

Socio-Environmental Responsibilities: Strategic Visibility

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Abstract

This work intends to discuss the socio-environmental responsibilities, as a visible marketing tool towards a brand identity construction to attain a competitive differential in the market. It can be accomplished by considering that global civil society asks for better quality in life conditions, instead of corporate practices which jeopardize both human life and proper life on Earth. It will focus on the principal international agreements as a movement against the economic growth at any cost. An example of a citizen-enterprise with correct socio-environmental practice will be explored.

1. Introduction

Nowadays, the great industrial challenge consists in promoting the global economic growth without causing social and environmental damages. In June 2001, The European Union Strategy for Sustainable Development (EU SDS) was adopted by European Union (EU) leaders, as a result of the Gothenburg Summit, which added the environmental factor to the two settled factors appointed at the Lisbon European Council, in March 2000: social and economical factors to create an internationally competitive and socially inclusive European Union. In fact, economic growth must assure social inclusion as well as environmental protection. In spite of efforts done by the EU, the economical growth has not led to unsustainable development yet and therefore, causing harmful effects to climate changes, increasing poverty and social exclusion, depletion of natural resources and loss of biodiversity.

(http://ec.europa.eu/enterprise/environment/policy_aspects/integration/index.htm). For that reason, in June 2006, the European Council considered seven key challenges to incorporate into this strategy: climate change and clean energy; sustainable transport; sustainable consumption and production; conservation and management of natural resources; public health; social inclusion, demography and migration as well as global poverty. The objective is to provide the needs of present generations without threatening the ability of future generations to fulfill their needs. As far as it concerns to climate changes, the Kyoto Protocol¹ is the most important international agreement, which allows sustainable development under a three market-based mechanism also known “The Carbon Market”. These measures intend to diminish the carbon emission into atmosphere, without causing a great impact on the level of global economic growth (http://unfccc.int/kyoto_protocol/items/2830.php).

There is a worldwide awareness which global communities have claimed for effective measurements and policies towards sustainable industrial practices. As a response, the industrial sector has developed innovative techniques and methods to reduce environmental

¹ The Kyoto Protocol is an international agreement, related to the United Nations Framework Convention on Climate Change, which established a reduction greenhouse gas emissions (GHG) among 37 industrialized countries and the European Community. This agreement entered into force on 16 February 2005. These nations ought to reduce their emissions to an average of five per cent against 1990 levels over the five year period 2008-2012.

impact on economic activities, such as renewable energy use, recycled material use, industrial ecology practice, eco-efficiency measures, cleaner production, lean manufacturing and others in order to prevent or decrease polluted residual substance, to optimize energy efficiency and to reduce the fuel fossil matrix dependence. In a social aspect, some strategic practices have been also implemented such as local community assistance based on the following items: health care, environmental education, building capacity programs and others. Although these measures imply a large sum of investment, the returns in terms of corporate reputation may turn out to be pay-off if the consumer recognizes the firm as an ethical enterprise. Entering into globalization process and information society, consumer becomes more and more conscious of his needs, rights, social and environmental responsibilities and also demands commercial ethical practices, social and environmental benefits from the industrial sectors and service providers towards society. In this way, social and environmental practices can create a competitive advantage when well managed.

An organizational strategy based on the ethical enterprise concept, consists in communicating the enterprise ethical position inwardly and outwardly the firm frontiers. It means that a corporative branding must be supported by an internal branding. By acting this way, the corporate attitude and speech must be aligned, and the behaviors of employees must reflect the brand values in such way they may communicate the trademark strength in order to guide the consumer's perception, particularly in service organization. In this sense, the brand-name plays an important role and creates a visibility atmosphere concerning technical and operational aspects. Besides that, can also encourage institutions to look after the brand-name good, as far as consumer could perceive the firm high performance in delivering the brand promise according to ethical values (Punjaisri, 2007).

As Ramello (2006), trademark is used to correct market asymmetric information by preventing opportunistic behavior from competitors that could mislead the consumer decision. The optimization of consumers decision in purchasing as trademark conveys information linked to the product quality, and to reduce information cost as it summarizes a set of attributes associated to the sign. It can indirectly lead the consumer to identify certain quality aspects of the branded product and reinforce brand promise delivery. Actually, trademark is rather than a distinctive sign; it also contributes to improve the benefits of market and consumers as simultaneously leverages the reputation of producers in a feedback mechanism, in the sense that higher level of quality goods or services offered to consumer creates higher perception level of the firm reputation in the consumer's mind. But trademark world is not so marvelous for firms as it seems to be. As a matter of fact, trademarks work as a tacit "contract" between consumers and firms, just like an informal one, which provides the consumer a way of retaliation, in case producers do not meet the quality delivery expectations. A negative reputation may convey losses which are superior to the value of the damage itself, as well blemishes the brand-name, which is an intangible asset difficult to be measured. In terms of corporate organization, the illicit practices, negative social steps and environmental behavior can also injure a brand-name, which implies losses of stakeholders and consumers, as far as firms can be recognized as a mediocre one with a misleading and unreliable behavior.

This works intends to show the highlights about the visibility strategies, using the brand image related to socio-environmental aspects and it has been divided into five parts. The introduction outlines a panorama of the problem. Section 2 presents the principal international agreements on sustainability and the consumer era. The third topic is about the corporate new trends and finally, the last topic is addressed to final conclusions.

2. The Three Pillar Sustainable Visibility Strategy: Economic-Social-Environmental Aspects

Environmental sustainable development strategy is much more than the aim of global industrial sector. Actually, it is a global civil society demand and any positive steps towards social-environmental direction will attain a noticeable repercussion in the society. Indeed, civil society interest in environment gets a larger attention regard when natural resource depletion threatens the future of the new generation and even the Earth future - as long as global matrix energy is focused on the fuel fossil matrix, an unsustainable energy and a polluting structure itself. In spite of the civil society claims, the environmental pillar of the Sustainable Development Strategy was not immediately recognized by governmental authorities. On the contrary, it was along its ongoing trajectory which was only achieved at the Gothenburg Summit, in June 2001. In contrast, social and economic approaches were put aside on the sustainable development in the worldwide discussion.

Undoubtedly, the increase of productivity rate is linked to the advance in technology and after the 70s, the advent of information technology benefited the productivity growth in contrast to the decrease of the employment rate, which had been triggered by the efficient productive process driven by high rates of technological processes. Thus, development policies based on social sustainability have been discussed since the Employment Summit in 1998, also known as Cardiff Initiative. It had explored a social approach, fulfilled by employment, economic reforms and social cohesion dimensions. Actually, the Lisbon Summit held in 2000, was a continuation of this process which had comprehended a competitive and social development sustainable strategy model towards economic growth.

The dialect interactive link of environment and economic growth towards sustainability became consistent at the United Nations Conference on Environment and Development² (UNCDE/ RIO 92), held in Rio de Janeiro, where over 178 Governments participated, in 1992. But, it was only at the Gothenburg Summit that the environmental dimension was included in the sustainable economic growth agenda. As a matter of fact, environmental dimension concerns have been a result of global environmental awareness engaged by a set of Union Nation Framework on Climate Change Conferences – UNFCCC. One of the most famous international agreements, the Kyoto Protocol, is directly linked to UNFCCC. In this sense, it was an engendered response that has been built since the mid - 20th century by global scientific community, as a consequence of polluted effects, due to the intense industrial process, particularly occurred throughout the 19th century. Although Kyoto Protocol³ had been adopted since 1995, it entered into force only in February 2005. The implementation of these measurements would reduce the whole world economic development. So, it is an issue that interests the world national governments, industrial sectors and scientific communities: to face the challenges of economic growth, environment and sustainability and the interaction among these groups would be essential to re-inforce co-operation in these fields.

In fact, the growing interest in financial markets in the sustainability approach, based on economic, environmental and social aspects, became more evident after the 1990s. Investors did not lay their decisions only on financial criteria and its outputs. Indeed, nowadays, stakeholders tend to consider environmental and social criteria in their investment decisions,

² United Nations Conference on Environment and Development undertaken a set of measurements in a global, region and local actions, named as Agenda 21, in which governments that were compromised to the agreement accepted to be monitored by the Commission on Sustainable Development

³ Kyoto Protocol established a reduction level of greenhousing gas emission in the atmosphere, about an average of five per cent against 1990 levels over the five-year period from 2008 until 2012. Throughout more than 150 years of industrial activities, developed countries are compelled to have a heavier burden on this reduction. Kyoto Protocol principle is “common but differentiated responsibilities”, in the sense that environmental responsibility is addressed to everyone, although it is not equal for everybody.

in contrast to the idea of maximizing performance and profits. Some stakeholders have considered socio-economical factors as potential risks and opportunities to be driven into a long term business success, such as the case of carbon market. The price for emission rights per ton of CO₂ tends to rise in the Emission Trading Scheme, as far as the enterprise and governments have not achieved the agreed carbon reduction figures. In 2005, it reached a three-fold increase at the beginning until the end of that year. Others stakeholders have considered sustainability as a matter of institutional values rather than value. In this sense, the qualitative criteria pulls the investment decisions towards corporate governance, brand management, energy consumption, water use, human resources development and others. In some cases, a legal obligation forces institutional investors to take into account environmental and social aspects in their investment decision-making. Sustainability issues are driven in investments as an assets, according to Dow Jones Sustainability Indexes⁴.

As industrial sectors have been obliged to re-arrange their production processes in order to maximize efficiency and investment, a considerable sum of money in research and development was put in to seek a clean and alternative form of energy. A corporate strategy is necessary to converge efforts to give transparency to these internal measurements, as a promise delivery of environmental cares resulting in differentiating product brings into market. The use of business models based on an active pursuit of efficiency and innovation in respect to environmental issues seems to be a good way to re-inforce the brand-image and to become resilient in the market. Indeed, these practices seem to be widespread in the business management, spotting that innovation in environmental protection, service economy, and consumer ethics is a key to success, as far as consumers are able to link socio-environmental responsibilities to the corporate brand-image. Nowadays, business sector tends to incorporate environment as a production factor in decision-making processes towards achieving a citizen-enterprise image as well as to prevent fines for harmful environmental practices.

The citizen-enterprise concept englobes any practice towards environmental protection, improvement in quality of life driven to employment and local communities where the company is located in, Melo Neto and Froes (1999, p. 100). So, a corporate identity associated to a corporate branding can establish greater visibility to products and services which can be a powerful tool of penetration in the market by increasing the acceptance level among the consumer, resulting in upgrading sales and, consequently, an increasing in profits. Besides that, a social satisfaction chain is built: customers are satisfied in acquiring products from socio-environmental responsible firms; fillers which belong to the supply chain are known as co-responsible. By doing so, any kind of partners are motivated for having their images associated to these responsible firms; government and civil society are naturally engaged in such processes. A citizen-enterprise wins the customer respect and admiration. As Melo and Froes (1999), for a citizen-enterprise, the sustainable development fosters the conquest of new customers, the increasing of the recall, the public loyalty and acknowledgement, contributing to be in the first place in the consumers' mind, as known as the top of mind.

In this sense, the concept of citizens-enterprise arises as a correct practice to leading the market, specially when considered that it is a result of changes from a production age into a consumer era, where the consumer has a power never seen before. Consumers awareness demands for clean industrial processes, or at least lesser harms to environment and also for social programs to diminish inequalities. So, technological progress should not assure only a large sum of incomes to the owner of the technology, consumers expect some kind of compensatory measurements to justify the profits increase, such as socio-environmental responsibilities.

⁴ Dow Jones Sustainability Indexes is the world's first global index that integrates economic, environmental and social criteria. It points out the best corporate sustainability practices in the world.

3. New Corporate Tendency

Correct socio-environmental corporate strategies can stress and reinforce corporate image, as far as the marketing corporate tools are used to build the positioning citizens-enterprise. In contrast to incorrect social-environmental corporate measurements which may trigger a global rejection, inducing a collective boycott with negative impact in the brand equity, injuring the brand image, sometimes in an irreversible manner. An awareness global society does not admit irresponsible behavior created by inconsequent profit earnings, leading to damages in social-environmental aspects. Besides that, environmental harms can lead not only severe penalties such as several fines but also repair the harm itself, which can imply in grave financial problems for the infractors. Therefore, social-environmental approaches can aggregate intangible values to products and services in a competitive market, being a competitive differential. It is true that the construction of differential competitive will depend on socio-cultural aspects and awareness levels of each society, which seem more evident in developed countries. But, the globalization process has accelerated the consumer profile changes, which tends to be more critical, demanding and supportive to socio-environmental, moral, ethical corporate policies.

Developing countries society begin to come up in this reality, as a consequence of a global awareness developed by global media systems, as a result of the globalization phenomenon. Nevertheless, developing countries governments are aware about the importance of good social-environmental practices to reach international market, as developed countries have been using harmful social-environmental stands to avoid importations of goods and services, working as a disguised barrier. International Standards⁵ (ISO) are essential to establish a minimum coherence among global technical manufacturing proceedings to facilitate international exchanges in every area, especially in the quality of goods and services to support supplier-customer relations (ISO 9001: 2000) as well as in environmentally sustainable corporate stands (ISO 14001: 2004). As far as technical innovations are presented in the state of the art or in emerging fields, new ISO are set forth. An International Standards on environmental management system is developed accordingly to a global need to settle correct environmental corporate postures and to identify their products and services brought into market.

In this context, green stamp certification process represents an environmental management engagement towards corporate visible strategy, accomplishing international standard environmental safeguard patterns, as known as ISO 14000⁶ family. Certification stuck on products and services signal to customer that continuous efforts have been done to improve environmental performance, based on a systematic program implementation, focus on environmental objectives and targets (policies, plans and actions). It sets up a common reference in an international environmental management communication between organizations and their customers, regulators, the public and other stakeholders. In this sense, ISO 14000 family certification assures to these external stakeholders that international rules have been undertaken and so the transparency of the process is delegated to an independent certification body (http://www.iso.org/iso/iso_14000_essentials). Besides, it works as an award to products and services, which have less impact on the environment and so deserve to be differentiated from the others.

⁵ ISO denotes all standards-type documents, including guides, international standardized profiles, recommendations, technical reports, technical trends assessment, etc (http://www.iso.org/iso/iso_catalogue/how_to_use_the_catalogue.htm)

⁶ At ISO 14000 family deals with environmental management and, the first two standards are ISO 14001: 2004 (in respect to requirements needs) and ISO 14004: 2004 (in respect to general guidelines). The other standards in the family treat specific environmental aspects, including labeling, performance evaluation, life cycle analysis, communication and auditing (http://www.iso.org/iso/iso_14000_essentials).

Conclusion

Corporate branding comprehends to manage a trademark strategy outline consistent and aligned with the brand values in such manner that it can aggregate values to products or services. Nowadays, global communities pressure governments, policy-makers and economical activities agents towards to promote social and environmental benefits. Thus, a corporate brand, which incorporates such values, can exert positive perceptions to stakeholders and consumers and at the same time it creates a powerful corporate brand with a visibility strategy based on social and environmental responsibilities. In this way, visibility strategies can be attained if some points listed below are observed:

- clear structures are needed to communicate to consumers how the industrial and service sectors measurements information are related to social and environmental processes and for that reason, the corporate strategies must make clear which kind of brand-image they pursue and so what type of information serves to which process and which public they want to drive their target in order to build a citizen-enterprise.
- the department integration strategies (sectoral sustainability) should reflect the corporate vision and mission, which must consider sustainability measurements and social programs to real contribution to the citizen-enterprise image.
- innovation in environmental protection and social program when well managed can be a differential in the market
- consumer's behavior has changed through the last twenty years; he seems to be more conscious and asks for environmental and social benefits as a coin of bargain to the tremendous enterprise profit.

Social and environmental aspects can lead a competitive advantage in the market by bringing visibility to corporate image, which may result in differentiating products and services to contribute for a premium price strategy.

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