A Focus on a Stakeholder View of the Firm to Compete Globally

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Stakeholder Orientation

- The organizational culture and behaviors that induce organizational members to continuously be aware of, and positively act upon, a variety of stakeholder issues
  - Stimulates a general concern for a variety of actors, not any specific group
- Stakeholder-oriented culture is made of three interrelated components
  - Shared basic values
  - Behavioral norms
  - Artifacts

Market Orientation

- “Market orientation represents superior skills in understanding and satisfying customers”

  (Day, George S.: 1994, ‘The Capabilities of Market-Driven Organizations,’ Journal of Marketing 58 (October), pp. 37-52)

- “Market orientation is the organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, continuous superior performance for the business”

  (Narver, John C. and Stanley F. Slater: 1990, ‘The Effect of Market Orientation on Business Profitability,’ Journal of Marketing 54 (October), pp. 20-35)

- “We see customer and market orientations as being synonymous […]. We define customer orientation as the set of beliefs that puts the customers’ interest first, while not excluding those of all other stakeholders such as owners, managers, and employees, in order to develop a long-term profitable enterprise”

  (Deshpandé, Rohit and John U. Farley: 1998, ‘Measuring Market Orientation: Generalization and Synthesis,’ Journal of Market-Focused Management 2 (3), pp. 213-232)

Market Orientation

- Market orientation is both <u>culture</u> (values, norms and artifacts) and <u>behaviors</u> (intelligence generation, intelligence dissemination and responsiveness)

(Homburg, Christian and Christian Pflesser: 2000, 'A Multiple-Layer Model of Market-Oriented Organizational Culture: Measurement Issues and Performance Outcomes,' Journal of Marketing Research 37 (November), pp. 449-462)

- An individual or group is considered a stakeholder of a business unit when
  - The actor has the potential to be positively or negatively affected by organizational activities and/or is concerned about the organization's impact on their or others' well-being
  - The actor can withdraw or grant resources needed for organizational activities
  - The actor is valued by the organizational culture

(Frooman, Jeff: 1999, 'Stakeholder Influence Strategies,' Academy of Management Review 24 (2), pp. 191-205; Maignan, Isabelle and O. C. Ferrell: 2004, 'Corporate Social Responsibility and Marketing: An Integrative Framework,' Journal of the Academy of Marketing Science 32 (1), pp. 3-19; Rowley, Timothy J.: 1997, 'Moving Beyond Dyadic Ties: A Network Theory of Stakeholder Influences,' Academy of Management Review 22 (4), pp. 887-910)

- Third largest energy company in the world
  - Since rig explosion and oil leak, has lost over half its market capitalization
- Long history of environmental violations
  - Frequently cited as one of the world's most polluting companies
- Recent efforts to include more clean, renewable energy in its portfolio
  - Clean energy remains less than 4% of its overall exploratory budget
- Discovered that 1 in 3 BP oil wells were labeled 'risky' by government investigators

BP's Future?

- Great damage to company reputation and profits
- BP has failed to manage important stakeholders
  - Government
  - Consumers
  - Environmental special interest groups
  - Investors
  - Golf coast businesses
  - British pensioners
  - The oil industry

A Focus on Stakeholder View of the Firm to Compete Globally

- Cultural differences among nations
- Different free trade groups
- Global energy industry
- Long-term view of strategy and risk-management in global corporations
- Compliance with international quality standards
- Ethics and responsibility