Global Marketing and Environmental Excellence

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Abstract: Environmental issues have become an important element in the management of both private and public organizations. The Global Compact’s environment principles are derived from the Rio Declaration on Environment and Development. The process of market globalization has lead to many changes. The global economic system needs to show a more human and environment friendly face. Companies must ensure that their traditional focus on corporate profits and shareholder value is accompanied by equal concern for the needs of society and the environment. The article focuses on environmental excellence as a part of global marketing. Integrated marketing management integrates the requirements of sustainable development and environmental excellence. Sustainable development as a tool to continual improvement cycle and with processes innovation the need to save money in the processes via reduced resources and utility costs.

Keywords: environmental excellence, globalization, marketing, management, sustainable development

1 Introduction

The process of market globalization has lead to many changes. Corporate responsibility now extends to encompass not only the needs of employees, but also the environment and society as a whole. As industry grows in strength and importance, it is also is being called upon to share the benefits of its growth with members of society. The global economic system needs to show a more human face. In this respect, companies must ensure that their traditional focus on corporate profits and shareholder value is accompanied by equal concern for the needs of society and the environment. The safeguarding and creation of jobs and commitment to the environment and society are just as important as innovative, problem-solving expertise and open dialogue [1]. Globalization can be described as a process by which the people of world are unified into a single society. This process is a combination of economic, technological, sociocultural and political forces [2]. Looking specifically at economic globalization, it can be measured in different ways. These centre around the four main economic flows that characterize globalization:

• Goods and services, e.g. exports plus imports as a proportion of national income or per capita of population
• Labour/people, e.g. net migration rates; inward or outward migration flows, weighted by population
• Capital, e.g. inward or outward direct investment as a proportion of national income or per head of population
• Technology, e.g. international research & development flows; proportion of populations (and rates of change thereof) using particular inventions (especially 'factor-neutral' technological advances such as the telephone, motorcar, broadband) [2].

As globalization is not only an economic phenomenon, a multivariate approach to measuring globalization is the recent index calculated by the Swiss Think tank KOF. The index measures the three main dimensions of globalization: economic, social, and political [2]. Globalization has various aspects which affect the world in several different ways. One very important is
ecological and because of this global marketing need environmental excellence. Over the past three decades environmental issues have emerged as critical features of the business environment. This is true across all areas of activity, but particularly in sectors such as chemicals, natural resource extraction, energy generation and transportation, which can have potentially significant impacts upon the natural environment [22]. The natural environment places not just direct constraints upon the conduct of various activities, but also indirect constraints through regulatory response. In an effort to conserve natural resource stocks and environmental quality, regulatory authorities intervene in the market in a myriad of different manners. It is therefore natural to expect that the way in which the environment is regulated should have a substantial impact on the pattern of business behaviours and practices in affected sectors. Indeed, environmental regulation in the modern world is a major activity of government. In order to secure public environmental benefits, this regulation can sometimes place a significant cost burden on business. Indeed, even if a given environmental policy is welfare-improving overall, the effects on particular markets can be considerable. Firms may be subject to several layers of environmental laws and regulations imposed by different tiers of government – from municipal, to state or provincial, to federal or national, through to the imperatives of international environmental agreements. Those strictures are incorporated in explicitly environment rules and regulations, and are also bound up more generally in, for example, the laws of tort and nuisance, strictures on land use and the planning process[22].

The key points that will be made here are as follows:

- Environmental protection and competitive operation of markets are two high policy priorities, and objectives in the two policy spheres are complementary. Both are concerned (as with all public policy) with social welfare maximisation. Environmental regulation is about correcting the market failure associated with environmental externalities competition policy about promoting consumer welfare and efficiency by fighting anti-competitive practices and regulations.
- There are convincing bases in economic theory, and evidence from case study and econometric analyses, to conclude that, depending upon their design, environmental regulations can constitute substantial barriers to entry in some markets, can provide a basis for predatory behaviour in some markets and can be harmful to competition and welfare through a variety of other channels [22].

2 Benefits of Quality Management

Managing quality to achieve excellence means managing an organisation, business or unit so that every job, every process, is carried out right, first time, every time. To be successful this must be viewed as a holistic approach that affects, and involves, everyone – employees, customers, suppliers, shareholders and society. It must be driven from within the organisation, as it cannot be imposed from outside and is not a simply a cost-cutting or productivity improvement exercise [3]. The EFQM Excellence Model was introduced at the beginning of 1992 as the framework for assessing organisations for the European Quality Award. It is now the most widely used organisational framework in Europe and it has become the basis for the majority of national and regional Quality Awards. The EFQM Excellence Model is a practical tool that can be used in a number of different ways:

- As a tool for Self-Assessment
- As a way to Benchmark with other organisations
- As a guide to identify areas for Improvement
- As the basis for a common Vocabulary and a way of thinking
- As a Structure for the organisation's management system [4]

The Model, which recognises there are many approaches to achieving sustainable excellence in all aspects of performance, is based on the premise that:

Excellent results with respect to Performance, Customers, People and Society are achieved through Leadership driving Policy and Strategy, that is delivered through People, Partnerships and Resources, and Processes

The EFQM Model is presented in figure 1 form below. The arrows emphasise the dynamic nature of the Model. They show innovation and learning helping to improve enablers that in turn lead to improved results [4]. The reputation of any organisation, be it public,
private, small or large, is built on the quality and excellence of the products and/or services it provides. Quality management is a very powerful, competitive weapon that any business wishing to be, or stay, successful cannot afford to ignore. Reputations for poor quality last a very long time, ignore it at your peril! Never-ending improvement is the process by which greater customer satisfaction and, if appropriate, greater market share are achieved. In a commercial organisation, these show up on the bottom line [3].

**Figure 1: The EFQM Model**

Corporate reputation is an intangible asset that is related to marketing and financial performance. The social, economic, and global environment of the 1990's has resulted in environmental performance becoming an increasingly important component of a company's reputation [5]. Environmental management argues that marketing strategies can be implemented to change the context in which the organization operates, both in terms of constraints on the marketing function and limits on the organization as a whole. The current movement toward innovative, entrepreneurial management—a return to the roots of American enterprise—captures the essence of this perspective. The absence or, at a minimum, the understatement of this perspective within the marketing literature limits the contribution of marketing to the management of organization-environment relationships [6]. Essentially, quality means doing things right the first and every time. It is not only important to do things right, however, but to do the right things right. Environmental performance is adopted in marketing function.

The ISO Survey of ISO 9001:2000 and ISO 14001 Certificates, which each year provides a panorama of certification to ISO’s well-known quality and environmental management system standards, has just been published revealing the worldwide situation at the end of 2003, which was a year of transition for ISO 9000 and confirmed growth of ISO 14001.

**ISO 9001:2000**

Up to the end of December 2003, at least 500 125 certificates to the ISO 9001:2000 quality management system standard had been issued in 149 countries and economies. The 2003 total represents an increase of 332 915 (+ 200 %) over 2002, when the total was 167 210 in 134 countries and economies. The 2003 total represents an increase of 455 737 (more than ten times higher) over 2001, the first year for which the survey recorded ISO 9001:2000 certifications, when the total was 44 388 in 98 countries and economies.

**ISO 14001**

Up to the end of December 2003, at least 66 070 certificates to ISO 14001 had been issued in 113 countries and economies. The 2003 total represents an increase of 16 621 (+ 34 %) over 2002, when the total was 49 449 in 117 countries and economies.

Table 1 presents number of ISO 9001 and ISO 14001 certificates.

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<td>149 countries and economies</td>
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**Table1: ISO 9001 and 14001 certificates**

3 Marketing Approaches Change Management

The marketing environment surrounds and impacts upon the organization. There are three key perspectives on the marketing environment, namely the 'macro-environment,' the 'micro-environment' and the 'internal environment'.

- **The micro-environment**
This environment influences the organization directly. It includes suppliers that deal directly or indirectly, consumers and customers, and other local stakeholders. Micro tends to suggest small, but this can be misleading. In this context, micro describes the relationship between firms and the driving forces that control this relationship. It is a more local relationship, and the firm may exercise a degree of influence.

- **The macro-environment**
  This includes all factors that can influence and organization, but that are out of their direct control. A company does not generally influence any laws (although it is accepted that they could lobby or be part of a trade organization). It is continuously changing, and the company needs to be flexible to adapt. There may be aggressive competition and rivalry in a market. Globalization means that there is always the threat of substitute products and new entrants. The wider environment is also ever changing, and the marketer needs to compensate for changes in culture, politics, economics and technology.

- **The internal environment**
  All factors that are internal to the organization are known as the 'internal environment'. They are generally audited by applying the 'Five Ms' which are Men, Money, Machinery, Materials and Markets. The internal environment is as important for managing change as the external. As marketers we call the process of managing internal change 'internal marketing' [7].

Environmental performance is adopted in marketing function. Many organizations have undertaken environmental “reviews” or “audits” to assess their environmental performance [11]. Two well known studies in the business case for corporate sustainability have been undertaken by UNEP, SustainAbility Ltd and the International Finance Corporation (IFC). The first study (Buried Treasure: Uncovering the Business Case for Sustainability) looked primarily at evidence resulting from corporations in developed countries, while the second study (Developing Value: The Business Case for Sustainability in Emerging Markets) focused specifically on emerging economies. The study - Buried Treasure: Uncovering the Business Case for Sustainability - developed a Sustainable Business Value Model which links ten dimensions of sustainable development performance with ten more traditional measures of business success. The Developing Value study looked at more than 240 examples in over 60 countries, and identified the following business opportunities associated with pursuing more sustainable approaches to business:

- identify clear marketing objectives, possibly using a pilot project as a test case;
- identify key target audiences and gather pertinent information (e.g., current attitudes, expectations, behavior);
- develop marketing strategies to communicate and influence target audience;
- identify/create impactful communication vehicles;
- execute plan;
- measure marketing impact (e.g., How many people were effectively reached? How have attitudes, expectations or behavior changed?) [9].
• saving costs through improved efficiencies;
• increased revenues by improving the environment and benefiting the local economy;
• reducing risks through stakeholder engagement;
• building brand value and reputation;
• developing human and intellectual capital; and
• improving access to capital through better governance [15].

3 Environmental Management System

The Global Compact’s environment principles are derived from the Rio Declaration on Environment and Development. The three principles are:

• Principle Seven: business should support a precautionary approach to environmental challenges;
• Principle Eight: undertake initiatives to promote greater environmental responsibility; and;
• Principle Nine: encourage the development and diffusion of environmentally friendly technologies.

The key element of a precautionary approach, from a business perspective, is the idea of prevention rather than cure. In other words, it is more cost-effective to take early action to ensure that irreversible environmental damage does not occur. Companies should consider the following:

• While it is true that preventing environmental damage entails both opportunity - and implementation - costs, remediation environmental harm after it has occurred can cost much more, e.g. for treatment costs, or in terms of company image.

• Investing in production methods that are not sustainable, i.e. that deplete resources and degrade the environment, has a lower, long-term return than investing in sustainable operations. In turn, improving environmental performance means less financial risk, an important consideration for insurers.

• Research and development related to more environmentally friendly products can have significant long-term benefits[15].

Issues for the company to deal with under this approach include providing better information to the consumer, communicating potential risk for the consumer, the public or the environment. It also includes obtaining prior approval before certain products, deemed to be potentially hazardous, may be placed on the market. Steps that the company could take in the application of this approach include the following:

• Develop a code of conduct or practice for its operations and products that confirms commitment to care for health and the environment.

• Develop a company guideline on the consistent application of the approach throughout the company.

• Create a managerial committee or steering group that oversees the company application of precaution, in particular risk management in sensitive issue areas.

• Establish two-way communication with stakeholders, in a pro-active, early stage and transparent manner, to ensure effective communication of information about uncertainties and potential risks and to deal with related enquiries and complaints. Use mechanisms such as multistakeholder meetings, workshop discussions, focus groups, public polls combined with use of website and printed media.

• Support scientific research, including independent and public research, on the issue involved, working with national and international institutions concerned.

• Join industry-wide collaborative efforts to share knowledge and deal with issues, in particular production processes and products around which high level of uncertainty, potential harm and sensitivity exist[15].

The world is today facing unique environmental challenges. Among these include; record loss of biodiversity and long-term damage to ecosystems; pollution of the atmosphere and the consequences of climate change; waste production & disposal; natural resource depletion; impacts of chemicals use and toxic
Environmental management has evolved over the past four decades. At first, businesses responded to new regulations as they were enacted. These regulations generally addressed pollution by separate environmental media, such as water or air. This type of regulation, where government dictated the actions to be taken, was often perceived by business as being overly restrictive, inefficient, and costly. In response, many businesses began to seek more proactive ways of effectively managing their environmental impacts. One of the most widely used voluntary environmental initiatives is the ISO 14001 environmental management standard. ISO 14001 is an international environmental management standard that offers a systematic approach to compliance and continual improvement while being flexible and widely applicable to a variety of organizations, such as manufacturers, service providers, and government agencies [20]. ISO 14001 was developed by the International Organization for Standardization to provide a template for environmental management systems. In order for facilities to obtain ISO certification they must:

- Develop a policy statement on the organization’s commitment to the environment.
- Identify the environmental impacts of products, activities and services.
- Make a commitment to compliance with applicable laws and regulations.
- Set environmental goals for the organization, and developing the means to achieve them
- Establish roles and environmental responsibilities within the organization.
- Maintain documents about the EMS and related procedures.
- Monitor key activities and track EMS performance to correct problems and prevent reoccurrences.
- Audit the EMS to verify that it is effective and achieving objectives and targets to ensure that it is still suitable and appropriate.
- Make a commitment to continual improvement of the EMS.

Despite these requirements, ISO 14001 does not mandate a set level of environmental performance nor does the standard require the use of a particular technology [20].

4 Environmental responsibility

The idea that business has a responsibility other than producing goods and services is not new. In 1919, Henry L. Gantt stated his belief that the community would attempt to take over business if the business system neglected its social responsibilities. Looking back, the attitudes of managers toward social responsibility seem to have gone through three historical phases:

- **Phase 1**; which dominated until the 1930s, emphasized the belief that that business manager had but one objective. to maximize profits,
- **Phase 2**; from the 1930s to the early 60s, stressed that managers were responsible not only for maximizing profits but also for maintaining an equitable balance among the competing claims of customers, employees, suppliers, creditors and community,
- **Phase 3**; still dominant today, contends that managers and organizations should involve themselves in the solution of society's major problems.

An EMS is the organizational structure and associated responsibilities and procedures to integrate environmental considerations and objectives into the ongoing management decision-making processes and operations of an organization. According to an EPA summary, an EMS is a continual cycle of planning, implementing, reviewing and improving the processes and actions that an organization undertakes to meet its business and environmental goals. Most EMSs are built on the "Plan, Do, Check, Act" model. This model leads to continual improvement based upon:

- Planning, including identifying environmental aspects and establishing goals [plan];
- Implementing, including training and operational controls [do];
- Checking, including monitoring and corrective action [check]; and
- Reviewing, including progress reviews and acting to make needed changes to the EMS [act].

Figure 3 presents leadership in EMS.
Organizations that develop EMS programs may be eligible for certification under ISO 14001. ISO stands for the International Organization for Standardization, located in Geneva, Switzerland. ISO promotes the development and implementation of voluntary international standards. ISO 14000 refers to a series of voluntary standards in the environmental field under development by ISO, including the ISO 14001 EMS Standard [13].

Most of the environmental challenges we face could be resolved if each individual and organisation slightly changed their habits and practices. The key to achieving this is education – providing the knowledge and desire for change to happen. A truly sustainable society will only be created when caring for the environment becomes second nature to us all. Ultimately, most of the environmental challenges we face could be resolved if each individual and organisation slightly changed their habits and practices. The key to achieving this is education – providing the knowledge and desire for change to happen. We as individuals, and indeed society as a whole, change our habits all the time. Ten years ago very few people recycled their waste yet today the majority have learnt the habit. For many it is no longer a conscious effort, recycling has simply become the way things are done. Small changes such as this accumulate to change the paradigm of our society. A sustainable society will only be reached when caring for the environment becomes second nature to us all, [17]. Environmental responsibility needs ethics. Ethics are principles of conduct used to govern the decision making and behaviour of an individual or group of individuals. Figure 5 presents customer focus.

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**Figure 3**: Leadership in Environmental Management [16]

**Figure 4**: Levels of Corporate Environmental Management [14]
Because management is concerned with making decisions within an organization, the ethics of the individual or group of individuals making these decisions have significant implications for the organization's stakeholders, its employees, customers, shareholders, suppliers, government, and the public at large [18]. Special are ethics principles important in environmental management system. Organizations of all kinds are increasingly concerned with achieving and demonstrating sound environmental performance by controlling the impacts of their activities, products and services on the environment, consistent with their environmental policy and objectives.

They do so in the context of increasingly stringent legislation, the development of economic policies and other measures that foster environmental protection, and increased concern expressed by interested parties about environmental matters and sustainable development. [19]. Organizational depend on their customers and therefore should understand current and future customer needs, should meet customer requirements and strive to exceed customer expectations [16]. The following beneficial effects can be reached with the introduction of the ISO 14000 standard:

- The customers and the authorities can judge the certified companies in a more positive way
- In the future more and more tenders will require the presence of the ISO 14001 certification.
- With the introduction of the ISO 14001 system and the activity of the consultant the following will decrease:
  - material and energy utilization
  - the emission of the contamination and the arisen waste
  - the environmental risk
  - a the social, communal and market judgement of the company will improve
  - the inland and export markets will be reachable, they can be kept and can be continuously broadened [21].

5 Total Quality Environmental Management (TQEM)

The Global Environmental Management Initiative (GEMI) was formed in April 1990 by a coalition of 21 companies including IBM, AT&T and Kodak. The goal of the organization is to develop strategies and standards for corporate environmental performance. GEMI's member companies, which now number around 40, operate in a variety of industry sectors, from the chemical industry to communications. Through GEMI they share best practice with one another on environment, health and safety issues. GEMI co-operates with international organizations

![Customer Focus Diagram]

Figure 5: Customer focus [16]
such as the United Nations Environment Programme (UNEP) and the International Chamber of Commerce. It is also recognized as the creator of Total Quality Environmental Management (TQEM), a method of applying total quality management approaches to corporate environmental strategies. TQEM supports continuous improvement of corporate environmental performance. Companies that have already implemented TQM programs will find it relatively easy to satisfy the requirements of TQEM. According to GEMI's 'TQEM Primer', there are four basic elements of TQEM:

- **Customer identification**: in TQEM, environmental quality is determined by customer preferences. Buyers, the local community, environmental groups and the general public are considered external customers, while a company's employees represent the internal customer group.

- **Continuous improvement**: a company's management and employees should work systematically towards the improvement of environmental performance. Company-wide employee involvement in TQEM is a key to success.

- **Doing the job right first time**: TQEM supports the elimination of environmental risks. Employees should seek to identify and eliminate potential environmental problems.

- **A systems approach**: it is important to design all components of the TQEM system so that they function together and support each other in achieving desired goals [23].

Leaders in corporate sustainability reporting (e.g. Royal Dutch Shell, Bristol-Myers, Norsk Hydro) are active in international reporting initiatives spearheaded by organizations such as the World Business Council for Sustainable Development (WBCSD) and the Coalition for Environmentally Responsible Economies (CERES). The Global Reporting Initiative (GRI) has worked with representatives of many sectors to develop guidelines for reporting on sustainability. General Motors and Norsk Hydro both tested the draft guidelines for their 1999 environmental reports. The 20 reports reviewed here, however, employ a variety of reporting approaches. Most are a hybrid of:

- **Learning curve**: many reports stress that they are taking first steps in integrating environmental, social and economic factors into company policies and operations or that they are just learning how to do environmental/sustainability reporting. Some reports truly are early efforts but even companies with a lot of experience sometimes claim to be beginners.

- **Anecdotal (little data)**: these reports are full of short stories on different company projects or programs but include few numbers.

- **EMS/ISO 14001**: these reports focus on illustrating effective management and production systems and often include indicators and targets for improved performance.

- **CERES/GRI guidelines, triple bottom line**: the current standard for presenting environmental, social and economic information. Generally, these reports provide side-by-side information (e.g. separate sections on environment and social responsibility) rather than integrated overviews.

- **Integrated reports**: progress on environment, health, safety and/or sustainability is presented as an important part of the company's annual report. This is the newest trend in corporate sustainability reporting (Procter and Gamble).

- **Innovative reports**: the challenge is to strike a balance between the "me too" reporting of set frameworks and a report that is customized to the needs and objectives of a particular company. (Shell) [24].

A report looks as if it's been written by the communications department if it contains little more than broad policy statements and, in some cases, references to global agreements and events. It will read as an attempted "greenwash" even if the company has real information to share about its sustainability accomplishments. Figure 6 presents Involvement of people.

Factors that influence credibility include:

- **Stakeholder participation**: showing how input from different stakeholders has improved performance demonstrates a sincere commitment to community participation.

- **Honesty in reporting**: reports that include results of environmental (and economic) audits and other forms of outside verification can build confidence in a company with a less than stellar public image. However, the controversial figures must be verified. Getting external verification for a non-controversial figure like quantity of energy consumed and then failing to verify contentious information like the level of dioxin emissions can heighten suspicion of the data and the whole report.
### IN V O L V E M E N T O F P E O P L E

**INPUT**
- Results of self-assessment

**PLAN**
- Human resource planning
  - Human resource planning
  - Authority matrix
  - Competence matrix
  - Job design
  - Management by objectives (MBO)
  - Open business culture
  - Organizational development
  - Responsibility matrix
  - Succession planning
  - Trend building

**DO**
- Recruit, training and development
  - Mentoring
  - On-the-job training
  - Team building
  - Competence enhancement
  - Professional development
  - Communication
    - Bulletin boards
    - Focus groups
    - Incentive and recognition
    - Internet and intranet
    - MBO, OBM

**CHECK**
- Assessment
  - Balanced scorecard
  - Benchmarking
  - Dashboard
  - Employee satisfaction survey
  - Performance appraisal
  - Trend analysis

**ACT**
- Improvement
  - Achievable benefits
    - Reduced costs
    - Improved customer retention and loyalty
    - Improved intellectual capital
    - Optimized, effective and efficient processes

**OUTPUT**

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**Figure 6:** Involvement of people [16]

- Admitting limitations - for some activities, there may be a tendency to tell only part of the story. This can backfire since raising the issue will provoke questions about what has not been done. Verification is one example of this. Another is life cycle analysis. Some reports explain how the company operates on the principle of life cycle analysis. On close inspection, it emerges that while the production process is viewed from a life-cycle perspective, the impacts of the actual end use of the product (cradle to grave material flows) are not figured in. Credibility is built by demonstrating a clear understanding of an approach, including where the company falls short and why. Companies should be careful to strike a balance between positive and negative results.

- Consistency - stressing the importance of sustainability to the company but neglecting to show how it relates to core values and business activities detracts from credibility[24].

### 6 Conclusion

Quality and development of Environmental Management System is constantly improving. New environmental issues dictate the redefining of economic interests in the wake of the recognition, that the natural environment is a limited production factor[10]. The interest of customers, users, developers and others in the environmental aspects and impacts of products is increasing [12]. Environmental Excellence in Global Marketing is no more question. Quality management with environmental policy is a first step to environment protection.

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