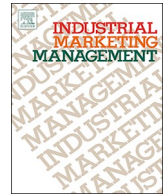




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Research paper

An Exploration of Start-ups' Sustainable Marketing Orientation (SMO)

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ABSTRACT

In this manuscript, we explore the implementation of sustainable marketing orientation (SMO) within the start-up context. SMO is modelled as a three-dimensional formative construct comprising strategic integration, societal engagement, and ethical capabilities. In addition, in this study, we expand knowledge by extending the SMO literature and building ties between the theory of planned behaviour and sustainable marketing theoretical perspectives, by integrating attitudes, subjective norms, behavioural control of managers, and implementation of SMO in a single model. With the analysis of structural equation modelling, we confirmed the three-dimensional SMO and its contribution to start-ups' profitability. Moreover, we proved that attitudes are marginal, whereas subjective norm and perceived behavioural control are a very strong predictor of SMO. Finally, by using the cluster analysis, we revealed that B2B start-ups have lower levels of strategic integration, societal engagement, and ethical capabilities, as opposed to B2C start-ups.

1. Introduction

Start-ups have attracted much attention from both practitioners and academics offering different perspectives (see: Cantù, 2017; Laari-Salmela, Mainela, & Puhakka, 2019; Landqvist & Lind, 2019; McGrath, Medlin, & O'Toole, 2019). Moreover, the link between sustainable business orientation and performance revolves around the central thesis that the goals of sustainable orientation and the goals of business need not be disparate and conflicting (Sharma, Iyer, Mehrotra, & Krishnan, 2010).

Regardless of the growing salience for the business being more sustainable (Chan, He, & Wang, 2012), no holistic framework exists on how start-ups perceive the nature of SMO and its link to performance. Existing studies have focused on established companies, although start-ups are numerous and increasingly becoming sustainable in orientation. Yet we still do not know the elements of SMO of start-ups, and whether there are differences between SMO within B2B and B2C. Furthermore, studies so far have not yet examined the influence of managers' behavioural intention on start-ups' SMO and the impact of start-ups' SMOs on performance. We, therefore seek to close these research gaps by examining the relevant issues in the context of start-ups and extending the sustainable marketing orientation literature.

The unsustainability of current production, consumption practices, and systems, together with the pressure of natural resources

breakdown, lead to a necessary shift in the business mind-set. Brundtland's report "Our common future", stated that it is essential to meet our current needs without compromising future generations to do the same (UNWCED: United Nations World Commission on Environment and Development, 1987) – defining the essence of what sustainability is all about.

As marketing strategies and activities are inextricably linked to the future of the natural environment that sustains all life, sustainability is a major concern for marketers in the 21st century (Crittenden, Crittenden, Ferrell, Ferrell, & Pinney, 2011). Sustainable marketing represents an evolution of marketing that blends the mainstream economic and technical perspectives with the concepts of relationship marketing and the social, ethical, environmental and intergenerational perspectives of sustainable development (see: Belz & Peattie, 2009; Polonsky, 2011). Fuller (1999) defines it as a process of planning, implementation, and control of development, as well as the pricing, promotion, and distribution of a product in a way that fulfils three criteria: satisfied consumers' needs, fulfilled corporate goals, and compatibility of the process with the ecosystem. Charter, Peattie, Ottman, and Polonsky (2002) see sustainable marketing as the creation, production, and delivery of sustainable solutions. These solutions possess a higher net value compared to sustainable value, and at the same time, they provide continuous fulfilment of the consumers' and other stakeholders' needs. Elkington (1998) describes sustainable marketing as a three-

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dimensional construct consisting of environmental responsibility, social engagement, and economic success, while [Lim \(2016\)](#) extends the model to five pillars: economic, environmental, social, ethical, and technological.

A sustainability-oriented business strategy focuses on the efficient and effective use of resources in order to create competitive advantages ([Hart, 1995](#)), and on the delivery of values arising from the relationship with the local community, the legislator, and other stakeholders ([Atkinson, 2000](#)). [Parsons and MacLaran \(2009\)](#) state that companies that strategically implement sustainable practices can be identified through the following four characteristics: (1) they research their present, as well as future, consumers and shareholders to understand their needs and desires, attitudes and behaviour; (2) they have a long-term perspective; (3) they fully utilise company resources in a way that actions or policies concerning any part of the company or supply chain never compromise ecological efficiency, and (4) they are innovative in – production technology, product life cycle strategies, service, and maintenance, lowering their impact on the environment, recycling, etc.

Recently, industrial marketing research, and particularly research building on the industrial network approach, have begun to study start-ups as a phenomenon in business networks ([Landqvist & Lind, 2019](#)). Start-ups, despite their liabilities associated with being small and new, therefore having limited development options ([McGrath et al., 2019](#)) have a unique opportunity to contribute to the “triple bottom line” suitability through innovative, market-oriented value creation that is environmentally and socially beneficial. Strategically oriented sustainability must be a key driver of innovation, both in terms of cost reduction and environmental efficiency, and the creation of new products and new markets ([Nidumolu, Prahalad, & Rangaswami, 2009](#)). If companies fail to meet sustainability targets expected by respective stakeholders, there is a possibility of increasing the reputational risk, which could be ultimately converted into a higher risk premium ([Pineiro-Chousa & Vizcaino-Gonzalez, 2016](#)).

In this manuscript, we explore the notion of sustainable marketing orientation (SMO) within the context of start-ups and its link to performance. Moreover, we investigate the differences between start-up SMOs within the B2B and B2C context, as well as the influence of owners' values on the SMO. So far, most of the published studies have either addressed the issues of sustainable development and marketing in mature companies ([Chow & Chen, 2012](#); [Hall, Daneke, & Lenox, 2010](#)) or within the concept of a sole environmental focus of SME's (see: [Biondi, Iraldo, & Meredith, 2002](#); [Danso, Adomako, Amankwah-Amoah, Owusu-Agyei, & Konadu, 2019](#); [Diabate, Sibiri, Wang, & Yu, 2019](#); [Masocha, 2018](#); [Namagembe, Ryan, & Sridham, 2017](#); [Williams & Schaefer, 2013](#)) but we have not found any study that investigated the triple bottom line perspective of marketing orientation – sustainable marketing orientation.

Therefore, the goals of our study are to (1) explore the elements of sustainable marketing orientation of start-ups, (2) analyse differences of start-up SMOs in B2B and B2C contexts, (3) investigate the influence of owners'/managers' behavioural intentions on the SMO of start-ups, and (4) confirm the influence of start-up SMO on its performance.

Having no information about sustainable marketing orientation and managers' behavioural intentions in the context of B2B and B2C start-up businesses presents a vital research gap from both theoretical and practical standpoints. This research thus contributes to the start-ups' sustainability marketing literature by exploring and confirming three sustainable marketing orientation dimensions (strategic integration, societal engagement, and ethical capabilities) within the context of start-ups. In addition, this research expands knowledge by extending the SMO literature and building ties between the theory of planned behaviour and sustainable marketing theoretical perspectives. It does this by integrating attitudes, subjective norms, behavioural control of managers, and implementation of SMO in a single model.

The manuscript is comprised of five sections. After the introduction, a theoretical background is presented. The theoretical part provides

insights into sustainable marketing in B2B and B2C contexts, start-ups' sustainability, and their performance, sustainable marketing orientation, and the role of managers'/owners' behavioural intentions towards sustainability. In the fourth section, we propose a model for testing the relationship between the variables and present empirical data regarding the model and hypotheses. We conclude the manuscript by discussing the theoretical and managerial relevance, limitations of the research, and directions for future research.

2. Theoretical background

2.1. Sustainability within the start-up context

Sustainable entrepreneurship (SE) originates from different perspectives of sustainability (economic, institutional, and psychological) and is a combination of entrepreneurship and sustainable development agendas. SE is defined as “preservation of nature, life support, and community in the pursuit of perceived opportunities to bring into existence future products, processes, and services for gain, where gain is broadly construed to include economic and non-economic gains to individuals, the economy, and society” ([Shepherd & Patzelt, 2011:156](#)). This approach enables entrepreneurs to improve social and environmental conditions, locally and globally ([Cohen & Winn, 2007](#)). In other words, SE can be viewed as a potentially powerful tool for sustainable development.

The concept of SE has been widely researched in the context of start-ups as the most dynamic area of entrepreneurship ([Cohen & Winn, 2007](#); [Dacin, Dacin, & Matear, 2010](#); [Di Domenico, Haugh, & Tracey, 2010](#); [Fiore, Niehm, Hurst, Son, & Sadachar, 2013](#); [Nadim & Lussier, 2010](#); [Shepherd & Patzelt, 2011](#)).

Since the market and customer orientation are considered to be critical factors for the growth of start-ups ([Lasch, Le Roy, & Yami, 2007](#)), this issue needs to be investigated from the perspective of sustainability. So far, the aim of most of the studies on sustainable marketing has mainly been focused on the issues of sustainable development and corporate social responsibility of mature companies rather than start-ups ([Hall et al., 2010](#)). However, because they are small, start-ups have the opportunity to develop a sustainable organisational culture in terms of integrating social, ecological, and profit objectives in their long-term strategies. Imperative for start-ups is to incorporate sustainable development into business goals and founding vision ([Hockerts & Wüstenhagen, 2010](#)), and such an approach can create a competitive advantage for a start-up ([Nadim & Lussier, 2010](#)). Sustainable strategies, in that case, will also include innovative marketing models (see: [Hills & Hultman, 2011](#); [Sharma & Kiran, 2013](#)).

However, start-ups often have shorter-term priorities, not connected to sustainability. There is a considerable risk of failure, and only one firm in three survives the first three years ([Lasch et al., 2007](#)). They build on the pre-existing resource constellations, activity patterns, and a web of actors in the network ([Snehota, 2011](#)). These firms face many difficulties in converting sustainability objectives into offers with a value for customers and cope with the challenges of restricted resources (time, knowledge, and finance). Entrepreneurial marketing often fails to acknowledge firm performance and business sustainability ([Andersson & Tell, 2009](#)). Start-ups are not as skilled as large firms in marketing competencies ([Markides & Geroski, 2004](#)), and there is a call for a more practical investigation ([Hockerts & Wüstenhagen, 2010](#)).

Generally, many start-up owners perceive that they have more urgent issues to deal with in order to survive and be profitable, which usually means that sustainability is not actively pursued. Moreover, an open mind to the capitalisation of various marketing practices, aimed at ensuring business performance and sustainability, offers a more fertile perspective on the diversity of market opportunities and adaptive start-up behaviours. In this manuscript, we investigate whether sustainable marketing orientation has an impact on their performance.

2.2. Sustainable marketing orientation (SMO) defined

Kohli and Jaworski (1990) view market orientation construct from a behavioural perspective, pointing out that an organisation needs to assume specific actions or behaviours to achieve market orientation, while Narver and Slater (1990) and Deshpande and Webster (1989) describe it dominantly from the organisational culture's perspective. A market orientation construct has evolved, and its contemporary meaning has broadened, taking into account many stakeholders such as suppliers, companies from different industries, consultants, universities, competitors, government agencies, but also external and internal factors (see: Matsuno & Mentzer, 2000; Slater & Narver, 1995). This broader stakeholder perspective (both internally and externally) is consistent with the contemporary stakeholder perspective that has historically been the dominant paradigm in sustainability research (Crittenden et al., 2011).

Sustainable marketing orientation (SMO) is derived from the concept of market orientation that stands for the ability of the firm to deliver superior value for consumers and other stakeholders, thereby achieving profitability (Slater & Narver, 1995). Sustainable marketing orientation is a broader term as it combines environmental, social, and economic orientation (Mitchell, Wooliscroft, & Higham, 2010) reconciling sole profit orientation with broader environmental and societal matters.

Sharma et al. (2010) state that, within marketing, there are two streams of research supporting the link between sustainability and superior financial performance. First is a resource-based theory, which suggests that better access and utilisation of resources will lead to competitive advantage and, therefore, better performance in terms of profitability (Hunt & Morgan, 1995). The second stream encompasses empirical evidence suggesting that ecologically-conscious policies, such as the least use of resources, the least amount of waste, and least pollution, lead to better customer retention, which again leads to better performance (Sisodia, Wolfe, & Sheth, 2007).

Market-oriented sustainability is a theoretical framework offered by Crittenden et al. (2011), which is based on Hunt's and Morgan's resource-advantage theory (1995), a comparative advantage theory arguing that a sustainability-based marketing strategy, together with market orientation, has measurable impact and can be a company's resource advantage, i.e. performance. Crittenden et al. (2011) propose a model that merges market orientation (a dominant construct in marketing management and strategy research) and stakeholder orientation (a dominant construct in sustainability research) by denoting the cultural and behavioural aspects of the market orientation for the long-term welfare of all stakeholders. The model depicts a theoretical and normative proposition on strategic sustainability integration and is comprised of three multidimensional constructs: the company's DNA, stakeholder involvement, and performance management. A company's strategic tendency towards sustainability is a result of its DNA – the independent construct in the model – also referred to as culture and climate, as well as behavioural aspects of market orientation, a construct relating to the actual implementation of sustainability. Within a company's sustainability DNA construct, Crittenden et al. (2011) have identified three properties: (1) core ideology, (2) dynamic capabilities, and (3) societal engagement. Core ideology signifies the underlying culture of market orientation, whereas dynamic capabilities and societal engagement refer to the climate of market orientation. A company's core ideology consists of the mission, shared values, and behavioural norms, and gives a character to the organisation. *Dynamic capabilities* of a company's DNA focus on what the company does in understanding and integrating social and environmental considerations into its assessment of market risks and opportunities when developing new products. Finally, *societal engagement* includes proactive strategies that benefit stakeholders and the organisation. “Therefore, the firm's DNA has an embedded awareness of both societal issues and opportunities to create societal benefits as organisational resources are deployed for

competitive advantage” (Crittenden et al., 2011: 78).

As sustainable marketing is predominantly investigated on the sample of well-established enterprises (Chow & Chen, 2012), in an industry-specific environment regardless of size (Martínez, Pérez, & Rodríguez del Bosque, 2013; Revell & Blackburn, 2007) or specifically for small or medium-sized enterprises (Hörisch, Johnson, & Schaltegger, 2015; Revell & Blackburn, 2007; Williams & Schaefer, 2013), it is crucial to explore the implementation of SMO in start-ups and give clear guidelines on how to be a more sustainable entrepreneur.

Building on the theoretical framework of market-oriented sustainability (Crittenden et al., 2011) further developed by Lučić (2020) and taking into consideration Spence, Gherib, and Biwolé (2011) in terms of sustainable entrepreneurship, start-up SMO is determined by three dimensions of a start-up's strategic tendency towards sustainability: strategic integration, social engagement, and ethical capabilities. Strategic integration refers to the mission and values that are primarily incorporated into the company's “being” (Crittenden et al., 2011; Lučić, 2020). Sustainability principles must be genuinely integrated into the culture and decision-making, breaking away from the sole focus on profitability in terms of a company's objectives (Dyllick & Hockerts, 2002; Stahl, Matzler, & Hinterhuber, 2003), that is predominantly determined by owners' commitment (Banerjee, Iyer, & Kashyap, 2003; Spence et al., 2011; Williams & Schaefer, 2013). Social engagement stands for the proactive development of strategies that benefit stakeholders and the organisation (Crittenden et al., 2011; Lučić, 2020). Sustainability-related objectives influence actual engagement a start-up has in the process of clients', suppliers', and employees' selection and motivation (Spence et al., 2011). It considers broader understanding and engagement in the interest of all relevant start-up's stakeholders (Ferrell, Gonzalez-Padron, Hult, & Maignan, 2010; Jenkins, 2009). As it was found that market orientation acts as an enabling mechanism in building marketing capabilities in SMEs (Lučić, 2020; Merrilees, Rundle-Thiele, & Lye, 2011), together with the tremendous individual influence of owners on the creation of sustainable entrepreneurship (Spence et al., 2011), SMO within the start-up context consists of the development of ethical and sustainable capabilities (Fig. 1)

2.3. Sustainable marketing implementation in B2B and B2C context

The majority of academic research on sustainable marketing focuses on the B2C context and targets the environmentally-conscious consumer, emphasising that “sustainability is at the forefront of consumer choice”, as pointed out by Crittenden et al. (2011, p. 83). The rise in environmentally-conscious consumers has forced companies to pay more attention to sustainability issues, realising that failure to do so could lead to a competitive disadvantage (see: Lacoste, 2016). However, consumers may not always be interested in such initiatives (Kumar & Christodouloupoulou, 2014), or they may not perceive information regarding sustainability policies of companies in their actual purchase behaviour relevant to them (Stafford & Hartman, 2013). This perception may also occur among industrial customers. Selling

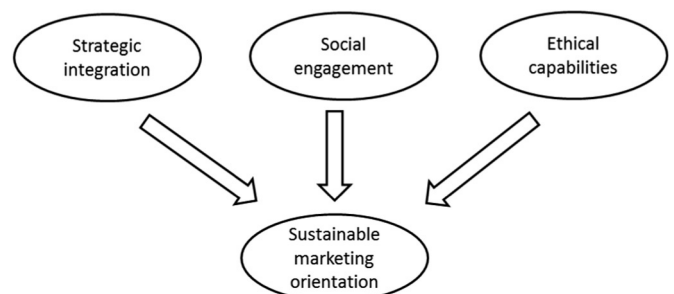


Fig. 1. Formation of the sustainable marketing orientation (SMO) of start-ups. Source: adapted from Crittenden et al. (2011) and Lučić (2020).

companies, therefore, need to understand organisational buying behaviour, which is often a dynamic and complicated process (Bunn, 1993), while buying companies have to deal with [a number of issues, such as changing economics, raw materials scarcity, political turbulence, price disruptions, intensified competition, and accelerating technological change (Kraljic, 1983; Lindgreen, Vanhamme, van Raaij, & Johnston, 2013). The choice of a supplier is predominantly a function of four classes of variables: supplier characteristics (flexibility and reliability), individual buyer characteristics (openness of communication, top management support), purchase situational characteristics (routine purchases), and product characteristics (search for low prices) (see Bunn, 1993, 1994; Sinčić-Ćorić, Anić, Piri Rajh, Rajh, & Kurnoga, 2017; Wren & Simpson, 1996). That means that sustainable actions of suppliers are not always perceived as having an impact on business customers' and intermediaries' bottom line and sustainability efforts. Hence, companies operating in B2B settings need to transform this indifference of their clients into positive attitudes towards sustainability and promote socially responsible organisational buying (Kumar & Christodouloupoulou, 2014).

B2B marketers face strong governmental regulations and public pressure due to the significant impact of their products on the environment and society (Berth, 2011, in Mariadoss, Tansuhaj, & Mouri, 2011). Moreover, because the impact of branding and advertising is greater on end-consumers *vis-à-vis* business customers, B2B firms face the tough challenge of convincing the more rational business customer to adopt usually more expensive pro-environmental and sustainable product solutions (Mariadoss et al., 2011).

Bearing in mind that the predominant marketing activities occur in the B2B environment and that organisational buying of industrial products exceeds purchases by end-consumers (Sinčić, 2004), sustainable marketing should not be considered only from the end consumer perspective, but also within the business-to-business relationships along the value chain. Different B2B sustainability practices can be employed, such as adopting a green supply chain, advocating green products for driving demand, the participation of B2B customers in sustainability initiatives, collaborative efforts or innovation for optimum usage of resources, sustainable product design, remanufacturing and recycling, developing efficient and eco-friendly transportation networks, as well as risk management through engagement and reporting.¹

This leads us to our first hypothesis

H1. Levels of strategic integration, societal engagement and ethical capabilities as elements of sustainable marketing orientation (SMO) are lower in B2B start-ups, as opposed to B2C start-ups.

2.4. Start-ups' performance

The contemporary state of the performance measurement in start-ups is very much limited to the study of SMEs from late performance measurement perspectives (Bititci, Garengo, Dörfler, & Nudurupati, 2012). On the other hand, conventional performance measures may not appropriately fit for measuring performance (Hughes, Cesinger, Cheng, Schuessler, & Kraus, 2019). For those reasons, we operationalised and measured the construct of organisational performance across three relevant dimensions: efficiency, effectiveness and adaptiveness (Ruekert, Walker Jr, & Roering, 1985). The effectiveness and adaptiveness of entrepreneurs were researched in the context of SMEs (Nyuur, Brecic, & Debrah, 2018). Efficiency implies if the inputs used (effort, time, or assets) are worth the results that were achieved (Clark, 2002). It is predominantly measured by the profitability in terms of sales or by ROI (Walker Jr & Ruekert, 1987). Effectiveness portrays the success of the company's market activities in relation to the competition and is

primarily measured by sales growth or market share (Walker Jr & Ruekert, 1987). With the rise or fall of effectiveness, it can be said that the company is gaining or losing its competitive advantage against the competitors (Baker & Sinkula, 2005). Enterprise adaptability is one of the external measures of a company's success and assumes that it can raise its performance by participating in shaping the environment that surrounds it (see: Zeithaml & Zeithaml, 1984). The company develops adaptability by monitoring customers and including customers and clients into the product development process etc. (McKee, Varadarajan, & Pride, 1989). Strategic adaptability, innovation and overall performance of entrepreneurs were tested in the entrepreneurial context by Nyuur et al. (2018). As start-ups are the most dynamic area of entrepreneurship, we aim to investigate the levels of performance within the start-up community across the three dimensions (*effectiveness, efficiency and adaptability*).

The link between sustainability orientation and performance arises from the idea that positive economic, social, and environmental activities attract and satisfy customers and clients, reduce costs, increase operational efficiency and increase market opportunities (Hull & Rothenberg, 2008). Moreover, the extensive meta-analysis (Orlitzky, Schmidt, & Rynes, 2003) has confirmed the "profitability" of social and ecological responsibility of companies, and there are several studies that link responsible strategic marketing and the overall firms' performance (Baker & Sinkula, 2005; Fraj-Andrés & Martínez-Salinas, 2007; González-Benito & González-Benito, 2006).

Bearing in mind all the previously described, we propose our second hypothesis

H2. SMO has a positive influence on a start-up's performance.

2.5. Managers'/owners' behavioural intentions towards sustainability

Managers and owners of enterprises act as agents of consumer and client satisfaction, and as such, have to be agents of the "greater good" (see: Laczniak & Murphy, 2012). They are the ones that, through decision-making, contribute to the implementation of SMO. In the research on ethical decision-making, there are two predominant approaches: the first one has focused on the variables influencing the intention of an individual's decision-making, while the other investigates the situational context (Ford & Richardson, 1994). Ethical decision-making, i.e. decisions influencing the implementation of SMO, is determined by the owner's values, attitudes, and behavioural intentions (see: Ferrell & Gresham, 1985). In the discussion on drivers of sustainable entrepreneurship at the individual, organisational and contextual levels, individual values of owners and managers are the most critical element of sustainability orientation in entrepreneurship (Spence et al., 2011; Williams & Schaefer, 2013). Most of the research that covers the influence of managers' behaviour on the responsible business strategy (Cordano & Frieze, 2000; Cordano, Marshall, & Silverman, 2010; Ferdous, 2010; Flannery & May, 2000) use the advanced version of the theory of reasoned action - Ajzen's theory of planned behaviour (Ajzen, 1991). The theory assumes that three independent variables determine human behavioural intention: attitudes, subjective norms, and perceived behavioural control (Ajzen, 1991).

Attitudes on SMO are determined by positive personal beliefs in the actual SMO implementations; it is assumed that the greater the positive attitudes towards specific behaviour are, the higher the probability is of intentions turning into actual behaviour, hence the implementation of SMO (Ajzen, 1991). Subjective control refers to the normative beliefs of others that are related to the subject, and it is expected that the rise of desired social pressure positively influences the creation of behavioural intention (see: Ajzen, 1991). Perceived control consists of two elements – self-efficacy and controllability (Ajzen, 2002a) that can be investigated as one and is assumed to lead to aspired behaviour.

Using the theory of planned behaviour in this context makes sense only at the level at which people can make decisions – hence owners

¹ For the extensive overview of B2B sustainability practices research refer to Kumar and Christodouloupoulou (2014).

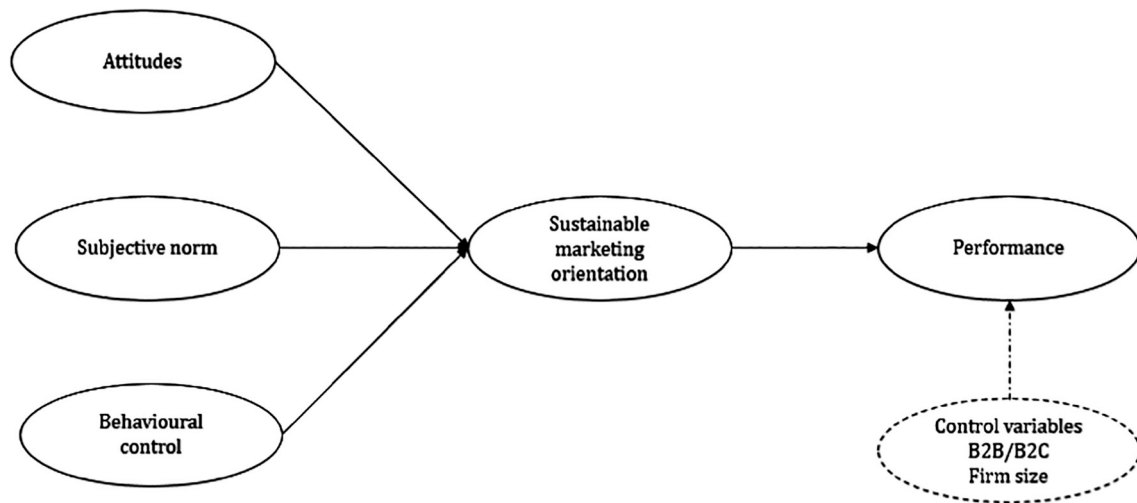


Fig. 2. Conceptual research model.

and start-up managers should have larger perceived control due to their responsibly and power to make decisions (Cordano & Frieze, 2000). However, published research in the field of environmental and social responsibility was not able to make any conclusions on the influence of perceived control (Cordano & Frieze, 2000; Ferdous, 2010; Flannery & May, 2000). Attitudes turn out to be only martingale predictors of behavioural intentions, whereas subjective norms have proven to be a significant contributor to the ethical decision-making in terms of environmental operations (Cordano et al., 2010; Ferdous, 2010; Flannery & May, 2000)).

In the end, we propose our third hypothesis

H3. Behavioural intention in terms of attitudes, subjective norms, and behavioural control of start-up managers/owners has a positive influence on the implementation of SMO.

3. Methodology

Building on the presented theoretical foundations, we propose the following model (Fig. 2).

Source: the authors based on previous work of Ferdous (2010) and (Lučić, 2020).

We began our empirical analysis with the following hypotheses:

H1. Levels of strategic integration, societal engagement and ethical capabilities as elements of sustainable marketing orientation (SMO) are lower in B2B start-ups, as opposed to B2C start-ups;

H2. SMO has a positive influence on a start-up's performance;

H3. Behavioural intention in terms of attitudes, subjective norms and behavioural control of start-up managers/owners has a positive influence on the implementation of SMO.

3.1. Questionnaire, scales and data collection

The questionnaire consisted of four designated areas relating to the specified model. All questions were measured on a 7-point Likert scale, as it is advised that data becomes significantly less accurate if scale points are above seven or below five (McKelvie, 1978), and we wanted to allow more variance for the respondents in their answers.

Sustainable marketing orientation (SMO) used in this paper is modelled as a formative multidimensional measure of three elements: (1) strategic integration, (2) societal engagement, and (3) ethical capabilities as developed and validated by Lučić (2020) using a rigorous scale development procedure proposed by Churchill Jr, 1979). The first

part measured SMO with six items for strategic integration, five for societal engagement, and four for ethical capabilities. Items are explained in detail in Table 2. The questions regarding the behavioural intentions of managers/owners were developed according to the theory of planned behaviour scale procedure (see: Ajzen, 1991, 2002a, 2002b), which was also used in other studies (Ferdous, 2010). Three items measured attitudes: “Marketing makes a positive contribution to society overall”, “the purpose of marketing is to create collective well-being,” and “marketing success is also based on the alignment of economic activity with society and the ecosystem.”

The subjective norm was measured with three items: “I believe that our team respects and applies the principles of environmental, social and economic sustainability in everyday business”, “we as a team are proactive in the application of sustainability in business” and “we as a team are committed to the application of sustainable development principles in business.” Whereas, behavioural control was measured with four items: “I am in a position to help my team apply more responsible sustainable activities if I wanted”, “I could help my team make an overall positive contribution to society”, “to a great extent, I control the progress of my department towards applying sustainable marketing” and “it depends largely on me whether I will help my own department contribute to society.” Performance measures comprising three elements: adaptability, efficiency, and effectiveness were taken from the study completed by Krohmer, Homburg, and Workman (2002). Adaptability was measured by four items, efficacy by nine items and effectiveness by five items; respondents evaluated the performance of these elements relative to their main competitor over the past two years, all in line with the guidelines given by the authors that developed the scale.

The data were collected using online CAWI protocol Qualtrics from September to December 2019 using international start-up platforms, networks and affiliations for a recommendation. Due to General Data Protection Regulation (GDPR), the protocol of data collection included contacting the director of the Croatian Agency for SMEs, Innovations and Investments that forwarded the questionnaire to national and international coordinators of start-up consortiums, hubs, innovation centres and other similar infrastructures that then presented the questionnaire to their members, both in the online format and as an e-mail attachment. The procedure included an initial e-mail and two follow-ups. Due to the nature of contacting, it is not possible to discuss the response rate of the research. However, we used a statistically sound and professionally acceptable protocol for handling nonresponse bias (Lindner, Murphy, & Briers, 2001): comparison of early with late respondents did not produce any relevant differences in terms of the firm size, industry or location.

In line with other similar research in the field of strategy, CSR and sustainable marketing, data was collected from the owners and directors who are the key decision makers (Shortell & Zajac, 1990; Torugsa, O'Donohue, & Hecker, 2012). The focus on directors and owners was also aimed at reducing the potential presence of self- and single-response bias, as they are considered to be more reliable information sources than their subordinates (Narasimhan & Das, 2001). Since each firm was represented by one respondent, common method bias was tested with Harman's single-factor test performed by exploratory factor analysis (Podsakoff & Organ, 1986). The test confirmed no single factor accounts for most of the covariance in the variables, ensuring the interpretation of results is not a subject to such bias. In terms of endogeneity, we build our study on the conclusions made by Garcia-Castro, Ariño, and Canela (2010), whose in-depth endogeneity discussion in the field of the influence of CSR, which is a challenge in many studies, indicates that there is a positive impact on the financial performance. They concluded that only companies that have certain characteristics (e.g., good management quality, certain values, a certain culture, etc.) are the ones that track responsible behaviour driving performance...: "Only when we understand the reasons behind KLD adoption by managers, will we be able to establish the logical cause-and-effect connection between social performance and financial performance." (Garcia-Castro et al., 2010: p.121). Therefore, we have built the model around the parallel estimation of the TPB and SMO with respect to business performance to account for the ensuing endogeneity.

We have also included two control variables in our investigation. Coherent with the published research in the field we used the firm size (Bansal, 2005; Moore, 2001) that has a significant impact on the relationship between the application of corporate social responsibility and performance and was used in other studies as a control variable (Torugsa et al., 2012). The size of the firm due to specifics of the start-up sample was coded in five cohorts of the same size: 0–9, 10–19, 20–29, 30–39, 40–49. Secondly, as hypothesised in H1, different market orientation (B2B vs B2C) has an impact on sustainable marketing implementation; therefore, it is used as a second control variable.

3.2. Sample characteristics

The sample consisted of 148 start-ups predominantly from South-Eastern Europe (Croatia, Slovenia, Serbia, Albania) but also from Western Europe (UK, Spain).² The majority (73.0%) were micro-companies with less than ten employees, while 60.8% of them were predominantly oriented towards B2B markets. They were equally divided according to their dominant market offerings – products or services. In terms of the industry type, the sample is predominantly composed of start-ups offering services (48.3%) and companies operating in the industrial sector. There are 59% male respondents in the sample, and in terms of age, the sample is composed of predominantly young people (below 39 years of age 59.3%). As far as the level of education of the key respondent (owner or director/general manager) is concerned, the majority of them possess a graduate degree (49.3%) (Table 1).

4. Results

4.1. Descriptive, factor and scale reliability analysis of SMO

As can be observed from Table 2, the largest item-to-total correlation value within factor "strategic integration" has the element of monitoring, but the impact of products and services on the community/society has higher mean than the monitoring of the environmental effects. In terms of "societal engagement", the lowest levels of response demonstrated the items related to the selection of suppliers and the

² There were no differences between the results according to the start-ups' countries of origin, so it is not further elaborated.

Table 1
Sample characteristics.

		Frequency	Percent
Business type	B2B	90	60.8%
	B2C	58	39.2%
Product type	Products	69	46.6%
	Services	79	53.4%
Industry type	Retail	21	14.3%
	Services	71	48.3%
	Industrial	41	27.9%
	Other	14	9.5%
Firm size	Micro < 10	108	73.0%
	Small < 50	40	27.0%
Gender	Male	87	59.0%
	Female	61	41.0%
Age	30 or below	40	27.1%
	31–39	48	32.2%
	40–49	23	15.3%
	50 and more	38	25.4%
Education	High School	52	35.1%
	Graduate	73	49.3%
	Masters	19	12.8%
	Doctorate	4	2.7%
TOTAL		148	

participation in the development and preservation of local heritage, whereas the highest score is found in the development of employees. In the overall comparison, "ethical capabilities" track larger levels of implementation when compared to strategic integration and societal engagement. Most of the respondents confirm that their start-ups act responsibly and ethically when pricing products/services, offer information with clear and accurate communication and claim to be ethical and honest in their sales activities.

In terms of the factor values formation and scale reliability, Cronbach alpha for all three factors of SMO is good to excellent as it has to be above 0.6 in exploratory research, and all item-to-total correlations are above 0.5 (Hair, Tatham, Anderson, & Black, 2010, p. 125).

4.2. Hypotheses testing

H1. Levels of strategic integration, societal engagement and ethical capabilities as elements of sustainable marketing orientation (SMO) are lower in B2B start-ups, as opposed to B2C start-ups;

In order to test our first hypothesis, we conducted a t-test for independent samples. The levels of each dimension of SMO were calculated within the principal component analysis. Our analysis revealed that there is a statistically significant difference between levels of strategic integration ($p < 0,005$), societal engagement ($p < 0,01$), and ethical capabilities ($p < 0,01$). Further investigation points towards lower levels of each dimension of SMO at B2B start-ups as opposed to B2C (Table 3). We, therefore, can confirm the first hypothesis.

H2. SMO has a positive influence on a start-up's performance;

H3. Behavioural intention in terms of attitudes, subjective norms and behavioural control of start-up managers/owners has a positive influence on the implementation of SMO.

The proposed structural model was tested within the PLS-SEM program that is adequate for the research with a small to medium number of observations (Henseler, Ringle, & Sinkovics, 2009). In addition to that, Mardani et al. (2017) did a meta-analysis of sustainability papers published from 2005 to 2016 and showed that in the majority of published articles, authors had used SmartPLS (105 of 171 papers). This model, which has the aim of testing the influence of SMO on start-up performance, as well as the influence of attitudes, subjective norms and behavioural control on SMO, is composed of five first-order constructs. The three constructs of SMO and performance have entered

Table 2
Descriptive, factor and scale reliability analysis of SMO.

		Mean	Standard deviation	Cronbach Alpha	Item-to-total Correlation
STRATEGIC INTEGRATION				0.885	
SM1	My department's success is measured by the combination of financial, environmental and social indicators.	4.82	1.405		0.807
SM2	Sustainable development is embedded in the values of our department's culture.	4.94	1.486		0.746
SM3	In my department, employees are being motivated to achieve environmental and social goals in addition to the financial ones.	4.82	1.561		0.835
SM5	We are committed to monitoring customer satisfaction.	5.03	1.568		0.784
SM6	We monitor the impact of our products/services' use on the environment.	4.88	1.681		0.827
SM7	We monitor the impact of our product/services on the community/society.	5.17	1.501		0.783
SOCIAL ENGAGEMENT				0.769	
SM8	We work with various stakeholders to understand their expectations that have been placed in front of us.	4.86	1.513		0.738
SM9	We select suppliers based on the set of environmental, social, and economic criteria.	4.59	1.655		0.733
SM10	We encourage the personal and professional development of our employees through training, career planning, etc.	5.35	1.474		0.723
SM11	We participate in the development and preservation of the local cultural and historical heritage.	4.52	1.765		0.653
SM12	We prefer the purchase and use of environmentally friendly products and services.	5.23	1.481		0.770
ETHICAL CAPABILITIES				0.717	
SM13	We act responsibly and ethically when pricing our products/services.	5.84	1.109		0.661
SM14	Our customers/clients always have full information about our offerings.	6.09	1.082		0.832
SM15	Attributes of our offerings are clearly, accurately and honestly communicated to consumers.	6.27	0.901		0.829
SM16	We are ethical and honest in our sales activities in order to build long-term partnerships.	5.73	1.402		0.671

Table 3
Independent samples t-test for strategic integration, societal engagement and ethical capabilities between B2B and B2C start-ups.

	B2B_B2C	N	Mean	Std. Deviation	Std. Error Mean	Levene's Test for Equality of Variances	
						F	Sig.
Strategic Integration	1	87	-.0994049	1.12296375	0.12039435	8.757**	0.004
	2	55	0.1572405	0.74944894	0.10105567		
Societal Engagement	1	89	-0.0333052	1.10350840	0.11697166	2.886*	0.092
	2	57	0.0520029	0.81926387	0.10851415		
Ethical Capabilities	1	88	-0.1172372	1.05775898	0.11275749	3.522*	0.063
	2	58	0.1778772	0.88471462	0.11616872		

**p < 0,005, *p < 0,01.

the model as factor values for each observation made with the Bartlett method that is considered to be the most suitable in the unbiased estimation of real factor values (Hershberger, 2005). The model is composed of four reflexive variables; three of them form the behavioural intentions of managers/owners and performance. Since marketing orientation (Kohli & Jaworski, 1990) and marketing resources (Calantone, Schmidt, & Song, 1996) have been modelled as a formative construct, due to the recommendation by Jarvis, MacKenzie, and Podsakoff (2003), sustainable marketing orientation is a formative construct in the model. Apart from that, two control variables were included in the model and measured with a single item, commonly used in PLS-SEM modelling. The recommendations for the sample size in PLS analysis confirm that the sample of 148 is adequate for further analysis (Barclay, Higgins, & Thompson, 1995).

Before further hypotheses testing, it is essential to analyse the reliability and validity of the inner and outer parts of the structural model. Reflexive variables reliability and validity are confirmed through the estimation of composite reliability of indicators, analysis of AVE, discriminant validity and for formative with homological validity, the significance of weights and testing multicollinearity (Henseler et al., 2009).

Table 4 reveals that all variables in the model have factor loadings larger than 0.7 (Hair Jr, Sarstedt, Hopkins, & G. Kuppelwieser, 2014: 103), all average variances extracted are larger than 0.5 (Hair Jr et al., 2014: 103), and all levels of composite reliability and Cronbach alpha are larger than 0.7 (Henseler et al., 2009), all of which indicates that variables in the model are valid and reliable. The discriminant validity

Table 4
Validity and reliability of reflective variables in the model.

Constructs and indicator	Loadings	AVE	CR	Cronbach alpha
Attitudes		0.748	0.899	0.839
Attit1	0.774			
Attit2	0.914			
Attit3	0.900			
Subjective Norm		0.758	0.904	0.840
Norm 1	0.876			
Norm 2	0.853			
Norm 3	0.882			
Perceived Control		0.657	0.884	0.832
Contr 1	0.875			
Contr 2	0.785			
Contr 3	0.847			
Contr 4	0.727			
Performance		0.743	0.897	0.827
Adaptability	0.849			
Efficiency	0.882			
Effectiveness	0.856			

of constructs is proven in the table below, using the Fornell & Larcker, 1981) (Table 5).

SMO, being the only formative variable, is analysed differently as it is error-free (Diamantopoulos, 2006). Nomological validity is elaborated in the theoretical framework. Moreover, the statistical significance of weights of all three factors of SMO is ensured with $p < 0,000$. All the indicators in this model have VIF lower than 2.4,

Table 5
Discriminant validity of reflexive variables in the model.

	Attitudes	Control	Norm	Performance
Attitudes	0.865			
Control	0.387	0.811		
Norm	0.446	0.577	0.870	
Performance	0.272	0.412	0.473	0.862

ensuring the absence of multicollinearity (Hair Jr et al., 2014: 430). Moreover, VIF was also used as an additional indicator of possible common method bias; if lower than 3.3, the PLS model can be considered free of common method bias (Kock, 2015).

Apart from the validity and reliability of variables, it is necessary to rate the model fit. R^2 for SMO is 0.412 and for performance 0.353, ensuring the strong to medium strength of determination (Chin, 1998, p. 323). The Cohen coefficient f^2 indicates that three endogenous latent variables have a weak influence on exogenous variables (Attitudes, Norm, and Control on SMO) and one has very strong influence - SMO on performance. An additional measure of structural model adequacy is the Stone-Geisser test (Henseler et al., 2009) that indicates 0.242 for SMO and 0.225 for performance, respectively, confirming medium to strong relevancy of prediction. It is important to note that the addition of the two control variables in the model did not change any of the hypothesised relations, neither in terms of the strength nor of the statistical significance of the influence. Hence, there is no impact on hypotheses testing. Moreover, the firm size turns out to be a relevant predictor of performance – in line with previous literature (Bansal, 2005; Moore, 2001).

Table 6, together with Fig. 3, reveals that all the relations tested in the model can be confirmed. SMO has a positive influence on start-ups' performance (H2). As far as the influence of attitudes, subjective norms and behavioural control on SMO is concerned, it can be observed that norms (H3b) and behavioural control (H3c) have a positive influence on SMO, while the influence of owners'/managers' attitudes (H3a) can be partially confirmed.

5. Discussion

Leaning on the theoretical framework established by Crittenden et al. (2011), and further developed by Lučić (2020) and Spence et al. (2011), sustainable marketing orientation in the start-up context was modelled as a formative multidimensional measure of three elements: strategic integration, societal engagement and ethical capabilities. The contribution in the empirical context is confirmed through the confirmation of the three dimensions of the construct in the context of start-ups.

The results presenting the link between SMO and performance indicate a surprisingly large amount of shared variance (0,353), much higher than in similar studies done on a larger sample of firms (Lučić, 2020). Moreover, the contribution of SMO to performance is notably stronger among start-ups (0.576) than among diverse sets of firms (0.291) (Lučić, 2020). The comparison sheds light on the relevance of SMO implementation within start-ups in terms of their performance. Such results could be interpreted through the value of strategic

Table 6
Hypotheses H2 and H3 testing.

	Direction	Standardised estimate (beta coefficient)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	
H2	SMO → PERFORMANCE	0.576	0.064	9.011	0.000	YES
H3						YES
H3a	ATTITUDES → SMO	0.026	0.077	0.341	0.773	PARTIALLY
H3b	SUBJECTIVE NORM → SMO	0.417	0.111	3.756	0.000	YES
H3c	BEHAVIOURAL CONTROL → SMO	0.289	0.101	2.858	0.004	YES

integration, social engagement and ethical capabilities the market recognises among diverse start-ups.

As for the influence of three elements of TPB on the SMO, the results indicate high (0.417) influence of subjective norm and medium influence of behavioural control (0.289), both statistically significant, and low and not statistically significant influence of attitudes. Such results point towards the fact that perceived social pressure (subjective norm) contributes greatly to the implementation of the SMO within the start-up context. The same is valid for the perceived ease of implementing SMO. The results can be compared to the investigation on the link between the behavioural control and the sustainable marketing behaviour, applied to a broader set of companies (Ferdous, 2010), which indicated a relatively stronger contribution of BC to sustainable marketing behaviour (0.49). The findings point towards the fact that perceived ease of implementation and social pressure among owners/managers play the key role in terms of the contribution to the implementation of start-ups' SMO.

6. Conclusion

6.1. Theoretical contribution

For the first time, we explored and confirmed the three dimensions – strategic integration, societal engagement and ethical capabilities – within the context of start-ups' sustainable marketing orientation.

Although sustainability and start-up performance have been mentioned in several previous studies (Cohen & Winn, 2007; Shepherd & Patzelt, 2011), its conceptualisation and examination have not been systematic and detailed. Contrary to prior studies which tested only strategic adaptiveness and perceived effectiveness (Nyuur, Brečić, & Simintiras, 2016) or international innovation and strategic adaptiveness (Nyuur et al., 2018), we incorporated all three dimensions of performance into one scale (effectiveness, efficiency and adaptiveness). The study, therefore, provides a basis for scholars to examine further and develop an even more robust perspective on SMO and start-up performance. The findings suggest that adaptation of SMO should increase a start-up performance and it supports Crittenden et al. (2011) and Lučić (2020), who stated that organisations that embrace sustainability into the company core ideology would show positive performance impact, and over a shorter period of time than organisations not possessing such a core ideology. Similar claims are made by Kumar and Christodouloupoulou (2014), who state that the successful implementation of sustainability initiatives requires that sustainability becomes part of the core mission of the company. Furthermore, some researchers have previously highlighted that the development of SMO is undertaken mainly by large companies (Chow & Chen, 2012; Sharma & Kiran, 2013), with a few empirical studies commenting that start-ups could also develop sustainable marketing activities. Moreover, within this study, we supported Hunt & Morgan, 1995) that argues that a sustainability-based marketing strategy, together with market orientation, has measurable impact and can be a company's resource advantage.

Thirdly, this research extends the SMO literature and builds ties between the theory of planned behaviour and sustainable marketing orientation theoretical perspectives. It does this by integrating attitudes, subjective norms, and behavioural control of managers and implementation of SMO in a single model. By proposing and testing a set

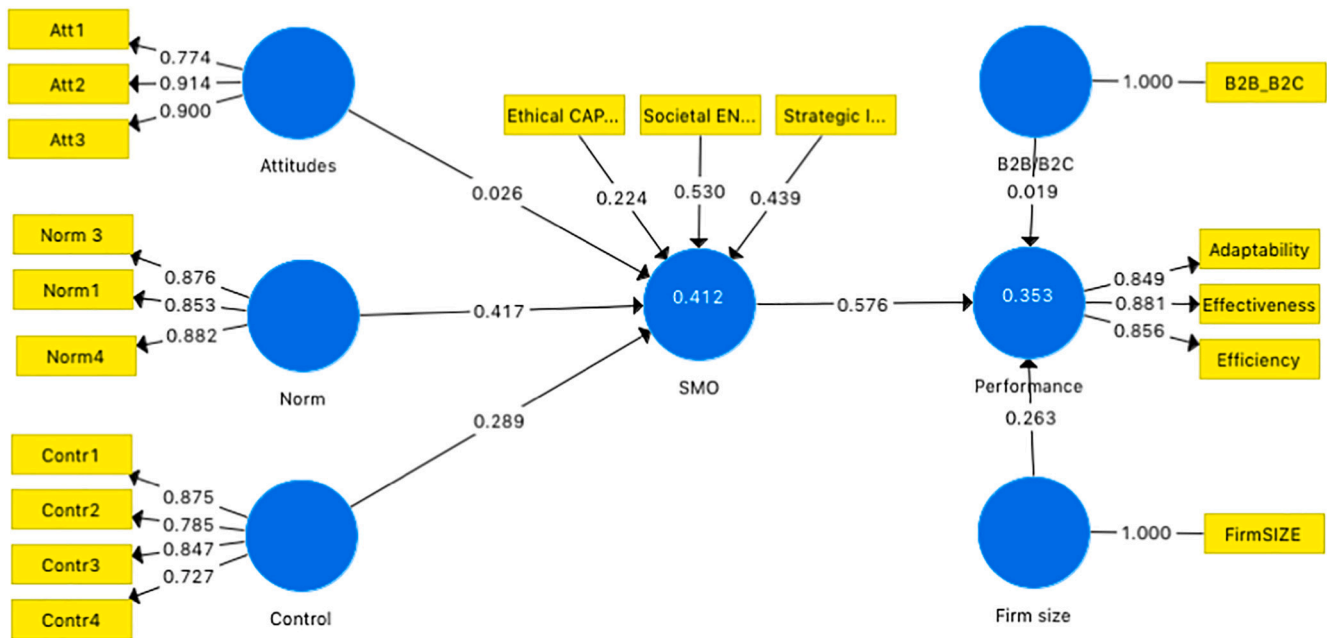


Fig. 3. PLS SEM structural equation model. Please move Fig. 3 after Table 6, to relate it with appropriate text.

of new relationships, the present study adds and extends previous research that examined these issues independently. This study contributed to the body of existing knowledge by pointing out attitudes as an only marginal predictor of behavioural intention (Cordano et al., 2010; Ferdous, 2010; Flannery & May, 2000).

Furthermore, the conviction is that consumers' sustainability concerns drive preference for sustainable products and companies. Kotler (2011) predicts that the number of consumers choosing to buy from companies that care about sustainability is growing. Kumar and Christodoulopoulou (2014) expect that driven by this trend in consumer preferences, B2B firms will also sense these pressures from their distributors and customers. However, B2B start-ups can also gain additional advantages by communicating sustainability practices as brand-related values that influence customers' lives. Intermediaries of brands in B2B markets also engage themselves in co-creation and delivery of brand value to consumers by participating in sustainable practices adopted by the company (Kumar & Christodoulopoulou, 2014). Therefore, this study examined sustainable marketing orientation dimensions in the B2B and B2C contexts instead of the common narrow focus on these perspectives, usually adopted in the B2B or B2C literature. Consequently, this study provides a basis for scholars to evolve further and develop an even more integrative view of these issues.

6.2. Managerial implications

The findings from this study underscore the view that start-ups can and should develop SMO to enable them to perform better in the fast-changing business environment. Since the results indicate that subjective norm and behavioural control are a very significant predictor of sustainable marketing orientation, start-up managers have the opportunity to develop a specific organisational culture to integrate the social, ecological and profit objectives in their long-term strategies. Expanding the market orientation focus from customers and competitors to managers/owners provides a better understanding of the role of the owners'/managers' attitudes in accepting sustainable marketing orientation, as well as creating a supportive start-up organisational culture. The finding that levels of strategic integration, societal engagement and ethical capabilities as elements of SMO are lower in B2B start-ups, as opposed to B2C start-ups, reveals that more emphasis

should be placed on developing SMO in the B2B context as suggested by Kumar and Christodoulopoulou (2014).

6.3. Limitations and further research

Some general limitations should be taken into the consideration when commenting the results: (1) although no statistically significant differences were found according to the start-ups' country of origin (and therefore were not discussed in the results), it is probable that a larger and more international sample would ensure more precise results; (2) a common source bias is present (variables are measured from the same source); and (3) we used self-reporting (although suitable given the subjective nature of measuring one's attitudes).

It is possible that SMO and managerial behaviour are not the only factors that determine start-up performance and researchers could explore other factors that could affect it. Previous studies suggest that factors such as networks (Provan, Fish, and Sydow 2007) and managerial innovation are also relevant for performance. Thus, issues pertaining to these factors could play a significant role in impacting on start-up performance and excluding these factors is another limitation of the study. Further studies could examine these factors separately with B2B or B2C context and the moderating effect of actual start-up performance. Such approaches would further enhance our understanding of SMO and managerial behaviour contributions to start-up performance.

Furthermore, performance is a multidimensional concept for which researchers have used different measures. In this study, we used start-ups' strategic adaptability, effectiveness and efficiency as a performance measure. Different performance measures, such as international sales growth, market share, service delivery, return on investment, return on assets, or return on equity, could be adopted in future research to examine the impact of SMO or managerial behaviour.

Despite the above limitations, the findings in this study have filled a research gap in sustainable marketing and start-ups literature.

In the end, start-ups are not as skilled as large firms in marketing competencies (Markides & Geroski, 2004), and there is a call for a more practical investigation (Hockerts & Wüstenhagen, 2010). With that in mind, a future research direction may include analysing obstacles for the implementation of SMO in the context of B2B and B2C start-ups. Another stream of research may deal with the ways to improve start-up

owners' or managers' understanding of SMO and their willingness to change the unsustainable way of doing business.

Declaration of Competing Interest

None

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