

Facilitating the Development of Innovative Competencies and Strategic Marketing Sustainability Commitment

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Abstract

Innovations are the main driving force of enterprise development. Therefore, many enterprises improve their performance on the market through fostering of innovation. Sustainable development must be incorporated into business models helping enterprises and industries to become more responsible and at the same time efficient. It represents the *conditio sine qua non* for enterprise positioning as a successful and competitive factor that delivers top value to consumers and other stakeholders, directly or indirectly involved in building a sustainable society. The aim of the paper is to determine how and to what extent innovations are contributing in shaping of a strategic marketing orientation for sustainability. The purpose of the paper is to present utility of innovations in responsible and sustainable enterprises on their applied marketing strategy. In this sense, it is assumed that the enterprises which are encouraged to develop sustainable innovations, apply a strategic marketing orientation for sustainability. The survey was conducted on a sample of experts of largest successful Croatian enterprises. In order to establish the importance of innovation adaptation to and its impact on achieving sustainability marketing strategy, a correlation analysis was conducted between independent and dependent variables that represent the attitudes of respondents regarding strategic sustainable marketing issues and applied innovation. Correlation analysis showed strong connection between factors that drive innovation implementation and some factor of marketing efficiency. This model represents a good basis for organizational adaptation since it represents an innovative approach in marketing planning and thus strategic commitment to the sustainability principle.

Keywords: innovation, strategic marketing, sustainability, strategic marketing orientation for sustainability.

JEL classification: M31, O31, Q56.

1. Introduction

Reasons for development and application of enterprise innovations focused on the sustainability derives from different expectations. Some motives are regulation driven, while others are voluntary reactions, both in order to alleviate public criticism coming from activists or societies. Also, increased demand through consumer awareness of environmental production related issues is a kind of motivation for enterprises to develop or foster more sustainable approach in delivering sustainable products and / or services. In addition, the recognition of its own social responsibility should be added, which encourages the corporate sector to initiate sustainability programs in co-operation with an extended spectrum of stakeholders.

The issue of sustainability-based innovation is a consequence of the negativity that results from economic growth that has not been in line with environmental, economic or social systems for a long time.

Sustainable development must be incorporated into business models helping enterprises and industries to become more responsible and at the same time efficient (Hart and Milstein, 2003). Efficiency requires synergies between economic, social and ecological components that have a long-term impact on business success by creating value for stakeholders. Therefore, the key question is how is possible to interconnect sustainability and innovations and what would be the models which synergic enable them.

Increasing public awareness forces the corporate sector to introduce new products, processes or business models by implementing innovations. Moreover, it is considered that sustainability requires the development of innovations which will altogether help in solving

economic, environmental and social. This will represent changes in the existing socio-economic system. (Bocken et al., 2014). It is commonplace that the debate on sustainability and innovation includes a discussion on sustainability-oriented innovations (Klewitz and Hansen, 2014; Maletić et al., 2015; Adams et al., 2016), sustainable innovations (Boons et al., 2013; Clausen and Fichter, 2016), eco-innovation (Ekins, 2010), innovations oriented to socially responsible business (Gallego-Álvarez et al., 2011) as well as discussing the development of more sustainable (improved) management systems (Maas and Reniers, 2013; Verboven and Vanherck, 2015).

Sustainability as a dominant component of corporate culture is directly or indirectly manifested through the delivery of specific values to consumers and other involved stakeholders. This is a consequence of innovations being implemented in business processes. The marketing strategic orientation for sustainability comes from the such defined corporate culture. This is the framework for the development of responsible business policies. Therefore, organizational innovation, business process, product and / or service innovation is a key component of a strategic marketing orientation for sustainability.

2. Methodology

For the purposes of empirical research, primary data on attitudes and opinion of relevant respondents, primarily marketing experts and experts actively pursuing sustainable development policy, have been collected.

The research was conducted on the sample of representatives of successful Croatian enterprises. The survey included the four hundred largest companies registered in the Republic of Croatia in 2017, selected according to the criterion of total income, export income, after tax profit, asset value, profit share in total revenue and total assets, share of total exports, income, and net profit margins generated in 2016 (Jerčinović, 2019). The enterprise list was formed according to the Croatian Financial Agency data. The argument for choosing such a sample is the fact that, according to Vrdoljak-Raguž and Hazdovac (2014) larger enterprises are more prone to implement sustainable development measures through socially responsible behaviour policies. Also, these enterprises are carriers of all-important changes and set standards for other, especially smaller market participants.

The survey was conducted during the second half of 2018. The questionnaire was sent to 392 e-mail addresses from enterprise list. Ultimately, 112 fully completed questionnaires were collected.

To measure the construct *Strategic Marketing Sustainability Commitment* five-degree Likert scale was selected and an exploratory factor analysis was performed to establish a smaller number of relative factors of the final construct. Factorization yielded two factors.

For the purpose of examining the differences of the arithmetic levels achieved for the scale "*strategic marketing sustainability commitment*", i.e. its two components "*differentiation through sustainability*" and "*sustainable marketing management*", a t-test for independent samples was performed. In order to establish the initial relationship, i.e. the strength of the relation between the variables in the proposed model (dependent and independent variables) a matrix of correlations has been calculated to determine which independent variables have the greatest influence on the dependent variables (Jerčinović, 2019). For the same purpose, Pearson's correlation coefficient was calculated, and 2-tailed testing correlation significance.

3. Innovative Competencies and Strategic Marketing Sustainability Commitment

To be determined how the innovations of responsible and sustainable enterprises have a beneficial effect on the development of the marketing strategy of the company, it was assumed that the enterprises which are encouraged to develop and / or implement a notable number of

organizational and productive sustainable innovations have strategic Marketing Sustainability Commitment (Jerčinović, 2019).

3.1. Marketing Sustainability Commitment

For the purpose of enterprise's representatives attitude research, an exploratory factor analysis of the 19 items scale Marketing Sustainability Commitment with Varimax rotation factor was conducted. Factorization yielded 11 items and two factors. Based on the theoretical construct developed for this purpose, two variables were established (Table 1). They were named: “*differentiation through sustainability*” and “*sustainable marketing management*” (Jerčinović, 2019).

Table 1. Extracted components and explained variance

Component	characteristic root	% variance	cumulative %
1. Differentiation through Sustainability	7,911	52,739	52,739
2. Sustainable Marketing Management	1,568	10,453	63,192

Source: Jerčinović, 2019, p. 185

After component matrix rotation, simple factor structure has been achieved (Table 2).

Table 2. Component analysis of the scale "strategic marketing orientation of successful enterprises"

items	component	
	1	2
we systematically research and consider the needs and desires of our customers in a way that always aligns with the concern for social and ethical issues	0,169	0,899
in production we strive to use as much environmentally friendly raw materials and packaging as possible	0,075	0,916
sustainability is an opportunity to emphasize the greater value (differentiation) of products and / or services	0,341	0,648
strategic marketing planning implements elements of the triple bottom line concept	0,765	0,078
information regarding environmental management and corporate social responsibility are regularly provided to all stakeholders	0,740	0,245
different departments (marketing, production, procurement) work intensively on sustainability issues	0,777	0,261
eco-labels and environmental certificates are used	0,778	0,273
market research is conducted to obtain information about the meaning of the "green" / "sustainable" concept for consumers	0,814	0,183
market research is directed towards detecting the "green" and "sustainable" needs and desires of the consumers	0,803	0,328
environmental issues are considered in the design process of new products and / or services	0,630	0,364
our enterprise strives to meet the environmental, social and economic requirements of all stakeholders	0,671	0,160

Source: Jerčinović, 2019, p. 185

Furthermore, the scale reliability was established with the Cronbach alpha coefficient. For subscale „*differentiation through sustainability*“ and for subscale „*sustainable marketing management*“ (Table 3).

Table 3. Cronbach α reliability factor for Marketing Sustainability Commitment

Subscale	α	N
1. Differentiation through Sustainability	0,833	4
2. Sustainable Marketing Management	0,915	4

Source: Jerčinović, 2019, p. 186

Cronbach alpha coefficients have proven to be reliable for both components. For component „*differentiation through sustainability*“ it was $\alpha = 0,833$, and for component „*sustainable marketing management*“ it was $\alpha = 0,915$ (Jerčinović, 2019). So, it can be argued that the reliability of the components is very good

3.2. Factors of organizational-productive sustainable innovativeness

There is obvious mutuality between the commitment for sustainability and enterprises that are driven by innovation. The outcome of such a link has beneficial effect which is contributing to development of possible competitive marketing strategy (Maletič et al., 2014). In that sense, it can be assumed that enterprise which has been researching, developing and / or implementing a notable number of organizational and production sustainable innovations in the last two years, has applied a strategic marketing commitment for sustainability (Jerčinović, 2019).

For the purpose of examining the differences between arithmetic levels achieved for the “*marketing sustainability commitment orientation*” scale, i.e. its two components “*differentiation through sustainability*” and “*sustainable marketing management*”, t-test for independent samples was carried out. Namely, those enterprises that have been promoting, developing and / or implementing a notable number of organizational and productive sustainable innovations in the last two years have achieved a higher value on the “*differentiation through sustainability*” scale ($M = 3,47$, $SD = 0,86$, $n = 89$) in comparison with enterprises that haven’t been doing it ($M = 3,14$, $SD = 1,15$, $n = 23$), with a difference that is statistically significant ($t = 1,435$, $p = 0,003$). The similar is achieved for same enterprises when they have been realizing higher values for “*sustainable marketing management*” scale ($M = 3,30$, $SD = 0,11$, $n = 89$) in comparison with enterprises that haven’t been realizing it ($M = 3,14$, $SD = 1,15$, $n = 23$) with a difference that is statistically significant ($t = 1,140$, $p = 0,014$) (Jerčinović, 2019).

T-tests for independent samples have been conducted for those enterprise that have been developing, approving, and / or producing / realizing a significant number of viable innovative products and / or services in the last two years in comparison with enterprises that haven’t been doing it. Those enterprises have also achieved a higher value on the „*differentiation through sustainability*“ scale ($M = 3,84$, $SD = 0,81$, $n = 92$) in comparison with enterprises which haven’t been generating development, approving the adopting and / or producing/ realizing a significant number of viable innovative products and services ($M = 3,53$, $SD = 1,94$, $n = 20$) with a difference that is statistically significant ($t = 1,682$, $p = 0,032$). The similar is achieved for same enterprises when they have been realizing higher values for “*sustainable marketing management*” scale ($M = 3,96$, $SD = 1,28$, $n = 92$) in comparison with enterprises that haven’t been realizing it ($M = 3,68$, $SD = 0,73$, $n = 20$), with a statistically significant difference ($t = 1,064$, $p = 0,029$) (Jerčinović, 2019).

The development of competencies that encourage the organization's ability to develop sustainable development are prerequisites for competitiveness (Van Kleef and Roome, 2007) because these capabilities allow them to create a new product and / or service with new added value by improving organizational or production processes and making it easier to adapt to changes on the market. In order to establish the importance of adaptation to innovation and its impact on achieving sustainability marketing strategy, a correlation analysis between the variable "*differentiation through sustainability*", "*sustainable marketing management*" and "*Organizational-production Innovation*" and "*Innovative Products*" was conducted. They represent attitudes of respondents regarding strategic marketing management in sustainability conditions through the promotion, development and implementation of organizational, productive, sustainable innovations that have occurred in the last two years to the beginning of the research, as well as development, approved adoption and production and / or realization of viable innovative products and / or services (Jerčinović, 2019). Previously, the normality distribution by Lilliefors' modification of Kolmogorov-Smirnov test was verified (Table 4).

Table 4. Test of normality of distribution factors of organizational-production innovation and strategic marketing orientation for sustainability

Variables	N	Kolmogorov-Smirnov Z	Sig.
Differentiation through Sustainability	112	0,144	0,000
Sustainable Marketing Management	112	0,098	0,010
Organizational-production Innovations	89	0,223	0,022
Innovative Products	92	0,193	0,000

* Lilliefors' modification of Kolmogorov-Smirnov test

Source: Jerčinović, 2019, p. 198

The conducted normality distribution test of "*organizational-production innovation*" factor and "*strategic marketing sustainability commitment*" is significant, which means that the distribution of the results from the sample is statistically significantly different from the normal distribution. Therefore, correlation analysis, which examines the relationship between variables, will use the Spearman correlation coefficient. This correlation has confirmed the statistically significant relationship between the variables that represent the commitment to organizational-production innovation and variables "*differentiation through sustainability*" ($r_s = 0,816$, $p = 0,000$) and „*sustainable marketing management*“ ($r_s = 0,840$, $p = 0,000$) (Jerčinović, 2019). Correlation analysis is given in Table 5.

Table 5. Correlation analysis between variables "*Differentiation through Sustainability*", "*Sustainable marketing management*", "*Organizational-production Innovation*" and "*Innovative Products*"

Variables		Differentiation through Sustainability	Sustainable marketing management	Organizational-production Innovation	Innovative Products
Differentiation through Sustainability	correlation coefficient*	1,000	0,481**	0,616**	0,033
	Sig. (two-tailed)	.	0,000	0,000	0,756
	N	112	112	89	92
Sustainable marketing management	correlation coefficient*	0,481**	1,000	0,541**	0,042
	Sig. (two-tailed)	0,000	.	0,000	0,688
	N	112	112	89	92
Organizational-production Innovation	correlation coefficient*	0,616**	0,541**	1,000	0,012
	Sig. (two-tailed)	0,000	0,000	.	0,908
	N	89	89	89	89
Innovative Products	correlation coefficient*	0,033	0,042	0,012	1,000
	Sig. (two-tailed)	0,756	0,688	0,908	.
	N	92	92	89	92

** Statistical significance 0.01 (two-tailed), *Spearman's rho

Source: Jerčinović, 2019, p. 201

Stimulating development and implementation of organizational and productive sustainable innovations, which are a good basis for organizational adaptation since they represent an innovative approach in marketing planning and thus a strategic commitment to the sustainability principle.

4. Some limitations of the research

Researches conducted in Croatian enterprises have been traditionally encountering latent resistance because of various demotivating factors within respondent's population. The same thing happened with this research, refusing to cooperate meant returning many unanswered questionnaires.

Mostly large Croatian enterprises are included in this research. Total of 392 questionnaires were sent, from what 112 or 28.57% completed questionnaires were fully collected.

In the specific research context of Croatian enterprises there is no similar research has been conducted, so this could be one of significant contribution. Considering the mentioned shortcomings, there are no previously tested measuring instruments, so there is no possibility to compare the obtained results.

In this case quantitative method was carried out, so in some future research it would be good to be used qualitative methods as well in order to gain a more complex insight into this very complex issue.

5. Conclusion

The strategic marketing component can be leveraged through the two main assumptions of innovation in the enterprise: one that involves the promotion, development and implementation of organizational and production sustainable innovations. Both marketing components main goal is generating enterprise development and growth by adopting proposals for innovative production or products. In the case of the researched enterprises, it can be concluded that the most significant influence is organizational product innovation. They are located within the company's internal domain and are important for organizing production and management processes where marketing has a prominent role. After all, in earlier researches a major shift has been established in the marketing paradigm of Croatian enterprises. The process of organizational innovation is likely to be the result of early adoption of modern marketing management trends by domestic managers. Such adaptation can be interpreted through education as well as dynamic monitoring of changes in marketing environment. According to the attitudes of Croatian managers, it is difficult to be original or innovative because of the large market saturation.

It is obvious that organizational innovation, business process innovation, product or service innovation significantly influence the formation of a strategic marketing orientation for sustainability. Without a strategic marketing approach that sublimates the basic marketing postulates through the sustainability paradigm, it is not possible to expect enterprises to strive for organizational-productive innovation to a greater extent.

Strategic marketing commitment to sustainability as a new marketing paradigm shift, as well as the values it delivers to the business, can serve managers as an excellent management tool. A strategic marketing commitment for sustainability acts favourably on business outcomes and overall market efficiency. This enables companies to position themselves at a higher level of business competitiveness and market efficiency. By applying the sustainable marketing principle, managers can more effectively utilize the existing resources and capacities of the enterprise. Therefore, the results of this research could be used as a strategic template

for planning and implementing marketing plans that combine innovation and sustainability principles.

The strategic marketing commitment to sustainability is conditioned by innovation processes which enables the creation of an authentic marketing strategic domain that clearly emphasizes the principles of sustainability and as such clearly defines modern marketing as an important lever in achieving fundamental sustainability issues

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