

Sustainable Market Orientation: Its Applicability in Conservation and Tourism Management

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We have just begun to acknowledge that society at large might be interested in performance features of the economic system other than the total current output and its distribution. Thus it appears that we need to move on to a rather different and substantially expanded conception of both the corporation and society if we are to make significant or practical progress. (Preston, 1975,p.9).¹

¹ Preston, L. E. (1975). Corporation and Society. *Journal of Economic Literature*, 13, 434-453.

Thesis Abstract

This thesis explores the strengths and weaknesses of market orientation as a corporate management concept and identifies opportunities to increase its value through an increased focus on environmental and social management. It proposes the integration of two management paradigms; market orientation and sustainable development as sustainable market orientation. The market orientation attributes include market and customer responsiveness, market intelligence organisational integration, profitable performance. Sustainability management attributes include balanced strategic management of environmental, social and economic strategy elements, long term intergenerational strategy horizons and social equity. The second part of the thesis reports on exploratory research to evaluate the managerial usefulness of the SMO concept in both public administration and business management. Case study research was conducted in a New Zealand regional tourism community where the integration of economic, social and environmental management is a critical aspect of strategy management. The value of the SMO conceptual model as a management frame was confirmed in both the public and private sectors. Sustainability based management was found to be most advanced in the public sector case, but identifiable elements of sustainability strategy were found in the private sector cases. Management implications of applying an SMO are discussed. The most challenging is to develop mechanisms that achieve a balance in long term environmental, social and economic strategy.

The research provides a basis for replication research to further understand SMO management in different organisations, industries and cultures. The long term objective is development of normative management constructs and performance metrics.

Preface

This doctoral thesis is submitted in the form of papers. There is an introductory chapter, explaining the purpose of the research, three chapters featuring papers that have been submitted to academic journals and a concluding chapter reviewing the research outcomes.

The spark for my thesis was work of colleagues in the University of Otago's Marketing Department; Professors Brendan Gray and Shelagh Matear. Their work suggested that management of market orientation should be considered as a continuum in a constantly changing political, social, economic and physical environment. At the same time, sustainability was nominated as an emerging area for research by Professor James Higham.

My preliminary investigation revealed potential for investigation of the application of sustainability in corporate management, I was encouraged in my literature review by Professor John Cadogan (market orientation) Professor Juergen Gnoth, and Dr Maree Thyne (marketing and tourism theory). Invaluable support and encouragement came from my supervisors, Dr Ben Wooliscroft and Professor James Higham. I am grateful for their sound advice on the design and management of the empirical research; and their patient prodding.

Throughout my journey, I was fortunate in the company and the academic stimulus of a moving cohort of Marketing Management PhD candidates. Two retreats in the Catlins organised by the Greenhouse group were special. My adventure was enlivened by investment in a successful business enterprise, Orange Consulting, with fellow students: Tim Breitbarth, Francisco Conejo, Sue Caple, David Ermen, Jean-Baptiste Faucher, and Kerry Kirkland.

I especially valued the quiet optimism and urging of my three daughters, Ella, Sophie and Clare. Lastly I wish to thank my partner Jan Paterson, for challenging discussions on marketing concepts, ethics and practice; and giving me the time and space needed to reach the finishing line.

Robert Mitchell

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List of Abbreviations

CEO	Chief Executive Officer of a company
CERES	California Environmental Resource Evaluation System
CRI	Crown Research Institute
DF	Destination Fiordland (regional tourism promotion organisation).
DoC	New Zealand Department of Conservation
EU	European Union
FNP	Fiordland National Park
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
IUCN	International Union for the Conservation of Nature
MAF	Ministry of Agriculture and Fisheries (New Zealand)
ME	Ministry of the Environment (New Zealand)
MED	Ministry of Economic Development (New Zealand)
MO	Market Orientation
MoT	Ministry of Tourism (New Zealand)
MP	Member of Parliament (New Zealand)
NZ	New Zealand
NZBCSD	New Zealand Business Council for Sustainable Development
OECD	Organisation for Economic Cooperation and Development
PCE	Parliamentary Commissioner for the Environment (New Zealand)
RTO	Regional Tourism Organisation
SD	Sustainable Development
SME	Small and medium sized business enterprises
SMO	Sustainable Market Orientation
SNZ	Statistics New Zealand
SRC	Southland Regional Council
TIANZ	Tourism Industry Association of New Zealand
TNZ	Tourism New Zealand; the government tourism promotion agency
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations Organisation
UNCED	United Nations Commission on Environment and Development
UNESCO	United Nations Educational Scientific and Cultural Organisation
USA	United States of America
VS	Venture Southland (Southland regional economic development organisation funded by local government)
WBCSD	World Business Council for Sustainable Development

Key Definitions

Key Definitions

Corporate Citizenship (Section 1.3.2)

"The process of identifying, analysing and responding to the company's political and economic responsibilities as defined through law and public policy stakeholder expectation and voluntary acts flowing from corporate values and business strategies...Corporate citizenship involves actual results and the processes through which they are achieved."(Post, 2000) : 9

Corporate Strategy (Section 1.3.2)

"Corporate strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes or goals, produces the principle policies and plans for achieving those goals and defines the range of business the company is to pursue, the kind of economic and the human organisation it is or intends to be, and the nature of the economic and non economic contribution it intends to make to its shareholders, employees, customers and communities" (Andrews, 1980,p. 52).

Dominant Social Paradigm

Pirages (1977) : 6 explains the Dominant Social Paradigm is a useful shorthand term for the " constellation of values beliefs, and shared wisdom about the physical and social environments." which constitute society's basic world view. Transmitted from generation to generation via institutional socialisation, a DSP forms the core of societal social heritage and guidance for both individual and institutional behaviour.

Dunlap and van Liere (1984,p. 1013).

Ecological Paradigm

"Ecology is concerned with the biology of groups of organisms and with functional processes on the land, in the oceans and fresh water and in the air. Ecology can also be defined as the study and structure and function of nature. Ecologists seek to explain or understand nature which is a search for knowledge in the pure scientific tradition. They will also try to predict what will happen to organisms, populations or communities under particular sets of circumstances"

The science of ecology provides the knowledge for human beings to manage their activities in relation to the environment, the forces of nature the plants and animals around them in order to survive. As population has increased and humans have increased their power to alter the environment, this knowledge has become more important and give us the tools to maintain the quality of human civilization." (Buchholz, 1998, p.26-27).

Market Orientation (Section 1.3.4)

"Market orientation is the organisation-wide generation of market intelligence pertaining to current and future customer needs dissemination of the intelligence across departments and organization-wide responsiveness to it." (Kohli & Jaworski, 1990,p.6).

Stakeholder (Section 1.3.2)

“Any group or individual who can affect or is affected by the achievement of the organisation’s objectives.” (Freeman, 1984,p. 46).

Sustainable Development (Section 1.3.5)

“Sustainable development is not a fixed state of harmony, but rather a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs.”(UNO, 1987,section 3.27).

Sustainable Market Orientation (Section 1.3.8)

“SMO comprises the institutional marketing management where the firm utilises sustainable management principles to: anticipate and meet customer needs through the effective integration of comprehensive environmental intelligence, with operational and marketing systems; apply profitable and socially responsible value systems; and generate positive, long run outcomes in economic, social and environmental terms that are acceptable for primary stakeholders who derive direct financial benefits from firms and secondary stakeholders who gain indirect economic social and environmental benefits.

(Mitchell, Wooliscroft, & Higham, 2010,p. 161).

1. Introduction.

Over the past four decades, there has been widespread, science-based questioning of the dominant social paradigm and the conviction that economic profit and growth are the best course for long-term societal management and business practice. These complex issues are now affecting the actions of consumers, markets, businesses, voters and governments. The following four statements capture this shift and encapsulate a challenge to neoclassical economics, showing also the emergence of sustainability-based management as an alternative paradigm:

If the present growth trends in world population, industrialisation, pollution, food production and resource depletion continue unchanged the limits to growth on this planet will be reached sometime within the next one hundred years. The most probable result will be a rather sudden and uncontrollable decline in both population and industrial capacity.

It is possible to alter these growth trends and to establish a condition of ecological and economic stability that is sustainable into the future. (Meadows, Meadows, Randers, & Behrens, 1972,p.23-24).

We have just begun to acknowledge that society at large might be interested in performance features of the economic system other than the total current output and its distribution. Thus it appears that we need to move on to a rather different and substantially expanded conception of both the corporation and society if we are to make significant or practical progress.... At the micro level, new techniques for dealing with discrete variables and combinations may soon permit the construction of rather rigorous models of the multi-purposed firm (and even give life to the analysis of the multiproduct firm ...). (Preston, 1975,p.9).

Humanity has the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs. The concept of sustainable development does imply limits - not absolute limits but limitations imposed by the present state of technology and social organization on environmental resources and by the ability of the biosphere to absorb the effects of human activities. But technology and social organization can be both managed and improved to make way for a new era of economic growth. The Brundtland Report (UNO, 1987,Section 1.3.27).

We reaffirm the need to achieve sustainable development by promoting sustained, inclusive and equitable economic growth, creating greater opportunities for all, reducing inequalities, raising basic standards of living, fostering equitable social development and inclusion, and promoting integrated and sustainable management of natural resources and ecosystems that supports, inter alia,

economic, social and human development while facilitating ecosystem conservation, regeneration and restoration and resilience in the face of new and emerging challenges.

We reaffirm our commitment to make every effort to accelerate the achievement of the internationally agreed development goals, including the Millennium Development Goals by 2015. Extract from The Future We Want: a draft resolution for consideration by the 66th Session of the General Assembly of the United Nations Organisation. (UNO, 2012,Section 1.4).

1.1 Overview

This thesis is built on an extensive review of literature in the domains of ecology, strategy, sustainable development, corporate strategy and marketing management. It proposes the integration of two management concepts - market orientation and sustainable development - as sustainable market orientation (SMO). Complementing this conceptualisation is an empirical investigation of the value of the concept in business and public sector management.

SMO is a mechanism that seeks to help manage market-oriented activity while minimising adverse impacts on the environment. By integrating the concept of ecologically sound and sustainable development with market-centred corporate management, it seeks to moderate the human drive for improved lifestyles, rapid increases in human population and the continuing need for economic growth.

The logic of the conceptualisation centres on the conflict between the scientific paradigm of ecology and the human economic system known as the Dominant Social Paradigm (DSP). SMO recognises of the need for more ecologically informed policies in government and business management.

Compelling practical issues include the depletion of global resources for agriculture and business (Diamond, 2005; Meadows, et al., 1972). Social issues include the demands of a growing global population for employment, adequate incomes and quality lifestyles. Eminent economists (Ehrenfeld, 1997; Stiglitz, 2000), management academics (Gladwin, Kennelly, & Krause, 1995; Jackson, 2009) and scientists (Bossel, 2001; Dunlap & Van Liere, 1978; Meadows, et al., 1972) all agree that there is a need to reframe the dominant social and neoclassical economic paradigms that drive governments and businesses and align, instead, with more ecologically sound management.

Considerable political and scientific debate seeking to resolve this conflict produced the concept of sustainable development, which was first endorsed by the United Nations Organisation in the 1980s (UNO, 1987). The strengths of sustainability-based development are an emphasis on responsible, equitable and intergenerational resource management. At the same time, it allows for economic growth, provided that it is ecologically sustainable.

The complexity of the concept presents significant barriers to governments, administrators and businesses. The macro societal problem is the need to moderate society's quest for continuing economic growth while still ensuring the long-term ability of the global ecosystem to sustain human society and business. The micro-management problem is to apply sustainability-grounded organisational strategies that address the deficiencies of neoclassical economics and balance long-term, efficient and effective performance with the physical constraints of the natural environment.

The translation of the concept of sustainable development into practical government policy and business management has been hindered by expectations of continuing economic growth. Despite this, modest progress has been made in implementing the UN's policy recommendations. In 2006, the Organisation for Economic Cooperation and Development OECD research found that few UN member countries have sustainability-oriented policies or were even in the process of developing them (OECD, 2006). However, there has been a gradual adoption of voluntary sustainability management strategies and corporate reporting amongst large corporations in the interests of projecting an image of corporate social and environmental responsibility that would bolster stakeholder confidence and sustain corporate profitability and resilience (Kolk, 2010; UNCSD, 2012). Other studies indicate that there is less support amongst small and medium businesses because of the costs involved (Springett, 2003).

In the face of slow progress in the diffusion of sustainability management principles, there is continuing scientific, academic and NGO pressure to accelerate the adoption of sustainability-oriented management. On the eve of the Rio+20 Summit in 2012, a global survey of 24,000 sustainability experts recommended concerted political action (The Regeneration Project, 2012). In sympathy with this call, influential media have advocated for a move from voluntary to compulsory corporate sustainability reporting (Economist, 2010).

Apart from the development of government policies to encourage the application of sustainability in public policy and business, there is growing interest in the development of practical management models. Early proposals included environmentally responsible corporate management, triple bottom line accounting (Elkington, 1994), balanced score card (Kaplan & Norton, 2001) and sustainability value-added corporate management (Figge & Hahn, 2004). Twenty-five years after Dr Gro Bruntland's 1987 recommendations for sustainable development, and twenty years after the 1992 Rio Earth Summit ratified guidelines for national sustainability management, the Rio+20 Conference recommendations to the United Nations endorsed continuing efforts by businesses, governments and communities to implement sustainable development (UNO, 2012).

Over the last two decades, there has been increasing interest in the integration of economic marketing with socially and environmentally responsible corporate strategy. There has also been growing academic attention paid to the integration of sustainability in marketing and strategy management (Belz & Peattie, 2009; Fuller, 1999; Gordon, Carrigan, & Hastings, 2011; Hult, 2011; Kotler, 2011; Mitchell, Wooliscroft, & Higham, 2010; Sheth & Parvatiyar, 1995; van Dam & Apeldoorn, 1996). At the same time, a review of the evolution of market orientation concepts suggests the need for further refinement (Crane, 1988; Gray & Matear, 1998; Jaworski & Kohli, 1993;

Narver & Slater, 1990). Sustainable market orientation (SMO), the integration of the concepts of market orientation and sustainability management, offers a new approach to corporate strategy by combining the drive for market competitiveness, improved earnings and profitability with ecological responsibility and a social orientation (Mitchell, Wooliscroft et al. 2010).

Figure 1.1 explains the evolution of the logic supporting the conceptualisation. Key definitions used in the thesis are listed on page xix . A research question is nominated to validate the relevance of the concept and the associated management model. This is followed by a description of the methodology to be used to investigate the concept's usefulness. Chapter 1 concludes with an outline of the remaining chapters.

1.2 Concept Logic

The diagram below shows the logic behind this thesis. The integrated corporate management model of sustainable management orientation (SMO) occurs through the convergence of two streams of logic, one representing the logic of ecological and societal management and the other representing market-based economic management. An SMO approach to organisation management is conceptualised as combining long-term ecological and social sustainability with an innovative, revenue-focused market orientation.

1.3 Literature Background

To establish the boundaries for the conceptualisation of SMO, four domains of academic research into business and public service management need to be explored:

1. Corporate strategy;
2. Marketing and market orientation;
3. Sustainable development and sustainable institutional management;
4. Performance management and organisational learning.

Key definitions, associated with the discussion of these domains, can be found in the List of Definitions preceding Chapter 1.

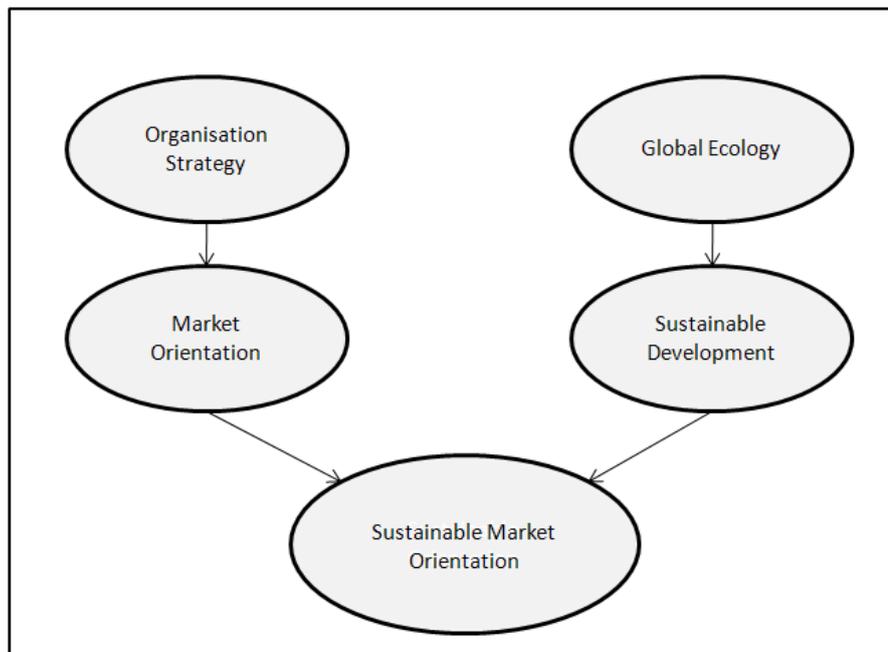


Figure 1.1: Convergence and Integration of Domains of Knowledge as Sustainable Market Orientation

Scholars who focus on the environment advocate a paradigm change in societal management that accepts global ecological limitations. In this view, societal and economic management are seen as a subset of a societal system that is dependent on the global ecological or ecosystem for survival (Dunlap, 1980; Holling, 1973; Korhonen, 2002; Milbrath, 1984). Short-term maximisation of economic growth is regarded as conflicting with long-term societal sustainability. This has produced a call for balancing economic priorities with social and environmental policies that use the principles of sustainable development (Ehrenfeld, 2004; Elkington, 1994; Hoffman, 1999; Redclift, 1989). Enhancing the social and economic well-being of communities are priorities, as is lessening any adverse environmental and societal impacts from the competitive production and marketing of products and services (Parnell, 2008; Rainey, 2006). Thus, incorporation of sustainability in societal and corporate management, and conceptualised as the management of sustainable development (UNO, 1987), presents significant challenges and opportunities for public policy makers and businesses (Gladwin, et al., 1995; Jackson, 2009; Rainey, 2006; Turner, 2008). Endorsement of the concept of sustainable development by the United Nations has resulted in a slow diffusion of the concept in government policy and business management (Dovers, 1996; Jackson, 2009; Jacob, 1994; Lele, 1991; OECD, 2006; UNCSD, 2012; UNO, 1992).

Table 1.1 identifies the literature central to this thesis and outlines the existing discussion of key issues. Section 1.3.1 explores the conflict between the paradigms of ecological knowledge and the

economic and technical knowledge also known as the dominant social paradigm (DSP) as well as the potential of sustainability management as a means of resolving this tension. The discussion in Section 1.3.2 addresses the origins and dimensions of organisation strategy. In Section 1.3.3, there is a survey of the key literature in the domains of corporate social responsibility and stakeholder management that has influenced this thesis. Section 1.3.4 considers significant literature related to marketing and market-orientation theory. In Section 1.3.5, this is complemented by a discussion of relevant literature discusses the application of sustainable development principles in business and public-sector management and marketing. Anticipating the integration of market orientation and sustainability principles in strategy management in Section 1.3.8, Section 1.3.6 addresses performance management. Finally, Section 1.3.7 reviews the relevance of organisational learning.

1.3.1 Paradigm Conflict

Since the Enlightenment in the seventeenth century, European and European-derived societies have applied scientific knowledge to improve human food sources, health and living conditions. Simultaneously, resource depletion, population growth, industrialisation and pollution have gravely impacted the global environment (Ehrlich, 1972; Meadows, Meadows, Randers, & Behrens, 1972). Scientists, academics and others in wider society question the wisdom of adhering to the dominant social paradigm that governs societal growth-driven management (Catton & Dunlap, 1986; Commoner, 1971; Pirages, 1977a). In particular, they question the feasibility of societal management that relies on market economics and infinite economic growth while ignoring consequential and adverse environmental impacts (Buchholz, 1998; Daly & Ehrlich, 1992; Diamond, 2005; Turner, 2008).

Because of the necessity for society to function in harmony with natural systems, one alternative is the application of an ecological paradigm in political and business management (Catton & Dunlap, 1986). In a convergence of scientific and political logic, the concept of sustainable development has been developed, advocating new management processes that provide for equitable long-term or sustainable integration of environmental, social and economic resource management (UNO, 1987). Academic support for the concept has followed. Different and complementary streams of thought include industrial ecology management (Ehrenfeld, 2000), the proposal of corporate sustaincentric management (Gladwin, Kennelly, & Krause, 1995) and the specific application of sustainability in corporate strategic management (Hart, 1995; Jennings & Zandbergen, 1995; Rainey, 2006).

Table 1.1: Literature Supporting the Conceptualisation of Sustainable Market Orientation

Subject	Authority	Significance
Paradigm Conflict	Section 1.3.1	
	Capon 1987.	18 th century French Encyclopedists eg Diderot and d’Alembert argue that science and technology will permit continuing economic growth.
	Redclift 1992	19 th century philosophers Malthus and Ricardo. question the logic of continued economic growth.
	Ehrlich 1972; Meadows, Meadows et al 1972; Dunlap & van Liere 1978; Milbrath 1984; Bossel 2001;Diamond 2005; Stern 2006; Turner 2008.	Concern about resource depletion, population growth and adverse ecological impacts.
	Mishkin 1999; Crotty 2009.	Global financial crises. Concerns about private sector economic ethics and governance.
	Stiglitz 2000.	Need for scientific and equitable economic management. Risk of liberalising economic markets, maximising GDP.
	Redclift 1989; 2005; Hoffman 1999; Ehrenfeld 1997; 2004; Jackson 2009; Gilding 2011.	Support for sustainability principles to enhance quality of societal and corporate management.
Corporate Strategy	Section 1.3.2	
	Andrews 1980.	Defines corporate strategy.
	Friedman 1970.	Businesses should maximise their profits for their shareholders.
	Rainey 2006.	Corporate strategy incorporating sustainable development principles.
	Williamson 1986, 1999.	Transaction-based view of the firm.
	Porter 1980, 1991.	Five forces model to achieve sustainable competitive advantage.
	Barney 1991.	Resource-based view of the firm.
Market Orientation	Section 1.3.4	
	Alderson 1964; Drucker 1954;Day & Wensley 1983.	Centrality of market orientation in firm strategy.
	Kohli & Jaworski 1990; Narver & Slater 1990; Baker & Sinkula 2002.	Identification of criteria that govern market orientation.
	Greenley & Foxall 1998; Dobscha et al 1994.	Organisation market orientation should address social expectations of key stakeholders.
	Fisk 1974; Stone & Wakefield 2000.	Organisation market orientation should address the environmental expectations of key stakeholders.
	Ruerkert 1992; Morgan & Strong 1994.	Market orientation and organisation strategy.
	Hunt 1977.	Three marketing dichotomies model: positive and normative, macromarketing and micromarketing, profit and non profit.
	Heinrich, Hill, & Lynn, 2000.	Principles guiding governance in the public

		sector.
	Ostrom 1990.	Principles governing the management of publicly owned common-pool resources.
	Caruana 1999.	Value of market orientation in the public sector.
	Kettl 1997; Haque 1996; Wilkie & Moore, 1999.	Limitations of market orientation in the public sector.
Corporate Social Responsibility	Section 1.3.3	
	Bowen 1953; Pfeffer & Salancik 1978; Carroll 1979; Freeman 1984; Freeman & McVea 1999; Porter & Kramer 2006.	Organisational reliance on goodwill and support of external social stakeholders.
	Morgan & Hunt 1993.	Significance of market stakeholder trust and commitment in firm performance.
	Robin & Reidenbach 1987.	Corporate marketing; core social and ethical values.
	Henriques and Sadorski 1996; Lantos 2001.	Criteria for management of stakeholder relationships.
	Gronroos 1994; Schwartz & Carroll 2008.	Integrating corporate social responsibility and stakeholder relationship management.
	Mahon & Wartick 2003; Orlitzski et al 2011.	The importance of corporate stakeholder reputation management.
	Andreassen, 1994; Donnelly, 1999; Frederickson, 1990; Rose & Cray 2010.	Centrality of social and political relationships among stakeholder communities. Social factors affecting public sector management.
	Narver & Slater; Varman & Costa 2008.	Importance of opportunities that can emerge from latent stakeholder support.
Sustainable Development and Corporate Management	Section 1.3.5	
	Fisk 1974.	Ecological responsibility required in corporate marketing strategy.
	Brundtland Report 1987; UNO 1992; Lele 1991; Jacob 1994; Dovers 1996; OECD 2006; Redclift 2005.	UN policy recommendations for sustainability-based societal and organisation management. Report on the World Conference on sustainable development. Diffusion of SD in government policy
	Gladwin et al 1995; Rainey 2006.	Transition from economic and technology to sustainability-based corporate management.
	Schmidheiny 1992; Rainey 2006; Salzmann, Ionescu-Somers, & Steger 2005.	Parameters of corporate sustainability-based organisation strategy.
	Hart 1995; Jennings & Zandbergen 1995; Darnal, Henriques & Sadorsky 2008.	Addressing biophysical constraints on organisation strategy.
	Wheeler et al 2003; Kolk & van Tulder 2010.	Stakeholder importance; value creation.
	Belz & Peattie 2009.	Integration of sustainability and market orientation in strategy.
	Sheth Parvatiyar 1995; van Dam	Need for government standards for

	& Appeldoorn 1996.	corporate sustainability.
	Fuller 1999	Lifecycle product and service management.
	Jacob 1994; Martin & Verbeek 2006; Frame 2008; Dovers 1996.	Sustainability management in the public sector.
Sustainable Performance Management	Section 1.3.6	
	Elkington 1994.	Triple bottom line; accounting approach to sustainability performance assessment.
	Bossel 1999.	Science-based approach to sustainability performance management.
	Epstein & Roy 2001; Perrini & Tencati 2006.	Stakeholder approach to corporate sustainability performance.
	Figge & Hahn 2004.	Value-added approach to sustainability performance management.
	GRI 2011.	Extensive framework for sustainability indicators.
	Parris & Kates 2003; Frame 2008.	Complexity of management. No agreement on sustainability performance management.
	OECD 2006.	Review of progress on government policy and public sector sustainability management.
Sustainability Organisational Learning	Section 1.3.7	
	Argyris & Schon 1978; Crossan Lane & White 1999.	Value of learning in organisation management.
	Baker & Sinkula 2002.	Structured organisational learning important in market orientation.
	Slater & Narver 1995; Day 2002.	Importance of understanding latent markets and organisational learning
	Bleischwitz 2007; Müller & Siebenhüner 1997; Clarke & Roome 1999.	Benefits of using sustainability orientation in organisational learning.

Adoption of sustainability in government policies has been actively promoted by United Nations at governmental and industry sector levels. For example, the 1992 Earth Summit in Rio de Janeiro heightened global awareness of the need for sustainability in government and business management and established guidelines (UNO, 1992). Tourism is an example of an industrial sector that has been influenced by the United Nations' promotion of sustainability management (UNWTO, 1995).

Over the intervening twenty years, there has been slow but progressive recognition of the need for more ecologically grounded management of human impacts on the global ecosystem, coupled with the application of sustainability concepts in government and business (Brenton, 1994; Jackson, 2009b; Stern, 2006). This is reflected in the development of national sustainability policy guidelines by governments in the OECD, including New Zealand (Ministry for the Environment, 2003; OECD, 2006). The slow pace of action from governments and businesses, however, has prompted a

renewed call by scientists, NGOs and diplomats for the accelerated application of sustainability in policy and management (UNO, 2012).

The significance of market organisation in corporate strategy and its need for refinement will be discussed in Section 1.3.4. The place of sustainable development in business and government management is discussed in Section 1.3.5. The roles of performance management and organizational learning are reviewed in Sections 1.3.6 and 1.3.7. Finally, to explain the foundation for the thesis, the potential for integrating sustainable development and market orientation principles is explored in 1.3.8.

1.3.2 Corporate Strategy

The term 'strategy' comes from the Greek word *strategeos*, which means a general in charge of an army. The term was adapted for civil management and by 450 BCE the *strategia* was responsible for the government treasury. The Greek belief that strategy is necessary in military management is consistent with Chinese views expressed in "The Art of War" by Sun Tzu around 360 BC and with those of the most significant modern writer on military strategy, Liddell-Hart (Evered, 1983). There is also modern agreement with the application of strategy in the realms of business. A scientific approach to the study of business and marketing strategy emerged in the early 1950s (Alderson, 1957; Andrews, 1980; Ansoff, 1987). Taking a practitioner's perspective, Andrews (1980):52, argues that strategy should determine the purpose and shape the future of an organisation. Recognised as a contemporary authority on corporate management, he defines strategy in the following terms:

The pattern of decisions in a company that determines and reveals its objectives, purposes or goals, produces the principal policies and plans for achieving those goals and defines the range of business the company is to pursue the kind of economic and the human organization [that] it is, or intends to be, and the nature of the economic and non economic contribution it intends to make to its shareholders, employees, customers and communities.

This is consistent with an environmental perspective on the dimensions of strategy management proposed by another authority, Buchholz:

Strategy formulation is the process of developing long range and short range plans to deal effectively with environmental opportunities and challenges in the light of corporate strengths and weaknesses. Strategy formulation requires the manager to create a fit among the opportunities in the external environment, broader societal expectations of the corporation, the strengths and weaknesses of the firm and personal values of the key implementors. This stage involves a

statement of corporate mission, objectives, goals and policies. (Buchholz, 1998):380

Thus strategic management is a circular process, comprising the definition of an organisation's capabilities, values and purpose as well as the formulation and implementation of its organisational learning and long-range evolution. Environmental intelligence and knowledge management are identified as foundations for strategic agenda setting, option generation, strategic action and long-run performance management, including organisational learning involving the entire organisation (Steurer & Martinuzzi, 2005).

Applying a financial lens, a firm is perceived as an economic entity and its strategy should incorporate efficient and profitable transaction cost management: "The firm ... is a bundle of related resources (from the resource based perspective), a bundle of routines (from the evolutionary perspective) and a bundle of transactions/contracts (from the transaction cost economics perspective)" (Williamson, 1999,p.1096). A short-term strategic focus is valuable in contributing to efficient and profitable management. It gives inadequate recognition, however, to the drivers of sustainability management. The integration of macro and micro social and environmental strategy considerations with economic management holds the potential to strengthen long-term organisation performance, resilience and survival. Resource-based theory states that effective utilisation of organisation resources and organisational heterogeneity or coordination, will allow firms to generate unique, inimitable products and services that contribute to market-based viability, competitiveness and profitability (Barney, 1991; Peteraf, 1993; Wernerfelt, 1984).

Consistent with the Dominant Social Paradigm (Pirages, 1977b), business resource management theory, prioritises market-based economic performance. However, an organisation's focus on the effective integration of knowledge within the organisation also requires utilisation of social and environmental assets and capabilities (Grant, 1996). Just as the success and failure of a firm's strategy can be strongly influenced by the availability of economic and physical resources, it can also be shaped by skill in managing cultural and political knowledge. Indeed, an organisation may have the capability to be successfully entrepreneurial, or, conversely, find itself limited strategically if it fails to effectively utilise its expertise in new fields of politically and socially valuable knowledge. Organisation performance may be adversely affected by social sanctions if customers, political groups or other stakeholders withdraw support for products and services because they are not in alignment with changing market, social or political values (Oliver, 1997). A strategy's success is thus also influenced by the quality of an organisation's internal and external stakeholder relationship management (also addressed in Section 1.3.3).

Business organisations using resource-based theory are likely to use management frameworks such as Porter's five forces model to assess both the attractiveness and potential value of participating in an industry sector and also the firm's competitiveness (Porter, 1980). Key factors include the evaluation of possible new entrants to the industry, the threat of substitute products, the power of customers, the influence of suppliers and the degree of rivalry amongst firms in the focal sector (Porter, 1980; Stonehouse & Snowdon, 2007). There are, however, weaknesses in Porter's framework. Utilisation of the five forces for strategic analysis is static rather than dynamic; it does not apply equally to all firms in an industry, nor does the framework adequately address corporate social and environmental responsibilities and key stakeholder relationships outside market supply chains (Porter & Kramer, 2006; Porter & van der Linde, 1995). Again, this review of corporate strategy literature suggests that there is the potential to develop a more comprehensive model for sustainability management that deploys sustainability management concepts. The case for increasing the application of value-adding corporate social stakeholder relationship management is extended in the next section.

It is argued that resource-based strategy management may also be applied to the effective management of public-sector organisations. An important objective for the application of resource-based theory in the public sector is ensuring the effective deployment of taxpayer-funded human and physical resources to meet the expectations of the electorate and to ethically and equitably administer legislative and regulatory regimes (Heinrich, Hill, & Lynn, 2000). There is also a convergence between sustainability management theory and public sector governance in the intergenerational management of publicly owned natural or common pool resources, and the prevention of over exploitation by market-driven private sector interests. Industry sectors where there is a tension between public sector and business objectives include fishing, logging, water harvesting and tourism (Ostrom, 1990). Reinforcing the arguments of those supporting sustainability management, economists and ecologists recognise that governments have a difficult task in encouraging market-driven economic growth to sustain and improve the lifestyles of their populations while at the same time moderating the adverse environmental and social impacts to achieve equitable sharing of resources between entrepreneurs and society in general (Wilkie & Moore, 1999).

It is, therefore, reasonable to argue for an extension of resource-based theory to accommodate the sustainable development management principles governing the effective long-term management of economic, social and environmental resources. The next section focuses on the strategic value of corporate social responsibility and effective stakeholder relationship management.

1.3.3 Corporate Social Responsibility, Citizenship and Stakeholder Relationship Management

The significance of corporate social responsibility and socially grounded performance management in corporate strategy has been explored by academics over an extended period. Corporate social responsibility (CSR) refers to a firm's consideration of, and responses to, issues beyond the narrow economic, technical and legal requirements of the firm. The manner in which firms evaluate and respond to stimuli from key external social systems has the potential for immediate and long-run strategic benefits that extend beyond the benefits that occur through conventional market-centred economic management (Bowen, 1953; Carroll, 1999; Orlitzky, Schmidt, & Rynes, 2003; Wheeler, Colbert, & Freeman, 2003). The application of Aristotelian ethics of moderation and corporate social responsibility and good citizenship balances the short-term economic objectives of profit and efficiency. Stakeholder management is an appropriate corporate strategy to advance organisation social performance. Investment in corporate social responsibility and constructive stakeholder relationships underpin consumer, government and community confidence and contributes to firm profitability, long-term performance and survival (Berman, Wicks, Kotha, & Jones, 1999; Carroll, 1979; Koll, 2003; Mahon & Wartick, 2003). Taking a marketing perspective, corporate values should be applied in dealing ethically with customers, ensuring product safety and displaying responsible environmental management to minimise impacts of corporate activity on the natural environment (Robin & Reidenbach, 1987).

The social orientation of corporate strategy has been contested in some quarters as detracting from the prime purpose of business; the maximising of economic value to shareholders (Friedman, 1970; Henderson, 2001; Levitt, 1958). This ignores the long-understood principle that business activity occurs within society's moral and regulatory frameworks (Bowen, 1953). The criticisms of economic apologists have been rebutted by empirical research confirming the value of CSR in supporting long-term profit maximisation and business development (Orlitzky, Siegel, & Waldman, 2011). CSR management, therefore, provides useful boundary indicators for social orientation in corporate strategy management (Lantos, 2001). Indeed, a failure to adopt CSR in corporate strategy can result in loss of customer and public support, which could have a severe impact on performance, resilience and survival (Davis, 1973).

Attention to the environmental aspects of organisational strategy management increased in the latter part of the twentieth century and in the twenty-first century (Gladwin, et al., 1995; Hart, 1995; Henriques & Sadosky, 1996; Jennings & Zandbergen, 1995; Rainey, 2006; Russo & Fouts, 1997). Corporate environmental competitiveness can be enhanced by responsiveness to stakeholder

expectations of quality environmental management, including those of customers, shareholders, governments, neighbours, and community and environmental groups (Hart, 1995; Sangle & Babu, 2007; Wheeler, et al., 2003). Moreover, the perceived social legitimacy and reputation of the focal body will facilitate future business and organisational development (Henriques & Sadorsky, 1996). Applying a sustainability lens, corporate social responsibility is anchored in normative ethics and values and social contract theory (Buchholz, 1998). Conceptually, sustainability-based social, or stakeholder relationships may be managed on three levels. First, on the normative level, an organisation should be managed according to prevailing social conventions and laws. Strategy should also be geared to avoid the unacceptable destruction of value. Secondly, on a strategic level, an organisation should recognise the instrumental value created from good relations with immediate stakeholders. This is fostered through a formalised relationship management culture. Finally, in sustainability management, an organisation should set strategic objectives of doing no harm and doing maximum good. In a sustainable organisation, value is maximised and integrated socially and environmentally, as well as economically (Wheeler, et al., 2003).

Bolstering the worth of corporate social responsibility, supporters of environmental responsibility argue that organisations failing to meet stakeholder expectations risk losing opportunities to improve competitiveness and performance (Darnall, Henriques, & Sadorsky, 2008). A consequence has been development of international and national environmental management systems (EMSs) and voluntary standards aimed at achieving organisational environmental efficiencies. Examples include the development of the international ISO 14000 framework (Rondinelli & Vastag) and the Enviromark framework used by the New Zealand tourism industry (Enviromark, 2011). Because of their value in contributing to improved business financial performance, managers are working to refine EMSs, especially company and sector specificity (Kolk & Mauser, 2002; Montabon, Melnyk, R., & Calantone, 2000). Researchers are also examining how EMSs can contribute to the management of corporate sustainability (Sangle, 2008; Schaltegger & Wagner, 2006).

In the public sector, conventional strategy management is focussed on providing competent advice to governments and cost-effective and equitable administration of government services. Profit is not the dominant driver. Under the authority of national governments, regional and local administrative bodies provide services characterised by careful analysis and management of available resources to meet the expectations of elected politicians and key stakeholders in their specialised domains and the wider community (Eadie, 1983). Public sector management is continually confronting and negotiating a strategic paradox. On the one hand, there are electoral expectations of long-term

equitable, efficient and effective policy and service. On the other hand, public sector managers are challenged to serve powerful interest groups and governments with differing policy agendas and varying priorities while seeking to meet expectations of the electorate. Politically and economically motivated uncertainties in funding and personnel compound public sector management challenges (van Thiel & Leeuw, 2002).

Critical measures of public sector strategy include efficiency, effectiveness and equity in service delivery. Performance effectiveness affects ongoing support from the elected government, and organisational reputation amongst focal service users and the voting general public (Andreassen, 1994; Donnelly, 1999; Frederickson, 1990; Rose & Cray, 2010). Barriers affecting public-sector strategy include politically motivated variability in funding, silo policy formulation within separate departments and the difficulty of finding agreement between different branches of the public service (Rose & Cray, 2010).

The extant literature confirms the need for continuing empirical research, including qualitative case studies, in public-sector management, using the logic of networks to interpret policy-making and the centrality of social and political relationships among stakeholder communities. Within these analyses, researchers are enjoined to critically assess the influence of elite stakeholder groups on policy-making and public sector governance (Heinrich, et al., 2000).

A significant theme in public service literature is the comparison of public sector and private sector efficiency and effectiveness management in a range of countries, including New Zealand (Frederickson, Rainey, Backoff, & Levine, 1976; Rose & Cray, 2010). Responding to voter and business lobbying for improved public sector efficiency, deregulation and progressive privatisation of government services, parliamentary democracies including the USA, UK, Australia, Canada and New Zealand have embarked on reform programmes. While these initiatives have produced efficiencies in some areas, there are considerable grounds for concern (Mascarenhas, 1993). The adoption of incentives and performance-based project management and staff remuneration and the recruitment of public sector staff from the private sector have improved executive accountability and the quality of public sector programme management in a range of areas.

There are, however, negative aspects of this new form of public sector management. Recruitment of personnel from the private sector has increased turnover amongst experienced public sector staff. In turn, this has reduced the reservoir of specialised public-sector staff knowledge and administration grounded on the Westminster tradition of impartial policy advice based on expertise and long-term public sector relational synergies (Haque, 2001; Kettl, 1997; Mascarenhas, 1993). Additional concerns

include the reduced focus on the quality of service, the concentration on cost efficiencies and cost cutting, the increased identification of public sector management with particular political initiatives rather than with non-partisan progressive improvement in public administration, increasing concerns about the equity of public sector governance, the limits in transparency of public sector enterprises to voter and media scrutiny and the reduced accountability to parliament of responsible ministers and the public sector. Based on studies in the tourism sector, the dominance of business interests in the public sector reform may threaten equity in government policy development and reduce the potential for balanced, sustainability-oriented partnerships between the public and private sectors (Hall, 1999).

To address these, normative management literature recommends that governments reappraise the apparent superiority and relevance of a market orientation in the public sector and, at the same time, provide for the application of sustainability-grounded governance (Rist, 2007). Criteria for governance rather than management should be redesigned to ensure public-sector performance that balances equity, service quality, efficiency and public accountability. Particular attention should be given to ensuring a blend of efficient and responsible long-term governance of publicly owned resources that have potential for public or private sector monopolies and partnerships. These include public health, water management and national parks, in the case of tourism (Christiansen, 1998; Hall, 1999; Haque, 2001). By extension, this approach should include the management of private sector use of public resources such as timber, fisheries quotas and access mineral, oil and gas deposits.

1.3.4 Marketing and Market Orientation

Wroe Alderson (1964,p.93-94) established the foundations for the scientific study of marketing and sought to develop marketing theory by formulating generalisations of the principles that define marketing management. Perceptively, he identified a parallel between understanding business economics and ecological systems:

The ecology of human societies is one which recognises culture change rather than biological evolution as a major instrument of adaptation within a relevant time span.... The ecological perspective offers criteria for marketing performance which transcend the limited measures of economic efficiency. Indeed marketing ideally connects separate production centres or operating systems in such a way as to optimize the outputs for the whole of society (Alderson, 1964,p.93-94,p.93-94).

The integration of marketing and corporate strategy is well established (Alderson & Cox, 1948; Day & Wensley, 1983; El-Ansary, 2006; Hunt, 1976). The strategic centrality of marketing in the planning

and operation of private enterprises is reinforced by management authority Peter Drucker, who stated:

Marketing is ... much broader than selling. It encompasses the entire business. It is the whole business seen from the point of view of its final result; that is the customer's point of view. Concern and responsibility for marketing must therefore permeate all areas of the enterprise (Drucker, 1954, p,38).

Strategic marketing management, therefore, combines the functions of market research, innovative competitive product development, pricing distribution, managerial coordination and promotion to target customer groups with the objectives of long term organisational profit and growth (Alderson, 1964,p.93-94; Anderson, 1983; Felton, 1959; Webster, 1988).

Over the past two decades, more specific management criteria for market-centred corporate management have emerged. These are conceptualised as organisational market orientation (Crane, 1988; Drucker, 1954; Jaworski & Kohli, 1996; Kohli & Jaworski, 1990; McCarthy, 1968; Ruekert, 1992)

The market orientation of an organisation is defined in these terms:

The organisation-wide generation of market intelligence pertaining to current and future customer needs and dissemination of the intelligence across departments and organisation-wide responsiveness to it. (Kohli & Jaworski, 1990,p.6).

An expanded description of the concept focuses on three core aspects, namely an organisational customer orientation, integration of effort and long-term profitability (Kohli & Jaworski, 1990). Other extensions incorporate research to better understand latent market needs (Narver & Slater, 1990), together with innovation and organisational learning to ensure that enterprises have a clear understanding of the product and service attributes that customers need and value (Baker & Sinkula, 2002; Slater & Narver, 1995).

Although there has been extensive support for the concept in academia and business, the literature also indicates that market orientation has shortcomings. Day and Wensley (1983) emphasise the shortcomings of neoclassical economics in corporate long-range planning and strategy management.

Market orientation is inadequate for addressing the interests of stakeholders who are not directly involved in marketing processes. These stakeholders may, however, influence a firm's market performance because they form groups that may either assist or constrain organisation strategy. Thus, the initial concentration of market orientation theorists on corporate economic performance

has been succeeded by a second wave of inquiry into how organisations address external constraints and opportunities and the importance of organisation relationships in market orientation (Dobscha, Mentzner, & Littlefield, 1994; Helfert, Ritter, & Walter, 2002). Building on this and applying a macromarketing lens, Layton (2007) identifies a need for better definition of macro influences on marketing institutions, and a need to consider quality of life issues, such as global ecological management, corporate governance and management of growth and development. Varman and Costa (2008) emphasise that firms operate as socially embedded institutions where communities not only provide customers, but also associations that influence firm development. Flowing from this, a firm's performance benefits when a social or multiple stakeholder orientation is adopted in corporate strategy and marketing utilising proactive negotiation and maintenance of constructive relationships with key customers, industry marketing channel members and interest groups. (Greenley, Hooley, & Rudd, 2005).

Productive relationship development between firms and key stakeholders is likely to occur where shared values, attitudes and behaviours are fostered over time for mutual benefit. A strategically important product of these interactions is stakeholder trust and commitment to the marketing firm (Morgan & Hunt, 1994). The schools of corporate social responsibility (Robin & Reidenbach, 1987), relationship marketing (Gronroos, 1994) and stakeholder-based marketing (Mahon & Wartick, 2003) have endorsed the inclusion of stakeholder interests in strategic marketing. According to Varman and Costa (2008), the complexities of these relationships warrant further study.

Another area of weakness in market orientation theory is that it does not adequately address the need for a corporate environmental orientation. Fisk (1974) observes that markets have limitations in assessing and dealing with social costs and the problems created by market-directed resource allocation. He advocates corporate marketing that is consistent with ecological responsibility and the long-range goal of human survival. Taking a micro-management perspective, a market orientation that successfully addresses the environmental expectations of stakeholders will assist firm innovation, competitiveness and performance (Gonzalez-Benito & Gonzalez-Benito, 2008; Miles & Covin, 2000; Russo & Fouts, 1997 ; Stone & Wakefield, 2000). It follows that advocacy of an organisational environmental orientation, requires consideration of the value of a sustainability orientation in marketing.

The application of market orientation in the public sector was first explored by Donahue in 1989 (Andreassen, 1994). Subsequent research has confirmed the reliability and validity of the Jaworski and Kohli behavioural market orientation model in public sector management. Identified functions include market information generation to meet citizen needs, market information dissemination and

organisation responsiveness to market information (Cervera, Molla, & Sanchez, 2001). Public sector market orientation is also seen to have valuable outcomes. Citizen participation in government activities is increased because of timely responsiveness to customer needs. There is also improved inter-agency coordination, staff commitment and morale, all contributing to organisational efficiency and effectiveness (Caruana, Ramaseshan, & Ewing, 1999). Instead, generation of customer or client service satisfaction, loyalty and reputation are more appropriate performance indicators (Andreassen, 1994). As noted earlier, studies have concluded that the application of market orientation in the public service in democracies like the UK, Canada, USA, France and New Zealand have marginalised conventional norms of equity and service with an inappropriate emphasis on efficiency and productivity (Christiansen, 1998; Haque, 2001; Kettl, 1997). Because of the continuing tension between public sector reform and the government responsibility for the provision of low-cost services for the whole electorate, privatisation of public services is often unattractive to the private sector of market efficiency, competitiveness and profitability. Thus there is need for continuing research into the application of market-oriented management in the public sector, research exploring how governance may be improved, while still ensuring administrative equity, effectiveness and efficiency.

1.3.5 Sustainable Development

There are three relevant definitions of sustainability in organisation strategy management: sustainability or continuity in strategy management (Pluye, Potvin, & Denis, 2004), achievement of sustainable competitive advantage (Porter, 1991) and the application of Brundtland's concept of sustainable development in corporate strategy management formally accepted and endorsed by the United Nations and cited below (Gladwin, et al., 1995; Rainey, 2006; UNO, 1987). This paper focuses on the managerial application of Brundtland's definition.

The anthropocentric world view perceives the environment as an infinite resource with potential for inexhaustible global economic growth. In the eighteenth century, French Encyclopedists such as Diderot and d'Alembert promoted the human conquest of nature and the systematic application of science in industrial production for the benefit of humanity (Caton, 1985). Nineteenth century rational philosophers, including Malthus and Ricardo, questioned the practicality of continued economic growth (Redclift, 1992). Concerted science-based questioning of the objective of economic growth occurred in the twentieth century through the analysis of the long-term implications of population growth and rising resource consumption (Ehrlich, 1972; Meadows, et al., 1972), coupled with concern about the future integrity of the global environment (Holling, 1973; Milbrath, 1984). Widespread public concern was influential in instituting a United Nations commission of inquiry into

the management of global development. Seeking to provide environmental, social and economic certainty, the Brundtland Commission report proposed sustainability-oriented management of global development. The substance of the central recommendations is presented below (UNO, 1987).

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27. Humanity has the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs. The concept of sustainable development does imply limits - not absolute limits but limitations imposed by the present state of technology and social organisation on environmental resources and by the ability of the biosphere to absorb the effects of human activities. But technology and social organisation can be both managed and improved to make way for a new era of economic growth. The Commission believes that widespread poverty is no longer inevitable. Poverty is not only an evil in itself, but sustainable development requires meeting the basic needs of all and extending to all the opportunity to fulfil their aspirations for a better life. A world in which poverty is endemic will always be prone to ecological and other catastrophes.

28. Meeting essential needs requires not only a new era of economic growth for nations in which the majority are poor, but an assurance that those poor get their fair share of the resources required to sustain that growth. Such equity would be aided by political systems that secure effective citizen participation in decision making and by greater democracy in international decision making.

29. Sustainable global development requires that those who are more affluent adopt life-styles within the planet's ecological means - in their use of energy, for example. Further, rapidly growing populations can increase the pressure on resources and slow any rise in living standards; thus sustainable development can only be pursued if population size and growth are in harmony with the changing productive potential of the ecosystem.

30. Yet in the end, sustainable development is not a fixed state of harmony, but rather a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs. We do not pretend that the process is easy or straightforward. Painful choices have to be made. Thus, in the final analysis, sustainable development must rest on political will.

The application of sustainable development management principles in business and societal management has authoritative academic support (Dyllick & Hockerts, 2002; Ehrenfeld, 2004b; Gladwin, et al., 1995; Hart, 1995; Jennings & Zandbergen, 1995; Rainey, 2006; Redclift, 1989; Salzmann, Ionescu-Somers, & Steger, 2005; Schaefer, 2004). Indeed, sustainability is described as a new “hypernorm” that requires corporate managers to reconcile technocentric management, with its driving assumption of economic efficiency profit and continuing growth, with the opposing concept of sustainability oriented, envirocentric management. In their seminal paper on sustainability-based management, Gladwin, Kennelly and Krause (1995) therefore propose that corporate strategists should adopt a new path of sustainability-oriented or “sustaincentric” management as a middle path between ecologically and technologically centred management. Redesigned sustainability oriented corporate management utilises inclusive strategy formation, visionary leadership, innovation and long run operational management. Consequently, sustainability criteria should be applied to raw material sourcing, design and management of production and customer applications and promotion of consumption to end-of-life solutions. In social terms, it should encompass sustainability-oriented stakeholder relationship management to produce long-

term benefits for the focal organisation and key internal and external stakeholders (Rainey, 2006). Based on Rainey’s approach, Table 1.3 sets out the theoretical long-term and short-term objectives for a corporate sustainability-oriented strategy. It proposes the building of corporate credibility and trust with key market, social and environmental stakeholders as a foundation for competitiveness, profitability and resilience.

The growing attention paid to the concept of sustainability in academic literature underlines recognition of the concept in policy formulation and management. In the domain of business, sustainability is now regarded as a legitimate aspect of strategy formulation and management (Ehrenfeld, 1997; Ophuls, 1977; Rainey, 2006). Initially, the application of sustainability in corporate management emphasised the potential for improved environmental management to enhance organisational innovation, efficiency and profitability (Hart, 1995; Jennings & Zandbergen, 1995). This ignores the potential to improve performance through the fusion of stakeholder relationship management with environmental and economic management. Dyllick and Hockerts (2002) reason that corporate management should be based on eco-effectiveness, not just an economically prescribed requirement for eco-efficiency. They also recommend that researchers give greater attention to socially-grounded strategic effectiveness, efficiency and equity. It follows, therefore, that corporate strategists should modify traditional brand management practices. In marketing, sustainability can guide the actions of the firm, offering the potential to increase competitiveness, sales and profitability (Belz & Peattie, 2009; Jennings & Zandbergen, 1995; Kolk & van Tulder, 2010; Russo, 2003; Russo & Fouts, 1997). Short-term production and marketing cycles aimed at profit maximisation should be reconceived to be consistent with long-term sustainability management (Belz & Peattie, 2009). Normatively, the sustainability-based approach should incorporate a values-driven corporate strategy. Internal stakeholders (strategists, managers, operators and marketers) need to agree on principles for business responsibility that are attuned to external customer, regulator and community expectations to underpin the long-term competitiveness of the firm and brand (Maio, 2003).

Table 1.2: Corporate Sustainability Management
(Adapted from Rainey2006:298)

	Bottom Line (short term) Strategic Objectives	Over-arching (long term) Strategic Objectives
Corporate Management	Build openness, connectedness, trust in integrity.	Enhance corporate reputation.
	Link enterprise partners into system.	Build lasting value networks with customers, partners, and

		stakeholders.
	Promote social responsiveness. Promote triple bottom line.	Enhance social responsibility.
Strategic Management		
	Create lasting value networks.	Build sustainable brand loyalty.
	Enhance ethical principles practices and compliance outcomes.	Mitigate risks through information, knowledge and practices.
	Create solutions through innovation.	Enhance lifecycle strategies.
Marketing & Product Delivery		
	Promote value delivery and trust.	Build enduring relations (commitment).
	Build credibility through accurate, comprehensive information and messages.	Promote product stewardship. Build awareness, acceptance, and (trust).
	Disclose positives and negatives.	Develop product success over time.
	Reduce defects, burdens and impacts.	Eliminate externality costs.

Despite the theoretical appeal of sustainability, there is a wariness amongst business managers concerning the possible costs and complexities of sustainability-oriented management that inhibits adoption of the concept (Springett, 2003). Others maintain that there is no need for sustainability-based management as innovation and technology will ensure that adequate physical and environmental resources for society will be maintained (Morris, 2012). Because of these difficulties, the existing literature suggests that only incremental progress is likely in the application of sustainability in corporate management.

At the political level, sustainable development, as an emerging management paradigm, has attracted formidable political support. A global compact about the application of sustainability in policy development and management agreed at the international Earth Summit in Rio de Janeiro in 1992 (UNO, 1992) encouraged the adoption of national governmental approaches to sustainable management in a range of OECD countries including Canada, the UK and New Zealand (Canada, 2010; DEFRA UK, 2011; Ministry for the Environment, 2003). Political endorsement has been followed by emerging business acceptance, with prominent corporations developing sustainability-based management and reporting guidelines (GRI, 2011; WBCSD, 2010). By 2011, 95% of the top 250 international corporations were producing public reports of their sustainability performance, compared with 80% in 2008 and 50% in 2005 (UNCSD, 2012). In a review of progress over two decades since the Rio agreements, an international conference in 2012 endorsed continuing United Nations support for sustainable development (UNO, 2012).

While there is a sound scientific foundation to support the application of sustainability development in strategy management, there are also barriers to its diffusion. A significant challenge is persuading politicians, institutional bureaucracies (particularly the World Bank) and consumers to modify consumption-oriented lifestyles and expectations of continued economic growth (Jacob, 1994). Critics suggest that sustainable development is impractical and based on an incomplete understanding about the relationship between environmental degradation and economic growth (Lele, 1991). They emphasise the vagueness in defining sustainable development, difficulty in defining short-term or long-term needs, management constructs and possible negative outcomes. However, in the long-run, physical constraints and societal concerns are more likely to influence governments in the development of sustainability policies and regulations that will impact on business strategy and performance (Dunlap, 1980; Gladwin, et al., 1995; Jackson, 2009b; Schmidheiny, 1992).

Public service sustainability management had its origins in the USA in the early twentieth century with government programmes encouraging the forestry industry to move from market-driven clear felling to sustainable resource management (Miller, 2001). As noted earlier, global acceptance of public sector sustainability management however, has only emerged since the UN Brundtland Report (UNO, 1987) and the United Nations Conference on the Environment and Development (UNO, 1992). Progress has been limited, characterised by ad hoc political decision-making and policy development (Dovers, 1996). Additional problems are the generalities of UN and international protocols and inadequate national government templates (Dovers, 1996). These have resulted in relatively minor adjustments to existing public service frameworks (Frame, 2008; Jackson, 2009b; OECD, 2006). Twelve years after the UN World Conference on the Environment in Rio de Janeiro, only 12% of the 191 UN member countries had national sustainability strategies. Another 24% of member countries had policies in development or being implemented. Moreover, analysis of sustainability policy in OECD countries has shown a lack of consistency with elements recommended by the OECD and the United Nations. Particular challenges for public sector managers in the application of sustainability principles are the justification of sustainability as a clear alternative strategy to existing policies encouragement of environmental performance as a competitive driver for businesses and establishing performance standards and non-compliance penalties that can modify markets (Martin & Verbeek, 2006). This must be accompanied by greater political commitment at a national level, especially in policy, governance, time frames for local implementation, management processes and analytical tools (OECD, 2006).

In New Zealand, the Ministry for the Environment has been largely responsible for the development of national sustainability policies through an integration of existing environmental laws and the reinterpretation of sustainable development with an economic emphasis as the “sustainable management of national resources” (McChesney, 1991). This was formalised in a framework for sustainability policy development agreed to by Cabinet in 2003 (Ministry for the Environment, 2003). The Cabinet paper envisages an inclusive, innovative economy for the benefit of all that provides opportunities and increases employment and incomes, while reducing inequalities. The policy also aims to protect and enhance the ecosystems, maintain New Zealand’s clean, green environment and build the country’s reputation as a world leader on environmental issues. Since 2003, there has been little progress in developing sustainability-linked policy. The concepts are evident in some government policy areas, such as developing policies to address the impacts of climate change, statistics management, conservation and tourism (Department of Conservation, 2011,p.8; Frame, Gordon, & Mortimer, 2010; Frame, Te Puni, & Wheatley, 2004; Statistics New Zealand, 2009; Tourism New Zealand, 2007b). The 2003 Labour Party Government agreement to the proposals however, not been formalised in legislation, constraining the dissemination of sustainability principles in New Zealand public policy and administration.

Over the last four years, political support for progress in sustainability-based management in New Zealand has been moderated by two key factors: the election of a centre-right government in 2008 with the priority to achieve national economic growth (NZ National Party, 2011) and, secondly, the impact of the global financial crisis on the national economy, which has renewed government concentration on efficient economic management to stimulate national prosperity (Howard, 2011). Policy initiatives include the aggressive development of domestic tourism infrastructure and aggressive marketing to attract international tourists (Bell, 2008). Reductions in government income stimulated widespread public sector funding cuts. This is affecting adoption of sustainability based management practices. For Government, cost cutting and reliance on voluntary codes of compliance are seen as compromising environmentally sound management (Oram, 2012). Effectively modifying its legislated mandate for conservation management, the Department of Conservation is now expected by government to contribute more to tourism and national economic growth (Department of Conservation, 2012). Even the establishment of an Environmental Protection Authority responsible for the efficient management of the nation’s environmental resources has an overriding objective of improving national economic performance (NZ Parliament, 2011).

In conclusion, sustainability-oriented business management could conceivably be characterised by publicly oriented strategy that effectively and profitably utilises markets while sustainability-oriented

public sector management should emphasise efficient, equitable and responsive stakeholder relationship management. This review has found that greater political and managerial understanding of the need for and benefits of sustainability oriented management are necessary, however, before any norms and standards for institutionalised sustainability management are likely to be adopted (Gladwin, et al., 1995). Central problems are the continuing primacy of the Dominant Social Paradigm in economic and political management and a determination to improve living standards through maximising economic growth. These are compounded by “wicked” problems, notably the need for deep and effective analysis of environmental management issues and the need for more environmentally attuned governance. Corrective action for general long-term good should also contain political and business opportunism, especially those with entrenched economic interests (Frame, 2008).

1.3.6 Sustainability and Performance Management

The premise for assessing sustainability-based performance is the adoption of a systems approach in managing organisational functions and outputs. The objective should be more than organisational survival; it should be organisational effectiveness in addressing key stakeholder expectations. Taking a resource-based approach, corporate managers should ensure efficient and effective use of “inimitable” or “rare” resources important for competitiveness and profitability (Barney, 1991). Organisations should recognise that they operate as a component of a wider industrial and social system. Thus, consideration should be given to loosely coupled system management for adaptive and long-term performance (Simon, 1964).

Although the purpose of market orientation is market-based profit, literature in this domain emphasises managerial competencies rather than market performance. The basic model of market orientation calls for the development of building blocks of market oriented corporate activity: managerial expertise in market intelligence generation, intelligence dissemination within the organisation and management of market responsiveness (Kohli & Jaworski, 1990; Narver & Slater, 1990). A second phase in theory development emphasises organisational capabilities to achieve profitability, generate and maintain superior customer value and address the needs of key stakeholders (Slater & Narver, 1995). Other research has extended the range of market orientation performance criteria considerably to include innovation and entrepreneurship, internal coordination and cooperation, service quality, competitor and market share orientation (Agarwal, Errmilli, & Dev, 2003), the strategic impact of external, non-market factors on organisation performance (Dobscha, et al., 1994), relationship management and an orientation towards the future (Morgan & Strong,

1998), a proactive organisational learning orientation (Baker & Sinkula, 1999) and the place of corporate environmental responsibility (Stone & Wakefield, 2000).

The objectives of sustainability-based performance management are to improve value creation using distinctive organisation competencies for the benefit of key stakeholders (Rainey, 2006). Success may be measured by efficient and responsible use of natural resources, social legitimacy, financial and competitive success and the synergies generated by corporate strategy (Schaltegger, 2005). All of these processes require appropriate managerial metrics and there is continuing research into the development of effective sustainability performance measures (Atkinson, 2000; Parris & Kates, 2003). To date, most sustainability management is geared toward the achieving eco efficiency profit and growth, but there is a complementary need to incorporate long term, lifecycle and reality bounded assessments of current programmes and new initiatives. Objectively, performance management should integrate technology and environmentally centred knowledge in effective sustainability-based governance. This may be characterised as weak when it protects accumulated economic wealth, or it may be strong, designed to protect natural assets and ecosystems. In practical terms, the analytical framework should distinguish goals, indicators, targets, trends, driving forces and policy responses. Firm sustainability performance management should incorporate salience, credibility, scientific adequacy and legitimacy, based on respect for diverse stakeholder values. Strategy should thus be logically directed towards efficient and effective environmental and resource management and achieve and capitalise on competitive advantage (Hart, 1995; Jennings & Zandbergen, 1995). It should also incorporate non-market values that allow for the identification of the need for governments, communities, civic leaders and businesses to find effective points for policy intervention and ongoing collaboration in sustainability management (Atkinson, 2000; Parris & Kates, 2003).

Acceptance of sustainability-oriented management is handicapped by the complexity of sustainable development and the plurality of management objectives. This is exacerbated by confusion over terminology, disagreement about the best form of performance management and, more generally, a lack of understanding of sustainability, especially amongst small-and medium-sized businesses (Springett, 2003). Another handicap is the lack of government encouragement for sustainability based organisation performance. Perhaps the greatest challenge is to develop a composite measure of sustainability performance similar to the measure of gross domestic performance used as an economic benchmark. The diversity of sustainability performance standards indicates the need for continuing research to achieve acceptable metrics for both governments and businesses. (Bieker,

Dyllick, Gminder, & Hockerts, 2001; Bossel, 1999; Epstein & Wisner, 2006; Figge & Hahn, 2004; GRI, 2011; OECD, 2006).

Public reporting by firms and public agencies is used to build confidence and trust in organisational strategy amongst market stakeholders, regulators and the general population (Ballou, Heitger, & Landes, 2006; GRI, 2011; Perrini & Tencati, 2006; Rainey, 2006). Thus, public reporting is a strategically useful extension of sustainability performance management, encouraging the integration of economic, social and environmental criteria and recognised sustainability key performance indicators (KPIs) in organisational performance management (Ballou, et al., 2006). Public reporting of sustainability performance may also be seen as a valuable navigational aid in advancing the quality of organisational decision making and stakeholder relationship management.

There has, however, been a gradual increase in sustainability reporting by leading companies and many multinationals, particularly in Europe and Japan. A consensus is slowly emerging through involvement of organisations including the United Nations, the World Conservation Union, the US Government Interagency Group, the Global Reporting Initiative (GRI), the World Business Council for Sustainable Development, the Dow Jones Group, Fortune 500 reporting groups and global accounting firms such as Deloitte, PricewaterhouseCoopers and KPMG (GRI, 2011; Kolk, 2008; Parris & Kates, 2003). Comprehensive corporate sustainability reporting is not yet a business norm (Kolk, 2008).

Conventional financial reports have little value in assessing corporate sustainability performance and the publication of separate reports on sustainability performance show there are significant inconsistencies and gaps in sustainability reporting (Frost, Jones, Loftus, & van der Laan, 2005). Comprehensive corporate sustainability reporting is not yet a business norm and there has been limited progress in gaining business acceptance of full accounting of external environmental and social costs in company reporting (Atkinson, 2000; Cooper & Owen, 2007). Conventional financial reports have little value in assessing corporate sustainability performance and the publication of separate reports on sustainability performance show there are significant inconsistencies and gaps in sustainability reporting (Frost, et al., 2005). Comprehensive corporate sustainability reporting is not yet a business norm and there has been limited progress in gaining business acceptance of full accounting of external environmental and social costs in company reporting (Atkinson, 2000; Cooper & Owen, 2007). One handicap in sustainability management reporting is the need for universally agreed performance metrics backed by compelling theory and rigorous scientific data sets. In 2003, the most prominent indicator set, developed by the Global Reporting Index (GRI) organisation, was only used by 156 major global corporations (Parris & Kates, 2003). To date, the GRI has endorsed voluntary sustainability reporting, but there is growing belief in the need to extend sustainability

reporting to include all organisations, including SMEs. Recent indicators of this trend include a report in *The Economist* (Economist, 2010) and the UN's encouragement for governments to follow the examples of Denmark and South Africa in requiring compulsory sustainability reporting (UNCSD, 2012).

Finally, there is a need to consider the different expectations of organisational performance in the public sector. Public sector performance is conventionally transparent because of public reporting and auditing procedures. However this is being modified by the trend to adopt private sector performance standards in public sector management. While there is general agreement that continuing improvements in public service efficiency and effectiveness are desirable, there is less agreement on the relevance of user-pays charging and profit centre management concepts and the a trend to confidentiality in public agency reporting (Haque, 2001; Mascarenhas, 1993). Indeed, the literature suggests that wholesale application of private-sector management models is inappropriate (Ring & Perry, 1985). There is important theoretical support for this: public expectations of conformity with established public law, public accountability of public sector chief executives and elected political representatives, the difficulty of addressing the competing public and private sector value systems and satisfactorily addressing diverse electoral stakeholder expectations all point to this inappropriateness. Public service performance management should, therefore, be directed towards fostering policy and regulatory continuity, strategic flexibility and adaptiveness and accommodating the different public and private sector world views of effective organisational performance (Ring & Perry, 1985).

1.3.7 Organisational Learning

Organisational learning has become an accepted function of scientific management. It may be regarded as a vital means of achieving the strategic renewal of an enterprise, and that strategy needs to be re-engineered to utilise the "open system" within which the organisation operates (Crossan, Lane, & White, 1999). Stimuli for reviews of existing organisation procedures or routines may be founded in the aspirations of internal actors or in the need to respond to external cues for action and change (Becker, 2004; Nonaka, Toyama, & Nagata, 2000). It is a central strategy capability that facilitates the creation and utilisation of knowledge to achieve market and sustainability-based competitive advantage (Teece, Pisano, & Shuen, 1997). Successfully managed firms have the capability to foster an organisational learning culture for strategic knowledge acquisition, dissemination and refinement. Market application of the new knowledge in selected areas of high potential contributes to organisational performance and survival (Argyris & Schon, 1978; Prahalad & Hamel, 1990; Thomas, Sussman, & Henderson, 2001). Empirical research has confirmed that there

exists a positive relationship between market orientation and organisational learning and the potential for improved performance (Baker & Sinkula, 1999). These capabilities are also valuable in understanding the latent needs of markets, in developing capabilities for delivering superior value and in successfully addressing significant threats to a firm's competitive advantage, even in periods of uncertainty or turbulence (Slater & Narver, 1995).

Turning to sustainability management, organisational learning is also complementary in contributing to superior organisational performance. Key components of sustainability-based organisational learning are similar to orthodox organisational learning processes, including executive-level support, mission-oriented learning, deployment of interdisciplinary and/or self-organising groups and the use of change agents, issue-specific communications and staged or phased programming of learning to support sustainability management (Clarke & Roome, 1999; Siebenhüner & Marlen Arnold, 2007).

Development of an organisation sustainability strategy has the potential to be used as a step to move beyond green or eco-efficiency-based marketing towards the adoption of more comprehensive approach to marketing management (Peattie, 2001). Sustainability oriented learning is also valuable in overcoming established organisational routines and inertia and stimulating innovation and creating new services that are attractive to new market groups and early adopters. In the management of stakeholder relationships, the new approach will reinforce linkages between organisations and market and non-market stakeholders by satisfying the differing stakeholders' environmental, social and economic value expectations. It also offers the potential to create new, strategically valuable stakeholder coalitions (Bleischwitz, 2007; Wheeler, et al., 2003).

Organisations are more likely to adopt sustainability-oriented organisational learning when sustainability requirements are seen as a viable basis for sustainable competitive advantage and are anchored in the personnel and the culture of an organisation. These values may be embedded through the dissemination of sustainability oriented management through long-term training programmes, strategy development and performance reviews (Haugh & Talwar, 2010).

1.3.8 Potential for the Integration of Marketing and Sustainability Management

A review of the existing literature demonstrates the convergence of academic research in strategy, market orientation and sustainability management as well as the potential for the reconceptualisation of market orientation (MO) as sustainable market orientation (SMO). This offers an avenue to improve long-term organisational strategic management. Key literature supporting the research in this thesis is summarised in Table 1.1.

Justifications for the integration of management principles are the deficiencies of the current market orientation paradigm, especially the concentration of MO on short-term economic management, profit maximisation and growth. The application of SMO offers the potential to strengthen strategic performance through increased attention on the long-term protection and conservation of natural resources. In terms of managing organisational relationships, SMO emphasises the benefits of intergenerational strategy horizons, and broadening the scope of corporate coalition-building beyond immediate market and financial stakeholders. Enhanced reputation, relational synergies and organisational performance are likely to occur through improved employee commitment, community and government support, productive new organisational partnerships and of societally-sanctioned as well as stakeholder responsive performance.

Key organisational competencies of the integrated management of SMO may be grouped under the two broad headings of market orientation and sustainability orientation. Market orientation comprises customer orientation, competitor orientation, interfunctional coordination (Narver & Slater, 1990), intelligence generation, intelligence dissemination, effective organisational responsiveness (Kohli & Jaworski, 1990), development of a customer-centred strategic plan of action (Ruekert, 1992), a priority on profit creation and the maintenance of superior customer value while respecting the interests of key stakeholders (Slater & Narver, 1995) and marketing that is consistent with the broad ecological goal of human survival (Fisk, 1974).

In terms of the integration of marketing and sustainability, early theory focussed on a blend of responsible long-term environmental corporate management and market orientation to achieve outcomes that balance the performance objectives of the present with the needs and expectations of the future. Environmental entrepreneurship complemented with a sustainable orientation (Fuller, 1999; Menon & Menon, 1997) should ensure that customer needs are met, organisational goals are attained and the process is compatible with ecosystems (Fuller, 1999). While these theoretical contributions have a laudable emphasis on eco-efficiency, improved product design, minimising product environmental impacts and waste management, they do not specifically address the role of marketing in achieving social sustainability. This issue is, however, addressed by Belz and Peattie (2009) and Rainey (2006). Sound sustainability-based marketing also necessitates addressing social factors that will reinforce and sustain corporate performance. More specifically, there is a need to satisfy the value expectation of key stakeholders through mutually beneficial relationship management. The focus of corporate strategists on economic performance and environmental efficiencies, with little attention to social aspects of corporate sustainability management, suggests that government regulation will be necessary to achieve a universal adoption of sustainable

principles in market-centred corporate management (Sheth & Parvatiyar, 1995; van Dam & Apeldoorn, 1996).

Sustainability performance management provides for more holistic management of corporate capabilities using a long-term timeframe. The literature also endorses the value of public reporting to formalise organisational benchmarking, to publicly demonstrate how the organisation is influenced by sustainable development management concepts and recognised standards and also to allow for comparison of organisational performance with other organisations over time (GRI, 2011; Hubbard, 2006; Kolk, 2008). As indicated earlier, long-run strategy management should also incorporate structured organisational learning that draws on the ways in which the organisation functions within its the market and society (Crossan, et al., 1999) and encourages organisational synergies (Argyris & Schon, 1978; Baker & Sinkula, 1999; Slater & Narver, 1995) of sustainability principles and practices to organisational performance and resilience over time.

To conclude, there are sound arguments for combining market orientation and sustainability in corporate strategy management. This approach also holds the prospect of improving organisational performance in a societal and ecological systems context as well as in conventional economic terms. Integrated management incorporates market sensing and intelligence gathering in the fields of economic, social and environmental knowledge as well as the integration of intelligence in balanced long-run development and the management and promotion of competitive, profitable products and efficient services. There is also a need for integration of sustainability and market orientation performance indicators and formally structured organisational learning. The rationale for the conceptualisation is explained in Chapter 2.

With the conceptualisation of market orientation and sustainability in an integrated management model, there is a need to empirically evaluate the worth of the conceptualisation in a real world setting and assess its usefulness. This research should entail, firstly, an investigation of the managerial value of key aspects of the conceptual model and the identification of weakly supported aspects in the initial conceptualisation and, secondly, an assessment of its potential value in organisation strategy management by enhancing corporate efficiency and by reinforcing organisational reputation for responsible citizenship amongst key stakeholders.

1.4 Research Question

The research undertaken in this thesis seeks to answer the following question:

Can the key elements of market orientation and sustainable development be integrated in strategy management?

Inquiry to assess the SMO conceptual model, integrating market orientation and sustainability orientation, has the potential to enhance organisational performance in the public and private sectors. The research will therefore examine the relevance of the individual elements of the conceptual model as well as its overall value as a management tool in both private sector and public sector organisations. A longer-term objective is to investigate the potential of the SMO model for generating management and theoretical generalisations that will be valuable for businesses, public sector administrators, policy makers and academics.

1.5 Potential Contribution of the Research to Management Knowledge

This research is framed to expand knowledge about sustainability management in four domains: corporate strategy, market orientation, performance management and organisational learning.

The literature review found that, until recently, there has been little attention paid to the integration of marketing and sustainability theory. The conceptualisation of SMO and empirical research into its usefulness in public and private sector management will, therefore, make a contribution to academic knowledge and business practice in these domains. The theoretical and empirical research should also provide a foundation for future research.

1.6 Research Methodology

Research into the possible application of a sustainable market orientation is not founded on inquiry into causal explanations or on any other process central to the natural sciences. Rather, the research is social inquiry, centring on a core ontological assumption that the reality of sustainability management is “a realm of symbolic discourse.” The epistemological aim of this research, therefore, is to understand the patterns of discourse which comprise management systems and examine the potential for systemic changes in organisational strategy management (Morgan & Smircich, 1980).

This research applies the interpretivist paradigm and qualitative methods (words, pictures or objects) to validate or negate the concept of sustainable market orientation and the management model. The interpretivist paradigm has its origins in the work of Max Weber and Wilhelm Dilthey, through which the researcher seeks *verstehen*, the empathetic understanding of meaningful social action or phenomena (Neuman, 2000; Stake, 1978). Interpretive researchers investigate people who share a meaning system and interpret the social relevance of agents, activities or phenomena in a given context. This may require the assessment of multiple perceptions of a concept or phenomenon as

well as the influence of contextual factors on the phenomenon (Carson, Gilmore, Gronhaug, & Perry, 2001).

Longer term, exploratory qualitative investigation should be integrated with quantitative research for comprehensive evaluation of new concepts of reality. Without an integrated approach, there is a risk that a quantitative abstraction or, alternatively, a qualitative abstraction may satisfy the limited objectives of the initial research but pay insufficient attention to the wider issues that the research has been designed to examine (Morgan & Smircich, 1980).

Turning to research in the marketing domain, Hunt's three dichotomies model for analysis of marketing organisations (1976) offers a useful framework for examining a reconceptualisation of market orientation as SMO. Hunt specifies that research in the domain of marketing should fall into one or several of six categories: positive or normative, micro or macro management, profit or non profit (Hunt, 1976, 1977; Hunt & Lambe, 2000b). Using this frame, investigation of the value of the SMO conceptualisation involves research into positive and normative management of micro and macro strategy in both profit and non-profit marketing organisations.

1.6.1 Investigation Using Qualitative Case Studies

Rather than the pursuit of statistical proof to validate or invalidate research propositions, realism-based qualitative research is often used to explore the dimensions of new phenomena and to assist in understanding and managing such phenomena (Bonoma, 1985; Glaser & Strauss, 1967; Neuman, 2000; Perry, 1998; Stake, 2005; Yin, 2009). Qualitative research seeks to match empirically observed events to theoretically predicted events (Yin, 2009). According to Yin (2009), conceptual or logic models are useful tools to explain a complex chain of events that may display cause and effect patterns whereby a dependent variable at an earlier stage becomes the independent variable (causal factor) for the next stage. The validity and potential usefulness of conceptual models may be established by pattern matching. Successful qualitative investigation, therefore, seeks to explore the richness of data associated with phenomena and to identify key strands of knowledge that will advance knowledge in relevant fields.

There is a need for an appropriate unit of analysis to advance knowledge of the selected domain of research. Well-managed single and multiple-case investigations contribute to this process. Case studies have been widely used for exploratory studies to evaluate conceptualisations and enrich the understanding of phenomena (Stake, 1978). This research seeks to establish the relevance of the SMO model at an organisation level. Thus case based investigation has been selected to investigate management in individual organisations.

Realism-based case study research is “pre-paradigmatic” and suitable where there is a need for inductive theory building because accepted principles or constructs have not been established or are inadequate (Perry, 1998). The investigation should be subjective and allow for a disciplined interpretation of a phenomenon within a constructivist epistemology (Stake, 2005). In the marketing domain, case studies are often used by marketing researchers to explore characteristics of phenomena before more rigorous research is undertaken (Bonoma, 1985). There is no prescription for the correct number of cases required to establish generalisations. Accurate observation and description of the context and phenomena are important in case research. Reporting the evidence, analysis and findings should be logical, parsimonious and testable and facilitate development of theoretical generalisations. Studies of more cases, supplemented by qualitative research, generates better knowledge of the phenomena, its parameters and causality. In addition to investigating managerial practice, case studies may be used to explore causal factors of how and why phenomena occur. Thus, qualitative investigation allows for development of hypotheses as a preliminary step in identifying empirical generalisations and theory generation (Dubois & Gadde, 2002; Eisenhardt, 1989).

The long-term objective of scientific research is to identify theory grounded generalisations about the occurrence of phenomena. Replication in case study research is similar to that used for theory formation after multiple scientific experiments. Perry (1998) suggests generalisations may be possible after as few as two studies and between 30 and 50 interviews. Yin (2009) nominates a minimum of six cases, while Eisenhardt (1989) recommends that case research continue until redundancy or data saturation is achieved. If the case findings are contradictory, research propositions must be revised and retested (Yin, 2009). Three case studies are used in this research and it is recognized that the findings will be exploratory, requiring follow-up investigation.

A case is a complex entity embedded in its own unique context. Therefore, qualitative researchers have to make their own subjective assessments on the depth of data acquisition and analysis necessary to achieve primary research objectives (Yin, 1994; Emory and Cooper, 1991; McDaniel and Gates, 1991). Case inquiry should embrace the nature of the case activity, the influence of history and the social, political, economic and physical setting of the research. It should also consider the influence of other actors or bodies on the cases being examined. It follows that case inquiry draws on the expert knowledge of central actors. Key aspects of the case-based research design are: purposive selection of the context, cases and interviewees; interview protocols; questionnaire development; data management, analysis, interpretation and reporting; validity and reliability and satisfying the

requisite ethical standards. The final test is an assessment of the design's adequacy for understanding the phenomenon.

Good cases provide information that has academic or general public interest. Issues may be nationally important in theoretical or in practical terms. They may also examine rival propositions, for example, public and private applications of the phenomenon. In qualitative case research, random sampling of cases is not appropriate. Indeed, there should be careful case selection to help achieve sound outcomes (Eisenhardt, 1989). Purposive case and interviewee selection is a powerful tool for generating rich information about the selected research question. It allows researchers flexibility to follow up with more intensive study. Purposive case sampling for single or multiple case research may use prominent study groups or "exemplars" (Neuman, 2000; Shaw, 1999). The purposive selection of interviewees should be guided by relevant stakeholder and sustainability management literature using criteria for case actor relationships to the case organisations, i.e. urgency, relevance and salience (Mitchell, Agle, & Wood, 1997; Sangle & Babu, 2007) and expertise in the research management domains. Stakeholder groups may include national and local government, statutory authorities, populations affected by the organisation or industry, supply chain members, consumers, institutions or financial stakeholders, employees, environmental groups and elected parliamentary, local council and local community representatives. This stakeholder frame was used in the SMO research

Interviews are one of the most important sources of data for case studies. Interviewees should be seen as informants rather than respondents. Exploratory interviews should take the form of "guided conversations," pursuing a consistent line of inquiry based on a research protocol and oriented to achieving research objectives (Yin, 2009). This was the approach used to investigate the strategic relevance of SMO.

1.6.2 Ensuring Research Validity

A series of tests used in social science were applied in this exploratory evaluation of new phenomena (Yin, 2009). The first requirement was to identify and investigate appropriate MO and SD managerial constructs to ensure validity. The second was the definition of a suitable domain to facilitate development of theoretical generalisations to establish external validity. Finally, clearly defined and well-justified design provides research reliability. This allows for future replication of the research procedures seeking to achieve the same or very similar results.

The research design seeks to provide validity in assessing the value of SMO in organisational strategy by assessing the views of managers in a public sector organisation and two competing private sector

businesses. The study is enriched by insights from internal stakeholders (shareholders, senior and middle management) and external stakeholders (customers, community and NGO stakeholders, industry stakeholders, public sector planners and elected representatives in parliament and the local council).

To increase the research validity, key data in the interview material were compared with secondary research sources, including legislation (Mascarenhas, 1993; NZ Parliament, 1987), national and regional tourism strategies (Tourism New Zealand, 2007b; Tourism Research Consultants, 2005), government sustainability policy (Ministry for the Environment, 2003), conservation and national park management policy (Department of Conservation, 2005, 2007b) and environmental and sustainability management frameworks such as GRI and Enviromark (Enviromark, 2011; GRI, 2011).

1.6.3 Data Acquisition: Conducting Interviews

The research design drew on the recommendations of Yin (2009), that the researcher pose questions that contribute to understanding the phenomena in the context of three purposively selected case studies; one government agency and two businesses.

1.6.4 Ethical Standards

Experimental research is intrusive and the level of intrusion is restricted by ethical standards. It is important that research participants are not placed in danger or in anxiety-producing situations and that any use of deception should be limited and carefully justified (Neuman, 2000). In addition, there is an obligation to employ openness with interviewees and manage the treatment of confidential information constructively (Lincoln and Guba, 1985).

To address these requirements, Category A research approval was sought and granted by the University of Otago's Ethics Committee. Requisite documentation included specification of the scope and management of the inquiry, information to be provided to participants in the research and consent forms to be signed by each participant. The research was conducted according to this protocol, approved in February 2010. These items may be referred to in Appendices 1 and 2.

1.6.5 Data Collection and Analysis

A well-structured database is critical in case-study research. Yin (2009) specifies four components: notes, documents, narratives and tabular materials. Content analysis of interview transcripts and notes allowed evaluation of the six components of the conceptual model of SMO in relation to strategy management in each of the three cases.

It is important to understand the strategic relationships (including networks) that the case organisations are embedded in, how they are managed and the impact of these relationships on strategy (Shaw, 1999). Analysis incorporates categorisation of data according to its relevance to a conceptual logic model (Miles & Huberman, 1994). Cross-case analysis of data in word tables identifies generalisations and contributes to the objective of evaluating the managerial and theoretical usefulness of the management model (Yin, 2009, 1986). The greater the consistency of information from stakeholders associated with the different cases, the greater the confidence in the findings. The data was also appraised for managerial implications in the domains of strategy, marketing and sustainability management. Attention was given to the potential performance improvements arising from application of the conceptual model.

Qualitative research has eight recognised project phases, which were followed in this investigation (Eisenhardt, 1989; Neuman, 2000; Wolfe, 1924). They are:

1. Identification of a domain or field of interest;
2. Reviewing past research or literature;
3. Narrowing the field of research to define a research question;
4. Research design;
5. Data collection;
6. Data classification and analysis;
7. Data interpretation and identification of generalisations or potential generalisations;
8. Communicating the research and the results to interested parties.

The potential integration of the concepts of sustainable development and market orientation management was the selected as the research domain after an extensive review of market orientation literature revealed the potential for further theory refinement. A theoretical management model was constructed and research design incorporated an evaluation of strategy management and assessment of case strategy management with the model. This exploratory research utilised in-depth interviews to gather information from internal and external stakeholders. Because of different stakeholder relationships with the case organisations, three interview frames were used: one for internal stakeholders, one for customers and one for non-customer external stakeholders.

The cases were purposively selected to ensure that the field research was located in an industry that is economically important, dependent on strong ties and reliant on the sustainable management of environment resources. Te Anau, the geographic location of the research, is defined by unique

tourist attractions with UN World Heritage recognition protected by national park management. The regional social community is characterised by a strong community spirit and a commitment to an environmentally attuned lifestyle, which includes earning an economic return from environmental protection and tourism.

Semi-structured questionnaires were used to explore stakeholder perceptions of strategy, sustainability and marketing management in the three organisations. The questionnaires for internal stakeholders investigated shareholder, management and staff perceptions of key organisational characteristics. These included history, reputation, competitiveness, innovativeness, branding, integration of organisational management, responsiveness, adaptiveness, sustainability management, sustainability potential to improve performance, barriers, organisation culture, organisation success, long term prospects for the firm and future of sustainability management. The questionnaires for external stakeholders and customers sought interviewee perspectives on case organisation sustainability management, government tourism policy, and relationships with the local community. Applying a marketing lens, they were also asked about the case organisations' reputation, marketing management, stakeholder responsiveness, relationship management, commitment to sustainability management, organisational success and prospects for the future. The questionnaires were peer evaluated by marketing and tourism academics at the University of Otago then pilot tested in Dunedin. This avoided the risk of respondent bias that could arise from pilot research in a small community such as Te Anau. Copies of the three questionnaires are included in Appendix 3.

A total of 43 purposively selected stakeholders were interviewed. Data was sourced from both internal and external stakeholders. Internal stakeholders included shareholders, senior management middle management. External stakeholders included members of parliament, national public sector managers, local government policy managers, local government, Maōri and community representatives, tourism industry representatives and representatives of non-governmental organisations (NGOs). A full list is provided in Appendix 4. All interviews were conducted by the candidate in locations most convenient to the interviewees during 2010. Only two were conducted in Dunedin; the remainder were in Te Anau, Milford Sound, Invercargill, Queenstown, Christchurch and Wellington. The interviews varied in length because of stakeholder availability. Most interviews with key stakeholders such as the CEOs and senior managers, local and national public sector policy managers and Maōri representatives lasted between one and two hours. Others were shorter; for example members of parliament were available for periods of 15 minutes to one hour.

The transcriptions and notes made by the researcher during the interviews provided a central data base for addressing the research question (Yin, 2009). Written agreement for the interviews was given by both the participating organisations and the individual interviewees. Recording permission was also given by each of those interviewed. Parallel note-taking by the interviewer provided additional insights.

Based on the advice provided by Yin (2009), the use of computer-assisted interview transcript analysis was seen to have limited value in this investigation. The expertise of the researcher was more appropriate in assessing the quality of information provided by the selected internal and external stakeholders than the analysis of the repetition (or lack) of specific terms in transcripts. For example, it is not possible to meaningfully compare descriptions of strategy components and performance by organisation managers with the perceptions of external stakeholders, which are based on more limited knowledge of organisational strategy and characteristics of the phenomena under investigation.

Analysis of the evidence was completed in early 2011. This consisted of a review of data provided by each informant and assessed the significance of their views in supporting or questioning the theoretical conceptualisation. This involved identification of key themes in informant perspectives on the potential to integrate market orientation and sustainability in corporate management. (Key themes identified in the research are tabulated in Appendix 5). Separate stages of data assessment focussed, firstly, on the relevance of the model for public sector, secondly, on the private-sector organisations and, finally, a review of the theoretical SMO management model in relation to all three cases to determine important commonalities and differences between case strategy management and the conceptualisation.

1.6.6 Research Context: New Zealand Tourism

The significance of both sustainability and marketing management for the tourism industry suggests that the industry is an appropriate field for exploratory research into the value of SMO. This relevance is emphasised by tourism's global economic importance, the range of social factors associated with the industry and its reliance on protected natural environments to attract business and generate profit.

Tourism is one of the world's largest and fastest growing sectors of economic activity. The industry generates 5% of the world's GDP and 30% of global service exports, valued at over US\$1 trillion (UNWTO, 2011). The significance of sustainability in tourism management has been firmly established after comprehensive academic, government and industry debate and empirical

investigation (Bramwell & Lane, 1993; Butler, 1999; Ceron & Dubois, 2003; Gosling & Hall, 2005; Holden, 2003; Hunter, 1995; Saarinen, 2006; Sharpley, 2000; Swarbrooke, 1999,p.241; UNWTO, 1995; Wight, 1997). Sustainable tourism can be defined as the responsible management of tourism, which generates long-term economic value and industry viability, but does not destroy the physical environment or the social structure of host communities (Swarbrooke, 1999,p.241). In a theoretical examination of the paradigm, Butler concludes that effective planning and management of sustainable tourism require the understanding and support of all stakeholders - including local communities, tourism industry customers and tourism operators - as well as the cooperation of the tourism industry and education and objective regulation by government (1999).

The challenges for tourism firms are, firstly, to understand the long-term value of sustainability-based management and, secondly, to align their profit-directed strategies with the long-term macro environmental and social values of host communities and regions (Robson & Robson, 2000). There is also a need for sound, business-related ecosystem management (Sharpley, 2000), together with regulatory incentives and economic penalties for transgressing laws or ineffective management (Davis & Tisdell, 1996). Although the central objective of sustainability-based management is to protect resources for the benefit of future generations, incremental growth of tourism with prudent management of environmental, social and economic impacts suggests that sustainable tourism should be an adaptable management paradigm rather than an immutable theoretical objective (Hunter, 1997).

The sustainable management of tourism is largely driven by academic research and responses by governments, embodied in legislation and new regulatory regimes. There has been progress towards developing sustainable development management models for specific tourism destinations, particularly addressing the need for long term protection of natural resources and local communities (Pavlovich, 2001; Twining-Ward & Butler, 2002; Vernon, Essex, Pinder, & Curry, 2005). As noted in the literature review, however, there is little research which addresses the application of corporate sustainable management from a marketing perspective (Belz & Peattie, 2009; Fuller, 1999; Rainey, 2006).

In the New Zealand context, tourism plays a significant role in the national economy. In 2011, the industry generated 3.8 % of New Zealand's GDP (Statistics New Zealand, 2011). Tourism is New Zealand's second largest export earner, followed the dairy industry (\$11.6 billion or 19.9% of exports). International tourist expenditure was \$9.7 billion, representing 16.8% of total export earnings (\$52.4 billion). The sector is a significant employer, particularly in regional towns such as Queenstown and Te Anau. In 2011, the industry had 91,900 full-time employee equivalents (or 4.8 %

of total NZ employment). Indirect tourism employment totalled a further 87,900 full-time equivalents (Statistics New Zealand, 2011). New Zealand receives an estimated 0.25% - 0.45% of all international tourists. Maintenance or growth of this share of world tourism is a considerable challenge to the tourism industry and the government, given the difficult business conditions since the global financial crisis in 2008 and the long air or sea journeys required for most tourists to visit New Zealand (Department of Conservation, 2007a; UNWTO, 2011).

Like the global industry, the local tourism sector publicly commits its members to sustainability management principles. This is emphasised in the national government and regional Southland tourism strategies in which New Zealand's "clean and green" environmental qualities are cited as crucial in marketing the country globally (Tourism New Zealand, 2007b; Tourism Research Consultants, 2005). In its first global marketing campaign, the government tourism agency Tourism New Zealand (TNZ) used the slogan "100% Pure New Zealand" to emphasise the country's unique natural attractions in key markets including Australia, Europe and North America. Although the veracity of the campaign has been criticised because of the adverse environmental impacts from intensifying agriculture on New Zealand's natural environment, it has been highly successful in attracting increased numbers of international tourists (Bell, 2008).

Following public concern about the impacts of tourism on the environment, the Parliamentary Commissioner for the Environment recommended that the tourism industry work cooperatively with the Department of Conservation and with local and regional government to protect the quality of the country's natural environmental assets and better manage any adverse environmental impacts (Parliamentary Commissioner for the Environment, 1997b; Pearce & Booth, 1987). In response, the tourism sector included sustainability in its strategic objectives (Tourism New Zealand, 2007b), developed tourism sector environmental management standards (Enviromark, 2011) and encouraged voluntary industry compliance with these standards. Academic literature identifies a need to also align responsible industry practice with marketing promotion that emphasises New Zealand's unique pristine environment (Bell, 2008). Other New Zealand research in the domains of biology, marketing, operations and social management describe industry progress in addressing this resource management deficiency (Becken, 2005; Dymond, 1997; Frame, et al., 2010; Hughey et al., 2004; Pavlovich, 2001).

Tourism plays a significant role in regional New Zealand, as an economic engine generating employment, income for tourism and allied businesses and taxes for the national treasury. Tourism is a driver for the government development and maintenance of physical and social infrastructure. In Southland, the geographic focus for this research, regional tourism aims to enhance the range of

tourism services and the promotion of these services to attract visitors and to gain community benefits associated with the growth of the industry. The region is described in the regional tourism strategy as possessing world-class natural attractions, expertise in nature tourism and a strong community spirit (Tourism Resource Consultants, 2005). But regional tourism is challenged by the distance of Southland from main national urban centres and overseas markets, an under-supply of skilled tourism personnel and low awareness within key markets. Sustainable management, which emphasises the need to protect the quality of nature-based visitor experiences and to manage growth at key destinations, is integral to this strategy.

Fiordland, New Zealand's largest national park, is located in western Southland. The region was protected as a conservation area in 1904. National park status was granted in 1952 and it was accepted as part of the UNESCO South West New Zealand World Heritage Area in 1986. Its unique glacial features, temperate rainforest, wildlife and fiords draw 650,000 tourists a year (Department of Conservation, 2007b). Milford Sound is the most popular visitor attraction in Fiordland, attracting approximately 500,000 visitors a year.

The Department of Conservation (DoC) is responsible for the management of Fiordland National Park (FNP) (Department of Conservation, 2007b; Destination Fiordland, 2010; UNESCO, 2012). Key statutes governing the Department's role are The National Parks Act 1980, The Conservation Act 1987 and the Resource Management Act 1991. Day-to-day management of the park is guided by the Fiordland National Park Management Plan (Department of Conservation, 2007b). Under the plan, priority is given to protecting the intrinsic natural values of the park, protecting biodiversity and historic heritage. The current plan was approved by the government in 2007 following extensive conservation tourism and community stakeholder consultation. Although the Department has a responsibility to protect the national park in perpetuity, the plan has a ten-year term. Use of the park for recreation and tourism is encouraged as long as these activities do not adversely impact upon conservation values. It especially identifies the need to manage the impacts of large visitor numbers and aircraft traffic on natural values and the recreational amenities of Milford Sound.

1.6.7 The Three Case Study Organisations

Three organisations that play a significant role in Fiordland regional tourism were selected for the case study research investigating the potential of SMO. They are the Department of Conservation, and two of the largest tourism companies, Real Journeys and Southern Discoveries. Table 1.4 compares some of the key characteristics of the organisations.

Table 1.3: Characteristics of the Three Case Study Organisations in 2010-2011

Sources: Corporate reports, promotional material, media reports, interviews.

	Department of Conservation	Real Journeys	Southern Discoveries
Organisation	Government agency	Private, family	Private, family
Strategic purpose	Protection of biodiversity and intrinsic natural values of conservation lands in perpetuity	Nature-based tourism	Nature-based tourism
Capital base 2010-2011	Assets \$611m Taxpayer funding \$538m	Company and Hutchins family assets not available	Company assets not available, Skeggs family assets \$85m ²
Capital, revenue	Taxpayer, government-directed funding, supplemented by fees for tourism and recreation services, sponsorships and donations	Shareholder capital, revenue from tourism services	Shareholder capital, revenue from tourism services
Temporal focus	Intergenerational	Intergenerational	Intergenerational
History	Established 1987	Established 1954	Established 2008
Constitution, charter	NZ Parliament, legislation	Private company	Private company
Headquarters	Wellington	Te Anau	Te Anau
Employees	2,069	200	60
Operational context	National	South Island, NZ	Otago and Southland
Market orientation	NZ electorate	International, NZ tourists	International, NZ tourists
Sustainability orientation	NZ government cabinet decision, 2003	NZ tourism strategy, 2010-2015	NZ tourism strategy, 2010-2015
Performance reporting	Public annual report to Parliament	Private reporting to shareholders	Private reporting to shareholders

Case 1: Department of Conservation

The New Zealand Department of Conservation was established in 1987, combining the services formerly provided by the National Parks Authority, Lands and Survey and the Forest Service. Under the authority of the Conservation Act 1987 and the National Parks Act 1980, DoC manages conservation lands and national parks comprising approximately one third of New Zealand's land area. In 2010, DoC had expenditures of \$304.7 million.

² (National Business Review, 2011)

DoC's central responsibilities reflect the intergenerational management of environmental resources embodied in sustainable development. They are summarised as: "Promoting conservation of the natural and historic heritage of New Zealand on behalf of and for the benefit of present and future New Zealanders" (Department of Conservation, 2011,p.8).

DoC is also committed to supporting the government's economic objectives:

The Government's driving goals are to lift New Zealand's rate of economic growth, and to ensure that economic growth is sustainable and that the gains are widely distributed. DoC manages public conservation lands and waters and protected species to deliver economic, social and environmental benefits which in combination are key contributors to New Zealanders' prosperity and well being. (Department of Conservation, 2011,p.8)

Under legislation, DoC is also committed to support tourism:

Conservation contributes strongly to tourism - the destinations for both domestic and international visitors are primarily around public conservation lands, waters and protected species. The businesses that support and complement tourism are major contributors to national, regional and local economies ... In its totality conservation plays a critical role in supporting the New Zealand brand - the market advantage on which the nation's producers and local economies rely. (Department of Conservation, 2011,p.8)

As required by legislation, the Department reports annually to the New Zealand Parliament (Department of Conservation, 2010a). In sustainability management, DoC's 2010 annual report describes the Department as a leader in sustainable business practice. It also reports on DoC's sustainability programme, which aims to reduce environmental impacts of DoC operations and improve service efficiency (Department of Conservation, 2010a).

Case 2: Real Journeys

Real Journeys was founded in 1954 as the Manapouri-Doubtful Sound Tourism Company, later becoming Fiordland Travel Limited. Reflecting the increasing scope of its operations, the company changed its name to Real Journeys in 2004. It is owned by the Hutchins family, who are prominent in the Te Anau community. Real Journeys operates a suite of competitive, profitable, nature-based tourism ventures. The focus of the company's operations is the Fiordland National Park but it also has tourism activities in Rakiura National Park, the Queenstown area and at Akaroa near Christchurch. The company has its headquarters in Te Anau and employs 200 people. As a privately owned, unlisted company, Real Journeys does not report publicly on its performance.

Case 3: Southern Discoveries

Southern Discoveries was established by the Government's Tourist Hotel Corporation some 50 years ago as Red Boats, to manage cruises at Milford Sound. As part of the privatisation of government tourism operations, the entity was sold to the Auckland public company Tourism Holdings. In 2008, it was acquired by the Dunedin-based Skeggs Group and renamed Southern Discoveries. The company provides a range of tourism services in Milford Sound, including accommodation, cruises, kayaking, an underwater observatory and a restaurant. These services are complemented by charter cruises and jet boat tourism at Queenstown. The company has its headquarters in Te Anau and employs 60 people. Southern Discoveries is an unlisted private company and does not issue public performance reports.

1.7 Thesis Organisation

The thesis is submitted in the form of papers. There is an introductory chapter, explaining the purpose of the research, three chapters featuring papers that have been submitted to academic journals and a concluding chapter reviewing the research outcomes.

The thesis comprises five chapters (see Figure 1. 2). The first chapter identifies the integration of sustainable development and market orientation as an area of research potential. This is accompanied by a description of the methodology used to investigate the concept's usefulness. Chapter 2 conceptualises Sustainable Market Orientation and presents a model for evaluation. Chapter 3 reports on the outcome of the empirical research into the value of SMO in Department of Conservation strategy management. Chapter 4 describes investigating the potential for SMO in the private sector, specifically in the two tourism firms: Real Journeys and Southern Discoveries. The concluding chapter, Chapter 5, assesses the evidence from the three cases and the relevance of the SMO conceptual model. There is also a review of the managerial and theoretical implications of the research. This chapter discusses the limitations of this research in evaluating the usefulness of the SMO concept and the model before making recommendations for a new phase of research into the management of sustainable market orientation.

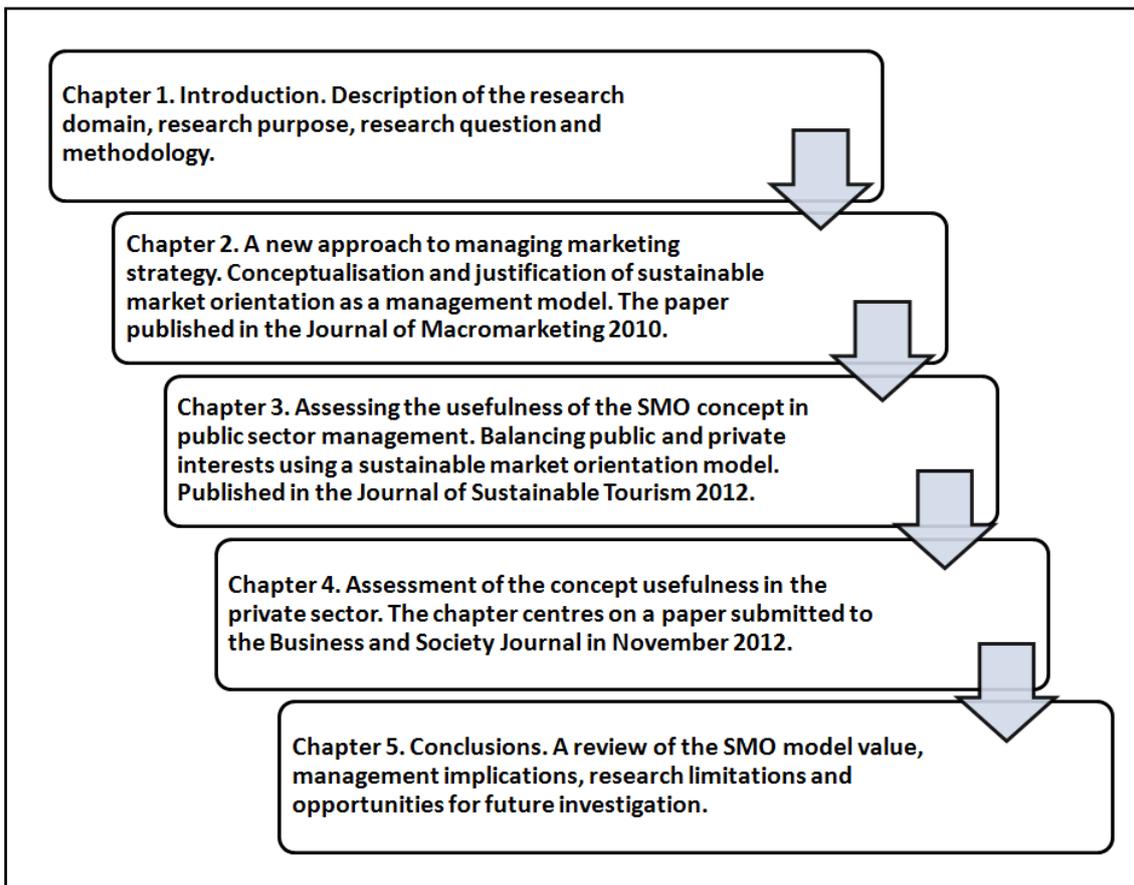


Figure 1.2: Chapter Order

1.8 Chapter Conclusion

This chapter explains the purpose of the thesis: to investigate the potential to refine the concept of market orientation by incorporating greater attention to the social and environmental aspects of corporate management and marketing. It described four domains of knowledge relevant to this study: corporate strategy, market orientation, corporate sustainability, performance management and organisational learning. The outcome of the literature review was a conceptualisation of sustainable market orientation (SMO).

The need for empirically testing the usefulness of the conceptual model was identified and the proposed research methodology was explained and justified. Qualitative research methods were proposed to investigate the conceptualisation and model feasibility using case studies of three organisations in the New Zealand tourism industry. Purposive selection of cases and informants was predicted to provide richer data for exploratory research than quantitative methods. The choice of the New Zealand tourism industry was made because of the importance of sound economic, social and environmental management for the industry's long-run success. Three tourism organisations operating in Fiordland were selected because of their leading role in regional tourism management

and their accessibility for investigation. In the public sector, the Department of Conservation, which manages the natural resource base for tourism as well as supplying its own tourism services, asked to be included because of their interest in learning about their standing in marketing and sustainability management. In the private sector, two leading operators, Real Journeys and Southern Discoveries, who are in active competition with each other, agreed to participate. This provided an opportunity to gain insights into the potential of SMO management in both the private and public sectors.

2 Conceptualising Sustainable Market Orientation

The first chapter established the foundations for research into the possible integration of market orientation and sustainable development theory in organisational strategy. The second chapter uses a more focussed lens to propose a logic model for management of the phenomenon. The chapter concludes with recommendations for empirical research to investigate the feasibility of the conceptualisation. The body of the chapter was published in the Journal of Macromarketing in June 2012.

Sustainable Market Orientation - A New Approach to Managing Marketing Strategy³

2.1 Introduction

Market orientation (MO) has been a core philosophy underpinning corporate marketing management since the middle of last century (Gebhardt, Carpenter, & Sherry, 2006; Gronroos, 1989; Hunt & Lambe, 2000a; Jaworski & Kohli, 1993; McKittrick, 1957; Narver & Slater, 1990). Since then the concept has been refined and is now endorsed by international academic research (Deng & Dart, 1994; Homburg & Pflesser, 2000; Lado, Maydeu-Olivares, & Rivera, 1998; Morgan & Strong, 1998; Pulendran, Speed, & Widing II, 2000; van Egeren & O'Connor, 1998). Despite this, there is evidence that MO has substantial conceptual shortcomings warranting a review of how it may be reconceptualised as a more comprehensive management framework.

At the outset MO should be defined. The strategic perspective proposed by Morgan and Strong has been selected (Morgan & Strong, 1998). They perceive market orientation is a mode of corporate management founded on:

“an appreciation that understanding present and potential customer needs is fundamental to providing superior customer value; encouraging the systematic gathering and sharing of market information regarding present and potential customers, competitors as well as other related constituencies and instilled the sine qua non of an integrated organisation-wide priority to respond to changing customer needs and competitor activities in order to exploit opportunities and circumvent threats” (1998).

A key issue is MO's concentration on micro-economic and functional management but this is not easily aligned with a more comprehensive view of the roles and functions of contemporary marketing organisations (Elliott, 1990; Fisk, 1967, 1974; Fisk & Nason, 1982; Glaser, 1986; Hunt, 1981; Layton, 2007). The need for this broader view of marketing management is reinforced by management problems arising from the severe adverse ecological, social and economic impacts that have arisen from globally significant, market driven events. Examples of unsustainable short term, market based corporate strategies include: exploitation of indigenous forests in the Amazon Basin and South East Asia; depletion of the North Atlantic cod fishing resources; socially negligent

³ Mitchell, R., Wooliscroft, B., & Higham, J. (2010). Sustainable Market Orientation: A New Approach to Managing Market Strategy *Journal of Macromarketing (Special Issue on Sustainability)*, 30(2), 160-170.

production management at the Union Carbide chemical plant in Bhopal, India; marketing of unsafe products such as Ford Pinto cars, Firestone tyres, pharmaceutical products Vioxx and Thalidomide; and more recently, the inadequacies of corporate governance exposed by the collapse of major companies banks and insurance companies in the 2008-2009 global financial crisis. Common themes are deficiencies in governance, exploitative social and environmental strategies and an emphasis on maximising short term profitability to the detriment of long term stakeholder interests. Some of these failures could be attributed to management regimes that have been sanctioned or passively accepted by corporate management and government. These practices challenge the adequacy of the MO concept, demonstrating the need for corporations develop more universally acceptable processes for responsible marketing management. Dominant economic drivers call for maximising corporate profit and shareholder returns through efficient management of resources and competitive marketing that is responsive to customer needs. A reconceptualisation of the MO paradigm, offers potential to achieve greater alignment of long term commercial performance with the interests of a wider range of stakeholders including latent or potential customers and communities.

A promising avenue for the reformulation of MO lies in a synthesis of market orientation, macromarketing, corporate social responsibility and sustainable development management concepts as sustainable market orientation (SMO). By adopting an SMO, corporate management will move beyond a conventional concentration on micro-economic and functional management prescribed by MO.

We suggest that SMO may be conceptualised as having four components: objectives, strategies, processes and benefits. It is institutional marketing management where the firm utilises sustainable management principles to:

- Anticipate and meet customer needs through the effective integration of comprehensive environmental intelligence with operational and marketing systems
- Apply profitable, socially and environmentally responsible value systems
- Generate positive, long run outcomes in economic, social and environmental terms that are acceptable for primary stakeholders who derive direct financial benefits from firms and secondary stakeholders who gain indirect economic, social and environmental benefits.

The model of corporate SMO (Figure 1) provides for a more comprehensive, stakeholder based approach to corporate management than the widely accepted model of MO (Figure 2). SMO combines the principles of market orientation (Jaworski & Kohli, 1993; Narver & Slater, 1990) with a

macromarketing systems management approach (Fisk & Nason, 1982; Homburg & Pflesser, 2000; Layton, 2007; Shultz, 2004; van Dam & Apeldoorn, 1996); a stakeholder approach to integrating corporate social responsibility and marketing strategy (Maignan, Ferrell, & Ferrell, 2005; Wheeler, et al., 2003) and utilisation of the sustainability management concept proposed in the report of United Nations World Commission on Environment and Development (Brundtland Commission) to balance corporate economic, social and environmental governance (Chichilnisky, 1977; Chichilnisky, 1997; Gladwin, et al., 1995; Goodland, 1995; Shrivastava, 1995; World Commission on Environment and Development, 1987).

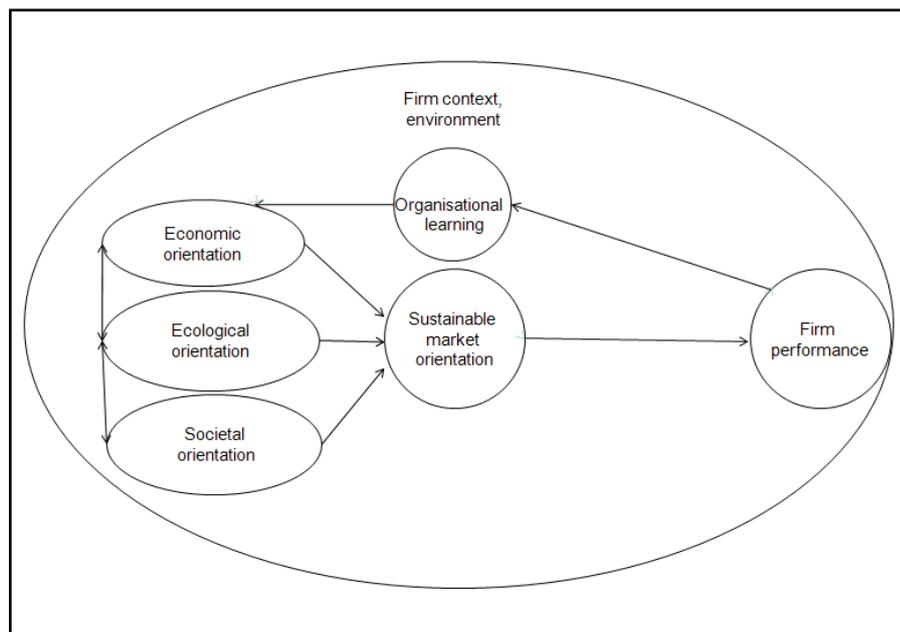


Figure 2.1: Antecedents and Consequences of Institutional Sustainable Market Orientation

2.2 Antecedents to Sustainable Market Orientation

The conceptualisation of SMO is supported by four significant streams of academic literature. Firstly, literature on MO will be discussed and current limitations identified. Secondly, macromarketing literature is referenced to illustrate the need for a systems approach to corporate marketing activities. Thirdly, the importance of corporate stakeholder responsibility is highlighted. Fourthly, sustainable management authorities have been selected to emphasise the value of integrating economic corporate performance with social and environmental principles consistent with the model proposed by the UN's World Commission on Economic Development in 1987.

Investigation of MO literature demonstrates that since 1990, there has been general agreement on the key components of MO (Figure 2): market intelligence gathering and the synthesis of market information to develop and implement competitive, profitable marketing strategies. (Cano, Carrillat,

& Jaramillo, 2004; Cervera, et al., 2001; Deshpande & Farley, 1998; Greenley, et al., 2005; Kirca, Jayachandran, & Bearden, 2005; Kohli & Jaworski, 1990; Lafferty & Hult, 2001; Narver & Slater, 1990). MO should focus on the market oriented integration of firm's capabilities to: generate long run profitability, maintain or increase customer numbers, improve firm competitiveness, expand market share for its products or services, ensure organisational responsiveness in providing customer value and satisfaction, and meet strategic corporate targets (Dawes, 2000; Homburg & Pflesser, 2000; Kohli, Jaworski, & Kumar, 1993; Kohli & Jaworski, 1990; Narver & Slater, 1990). Improved performance through organisational learning enhances MO management (Baker & Sinkula, 1999; Farrell & Oczkowski, 2002).

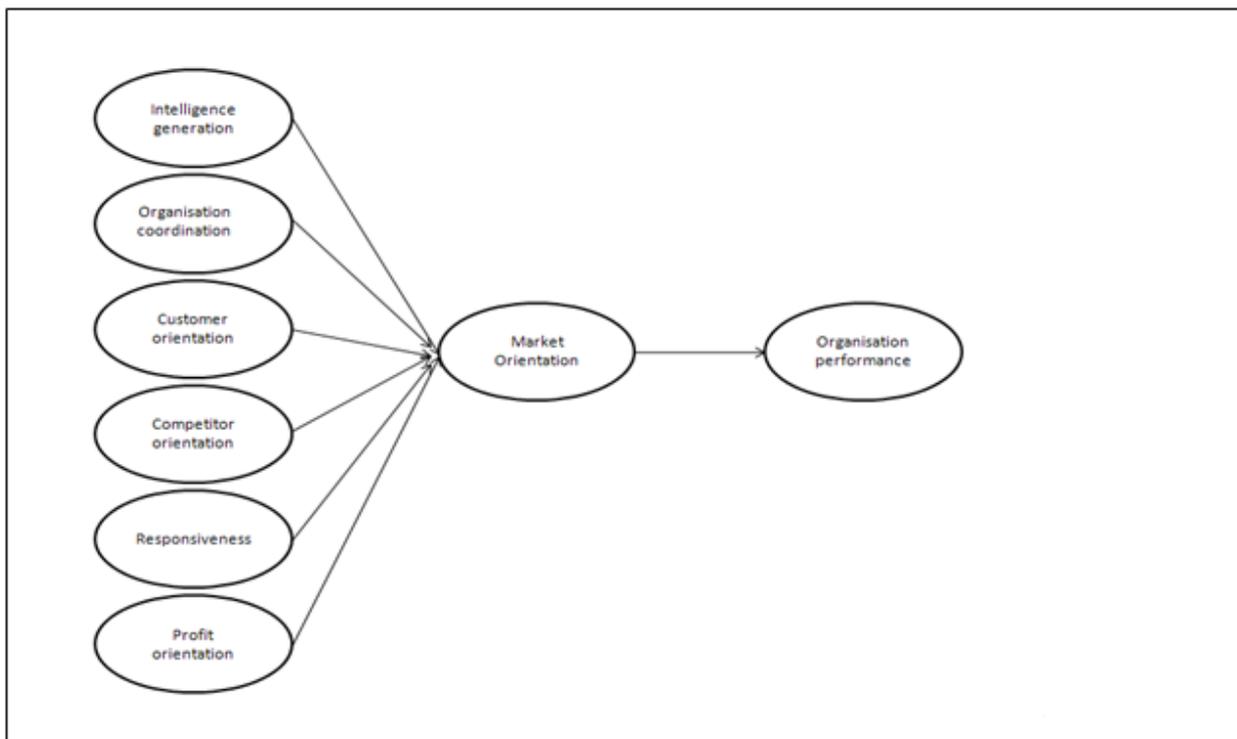


Figure 2.2: Model of Market Orientation

(Adapted from Narver & Slater 1990; Dobni & Luffman 2003)

However, more recent MO research has also recognised a need for pro-active corporate management to profitably address the interests of a spectrum of social, political and business (commonly described as environmental) stakeholders (Cano, et al., 2004; Cervera, et al., 2001; Gonzalez-Benito & Gonzalez-Benito, 2008; Greenley, et al., 2005). This body of research has been enriched by debate about how environmental forces impacting MO should be isolated, measured and evaluated (Cadogan, Souchon, & Proctor, 2008; Dobscha, et al., 1994; Lawer & Knox, 2008; Pelham, 1999).

Exploration of the place of MO in the management of corporate relationship quality has been a recent development. Positive findings demonstrate that MO supports improved corporate performance founded on positive external relationships in different cultural environments (Cano, et al., 2004). Additionally, a market oriented firm may attract better service from governments (Cervera, et al., 2001). However the extent to which stakeholders influence corporate strategy which is not directly market related, still has to be confirmed (Gonzalez-Benito & Gonzalez-Benito, 2008). Further, a recent meta analysis of MO literature encourages researchers to move beyond the conventional micro management approach and scrutinise moderators of MO performance such as market, technological and environmental turbulence (Kirca, et al., 2005).

Our review of the MO research related to environmental and stakeholder management confirms a need for corporations to invest more in gathering social and environmental intelligence and developing a broader range of stakeholder relationships.

Contrasted with the micro focus of MO, macromarketing parameters offer persuasive grounds for reconceptualising MO. To support this argument, a definition of macromarketing is presented. Hunt defines macromarketing as a system based process that calls for the examination of “the impact and consequence of marketing systems on society and ... the impact and consequence of society on marketing system” (1981). In a further refinement, Dixon conceived that marketing was a subsystem of society’s adaptation to its material environment (Dixon, 1984).

Macromarketing literature distinguishes MO from SMO by advocating corporate marketing strategies that combine the quest for economic benefits with activities which have both positive outcomes through alignment of corporate marketing activity with social and environmental norms (Varman & Costa, 2008). Expanding on this, macromarketers reason that marketing is a multidimensional activity comprising direct and indirect, social and economic exchange networks (Dixon, 1984; Fisk & Nason, 1982; Hunt, 1981; Layton, 2007). Macromarketing scholars van Dam and Apeldoorn proposed an early version of sustainable marketing through the unification of ecological marketing, green marketing and sustainable marketing in a concept called “environmental marketing” (1996). Broadening the theoretical debate, Kilbourne et al (1997) recognised the marketing dilemma posed by adherence to the dominant social paradigm (DSP). Instead, current corporate reliance on micro marketing should be replaced by a new marketing paradigm in which macromarketing concepts take a central role.

Sustainability standards should be applied using an open systems approach, informed by political and ethical deliberation. ⁴

The importance of business embeddedness in social relationships and conformity with social norms have been emphasised by both macromarketing (Varman & Costa, 2008) and sociology scholars (Granovetter, 1992; Uzzi, 1996). Although academics advocated corporate marketing management should effectively and productively manage factors including economic risk, social, cultural, and environmental considerations (Fisk, 1967), marketing practitioners focussed on “green marketing” (van Dam & Apeldoorn, 1996) overlooking the broader social and environmental responsibilities opportunities required by holistic application of corporate sustainable management. Van Dam and Appeldoorn perceived that implementation of sustainable marketing would require “feasible tradeoffs” between business and environmental concerns. Further they predicted that regulatory measures would be required to ensure that marketing processes were effectively within confined ecological boundaries. Their interpretation of sustainable marketing did not explore the balanced approach to corporate management of Sustainable Development proposed by the Brundtland Report and more recent academic studies (Figge & Hahn, 2004; Steurer, Langer, Konrad, & Martinuzzi, 2005). Addressing this shortcoming, the conceptualisation of SMO offers a more comprehensive managerial framework for sustainable marketing supported by three sustainability management constructs: social, environmental and economic corporate responsibility.

Examination of the third literature area, corporate stakeholder management, also supports the reconceptualisation MO. The origins and historic development of the modern corporation extend back over 250 years (Fullerton, 1988). Within corporate boundaries, the primary engine for economic performance has long been regarded as the marketing function (Alderson & Cox, 1948; Arndt, 1978; Drucker, 1954; Keith, 1960). Indeed, today the marketing concept has been a: “ the foundation of the methodology and organisation of marketing, ... is also the *raison d’etre* in the western world” (Arndt, 1978). Alderson saw the marketing function as part of a “dynamic process of matching goods and needs in organising institutions and processes” (Alderson, 1964,p.93-94). However, MO’s commitment to profitably satisfy market demand places inadequate obligations on corporations to meet social and environmental expectations of communities and governments. As early as 1969,

⁴ A systems approach to ecology management is advocated by authorities and this has been accepted as a basis for sustainability management (Holling, 1973). Science therefore provides a basis for the development sustainability based policy development management standards. Normatively, this should holistically integrate performance indicators for long term environmental, social and economic management (Ehrenfeld, 1997). Progress is being made on establishing effective international standards through cooperation between academics, government agencies, business and non-governmental organisations (Parris & Kates, 2003).

Lazer recognised the need for corporations to bridge the “chasm between the profit motive and social responsibility, between corporate marketing objectives and social goals, between marketing actions and public welfare” (Lazer, 1969). This call for corporate marketing strategists to address societal issues and social responsibility was echoed by other prominent marketing academics and practitioners (Feldman, 1971; Lavidge, 1970). While there has been academic debate over the dimensions of corporate social responsibility for four decades, recognition of the concept by marketing practitioners was largely mute until the end of the 20th century. Since then practitioner views have been moderated by the identification of positive relationships between corporate social responsibility and improved corporate financial performance stimulated by consumer recognition of corporate social responsibility (Becker-Olsen, Cudmore, & Hill, 2006; Maignan, 2001; Waddock, 1989).

Reinforcing the understanding of societal influences on marketers has been the increasing appreciation of stakeholders relevance how these groups impact on the management of organisations (Aldrich & Pfeffer, 1976; Pfeffer & Salancik, 1978; Porter, 1979) and a stronger recognition of a constituency-based approach to corporate strategy (Anderson, 1982; Day & Wensley, 1983; Mahon & Wartick, 2003; Porter & Kramer, 2006). Importantly, the long term benefits of constructive stakeholder-driven management are confirmed by Orlitzky et al’s 2003 meta-analysis of the integration of corporate market and non market strategies. Their findings showed that positive corporate social performance and corporate financial performance appear to “mutually affect each other through a virtuous cycle” (Orlitzky, et al., 2003) and that organisational effectiveness is enhanced by a trade-off in corporate strategy that addresses both economic and social objectives. In-depth academic scrutiny of the linkages between corporate social responsibility and corporate long term economic performance suggest the need to complement corporate social and economic responsibility with environmental responsibility. Thus academic research underlines the potential value of the SMO model proposing a more holistic approach to corporate marketing management.

The fourth and final stream of evidence supporting the conceptualisation of SMO is furnished by sustainable development management literature that extends the parameters for managing corporate marketing beyond the narrow environmental and ecological prescriptions implicit in conventional corporate management guided by the MO paradigm. A sustainability management perspective demands corporate strategy with a reduced reliance on the economic performance and a lessened adherence to the dominant social paradigm (Kilbourne, Beckmann, & Thelen, 2002). Instead, corporate economic strategy should be keyed to an ecological social paradigm designed to

progress socially equitable and responsible use of global resources and sustainable consumption (Bossel, 2001; Dunlap, 1983; Dunlap & Van Liere, 1978; Gunderson & Holling, 2002).

After decades of academic and political debate over the need for sustainable management of global resources, a compromise strategy proposed by the World Commission on Environment and Development (Brundtland Commission) sought to meet the pressures for economic growth and at the same time recognised the need for improved, long term stewardship of resources to meet current and future global economic, social and ecological needs (Robinson, 2004). General political acceptance of the Commission's proposals, has been followed by a series of international agreements endorsing the incorporation of sustainable ecological and social management with economic management in the governmental domain (UNO, 1992, 2002).

Corporate recognition of, and adaptation to, sustainability concepts developed by economic academics and proposed in the Brundtland Report (Chichilnisky, 1997; World Commission on Environment and Development, 1987) has generated intense theoretical debate on the applicability of the sustainable development paradigm in corporate management. Over the past decade discussion has progressed to the development of normative principles and management metrics (Bansal, 2004; Epstein & Roy, 2003 ; Jennings & Zandbergen, 1995; Porter & van der Linde, 1995; Shrivastava, 1995; Stubbs & Cocklin, 2008; van Marrewijk, 2003). However, even with the support of the United Nations World Council on Economic Development and the World Bank (Goodland, 1995; Goodland & Daly, 1996; World Commission on Environment and Development, 1987), it has been challenging to gain widespread acceptance of these concepts in the corporate domain (Kolk, 2003; Kolk & Levy, 2001).

To date, conceptualisations of sustainable corporate management and sustainable marketing have often focussed on the micro management of ecological issues and only in the past decade has there been development of different corporate sustainability indicators in response to UN and government policy determinations (Fuller, 1999; Sheth & Parvatiyar, 1995; van Dam & Apeldoorn, 1996) and stakeholder pressures (Gonzalez-Benito & Gonzalez-Benito, 2008). Guidelines on improved sustainability operations management and reporting (Atkinson, 2000; Hak, Moldan, & Dahl, 2007; Reuvid, 2006; SRG, 2006; von Geibler, Liedtke, Aallbaum, & Schaller, 2006); value added sustainability strategies (de Chernatony, Harris, & Dal'Olmo, 2000; Figge & Hahn, 2004); sustainability performance (Epstein & Roy, 2003) and stakeholder evaluation of sustainability management (Sangle & Babu, 2007) provide pointers for further research into strategic corporate sustainability. In the sphere of marketing, management has recognised the potential of profiting from consumer environmental sentiments through the development of environmental management codes, and

green marketing strategies (Menon & Menon, 1997; Sharma & Vredenburg, 1998). However, benefits that can accrue from alignment of corporate marketing strategies to long term community social and environmental goals as envisaged by the application of sustainability theory in SMO, have not yet occurred.

Under the proposed SMO model, corporate marketing management moves beyond MO's market based fundamentalism to corporate marketing characterised by long run strategies that aim to meet market expectations by the competitive and environmentally responsible application of resources (Bansal, 2004; Barney, 1991; Hart, 1995) and stakeholder focussed marketing enriched by dimensions of environmental and social responsibility (Dobscha, et al., 1994; Griffiths, Dunphy, & Benn, 2005; Sheth & Parvatiyar, 1995).

2.3 Conceptualising Sustainable Marketing

As noted above, academic literature offers evidence of some progress towards establishing a theoretical basis for sustainable marketing. In our review of literature, three sustainable marketing models have been identified a 'socio-ecological' model, an ecological lifecycle model and a macromarketing model. The last model is influential in the development of a more comprehensive sustainable marketing model SMO.

The first conceptualisation is a "Socio Ecological" market orientation proposed by Sheth and Parvatiyar (1995). They observed that ecological and social problems associated with a free market approach could be addressed by developing corporate management framework operating within the bounds of a "guided market"(Figure 3), where corporations and society agree on a combination of economic, political and social and ecological norms to govern the marketing based economy.

Sheth and Parvatiyar reasoned that marketing's claim to serve societal needs by informing customers of the availability of goods and services to improve their quality of life, is only tenable if firms engage in educating markets and channelling current and potential customers towards "ecologically benign products services and or activities: (1995). Their concentration on environmentally sound production and marketing recognised the potential for utilising sustainable development principles in the domain of marketing, however, Sheth and Parvatiyar did not follow through with adoption of integrated triple component management. Instead they concentrated on corporate environmental marketing management (rather than applying a sustainability management lens) and a reliance on substantial government regulation to moderate free market marketing forces.

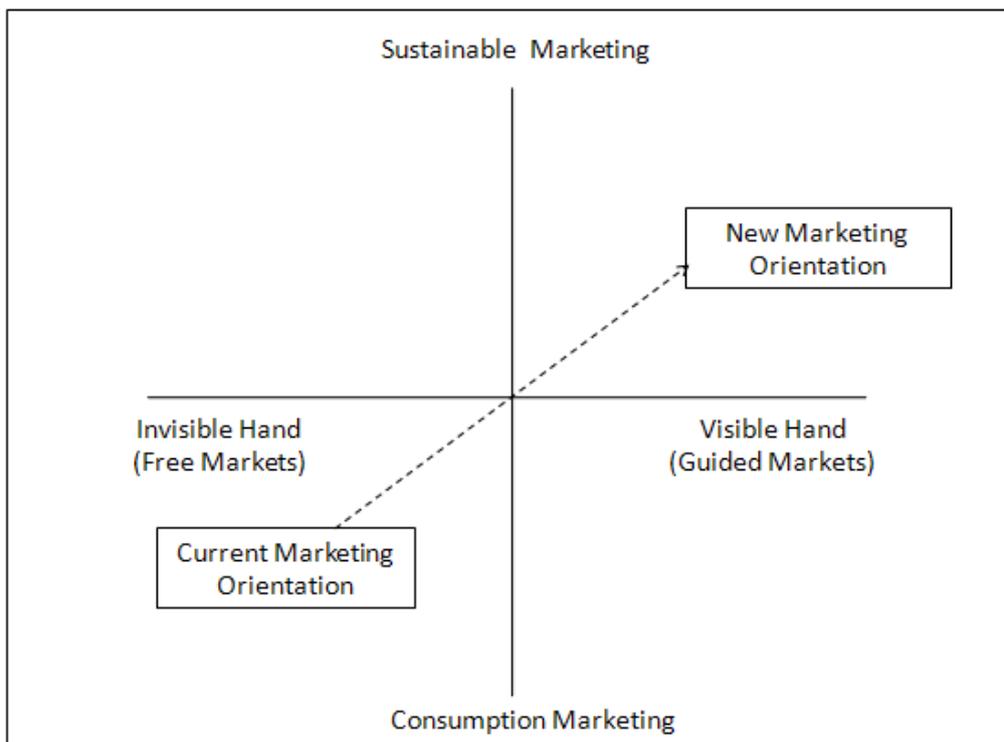


Figure 2.3: Model for Ecological Marketing (Sheth & Parvatiyar 1995, p. 4.)

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A second approach to sustainable marketing propounded by Fuller (1999) and supported by other academics, advocates the benefits of environmentally green corporate marketing strategies and incorporates lifecycle ecological management of product and service management (Mendelsen & Polonsky, 1995; Menon & Menon, 1997). Corporate management would require more than the organisational marketing intelligence generation and coordination prescribed in MO. Additional managerial components include: corporate anticipation; understanding of, and adaptation to, societal and governmental pressures; adjusting to changes in market regulation; and ensuring corporate responsiveness to emerging norms governing environmental management. Although there is academic recognition of the importance of environmentally responsible lifecycle management of

company production and marketing, again there is inadequate integration of the social, economic and environmental management factors as called for under the paradigm of sustainable development.

A third approach to sustainable marketing uses a macromarketing lens (van Dam & Apeldoorn, 1996). This implicitly criticises the conventional approach to corporate marketing aimed at short term economic gain and its inadequate consideration of long term ecological, social and business costs associated with environmental deterioration. The proposed solution (subsuming allied green and ecological marketing conceptualisations) seeks to achieve feasible trade-offs between business and environmental concerns.

“Sustainable marketing is, among other things, an appeal to lengthen corporate time horizons and value continuity over profit. Most importantly, sustainable marketing is an appeal to accept the ecological and social limitations of the conventional corporate marketing philosophy” (van Dam & Apeldoorn, 1996, p. 53).

Van Dam and Apeldoorn argue that even with social and political restraints, sustainable marketing can improve corporate efficiency. This approach resonates with the earlier delineation of how macromarketing can be used to incorporate social and environmental management concepts to corporate marketing. Further endorsement for SMO is provided by two decades of research into performance measures that can inform and support sustainable development management (Corbiere-Nicollier, Ferrari, Jemelin, & Jolliet, 2003; Elkington, 1994; Hak, et al., 2007; Parris & Kates, 2003; van den Brink & van der Woerd, 2004; van Marrewijk & Hardjono, 2003).

We conclude that all three marketing models indicate progress in expanding on the concept of MO but fall short of the SMO model conceptualised in this paper. Because of the paucity of research into frameworks that can support sustainability based marketing management, we have proposed the model of SMO as a new and systematic approach to corporate sustainability and marketing management (Dyllick & Hockerts, 2002), generating enhanced value to broader range of corporate stakeholders (Wheeler, et al., 2003) applying value added management criteria (Figge & Hahn, 2004) and utilising internationally accepted performance indicators, (van den Brink & van der Woerd, 2004).

2.4 Comparing MO & SMO

Conceptually the advantages offered to corporations by SMO over conventional MO are significant. An extensive review of market orientation literature indicates that MO is weak in its consideration of

the influence of external stakeholders outside economic and market spheres of interest. The low recognition in MO to monitoring the potential impacts of social trends and political debate in corporate strategy needs to be altered. Macromarketing literature supports the case for increased social and environmental scanning capabilities to equip firms to respond more effectively to stakeholder environmental pressures and to take up new opportunities and address threats to positive corporate performance. Stakeholder literature confirms the strategic returns that result from a more comprehensive analysis of corporate relationships with societal and environmental stakeholders will provide corporate strategists with richer information on latent consumer demand for existing products provide greater understanding of developing consumer trends in product and service demand. Beyond the marketplace, adoption of an SMO perspective will encourage a better understanding of societal issues and concerns, while an appreciation of accompanying political developments will signal potential areas of business risk and new areas of business opportunity. In line with resource based theory, it is contended that an SMO will allow companies to build on the advantages gained through an MO based strategy. Finally science and management based sustainability literature demonstrates the imperative for corporations to manage their operations including marketing more sustainably. In summary, SMO's proactive financial, socially responsible and environmentally sound management offers a more responsible long term management frame than MO's economic micro management approach.

2.5 Implementing Sustainable Market Orientation

From the foregoing, it is proposed that a corporate SMO, will generate a higher level of corporate confidence amongst key stakeholders stimulating positive sustainable corporate performance - economically, socially and environmentally. Because economic activities are generally managed on a micro level commercially and politically, it is proposed that the applicability of SMO should initially be investigated at a company and local community or regional level, researching the relative success of firms in the application of sustainability management to internal corporate management, marketing oriented channel and societal stakeholder relationships (Goodland, 1995; Layton, 2007; Varman & Costa, 2008).

There is continuing debate on an ideal form of self organisation for corporations (Bossel, 2001; van Marrewijk & Hardjono, 2003; van Marrewijk & Werre, 2003) and how to measure organisational performance by applying sustainable development principles (Elkington, 1994; Epstein & Roy, 2001; Jahnke & Nutzinger, 2003; Parris & Kates, 2003; Pearce & Atkinson, 1998; SRG, 2006). The starting point should be the utilisation of proven MO indicators and complementing these with sustainable development indicators. Differentiators of MO corporate capacity include organisation size and

resources, age, company culture, internal structure, decision making, organisational learning and marketing brand management (Hurley & Tomas, 1998; Lawer & Knox, 2008) . It follows that SMO will require a different set of management processes. Generic managerial processes are one approach (Epstein & Roy, 2003). A more utilitarian approach is founded on assessing corporate marketing objectives, resource management (including stakeholder relationship management), strategic planning, marketing mix and promotion management, efficient and competitive delivery, and long run marketing performance management and the creation of value (Epstein & Roy, 2001; Figge & Hahn, 2004; van den Brink & van der Woerd, 2004; Wheeler, et al., 2003).

Accordingly, it is proposed that investigation of a firm's commitment to SMO should incorporate:

- Conventionally determined market orientation capabilities (Cadogan, et al., 2008; Kohli & Jaworski, 1990; Slater & Narver, 1994).
- Employment of a macromarketing systems approach to manage the influence of society on markets how this is reflected in corporate marketing management (Dixon, 1984; Kilbourne, McDonagh, & Prothero, 1997; Layton, 2007; van Dam & Apeldoorn, 1996)
- Strategies to reinforce salience, credibility, legitimacy and emotional ties with internal and external stakeholders. Internal stakeholders should include employees, investors, customers, and business partners as explained in MO literature. External stakeholders should include: special interest groups, local communities, government, regulators and the media. (de Chernatony, et al., 2000; Gonzalez-Benito & Gonzalez-Benito, 2006; Greenley, et al., 2005; Harris & de Chernatony, 2001; Maio, 2003; Pelham, 1999; van den Brink & van der Woerd, 2004; Wheeler, et al., 2003).
- Alignment of corporate marketing management to recognised sustainability management principles, including sustainable consumption and brand management (Epstein & Roy, 2001; Epstein & Roy, 2003; Epstein & Wisner, 2006; Figge & Hahn, 2004; Kilbourne, 2004; Lawer & Knox, 2008; Maio, 2003; Parris & Kates, 2003; Schaefer & Crane, 2005; SRG, 2006).

A conceptual model for determining a firm's SMO propensity is presented below (Figure 4). The model allows assessment of firm performance along axes for sustainable stakeholder commitment and focussed brand management. This will provide data on a firm's capability for self organisation to enhance survival and security, performance effectiveness, adaptability, co-existence with other commercial and non commercial organisations and satisfying the needs of key stakeholders (Cadogan, Diamantopoulos, & de Mortanges, 1999; Kirca, et al., 2005; van Marrewijk & Hardjono, 2003; van Marrewik & Werre, 2003).

The SMO matrix presented in Figure 4 proposes that firms with a low commitment to SMO are likely to be involved in highly competitive, low margin commodity marketing. Under this strategic approach there will be focus on corporate survival and maximising short term profitability. There will be a commitment to a narrow range of market stakeholders. Strategy will be characterised by an aggressive and competitive pursuit of market share and profitability, but minimal recognition of societal and environmental responsibilities will increase the likelihood of government intervention to address community concerns.

Conversely, the socially, economically and environmentally responsible marketing of well branded products by firms that address significant stakeholder needs will indicate a high commitment to SMO even in a highly competitive marketplace. It is hypothesised, therefore, that those firms with a high degree of SMO will generate superior long term market performance because of their holistic approach to business management. Their innovative socially and environmentally responsible practices are more likely to generate additional income and operating efficiencies (Dean & McMullen, 2007; Epstein & Roy, 2003 ; Menon & Menon, 1997; Orlitzky, et al., 2003). A corporate commitment to SMO will reflect an understanding of latent market and community expectations that is also likely to foster trust based market, societal and governmental stakeholder relationships and minimise the risk of government intervention and regulation (Andrews, 1998; van Dam & Apeldoorn, 1996).

The new matrix represents an advance on the ecologically based marketing model proposed by Sheth and Parvatiyar (1995) (Figure 3) because it reflects the developments in organisational management and marketing theory and more comprehensively integrates the concepts of sustainable development with corporate stakeholder responsibility and MO (Goodland, 1995; Lawer & Knox, 2008; Mahon & Wartick, 2003; Maignan, et al., 2005; 1995; World Commission on Environment and Development, 1987).

Degree, Quality of Stakeholder Commitment	High	Diverse stakeholder Commitment. Low commitment to brand marketing.	Sustainable Market Orientation. High integration of stakeholder, & marketing strategies.
	Low	Restricted stakeholder focus. Minimal brand marketing.	High brand focus. Narrow stakeholder Focus.
		Low	High

Effective Brand Marketing

Figure 2.4: Matrix to Assess Corporate Sustainable Market Orientation

The conceptualisation of SMO opens up fresh opportunities for marketing research. Initially, researchers should aim to confirm the constructs of SMO and, drawing on the growing body of literature dealing with sustainability measurement, select the most appropriate indicators and metrics for sustainable marketing performance measurement. The application of sustainable development principles to managing brand marketing and performance will be central to this research. An important adjunct to assessment of SMO in marketing management will be the evaluation of corporate relationships with key economic, social and other environmental stakeholders. Subsequent research should therefore investigate how corporate management may apply SMO principles to achieve improved long term organisational performance and possible barriers that may arise in realising the conceptual benefits. Investigating the application of SMO criteria in firms of differing size operating in different regional national, economic, cultural and environmental contexts will play an important part in evaluation of SMO. Research will be needed to evaluate the varying potential of SMO individual industry sectors and the potential for generalisability across groups of industries. Only with such investigations will the value of the SMO concept be understood.

2.6 Conclusion

An extensive review of MO literature has confirmed the evolution and growing sophistication of MO as a management concept. Over six decades MO literature has emphasised a corporate marketing management focus on *internal* corporate dynamics to achieve efficiency and profitability through marketing channel management. However other literature clearly indicates a need to expand on the

core concept. Compounding the arguments for reconceptualisation of MO, key macromarketing, institutional stakeholder and sustainability authorities demonstrate that corporate performance is also reliant on the development of constructive, long term *external* social, ecological interactions that complement and economic interactions to underpin and enhance positive long term corporate performance.

This paper therefore proposes the reconceptualisation of MO as SMO as a more comprehensive approach to corporate marketing than management frameworks described by previous MO authorities. By adding to the conventional focus of marketing management on customers and market dimensions, SMO offers more strategic marketing effectiveness through an increased understanding of societal and ecological systems, the ways in which they impact corporate strategy and the ways in which societal and environmental considerations can be effectively integrated with economic management, to sustain and improve long term corporate marketing performance.

A matrix has been proposed for analysis of a firm's SMO capabilities and how its marketing performance could be further improved through better integration with sustainability management principles. Testing and refinement of this management tool will provide the means for corporate managers to monitor and adjust corporate marketing strategies by applying an empirically proven mix of long-term economic, social and ecological performance indicators.

Increasing societal, market, government, and corporate awareness of the importance of sustainable development and accompanying sustainability management are reinforcing the need for the addition of social and environmental dimensions to the MO concept in managing contemporary corporations. Adoption of SMO offers the potential to produce significant long term benefits for both primary and secondary corporate stakeholders.

3 Investigation of the Potential of SMO in the Public Sector

This chapter reports on exploratory research into the relevance of the SMO conceptualisation in public sector strategy management. It centres on the following paper accepted for publication by the *Journal of Sustainable Tourism* in August 2012.

Applying Sustainability in National Park Management: Balancing Public and Private Interests using a Sustainable Market Orientation Model⁵

3.1 Introduction

The need for formal management of the process of sustainable development (SD) was recommended in the UN Brundtland Report, following a lengthy enquiry into how nations should plan future resource use for a growing global population to address expectations of improved quality of life (World Commission on Environment and Development, 1987). This report stimulated policies to encourage governments and business to move from market-driven economic strategies with confidence in unlimited economic growth, to long-term sustainable management (Redclift, 1989; UNO, 1992, 2002). In their seminal paper on corporate sustainability management, Gladwin, Kennelly and Krause (1995) recommend that government bureaucracies and corporations transform their strategic management; to transcend technocentric and envirocentric management paradigms and become sustainability oriented. They reason that “practical decision support tools are needed to systematically include sustainability criteria in evaluating the design and selection of products, processes and projects,” and that performance management that is limited to the objectives of pollution reduction and continuous improvement must be redesigned to assure long term “ecosystem and sociosystem health and integrity”: 899-900. Tilton (1996) proposes that societal and corporate management should aim to improve the world for future generations, rather than relying on short-term profit and resource exploitation. A sustainable strategic orientation should incorporate high standards of corporate governance, visionary long-term management, development of innovative and adaptive capabilities and agreement between governments and businesses on appropriate regulatory frameworks (Rainey, 2006).

The application of SD to organisational management has gained considerable credibility since first proposed in the 1980s (Dryzek, Hunold, Schlosberg, Downes, & Hernes, 2002). Diffusion in government and business management, however, has been limited because it challenges societal reliance on the dominant social and economic paradigm as an engine for economic growth and prosperity (Redclift, 1989). The complexity of sustainable development has also hindered international agreement on organisation performance indicators (Parris & Kates, 2003). One promising avenue is the engagement of political and economic stakeholders to establish parameters for SD-based policies (Woolcock & Narayan, 2000). The conceptualisation of sustainable market orientation (SMO) (Mitchell, Wooliscroft, & Higham, 2010a) which integrates SD and market

⁵ Paper accepted for publication in the Journal of Sustainable Tourism, 23 August 2012.

orientation (MO) in strategy management, offers a more holistic framework for strategic management.

This paper reports on the first empirical investigation of the strategic relevance of SMO in the public sector and explores the potential application of the conceptual model of SMO. The organisational context for the investigation is New Zealand's Department of Conservation (DoC) which is responsible for the management of national parks and reserves that comprise approximately one third of the country's land area. The research lens concentrates on DoC's management of tourism in the Fiordland National Park (Te Wahipounamu - South West New Zealand World Heritage Area) in New Zealand's South Island.

3.2 Public Sector Sustainability Management

The managerial application of SD in the public sector has received significant endorsement both globally and regionally. Most national governments agreed to the application of SD principles in policy development and management at the 1992 United Nations Conference on Environment at Rio de Janeiro and also at the World Summit on Sustainable Development in 2002 (UNO, 1992, 2002). SD is reflected in government policy in a variety of countries including the UK, Canada, Australia, New Zealand and members of the European Union (Canada, 2010; DEFRA UK, 2011; EU, 2009; Martin & Verbeek, 2006; Ministry for the Environment, 2003).

In New Zealand, the application of SD was widely debated in the 1980s and 1990s before being adopted as a government policy in 2003 (McChesney, 1991; Ministry for the Environment, 2003; Parliamentary Commissioner for the Environment, 1997a). The primary application of sustainability principles in New Zealand has been resource planning. A second tier of the country's public service manages natural systems, such as marine areas, rivers, national parks, and industries that rely on natural resources such as fishing, agriculture and tourism. This responsibility is shared by key central government departments (the Ministries of Conservation, Environment, Tourism and Economic Development), and regional councils (Frame, et al., 2010).

Governments have adopted more sustainable policies because of UN sponsorship of SD and the potential for beneficial SD linked outcomes and electoral popularity. For instance, the New Zealand Government has developed a national approach for the management of sustainability (Ministry for the Environment, 2003). A more structured approach in the UK saw the creation of a Sustainable Development Commission (Jackson, 2009a), while governments in a range of other national and regional jurisdictions have used sustainability principles to reframe government policy and business regulation (Martin & Verbeek, 2006). To date, the application of sustainability in government, as in

the business sector, has seen mixed success, due to the complexity of the concept and disagreement on environmental, social and economic performance indicators (Global Reporting Initiative, 2011; Parris & Kates, 2003).

This research addresses a significant public service managerial paradox; the potential value of a sustainable orientation in the intergenerational management of human impacts on natural resources and in the support of private sector tourism reliant on those resources together with DoC's promotion of its own tourism activities. This carries political and societal expectations of intergenerational environmental quality, social equity and responsibility and at the same time, seeks economic efficiency and revenue growth to offset the cost of taxpayer public service funding.

In democracies like the UK, US, Canada and New Zealand, public administration has been characterised by the qualities of citizenship, representation, accountability, equality, openness, responsiveness and justice (Boyne & Walker, 2004). In the late twentieth century, conservative governments developed business-like models for bureaucracies seeking to improve the cost effectiveness of public service. These improvements feature increased delegation to agency managers, introduction of user charges, contracting out of services, public- private sector partnerships and performance incentives (Haque, 1996). Benefits include improved responsiveness and efficiency, service choice for voters and increased revenue for the governments. The drive for more efficiency in public service management, however, may conflict with voter expectations for equitable government and may also obscure transparent management of public assets (Aaker, 1991). New public sector management, including public- private partnerships, has implications for sustainable national park management (Wilson, Nielsen, & Buultjens, 2009). Although the new forms of management may be cost-efficient, expectations of growing economic returns may compromise long term, natural resource management. They may also impact on the application of SD in the public sector.

3.3 Sustainability and Tourism Management

Reconciling conflicting social, economic and environmental interests has marked national park tourism management since national parks originated in 19th century USA. Sustainability-based policies offer more balanced management of stakeholder interests while protecting national park resources. Pinchot, the first head of the US Forest Service in 1904, was a pioneer in utilitarian conservation advocating that natural resources should be used sustainably and regulated by governments (Miller, 2001). Since the 1920s in New Zealand there has been continuing political

pressure from different stakeholder groups to accommodate both tourism related economic growth and long-term protection of publicly owned parklands (Booth & Simmons, 2000; Burrell, 1983).

Formal integration of SD principles within the concept of sustainable tourism has evolved globally since the 1990s (Saarinen, 2006). Ideally, long-term resilient and balanced intergenerational management of environmental, social and economic capital should produce an optimal fulfilment of visitor needs, long-term protection of ecologies and landscapes; a sense of well-being and social identity of local residents; and enhanced economic prosperity (Hunter, 1997). Tourism destinations should be seen as complex adaptive systems (Farrell & Twining-Ward, 2005) and utilise the precautionary principle in environmental and social management (Holden, 2000) for sustainable and profitable service marketing that supports corporate objectives of survival, profit and paradoxically, economic growth (Robson & Robson, 2000).

Widespread adoption of SD-based management in tourism has proven to be elusive because of the conceptual and managerial misfit between conservation and development (Cater, 1995) and the difficulty in finding a rational and equitable balance for environmental management using social and economic sustainability elements (Hjalager, 1998). More generally, progressive management has been complicated by the heterogeneity of the industry and a focus on short-term economic gain (Seaton & Bennett, 2000). Even so, there has been some progress in the application of sustainability to government tourism policy (Lane, 2005) and in destination management (Twining-Ward & Butler, 2002). Significant New Zealand studies have focussed on cooperative destination management (Pavlovich, 2003), mass tourism, (Becken, 2005) and development of sustainability management guidelines (Hughey, et al., 2004). Our literature review revealed a dearth of empirical studies examining the application of sustainability to strategic and marketing management.

3.4 Theoretical Background: SMO

Academic debate about the effective integration of sustainability and market orientation in corporate strategy has been productive. A growing body of literature supports the use of sustainability principles in organisation strategy management (Hart, 1995; Rainey, 2006). Hart (1996) emphasises environmental stewardship and an embedded and long-term integration of environmental, social and economic management to reinforce resource based corporate strategy. Rainey (2006) adds that sustainability-based corporate strategy is important to reduce risks and simultaneously, to open up new areas of innovative and productive activity.

The challenge to balance sustainable resource management with expectations for growing productivity and profitability has focussed attention on how marketing strategy should be integrated

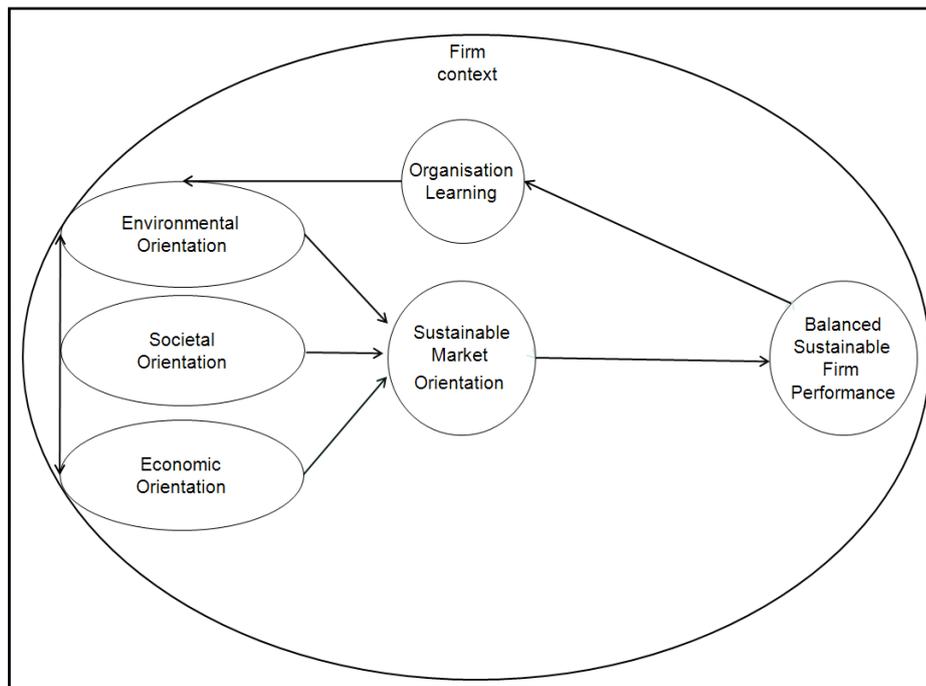


Figure 3.1: Model of Sustainable Market Orientation (Adapted from Figure 1 in Mitchell, Wooliscroft, et al. (2010):161).

with sustainability principles (Belz & Peattie, 2009; Sheth & Parvatiyar, 1995). Sheth and Parvatiyar (1995) emphasise the imperative of corporate responsibility in strategy to help accommodate increasing pressures on the environment caused by growing population and human commercial activity. Corporate strategy and marketing should employ a combination of economic, political, social and ecological norms. To reform inefficient environmentally and socially damaging production, Belz and Peattie (2009) portray sustainability-based marketing as a combination of relationship marketing, eco-marketing, ethical marketing and modern commercial marketing. They maintain that sustainable marketing responds to consumer needs and marketplace opportunities, reflects company values, is well-suited to company resources and capabilities, and is valuable for corporate risk management.

SMO is a strategic orientation that applies balanced and equitable intergenerational management of environmental, social and economic resources. It offers a management model that incorporates the macro-management principles of sustainability. This is combined with the micro-management of structured intelligence gathering and knowledge integration to create and market profitable products and services for both public and private sector organisations (Mitchell, et al., 2010a).

The properties of a corporate SMO are shown in Figure 1. Within each organisation’s operating context, an SMO calls for the application of environmental, social and economic elements in

balanced, equitable and intergenerational strategy management to meet the product or service expectations of key stakeholders.

This paper reports on exploratory research to investigate stakeholder perceptions of organisational sustainable management. These are then considered in assessing the usefulness of the SMO model in managing organisational strategy. The case study concentrates on the potential for a sustainability oriented strategy to be employed in a government department using the six components in the SMO model: environmental, social and economic orientation, strategy integration as SMO, performance and organisational learning.

3.5 Case Study Context: New Zealand's DoC, Fiordland National Park/South West NZ World Heritage Area

Public administration of conservation and national parks in New Zealand provides an excellent opportunity to investigate the potential value of SMO in the public sector. The world renowned national parks are a vital natural resource for one of the nation's largest industries, tourism. In New Zealand the industry seeks to attract international and domestic tourists to areas managed by the Department of Conservation. Tourism is the nation's largest export earner and contributes approximately 10% to New Zealand's gross domestic product (Statistics New Zealand, 2010).

The New Zealand Government's commitment to SD management is evident in tourism policy development through UN agreements and internationally agreed industry protocols (UNO, 1992; UNWTO, 1995). Consistent with New Zealand's international commitments, the country's tourism strategy gives prominence to sustainability management:

"Sustainable development is that which: meets the needs of the present without compromising the ability of future generations to meet their needs. The strategic approach taken in the New Zealand Tourism Strategy 2015 reflects the aims of sustainable development considering both the short and long-term goals and impacts. The NZTS 2015 is focused on an enduring future for tourism - New Zealand's leading export industry - that will maximise tourism's value for all New Zealanders...(It) requires us to achieve a balance between ensuring the financial success of our businesses and the satisfaction of our customers, protecting our physical environment and supporting our communities." (Tourism New Zealand, 2007a, p. 13).

Commensurate with the importance of tourism to the current National Party-led government, the Prime Minister is also the Minister of Tourism, and tourism policy is managed by the Minister of Economic Development (ranked 4th in cabinet seniority). Sustainable management and conservation

are lower priorities. The Environment Minister is ranked 10th and the Conservation Minister is 17th in the twenty-member cabinet (Cabinet, 2010).

New Zealand's national parks are administered by the Department of Conservation, the agency responsible for managing approximately one third of the nation's land area. Created in 1987, in 2009-2010, the New Zealand Department of Conservation (DoC) had an operating budget of NZ\$557.3 million (Department of Conservation, 2010a) (Table 1). DoC is charged with the protection of the intrinsic natural values of these areas in perpetuity, but also must share the use of these resources with private sector tourism and public recreation (NZ Parliament, 1987).

International and domestic tourism contributes an estimated NZ\$22.4 billion to the New Zealand economy (Statistics New Zealand, 2010). One of the areas under DoC's management, Fiordland National Park (FNP), is recognised by the United Nations as part of the South West New Zealand World Heritage Area (Department of Conservation, 2007c) and tourism in FNP provides a significant financial component; estimated at NZ\$430 million. Some 2.5 million international tourists visit New Zealand each year (Tourism New Zealand, 2007a) and FNP's natural attractions draw 1.2 million visitors (Wouters, 2010). In 2009-2010, DoC's expenditure in Southland (including FNP) on conservation management tourism services was approximately NZ\$21 million (Department of Conservation, 2010a) and concession fees paid by private sector tourism operators in FNP generate NZ\$51 million a year for government (Fox, 2011).

DoC's headquarters for managing FNP is located at Te Anau on the eastern border of the park. With a permanent population of approximately 2,000, the town is the regional centre and a tourism hub that links Queenstown with the natural attractions of Milford and Doubtful Sounds. Parameters for DoC's management of FNP are set out in the National Park Management Plan which is revised every ten years (Department of Conservation, 2007a). Stakeholder consultation is prescribed by statute (New Zealand Parliament, 1980a).

Table 3.1 A Comparison of Department of Conservation Data for the Entire Organisation and Fiordland National Park

Source: (Department of Conservation, 2010a)

	New Zealand	Te Anau /Fiordland National Park
Staff	1,850	54
Budget	\$557 million NZD	\$44.7 million NZD

Land area managed	9.3 million ha	1.3 million ha
International visitors per year	2.6 million	600,000

3.6 Research Methodology

The empirical investigation of SMO in public service management uses a case research design. A single case is used because the richness of qualitative material facilitates exploration of new concepts and contributes to theory development (Eisenhardt, 1989; Stake, 1978). The Department of Conservation was chosen for the case study because of its important role in New Zealand's conservation and tourism management.

Stakeholder perspectives have been used in previous sustainability, common pool resource, market orientation and corporate branding research (de Chernatony, et al., 2000; Greenley, et al., 2005; Wheeler, et al., 2003). Purposive selection of stakeholders was utilised to gain in depth information about the potential of the conceptualised phenomenon by drawing on informed sources within a difficult specialised population (Neuman, 2000). A stratified selection of stakeholders satisfies the criteria of salience, relevance and urgency (Mitchell, et al., 1997), stakeholder categories relevant to sustainability management (Sangle & Babu, 2007) and stakeholders perceived as relevant for assessing the value of the SMO model (Mitchell, et al., 2010a).

In-depth stakeholder interviews were employed for primary data gathering. Thirty-three DoC stakeholders were interviewed; 9 internal and 24 external individuals. Internal stakeholders comprised senior and functional management at DoC's head office in Wellington, and staff at the Christchurch, Invercargill and Te Anau branch offices. External stakeholders included members of parliament, local councillors, officials in the Ministries of Economic Development and Tourism, local government officials, tourism industry marketing and operational managers, NGOs including the International Union for Conservation of Nature (IUCN) and the Federated Mountain Clubs of New Zealand (FMC), community board representatives and leaders of the Southland Maori tribe, Ngai Tahu (a full list is included in Appendix 1, which is available in the web based version of this paper at www.tandfonline.com/JOST). Participation was voluntary and all stakeholders signed a written consent form before being interviewed. Semi-structured, in-depth interviews were employed for primary data gathering. Exploratory questions on SMO relevance focused on stakeholder perceptions of DoC, its expertise in conservation and tourism management, its culture and strategy, their application of sustainability concepts and market orientation theory.

Stakeholder interviews were transcribed and the data tabulated to allow analysis of DoC strategy management. Guided by literature (Sohb & Perry, 2006; Yin, 2009), stakeholder information was triangulated with related documents (for example, DoC policy reports and management plans (Department of Conservation, 2010a, 2010b, 2010c, 2010d, 2011,p.8) to assess the validity of their statements. Commonalities and differences between the six elements of the SMO conceptual model and the case study strategy management were identified and management implications considered.

3.7 Research Findings

The research findings are presented according to the six elements in the SMO model (Figure 1) and summarised in Table 3. Selected quotations from stakeholders are used to emphasise management of model elements. A numerical code identifies interviewees (Appendix1).

3.7.1 Environmental Orientation:

The research found a broad alignment of DoC's behavior with the environmental orientation (EO) element of the conceptual model (Table 2). National statutes prescribe DoC's environmental orientation and its responsibilities for intergenerational conservation and environmental protection (New Zealand Parliament, 1980a; NZ Parliament, 1987). Although sustainability management is not a formal statutory requirement, DoC's Statement of Intent 2010-2014 emphasises the social and economic benefits of continuing sound management of environmental resources. It also commits DoC to supporting the tourism sector and developing the national economy (Department of Conservation, 2011,p.8).

External stakeholders generally support DoC's management of public conservation lands and national parks, but different stakeholder groups have varying aspirations, presenting considerable challenges for equitable long-term management. The general expectation of DoC is summarised by The Venture Southland Tourism Marketing Manager (27) as being: "guardians of our national treasures...they are protecting what New Zealanders love...It is not a profit driven capitalist arrangement and that is a strength that they can ride on." Tourists, too, value DoC's conservation expertise. In the words of one visitor to Fiordland: "They (DoC) are world leaders in managing conservation" (12).

Table 3.2. Alignment of SMO Logic Model and DoC Case Evidence

Model Element	Supporting Findings	Conflicting Findings
Environmental Orientation	<p>Primary statutory obligations for intergenerational protection of natural and cultural heritage on public lands for all New Zealanders.</p> <p>DoC expertise respected by NZ community and international visitors, and international conservation agencies.</p> <p>Low government priority and restricted funding.</p>	<p>Dominance of conservation, environmental management</p>
Social Orientation	<p>Obligation to meet expectations of all NZ stakeholders.</p> <p>Social surveys, consultation important intelligence sources.</p> <p>Communications programme, public reporting to inform stakeholders of policies, activities performance.</p> <p>Social and commercial partnerships assist funding and garner public support.</p> <p>Corporate positioning programme to increase DoC responsiveness and stakeholder support.</p> <p>Good social support for DoC. Business support improving.</p>	<p>Disparate levels of stakeholder understanding of public service sustainability management.</p>
Economic Orientation	<p>Predominantly taxpayer funded.</p> <p>Objective efficient effective use of funding to meet statutory obligations.</p> <p>Global Financial Crisis funding restrictions</p> <p>Introduction of a sustainability programme aimed at eco-efficiency.</p> <p>Government expectation of increased tourism revenue.</p> <p>Establishment of commercial business unit.</p> <p>Taxpayer service perception; good value.</p>	<p>Reduced taxpayer funding of environmental management. Government expectations of continuing economic growth, and increased revenue.</p>
Integration/SMO	<p>Alignment of strategy to meet statutory objectives in the DoC Statement of Intent and government sustainability policy.</p> <p>Aim to balance environmental focus with an increased emphasis on social and economic strategy.</p> <p>Staff and management understanding of sustainability management.</p> <p>Sustainability a fundamental value in strategy management, social marketing, increased revenue earning, responsiveness to business.</p> <p>Sustainability programme broadened beyond eco-efficiency.</p> <p>Public perception; DoC sustainability management is effective.</p>	<p>Strategic emphasis on environmental conservation and eco-efficiency.</p> <p>Public sector is the electorate, and not market oriented.</p>
Performance	<p>Performance assessment based on efficiency and effectiveness in delivering statutory obligations; not market or brand performance.</p> <p>Focus on conservation and economic performance.</p> <p>Sustainability performance currently measured in terms of eco-efficiency.</p> <p>Development of holistic sustainability performance indicators.</p> <p>Government expectations important in improving stakeholder and economic performance</p> <p>External stakeholders perceive improving DoC performance.</p>	<p>Short term and long-term strategy management tension.</p>

Organisational Learning	Framework for organisational learning and performance improvement; short-term and long-term. Increased use of stakeholder, market research.	Tension between conservation and economic management, including tourism development.
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An executive member of the Federated Mountain Clubs (32) described how DoC’s mandate for environmentally-oriented management is underwritten by government legislation “What DoC is on about is sustainability: that you sustain the environment without degrading it. It is a protection mandate. Under the Conservation Act, conservation and sustainability are related.” An alternative commercial perspective is offered by the Tourism Industry Association’s Advocacy Manager (23) who observes that there is a “tension” between the public sector managers of national parks and the tourist industry, but that the regulatory culture is changing to allow for both public enjoyment of national parks and private sector tourism “without losing sight of the big gold: conservation.” DoC’s objective management of conservation values, while accommodating tourism, is endorsed by a local member of parliament (15):

“When you see private interest coming up against conservation interest, it is really important that the regulator (DoC), sticks to its principles. There is a need for central planning. Given rising tourism numbers at Milford, we need to rationally use the areas that are being exploited commercially; for example, have rules around airplane sizes so that over time they get larger planes flying into Milford, rather than lots of small flights buzzing around like bees.”

Internal stakeholders, senior managers at the policy level in national headquarters and staff in Fiordland are committed to fulfilling the Department’s statutory obligations for efficient conservation and environmental management and servicing social and business stakeholders (1,3,7). The Commercial Business Manager (4) explains how DoC’s extensive community networks enhance effectiveness:

“I think we’re really successful, and that’s because we’re integrated... We are also just a bit freer of bureaucracy... And we’ve got a bit more of a flexible legislative system... We’re closer to our communities. Part of that is because we’ve got Conservation Boards. We’ve got good relationships with our concessionaires. And also we have people living in the place where their concessionaires (operate) as well. We poll; we think our (stakeholder) ratings are quite high.”

The current government’s priority is to encourage the contribution of tourism to the New Zealand economy (Ministry of Economic Development, 2012) and a complementary government commitment to protecting and promoting New Zealand’s environment and “clean and green” image (Tourism New Zealand, 2007a). DoC, through its responsibilities for national park management and

biodiversity protection, plays a significant role, but economic performance has become more important since the Global Economic crisis (Department of Conservation, 2011,p.8). A government drive to improve operational efficiency and generate greater economic value to the national economy has influenced DoC's environmental and sustainability orientation. As explained by a government tourism policy adviser (20), conservation and sustainability are seen as integral to market-oriented eco-efficiency and eco-effectiveness rather than holistic environmental, social and economic management:

“Sustainability is fairly low in terms of government priority at present. But I do think sustainability is seen as something that could deliver an economic return to New Zealand. If you are sustainable, you are cost-efficient and you are also leveraging that (New Zealand) ‘clean green’ brand.”

DoC management and staff respect the new government economic policies but are conscious of the strategy tensions in expanding revenue-earning from visitor use, tourism concessions and partnerships with tourism businesses while practicing conservation (4,9,6). Their perspective is described by DoC's Commercial Business Manager (4):

“I think we'll be doing a lot with other people. Because...there is only a limited pool...of government funding for conservation, so our job and our opportunity is to grow the investment in conservation – and I'm talking about all conservation, biodiversity...through partnerships with the tourism industry.”

This partnership in tourism management is welcomed by the tourism industry. While recognising how tourism gains from DoC environmental management, the industry believes that conservation lands are an economic resource that should be utilised for business and general economic benefit. The Tourism Industry Association of New Zealand's Advocacy Manager reasons that DoC's investment in public-private partnerships to develop tourism increases public appreciation of the intrinsic worth of the country's unique, protected lands (23).

Expanding tourism activity on public lands presents considerable challenges to DoC discharging its statutory responsibilities equitably. The potential for commercial tourism to conflict with the general public's enjoyment of conservation lands is evident, even though managing different stakeholder demands is addressed in legislation and in DoC regional strategies such as the FNP management plan. An NGO representative sympathises with DoC's difficulty in managing the differing expectations of outdoor recreation and tourism (32):

“DoC is in an invidious position; the ‘meat in the sandwich.’ They always have to manage impacts on the landscape. They (also) have to satisfy the tourism industry which is not always aligned with the recreation groups. We (The Federated Mountain Clubs) keep talking about Section 6 of the Conservation Act. This talks about fostering recreation and allowing tourism, which is a key difference between the two (user groups). DoC is in a difficult position to satisfy both sides.”

This study found that supplementing DoC’s core environmental orientation with improving stakeholder responsiveness and economic expertise provides a firm foundation for SMO.

3.7.2 Social Orientation

DoC’s statutory objectives include a social obligation to offer conservation services to all members of the New Zealand public (both commercial and non-commercial) (NZ Parliament, 1987). Traditionally, DoC has had a substantial base of stakeholder support in New Zealand, especially holiday-makers and outdoor recreationists, however public surveys have indicated a need to build a broader reservoir of community trust especially with the tourism industry (1,2,4,7). This ambition is explained by the Deputy Director General Research and Development (1):

“In the community, there is good support for DoC with a favourability rating 65-70%. In the general market place, it has been improving over the past two years. In back country recreation management, our reputation is very good... But in some community areas there is less support for example in the tourism industry; there is a concern about the time DoC takes to make policy decisions.”

DoC staff are aware that a sound public and voter understanding of its conservation and tourism support activities will help assure public support for conservation programmes and departmental funding (1,2,6,7). One outcome of this awareness is DoC’s corporate positioning plan (Department of Conservation, 2010d) that looks to improve its social orientation (SO), particularly its service responsiveness and communication with stakeholder groups. In effect, this is a combined social marketing and performance improvement strategy. The scope of this initiative is explained by the DoC National Marketing Manager (2):

“Traditional stakeholders are clear; such as the NGOs and our statutory relationships with government bodies and the tourism industry... We are looking at wider opportunities for different conversations with different people we have not normally talked to. So there will be a new range of stakeholders: Federated Farmers organisation, the dairy industry, the natural resources sector and the cultural sector too... There is a lovely fit around iwi (Maori) and the arts.”

External stakeholders, including tourism businesses, have recognised DoC's responsiveness in improving stakeholder relationships, in faster service delivery and growing cooperation is providing benefits both for conservation management and tourism businesses. Private funding of DoC predator control in Sinbad Gully at Milford Sound by one tour operator, Southern Discoveries, demonstrates how private firm environmental commitment can assist the funding of DoC programmes. In addition, the company learns more about conservation management while it builds company credibility in the tourism market and the local community. The company CEO (14) explains:

“DoC has this 1.3 million hectare park. They don't receive enough funding. The Kakapo (Strigops habroptila) the last place that they were found in New Zealand was in Sinbad Gully and also they found a skink (Oligosoma pikitanga)... there that is unique to Sinbad Gully... up on this rock face where the possums (Brushtailed Possums: Trichosurus vulpecula)⁶ have pushed them, all the skinks are living in cracks in the rocks...where it snows (threatening their survival)... So we have paid to have the track made (for possum predator management) through the Fiordland Conservation Trust... DoC has got the manpower, the resources and the knowledge - but they didn't have the money. We have given them the money.”

DoC is improving its SO through greater staff awareness of stakeholder expectations and responsiveness including more effective stakeholder relationship management and more flexible operational management. This trend is reflected in DoC's social surveys. This partnership was an alignment between DoC's stakeholder or social orientation management and the SMO model.

3.7.3 Economic Orientation

DoC's economic orientation (EO) is shaped to meet statutory conservation management obligations, a requirement for efficient use of taxpayer funds and government expectations of increased revenue earning (Department of Conservation, 2011,p.8). DoC's taxpayer-funded resources are expanded to some degree by the Department's revenue earning activities, which include concession fees from commercial tourism firms and charges for public use of recreational facilities.

Internal stakeholders emphasise that DoC's economic orientation is primarily focussed on short-run effective management that seeks to meet long term statutory obligations. They also understand how

⁶ Brushtailed possums were introduced from Australia in the 19th century and have become an invasive pest. They cause considerable damage to native New Zealand flora and birdlife and disrupt native ecosystems even in remote Fiordland valleys like Sinbad Gully, just south of Mitre Peak in Milford Sound.

economic turbulence, following the 2007-2008 Global Economic Crisis, affected the NZ government tax base and reduced the government's capacity to fund the public sector and how this has moderated the government's approach to sustainability-oriented management. The Government budgetary priorities are summarised in this way by the Deputy Director General Research and Development (1):

"The current government, post the recession, has said: 'sustainability is important but not at any cost'. So if there is not an immediate economic advantage (to the Government) funding... it's not seen as particularly urgent."

DoC's strategic transition is explained by the Te Anau Area Manager (6):

"We are seen as being able to add value to the economy, but we need to sort out our interface with business. We are a cornerstone of the tourism industry. We are able to manage and maintain the quality of the assets that the tourism industry experiences. The government wants us to make our processes more user-friendly, more cost-effective and more efficient when dealing with businesses. Because of their concern for the (economic) paradigm, we have come out of a corporate philosophy that was strongly protection-oriented."

The decrease in government funding for DoC has stimulated innovative economic resource management. For example, DoC's eco-efficiency campaign to reduce energy consumption will allow financial savings to be reallocated to other operational areas (3).

External stakeholders generally perceive that DoC provides good value for taxpayers and commercially valuable services to firms. Business representatives welcome the increased economic awareness and market responsiveness. One tourism operator (14) praised the transition, indicating that increased trust is beneficial to both sectors and facilitates better DoC and business long term planning:

"DoC has started sharing confidences with us. The more you keep a confidence, the more they will share. I am reciprocating. I would regard them now as colleagues."

In contrast to new government and public service managerial thinking (Denhardt & Denhardt, 2000), New Zealand conservation and community stakeholders are opposed to government application of business models to public service management of conservation lands and express concern at the level of budget cuts for conservation management (28,30,32,33). A New Zealand representative of the International Union for the Conservation of Nature (IUCN) (33) criticised government subsidies

for private sector tourism marketing to increase demand while funding for management of the impact of tourism on those public assets is restricted:

“On one hand you see John Key (the NZ prime minister) dolling out millions of dollars to the tourist industry for advertising, and taking off money from the DoC budget. There is an inconsistency that comes across...There are a lot of (conservation management) issues that are slipping through the cracks.”

Public service, business and community stakeholders all expect cost-efficient management and delivery of value-for-money services. Despite moves to increase the Department’s revenue earning capacity, external stakeholders expect DoC’s primary role to continue as a world leader in conservation rather than as the manager of a nature-based government business. DoC’s dedication to efficient and effective operational management together with an improved economic performance and the exploration of new revenue sources, demonstrate the relevance of the environmental orientation element of the SMO model.

3.7.4 Integration

DoC’s strategy is broadly aligned with sustainable management principles and the government’s approach adopted in New Zealand public service management (Furuseh & Cocklin, 1995; Ministry for the Environment, 2003). The Department’s agreement with the current government demonstrates a strategic integration of social, economic and environmental elements of SD management (NZ Parliament, 1987). The application of sustainability to DoC’s strategic management is also a response to the public and voter as underlined by the Deputy Director General Research and Development (1):

“I think the perception of the public towards DoC’s sustainability performance is positive... Their perception is that we are a conservation organisation, and as a consequence, we have a very strong environmental conscience and ethic... and they expect us to be operating in a sustainably-wise way.”

The public expectation of sustainability oriented management in DoC is reflected in DoC’s strategy to meeting those expectations, and its organisational branding as DoC’s Marketing Manager (2) explains:

“Sustainability is fundamental as part of our brand. It has been about broadening our peoples’ views about conservation. The focus is how we articulate what we are on about; to be more relevant to more New Zealanders; to our stakeholders; to achieve more for conservation.”

DoC has integrated social marketing with strategic conservation management to raise internal staff responsiveness and external stakeholder perceptions of the agency's environmental, social and economic performance. The Department's Marketing Manager (2) explains:

"We have done that with a new vision: New Zealand is the greatest living space on earth. It is a huge, inspirational stretch. The goal is about broadening peoples' perceptions of conservation and the value that it has for NZ as a whole. It is also about looking beyond the 30% of public conservation land and the waters that we manage on behalf of New Zealand. So you will hear Al Morrison (DoC CEO) talk about moving from 30% to 100%... How do we engage more New Zealanders, government agencies and commercial entities to reach that goal?"

Though there is a statutory bias towards long-term environmental management, DoC's increased emphasis on stakeholder responsiveness and relationship management as well as economic performance indicates a drive to achieve more integration and a balance between the economic, social and environmental elements central to the SMO model.

3.7.5 Performance

DoC performance is aimed at meeting legislated obligations to deliver conservation services to the whole New Zealand electorate. Contrary to the model for new public sector management, DoC's performance is based on efficient universal service delivery, not market competitiveness. This distinction is explained by a senior manager responsible for developing new commercially-based services (4):

"DoC is definitely outcome-focused...It's either a visitor outcome... land outcome or biodiversity outcome...That goes back to our legislative mandate... We don't ever talk about that in terms of brand management. We're... saying 'How do we best deliver our legislative objectives in a particular situation?"

DoC's Deputy Director General Research and Operations, the Marketing Manager, the local Te Anau Area Manager and Community Relations Manager (1,2,6,7) all provided perspectives on how DoC monitored public expectations and perceptions to help engineer improved performance. In terms of formally applied sustainability management, DoC currently concentrates on eco-efficiencies and eco-effectiveness, but implementation of sustainability-based indicators promises more holistic sustainability management within the next three years.

External stakeholders, especially tourism operators, are critical of the bureaucratic nature of DoC. One leading tourism company manager describes their culture in the following way (12):

“DOC works slowly. I don’t think they work slowly because that is their intent, but they are a large organisation. They have a lot of masters; a lot of people to satisfy. They are, by legislation, forced to consult widely and comprehensively. All of these things suggest that things move slowly.”

Even so, external stakeholders appreciate that DoC’s performance had improved over the past five years. Stimulated by political and senior management changes, DoC is transforming from a regulatory culture to one which is more responsive to stakeholder needs. One tourist company manager (14) describes how politics have influenced DoC policy:

“They (DoC) saw that National (The National Party) was going to get in (into government) a good year out (before the elections) and they started to engage with us more. They had obviously been sent very strong (political) signals. ‘If you don’t change...then change will be forced upon you.’ I am speculating in that respect; but from the time that Al Morrison became the Director General there has been a noticeable change in that organisation, for the better.”

DoC’s fulfilment of short-term conservation, as well as social and financial objectives, is evident in Departmental annual reports. (Department of Conservation, 2010a). The Department’s long-term performance in relation to national park and conservation management strategies is monitored, and often the subject of scientific studies. Performance and ongoing management plans are also discussed extensively with stakeholders. While there are no sustainability-based performance indicators currently in place, DoC plans to have these deployed within the next two years. Matched against the conceptual model, DoC’s current and projected corporate performance measurement systems demonstrate the relevance of the SMO model in public service strategy management.

3.7.6 Organisational Learning: Sustainability Management is about Balance and Integrity

Within DoC there is a significant commitment to internal strategic reviews, a readiness to respond to changing government expectations and evidence of a need to improve sustainability-oriented performance. Interviews with head office and Te Anau based staff confirmed extensive use of staff review teams to review and improve organisational performance (1,2,3,4,7,9). External stakeholders have also observed performance improvement. Destination Fiordland’s Manager (24) explains how government expectations have stimulated organisational learning and a more business-like approach from DoC, especially in Fiordland:

“The DoC that we are seeing in the last six months is a very different DOC (than) two years ago... Since the National government came into power we can see their

foot on the throat of the Department, pressuring them to engage commercially. And I think that DoC in Fiordland has a head-start on the rest of DoC because they are relatively familiar with working in a commercial space.”

Economic performance could be raised through new revenue-generating products that meet visitor expectations. The introduction of new services that are complementary rather than competitive with those offered by commercial operators is described by the manager of DoC’s Te Anau Visitor Centre (9):

“We certainly look at our own products. Today we had a brainstorming session about our Great Walks; how we market them, what the objectives of them are, how we can get the best returns, all those sort of things. So we’re looking internally rather, than saying: ‘What’s Real Journeys or Trojan Holdings ⁷ getting for their product? We should be matching that.’ We see ourselves as a different sector with a different set of functions.”

Turning to sustainability management, DoC’s Deputy Director General Research & Development (1) predicts that in 10 years time DoC is likely to have more emphasis on sustainability in strategic management:

“There will be better agreement on priorities and systems. There will be more efficiency in biodiversity, species management, programmes, national heritage management, and visitor management. There will be strategy horizons of 10, 20 and also 50 years for visitor management.”

He explains that DoC is exploring how sustainability can be applied more extensively for example in new service creation, and fostering improved concession management amongst commercial tourism operators:

“DoC is investigating areas where the maximum gains can be made socially and environmentally. I am keen to look at a southern Great Walk and turn it into a social laboratory, for example in the McKenzie Country, and developing Abel Tasman as a sustainable national park. DoC is also working with the Tourism Industry Association of New Zealand and looking at ways to make sustainability management a condition of the granting of tourism concessions. This is in its conceptual phase and implementation could be three years away.”

⁷ Both Real Journeys and Trojan Holdings are local tour operators in New Zealand

Other examples of SMO-associated organisational learning include DoC's increased reliance on stakeholder surveys for assessing organisational performance and the work from the Commercial Business Unit in developing new services and expansion of the eco-efficiency programme (2,3,4).

While Departmental obligations are defined by statute, organisational learning has an important place within DoC. Increased responsiveness and learning may occur through stakeholder leverage, changing environmental, social and economic circumstances and governmental change. Applied learning is a key part of the development and revision of departmental management plans.

Development of the corporate positioning strategy indicates the importance of senior management leadership in DoC's learning processes and how this knowledge contributes to institutional change. Other evidence from the interviews included development of the eco-efficiency programme and establishment of a commercial business unit within a public service environment. The extent of sustainability-related organisational learning in DoC therefore indicates that this component of the SMO model is also relevant in public service strategic management.

3.8 Managerial Implications

This study identified a number of significant implications for public sector managers wishing to implement an SMO. These include the dominance of an environmental orientation in strategy management and how that is addressed, ensuring an increased economic orientation is compatible with DoC's environmental and social orientations, developing a public sector market orientation and defining and utilising public sector sustainability performance indicators.

Moderating the dominance of environmental management in organisational strategy is necessary to achieve a balance of environmental, social and economic management. The Department's Statement of Intent incorporates a commitment to fulfil statutory obligations for environmental conservation management, to increase societal engagement in conservation work and to participate in outdoor recreation and to deliver more conservation oriented business opportunities and economic prosperity (Department of Conservation, 2011,p.8). DoC's commitment to the coordinated management of environmental, social and economic strategy elements recognises the government's objective of the adaptation of sustainability management principles (Ministry for the Environment, 2003), and conformity with accepted corporate sustainability strategy parameters (Rainey, 2006).

The research identified external stakeholder expectations of improved social and business responsiveness (2,6,14) and a departmental commitment to applying sustainability in strategy management achieving this goal. To achieve the balance in strategy management expected in the SMO model, however DoC must maintain its statutory environmental role while improving its social

and economic performance. At the same time it should ensure that the sustainability strategy is theoretically balanced and is not dominated by eco efficiency management. Use of SMO as an analytical framework could assist in this adjustment.

The government's expectation that conservation management should support economic growth and increase revenue must be taken into consideration with the agency's mandate for taxpayer-funded intergenerational management of public environmental resources. The most important initiative identified here is the establishment of the agency's commercial business unit (1,4,6). Though this development is supported by the tourism industry (23), interviews with internal and external stakeholders (32,33) indicated concern that DoC's long-accepted mandate for conservation management may be compromised by a political drive to utilise publicly managed Conservation lands for more commercial and short-term economic activity, including tourism. In terms of applying SMO, DoC management should ensure that its increased economic orientation is in line with balanced, long-term environmental, social and economic management for all key stakeholder groups.

By definition, public service agencies should direct their strategies to meet general expectations across the whole electorate, or public service "market". In practical terms, each government agency will have to service key stakeholder groups, in much the same way that businesses focus on certain segments of the public in their target markets. To meet public expectations, a DoC market orientation should consider the special needs of key groups such as the scientific community, tourism sector, and recreational groups such as trampers, climbers, kayakers, fishermen and hunters, while still ensuring a satisfactory base level of services to meet general public and voter expectations.

Application of sustainability-based performance indicators is essential to the successful implementation of an SMO. Ideally, the parameters should be clearly aligned with sustainability theory, incorporate universally accepted criteria and provide for ready and effective organisational management. The Global Reporting Initiative (GRI) has the most extensively researched SD performance indicator frames, but they are complex to implement (Parris & Kates, 2003). The research found that DoC had recently commenced development of a dedicated set of corporate sustainability performance indicators. The Deputy Director General (1) explained that these will provide DoC with metrics. These will be designed to assist in achieving environmental social and economic objectives set out in the Department's strategic Statement of Intent. He indicated that the project would take some two years of research existing international standards such as those developed by GRI, and to demonstrate their strategic value and managerial utility.

3.9 Conclusions: SMO Usefulness and Future Research

This research examined the usefulness of a conceptual model of sustainable market orientation (SMO) through case-based research. The successful application of SMO by DoC is critical to the global marketing of New Zealand's nature based tourism. The paper explores the relevance of SMO in New Zealand's Department of Conservation (DoC), the governmental organisation responsible for the long term environmental protection of conservation lands including national parks. Alignment of the SMO model with public sector conservation and tourism management was identified and management implications explored.

The research demonstrated the value of the model by confirming SMO as a frame for strategy management. The SMO model was useful for appraising the implementation of sustainability in departmental strategy management. The analysis of qualitative material drawn from a programme of in-depth interviews identified a series of themes that have been ordered to fit the six SMO model elements: environmental, social and economic orientation, SMO or strategy integration, performance, and organisational learning.

Environmental orientation is a mandatory component of strategy development and management. The Department's statutory foundation and responsibility to parliament comprise the major proportion of DoC's commitment to sustainability management. This commitment is complemented by an objective to increase public understanding of the value of conservation management and participation in, conservation projects. To this is added a determination to improve the efficiency and effectiveness of conservation service delivery. Social orientation is also critical and keyed to the universal delivery of environmental services; DoC's improving social orientation is evident in the implementation of its social marketing programme and its growing stakeholder responsiveness. DoC's economic orientation is focussed on the efficient delivery of services to its stakeholders (the national population) and the facilitation of conservation related business opportunities including tourism within the constraints of DoC's mandate and government-determined budget. A more recent strategic emphasis has been on the development of business opportunities and partnerships with the private sector such as the tourism industry, to share in the financial cost of managing public assets and to lessen the direct financial burden of conservation management on New Zealand taxpayers. Established performance management practice is being supplemented with a sustainability strategy, development of sustainability performance indicators, extended intergenerational planning and organisational learning frameworks. DoC's more proactive stakeholder service orientation is adding to its corporate credibility and reputation.

This study was important in demonstrating that sustainability oriented management is possible in a government agency with a statutory commitment to environmental services delivery by developing an increased emphasis on social and economic strategy management and that the conceptualisation of SMO has potential usefulness in strategy formulation and performance analysis. However it also identified the difficulty of achieving the conceptual balance in managing the three primary elements (environmental, social and economic orientations) of SMO using publicly owned resources.

Reconciling management of the environmental and social impacts of mass tourism with departmental statutory obligations for recreational and environmental management highlight the need for careful resource stakeholder relationship management within an SMO strategy frame. In a public service context, there is the added challenge to integrate long run sustainability management with changing political policies that are characteristically short-term and economically driven.

This is the first empirical research into the application of SMO. Further research, including replication studies, would assist in refining the conceptualisation of SMO. In addition, management of different-sized enterprises in different sectors and cultures should be examined. Investigation of performance indicators to support SMO strategy management in a public service context would be a complementary step. Longitudinal research into SMO would provide added substance. Given recent progress achieved by the Department of Conservation in applying sustainability in policy and strategic management, further research to evaluate the outcomes of current and continuing sustainability and social marketing initiatives is warranted.

4 Investigation of the Potential of SMO in Two Private Sector Organisations

Paralleling the research into SMO in the public sector reported in the previous chapter, Chapter 4 reports on exploratory research into the relevance of the SMO conceptualisation in two private sector companies. It comprises a paper submitted to the Business and Society Journal special issue on Corporate Sustainability: Exploring New Perspectives.

Investigation of the Potential of Sustainable Market Orientation in Two Private Sector Organisations⁸

4.1 Introduction

There is a growing conviction amongst academics of the worth of sustainability principles to correct the dominance of short term economic management in government and business strategy management (Dyllick & Hockerts, 2002; Gladwin, et al., 1995; Hart, 1995; Jennings & Zandbergen, 1995). Scientific, social and political concerns have stimulated international government action with development of international sustainability objectives and management guidelines (UNO, 1992). This has led to national sustainability policies in countries such as the UK, Europe, New Zealand, Canada, Australia and other members of the OECD (Canada, 2010; Jackson, 2009b; Martin & Verbeek, 2006; Ministry for the Environment, 2003; OECD, 2006). Corporate awareness has been reflected in the adoption of sustainability programmes by major businesses such as BP, Toyota, SC Johnson, Vodafone, GE, Philips, Marubeni, Sony and Hewlett Packard (CERES, 2010; Kolk, 2008; WBCSD, 2010). Despite this, diffusion of sustainability based management has been slow because of the dominance of the neo-classical economics, emphasising business competitiveness (Coase, 1937; Porter, 1980; Williamson, 1981) and expectations of continuing profitability and growth (Gladwin, et al., 1995; Kilbourne & Carlson, 2008). Sustainability oriented management is regarded as complex and expensive especially amongst small and medium businesses (Springett, 2003). This, however, may result from an inadequate managerial and shareholder understanding of the benefits applying sustainability principles in business (Collins, Steg, & Koning, 2007; Hahn & Figge, 2011; Redclift, 1988; Wheeler, et al., 2003).

There is considerable interest in how sustainability principles may be effectively applied in a business context (Abratt & Sacks, 1988; Ehrenfeld, 1997; Gladwin, et al., 1995; Hart, 1995; Henriques & Sadorsky, 1996; Korhonen, 2004 ; Rainey, 2006; Russo, 2003; Wheeler, et al., 2003). One avenue is applying a sustainable market orientation in strategy management. Sustainable market orientation (SMO), was conceptualised to bring SD and MO together and provide a management model for business practice (Mitchell, et al., 2010a). This paper reports on the first empirical investigation of the value of SMO in a business context. The strategy management in two competing firms in the tourism sector was compared with the conceptual model. The research findings demonstrate SMO's

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worth as a frame for understanding the potential for integrating environmental, social and economic factors in strategy planning and performance management. They highlight areas that corporate managers should consider in adopting an SMO and provide a foundation for replication studies and wider exploration of SMO as management concept.

4.2 Marketing and Sustainability in Corporate Strategy

Market orientation has been defined, critically evaluated, and accepted as a valuable corporate management process (Jaworski & Kohli, 1996; Narver & Slater, 1990). MO gives inadequate attention to environmental and social elements and their value to corporate strategy management in the long run (Greenley & Foxall, 1998; Stone & Wakefield, 2000). There is a growing academic interest in applying sustainability principles in corporate strategy aimed at the efficient, effective and profitable integration of environmental, social and economic capital (Abratt & Sacks, 1988; Dyllick & Hockerts, 2002; Hahn & Figge, 2011; Henriques & Sadorsky, 1996; Rainey, 2006).

Although there is some wariness of the wisdom of applying the principles of sustainable development in an organisational context (Tarlock, 2001), There is an internal logic in combining the key SD elements of environmental integrity, social responsibility and economic prosperity in business management (Daly, 1990; Jackson, 2009b; Redclift, 1989). In addition, sustainability is gaining credibility as a paradigm for corporate management (Ehrenfeld, 2004a; Gladwin, et al., 1995; Hart, 1995) because of its theoretical roots in the environmental science and political debate (Meadows, et al., 1972; Turner, 2008; UNO, 1987).

Incorporating SD management principles in corporate marketing strategy was first suggested by Sheth and Parvatiyar (1995) who reasoned that the marketing function should be aligned with economic, political, social and ecological norms. Subsequently Fuller (1999) reasoned that sustainability grounded marketing should minimise adverse environmental impacts by combining marketing channel and resource lifecycle management throughout the product and service lifecycles. A perspective proposed by Belz and Peattie (2009) more closely aligns with the balance of environmental social and economic components advocated in sustainable development. They reason that sustainable marketing should: be economically competitive in responding to customer needs. Company performance will result from sound relationships with customers and other key stakeholders; not compromise the health of global ecosystems and support the principles of social justice. Application of sustainability principles in corporate marketing is reinforced by the conceptual integration of sustainability with market orientation and the conceptualisation of sustainable market orientation (SMO) as a tool for corporate strategy management (Mitchell, et al., 2010a).

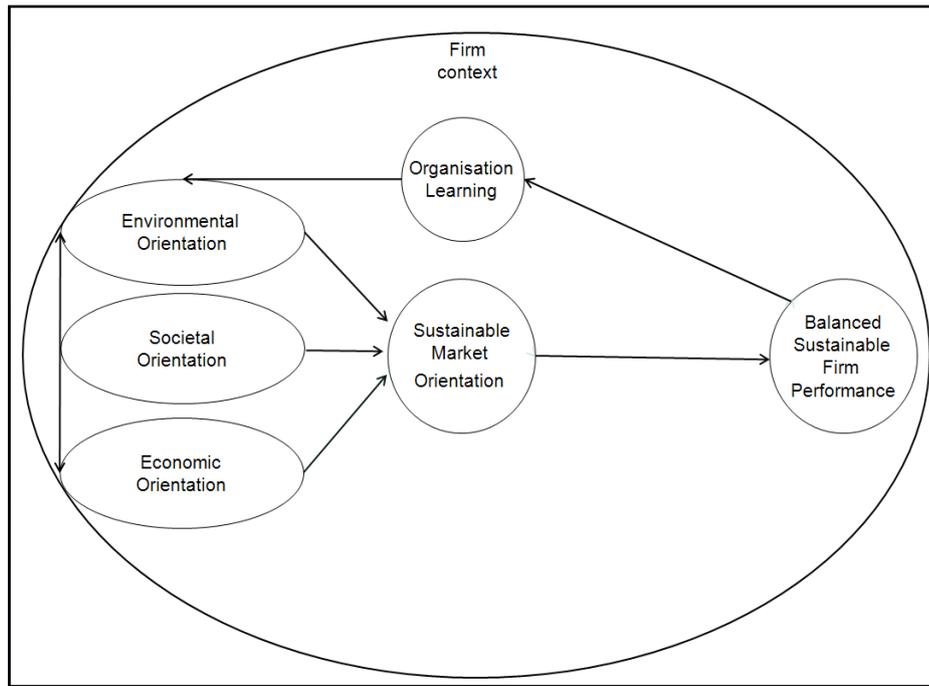


Figure 4.1: Model of Sustainable Market Orientation
 (Adapted from Figure 1 in Mitchell, Wooliscroft, et al. (2010):161).

SMO proposes combining MO (market-oriented intelligence gathering, corporate integration of intelligence in the development and management and promotion of competitive and profitable services) with SD-oriented management (balancing economic, social and environmental elements with stakeholder equity and intergenerational management). It is envisaged that a SMO will facilitate access to, and sustainable use of, natural, human and economic resources. As shown in Figure 1, the SMO model provides for integration of environmental, social and economic or market intelligence with operational management. Sustainability-moderated performance management together with organisational learning will assist long-run corporate profitability and resilience.

Measuring and effectively managing sustainability-based throughputs and outputs are critical organisational challenges. In the absence of UN or government agreement on any international sustainability performance measurement system, there is a continuing academic and business search for an effective framework (Parris & Kates, 2003). Elkington's (1994) triple bottom line accounting approach and Figge & Hahns' (2004) value-adding methodologies give little credence to environmental and social values and stakeholder relationship management. The most widely accepted performance management system, developed by the Global Reporting Initiative (GRI), is complex and viable only for well-resourced firms (GRI, 2011). Organisational learning has already been confirmed as a component of MO based management and therefore its inclusion in SMO performance management will assist in assuring long-run market responsiveness and

competitiveness (Argyris & Schon, 1978; Slater & Narver, 1995). It is also recognised as useful in the environmentally oriented competitiveness (Sharma & Vredenburg, 1998) and sustainability oriented tourism destination management (Robertson, 1993). If the value of SMO can be demonstrated, the model will aid development of simplified sustainability indicators for short-run and long-run performance management that complement the GRI framework. This paper investigates the usefulness of SMO in the context of the New Zealand tourism industry.

4.3 Research Context: Investigating the Potential for SMO in the Tourism Industry

The relevance of sustainability in tourism management has been established after comprehensive academic, government and industry debate (Bramwell & Lane, 1993; Butler, 1999; Ceron & Dubois, 2003; Hunter, 1995; Robson & Robson, 2000; Sharpley, 2000; Swarbrooke, 1999, p.241; UNWTO, 1995). Sustainable tourism may be defined as the responsible management of tourism which generates long-term economic value and industry viability, but does not damage the physical environment and social structure of host communities (Swarbrooke, 1999, p.241). Effective planning and management of sustainable tourism requires the understanding and support of key stakeholders (local communities, tourism industry customers and tourism operators) (Butler, 1999). The challenge for individual firms is to understand the long-term strategic value of sustainability-based management and to align profit-directed strategies with environmental and social values of their markets and host communities (Sharpley, 2000). In an assessment of two decades of sustainable tourism research, Buckley (2012, p.8) concludes that the tourism industry focuses strongly on economic management and social and environmental strategy elements are limited to “legal compliance, political manoeuvring and marketing and public relations.” He recommends future research into the application of firm approaches to responsible sustainable tourism. Investigating the degree of SMO in two tourism firms helps address this need.

Nature based tourism in New Zealand provides a relevant context for exploring the managerial relevance of SMO. New Zealand takes pride in its rich natural heritage and has expectations that these assets will be protected in perpetuity (Parliamentary Commissioner for the Environment, 2002; Young, 2004). There is also a social contract embodied in legislation that land managed by the Department of Conservation, including national parks, are to be shared for recreation by the general populace for recreation and for tourism by business (NZ Parliament, 1987, Section 6(e)). Tourism is described as the country’s leading export industry, and vital to the generation of future economic growth. A national strategy also commits the tourism industry to sustainability-based management. While endorsing the use of sustainability management, the dominance of economic values in the

strategy is clear. The tourism strategy promotes intergenerational and balanced economic, environmental and social management which aims to ensure “the financial success of tourism businesses founded on the satisfaction of customers, protecting the physical environment and supporting our communities” (Tourism New Zealand, 2007b,p.13).

Responsibility for government policy and national tourism promotion is coordinated by the Ministry of Tourism which is now incorporated in the Ministry of Economic Development. The Department of Conservation (DoC) has a supporting role by protecting the intrinsic value of lands in its care in perpetuity and providing a well managed national park infrastructure and contributing revenue to the government through management of tourism concessions (Department of Conservation, 2011,p.8). DoC manages New Zealand’s network of fourteen national parks including the nation’s largest, Fiordland National Park (FNP). The environmental importance of FNP is confirmed by the park’s inclusion in UNESCO’s Te Wāhipounamu – South West New Zealand World Heritage Area (UNESCO, 2012). FNP attracts 1.2 million visitors per year (Department of Conservation, 2010a). Tourism provides an export income of approximately \$22.4 billion to the New Zealand economy (Statistics New Zealand, 2010).

The relevance of the SMO model is examined in relation to the strategy of two leading tourism firms operating in the Fiordland National Park: Real Journeys and Southern Discoveries. Both are family owned companies not listed on the stock market, with their headquarters in Te Anau (the regional centre; population 3,000). Real Journeys was founded in 1954 as the Manapouri-Doubtful Sound Tourism Company. It became Fiordland Travel Limited and was rebranded as Real Journeys in 2004. The Hutchins family, prominent in the Te Anau community, are the company owners. Real Journeys operates a suite of nature-based tourism ventures. Most of their operations are in the Fiordland National Park but there are other activities elsewhere on the South Island. Southern Discoveries (formerly known as Milford Sound Red Boats) was established by the government’s Tourist Hotel Corporation over fifty years ago to manage cruises on Milford Sound. With privatisation of government tourism, the entity was sold to Tourism Holdings. In 2008, it was acquired by the Dunedin-based Skeggs family and renamed Southern Discoveries. The company operates a range of tourism services including boat cruises, an underwater museum, kayaking, jet boating and accommodation services in Milford Sound and Queenstown.

4.4 Research Objective and Methodology

This research investigates the usefulness of SMO in strategic and operational management (Mitchell, et al., 2010a). A case study methodology was selected because of its suitability for exploratory

research and theory development (Yin, 2009). Data for inductive and deductive analysis was generated from 43 semi-structured interviews including six internal stakeholders for each company (Table 1). Purposive sampling was used for the selection of the cases and interviewees. Two unique cases were selected for investigation. Real Journeys and Southern Discoveries are leading actors in Fiordland National Park tourism and dominate business activity at Milford Sound. Stakeholders were selected to ensure that the views of important categories were included in the study. Interviewee selection was guided by stakeholder and sustainability management literature using the criteria for stakeholder relationship to the case organisations i.e. urgency, relevance, salience (Mitchell, et al., 1997). Represented stakeholder groups include national government, statutory or legal authorities, population affected by the industry, employees, institutions or individuals with a financial stake in the organisations, environmental groups and consumers (Sangle & Babu, 2007). Stakeholders were interviewed in Te Anau, Milford Sound, Queenstown, Dunedin, Christchurch and Wellington; see Table 1. Interviews averaged 75 minutes in length. Semi-structured questions were used to explore stakeholder perceptions of strategy, sustainability and marketing management in the two organisations. Written notes were taken for all interviews, supplemented by electronic voice recording. Content analysis allowed evaluation of company strategy against the six components of the conceptual model of SMO in each of the two cases. To assure data validity, key interview material was compared with secondary research sources, including legislation (New Zealand Parliament, 1980b; NZ Parliament, 1987), national and regional tourism strategies (Tourism New Zealand, 2007b; Tourism Research Consultants, 2005), government sustainability policy (Ministry for the Environment, 2003; Parliamentary Commissioner for the Environment, 2002), conservation and national park management policy (Department of Conservation, 2005, 2007b) and environmental and sustainability management frameworks such as GRI and Enviromark (Enviromark, 2011; GRI, 2011).

Table 4.1. SMO Stakeholder Interviewees

Code	Stakeholder: organization, relationship
1	Real Journeys; Board Member, Te Anau
2	Real Journeys; Chief Executive Officer, Te Anau
3	Real Journeys; Operations Manager, Te Anau
4	Real Journeys; Marketing Manager, Queenstown
5	Real Journeys; New Zealand customer, Te Anau
6	Real Journeys; International customer, Te Anau
7	Southern Discoveries; Board Chairman, Dunedin
8	Southern Discoveries; General Manager, Te Anau
9	Southern Discoveries; Operations Manager, Milford Sound
10	Southern Discoveries; Marketing Manager, Queenstown
11	Southern Discoveries; New Zealand customer, Milford Sound
12	Southern Discoveries; International customer, Milford Sound
13	DoC Deputy Director General Research & Development, Wellington
14	DoC; Marketing Manager, Head Office, Wellington
15	DoC; Sustainability Manager, Head Office, Wellington
16	DoC; Commercial Business Portfolio Manager, Christchurch
17	DoC; Southland Community Relations Manager, Invercargill
18	DoC; Area Manager, Te Anau
19	DoC; Community Relations Manager, Te Anau
20	DoC; Community Relations Ranger, Te Anau
21	DoC; Visitor Centre Manager, Te Anau
22	DoC; New Zealand visitor, Te Anau
23	DoC; International visitor, Te Anau
24	Dept of Tourism; Policy Manager, Wellington
25	Dept of Tourism; Policy Advisor, Wellington
26	Ministry of Economic Development; Policy Manager, Wellington
27	Member of Parliament; National Party, Invercargill
28	Member of Parliament; Labour Party, Dunedin
29	Member of Parliament; Green Party, Wellington
30	Member of Parliament; Green Party, Wellington
31	Consultant, Former Parliamentary Commissioner, Environment
32	Ngai Tahu Tourism; Marketing Development Manager, Christchurch
33	Tourism Industry Association; Advocacy Manager, Wellington
34	Destination Fiordland: Manager, Te Anau
35	Venture Southland; General Manager Enterprise & Strategy, Invercargill
36	Venture Southland; Project Coordinator, Invercargill
37	Venture Southland: Tourism Marketing Manager, Invercargill
38	Mayor, Southland District Council; Invercargill
39	Member Te Anau Community Board
40	Ngai Tahu Tribal Elder; Invercargill
41	Ngai Tahu Tribal Manager; Invercargill
42	Member National Executive Member; Invercargill.
43	IUCN; NZ Vice President; Wanaka

4.5 Research Results

Analysis of interview data from internal and external stakeholders demonstrates a general alignment of the conceptual model of SMO with the strategy management of both tourist organisations.

Numbered stakeholder sources are listed according to their organisation, position (Table 1). The findings are matched against with the six elements in the conceptual model (environmental, social and economic orientation, SMO integration, performance and organisational learning). Key areas of conformity and non-conformity with the conceptual model are described (Tables 2-7).

4.5.1 Environmental Orientation

A clear environmental orientation is demonstrated by the influence of environmental values on strategic management in both firms and key themes from the interviews are listed in Table 2.

Internal and external stakeholders confirm the importance of environmental respect because of firm reliance on access to national park resources for their business and the importance of environmental values to customers and local communities and the New Zealand public generally (1,2,3,7,8,9,13,16,26,30,35,38,40,42).

The concession system limiting the number of tourist operations is designed to balance protection of national park environmental integrity, private sector services for tourist enjoyment of park attributes, and generation of tourism revenue for government. While the concession system gives consumers an assurance of quality environmental management, concession requirements are market entry barriers that give incumbent concession holders protection from full market competition (1,2,7,8). Continued access to Fiordland National Park natural resources is seen as critical for the profitable functioning of both tourism companies. A Real Journeys board member explained that environmental management expertise is essential for winning government tourism concessions and a condition for business continuity (1). To this end, both firms work to ensure that their operations meet regulatory requirements and liaise closely on management of their concessions with the DoC, other government tourism agencies and local government (1,2,12,13,18,19).

Table 4.2. Comparison of Real Journeys and Southern Discoveries Environmental Orientation with the SMO Model

Alignment	Non Alignment
<p>Sound environmental management compliance to governmental regulations to guarantee government resource access and tourism concessions.</p> <p>A protected natural environment is a key feature of the tourism services.</p> <p>Long-term strategy to demonstrate environmental stewardship and reduce the environmental impact of company operations is in place.</p> <p>Environmental care is emphasized in company promotion.</p> <p>Company staff promotes environmental responsibility to visitors.</p> <p>Philanthropy reinforces their reputation for environmental management.</p> <p>New products minimize environmental impacts, e.g., kayaking example.</p> <p>Use of the tourism industry environmental management system to minimise and monitor company environmental impacts. Quality management is promoted in marketing.</p>	<p>Secondary standing of environmental orientation.</p> <p>Environmental orientation seen as a proxy for sustainability orientation.</p>

Both Real Journeys and Southern Discoveries demonstrate an environmental commitment in their intelligence gathering, operational management, promotions and business development (1,2,3,4,7,8,9,10). Southern Discoveries’ General Manager (8) emphasises the importance of meeting government and market stakeholder expectations of a responsible corporate environmental orientation and his confidence in the company’s current approach:

“We are operating in a pristine environment and we have to be seen to operate under proper operational procedures...We probably work in the most regulated marine environment in New Zealand...We have got DoC, we have got SDC breathing down our necks; we have rules left right and centre. I am happy to work within those rules because I know that we have a responsibility not to ‘bugger up’ Milford Sound...I take my responsibility with regard to training procedures for diesel and oil spills (seriously) and we recently instigated the recycling program which was never there before...In a more general way, I want my kids when they take their children to Milford, and it will still look the same, the grandeur will still be the same and has not been bugged up by some short term, ill-thought out objective.”

Firm environmental orientation is supported by environmental management systems (EMS). Both companies participate in the national tourism industry's "Enviromark" EMS quality accreditation programme and have achieved silver level proficiency (the second in a five-level scale) (2,4,8,9). Accreditation is promoted to reinforce company environmental credentials with government regulators and the tourism market. Managers also benefit by social networking with regulatory, industry and community actors to acquire intelligence about environmental management standards, government community and market expectations. Strategic information is applied to enhance efficiency and competitiveness (2,3,8,9).

An environmental orientation is applied in the selection of products and services, promotion and customer delivery. Both firms use conventional advertising supplemented by the internet and electronic media (2,4,8,10). Demonstrating environmental stewardship is especially important in attracting long haul travellers from Asia, Europe and North America (2,4,8,10). In service delivery, staff emphasise company environmental responsibility and the long-term need to protect New Zealand's natural heritage (2,3,8,9). Both firms have waste recycling policies and ask customers on Milford Sound cruises to take any waste food, packaging or information material out of the National Park at the end of their visit (3,9). Environmental philanthropy underlines both companies' environmental credentials in the market and the community (2,3,4,8,9).

New services and products are carefully engineered to meet government regulatory standards, for instance management of environmental impacts, fuel efficiency and waste recycling, (2,3,8,9). Real Journeys Operations Manager (3) explained how initiatives could entail negotiation for two or three years to ensure company planning is in accord with the national park management plan and conservation policy (Department of Conservation, 2005, 2007b). An example of environmentally sensitive tourism offered by both firms is recent introduction of kayaking in Milford Sound (2,8).

Table 4.3. Comparison of Real Journeys and Southern Discoveries Social Orientation with the SMO Model

Alignment	Non alignment
<p>Management is aware of business benefits from a sound social orientation. The objective is to be a good corporate citizen.</p> <p>Long run stakeholder trust is built on staff recruitment and retention, competitiveness, marketing, performance and profitability, and business development.</p> <p>Active stakeholder relationship management through senior staff. Key groups: staff, industry and market channel, government regulators, local community.</p>	<p>Dominance of economic and market orientation factors.</p> <p>Economic bias in stakeholder relationship management.</p>

4.5.2 Social Orientation

The strategic goal of both Real Journeys and Southern Discoveries is to develop and cultivate trust-based relationships with key stakeholders to improve and sustain company performance. Internal stakeholders affirmed that company social orientation management supports economic strategy by helping assure company access to essential business resources, acquiring business intelligence attracting and retaining quality staff, and maintaining market competitiveness, and developing new business opportunities (1,2,3,4,7,8,9,10). Firm social orientation however, did not provide for social orientation to be balanced with economic orientation. Themes in firm social orientation identified in the interviews are presented in Table 3. Shareholders and management in the two firms (1,2,7,8) indicate commitments to good citizenship and described extensive market oriented social networking. Real Journeys’ social orientation is long-term, well structured and resourced. The company philosophy is described by their CEO (2):

“There is a strong commitment to communities where our operations are based. This builds community relationships and trust. Sponsorships also help build staff loyalty. To me it is all about being respected by all of your stakeholders: how do you operate? Are you responsible? Are you logical? Are you approachable? Are you nice to people? To me that is what it is all about.”

In contrast, Southern Discoveries’ social orientation is geared to achieving more immediate commercial results (7,8,9). Their General Manager (8) underlines how firm environmental and social orientation can assist to build trust-based relationships with regulators, notably the Department of Conservation (DoC), and enhance company intelligence, planning and operational management:

“Our leverage with DoC is being seen as a sustainable player. DoC has realised that we are a lot more honest and passionate about the environment... I have made a very conscious effort to engage with them over the last three years. Now they have started sharing confidences with us... I am reciprocating... and regard them as colleagues.”

Priority is given to cultivating productive relationships with employees, government regulators, marketing supply chain members, customers and members of the local community (2,3,7,8,38,39). More specific objectives are the recruitment and retention of quality staff, competitive market positioning, performance improvement, continuing profitability, and business development (2,8). Interviews with company executives, industry and community actors indicated that SMEs operating in remote communities are responsive to social intelligence, using this to refine company strategy (2,8,3,9,33,34,38). In the larger company Real Journeys, staff specialisation provides a greater capacity for carefully researched social strategy management (2,3,4). Smaller firms like Southern Discoveries are likely to concentrate on ensuring economic profitability and provide fewer resources to social intelligence. The case of Southern Discoveries also showed that social intelligence is given increased resourcing as the industry context and key stakeholder relationships are better understood by shareholders (7,8,9).

Firm management, tourism and government interviewees confirmed that relationships with industry partners facilitate intelligence gathering, intelligence integration with operational management, service delivery, market innovation and profitability (2,3,4,8,9,10,24,25,33,34). Both firms are active within the Tourism Industry Association of New Zealand, the national tourism industry body which is valuable for government lobbying and garnering industry intelligence. International customers are the dominant target market (2,8). Real Journeys and Southern Discoveries participate in international tourism marketing coordinated by the government promotional agency, Tourism New Zealand. The critical importance of Tourism New Zealand support is shown by the determination of the Southern Discoveries General Manager to participate in joint international marketing (8):

“Real Journeys has eight (sales) representatives...They are ‘in Tourism New Zealand’s face’ all the time. I am going to show TNZ that Southern Discoveries is a serious player (too). I am going to show them that they have to listen to us. So...I have been to India, Wellington...I have been to Japan and... I used their services in Korea...Tourism New Zealand performed magnificently for me.”

Staff word-of-mouth confidence in company products and services also has a ripple effect in the community (2,3,4,37,38,39). For example, confidence amongst accommodation providers and retailers can result in added promotion by proxy to visitors, especially independent travellers (8). Real Journeys’ social orientation is longer standing and well structured. Evidence of this includes

environmental sponsorship and funding assistance for the Te Anau Community Hall and scholarships for Te Anau and Wakatipu secondary school students (2,4). Southern Discoveries' social orientation is less formal, reflecting the smaller size of the firm and its more recent involvement in local community (8,10).

A positive company reputation with community stakeholders may also assist in the development of new business opportunities. Real Journeys' CEO (2) explained how his firm had been invited to establish a nature based tourism operation in another region outside their current field of activities, because of its commercial success and community credibility in Southland. Southern Discoveries' General Manager (8) recounted how his company's involvement in community conservation projects had led to an approach from another firm seeking a partner for an attractive new venture.

External stakeholders demonstrated how SMO managers should be ready to respond strategically to issues of community concern. For example, the study discovered concerns amongst conservation NGO representatives about the intensification of mass tourism in Milford Sound. Conservation stakeholders and regulators see a need to reduce adverse impacts of mass tourism on intrinsic national park values and non commercial national park users such as trampers/hikers and climbers (42,43). These perceptions differ from the tourism firm shareholders and managers. The General Manager of Southern Discoveries reasoned that reduced tourism numbers due to the recession do not warrant a strategic response at present (8), while the firm Chairman indicated that remedial action would be considered if tourism numbers increase (7).

4.5.3 Economic Orientation

Key themes in relation to firm economic orientation that were identified in stakeholder interviews are presented in Table 4. Corporate strategy in both firms concentrates on profit generation utilising entrepreneurship, continuing market competitiveness and operational efficiency (1,2,3,7,8,9). Management, shareholders and external stakeholders agree that without consistent profits, the companies would not be capable of carrying out the social and environmental commitments implicit in sustainability or SMO management (1,2,3,7,8,9). The integration of sustainability with economic values in marketing strategy is confirmed by Real Journeys' General Manager Marketing, but the linkage is subtle (4).

Table 4.4. Comparison of Real Journeys and Southern Discoveries. Economic Orientation with the SMO Model

Alignment	Non Alignment
Discrete management of economic strategy element. Generation of economic value for stakeholders including customers, employees and shareholders. Strategy emphasizes market competitiveness; efficiency and effectiveness. Comprehensive economic performance management.	Economic orientation dominant . Focus on short term profitability. Commitment to long run economic growth. Profit an antecedent for corporate sustainability.

“You can deliver as good a tourism product in the future as you can currently and that the environment is just as beautiful in the future as it is today...We are totally committed (to sustainability) for...economic but also...ethical reasons. The connection with marketing strategy is not that obvious. We use very beautiful images, so that means you have to have an unmodified (operating) environment. On top of that we mention any environmental initiatives for example we are about to launch our first Euro 4 (fuel efficient) coaches... Because we work in very small communities...it is really important that the communities are healthy in just the same way the environment is; and economically you are healthy.”

The findings show that economically, firm management conforms with resource advantage theory. Both companies recognise the economic importance of securing and maintaining government concessions to use rare and publicly owned and well-managed natural resources (1,2,7,8). Compliance assures the tourism firms of concession continuity, restricted competition and the prospect of better profitability. Real Journeys’ Operations Manager (3) explains the interdependence of economic and environmental planning and company dependence on sound relationships with regulators:

“We have very good relationships with (DoC and Environment Southland)...We talk to them regularly. We often sit down with them and say over the next year we are likely to be doing this... We do a fair bit of leg work in advance in lodging a (planning) consent or (tourism) concession application.”

Accurate and up-to-date market information is essential to a company’s economic orientation and profitability in a turbulent market (2,8). Structured market intelligence underpins the development of products and services that meet the varying needs of international and domestic markets. Added to this, both companies track their performance and competitiveness closely. Southern Discoveries’ approach is outlined by their General Manager (8):

"I measure my yield on a weekly basis...We do a sales review every day...So we can look at the customer mix and of how (it) happens...We run a draft profit and loss report once a week, and the KPI (Key Performance Indicator) report comes out once a month...I and my top four or five people in the company would know on a daily basis how we are sitting."

A variety of product offerings targeted at Asia, Australia, North America and European markets aims to enhance competitiveness, growth and long-term strategic resilience (2,4,7,8). At present, Real Journeys has a more diverse range of market offerings than Southern Discoveries. Recent initiatives by Southern Discoveries, such as the purchase of the underwater observatory and accommodation at Milford, and attractions in Queenstown, affirm the significance of product diversity and integration (2,3,4,7,8,9,10). Southern Discoveries' General Manager (8) explains the firm's entrepreneurial attitude to expanding the scope of its nature based tourism activities at Milford Sound:

"We own the pub and the cafe, we own the underwater observatory and we have got the vessels... So we offer a product where we go for a cruise and a BBQ and it includes the Discovery Centre (an underwater observatory). Our competitors can't replicate that. We have been smart about what we have been doing. That has been our highest price product, our highest yielding product and it is also our most popular."

Well managed, long-term economic growth is an important objective in the strategies of both companies, but Real Journeys and Southern Discoveries have different economic trajectories. Real Journeys' management interviews show a commitment to gradual long-term growth of activities, company assets and profit (1,2,3,4). Southern Discoveries has a more aggressive economic growth trajectory, influenced by two key drivers; the expectations of shareholders to match or surpass the performance of its main competitor, Real Journeys, and to recoup the cost of entering the tourism industry (7,8,9,10).

4.5.4 Integration: SMO

While economic orientation is the dominant element in the strategy of both firms, internal and external stakeholders indicate that an SMO could provide a coherent framework for utilising sustainability principles in corporate strategy management. Table 5 summarises key supporting evidence for the integration of environmental, social and economic orientation.

The two firms are cautiously responding to external stakeholder expectations that corporate strategy in nature-based tourism should accord with sustainability principles. These stakeholders include customers, community representatives, government policy makers and regulators (13,24,25,31,34,35,36,38,39). Real Journeys' CEO recognises that sustainability is becoming widely

accepted in business management, including tourism (2). Real Journeys is gradually implementing an SMO. Their approach is explained by the CEO (2):

“Sustainability is well-embedded in the company culture. There is no formal company values statement but there are guiding principles. The environment is a key element in marketing...(and) environmental responsibility is part of operations management...The company as a responsible operator delivers on customer expectations and does not oversell...(Stakeholder recognition is) reflected in customer and staff surveys.”

Table 4.5. Comparison of Real Journeys and Southern Discoveries. Integration with the SMO Model

Alignment	Non Alignment
<p>Long term objective to embed sustainability in strategy and management.</p> <p>Shareholder and managerial awareness of sustainability theory.</p> <p>Staff general recognition of the benefits of sustainability based corporate strategy management: better risk management, resource access, market intelligence, market, employee and community reputation, and profitability.</p> <p>Strategy implementation in identifiable economic environmental and social elements; objectives of environmental efficiency and effectiveness; social efficiency and effectiveness. Identifiable outcomes from integration economic environmental and social elements.</p> <p>Sustainability training for staff by tourism industry.</p> <p>Environmental management system contributes to SMO.</p>	<p>No formal incorporation of sustainability in company strategy planning or implementation.</p> <p>No balance in management of three primary elements in SMO.</p> <p>Dominance of market orientation, economic strategy.</p> <p>Short term strategy.</p> <p>No formal intergenerational planning.</p> <p>No formal commitment to stakeholder equity.</p>

Though less advanced in its sustainability orientation, Southern Discoveries’ shareholder and senior management show awareness of growing societal support for sustainability principles and its potential strategic value (7,8,9,10).

The strategic convergence of the three core elements in SMO strategy management is evident in both Real Journeys and Southern Discoveries. Both firms demonstrate a combination of environmental, social and economic orientation in their strategic management. Primacy is given to economic performance that satisfies shareholder expectations. Environmental responsibility is a second priority (geared to market and government expectations) and social responsibility is a third order priority (geared to a blend of societal and market expectations). As shareholders and

management in both firms gain a deeper understanding of the potential benefits of SMO it is possible that the dominance of economics in strategy management will be moderated by social and environmental considerations resulting in structured sustainability management.

Integration of environment, social and economic orientations is evident in firm promotion.

Conventional and web-based marketing communicates the environmental and economic value offered in company tourism services. Staff involvement in environmental and conservation management supports corporate marketing and tour delivery (2,4,8,9,10). Long-term community confidence is encouraged through corporate philanthropy and funding local conservation programmes contributes to the company's community credibility and business development. Real Journeys' own environment trust helps fund conservation projects in FNP and other parts of New Zealand (1,3,4). In another example, Southern Discoveries has sponsored a predator eradication campaign through the Fiordland Community Trust: a partnership with DoC that is actively promoted to the tourism market (8,9,10). The strategic relationship between publicly-recognised environmental care, social stakeholder confidence and market competitiveness is recognised by Southern Discoveries' General Manager (8):

"We recently sponsored the Fiordland Conservation Trust and DoC. They have a programme for pest eradication in Sinbad Gully (Milford Sound). We have done that because we want to help the environment but, at the end of the day, we are also doing it because it is going to give us a marketing edge."

There appears to be an industry wide assumption that an environmental orientation equates with sustainability in performance management (2,3,8,9). Participation in the tourism industry's Enviromark EMS programme integrates environmental responsibility, management efficiency, marketing and political public relations. There is an opportunity in both firms to extend the current environmental orientation to a comprehensive sustainability orientation (2,3,8,9).

In contrast, there were areas where performance management and organisational learning do not align with the SMO model. Interviews with staff in both firms show priority is given to the short term economic profitability. Consequently there is no objective to achieve a sustainability grounded strategy balance. Intergenerational company strategy centres on ensuring continuing competitiveness, profit maximisation and growth in company assets (1,2,3,4,7,8,9,10).

Table 4.6. Comparison of Real Journeys and Southern Discoveries Performance Management with the SMO Model

Alignment	Non Alignment
Extensive economic, market performance measures. Environmental management system. External auditing. Formal assessments of social and customer perceptions of performance.	No sustainability performance indicators; alignment with GRI and triple bottom line frameworks. No public sustainability reporting.

4.5.5 Performance Management and Assessment

SMO performance assessment involves formal monitoring and coordination of operation effectiveness and efficiency relating to long-term strategy management. Key findings in relation to performance management are summarised in Table 6.

Evidence from both CEOs confirmed that marketing and economic factors are the most important key performance indicators in both organisations (2,8). The two companies use conventional accounting and market data to monitor performance against budget expectations and to manage market competitiveness. Key economic indicators include cost containment, return on assets. Market performance is measured by web-based sales, conventional bookings, profit per customer and company market share (2,3,4,8,9,10). The second priority is environmental performance measured against company operating and industry standards (Enviromark, 2011). In terms of winning market credibility, a silver level Enviromark accreditation is acceptable to Real Journeys’ management, but Southern Discoveries is seeking a gold level accreditation to demonstrate market leadership (2,3,4,5). Social performance receives less management attention. Although Real Journeys regularly surveys staff and customers to identify opportunities for performance improvement (2,3,4), neither company has formal frameworks to measure social value delivery or firm reputation or amongst other key stakeholders, particularly regulators, politicians, local community representatives and non-governmental organisations.

Sustainability performance indicators are not formally incorporated in the strategies of either firm. There was no evidence of moves by either firm to adopt international or customised sustainability performance indicators. The CEO of Real Journeys (2) criticised Triple Bottom Line accounting because of its concentration on the economic measurements to judge sustainability performance. Social initiatives such as executive networking with key industry stakeholders, customer and employee feedback are important in assessing performance management. The research suggests that using SMO based indicators could provide for more comprehensive performance management

because social and environmental intelligence, are important indicators of firm standing with the market, regulators and the wider community.

4.5.6 Organisational Learning

Organisational learning is central to market orientation, organisational performance improvement (Slater & Narver, 1995) and also long-run, sustainability management (GRI, 2011). Programmed organisational learning is evident in both firms. Key objectives are to enhance competitiveness and assure the business continuity expected by family shareholders (2,4,8,10). Learning concentrates on developing competitive responses to market, industry, political, regulatory and local community developments. SMO related organisational learning is largely informal and sustainability is not yet formally included in the strategic planning or review processes of either company. This is reflected in findings summarised in Table 7.

Table 4.7. Comparison of Real Journeys and Southern Discoveries Organisational Learning with the SMO Model

Alignment	Non Alignment
<p>Market, government and community expectations.</p> <p>Managerial sustainability awareness a potential platform for organizational learning.</p> <p>CEO leadership on sustainability strategy management.</p> <p>Industry sustainability training of staff</p> <p>Structured strategy reviews involve board, management, staff.</p> <p>External intelligence from key stakeholders facilitated by networking, surveys.</p>	<p>No formal SMO framework for organizational learning.</p> <p>Micro management. Dominance of economic, market orientation.</p>

Corporate leadership is critical in stimulating and directing organisational learning. There is the emerging sustainability leadership of Real Journeys while Southern Discoveries' leadership is economically focussed. Internal stakeholders of Real Journeys recognise their CEO's desire to embed sustainability in the company's corporate strategy (1,2,3). According to internal and external stakeholders, the sustainability orientation of Southern Discoveries' General Manager is comparatively lower. His business priority is consistent economic performance and company growth (7,9,10,34,38,39). The General Manager is aware of the rising market and public expectations for sustainable company governance. His response is to informally expand his knowledge of sustainability management. He indicated that this is influencing his approach to stakeholder relationships, product selection, promotional and operations management (8).

The importance of sustainability buttressed by organisational learning in assuring market competitiveness is reinforced by the views of Real Journeys' General Manager Marketing (4):

"Sustainability management will be really important going forward. If (the company wants) people to come from the other side of the world to visit New Zealand, they are only going to come if it is very, very special. New Zealand's strength from a tourism perspective is its environment. Unless it is protected we are not going to get (their custom)."

External intelligence from market surveys and stakeholder networking, provide valuable inputs for organisational learning. Real Journeys is admired for its effective stakeholder networking (24,25,32,33,35,36,38). Seeking to emulate their success, Southern Discoveries is progressively increasing its capabilities (27,34,38,39). Comprehensive monitoring of sales and operational performance provides other opportunities for organisational learning (2,3,4, 8,9,10). As Real Journeys' Operations Manager (3) explains, the firm uses formal surveys of customers and employees to improve company market competitiveness:

"We constantly feed changes into our planning template and flesh it out over a six year period. We will use it a lot in our forward planning. It is about capacity and utilisation, and making decisions around capital investments over twenty years, and replacements."

Management and staff in both companies have regular strategy reviews to assess market conditions, competitiveness performance and improvement potential as expected in the SMO model (2,3,4,8,9,10). Southern Discoveries' Operations Manager (9) explains the value of these:

"Once or twice a year we meet outside the managers' meetings... (This) allows people the opportunity to look outside the box for opportunities...Being in Milford, it is very easy to get tunnel vision. The meetings give opportunities to voice opinions; and they are developed and grown...It stimulates and motivates you, and the company benefits."

Development of corporate sustainability management capabilities is hampered by inconsistent staff knowledge about the business benefits and practice of sustainability management. Although junior and middle level staff have participated in government-subsidised sustainability management courses, there is no continuity in firm or industry training. Nor is there any evidence that this sustainability training is being employed in strategic management. Management in the regional economic development unit, Venture Southland and the regional tourism promotion office welcomed short term government seed funding for local tourism company staff and were critical about the lack of any government-industry long-term commitment to encourage private sector adoption of sustainability based management (34, 36).

4.6 Discussion and Management Implications

Real Journeys and Southern Discoveries confirm the relevance of the SMO model (Mitchell, et al., 2010a) as a tool for corporate management on multiple levels. Model elements align with company strategy management in both cases and the study identifies differing degrees of integrating sustainability principles with a market orientation. Reinforcement of SMO's theoretical value came from the alignment of sustainability with market orientation theory. Both firms rely on effective intelligence gathering, integrated operational and promotional management, market competitiveness, profitability and organisational learning (Jaworski & Kohli, 1993). This is complemented by a degree of integration of the three pillars of sustainability based management: environmental, social and economic management elements (Rainey, 2006). In addition three important managerial implications were identified.

- The lack of clear government and industry policies for sustainable management;
- The need for a simplified and flexible framework for sustainability management;
- Formal management of intergenerational strategy and organisational learning.

Firstly, stakeholders highlight the lack of clear government and industry policies for sustainable tourism management in New Zealand (13,26,29,34,43). This is consistent with other literature on the challenges facing sustainable tourism management (Buckley, 2012). Contrasting with these concerns, the research identified strong customer, community expectations that businesses should be applying sustainability principles in strategy management (11,22,23,30,31,40,41,42,43). Awareness of social and market trends in supporting sustainability orientation exists in the case firms. Real Journeys' management plans to embed sustainability practices within its market orientation (2), but Southern Discoveries is concentrating on a conventional market orientation (8). Further, the business success of Real Journeys shows that enlightened management applying an SMO should enhance firm competitiveness and long term performance.

This research also indicates that there is a discrepancy between the sustainability objectives of the New Zealand tourism industry and the management practices adopted by tourism businesses. The New Zealand tourism industry strategy is designed to enhance industry economic performance and the simultaneous reliance on the Enviromark environmental management system based on the international ISO 14000 criteria gives undue emphasis to environmental efficiency (Enviromark, 2011; Tourism New Zealand, 2007b). The two case study firms demonstrate that they meet silver

level industry standards for environmental management (2,3,8,9,31,43)⁹. The Enviromark EMS auditing of firm management is based on ISO 14000 and provides for the integrated management of environmental and economic elements of corporate strategy. It does not allow for the formal integration of the social element consistent with sustainability principles and sustainability grounded stakeholder relationship management (Wheeler, et al., 2003) or application of a suitable sustainability performance framework (Elkington, 1997; GRI, 2010; Kaplan & Norton, 1992; Parris & Kates, 2003). Significantly, this practice policy falls short of the sustainability management theory, UN sustainable development, global guidelines for sustainable tourism and the NZ tourism sector strategy objectives (Rainey, 2006; UNO, 1992; UNWTO, 1995). The deficiency needs to be addressed if the industry is to establish political, market and community credibility in the domain of sustainability management.

Secondly, the study identified two important factors which could assist diffusion of sustainability in business management: the need for a more simple set of metrics for corporate sustainability management and the need for regulatory benchmarks for sustainability practice. The GRI framework has become the most widely accepted standard for corporate sustainability management and reporting. (GRI, 2011; Parris & Kates, 2003). There is a need for a framework that is easier and more economic to apply is necessary because it is only being used a select group of large corporations. The SMO management model is simpler and more flexible.

This research reveals the weakness of using voluntary industry codes to stimulate the application of sustainability in business management. The lack of a formal sustainability management framework in the two case organisations, contrasts starkly with industry sector strategy and the belief of senior executives that sustainability should be embedded in company strategy (Tourism New Zealand, 2007b).

The study underlines the need for government regulatory frameworks that ensure business performance complies with scientifically justified standards for sustainability management. These standards should be embedded in company strategy. General expectations of sustainability grounded business management are evident in government policy (Ministry for the Environment, 2003) and

⁹ The Enviromark environmental management system has five assessment levels. In ascending order they are: bronze, silver, gold, platinum and diamond. Silver level accreditation means a firm has a detailed understanding of environmental hazards, legal and other requirements. It has robust processes for making this information accessible and keeping it up to date. In addition, it has made clear commitments to pollution prevention, legal compliance and continual improvement and has formalised these in an environmental policy statement.

tourism industry strategy (Tourism New Zealand, 2007b). More specific expectations of intergenerational management are found in new regulations governing national park tourism concessions (13,15,16,18,19). These will extend the scope of long-term resource planning within DoC, the national park management agency, from a ten year horizon to a fifty year or intergenerational horizon (13). This is more than double the twenty-year company capital investment cycles (1,2,3,7,8,9). There is an underlying belief that with good management the firms would continue to hold long-term tourism concessions for tourism activities using publicly-owned national park resources (1,2,7,8). Thus diffusion of sustainability principles in private sector tourism management will be stimulated by increasing application of sustainability principles in tourism concession management. These findings therefore agree with predictions in marketing literature that government regulation is an antecedent to uniform and science based sustainability management (Sheth & Parvatiyar, 1995; van Dam & Apeldoorn, 1996).

Thirdly, according to sustainability theorists, organisational resilience will be increased through the formal incorporation of intergenerational management in organisational strategy (Gunderson & Holling, 2002; Hahn & Figge, 2011). The strategic challenge for shareholders and managers will be to adapt short-term, market based processes to respect government conditions for intergenerational resource management of tourism concessions (13). Both the case study firms are family owned. With Real Journeys there is a record of successful intergenerational business management (in economic, social and environmental spheres). The Skeggs family business has also spanned two generations. Their shareholder and management interviews confirmed expectations of 'long haul' company commitment in the industry (1,2,7,8). Intergenerational management, however, is not placed within formalised sustainability strategy framework in either firm.

Turning to organisational learning, the use of stakeholder networking and strategy analysis by both firms to improve performance which is in accord with MO principles (Slater & Narver, 1995) and sustainable tourism destination management (Robertson, 1993). Inconsistencies in staff knowledge about corporate sustainability in the two companies however discount the potential for added value from sustainability strategy management(1,2,3,4,7,8,9,10). Industry and sustainability professionals reinforce literature on the value of sustainability knowledge in underpinning company responsiveness and competitiveness and resilience (31,35,36,43) (GRI, 2011). It also indicates that organisational learning should be systems oriented to ensure firm strategy is well aligned with its operating context (Crossan, et al., 1999). This suggests that external government or industry financed training should be supplanted by formal company sustainability management processes. Coordination of existing market and economically oriented reviews with social and environmental

strategy evaluation using sustainability oriented organisational learning, should assist the firms to be more effective in addressing the diverse range of stakeholder expectations, and emerging government policies.

4.7 Conclusion

This paper reports on empirical research into the usefulness of Sustainable Market Orientation as a new framework for corporate strategy management. The findings suggest that converting the informal or ad hoc use of sustainability concepts to management based on the SMO conceptual model could assist firms achieve enhanced social and environmental credibility that result in long term market competitiveness, profitability and resilience.

Case study research involving two family owned firms in the New Zealand tourism sector provides evidence of the strategic value of integrating environmental, social and economic elements of corporate strategy underpinned by sustainable development management principles. Shareholders and management of both firms understand the value of sustainability grounded management and are tentatively exploring its implementation. While there is not holistic sustainability management in either firm, the importance of the six key elements of the SMO model in firm strategy management were identified and their relevance confirmed. The case of Real Journeys emphasised how a sound company reputation for environmental and social responsibility developed over time together with a commitment to embed sustainability in corporate strategy are important antecedents for economic and market success in nature based tourism. The goal of Southern Discoveries to emulate Real Journeys' success reinforces the strength of this approach.

In terms of environmental management both firms have gained silver level accreditation in the tourism sector's environmental management system. With respect to social management, both firms work to gain and maintain positive and productive relationships with business, regulatory and community stakeholders. The study emphasised that effective social stakeholder relationship management on a foundation of corporate reputation for good citizenship are critical in: assuring access to economically vital environmental resources, company human resource stability, enhancing corporate competitiveness and market credibility and facilitating new business partnerships. In economic terms, management is committed to long term involvement in nature based, national park tourism, being competitive, profitable, contributing to company growth. It allows private sector and public sector organisations, large and small, the flexibility to select appropriate management criteria that integrate corporate objectives, sustainability principles and stakeholder expectations.

Further confirmation of the added value of an SMO in businesses will require further research not only in tourism, but also in other industry sectors and cultures. Replication studies should be undertaken in companies of different sizes, operating in different business sectors and countries. Complementing this, there is a need for more research investigating firm social stakeholder relationships in corporate sustainability management.

5 Conclusions

5.1 Introduction

Case study research conducted in the New Zealand tourism sector provides evidence of the academic and managerial usefulness of sustainable market orientation (SMO) in public and private strategy management. Strategy management evidence supports the application of the six key elements of the SMO model: environmental orientation, social orientation, economic orientation, balanced sustainable market orientation, integrated performance management and organisational learning.

Analysis of stakeholder data from the three research cases; the Department of Conservation, Real Journeys and Southern Discoveries, demonstrates different approaches to sustainability-oriented management in the commercial and public sectors. The public sector case shows a focus on statute-based environmental management. Social orientation is focussed on equitable environmental regulation and service delivery. Economic management is focussed on the efficient use of taxpayer funding and the generation of revenue, not for profit, but to offset taxpayer funding. Public-sector market orientation is directed at promoting social understanding of organisation strategy, education of stakeholders about its objectives, performance standards and achievements. Stakeholder understanding is translated into active engagement with businesses, tourists and the general public to generate better understanding of the Department's strategy and to attract financial and volunteer support for its programmes. A more direct type of marketing is designed to increase custom and revenue earning from key services, notably the DoC's "Great Walks" programme. This research also found that the public service case is modifying its *modus operandi* from being regulatory and reactive regarding in its interactions with stakeholders, to proactively seeking mutually beneficial partnerships, particularly with the tourism industry. In contrast, the two private sector cases demonstrate the dominance of market orientation, profit and growth in strategy. There is, however, a reliance on extensive social networking and environmental management systems to support their drive for value-adding economic performance, showing the potential for holistic, sustainability-based management. Private sector strategic management is dominated by the drive for differentiation, competitiveness and the drive to increase market share, profit and the corporate asset base. The firms' attention to environmentally responsible operations management, environmentally oriented marketing and stakeholder relationship management also indicate potential to benefit from the formal application of sustainability-oriented strategic management.

Reflecting the prevalence of the Dominant Social Paradigm in contemporary government and business management, short-term economic efficiency and effectiveness are given priority in

strategic management. Environmental management is a secondary priority. This includes features such as minimising adverse operational impacts, energy efficiency, emission reduction, recycling and waste management. The third strategic priority is social management. The overview of the research presented in Table 5.1 draws on an analysis of interview data and provides an overview of stakeholder perceptions of sustainability management in each case and how these align with the SMO conceptual model in each case. From this exploratory research, the Department of Conservation is assessed as having a high - medium alignment with SMO. Real Journeys has medium alignment. Southern Discoveries is given a medium - low rating. The evidence that supports these assessments is summarised in sections 5.2.1 to 5.2.6.

5.2 Case Evidence Supporting the SMO Conceptual Model

This section reviews key themes in the three cases that support the application of the SMO logic model in organisational management. It also surveys key elements in the case study strategies that do not align with the SMO model. The evidence is ordered according to the six main components of the logic model. The conclusions are consistent with those reported in Chapter 3 dealing with public-sector management and with Chapter 4 dealing with private sector management.

5.2.1 Case Assessments of SMO Capability

The two-dimensional matrix proposed in the initial conceptualisation (Figure 2.4) was found to be inadequate for empirical assessment of the six-component SMO model. Though the research confirms the need to move from free markets to guided markets, the matrix is not suitable for assessing the three components of sustainable development or the six components of the SMO model in corporate strategy. Instead, the data assembled assessing management of the SMO model components each of the three cases is assembled in Tables 5.1-5.6. The overall case organisation performance is generalised and presented in Table 5.1.

5.2.2 Environmental Orientation

Environmentally responsible strategy management is important in all three cases. Management in all these organisations perceive the need to demonstrate an effective environmental orientation to their markets and key stakeholders. Systems for efficient environmental management are, therefore, present in each of case, but the strategies have differing levels of environmental orientation as part of their overall corporate strategies. Formal environmental management is part of each case. Minimum standards are prescribed by government legislation or regulations to meet national park management standards. Other environmental standards prescribed by planning and waste management, marine and biodiversity protection regulations.

Table 5.1: Alignment of Case Evidence with the SMO Logic Model

Case	Department of Conservation		Real Journeys		Southern Discoveries	
	<i>Internal</i>	<i>External</i>	<i>Internal</i>	<i>External</i>	<i>Internal</i>	<i>External</i>
<i>Environmental Orientation</i>	High	High	High	Medium	Medium	Medium
<i>Social Orientation</i>	High	Medium	High	High-Medium	Medium	Medium-Low
<i>Economic Orientation</i>	Medium	Medium	High	High	High	High
<i>Integrated SMO</i>	High-Medium	High-Medium	Medium	Medium	Low	Low
<i>Performance Management</i>	High	High-Medium	Medium	Medium	Low	Low
<i>Organisational Learning</i>	High	High	Medium	Medium	Low	Low
<i>Overall Assessment</i>	High-Medium		Medium		Medium-Low	

As a public sector agency, the primary role of the Department of Conservation is to ensure the availability of well-managed publicly owned natural resources for regulated commercial use by private sector firms and members of the public. DoC's secondary role is to complement the consumer offerings of the private sector. An important strategic limitation is not competing against private sector firms in offering similar products or services.

Quality environmental management forms part of market differentiation and reputation management for the two tourism companies. It is central to their superior market offerings. This is supported by the projection of corporate environmental responsibility to customers and other key stakeholders. Environmental management systems are used to improve organisation cost efficiencies and to enhance company competitiveness and profitability in the private sector cases. In the public sector organisation, the environmental management system is being extended to include sustainability management principles.

Table 5.2: Comparison of Environmental Orientation with the SMO Model

Department of Conservation	Real Journeys	Southern Discoveries
Alignment	Alignment	Alignment
<p>Primary statutory obligations.</p> <p>Intergenerational protection of natural and cultural heritage in public lands. Two-layered statutory environmental advocacy.</p> <p>Sets minimum environmental standards for users of conservation lands.</p> <p>Regulation of nature-based tourism.</p> <p>Environmental consultation with stakeholders.</p> <p>Conservation management and services complement private-sector tourism.</p>	<p>Long-term strategy to demonstrate environmental stewardship in both company operations and the market.</p>	<p>Long-term strategy to demonstrate environmental stewardship in both company operations and the market.</p>
Responsible, science-based environmental management to meet statutory obligations.	Responsible environmental management and compliance with government regulations. Assures access to government resources for tourism concessions.	Responsible environmental management geared to compliance with government regulations assures access to government resources for tourism concessions.
Management, services minimise environmental impacts.	New products minimise environmental impacts, e.g. kayaking.	New products minimise environmental impacts, e.g. kayaking.
Developing sustainability-based KPIs for environmental management.	Use of the tourism industry environment management system to minimise and monitor company environmental impacts.	Use of the tourism industry environmental management system to minimise and monitor company environmental impacts.
Environmental care central to departmental promotion.	Environmental care is emphasised in company promotion.	Environmental care is emphasised in company promotion.
Reliant on private-sector environmental philanthropy.	Philanthropy reinforces firm reputation for environmental responsibility.	Philanthropy reinforces firm reputation for environmental responsibility.
Non-Alignment	Non-Alignment	Non-Alignment
Priority of cost-effective environmental management in strategy.	Profit oriented. Secondary standing of environmental orientation.	Profit oriented. Secondary standing of environmental orientation.

No formal process for long-term strategy balance.	No formal process for long-term strategy balance.	No formal process for strategy balance.
	Short to medium-term management.	Short to medium-term management.

Non-alignment of strategy management with the model was identified in each of the case organisations. In all cases, environmental management was subordinated to the achievement of productive efficiency or profitable, short-term economic outcomes. In the case of DoC, environmental management is forced to take a back seat to a balanced budget. The dominance of profit and growth in the strategy of the two private sector cases likewise detracts from responsible management. In all three cases, there was no mechanism seeking to ensure a balanced and holistic strategy management of environmental, social and economic strategy elements, as expected in sustainable development theory.

5.2.3 Social Orientation

Social orientation is a subtle but critical determinant of organisation performance and success. All three organisations are actively engaged in building and maintaining effective and productive relationships with key stakeholder groups. Social partnerships are critical for all of the case study organisations. Beneficial engagement with key stakeholders reduces strategic risk while enhancing performance and long-term resilience. Management in all three cases values effective social relationships with local communities to gain strategic intelligence and for long-term relationship and reputation building. The organisations gain from integrating social responsibility on multiple levels. There is better intelligence to facilitate quality operational and marketing coordination. Better public confidence in the organisations allows faster recruitment of quality staff. Trust in organisation objectives, staff and products generate local word-of-mouth marketing. Trust amongst business and community stakeholders stimulates new partnerships that open up development opportunities, provide new sources of revenue and help with operating efficiencies.

DoC has a national strategy to improve social engagement with the general public, especially the business sector. The private sector firms are geared towards addressing local social stakeholder expectations of good citizenship amongst their employees and their local communities at the same time that they pay close attention to market expectations. The private-sector organisations are both committed to supporting community conservation projects to underline their corporate social responsibility and commitment to nature-based tourism.

Table 5.3: Comparison of Social Orientation with the SMO Model

Department of Conservation	Real Journeys	Southern Discoveries
Alignment	Alignment	Alignment
Electorate-wide focus for strategy.	Market focus for firm social relationship management.	Market focus for firm social relationship management.
Obligation to meet expectations of all NZ stakeholders.	The objective: reputation and trust with key stakeholders as a good corporate citizen.	The objective: reputation and trust with key stakeholders as a good corporate citizen.
Key stakeholders: electorate, government, businesses, service users.	Key groups: staff, industry and market channel, government regulators, local community.	Key groups: staff, industry and market channel, government regulators, local community.
Management systems for stakeholder relationship management and monitoring.	Active stakeholder relationship management through senior staff (well resourced).	Active stakeholder relationship management through senior staff (fewer resources).
Benefits: reputation for professional administration, social and commercial partnerships assists funding and garner public/voter and business support.	Benefits: reputation for good citizenship and business efficiency assists: staff recruitment and retention; market competitiveness, performance and profitability; regulator and confidence and business development.	Benefits: reputation for business efficiency assists staff recruitment and retention, market competitiveness, performance and profitability, regulator and confidence and business development.
Staff communication and motivation to increase organisational responsiveness to stakeholders.	Formal and informal staff communication important for operational effectiveness and innovation.	Formal and informal staff communication important for operational effectiveness and innovation.
Social orientation included in corporate marketing strategy. Regular external communications, consultation with public about corporate strategy objectives and achievements. Annual public reporting on sustainability performance.	Social orientation important in local marketing strategy.	Social orientation important in local marketing strategy.
Non-Alignment	Non-Alignment	Non-Alignment
	Not formally included in strategy.	Not formally included in strategy.
Dominance of environmental orientation.	Dominance of economic and market-orientation factors. Not balanced.	Dominance of economic and market-orientation factors. Not balanced.
	Social intelligence focussed on enhancing economic	Social intelligence focussed on

performance.	enhancing economic performance.
No public reporting of sustainability performance.	No public reporting of sustainability performance.

Addressing non-alignment of the cases with the conceptual model, again there was a dominance of each organisation’s economic orientation to achieve either cost-effective delivery of statutory services in the public sector or market-based profit and growth for the private sector cases. Social orientation management is geared to the short and medium term. None of the cases have management frameworks designed to achieve a conceptual balance between the key elements of sustainability theory. Nor does long-term strategy planning in the firms does not conform with the intergenerational timeframes expected in sustainability-oriented management.

5.2.4 Economic Orientation

Demonstrating economic efficiency, effectiveness and revenue earning to key stakeholders is common in the strategies of both the public and private sector cases. Sustainability-oriented economic performance, however, occurs only in the public sector case, DoC. The public sector case seeks to satisfy the economic expectations of the government and, more generally, the electorate for the effective use of taxpayer funds and generation of revenue to offset demands on taxpayers. In the private sector cases, short-term profit and long-term growth are the dominant economic drivers.

Private sector economic orientation is enhanced by organisation efficiency in utilising all forms of capital investment, increasing company access to publicly owned national park resources, market focussed innovation and competitiveness and increasing market share.

The concept of efficient management of environmental capital or eco-efficiency is pursued in both the public and private sectors. Environmental and social orientations of all cases are deployed to improve economic performance through better operational efficiencies and in expanding the range of revenue-earning initiatives.

Table 5.4: Comparison of Economic Orientation with the SMO Model

Department of Conservation	Real Journeys	Southern Discoveries
Alignment	Alignment	Alignment
Productive management of economic resources.	Productive management of economic resources.	Productive management of economic resources.
Predominantly taxpayer funded.	Shareholder and market funded.	Shareholder and market funded.

Objective, efficient and effective use of funding to meet statutory obligations.	Objectives: maximising profit, steady long-term growth.	Objectives: short-term purchase payback, long-term profit and growth.
Generation of economic value-based performance.	Generation of economic value for stakeholders, including customers, employees and shareholders.	Generation of economic value for stakeholders, including customers, employees and shareholders.
Strategy to meet government expectations of conservation management plus revenue, economic growth and social stakeholder expectations of service.	Strategy emphasises profit, market competitiveness, efficiency and effectiveness.	Strategy emphasises profit, market competitiveness, efficiency and effectiveness.
Initiatives: 1. Corporate marketing 2. Sustainability eco-efficiency programme 3. Establishment of the commercial business unit	Initiatives: 1. Product marketing 2. Eco-efficiency programme	Initiatives: 1. Product marketing 2. Eco-efficiency programme
Non-Alignment	Non-Alignment	Non-Alignment
Dominance of DSP and economic orientation.	Dominance of DSP and economic orientation.	Dominance of DSP and economic orientation.
	Commitment to long-run economic growth.	Commitment to long-run economic growth.
No framework to balance economic performance with social and environmental performance.	No framework to balance economic performance with social and environmental performance.	No framework to balance economic performance with social and environmental performance.
	Profit an antecedent for corporate sustainability.	Profit an antecedent for corporate sustainability.

The key factor in non-alignment with the SMO model occurs through the overriding and pervasive influence of the Dominant Social Paradigm in each case’s economic strategy management. Profit is, therefore, seen as an objective to enhance growth rather than a product of sustainability-oriented strategy. The inconsistency is increased by the absence of frameworks in any of the cases to balance economic performance with social and environmental performance, or to balance the quest for short-term efficiency, or profit and growth, with long-term sustainability and resilience.

Currently, there are no formal processes for the integration of sustainability and market orientation planning in any of the three case-study organisations. Evidence from the three cases, however, indicates that an integrated SMO is feasible. General staff in each of the organisations have undergone sustainability-management training; however, DoC is the only organisation that has extended the training to management. Coupled with this, there are identifiable environmental, social and economic elements in the strategy management in each of the case organisations. As noted earlier, there is a dominance of an environmental orientation in the public sector case and a dominance of an economic orientation in the private sector cases, rather than the long-term strategy balance envisaged in the application of SMO.

5.2.5 Sustainable Market Orientation

Table 5.5: Comparison of SMO with the SMO Model

Department of Conservation	Real Journeys	Southern Discoveries
Alignment	Alignment	Alignment
Government’s broad objective of sustainability in policy.	Shareholder and managerial awareness of sustainability theory.	Limited shareholder and managerial awareness of sustainability theory.
Staff and management understanding of sustainability theory and management.	Staff general recognition of the benefits of sustainability-based corporate strategy management: profitability, better risk management, resource access, market intelligence and market, employee and community reputation.	Staff general recognition of the benefits of sustainability-based corporate strategy management: profitability, better risk management, resource access, market intelligence and market, employee and community reputation.
Sustainability a fundamental value in corporate communications and social marketing.	CEO objective to embed sustainability in strategy and management.	Marketing manager (not CEO) vision to embed sustainability in strategy and management.
Identifiable economic, environmental and social elements; objectives of	Identifiable economic, environmental and social elements; objectives of	Identifiable economic, environmental and social elements; objectives of environmental

environmental efficiency and effectiveness; social efficiency and effectiveness.	environmental efficiency and effectiveness; social efficiency and effectiveness.	efficiency and effectiveness; social efficiency and effectiveness.
Identifiable outcomes from integration of economic, environmental and social elements. Mission to balance environmental strategy focus with an increased emphasis on social and economic aspects.	Identifiable outcomes from integration of economic, environmental and social elements.	Identifiable outcomes from integration of economic, environmental and social elements.
Sustainability training, programme participation organisation-wide. Sustainability strategy being broadened beyond eco-efficiency. Increased responsiveness to Government and business (see also Economic Orientation).	Limited sustainability training for staff by tourism industry.	Sustainability training for staff by tourism industry. Environmental management system rather than SMO.
Public sector perception of market orientation.	Private sector perception of market orientation.	Private sector perception of market orientation.
Non-Alignment	Non-Alignment	Non-Alignment
Sustainability principles being phased into organisational strategy. Sustainability principles not formally included in the Statement of Intent of the empowering legislation. Organisational sustainability strategy emphasises environmental conservation and eco-efficiency.	No managerial framework for SMO-based management.	No managerial framework for SMO-based management.
No balanced management of sustainability orientation (though KPIs are planned).	No balanced management of sustainability orientation.	No balanced management of sustainability orientation.
Dominance of environmental management in strategy.	Economic, market dominance of strategy.	Economic, market dominance of strategy.
	Environmental management system rather than SMO.	Environmental management system rather than SMO.

The case organisation displaying the strongest sustainable market orientation was the government agency (DoC), which is committed to the implementation of a sustainability-based strategy by government policy (2003). The least amount of alignment is found in the private sector cases, despite

their stated intentions of moving toward sustainable management and despite sustainable management being an industry objective spelled out in the New Zealand Tourism Strategy. Managers in the two private sector organisations indicate a desire to embed sustainability in strategic management but for the reason that sustainability is a consequence of profit earning, rather than an antecedent for holistically managed environmental, social and economic value generation.

Echoing the earlier findings of strategy non-alignment, a comparison of the expectations of balanced sustainability management conceptualised in SMO and the conceptual model found that there is a dominance of meeting economically determined strategy objectives in all organisations (even in public sector conservation management) and that there is no formal structure for sustainability management in the private sector cases.

5.2.6 Integrated Performance

In terms of performance management, all three case organisations have the potential to apply sustainability frameworks for performance management. Structured management and staff reviews are used for assessing short-term performance in seeking to meet key stakeholder expectations (the government and electorate in the case of DoC and shareholders and the market in the private sector cases). Performance management for each of the cases is along traditional economic lines, with no sustainability-based key performance indicators (KPIs) in operational or marketing management being used.

The most advanced of the three organisations is DoC, with the creation of its own corporate sustainability programme. Furthermore, work is under way at DoC to develop departmental KPIs to promote sustainability-oriented performance. Significantly, the Department has sustainability “champions” throughout the country who assist in sustainability performance management and performance reviews. At this stage, DoC sustainability management is focussed on achieving eco-efficiencies rather than holistic sustainability-oriented management. Movement to more broadly based sustainability will occur when sustainability KPIs are introduced. The silver level Enviromark assessment for environmental management systems used by the two private sector cases provides a moderate indicator of corporate management’s interest in and commitment to environmentally based management. Only one case, the Department of Conservation, formally incorporates sustainability in its performance management and public performance reporting. The two private sector cases have private company structures and are not legally required to report publicly on their economic or sustainability performance.

Table 5.6: Comparison of Integrated Performance with the SMO Model

Department of Conservation	Real Journeys	Southern Discoveries
Alignment	Alignment	Alignment
Performance assessment based on efficiency and effectiveness in delivering statutory obligations, not market or brand performance.	Extensive economic and market performance measures.	Extensive economic and market performance measures.
External auditing of statutory performance.	Externally audited environmental-management system.	Externally audited environmental-management system.
Performance in meeting social targets monitored and reported. Comprehensive sustainability performance indicators being developed. Short-term and long-term performance is monitored. Sustainability included in annual public performance reporting.	Formal monitoring of social and customer perceptions of performance.	Informal assessments of social and customer perceptions of performance.
Non-Alignment	Non-Alignment	Non-Alignment
Dominance of environmental management and eco-efficiency.	Short and medium-term performance management. Prominence of eco-efficiency management.	Short and medium-term performance management. Prominence of eco-efficiency management.
No set of sustainability key performance indicators. However, these are under development.	No sustainability performance indicators or alignment with recognised sustainability management frameworks, e.g. GRI.	No sustainability performance indicators or alignment with recognised sustainability management frameworks, e.g. GRI.
A marketing strategy including sustainability orientation is being developed.	No sustainability-grounded marketing strategy.	No sustainability-grounded marketing strategy.
No framework for balanced performance management.	No framework for balanced performance management.	No framework for balanced performance management.
	No public performance or sustainability reporting.	No public performance or sustainability reporting.
	Environmental management system a proxy for sustainability management.	Environmental management system a proxy for sustainability management.

Non-alignment of the case evidence with the SMO model was concentrated in the private sector cases where there are no sustainability frameworks for strategy development, performance management, performance reporting either internally to managers and staff or to external stakeholders. Reflecting the stated national policy of the New Zealand tourism industry, the managerial strategy in the private sector cases, is to achieve profit and growth supported by responsible environmental management and eco efficiency. There is no formal industry framework for sustainability-oriented management. This contrasts with the transparent, progress towards sustainability oriented strategy management in the public sector case.

5.2.7 Organisational Learning

All three case organisations utilise organisational learning to enhance long-term organisational performance. Currently, this is focussed on improvements to organisational efficiency and effectiveness in the public sector and profitability in the private sector. General staff in all case organisations have participated in sustainable management training organised by the regional economic development agency, Venture Southland, and the Tourism Industry Association. In the long term, all organisations have indicated an objective to adopt sustainability in strategic management. There is likely to be faster progress towards a sustainability orientation in the public sector case with the definition of sustainability-performance indicators.

As noted earlier, only one case (DoC) formally uses sustainability theory to guide its strategy development and management. SMO-focussed organisational learning occurs at two levels: firstly, through the Department's sustainability programme and, secondly, more generally in the application of integrated environmental, social and economic management criteria and sustainability concepts in strategy management. The sustainability programme is coordinated nationally from the head office in Wellington, and regional sustainability champions coordinate local sustainability initiatives and encourage local staff input to the national programme.

External expertise has been recruited to expand organisation capabilities in sustainability management and to establish a formal management framework. Introduction of sustainability key performance indicators (KPIs) will stimulate organisational learning in strategic planning and operational management. DoC's social marketing, or corporate positioning, programme contributes to general organisational learning through encouraging staff motivation and increased responsiveness to the expectations of external stakeholders. Promotion of DoC's sustainability objectives also has the potential to generate positive learning through interaction with external

stakeholders, particularly the development of new stakeholder partnerships to advance the Department's core objectives in environmental management.

Table 5.7: Comparison of Organisational Learning with the SMO Model

Department of Conservation	Real Journeys	Southern Discoveries
Alignment	Alignment	Alignment
Identifiable environmental, social and economic elements in performance management.	Identifiable environmental, social and economic elements in performance management.	Identifiable environmental, social and economic elements in performance management.
Vision and leadership of CEO and senior management.	CEO leadership on sustainability strategy management.	CEO leadership on sustainability strategy management.
Addressing evolving governmental and public expectations.	Addressing market, government and community expectations.	Addressing market, government and community expectations.
Managerial and staff sustainability awareness being used in organisational learning to improve strategy and performance.	Managerial sustainability awareness a potential platform for organisational learning.	Managerial sustainability awareness a potential platform for organisational learning.
Industry sustainability training of staff.	Industry sustainability training of staff.	Industry sustainability training of staff.
Structured strategy reviews involve board, management and staff.	Structured strategy reviews involve board, management and staff.	Structured strategy reviews involve board, management and staff.
External intelligence from key stakeholders facilitated by networking, surveys. Corporate positioning strategy (social learning). New commercial business unit (increased focus on economic strategy).	External intelligence from key stakeholders facilitated by networking and surveys.	External intelligence from key stakeholders facilitated by networking and surveys.
Non-Alignment	Non-Alignment	Non-Alignment
No formal SMO framework for organisation learning.	No formal SMO framework for organizational learning.	No formal SMO framework for organizational learning.
Dominant social paradigm and economic performance drives government expectations.	Dominance of economic/market orientation.	Dominance of economic/market orientation.
Limited government sustainability policy	Limited influence of government	Limited influence of government

development.	sustainability policy.	sustainability policy.
	Limited responsiveness to external stakeholder expectations on sustainability-oriented management.	Limited responsiveness to external stakeholder expectations on sustainability-oriented management.

Despite the long-term international obligations of the New Zealand government to develop sustainability policies, short-term political commitment to economically dominated policymaking is handicapping progress on sustainability-oriented legislation and business regulation. In turn, this is retarding adoption of sustainability-grounded organisational learning in both the public and the private sectors. In the private sector cases, assessment of intelligence and strategic performance reviews are market-focussed.

Turning to non-alignment of case organisational learning with the SMO conceptual model, currently, there are no frameworks for formal sustainability-based organisational learning in any of the cases, although processes are under development in the public sector case. Both private organisations have annual management retreats to review short-run economic performance and determine medium-term strategies to improve competitiveness and profit. Despite these reviews, strategy in both private sector cases has not been modified to reflect senior management’s stated objectives to adopt a firm sustainability orientation. Nor have their strategies been modified to increase the sustainability orientation of either firm by junior staff, despite their involvement in short-term sustainability educational programmes funded by the Ministry of Tourism and supported by the regional economic development agency, Venture Southland.

5.3 Managerial Implications

Discussion of public-sector research in Chapter 3 and private sector research in Chapter 4 identified a series of managerial considerations arising from investigation of the managerial value of the SMO concept model. Implications of applying SMO in public sector management include:

- Managing the dominance of environmental orientation in integrated strategy;
- The risk of a government focus on short-term economic policy distorting a sustainability orientation;
- The challenge of ensuring equitable management of legislated mandate;
- Aligning customised public sector sustainability performance indicators with international standards.

In Chapter 4, discussion of SMO management implications in the private sector focussed on:

- The lack of clear government and industry policies to encourage sustainability in organization management;
- The need for a simplified and flexible framework for organisational sustainability management;
- Increased attention for intergenerational strategy planning and organisational learning.

After reviewing the evidence from all three cases, some important new implications that reinforce the value of the conceptualisation of sustainable market orientation in strategy management have come to light. These are:

- The potential for public sector leadership in the diffusion of SMO;
- The challenges of short-term political changes to long-term sustainability policy and organization management;
- Sustainability in corporate branding and reputation management;
- Sustainability in managing corporate social relationships;
- Responding to social and market expectations;
- Performance management and corporate reporting;
- Public sector marketing revenue and profit.

5.3.1 Potential for Government and Public Sector Leadership in Diffusion of SMO

There is a clear causal link between the development of international guidelines, New Zealand national government guidelines and the development of DoC's sustainability strategy (Ministry for the Environment, 2003; UNO, 1992). Importantly, DoC's new approach to strategic management has been endorsed by successive Labour and National Party governments. Moreover, a review of the evidence from DoC, the case most closely aligned with SMO, demonstrates the potential to realise significant strategic benefits from the integration of sustainability and market orientation in strategy management. Increased operational efficiencies are being realised through the corporate eco-efficiency programme. Involvement of all levels of staff in the corporate positioning programme is improving staff service orientation and stakeholder responsiveness. Improved stakeholder communications and engagement are producing increased trust and cooperation with business stakeholders. A heightened drive to increase economic performance and reduce organisational dependence on taxpayer funding is stimulating organisational learning and innovation, including the development of new tourism services. Plans to research and implement sustainability performance indicators are likely to improve functional integration and effectiveness. More holistic long-term management is modifying the statue-based concentration on conservation and natural-resource protection rather than resource utilisation. The new Departmental strategy focussing on sector-

specific performance effectiveness, which combines the department's statutory responsibilities for conservation, environmental resource management and electorate-wide equity with a new strategic focus to improve stakeholder responsiveness (reminiscent of customer responsiveness in a business context). This has also improved revenue generation.

Significantly, this study found more progress in adopting sustainability-oriented management in the public sector compared with the private sector. This example of public sector leadership in New Zealand is in agreement with predictions in academic literature that government leadership will be necessary to ensure diffusion of sustainability-based management (Sheth & Parvatiyar, 1995; van Dam & Apeldoorn, 1996). It also suggests that government sector initiatives, such as the practical demonstration of sustainability in management practice and the progressive introduction of sustainability-oriented regulation and incentives, are important elements in the diffusion of sustainability principles in public service and private sector strategy management.

Even with continuing the political contestability about the use of sustainability principles in New Zealand political policy and public sector management, the research found evidence of public sector management applying sustainability-grounded principles in operational management and also in introducing regulations to accelerate the use of sustainability in the private sector tourism concession management. The new regulatory regime will provide avenues for private sector businesses to adopt balanced sustainability principles which offer the potential to improve firm reputation and competitiveness. At the same time, sustainability theory suggests that the modifications in strategy will contribute to improved institutional performance and long-term resilience (Rainey, 2006).

5.3.2 Political Turbulence and Long-Term Sustainability Management

In Chapter 1, an extensive literature review describes the debates over the value of the concept of sustainability in political policy development and its application to societal and business management in the years following the formulation of the concept of sustainable development in 1987. It confirms that sustainability-oriented policy development has been contested by government and business interests who argue that technology-supported economic growth can occur without being

subordinated to the environmental reality of finite global resources or concerns to ensure the survival of finely balanced ecosystems. In parliamentary democracies such as New Zealand, where governments serve terms of three years, there is an added risk that a change of government will modify or even reverse any policies designed to apply sustainability principles. This study confirms the centrality of equity in public sector policy and management, and the equally crucial need “to constrain political and business opportunism; especially those with entrenched economic interests” (Frame, 2008). A further implication to be drawn from this study is the need for additional research to reinforce the value of equitable and long-term public policy management to reduce turbulence that can undermine the diffusion of sustainability principles in policy and management.

This research into the possible application of the SMO model in management found that the diffusion of sustainability principles in both public and private sector management is subject to political turbulence. Since its election in 2008, the National Party-led Government, has emphasised the need for economic growth. It has modified public management to bend established legislation to meet what it perceives to be its electoral mandate (Oram, 2012). This has resulted in the dilution of measures designed to encourage sustainability-oriented management introduced by the previous Labour government (Ministry for the Environment, 2003). The research confirms the tension between the objectives for long-term sustainability-grounded tourism enshrined in conservation and national park management legislation with new government policies aimed short-term economic growth and the development of public and private sector partnerships to develop publicly owned and managed resources for private sector tourism.

For managers, it is important to recognise at once the managerial freedoms and the potential for short-term revenue growth and increased profits that are offered by deregulated governments. On the other hand, the realities of the growing impacts of population growth, resource depletion and environmental modification provide clear signposts for ensuring long-term institutional resilience and value generation for key stakeholders. For public sector managers, there remains the imperative to develop sustainability-grounded management frameworks that have bipartisan political support and are not subject to real or implied threats of change. For business managers, there remains the imperative to integrate ecology and economics-based management. The development of universal reporting indicators by GRI is a constructive step, as is the development of the International Standards Organization (ISO) environmental management standards (GRI, 2011). International public sector and private sector cooperation on international performance indicators will represent a further advance in the diffusion of holistic, sustainability-oriented management. Without inter-sector cooperation advocated by common pool resource management theorists (Ostrom, 1990),

there is the prospect of increased government regulation (Sheth & Parvatiyar, 1995; van Dam & Apeldoorn, 1996).

5.3.3 Sustainability in Corporate Branding

As established in the introductory discussion of the research context, a government-funded marketing campaign based on the slogan: “100% Pure New Zealand,” has been used successfully to promote New Zealand as an international tourism destination and to help sustain the growth of the New Zealand tourism industry. By emphasising the country’s pristine natural environment, the campaign has led to substantial growth in international tourism numbers. At the same time, the campaign has suggested that New Zealand’s environmental management, and by implication its nature-based products, are also pure.

This has important implications not only for tourism and natural-resource regulators and managers in other industry sectors particularly agriculture and manufacturing. The first is that the delivery of environmental resource quality and tourism resource management to international visitors must be managed to meet the expectations of tourists who are attracted by the promise of “100% Pure” tourism experiences. Secondly, there is a need to ensure that the tourism impacts on national park destinations and their unique ecosystems are responsibly managed by government agencies and private sector tourism firms, to ensure their long-term protection and guarantee the quality of the industry’s product offerings. Thirdly, unsatisfactory environmental protection of the nation’s river systems from urban development and agricultural and industrial pollution have stimulated criticism of the credibility of the claim that is central to the campaign, suggesting a need for more clinical and justifiable campaign slogans to ensure both domestic and international credibility. These concerns reinforce the need for sustainability oriented tourism management. Moreover, the resource management issues should also be addressed by the farming community, manufacturing industry and government regulators, to better protect the nation’s natural capital.

5.3.4 Sustainability-Oriented Social Relationships

Constructive social stakeholder relationships are important in strategic value generation and overall performance in all of the case study organisations. The highest level of value creation occurs when organisations and their stakeholders engage in sustainability-based strategies that integrate environmental and social as well as economic values to generate long-term value for their organisations (GRI, 2011; Wheeler, et al., 2003). A second process mobilises internal and external stakeholder coalitions (Jennings & Zandbergen, 1995) to generate sustainability-based added value (Figge & Hahn, 2004). Theoretically, it follows that a formal SMO is likely to contribute to improving

performance through balanced management of environmental, social and economic relationships. This research found that the social element is not as formalised as the economic and environmental elements of corporate strategy management. This suggests unrealised potential for generating additional corporate value from integrated, sustainability-oriented strategy management. DoC, the public sector case, may be seen as progressing towards the highest level of value formation through structured stakeholder engagement and relationship management through their corporate positioning strategy. The commercial cases recognise the strategic importance of social orientation in enhancing economic performance but have a less structured approach.

The management implications of this study are both theoretical and practical. Theoretical predictions from sustainability, stakeholder and value-adding literature, together with these research findings, suggest that the SMO model could provide a useful framework to help stakeholder responsiveness and facilitate more productive corporate relationships with government regulators, employees, local communities and their representatives, industry sector partners, customers and potential customers.

5.3.5 Social and Market Expectations of Sustainability Management

There are increasing international social and political expectations of corporate sustainability management (Economist, 2010; Globescan/SustainAbility, 2012; Kolk & van Tulder, 2010). Evolving public expectations of sustainability-based policies and governance are being slowly reflected in diplomatic and government policy responses (OECD, 2006; UNO, 2012), industry strategies and government regulation of specific industry sectors, such as tourism (Tourism New Zealand, 2007b; Tourism Research Consultants, 2005; World Tourism Organisation, 2003) and frameworks for sustainability management (GRI, 2010, 2011; Parris & Kates, 2003).

This research confirmed predictions in the extant literature that public and consumer expectations of sustainability-oriented management are already significant and are likely to increase. It also identified public sector policy-making and education as important factors in facilitating the diffusion and adoption of sustainability-oriented management. Private sector case evidence confirmed private sector caution in adopting formal sustainability management (Springett, 2003) and highlighted deficiencies among tourism sector managers in understanding the distinction between the environmental management practices advocated in the New Zealand industry strategy (Tourism New Zealand, 2007b) and the holistic, sustainability-oriented management advocated in academic literature and promulgated by the World Tourism Organisation (UNWTO, 1995). Thus, this thesis also reinforces evidence of the tension described in literature between sustainability-oriented

management required by an ecological paradigm and the imperatives for economic growth inherent in the dominant social paradigm.

The implication for public-sector managers is the need to broaden the scope of current policies to foster improved environmental and social aspects of strategy management in order to embrace holistic, sustainability-oriented management. Interviews with senior DoC and tourism industry managers indicate that this could be achieved through improving education of industry business managers about the benefits of adopting sustainability-oriented management, and the introduction of incentives to encourage a long-term sustainability orientation through the appropriate modification of permit systems which allow tourism businesses to operate on publicly owned conservation lands.

5.3.6 Performance Management and Corporate Reporting

The research also identified the lack of public reporting of corporate performance by small and medium enterprises (SMEs) reported by Lawrence, Collins et al (2006) as a factor that is limiting diffusion of sustainability in business strategy.

Formal corporate reporting is an opportunity for organisations listed on stock exchanges to project their corporate credentials in sustainability management. This study suggests that the SMEs may be disadvantaged by the lack of formal performance reporting. Internally, they are likely to be restricted by a lack of sustainability-oriented strategy objectives, performance management and organisational learning processes. Externally, they are likely to need expanded stakeholder relationship and sustainability-oriented marketing management to address this deficiency.

Adoption of an SMO, offers SMEs a conceptual framework that could assist them in addressing stakeholder expectations of responsible management. An important implication for management is the utilisation of the SMO framework to develop an organisational strategy that can be monitored and improved using a frame of sustainability-grounded performance indicators, such as those developed by the Global Reporting Initiative for both private and public sector entities (GRI, 2010, 2011). The utilisation of independent, internationally recognised standards for sustainability management not only offers a well researched tool for corporate strategy management, it also offers publicly and privately owned marketing entities a credible framework for holistic product and service development, and the management of promotional activities, including stakeholder relationship management and public reporting.

5.3.7 Marketing, Revenue and Profit for Public Sector Entities

Studies of market orientation in the public sector have addressed the need for organisational responsiveness and performance efficiency (Andreassen, 1994; Caruana, et al., 1999). Given general expectations of taxpayer-funded public sector service and efficiency, there is a sparseness in studies of public service marketing strategy geared to revenue generation or profitability. This study demonstrates the potential for marketing in a conventional government department in three ways: firstly, through development of a culture of stakeholder responsiveness to build a departmental reputation as an effective service provider with governments and voters; secondly, through dissemination of information to key stakeholder groups to build stakeholder understanding and foster public partnerships that reduce the need for taxpayer conservation funding and, thirdly, by marketing promotion to increase revenue through new services and by granting additional industry licences while still maintaining scientifically based environmental management standards.

Important stakeholder sensitivities were also identified. Literature opposing the adoption of business standards in public sector management emphasises the importance of retaining the principles of equity and general public responsibility (Boyne & Walker, 2004; Haque, 2001). Because government departments, such as DoC, are already funded by the taxpayer, government strategists and departmental managers need to be sensitive to taxpayer resistance to unreasonable charges for the use of publicly owned national parks. In their dealings with the business sector, they also have to provide for politically acceptable business activity and ensure that publicly funded and marketed services complement rather than compete with private sector services.

The study has important public sector managerial implications. Taking a risk-management perspective, political policy makers should be provided with regular information on the progress of sustainability-related scientific research, international sustainability performance management and reporting standards. Most importantly, it is crucial that public sector managers seek to balance economic policy objectives with social and environmental outcomes to support the diffusion of sustainability-oriented management.

5.4 Value of the Research

This research makes a number of important contributions to the study of management and marketing theory, including:

- Identification of an opportunity to improve the concept of organisational market orientation through the development of the concept of SMO;

- Development of a conceptual model for the management of SMO;
- Undertaking case study research exploring the potential application of SMO in the public and private sectors;
- Demonstration of its potential application in natural resource and tourism management.

The thesis proposed the incorporation of environmental and social responsibility into conventionally structured corporate market orientation by integrating the concept of sustainable development management, proposed in the Brundtland Report (Mitchell, et al., 2010a; Rainey, 2006; UNO, 1987), and science-oriented sustainability management (Holling, 1973; Meadows, et al., 1972; Milbrath, 1984). The concept of SMO seeks more effective long-term strategy management through effective market intelligence generation as well as the integration of institutional knowledge to develop and market competitive and profitable products and services (Kohli & Jaworski, 1990; Narver & Slater, 1990), the integration of sustainable development principles in strategy management (Gladwin, et al., 1995; Rainey, 2006) and in corporate marketing (Belz & Peattie, 2009), sustainability performance management (Parris & Kates, 2003), and organisational learning (Baker & Sinkula, 1999; Haugh & Talwar, 2010; Sharma & Vredenburg, 1998).

This exploratory empirical study, examining the potential of SMO in the New Zealand tourism sector, demonstrates the usefulness of the conceptual model in strategy planning, performance management and organisational learning in both the public and the private sector. Validation of SMO as a conceptual model was shown through internal and external stakeholder support for sustainability-oriented management in each of the case study organisations. This research confirmed the private and public sector relevance of integrating eco-efficiency management with a corporate operational strategy and profit management. An important adjunct to this conclusion is its importance in strategic marketing.

The strategic value of environmental and social responsibility for long-term corporate reputations was also emphasised. The case that demonstrated the best alignment with SMO was the public sector agency which is using a comprehensive realignment of the organisation culture to build stakeholder understanding and transforming internally focussed environmental management into conservation or environmentally oriented partnerships that generate environmental, social and economic value for the community. In the private sector cases, while there is dominance of economics in corporate strategy, the importance of value producing staff, government, business and community relationships and the centrality of environmentally responsible management in product development marketing and service delivery marketing provide evidence that sustainability-grounded strategy management may help modify the dominance of economics in corporate strategy

management and sustain long-term corporate performance and profitability. Thus, this study adds substance to the reasoning that corporate strategy needs to be redefined to take into account the differing forms of added value that arise from sustainability based strategic management that utilises efficient and effective use of environmental and social as well as economic capital (Dyllick & Hockerts, 2002; Hahn & Figge, 2011; Mitchell, et al., 2010a; Rainey, 2006).

In terms of addressing the requirements of a market orientation, the SMO model demonstrates the critical importance of environmental and social intelligence to complement market intelligence and effective economic management in the development and implementation of strategies. This agrees with literature that challenges the dominance of economic factors in MO management (Gonzalez-Benito & Gonzalez-Benito, 2008; Ortlizsky, et al., 2011; Stone & Wakefield, 2000).

In terms of strategic management, the research confirms the recommendations of Rainey (2006) that an integrated environmental and economic corporate orientation, together with effective stakeholder relationship management, provides a foundation for improved organisational performance.

In terms of performance management, this research has highlighted the case organisations' reliance on short term management of environmental and economic effectiveness, suggesting that the SMO model could be useful in more balanced long-term strategy management. This also suggests that it could provide a cost-effective alternative to costly processes such as the GRI, if SMEs develop sustainability-oriented strategies. The extant literature indicates that efforts to apply sustainability in corporate management has been concentrated in large corporations (GRI, 2011; WBCSD, 2010). The SMO research has shown that sustainability-oriented strategy management also has potential application in SME business management. This invites further studies to demonstrate that sustainability-based management is cost effective and creates strategic synergies for businesses, their shareholders, employees, customers and other key stakeholders.

Addressing organisational learning, this research has confirmed the close association between MO and organisational learning in private sector company strategy, and the potential for an increased market orientation to improve the economic performance of the public-sector case. This accords with the predictions of about the value of integrated organisational learning (Crossan, et al., 1999) and MO in promoting strategic synergies (Baker & Sinkula, 1999).

The research therefore shows that the application of an SMO management model has potential for facilitating the balanced application of sustainability in public and private sector tourism policy

development and organisation strategy management. By extension, the research findings could have relevance in other areas of natural resource management, such as fisheries, freshwater management, forestry, mining and agriculture. The model could also be applied in assessing the sustainable management of economically or socially centred government departments and businesses providing both products and services.

5.5 Research Limitations and Further Investigation of SMO

This exploratory research sought to discover constructs that would facilitate management of the phenomena and to identify significant challenges or implications for organisational strategists.

The researcher's lens focussed on discovering the potential value of the phenomenon in the strategic management of one public sector regulator and two competing firms, all operating in the same industry context and in the same physical and social environment.

As a prerequisite for further research, it is also essential to review the limitations of this conceptualisation and its evaluation. The following opportunities for further research are highlighted:

- The use of qualitative case study methods to examine the application of a complex management concept in one context should be complemented by quantitative research;
- Replication and longitudinal research into the potential of SMO in the same or similar contexts should be conducted;
- Inquiry into the potential managerial application of the SMO model in other industry sectors and cultures should be undertaken;
- Investigation should be made of the potential application of SMO in a conventional market context in comparison with SMO management in contexts that are constrained by government regulation;
- Consideration should be given to the impact of changes in consumer and voter support for sustainability impact organisational strategy, particularly product and service development and marketing management;
- The impact of changes in governments and government policy on markets and individual businesses should be investigated.
- Finally, a qualitative methodology was used in this exploratory inquiry and provided rich data to support the value of the conceptualised SMO model in strategy management, but the progression of research in this domain requires complementary quantitative research to

provide a more scientific basis for understanding the causality, constructs and consequences of SMO-based strategy management.

This single-industry study in the New Zealand tourism sector, conducted in 2010, provides useful findings on the potential application of SMO in organisational management the context of regional national park tourism. Even though normal commercial activity operates within general government guidelines, businesses using publicly owned resources are subject to more extensive regulation. Private sector tourism activity in Fiordland National Park is heavily dependent on compliance with central government conservation and national park policy as well as local government environmental regulations. Thus, there is a need to examine the potential value of the SMO concept model in a more conventional market environment.

Another limitation is the limited period devoted to the research. The research, undertaken during a single year, provides a snapshot of management in the three case organisations, touching on important factors affecting strategy development, operational management performance and organisational learning. Replication studies and longitudinal studies would provide greater depth of information and facilitate development of causal and managerial generalisations.

These limitations indicate a need to explore the relevance of SMO in other industry sectors in other social, environmental and economic settings and over extended periods of time. The evolution and progressive managerial acceptance of MO theory demonstrates the need for the examination of marketing concepts in multiple contexts. Thus, it is recommended that SMO be evaluated in multiple contexts. Established practice in theory development also expects replication to test new concepts more fully. For example, Kohli and Jaworski (1990) take an American perspective in evaluating the potential of market orientation management. Gronroos (1989); Hoburg and Pflesser (2000) and Gozalez-Benito (2005) offer European perspectives. Gray et al (1998) examine MO in a New Zealand context. Cano, Carrillat and Jaramillo (2004) compare MO and company performance on five continents. Greenley and Foxall (1998) examine MO in relation to stakeholders and Caruana, Ramaseshan and Ewing (1999) examine its potential in a public service context.

This exploratory research involving stakeholder perceptions of strategy management in three case studies provides some useful findings. It discovered *prima facie* evidence of the value of the SMO concept model in strategy management. Though this preliminary study is insufficient to generate the data necessary to propose empirical generalisations or comprehensive management recommendations, it provides evidence that supports the usefulness of the conceptual model and justifies further research.

The field research used qualitative rather than mathematical criteria in exploring the relevance of the SMO performance matrix. Scientific methods were not used to validate hypotheses about the SMO model, or its application in different business or government environments. In terms of theory development, findings from this exploratory study will require substantiation or rejection from science-centred quantitative research before any aspects of SMO management can be considered as theory. This exploratory research has, therefore, established a foundation for further investigation in four categories:

- Replication research in both the public and private sectors;
- Investigation of SMO performance indicators;
- Seeking ways to achieve sustainability-oriented strategy balance between environmental, social and economic management;
- Longitudinal research of SMO-based management.

The first stream should replicate this initial study and investigate the value of the concept and the relevance of the logic model with other public-sector and business managers. It is recommended that further research be undertaken using the same qualitative methodology in other industry sectors, in other regions and in other countries, using both publicly listed and private companies. Researchers should also probe the potential of SMO for the management of other resource-based industries, as well as in the manufacturing and service sectors.

A second stream of research is necessary to identify and confirm suitable constructs for the management of SMO. This research should initially focus on integrating sustainability theory and market orientation theory to define universal performance indicators for each of the six logic model components suitable for strategy management of both public and private sector organisations. Associated with this is the desirability of how these indicators could be used to plot the SMO performance using the SMO performance matrix as a starting point.

A third direction is to explore ways in which organisations can demonstrate viable alternative strategies to one based on the Dominant Social Paradigm and to achieve theoretical balance between environmental, social and economic aspects in strategy management.

The fourth avenue is a longitudinal examination of SMO in a single organisation over an extended period. A three-year study would allow for an extended assessment of organisation innovation, stakeholder and market responsiveness, performance management and organisational learning. Ultimately, there should be an investigation of intergenerational strategic management. A firm that

has made a commitment to sustainability management, such as New Zealand's Department of Conservation, would be a logical choice for such a study.

5.6 Conclusion

This thesis has confirmed a long-term weakness in strategy management of governments, government organisations and businesses founded on the Dominant Social Paradigm that carry expectations of continuing growth and economic prosperity. As a means of addressing this dilemma, the thesis drew on an extensive academic investigation and proposed the integration of the market orientation and sustainable development paradigms in a conceptual management model called Sustainable Market Orientation (SMO).

Exploratory qualitative research was designed and conducted to evaluate the potential managerial application or usefulness of the model in a New Zealand context. Case studies were used to investigate the managerial relevance of SMO in a government agency responsible for conservation, management and regulation of nature based tourism, and two competing firms, all operating in Fiordland National Park. Forty-three internal and external stakeholders were interviewed to compare strategy management in each of the three organisations against the six elements of the SMO concept model. Three phases of case study analysis were used to examine evidence, the first examining support for SMO in the public sector, the second in the private sector and, thirdly, a comparison of the three cases was undertaken.

The research confirmed the value of the conceptual model as a potentially useful tool for SMO-based corporate strategy management. Management implications for both public and private sector managers were discussed. These traversed important issues, including SMO strategy balance, diffusion of sustainability management, balancing short-term performance and intergenerational strategy, corporate ethics, corporate performance frameworks and public reporting and stakeholder relationship management.

Limitations of the exploratory research were reviewed in addition to the need for further research to crystallise managerial constructs and to discover theoretical and empirical generalisations that will provide normative guidelines for managers. From this, the next phases of SMO research were identified. The development of a comprehensive understanding of SMO will take time. The evolution of theory and practice relating to market orientation management commenced in 1990 and is still progressing.

Communication of the research with other researchers, managers and public sector administrators interested in this domain is provided for through the publication of this thesis. Dissemination of information about the conceptualization of SMO and empirical research has already occurred through publication of papers in *The Journal of Macromarketing* and *The Journal of Sustainable Tourism* (Mitchell, et al., 2010a; Mitchell, Wooliscroft, & Higham, 2012). A third journal paper is under review with the *Journal of Business and Society* while other papers are in preparation. Additional papers have also been published in the proceedings of Macromarketing Society conferences in 2009 and 2012 and the Centre for Recreation Research Symposium in 2010 (Mitchell, Wooliscroft, & Higham, 2012; Mitchell, Wooliscroft, & Higham, 2009, 2010b). The significance of the SMO conceptualisation has been reinforced by citations in other academic papers published in the *Journal of Macromarketing* (Bradshaw & Tadjewski, 2011; Choi, 2011; Lewin, 2011).

Amplifying the growing importance of this domain research, sustainability-oriented marketing has also gained the attention of academics prominent in the fields of marketing and management:

- The importance of sustainability in the marketing research has been emphasised by a review of work between 1958 and 2008 (Chabowski, Mena, & Gonzalez Padron, 2011);
- Tools for further theoretical research into sustainability-based marketing have been explored (Connelly, Ketchen, & Slater, 2011)
- Tomas Hult has explored the potential to integrate market orientation and sustainability (Hult, 2011);
- Alternative frameworks for sustainable marketing and for market-oriented sustainability management have also been investigated (Crittenden, Crittenden, Ferrell, Ferrell, & Pinney, 2011; Gordon, Carrigan, & Hastings, 2011);
- The path to developing sustainable marketing equity and its place in economic growth has been investigated (Hunt, 2011);
- Building on earlier theoretical work in this domain, there has been a re-examination of how marketing should address environmental imperatives (Kotler, 2011);
- There has been an exploration of the management of consumption and sustainability (Sheth, Sethia, & Srinivas, 2011);
- There has also been a discussion of both how more effective enterprise management can contribute to the conservation of resources and the role of marketing in sustainability management (Sheth & Sisodia, 2012).

Complementing the increased interest from marketing academics, experts in other disciplines are exploring new avenues in sustainability-oriented management. These include:

- Examination of possible future paths for management utilising steady-state economics and new means to measure societal well-being (Heinberg, 2011);
- Advocacy for the social and political transformation of human governance and law-oriented by ecology, physics and psychology (Ophuls, 2011);
- Investigating the contribution of systemic organisational learning to engineer the change necessary to achieve a sustainable society (Senge, Smith, Kruschwitz, Laur, & Schley, 2010);

This thesis and the depth of academic interest in this domain provide an excellent platform for further research to determine how short-term economic-centred strategic management in the public and private sectors can be transformed to value-producing and profitable performance that is economically, socially and environmentally responsible and contributes to long-term organisational resilience.

6 References

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Appendices

Appendix 1: University of Otago Ethics Approval



APPLICATION TO THE UNIVERSITY OF OTAGO HUMAN ETHICS COMMITTEE FOR ETHICAL APPROVAL OF A RESEARCH OR TEACHING PROPOSAL INVOLVING HUMAN PARTICIPANTS

PLEASE read carefully the important notes on the last page of this form. Provide a response to each question; failure to do so may delay the consideration of your application.

1. **University of Otago staff member responsible for project:** Wooliscroft Ben Dr
2. **Department:** Marketing
3. **Contact details of staff member responsible:**
Dr Ben Wooliscroft, Marketing Department;
Professor James Higham, Tourism Department
4. **Title of project:**
Empirical investigation of the concept of Sustainable Market Orientation (SMO)
5. **Brief description in lay terms of the purpose of the project:**
Field research to gather data from tourism company stakeholders about the significance of a company's adoption of a Sustainable Market Orientation
6. **Indicate type of project and names of other investigators and students:**

Student Research

Names

7. **Is this a repeated class teaching activity?**

Yes

No

8. **Intended start date of project:** February 2010

Projected end date of project: August 2010

9. **Funding of project.** Is the project to be funded:

(a) Internally

X

10. Aim and description of project:

This research investigates Sustainable Marketing Orientation, looking at the ways which organisations integrate the economic aspects of marketing management with the management of social and environmental issues, and how these management processes add value to the organisation.

11. Researcher or instructor experience and qualifications in this research area:

Researcher: Robert W. Mitchell: PhD candidate, Master of Commerce in Marketing Management; Graduate Diploma in Management. Twenty five years experience in corporate marketing management and corporate consultancy work.

Supervisor: Dr Ben Wooliscroft: Senior Lecturer in marketing, has taught Research Methods, is an active researcher, and has supervised the work of several PhDs to completion.

12. Participants

Southland tourism industry shareholders managers and employees; Southland community representatives, business customers, and business associates; elected government representatives and government agency executives.

(a) Population from which participants are drawn:

The population of interest is tourist operators and their stakeholders (in the widest sense) in the Te Anau area.

(b) Specify inclusion and exclusion criteria:

- All subjects will be over 18
- English speaking

(c) Number of participants:

Twenty five interviewees. There will be a purposive selection of subjects. Interviewees will be invited from:

- Three tourism companies operating in Fiordland National Park and the Southland community: shareholders, marketing and operations management.
- Company customers – both domestic and international - after they have participated in a tour.

- National government agencies involved in planning and administering: Tourism, Economic Development and Conservation.
- Elected representatives from the local council and the NZ parliament.
- The local community representatives in Te Anau: one business, one community in general, one Ngai Tahu representative.

(d) Age range of participants:

Adults aged over 18 years

(e) Method of recruitment:

- Study subjects will be selected using a purposive approach to ensure that the subjects specified in the research design are represented.
- Recruitment will be after consultation with regional tourism industry leaders and community leaders and academic advisors.

(f) Please specify any payment or reward to be offered:

No payment will be offered

13. Methods and Procedures:

Semi structured interviews of company stakeholders, which will be recorded

- All subjects will be briefed on the purpose of the research and the interview process.
- The semistructured framework for the questions will be as per the attached schedule.
- Interviews of subjects will be recorded using a voice recorder and hand written notes.
- Transcripts of personal interviews will be offered to subjects for verification of transcript accuracy.

14. Compliance with The Privacy Act 1993 and the Health Information Privacy Code 1994 imposes strict requirements concerning the collection, use and disclosure of personal information. These questions allow the Committee to assess compliance.

(a) Are you collecting personal information directly from the individual concerned?

Yes; name, organisation position, and demographic information.

(b) If you are collecting personal information directly from the individual concerned, specify the steps taken to make participants aware of the following points:

- The invitation to participate in the research will explain its scope in plain English.
 - A project information sheet provided to subjects to read will explain the research project (attached).
 - A project participation consent form will explain key aspects of the project. Subjects will only be interviewed after they have signed the consent form (attached).
 - Verification by subjects of their personal interview transcripts is designed to assure accuracy of interview data.
 - Subjects may withdraw from the project at any stage. Subjects are made aware of this from the outset of their involvement, and their voluntary consent is confirmed by signing the consent form.
- (c) **If you are not making participants aware of any of the points in (b), please explain why:** Not Applicable
- (d) **Does the research or teaching project involve any form of deception?** No
- (e) **Please outline your storage and security procedures to guard against unauthorised access, use or disclosure and how long you propose to keep personal information:**
- The data collected from subjects will be securely stored in such a way that only those mentioned above will be able to gain access to it.
 - At the end of the project any personal information will be destroyed except that, as required by the University's research policy, any raw data on which the results of the project depend will be retained in secure storage for at least five years, after which it will be destroyed.
- (f) **Please explain how you will ensure that the personal information you collect is accurate, up to date, complete, relevant and not misleading:**
- All subjects will be given access to their own interview transcripts and any attached data for verification of accuracy.
- (g) **Who will have access to personal information, under what conditions, and subject to what safeguards against unauthorised disclosure?**
- Only the PhD candidate, his transcription assistant/s and supervisors will have access to personal information that includes digital photos, audio tapes, transcripts of interviews etc.
- (h) **Do you intend to publish any personal information and in what form do you intend to do this?** Yes
- The completed thesis will be lodged in the University of Otago Library, Dunedin, New Zealand.

- During preparation and after acceptance of the thesis, it is planned to submit papers on the research for publication in relevant academic journals.
- Research participants will be indentified in the thesis or subsequent academic papers by their occupation or position and the organisation they are associated with. They will not be identified by name.

(i) Do you propose to collect information on ethnicity?

- Ethnicity information will be sought from all interviewees, but the information will not be central to the research findings.
- It is proposed that there will be an interview with a representative of Ngai Tahu, one local tourism industry stakeholder.
- The research will be undertaken in accordance with the University's Policy for Research Consultation with Māori. The process of consultation has commenced. The Research Consultation with Māori Form (attached) was submitted on 21.12.2009.

15. Potential problems: Not anticipated.

16. Informed consent Separate information sheet and consent form attached

17. Fast-Track procedure. Do you request fast-track consideration? No

18. Other committees NA

19. Applicant's Signature: **Date:**.....

20. Departmental approval: *I have read this application and believe it to be scientifically and ethically sound. I approve the research design. The Research proposed in this application is compatible with the University of Otago policies and I give my consent for the application to be forwarded to the University of Otago Human Ethics Committee with my recommendation that it be approved.*

Signature of *Head of Department: **Date:**

Reference Number: 10/009

26 January 2010

Appendix 2: Empirical Investigation of Sustainable Market Orientation

Information for Participants; Consent Form

INFORMATION SHEET FOR PARTICIPANTS

Thank you for showing an interest in this project. Please read this information sheet carefully before deciding whether or not to participate. If you decide to participate we thank you. If you decide not to take part there will be no disadvantage to you of any kind and we thank you for considering our request.

Aims of the Project

- To gather data from tourism company stakeholders about the ways in which organisations integrate the economic aspects of marketing management with the management of social and environmental issues.
- Assess how these processes add value to the organisation.

What Type of Participants are being sought?

Research involves interviews of tourism industry stakeholders. The interviewees will be linked to tourism in the Te Anau-Fiordland region. The stakeholders will include:

- Company shareholders
- Operations staff
- Marketing staff
- Customers
- Community leaders
- Representatives of Non-Government Organisations
- Government agency managers
- Elected representatives
- Maori representatives

What will Participants be Asked to Do?

- You will be asked to participate in an audio recorded interview for up to two hours using a semi-structured framework. This should take place in a quiet room without interruption.
- No harm or discomfort is anticipated for the participants.

- You may decide not to take part in the project or may withdraw from the project at any time, without any disadvantage to yourself of any kind.

What Data or Information will be collected and what use will be made of it?

- Participants will be audio-taped and the interviewer will take notes.
- Tapes will be transcribed.
- Transcripts of personal interviews will be offered to you for verification of accuracy before analysis.
- The transcripts will be analysed only once all who choose to have checked their transcripts for accuracy.
- Please note that because participants will be labelled by their company name and position, in the results, they may be identifiable from that information.

Purposes for which the data or information is being collected

- To better understand the ways in which organisations integrate the economic aspects of marketing management with the management of social and environmental issues.
- Assess how these management processes add value to the organisation.

Completed Thesis

The completed thesis will be accessible to other academic researchers, and interested members of the public. The thesis will be available in the University of Otago Library (Dunedin, New Zealand).

You are most welcome to request a copy of a summary of the results of the project should you wish.

The data collected will be securely stored in such a way that only those mentioned below will be able to gain access to it. At the end of the project any personal information will be destroyed immediately except that, as required by the University's research policy, any raw data on which the results of the project depend will be retained in secure storage for five years, after which it will be destroyed.

Reasonable precautions will be taken to protect and destroy data gathered by email. However, the security of electronically transmitted information cannot be guaranteed. Caution is advised in the electronic transmission of sensitive material.

Ethics Approval

This study has been approved by the University of Otago Human Ethics Committee. If you have any concerns about the ethical conduct of the research you may contact the Committee through the Human Ethics Committee Administrator (ph 03 479 8256). Any issues you raise will be treated in confidence and investigated and you will be informed of the outcome.

Further Information

Participants are welcome to ask any questions of the researcher or his supervisor about the project.

Robert Mitchell
PhD Candidate

or

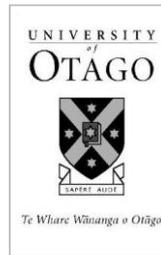
Dr Ben Wooliscroft
Supervisor

Department of Marketing

Department of Marketing

University Telephone No: 03 4797695

University Telephone No: 03 4798445



EMPIRICAL INVESTIGATION INTO THE CONCEPT OF SUSTAINABLE MARKET ORIENTATION

CONSENT FORM FOR PARTICIPANTS

I have read the Information Sheet concerning this project and understand the contents.

The research project aims are to:

- Better understand the ways in which organisations integrate the economic aspects of marketing management with the management of social and environmental issues.
- Assess how these management processes add value to the organisation.

All my questions have been answered to my satisfaction. I understand that I am free to request further information at any stage.

I know that:

1. My participation in the project is entirely voluntary.
2. This project involves an open-questioning technique where the precise nature of the questions which will be asked have not been determined in advance, but will depend on the way in which the interview develops and that in the event that the line of questioning develops in such a way that I feel hesitant or uncomfortable, I may decline to answer any particular question(s) and/or may withdraw from the project without any disadvantage of any kind.
3. The information provided in the interview including the name of my organisation and my position will be used in the research thesis and I understand that I have the opportunity to check the accuracy of the interview transcript.
4. Reasonable precautions will be taken to protect data transmitted by email but that the security of the information cannot be guaranteed.
5. Those who will have access to the research data will include: the project researcher, transcribers and supervisors.
6. Research participants will be identified in the thesis or subsequent academic papers by their occupation or position and the organisation they are associated with. They will not be identified by name.
7. The completed thesis will be lodged in the University of Otago Library, Dunedin, New Zealand. After acceptance of the thesis, it is planned to submit papers on the research for publication in relevant academic journals.

8. Raw data associated with the research will be retained in secure storage for five years, after which it will be destroyed.
9. There is no remuneration for participation in this research project.
10. This project has been reviewed and approved by the University of Otago Human Ethics Committee.

I agree to take part in this project.

.....

(Signature of participant)

.....

(Date)

Appendix 3: Stakeholder Questionnaires.

SMO Stakeholder Questionnaires

1. Internal Stakeholders
2. External Stakeholders
3. Customers

1. **SMO - Organisational Marketing & Sustainability Management**

Internal Stakeholders

1. Demographic information

- Date of interview
- Name
- Organisational role
- Experience
- Age
- Nationality

2. Key dates in your organisation history?

3. Reputation. What is the reputation of the organisation.

- In the market place?
- In the tourism industry?
- In the community?
- Locally? Nationally?

4. Competitiveness. How effective, competitive is the organisation in products, service provision?

5. Influencing factors. What are 3 important market/community/political/ecological influences on the organisation?

6. How innovative, entrepreneurial is the organisation?

7. Market Intelligence. How effectively does the organisation gather and integrate information to develop strategy? Economic, social, environmental?

8. What are the brand strengths?

9. Branding. How well do you think company; product branding managed?

10. How well is the integration is there in the promotion of corporate and product brand management?

11. Are there any barriers to the company building a positive corporate and brand reputation?
12. How do corporate and brand management add to organisation performance?
13. Responsiveness, Adaptiveness. How responsive is the organisation?
 - What issues stimulate responsiveness? Examples?
 - How is responsiveness coordinated?
14. Stakeholders. What relationships stakeholders are most important to your organisation?
 - Criteria
 - Economic, Social, Environmental?
14. Sustainability. What does sustainability management? Sustainable tourism? Mean to you
15. What is the commitment to sustainability management in the organisation?
 - Drivers?
 - Why is this?
16. What relationships are important for the organisation in its sustainability management capabilities? Examples? Own organisation, government, international standards, industry sector? Why?
17. Is marketing strategy reflected in sustainability management reflected in marketing? If so can you describe how this is done?
18. In what ways does SM improve organisational performance? What are indicators for this?
19. Is organisational sustainability management balanced? Or emphasises one aspect (economic, social, ecological?)
20. What are the cost-benefit trade-offs in sustainability management? How does this affect your organisation?
21. Are there any barriers to quality sustainability management in your organisation? If so what are they?
22. Are there any staff incentives for sustainability management? If so, what?
23. How would you describe the organisation culture?
 - Flat democratic, hierarchical?
 - Advantages/ Difficulties?

24. Performance Assessment.
- How does the organisation measure its marketing performance?
 - How does the organisation measure its overall organisational performance?
 - What standards are used to measure sustainability performance?
25. How successful is the organisation? What are key reasons for your assessment?
26. Long term performance. Where do you see the organisation in 10 years time? Why?
27. What important trends will drive future organisation marketing strategy?
28. How important will sustainability management be? What are the reasons for your assessment?

SMO: Organisational Marketing & Sustainable Management

2. External Stakeholders

1. Demographic Information:

- Name:
- Position:
- Experience
- Nationality
- Any links with: Department of Conservation (DoC), Real Journeys (RJ), Southern Discoveries (SD)

2. Knowledge of sustainability management?

The application of sustainability by businesses?

- Application of sustainable management practices in tourism?
- Perceptions of sustainability by scientific community?
- Perceptions of sustainability management in the general public?
- Status of sustainability management in government and policy?
- The status of NZ sustainability business management?
- Vision for sustainability management in NZ?

Case Study Organisations

- 3. Reputation? What is your perception of the community standing of the organisations? High Medium Low. Reasons? *DoC, RJ SD?***
- 4. Market Intelligence. How capable are the organisations in gathering information to develop strategy? High Medium Low? Examples? *DoC, RJ, SD?***
- 5. What are the brand strengths for each organisation? *DoC, RJ, SD?***
- 6. Strategic weaknesses of the organisations? *DoC, RJ, SD?***
- 7. How well do you think company; product branding managed? High. Medium. Low? *DoC, RJ, SD?***
- 8. How well do the organisations integrate the promotion of corporate and product brands? High. Medium. Low? *DoC, RJ, SD?***
- 9. Responsiveness, Adaptiveness, Innovation. How responsive is the organisation? High. Medium. Low? *DoC, RJ, SD?***
- 10. Relationships. How well are organisation stakeholder relationships managed? High. Medium. Low? Evidence? *DoC, RJ, SD?***

11. What is the commitment to sustainability management in the organisations? High. Medium. Low? Evidence ? **DoC, RJ, SD?**
12. Is sustainability management reflected in marketing management? High Medium. Low? Examples? **DoC, RJ, SD?**
13. Are the organisations highly profit driven? High. Medium. Low? Why? **DoC, RJ, SD?**
14. Are the organisations socially responsible? High. Medium. Low? Why? **DoC, RJ, SD?**
15. Are the organisations environmentally responsible? High. Medium. Low? Why? **DoC, RJ, SD?**
16. How successful are the organisations? What are key reasons for your assessment? Strengths. Weaknesses? **DoC, RJ, SD?**
17. Long term where do you see the organisations in 10 years time? High. Medium. Low? Why? **DoC, RJ, SD?**
18. What important trends will drive organisation strategies? **DoC, RJ, SD?**
19. How important will sustainability management be? What are the reasons for your assessment? **DoC, RJ, SD?**

3. SMO - Organisational Marketing & Sustainability Management

3. Customers/Tourists

1. Demographic Information

- Date of interview
- Name
- Age
- Occupation
- Nationality
- Main client organisation
- Outline of travel experience

2. Activity with the case organisation. What service did you purchase/use?

3. How well was the activity managed? Very Well Medium Poorly? Why?

4. What attracted you to use their service, product? Web, location, advertising, WoM other ?

5. What is your perception of the organisation's reputation? Why?

6. How competitive is the organisation service? High Medium Low? Why?

7. Is the organisation entrepreneurial innovative? High Medium Low. Why?

8. How customer focussed responsive, adaptive is the organisation What key issues stimulate responsiveness? How is responsiveness coordinated

9. How effectively does the company promote its corporate image, brand? High Medium Low? Reasons for assessment

10. What are the brand strengths?

11. Are there any barriers to the company building a positive corporate and brand reputation?

12. How does the organisation brand compare with the brands of other two cases:

13. Does marketing appear short term or long term focussed? High, Medium. Low?

14. Sustainability. What does sustainability management mean to you? What does sustainable tourism mean to you?

15. How committed to sustainability management in the organisation? High, Medium, Low.

16. Do you think organisational sustainability management is balanced? Or emphasises one aspect (economic, social, ecological?)
17. Is sustainability management reflected in marketing and operations? How well is it done?
18. Long term performance. Where do you see the organisation in 10 years time? Why?
19. What important trends will drive future organisation strategy?
20. How important will sustainability management be in significant factor for company management in 10 years time?
21. What are the reasons for your assessment?
22. Have you any other comments on Organisation products and customer service

Appendix 4: List of Interviewees

SMO Empirical Research - List of Interviewees

	Title	Organisation	Location	Interview Date
1	General Manager Research & Development	Department of Conservation, DoC	Head Office, Wellington	3.5.2010
2	Manager Communications & Marketing	DoC	Head Office, Wellington	5.5.2010
3	Sustainability Manager	DoC	Head Office Wellington	25.8.2010
4	Commercial Business Portfolio Manager	DoC	Head Office. Location, Christchurch	12.4.2010
5	Southland Conservancy Community Relations Manager	DoC	Invercargill	25.8.2010
6	Area Manager	DoC	Te Anau	23.4.2010
7	Community Relations Manager	DoC	Te Anau	25.3.2010
8	Community Relations Ranger	DoC	Te Anau	26.4.2010
9	Visitor Centre Manager	DoC	Te Anau	23.3.2010
10	Customer 1	DoC	Te Anau	13.5.2010
11	Customer 2	DoC	Te Anau	13.5.2010
12	Shareholder	Real Journeys	Te Anau	19.3.2010
13	CEO	Real Journeys	Te Anau	5.7.2010
14	Manager Operations	Real Journeys	Te Anau	24.3.2010
15	General Manager Marketing, National Sales	Real Journeys	Queenstown	10.5.2010
16	Customer 1	Real Journeys	Milford Sound	12.5.2010
17	Customer 2	Real Journeys	Milford Sound	12.5.2010
18	Shareholder	Southern Discoveries	Dunedin	16.4.2010
19	General Manager, CEO	Southern Discoveries	Dunedin, Te Anau	22.4.2010
20	Manager Operations,	Southern Discoveries	Milford Sound	11.5.2010

21	Sales Coordinator,	Southern Discoveries	Queenstown	10.5.2010
22	Customer 1	Southern Discoveries	Milford Sound	11.5.2010
23	Customer 2	Southern Discoveries	Milford Sound	11.5.2010
24	Policy Manager	Ministry of Tourism	Wellington	4.5.2010
25	Policy Advisor	Ministry of Tourism	Wellington	4.5.2010
26	Policy Manager	Ministry of Economic Development	Wellington	3.5.2010
27	Member of Parliament	National Party	Invercargill	26.4.2010
28	Member of Parliament	Labour Party	Dunedin	28.5.2010
29	Member of Parliament	Green Party	Wellington	22.7.2010
30	Member of Parliament	Green Party	Wellington	22.7.2010
31	Former Parliamentary Commissioner for the Environment	Natural Step Environmental Consultancy	Wellington	22.7.2010
32	Marketing Development Manager	Ngai Tahu Tourism	Christchurch	13.4.2010
33	Advocacy Manager	Tourism Industry Association of NZ	Wellington	5.5.2010
34	Manager	Destination Fiordland	Te Anau	26.3.2010
35	Enterprise & Strategic Projects Group Manager	Venture Southland:	Invercargill	20.4.2010
36	Project Coordinator	Venture Southland	Invercargill	20.4.2010
37	Tourism Marketing Manager	Venture Southland	Invercargill	20.4.2010
38	Mayor	Southland District Council	Invercargill	21.4.2010
39	Member	Community Board	Te Anau	13.5.2010
40	Senior Member	Ngai Tahu Waihopai; local Maori tribe	Invercargill	26.4.2010
41	Administration Manager	Ngai Tahu Waihopai; local Maori tribe	Invercargill	26.4.2010

42	Executive Member	Federated Mountain Clubs of New Zealand	Invercargill	19.4.2010
43	NZ Representative	International Union for the Conservation of Nature (IUCN)	Wanaka	25.5.2010

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Appendix 5: Summary of Stakeholder Evidence.

Appendix 5. Summary of Stakeholder Evidence. Logic Model Alignment with Themes in Stakeholder Data.

Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
1. Department of Conservation - Deputy Director General	Staff expertise in recreational management has global recognition. DoC a key member of the NZ government Natural Resources Sector network to facilitate development of integrated environmental policies.	Importance of the corporate positioning programme to: increase Departmental alignment with stakeholder expectations; improve staff understanding of corporate strategies and staff commitment; improve effective communications with stakeholders and increase productive engagement with public and business stakeholders.			Two year programme for the development of corporate sustainability performance indicators. These will focus on sustainability based outcomes rather than outputs. DoC is working with the tourism industry to make sustainability management a condition to tourism concessions.	Awareness of a general public expectation of sustainable organisational performance, but the concept is poorly understood. There is an awareness of the need for sustainability practices in the scientific community. There is also an expectation to complement sustainability initiatives in other agencies eg: MAF, and Landcare and also the Ministry for Economic Development. There is a need for more research into sustainability oriented, balanced resource use. Aim to move from 10 and 20 year to 50 year strategy horizons. Also an aim to continue improving operational efficiencies.
2. DoC - Manager Marketing & Communications		Development and implementation of the corporate positioning programme to increase staff commitment and stakeholder awareness of DoC objectives activities and achievements. The programme also promotes greater cooperation between DoC and stakeholder groups to achieve conservation policy and strategy objectives.		SMO programme to promote NZ as the greatest living space on earth. Longer term objective to integrate the DoC sustainability programme into the corporate positioning programme.		

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Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
3. DoC - Sustainability Manager	Departmental sustainability programme. Primary aim: eco- efficiency improvement. Customer and staff comfort. To be extended to achieve more SD balance. Broad staff involvement.			DoC member of a public service sustainability network. DoC annual sustainability plan. Aim for energy cost savings reduce staff turnover and reallocation of capital to other DoC conservation work. Offices have an Envirostep programme developed by the Ministry of the Environment Programme managed through 90 area champions who liaise fortnightly. Also dedicated intranet communications. Approval to develop strategies to address issues of : peak oil, greenhouse gas emission reduction.	Head office monitoring of national sustainability performance and programme development.	Local area sustainability champions coordinate and develop implementation of local initiatives and performance improvement. Public reporting of sustainability performance to parliament. Core sustainability performance in the public service is "falling over because of short term cost cutting. Labour government requirement for compulsory carbon neutral reporting modified by new government. Now voluntary. Government focus on improving economic performance and growth is narrow and disappointing. NZ's self regulation to promote sustainability is "an oxymoron." Need for an effective regulatory framework with incentives for organisations to achieve best practice.
4. Doc – Commercial Business Portfolio Manager	Being responsible for environmental protection is very difficult and involves reconciliation of opposing policies and views; compromises. DoC environmental expertise is internationally respected. A signatory to the international Parks Forum on Sustainability	Confirmed the importance of stakeholder consultation. Community support is improving. Core values of honesty and integrity. Conservation management reputation amongst international tourists is high.	Objective is to grow investment in conservation because of restrictions on government funding over the next decade. Centrality of conservation legislation in assessing whether to permit new commercial opportunities and to regulate their activities. Potential for DoC to tap		Environmental and social performance are central to the organisation. Economic expectations from concessions are less important. DoC has programmes to monitor physical and environmental impacts of tourism. Three is also visitor satisfaction assessments on aspects	.

Appendix 5. Summary of Stakeholder Evidence. Logic Model Alignment with Themes in Stakeholder Data.

Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
	Management 2009. Internationally		latent business desires to invest in conservation for marketing reasons but also altruism(for example the funding of conservation in the Sinbad Gully, Milford..		such as the degrees of overall visitor enjoyment and concern overcrowding eg at Milford.	
5. DoC - Southland Community Relations Manager		Importance of key stakeholder and public consultation in development of conservation and national park management strategies. A culture of community engagement. Staff are not generally entrepreneurial. Good interaction with stakeholders to develop organisational knowledge. Staff quality and commitment in Southland. Needs to develop trust of the tourism stakeholders.		DoC strategy governed by legislation. Sustainability is not part of its charter. However sustainability management introduced in "Government 3" to produce cost savings. Sustainability policy directed from head office. It is not very competitive, but becoming more customer focussed in planning and management. There is top quality leadership from the Director General. DoC is reviewing and upgrading its corporate branding	There is general economic performance monitoring but not comprehensive business analysis. Responsiveness has improved in the past three years.	

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Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
6. DoC – Te Anau Area Manager	DoC an international leader in conservation management. Challenge of effective ecosystem and species management. DoC has resources to manage 10% of species.	New DoC strategy used to gain public, business and political support to help ensure funding to meet public legislative mandate.	Funding limits strategic capabilities.	Conservation processes bound by legislation. Sustainability management is also government directed. Staff are committed to the concept of sustainability. Sustainability applied to improving eco efficiency in buildings and transport. Overarching corporate objective to grow the value of New Zealand conservation and increase the contribution of New Zealanders to conservation; a government directed extension or responsibility to protect NZ's natural heritage. Facilitating opportunities for business. Model used to gain public and business and political support to help ensure funding to meet public needs. Strategy not competitive, but collaborative. DoC performance driven by corporate culture. Organisation does not utilise marketing and brand management per se. It uses corporate communications and relationship management for reputation enhancement .	Staff conservative, professional; Solid and reliable producing high quality services with integrity. DoC has very strong systems and management. There is monthly performance monitoring. Internal and external performance feedback and auditing processes ensure public accountability. Te Anau Area office has won the DoC national sustainability award.	Public and political feedback processes stimulate strategic responsiveness. The organisation is working to become more business like. Organisational integration has improved over the past 18 months. There are local sustainability champions that promote the application of sustainability in strategy operations. In the next ten years sustainability will be more important in societal management.

Appendix 5. Summary of Stakeholder Evidence. Logic Model Alignment with Themes in Stakeholder Data.

Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
<p>7. DoC - Te Anau Community Relations Manager</p>	<p>DoC manages 90% of the land in The Te Anau region. (30% of NZ's land area). Works closely with other government agencies such as Environment Southland and the Southland District Council. International governments see DoC concession and national park management as a model. But management plans are not actively managed promoted.</p>	<p>Lack of clarity in public understanding of DoC's role. Opportunity to build bridges and understanding. DoC works alongside the community. It is an important local employer. Informal consultation of tourism concessionaires and community opinion leaders complements occasional local formal surveys. Everyone is tasked to listen to stakeholders and addressing issues. Community relations includes statutory processing, public communications and education and managing community infrastructure; eg flood protection of Milford. Includes the management of businesses on Conservation land. Social objectives include providing educational programmes. Providing recreational opportunities to improve the health of New Zealanders. DoC has strong formal links with Maori through a consultation board..</p>	<p>With the international economic downturn, DoC has to make sure it provides the most effective value for taxpayer funding. DoC is looking to refine processes, cut costs, increase revenue.</p>	<p>Conservation functions defined by legislation. Objective to be seen as professionals in the business of conservation management. Important to be able to integrate science with social expectations. Statutory and bureaucratic functions can be a barrier to building relationships. Business objectives consistent with conservation are not covered in statutes. National Park Management Plan anticipates 8% pa tourism growth. DoC seeking to buffer" itself against the "flood of tourism." DoC is rolling out its own corporate positioning plan. " NZ the greatest living space on earth." DoC promotes its own products. offers services that complement commercial offerings such as the Milford Track walk. Strategic partnerships important. 73 forms of support sponsorship in the area. 40 tourism firms contribute to conservation beyond the terms of their concessions (Half the national partnerships). DoC has national policies on sustainability; recycling, low fuel emission vehicles .</p>	<p>Performance is managed according the commitments in the Statement of Intent. There is monitoring and management of concession revenue and revenue from recreational facilities and monitoring of species management. It is difficult to measure value for money of the social values :benefits or loss through degradation of landscapes. DoC is doing best in conserving natural and historic values for future generations with the resources available.</p>	<p>Comments cards used for suggestions . Stakeholder interviews to gauge perceptions of DoC performance. Community business leaders and concessionaires see DoC performance improving in recent years. General community surveys less supportive. The Didimo arrival showed the need for holistic management of quality water systems. to protect the Blue Duck and wild rivers. In the next ten years there will be; more DoC support for business and ecotourism; more community and business partnerships to achieve better conservation outcomes. DoC will continue to be "meaningful" to New Zealanders. There will be a drive environmental management that saves money and makes business sense' "ticks all these boxes; social economic and environmental."</p>

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Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
				<p>Concern about the lack of integration of sustainability in policy management. Conserving natural and historic resources for present and future generations underpins decisions. "it is not short term gains, it is the long game." Sustainability driven by compliance, best practice, international visitor expectations. DoC Te Anau a sustainability award leader. Ha a 'superficial view of what sustainability really is."Sees potential for more opportunities to implement sustainability In the past DoC has relied on corporate identity and been silent on promotion and marketing. DoC has a strong brand identity with visitors especially international visitors. There are opportunities to improve on that. It works closely with the media to publicise programmes. Concerted effort by management to ensure staff work together as a integrated team.</p>		

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Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
8. DoC - Te Anau Community Relations Ranger	Visitors impressed with the concept of DoC	The staff are good people passionate about what they do. There is a need to improve relationships with critical stakeholder groups eg businesses and farmers. Effective relationships with Maori. Professionally qualified staff not always good at stakeholder relationship building.	DoC has limited resources to address its responsibilities. It is reliant on the public taxpayer money	DoC tries to manage conservation values and allow businesses to operate. There is a reliance on meeting public expectations. Problems in meeting media and political expectations. Consultation important in developing park management plans. Difficulties arise when key stakeholder participation is weak (eg business). DoC is not competitive. There is no commercial scale marketing. The Te Anau office is entrepreneurial, innovative to overcome budgetary limits. Local marketing is very good. The new corporate positioning programme is a rebranding of DoC Important that it does not compromise conservation.	Visitors impressed with performance. Surprised at criticisms of New Zealand public. Tourism industry has been "destructive" and critical of DoC Locally dedicated staff are responsive, provide quality service. Surveys of visitors and stakeholders are used to measure marketing performance.	The work culture is democratic and open.. It is challenging and stimulating. Hopes that the NZ will continue to protect conservation lands. Losing this would be really short-sighted. It is what sets NZ apart. Sure that sustainability management will be important in the future. In future management, the environment will remain a priority.

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Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
9. DoC – Te Anau Visitor Centre Manager	High conservation values	Big support from the local community, and more generally in Southland. There are some who have differing opinions on how conservation lands should be managed. This is a group that is targeted to 'convert' more public support. Support for unemployed programmes, secondary environmental education. Key stakeholder groups; recreation groups, tourism industry groups, the local community, local government.	Strongest influences on strategy is government; stressing the need for DoC to contribute to increasing NZ economic prosperity. Importance of communicating the importance of DoC to bringing visitors to the region, the economy of the town and the Southland region. Cautious and prudent economically . there is a small local promotional budget. Awareness of responsibility to NZ taxpayers.	DoC has an individual commitment to sustainability and there has been a resistance to putting it into the "business." Now DoC is on the "cusp" of implementing a range of changes. This is because of increased promotion by the previous government, increased organisational understanding and awareness. It is also being driven by visitor expectations and demand for a quality NZ product. DoC has a high profile because of the land area under management and its use in tourism. DoC low in government priorities. Integration is managed national. DoC is a tourism provider; not competitive. But it is not neutral either. It is not profit driven. The economic nature of the strategy is driven by the government of the day. (hence the 3 year horizon).Corporate strategy has a 30 year horizon. Long term marketing management locally has a three year horizon. Most local marketing is short term. Not responsive. Slow to adapt; as a government organisation. It does not	DoC has high national performance standards. High reputation for quality, reliability, dependability in service delivery; solid and well run. Good reputation in the marketplace, with international visitors. High reputation for dependability in service delivery; solid and well run. Good reputation in the marketplace. Good reputation with international visitors. Effective web of local, regional and national chain for information flow and integration. Performance often seen as average. Visitor numbers and user surveys, data from the online booking system and feedback mechanisms for performance management. Not sure of how marketing performance is managed nationally. Social networking is very useful in performance management. Performance management is difficult because of limited resources. Prioritising is important. Effective web of local, regional and national chain for information flow and integration. Visitor and user surveys and feedback mechanisms for	Information systems and surveys used for organisational learning. In Ten years time DoC will be contributing more to tourism and the national economy. But it will need significant investment to improve performance. There is potential for intergovernmental initiatives, public and private partnerships. This needs DoC to improve its reputation and how it contributes to increasing NZ' s prosperity. In terms of sustainability management strategy is still governed by a short term-long term conflict; including consideration of the obligation to protect ecological values in perpetuity. There is a lot of uncertainty in the economy.

Appendix 5. Summary of Stakeholder Evidence. Logic Model Alignment with Themes in Stakeholder Data.

Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
				<p>identify opportunities, waits for others to come to it. But the organisation is 'steering' towards being more business like. Sustainability management of infrastructure for efficiency and also providing better client serves (eg insulated huts). DoC has a strong brand. based on service quality and committed staff. Brand projection has been average and sees a need to improve it.. Reputation is a strong attraction for recruiting. Marketing skills, and local effectiveness not very strong. New marketing strategy to promote NZ as the greatest living space on earth. Market seen primarily as New Zealanders. Innovation being used in better use of web technology to improve communication to potential visitors or customers.</p>	<p>performance management. Social networking is very useful in performance management. Performance management is difficult because of limited resources. Prioritising is important. Revenue from concessions and recreational services like great walks has improved despite the economic recession. improved. Sustainability performance management is being facilitated by cooperation with external bodies like Venture Southland, the local co district and regional councils. Also governmental requirements for better operational management. Not aware of any sustainability management factors being applied in marketing. A barrier to the implementation of sustainability is the reduced resourcing.</p>	

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Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
10. DoC customer - Farmer	DoC strategic emphasis on environmental management .			DoC has a high commitment to sustainability. Management is a unbalanced; focussed on the environment and they are very good with people. A lot of DoC information is focussed on long term management. Perceived as good at that. Their brand promotion is low level. Some advertising would help people know what is available. Their service seems well integrated. Their management is "pretty good."DoC is not staffed to manage their lands well.		Sustainability management is very important and will become more important. In ten years time DoC will be similar to now with better people and management.
11. DoC customer - Hungarian student	DoC international leader in conservation management.			Very good reputation; similar to the US National Parks Service. Much better service than in Hungary or Europe. The organisation is well integrated and adaptive. DoC is perceived as being absolutely committed to sustainability management.		Impressed with the importance accorded sustainability management in New Zealand. In Hungary politics and economics dominate debate. In ten years time there will be more environmental pressures and DoC will be more "involved." DoC has to teach the people how important the environment is.

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Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
12. Real Journeys - Shareholder; Board Member	Company commitment to environmental responsibility and conservation. Important to ensure continuity of tourism concessions managed by government agencies. There is the company managed Les Hutchins Conservation Trust.	Business has a family culture. Values staff loyalty, conservation commitment. Real Journeys very good reputation in the marketplace, supply chain, industry. Shareholders and banks important. Well respected by regulators, politicians, community. Trustworthiness, reliability key values. Business experience and longevity important in reputation. Difficult to recruit good, qualified staff. Gains intelligence from formal industry stakeholder links, technology observers. Difficult relationship with DoC during Fiordland National Park management plan negotiations.	Huge entry barriers for national park tourism. Long term viability and modest growth are objectives. The company has low debt levels.	Long term viability is the primary objective. Firm competitive. Has leading products. It is very adaptive in operation management. Not very entrepreneurial. Strategically cautious, risk averse. Innovation affected by company size. Specialist managers to research integrate intelligence. Would like to see more integration. Corporate and product marketing well integrated. Strategy horizons 1,3 and 5 year plans. Company continually working on sustainability management. Environmental stewardship Intergenerational shareholder and management ethos important .	Standards used to measure performance; conventional economic management. market share, infrastructure utilisation, costs and profit per customer. There is no social relationship budget or environmental management budget. Sustainability oriented performance is constrained by difficulties to recruit quality staff	Long term development Retention of family ownership, similar environmental orientation. Likely to be involved in more joint ventures. Company development will be constrained by regulatory consents and concessions, economic conditions workforce skills, the ebb and flow of politics. Sustainability based management will be important. It will be embedded in the organisation.

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Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
13. Real Journeys - CEO	<p>Recognises the need for government regulation and management of crown assets like national parks. Corporate objective to demonstrate environmental responsibility generally and especially to English, UK and North American tourists. Believes, company staff committed to environmental protection. Company encouragement to be involved in conservation project .</p>	<p>Real Journeys stable family company. Positive relationships with business partners, and government and local councils vital business support. Central to business success to maintain good relationships with DoC, Transit NZ , Maritime NZ, manages relationships with local communities. Objective to be a good citizen.; reliable. a strong sense of justice, integrity , delivering quality,, a community minded company - and a sense of kea like cheekiness..Community philanthropy in Te Anau and in predator control, assisting scientific research. Being a good employer contributes to loyalty. Works hard to attract and develop good staff. Seeks to be a caring company. Still has superannuation and medical insurance. Aims for positive, caring relationships between company employees and Aims for a rewarding sense of engagement and interaction with customers</p>	<p>DoC and government concession charges are fail overall. The company is comfortable with the principle of users pay for services.</p>	<p>Integration. Good governance, corporate culture, and focus on customer value Operates tourism in environmentally iconic locations in the NZ South Island.. Objectives to explain the environment to visitors; provide them with value for money, enjoyable tours, and satisfaction. Important for commercial operators to be able to negotiate reasonable and practical parameters for operating in national parks; while respecting natural values and government management plans. Improvements in sustainability oriented management are important and good for business. Sustainability is becoming mainstream in NZ business and NZ tourism. (Gives eggs of banks). It should be a basic component of government policy and regulations. The work done by the local RTO to encourage the introduction of sustainability management was not deep enough. There has been difficulties in getting larger and smaller companies to apply sustainability. There is a</p>	<p>Branch managers meet weekly, executive meets monthly and board every two months. Formal, comprehensive annual evaluations of markets performance and customer service. Aim to deliver 80% satisfaction on customer expectations on key products. Financial success is measured in terms of: profitability, return on shareholder funds, growth. There are also internal employee surveys every two years to gain feedback on communications, remuneration, Perceived benefits from application of sustainability in strategy are: respect from customers, respect from channel partners. for company products service and management, staff motivation, recruitment and retention. Word of mouth publicity is a powerful element in building the business. Company used the Enviromark EMS performance auditing for the past 3 years. Limitations: the process is time consuming and it is not adequately recognised internationally. He does</p>	<p>Cooperation between government, local government and business is critical for progress. Sees a need to develop government infrastructure to encourage the adoption of sustainable business practices for example: introducing enviro-fuels, and improvements in waste management in remote areas. Business strategy development is a mixture of top down and bottom up. follows a sequence of board and CEO identification, specialist external input, and staff involvement. Intensive technical and customer service training including . being taught about the natural environment. CEO seeks to be readily available to staff; proactive communications.. Open communication of ideas encouraged. Twice yearly CEO face to face staff briefings and a fortnightly internal newsletter are important communications mediums. Awareness of company capabilities and strengths, competitiveness, markets supply chain and regulator knowledge the national park environment allows he company to</p>

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Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
				<p>need for deeper engagement in the tourism sector. Always looking to improve company performance in this area. "get new runs on the board." Believes there is a good balance in current projects which focus on improving energy efficiency of buildings and efficient use of office consumables. Concedes that commitment to environmental and social sustainability are dependent on profitable economic performance. DH has a total company approach to sustainability in management. He would like to see environmental and social sustainability embedded in strategy like health and safety. Meeting sustainability expectations of customers is critical and staff stimulus to commitment too. The company culture and the branding are closely intertwined. The company application of sustainability in marketing is to move beyond "green-washing." It is important to maintain credibility and balance and not "overcook" corporate sustainability commitment.</p>	<p>not support triple bottom line for company sustainability reporting; it only gives lip service to social and environmental sustainability and concentrates on economic performance.</p>	<p>undertake calculated risks to develop the business eg investment in new craft. The company will continue to grow organically. Other options in other parts of New Zealand eg Marlborough Sounds, Golden Bay or Bay of Islands. IT an important place in supporting company development and also organisation learning. Development of an integrated company logistics and ticketing system. Also developing on line bookings and avenues to build web based relationships with customers.</p>

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Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
14. Real Journeys - Manager Operations	<p>Uniqueness of the Fiordland environment vital in marketing. Milford Sound is one of NZ icons attracting tourists. The company has been fortunate in long historical concessions. Wishes to retain these. Fiordland is our area of expertise there are still opportunities in the area we are continuing to look at options. Commitment to waste recycling. Employee passion for environmental values and concern to avoid making the national park into a 'Disneyland.</p>	<p>One of the largest tourism companies in (No Suggestions) with the public, government and in the tourism industry as a privately owned family company. High standards, well run, great staff. Wants to be seen as a good corporate citizen and operating morally. Important that the company is regarded equally well by staff, and has their loyalty, as well as shareholders. Company culture fosters that. RJs is a big local employer. A really good relationship with the community. Supports community events funded the local community centre, the local health trust. One of the company strengths is employee loyalty and passion about Fiordland and the national park. Key associations Milford Development Authority, Milford Community Trust, Te Anau Community Board. and a number of local organisations like the Fiordland Guardians, representation on the Conservation Board.</p>	<p>The concessions to operate in the national parks are valuable. The firm would suffer if the concessions were lost. Real Journeys generation of local tourism contributes indirectly to the local economy.</p>			

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15. Real Journeys - GM Marketing, National Sales	Company sustainability, environmental values underpin the economic viability. Responsible environmental management is vital if NZ is to attract international tourists. The country has to be seen as "very very special."	The company is well networked. Keeps close contact with the market place passengers and the supply chain. Internet an important intelligence source for global trends. Important stakeholders: Tourism New Zealand, regional tourism organisations, local government, Real Journeys very well respected in the tourism seen as an industry leader. Respected in the community for its size. The company is well net-worked. Keeps close contact with the market place passengers and the supply chain. Internet an important intelligence source for global trends. Important stakeholders: Tourism New Zealand, regional tourism organisations, local government, Real Journeys very well respected in the tourism seen as an industry leader. Respected in the community for its size conventional behaviour, consistent, reliable. It has a family company culture. Corporate values projected to customers: value for money, authentic, eco aware, local knowledge, inspirational, friendly, enriching.	The company uses extensive networking to gain intelligence.	the company is well integrated, despite geographic spread. Seen as "definitely innovative," selective. Has a range of 30+ products. Developing four new products currently. Company brand has a high market, public awareness. Designed in blue and green to have an environmental association. Conscious of sustainability values and inter-generational sustainable tourism. Real Journeys is totally committed for economic and ethical reasons. Sustainability, environmental values underpin the economic viability. The values are appreciated by passengers, staff, local community. These are integral to the marketing strategy. Balance between environmental social and economic values in strategy is important. Healthy communities and environment contribute to economic health. There is no need for incentives to increase commitment to sustainability; employees value working in unique environments. There is also marketing positioning to take advantage of long term market needs and market developments	Regular measurement of sales performance. Regular executive meetings to review performance. Annual executive strategy reviews. The company plans five years ahead. About concessions plant and investment. Company has an Enviromark silver rating for EMS management. There are other schemes the company is involved in.	Markets evolution and the need for adaptiveness is a constant consideration. Adaptiveness to serve emerging customer groups eg Indians and Chinese. Assessing opportunities even in a recession. Also adaptive in marketing; developing online information and booking services because of growth in internet use. In ten years time will still be a family company, operating in the tourism sector; NZ and possibly international. Funding to invest in suitable opportunities. Development will be influenced by energy costs. Sustainability will be "really important going forward."

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Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
16. RJ customer - Retired engineer	NZ has the natural resources to make it heaven for tourists.			Real Journey's reputation perceived as good. No perceptions on company sustainability management.	Critical of tour structure. Not enough provided for the price. Company seen as price gouging; maximising profit. Need seen for more honesty in promotional material.	
17. RJ customer – Retired engineer				The company is very competitive. Provides good, responsive service. Company "feels" it has a solid base at Milford. Believes that sustainability means intergenerational protection of tourism resources.	The company seen as a consistent performer, environmentally responsible. Believes that authorities should regulate business environmental performance standards.	
18. Southern Discoveries - Shareholder; Board Chairman	Commercial, environmental responsibility and resource management of a pristine environment are vital for long term industry viability. Environmental philanthropy; assisting DoC in Sinbad Gulley predator control. Environmental orientation evident in new services eg the redevelopment of the underwater observatory, and new low impact offerings like kayaking. Agrees that long term, there is likely to be threats to environmental management from increased numbers and a need for regulation; number limits, better peak time management. A critical part of responsible	Building social reputation important for the firm . Believes the firm is making good progress. But it is lagging behind competitors. Challenging developing, quality continuing business partnerships. Bus line partnership with Intercity and travel agent bookings in Auckland important .Has a sound relationship with DoC regulators. Important this is maintained. Chairman a strong interest in the DoC relationship management. Challenge to recruit and retain good staff in the remote national park environment. Asian staff not as "friendly" in the eyes of tourists. Word of mouth company reputation important in human resource management. Social feed-	The company has been purchased (\$17m cost) to gain a return on the investment, "to make money" and to build up the business. Investment in tourism less volatile than investment in fishing. Change in family investment strategy. Southern tourism is highly competitive with strong established players in tourism. Current financial resourcing for new developments "not good."Need to recoup cost of investment in Southern Discoveries. Careful management of expenditure. Real Journeys has 50% of Milford market. Southern Discoveries has 30%.	Skeggs' experience in shipping fleet management, limited tourism experience. Building market reputation, rebranding important consequence of the Skeggs' purchase of Redboats. Industry and marketing expertise of the general manager, delegated autonomy important for marketing and company success. Strategy emphasis to improve differentiation and sustain competitiveness. Company seen as highly innovative and entrepreneurial. Believes company is seen as a family business. Expanding and integrating range of products at Milford. DoC willingness to assist business more is welcome. Marketing integration of conventional advertising, brochures	Market share and profitability and return on investment are key performance indicators. The company return on investment has been slowed by the recession. Enviromark auditing important for environmental performance management. GM key driver of firm social orientation.	Aim to match the performance of Real Journeys within 10 years influences strategy. Effective use of management team retreats and staff in strategy brainstorming and strategy development. Enthusiasm in management is a key strength. Anticipates it is likely to take three years or more before the company expands through acquisitions. (NB acquisitions occurred in less time in Queenstown). Good to see that the government has pushed DoC to be more flexible in national park management and to open up more opportunities for business. In the long term there are fluctuations. Belief that better products and better presentation will

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	<p>operations management; including waste management and achieving eco efficiencies.</p>	<p>back comes from customer feedback forms, from personal observations of senior managers mixing with tourists on trips and from word of mouth. An important part of sustainable management is portraying sustainable corporate image.</p>	<p>Happy with DoC earning more revenue from tourism as long as it is "balanced." Long term development of the company outside Milford depends on availability of funds. There are no incentives for emphasising sustainable management.</p>	<p>personal trade representation and web. Does not have the budget to match Real Journeys marketing. Improving Queenstown presence an important objective. Environmental philanthropy used in marketing promoted during cruises. Seen as an opportunity to expand Milford tour offerings. A good understanding of environmental sustainability and long term tourism management. But believes "sustainability" is a catch word. (Sees it is an integration of environmental and economic management). The sustainability "thing" irritates him and he already believes the firm is operating sustainably and responsibly. Concern about risk of crowding in national park tourism management. Sees word of mouth advertising is the best promotion ; integrating environmental responsibility and customer focus. Recognises the need for regulatory controls that are good for everyone.</p>		<p>improve company market share and performance. Believes that within three years market growth will occur and so will company market share.</p>

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<p>19. Southern Discoveries - General Manager, CEO</p>	<p>Very focussed on company demonstrating environmental responsibility "stewardship" in operations within the national park eg sullage removal, management of environmental risks eg possible oil spills. Company environmental philanthropy is helping DoC conservation management. Customer expectations has stimulated improved waste removal and recycling at Milford.</p>	<p>Company social relations. Relationships with the regulator, DoC, strained in the past. The draft Fiordland National Park Management Plan was into prepared with proper business input. It was driven by a New Zealanders perception of how the NP should be managed, not overseas visitors. DoC had a biased view on Park overcrowding. DoC concentrated on FITs and English speaking tour groups. Company relationships with DoC staff are now good., trusted. They now committed share information. Staff are encouraged to listen to customers, bus drivers, rumours. Companies collaborate by swapping Milford visitor data. Increasing involvement with Tourism NZ and assisting with their overseas marketing campaigns eg in India, Japan and Korea. Also assists TNZ with hospitality overseas tourism agent visits to Milford. Company is improving its tourism channel relationships. Nominated task a finalist in the tour operator of the year by the Incoming Tour Operators organisation. There are employee motivation is encouraged through</p>	<p>Concessionaires pay over \$1million a year in fees for Milford concessions. They have a right to be consulted properly on concession management. The company turns over in excess of \$10million a year.</p>	<p>Extensive tourism management experience. Previously manager of Redboats. Extensive investment at Milford since Skeggs 'purchase of the company in 2008. Redevelopment of Discovery Centre (under water observatory), application for a kayaking concession, sponsorship of Sinbad Gully predator control programme. The Company rebranding has been a major investment. Expanding it from advertising collateral to vehicles and staff uniforms. Company complimented by Real Journeys on quality of new brochures. Improving the quality of collateral available on the cruise ships. Sees that his company has been more innovative than Real Journeys. The company is smaller, more flexible, more responsive. Eg developing smaller cruises for independent travellers; kayaking operations, new tourist walks in the Sinbad Gully. (Where the firm has been engaged in environmental philanthropy). The possible granting of a new concession will come from SD being seen as a sustainability oriented firm by DoC Operators organisation. The new marketing campaign</p>	<p>KPIs used by the GM are market share, passenger numbers, and the yield on investment. Know these statistics on a day by day. Reviewed weekly and monthly. Basis. Believes that Southern Discoveries is more profitable in Milford than Real Journeys. Confident he has accurate information about the company's market share and performance. Because of the duopoly of Real Journeys and Southern Discoveries in managing the wharf facilities at Milford " I know exactly where I sit in Milford. I know exactly what cruises press people's buttons." The firm is undergoing Enviromark external auditing of company environmental performance. Keen to achieve the gold award. (achieved the lower silver level award). There are no standards to measure sustainability performance. Cynical about t the value of ISO performance standards.. Very time consuming</p>	<p>Potential for new business opportunities associated with Sinbad Gully sponsorship. Using environmental consultancy to develop case for DoC regulators. Learned for Real Journeys as competitors about the value of having a range of alterative offerings for different visitor tastes eg Free and Independent Travellers. The company has 10 years of knowledge from monthly visitor surveys. Believes, stimulus for DoC change of strategic management came with new DoC Leadership and the change to a National Party government. Management retreats used by the GM to motivate management on electronic web marketing. Increasing expectations of visitors for responsible environmental management has led to improved waste management and waste recycling at Milford. The data on Milford operations is used together with visitor surveys, and Tourism Industry association visitor data to aid organisational learning and strategy development. Milford visitor numbers are down from 467,000pa in 2005 to 405,000 in 2010; affecting strategy planning.</p>

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		involvement in the environmental sponsorship programme in Sinbad gully.		is not just attracting tourists to see natural wonders, it has a social dimension and aims to attract visitors to see the sights managed by SD staff and where SD staff live. The company has increased its use of the web to show 24 hour a day activity at Milford and develop interactivity with customers and potential customers (including Twitter, Face book & MySpace), for publicity of Milford. Also analysing Google data on the company site visits and advertising campaigns. It has increased Auckland and overseas marketing. Promotion "very focussed" on environmental responsibility. Applying for Enviromark performance auditing and environmental philanthropy. Using environmental credentials eg environmental philanthropy in tourism marketing campaigns. Awareness of sustainability; closely associated with firm environmental responsibility and ensuring that future generations (including his children) are able to enjoy Milford in the same way as visitors do today. Recognises that well regulated environmental resource management is important in this. Working closely with	and not related closely enough to tourism. Enviromark is different and more relevant, and supported by the tourism industry..	In next decade planning a wider range of quality tourism activities. Sees that sustainability in tourism management will be "absolutely paramount." Ten to 15 years ago a business would have said no. Sustainability has to be applied for us to look after the planet. I live in a small community. It is important we all look after each other and the environment. This is being encouraged by the industry association. There are no staff incentives to encourage the application of sustainability in company management. Management style of the Skeggs family; trust, allowing managerial autonomy helps organisational experimentation innovation. He is confident that the company will develop a "well thought out and positive sustainable strategy." It will depend on the GM understanding the strategy management process.

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				government regulators important in sustainability based management. Also understands the need to work with the Tourism Industry association and the Ministry of Tourism to ensure continuity with the association of sustainability with the "100% Pure NZ" tourism marketing campaign; one of the top brands in the world.		
20. Southern Discoveries - Operations Manager		Confidence in company competitiveness and capabilities. Supply chain members and customers best sources of intelligence. GM is a very competent networker. Other managers have their commercial contacts. Building company credibility with the local community, district council and DoC are important in developing new products. Social credibility also valuable in company word of mouth marketing. The company has achieved a very good level of trust in Southland. Community enthusiasm for company developments eg the Discovery Centre.	Economic performance is geared to the long term. Relies on entrepreneurship of the general manager and the board. Convinced that the industry will grow and the company with grow with it. Economic performance is helped by service integration at Milford.	Competitiveness rests on variety in offerings, quality of staff, flexibility and responsiveness. Integrates environmental responsibility, philanthropy in marketing. Sustainability management is incorporated in the company induction manual. Believes company commitment to sustainability is high because of environmental philanthropy, social philanthropy in schools, clubs. Sustainability emphasised to a moderate degree in brochures, website, manuals. Sees there a conceptual balance. Financial resources are a barrier to sustainability oriented investment (eg the cost of fuel efficient modern vessels.	Aiming for gold level audit of environmental performance (later assessed as silver level). Use customer surveys to assess reasons for customer support, market share. Sustainability in company strategic performance is hard to quantify.	Company commitment to long term involvement in national park tourism.; impacts strategy. Management team is used as "brains trust." Company reviews 1-2 times a year. Company developing a new culture since formation of Southern Discoveries. Web based marketing being emphasised. Importance of developing a productive corporate culture. efficient communications in the small company. Sustainability will become more important in the future. Important factors are the increasing customer awareness in certain customer markets, and younger tourists. Company performance will be helped by staff commitment to sustainability.

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21. Southern Discoveries - Marketing Coordinator	There is a commitment to environmentally responsible management. This arm of strategy is still being developed. Features are the recycling programme at Milford, the sponsorship funding of predator control in the Sinbad Gully in Milford Sound.	The company has been hidden and not well known . Awareness has increased since the rebranding and the opening of an office in Queenstown. Firm reputation has improved within tourism industry. Important stakeholders: supply chain, Tourism NZ, regulators especially DoC There has been a conscious decision to develop the company culture and to project the commitment and energy of company staff to living and working in a national park environment. Sinbad conservation sponsorship has increased regulator and other stakeholder relationships.		Rebranding has been a key strategic step. Separation from the previous management and service. Firm aim to offer unique services. Aim to be customer responsive and have competitive product offerings. Company still has a long way to achieve strong market competitiveness. Innovative marketing, increasingly using the internet. The marketing focus is to attract international customers especially independent travellers. The company has made "massive" progress with on line bookings. There is an integration of product offerings at Milford occurring. Pride in innovation. Environmental responsibility is part of branding. Aim to see environmental values "embedded" in company culture and strategy. Also important to help demonstrate competitiveness with Real Journeys. The commitment to environmental sponsorship has brought regulator and wholesaler respect and customer interest. Aware of the interest of long haul travellers in carbon offsets and the need for tourism companies to demonstrate credibility in environmental	The company is involved in recycling at Milford. Every little bit helps towards sustainability. The company is looking at getting an environmental audit from Enviromark in the near future. Competitiveness and credibility are is an important drivers to have the audit. Believes the company is making progress towards this goal but is not there yet. There are no sustainability performance standards that apply to industry partnerships.	

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				responsibility. Sustainability management balances business viability against corporate responsibility and sustainability. The vision is long term business viability up to 100-200 years ahead.		
22. SD customer - Farmer				SD is competitive on prices; innovative. Perceives company sustainability management as "pretty good."	Perceives company sustainability management as "pretty good."	
23. SD customer - Chef				SD appears very committed to balanced sustainability management. Sustainability management is reflected in company web promotional material, conduct of the tour. Sustainability strategy appears long term.	Company staff effective and responsive.	Protecting the environment from the adverse impacts of tourism will become more important over time.

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24. Ministry of Tourism - Policy Manager		Public expectations of sustainability based quality of life and business management have been encouraged by media coverage eg magazines and TV.	Tourism is part of the current government's agenda to grow export earnings and the economy.	Believes it is possible to integrate long term economic growth with sustainability. Though there is interaction between government departments, coordination of sustainability policy nationally is ad hoc. There is progress on the integration of environmental and economic policy. An example is the cooperative government industry and public policy development through the Water Forum. National objective to build on the "100% pure" brand. Certain markets eg Germany are very keen to participate in sustainable tourism. Tourism NZ is not using sustainability in its marketing. It will only occur if tourism firms are sustainable over the long term. Government policy less focussed on protecting resources for future generations. For business, it is very much up to individual choice whether they "buy into it." Air New Zealand Adventure South are examples Real Journeys has a high reputation for quality tourism services over a long time, works to protect the environment and is linked to the community. Their marketing is proactive. Southern Discoveries probably		Tourism industry and public service organisation learning is supported by academic research at Otago and Lincoln Universities eg on the management of carbon emissions, climate change and cruise tourism.

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				<p>has a good community reputation. it is "opening up that part of the country" and "pushing the natural environment." DoC's market is the scientific audience and the New Zealand general public who want information on recreation. They have a strong leader The quality of stakeholder relationship management and responsiveness are perceived as low but improving. Suffer from large organisation size, public service inertia.</p>		
<p>25. Ministry of Tourism - Policy Advisor</p>		<p>Conscious of growing expectations of sustainability based management and in the delivery of products and services amongst NZ consumers. Media interest in sustainability is directed to improve quality of life.</p>		<p>There is an expectation amongst overseas visitors that NZ environmental management should be at a similar standard to their own home governments. Qualmark/Enviromark environmental management accreditation is being used by tourism firms to support their marketing. The status of sustainability in Z business management is "not too bad; " a good understanding lead by the Sustainable Business Council. Large companies have a commitment to triple bottom line reporting. SMEs are less aware. It depends on the leadership and if they champion sustainability. Real Journeys and Awaroa Lodge, Wilsons and THL are examples. Real Journeys has a</p>	<p>Qualmark/Enviromark tourism quality assurance auditing has added environmental performance criteria to address market expectations. It also improves energy, water efficiency and working with local communities. It is organised in nine regions nationally. Pleased that DoC is using sustainability management criteria as part of their legislative mandate to improve tourism concession management.</p>	<p>Importance of social impact research to ensure that appropriate management of tourism numbers to protect nature based tourism experiences eg in Fiordland. Private sector is working with DoC on this. In the next ten years; Real Journeys will grow using its strong tourism distribution committed staff and community involvement; Southern Discoveries products and "boats" will continue. DoC will have a stronger brand and stronger relationships with businesses. Sustainability will not be forgotten It will be more woven into business as usual. There will be a greater understanding of what sustainability business</p>

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				<p>strong leader (an industry leader) and management team. They are proactive in promoting environmental value and conservation through the Les Hutchens Foundation and at industry forums. The do a good job in social reponsibility. Southern Discoveries seem to have a good awareness of the basics of sustainable development. They are new, it is quite hard to talk about them. Does not know the CEO. Their website indicates they are working to protect the environment. Assumes they are socially committed as a family business DoC has a high commitment to intergenerational sustainability. It does a lot in the regions to educate people about the importance of sustainability. DoC has unique, "golden" products eg their Great Walks, but it is not really operating as a marketing organisations It is improving the quality of its destination management. Welcomes the policy shift to work with concessionaires and stakeholders to realise economic value from public conservation lands while protecting conservation values. It is medium to high in social responsibility. Doing</p>		<p>practices entail. Strong businesses will have sustainable social, economic and environmental foundations. It would be good if each firm had sustainability as a component of its individual brand and also underpinning our national brand .</p>

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				pretty well. providing opportunities for New Zealanders to enjoy conservation lands.		
26. Ministry of Economic Development - Manager Energy & Environment Policy	Academic background in physical geography. A keen trampers and mountaineer. Aware of NZ's natural resource richness. The current government recognises the importance of the environment, but it seeks their priority is to maximise the economic growth from environmental resources. The current government is comfortable with environmental integrity and responsibility, but it is not so comfortable with sustainability. IN terms of economic development, New Zealand has been fortunate with its water resources. Australia has been fortunate with its mineral resources.	Easier to develop economic and tourism policy in association with fewer large companies rather than the thousands of small companies.	The current National Party government has an economic growth agenda. It differs from the previous Labour Party government. It's policy is weighted towards the short term influenced by NZ three year parliamentary terms. A long term goal is to catch up with Australia in terms of economic growth.	NZ has a history of capable sustainability management, but unsure of its international ranking. Aware of the UN Brundtland Commission and the sustainability policy agenda. Responsible for developing economic development policy on climate change and natural resources. Works with DoC on economic policy development. Policy issues include whether environment is a risk or an opportunity for economic development and growth. It is less tourism specific. The department draws on independent consultants and academic expertise eg form Lincoln University on sustainability management. Significant agreement that NZ's competitive advantages are its natural resources. It is challenging to adapt high level principles to useful policies about what should be done and not done. Case examples help. Differentiates between departmental advice and government decision making. The current government is comfortable with environmental integrity and responsibility, but it is not so		

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				comfortable with sustainability. There is a attitude that emphasis on sustainability could threaten economic development. The Department seeks to provide balanced advice . It is interested in long term economic growth. The environment underpins NZ history and important for its long term economic survival.		
27. Member of Parliament - National Party	DoC is rated highly on environmental responsibility. DoC has a large diversity of environments to manage with limited funding. The firms are rated as good managers. Real Journeys is very conscious of the 'footprint they leave behind. Their credibility stems from their environmental management expertise; eg in endangered species recovery and conservation.	DoC relationship management and social responsibility are very strong in the local community with conservation education and support for multi sport activities. It is their "lifeblood." Their reputation depends on it. However it is reactive rather than proactive. Even with their commercial imperatives, the two businesses have not "impugned" their social integrity.	It is not DoC's role to be commercial. It is not profit driven. There are too many public service "mechanisms" for that. The drivers for Real Journeys and Southern Discoveries "slants" the other way. They are three to make a profit and the need to keep reinvesting. They put that around social and environmental elements.	Notes that the national Party Blue Greens Group is the area of party expertise on sustainability management. Sustainability orientation is about product consistency. Sustainability enhancement comes above that. DoC is working on enhancement with predator control, better quality infrastructure eg toilets and tracks. DoC role is public service; "a multi- arm thing." Conservation 'policemen", Crown pastoral lease tenure review. Its brand is as a conservation and environment manager. In terms of balance DoC focus is on environment and social management. It is not their role to be commercial. it has committed and passionate staff Real Journeys is innovative for example their "bullet: buses. The firm/ brand is contemporary and highly visible. Southern Discoveries	DoC is doing a pretty good job on sustainability management. The others; the firms, understand the rules. DoC do a "pretty capable job;" "competent." They compare favourable internationally. They are credible in NZ and internationally. But I see a conflict in it being a "player (operator) and a referee" (regulator. It is reactive rather than proactive. It is assessed as moderately successful in performance. Real Journeys is a very competent operator. It has an excellent reputation. They are innovative and competitive. Their growth has been continuous and spectacular.	Tourism is an economic growth area for NZ. It has potential for growth. If that occurs it will change the shape of tourism. Rising aircraft fuel costs may mean more cruise ships.

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				<p>has done market analysis for new initiatives. It is good to have a competitive element operating out of Milford Sound. DoC sustainability in marketing is ' pretty clear." Real Journeys is sustainability oriented marketing and photography spectacular. Not sure of the quality of Southern Discoveries marketing.</p>	<p>Conservative. Southern Discoveries; I don't know too much about them. They have carved a niche in the market competing with Real Journeys. They are operating a very competent service. They are floating new initiatives. They are performing as well as Real Journeys. The two companies integrate economic, social and environmental strategy management "quite well." It is a trade off; balancing revenue and reputation. They have continued to grow and expand.</p>	
<p>28. Member of Parliament - Labour Party</p>	<p>Former Acting Minister for Environment when the Labour Party. Currently opposition spokesperson on conservation. Extensive legal experience on conservation issues. New Zealanders are proud of their reputation as a clean green country. It has a great environmental ethic. it is a strength for agriculture and tourism.</p>	<p>Many people are attracted to working in the tourism industry because they respect the environment.</p>		<p>The mighty dollars rules sustainability management in NZ. There is often a need for Scientific community eg the Royal Society, an responsible supporter of sustainability. But they are not the best communicators, advocates. Great obstacle to the adoption of sustainability policies and management is self serving behaviour of business groups; coal miners, electricity producers business lobby groups. Denial of basic economic theory that people who create emissions should pay for their inefficiencies..</p>	<p>There is often a need for regulatory standards. DoC is in a difficult position applying regulatory standards. There is a need for better effects based consideration of developers such as the Dart-Hollyford Tunnel. Devolution of resource management and planning to the Regional Councils has not been effective. Councils have "fabricated" their responsibilities and not done so properly in</p>	<p>Sustainability management will grow in importance "absolutely." especially because of the biosecurity risk. There is also a need to have balanced management of the anticipated increase in visitor numbers and the maintenance of intrinsic national park values.</p>

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				Complexity of sustainability and the benefits of the Emission Trading scheme was too difficult to communicate to the public and voters. There is a difficulty for central government in having the political will to force change or reform. DP gives the example of the risk of civil disorder over the seabed and foreshore ownership controversy. The current government may have a similar difficulty in developing a water quality policy.	most of NZ. The auditor general approval of long term council planning is not effective in the environmental area. There is a need for more central government direction of regional councils.	
29. Member of Parliament - Green Party	Neo-classical economics ignores the pre-productive process; the health of the natural resource base.. There is an erroneous assumption that environmental accounting will restore Andy damage to the environment.		Differentiates between the Green and National party approaches to economic management. Greens do not agree to the use of GDP and economic growth as a primary measures of social stability. Agrees with Tim Jackson that it is possible to incorporate profitable business into a sustainable economy.	An ecological model of the economy accounts for the pre-productive and the post productive phases. A vertical dimension of sustainability separates the Greens from Labour	Seeking to table a private members bill on Parliament to have NZ adopt a set of sustainability performance measures for the economy to replace GDP measures.	
30. Member of Parliament - Green Party				As a business consultant sought to embed sustainability management in organisations; especially in introducing eco- efficiency measures (waste recycling energy cost reduction). Also sought to increase company engagement with communities and improving company cultures and loyalty	Initially, community engagement can improve staff skills, experience, knowledge. There are long are longer term economic and social returns to organisations from being socially responsible.	28. Member of Parliament - Green Party

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				to reduce the costs of staff turnover eg recruitment and training.		
31. Sustainability Consultant - Former NZ Parliamentary Commissioner for the Environment	New Zealanders have a halo around their "greenness". Core tenets tend to be expressed around preservation of national flora and fauna. Climate change is the biggest indicator of unsustainable human behaviour. There seems to be a core acceptance of the problems of industrial and carbon emission management associated with climate change in business. But there are many deniers about the need for sustainability based policies	Governments want to stay in power. The three year electoral term is an "extraordinarily big impediment" for NZ to create policies and legislation to manage the "long view." Under MMP it is more like an 18 month time frame on a 3 year term. NZers have consistently refused longer terms of government. The more complex the problem, the longer the lead time needed to get the numbers, the policies gain consensus in society. The Emissions Trading Scheme and governance of Auckland have shown this. Knowledgeable companies and accounting firms like KPMG are seeking policies on sustainability management. The Business Council for Sustainable Development in NZ is leading the argument for more sustainable business practices. (They are a very influential group.) They have put enormous pressure on the government to go down the green technology route. Governments want to stay in power. The three year electoral term is an	The mining debate is saying that New Zealanders do not want to rape the landscape for an economic lifestyle. But NZ is an 'extraordinarily consumer oriented nation.' There are core tensions between the inconsistencies in our statistics. Because of the relatively rural nature of NZ the impacts of unsustainability of industry, transport, agriculture are only starting to emerge eg the spread of Auckland and the growth of Queenstown.	Tim Jackson's review of OECD countries; shows that NZ does not rate well in terms of wellbeing. There is a need for constitutional and indicator work on sustainability integration inland management as in the EU by the Balaton Group. The EU supports work done by NZ PCE. Disappointed that the current PCE is responding to political requests. Concerned about "timelessness" of recommendations. UK chair of the Sustainability Commission saw NZ PCE had great independence. After 20 years there was a complete shift and "heaps" of political interference. There has been a lack of cohesion in governments (and policy) ever since Rio (conference). Prime Minister Helen Clark was uncomfortable because I had advocated sustainability in a big way. In 2007 she faced a tough election and she wanted sustainability to be part of her (Labour Party) brand not anyone else's brand. The current PCE's appointment is all tied up in that. You don't hear her talk about sustainability. Helen	New Zealanders have a halo around their "greenness". Core tenets tend to be expressed around preservation of national flora and fauna. Climate change is the biggest indicator of unsustainable human behaviour. There seems to be a core acceptance of the problems of industrial and carbon emission management associated with climate change in business. But there are many deniers about the need for sustainability based policies	Governments want to stay in power. The three year electoral term is an "extraordinarily big impediment" for NZ to create policies and legislation to manage the "long view." Under MMP it is more like an 18 month time frame on a 3 year term. NZers have consistently refused longer terms of government. The more complex the problem, the longer the lead time needed to get the numbers, the policies gain consensus in society. The Emissions Trading Scheme and governance of Auckland have shown this. Knowledgeable companies and accounting firms like KPMG are seeking policies on sustainability management. The Business Council for Sustainable Development in NZ is leading the argument for more sustainable business practices. (They are a very influential group.) They have put enormous pressure on the government to go down the green technology route. Governments want to stay in power. The three year electoral term is an

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		<p>"extraordinarily big impediment "for NZ to create policies and legislation to manage the "long view." Under MMP it is more like an 18 month time frame on teach 3 year term. NZers have consistently refused longer terms of government. The more complex the problem, the longer the lead time needed to get the numbers, the policies gain consensus in society. The Emissions trading Scheme and governance of Auckland have shown this. Knowledgeable companies and accounting firms like KPMG are seeking policies on sustainability management. The Business Council for Sustainable Development in NZ is leading the argument for more sustainable business practices. (They are a very influential group.)</p>		<p>Clark was uncomfortable because I had advocated sustainability in a big way. Helen Clark was a great conservationist. But she did not understand what sustainability meant to the community nation and business. There is a need to deal with issues on a macro level within economic policy and legislation - even if it is painful.</p>		<p>"extraordinarily big impediment "for NZ to create policies and legislation to manage the "long view." Under MMP it is more like an 18 month time frame on teach 3 year term. NZers have consistently refused longer terms of government. The more complex the problem, the longer the lead time needed to get the numbers, the policies gain consensus in society. The Emissions trading Scheme and governance of Auckland have shown this. Knowledgeable companies and accounting firms like KPMG are seeking policies on sustainability management. The Business Council for Sustainable Development in NZ is leading the argument for more sustainable business practices. (They are a very influential group.)</p>

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<p>32. Ngai Tahu Tourism - Business Development Manager</p>	<p>DoC is a world leader in conservation management. DoC seen as environmentally responsible. Real Journeys is definitely environmentally responsible; but not "sell out."Southern Discoveries is an unknown entity on environmental responsibility.</p>	<p>DoC is seen as socially responsible. The tribe has strong relations with DoC through regional conservation boards. They are good to deal with. DoC has a high reputation with the community. It has close relations with international conservation agencies eg Australia, Canada USA, South America. It is forced to consult widely and comprehensively by legislation. Real Journeys is seen as socially responsible. Real Journeys reputation is extremely high. Southern Discoveries; not sure. Has no idea if Southern Discoveries is socially responsible</p>	<p>A dedicated staff member to deal with DoC The tribe is the second largest concessionaire using DoC managed lands.DoC cannot continue to spend \$400 million pa of taxpayer funds. They have to contribute more revenue. DoC gets a "terrible" deal on funding compared to other segments of government.</p>	<p>View of sustainability is geared to long term maintenance of positive organisation economic performance. There is a need for firms to generate a return that will; make a significant difference and be sustainability sensitive and not turn he business "inside out." DoC commitment to sustainability. All about conservation - the green part of sustainability.DoC is a complex organisation. It has a strong brand. They are consistent in promoting the brand and conservation values. Brand management is medium because of negative reactions in the community. It has active programmes and quite effective market intelligence systems. There are comprehensive regional structures. Real Journeys sustainability management is high. Solid, but not earth shattering programmes to demonstrate sustainability management. Real Journeys a strong player, well networked through tourism forums. It has had a very strongly managed brand for a long time. Southern Discoveries is not generating sustainability messages. Southern Discoveries; no idea. They seem to be "loners". Tourism</p>	<p>DoC is performance is directed to stakeholder satisfaction, not business growth.DoC has good systems. They serve customers well. It tries and struggles to be commercial in its approach. Sometimes difficult for concessionaires to get implementation. It works slowly; at a "glacial" pace. They have legislative requirements to satisfy, a lot of masters and it is a large organisation. Over the past five years "profound" changes from DoC leadership to improve performance and revenue earning. Management effectiveness rated as; medium. It is a conservative family business. Skeggs/Southern Discoveries: poor recent performance - loss of market share is more related to marketing than sustainability. All the organisations will have different priorities in sustainability management. The current government is unpicking the previous</p>	<p>Southern Discoveries is undergoing concerted integration to address loss of market share. The small company size will help reform. Sustainability has to be a spectrum from complete disregard of it to being part of a green community. Future learning. DoC will be a slightly different organisation focussed on conservation outcomes, but being more commercial in generating revenue from conservation lands. Real Journeys will be much the same. Southern Discoveries is difficult to predict. Because The owner is a new entrant to the tourism industry. Sustainability will be important in the future to visitors coming to see New Zealand as promoted in the 100% Pure" promotions.. Sustainability will be an important differentiator for those experiences. The sustainability oriented differentiation will be dependent on how people market the organisation brands .And how the brands are perceived by visitors and communicated by word of mouth around the world. There is a need for constitutional and indicator</p>

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				is only a small part of the Skeggs group operations. They have no brand or brand identity. The new brand seeks to separate it form the corporate (Skeggs) brand. Probably the right move; but it is a "baby" brand. Ngai Tahu Tourism is large. (It employs 400 at peak season (similar to RJ) .	government's sustainability oriented policies.	work on sustainability integration, performance indicators, and management as in the EU by the Balaton Group. The EU has used work done by the NZ PCE, but advocates wider statutory powers.
33. Tourism Industry Association - Advocacy Manager	TIANZ sees a need for operators to deliver industry services that measure up to the environmental promises of 100% Pure NZ branding. It emphasises the importance of good industry relationships with DoC	TIANZ umbrella organisation for the industry (1700 members) and government lobbying. Objective to have reasonable sustainable government framework for tourism regulation and management. The industry seeks to ensure it dos the right thing by local communities. Southern Discoveries has integrated environmental sustainability into their business. It is subtle but well done. Real Journeys is proactive in stakeholder networking and industry involvement. The company is very much more focussed on what their bottom line is as a result of environmental investment.	50 % of tourism industry revenue is international and 50% is domestic tourist. That is a sleeper.	We are in a consumer driven mode; encouraged by the media. The national branding of 100% pure NZ has lifted tourist expectations of quality environmental management. The industry has to live up to the brand. Increasing attention being given to environmental sustainability in industry management. Protecting and enhancing the environment. It is important for the industry " to get itself into order." Believes that the tourism industry has different visions of the environmental management and sustainability management. DoC is committed to sustainability. Supports the more balanced management in DoC Sees DoC is changing from a regulator to working more effectively with business. there is a culture change occurring. It is becoming more innovative. Looking for opportunities. A	Sustainability practice of the industry is not the factor attracting tourists it is the environmental beauty. Not all in the industry use best practice. The industry actively supports the Qualmark /Enviromark accreditation programme. Supports other sustainability programmes eg Green Globe too. TIANZ .there is a sustainability management checklist for operators to use.	The media (eg Al Gore, Peter Jackson) are increasing awareness and expectations of better quality sustainability management. The 100% Pure NZ branding is influencing the sector positively too. The industry has run workshops to raise industry awareness on sustainability management. Has educational DVDs on case studies. Industry sense of responsibility for the next generation at a community level. Believes there is a need for a 50 -100 year vision of the aspirations of the industry and the values that underpin it. And a need to develop a cooperative approach with other stakeholders eg agriculture and politicians to articulate and implement the vision. TIANZ is working with Doc on revised concession management criteria. Cooperative in

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				<p>need to develop a national park management that caters for diverse interest groups and activities. Believes it is possible to integrate economic activity that has greater productivity and reducing the impact on the environment. There is a natural tension. It is possible. There is a lot of good practice and technology that hasn't and could be applied. Real Journeys branding speaks of attention to detail and quality. They base their company values in NZ values. They have done a good job. Sour then Discoveries has a core offering and a history. They are innovative. Uncertain about their commitment to sustainability. Both firms are committed to long term survival an commercial success..</p>		<p>understanding of sustainability requirements will assist in implementation. Believes that in the next decade that sustainability will increase and become dominant in management because of human based pressures on resources. It is also important for NZ to emphasise it as a point of difference in tourism management.</p>
<p>34. Destination Fiordland – Regional Tourism Organisation Manager</p>	<p>DoC a long term mandate and a corporate vision to protect the environment. Real Journeys and Southern Discoveries have invested in many environmental programmes. They lobbied hard to get recycling programmes at Milford. Both companies have made strong investments in environmental programmes because the see themselves as long</p>	<p>DoC a Board member of in Destination Fiordland. DoC has passionate people. Good interaction with the industry stakeholders but can be bureaucratic.. DoC has an extremely positive reputation. Phenomenal. It is stained by being a government department but has outstanding individuals such as the Community Relations manager. But criticised by the local</p>	<p>Maintenance or increasing tourism numbers important for the industry performance. Fiordland relies on 70% international and 30% national visitors.</p>	<p>Destination Fiordland persuaded DoC to participate in the Sustainability South project. They did well out of the project. DoC does a fantastic job with the information they produce, their website. The content is superb. DoC has a subtle use of sustainability in marketing. Real Journeys has an holistic sustainability approach to marketing. .At a basic level communicating with visitors</p>	<p>Run sustainability management workshops</p>	<p>In the nature tourism marketplace, DoC could become a focal player.</p>

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	<p>term players in the local environment. Real Journeys has a higher long term environmental profile. Founder Les Hutchins a was a well known activist. Southern Discoveries are in a catch up position.</p>	<p>community and tourism operators. They are doing a lot of work rebuilding their reputation. Improving communication. National park management planning seen as extreme by tourism firms. Real Journeys and Southern Discoveries excellent examples of tourist operators. Long term industry involvement. Both are active in the community and local sponsorship. real Journeys seen as dominant and some feel threatened. Longevity has helped Real Journeys. Southern Discoveries is a newcomer and re-establishing their brand.</p>		<p>they are a wealth of knowledge and passion. Real Journeys really deliver well on their branding. Their reputation in terms of delivery and engagement is superb. They deliver on their promise Southern Discoveries is in its infancy; rebranding and ownership changes will stand them in good stead. It is innovative and differentiating its offerings eg the development of the Discovery Centre and Underwater observatory at Milford. DoC is seen as bureaucratic and less flexible. Willing to engage and improving. The two commercial firms are seen as adaptive and responsive. In terms of SMO balance, DoC is low on economic management. Real Journeys is seen as a balanced manager. Southern Discoveries new and too early to assess.</p>		

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35. Venture Southland - General Manager Strategic Projects	Critical importance of the long term protection of environmental resources in the development of an industry sector such as tourism	Importance of community stakeholder support for the tourism industry. Small rural community like Southland is more likely to adopt sustainability management than an urbanised community.64-65% consumers now choosing food based on sustainability or environmental differentiation.	DoC is manager of 58% of Southland land area. Conservation management supports economic activity: associated industries especially tourism.		2008 survey by Venture Southland. 6% Southland firms working towards sustainability based strategies. 52% were interested in that path, 42% had nil or low interest. Aim to have firms adopt self monitoring of sustainability management and to have external auditing. Problem for firms is to avoid bureaucracy. Notes the problem of variability in sustainability management metric systems. The tourism industry uses the Qualmark/ Enviromark environmental management system as an industry standard. It has three stages; waste management and recycling, energy efficiency and community involvement. Aim to gain universal participation and then to raise performance. 80% of firms in NZ are SMEs. The challenge is to develop an SME model.	

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36. Venture Southland - Projects Manager		Southland District Council a strong advocate of social sustainability in community projects				Initial cynicism about the relevance of sustainability in strategic management. Now seen to affect: ethics, purchasing, financial performance environmental impacts. Producing behavioural changes in commercial management. It is being driven by large corporations eg Ricoh (the only company with zero carbon certification). Potential for large companies to integrate sustainability into their strategies, Also to place pressures on supply chains to produce more sustainable management. (eg DoC)

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<p>37. Venture Southland - Tourism Marketing Manager</p>	<p>DoC is the guardian of national conservation treasures. It has an international reputation for this. Real Journeys operations in Milford Sound give the company huge business strength. Gives them "massive pulling power." Southern Discoveries has a huge business benefit from operating in Milford Sound. The two companies have medium reputations for being environmentally responsible.</p>	<p>DoC is protecting what New Zealanders love. DoC staff are passionate about their work. It's reputation has not always been positive. Not open to new initiatives eg in tourism. It did not listen to "half the people they have to now." DoC is being governed from above. The National Party government is telling them to make the natural assets more available for businesses. Real Journeys has a reputation of being progressive. A good or medium stakeholder relationship manager. It has a high priority of working with local communities. The community values their presence. Southern Discoveries has a reputation of being a strong operator. Not sure of its relationship manager skills.</p>	<p>DoC is not profit driven. That is a strength. Profit focus can be unpopular with consumers. The two companies are highly profit driven. DoC is not committed to growth; though that issue is still being "played out" politically. Real Journeys has a fairly cautious approach to economic growth. Not able to answer on Southern Discoveries approach to growth.</p>	<p>DoC is not competitive. They are more committed service and infrastructure providers and information "gatekeepers." It is well integrated and the is a partnership approach to sharing intelligence. They have a well integrated brand. It "gels" quite well.. Real Journeys is highly competitive and very committed tourism operators. Their marketing is very strong and well resourced. It does a lot of market analysis and is very well integrated and efficient. Social credibility helps company marketing. and staff recruitment. Southern Discoveries does not have the competitive edge it is not as well resourced in marketing and are not as proactive as Real Journeys. Does not know about Southern Discoveries 'market intelligence capabilities. Does not have knowledge in integration or marketing strategy in Southern Discoveries. Sustainable tourism definitely has the potential to improve performance economically and reducing environmental impacts for tourism operators. DoC has the strongest commitment</p>	<p>DoCs reputation is improving. They are more responsive, adaptive and much more open to partnerships and group participation. Real Journeys has a record of good service. This helps in marketing. They are very good in adaptiveness and monitoring their markets. Does not know about Southern Discoveries responsiveness. Sure the ownership change has brought changes in the managerial mindset.</p>	<p>DoC is having to improve its market intelligence for marketing; it did not focus on this in the past. There is a need to assess the implications of the new DoC policy of granting more tourism concessions. IIN ten years time DoC will be much more business "savvy, "much more focussed on the customer, the visitor more outward looking and more effective. Real Journeys will be much larger; South Island or NZ wide. Not sure about the future of Southern Discoveries especially with Real Journeys competing with them. The operators will have to meet customer expectations of sustainability values in tourism products and operations.</p>

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				<p>to sustainability. The two companies are different. The bottom line is profitability. They don't have a business if they are not profitable. Real Journeys definitely sees economic benefits in applying sustainability initiatives (eg attracting customers from markets where there is sensitivity to carbon footprints). Not sure about the sustainability strategy of Southern Discovery, but feels sure they are doing something. In terms of balance, environmental aspects are high with DoC and economic aspects high with the two firms: though the firms do seek a strategic balance.</p>		
<p>38. Politician : Local - Southland District Council Mayor</p>	<p>DoC is very committed to caring for the environment. That is really important. "You would not want private enterprise doing that." Southern Discoveries is "really pushing the green environment issue." Sinbad Gully funding an indicator of their commitment.</p>	<p>DoC has a reputation of preserving the environment. It has a good stakeholder relationships and integrated in the community. but negative attitudes of concessionaires "pulls them down."They dedicated but the community feedback is less supportive. Real Journeys has an excellent reputation; is an employer In our community and they "connect" with the</p>			<p>DoC has quality standards for environmental protection. There is a need to separate environmental protection from the service marketing. It is not competitive. Limited funding limits it s effectiveness Nervous about what is happening in the Department (economic reorientation). Political interference is a barrier to sustainability management. Real Journeys is very competitive. Has very good</p>	<p>Doc will continue to be subjected to political pressure. The concept of the conservation economy and DoC being less environmentally focussed is worrisome. Real Journeys will adapt to the market but stick to its core areas of tourism expertise. Southern Discoveries will grow and develop opportunities. This generation is not so committed to sustainability. Hope lies in</p>

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		community with sponsorship and using their boats and facilities. Southern Discoveries is new. It is good to see more competition in the market. Well thought of CEO and good staff. CEO involved in the local community.			management. Southern Discoveries is competitive. It is not as good as real Journeys. it is building a good base. Met with them and likes the way they are going. I am totally biased because of their conservation philanthropy. Primacy of profit earning a barrier to sustainability ins strategy	youth and that sustainability will "win through."
39. Te Anau Community - Community Board Member	DoC is perceived as being a protector of conservation values. They are passionate people.	DoC is perceived poorly by New Zealanders. Their staff are passionate about what they do and the visitor experiences. Overseas visitors are impressed. Real Journeys is a class act. They are very professional. Have social consciousness and do a lot of community work. It is refreshing. People are not aware of how much they do. Southern Discoveries has come a long way. Their manager is doing his best to lift their products, performance, reputation the whole package. Real Journeys is the biggest employer. Overall they are above reproach when it comes to integrity and social responsibility. They are the "Jewel in the Crown" for employment. Other companies need to lift their game in this area.		Corporations are getting better at managing sustainability, but it is still driven by economics. Sustainability is about balance. There is a fine balance between not having tourism dominate the community or the environment. Firms have to invest and look after the environment. Tourism firms attract visitors to New Zealand and there is a commercial responsibility to manage their impacts on the environment. DoC is very committed to sustainability and this is reflected in their marketing. Real Journeys is medium in progress to sustainability. Southern Discoveries is similar. Real Journeys and Southern Discoveries sustainability in marketing is being used as green marketing more for	DoC is trying to improve their performance, responsiveness want to work with communities but their operations people are idealists and purists, but the need to administer policies according the plans. They also find it challenging to provide equity in administration when there is militant lobbying by interest groups eg deerstalkers. DoC needs to review its governance, Inappropriate management standards compared with standards expected of concessionaires. (eg not using coal for hut fuel but fly in wood by helicopter). DoC responsiveness is slow. They are more responsive with larger operators than smaller ones. "Takes forever." Probably because they are a government	

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		<p>Concern that they have (almost) a monopoly on the Te Anau foreshore siting for their office. Southern Discoveries is making an effort to get closer to the community. The GM is a very community minded person. The local Conservation Board is very supportive of DoC and their staff. The firms are willing to support community expenditure on tourism services but have been slow in supporting for community emergency services at Milford..</p>		<p>commercial advantage. I am pleased to see what Southern Discoveries has done with the Milford underwater observatory. There is not much general awareness of sustainability management. It is limited to recycling. The term is misused by business management. DoC intelligence DoC is more traditional surveys. Its branding is low impact. Not wanting to dominate. Doc is challenged to integrated national administration with local management. The firms use computer technology more eg Twitter and Face book . Real Journeys has made a huge investment over time and leads the way. In their intelligence and marketing. Their branding indicates adventure. Real Journeys disseminates their information very well. Vision and day to day management. It has medium impact. Southern Discoveries is getting better, but its branding is confusing. "what sort of travelling salesmen are they?".Southern Discoveries is looking to ecological and</p>	<p>department and they have processes. Company responsiveness is much easier. Real Journeys is highly responsive and very successful Southern Discoveries; not sure. They will be successful. They have got a " good driving force." There is a need for research and continuing scientific monitoring of tourism impacts eg impact of wave action on the Milford foreshore. Destination Fiordland does not have much influence on the sustainability oriented management that local operators apply to their operations. Southern Discoveries are doing amazingly well considering their staffing and resources.</p>	

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				sustainability to differentiate the firm and promote it. Its branding is "in your face." Not sure of the degree of integration in Southern Discoveries. We often recommend them; in the past mainly recommended Real Journeys.		
40. Ngai Tahu Maori Tribe - Waihopai	Ngai Tahu has a strong environmental arm. Tribe has a strong interest in protecting the values of the Fiordland National Park. They want to see DoC policies agree with tribal policies. If you are on DoC land you are on a special place. DoC has higher rating with stakeholders who have environmental values. We do not want to see DoC lessening its guardianship role.. Wants their primary role protected. Real Journeys only slightly less than DoC	It is important that organisations consult with stakeholders as part of sustainable strategy management. Government and tourist company information on Ngai Tahu should be approved by the tribe. DoC has got values that people want. New Zealanders know exactly what DoC is. DoC has had to be responsive to the government policy changes that have been forced on them. Southland people are conservative. They reflect DoC values Real Journeys is a good corporate citizen . Its reputation in the community is "good as glad." Southern Discoveries is keen to have tribal stakeholder support. But they are struggling to be known.	Ngai Tahu's other strong arm is business investment. It is hard for DoC to compete with businesses on marketing eg being forced to recover costs (eg for brochures).			We do not want to see DoC lessening its guardianship role.. Wants their primary role protected.

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41. Ngai Tahu Maori Tribe – Waihopai .Administration Manager	Visitors are coming ere because of NZs (and DoC's) reputation for environmental values and conservation.	Stakeholder consultation with powerful stakeholders can cause problems in public sector strategy development. There are also tensions between government departments in developing sustainability oriented policy, and government when the government is seeking economic growth.		In terms of sustainability, there is a need for intergenerational protection of environmental values. The commercial companies are living off the brand strength of DoC They are doing that responsibly.	Southern Discoveries has not registered as a significant industry player.	" We have been born to this land and we are to ensure that this land is left in a reasonable state for our youth to follow. That will never diminish.. "It is for us and our children that follow after us."
42. NGO: Federated Mountain Clubs - Executive Member	DoC is there as a reactionary protector of natural values. It has a high commitment to environmental values. The two firms do not want to degrade the environment. Real Journeys has its environmental trust to support conservation programmes. Southern Discoveries is pouring money into Sinbad Gully to get rid of predators.	Concern that they have(almost) a monopoly on the foreshore	DoC is not profit driven. DoC does not have the funding to be a proactive protector. Their budget is so completely inadequate to deal with their responsibilities. The tow firms are profit driven.	DoC is competitive in niche areas such as their bookshop in Te Anau. Their volunteer conservation programme, their summer programmes are very successful. They have corporate branding. The two firms are price competitive and are offering different products to DoC DoC is doing some market research eg for promoting the great walks. I am not sure how deep this is eg on demographics, but they do research numbers of actual visitors. Doc does not have incentives for market development. DoC is pretty responsive. It makes huge efforts and expense in consultation. Doc also has an education role. DoC is totally committed to sustainability. Conservation and sustainability are	DoC does well given their restricted funding. DoC may be running at a "loss" but there are many market opportunities out there. They could develop concession opportunities to special reserves eg mainland islands. Real Journeys is prominent. Southern Discoveries is there and has some market share. It is hard to know how well the two firms are doing .	There is a need for DoC to gain mainstream support for their corporate strategies. Worried about what might happen to DoC in the longer term It could become part of an Environment Protection Authority. The firms will have to make a greater to sustainability in management because of increasing sophistication and selectivity of the tourist markets. And a need for better long term resource management including protection of the recreational amenity of national parks for NZ residents.

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				<p>related. But there is a risk of alienating "Mainstream NZ" by promoting sustainability management. Does not see the two firms are sustainability committed. Has not noticed any sustainability management policies such as carbon offsetting. Sustainable tourism is where the tourists keep coming and they get at least as good experiences as expected. DoC also has a responsibility to manage experiences in diverse conservation management zones. There is a problem in DoC in managing environmental philanthropy from private firms such as Real Journeys and Southern Discoveries.. "If you sell your soul to the devil you have sold it and there is payback time sooner or later." Real Journeys has sophisticated marketing.</p>		

Appendix 5. Summary of Stakeholder Evidence. Logic Model Alignment with Themes in Stakeholder Data.

Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
<p>43. NGO: International Union for the Conservation of Nature (IUCN) - NZ Vice President</p>	<p>I have less problems with management interventions for sustainability management than I do for management interventions to satisfy political or other whims.</p>	<p>Real Journeys seems to have an altruistic approach to business.</p>	<p>The nature based tourism businesses would be "history" without the DoC managed resources.</p>	<p>DoC has a strong commitment to sustainability management. Eg their commitment for human waste management and fossil fuel use reduction. In terms of balance worries that DoC is too adaptive. They should concentrate on their conservation. DoC's role is conservation in perpetuity and advocacy role. The concessions for the firms are reasonably secure. Real Journeys marketing is subliminal drawing on visitor desires to visit national parks, but it is economically focussed.</p>	<p>DoC has so many standard operating systems that it is compromising community consultative processes. Concern that government is shifting performance criteria for DoC Believes that the government walk change the Departments role to advocate for conservation and do away with management plans too. I have concerns about management interventions that are often political or other whims. DoC's success in attracting sponsorships is a signal that stakeholder advocacy is bearing fruit."Real Journeys is a market leader. it is pretty successful in adapting their products and management systems because they are still in business (after 50 years) and printing money. They have effective waste management systems. But they have a pretty substantial carbon footprint to manage. There is a need to check company websites for their policies on carbon emissions and sustainability. Cannot understand why it is not possible for government to establish a national park and natural resource</p>	<p>DoC will need to adjust to the constant "whittling away" of the public service and privatising its activities. Southern Discoveries willingness to work with DoC on the Sinbad Project is a sign of adapting. Business will have to accept sustainability as a reality and as a cost. The criteria are being built into existing concession guidelines. The companies will have to look at offsetting their carbon footprints. Firms might lobby against the issuing of more concessions reducing their inimitability. Hopes that there will be more stable natural resource management because of carrying capacity management. Believes in the future of stakeholder planning and management for special areas (such as Fiordland and the McKenzie basin).</p>

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Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
					tourism carrying capacity. Southern Discoveries is carefully managed Using the Real Journeys as an example they should be successful.	
43. Sustainability Consultant - Former NZ Parliamentary Commissioner for the Environment	New Zealanders have a halo around their "greenness". Core tenets tend to be expressed around preservation of national flora and fauna. Climate change is the biggest indicator of unsustainable human behaviour. There seems to be a core acceptance of the problems of industrial and carbon emission management associated with climate change in business. But there are many deniers about the need for sustainability based policies	Governments want to stay in power. The three year electoral term is an "extraordinarily big impediment" for NZ to create policies and legislation to manage the "long view." Under MMP it is more like an 18 month time frame on a 3 year term. NZers have consistently refused longer terms of government. The more complex the problem, the longer the lead time needed to get the numbers, the policies gain consensus in society. The Emissions Trading Scheme and governance of Auckland have shown this. Knowledgeable companies and accounting firms like KPMG are seeking policies on sustainability management. The Business Council for Sustainable Development in NZ is leading the argument for more sustainable business practices. (They are a very influential group.) They have put enormous pressure on the	The mining debate is saying that New Zealanders do not want to rape the landscape for an economic lifestyle. But NZ is an 'extraordinarily consumer oriented nation.' There are core tensions between the inconsistencies in our statistics. Because of the relatively rural nature of NZ the impacts of unsustainability of industry, transport, agriculture are only starting to emerge eg the spread of Auckland and the growth of Queenstown.	Tim Jackson's review of OECD countries; shows that NZ does not rate well in terms of wellbeing. There is a need for constitutional and indicator work on sustainability integration inland management as in the EU by the Balaton Group. The EU supports work done by NZ PCE. Disappointed that the current PCE is responding to political requests. Concerned about "timelessness" of recommendations. UK chair of the Sustainability Commission saw NZ PCE had great independence. After 20 years there was a complete shift and "heaps" of political interference. There has been a lack of cohesion in governments (and policy) ever since Rio (conference). Prime Minister Helen Clark was uncomfortable because I had advocated sustainability in a big way. In 2007 she faced a tough election and she wanted sustainability to be part of	The current government is unpicking the previous government's sustainability oriented policies.	There is a need for constitutional and indicator work on sustainability integration, performance indicators, and management as in the EU by the Balaton Group. The EU has used work done by the NZ PCE, but advocates wider statutory powers.

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Source	Environmental Orientation	Social Orientation	Economic Orientation	Sustainable Market Orientation	Organisation Performance	Organisational Learning
		<p>government to go down the green technology route. Governments want to stay in power. The three year electoral term is an "extraordinarily big impediment "for NZ to create policies and legislation to manage the "long view." Under MMP it is more like an 18 month time frame on teach 3 year term. NZers have consistently refused longer terms of government. The more complex the problem, the longer the lead time needed to get the numbers, the policies gain consensus in society. The Emissions trading Scheme and governance of Auckland have shown this. Knowledgeable companies and accounting firms like KPMG are seeking policies on sustainability management. The Business Council for Sustainable Development in NZ is leading the argument for more sustainable business practices. (They are a very influential group.)</p>		<p>her (Labour Party) brand not anyone else's brand. The current PCE's appointment is all tied up in that. You don't hear her talk about sustainability. Helen Clark was uncomfortable because I had advocated sustainability in a big way. Helen Clark was a great conservationist. But she did not understand what sustainability meant to the community nation and business. There is a need to deal with issues on a macro level within economic policy and legislation - even if it is painful.</p>		