

Corporate Responsibility and Branding

-Tiara Anthonisz-

The benefits that companies can hope to expect from integrating corporate responsibility into their business strategies have now been established, and accepted. The core of corporate responsibility, when done properly, is that it builds better relationships with your stakeholders. It also involves monitoring and measuring your sustainability performance, and in the case of environmental performance, whether this is energy usage, water usage, or waste, finding ways to minimize this, which of course benefits your bottom line by reducing overhead costs. It involves ensuring corporate failure is prevented through sound systems of corporate governance. It involves the avoidance of social, environmental or economic risks, and realization of associated opportunities. Employees are also more motivated and productive when they know that the company they work for stands for more than just making profits. And of course, all this contributes towards protecting your reputation, and building your brand.

The fact that companies need to adopt a human face and stand for a set of ethical values has been widely ingrained amongst corporate Sri Lanka. The percentage of companies listed on the 2011 STING Corporate Accountability Index who had implemented values statements, or else, principles of responsibility integrated with their vision or mission statements was 86%, or 57 out of the 66 companies listed on the Index. This shows that companies now have at least some awareness of the fact that this is what the public expects of them. They are expected to be ethical and responsible, and so they put out their values statements to meet this expectation.

Of course values statements can be easily developed by a PR or marketing department, without having any bearing on the way in which the company actually behaves. Now however, we have come to a stage where the manner in which the company portrays itself publicly is no longer sufficient to satisfy its stakeholders. Stakeholders, particularly consumers, are now increasingly conscious of how the company actually behaves. So internal corporate behaviour and whether business is conducted in a responsible manner, has become an intrinsic component of the corporate brand in the eyes of the consumer. Companies will have to shift from just having in place documented values statements, to implementing documented policies which set out how every issue must be dealt with, which all within the company will have to abide by if they are to maintain their brand.

It has been established that business can leverage a strategic approach to corporate responsibility in order to build their brands. A good reputation requires trust and confidence. If your stakeholders feel that you are exploiting them in some way, destroying the environment in which you operate for example, they will cease to be associated with your operations in the event that you are found to be involved in some activity of corporate irresponsibility. Consumers are demanding responsible brands, in which to place their trust. They care about what you do rather than what you say you do.

Yet consumers are no longer the only important stakeholder to deal with when it comes to establishing your brand. All stakeholders are in fact, key. Your brand does not just refer to your public image in the marketplace, but also to your image as a responsible employer from the eyes of your employees, a responsible business partner from the eyes of your supply chain and other institutions that you work with, and a responsible custodian of investors' funds. It must always be remembered that in our age of connectivity, internal issues within a company will not remain private indefinitely – they will get out eventually. If this can be true for the internal dealings of Governments, through Wikileaks for instance, there is no reason why companies should expect their own internal dealings to remain undisclosed.

Some companies globally have built their entire brands on the foundations of corporate responsibility. Body Shop is a prime example. The brand is built on the promise of natural ingredients in their products, responsible sourcing for raw materials which supports community fair trade, no animal testing, and building self-esteem and promoting the well-being of all stakeholders. The brand is not then just something that was cooked up with a PR agency, but it is an entire way of running the business – a way that ensures responsibility and accountability to all stakeholders. And the public recognizes the company for it buying products at a premium.

Other companies attempt to tie their existing brands to corporate responsibility. For instance British Petroleum, now just known as BP, transformed its brand to instead stand for 'Beyond Petroleum', with the core brand promise upgraded to working towards meeting the energy challenges of the present generation in a sustainable manner, and working on the development of lower carbon energy supplies for the future. Of course, a business cannot build its brand on the notion of responsibility if it does not act accordingly on a consistent basis. The BP brand was severely affected in the wake of the devastating oil spill in the Gulf of Mexico in 2010.

So brands built on corporate responsibility will survive... as long as CR is in fact ingrained throughout the business. If a brand promises a certain standard of conduct and stakeholders, who are increasingly privy to the most insignificant seeming details, find out that this has not been upheld, your brand becomes little more than greenwash. Research has shown that stakeholders are willing to pay a premium to companies that they believe to be truly ethical and sustainable. They are also willing to punish those with poor records in this area, through brand switching.

Companies in Sri Lanka must adapt to this changing consumer mindset, and they must do so soon, if they hope to remain competitive in the new sustainable business model of the future.

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