

## AXIOMS FOR ECOLOGICAL MARKETING

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### ABSTRACT

This article reviews the controversy concerning the nature of the macro- and ecological-marketing theory. It also proposes a contemporary set of axioms that individually and collectively challenge the conventional ecological marketing concept. They are offered as a mode to encourage a much needed dialogue on the fundamentals of ecological marketing theory, thought, and practice in the interest of improving marketing's contribution to the environmental welfare of society.

### INTRODUCTION

Since the turn of the century, marketing thought has been in constant evolution, mainly in the direction of greater breadth. Recent concern over the limitations of theoretical and empirical knowledge in ecological-marketing has been voiced among researchers. The concept of "ecological marketing," which has gained widespread recognition in the field of macromarketing, is "the study of the positive and negative aspects of marketing activities on pollution, energy depletion and nonenergy resource depletion" (Henion 1979). The adoption of such techniques should have been expanding in our society. Unfortunately, almost two decades have passed since the concept of ecological marketing has been introduced; yet, no attempt has been made to broaden the theory.

Discussions from macromarketing seminars and reviews of the literature lead to an obvious conclusion that ecological-marketing theory is not applied to industrial marketing near the level to which it has been used in consumer marketing. To date, the literature has contained extended discussions about the definition of ecological marketing (Henion 1976), the appropriateness of broadening the macromarketing discipline to include ecological marketing (Apaiwongse 1993a, 1993b), and the potential of applying various social science theories in the ecological marketing contexts (Apaiwongse 1991b). In addition, several case studies in ecological marketing efforts have been reported. However, there have been few attempts (Apaiwongse 1991a) to move beyond the reporting of case studies toward the development of general knowledge about ecological marketing, including knowledge about the problems most organizations tend to find in applying conventional macromarketing approaches in environmental protection programs.

The controversies in macro- and ecological marketing have encompassed such issues as: how macromarketing and ecological marketing can be differentiated; and where macro- and ecological marketing fits in and indeed what its definition should be. Thus, this paper briefly reviews the nature of the macromarketing theory, discusses the controversy by examining the domain of the concept of macro and ecological marketing, and attempts to broaden the macromarketing concept into ecological marketing thought.

### SCOPE OF MACROMARKETING CONTROVERSY

Decades ago, various marketing scholars' perspectives on the controversy concerning the macromarketing concept were well presented. Differences in the definition of macromarketing, however, have frequently led to slightly different focuses of theoretical and empirical perspectives. As pointed out by Smith and Konopa (1980), although the term macromarketing occasionally appeared in the literature before the 1970s, it did so in a casual, undefined and unspecified context.

Many of the early works on marketing would probably be considered by most writers as macro in nature. For example, it appeared that Duddy and Revzan (1947) depicted an early framework of marketing "an organic whole made up of interrelated parts, subject to growth and change and functioning in a process of distribution that is coordinated by economic and social forces." Other scholars whose works were macro in nature include Barger (1955), Borden (1942), Cox (1965) and Stewart (1939).

### MACROMARKETING AS AN "AGGREGATION"

The first key perspective of macromarketing was introduced by Moyer (1972). Moyer suggests that macromarketing "studies marketing within the context of the entire economic system, with special emphasis on its aggregate performance". Two themes emerge from this perspective: aggregation (which represents industrial structures and processes within major systems, industrial organizations, and their environments, and the linkages among them), and performance (which includes such issues as industrial efficiency, productivity as well as performance, and consumerism). Moyer suggests that macromarketing is bigger than micro-marketing. This is a level of aggregation criterion which, in one manner or another, is repeated in many of the other perspectives on macromarketing. Secondly, the performance criterion suggests that a major function of macromarketing is to evaluate, in a normative sense, marketing within the society. Consistent with this perspective, such issues as ecologically related industrial marketing, ecologically concerned industrial sellers and buyers can be another possible approach for an application for macromarketing perspective.

Consistent with Moyer's (1972) level of aggregation perspective, Alderson (1975) adopted an ecological frame of reference and drew heavily upon biology, sociology, cultural anthropology and other social sciences. The underlying approach is functionalism, which begins by identifying a system of related parts and stresses the operation of the total system and dynamic relations among the component parts. In a few words, Alderson viewed marketing as an organized behavior system, which is defined as an ecological system composed of a group taken in conjunction with the environment in which it functions. The group, by Alderson's definition, may be the individuals in a household, an association of people in business firms, or a number of business firms.

### MACROMARKETING AS AN "EXCHANGE"

With the advent of the social perspective, however, the development of macromarketing has had mixed consequences. The controversies have encompassed such issues as: (1) whether or not exchange theory is the core concept of macromarketing; and (2) whether the scope of the subject matter treated should be restricted to economic exchanges or to be expanded to all exchanges. In addition, several case studies of social marketing efforts have been published; however, few attempts have been made to move beyond the reporting of case studies toward the development of a general understanding of social and macromarketing.

The second key perspective of macromarketing is viewed by Shawver and Nickles (1979) as a set of activities culminating in a socially concerned system of exchange. They suggest that "Macromarketing is the study of exchange activities and exchange systems from a societal perspective." The authors note that only the study of exchange systems from a societal perspective is macromarketing. Thus, when the perspective is on social externalities of exchange relationships, the subject falls within the domain of macromarketing. Likewise, public policy related to exchange is Macro in nature because of social welfare implications. As Hutt (1977) commented, this perspective introduces a completely new element into the specification of the marketing dimensions of industrial marketing knowledge.

In the light of the broadening concept of exchange, Bagozzi's (1974) analysis of dimensions of the exchange paradigm shows that, in reality, marketing exchanges often are indirect, may involve intangible and symbolic aspects, and more than two parties may participate. Bagozzi introduces, at a super "macro

level, the notion of the "exchange paradigm." Bagozzi breaks the paradigm into three distinct categories that range roughly from the behavior of two actors to complex relationships among many actors. The complex chain exchange is defined as an open-ended sequence of direct exchanges while many marketing exchange studies involve relatively closed sequences of relationships. Moreover, Bagozzi's work in the complex exchange involves predominantly conscious systems of social and economic relationships. Also, the work has an overt coordination of activities and expectations, which Alderson calls an organized behavioral system, and an ecological frame of reference. Bagozzi perceives macromarketing to be societal networks of systematic relationships connecting among marketing actors. Although Bagozzi's specification of macromarketing is more detailed and appears different from Moyer's, the two perspectives are really quite similar. Bagozzi's use of the terms "networks of relationships" and "societal patterns" is actually another way of stating a level of aggregation criterion.

Many areas of macromarketing address important aspects of marketing behavior, such as the structures and process of marketing organizations, groups, and collectivities (Bagozzi, 1977). Furthermore, an accumulation of benefits to neither government nor industrial firms at the societal level is evident.

### MACROMARKETING AS A "SOCIAL CAUSE"

The third key perspective is that of Kotler and Zaltman (1971) who contend that they were among the first to break from narrow, managerial concerns dealing with problems of the single firm. They viewed macromarketing in terms of "social causes" and treated societal goals as a fundamental basis for market organization. The societal approach for macromarketing treats the market as a subsystem of a society which sanctioned it and holds that market values and market behavior are determined by the value structure of the social system. Generally, Kotler (1975) thinks of influencing social attitudes in a sense designed to lead to benefits to individuals or to society as a whole.

From the previous perspectives being discussed, the distinction between micro- and macromarketing rests the basis of aggregation and the classification of "internalities versus externalities." Micro refers to the marketing activities of individual units, while macro refers to a higher level of aggregation, either marketing systems or groups of buyers. Additionally, micro-marketing focuses on the interests of firms, whereas macromarketing focuses on the interests of society concerning marketing activities. Such a specification would then include topics like "social responsibility." Continued and intensified environmental strain contributes to the need for expansion of macromarketing inquiry.

Hunt (1977) also defines macromarketing as "the study of marketing systems, the impact and consequences of society on marketing systems." To Hunt, it would appear that macromarketing is the study of individual units, organizations, firms and households. Similar to both Moyer and Bagozzi, Hunt's marketing systems criterion implies that the level of aggregation of the study is important for separating macro- from micro-marketing. Hunt clarifies the impact and consequences of marketing systems on society as a generalized "interests of society" criterion which brings in items such as "social responsibilities." For the impact and consequence of the society on marketing systems criteria, Hunt includes topics such as the regulatory or legal aspects of marketing and the consequences on marketing of different political and social value systems.

### MACROMARKETING AS A "DYADIC INTERACTION"

The fourth perspective is provided by Johnston and Bonoma (1978). They relate the exchange system suggested by Shawver and Nickles to the dyadic relationship between buyer and seller, as suggested by Hutt (1977). The authors examine the cause of the paucity that appears to exist in the application of exchange theory to the industrial marketing area. Their criticism stems from a traditional research assumption that "industrial buying behavior may be studied in isolation from other industrial marketing

behaviors as action taken by a separate individual(s) in the firm."

By studying the "buying center" within the buying organization, therefore, it is possible to gain an understanding of the industrial buying process. It is important to understand industrial marketing activities in terms of group behavior or from a sociological perspective, rather than from only a psychological, individualistic process. Consequently, the sociological (or "dyadic" and "system") approach rather than psychological (or traditional "single unit") approach is the focus of attention. The most recent model with considerable conceptual appeal, moreover, is based on a dyadic rather than unit construct of industrial buying behavior. In contrast to other models in industrial buying behavior literature, a dynamic model expands the transactional interactive character of the buying process to include buyer-seller interactions and interdependencies. Thus, this dyadic model not only focuses on the selling firms as an influence, stimulus, or component of the buying firm's environment, but it also focuses on relational variables that connect the firms and individuals. A dyadic approach requires the smallest unit of analysis to be a socially meaningful unit; that is, the unit should be comprised of two parties. Fundamentally, the focus is on exchange, "reciprocal influence" as opposed to "exogenous influence," and has an emphasis on "mutual problem solving."

Other variables that could be included in a dyadic model analysis are situational or environmental variables. Hutt (1977) identifies several factors needed for an examination of the interaction between buyer and seller from a macro marketing perspective. Among those factors, he clearly indicates that the participation of public and private organizations is reflected to some degree in the exchange of ideas. The social externalities that emerge from those exchange relationships need extensive examinations.

#### MACROMARKETING AS THE "ECOLOGICAL MARKETING"

The final perspective is provided by Henion (1978). Among those research directions in social marketing, Henion's (1981, 1976) critical work on a marketing strategy and on the environmental crisis has gained new significance. Henion's work on the ecological marketing concept sheds new light on future directions of macromarketing research and provides an understanding of how government and business need to strike a better balance in the division of responsibility for the management of social externalities. He defines ecological marketing as "the study of the positive and negative aspects of marketing activities on pollution, energy depletion, and nonenergy resources depletion" (Henion, 1976).

Ecological marketing, a subdiscipline of macro and social marketing, can be considered a marketing strategy for the environmental crisis (Henion 1978). Ecological-marketing is distinguished from other macromarketing not because it offers a totally different set of tools and techniques, but because its overall orientation to solve ecological problems is different from those legal-regulatory approaches most commonly employed in the private and public sectors.

Ecological marketing, as a generic macromarketing concept, embodies two ideas: (1) the marketing effort of a profit-making entity; or, (2) the marketing effort, typically a communication effort, either educational or promotional, of a nonprofit entity, whether organization or individual. It is the marketing effort that will expend directly or indirectly on behalf of selling or marketing goods, services, or ideas whose positive ecological attributes or content constitute a minor or major appeal for the buyer, user, or adopter for the purpose of making, or which tends to result in, a short-term or long-term profit for a profit-making entity (Henion 1976).

By broadening the macromarketing concept, the ecological marketing can be viewed as an approach to create a plan for air pollution control that draws upon different concepts and techniques from the marketing field, and attempts to gain industries' voluntary cooperation by sensing and satisfying their needs as expressed by their attitudes and behaviors. The approach is aimed at eliciting voluntary action through the exchange process.

Recently, interest in marketing at the ecological level has grown in numerous directions and become increasingly accepted. Among those marketing research directions in ecology, Apaiwongse's (1991a, 1991b, 1993a, 1993b) critical work on a marketing strategy and the environmental crisis has gained new significance. His ecological marketing view sheds new light on future directions of macromarketing research and provides an understanding of how government and business need to strike a better balance in the division of responsibility for the management of social externalities.

### ECOLOGICAL MARKETING AXIOMS

A contemporary set of nine axioms that individually and collectively challenge the conventional ecological marketing concept is proposed. They are offered as a mode to encourage a much needed dialogue on the fundamentals of ecological marketing theory, thought, and practice in the interest of improving marketing's contribution to the environmental welfare of society as a whole.

**Axiom 1:** Ecological marketing involves an ecologically conscious network of relationships among more than two interactive marketing actors, focusing on the interest of the society (from an ecological perspective) with regard to ecological protection.

**Corollary 1.1** These interactive marketing actors may be individuals or collectivities in the form of nations, governmental agencies, publics, the ecological consumer movements, ecologically concerned marketing centers, ecologically concerned communities, and environmentally aware citizens.

**Corollary 1.2** An ecologically conscious network of relationships will create an impact of the transaction upon the broader system, on the ecologically conscious society and on groups of consumers.

**Corollary 1.3** Ecological marketing suggests a higher level of aggregation, usually marketing actors in system channels and groups in the ecological movement.

**Axiom 2:** The roles played among these interactive actors can be compared to ecologically conscious buyers and sellers, or vice versa.

**Corollary 2.1** Roles played among the interactive actors as buyers and sellers can be dual-interaction or role-reversal.

**Corollary 2.2** Ecological marketing can be seen as a network of relationships connecting ecologically concerned marketing actors and ecological issues or systematic relations among marketing actors and ecologically concerned society.

**Axiom 3:** The domain of exchange systems and activities developed around the ecological market are centered on voluntary interactive forms of behavior, intention, and attitude.

**Corollary 3.1:** The ecologically concerned marketer assumes that the market's exchange will be voluntary. As one can see, voluntary simplicity and voluntary policy to regulatory alternatives are examples of voluntary responses among a group of citizens and government agencies, consecutively.

**Corollary 3.2:** The ecological domain of voluntary exchange includes both intranational and international exchange systems in addition to particular dyadic exchange relationships.

**Axiom 4:** While the general market mechanism may be motivated by economic incentives, the ecological market has to be operated under ecologically conscious motives.

**Axiom 5:** At least one interactive party is seeking a specific response, either extrinsic or intrinsic or both, from one or more social units regarding environmentally related issues.

**Corollary 5.1:** The social unit seeking the response is called the environmentally concerned marketer, and the social unit whose response is sought is called the environmentally concerned market.

**Corollary 5.2:** Environmentally related issues can be products, services, ideas, information, persons, a place, an organization, environmental protection policies and regulations, or education.

**Corollary 5.3:** The response sought from the market is some behavior toward the environmentally related issues. More specific response sought are buying, selling, adoption, consumption or usage. The response, which can be either monetary or nonmonetary related, has value not only to both buyer and seller but also to the society as a whole with regard to environmental protection.

**Corollary 5.4:** The response sought may be expected in the form of commitment among parties and accomplishes both the short-run and long-run objectives of society with regard to environmental protection issues.

**Axiom 6:** Ecological marketing is the social attempt to sell or market ecologically related products whose positive ecological attributes or content constitute a minor or major appeal for the buyer, influencer, gatekeeper, user, and adopter.

**Axiom 7:** The ecologically concerned marketer creates and offers value mainly through ecologically motivated marketing efforts of a profit and nonprofit entity.

**Corollary 7.1:** The ecologically motivated marketing efforts (or internal Ecology P's) are: Products, Price, Promotion, Place, Provision of Information, Processes, Policies, and People.

**Axiom 8:** The essential activity of ecological marketing is the creation and offering of ecologically related value.

**Corollary 8.1:** Perceived ecological value is subjectively defined as, for example, quality of life, reduction of pollution (air, water, toxic, and noise), protection of the wildlife environment, simplicity form of life style, and forestry preservation.

**Axiom 9:** Ecological value can be mainly created through configuration, valuation, symbolization, and facilitation.

**Corollary 9.1:** Configuration is the act of designing the ecologically beneficial product. Ecological configuration includes raw materials, safety, quality, reusability, recyclability, long term lifespans, and energy efficiency.

**Corollary 9.2:** Valuation is the placing of terms of exchange on the ecologically beneficial product. Ecological valuation includes a component to cover environmental costs and risks.

**Corollary 9.3:** Symbolization is the association of meanings with the ecologically beneficial product. Ecological symbolization includes ecological promotion (advertising and publicity) and sales force (ecological program and training).

**Corollary 9.4:** Facilitation is the altering of the accessibility of the environmentally beneficial product. Ecological facilitation includes energy efficiency of distribution.

#### AN APPLICATION OF THE AXIOMS TO INDUSTRIAL MARKETING

Called "ecological marketing", this paradigm amounts to a policy that is more flexible and viable than

policies based on increased regulation of business. Consistent with Henion's definition (1976), economists are inclined to favor a government policy that makes greater use of free-market mechanisms, than to favor policies that utilize direct controls as a solution to air pollution problems. The voluntary approach to pollution abatement would be a step toward making pollution control more profitable for industrial firms.

A recent effort has begun to explore the voluntary exchange between industrial firms and regulatory agencies from the ecological marketing standpoint (Apaiwongse 1991a, 1993a, 1993b). But there has been little attention to defining "exchange" in the voluntary interaction (Frazier, Spekman, and O'Neal 1988). Conceptually, ecological marketing aggregates exchange activities from a societal perspective (Shawver and Nickles 1979), and the exchange identifies the dyadic interaction between buyer and seller (Dwyer, Schurr, and Oh 1987). Expanding the concept of ecological marketing to recognize that government may be cast in the seller role as a more active environmental educator of business is a valid approach. The role of government as regulator is played down and is replaced by the role of seller. A broadened interpretation of this concept would have government aggressively direct at industry a persuasive communication aimed at increasing the preference for and adoption of the voluntary policy.

Hutt (1977) identifies several factors needed for an examination of the interaction between buyer and seller from a macromarketing perspective. Among those factors, Hutt clearly indicates that the participation of public and private organizations is reflected to some degree in the exchange of ideas. The social externalities that emerge from these exchange relationships should be examined. Furthermore, Gronhaugh draws a conclusion from his study on the power of organizational buying that various governmental agencies and legislators are evidently influencing the power relations between buyers and sellers (Gronhaugh, 1978). Thus, if the ability to deal directly with the government is unequally distributed among buyers who play a role as political actors, this may lead to a change in the power among themselves. Also, an increasing tendency to deal directly with government and legislators may be seen as attempts to get control over some parts of the task environment.

In the context of interface between government and business, Schultze discusses the nature of growth of the government intervention from a macromarketing and societal perspective. Schultze comments that neither command-and-control nor the market-incentive approach is appropriate to every situation. The current forces of the political system almost always choose the command-and-control response, regardless of whether that response fits the problem (Schultze, 1977).

The command-and-control intervention has been applied significantly in the areas of environmental control. The power of economic incentives is seen by Apaiwongse (1991a) as a key factor in fostering the steadily improving efficiency of business firms about trying to reduce environmental damages. The relationships between government and business can be compared to the buyer-seller relationships. Additionally, the buyer-seller relationships of the marketplace have substantial advantages as a form of social organization. In the first place, relationships in the market are a form of unanimous-consent arrangement. When dealing with each other in a buy-sell transaction, individuals can act voluntarily on the basis of mutual advantage. The expansion of the role of choice takes on added importance in the transaction.

The second advantage of the ecological market as an organizing principle for relationships is that it reduces the need for hard-to-get information. The final advantage of market-like arrangements is the potential ability to direct innovation into socially desirable directions. Much of the economic literature on pollution control, for example, stresses the role of economic incentives to achieve static efficiency in control measures, i.e., the use of existing technology in a way that reaches environmental goals at the least cost. In the long run, the future of society hinges on the discovery and adoption of ever improving technologies or any form of innovations to reduce the environmental consequences of expanding production.

Clearly, the market-based approach can supplant current command-and-control techniques. Not

much thought, however, has been devoted to dynamic strategies that, step-by-step, mesh a dwindling reliance on regulations with a cautiously expanding use of market instruments. Schultze introduces a basic proposition which underlines an identification and analysis of market failure. He indicates that "to be an efficient instrument in society, a private market must be so organized that buyers and sellers realize all the benefits and pay all the costs of each transactions." In other words, the price paid by the buyer and costs incurred by the seller must reflect the full value and the full cost of that transaction not only to them, but to society as a whole.

One specific existing policy known as the "Bubble" combines regulatory market strategies with voluntary alternatives as an economic incentive to motivate industries to accelerate pollution reduction. Under the Clean Air Act, the EPA is responsible for assuring that each state enforces the air pollution level standards. The approach adopted in state implementation plans has been to specify exact limits on the amount of pollutants that might be discharged by each emission source in industrial plants.

The Bubble concept instead sets overall limits on pollutants for an entire plant, allowing business to determine the most appropriate mix of controls on the emission sources within the plant. A company could then be innovative in altering the pollution rates of the emission sites in the plant as long as the air pollution through the stack meets EPA requirements. In principle, the Bubble approach allows substantial savings to industry without relaxing mandated reductions in air pollution. Yet the Bubble policy manifests its own problems. For instance, complaints among industrial firms show evidence of the restrictive Bubble policy and the EPA's immobilizing bureaucracy. In addition, the content of the Bubble policy does not establish conclusively how the EPA resolves issues in individual cases. Certainly, the perception among industrial firms toward this regulatory uncertainty will influence their policy decisions.

The EPA's innovative "Bubble" policy brings flexible ecological marketing to the control of air pollution. In fact, the Bubble policy exemplifies the exchange relationship between industrial firms and regulatory agencies as a key factor in achieving a specific marketing goal. Because the Bubble concept is a voluntary alternative which relies upon economic incentives, the roles that both the EPA and industrial firms play in this ecological market is that of buyer and seller, respectively. The means of the market exchange are the submitted proposals by firms, and proposal approvals of emission rates by the EPA. The selling function represents the submission of Bubble proposals by firms, and the buying function represents the approval of the Bubble proposals by the EPA. Clearly, the advancement of ecological marketing is enhanced by the Bubble policy.

However, a communication void between regulator and regulatee remains. Many businesses are not yet aware of this new market-approached policy. Viewing the Bubble policy as an exchange between regulatory agencies and industrial firms, it is suggested that the voluntary policy of regulatory alternatives can be viewed as a commodity being exchanged between business and government, which can be compared to buyers and sellers. The activities around which exchanges occur tend to be those of buying-selling transactions of regulatory ideas and information for policy adoption. The commodities being sold and bought consists, perhaps, of the final submission of a proposal by business to government for policy adoption.

The contributions of the ecological marketing paradigm and the social exchange paradigm provide a new theoretical direction on a marketing-based approach to the government and business intervention. As Schultze (1977) indicates, the relationship between government and business can be compared to those between the buyer and seller.

Following the ecological marketing paradigm, government will make a marketing endeavor, typically a communication effort, to sell or market new ideas concerning air pollution control methods to industrial firms. For the purpose of raising environmental quality to an acceptable level, the positive ecological content of the government policy should contribute a minor or major appeal (or economic incentive) for an industrial buyer to adopt a new idea (or government policy). This approach to pollution



abatement would be a step toward making pollution control profitable for industrial producers. The industrial buyer's self-interest would be put to work in favor of pollution reduction. As Henion contends, the ecological marketing approach amounts to a government policy that is more flexible, free, and viable than government policies based on either taxes and subsidies or on increased regulation of business.

The market transaction or exchange system, moreover, cannot be an efficient method of organizing government and business activity unless both participants understand the full costs (which includes uncertainty and information costs) and the benefits of the buying and selling activity.

The exchange paradigm stresses the importance of relationships between a social group (as applied to industrial buying-center) as a key factor for the achievement of a specific goal (i.e., to maintain the air pollution level at the lowest cost or the highest economic incentive). The adaption of the subsystem (or buying-center) to its task environment relates directly to the system's efficiency and responsiveness. Furthermore, the actions of all internal subsystems (as applied to members of the buying-center) must be coordinated to prevent conflict, to maintain efficiency, and to encourage work effectiveness within the system (buying-center).

#### FUTURE DIRECTION OF RESEARCH AND CONCLUSION

Thus, future directions to the understanding of the application of the ecological-marketing paradigm to the industrial market should focus on an examination of the interface between government and business from a societal perspective. The key variable in the relationship between government agencies and business organization is the degree of uncertainty on government regulation which firms exhibit.

Several factors need further examination of the interaction between buyer and seller from a macromarketing perspective. Among those factors, the participation of public and private organizations is reflected to some degree in the exchange of ideas. The social externalities that emerge from these exchange relationships should be examined.

Furthermore, various governmental agencies and legislators are evidently influencing the power relations between buyers and sellers. Additionally, an increasing tendency among large organizations to negotiate directly with the government has to be observed. Thus, if the ability to deal directly with the government is unequally distributed among buyers who play a role as political actors, it may lead to a change in the power among these buyers. Also, an increasing tendency to deal directly with government and legislators may be seen as attempts to get control over some parts of the task environment.

In the context of interfacing between government and business, the nature of growth of the government intervention should be looked at from a macromarketing and societal perspective. Neither command-and-control nor the market-incentive approach is appropriate to every situation. The current forces of the political system almost always choose the command-and-control response, regardless of whether that response fits the problem.

The command-and-control intervention has been applied significantly in the areas of environmental control. The power of economic incentives is seen by Apaiwongse (1991) as a key factor in fostering the steadily improving efficiency of business firms about trying to reduce environmental damages. The relationships between government and business can be compared to the buyer-seller relationships. Additionally, the buyer-seller relationships of the marketplace have substantial advantages as a form of social organization. In the first place, relationships in the market are a form of unanimous-consent arrangement. When dealing with each other in a buy-sell transaction, individuals can act voluntarily on the basis of mutual advantage. The expansion of the role of choice takes on added importance in the transaction.

Another advantage of the market as an organizing principle for relationships is that it reduces

the need for hard-to-get information. The final advantage of market-like arrangements is the potential ability to direct innovation into socially desirable directions. Much of the economic literature on pollution control, for example, stresses the role of economic incentives to achieve static efficiency in control measures, i.e., the use of existing technology in a way that reaches environmental goals at least cost. In the long run, the future of society hinges on the discovery and adoption of ever-improving technologies or of any forms of innovations to reduce the environmental consequences of expanding production.

Clearly, the market-based approach can supplant current command-and-control techniques. Not much thought, however, has been devoted to dynamic strategies that, step-by-step, mesh a dwindling reliance on regulations with a cautiously expanding use of market instruments. Schultze (1977) introduces a basic proposition which underlines an identification and analysis of market failure. He indicates that "to be an efficient instrument in society, a private market must be so organized that buyers and sellers realize all the benefits and pay all the costs of each transactions." In other words, the price paid by the buyer and costs incurred by the seller must reflect the full value and the full cost of that transaction not only to them, but to society as a whole.

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