

Corporate branding: Toward integrating corporate social responsibility and corporate sustainability

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Abstract (Major Heading)

Abstract

Stakeholders are demanding more of corporate brands and are less forgiving when faced with shallow and erroneous claims. While some corporations take a minimalist approach others recognise the value of cultivating responsible yet sustainable values. Despite the plethora of academic research addressing corporate social responsibility (CSR) there is fragmentation and no consensus. The current paper proposes using *corporate branding* firstly to integrate the fragmented CSR literature and secondly to integrate the fragmented sustainability literature. In turn, further conceptual refinement is suggested by harmonising both integrations.

Keywords: corporate branding, sustainability, corporate social responsibility

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Introduction

In contemporary society, consumers are increasingly savvy (Miller, 2008) concerning the touted credibility of corporate brands. Brand managers can no longer dictate the needs of consumers. Instead managers need to be receptive to the evolving needs of stakeholders, and proactive in addressing these to retain a strong market position (Low and Fullerton, 1994). Corporate social responsibility has developed out of the recognition that corporations have a broader responsibility than that emphasised in the traditional economic perspective of business. Stakeholders are increasingly demanding, and as a result corporate social responsibility is becoming an operating requirement (Joyner and Payne, 2002). A corporation's responsibility is multifaceted and largely contingent upon the relationships developed with stakeholders.

However, to remain relevant to the contemporary needs of academics and practitioners, the concept of corporate social responsibility requires re-positioning. While the literature concerning corporate social responsibility is well established, the connection between corporate social responsibility and sustainability is little unexplored. Despite the extant literature on corporate social responsibility and the growing notability of sustainability, there is mounting confusion (Kitchin, 2003). Thus there is a need for the convergence and integration of the fragmented literature. The current paper briefly reviews the CSR and sustainability literatures. Next, each of these two literatures is integrated through the frame of corporate branding. Finally, the two sets of integration are harmonised with each other, again within the frame of corporate branding.

Corporate Social Responsibility

In conceptualising corporate social responsibility there are differing perspectives particularly in its demarcation. There are four distinct themes that emerge from the literature concerning corporate social responsibility, namely the management of stakeholder concern, economic viability, ethical practices and philanthropic actions (Carroll, 1979; Luo and Bhattacharya, 2006; Maignan and Ferrell, 2004; Robin and Reidenbach, 1987). Others, however, suggest that corporate social responsibility is not only concerned with a corporation's social obligations. For example, Vaaland, Heide and Gronhaug (2008) suggest that corporations need to proactively manage stakeholder concern for ethical, social and environmental phenomena to the benefit of the corporation, while Castaldo, Perrini, Misani and Tencati (2009) link corporate social responsibility to fair trade products. However, while Vaaland et al. (2008) consider a corporation's responsibility to encompass the environment, the dominant responsibility of the corporation is first and foremost to society. As the term suggests, corporate social responsibility is primarily concerned with a company's commitment to stakeholders and the broader society of which it is a part. The word social, which is a derivative of society, is concerned with relationships and more broadly the well-being of a community. Robin and Reidenbach (1987) determine that businesses enter into a relationally based contract with society, with obligations and duties. Business and society are interdependent and concomitant (Joyner and Payne, 2002). The onus is placed upon corporations to perform in a way that is acceptable to those it is in relationship with. The environment is thus an indirect concern of corporate social responsibility strategies.

Sustainability

Business is fundamentally dependent upon society (Joyner and Payne, 2002) and the environment in which it operates. There is a growing global shift in awareness toward the opportunities that sustainable business practises present corporations (York, 2009). Further, regulatory compliance, stakeholder pressures (Bansal and Roth, 2000) and mounting environmental concerns (Menon and Menon, 1997; Polonsky and Mintu-Wimsatt, 1995) are requiring corporations transition to sustainable practices. There is a growing segment of consumers that show positive changes in their purchasing toward businesses that are demonstrating environmental responsibility (Menon and Menon, 1997). Corporations need to employ proactive strategies (Zeithaml and Zeithaml, 1984) to take advantage of this escalating environmental awareness (Menon and Menon, 1997). Peattie (2001) however, contends that while firms should seek to reduce their environmental footprint this is a simplistic view of sustainability. Peattie (2001) proposes that sustainability involves placing an emphasis upon customer needs, meeting these needs, obtaining organisational goals through a process that is compatible with eco-systems. As emphasis increases upon the need to promote sustainable consumption (Dolan, 2002; Schaefer and Crane, 2005) and develop business practices (Bansal and Roth, 2000; Dechant and Altman, 1994; Miles and Govin, 2000), the concept of sustainability is likewise gaining prominence in practitioner and academic vernacular (Brady, 2003; de Chernatony, Harris, and Riley, 2000; Gad and Moss, 2008).

Corporate branding

A corporate brand is a valuable financial asset (Aaker, 1996; Balmer, Greyser, and Urde, 2006; Leitch and Richardson, 2003) which acts as an interface facilitating the interaction of multiple stakeholders with the corporation (Harris and de Chernatony, 2001). As the “visual, verbal and behavioural expression of an organisation’s unique business model” (Knox and Bickerton, 2003, p. 1013) the corporate brand is the embodiment of a corporation’s unique values. There are several themes in the corporate branding literature, including strategic focus, orientation, congruency and complexity. Strategies of corporate branding seek to strengthen relationships with a diverse range of stakeholders including employees, shareholders and suppliers (Harris and de Chernatony, 2001; Knox and Bickerton, 2003). In the quest to achieve long-lasting relationships with internal and external stakeholders the focus advances from the product to that of the corporation (Hatch and Schultz, 2003; Merrilees and Miller, 2008; Xie and Bogs, 2006). In taking centre stage, the corporation can no longer hide behind product actors; instead, as the lead actor, it must consistently deliver the brand promise to each stakeholder. Thus, as the audience for the brand reaches beyond the consumer (King, 1991; Knox and Bickerton, 2003), top management must develop and preside over a strong strategic corporate brand perspective (Hatch and Schultz, 2003; Merrilees and Miller, 2008). Corporate brand imagery develops through the different dimensions of the corporate marketing mix, namely corporate identity, corporate communications, marketing and stakeholder management, corporate brand management, corporate reputation and organisational identity (Balmer and Greyser, 2006). The resulting synthesis of these elements, allows organisations to develop more elaborate and meaningful associations across a range of stakeholder groups. Thus, a higher level of complexity is attributed to the corporate brand (Hatch and Schultz, 2003). Corporate branding also requires that management engage in the process of linking strategic vision, organisational culture and corporate images (Hatch and Schultz, 2003). The synthesis of internal and external brand communication allows for the development of a congruous corporate brand identity. Harris and de Chernatony (2001) contend that clear communication of the corporate brand story to stakeholders, specifically

employees, builds internal consistency. Internal congruency strengthens brand identity, presenting a consistent story to internal and external stakeholders.

Incorporating corporate social responsibility into corporate brand

Increasingly management recognises the need to promote socially responsible business practices to achieve a sustained strategic advantage (Luo and Bhattacharya, 2006; Sen, Bhattacharya, and Korschun, 2006) and to enhance a corporation's reputation. Reputation, which is the perceptions of all relevant stakeholders (Miles and Govin, 2000) formed through a corporation's actions is an invaluable intangible asset. Corporations through strengthening and protecting the brand's reputation can communicate their credibility (Herbig and Milewicz, 1995) to stakeholders (Maignan, Ferrell, and Ferrell, 2005). Additionally, a plethora of academic research is devoted to corporate social responsibility, its impact, outcome and benefit (Sen *et al.*, 2006). Corporations wanting to attract potential stakeholders are showcasing actions that further a particular social good (Castaldo *et al.*, 2009). However, engaging in corporate social responsibility with the wrong motives can potentially undermine the corporate brand identity and adversely affect a brand's established reputation. Knowledgeable stakeholders, especially consumers (Miller, 2008), are alert to the inauthentic actions of corporations. McWilliams and Siegel (2001) argue that corporate social responsibility involves going beyond the legal requirements.

By investing in corporate social responsibility, corporations can secure competitive advantages, financial benefits (Luo and Bhattacharya, 2006), build brand awareness (Hoeffler and Keller, 2002) and create brand legitimacy (Luo and Bhattacharya, 2006; Ugglá, 2006; Vaaland *et al.*, 2008; Werther Jr and Chandler, 2005), which can in turn strengthen the relationship of stakeholders with the corporate brand. However, few corporations fully leverage the brand building opportunities that corporate social responsibility offers (Blumenthal and Bergstrom, 2003). By strategically engaging in social initiatives that are consistent with the brand's values and desired brand image, corporations can create fresh brand meaning and enhance existing stakeholder associations (Hoeffler and Keller, 2002). Furthermore, the integration of corporate social responsibility into the corporate brand introduces a powerful means by which corporations can build brand equity (Hoeffler and Keller, 2002). Brand based corporate social responsibility empowers corporations to fulfil the brand's promise cultivating trust based relationships (Kitchin, 2003). Therefore, corporate social responsibility is a brand building tool that can be integrated into the corporate brand strategy to ensure consistency of the brand's actions and the continued fulfilment of the brand promise. In developing a strategy it is critical that each of the corporation's social actions are integrated to align with the brand's core values and business strategies (Luo and Bhattacharya, 2006). Moreover, corporate philanthropy should not take precedence over the continued success of the brand as those firms, that do not have strong organisational abilities may reap negative outcomes from corporate social responsibility (Luo and Bhattacharya, 2006). Therefore, the continued cultivation of a corporation's abilities is critical while also developing a culture of social awareness and proactive responsibility.

Incorporating sustainability into corporate branding

In Scandinavia, Gad and Moss (2008) contend that sustainability is an expected brand attribute and thus use Swedish brands as an exemplar of sustainable business practices. There has been a longstanding national awareness and respect in Sweden toward those that advance environmental ideals (Gad and Moss, 2008). Moreover, Sweden has encouraged sustainability in a business context politically through the development of a series of policies and

regulations (Gad and Moss, 2008). Therefore, as Gad and Moss (2008) reveal, prominent Swedish brands do not take a minimalist approach. Successful brands are progressive and have developed their own environmental policies that far surpass the regulatory requirements (Gad and Moss, 2008). Culture presents as a determining factor in corporate adoption and advancement of particular societal issues. While, Gad and Moss (2008) identify that proactive environmental responsibility is escalating from a source of differentiation to that of a necessity, they do not recognise the multiple facets of sustainability. Brady (2003) in contrast chooses to focus upon the intangible yet sustainable value of reputation. He argues that through responsibility that is grounded in performance and overt transparency, brands can achieve sustainable brand value. To dispel the mounting ambiguity in the literature surrounding the concept of added value, de Chernatony, Harris and Riley (2000) conduct a series of exploratory interviews with recognised brand experts. In framing questions within a branding context they show that added value is a multidimensional concept that is foundational to the attainment of a competitive advantage. Added value can be both a tangible and intangible. de Chernatony et al. (2000) suggest that the core values of a brand, as opposed to the physical characteristics of its products, are sustainable. However, while sustainability is receiving increasing recognition, academic research linking sustainability to branding is scant. The linking of sustainability to corporate branding could enhance brand management strategies.

Harmonising the incorporation of corporate social responsibility and sustainability in corporate branding

As corporate brands attract increasing attention (Brady, 2003) there is a pressing need for corporations to espouse and implement responsible practices. Corporate social responsibility relates to the economic, ethical and social responsibilities of a corporation (Joyner and Payne, 2002; Maignan and Ferrell, 2004; Vaaland *et al.*, 2008). Sustainability is similarly becoming a vital focus of corporate brand management and academic research in response to pressure to be economically viable and socio-environmentally motivated. Despite the emerging stakeholder demand for corporate brands to adopt sustainable and transparent practices few authors are investigating corporate social responsibility from a branding perspective (Blumenthal and Bergstrom, 2003; Hoeffler and Keller, 2002; Kitchin, 2003) and even fewer authors are linking sustainability and branding (Brady, 2003; Gad and Moss, 2008). There is considerable confusion surrounding the concepts of sustainability and corporate social responsibility. The lack of integration of these two separate themes into the domain of corporate branding presents as a problem for the progression and development of theory. The integration and convergence of the two will reduce confusion.

Moreover, the unification of the literature would create the opportunity to further integrate corporate brand strategies promoting internal consistency (Harris and de Chernatony, 2001; Vallaster and de Chernatony, 2006) which is a cornerstone in developing a strong brand image (de Chernatony, 2001). Corporate social responsibility strategies need to be enduring. Brady (2003) asserts that to generate sustainable brand value from responsibility, firms should be transparent in their business practices, and open with stakeholders about their values, actions and aims. Brady (2003, p. 281) further suggests that “transparency is a pre-emptive brand-building weapon that can be deployed prior to conflict, attracting a different and more resilient type of loyalty”. Thus, corporations could cultivate trust-based relationships with stakeholders, to in turn strengthen brand equity and the corporation’s reputation as “trust is the competitive advantage of responsibility” (Brady, 2003, p. 283).

To gain a more complete understanding of corporate social responsibility and sustainability, and the strategic opportunities they present, it is necessary to create a bridge between the two. While the two elements can be mutually supportive, this paper proposes that corporate brands are in fact the bridge, indeed the glue that brings together the two constructs. The proposed harmonising of the two elements into one unified and thus enriched corporate brand creates opportunities for further theory development, and integration of theory into contemporary marketing practice.

Contribution and future research directions

Through a critical analysis of the corporate social responsibility and sustainability literatures this paper identifies the lack of synthesis between two interrelated areas of academic literature. The paper proposes corporate branding as a tool for their integration. The benefits of such an integration that the paper delineates are reduced fragmentation in the literature and provision of a stronger way of viewing corporate branding theoretically and in practice. The unification of corporate social responsibility and sustainability within a corporate branding framework strengthens and progresses each element. Corporate branding assists in progressing sustainability and corporate social responsibility. Conversely, the corporate brand, is enriched through the synthesis of these elements. The implications of the synthesis for practitioners include greater scope for managers to develop sustainable practices. Moreover, corporate brand management should be proactive in developing strategies devoted to economic, social and environmental sustainability, which in turn moves the corporate brand towards the greater goal of sustainability. Future research could empirically investigate the issues raised in this paper.

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