizational norms as more important than formal codes of ethics when forming their own deontological norms.

**Proposition 6a:** Business practitioners in countries high on power distance (France) are more likely than business practitioners in countries low on power distance (the U.S./Canada) to take their ethical cues from superiors and to consider formal professional, industry, and organizational codes of ethics as more important than informal norms when forming their own deontological norms.

**Proposition 6b:** Expatriate managers from countries high on power distance (France) after working (not less than 2 years) in a MNC subsidiary in a country low on power distance (the U.S./Canada) are less likely to take their ethical cues from superiors and to consider informal professional, industry, and organizational codes of ethics as more important than formal codes of ethics when forming their own deontological norms than their nationals.

Vitell et al. (1993) suggested that business practitioners from cultures scoring high on uncertainty avoidance are more likely to be intolerant of any deviations from group or organizational norms than managers from countries low on uncertainty avoidance:

**Proposition 7a:** Business practitioners in countries high in uncertainty avoidance (Japan) will be more likely to consider formal professional, industry, and organizational codes of ethics when forming their own deontological norms than business practitioners in countries that are low in uncertainty avoidance (the U.S./Canada).

**Proposition 7b:** Expatriate managers from countries high on uncertainty avoidance (Japan) after working (not less than 2 years) in a MNC subsidiary in a country low on uncertainty avoidance (the U.S./Canada) will be less likely to consider formal professional, industry, and organizational codes of ethics when forming their own deontological norms than their nationals.

According to Vitell et al. (1993), cultures scoring high on masculinity dimension encourage individuals, especially males, to be ambitious, competitive, and striving for material well-being. The researchers claim that these factors may contribute significantly to an individual’s unethical acts (Vitell et al. 1993: 758). The researchers believe that individuals making decision related to ethical problems in masculine cultures may not even perceive a certain ethical problem because they are not recognized by their culture as having ethical content (Vitell et al. 1993):

**Proposition 8a:** Managers in countries high in “masculinity” (the U.S./Japan) will be less likely to perceive ethical problems than managers in countries characterized as high in “femininity” (Sweden/Norway).
**Proposition 8b:** Expatriate managers from countries high in “masculinity” (U.S./Japan) after working (not less than 2 years) in a MNC subsidiary in a country low in “masculinity” (Sweden/Norway) will be more likely to perceive ethical problems than their nationals.

A sample for the empirical study could be marketing managers (nationals) working in MNCs in several countries scoring differently on each of the Hofstede’s cultural dimensions (e.g., Japan, France, the U.S./Canada, Sweden/Norway) and expatriates of these MNCs working for no less than 2 years in countries scoring differently on the cultural dimensions. Based on the prepositions, demographic variables of interest could be managers’ nationality, gender, age, education, current job title, years of business experience, years of working in the current MNC, as well as “nationality/country of origin” of the MNC and its subsidiaries. The size of the MNC and type of industry it operates in could be also important (Singhapakdi et al. 1999: 472).

As suggested by Vitell et al. (1993), because of the nature of the propositions, survey procedures are more appropriate than experimentation for testing them. A suitable survey instrument for testing the propositions could be a mix of survey questions or scenarios (the latter suggested by Hunt and Vitell, as well as used by Mayo and Marks, 1990), items from the instruments used in previous studies testing Hunt and Vitell’s theory (e.g., Reidenbach et al., 1991; Mayo and Marks, 1990; Singhapakdi and Vitell, 1991). Robertson encourages researchers to use scenarios from previous research rather than developing new ones as he believes it is only in this way cumulative analysis of results can be achieved, which in its own turn can make a contribution to business ethics knowledge (1993: 591). The absent instruments will have to be developed.

**Conclusion**

The main presumptive contribution of the paper is extension of Hunt and Vitell’s (1986, 1993, 2005, 2006) theory by inclusion of host country cultural influence as a factor in their model and suggestion of research design to test the factor’s influence, in such a way making the theory applicable to an MNC setting. It is expected that the empirical research will provide additional highly-needed support for the verification of the applicability of acculturation theory in its relationship to ethical issues. At the same time, it is expected that the empirical research will also provide additional support in the cross-cultural research area related to ethical issues.

**References**


Barcoding Behaviors of Seven Multinational Corporations: Revealing the Country of Origin or Deliberate Obfuscation

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Abstract:
The following paper is part of ongoing research into barcoding anomalies. The authors have seen this behavior in the Middle East, China, Southeast Asia, and in the United States. The authors began this research in Hong Kong in 1986 before the onset of the introduction of barcoding, while researching country of origin anomalies in countries. Because of the omnipresence of Multinational Companies, they restricted their research to the following companies: Kraft, Procter & Gamble, Nestle, Unilever, Quaker Pepsico and Colgate Palmolive.

Introduction

The authors noticed the phenomenon of deceptive barcodes that appeared to betray the country of origin COO, and assumed it was done intentionally because of COO effects. However as the data was analyzed the first consensus only led to our calling it “randomized” barcoding behavior. Patton, 2003 In the past several years of physical in-country, and online research into the barcoding behavior as reflected in Kraft, Procter & Gamble, Nestle, Unilever, Quaker and Colgate Palmolive many more anomalies are revealed.

The authors review the concept of country of origin COO in its non-Marketing context. They also briefly review Marketing COO literature. The history of using barcodes to identify country of origin is discussed. The authors’ 20 years of COO research in the past has identified anomalies in the barcoding revealing of country of origin. Patton & Patton, 2003, 2005, In addition there are many new practices within the barcoding behavior that reveal intentional obfuscation. The authors do not speculate regarding the intent of the obfuscation, whether it be to mislead consumers or avoid national rules of origin of products, but report evidence of it in their data collection.

There are several noticeable factors in observing product differentiation among the major Multinationals. One is the ubiquitous barcode. The authors have been researching product distribution and differentiation among 7 major multinationals for 22 years. Originally there were no barcodes, only tiny lettering saying, “Made in the USA,” or “Made in Singapore.” India did not barcode its products until well into this new millennium. The obvious reason for using barcodes and the RFID Radio Frequency Intercept Device is to facilitate recordkeeping in Supply Chain Management. However since each barcode is supposed to list both country of origin and country of destination, keeping track of these transfers as Marketing scholars has become distinctly more simple. However for their own reasons, many of the Multinational corporations MNC’s have regularly used a practice of non-disclosure of these elements, placing country of destination codes ie. Made in China, but using USA codes on their products. This paper will discuss the anomalies, without trying to explain them.
**Country of Origin Labeling as a Legal Necessity**
Recently there was an attempt to repeal the country of origin labeling provision in the 2002 Farm Bill. Customs Regulations, 19 CFR Part 177 All product entering the United States has to contain the English name of the country of origin unless an exception from marking is provided for in the law. The country of origin is defined as the manufacture, production, or growth of the article. [www.cbp.gov](http://www.cbp.gov) There are various ambiguities to the law at this time.

**Marketing Country of Origin Research**
The traditional Marketing approach is that country of origin COO inadvertently influences the customer’s view of the product Peterson and Jolibert 1995; Srinivisan and Jain 2003; Verlegh and Steenkamp 1999. COO effects have been shown to be robust and cannot be attributed to the intentions of the producer. Johannsen, 1993

**Data Collection by the Authors**
The authors use several methods of data collection. The first is to scan store shelves in grocery, warehouse chain, or other store in many different countries. The second is to pursue and record data from coupon outlets Valassis, Procter & Gamble, Smart Source as well as coupons offered on the internet. The third method is to scan codes from multiple websites from various countries. Often the flyers from megastores Carrefour, Jusco, C’Mart, etc. are available in .pdf format on the web. While they are in various languages, the individual product’s barcode can often be viewed in the photo, or is included in the flyer.

**Deliberately Misleading Codes**

**Nestle**
Nestle produces infant food, in jars, and exports to a number of nearby countries. The EAN codes on the internet yielded these differences, all for the same product:

Exports to Denmark start with 5-718 which is a Danish opener, and is misleading to those who pay attention to barcodes. Many exports to Sweden start with 7-613 which is an all purpose code used largely by Nestle, and could indicate that the product was made in Switzerland, whose opening code is 7-610.

Exports to the Baltics instead of using 7-332, the opening code used in Finland for the place of manufacture are employing 6-417 on most jars. This tells the consumer nothing. Perhaps Finland as a source for such sensitive products as infant foods is looked down upon by some.

Exports to the CIS Russia also uses 6-417, which necessitates a hunt to the bottom of the back label to find out that the product is actually made in Finland, which should open 7-332. These are additional examples of giant MNCs using their own codes, for their own convenience, and paying no attention to local laws which read that the country of origin must be used. Having a different opening code is a misleading practice.

**Procter & Gamble**
is one of the most elusive of the MNCs, using barcodes of their own choosing rather than those commonly used to designate the country of manufacture.
In particular, they employ these opening codes:

5-413 for almost all cleaning products made and distributed throughout Europe:

4-015 for paper products in Europe and Asia
4-902 for toiletries made and distributed in Asia
Examples of these misleading opening barcodes are:

[all of the cleaning products designate Made in EU, giving no clue as to the source to buyers]
ARIOEL detergent 5-413/46147 found in Albania and Serbia probably Made in Romania*
BONUX detergent 5-413/46133 found in Czech Republic, probably made In Poland:
FAIRY detergent 5-413/13716 found in Netherlands, probably made in UK
LENOR fabric softener 5-413/18098 found in Lebanon, probably made in Turkey:
SWIFFER cleaner 5-413/91207 found in Germany, probably made in Belgium
TIDE detergent 5-413/1037 found in Hungary, probably made in Russia
VIZIR fabric softener 5-413/64347 found in Lebanon, probably made in Czech Republic

[these paper products also read Made in EU]
ALL DAYS pads 4-015/1306 found in Lebanon, probably made in Germany
PAMPERS diapers 4-015/32777 found in Lebanon, probably made in Germany

[these toiletries simply state Distributed by Procter & Gamble]
CLAIROL hair products 4-902/51562 found in Singapore, probably made in Thailand:
HEAD & SHOULDERS 4-902/26215 found in Lebanon, probably made in Thailand
PANTENE shampoo 4-902/47692 found in Lebanon, probably made in Thailand
REJOICE shampoo 4-902/61561 found in Lebanon, probably made in Thailand

Colgate Palmolive

Although they have sold off most of their cleaning products, still offers many successful oral care products and toiletries. Many of them have misleading opening codes:

COLGATE toothbrush 350/68423 found in U.S., package says actually made in Switzerland 350 is the opening code for most all US and Canadian made Colgate products. COLGATE toothpaste 9-556/72833 found in Thailand, and package reports made there but this opening code, 9-556, is used almost entirely for Malaysian made products. PALMOLIVE dish detergent 7-614/43120 found in Germany, and package reports: “made in Germany” but the opening code is for products made in Switzerland, which may connote higher quality.

Kraft Foods

Kraft has its own “private” opening code, as seen in these examples:
CARTE NOIRE coffee 7-622/10880 found in Germany, the package says made in UK
COTE D'OR candy 7-622/33493 found in Lebanon, the package says made in Belgium.
JACOBS coffee 7-622/2282 found in US, the package says made in Germany.
KRAFT dressing 7-622/1847 found in Lebanon, the package says made in Germany.
MAXWELL HOUSE cof. 7-622/32179 found in Latvia, the package says “made in Germany.”

with the same code on most of its products, it is confusing to the buyer unless he/she searches package
for fine print showing actual point of manufacture
will also do for Unilever, since two companies in our data bank: Reckitt and Benckiser and Quaker do not use this misleading practice to any extent. Nestle has been found to be guilty of using its widespread opening code of 0 280 [used almost entirely for US and Canadian made brands] for imports, so that they look like locally made:

After 8 candy Code 0 280/38203 in US package says Made in UK, but in fine print at bottom
Maggi soup cubes280/11305 in US package says Made in New Zealand
Media Crema milk280/60046 in US package says Made in Mexico
Nestle water 0 280/34024 in US package says ”Made in Switzerland”

Unilever

Unilever has its all purpose code, 8-717 which we believe is used only for their toiletries in Europe, and does not really designate any country source:

Axe deodorant 8-717/14016 in UK, package says made in UK but code would indicate another source. The UK code is 5 000
Shield soap 8-717/98923 in Switzerland, package says made in UK
 Sunsilk shampoo 8-717/65318 in Poland, package says made in Netherlands
 Timotei shampoo 8-717/41315 in Greece, package says made in France

we also found these other misleading codes:
Axe men’s toils.5-000/15847 in Switzerland, code would indicate UK, but package shows no source
Dove soap 8-888/41145 in Cambodia, code indicates Indonesia, but package shows Italian manufacture

No misleading codes of any significance were found for Quaker Oats, and its division of Pepsico, or Reckitt & Benckiser, the other two MNCs in our databank.

Calls for Further Research

The authors have observed these anomalies for several years and have quite extensive a databank of research and codes compiled. There is much room for different types of analysis of the barcoding behavior of various multinationals. Attempts to order sequences of codes or show a pattern in their distribution have not proved fruitful. The authors welcome the comments and participation of other scholars who would have other ideas of why the barcoding behavior shows the anomalies.

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Ethics And Marketplace Deception: An Exploration Into The Accommodative Role Of Deceptive Practices In Market Exchanges

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This paper explores the structure and strategic use of deception in negotiated market exchanges. We examine the question, “how might moral orientations toward deceptive practices shared between buyers and sellers, accommodate exchange?” Research on marketplace deception tends to assume that deception is unethical. However, evidence from the negotiation and mediation literature suggests that deceptive practices of buyers and sellers may facilitate rather than hinder the exchange process. By providing a holistic account of when and how deceptive techniques are used by buyers and sellers involved in negotiation, this study will challenge and elucidate the current conceptual boundaries of marketplace deception.

Introduction

Since early in the history of studying markets, scholars have maintained an interest in the use of deceptive practices in market exchanges (Deighton and Grayson 1995; Zinbarg 2001). Much of the deception research appearing in consumer and marketing journals is grounded in the idea that the business exchange context differs fundamentally from everyday life. Specifically, research by practical ethicists suggests that characteristics of the business context engender a certain degree of deception. Unwritten rules of the game are often justification enough for violating fundamental ethical tenets such as the golden rule or the categorical imperative (Kavka 1983; Schweitzer, DeChurch, and Gibson 2005).

But what is the nature of these rules of the game in an exchange context? How do they come about and what function for exchange do they serve? With respect to marketplace deception, little research attention has been given to the formation and creation of the normative rules of the game. If parties engaged in a market exchange believe a certain degree of deception is acceptable in the business context, then how does this shared moral orientation affect the exchange process? Extant deception research is largely grounded in the ideological perspective of buyers or of sellers. Rarely has deception research examined moral orientations shared by exchange partners. As such, extant research may over-predict the degree of conflict between buyers and sellers. Intuitively, buyers’ and sellers’ shared moral orientations toward the use of deceptive practices likely help facilitate or accommodate exchange between the two parties.

This paper explores the structure and strategic use of deception in negotiated exchanges between buyers and sellers. Specifically, we examine the question, “how might moral orientations toward deceptive practices shared between buyers and sellers, accommodate exchange?” First, a review of selected deception research supports the idea that deception facilitates exchange. Second, the idea of accommodative schemas is introduced to provide a theoretical framework for exploring the facilitative role of deception. An empirical study is proposed to explore the research question in a negotiated exchange context. Finally, a general discussion explores the potential implications of understanding the accommodative role of deceptive practices in market exchanges.
Deception

At its most basic level deception involves a deliberate act by one party that is intended to produce a belief in another party that is inconsistent with what the first party believes to be true. This conscious misrepresentation of the truth may include lies, half-truths, distortions, exaggeration, cheating, stealing, and hiding behavior (Lippard 1988). Deception may also include omission (Schweitzer et al. 2005), obfuscation, and dissimulation (Bristol and Mangleburg 2005). Research on marketplace deception tends to address issues such as the potential of consumers to be deceived by advertising (e.g. Barone, Palan, and Miniard 2004; Johar 1995; and Burke, DeSarbo, and Oliver 1988) and public policy aimed at protecting consumers against deceptive marketing practices (e.g. Burke, Milberg, and Moe 1997; Ford and Calfee 1986). Deception research has included work in advertising that examines ways of training consumers to be more alert to deception (Lord and Kim 1995), and work that examines specific techniques, such as claim-fact distortion (Barbour and Gardner 1982), reference price (Liefeld and Heslop 1985), and incomplete claims (Johar 1995). In each case this work focuses on the psychological dimensions of advertising executions and their impact on the interpretations by consumers.

The understanding of deception that emerged has greatly informed consumer researchers and policymakers as to the various ways consumers may be deceived and the potentially detrimental outcomes of deceptive market practices. This work tends to assume that deception in any form is unethical. However, not all deceptive practices result in injury or loss for either party in an exchange. Evidence from the negotiation and mediation literature suggests that the deceptive practices employed by buyers and sellers involved in a negotiation actually facilitate rather than hinder exchange between the two parties.

Deception in negotiated exchanges

In negotiated exchanges, there tends to be greater interaction between parties, and therefore more opportunity to deceive. Moreover, at least one negotiator is typically serving as an agent of another party. So in addition to having an obligation to conduct themselves morally in the negotiation, they also have an obligation to their principle. This obligation is such that they must achieve the best possible outcome without violating any laws (Friedman 1970). However, there is often limited supervision by the principle: agents are often rewarded by the outcomes and praised for being shrewd negotiators (Dees and Cramton 1991; Robertson and Rymon 2001; Tenbrunsel 1998). This type of environment sets up ample opportunity for deception. Research on deception in negotiated exchange has examined neutralization strategies used to justify deception (Aquino and Becker 2005), the acceptability of standard bargaining tactics (Lewicki and Robinson 1998; Robinson, Lewicki, and Donahue 2000), cross-cultural differences in the perceptions of ethics in negotiations (Volkema 2004; Volkema and Fleury 2002), and obligations for information disclosure (Holley 1998). It is the justification of typically unethical behaviors in the negotiation context that is of most interest here, since many of the ethical examinations of acceptable bluffing and deception focus on negotiated exchange.

Much of the work in business ethics that deals with deception begins with Carr’s (1968) contention that the rules of business are more akin to the rules of a poker game, rather than rules of everyday life. He argues that bluffing in negotiations is perfectly acceptable because one’s opponent acknowledges that such activity takes place merely by entering the negotiating arena. Before taking this work at face value, though, it is important to examine unique aspects of an exchange context. Kotler (1972) specified that marketing is an exchange between two parties where each party is free to enter the exchange. This is a fundamental premise that is critical to Carr’s contention that the actors choose to enter the negotiating environment. That is, they must be free to exit at any time and they must also be free from coercion. These conditions of a negotiated exchange are somewhat different than those such as labor negotiations, where the parties do not have the same freedom to exit the negotiation. Moreover, labor negotiations, also tend to involve more principle and agent relationships, where the communication between the
principle and the agent is also an avenue for possible deception. This is an important distinction, as the literature on negotiation, tends to try to rationalize deceptive actions not from the ‘rules of the game’ perspective, but instead by suggesting that bargaining tactics such as bluffing do not really constitute lies (Carson, Wokutch, and Murrmann 1982).

**Deception in settlement issues**

A fundamental premise of consumer rights is that they have the right not to be deceived (Laczniak and Murphy 2006). The idea of deception serving a facilitating role in exchange does not dispute this point. The position here is that viewing deceptive practices as resulting in suboptimal exchange may not provide a comprehensive view of the structural role of deception in an exchange context. Few scholars would dispute the notion that it is unethical for sellers to deceive buyers about the features or benefits of the product; elements that are objectively knowable and hence verifiable. On the other hand, the settlement conditions of the exchange are non-verifiable dimensions (Dees and Cramton 1991), and it is in this area that a shared moral orientation toward deception may facilitate exchange between buyers and sellers.

Settlement issues include one’s preference regarding the terms, conditions, and timing of a settlement; such as one’s minimum reservation price (Dees and Cramton 1991). In a negotiation there exist two parties, each with both an ideal and a minimum settling point. The two parties are far apart when they begin, and the negotiation serves to reconcile the disparate starting points. It is perfectly acceptable to underestimate one’s final position in a negotiation, and in fact, it has been shown that more exaggerated statements of one’s position actually tend to lead to more favorable settling results (Chertkoff and Baird 1971). There is no question that one party is lying to the other when making statements such as “I can’t possibly go below $5000”. However, it may be argued that this type of behavior is appropriate for two reasons. The first is that one is only deceiving about something which the other party has no right to know (Carson et al. 1982). Unlike, product claims, which are material to the product being exchanged, settlement issues are personal decisions, which are not public knowledge. The second reason, is that by entering into the negotiation context it is acceptable to deceive the other party about one’s settlement claims because this is the accepted practice (Kavka 1983). There are a number of ethical arguments that have been used to support the morality of settlement issue deception (see Dees and Cramton 1995; Strudler 1995) while they describe philosophical positions such as social contract theory (Bishop 2000; Kavka 1986), a mutual trust perspective (Dees and Cramton 1991) or self-defensive strategies (Boatright 1992; Carson 1993). Underlying all of these approaches, though, are the concepts of motivation and utilitarian ethics.

Settlement issue deception is viewed as acceptable if it is not offensive, that is, it is not intended as a strategy to harm the other part, but instead as a deceptive strategy (Kavka 1983). While scholars will set out theoretical positions that justify this condition, there is some general acceptance that the motivation behind actions is one important condition of the ethical evaluation of these actions. As noted by Green (1991, p 77), participating in potentially harmful behavior may be viewed as less egregious if “your engaging in this behavior will not lead others to engage in it in ways that are equally or more harmful.” The second ethical approach is also reflected in this statement, and is more common in evaluations of business practice. That is, a utilitarian approach, that balances the harm with the positive outcomes. Several scholars have noted that settlement issue deception does not cause additional harm to the other party (Carson 2001). In fact it has even been noted that in some conditions lying about non-verifiable facts by both parties may actually lead to a suboptimal outcome, but one that is more fair than if one party lies and the other does not (Marcoux 2006).
Theoretical background: Accommodative Schemas

This exploration of a moral orientation toward deception shared among exchange partners is theoretically grounded in the sociological concept of accommodative schemas. The underlying principle of accommodative schemas asserts that describing the ideological orientations of each party in a social exchange does not sufficiently describe the interactions of the two parties (Lidz and Walker 1980). For instance, buyers and sellers approach market exchanges with opposing ideological perspectives. Buyers are guided by an ideology of maximizing their value and minimizing their costs while sellers are guided by an ideology of maximizing their profit. These ideologies provide meaning and structure to the roles played by both parties. However, these opposing ideological orientations place the parties in conflict with one another. Yet clearly, to achieve a mutually beneficial outcome, buyers and sellers must not approach the exchange process guided exclusively by their independent ideologies. Instead, they require a shared moral schema that facilitates cooperation with the opposing party in the exchange.

The position here is that buyers’ and sellers’ moral orientations toward the use of deceptive practices accommodate the exchange between two parties with otherwise conflicting ideologies. Therefore, in the present context, an accommodative schema refers to an ideology of the morality of deception that is shared between buyers and sellers. An accommodative schema can be thought of as serving the same function as the rules of sport that allow two teams with opposing objectives to play on the same field under prescribed rules of engagement. They are necessary for the cooperation of two groups whose independent ideologies otherwise mandate conflict (Lidz and Walker 1980).

Proposed study

The accommodative function of deception is particularly important in the management of complex protracted negotiation where mutually beneficial resolutions can “…seldom be accomplished by pure rational analysis and logic alone” (Benjamin 1995, pg. 4). Many consumer market exchanges such as the purchase of a new automobile, a new home, major appliances, etc., involve complex negotiations between buyers and sellers. The proposed empirical study will analyze the strategic use of deception by buyers and by sellers. The purpose of this study is to elucidate the potential accommodative role of deception in negotiated market exchanges.

To support the notion that deception accommodates exchange, it is important to demonstrate that the use of deception serves two functions. First, the use of deception by both parties must provide one or more reference points which allow and facilitate cooperative action. That is, the moral schemas that guide interaction in the context of a market exchange must be specific to the exchange context and independent from macro-societal moral codes. Second, the use of deception must provide parties in an exchange with “…ways of neutralizing the binds of their mandating ideologies so that they are released from the moral obligations inherent in those ideologies” (Lidz and Walker 1980, pg. 110).

This study will attempt to evaluate the accommodative function of deception by examining the motivations that drive buyers’ and sellers’ strategies employed in a negotiation process. As such, we propose a study employing qualitative methodology that will attempt to “un-bundle” the motivations associated with the use of deceptive practices by both buyers and sellers. Data will be collected in depth interviews with both buyers and sellers in the context of new car purchases. As a context for exploring shared moral orientations toward deception, the new car market is desirable for two reasons. First, the exchange process for new cars is relatively protracted and typically involves a complex negotiation process. Second, the exchange between buyers and sellers in the new car market is typically unmediated. That is, negotiation occurs directly between a buyer and a seller rather than between a buyer and an agent of a seller. This second condition is desirable to avoid the complexity of isolating the use of deception by buyers and sellers from the use of deception by a third party to an exchange.
Discussion

Results of the proposed study potentially contribute to marketing research in at least a couple of ways. First, by providing a holistic account of when and how deceptive techniques are used by buyers and sellers involved in negotiation this study will challenge and elucidate the current conceptual boundaries of marketplace deception. This in turn will inform the debate of possible limits that should be observed in the use of deception in consumer market exchanges. Second, the study will extend current research on marketplace deception to include deceptive behaviors practiced by consumers. With the exception of a recent study addressing consumers’ interpersonal deceptive practices (Argo, White, and Dahl 2006), extant research accounts only for the deceptive practices of sellers while virtually ignoring the deceptive practices of buyers. Finally, the perspective of accommodative schemas influencing the structure and processes of exchange may provide insight beyond a deception context. Specifically, a great deal of marketing research recently has portrayed consumers as co-producers of value (e.g. Vargo and Lusch 2004). Given opposing ideologies of buyers (maximizing value) and sellers (maximizing profit), it seems that to fully integrate consumers into processes of value-creation, it is necessary to examine the social structures and processes that facilitate the reconciliation of opposing ideological perspectives. This proposed study, grounded in the theoretical underpinnings of accommodative schemas, potentially offers insight into the social structures and processes that facilitate exchange.
References


A Time Affluence Model of Adolescent Compulsive Buying

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This study builds upon the work of Tim Kasser in the area of time affluence. We endeavor to explain and empirically test the process by which time and material affluence, along with materialism, impact compulsive buying in a sample of adolescents. To achieve such an end, we posit and examine the potentially mediating role of core self evaluations on this process. Results suggest that materialism and time and material affluence all directly impact compulsive buying. Additionally, core self-evaluations were found to mediate partially the impact of time and material affluence on adolescent compulsive buying. Study results help us to understand that the cornerstones of a consumer culture, such as materialism and time and material affluence, impact compulsive buying both directly and indirectly through individual core self evaluations.

Introduction

Compulsive buying is best understood as chronic purchasing which exceeds a person’s needs and resources (Mittal, Holbrook, Beatty, Raghunir, and Woodside 2008). O’Guinn and Faber (1989) suggest that compulsive buying’s primary goal is mood repair, although it is likely that the paths to compulsive buying are many (Desarbo and Edwards 1996; Manolis and Roberts 2008; Manolis, Roberts and Kashyap 2008). The negative outcomes of compulsive buying include both personal (depression, anxiety, low self-esteem) and interpersonal conflict (Roberts and Jones 2001). Additionally, compulsive buyers are more likely to misuse credit cards and accumulate other consumer debt and material possessions (Manolis, Roberts, and Kashyap 2008).

Compulsive buying is a logical outcome of a consumer culture that encourages the acquisition of material possessions. Madison Avenue would have us believe that happiness can be purchased at the mall, on the Internet, or from a catalog. Research to date, however, paints a very different picture. External pursuits such as material possessions lead to lower levels of reported subjective well-being (Kasser 2002).

Time and material affluence may best be viewed as constructs that accompany materialistic pursuits. In an effort to accumulate material possessions, we as individuals sacrifice time in pursuit of the material affluence that makes compulsive buying a reality. It is hypothesized that time and material affluence along with materialistic values influence compulsive buying both directly and indirectly through their impact on core self-evaluations. Previous research has shown that one of the most consistent antecedents of compulsive buying is the construct of self-esteem (Roberts 1998). When we pursue materialistic ideals we assume extrinsic motivations at the expense of more nurturing intrinsic pursuits such as self-acceptance, interpersonal relationships, and community involvement.

Method

Sample and Measures

The present sample consists of 1,329 adolescents from a high school located in a large metropolitan area of the Midwestern United States. Fifty-five percent of the sample is female, 42 percent
were in either the 9th or 10th grades with an average age of 14.7 years, and approximately 51 percent are Caucasian.

All measures used in the study and described below are established, validated measures that followed a seven-point, Likert-type response format. To measure material and time affluence, we used two scales developed by Kasser and Sheldon (in press). The material affluence scale consists of eight items and measures how much money subjects perceive they have to make desired purchases (e.g., “I have enough money to buy the things that are important to me,” “I have felt like I’m pretty poor,” etc.). The time affluence measure also contains eight items and estimates how much spare time subjects perceive that they have (e.g., “I have had enough time to do the things that are important to me,” “My life has been too rushed,” etc.).

To measure materialism we used the ten-item Youth Materialism Scale developed by Goldberg et al. (2003). This scale measures the extent to which subjects hold materialistic values (e.g., “I’d rather spend time buying things than doing almost anything else,” “I have fun just thinking of all the things I own,” etc.). To measure compulsive buying we utilized a compulsive buying measure developed by d’Astous, Maltais, and Roberge (1990). Comprised of 11 items, this scale was designed specifically for adolescent consumers and estimates the extent to which subjects have compulsive buying tendencies (e.g., “At times, I feel guilty after buying something,” “I have often bought things that I don’t need even when I knew I had very little money left,” etc.).

To measure self-evaluations, the Core Self Evaluations Scale (CSES) by Judge et al. (2003) was utilized. In a 2002 study, Judge et al. showed that measures commonly used to evaluate an individual’s self regard (self-esteem, neuroticism, locus of control, and generalized self-efficacy) were strongly related and showed poor discriminant validity. As a result, Judge et al. postulated a common core construct underlying these traits, and, in 2003, developed a direct measure of this core construct – the core self-evaluations scale. This 12-item scale has been shown to have validity equal to that of an optimal weighting of the four core traits and incremental validity over a five-factor model (the four traits plus CSES). Additionally, the scale is unidimensional and reliable (coefficient alpha > .80 over four studies; test-retest reliability = 0.81; Judge et al. 2003).

In order to illustrate the validity and reliability of our measures, we conducted a confirmatory factor analysis using Bentler’s EQS program, and computed Cronbach’s coefficient alpha for each of the five constructs (material and time affluence, materialism, self evaluation, and compulsive buying). One item each from the materialism and material affluence scales and two of the compulsive buying items were removed from the analyses due to poor loadings and/or reliability estimates. The resulting 45 item measurement model proved to be a fairly well-fitting model: \( \chi^2 (873) = 3,190.62, p < .000; CFI = .90; IFI = .90; RMSEA = .045 \) (the \( \chi^2 [990] \) for the null model was 23,421.96). The alpha estimates per the five constructs are as follows: material and time affluence = .82 and .81 (respectively), materialism = .81, core self evaluation = .84, and compulsive buying = .89.

**Results**

As depicted in the Figure 1, we ran two structural models with latent variables: a direct-effects model and a mediation model. Serving as an important prerequisite for the test of mediation, we first estimated the direct effects of material and time affluence and materialism (materialistic values) on compulsive buying. Each of these variables had a significant positive effect on compulsive buying. Next, we ran a mediation model to test whether or not the direct effects of these exogenous variables on compulsive buying is mediated by core self evaluations. Results indicate that although the effects of both material and time affluence on compulsive buying are partially mediated by self evaluations, the effects of materialism on compulsive buying are not mediated by self evaluations (see Figure 1).
Figure 1. Direct Effects and Mediation Models

\[ N = 1,331; \text{ each path is significant (}p's < .05\text{) and coefficients are standardized} \]
Discussion

It appears that materialistic values directly influence compulsive buying, and these effects are not mediated by one’s self evaluations. Materialism is a comparative and competitive process such that consumers compare their current possessions to others and desire more and more possessions as others are doing the same. This process has been aptly referred to as the “treadmill of consumption.” Compared with materialism, material affluence’s effect on compulsive buying is relatively nuanced, nonetheless, material affluence directly significantly (and positively) impacts compulsive buying. The effect of material affluence on compulsive buying is partially mediated by core self evaluations as material affluence directly significantly (and positively) influences core self evaluations, which in turn exhibited a negative influence on compulsive buying. A higher sense of self, as expected, leads to lower levels of compulsive buying.

Interestingly, time affluence’s impact on compulsive buying is fully mediated by core self-evaluations. The more rushed or hectic one’s life the lower his or her sense of self which in turn leads to increased levels of compulsive buying. This result appears to support the notion that a time poor existence leaves little time for intrinsic pursuits that nurture a stronger sense of self, ultimately leading to increased incidences of unhealthy consumer behavior (compulsive buying in this case).

Future research would benefit from a further clarification of the relationships between materialism and time and material affluence. Additionally, research that focuses on the process by which time affluence affects core self-evaluations could prove enlightening. Research in this area is critical given the nearly universal acceptance of the siren’s song of the consumer culture that happiness is only a purchase away.

\[ N = 1,331; \chi^2 (873) = 3,190.7, p < .000; CFI = .90; IFI = .90; RMSEA = .045 \] (the \( \chi^2 \) \( \chi^2\) for the null model was 23,421); only significant paths are indicated and coefficients are standardized; indirect effects of time and material affluence on compulsive buying are positive and negative, respectively, and significant (\( p\)'s < .01)
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The Use of Place in Alternative Food Networks
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Abstract

The past twenty years has seen scholars looking at consumption in its broader dimensions instead of examining it from a purely product acquisition perspective (Kniazeva and Venkatesh 2007). Much has been written about the transition from an industrial to a post-industrial economy and the advent of globalisation. With the rise of alternative food networks the authors revisit some key macromarketing tenets using the south west of Ireland as a point of comparison to better understand the phenomenon.

Introduction

Food marketing is a multifaceted and systemic endeavour. Often a vast supply chain of producers, distributors, middlemen, retailers and processors exists before the product reaches the consumer. Food has become evermore scrutinised in the 21st century by macromarketing scholarship. Goldman (1999) highlighted the persistent continued strength of "wet markets" in Hong, while Marshall and Meiselman (2006) focused on how food and other items effect a soldiers' quality of life. Research conducted in the Balkans analysed food marketing after a sustained period of political unrest and policy failures (Shultz et al. 2005), but it is not just in time of war and indeed in post war periods that cause changes in food marketing systems.

Globalisation makes macromarketing issues increasingly important for the survival of the world in which we live. The impact of globalisation on food culture has been both to increase diversity (Mennell 1985) and homogeneity (Ritzer 2004). As the pace of globalisation increases so too will the environmental problems that accompany it (Shultz Forthcoming). The notion of sustainable consumption has emerged in recent times in academic and political debate (Kilbourne, McDonagh and Prothero 1997, Schaefer and Crane 2005, (McDonagh and Prothero 2005). In an increasingly globalised food market, local agri-food initiatives are promoted as a more sustainable alternative both for small producers and ecologically conscience consumers (Selfa and Qazi 2005) and as a response to the dominant industrial food production system that distances the producer from the consumer (Ekici. 2001, Venn et al. 2006).

Alternative Food Networks

Substantial academic research now revolves around the recomposition of specific or alternative food chains based on the notion of territory, quality and social embeddedness (Armesto et al. 2006) 2006, Cook and Crang 1996, Allen et al. 2003, Goodman 2003, Whatmore et al. 2003, Winter 2003). Some scholars argue that this shift is allowing for the reconnection of producers and consumers (Holloway et al. 2006, Pratt 2007), relocating produce with place (Goodman and DuPuis 2002) and shortening food chains (Murdoch et al. 2000). A number of cases highlight opportunities for these alternative food systems to revitalise rural areas (Holloway 2006, Maye and Ilbery 2006, Askegaard and Kjeldgaard 2007).

Scholarship on alternative food networks (AFN’s) can be broadly divided into two schools of thought (Goodman 2003). The European School discusses AFN’s within a wide ranging public debate on food safety (Morris and Young 2000), agricultural policy reform (van der Ploeg et al. 2000) and society (Sage 2003, Winter 2003). In North American literature, ‘alternative’ tends to be used in a rather more politicised discourse of oppositional activism where AFN’s can be seen as contesting the mainstream corporate industrial agro-food systems (Allen et al. 2003).
There is no agreed upon definition of AFN’s but in the broadest sense AFN’s and the producers, consumers and food they include are understood to embody alternatives to industrial modes of supply (Murdoch et al. 2000). (Jarosz Forthcoming) states that they are defined in four major ways: (1) by shorter distances between producers and consumers (Renting at al. 2003); (2) by small farm size and scale, industrial agri-business (Kloppenburg et al. 2000); (3) by the existence of food purchasing venues such as food cooperatives, farmers markets and community supported agriculture (Trobe 2001); and (4) by a commitment to the social, economic and environmental dimension of sustainable food production, distribution and consumption (Kloppenburg et al. 2000). Examples of AFN’s include farmers markets, producer markets, organic markets, box schemes, producer cooperatives and community supported agriculture schemes.

Place according to Goodman and DuPuis (2005) has a key role on the building of alternative food systems while at the same time appealing to a reflexive localism in such food system turns.

**Place Branding**

Since the earliest times producers of goods have used their brands or marks to distinguish their products. These identifying marks have provided consumers with a means of recognising and specifying them should they wish to repurchase or recommend their products (Murphy 1997). Modern branding has its origins in the nineteenth century (Rooney 1995). The Industrial Revolution and the subsequent development of advertising and marketing methods made the selection of a good brand name of great importance (Room 1997).

Places have always been brands in the truest sense of the word (Anholt 2003). Countries have been branding themselves deliberately and systematically for centuries (Olins 2002). Today, places need to attract tourists, factories, companies and talented people, as well as finding markets for their produce, and this requires that places adopt strategic marketing management tools and conscious branding (Kotler and Gertner 2002). Place branding means bringing added attraction to a place, the central issue being to build the brand identity (Rainisto 2003).

Place consists of one or more of a variety of elements: people, animals, landscapes, including land, water and sky, sound and arguably taste and smell through their evocation (Crawley et al. 1997). Taken together these elements portray themes that are designed to convey regional characteristics. A regional image may be encapsulated in a symbol, which acts as a metaphor for a particular place – the shamrock has long functioned in this way in Ireland and carries connotations of greenness and Christianity. These symbols are invested with particular meaning that may vary between individuals and across time and space (McIntyre and Henchion 2000). Geographic knowledge based on the cultural meaning of places and spaces are deployed to re-enchant (food) commodities and to differentiate them from the devalued functionality and homogeneity of standardised products and places (Cook and Crang 1996).

Ger (1999) argues that by using local cultural capital, local businesses can compete with and even “out local” global competitors. By using this local cultural capital incumbent firms can differentiate themselves by giving their products unique perceived value. Askegaard and Kjeldgaard (2007) argue that the reflexive articulations of places occur partly as the result of the processes of globalisation and therefore a locality must understand its own local cultural identity in relation to divergent discourses of globalisation.

Studies investigating the relationship between place and product have largely focused on the influence of the country of origin on consumer attitudes. Criticisms of such research have been made on a number of areas; much of the literature pertains to industrial products whereas the food sector is different. Furthermore food products tend to be analysed along other product categories and as such specific foods are not evaluated. Research has also found that country image effects vary from product to product (Kuznesof et al. 1997).
James’s (1996) study of British food cultural discourses highlights the multifaceted nature of the articulations of globalisation processes at a local level. Findings are organised around four discourses – global, expatriate, creolization and nostalgia, each of which is further divided around perceptions of being local and global. There are also divided along lines of compatibility which looks at new foods items and analyses whether they seem to be authentic with current notions of what constitutes local food. These notions of self and other, global and local are linked to implicit special references. A low level of compatibility may refer to the correct way of preparing or eating a foreign or exotic dish. This can either be the form of what is perceived to be foreign/exotic authenticity in which case the expatriate discourse is characterised by authentic otherness, something originating “there” such as ‘real’ Italian or Indian food. Or, in the case of nostalgia discourse, it is characterised by authentic culinary selfhood often perceived to be under threat from the invasion of global fast food, which is available everywhere or creolized, a mixture of here and there cuisines. It is important to note however that these perceptions are not static and are continuously rearticulated and reconstructed in a negotiated cultural identity where consumers are increasingly confronted with images of the other through globalisation (Askegaard and Kjeldgaard 2007).

The use of place in Europe

In terms of regional products, qualification schemes have a long history. For example, the present day qualification systems for wine, based on region of origin, are derived from protocols developed in the late 19th century to protect producers in prestige French wine-growing regions from fraud following the phylloxera outbreak (Moran 1993, Tregear et al. 2007). The use of labels, which identify location of origin, is built on the concept of terroir. The concept of terroir was elaborated on by Barham (2003) who explained that historically, terroir refers to an area or terrain, usually rather small, whose soil and microclimate impart distinctive qualities to food products or wine. Terroir can also designate a rural or provincial region that is considered to have a marked influence on its inhabitants. It is said in French, for example, that certain customs or idioms are rooted in their terroir, or that a person strongly conveys a sense of the terroir of their birth and upbringing. This concept of terroir relates to a time of much less spatial mobility, where change occurred at a slower pace. Terroir products, in this interpretation, resulted from long occupation of the same area and represented the interplay of human ingenuity and curiosity with the natural givens of place.

The linkage in France between place, foodstuff and quality has been slowly adopted in other parts of Europe especially along the Mediterranean (Pratt 2007). The Italian Designation of Origin Laws modelled after the French system were established in 1963 and identifies two categories of products – wine and food. Spain awards a variety of official designations to all specific wine and food products to ensure their authenticity (Armesto at al. 2006). As well as four different wine designations high quality Spanish foods such as paprika, Iberian ham, olive oil and cheese can receive one of six different stamps (Pratt 2007). Classification schemes have also been adopted in the US where wines are usually classified by grape variety rather than region of origin. US winemakers are free to use what
ever grape they choose, unlike the French system where grape variety is restricted by geographic location (Zhao 2005).

A view from the Food Island - Ireland

Ireland has witnessed much change in food retailing in the past decade, most notably the displacement of small independent grocery shops – their number has halved in the past 30 years – and the expansion of large multiples such as Tesco (Forfas 2008). Yet there is a countervailing tendency with the establishment of a number of farmers markets, box schemes, producer cooperatives and community supported agriculture schemes throughout the country (Sage 2003). In addition to this there also has been an increase in government led initiatives such as the Feile Bia scheme and their promotion of Ireland as the “Food Island” while a council was also set up in 2003 to enhancing the development of the Traditional Artisan and Speciality Food sector. According to recent research in conducted by Bord Bia (2008) in Ireland 70% of shoppers prefer to buy local food with 93% of those buying local to support the local economy. The overall findings highlighted that consumer demand is for authenticity with health, naturalness and freshness being the primary motivating factors for purchase. 75% of those surveyed thought that local food was "the most natural kind of food they can get". Other key findings indicated that local food means 'fresh' food to the consumer and over ¾ felt that local food tends to taste better. There is a feel good factor attached to local food, with those buying into the trend recognising, not only the physical benefits, but also the emotional connection they get from the provenance, heritage and tradition of local food. Consumers place a value on the provenance of different food products; they are increasingly interested in the origin of their purchases. They also felt a duty to supporting local organisation as they felt it was the right thing to do.

Fuchsia Brands: A taste of West Cork

The past thirty years has seen the emergence in Ireland of a number of small scale producers. In Cork, the original food pioneers were long time farmers looking to diversify and make the most of what they already farmed or grew. Others were “blow-ins”, often with connections to the country who had returned, settled and started to think about ways of making a living there (Curtin 2007).

West Cork is renowned for its rich and diverse landscape, environmental quality, vitality, innovation, strong traditions and a keen sense of its own heritage. The region possesses a unique character, beauty, tradition and culture, factors all manifest in the variety, quality and originality of its produce which boasts a distinctive image and identity. Increasingly it is believed that the qualities that define this identity confer a competitive advantage at home and abroad (Fuchsia Brands 2006).

The West Cork Regional Branding Initiative is the enterprise development strategy of the West Cork LEADER Co-op Society Ltd and was officially launched in 1998. Fuchsia Brands at present has a membership of 160 enterprises (food, craft and tourism), 50 of which are food based. The major initiative undertaken as a result of this funding was the development of a regional brand which had the objective of enhancing the regions productive potential through effective use of the unique identity and character of West Cork. Based on the application of consistent quality criteria, the branding initiative is designed to highlight excellence in production and marketing as well as serving as an indication of origin. They also sought to exploit synergies arising from the food, fisheries, services and craft sectors and the tourism industry. The long term goal is to use the profile and consumer recognition of the Fuchsia Brand to stimulate new enterprise, product development and import substitution opportunities.

The Fuchsia brand is promoted as a ‘symbol of quality and designation of origin’ (O’ Reilly 1999, 2008). The Brand mark exists in 2 formats; food producers use the slogan ‘A taste of West Cork’ and the other members use the slogan ‘West Cork – A place apart’. The food branch of Fuchsia brands involves the production of high quality, niche-market, artisanal food products, whose ingredients are sourced locally. The products include yogurt, milk, butter, eggs, honey, jam herbs, smoked fish, shellfish, cakes, desserts and cheeses such as Milleens, Durrus, Gabriel and Desmond (Crowley
2004). The Logo used (Figure 2) is intended to be reminiscent of the small, pretty county roads in which the fuchsia bushes flourish with the aim that the fuchsia would be the symbol of clean, rural, high quality foods and services (Crowley 2004).

![Figure 2: The Fuchsia Brand](image)

Using (Jarosz Forthcoming) characteristics outlined about it would seem that Fuchsia Brands is an example of an AFN. The businesses that operate under the brand name are small in size and a key element of the brand is the fact that raw materials are sourced locally and sold locally through farmers markets (though many of the products are available to purchase in specialist shops locally and nationally).

**Discussion**

Due to economic pressures in recent years, West Cork has been consciously reinventing itself which ties nicely with the most potent image in EU rural development policy, that of the multi-functional countryside dedicated to the ‘production of renewable raw materials fro non-food purposes or the energy sector, rural tourism, marketing of high-quality produce or the preservation of our culinary heritage’ (Fischler 1997). The agricultural policy was largely responsible for substantial depopulation has now repackaged the countryside as a tourist friendly sanitised version of itself. The local sense of place is being replaced by an outsider’s view of what is significant to the locality, i.e. the outsider’s sense of place. This approach to development may also be found to exclude those local members of the community who are outside of the entrepreneurial scene in whose interests it is to foster this ethos (Crowley 2004, Slater 1993).

As stated earlier the enterprises are owned by a mix of newcomers and locals. The CEO of Fuchsia Brands feels that the multicultural element of the sector is a strategic asset to be exploited and celebrated and is part of the distinctiveness of the region. These newcomers contribute to the local economy by providing employment. In addition much of the produce is considered quite exotic in Irish terms and could not, by any stretch of the imagination, be described as native to the region or part of a distinctive regional cuisine (Crowley 2004).

The food initiative is an example of a type of economic development that on one hand builds on a local resource base and on the other is geared to a wider international audience. Promotional literature claims that ‘West Cork is long renowned at home and abroad for its excellent produce. The variety and quality of this produce not only reflects the vision, skill and commitment of our local food producers, but also speaks of a unique place, people and heritage. It comes as little surprise to learn that West Cork and many of our award winning producers are the vanguard of Ireland's culinary revolution’ (Fuchsia Brands 2008 ). The strong symbolic power that the brand possesses ensures that they have a good chance of success at a time of increasingly homogenised food products (Ritzer 2004).

Frouws (1998) argues that such development strategies are part of what he calls a ‘hedonistic discourse’ where the ideal countryside is though of in terms of its contributions to the quality of life for its beauty and attractiveness. Rural areas are seen as the garden of the city where urbanites can escape to spaces to create exciting experiences in ‘reconstructed primeval nature’ (p.62). The interests of local inhabitants are not of value as it only prioritises the aesthetics of the rural. He contends that the rhetoric of rural renewal, landscapes of quality and relocalisation serves a deeper structural function; ‘as a pretext and a license under the aegis of contemporary neo-liberalism, for the ongoing scale enlargement and industrialisation of agriculture as well as the relentless activities of property
developers looking for investment opportunities, which tend to suffocate the very process of renewing the countryside’ (p.64).

In her research on Fuschia Brands, Crowley (2004) argues that the overall impact of the brand is likely to be rather limited as those involved are attempting to capitalise on a contrived sense of identity. The brand is attached to products of an already established entrepreneurial milieu in the region and will really only enhance the chances of survival of those who are at least risk of marginalisation in the area but will not have any real impact on the deeper social problems of isolation, poverty and exclusion in the region.

In a different light, Askegaard and Kjeldgaard (2007) assert that the local does not always have to be thought of as something authentic in the meaning of traditional and pure. Rather, the local may end up being just as hyperreal than the global real things if based on pure nostalgia. Citing Ger (1999), they maintain that drawing on existing local cultural capital in the branding of places local culture is not merely maintained or sustained; it is constructed. Though it could be argued that such a constructed place is not authentic compared to the presumed original culture, however, as places and culture are imaginary constructs of community anyway and there is therefore is no possibility of returning to a more authentic culture. The construction of new places may refer to some forms of but may equally refer to the future, modernity and globality. Consequently local constructed places and new versions of local culture are equally authentic, if now more, as some nostalgic or musealised version.

Implications for Macromarketing

From a macro perspective (Bunker, Athinodoros and McGinnis. 2001) have already examined the import of ritual in consideration of American Cultural imperialism. We now attempt to extend the work of Askegaard and Kjeldgaard (2007) through the consideration of their theoretical contribution for the ritualistic practice of food consumption in Ireland. Macromarketing research could consider food consumption in light of the new social movement constituted by AFNs (see also Purdue et al. 1997) who submit that our social fabric has been radicalised by these changes.

It is clear that much more research is needed in the area to explain AFN’s. From a marketing systems perspective are alternative food networks the consequence of a market failure or success (Mittelstaedt, Kilbourne and Mittelstaedt 2006)? Are they a market failure because their development indicates that something was wrong with the food market or are they a success because they showed the food market’s ability to reach to consumers wants and desires?

Also do AFN’s only offer improved quality of life to the few instead of the many? Arguments made by Crowley (2004) and Frouws (1998) and Jarosz (Forthcoming) would indicate that an AFN’s social and environmental commitments may not be shared equally between farmers and their customers. The growth of AFN’s does not mean that they are necessarily driven by social concerns or they are driven by social justice. In the case of West Cork it would appear that the all local inhabitants do not possess the cultural capital or financial resources to participate in the social network.

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Left Behind: Local Fans of Global brands

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Football clubs are becoming increasingly more commercialised and globalized. This is leading to their management becoming more like that of a modern business than a traditional sporting club. These changes have thrown up a host of issues within the sport and, especially, amongst its fans. The nature of football fandom is becoming fundamentally different to what it was. This paper begins to investigate how the changing nature of the sport is affecting the way fans who are located at the point of origin of their chosen club or brand are altering their behaviour and constructing their identity in this new era.

This article provides an empirical and netnographically (Kozinets 2002a, 62) based argument to understand the ‘localization’, at the place of brand-origin, of a globalized-brand’s culture. Whilst a myriad of macromarketing issues (e.g. Darby 2003; Dietl and Franck 2007; Healy and McDonagh 2007; Mamic 2005; Richardson and O’Dwyer 2003; Shultz 2007) are raised through analysis of the football industry (it is vital to note that any mention of ‘football’, in this paper, refers to what some call ‘soccer’), this paper focuses on matters relating to the ‘localization’ of consumption (King 1998; 2000) and ‘tribal marketing’ (Cova and Cova 2002). To inform the study, we consider ‘glocalization’ (Kjeldgaard and Askegaard, 2006), ‘consumer resistance’ (Richardson 2006) and ‘tribalism of consumption’ (Cova and Cova 2002), and seek to engender macro-debates relating to these chosen central concepts.

In this context, we explore how local-football-fans (by this, we mean fans living in relatively (relative to club size and number of other clubs nearby) close proximity to the club, for example, Liverpool Football Club (hereafter LFC) fans living within Liverpool City) behave in an environment heavily exposed to the homogenizing pressures resulting from increasing globalization (Ger and Belk 1996) of their chosen team, as a brand. This homogenisation can lead to changes in their local culture through dilution (Hamil 1999) of their power (see ‘powerlessness alienation’, Seeman 1959) to affect the club’s brand-culture (Askegaard and Kjeldgaard 2007; O’Reilly 2005).

Scholars have investigated the effects of globalization’s homogenizing pressures, resulting from introduction of transnational corporations into new local proximities (Askegaard and Kjeldgaard 2007; Ger and Belk 1996; Thompson and Arsel 2004; Kilbourne 2004; Ritzer 1993). Beyond this, other studies have described how global brands entering a new locality can paradoxically produce heterogeneity (Ger and Belk 1996; Miller 1998), across numerous consumption-scapes (Kjeldgaard and Askegaard 2006; Wilk 1995), as global brands take on localized meanings. Thompson and Arsel (2004, 631) sum up that local cultures and the forces of globalization are thoroughly interpenetrated and co shaping; hence, the effects of globalization on everyday cultural life—via global brands, fashion, and mass media—are more accurately described as a process of "glocalization" (Robertson 1995; Wilk 1995)

Whilst the above studies conceptualize responsive local-cultural-strategies (Ger and Belk 1996, 296) to globalization, they overlook the response of local-people, at the place of the brand’s origin, towards the newly globalized brand, which may be glocalizing to foreign cultures. As a result we seeks to begin this process of conceptualizing local consumer-perspectives (at the point of origin of the brand)
toward their local brand, which has become a global brand, as well as the attendant issue of local consumer resistance towards ‘new’ global consumers (Richardson 2006; Richardson and O’Dwyer 2003).

The English Premier League football club, LFC, provides a useful case of consumption dynamics between local consumers (fans) and a local business that has been transformed into a global brand. LFC has both a large international fan-base, and a strong affinity with its local working-class supporter-base. This relationship was made even more intense by such incidents as the Hillsborough disaster in 1989 (MacLeary 2004) in which a large number of supporters were crushed to death (Dunning 2000; King 2002). The ‘Sun Boycott’ illustrates the strength of unity felt amongst fans (Lupton 2005), as well as their willingness to mobilize themselves to support what they believe in, or resist what they do not.

Similar research into consumer behaviour of football fans has been carried out by King (2000, 2002), who looked at the ‘new’ Pan-European fans of Manchester United FC – these are ‘new’ fans of an increasingly globalized brand. He provided us with the term, “the lads” – a particular category of fans who

practice what they regard as the authentic rituals and traditions of ‘real’ fans, such as singing and chanting during a match, along with ritual pre and post match beer drinking (King 1998, 148-75)

They also exhibit various other traits, including the view that the wearing of a replica jersey is taken as an indication that the wearer is not a ‘real’ fan (King 1998, 156). This is seen as part of a whole cultural identity created in resistance (Ger and Belk 1996) to the rapid globalization of ‘their’ local football club, and it includes many differentiating-actions engaged in as a means of separating themselves from what they see as inauthentic fans or ‘new consumers’ (Richardson and O’Dwyer 2003, 45) (see also ‘authenticity’ and ‘inauthenticity’. Brown, Kozinets and Sherry 2003, 21).

In this article we extend our scope to include all the ‘old’ fans; all the fans who are located at the origin of the football club brand, in a sense, the proximal fans of football after their brand goes global, which also happens to include members similar to those described as the ‘lads’.

GLOBALIZATION AND GLOCALIZATION OF CONSUMPTION

Thompson and Arsel (2004, 631) suggest that
global brands are Trojan horses through which transnational corporations colonize local cultures (e.g. Falk 1999; Ritzer 1993)

Globalization has led to what Kilbourne (2004, 122) describes as a
global integration of markets and marketing [that] must be counted among the most dramatic trends that are reshaping, if not reconstituting, the modern world…this trend is further accelerated by the equally transformative changes in electronic communication, and the two trends are mutually reinforcing

Advancements in telecommunications (Ritzer 2004) have, so, turned the world into one giant interconnected network. This has led to uniformity in consumption. Ritzer (2004, 3) uses the concept of ‘nothing’ when referring to globalized cultural products:

Nothing’ refers to a social form that is generally centrally conceived, controlled, and comparatively devoid of distinctive substantive content

Football-brand-cultures are also being reproduced around the world in an increasingly homogenized market, as is described through the notion of the ‘consumptionscape’ (Ger and Belk 1996). The ‘scapes’ (see also, Appadurai 1990) help explain the process of reproduction of the meaning of football fandom (or ‘consumption-culture’) around the world. However, consumption of global football

Hence, we can align ‘glocalization’ with Ritzer’s (2004, 7) concept of ‘something’, which is juxtaposed with ‘nothing’, as “a social form that is generally indigenously conceived, controlled, and comparatively rich in distinctive substantive content.”

So, in contrast with globalization, ‘glocalization’ represents the interpenetration between local cultures and the forces of globalization, by which, consumers adapt the meaning of a global brand to their local culture and produce heterogeneity of consumption (Thompson and Arsel 2004). Ger and Belk (1996, 296) state, simply, “the meaning of consumption experiences lies in the local”.

Therefore, globalization does not only encourage a homogenous world culture, but, also stimulates localised reactions to global brand cultures (Askegaard and Kjeldgaard 2007), which can result in paradoxical localized-heterogeneity (Thompson and Arsel 2004). Holt (1995, 1) states that:

A given consumption object…is typically consumed in a variety of ways by different groups of consumers

Here, Holt analyses consumption using the example of baseball fandom in order to understand how baseball fans construct their own meaning of identity, through their ‘consumption practices’. This meaning is different from baseball fans in Japan, for example, where baseball is also very popular, due to the varying local [national] culture (Holt 2002).

In the case of English Premier League Football, ‘glocalization’ can be seen to occur through the concept of ‘universalization of particularism’ (Giulianotti and Robertson 2004).

It designates the universal expectation that all ‘particular’ communities and cleavages will harbour unique identities, at least as ‘inventions’ of such specificity” (p. 547).

The league itself, and smaller communities within it (e.g. fans of particular clubs), construct a more heterogeneous local-identity, in the current climate of increasing globalization, in this way (Wilk 1995). This climate has already led to changes in how English clubs are being run, such that they are becoming more and more business-like. There are arguments that this has diluted the social and cultural relationship between clubs and fans (Hamil 1999). One concept that may go some way to explaining why there has been this change in relationship is that of ‘meaninglessness’, a type of ‘alienation’ described by Seeman (1959, 786-7). There has been a sudden shift in the culture of how some clubs conduct their affairs, and some fan-groups may not be very willing to adapt to these changes due to a lack of “clarity in decision making” (p. 786) and a disengagement from what they previously viewed as ‘meaning’. There is also evidence of ‘powerlessness’ (pp. 784-6). This is a “depiction of man’s relation to the larger social order” (p. 785) (see also Denegri-Knott, Zwick and Schroeder 2006). It conceptualises the idea that an individual can feel alienated due to

the expectancy…held by the individual that his own behaviour cannot determine the occurrence of the outcomes, or reinforcements, he seeks [in relation to the larger social order] (Seeman 1959, 784)

Football fans may see themselves as ‘powerless’ due to rapid commercialisation of their club, and its globalization, as a brand; conditions, which make football less like the sport it was and more like a modern business, thus creating a potential gap between football clubs and fans (Hamil 1999) (see also ‘personal and communal nostalgia’, Brown et al. 2003). It is possible to align this feeling of ‘alienation’ with certain fan behaviour such as hooliganism (Dunning 2000; Giulianotti 2002), and tribalism (King 2000; Richardson 2004, 2006; Cova and Cova 2002; Ger and Belk 1996). Such activities could be viewed as forms of consumer resistance resulting from alienation.
INDIVIDUAL AND TRIBAL ASPECTS OF CONSUMPTION

Holt’s (1995, 6-9) concept of ‘Consuming as Integration’ stipulates that consumers construct their identity using valued consumption objects.

In addition…integration is pursued through the opposite process, adapting one’s identity to fit institutionalised meanings through assimilating and producing practices. (p. 14)…Much of the dynamism of consumption results from consumers seeking to reinvent themselves in order to take on desired roles or to participate in desired social worlds (see, e.g., Schouten 1991) (Holt 1995, 14)

So, consumers use their consumption practices to help define their identity in particular environments. Holt leads on to describe how consumers use consumption ‘as play’ (p. 9-10) and ‘as classification’ (p. 10-12). ‘Consuming as Play’ describes how consumers can use consumption objects as resources to interact with fellow consumers (p. 9). In ‘communing’ they share their mutually felt experiences with each other, and in ‘socializing’, spectators make use of experiential practices to entertain each other (p. 9)

The ‘Consuming-as-Classification’ metaphor “references the ways in which consumers use consumption objects to classify themselves in relation to relevant others” (p. 10). It refers to consumption practices engaged in to construct and define ‘social boundaries’.

And, as social boundaries must always be at the same time exclusive and inclusive (Douglas and Isherwood 1979), classifying practices always serve to distinguish as well as to affiliate (Holt 1995, 10)… All acts of consuming are rife with such interpersonal interaction… but this is particularly true of consuming that occurs in groups (p. 15)

This is quite similar to the theories of group consumption described by King (1998) in relation to football fandom, and also theories of ‘tribal consumption’ (see, e.g. Cova and Cova 2002). ‘Tribalism’ is described by Cova and Cova (2002, 596-7) as a reverse movement [in reaction to ‘extreme individualism’] to recompose [a person’s] social universe. This results in an active quest for alternative social arrangements and new communities (Goulding et al., 2001). People are increasingly gathering together in multiple and ephemeral groups, and such social, proximate groupings have more influence on their behaviour than either modern institutions or other formal cultural authorities

Cova and Cova’s (2002) view of modern consumer behaviour draws on the ‘Southern School’. Their concept is in contrast with ‘Northern approaches’ of marketing, which consider consumption at a more individualistic level, and propose the idea of ‘consumer liberation’ (Cooper, McLoughlin and Keating 2005; Cova and Cova 2002). The Southern School of Thought describes how consumers are forming quasi-tribes in order to recover some sense of ‘communitas’ (Maffesoli 1996).

Belk (1988, 152) similarly refers to how “we exist not only as individuals, but also as collectives”. He elaborates (p. 152) by referring to Boorstin (1973), who described how ‘shared consumption symbols’ are used as key means of expressing and defining group membership.

In this way, consumers can use their consumption practices to define their identity as members of particular groups. As Bateson (1982, 3) observes you are the company you keep. Your identity, your self, depends upon the people and things that compose your associations
Thus, consumers’ identities are affected by the groups they are members of (Belk 1988) by constructing a link-value between themselves and their peers (Cova and Cova 2002). Consumption objects are employed as mediums for creating the link to form a tribe (Cooper et al. 2005).

King (1998) and Richardson (2006) describe group traits, amongst sub-groups of football fans, which encourage consumer resistance. This is part of the group-identity and thus it becomes part of the identity of its members, both, through their initial definition as group members, given how they consume the game, and then, maintained, through sustained membership of such a group over time.

FOOTBALL FANDOM AND CONSUMER RESISTANCE

Given the cultural aspects of football consumption (Giulianotti 1999), fans construct meaning through their support/consumption by employing social action. As with all cultural products, they consume in different ways, and construct different meanings (Holt 1995). ‘Glocalization’ illustrates how fans in different countries create heterogeneous consumption cultures.

Glocalization of consumption-culture in football is described in King’s (2000) Football Fandom and Post-National Identity in the New Europe, which examines how Manchester United fans construct their ‘Mancunian’ identity, throughout Europe. This study aims to understand the construction of ‘local identity’ at a broader proximity to the club than one would presume.

Instead of investigating how Manchester-based fans construct their identity in opposition to the globalization (consumer-resistance) of the Manchester United brand, King (2000) looks at how ‘Mancunian’ traits are being picked up by non-Manchester-based supporters, throughout Europe. They are adopting some of the central forms of practice of the local fans such as the wearing of designer clothes, which are seen as properly ‘Mancunian’. He alludes to ‘imagined communities’ within football fandom by using an extended meaning for the word ‘Locale’, so that it refers to something beyond merely the apparently obvious geographic space – the region or city – [it] does not determine the kinds of social networks which arise in it and the locale is not prior to these relations. Rather, a local geographic space only becomes a meaningful locale which informs action when individuals in particular social networks invest that locale with significance. The ‘locale’ becomes the symbol of the social network; it is a shared understanding developed by a particular group about the nature of their social group which is employed by members of the group to maintain and regulate their relations with each other and to denote appropriate forms of conduct. The locale comes to embody the central understandings of the group and acts as a common cultural resource by which members of the group are called to order (King 2000, 421-2)

So, it appears that geographic proximity is not needed as a qualification to be a member of a particular ‘social network’ or ‘group’ given this application of the idea of ‘imagined community’ (Anderson 2006).

In further describing the local ‘lads’ King (421) describes hooligan groups who

- almost exclusively wear ‘casual’ designer clothing rather than replica kits, which have become synonymous [from the ‘lads point of view] with the new fans being attracted to football in the 1990s

This is the way they construct their identity, and that of the group. It is also a means of differentiation from others who are not members of the group (Belk 1988). This is consumer resistance of commercialization and globalization of football (King 2000). We may view this consumer resistance as a distinct group (Richardson 2006), or as a subculture, but, being part of a subculture does not simply mean doing the opposite to the overall larger group, it can also be a way to make a distinction from other smaller groups within this large group (in this case it is a small group, ‘Mancunians’, within a larger group of Manchester United supporters). Holt (2002, 71) describes how this type of consumer can

- outflank marketers, reinscribing commodities with oppositional meanings through their consumption practices (Holt 2002, 71)
He (p. 72) draws on Firat and Venkatesh (1995) when referring to a “homogeneous market [as] a totalitarian one”. He alludes to how they follow Maffesoli (1996), in their argument that we are already witnessing a breaking down of the dominance of marketers through consumer resistance by consumers who are

seeking out social spaces in which they produce their own culture, apart from that which is foisted on them by the market. These spaces allow people to continually rework their identities rather than let the market dictate identities for them (Holt 2002, 72)

An illustrative point that backs this view is given by Kozinets’ (2002b) example of *The Burning Man Project*; a week long anti-market event. This displays similarities with consumer resistance described amongst football fans by Richardson (2006), and Richardson and O’Dwyer (2003). They show how certain groups of fans engage in consumption practices that help them form opposition to the accelerated rate of commercialisation and globalisation of their club and, in particular, the fact that it has attracted ‘inauthentic’ ‘new consumers’. It supports the idea that consumers resist the market by separating themselves from other groups.

**CASE BACKGROUND: GLOBALIZATION AND COMMERCIALIZATION OF THE ENGLISH PREMIER LEAGUE**

Football, the most popular sport in the world over the past decade (BBC Sport Academy 2005), has seen its target market grow in scope so that it is now global (Giulianotti and Robertson 2004). The English Premier League, only created in 1992, has taken advantage of this situation more than any other. Ownership, sponsorship, management, and target markets, of clubs have changed dramatically in this new era. Increased commercialization has contributed to more and more clubs becoming increasingly branded, globalized, and business like in their affairs (Hamil 1999). It has been argued that such change has led to clubs losing some of their social and cultural identity (Hamil 1999). We carried out an exploratory study, using Liverpool Football Club and its fans as the research site (the reason for this choice is described in paragraph 5 of this paper), to investigate this as follows.

**METHOD**

Research-data was collected using interviews, participant observation at bars (near to the stadium) before football matches, and non-participant observation at the meeting of a fan group named Sons of Shankly (SOS).

Also, the netnographic technique was used. This technique involves adapting the ethnographic technique to develop a new qualitative marketing-research tool, for investigating consumer culture, utilizing the internet (Kozinets 2002a, 62). We observed fans on the ThisIsAnfield fan-site (TIA) [http://forums.thisisanfield.com/] (Anfield is the home-stadium of LFC). This was carried out with the permission of the site-moderator.

The authors of this paper are not Liverpool-based. So, during preliminary research, we could not easily access local fans for interviewing. Hence, we employed the ‘snowball-technique’ to access this particular social network (Browne 2005). We made use of network members’ interpersonal-relationships with local-Liverpool-City-based people to help access local fans.

We conducted three interviews with Simon (a 40-year old man), Ali (a 44-year old man), and Daren (a 34-year old man). All interviews were semi-structured and sixty-minutes in duration. Informants were asked questions about how they view LFC fans around the world, and how they see themselves as fans. Questions sought to discover how they construct their local identity, given the current climate of globalization. This provided insightful data, from which, we could categorize different groups of fans and their characteristic traits.
This type of questioning was also used in conversations with fans during the observation process. Non-participant observation was conducted to triangulate the data.

FINDINGS

The interview and observation method provided insight into the relationship between football fandom, local-identity, and globalization. From our analysis, we find three different group-identities prevalent amongst local fans. These groups are ‘Hardcorers’, ‘Compromisers’, and ‘Fansumers’.

Hardcorers

The *hardcore fans* are a group who wish to limit the boundaries of LFC fandom only to those who are geographically local people. They believe that they are the ‘authentic fans’, or ‘real fans’ (King 2000; Richardson and O’Dwyer 2003; Richardson 2004; see also Brown et al. 2003). They show their support by attending almost every match at Anfield. They exhibit a feeling of ownership over the club, and are opposed to any ‘dilution’ of club-culture influenced by ‘outsiders’.

They do not allow ‘outsiders’ access to their group. This made data collection difficult, and so, most relevant data about Hardcorers comes from non-participant observation and some interviews. These fans live in a closed community and encourage LFC to be supported by Liverpool citizens-only. They are predominantly in opposition to increasing globalization of the club as a brand. So, they construct a strong local identity with local-based fans only, nicknamed, ‘Scousers’ (although this term can be used to describe anyone who is from Liverpool). They discriminate against ‘outsiders’, and use names for those who support LFC, but are not part of their group, such as ‘Wools’ or ‘OOTers’. Here is an explanation of both terms:

“Wools: can come from anywhere even from Liverpool itself, it is simply a fan who goes to games without knowing the chants, the songs or the traditions of the club. Sitting at games in their seats for the whole match without uttering a word or even worse just shouting abuse at the players...”

“OOTers: These are people from outside Liverpool, yes some may be wools but sometimes you get just as [much] if not even more committed fans from anywhere around the world, who sing and chant just like the locals.” Johnyfish, 21 February 2006

Hardcorers feel alienated (Seeman 1959) as a result of globalization and commercialization of LFC. They are opposed to ‘new’ football fans (Richardson 2004), who live far away from Liverpool, and brand them as ‘inauthentic’. They believe that they are the only authentic fans and are not very open-minded to change. The first author met members of this group at the Sandon (a bar in Liverpool), when first visiting Anfield in 2005 to attend a game as a fan, and again during the data collection of this study. He found that they exhibited a negative-attitude and bad-behaviour towards ‘outsiders’.

This behaviour is also evident online, where there are many LFC fansites, and some of them do, indirectly, reject outsiders.

“Rawk [Red And White Kop fansite] has more scousers. If you go there you will get called all sorts of things: ‘OOTer’ or ‘Wool’, etc. I used to go there but it’s very ‘Uptight’. TIA [ThisIsAnfield (fansite)] has a friendlier environment and they (The regular posters of the site - TIA) don’t make you feel like you are an alien if you are not from Liverpool...” Carra-G, 29 December 2007.
Compromisers

*Compromisers* wish to construct their local-identity in a way that is open-minded towards other groups of fans who do not come from Liverpool City. Although they do identify themselves as the 'authentic' or 'real' fans (like *Hardcorers* (King 2002; Richardson 2004)), they do not wish to restrict the consumption of the club, as a brand, only to members of their group (unlike *Hardcorers*). They are open to members of other groups, regardless of geographical origin. But, similar to *Hardcorers*, they are not in favour of 'outsiders' causing changes within the existing cultural identity of the club. However, rather than restrict outsiders outright, *Compromisers* favour anybody supporting LFC who wants to, but only on condition that they all embrace the local culture and traditions of the club.

Both groups do display a very high level of loyalty to the club, making it a priority to attend as many live games as possible, and a similar desire not to see their identity become diluted. But, it is their view towards people from outside of their group that makes them different.

During observation at the Sandon Pub before the two-hundred-and-sixth derby match, at Goodison Park (home stadium of Everton FC, another Liverpool City based club, and LFC’s greatest rivals), 20 October 2007, members of this group were found to be much friendlier, and open to ‘outsiders’, than *Hardcorers*. An example is given by Kevin, a member of this group, who commented, upon being asked what he thought when ‘outsiders’ said they feel insecure as a result of feeling intimidated by *Hardcore* fans: “Don’t worry: we are the same boat, the same colour.” (Participant Observation, 20 October 2007). Ali, a 44-year old man, is another *compromiser* who is happy for people from around the world to be supporters of LFC.

Daren, a 34-year old man, spoke of how he derives pleasure from seeing millions of people support his club. He is a long term fan of over twenty years and has a large collection of merchandise and memorabilia. His family are also fans and he showed pictures of his son that were taken when he was 6 months old and was wearing an LFC jersey. He goes into detail on his history of support for the club when he tells of the first time he put on an LFC jersey: “That was the first time; I fell in love with Liverpool.” (Daren, Interview, 16 February 2007). He sees globalisation of the club as a positive thing:

“I don’t mind for you or [other] international fans to support Liverpool. You can pick an international club to support because it is outside your home country. For me, I support Flamenco in Brazil. But, the important thing is that you have to support your local club. Therefore, I can’t accept domestic fans who support Liverpool, instead of their local clubs.” Daren, Interview, 16 February 2007.

Large similarities with Daren’s views were seen at the meeting of LFC fans who established the LFC supporter union, named, Sons of Shankly (SOS). The main objective of the SOS is to promote their view of what the identity of the club should be. They oppose the current American owners, whom, they believe, wish to make a profit from running the club at the expense of the football, the fans, and the local identity and traditions. They believe that the current regime is widening the gap in relations between LFC and its fans. Like Ali and Daren, the SOS encourage construction of a strong local-identity around LFC, and at the same time, they also show positive views towards the existence of fans from all around the world. They show a desire to connect with all LFC supporters in order to educate them about LFC’s culture and traditions. This is in contrast to the feelings of *Hardcorers*. This makes this group a member of the category, ‘compromisers’.

They do not *simply* see themselves as consumers of a product. They see fandom as more than just a mode of consumption. They view it as a tradition and believe their responsibility as supporters is to encourage the perpetuation of this tradition and the reproduction of the culture of the club, in order to sustain their local-identity in the era of globalization. Instead of being dominated by the global fan-culture, they choose to encourage global fans to appreciate and adopt their local-identity.
**Fansumers**

The third and final group are **Fansumers**. ‘Fansumer’ is a concept which appeared in Foster and Hyatt’s (2007) *The Invention of Tradition: Building Oiler Nation*. They used it to discuss how sports clubs can increase their fan-base. They describe ‘fansumers’ as fans from anywhere in the world who support a sports club, regardless of their geographical proximity. However, the usage of the term in this paper differs slightly. Foster states in the Edmonton Journal that “fansumers are people who choose their teams the same way consumers choose products.” (Seymour 2007). In most product decision-making, consumers switch brands easily based on their perceptions of comparative brands’ product-attributes such as, price, brand image, quality etc. (Kotler 2003). In our usage, **Fansumers** do not switch brands easily. Football fandom is more influenced by one’s social network (e.g. self-monitoring behaviour, see, Richardson and O’Dwyer 2003; also, Richardson 2004). This makes switching more difficult and changes the context of the decision-making process. We have adapted its meaning for use in this study as follows. **Fansumers** are local Liverpool-City-based fans who are generally in favour of globalization and commercialization of the club. They are open to fans from all over the world. This makes them similar to **Compromisers** (but, not **Hardcorers**), who also see these developments as positive.

**Fansumers** believe that LFC is not just a local or a national football club, but that it is a global football club, which has millions fans around the world, who should be able to contribute to the club-culture in whatever way they please as long as it brings benefits in business and footballing terms. They are thus open to changes within the cultural identity provided the club achieves success.

Simon is a fansumer who supports LFC mainly by purchasing club-merchandises, rather than attending every home game. This is unlike **Hardcorers** and **Compromisers**, who see it as vital for fans to attend as many games as possible. Some members of these two groups have also suggested a boycott of club-merchandise in the hope of damaging the position of the American owners.

Simon describes why he and his fellow **fansumers** always aim to buy official club merchandise, rather than counterfeit goods:

“They buy the original because it’s going to the club. That’s why. I mean, for me, buying a Limited shirt is expensive, £ 80 is expensive for the shirt, but I got something that I want. And money does go to the club as well. You know to people, club’s happy, I’m happy.” Simon, Interview, 20 October 2007.

Jimmy, a 65-year old, is a passionate fan who is generally in favour of recent changes within English football. He always watches LFC matches at the Park (a bar in front of Anfield Stadium). His consumption practices are slightly different to those described by Simon. His consumption relates to the club through his betting patterns

“You know, I bid Liverpool £ 20. If we win, I also win. If we lost, I also lost.” Jimmy, Participant Observation, 19 October 2007.

Like Simon, he does not see the need to attend every match and engage in the ritualistic behaviour of either **Compromisers** or **Hardcorers**.

**Fansumers** view LFC more as a modern entertainment business than a cultural entity (unlike the ‘**Hardcorers**' and the ‘**Compromisers’’). They see increasing numbers of global fans as a way for the club to make more money and to become more successful as a business and ultimately as a football club.

**DISCUSSION**

We describe three different groups of local fans; **Hardcorers**, **Compromisers**, and **Fansumers**. We would argue that they construct their cultural identities through their consumption behaviour in different ways as a strategic response to the forces described by the concepts of globalization and glocalization (Thompson and Arsel 2004). The level of affiliation with local-identity is much more intense amongst
Hardcorers and gradually declines in the Compromisers and Fansumers, respectively. Hardcorers and Compromisers are similar, but Hardcorers feel that their local identity is diluted by globalization, and global fans. Compromisers are in favour of these things, but, also wish to maintain LFC’s strong local identity. Fansumers show little motivation to protect local-culture.

Hardcorers feel alienated by globalization. They believe it changes the traditional ways of the club, e.g. foreign-ownership, lack of ‘local’ players, foreign-manager, international fan-base etc. These changes make them feel a sense of loss of identity, and a dilution of their power over club-affairs. This is similar to the concept of ‘powerless alienation’ (Seeman 1959). Hence, they oppose the increasing globalization of the club, and so construct their identity in resistance to global fans (Richardson 2006). One needs to be a particular type of Liverpool fan, and primarily be from Liverpool city to be allowed into their group. This is a throwback to archaic tribal-societies, in which relationships were based on “kinship, lineage and other blood-related attributes” (Cova and Cova 2002, 597).

Those who helped form Sons of Shankly (SOS), fall into the Compromisers category. They do not wish to see the culture of the club become diluted by globalization. But, instead of resisting globalization completely, as Hardcorers wish to, they aim to compromise by conserving and promoting their local identity through education, of the global fan-base, about the traditions of the brand as a football club.

The last group, ‘Fansumers’ primarily express their loyalty by purchasing club merchandise and do not put as much emphasis on attending every match as Hardcorers and Compromisers. They welcome fans from around the world (similar to Compromisers), but are not as conservative when it comes to local-culture. This is the main point of differentiation from the other two groups.

The transgression of LFC from a Local-brand to what is now a Global-phenomenon throws up many different topics for discussion and possibilities for academic inquiry (Giulianotti and Robertson, 2004, 2007; King 2000; Richardson 2006; Richardson and O’Dwyer 2003). This study, is only a pilot, but has begun to investigate how various different Consumer-behaviour (e.g. branding and consumer-culture: Holt 1995, 2002; consumer-resistance: Kozinet 2002b; glocalization: Thompson and Arsel 2004) and Macromarketing (e.g. globalization: Askegaard and Kjeldgaard 2007; Kilbourne 2004) areas are relevant to these changes within the industry and with football fandom.

Particularly, there are opportunities for future research in any or all of the areas mentioned throughout, as being relevant. These include further investigation; into how the LFC brand is used to construct fan identity; to greater understand the relationships consumers form with the brands they know and use (Fournier 1988); and into the creation of brand-communities and consumer-brand-consumer triad relationship (Muniz and O’Guinn 2001). Moreover, further research should emphasize the concept of consumer empowerment. (Denegri-Knott, Zwick and Schroeder 2006) that results from this social phenomenon coupled with consumers’ roles in the value creation process (Pongsakornrungsilp, Bradshaw, and Schroeder 2008).

So, this paper identifies three groups of fans which will be used to form the basis of further inquiry. It, in keeping with the conference theme, gives a perfect example of how “markets are systems, that markets are heterogeneous, and the actions of market participants have consequences far beyond the boundaries of firms” (Mittlestaedt et al. 2006, 131), and how brands interact with culture (Schroeder and Salzer-Mörling 2006) to produce value for consumers.

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Effects of International Trade on the Economy, People, and the Environment

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The authors develop and test a conceptual model that assesses certain economic, social, and environmental consequences of international trade. Hypothesized relationships are tested on time-lagged data from more than 100 countries using structural equation modeling. Results support previous macromarketing models of the effects of international trade on economic development and physical quality of life. Individual freedom is shown to reduce CO₂ emissions and improve overall environmental performance. Exporting and importing had little impact on either measure of the environment. These findings have important implications for public policy makers, marketing academics, and practitioners.

Introduction
Recent years have witnessed heightened concern over the effects of globalization on ordinary people, the economy, and the environment. Globalization concerns “the process through which nation-states become more economically, financially, and culturally integrated by the economic actions of transnational actors” (Kilbourne, 2004, p. 123). As globalization becomes more important, trade flows are growing and production is shifting from developed countries to developing countries. A wide-ranging debate over the costs and benefits of globalization has been of ongoing interest to governments, economists, environmentalists, and ordinary people who are becoming increasingly concerned about their personal well-being, and the health of their country’s economy and environment.

Clearly, the macro environment of international marketing is changing rapidly under the influence of globalization. However despite the inevitable consequences, “international marketers have paid a totally inadequate level of attention to these global economic, legal/institutional and political/social developments” (Young, 2001, p.120). The purpose of this study is to empirically assess some of the economic, social, and environmental outcomes of globalization. We begin by reviewing the economic, sociology, and macromarketing literatures that provide the theoretical bases for our conceptual model. The next section develops the conceptual model and accompanying research hypotheses. Then we outline the methodology used to test our research hypotheses in more than 100 countries. Results of research hypotheses tests using structural equation modeling are reported and discussed. Finally, implications and limitations of the study are considered along with suggestions for further research.

Literature Review
Economic theory regarding trade focuses on why nations trade and what goods or services are involved. The Heckscher-Ohlin Theory (Heckscher, 1949; Ohlin, 1933), which is the mainstay of neoclassical economic trade theory, holds that the basis for trade is different relative factor endowments among countries and varying relative factor intensities among products. A nation’s comparative trade advantage is determined by its relative abundance and scarcity of such factors as labor, land, and capital. A nation will export goods that intensively use it relatively abundant factors and import goods that intensively use its relatively scarce factors. A corollary is that as goods or services are exported, demand for the abundant factor (which is intensively used in production) will increase in the exporting nation,
causing its relative price to increase. Likewise, as goods or services are imported, demand for the scarce factor will decrease, causing the relative price of that factor to decrease. In summary, neoclassical economic trade theory generally holds that mutual advantage obtains to trading nations. In other words, “trade is a positive sum game” (Meier, 1980, p. 57) and an important stimulant to economic growth.

In sociology, dependency theorists challenge the neoclassical belief that international trade may be a primary engine of economic development. On the contrary, they view international trade as a mechanism of unequal exchange through which the income disparity between rich and poor nations is accentuated and perpetuated (Love, 1980). However, beyond this core belief to which all dependency proponents adhere, the movement becomes sharply fragmented over the nature and effect of international trade as a mechanism of unequal exchange. Orthodox dependency, often referred to as “the development of underdevelopment” (Frank, 1966, p. 17), suggests that economic development in developing countries cannot be achieved through trade with developed countries. In the “zero-sum” game of international trade, wealthy countries remain wealthy and poor countries remain poor (Todaro, 1989). In contrast to the presumption that development through trade is impossible, the unorthodox dependency school adheres to dependent development (Cardoso, 1979). In this view, although international trade is not necessarily antithetical to development, it inevitably leads to an inappropriate economic structure. While international trade may raise economic levels somewhat in developing countries thereby increasing aggregate per capita income, distribution of that income will become increasingly unequal.

The macromarketing literature contains ample conceptual research on the consequences of marketing on societal development (Kilbourne, 2004; Nason and White, 1981; Slater, 1968). For example, Slater’s (1968) perspective articulates how market processes can be changed to achieve different social impacts. Much of this literature recommends using multidimensional analysis that includes social, economic, political, and individual constructs in the study of marketing and its relationship to development. For example, Kilbourne’s (2004) “expanded” model explicitly includes political and cultural variables: quality of life, substantive freedom, and the environment. However most of the marketing literature on globalization and development over the last twenty-five years has focused on economic constructs. Kilbourne et al. (1997) argue that it is necessary to consider quality of life from a macromarketing perspective. Accordingly, there has been considerable attention to quality of life issues in the macromarketing literature (Avner Offer, 1997; Miles and White, 1998; Sirgy, 2001, 2002; Schultz et al.; 2004; Lee and Sirgy, 2004; Malhotra, 2006; Peterson, 2006). However though many scholars discuss quality of life in their articles, few try to measure it directly and even fewer attempt to operationalize the multiple dimensions of quality of life.

**Conceptual Model and Research Hypotheses**

Neoclassical trade theory suggests that a country with production efficiency stimulates more productivity by exporting. Export expansion contributes to economic development by increasing resource allocation efficiency and capacity utilization, promoting technical change and overall productivity, and allowing a country to take advantage of scale economies (Balassa, 1985, 1988; Tyler, 1981). Unorthodox dependency theorists also acknowledge that trade may raise economic levels. Empirically, Mullen and colleagues (1993, 1996) find a positive relationship between exports and economic growth.

**H1:** Exporting leads to increased economic development.

While neoclassical and unorthodox dependency theories seem to predict that importing fosters economic development, orthodox dependency theory is consistent with an opposing view. In support of orthodox dependency theory, Mullen and colleagues (1993, 1996) demonstrate that increased imports result in a decline in economic level. Their rationale is that as imports increase, foreign competition takes more business from local firms adversely impacting domestic production and economic development. While domestic consumers fare better with imports because they consume more products at lower prices, local producers and the local economy suffer (Carlton and Perlof, 2000; Mullen 1993).

**H2:** Importing leads to deceased economic development.
Physical Quality of Life

Neoclassical trade theory suggests that exporting has a deleterious effect on physical quality of life because nations export goods that use their relatively abundant factors. As demand for these factors increases, all else being equal, higher prices result. Given that consumers have limited incomes, higher prices reduce their ability to secure a decent physical quality of life. This argument is in line with dependency theory that generally predicts a negative link between trade and basic needs. Importing, on the other hand, positively affects basic needs satisfaction by relieving scarcities in the economy, which in turn heightens competition and drives down prices. Empirically, Mullen and colleagues (1993, 1996) demonstrate a negative relationship between exports and basic needs satisfaction, and a positive relationship between imports and basic needs satisfaction.

H3: Exporting leads to a diminished physical quality of life.
H4: Importing leads to an improved physical quality of life.

Individual Freedom

The traditional macromarketing model holds that globalization leads to increased economic development resulting in an improved quality of life, environment, and substantive freedom. Exporting and importing serve as enabling agents of interaction among people leading to knowledge of new ideas and choices (Edwards 1992, 1993). Torras and Boyce (1998) claim that a positive development in the level of education and political rights are correlated with income. Mullen and colleagues (1993, 1996) demonstrate that international trade leads to higher levels of educational attainment. Therefore, we argue that as international trade increases, the exposure to new ideas, increased education and higher incomes will lead to increased individual freedom.

H6: Exporting increases individual freedom.
H7: Importing increases individual freedom.
H8: Economic development increases individual freedom.

The Environment

Studies suggest that trade and environmental quality are related (e.g., Hill and Dhanda, 2004; Cornwell and Drennan, 2004). Some scholars argue that trade causes growth in consumption, which leads to increased revenues and taxes the government can spend on environmental improvement (Bhagwati, 1993). However Lofdahl (2002) argues that the effects of domestic GNP and trade related GNP must be considered separately. When a country imports, goods are by definition produced elsewhere. It follows that fewer pollutants are generated in the domestic country. However when a country exports, domestic production is increased. Increased production consumes more resources and generates more water and air pollution (e.g., CO₂ emissions). Consistent with Lofdahl (2002), we expect increased exporting to result in increased CO₂ emission levels and increased importing to result in decreased CO₂ emission levels. However, we expect both exporting and importing to result in improved environmental policy. As international trade expands, the economy becomes wealthier and incomes start rising. People become more environmentally concerned and work toward cleaning up their environment.

H9: Exporting increases CO₂ emission levels.
H10: Importing decreases CO₂ emission levels.
H11: Exporting improves overall environmental performance.
H12: Importing improves overall environmental performance.

Many researchers present evidence of the relationships between economic development and indicators of environmental pollutants. Some suggest that air and water quality suffer with economic development. As noted, pollution may worsen because improvements in the country’s infrastructure lead to more pollution from transportation, or because increased production leads to more usage of non-renewable resources and greater greenhouse effects. Industrialization and production of goods for export may generate harmful chemical products and increase the emission of greenhouse gases (Swami, 2001). However in the longer term, economic development may lead to better environmental policies. Indeed, some researchers (e.g., Gross and Krueger, 1993, 1995) suggest that economic growth is necessary for pollution improvement. It follows that as countries experience economic development, the demand for environmental quality will be positively linked with income level.

H13: Economic development decreases CO2 emission levels.
H14: Economic development improves overall environmental performance.

According to Belmont (2002), improvements in education, income distribution, and information access are necessary conditions for environmental improvement. In developing countries, environmental laws are not enacted until governments determine the country can afford to implement environmental policies. In other words, expenditures on environmental cleanups only take place after other vital concerns (e.g., food and transportation) are addressed. Similarly people only turn their attention to higher order concerns such as the environment once their basic needs (e.g., health care and literacy) are met.

H15: Improvements in physical quality of life lead to lower CO2 emissions.
H16: Improvements in physical quality of life improves overall environmental performance.

Individual freedom enables people to participate freely in the political process, including the right to elect representatives who have a direct impact on public policies. All public choice requires valuation and citizens must participate in the choice of social priorities such as the environment. When people have individual freedom, including the ability to affect the political process, they will pressure their government to clean up the environment and implement sustainable environmental policies.

H17: Increased individual freedom leads to decreased CO2 emissions.
H18: Increased individual freedom leads to improved overall environmental performance.

**Figure 1. Conceptual Model**

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**Constructs and Their Measures**

Complex relationships among marketers, countries, consumers, and society may not be evident until a year or more after the exchange takes place (McDonagh and Schultz, 2002). Therefore, we use data on exports and imports in 2003 (expressed as a percentage of GDP) and economic development in 2004 (expressed as GDP per capita). Data were obtained from World Bank (2007) and log transformed to reduce excessive kurtosis. World Bank (2007) data were also used to construct the physical quality of life (PQOL) index. Consistent with the work of Morris (1979), PQOL was operationalized using three separate indicators: life expectancy, infant mortality rate, and literacy (all measured in 2004). Data on 2004 CO2 emissions were obtained from the Energy Information Administration (2007). To enhance
comparability across nations, total carbon dioxide emissions for each country in 2004 was divided by that country’s population in the same year.

Individual freedom was operationalized using data from the Freedom in the World survey (Freedom House, 2007). Freedom House’s annual ranking of political rights and civil liberties has been used in academic research across disciplines, including international marketing (Cavusgil et al., 2004). The survey includes ten political rights questions that consider the extent to which the system offers voters the opportunity to choose freely from among candidates, and the extent to which candidates are chosen independently of the state. The survey includes 15 civil liberties questions concerning both laws and actual practices. Data on 2004 ratings were available for 192 countries and 18 territories.

Environmental protection was operationalized using the 2006 Environmental Performance Index (EPI) recently introduced at the World Economic Forum in Davos, Switzerland (Economist, 2008b). The EPI was developed by the Center for Environmental Law & Policy at Yale University and the Center for International Earth Science Information Network (CIESIN) at Columbia University, working together with the World Economic Forum and the Joint Research Centre of the European Commission. The EPI uses 16 indicators to grade the “environmental health” of countries based on “two broad environmental protection objectives: (1) reducing environmental stresses on human health, and (2) promoting ecosystem vitality and sound natural resource management” (Esty et al., 2006, p.11). To allow time for model variables to have a measurable impact on wide ranging environmental policy and implementation, data for the environmental performance index are from 2006. The 2006 EPI is available for 133 countries.

Sample and Data Analysis

The sample includes 104 countries for which data were available on all variables included in the model. These countries are as varied as Brazil, Cameroon, China, France, Haiti, India, Japan, Malaysia, Sweden, Saudi Arabia, and the USA. Therefore, the study includes countries representing the full range of international trade, economic development, size, freedom, PQLI, and environmental concerns. (A list of the countries included in this study can be obtained from the authors.)

The conceptual model was estimated using LISREL 8 (Jöreskog and Sörbom, 1996). Structural equation modeling with latent variables is an appropriate technique because of measurement difficulties associated with secondary data from numerous countries and SEM also allows for the examination of direct, indirect, and total effects. LISREL analyses were based on maximum likelihood estimation and the observed covariance matrix. We assess Based on appropriate indices, model fit is excellent The NFI = .95, NNFI=.90, CFI=.96, IFI=.96, GFI=.91 and the standardized RMSR = .06 providing evidence that the data fit the model very well. Results indicate that variables included in the model explain a large portion of the variance in freedom (R² = 49%), physical quality of life (R² = 75%), CO₂ emissions per capita (R² = 96%), and environmental performance (R² = 82%). Taken together, these results suggest that the model is a reasonable basis upon which to test our research hypotheses.

Results

As hypothesized, exporting and importing demonstrate an opposite pattern of effects when it comes to economic development and PQOL. While exporting increases economic development (H1), it has a direct negative effect on PQOL (H3), importing has a negative direct affect on economic development (H2) and a positive direct on PQOL (H4). Also as expected (H5), economic development has a strong positive effect on PQOL. Taken together, these finding show that exporting and importing directly affect economic development, which itself has a positive, direct effect on PQOL. In other words, exporting and importing have both direct effects on PQOL, as well as indirect effects (mediated through economic development). It is important to consider indirect effects along with direct effects to assess the total (net) effects of exporting and importing on PQOL. In the case of exporting, even though the parameter estimate for the direct effect of exporting on PQOL is negative, its indirect effect is positive. In fact the indirect effect overwhelms the direct effect, such that the total effect of exporting on PQOL is positive! Such is not the case for importing. The positive, direct effect of importing on PQOL is “canceled out” by the indirect effect. Taken together, these finding suggest that while exporting enhances PQOL, importing does not play a significant part.
The second group of hypotheses concerns the direct effects of exporting, importing, and economic development on individual freedom. Contrary to H6, exporting is negatively associated with individual freedom. In support of H7 and H8, importing and economic development increase individual freedom. An examination of total effects provides a “truer” picture of the nature of these relationships. While exporting has a negative, direct effect on individual freedom, when its indirect effect (mediated through economic development) is considered, the total effect of exporting on individual freedom is not statistically significant. The same is true for importing. Despite a positive, direct effect on individual freedom, the net effect is zero. These findings suggest that neither exporting nor importing enhance individual freedom when controlling for other variables.

The last series of hypotheses concerns the impact of model variables on the environment (CO2 emission levels and overall environmental performance). We expected exporting to increase CO2 emission levels (H9) and importing to reduce CO2 emission levels (H10). Contrary to expectations, however, there were no statistically significant effects on CO2 emissions either for exporting or importing. We hypothesized that increases in economic development, PQOL, and individual freedom would lead to decreases in CO2 emission levels. Contrary to expectations, economic development (H13) and PQOL (H15) lead to increases in CO2 emission levels. Interestingly, individual freedom is shown to have the opposite effect (H17). Increases in individual freedom and civil liberties lead to decreases in CO2 emission levels per capita. It is also worth noting the indirect affects of exporting and importing on CO2 emissions. Exports have a positive affect on economic development and PQOL, both of which are positively related to CO2 emissions. Therefore, the total effect of increased exports is to increase CO2 emissions. Importing has the opposite pattern of effects. Finally, we hypothesized that exporting (H11), importing (H12), economic development (H14), PQOL (H16), and individual freedom (H18) lead to increased overall environmental performance. The effects of exporting and importing on overall environmental performance are not statistically significant. However, there is support for a positive relationship between economic development (H14), PQOL (H16), and individual freedom (H18) and overall environmental performance. Taken together, these findings suggest that while economic development and PQOL increase same year CO2 emissions, they lead to subsequent improvement in overall environmental performance. Individual freedom favorably impacts the environment, both in terms of lower CO2 emission levels and overall environmental performance. It is important to note the moderating influence of these variables on greenhouse gas emissions.

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<td>PQOL (direct)</td>
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<td>.34</td>
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<td>PQOL (indirect)</td>
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<tr>
<td>PQOL (total)</td>
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<td>-.19^ns</td>
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<td>Freedom (direct)</td>
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<tr>
<td>Freedom (indirect)</td>
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<td>EPI (total)</td>
<td>.45</td>
<td>-.34</td>
<td>.91</td>
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All parameters are statistically significant p.<.05 except a=p <.1, ns = non-significant.
Discussion

Our findings suggest the importance of including international trade along with economic development when considering the environment. In line with Lofdahl (2002), we find that increased international trade is related to environmental degradation in terms of CO₂ emissions. Nonetheless, our findings show that exporting leads to economic growth, that in turn leads to improved environmental policies. Our findings support the Economist’s (2008b) report that “the single biggest variable in determining a country’s ranking (on the EPI) is income per head.”

Recent arguments suggest that as economic development increases there is a greater concern over the environment in general. However, the focus has been on pollution that is obvious and obnoxious—foul air and water—rather than on greenhouse gases such as CO₂ that you can neither see nor smell and where the consequences are long term, rather than immediate (Economist, 2008b). As Al Gore noted in his Nobel Lecture in Oslo “unlike most other forms of pollution, CO₂ is invisible, tasteless, and odorless— which has helped keep the truth about what it is doing to our climate out of sight and out of mind” (Gore, 2007). Our results show that this is the case. As incomes go up and physical quality of life improves, people become more concerned about their environment. Citizens, and consequently their governments, act to improve aspects of the environment that affect them directly such as improving water quality and reducing particulate matter from the air they breathe. On the other hand our results show that as incomes go up, greenhouse gasses continue to increase. The recent award of the Nobel Prize to Al Gore (2007) gives testimony to the importance of this issue for the long-term health of the planet.

Our results also show that both physical quality of life and individual freedom moderate the negative effects of economic growth. When people’s physical quality of life improves, that improvement leads to a reduction in CO₂ emissions and improved environmental performance. Such results are consistent with Maslow’s (1943) Hierarchy of Needs: Once people and their governments address basic needs like health care, nutrition and literacy, they turn their attention to higher order concerns like the environment. The finding that individual freedom has a positive impact on the environment, both in terms of lower CO₂ emission levels and overall environmental performance, is consistent with observations from the field. While incomes are increasing in China, people have little ability to influence their government so that “some of the negative side effects and their impact on human welfare, above all the death caused by foul air and water are horribly clear” Economist (2008b). Because China is not democratic and the people cannot overturn the status quo, “don’t expect the government’s environmental watchdog to do much about it” Economist (2008a).

Limitations and Future Research

The limits of statistics in determining causality must be acknowledged. Covariation and the precedence in time of several of the independent variables have been reasonably demonstrated here, but rival hypotheses cannot be ruled out. Also, studies in sociology and macromarketing have used energy consumption per capita as a measure of economic development or as an indicator of the level of economic activity. Energy production and/or consumption are used as an alternate measure of production that is free of potential exchange rate distortions. In this study, we model the effects of economic development per capita on CO₂ emissions per capita, both in the same year. If we include energy consumption/capita (a major contributor of CO₂), there would be an alternative rival hypothesis for the results. Future research might include GDP adjusted for PPP and or additional indicators of economic development.

Conclusion

This study provides evidence for both globalization advocates and detractors—globalization offers benefits as well as costs. In general, international trade leads to economic growth that enhances the well being of people and their “visible” natural environment but with deleterious affects on global warming through increased CO₂ emissions.
References


Structuring the Global Marketplace: The Impact of the United Nations Global Compact

Robert W. Nason, Michigan State University

In the past seven years, the UN Global Compact has become the largest voluntary corporate citizenship initiative attempting to elevate and level the norms of corporate behavior in world markets. Its strategy of attracting volume of members versus commitment to performance of the Compact’s 10 principles does not provide a base of innovators and early adopters necessary to gain respect from the vast majority of international companies. Thus, the Compact is unlikely to instill the norms embedded in its 10 principles in the world market in any meaningful way to engender fairer and more efficient global markets.

Introduction

The rush to internationalize factor and product/service markets through complex and far-reaching cross-national marketing systems has highlighted the inadequacy of global governance structures. Just as national markets need preconditions in order to deliver higher living standards and economic opportunity, so does the supranational market. These preconditions include legal, financial, communications, and transportation infrastructures which not only allow efficiency but fairness of competitive, labor, environmental, safety, and sustainability practices (Harris and Carman 1983, 1984; Carman and Harris 1986; Klein and Nason, 2001). Hunt’s (1977) definition of macromarketing includes the study of marketing systems and the setting of preconditions for the global marketing systems is a critical element.

In response to the world’s inability to adequately address many preconditions which would level the market’s playing field, Secretary-General Kofi Annan suggested the formation of the UN Global Compact on January 31, 1999, and implemented it on July 26, 2000. Basically, the Global Compact invited corporations, governments, civil society advocates, and labor organizations to join a voluntary coalition to work “individually and collectively to achieve a new phase of globalization that creates inclusive and sustainable markets, ultimately resulting in widespread development and enhanced international cooperation” (UN Global Compact Office 2007a, 3). The participants agree to incorporate, extend, and promote 10 core principles in the areas of human rights, labor standards, environmental protection, and anticorruption.

The UN Global Compact is attempting to instill some of the necessary preconditions regarding labor markets, environmental sustainability, and open transparency through enlightened self-interest voluntarism rather than through multilateral treaties. The contention is that the ten principles help define the health of the international marketplace and the benefit that continued globalization can bring to both industrialized and emerging markets (UN Global Compact Office 2007a, 2007b).

The purpose of this paper is to examine the UN Global Compact to understand its impact on and its potential for addressing the dysfunctions of the current state of globalization relative to fair market allocation of resources in the service of societies and their development. The question is, has it or can it provide some of the preconditions necessary in the global factor and product/service marketplace? After a description of the Global Compact, arguments for and against it will be presented, evidence from three empirical studies will be reviewed, external drivers impacting success will be discussed, and an assessment of the current state and potential of the Compact will be made.
UN Global Compact

Mission. To “realize a more sustainable and inclusive global economy through responsible business practices” (UN Global Compact Office 2007a, 2).

Structure. Using the moral authority and convening power of the United Nations, the UN Global Compact Office was established to create a framework for business to commit to incorporating and enhancing practices that together help achieve the UN’s goals of a more sustainable and inclusive global economy. Beyond the focus on businesses with international connections, the Global Compact includes a network of stakeholders made up of six UN Agencies (Office of the United Nations High Commissioner for Human Rights, the United Nations Environmental Programme, the International Labour Organization, the United Nations Development Programme, the United Nations Industrial Development Organization, and the United Nations Office on Drugs and Crime), local and national governments, international labor organizations, international civil society organizations, and academic institutions.

Governance. The Global Compact is managed through the Global Compact office at the United Nations with an executive director and staff. This office of 20 business, labor, and civil society organization leaders is responsible to a board headed by the UN Secretary General. Further, the Global Compact sponsors a Triennial Leaders Summit, local networks with annual forums, and interagency teams. Although the initiative of Secretary-General Kofi Annan and strongly endorsed by the General Assembly and the current Secretary-General, Ban Ki-moon, little funding has been allocated by the UN for its operation (Deva 2006). Thus, in April 2006, the Foundation for the Global Compact was established as a nonprofit to support the work of the Global Compact. In the first year, 50 donors gave a total of $500,000 to support networks/meetings, literature, website upgrades, research on COPs, and the like. First-year donors included Alcan, Anglo American, Bayer, Coca-Cola, Cosmo Oil, De Beers, Engro Chemical Pakistan, Pakistan Refinery, Total, and Volvo. The foundation is prohibited from paying staff or influencing strategy or operations (Deva 2006).

Principles. Corporate practices are based on a commitment to embrace, support, and enact 10 principles derived from the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption (UN Global Compact Office 2007b). These principles are that business should:

1. support and respect the protection of international human rights within their sphere of influence.
2. assure they are not complicit in human rights abuses.
3. uphold the freedom of association and the right to collective bargaining.
4. seek the elimination of all forms of forced and compulsory labour.
5. seek to end all child labour.
6. seek to eliminate discrimination in respect to employment and occupation.
7. support a precautionary approach to environmental challenges.
8. undertake to promote greater environmental responsibility.
9. encourage the development and diffusion of environmentally friendly technologies.
10. work against corruption in all its forms, including extortion and bribery.

Requirements for Membership. As a voluntary organization, the UN Global Compact requires interested corporate members to submit an initiating letter from their CEO (approved by the board where possible) to the UN Secretary-General expressing support for the Compact and its principles; intention to incorporate the Compact’s principles in strategy and day-to-day operations; public advocacy of the Compact and its principles; and yearly public Communication on Progress (COP) to the Compact and stakeholders (UN Global Compact Office 2007a). Integrity measures (UN Global Compact Office
2007a, 2007c) have been instituted to prevent misuse of the Global Compact membership and its mission as follows:

1. Companies that have produced a COP within two years of joining or one year from the last COP are considered *active*; failure to provide a COP within three years of joining or within two years of the last COP are considered *inactive*; and those that fall in-between these limits are considered *noncommunicating*. A new COP returns an inactive or noncommunicating company to active status. Finally, if a company does not submit a COP by the end of a third year from the last COP, the company will be de-listed and must reapply to rejoin the Compact.

2. Participants must obtain prior permission to use the Compact logo to promote the Compact and its goals. Any other use is prohibited, including suggestions and implications that the “Global Compact Office has endorsed or approved the activities, products, and/or services of the organization, or that the Global Compact Office is the source of any such activities, products, and/or services” (UN Global Compact Office 2007d, 2). Thus, member organizations are not allowed to use the logo for any commercial purposes or for economic benefit.

3. A process has been established for members to lodge complaints against other members who are perceived to have engaged in serious violations of Compact rules or principles. The complaint is sent directly to the alleged violator with a copy to the Compact. The Compact will follow up to encourage timely responses.

**Activities and Services.** To pursue the common goals of the international community and the business world of building markets, combating corruption, safeguarding the environment, and ensuring social inclusion, a number of initiative have been undertaken (UN Global Compact Office 2007a).

“The Global Compact’s Local Networks remain the most important vehicle for increasing and intensifying the impact of the initiative” (UN Global Network Office 2007a, 19). There are more than 80 countries with emerging-to-advanced networks dedicated to drawing local stakeholders together to advance the mission of the Compact, provide training, and mobilize collective action and projects. Local Networks must have a focal point for communications, provide an annual report of activities, and support members in filing COP reports and handling integrity issues.

Over its seven years of existence, the Compact has developed extensive print- and web-based materials to help participants learn about and incorporate its principles, interact with the Compact and one another, and expand their participation. Access to most of these resources as well as an extensive listing of news articles can be viewed on the Compact web site [www.unglobalcompact.org](http://www.unglobalcompact.org).

The Compact has held two major high level summits, in 2004 and 2007, and many regional and topical specialized workshops and meetings. Listed are 20 such meetings for 2006 and 12 in 2007 (through the July 5–6 Global Compact Leaders Summit). Calendars are available at [www.unglobalcompact.org](http://www.unglobalcompact.org).

**Justification for the UN Global Compact**

There are three major arguments offered to support the existence of the UN Global Compact—participants do well by doing good, formal global legal standards and enforcement are inadequate or nonexistent, and it can be part of a broader solution.

The first justification is stated by the UN Compact Office (2007b) as follows:

Responsible business practices not only contribute to the well-being of stakeholders, they have increasingly become a long-term value proposition for business itself. It makes business sense for companies to invest in creating a sound environment in which to do business, to minimize risks, and to harness new business opportunities by supporting developing and emerging markets.
The Compact bolsters the case for enlightened socially responsible self-interest (Kuper 2005). It offers business members the opportunity to dialogue and collaborate on critical issues and projects in global and local area networks, with other businesses, NGOs, labor, governments, and the UN. Further, it gives business access to the United Nations’ knowledge and convening power. Finally, it increases business legitimacy, reputation, and employee morale and talent (UN Global Compact Office 2007b).

The second justification notes the vacuum in global standards and regulation. Because governments are unwilling to cede much sovereignty to supranational governance structures, coordinated volunteerism is seen as useful. The argument is that a lot can be done by the willing that encourages others to participate (Kuper 2005). Kuper (2005, 366) goes on to state “since corporations will not sign on to ‘hard law’ initiatives, attempting to produce ‘soft law’ is surely better than being stuck with no law at all.”

The third justification hinges on the belief that the Compact is part of a mosaic of efforts that are compatible and mutually reinforcing, ranging from volunteerism to enforceable international law (Kell 2005). The Compact is viewed as part of “a creeping process of norm-creation” (Kuper 2005, 367).

Criticism of the UN Global Compact
From its very inception, the Global Compact has faced seven areas of intense criticism, especially, but not exclusively, from some in major international civil society organizations.

Dilution of the UN. Resolution 60/125 specifies the intergovernmental foundation of the UN which could be undermined by the growing influence of non-state actors (Deva 2006, Kuper 2005). Further, some feel that inclusion of the private sector depreciates the reputation of the United Nations (Mittler 2007, Martens 2007). It is expected that corporations will gain influence on public policy and become insiders within the UN over time (Utting 2007, Martens 2007, Paul 2004). Some critics worry that if the Global Compact grows, it may preclude more effective regulation (Utting 2007). Martens (2007) argues that the proliferation of partnerships may fragment and isolate solutions weakening the UN. Deva (2006) notes that even though the Compact claims it is not regulatory or a substitute for other voluntary efforts, it does attempt to do both through the international reputation of the UN, unanimous endorsement of UN member states, and provision of access through UN networks and convening power.

Vagueness. The 10 principles are intended to be overarching and are necessarily vague, which allowed adoption by the United Nations General Assembly; however, they are not clearly defined, specific in intended implementation, or measurable in terms of compliance (Deva 2006, Mittler 2007, Utting 2007, Martens 2007). Noncorporate members get a seat at the table but their role is not clear in terms of enforcement of corporate commitments (Deva 2006).

Weak. A central criticism of the Global Compact is that its membership is largely voluntary (Khan 2007, Deva 2006, Kuper 2005). Companies that violate human rights have been allowed to join and remain in the Global Compact (Khan 2007, Martens 2007). It lacks effective accountability (Strohscheidt 2007). Initially, few U.S. companies signed up, fearing lawsuits for noncompliance. After three years of negotiation with the American Bar Association, U.S. companies may join by signing a letter that shields them from such liability (Economist 2004). Summarizing concerns of some activists and academics, Utting (2007) suggests that companies will not voluntarily become accountable and therefore must be subject to mandatory disclosure, independent monitoring, a cost for infractions; and a process of redress for victims. Such voluntarism jeopardizes the provision of public goods by making their financing uncertain and subjecting their selection to the will of the participants, potentially absolving governments of appropriate responsibility (Martens 2007).

PR Cover. Many civil society organizations note that by allowing corporate membership without insuring compliance with the 10 principles, the Global Compact is in fact providing legitimacy, public

Incomplete. Action Aid International (Khan 2007, 2) points out that “the Global Compact makes no specific reference to economic, social, and cultural rights. The principles also neglect the responsibilities of companies with respect to development, gender discrimination, indigenous peoples, corporate transparency, and tax avoidance.” Further, “the Compact does not address issues like fair pricing, fair advertising and selling practices, and providing appropriate information with product labeling. The Compact could be further developed with respect to issues faced by international marketers, and in particular, those pursuing globally integrated marketing programs” (Grein and Gould 2007, 297).

Selective Compliance. Although Compact members agree to support all 10 principles, in fact they can select the parts on which to concentrate or areas that are low cost, safe, or already accomplished while ignoring other areas entirely (Utting 2007, Kuper 2005). Further, companies are allowed to join that are in violation of other UN initiatives and guidelines (Martens 2007).

Drop in the Bucket. Through the first seven years, the Global Compact has attracted more than 3,000 business participants (UN Global Compact Office 2007a), yet this is less than four percent of the world’s 77,000 multinationals (Khan 2007). Deva (2006) points out that in aggregate, corporations generally are unresponsive or not serious with regard to the Compact.

Three Studies of the UN Global Compact
In preparation for its Leaders Summit, June 2004, the UN Global Compact Office asked McKinsey & Company (2004) to undertake a comprehensive impact assessment of the Compact’s first four years. The objective of the study was to determine the intermediate impacts of the Compact rather than catalog all actions or assess ultimate impact. The method used was to interview 59 stakeholders, including supporters and critics; to conduct a web survey of the 1,711 Compact participants, which yielded 370 unduplicated complete responses; and to analyze secondary Compact and public information. The survey found that the Compact had little or no impact on 94% of the respondents, only 4% said change would have been difficult without being a participant, and 2% reported change would not have happened without participation. The survey found that respondents reported joining the Compact to address humanitarian concerns (55%), to acquire practical know-how (50%), to network with other organizations (49%), and to become more familiar with corporate social responsibility (46%). McKinsey & Company (2004, 2&20) concluded that “to realize its potential, the Global Compact will need to increase the value of participation with targeted business-oriented engagement mechanisms, robust local networks, and effective communication and collaboration to meet the expectations of all participants and partners.” The report also warns that “inconsistent participation and divergent and unmet expectations limit the impact on companies and continue to threaten the Compact’s long-term credibility with participants.”

The 2004 Cetindamar and Husoy Study was designed to investigate why companies participated in the Compact and what impacts it had on the firm’s environmentally responsible behavior. The Compact was asked for contact information on its approximately 1400 participants (Spring 2004) and provided 200, of which 113 were concerned with environmental principles. The Likert scale questionnaire yielded 29 usable responses. Cetindamar and Husoy (2007, 173) conclude that “being part of the sustainable development efforts is the most influential reason for all companies in becoming a GC participant.” Further, that “becoming a GC participant . . . is to the benefit of firms not only in the long-run but also in the short-run.”

In preparing an annual review for its 2007 Leaders Summit, a Wharton School/Compact study was conducted of all companies participating in the initiative as of February 2007. More than 3,000 corporate members were invited to fill out an anonymous online Global Compact Implementation Survey, which
resulted in about 400 (15%) usable responses. This section is drawn from the UN Global Compact Annual Review (UN Global Compact Office 2007a). When queried about the reasons for joining, respondents noted joining to increase trust in company (63%), increase network opportunities (53%), address human concerns (52%), improve public relations (46), become more familiar with corporate social responsibility (40%), acquire practical know-how (34%), establish links with the UN (34%), and improve market access (20%). Sixty three percent of respondents indicated that their company was engaged in a Global Compact local network (except in North America, where just over 40% were in networks) while 32% were not and 6% were unsure.

Limitations of All Three Studies. All three studies suffer from biases associated with the selection of respondents because participants that were strongly engaged with or felt some benefit from the Global Compact were more likely to respond than passive participants. No study of nonrespondents was reported in any of the studies. Further, all three studies relied on respondent perceptions with no attempt to verify actual impacts. Finally, two of the studies covered participants about four years after inception (2004), and the Compact has since added a tenth principle and grown exponentially in participants.

Drivers of Impact
External to the UN Global Compact are a number of phenomena that potentially will drive its impact as well as spawn and encourage other national and multinational actions and rules. These drivers highlight the conflict between short-term goal maximization and long-term gain and sustainability of the economic and social systems of the world. Markets, their satisfaction, their supply chains, and their financing are at the very core of this debate. The purpose of this section is not to gaze into a crystal ball but to briefly describe some of the drivers that may define the future viability of the UN Global Compact.

Globalization. The worldwide debate on the benefits and costs of globalization has placed corporate behavior in the spotlight. Not only is it a focus of many civil society organizations frustrated by current inequities and unfairness, but it has become a political issue in many countries both in OECD and emerging markets. It is recognized that leveling the global playing field may be essential to continued international business in general and to specific businesses in particular. Coupled with the weakness of international governance, the Global Compact may take on more responsibility.

Financial Markets. “From asset managers, pension trustees and stock exchanges to project leaders and insurers, the investment community increasingly connects environmental, social and governance – or ESG – performance to long-term viability and financial performance” (UN Global Compact Office 2007a, 12). Thus, increasing responsibility (Compact Principles), performance, and sustainability are seen as linked (Kell 2005). For example, in April 2006, the Compact with the UNEP Finance Initiative invited large institutional investors and asset managers at the New York Stock Exchange to commit to six ESG principles in their investment analysis, decision making, and policies. By April 2007, 170 institutions ($8 trillion in assets) had committed to this initiative—Principles for Responsible Investment (PRI). The more that financial investment decisions are made based on ESG or Compact principles, the greater the incentive for companies to accept these principles as part of their operations.

Environmental Imperatives. Although global warming, resource depletion, and environmental despoliation have long been recognized as threats to sustainability of the world’s ecosystem, Kyoto, the Intergovernmental Panel on Climate Change, Al Gore, and the Nobel Committee have led thousands of smaller efforts to scare corporate and world leaders into thinking seriously about the impact of their current operations on the environment. Given the weakness of intergovernmental agreements, including the recent agreements at the United Nations Climate Change Conference in Bali, voluntary action may play an increasingly important role along with or in place of more comprehensive state solutions.
**Transparency and Accountability.** In the United States, the egregious cases of Enron, WorldCom, Adelphia, AOL Time-Warner, Arthur Anderson, Halliburton, Kmart, Tyco, Quest, and Xerox, have focused attention on corporate governance. The response to the Sarbanes Oxley Act of 2002 have changed the rules in the United States, but the whole issue of transparency and accountability of institutions that create wealth and govern that process has been elevated worldwide to new levels. Much more is needed and, in combination with the financial markets driver, voluntary individual and collective actions are likely to continue.

**Assessment**
Proponents and critics diverge sharply on the approach, achievements, and potential of the Compact. The purpose of this paper is to understand its impact on and its potential for addressing the dysfunctions of the current state of globalization relative to fair market allocation of resources in the service of societies and their development.

**Has it made a significant difference?** The vision that created the Compact required the United Nations to further collaboration with non-governmental stakeholders, especially companies, a radical departure from its mandate and history of working through governments. The vision was no less audacious than to create a new culture and standard of corporate behavior in world markets through enlisting the willing as leaders in a process of corporate norm adoption. With more than 3,000 corporate participants from 116 countries, the Compact is the largest corporate citizenship organization in the world. Included are 108 of the Financial Times Global 500 largest companies.

However, impressive numbers of members belie the reality that relative to the universe of companies that impact international markets, the number is miniscule. Further, critics and supporters both note that the commitment of participants is weak and little real norm change has taken place. Many of the networks, projects, forums, and materials developed are useful in aiding the process of norm change, but the movement is still at a very early stage. Certainly issues of corporate social responsibility have been given a new stage, champions within individual companies have been empowered to various degrees, and multistakeholder networks have been forged. Although a significant difference leveling the market playing field has not been achieved, an exciting start has been initiated.

It is clear at this point that most of the participants exist in name only. The initial thrust has been to get numbers rather than committed action and thus, the bar has been set very low for entry. A number of critics note the big-name company members that continue to violate the principles to which their CEOs have committed. There is tension between the means of showing increasing membership and having the CSR innovators and early adopters be truly committed role models who will encourage both greater acceptance of behavior change and convince the more skeptical early majority to adopt the Compact principles. Opponents and proponents agree that the Compact is a work in progress and is tightening the participant requirements and the rules of reporting. It is not clear at this point if volume over quality has been a necessary strategy to get going or fatal to any real norm change. Based on the adoption of innovation literature (Rogers 2003), respect for innovators and early adopters is key to the eventual inclusion of the majority of the firms and the success of the voluntary movement. Kilgour (2007, 770) summarizes general skepticism:

> If an issue as universal and pervasive as women’s inequality is marginalized or ignored by the Global Compact and its signatory companies, its legitimacy and potential to affect positive change will be difficult to defend, and its claim to be a new and viable form of global governance will have been refuted.

**Is it likely to make a significant difference?** The McKinsey & Company (2004, 15) report concludes that to transition from its “entrepreneurial phase, which has been marked by recruitment and
experimentation, to a mature phase of sustained growth and impact, the Compact will need to become more effective at delivering impact through its activities” (that is value to participants via better networks, communication, governance, and formal support of UN partner agencies). This conclusion certainly makes sense in terms of volunteerism because participants must be willing to participate; however, it highlights the dilemma from a globalization perspective; the participants have to do things that may not be in their short-term interest in order to reach longer-term objectives. Norms with standards have costs and Deva (2006, 128) warns that “the business case hypothesis should be accepted with some caution.”

Here the critics of the Compact see a history of case after case where unregulated behavior has subjugated human rights, labor, the environment, and honesty in the name of profit. It is not surprising that the critics want the UN to “develop an effective regulatory and institutional framework for its relations to the private sector,” including principles of engagement, standards for interaction, impact assessment and independent evaluation, an ombudsman for complaints, and an intergovernmental UN body (Martens 2007, 6). Multistakeholder partnerships are seen as a failure of intergovernmental diplomacy (Martens 2007). Thus, the core question is not how to improve voluntary partnerships but how to create a framework of democratic multilateralism (Martens 2007). To bridge the gap between volunteerism and regulation, Kuper (2005, 370) suggests that:

Critics of the Compact . . . should not lament the UN refusal to propose hard law solutions (proposals that would go nowhere given the current structure of power), nor should they reject the Compact outright because it does not include a strong monitoring mechanism. Rather they should continue to press for clear and measurable standards that could underpin hard law in the future but that provide leverage for civil society organizations in the present; then these critics and organizations should focus resources on monitoring and publicizing the performance of the few key corporations that have tipping power . . . well-known corporations are vulnerable to adverse publicity . . .

The real question relates to the power of the drivers of change. Are company boards, executives, and investors sufficiently concerned about threats of globalization backlash to their international operations, threats to their markets by global warming and environmental degradation, threats to access to capital by ESG screens, threats of the lack of transparency, and threats of increased regulation to step away from the short-run maximization models and embrace a change in norms through voluntary that increasingly protect their sustainability and the leveling of the world for the benefit of all? If so, “the Compact may be the most effective means to gain consensus on the role of business in society” (Williams 2004, 755). If the Compact is to provide this platform of understanding and norms, many who have assessed it feel an order of magnitude change is needed. Typical of these statements are the following:

The Compact Office has to devise means and strategies to ensure that those corporations which join the initiative fulfill their social responsibilities both in letter and spirit (Deva 2006, 150).

The United Nations Global Compact does have a role to play in promoting a greater understanding of links between business and human rights, but the shortcomings of the current model need to be urgently addressed before it can be viewed as a valuable contributor to this field (Nolan 2005, 465–466).

**Conclusion**

In the past seven years, the UN Global Compact has become the largest voluntary corporate citizenship initiative attempting to elevate and level the norms of corporate behavior in world markets. As impressive as this start is, the Global Compact has significant shortcomings that threaten its future. Its strategy of having a low bar for admission to drive numbers of participants; along with weak, vague, and toothless requirements of performance; undercuts the Compact’s future potential in two ways. First,
actions by current participants have not seriously addressed the issues represented by the Compact’s 10 principles beyond what they would have done without it. Second, participants do not represent the commitment and actions of innovators and early adopters necessary to gain respect from the vast majority of international companies, thereby driving the global adoption of the Compact norms. Unless the quality of participants is placed above quantity, the Compact will ultimately fail to instill the norms imbedded in its 10 principles in the world market in any meaningful sense.

References


Automotive Foreign Direct Investment in the U.S.: Economic and Cultural Consequences of Market Globalization

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Abstract
The paper examines the substantial growth and myriad effects of foreign direct investment in the United States by foreign automotive firms. Macro-environmental factors influencing this investment are examined as well as the resulting impact on numerous stakeholders including suppliers, consumers, and local and state economies. The findings illustrate a normative model for investment and economic development success by foreign automotive concerns and community economic development officials in an increasingly global marketplace. The stakeholder perspective affords a more comprehensive view of globalization, forwarding a position counter to the negative viewpoint often espoused in business and popular culture.

Introduction
First quarter 2007 bore witness to a domino-like series of painful pronouncements from the U.S. automotive industry; with General Motors, Ford and the Chrysler group all signaling massive financial losses, job cuts, and significant restructuring. In the wake of this dismal economic news, many business and political pundits were quick to assign responsibility for Detroit’s woes to the familiar scapegoats of foreign competition and globalization. This perspective manifest itself soon thereafter in political maneuvering, as executives from the Big Three automakers met with President Bush following the November 2006 elections to complain about “unfair” competition from Japan (Griswold 2007). Michigan democratic lawmakers continued the protectionist rhetoric by calling for greater oversight of the automotive industry and Japanese companies in particular. The outcry from these automotive stakeholders in 2006 parallels the negative diatribe often associated with discussion of globalization, trade and foreign policy. From concerns over the mounting trade deficit, to lost jobs and economic misery assigned to outsourcing and offshoring; the dialogue echoes the familiar refrain of unfair competition and/or the inability of the U.S. to compete with lower-wage countries.

What is omitted from this dialogue; however, is the other side of the globalization equation; that is, the concept of “insourcing,” also, known as “foreign direct investment.” Insourcing is defined as direct investment into the United States by foreign headquartered multinational firms (Slaughter 2004). Direct investment in the U.S. by foreign automotive concerns epitomizes insourcing, illustrating the merits of globalization. Initially viewed as a Japanese phenomenon, automotive foreign direct investment in the U.S. now constitutes manufacturing, assembly, and supplier plants emanating from countries around the globe. In 2005, more than 40 models of foreign nameplate cars, minivans, SUVs and pickup trucks were being produced at fifteen plants in the U.S. (Ford 2005). As a result, in 2005 more foreign brand vehicles sold in the U.S. were built in the U.S. than were imported, a first time event.

The failure of many to recognize, consider and accurately quantify the impact of automotive foreign direct investment (FDI) to the U.S. economy is most perplexing (Asheghian 2004; Bauroth 2004;
Slaughter 2004). In fact, many business and political figures have done just the opposite; publicly questioning the competitive practices of foreign automotive manufacturers (Brooks 2002), as if the U.S. market was a playground reserved for Detroit only. Additionally, many state strategies to attract foreign manufacturers have come under question, especially the use of tax dollars to enhance infrastructure and offer competitive incentive packages. These issues were first addressed within the academic literature by Newman and Rhee (1990) concerning Midwest automotive transplants originating from Japan. The authors question the “green field” strategic approach by the Japanese, the extensive efforts undertaken by states to attract Japanese investment, and the implied promise of instant employment and overnight prosperity for target investment areas.

The purpose of this paper is to provide direct answers to the questions put forth by Newman and Rhee (1990) by examining the substantial growth and myriad effects of U.S. foreign direct investment by international automotive entities (i.e., non-domestic) over the past quarter-century. We begin by analyzing the key factors (e.g., globalization) driving foreign direct investment to the U.S., followed by an analysis of site selection factors that influenced the greater part of this investment to the Southeastern region of the U.S. Utilizing historical secondary data and in-depth interviews with key stakeholders, we examine the economic and cultural impact of automotive FDI on multiple parties; foreign automotive firms, suppliers, consumers, and local and state economies.

Background

Global Factors Impacting FDI
Landefeld and Whichard (2006) note globalization “encompasses not only the internalization of consumption through cross-border trade in goods and services, but also the global integration of capital markets and the internationalization of production through foreign direct investment.” Historically, three major motivations have spurred foreign direct investment as a global market entry strategy: garnering new resources (resource seeking), gaining access to new markets (market seeking) and/or achieving greater efficiencies through lower costs of doing business (efficiency seeking). A host of factors have been shown to influence the FDI site selection decision including tax-related factors, government attitudes toward foreign investment, infrastructure, labor force, economic conditions, political risks and environmental regulations (Farrell 2004; Hoi Ki Ho and Tze Yiu Lau 2007). In total, the studies suggest that countries and states attract investment by stabilizing economies, enhancing infrastructure (e.g., transportation, workforce, suppliers), reducing costs and barriers to trade, and promoting competitive markets (Farrell 2004; Hoi Ki Ho and Tze Yiu Lau 2007).

FDI in the US remains a critical aspect of globalization that is often overlooked in discussions concerning U.S. economic and trade policy (Slaughter 2004). Contrary to popular belief, the U.S. is a net importer of jobs. A 2005 empirical analysis (Salehizadeh 2005) of FDI inflows in the U.S. confirm FDI positively enhances job growth, compensation per employee and value added per worker. FDI promotes research and development, increases investment in physical capital and provides a positive financial injection to finance the current account deficit (Slaughter 2004). FDI also serves to boost the performance of domestic suppliers and customers via standards implementation and information sharing (Slaughter 2004). In 2004, foreign multinational firms employed 6.4 million Americans with employees receiving wages 19% higher on average than employees of U.S. firms (Bauroth 2004). In summary, strong evidence suggests FDI has a significantly positive long-run effect on the growth rate of the U.S. economy (Asheghian 2004; Salehizadeh 2005).

Automotive FDI in the U.S.
The roots of automotive FDI in the U.S. lay in the success of Japanese automotive exports to the U.S. in the 1970’s and 1980’s. As market share increased for exported Japanese models at the expense of Detroit’s Big Three, protectionist legislation in the U.S. increased. These efforts resulted in the
establishment of voluntary export restraints (VER) placed by the Japanese Ministry of International Trade and Industry on Japanese automotive exports, thus, limiting the number of Japanese models exported and sold in the U.S. The initial direct investments by Japanese manufacturers in the U.S. market were arguably a direct strategic response to this legislation (Eden and Molot 1996). In addition to overcoming the VER legislation and establishing a major position in the world’s largest market, several factors influenced the early U.S. automotive investments by Honda (1982, Marysville, Ohio), Nissan (1983, Smyrna, Tennessee) and Toyota (1988, Georgetown, Kentucky). These factors include: the realization that growing demand for Japanese vehicles could be better satisfied via onshore production; a desire to reduce the balance of payments deficit between the U.S and Japan; the appreciation of the yen against the dollar (creating tremendous capital for direct investment and making Japanese export vehicles more expensive); lowering distribution/transportation costs, reducing currency volatility by producing and selling in dollars, and the desire to become an insider in the U.S. market (Eden and Molot 1996; Newman and Rhee 1990).

Site Selection Factors: The Move South
A majority of the automotive FDI entering the U.S. in the last quarter-century has occurred in the southeastern region of the United States; an area comprised of Alabama, Georgia, Kentucky, Mississippi, South Carolina, Tennessee, and Texas. The establishment and growth of the Southeastern U.S. automotive corridor is a striking feature of automotive FDI and a radical geographic departure from the traditional automotive cluster in the upper Midwestern area of the United States and Southern Canada (Hill and Brahmst 2003). The resulting southeastern focus of the global automakers is largely a result of dedicated pro-business strategies by government and economic development officials to enhance and leverage existing infrastructure and workforce resources, thus providing an attractive location for foreign manufactures to better their competitive position in the world’s largest consumer market. Infrastructure factors include: the availability of low cost land, the proximity to efficient intermodal transportation networks including railway, highways, airports and deep water ports; low utility costs and proximity to the growth market (Sunbelt). Workforce factors include an abundant lower cost skilled labor force, low rates of unionization, a solid labor force work ethic and very effective state industrial training programs (CanagaRetna 2004; Hill and Brahmst 2003). In addition to the above factors, new geographical locations provide foreign automakers the opportunity to create ground-up manufacturing facilities (Greenfield plants) with the newest technologies instead of reconfiguring older assembly plants in the traditional manufacturing areas (CanagaRetna 2004). As initial FDI plants blossomed, followed by hundreds of automotive supplier facilities, a critical mass emerged. The critical mass or industry agglomeration itself is a key factor in attracting FDI inflows to this region. Foreign subsidies of global firms tend to be established in geographic locations that include a significant concentration of plants that are congruent in terms of industry or ownership ethnicity (Axarloglou 2005; Bobonis and Shatz 2007).

Economic and Market Effects of Automotive FDI
Newman and Rhee (1990) framed their key concerns regarding international automotive foreign direct investment in the U.S. as macro policy issues. Essentially, they questioned whether national, state and local economies would benefit from said investment; and whether governmental entities should be involved in providing incentives for this investment. With the benefit of seventeen years hindsight, we can now clearly provide answers to these questions. What began as a concern over Japanese competitiveness and states’ responsible use of tax dollars has evolved into the quintessential illustration of globalization. Establishing plants in the U.S. provides foreign automakers with a strategic foothold in the world’s largest consumer automotive market. Strategic capital, technology and knowledge are free to transcend country borders in an effort to seek a greater position and return in the respective marketplace. Consumer responsiveness is enhanced, transportation and distribution costs are significantly reduced, currency volatility issues are mitigated and any tariff or non-tariff barriers are transcended. In addition to benefits accruing to the foreign automaker, investments have revitalized state and regional economies, enhanced government revenues, and most importantly, provided improved employment opportunities for
thousands of U.S. workers. This economically beneficial investment also transpired during a generation
when many U.S. markets, especially in the South, concurrently lost thousands of jobs in antiquated
industries such as textiles and furniture. The findings illustrate a best practices perspective for investment
and economic development success in an increasingly global marketplace.

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Global Food Marketing Systems and Local Cultural Change in the Developing World

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This paper identifies and assesses some of the cultural changes global food marketing systems bring to the developing world. It defines three key constructs – global food marketing systems, local food marketing systems, and local food cultures and cuisines – and explains cultural change via processes of upstream sourcing and downstream localization and domestication, and how they are moderated by economic factors, geography, and demographics. Evidence drawn from the anthropological literature confirms that global food marketing influences cultural symbols and meaning, consumption rituals, family life, and nutrition and health in developing countries. Beneficial and detrimental cultural consequences of global food marketing in developing countries are summarized and discussed.

Introduction

Studies of food marketing systems in the developing world have been published for over 50 years. Galbraith and Holton (1955), who conducted pioneering research on marketing efficiency in Puerto Rico, were the first to point out the neglected link between distribution and economic development (Klein and Nason 2001). In the 1960s, Charles Slater and his colleagues recorded a multitude of infrastructure barriers along the channels by which food products reached consumers in Bolivia, Brazil, and Puerto Rico (Slater 1968). Also using data from Latin America, Goldman (1974a, 1974b) explored how traditional shopping patterns, what he termed low consumer outreach, could inhibit the success of supermarket formats. In the 1980s, Kaynak and Cavusgil (1982) compared the evolution of food retailing in developing versus rich countries, while Kumcu and Kumcu (1987) questioned the assumed link between economic development and food retailing structure. Using data from Turkey, the Kumcu’s showed how both demand-side factors (e.g., shopping and consumption behaviors) and supply-side variables (e.g., marketing functions performed by stores, competition and public policy) influence food retailing. More recent work includes Shultz et al. (2005), who through extensive in-country fieldwork examined the contribution of food marketing to the recovery of the war-ravaged Balkans, and Witkowski (2007), who investigated the relationship between global food marketing and rising rates of obesity in developing countries.

One concern emphasized in this literature is how to remedy the shortcomings of poor nation food distribution systems and, generally speaking, authors have been optimistic about the real contributions improved agribusiness and food marketing can make to developing country welfare. Writing about the modernization of urban food retailing in Latin America, Goldman (1974b) concluded:

Decreasing product perishability by using preservatives, changing consumer diets and store assortments to include more processed and canned goods, and initiating efforts to teach consumers how to plan their consumption rationally are examples of some of the areas in which advances can be made (p. 15).

We have learned quite a bit (we hope) about nutrition since 1974 and today would be hesitant to describe preservatives and more processed goods as “advances.” Shultz et al. (2005) enthused about a stable food marketing system being the “sine qua non of recovery,” no matter how ramshackle the establishments when first restored after the conflict. The authors even observed how, under favorable conditions, “the tastes and brands of food can serve to bond groups that might otherwise be adversarial” (p. 29). True
enough, but foods can also be divisive when sold on a sectarian or nationalistic basis. Food marketing systems catering to dominant groups may not fill the dietary needs of religious minorities. Lack of available halal foods, for example, may prompt feelings of social exclusion among Muslims, especially children and young people (Peattie, Jamal, and Peattie 2006). Brands catering to Islamic/nationalist identities, such as Zam Zam Cola, Mecca Cola, Qibla Cola, or Cola Turka, may unify some Muslims, but alienate more secular co-religionists, not to mention non-Muslims (Özkan and Foster 2006; Ram 2007).

This paper revisits the topic of food marketing and development with a more skeptical eye. The introduction of modern, globalized food systems may potentially benefit developing countries in many ways, but may also trigger negative consequences that should be seriously examined (Action Aid International 2005). In recent years, a number of problematic impacts of global marketing in the less affluent world have been identified. Critics have accused multinational corporations of spreading products, values, lifestyles, and ideologies that undermine cultures through processes of displacement and homogenization tantamount to “cultural imperialism” (Barber 1996; Cavanagh and Mander 2002; Klein 1999), and even some marketing academics have come to troubling conclusions about how international marketing affects developing country consumers (Ger 1992; Ger 1997; Ger and Belk 1996; Hirschman 1986). Global food marketing has been attacked for dispersing genetically modified organisms and held responsible for causing environmental harm, both at the food source and through the rapid growth of long distance food shipping (Cavanagh and Mander 2002; Witkowski 2005a).

History certainly cautions us to be circumspect when considering the relationship between food marketing and development. Global food systems have repeatedly disrupted sourcing cultures and, at worst, have been intertwined with the most awful forms of colonial exploitation. The British proclivity for highly sweetened tea, which slowly intensified over the 1700s and 1800s, depended upon increasingly affordable white sugar made possible by the labor of slaves purchased in Africa and shipped to plantations in the West Indies (Mintz 1985). In 1860, the publication of Max Havelaar (Multatuli 1860) caused a sensation in Holland. In this novel, the protagonist battles the corrupt colonial government of Dutch Indonesia whose unjust policies toward the coffee trade were impoverishing native farmers. More recently, some global food companies have continued to be insensitive and meddling corporate guests. America’s United Fruit Company, for example, interfered in Guatemalan politics in 1954 by having the U.S. Central Intelligence Agency oust President Jacobo Guzmán. United Fruit also had a mixed record in Costa Rica (McCarthy 1994). Indeed, Western thought has had a considerable history of pronounced bias toward the cuisines of the East and South. The purportedly highly civilized, meaty cuisine of Anglo-American culture has been invidiously compared to the mere “starchy staples” and unappetizing “cooler rations” of the developing world (Belasco 2006). Nestlé’s baby formula debacle in Africa in the early 1970s may have been exacerbated by misguided cultural assumptions about breast feeding.

Herein, we shall explore and evaluate some of the many cultural changes brought about by the introduction of global food marketing into developing countries. No product class is more deeply cultural than food and no marketing has been more international than food marketing. Food is a key element of national and local cultures (Watson 1997), and has been traded and marketed internationally for several thousand years (Mintz 1985). Today, global food marketing is potentially a great driver of cultural change in the less affluent world with the capacity to engage symbolic, ritualistic, and family life dimensions of food consumption. Unlike most prior research, this paper sees food marketing not only from a distributive (i.e. channels and retailing) point of view, but also considers the ramifications of global marketing upstream via sourcing relationships, and on the kinds of products offered, priced, and advertised locally by the food processing and service sectors.

The next section defines three key analytic constructs: global food marketing systems, local food marketing systems, and local cultures and cuisines. Then the discussion turns to processes of cultural change unleashed by food sourcing upstream and by localization and consumer domestication downstream. How these change processes can be moderated by macro economic, geographic, and demographic factors will also be considered. Subsequent sections will review research findings on how global food marketing affects cultural symbols, rituals, family life, and health and will propose a preliminary framework for assessing these and other cultural consequences.
Key Analytic Constructs

Global Food Marketing Systems

As used here, global food marketing refers to food marketing systems where production, processing, and distribution are on an industrial scale, driven by technology, and controlled predominantly by transnational corporations. Global foods are typically grown on large, mechanized farms, true agribusinesses that have become increasingly innovative scientifically and internationally market-centric (Edwards and Shultz 2005). These foods are usually produced with synthetic fertilizers, herbicides, and pesticides for plants, and hormones and antibiotics for animals, but they can also be organically grown and free of genetic modifications. However, the logic of mass distribution and consumption requires mass production. Thus, the organic food industry, despite its pastoral ideals, has itself grown quite industrialized in the U.S., what Pollan (2006) terms “big organic.” Global foods are often “fresh,” such as bananas and seafood, but many are highly processed, complex, and standardized. Supply chains tend to be very long and many once seasonal foods are now imported and consumed year round. For consumers, global food marketing delivers ample product and corporate branding, copious packaging, reasonably good labeling, and heavy advertising and promotion. Marketing mix elements are adapted for local markets as situations require.

Global retail venues include supermarkets and hypermarkets (e.g., Carrefour, Tesco, and Wal-Mart), convenience stores (e.g., 7-Eleven, FamilyMart), and, in the foodservice sector, chains of cafes and fast food restaurants (e.g., Starbucks, KFC, and McDonald’s). The emphasis is on self-service in stores – self-provisioning in restaurants – and using privately owned motor vehicles for transporting food products home. Rich countries are the home of most, but not all such global food companies. Shoprite, with over 800 shops in 17 countries, is based in South Africa (The Economist 2005); 7-Eleven Thailand is owned by the large domestic conglomerate, Charoen Pokphand Group; and the Jollibee fast-food chain is headquartered in the Philippines. Mexico’s largest chain of convenience stores, Oxxo, is part of Monterrey-based Femsa, the nation’s leading soft-drink bottler (Coca-Cola) and brewery (Tecate, Dos Equis) and a company that obviously could benefit from having numerous distribution outlets (Dickerson 2007).

Local Food Marketing Systems

Local food marketing is characterized by food products that, generally speaking, are less processed, less standardized, and less heavily packaged and advertised than their global counterparts. They are more likely to be locally produced by smaller farms relying more on physical labor and traditional inputs of seeds and fertilizers. They are sold at farm gates and public markets, through street vendors and itinerant hawkers, by small, independent specialty stores (bakeries, butchers, and groceries), and in neighborhood cafés and restaurants. Buyer-seller relationships tend to be more personal, partly because of less self- and more counter service (Kaynak and Cavusgil 1982), while prices are more negotiable. Small stands and food stores offer the convenience of ground floor location, a storage function with respect to small lot frequent buying, and financing through personal credit (Kumcu and Kumcu 1987).

Table 1 summarizes the differences between global and local food marketing systems. These distinctions represent idealizations for analytical purposes. In reality, global and local food marketing institutions and practices usually coexist, just in different proportions, depending on the level of development. Except for the very poorest countries, local food marketing in the developing world usually has at least some modern infrastructure and global penetration, albeit primarily in urban centers. Conversely, in the form of organic farming and community supported agriculture, many elements of traditional systems still exist and even thrive in rich nations (Pollan 2006; Thompson and Coskuner-Balli 2007). But whereas some local food marketing in rich nations can be seen as a reaction to industrial food systems, and perhaps as a manifestation of ethical consumerism, in poorer countries it is probably more a
holdover from the past. As Kumcu and Kumcu (1987) show, a variety of demand and supply side variables can maintain the viability of small-scale food retailers in developing countries despite competition from supermarkets.

Table 1. Global v. Local Food Production, Processing, and Retail Venues

<table>
<thead>
<tr>
<th></th>
<th>Global food marketing</th>
<th>Local food marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Food production</strong></td>
<td>• Grown on large, mechanized farms</td>
<td>• Grown on smaller, more labor intensive farms</td>
</tr>
<tr>
<td></td>
<td>• Often produced at great distance from consumers</td>
<td>• Locally produced</td>
</tr>
<tr>
<td><strong>Food processing</strong></td>
<td>• Processed</td>
<td>• Less processed</td>
</tr>
<tr>
<td></td>
<td>• Standardized (even when adapted for local markets)</td>
<td>• Less standardized</td>
</tr>
<tr>
<td></td>
<td>• Highly packaged</td>
<td>• Less highly packaged</td>
</tr>
<tr>
<td></td>
<td>• Heavily promoted</td>
<td>• Less heavily promoted</td>
</tr>
<tr>
<td><strong>Retail venues</strong></td>
<td>• Supermarkets and hypermarkets</td>
<td>• Farm gate</td>
</tr>
<tr>
<td></td>
<td>• Convenience store chains</td>
<td>• Periodic markets</td>
</tr>
<tr>
<td></td>
<td>• Café and fast-food restaurant chains</td>
<td>• Small, independent, single-line grocery stores</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Street vending</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Neighborhood cafés and traditional restaurants</td>
</tr>
</tbody>
</table>

Local Culture and Cuisine

Although the concept of national culture has had a long application in international marketing, especially to research on cross-cultural differences (Craig and Douglas 2006), it can be a rather broad a unit of analysis for examining processes of cultural change. Instead, the focus here is upon local culture, which has been defined as “the experience of everyday life as lived by ordinary people in specific localities” (Watson 1997, p. 9). A local approach to culture is very anthropological and, hence, quite appropriate to finding out how people experience cultural change. As Belasco (2006) puts it, “life is lived locally, on the ground, day to day, with great differences even among neighbors” (pp. 89-90). Change occurs incrementally and its agents may go unnoticed. Local culture also has the values and belief systems, material culture and artifacts, and language and communications systems described by Craig and Douglas (2006), but at a more intimate level of analysis.

Central to maintaining local culture are dietary patterns, attitudes toward food, and notions of what constitutes a proper meal (Watson 1997). Meals themselves are “intensely localized food events that require personal choices by real people” (Belasco 2006, p. 3). The term “cuisine” is appropriate here and has been succinctly described as follows:

I define a cuisine as a set of socially situated food behaviors with these components: a limited number of “edible” foods (selectivity); a preference for particular ways of preparing food (technique); a distinctive set of flavor, textural, and visual characteristics (aesthetics); a set of rules for consuming food (ritual); and an organized system of producing and distributing the food (infrastructure). Embedded in these components are a set of ideas, images, and values (ideology) that can be “read” just like any other culture “text” (Belasco 2005, pp. 219-220).

This definitions draws heavily from the anthropological literature and incorporates the aforementioned values and belief systems (what foods are deemed edible), material culture and artifacts (how food is...
prepared and presented), and language and communications (how food is described and pictured). Just as one might talk about a national cuisine, such as “Chinese”, one might also refer to more regional cuisines, such as Cantonese or Szechuan, which themselves vary from place to place locally.

Processes of Cultural Change

Global food corporations can have a strong presence in emerging markets. Table 2 shows the percentages of populations in Latin America who bought a Nestlé product in 2004. The figures range from 73% in Central America to 95% in the Bolivarian region. Within the Central American region percentages vary from a 62% in Guatemala to 82% in Panama and within the Austral American region from 71% in Bolivia to 94% in Chile. In total, over 407 million people in Latin America made a Nestlé purchase (Nestlé 2006). These data do not show what was bought nor how much was spent per person, but do indicate the potential breadth of Nestlé’s cultural footprint in the region. The penetration of foodservice companies in the developing world is especially dramatic. By the end of 2006, KFC alone had 1822 restaurants in mainland China – in every province and in 360 cities – and thousands more in other developing countries. KFC’s parent company, Yum! Brands, eventually plans to open 20,000 stores in China (Yum! Brands, Inc. 2006). McDonald’s has comparable numbers of restaurants in these nations and more surely will be opened. The level of market penetration may not be tantamount to the amount of cultural influence and change, but it would seem an important metric and precondition.

Table 2. Percentage of Population Who Bought a Nestlé Product in 2004 (Nestlé 2006).

<table>
<thead>
<tr>
<th>Region/Country</th>
<th>Nestlé Consumers</th>
<th>Total Population</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>83,000,000</td>
<td>106,203,000</td>
<td>78</td>
</tr>
<tr>
<td>Central America (Guatemala, Honduras, El Salvador,</td>
<td>29,800,000</td>
<td>40,855,000</td>
<td>73</td>
</tr>
<tr>
<td>Nicaragua, Costa Rica, Panama)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>139,265,000</td>
<td>186,120,000</td>
<td>75</td>
</tr>
<tr>
<td>Bolivarian Region (Colombia, Venezuela, Ecuador)</td>
<td>77,198,000</td>
<td>81,550,000</td>
<td>95</td>
</tr>
<tr>
<td>Austral American Region (Peru, Bolivia, Paraguay,</td>
<td>78,265,000</td>
<td>102,108,000</td>
<td>77</td>
</tr>
<tr>
<td>Uruguay, Chile, Argentina)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Latin America</strong></td>
<td><strong>407,528,000</strong></td>
<td><strong>516,836,000</strong></td>
<td><strong>79</strong></td>
</tr>
</tbody>
</table>

Trade and Sourcing Relationships

Global food marketing influences local culture via trade and sourcing relationships, not just through market entry, forward distribution, and consumer sales. When developing country growers sell, for example, mangoes, guavas, and papayas abroad so rich nation consumers can drink trendy beverages, a variety of economic and social repercussions may be set in motion. Some traditional crops may be displaced by new ones planted for export to foreign markets. As a result, foods once raised and consumed locally may now have to be imported. Some small-scale farmers may become marginalized or even have their holdings acquired by powerful agribusiness interests, while local retail distribution may become more commercialized and less personal. Unfortunately, relatively few studies have considered how the food cultures of export regions have responded to being connected to international markets (Freidberg 2003).
Fair trade, an alternative to conventional international marketing, sells developing world foods (coffee, tea, cacao, bananas) and other products above free trade prices, usually to rich nation customers. This burgeoning global movement explicitly aims to create beneficial cultural outcomes for producers ranging from better working conditions to gender equity. Some positive results, such as higher incomes and increased self-esteem, have been documented, but these improvements have been rather modest and may not trickle across all family members. The formation of fair trade networks may also increase social capital through cooperative and informational effects, but often they do not reach the poorest producers (Nicholls and Opal 2005; Witkowski 2005b).

Important sourcing relationships between multinational corporations and local producers can take place within countries. In 2001, for example, Unilever Indonesia acquired Kecap Bango, a brand of sweet soy sauce based in Java but poised to go national. With Unilever’s marketing support, sales grew rapidly and the company began forging relationships with local suppliers of black soybeans and coconut sugar. A study sponsored jointly by Oxfam and Unilever found generally positive financial and employment impacts from the company’s value chains (Clay 2005), but deeper cultural consequences were not investigated. In 2008, Wal-Mart unveiled a joint program with USAID and two NGOs to train 600 small produce suppliers. Wal-Mart has 40 agronomists in Central America helping growers fill niche markets. Ironically, the success of Wal-Mart and other chain supermarkets in luring customers away from traditional distribution channels has made mom-and-pop farmers dependent upon them (Dickerson 2008).

**Localization and Domestication**

Localization is managerially activated change. It is the sum of the effects of marketing mix standardization and adaptation on local consumers. Global food corporations, like many other multinationals, standardize their identity expressions as much as possible to achieve economies of scale in marketing. Thus, signage, store layouts, color schemes, menu choices, trade characters, and customer service interactions are clearly recognizable around the world. By introducing local consumers to the wider world, such standardized marketing has its own effect upon local cultures. Moreover, while maintaining core features of their standard or global identity expressions, companies often find it necessary to modify their offerings to run congruent with local expectations, thereby creating localized identity expressions. On its Chinese signage and packaging, KFC maintains its corporate red and white colors, an image of Colonel Sanders, and KFC in the Roman alphabet, but also features three Chinese characters that sound something like “Ken Tuck Key” when uttered in Mandarin. Its menu is also a pastiche of global and local tastes driven by in-country experience. Presumably, managerial adaptation has some additional cultural consequences.

The second downstream change process, domestication, occurs when local consumers take global food marketing into their own hands. Caldwell’s (2004) ethnographic research on McDonald’s in Moscow provides a good example of how domestication can occur. Initially, in the 1990s, McDonald’s was perceived as novel and exotic, a transnational entity, but Russian consumers soon made it Nash (ours). Over time the restaurants were used more and more as surrogate accommodations for visitors and the homeless, as well as sites for business meetings and birthday parties, which had been held in apartments and cottages during Soviet days partly to avoid the prying eyes of others. In a way, Muscovites were reinventing their own local culture by making McDonald’s authentic, ordinary, and meaningful. By the summer of 2002, McDonald’s posters were invoking the rhetoric of “Our McDonald’s” (Nash Makdonalds), thus showing how awareness of domestication can feed back into company-driven localization.

A term closely related to domestication is “consumer agency”, a crucial factor in cultural dynamics everywhere, including developing countries (Eckhardt and Mahi 2004; Ger and Belk, 1996; Watson 1997; Witkowski 2005a). However, influenced they may be by localized marketing mixes developed by corporate marketing managers, consumers also shape their local culture through their expressed preferences, consumption practices, and transformations of product/service meaning. Eckhardt and Mahi (2004) describe how cultural compatibility (low or high fit) interacts with meaning...
transformation (low and high) in the consumer adoption process. Stated differently, consumers reinterpret "global" products and services, even after managerial driven adaptations, to fit their own local frames of reference and cultural practices. These meanings and attendant rituals diffuse among populations through processes of imitation and emulation that Mintz (1986) labels “intensification.”

Yet, unless global marketing incursions are completely rejected – and major companies have experienced numerous failures in developing countries – some cultural change inexorably will result from the new presence, even when local consumers are calling their own shots through domestication. The issue is not whether change occurs, but in which dimensions of culture, by how much, and with what costs and benefits. Nestlé (2006) uses the apt term “shared value creation” in a report, The Nestlé Concept of Corporate Social Responsibility as Implemented in Latin America, but ironically does not explicitly acknowledge consumer agency or, for that matter, cultural issues other than health and nutrition. Ironically, marketing’s anti-global critics have also underplayed the power of local consumers to domesticate global marketing (Witkowski 2005a).

**Moderators of Cultural Change**

The great difference in living standards between middle-income emerging markets, such as Argentina and Poland, and countries on the lower rungs of the ladder of development, such as Cambodia or Senegal, constitutes an important moderating variable between global food marketing and local cultural change. If countries or regions are too poor to support a market, foreign corporations may not invest and cross-cultural contact will not be made. In contrast, rising Asian nations and the transitional markets of central Europe have attracted the attention of American, Japanese, and Western European food manufacturers and retail chains. China not only boasts the world’s fastest growing economy, but also has one of the most rapidly modernizing food cultures anywhere.

Country size may also determine how cultures absorb change. Large societies like Mexico or India can better maintain distinct identities in the face of foreign cultural incursions than smaller countries because they are regionally diverse and historically synthetic cultures (Cowen 2002; Eckhardt and Mahi 2004). They have the resources to finance and market their own popular culture – think of telenovelas and Bollywood – and their distinctive cuisines have blended new foreign elements while achieving success abroad.

Landlocked nations, such as Laos, Niger, and Paraguay, are at a disadvantage in the race for development (UNCTAD 2006) and, consequently, may be slower to embrace new food marketing systems than neighboring countries. The cultural consequences of global food marketing also vary across different geographic regions within countries. For example, coastal China has developed economically far more quickly than the interior provinces to the west and so new food products, retail stores, and restaurants are more likely to be launched in Shanghai or Beijing than in Lhasa, Tibet. Throughout the world large gaps have emerged in the pace of urban versus rural development with the countryside often mired in poverty (UNDP 2003) and its people less well educated and plagued by worse health caused by a variety of afflictions including malaria, tuberculosis, and HIV/AIDS (Sachs 2005). Consequently, it seems reasonable to assume that rural areas, even within regions that have experienced rapid economic growth, lag behind nearby cities when it comes to experiencing new forms of food marketing.

The impact of global food marketing in developing countries further differs according to demographic group. Upscale consumers are more likely to patronize modern food institutions than their poorer neighbors (Goldman 1974), although in the most impoverished countries, the middle and upper classes may be too small to attract investments from international food corporations. Watson (1997) and his colleagues found that Asian women liked to frequent McDonald’s in part because rowdy men tended to stay away. Children have been great fans of McDonalds and Nestlé has found its fastest growth in Latin America among older age segments (Nestlé 2006). Even ethnicity and religious affiliation might make a difference. Some Chinese Muslims avoid stores and restaurants that do not prepare foods according to Halal requirements (Gilette 2000). In principle, as well as in practice, global corporations are able to adapt their product offerings to meet Islamic and other religious standards.
Cultural Impacts of Global Food Marketing

Culture is a very complex construct that has a pervasive influence on social interactions (Craig and Douglas 2006). Thus, enumerating the myriad connections between global food marketing and local cultural change is a challenging endeavor. This section assembles further empirical finding on the impact of global food marketing on just four cultural elements: food symbols and meaning, food consumption rituals, food and family life, and nutrition and health.

Impacts on Food Symbols and Meaning

Cultures endow food products, service interactions, preparation, and consumption with symbolic meanings that describe certain human relationships, such as inclusion versus exclusion and intimacy versus distance (Chee 2000; Douglas and Isherwood 1979). These codes can be transformed directly by marketing activities and indirectly through processes of consumer agency. For example, Watson (1997) shows how McDonald’s in East Asia conveyed the idea of equality between female servers and male customers. Young waitresses in some traditional Asian restaurants are not accorded a great deal of respect, but in a fast-food outlet both the customer and female order-taker stand and look eye to eye during their service interaction. Through commercialization, the meaning of eating in China is also being transformed into an activity associated with fun rather than just mere nutrition (Lozada, Jr. 2000; Watson 2000; Yuhua 2000). When KFC discovered that Colonel Sanders had little resonance among young Chinese, the company created a new, more playful trade character – “Chicky” (QiQi) – who wears big red sneakers and a baseball cap turned to one side (Lozada, Jr. 2000). For little kids in Beijing, “Uncle McDonald” (aka Ronald) has become as Chinese as the mythical characters of their folklore (Watson 1997; Yan 2000).

A comparative study of young consumers in China and the United States found that the Chinese rated KFC restaurants higher on 23 out of 26 brand identity items than did their American counterparts (Witkowski, Ma, and Zheng 2003). They had higher opinions of building décor, restroom cleanliness, food appeal and freshness, service interactions with employees, and advertising. Ironically, the item with the single greatest cross-cultural difference stated “KFC food is healthy for you.” On a 7-point scale (where 7 was strongly agree) the Chinese mean was 4.68 (1.73 s.d.) versus 2.72 (1.60 s.d.) for the U.S. sample. The Chinese were more satisfied overall with going to KFC for food and were more likely to visit again in the next few months. No wonder that a 2000 survey, conducted by AC Nielsen Media International in 30 Chinese cities based on 16,677 questionnaires, ranked KFC the most famous international brand in China (People’s Daily Online 2000).

Global foods can sometimes bridge differences in meaning caused by religious beliefs. From her fieldwork in Xi’an, Gillette (2000) noted that the dominant Han Chinese will eat Muslim Hui foods, but that the Hui avoid Han foods because they are not “clean” (qingzhen), that is, not prepared according to Islamic dictates (halal). Manufactured Western snack foods do not have this same stigma and thus can be shared by both groups. These insights might also apply geographically in that consumers from different regions within countries can come to share the cultural meanings of – and in some cases rebel against – the same global food brands and establishments. Ironically, all this cultural homogenizing is one of the outcomes of globalization critics have decried (Cavanagh and Mander 2002).

Impacts on Food Consumption Rituals

Cultures create and maintain rituals, which are symbolic behavioral sequences associated with major holidays (Wallendorf and Arnould 1991) and episodic rites of passage, but also the ordinary routines of life, such as grooming (Rook 1985). Many important rituals involve the consumption of special foods, while day-to-day food buying, preparation, and eating may acquire ritualistic elements. The introduction of global food marketing can change local food purchasing rituals. For example, large-scale food stores, such as Carrefour and Wal-Mart, provide greater product selection that makes learning
about new brands and acquiring comparative shopping skills a necessity. These formats tend to sell larger unit sizes and also depend upon a fairly wide trade area for support. Thus, driving scooters, cars, and trucks to the store begins to replace walking or riding public transportation (Goldman 1974a).

Fast food chains can introduce new service rituals. Watson (1997) and his colleagues describe how McDonalds in East Asia taught Chinese, Korean, and Japanese customers to accept queuing for service, to order their meals individually, to fetch their own provisions (utensils, napkins, condiments), and to use their hands to eat burgers and fries. McDonald’s restaurants also became favored sites for children’s birthday parties, which were a relatively new celebration in mainland Chinese culture (Lozada, Jr. 2000; Watson 2000; Yuhua 2000).

Modern marketing also affects daily food preparation rituals at home. Some convenience foods, for example, can become a big hit in emerging markets. Japanese instant noodles have sold well among Mexico’s urban and rural poor who consumed one billion servings in 2004. Ramen noodles are filling, quick and easy to prepare (dubbed *sopa para florjos* or “lazy people’s soup”), and relatively cheap at about 37 cents a serving. Traditional *frijoles* cost far less, but can take days to prepare (Dickerson 2005). If the U.S. experience is any guide, the adoption of microwave ovens and the sale of frozen-food products may encourage eating alone and snacking, rather than eating together at regular meals.

**Impacts on Food and Family Life**

The introduction of modern food marketing can have an impact on family life. When companies target children as consumers, a new, external source of information and persuasion competes with familial influences. A study by Consumers International of children’s television in four emerging markets of Central Europe – Hungary, Poland, Slovakia, and Slovenia – showed advertising frequencies approaching the range typical for Western European nations. Commercials emphasized toys and food products, mainly confectioneries, sweetened breakfast cereals, savory snacks, and soft drinks (Antal 1999). A more recent report for India, Indonesia, Malaysia, Pakistan, the Philippines and South Korea found a substantial increase in commercials for foods high in fat, sugar and salt. In India, 40-50 percent of commercials shown during children’s programming were for food; in Pakistan, the Philippines and Malaysia the percentages varied between 50 and 75 percent (Escalante de Cruz et al. 2004).

Yuhua’s (2000) fieldwork reveals a decline in parental authority over their offspring’s food consumption. Chinese children – whose average consumption per month takes one-third or more of family income in 85% of families (Ying 2003) – now acquire a marketing-mediated knowledge of food and use pocket money to consume foods their parents discourage. They educate their parents and grandparents about new food products (especially those targeted at children) and they have high levels of influence on family spending. According to a survey by McNeal and Yeh (1997), Beijing children scored 68 percent on an index of influence on family spending (comprised of 25 common household items, about half of which were foods), compared to 40 percent for American children on similar products. Indeed, the very phrase, “children’s food” (*ertong shipin*), is relatively new in China’s vernacular (Jing 2000). China’s history of famines and food shortages during the Great Leap Forward (1958-60) and the Cultural Revolution (1966-76), as well as its incredibly rapid commercialization over the past 25 years have no doubt exacerbated these inter-generation differences, but it is reasonable to assume that similar transformations in family life may be occurring in some other emerging markets.

**Impacts on Nutrition and Health**

Assuming that Western food corporations maintain the same standards everywhere that they do at home, food safety should improve in the developing world. Watson (1997) and his colleagues show how McDonalds in Beijing introduced higher standards of cleanliness that were imitated by local restaurants. The Nestlé (2006) report cited above focuses on the benefits company activities provide to host nations through research and development of better products and the communication of “knowledge and awareness for healthy nutrition and lifestyles” (p. 50). Hindustan Lever, Ltd. has developed Annapurna
brand iodized salt to help combat iodine deficiency disorder which can result in mental defects. Product development required deep understanding of the Indian salt industry and the use of salt in Indian cuisine. The marketing campaign needed to educate poor consumers about how the benefits of the brand outweighed its higher cost than non-iodized competitors (Prahalad 2004).

Unfortunately, some evidence suggests that global food marketing may also encourage over-nutrition leading to overweight and obesity and all too often resulting in chronic health problems (Witkowski 2007). The World Health Organization estimates that 300 million people worldwide are obese. About 115 million of them live in developing countries (WHO 2000). Clearly, factors other than food marketing contribute to this growing problem. With economic development, people expend less energy. Manual labor becomes easier physically and higher incomes can be spent for transportation other than walking. Migrants to burgeoning urban areas find that their traditional rural food acquisition and preparation routines are interrupted. They frequently adopt different eating patterns that increase energy intake. But modern food marketing also plays its role by, among other things, vigorously promoting attractive, energy-dense foods sold at relatively low prices. Food is big business and the strategic imperative for food marketing is to sell more (Witkowski 2007).

Assessing Cultural Consequences

Table 3 classifies findings on the cultural consequences of global food marketing in developing countries along two dimensions: 1) likely to be beneficial versus likely to be detrimental and 2) short run versus longer term. In the short run, global food marketing has the potential to improve consumer welfare through wider food availability, better food quality and safety, lower prices, and greater variety (Goldman 1974; Klein and Nason 2001; Watson 1997). In the longer run, the introduction of modern marketing may lead to higher food management standards, more informed food consumers, greater gender equality in food service, and possibly the bonding of adversarial groups (Gillette 2000; Shultz et al. 2005). Detrimental changes in the short run include hardship for some local food retailers and diminished demand for some domestic brands. Over longer periods, food marketing may possibly homogenize cultures, displace traditional foods and food knowledge, subvert family-based food socialization (Jing 2000; Ying 2003; Yuhua 2000), and create an environment that encourages over-nutrition leading to obesity and its attendant health problems (Witkowski 2007).

Table 3. Cultural Consequences of Global Food Marketing in Developing Countries

<table>
<thead>
<tr>
<th>Short Run</th>
<th>Cultural consequences likely to be beneficial</th>
<th>Cultural consequences likely to be detrimental</th>
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<tbody>
<tr>
<td>• Wider food availability</td>
<td>• Diminished demand for some domestic brands</td>
<td></td>
</tr>
<tr>
<td>• Better quality and safer foods</td>
<td>• Hardship for some local food retailers and restaurants</td>
<td></td>
</tr>
<tr>
<td>• Lower food prices</td>
<td>• Food homogenization</td>
<td></td>
</tr>
<tr>
<td>• Greater food selection</td>
<td>• Displacement of some traditional foods</td>
<td></td>
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<tr>
<td>Longer Term</td>
<td>Higher food management standards throughout industry</td>
<td>• Loss of traditional food knowledge</td>
</tr>
<tr>
<td></td>
<td>• More market-informed food consumers</td>
<td>• Subversion of family-based food socialization</td>
</tr>
<tr>
<td></td>
<td>• Greater gender equality in food service</td>
<td>• Over-nutrition leading to obesity and chronic health problems</td>
</tr>
<tr>
<td></td>
<td>• Bonding of divergent groups</td>
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</table>

How these cultural consequences pencil out locally depends upon the moderating variables discussed above. Developing countries differ greatly among themselves economically and perhaps nearly
as much so internally across their different geographic localities and demographic groups. In the short
term, the cultural benefits of global food marketing should usually outweigh their detriments, but this
overall judgment may not apply everywhere. Corporations can make mistakes in host countries and
consumer agency may not always be a positive force if, say, local foods and food distributors become
unnecessarily stigmatized. Critics have argued that global trade rules favor the interests of rich nations
and their transnational corporations over less developed countries and their smaller-sized enterprises
(ActionAid International 2005; Stiglitz 2007). These structural factors surely influence food marketing
systems in turn. The balance between benefits and detriments over the long term is even more
problematic and likely entails far more than the preliminary list of items shown in Table 3.

Conclusion

This paper has analyzed the global food industry to better understand the impact of its market
penetration in developing countries. The paper has introduced a typology that distinguishes global and
modern food marketing from local and traditional food marketing. It has shown the importance of trade
and sourcing relationships and processes of localization and domestication and how they may be
moderated by economic, geographic, and demographic variables. Research evidence demonstrated the
impact of global food marketing on the four different cultural elements of symbols, rituals, family life,
and health and nutrition. The paper has also provided a preliminary assessment of positive and negative
consequences over both the short and longer terms.

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Introducing Sustainability into the Classroom

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Educating for a more sustainable future in its broadest sense includes improving the quality of education, reorienting education to address sustainability, improving public awareness of sustainability issues, and providing training to many sectors of society. The focus of this presentation is to introduce and discuss the issues and tools that are currently being used by some practitioners, and to explore various methods of incorporating such topics into our curriculum. In order to bridge that gap between practitioners and educators, the Global Environmental Management Initiative Organization (GEMI) will be discussed in detail.

GEMI, an organization made up of a group of businesses that are interested in working towards sustainable business practices in terms of the environment, health and safety within the companies, and their impact on their communities (both global and local). Representatives from the companies in the GEMI group have spent several years developing tools to help other companies and organizations define, assess, and implement various aspects of the three pillars of sustainable business practices: environment; social impact; economic elements.

Sustainability tools, such as those developed by GEMI, could greatly benefit educational institutions that are interested in pursuing education and research in sustainability. However, because very few educators are aware of such tools this valuable information has not yet made its way into the classroom. Therefore, in order to fill the gap, we will discuss the tools made available by GEMI, along with suggestions as how to incorporate each tool in a sustainability-oriented curriculum.
Improving Worldview Literacy Among International Marketing Students: A Multi-Country Perspective

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Abstract
A worldview provides a model of the world which guides its adherents in the world. Worldviews can be religious (for example, Buddhism) or secular in nature (for example, Marxism), but they have profound influence on cultures and societies. While the post 9/11 era is characterized by increasing globalization, the globalizing world is often plagued by polarization and mistrust between culture groups described as a “clash of civilizations”. In this contemporary setting, there has never been a greater need for marketers to be aware of the influences of major worldviews on the conduct of business across countries and within multicultural countries (such as India and Malaysia). A multi-country study using data from the US, China and Turkey provides empirical evidence about the need for improved worldview literacy among international marketing students. A one class-session worldview pedagogy described herein was found to be effective in improving worldview literacy and to be relatively involving for students.

Rediscovering Worldviews
A worldview provides a model of the world which guides its adherents in the world (Walsh and Middleton, 1984). Worldviews can be religious (for example, Buddhism) or secular in nature (for example, Marxism), but they have profound influence on cultures and societies (Smart, 2000; Sire, 2004a; Sire, 2004b). While the post 9/11 era is characterized by increasing globalization, the globalizing world is often plagued by polarization and mistrust between culture groups (Huntington, 2002). In this contemporary setting, there has never been a greater need for marketers to be aware of the influences of major worldviews on the conduct of business across countries and within multicultural countries (such as India and Malaysia). However, media and government leaders have taken a naïve approach by routinely ignoring worldviews and their impact on history and current events. This shallow form of tolerance can be seen in the major textbooks of international marketing which typically include one small paragraph on religion, and no mention of secular worldviews, such as secular humanism that is pervasive across Western Europe. One way marketing educators could take the leadership role in the twenty-first century called for by Smart, Kelley and Conant (1999) would be in improving students’ worldview literacy.

Surprising to many, former US Secretary of State Madeline Albright who served President Bill Clinton has acknowledged that she had an “entire bureau of economic experts” but only one advisor with any expertise in religion (Albright, 2006). Additionally, Albright disclosed that US ambassadors to Muslim-majority countries don’t have to have any training in Islam. But now, Albright urges corrective action.

In the future, no American ambassador should be assigned to a country where religious feelings are strong unless he or she has a deep understanding of the faiths commonly practiced there...The State Department should hire or train a core of specialists in religion to be deployed both in Washington and in key embassies overseas. (Albright, 2006, pp. 75-76)
How could governments and the media wind up giving such thin treatment to religious and secular worldviews in recent decades? Possible answers lie in a prevailing “secularization theory” that proposed that societies and individuals would become increasingly secular and less religious due to the effects of industrialization and its resulting modernization. Such ideas about secularization began during the Enlightenment and influenced the writings of seminal social thinkers of the nineteenth century (such as Emile Durkheim, Max Weber, Karl Marx, and Sigmund Freud) (Berger, 1999). Secularization theory, also referred to as “modernization theory” eventually crystallized in writings of social theorists in the 1950’s and 1960’s, such as C. Wright Mills who predicted that the sacred would “disappear altogether, except, possibly, in the private realm” (Mills 1959, p. 33).

While secularization theory assumed a place reserved for conventional wisdom among social theorists during much of the twentieth century, it is now much disputed in the twenty-first century. Berger, once one of the leading advocates of secularization theory during the 1960’s has recanted his earlier claims stating that the world today (with some exceptions, such as Western Europe) is as furiously religious as it ever was and in some places even more so (Berger, 1999). Berger now asserts that a whole body of historical and social science literature labeled “secularization theory” is essentially mistaken. Stark and Finke (2000) described secularization theory as being a “failed theory” that over three hundred years has rendered utterly failed prophecies and misrepresentations of the past and present.

While belief in God has not died, distance may be what has died in an age of globalization (Cairncross, 2001). As a result, the developed and the developing countries have become more accessible to each other. Risk in developing countries is perceived by businesses as being more manageable than it had previously due in part to economic reforms taken by developing countries and the priority given by these countries to a stable climate for business (Cavusgil, Ghauri & Agarwal, 2002). As part of this process, marketers from developed countries will likely recognize the imperative for extending their marketing programs deep into the developing world in order to fuel profit growth (Prahalad 2006). As they do, they will increasingly encounter consumers with traditional beliefs. Culturally-sensitive global marketers must not only understand how to navigate their way in cultures strongly influenced by religious worldviews (as in Africa, the Middle East, and Southern Asia), but also in cultures strongly influenced by secular worldviews, as in Europe or China.

A final outcome of secularization theory’s influence is that a silence about religion has overtaken the classrooms of developed countries outside of Europe, such as the US. Several reasons could account for this (Prothero, 2007). First, confusion about the crucial difference between what Supreme Court justice Arthur Goldberg called “the teaching of religion” (which is unconstitutional) and “the teaching about religion” (which is not) (Prothero, 2007, p. 54). Second, US schools have striven to increase achievement in basic subjects, such as math and reading. Third, at the same time, content about religions quietly dropped out of the textbooks in the 1960’s and afterwards, material on ethnic groups and women replaced this content. Fourth, textbook publishers of elementary and high school textbooks have found the issue of teaching religion a contentious one and one that could disrupt sales.

Purpose of the Study
Understanding major worldviews is increasingly important not only to transnational policy makers, and political leaders, but to non-governmental organizations (NGOs), marketers, and informed citizens who would like to inhabit a less threatening planet. Klein (1997) and Mittelstaedt (2002) have reviewed the interplay of religion and markets. These researchers conclude that in every region of the world, religion affects what is traded, how trade occurs, as well as when and where trade occurs.

The purpose of this study was to gauge the current level of understanding for different worldviews, and to develop a useful pedagogical approach for teaching worldviews to international
marketing students. Accordingly, a selection of both religious and secular worldviews was made that would provide both geographic diversity, as well as relevance to international marketing. In order to provide better understanding of a sample of worldviews that will likely influence the actions of marketers and marketing thought in the coming years, three religious worldviews (Buddhism, Christianity, and Islam) and three secular worldviews (Economism, Humanism, and what we term Transcendental Globalization) were included in the worldview analysis of this study.

Despite these challenges, we agree with Prothero (2007) that individuals can achieve meaningful worldview literacy that will prepare them for national, regional and global citizenship. As an extension of this idea, we assert that worldview analysis can be done. Such analysis will empower students and marketers to quickly orient themselves in an international marketing arena and to boost their own cultural sensitivity by understanding some of the similarities and differences across worldviews.

**Research Design**

The design of the empirical study addressed three issues. First, what is the current state of international marketing students’ worldview literacy? Second, can a worldview pedagogy conducted in one class-session substantially improve international marketing students’ worldview knowledge and competency? Third, what would be the level of involvement for those international marketing students who receive instruction about worldviews?

In formal terms, the first two research questions of the study had four parts each, while the third research question stood alone. These research questions were as follows:

**RQ1:** Among international marketing students, what is the current level of...
   a. worldview competency?
   b. understanding for the six focal worldviews?
   c. perceived relevance of worldviews to business decisions?
   d. interest in knowing more about worldviews?

**RQ2:** Will international marketing students who have received teaching about worldviews express higher levels of...
   a. worldview competency?
   b. understanding for the six focal worldviews?
   c. perceived relevance of worldviews to business decisions?
   d. interest in knowing more about worldviews?

**RQ3:** Among international marketing students who have received teaching about worldviews, what will be the level of involvement in learning about worldviews?

**Measurement of the Research Questions**

The first empirical task in this study was to gauge students’ self-assessed worldview literacy and the perceived relevance of worldviews to business decisions. This was done to test the proposition that international marketing students need better grounding in their understanding of major worldviews of the twenty-first century. Accordingly, the first part of the research design was to develop a survey instrument to assess the four parts of RQ1 with a baseline group of international marketing students.

To gauge the level of competence international marketing students have for worldview analysis, we developed a battery of six items about the concept of worldview learning based on the levels of learning commonly occurring in educational settings featured in Bloom’s Taxonomy of Educational Objectives (Bloom, 1984). We also developed items focused on gauging understanding for the major elements of each of the six focal worldviews in our study. Additionally, we wrote items that would
measure respondents’ understanding for how worldviews can affect business decisions, as well as respondents’ interest in learning more about worldviews.

The second empirical task was to test the proposition that such grounding can be effectively begun by using a pedagogy focused upon religious and secular worldviews that features worldview analysis. Accordingly, the second part of the study was to test whether worldview learning could be improved by teaching a sixty-minute class devoted to worldview analysis. Here, the four parts of RQ2 were assessed in a similar way to those of RQ1 with the exception that respondents were international marketing students who had received the worldview pedagogy developed for this study. These students comprised the post-treatment group.

The third empirical task was to gauge the degree of involvement in worldview learning for students who had received teaching about worldviews. Toward this end, six leading items from Zaichowsky’s Personal Involvement Inventory concluded the survey (Zaichkowski, 1985). These leading items correspond to the two factors of involvement representing interestingness and meaningfulness.

A between-subjects design was used wherein a baseline group having received no formal worldview instruction was first measured. The baseline group allowed answering the first research question of the study about the current level of worldview capabilities for international students. Comparing a post-treatment group with the baseline group allowed answering the second research question of the study about whether a worldview pedagogy delivered in one class-session would significantly improve students’ competencies in worldview analysis. This comparison was made for the US and China. Finally, measurement of involvement in the post-treatment groups in the US, China, and Turkey allowed answering the third research question of the study.

**Multi-Country Data Collection**

In addition to US student respondents, those from overseas were also sought to better understand the level of learning about worldviews in other parts of the world. Accordingly, undergraduate and graduate business students in Turkey were included in the study, as well as executive MBA students in China. Data in all three country locations was collected on-site by the first author between May 2006 and May 2007.

Notes about the descriptive statistics regarding the different groups of the study follow. The US and Turkey groups had similar mean ages in the early twenties, while the Chinese had mean ages in the mid-thirties. The difference in mean ages between the Chinese and the other groups actually provides more information to our analysis because the results can be seen for not only a culturally distinctive group, but for one that features older students. In this way, generalizability of our study results is improved. Finally, all groups contained about an even number of males and females.

**Worldview Pedagogy**

For those in the post-treatment group, respondents completed the survey after participating in a one-hour class session focused on the six focal worldviews of the study. This class session was led by the first author and featured 1) a five-minute introduction to the topic of worldviews and their relevance to marketing (based in part on a review of “Spirituality and QOL” (Peterson and Webb, 2006), and “Very Short History of Religion and US History” (Prothero, 2007, pp. 45-49), 2) a thirty-minute thumbnail review of the essential elements six worldviews based on research conducted at the websites presented in the Appendix, 3) a fifteen-minute module consisting of an oral reading of a retailing venture scenario followed by small groups analyzing the scenario using the contents of a matrix containing the core elements of the different worldviews, (Here, the small groups analyzed the scenario as if the protagonist Peter Karg was a committed follower of one of the six worldviews), and 4) a ten-minute wrap-up
Results

US respondents in the baseline group reported only a middling level of agreement for the items measuring worldview competencies (means ranged from 2.9 to 4.4, with standard deviations ranging from 1.5 to 1.8). The same can be said for understanding the six focal worldviews with the exception of Christianity (that posted a stronger mean value of 5.69 – the highest among the worldviews). The second highest mean for the baseline group was for a desire to know more about worldviews (with a mean of 5.52). In general, a similar pattern can be seen for the Chinese baseline group with the exception that the Chinese respondents report only a middling level of agreement for understanding Christianity. For the Chinese, the highest reported mean is for having a desire to know more about worldviews.

The results describe the baseline groups as having only middling levels for a) worldview competency, and b) understanding for the six worldviews, with a bit higher levels for c) perceived relevance of worldviews to business decisions, and d) interest in knowing more about worldviews. In sum, it appears that international marketing students report a need to improve their capabilities regarding worldviews.

The post-treatment group results for the survey across the three countries showed that the US group reports the highest understanding for Christianity, while the Turkish students report the highest understanding for Islam. In this same vein, the Chinese report the highest level of understanding for Buddhism. These results suggest that students report noticeably higher levels of understanding for the worldviews that have strongly influenced their home culture and much less understanding for those worldviews that have not. Another notable finding is the relatively high desire to know more about worldviews. In each country, the reported mean is above 6.0.

The reported means for involvement in learning about different worldviews suggested that the mean values are moderately positive with the highest means for the US and Turkish groups being “important” (6.23 and 6.18, respectively), while the highest mean for the Chinese was “interesting” (5.84). In this way, RQ3 is answered as the post-treatment group reports moderately positive levels to relatively high levels on the involvement items.

In sum, the results of analyzing the means for the survey items suggest a general pattern of response across the three groups. The baseline groups reported only middling levels of competence in worldview learning, while the post-treatment groups reported a statistically significant improvement in worldview learning. Additionally, the post-treatment groups reported moderately positive to relatively high levels for involvement in learning about different worldviews. Encouragingly, all groups – both baseline and post-treatment groups - reported a relatively high desire to know more about worldviews.

Discussion

The results of the study suggest that international marketing students currently report only a lackluster level of worldview literacy. The pattern across the two baseline groups from the US and China suggests that worldview understanding is highest for the major worldview influencing the home culture for students. What this means in practical terms is that international marketing students are relatively weak in their understanding of worldviews that are different than their own. In an increasingly globalized world where persons from other cultures and their worldviews cannot be avoided, international students appear to be destined for needless missed opportunities when interacting with those from other cultures in the future, as well as difficulty arising from cultural misunderstanding.
Despite the ominous forecast that modest levels of worldview learning might imply for international marketing students in the future, other results from this study suggest a brighter future. Specifically, a statistically significant improvement in learning about six focal worldviews was achieved in the post-treatment groups in the US and China after only a one-hour class session that focused on these worldviews and included an applied venture-investing case. The results from Turkish students who received the worldview teaching was similar to those from the US and China. This evidence for worldview learning improvement should be particularly encouraging for those educators who might have previously believed that teaching about worldviews was too complex or too time-intensive for business students.

For textbook authors and teachers who might have previously questioned the relevance of teaching worldviews as part of an international marketing course, the results of this study suggest that students report a relatively strong interest in further learning about worldviews. This phenomenon was observed in those who had received worldview teaching, as well as those who had not received worldview teaching. These results suggest that our students have an intrinsic interest in worldview learning. They sense that worldview learning is important to their development and they want to learn more.

Looking back on the way the world has changed since the Fall of the Berlin Wall in 1989, it is not surprising that pedagogy regarding globalization has not kept up with the demand for learning about important outcomes of globalization, such as worldviews. With the rapid gains developing countries, such as China and India, have already made in the twenty-first century alone, students and business persons from developed countries can no longer afford to ignore important aspects of foreign cultures that are directly shaped by the dominant worldviews in these foreign cultures. In other words, to understand foreign cultures, students and business persons can no longer allow differing worldviews to remain alien and “foreign”.

Teaching about religion in public schools and universities is constitutional in the US (Prothero, 2007). However, confusion about this along with Secularization Theory’s prediction of religion’s decreasing influence in the lives of individuals appear to be two major factors in state-assisted academic institutions in the US not pursuing worldview learning prior to 9/11. Times have changed. To continue this omission of worldview learning in the increasingly globalized world would be a tragic disservice to students and their future employers, as well as to those from other cultures.

**Limitations and Future Research**

The worldview analysis of this study used dimensions that could be termed doctrinal/philosophical (Smart, 2000). In future studies, other dimensions of worldviews could be employed. For example, a legal/ethical approach might feature concepts (benevolence, compassion, joy, personal responsibility, submission, fatalism) that could be used to analyze how virtuous these values are regarded by the different worldviews. Other dimensions of worldviews proposed by Smart (2000) that could be considered in an extended analysis in the future would be dimensions related to 1) narratives, 2) ritual, 3) personal experiences, and 4) institutions and leaders.

**Conclusion**

This study has examined worldview learning and has found the current level of worldview learning for international students to be lackluster. Undergraduate and graduate students in the US, as well as executive MBA students in China reported similar middling levels of worldview learning prior to participating in worldview learning. The consequences could be painful if our students do not develop more abilities for performing as culturally-sensitive persons in a world characterized by increasing cultural complexity. Students in the US, Turkey and China reported the highest level of worldview learning for the dominant worldview in their respective country. Simply put, it appears current students...
of international marketing (perhaps, the most inclined to be culturally sensitive) have blind spots when considering the important elements of other major worldviews.

Despite such alarming findings, this study presented evidence that students could effectively begin learning about worldviews by participating in a one-hour classroom session that featured six worldviews and a case to apply concepts of worldview analysis. Importantly, both students who had participated in worldview learning as well as students who had not participated in such worldview learning reported relatively strong interest in learning more about worldviews.

In sum, this study has identified an instructional gap in the curricula for international marketing students in both the US and China. However, this study has presented a structure for developing worldview pedagogy and has found students who participated in a one-hour session to have a noticeably higher level of learning afterwards. The way forward for international marketing educators now should be to develop other pedagogies and tools for classrooms and textbooks that would boost students’ worldview learning. In this way, our students would be empowered to find common ground in the increasingly diverse settings of campuses and marketplaces of the twenty-first century.
Appendix –
Ready On-line Resources for Worldview Learning

Overview of Teaching Worldviews
www.teachingaboutreligion.org

Buddhism
www.buddhanet.net
http://www.religioustolerance.org/buddhism.htm
http://www.bbc.co.uk/religion/religions/buddhism/

Christianity
http://www.bbc.co.uk/religion/religions/christianity/
http://geneva.rutgers.edu/src/christianity/
http://www.vatican.va/archive/ENG0015/_INDEX.HTM

Economism
http://en.wikipedia.org/wiki/Laissez-faire
http://www.cato.org/research/economics/index.html
http://www.capitalism.org/

Humanism
http://www.americanhumanist.org
http://www.humanists.org/hum_lamont.htm
http://www.humanism.org.uk/site/cms/contentViewArticle.asp?article=1515

Islam
http://www.islam101.com/
http://www.islamicweb.com/
http://www.bbc.co.uk/religion/religions/islam/

Transcendental Globalization
http://www.thomaspmbarnett.com/
http://www.thomaslfriedman.com/
http://www1.worldbank.org/economicpolicy/globalization/key_readings.html
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An Open-Source, Controversies-Based Macromarketing Chapter: An Initial Step Toward a Free Online Macromarketing Course?

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At the 2007 Macromarketing Seminar I presented a course outline for an entirely online, controversies-based Macromarketing course. That presentation, as well as three others made at the 2007 Seminar’s Pedagogy Session, has just been published in Volume 27, Number 2 of the Journal of Macromarketing. The detailed reading lists associated with all four suggested course designs, though not published, are to be found on that journal’s website (http://agb.poly.asu.edu/jmm). The discussion which follows builds on the controversies-based approach I first advocated last year. More specifically, it draws upon a paper available on the new Macromarketing Society website being developed for us by Ben Wooliscroft (www.macromarketing.org/teaching.html).

The paper being discussed today was originally written for inclusion, as the chapter on macromarketing, in a book of commissioned contributions to an International marketing text compiled by Andersson and Svensson for a Scandinavian audience. That chapter begins by drawing upon the Mittelstaedt, et. al. discussion of the chasm that existed between macromarketing as a field of inquiry and the 2005 AMA definition of marketing. It then briefly attempts to familiarize readers with the domain, or various areas of study, within macromarketing. For more detail on that domain, students are referred to Shultz’s excellent Explorations discussion of macromarketing.

The bulk of the chapter, however, both makes the case for, and provides examples of, a controversies-based approach to the study of macromarketing. For each of eight such controversies (what should, and what should not, be done to meet the demand for human body organs; the price that should be charged for AIDS drugs; what, if anything, should be done about the “Wal-Mart effect”; how the UN’s Millennium goals could best be achieved; etc.), a brief overview of the issue is first provided. Then readers are referred to articles that reflect the very different positions that have been taken on this issue, both by students of macromarketing and by those writing from other disciplinary perspectives. Finally, and after the assigned reading has presumably been completed, students are expected to take a stand and/or to make their own policy recommendation in that area.

Though written for a very specific purpose, that chapter is now publicly available to all who wish to use it in any way or any context. This follows from the fact that I as author was allowed to retain the copyright. The chapter should now be considered “open source” material available for use in class without written permission or, for that matter, for incorporation, in whole or in part, in other publications. Indeed, one such adaptation has already been prepared by Papadopoulos who, as well, both discussed two additional areas of controversy and added relevant Canadian content.

So what comes next as far as macromarketing pedagogy is concerned? The time for writing a macromarketing text may now have come and gone. Such a text, as we all know, would be a difficult one to author, individually or collectively. Given the very few Macromarketing courses that exist, it would be equally, if not even more difficult, to find a publisher, especially in light of all the consolidation that has
taken place over the years in post-secondary textbook publishing. And while self-publishing by the Macromarketing Society remains a possibility, this too poses any number of challenges.

What does seem possible at this time, and what might better be attempted, is the design of an Internet-based, open sourced, free-to-all, macromarketing course. Such a course should and would be universally available for use, in whole or in part, by interested Marketing and Society/Macromarketing instructors and their students. Exactly how such a course should be structured and presented is well beyond the scope of this presentation. However, a number of “open source” course models already exist. Both Berkeley (http://webcast.berkeley.edu/courses) and MIT (http://ocw.mit.edu) among others, provide examples of how this is now being done. One looking for prototypes should also examine the free non-credit online marketing courses developed for the owners and managers of small businesses by the State of Maine. (www.mainesbdc.org) and by Kutztown University. (www.kutztown sbdc.org)

Any “open source” Macromarketing (or Marketing and Society) course would presumably be developed for inclusion in an already existing online BBA or MBA program. Its usage at the host school would both justify the cost (in time and money) of development and also provide a pedagogically appropriate (WebCT, Blackboard, etc). delivery platform. However, individual modules could, and in my opinion should, be prepared and/or videotaped lectutettes on specific subjects presented by those teaching at other institutions with recognized expertise in those areas.

Will such an “open sourced” Macromarketing course ever be designed, or like the text proposed some years ago, will it only be talked about? This will depend on whether or not one or more macromarketing proponents will take the lead in designing such an offering. This must be done, in large part if not in full, by true believers still on active academic duty and with access to a full range of university services and resources. Aging and long retired macromarketing advocates can also help, but only to a limited degree. Hopefully a product champion for this initiative will appear in the near future, the existing academic reward structure that undervalues such efforts and the many other demands on professorial time notwithstanding.

References


Institutional Trust and Quality of Life for the Poor: A Case from Turkey

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Extended Abstract

This paper focuses on consumers’ perceptions of trust for market-related institutions, such as 1) government regulation of business, 2) consumer groups, 3) business and manufacturing, 4) and both the news and entertainment media. Importantly, the design of the study allows a comparison of those above the poverty line with those below the poverty line in the context of a developing country – Turkey. The results of the study suggest that a moderately positive correlation exists between Consumer Trust for Market-Related Institutions (CTMRI) and quality of life (QOL) for consumers below the poverty line, while no such relationship exists between these two constructs for those above the poverty line. In other words, trust for market-related institutions matters for the QOL of the poor, while independence characterizes the relationship between these two constructs for those who aren’t poor. This is the major finding of our study.

This finding has many implications for researchers of constrained consumption and of markets and development. For example, the results of our study suggest that if the intended work of market-related institutions is degraded by a societal evil, such as corruption, the QOL for the poor is likely to be adversely impacted in ways that the non-poor won’t likely experience. For a variety of reasons that remain to be explored, the QOL of the non-poor appears to be insulated from the vicissitudes of trust for market-related institutions. In this way, the vulnerability of poor consumers can be seen (Baker, Gentry and Rittenberg 2006).

The results of our study suggest that the poor have more at stake in the proper conduct of market-related institutions because the level of their life quality moves with changes in trust for these institutions. As the World Bank’s 2000 report argues, in order for an economic growth to translate into an improved quality of life for the poor, among other things, an impartial judicial and legal system, greater civil and political liberties and trustworthy and transparent institutions will be needed (Wolfensohn 2000). Accordingly, for a developing country that is constrained in its ability to provide all individuals incomes that would move them out of poverty, the results of our study suggest that taking a focus on improving the operation of market-related institutions would likely improve the QOL of the poor because trust for these institutions would improve. While this remains to be explored in future studies, hope very well could be the key outcome of improved trust for market-related institutions. Specifically, hope that markets will someday allow them to work themselves out of poverty might be the kind of hope accounting for the relationship between CTRMI and QOL.

A QOL-Marketing Interpretation

The ‘Quality of Life Marketing’ framework (Lee and Sirgy 2004) provides a valuable way to interpret the findings of our study. Quality of Life Marketing is defined as “Marketing practice-the business
mechanism that plans, prices, promotes, and distributes consumer goods to consumers- designed to enhance the well-being of customers while preserving the well-being of the firm’s other stakeholders” (Lee and Sirgy 2004, p.45). The traditional QOL marketing limits marketing activities to the economic consumer goods. However, as noted by Sirgy et al (2005), the QOL-marketing framework can be applied not only to consumer goods, but also to consumer services, industrial goods, not-for-profit organizations, and public and private hospitals and universities etc. Sirgy at al (2005) refers to this expanded framework as the “contemporary view” of QOL-marketing (p.10).

In this paper, we expanded the contemporary view of QOL-marketing to the ‘institutional level’ of society. We argue that just as individual organizations, institutions, too, can be subject to QOL-marketing principles. The role that marketing plays in improving the QOL of the consumers can be understood by studying consumer perceptions of whether public and private institutions are fulfilling their mission in the marketplace. By institution, we mean larger collectives that are formed by many individual establishments (e.g. business, government, consumer groups, the media, the school, the church). For example, business as an institution is formed by many small and large mostly private manufacturers and services providers. Similarly, consumer groups are formed by many individual activists groups such as PETA and Greenpeace.

At the institutional level, the effectiveness of QOL-marketing can be understood by capturing consumers’ perceptions of various public and private institutional providers in fulfilling their missions related to the marketplace. In order to better understand QOL (e.g. life satisfaction) we focused on whether public and private institutions can be counted on doing the things they are expected to do. In other words, by studying public perceptions of these institutions we sought to better understand ‘institutional trust’. Public (consumers) trust market-related institutions to the extent that they fulfill their role in a satisfying manner (Hudson 2006).

As a result, within the QOL-marketing framework, consumer trust for market-related institutions (CTMRI) can be understood by assessing the extent that public and private institutions are contributing to QOL-marketing. For example, can business be trusted to offer safe products?; can media be trusted to report the news (inform the public) accurately and without bias?; can consumer groups be trusted to offer credible information?, and remain independent of business?; can government (and the regulators) be trusted to regulate business, ensure public safety, remain independent, and thus protect consumers? Consumers will trust market-related public and private institutions provided that these institutions will carry out their responsibility to a satisfying degree. In this paper, we studied consumer trust in four basic market-related institutions: business, government, media, and consumer groups.

**Methods and Results**

In our study we sought answers to the following questions: 1) what will be the underlying structure of Consumer Trust for Market Related Institutions (CTMRI) for the poor consumers of a developing country, 2) what is the nature of a nomological network featuring CTMRI and QOL, and 3) how does this nomological network compare to those above the poverty line. Importantly, we collected the data from ‘poor consumers’ (with a monthly household income below the poverty line of 1500YTL) in three major metropolitan cities of Turkey: Istanbul, Ankara, and Izmir, as well as in the small city near the Black Sea, Ereğli. The survey procedure resulted in 186 usable surveys for poor consumers and 132 for non-poor consumers.

Using a confirmatory-factor-analysis approach, items measuring trust for market-related institutions were developed and used to identify constructs corresponding to the four market-related institutions of this study. In subsequent analysis, CTMRI was derived as a second order factor and its nomological relationship was assessed with individual quality of life (QOL), as well as with the construct “distrust for individuals”. This third construct expanded the CTMRI nomological network and helped us understand
the impact of trusting (distrusting) tendencies of the respondents on the relationship between CTMRI and QOL. Modeling results are depicted in Figure 1.

The final model posted a Chi-square value of 578.4 with 364 df. Comparative fit indicators suggested a very good fit for the model (CFI = .94; RMSEA = .04). The results suggest that the leading first order construct defining the second-order CTMRI factor was trust for manufacturers and business (.78), followed by trust for government (.71), trust for consumer groups (.59), and trust for media (.55). The crucial finding of the study was the positive and healthy correlation between CTMRI and QOL (.48). This result means that the poor (consumers below the poverty line) who trust the market-related institutions more report having a higher QOL, and subsequently, those who distrust the market-related institutions report having lower QOL. Distrust for individuals was not found to be correlated at a statistically significant level with either CTMRI or QOL.

In order to verify the robustness of these findings we conducted a second field study and collected data from higher income consumers (i.e. consumers whose monthly household income above the poverty line). With a total of 318 usable surveys (186 for the lower-income group, and 132 for the higher income group), the results suggested important differences: even though the correlation between CTMRI and QOL was healthy and significant for the lower income consumers (see the preceding paragraph), in the higher –income group none of the correlations between CTMRI, QOL, and Distrust for Individuals were statistically significant. Modeling results for the higher-income group is depicted in Figure 2.

In sum, the big difference between those below and above the poverty line was that there is a healthy, positive relationship between CTMRI and QOL for those between the poverty line. Practically speaking, this means that if policy makers wanted to improve QOL for the poor, they would focus upon improving the effectiveness of market-related institutions, such as business regulation, consumer groups, manufacturers and business, as well as the media.

Conclusion

We believe that our research makes contributions to the QOL studies in general and offers insights into the complex nature of quality of life of low income consumers in particular. We demonstrate that for poor consumers in a developing country, CTMRI correlates with QOL. This result suggests that if consumer trust in market related institutions can be increased by one unit, their quality of life (life satisfaction), then, can be improved by almost half-a-unit. Trust in manufacturers and business appears to be the most important factor in determining CTMRI. Therefore, it is natural to assume that as more ‘business’ follows the principles of QOL-Marketing (Sirgy et al 2005), the greater trust poor consumers will feel about market related institutions, and as a result, they will report higher life satisfactions.
Figure 1: Lower-Income Group

Institutional Trust and QOL - Multi-group 1
Figure 2: Higher-Income Group

Institutional Trust and QOL - Multi-group 1
References


Overview

We live in a time of profound and accelerating change. Communities in the developing world are seeing their physical, economic and social environments reshaped at a rapidly increasing pace by the growth of human populations, new industries, and Foreign Direct Investment (FDI). In this paper, we expand a Quality of Life (QOL) framework suggested by Grossbart and Rahtz (2004) and the Glocal Model proposed by Shultz and Rahtz (2004) to continue the macromarketing discourse as it pertains to public policy decisions that affect stakeholders of developing communities. One particular developing community, Koh Yao Noi, Thailand, is the focus of our study.

As Grossbart and Rahtz (2004) note, there is a long history of social scientists assessing cultural and social outcomes, along with the economic elements of development and growth (see Richard Estes’ Social Development Index University of Pennsylvania; Curry 2003). Shultz and Rahtz in their multi-country work on FDI recognize that the investment process also is systemic in its impact on the economic, physical and social fabrics of a developing environment. Both the QOL perspective and the systemic nature of FDI are now beginning to receive notice among public policy makers.

These approaches recognize the multidimensional complexity intrinsic to development and growth (Barclay and Smith 2003; Balakrishnan, Duvall and Primeaux 2003; Grossbart 2003; Rahtz 2001; Sen 1999; Shultz 1997). Grossbart and Rahtz (2004) suggested that growth is often the dependent variable of development; this in turn affects decision making by the world’s most visible funding and aid organizations, e.g., World Bank, Asian Development Bank, and USAID. They caution though that individual, local, regional, and national economic development should not be divorced from the social well being of individual, local, regional, national, and global stakeholders. Other macromarketing scholars have argued similarly (cf. Ahuvia and Friedman 1998). Bonsu (1998) echoes this perspective in suggesting that a strictly economic view for transforming economies neglects important social aspects in the success of transition.

This research initially includes the collection and interpretation of qualitative data collected in a developing community in the south of Thailand. The authors examine the impact of the growing tourism sector on the local economy. This sector is often a catalyst for change in the developing world (e.g., Belk and Arnold 1995). Using the Shultz and Rahtz Glocal Model within the QOL framework presented by Rahtz (2001) and Grossbart and Rahtz (2004) data were collected on the island of Koh Yao Noi.
Koh Yao Noi

Koh Yao Noi is an island in transition from an economy based on agriculture/aquaculture to one that is rapidly expanding to include tourism. It is located off the coast of the largest tourist island in Thailand, i.e., Phuket. Both these islands are part of a large group of islands that are situated off the western coast of southern Thailand, in the Andaman Sea. The south of Thailand is rife with civil unrest along its border with Malaysia. While Thailand is predominately Buddhist and Malaysia is predominately Muslim, a large proportion of Thais in southern Thailand are Muslim; religion in the region has been exploited by various radical movements and government authorities for political gain. The region consequently has seen a substantial rise in violence over the past few years. However, the Andaman Sea area while sharing a Muslim heritage, has been relatively peaceful due, in part, to the impact of FDI in the tourism sector. Koh Yao Noi is home to about 4000 inhabitants. It measures about 10 km x 12 km in size (see Exhibit 1). Its size, location, religious heterogeneity and stage of economic development/transition make it a compelling place for research.

Exhibit 1: Map of Koh Yao Noi

Source: http://www.travelfish.org/map_detail/thailand/southern_thailand/phang_nga/ko_yao_yai/74
Method

A survey was developed based on interviews conducted the past three years in Cambodia, Vietnam, and Thailand. The instrument was centered on the Rahtz 2001 Sustainable QOL Model and the Shultz and Rahtz (2004) Glocal Model. As part of the survey islanders were asked to use a 100 point global well-being scale to evaluate the community well-being of the island in a past, current, and future comparative context. The scale was similar to an instrument used extensively in multiple cultures around the world and has exhibited internal and external validity (Lau, et al. 2005). The authors also sought to probe some of the issues laid-out in the Grossbart (2003), and the Grossbart and Rahtz (2004) framework of sustainable development. The survey was then translated from English into Thai by a native Thai speaker and back translated to English by a different native Thai speaker to validate the initial translation.

Thirty seven intercept personal interviews were conducted over three days in January 2008 on the island. The interviews were conducted in the Thai language by a native Thai speaker. The interviewer was instructed to use the survey as a basis for discussion and to probe various answers if s/he felt there was additional insight to be gained. These interviews were conducted across the island with community leaders and community members representing a variety of demographic cohorts.

Islanders were asked to evaluate community and personal QOL in the past and present; they also were asked to share their expectations for the future. In the process of collecting data we were particularly interested to learn how residents view the QOL changes to their island as it transitions from an economy based solely on agriculture and aquaculture to one that is increasingly oriented toward tourism. The average interview length was between fifteen and twenty minutes. Results from these interviews as presented below yield a mixed view of transition and perceived community QOL.

Results

The results were examined within the context of a timeline of QOL on the island as FDI related to tourism made its way into the island community. The community QOL was generally viewed as being enhanced by offering more economic opportunities for the indigenous populations. There were concerns, however, regarding the island’s natural environment and social well-being. In general the older population was most concerned about the changing landscape and loss of a tight knit community. Younger interviewees were more open to change, but still expressed concern about the rising cost of living and changing social environment. Such results are consistent with the call by Grossbart and Rahtz (2004) for the need to consider and to monitor a variety of social aspects of development alongside the strict economic aspects that are often put forth by development proponents and institutions. These results and others will be discussed in greater detail in the unabridged version of this extended abstract.
References


Marketing to Ethnic Subcultures: Efforts to Generate Higher Quality of Life for Hispanics

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Diego Molina, *University of North Florida*

**Abstract**

This is a study to determine the ethnic connection of Hispanics to Hispanic outlets in Northeast Florida. An attempt was made to determine the degree of acculturation (Americanization) of the subjects who were Hispanics. Study findings indicate that the more acculturated the subjects the less store loyal they are, and in store loyalty different store features carry more weight.

**Introduction**

The USA is a nation of immigrants. Many of them have developed or adopted their own subcultures. American Orientals, African-Americans, Hispanics are all examples of such subcultures. This study is an analysis of Hispanics in Northeast Florida as they do or do not frequent Hispanic outlets. First, an attempt was made to measure their degree of acculturation. Then, an attempt also was made to determine what would enhance their store loyalty. When the key features of stores are identified, then by catering to this subculture on the basis of their store loyalty preferences, marketing can create a greater degree of quality of life. This is based on the assumption that store loyalty stands for generation of a desirable quality of life.

**The Study**

A pre-tested questionnaire was utilized to interview 64 Hispanics who were frequenting Hispanic business outlets. The sample is based on a systematic convenience approach. Respondents were interviewed as they were leaving the store after shopping. An attempt was made to interview every third or fourth person leaving the store. The store features in this article are related to store personnel’s competency, providing exceptional service, carrying most of the products needed, having competitive prices, and being conveniently located.

**The Study Findings**

The research instrument was first and foremost based on an *Index of Acculturation* (Exhibit 1). It was found that the more acculturated (or americanized) the respondents, the lesser is their loyalty to the Hispanic store.
Exhibit 1. Index of Acculturation (Acculturation Criteria*)

1. I never question values and behaviors.
2. Others tell me what to do and what not to do.
3. I learn shopping from parents and family elders.
4. I never question what I have been told to do.
5. Store keepers are well known in my culture.
6. Store keepers’ advice is educational.
7. I get my own product information before shopping.
8. Advertisements are not paid attention to.
9. Friends and associates have much influence.

*Acculturation criteria were scored on the basis of a five point Likert scale questionnaire.
Source: Adopted and revised from Samli, 1995.

On the basis of acculturation statistics, those who were more Americanized had a mean score of acculturation of 27.44 as opposed to those who were less Americanized and scored an average of 36.16 (Exhibit 2). The first group in this study was called individualistic and the second group was called collectivistic (Hofstede 1983, Brislin 1993).

Exhibit 2. Acculturation Values of the Two Groups (Score of Acculturation)

<table>
<thead>
<tr>
<th></th>
<th>INDIVIDUALISTIC</th>
<th>COLLECTIVISTIC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N=32</td>
<td>N=32</td>
</tr>
<tr>
<td>Mean</td>
<td>27.44</td>
<td>36.16</td>
</tr>
<tr>
<td>Stand Dev.</td>
<td>2.98</td>
<td>2.97</td>
</tr>
<tr>
<td>Range: Minimum</td>
<td>18</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>Maximum 31</td>
<td>Maximum 42</td>
</tr>
</tbody>
</table>

Exhibit 3 also indicates the two groups’ attitudes toward the store’s features. As can be seen, the individualistic group had an attitude towards combined store features which was 34.90. The collectivistic group had a score for the same store features of 41.69 indicating that they had more favorable reaction.

Exhibit 3. Store Loyalty Determined by the Two Groups’ Attitude toward Combined Store Features

<table>
<thead>
<tr>
<th>Cultural Split</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store Attitude: Individualistic</td>
<td>32</td>
<td>34.9063</td>
<td>6.54690</td>
<td>1.15734</td>
</tr>
<tr>
<td>Collectivistic</td>
<td>32</td>
<td>41.6875</td>
<td>5.92119</td>
<td>1.04673</td>
</tr>
</tbody>
</table>

Thus, less Americanized individuals appeared to have more favorable attitudes toward the store than did more Americanized individuals, indicating that acculturation takes away store loyalty. Those who preferred the Hispanic stores based their preferences on knowing the store managers, the stores using Spanish as the language in store, providing the type of products that they need, having good sales people, good service, and being convenient. Exhibit 4 indicates that these features were important for all respondents.

Exhibit 4. The Five Combined Store’s Features (predictors*) as they Correlate with Store Loyalty

<table>
<thead>
<tr>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>.721</td>
<td>.520</td>
<td>.474</td>
<td>2.22890</td>
</tr>
</tbody>
</table>
A. Predictors*: (Constant and in order of importance), item 1, item 2, item 3, item 4, item 5.
*Predictors were (in order of importance):

1) This store is conveniently located to my residence.
2) This store has competitive prices.
3) This store carries most of the products I need.
4) The sales people in this store are very competent.
5) Sales people in this store give exceptional service.

Strategic Implications

Store loyalty by Hispanics varies significantly. As a result, Hispanic stores that cater to Hispanic subculture as their target market are in need of understanding the acculturation process further. In other words, increased acculturation of Hispanics, which is a normal phenomenon in time, should not make the store owners lose their business. A critical need for the ethnic stores emerges as their marketing strategy needs to be adjusted so that it will strengthen the bonding between Hispanics and Hispanic stores. Developing effective marketing strategies for ethnic subcultures must be studied further for successful delivery of quality of life to large masses. Study findings, in this paper, indicate that: competent sales people who are providing exceptional service in the store where most of the products are appropriate for customer needs, and they are priced competitively, are critical features of store loyalty strength. These features need to be further researched, strengthened, and promoted more carefully. Furthermore, the store being conveniently located is an additional factor. Based on these findings, powerful marketing strategies can be constructed that would be beneficial both to Hispanic stores as well as to the quality of life of the Hispanic subculture.

References


Who Needs Who the Most?

Ben Wooliscroft, University of Otago

Abstract

Macromarketing conference participants and board members have for many years proudly declared that 'anything with a managerial implication' isn't a macromarketing paper. But, macromarketing embraces systems as its foundation (Layton, 2007; Hunt and Burnett, 1982). Macromarketing deals with the study of the environment that the managerial marketer works in, it is to be expected that there are implications for managers in all macromarketing research. That is not to say that all macromarketing research leads to more profits, but it impacts on the environment in which the profits are sought. Can macromarketing turn its back on managerial marketing when every macromarketing issue/policy/finding has implications for managers? This presentation situates macromarketing in the wider academic and marketing 'system'. Managerial marketing represents the vast majority of marketing literature and educational material. It is suggested that rather than holding macromarketing aloof from managerial marketing, bridges be built in an export to spread the approach and perspective of macromarketing to a wider audience.

References


Toward a Better Understanding of Volunteering in the Citizen Sector of the Economy:
Explaining Volunteers’ Pro-Social Attitudes

Elten Briggs, University of Texas at Arlington
Mark Peterson, University of Wyoming.
Gary Gregory, University of New South Wales

Abstract
In addition to currently fueling the citizen (non-profit) sector of the economy, volunteering is a key ingredient in community-based or co-operative models of economic exchange. The purpose of this study is to develop knowledge about pro-social attitudes of volunteers. Behavioral Reasoning Theory (BRT) provides a framework for understanding how volunteers’ values and reasons for volunteering influence volunteers’ pro-social attitudes. Gender and age are also included in the modeling. Using large-scale survey data from four distinct non-profit organizations in Australia, structural equation modeling results suggest the BRT framework is a valuable one for understanding important influencers of volunteers’ pro-social attitudes. In sum, values and reasons that are other-oriented appear to be much more influential than values and reasons for volunteering that are self-focused. Additionally, our results suggest that being a man or being a younger volunteer appear to be correlated with higher levels of values and reasons for volunteering that are self-focused.

Introduction
Authors since Alexis de Tocqueville have marveled at the way volunteer organizations have emerged and thrived in democracies. In 2000, volunteers in the US gave so much time to non-profit organizations that the effect was equivalent to having 9 million full-time workers (or 6.3 per cent more workers) added to the labor force (Independent Sector 2001; Bureau of Labor Statistics 2007). However, questions remain about how selfless is such apparently altruistic volunteer behavior in individualistic cultures. Additionally, questions remain about what really influences volunteers’ pro-social attitudes, such as attitudes toward helping others and toward charitable organizations.

Volunteerism plays a critical role in the functioning of marketing systems, and therefore investigating volunteer activities on an individual level has important macromarketing implications (Lavarie and Macdonald 2007). The U.S. Department of Labor (2006) considers volunteer activities to be, “activities for which people are not paid, except perhaps expense.” Since the cost of volunteer labor is small, the value of a volunteer’s contribution to society has the potential to be much higher than comparable efforts in the private or public sector.

A recent study from the Johns Hopkins Center for Civil Society Studies finds the average contribution of nonprofit organizations to the GDP across eight different countries (Australia, Belgium, Canada, the Czech Republic, France, Japan, New Zealand, and the United States) to be 5%, with
volunteering accounting for about a quarter of this contribution (Salamon et al. 2007). The same study reports that volunteering is even more critical to the philanthropic revenue of nonprofit organizations than gifts of cash. For instance, during the year ended September 2006, 61.2 million Americans volunteered for an organization at least once, representing 26.7% of the population (U.S. Department of Labor, 2006). And in Australia in 2006, 5.2 million people (or 34% of the Australian population) participated in voluntary work by contributing 713 million hours to the community (Australian Bureau of Statistics, 2007). These individuals volunteer for a variety of reasons, but it is not clear how the reasoning of volunteers affects their propensity to volunteer on future occasions.

Conceptual Framework

The conceptual model is derived from Behavioral Reasoning Theory (Westaby 2005). The main premise of Behavioral Reasoning Theory (BRT) is that the reasons for individuals' behavior serve as a linkage between their beliefs (or values), global motives (including attitudes), intentions, and behavior. The BRT model is similar to the widely accepted values → attitude → behavior hierarchy (Homer & Kahle, 1988). The main difference is that in the BRT model, reasons serve as a partial mediator between individual values and attitudes towards a behavior.

Reasons play a key role in personal decisions, since they help individuals justify and defend their actions. The inclusion of reasons has been useful in prior behavior models that give a prominent role to attitudes, such as the Theory of Reasoned Action, the Theory of Planned Behavior, and the Theory of Trying (Bagozzi, 1992). In BRT, reasons commonly used by individuals to shape and control their behavior are presumed to result, at least in part, from the processing of their values. These reasons and values jointly determine their attitudes towards aspects of the environment.

While Laverie and McDonald (2007) used social-identity theory to model the volunteering of salespersons for a charity golf tournament, this theory’s focus on one’s self and self-identity is more appropriately applied to individuals in the business sector than the citizen sector. BRT offers the flexibility of including other-oriented concepts, as well as self-oriented concepts. Therefore, BRT offers a crucial advantage when considering volunteering in the citizen sector (as in this study) because of the ability to render a more comprehensive treatment of volunteering.

The conceptual model in Figure 1 illustrates the results of testing relationships between the individual values, reasons for volunteering, and pro-social attitudes examined in this study.

Sample and Measures

A large-scale sampling effort was undertaken in Australia using a mail survey approach. Survey data were collected from members belonging to The Cancer Council Australia (TCCA), Australia’s national non-government cancer control organization. We mailed surveys to 1000 randomly selected members in their database, with 362 completed surveys returned (36% response rate). TCCA members include those that have contributed either time through volunteering and/or made financial contributions to the organization in the past.

This same approach was also taken with three other non-profit organizations in Australia with similar rates of response. The other non-profit organizations were the following: 1) Australian Youth Orchestra (191 completed surveys), 2) Habitat for Humanity (46 completed surveys), and 3) Kids Under Cover (focused on helping troubled families) (98 completed surveys). Across the four groups, a total of 697 usable surveys were obtained.
Since the study focused specifically on volunteer behavior, individuals making only monetary donations to the organizations were eliminated from the sample. This left a final sample including 27 respondents from Habitat for Humanity, 64 from Kids Under Cover, 84 from the Australian Youth Orchestra, and 158 from TCCA for a final sample of 333 usable surveys. Although a large percentage of sample respondents were female (77.5% female vs. 22.5% male), these results are consistent with recent research using a similar sample (American Cancer Society sample: 72% female vs. 28% male) (Mayer, Fraccastoro and McNary 2007). The distribution is symmetric with the modal value being the 35-44 age category.

Measures of all latent variables were captured using previously validated scales. Measures for achievement and benevolence value priorities were based on Schwartz’s (1992) value survey. Subjects were asked to rate specific values according to how each serves as a ‘guiding principle in their life.’ These ratings were made using a nine-point scale that was marked with the following scale labels: opposed to my values (-1), not important (0), important (3), very important (6), and extremely important (7). Three items were used to capture each of the value priorities in the study.

Measures of value expression and career reasons for volunteering were based on the Volunteer Functions Inventory (VFI) from Clary et al. (1998). Subjects were asked to indicate how important or accurate each of the reasons for volunteering was to them, using a response scale ranging from 1 (not at all important/accurate) to 7 (extremely important/accurate). Five items were used to capture each of the reasons for volunteering.

Finally, measures of pro-social attitudes were based on the work of Webb, Green and Brashear (2000). Subjects were asked to indicate their level of agreement to a series of statements reflecting their attitudes toward helping others (AHO) and toward charitable organizations (ACO) in general, using a response scale ranging from 1 (strongly disagree) to 5 (strongly agree). Four items were used to capture AHO, and three items were used to capture ACO. While the original ACO scale included five items, two of these items are specific to monetary donations. Since this study focuses specifically on volunteer behavior, two items dealing specifically with monetary donations were not used in the measure of ACO.

Results
Figure 1 and Tables 1 represent the results of construct measurement using confirmatory factor analysis, as well as the final structural modeling using AMOS 7.0. Table 2 presents the results of hypothesis testing related to the structural path coefficients in the model associated with Figure 1.

Discussion
This paper compares the influence of two distinct reasoning paths on individuals’ pro-social attitudes in a volunteer context: other-oriented reasoning and me-oriented reasoning. It builds on recent macromarketing research concerning the impact of individual level volunteering on broader societal systems (Lavarie and Mcdonald 2007). The conceptual framework is based on ideas from Behavioral Reasoning Theory (Westaby 2005) that suggest individual reasons for a behavior have important influences on related attitudes. Attitudes, when widespread, have important societal implications. Thus, this study attempts to gain insight into how pro-social attitudes are influenced by individual reasoning processes. Common reasoning processes that can be generalized to broad segments of society are investigated, enhancing the importance of these findings at a macro-level.

The final structural equation modeling results suggest that attitudes towards charitable organizations and toward helping others are influenced by values directly and indirectly through functional motivations (reasons). Our research findings are consistent with Penner and Finkelstein...
(1998), where the value expression motive was positively and consistently associated with volunteer activity, as well as with Clary & Orenstein (1991), who found a positive link between altruistic motives and volunteer behavior. More recently, Mowen and Sujan (2005) showed that the functional motive of helping others was positively related to volunteer behavior while the self-enhancement motive was negatively related.

Previous to this study, relatively little was known about how volunteers’ reasoning about volunteering influenced the strength of their pro-social attitudes. Common social marketing practices have evaluated volunteer motivations in order to determine the best ways of promoting to their currently held reasons for volunteering (Bendapudi et al. 1996). However, in this study we considered the proposition that certain reasons individuals use to justify their volunteer behavior can have long term negative consequences. The results suggest that other-oriented reasoning functions to cultivate pro-social attitudes, which are vital in order to motivate pro-social behaviors in future situations. Conversely, results show that me-oriented reasoning (career motives in this study), had no positive effects on pro-social attitudes in volunteers. In fact we found evidence that me-oriented reasoning is detrimental to the cultivation of pro-social attitudes.

In his prior research on psychological contracts and motives for volunteering, Liao-Troth (2005) found that career motives were related to transactional psychological contracts, those that are short-term in nature and based on explicit and immediate tangible benefits. Liao-Troth goes on to suggest that volunteer motives to engage in relational psychological contracts with an organization over a longer period of time may be driven by altruistic (other-oriented) functions such as value-expressive, protective and enhancement reasons. The evidence from the present study suggests that these two paths offer divergent (if not sometimes competing) perspectives in explaining pro-social attitudes.

Though many non-profit organizations often stress social or personal benefits in their communication to volunteers, consumers helping others for their own gain may provide only temporary reprieves to ongoing societal issues. To truly create enduring attitudes that will lead to ongoing pro-social behaviors, long-term approaches addressing core societal values may be the only sure path. Consistent with past research, our findings bring into question evidence that egoistic, self-centered motives rather than altruistic or other-oriented motives are more strongly associated with volunteer behavior (Omoto & Snyder, 1995). Instead, our results support the notion that extrinsic rewards for oneself may be in direct conflict (or even block) intrinsic motivation to help others.

The study results also reveal a strong negative correlation between age and career motives for volunteering, suggesting that younger individuals may be especially susceptible to me-oriented reasoning for volunteering. While the use of me-oriented motivation may be an effective volunteer recruitment strategy for younger volunteers, charitable organizations should use this approach with caution. Relying too heavily on me-oriented motives may shortsightedly erode the very attitudes vital to ensuring the pipeline of volunteers flowing through charitable organizations continues running strong. Me-oriented motives may get volunteers into the pipeline, but the pipeline will leak if pro-social attitudes are not cultivated. Me-oriented reasoning does not appear to facilitate a continual giving cycle whereby individuals volunteering for these reasons will form the attitudes important to encourage pro-social behavior on future occasions, but other-oriented reasoning encourages the giving cycle to keep moving.
REFERENCES


FIGURE 1  
SUPPORTED PATHS AND CORRELATIONS IN STRUCTURAL MODEL (STANDARDIZED ESTIMATES)

* Path only weakly supported at p = .051.
### TABLE 1
**SCALE ITEMS, CONSTRUCT RELIABILITIES & FACTOR LOADINGS**

#### Values

<table>
<thead>
<tr>
<th>Construct</th>
<th>Alpha</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Achievement</strong> (α = .73; AVE = .48)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Successful (achieving goals, accomplishments)</td>
<td>.70</td>
<td></td>
</tr>
<tr>
<td>Ambitious (hardworking, aspiring)</td>
<td>.71</td>
<td></td>
</tr>
<tr>
<td>Influential (having an impact on people and events)</td>
<td>.67</td>
<td></td>
</tr>
<tr>
<td><strong>Benevolence</strong> (r = .51; AVE = n/a)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helpful (working for the welfare of others)</td>
<td>.80</td>
<td></td>
</tr>
<tr>
<td>Altruism (helping others, perhaps at the expense of yourself)</td>
<td>.64</td>
<td></td>
</tr>
</tbody>
</table>

#### Reasons for Volunteering

<table>
<thead>
<tr>
<th>Reason</th>
<th>Alpha</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value Expression</strong> (α = .86; AVE = .57)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am concerned about those less fortunate than myself</td>
<td>.74</td>
<td></td>
</tr>
<tr>
<td>I am genuinely concerned about the particular group I am serving</td>
<td>.60</td>
<td></td>
</tr>
<tr>
<td>I feel compassion toward people in need</td>
<td>.82</td>
<td></td>
</tr>
<tr>
<td>I feel it is important to help others</td>
<td>.87</td>
<td></td>
</tr>
<tr>
<td>I can do something for a cause that is important to me</td>
<td>.72</td>
<td></td>
</tr>
<tr>
<td><strong>Career</strong> (α = .91; AVE = .68)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volunteering can help me to get my foot in the door where I would like to work</td>
<td>.82</td>
<td></td>
</tr>
<tr>
<td>I can make new contacts that might help my business or career</td>
<td>.84</td>
<td></td>
</tr>
<tr>
<td>Volunteering allows me to explore different career options</td>
<td>.80</td>
<td></td>
</tr>
<tr>
<td>Volunteering will help me to succeed in my chosen profession</td>
<td>.85</td>
<td></td>
</tr>
<tr>
<td>Volunteering experience will look good on my resume</td>
<td>.80</td>
<td></td>
</tr>
</tbody>
</table>

#### Global Motives (Attitudes)

<table>
<thead>
<tr>
<th>Motive</th>
<th>Alpha</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attitude toward Helping Others</strong> (α = .86; AVE = .61)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>People should be willing to help others who are less fortunate</td>
<td>.74</td>
<td></td>
</tr>
<tr>
<td>Helping troubled people with their problems is very important to me</td>
<td>.73</td>
<td></td>
</tr>
<tr>
<td>People should be more charitable toward others in society</td>
<td>.85</td>
<td></td>
</tr>
<tr>
<td>People in need should receive support from others</td>
<td>.81</td>
<td></td>
</tr>
<tr>
<td><strong>Attitude toward Charitable Organizations</strong> (α = .82; AVE = .62)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charitable organizations have been successful in helping the needy</td>
<td>.85</td>
<td></td>
</tr>
<tr>
<td>My image of charitable organizations is positive</td>
<td>.69</td>
<td></td>
</tr>
<tr>
<td>Charity organizations perform a useful function in society</td>
<td>.81</td>
<td></td>
</tr>
</tbody>
</table>

*AVE = Average Variance Extracted

**Fit Indices (Measurement Model):**

- CFI = .96
- TLI = .95
- GFI = .91
- RMSEA = .043
- $\chi^2$ (194) = 343.65
TABLE 2
RESULTS OF STRUCTURAL MODEL ESTIMATION

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Hypothesized Relationship</th>
<th>Standardized Estimate</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>*Benevolence → Value Expression (+)</td>
<td>.59</td>
<td>p &lt; .001</td>
</tr>
<tr>
<td>H2</td>
<td>*Achievement → Career (+)</td>
<td>.29</td>
<td>p &lt; .001</td>
</tr>
<tr>
<td>H3</td>
<td>*Benevolence → AHO (+)</td>
<td>.37</td>
<td>p &lt; .001</td>
</tr>
<tr>
<td>H4</td>
<td>*Benevolence → ACO (+)</td>
<td>.22</td>
<td>p = .012</td>
</tr>
<tr>
<td>H5</td>
<td>*Achievement → AHO (-)</td>
<td>-.12</td>
<td>p = .037</td>
</tr>
<tr>
<td>H6</td>
<td>Achievement → ACO (-)</td>
<td>.04</td>
<td>p = .573</td>
</tr>
<tr>
<td>H7</td>
<td>*Value Expression → AHO (+)</td>
<td>.38</td>
<td>p &lt; .001</td>
</tr>
<tr>
<td>H8</td>
<td>*Value Expression → ACO(+)</td>
<td>.35</td>
<td>p &lt; .001</td>
</tr>
<tr>
<td>H9</td>
<td>Career → AHO (-)</td>
<td>.04</td>
<td>p = .498</td>
</tr>
<tr>
<td>H10</td>
<td>Career → ACO (-)</td>
<td>-.12</td>
<td>p = .051</td>
</tr>
</tbody>
</table>

Correlation Among Attitudes

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>*ACO ↔ AHO</td>
<td></td>
<td>.35</td>
</tr>
</tbody>
</table>

Correlation Among Control Variables

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>*Female ↔ Benevolence</td>
<td></td>
<td>.15</td>
</tr>
<tr>
<td>*Female ↔ Achievement</td>
<td></td>
<td>-.17</td>
</tr>
<tr>
<td>Female ↔ Value Expression</td>
<td></td>
<td>.07</td>
</tr>
<tr>
<td>Female ↔ Career</td>
<td></td>
<td>.07</td>
</tr>
<tr>
<td>*Age ↔ Benevolence</td>
<td></td>
<td>.17</td>
</tr>
<tr>
<td>*Age ↔ Achievement</td>
<td></td>
<td>-.37</td>
</tr>
<tr>
<td>Age ↔ Value Expression</td>
<td></td>
<td>.01</td>
</tr>
<tr>
<td>*Age ↔ Career</td>
<td></td>
<td>-.44</td>
</tr>
</tbody>
</table>

*Indicates Relationship was Significant at α = .05.

Fit Indices (Structural Model):
CFI = .94
TLI = .93
GFI = .90
RMSEA = .053
χ² (235) = 450.59
Regulatory Compliance or Collaboration: Impact on Corporate Social Responsiveness

Tracy L. Gonzalez-Padron, University of Colorado at Colorado Springs
Robert W. Nason, Michigan State University

This paper explores two related stakeholder phenomena that influence firm innovation and social responsiveness. The first is the question of stakeholder orientation’s impact on firm innovation and the second is the related impact of firm - government stakeholder partnerships on corporate social responsibility. The findings highlight two views of how regulations influence firm innovation. Customer, community, and employee responsiveness has a positive relationship with innovation, while regulatory responsiveness has a negative relationship. New evidence suggests that the effects on social responsiveness from collaboration with regulatory organizations are positive while a compliance orientation is negative. Implications are suggested that can help guide both public policy and management stakeholder strategy.

Introduction

This paper explores two related phenomena impacting firm innovation and corporate social responsibility. The first is the question of stakeholder orientation’s impact on firm innovation and the second is the related impact of partnerships with one stakeholder, government, on corporate social responsibility. Each of these issues will be discussed and empirical evidence presented which has both public policy and managerial implications. Firm behaviors which includes stakeholder orientation clearly advances societal goals, perhaps while enhancing firm profitability; and collaboration with public institutions as a strategy may further help achieve both macro and micro interests.

Corporate social responsibility (CSR) refers to the firm’s obligations to meet economic, legal, ethical and discretionary expectations that society has of an organization. Managers recognize that the role of corporations in society goes far beyond simply meeting obligations to shareholders. Corporations are shifting focus their focus to their social, economic, and environmental performance. While corporate leaders are talking about CSR, far fewer are incorporating corporate social responsibility in the ongoing actions and decisions of the firm. In response to activist campaigns, ever-increasing social and environmental regulations are forcing companies to change their practices.

For many companies, increasing government and regulatory scrutiny affects marketing strategy, and in particular, innovation. Further, companies operating in multiple countries experience varied institutional expectation and returns as a function of regulatory agencies, governments and communities, especially in developing countries (Doh and Guay 2006; Mohan 2006). In particular, the financial services industry has come under intense public and regulatory examination of governance and transparency compliance. Biotechnology firms face new challenges as their new products account for an increasing share of product approvals and their high costs are under scrutiny by regulators, employers, and consumers (Simon 2006). Pharmaceutical companies are also under pressure to provide treatments for diseases at a cost lower than needed to recoup development expenses (Blowfield and Frynas 2005; Khanna 2006), potentially stifling innovation and new product development (Calfee and Bate 2004; Miles...
and Munilla and Covin 2002). In many ways, the growing regulatory concerns over environmental impact of corporate practices have begun to influence marketing strategies (Menon and Menon 1997)

**Stakeholder Theory**

Instrumental stakeholder theory suggests that social responsiveness leads to sustained competitive advantage through innovation. Proponents of stakeholder theory argue that managers must satisfy various constituents (e.g., customers, employees, suppliers, local community organizations) that would withdraw support for the firm if important social responsibilities were unmet (Freeman 1984). Generally adopting a position that stakeholders are a means by which the firm achieves its assumed ends, instrumental stakeholder research includes a strategic approach to stakeholder management, providing direction for enhanced organizational performance (Friedman and Miles 2006). Sustainable companies develop expertise in understanding the formation of stakeholder groups, their key issues, and the potential for helping or harming the corporation. Freeman (1984) warns that consequences of not adopting a stakeholder approach include legal action, regulation, and loss of markets.

A social network perspective of stakeholder management suggests that innovations through new product development result in a particular need to consider a broad base of stakeholders that have direct relationships with one another (Bunn and Savage and Holloway 2002; Rowley 1997). Stakeholder orientation refers to the extent to which a firm understands and addresses stakeholder demands in daily operations and strategic planning. Adoption of a stakeholder orientation provides firms an opportunity to understand its impact on stakeholders, anticipate changing societal expectations and use its capacity for innovation to create added business value from superior social and environmental performance (Laszlo et al. 2005). Marketing research often considers six stakeholders: customers, employees, shareholders, suppliers, community, and government regulatory agencies (Maignan and Ferrell and Ferrell 2005). Marketers are in a prominent position to include stakeholder concerns in strategic planning and promote corporate social responsibility practices within the firm (Maignan and Ferrell 2004). The experience of marketers in developing customer relationships may extend to establishing relationships with other stakeholders, including regulatory agencies.

**Regulatory and Community Responses**

Managing the expectations of regulatory and community stakeholders is not a simple task. The first response is regulatory compliance, where companies focus on meeting regulatory standards (Epstein 2008) and philanthropic donations, where companies make one-time donations for social betterment. Subsequent levels of response recognize competitive advantages from becoming more socially responsible. One approach is voluntary adoption of industry organization or governmental frameworks for environmental and social performance. Examples include ISO1400, SA8000, and the UN Millennium Development Goals. Another approach is collaborating with regulatory agencies and nonprofit organizations. Distinct advantages are expected from partnerships with local communities or government agencies, such as reduced unfavorable litigation, reduced levels of negative publicity, favorable regulatory policies and increased innovativeness (Harrison and St John 1996). Anecdotal accounts highlight the positive outcomes from regulatory and community collaboration. For example, DuPont includes a diversity of stakeholders from India, Africa, and Latin America in developing a strategy for biotechnology development, even inviting environmental proponents such as the former head of Greenpeace International to provide divergent views on the issue (Hart and Sharma 2004). However, little empirical research exists examining the effect that responsiveness to regulatory agencies has on firm innovativeness and corporate social responsibility.

**Analysis**

This study examines the impact of customer, employee, shareholder, supplier, community, and regulatory orientation on innovation through multiple regression analysis using the Kinder Lydenburg Domini (KLD) database of social indicators. Through content analysis of annual reports of 160
companies, we further study the effects of collaborating with government and regulatory agencies on corporate social responsibility as opposed to firms focusing on compliance only.

Discussion

Our study finds that firms able to respond to multiple stakeholders through socially responsive actions experience greater innovation. Results show that responsiveness to customers, employees, and the community can increase innovation. However, findings suggest that attention to regulatory agencies can decrease innovation, through increased costs and restrictions. This negative relationship is not evident when the firm embraces collaborative approaches to regulatory and community issues.

We find that regulatory compliance, while a necessary part of doing business, results in lower corporate social responsiveness, whereas collaborative approaches has a positive affect on corporate responsiveness. Our study provides support for initiatives such as the UN Global Compact that stress voluntary and collaborative efforts in addressing social issues. Emerging themes from the individual collaboration projects provide important insights for marketers. Outcomes relating to marketing include improved products or services, access to markets, shaping future markets, and increased reputation.

Conclusions

The findings highlight how balancing multiple stakeholders influences firm innovation and social performance. Customer, community and employee responsiveness has a positive relationship with innovation, while regulatory responsiveness has a negative relationship. New insights about the effects of tactics such as collaboration or compliance has on corporate social responsibility can help guide both public policy and management stakeholder strategy.

References


A Note on Institutional and Social Aspects of Marketing Systems

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The function of markets is economic; however markets can also be examined as social constructions. Whereas the concept of a market calls to mind ideas related to exchange, the concept of a marketing system draws attention to the actors involved. Marketing systems exhibit a number of elements or facets, and consequently may be examined in diverse ways for different purposes (Fisk 1967). An issue of interest for the present paper is the network of relationships among actors involved in a marketing system.

The systems approach naturally draws attention to interdependencies among market actors, including non-exchange entities who can influence market outcomes. To prevent chaos in this interactive and interdependent system, the participants devise (and evolve) roles and rules. The actors are therefore not to be viewed as faceless maximizers, but rather as identities with specific interests and objectives. This abstract explores roles and rules in networked relationships, drawing from the institutional economics and sociological literatures to focus on aspects of network relationship management.

Roles

The role of any individual in society involves both position and expectations; this is also true of actors in a marketing system. Whereas the economic functions of various types of actors may be somewhat standardized (for example, wholesalers or retailers), positions are not. Positions are created by the actors, are purposely maintained, and are subject to evolutionary adjustment as required by environmental change. The process is described by sociologist Harrison White as follows: “In my view, firms seek niches in a market in much the same way as organisms seek niches in an ecology. Because each firm is distinctive, they are engaged not in pure competition but in finding and sustaining roles with respect to one another given an environment of discerning buyers,” (1981, 520). This niche-seeking is accomplished by firms observing each other, with close attention to the characteristics of their offerings and resultant sales figures. The property of discernment on the part of buyers means that the niches occupied by the various sellers are largely defined by product differentiation.

Given the close connection between product differentiation and niches, actors continuously monitor other actors’ offerings so as to clarify their position in the system (Leifer and White 1987). The result is continuity and stability. “Markets are defined by self-reproducing cliques of firms, and not the other way around,” (White 1981, 520). That is, participants shape the market. The market system is a social construction designed to do the economic work of self-interested actors.

Assuming all available niches are filled by incumbent firms, new entrants would represent a highly destabilizing event in the system. Attention to entry barriers would thus be an important aspect of role maintenance. That is, new entrants would pose a threat not only to market shares but to organizational identities. Competitors may cooperate to keep potential entrants from entering the market. Limiting entry preserves the stability of the system but may, of course, have adverse consequences for consumer welfare.

Expectations concerning the various actors are related to social capital. That is, reliable expectations enable the system to function smoothly. Reputation is most commonly discussed in terms of...
consumers’ perceptions of sellers, but reputation is an important element in the relationships among and between actors in a marketing system. Fisk (1967) observes that a firm needs the goodwill of groups and organizations with which it comes in contact. Similarly, McMillan notes: “For a market to function well, you must be able to trust most of the people most of the time…,” (2002, 228). This is manifest in the relationship between buyer and seller. It is also true of the relationship between competitors, albeit perhaps in a more nuanced way. Market actors are complex entities in the sense that they have a multiplicity of interests in the marketplace, some of which converge with and some of which diverge from the interests of related actors.

As Layton notes: “Cooperation and competition may coexist in networked exchange as individuals and entities…seek to build on existing links or to form new links with current or potential participants, “ (2007, 233). Competitors act and react in predictable ways, thus contributing to the stability of the system. Competitors also have a number of interests in common, hence an incentive to cooperate on those matters. For example, competitors have a common interest in the growth and stability of the market, in the maintenance of networks of suppliers and various specialists, and in limiting new entry. They also have common interests in shaping the rules which govern transactions and other activities in the marketing system.

**Rules**

Marketing systems are complex webs of interdependencies that require management of relationships within the system (Layton 2007). The question is: how are relations managed in a complex and dynamic setting? Institutional economics emphasizes the role of socially-constructed guidance in shaping behaviors, in opposition to the notion of independent and individual utility maximization in neoclassical economics. In general, institutions are guidelines which direct actions and choices, encouraging certain behaviors and discouraging others. A set of interrelated institutions constitute the “rules of the game” by which orderliness is attained and maintained in social interactions, including economic interactions.

These rules promote stability and predictability of behavioral patterns, thus providing repetition and replication of the system (Neale 1987). This is essential to planning, coordination and cooperation by market actors. Indeed some institutionalists use the phrase “prescribed pattern of correlated behavior” to emphasize the importance of coordination in interactions (e.g. Bush 1987). Even competition is carried out according to well-understood rules (which may vary considerably from one market system to another). Another property of institutions is justification: institutions come packaged with an explanation of their existence and meaning (Neale 1987). Thus actors in a market system know what is expected of them, have a rationale for their actions, and usually have an idea when they can bend the rules without provoking an overly harsh reaction from others.

Institutions themselves fall into two broad categories: formal and informal (Gordon 1980). Veblen (1909) described the informal as “settled habits of thought.” Typically these are norms or expectations which become internalized and routinized over time. These informal institutions constitute the culture of a market—a self-regulating system of norms and conventions which direct the behaviors of the participants (McMillan 2002). In certain markets, a nod or a handshake are held to be sufficient surety to close deals worth substantial sums.

Formal institutions, on the other hand, reflect a situation in which the content of the rule is controlled by a designated authority rather than by a tacit understanding of the collectivity (Redmond 2005). Formal institutions have established enforcement mechanisms and well-defined sanctions, although the threats implied by these are not necessarily more effective than in informal institutions. In marketing systems, formal institutions include general laws respecting such things as contract or property rights, and market-specific regulations.

Network actors have considerable self-interest in the content of such formal rules and consequently devote time, energy and money to managing relationships with legislators and
administrators. This situation highlights an ecological characteristic of marketing systems: in addition to adapting to their environment, the market actors attempt to adapt their environment to themselves (Samuels, Schmidt and Shaffer 1994). Such adaptations are not necessarily optimal for consumers, for example, where regulations restrict the range of product offerings or the operating hours of retailers.

Conclusion

Social and institutional perspectives appear well-suited to illuminate certain aspects of marketing systems. In the present discussion, the roles of market actors and the rules under which they act are examined. Actors observe not only each other but also the effects of the rules on their own well-being. They understand the rules, whether formal or informal, to be limitations on their freedom of action and also as presenting opportunities for advantageous adjustment.

Observation of others and product differentiation give rise to identity and position in the marketing system. Relationships and reputations are important facets of the social role of market actors, and must be consistent in order to be coherent to others. Consistency also applies to the rules. Except in the case of illegal enterprises, the informal rules must be consistent with the formal ones. Indeed the various elements tend toward a common and consistent end: “Your trust in your trading partners rests on both the formal devise of the law and the informal device of reputation,” (McMillan 2002). In this respect, marketing systems are a mirror of social systems generally.

References


What Does Macromarketing Have to Say about Marketing Strategy?

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Abstract

What does Macromarketing have to say about marketing strategy? This is a question often unasked, and more often unanswered. When studying the effects of marketing and marketing systems on society, and the effects of society on marketing and marketing systems, Macromarketers tend to downplay or ignore the managerial and/or strategic aspects of their research. Similarly, researchers interested in micro-managerial marketing rarely consider the implications of actions beyond those with a direct stake in managerial decisions. In both cases, the resulting division between macro- and micro-concerns is to marketing’s peril. When Macromarketing scholars set aside the managerial considerations of marketing systems and aggregate marketing activities, we marginalize ourselves and the potential impact of our work. At the same time, when micro-marketing research ignores the concerns and lessons of raised by Macromarketing, the value of its conclusions is undercut, because they fail to recognize the systemic consequences of local optimization. Those hurt most are those engaged in the daily practice of marketing, and the customers and segments whose interests they are trying to serve. The purpose of this paper is to examine the ways in which macromarketing can contribute to the strategic marketing toolbox, and enhance the role of marketing in creating value and improving the well-being of society.

Our work begins with a re-examination of Bartels’ and Jenkins’ (1977) Journal of Marketing article on Macromarketing. Thirty years ago, they reported on their observations of the early meetings of what is now the Macromarketing Society. At the time, it was expected that Macromarketing would have a substantial impact on the marketing practice. Their article, “Macromarketing: What is it? What should it be? How should it be managed and taught?” won the Harold H. Maynard Award for its impact on marketing thought and practice. The impact on the academy is there, to be sure. There is a Macromarketing Society, a Journal of Macromarketing (in its 27th volume), and conferences on Macromarketing have been held annually since 1976. The AMA’s most recent definition of marketing (“the activity, set of institutions, and process for creating, communicating, delivering and exchanging offerings that have value to customers, clients, partners and society at large”) recognizes implicitly the importance of Macromarketing issues, as it has been recognized explicitly in discussions of the future of marketing thought.

Yet the impact of Macromarketing on managerial practice has not lived up to its initial billing. Why is this? The definitions and boundary conditions that have defined Macromarketing have been a two-edged sword: they have served to fence-in, as much as fence-out, issues of strategic and managerial marketing. The purpose of this paper is to ask, 30 years on, what impact has Macromarketing (theory and phenomena) had on strategic marketing, and what impact should it have in the future?

References
