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Sustainability as corporate culture of a brand for superior performance

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ABSTRACT

Sustainability research highlights new challenges and opportunities for businesses. This paper reviews the literature to understand the ability of sustainable green initiatives when practiced as a corporate culture to individually create new opportunities for operations, management and marketing. According to current research, business opportunities exclusively available to different functions of a firm can drive its performance. The role of marketing in the achievement of superior performance by virtue of sustainability practices is also explained by the existing literature. Branding literature, however, fails to explain the influence of a brand on sustainability-driven opportunities available to a firm for superior performance. The objective of this study is to explore if a brand can strengthen the ability of sustainability-based green initiatives of managers to drive opportunities available to a firm for superior performance. A conceptual framework grounded in the triple bottom line theory is presented based on the assumption that brand as a stimulating factor can accelerate the conversion of opportunities available to a business into superior performance. Academic and managerial perspectives have been used to draw upon the implications of the model. Both practitioners and academic researchers will benefit from future research on this topic.

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1. Introduction

Academics and practitioners have reviewed sustainability from various perspectives (Fuchs & Lorek, 2005; Olson et al., 2003; Sheth, Sethia, & Srinivas, 2011). Academics acknowledge sustainability as an approach that is adopted to meet current requirements while developing capabilities that can help focus on the future (Chabowski, Mena, & Gonzalez-Padron, 2011). The concept incorporates three dimensions and the academic literature explains these dimensions as economic, social and environmental (Elkington, 1998; Funk, 2003). Business researchers indicate the economic dimension of sustainability as the most desirable because it provides financial strength and avoids conditions leading to an early demise of the business due to financial reasons (Bansal & Roth, 2000; Szekely & Knirsch, 2005). The marketing literature discusses sustainability and highlights its role in creating opportunities and driving firm performance by taking up social initiatives understood as corporate social responsibility (Chabowski et al., 2011; Peloza & Shang, 2011). The role of operations in making a business perform on the parameter of sustainability has been discussed as a determinant of a firm's ability to produce or

deliver efficiently (Dao, Langella, & Carbo, 2011). According to business researchers, a company can perform better when its activities are performed taking account of all three dimensions of sustainability (Chabowski et al., 2011). Firms try to create a balance among these three dimensions of sustainability to secure a safer future for their business (Cronin, Smith, Gleim, Ramirez, & Martinez, 2011). Often, the approach adopted by management for improving future performance is to create opportunities of successful delivery (Ramani & Kumar, 2008).

From the perspective of opportunity creation, academic researchers, until now, have considered the dimensions of sustainability based on practices internal to the organisation in an individual format of either planning, production, business ethics or environmental management but not in an integrated format (Amit & Zott, 2001; Charter & Clark, 2008; Menon & Menon, 1997). Adoption of green practices by a business requires managers to concentrate on their internal sustainable practices individually as well as in an integrated format (Drongelen, Nixon, & Pearson, 2000). While integration of various actions of the organisation creates opportunities and drives superior performance, it may lead to non-green practices (Menon & Menon, 1997). Sustainability, however, seeks to achieve this success through integration without exploiting natural resources and effectively considering the requirements of green initiatives (Baharum & Pitt, 2009; Dao et al., 2011). Hence, it is important for managers to comprehend and reflect on future business performance of the non-green practices taken by them to perform various organisational functions (Baharum & Pitt, 2009).

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The effectiveness of sustainability-based green initiatives of marketing can be assessed from the ability of the firm to capture available opportunities by creating a differentiation for improving its future performance (Bose & Luo, 2011). The primary role of marketing in business is to understand and fulfil the needs of customers (Kohli & Jaworski, 1990). Today, customers recognise the roles, responsibilities and actions businesses have towards the health of the ecological environment in which businesses interact and operate (Rondinelli & Berry, 2000).

From a sustainability perspective, managing differentiation in dynamic market conditions requires companies to continue to educate and persuade their customers about the initiatives they take for the welfare of society at large (Bridges & Wilhelm, 2008). Brands as intangible assets of the company act as a tool to be used by managers for implementing marketing techniques that are useful for informing and educating customers (Day, 2011). Every company uses marketing techniques to communicate about its green initiatives to customers with intent to explain and highlight its contribution to the overall ecological health of society (Drumwright, 1994). Similarity in the messages received from companies makes it very hard for customers to differentiate between companies based on their green initiatives (Crittenden, Crittenden, Ferrell, Ferrell, & Pinney, 2011). The branding literature indicates that brand communications improve brand-customer association (Rust, Ambler, Carpenter, Kumar, & Srivastava, 2004). Sustainability-based brand knowledge drives customers favourably towards the brand and improves the long term performance of the firm. The marketing literature on brand management reflects on the ability of a strong brand to integrate all the organisational activities and lead the company towards success (Achrol & Kotler, 1999; Amit & Schoemaker, 1993). Authors have underpinned the concept of a strong brand into the notion of familiarity that according to the marketing literature has the ability to drive customer beliefs about the value the brand contributes or the differentiation it creates to allow managers to overcome the consequences of low levels of trust that customers may have in the company (Chernatony & Drury, 2006; Kent & Allen, 1994).

Not much theory is available to practitioners for explaining the ability of the brand to address the sustainability issues faced by a firm. We address this gap in research by developing sustainability-driven green initiatives as a construct that is embedded into the fundamental practices of the organisation, i.e., as a corporate culture, and the ability of this construct to provide opportunities for three prime functions of an organisation – management, marketing and operations that supplement the future performance of the firm (Piercy, 2009). The core of our understanding is the role played by a brand. Hence, we assume two business-centric relationships: (1) opportunities created by green initiatives as corporate culture, which are in the form of economic development, social wellbeing and environmental protection as three dimensions of sustainability; and (2) the ability of the brand to strengthen the influence of green initiatives as marketing, management and operational opportunities on the performance of a business. We use the triple bottom line theory of Elkington (1998) as the underlying theoretical foundation of sustainability for developing the constructs and conceptualising the relationships between constructs in the form of a framework. The purpose of the framework is to enable future researchers to explore the influence of their brand on the outcomes of green initiatives in terms of business performance. The research propositions represented graphically by the framework support brand-oriented sustainability research. We have used product recycling through retailers to discuss green initiatives adopted by international brands and to explain the propositions and highlight managerial implications and recommendations for adoption of the framework.

2. Research motivation

Individuals understand how the activities of a firm influence the ecosystem and environment in which they live in the form of climatic changes that bring calamities, which are very detrimental to mankind (Ellen, Mohr, & Webb, 2000). Industrial recognition and the ranking of companies, such as The Best 100 Corporate Citizens presented by Forbes, highlight commitments made and fulfilled by these companies to sustainability and improve their reputation in their stakeholder communities. Chen (2010) studied this issue empirically from the perspective of branding and green marketing to understand if there was any correlation between the green image of a brand, green satisfaction and green trust of consumers. According to the structural model presented by Chen (2010), green brand image, green trust and green satisfaction cumulatively encourage customers to pay more for green products. The market for green products is increasing in size and customers anticipate that companies will comprehensively create a balance between the current environmental situation and their business interests (Chatterjee, 2009). Marketing as an organisational function can enable companies to communicate about the approach adopted and actions taken by them as green initiatives and driven by sustainability while managing their business interests (Sheth et al., 2011). Communicating to customers positively about green actions influences the behaviour of customers (Dangelico & Pujari, 2010). A conscious effort to adopt a green initiative for brands offering products can be in the recycling of products at different stages of their life cycles. This practice will enable a firm to efficiently manage the waste produced as a result of products being disposed of or returned by its customers (Rogers, Lambert, Croxton, & Gracia-Dastugue, 2002).

Offering second-hand products that are at a stage of either maturity or decline in their life-cycle to a new set of customers contributes to the sustainability initiatives of the firm and provides multiple opportunities for improving the performance of the business (Pujari, Wright, & Peattie, 2003). The role of marketing in identifying customers who are ready to purchase a product at different stages of its life-cycle can successfully drive the sustainability objectives of a firm (Gunasekaran, Goyal, Martikainen, & Yi-Olli, 1998). In order to be able to offer products at various life-cycle stages, it is important that firms try to build customer confidence in their products. Using a brand to provide confidence in the functional and emotional aspects of the product can be very useful to firms (Berger et al., 2002; Egan & Guilding, 1994). Branded products provide an assurance to customers about the experience that they can anticipate from the use of the product (Snoj, Korda, & Mumel, 2004). When second-hand products like cars are offered by a strong brand they have greater chances of being accepted by the customers (Kent & Allen, 1994). Current academic research does not explain the role that a brand can play in creating opportunities such as driving customers to purchase second-hand products through green initiatives. Our motivation is to elicit the knowledge of academics and practitioners about (1) the ability of green initiatives to create opportunities for improving firm performance, and (2) the role played by a brand in enabling green initiative-based opportunities to drive firm performance.

3. Theoretical underpinning

The concept of sustainability originated in the academic literature as a concern about the deteriorating environmental and climatic situations as a consequence of the economic and social development of society (Batie, 1989; Fadeeva, 2005; Munasinghe, 2001). Sustainability when viewed from a business perspective has been explained in the literature as an organisational practice that

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