



Strategic corporate social responsibility as global brand insurance

William B. Werther Jr.*, David Chandler

Center for Non-Profit Management, Department of Management, School of Business Administration, University of Miami, Coral Gables, FL 33124, USA

KEYWORDS

Brands/brand management/brand loyalty;
 Corporate social responsibility;
 Stakeholder(s);
 Strategy;
 Globalization

Abstract When the competitive strategies of multinationals rely on global brands, corporate social responsibility (CSR) offers insurance against management lapses. The practical need for CSR as brand insurance comes from changing social expectations, affluence, and globalization. Corporate actions that violate societal expectations damage, even destroy, brand image among networked stakeholders who are affluent enough to buy branded products and services. The premiums for CSR brand insurance are paid by leaders who create an organization-wide commitment to CSR as a means of redefining ‘profit maximization.’ By integrating a stakeholder perspective, management is best placed to optimize stockholder returns over the longer term.

© 2004 Kelley School of Business, Indiana University. All rights reserved.

1. All hail the brand!

Global brands are often central to competitive strategy because they serve as profit platforms that differentiate even commodity-like products and services. Brands work by ensuring customers of quality, consistency, and security. Such guarantees create repeat customers and provide producers with potentially higher margins. In turn, brand acceptance creates a virtuous cycle by facilitating greater investments in research, product development, advertising, and distribution that further strengthens the brand and increases sales. Ultimately,

however, a brand’s appeal rests upon its value proposition, which engages customers in a subjective calculus among costs and benefits of the brand compared with substitutes.

Brand managers lever these calculations by connecting brand attributes with the needs and aspirations that arise from customer lifestyles. For example, think about *NIKE*’s ‘Just do it!’ slogan and how it seeks to connect with the active lifestyles of its customers around the world. As Licha (2003) notes, the challenge in communicating a brand’s promise is to find common ground between the message the firm projects and the extent to which that message resonates with customers. As a result, strategic brand managers should not be surprised when the values advocated by the branding process become benchmarks against which the firm’s actions

* Corresponding author.

E-mail addresses: werther@miami.edu (W.B. Werther), dchandler@miami.edu (D. Chandler).

are evaluated by customers, activist groups, and nongovernmental organizations (NGOs). Behaviors that tarnish the values and attributes of the brand can damage, even sever, the brand loyalty of customers.

Damage to brand loyalty is particularly devastating in affluent societies because switching costs and barriers are low. As a result, strategic brand managers must protect their often huge investments in brand development. Not only do they need to guard against competitors' innovations, they must also ensure their firm's actions do not damage the consensus image of their brands. Putting aside competitive innovations, our concern addresses how company leaders, strategists, and brand managers minimize the damage done by corporate actions (or inactions) that repudiate the values and attributes upon which the brand is built.

2. Brand management: Theory and frameworks

Society's acceptance of brands has increasingly become conditional. Due to shifting social expectations and lower consumer switching costs, the burden of responsibility lies with the brand to demonstrate customer-focused value added. This value is measured on different levels by individual stakeholder groups. As [Tischler \(2004, p. 47\)](#) suggests, some of the key components for crafting a successful brand strategy today include:

"the debate over global versus local messaging and control, the power of brands to create and reflect social and cultural values, the pressure for brands to be authentic, and the need for companies to recognize a brand's stakeholders (beyond its customers)."

These extra demands on brands can be thought of as a "brand tax," in the words of [Allen and Root \(2004, p. B2\)](#). Highlighting a study that showed "... at least two-thirds of 25,000 consumers in the U.S., Canada, and Western Europe form impressions based partly on a company's ethics, environmental impact, and social responsibility," they surmise that brand-based companies today "... need to be not only well known, but also well regarded."

Two theories offer frameworks for understanding corporate brands and their relationships with the societies to which they are marketed. First, institutional theory stresses the primary importance of the organization maintaining 'social legitimacy' within its operating environment. This 'legitimacy' is conferred by society upon organ-

izations that meet the criteria of acceptable behavior. [Bansal and Bogner \(2002, p. 276\)](#) adopt a broad interpretation:

"Institutions are the 'structures and activities that provide stability and meaning to social behavior'. Coming in the form of laws imposed by government and in the social norms or individual values that have developed over time, they are particularly important when there is considerable uncertainty... Unlike economic benefits that enhance firm performance, conforming to institutional pressures helps ... by bestowing social legitimacy on the firm."

The imperative for 'social legitimacy' comes from the theoretical (and obvious) assumption that all organizations are embedded in a wider environment, and that environment affects both performance and expectations of the firm. This symbiotic interface determines the firm's success, even its very survival.

Second, stakeholder theory focuses the framework. Taken together, all stakeholders constitute the social environment within which the firm operates. [Freeman \(1984\)](#) identifies relevant stakeholders as those who impact or are impacted by the firm's purpose. Included are customers, employees, suppliers, stockholders, financiers, environmentalists, governments, and others who can help or harm the firm. To his list, we would add activist groups and NGOs. Thus, legitimacy depends on meeting the considerations held by internal and external constituent groups. [Bansal and Bogner \(2002\)](#) show that such groups are more likely to support the firm in good times and to give the firm the benefit of the doubt if something goes wrong. [Freeman \(1984\)](#) takes the relationship a step further, arguing for a fiduciary duty of management to stakeholders.

Attitudes regarding the roles of companies have undergone a dramatic shift during recent decades. Increasingly, legitimacy in affluent societies demands more than just profit maximization. Corporations are expected to be responsible to the societies within which they operate. Failure to be a 'good corporate citizen' can devastate executive careers, organizations, and deliverables for all stakeholders. These ever-changing social attitudes and rapidly evolving global contexts are reshaping the competitive landscape, forcing brand managers to elevate stakeholder CSR concerns to strategic considerations.

3. Strategic CSR

Stakeholders' reactions to CSR are most potent when brands are central to corporate strategy.

However, the danger of rejection lies not with brands alone (which was Naomi Klein's *No Logo* thesis in 2000; Klein, 2000) but goes beyond brands to the companies and their leaders when CSR lapses alienate stakeholders and ensure a hostile institutional environment. CSR-related issues can easily erode the firm's legitimacy and destroy the brand franchise upon which market value is built. As a result, we contend that the growing integration of strategy, brand management, and need for social responsibility moves CSR from being a minimal commitment or some social 'add-on' to becoming a strategic necessity.

Multiple stakeholders increasingly demand that firms be held accountable. As a result, brand strategy must embrace both home and host country perspectives. In addition, third parties cannot be ignored, whether they are a regulating government or a stateless standard bearer, such as Greenpeace. Worse still, meeting current standards alone is too narrow a perspective, exposing the firm, brand, and leaders to ever-expanding expectations.

While 'third party' and 'future' standards might seem excessive and complex, punitive litigation against corporations suggests serious consequences for companies that get it wrong. Whether the issue is tobacco, asbestos, pollution, sweatshops, the civil and human rights of foreign contracted workers, or even fast food, corporate brands need to anticipate evolving stakeholder values. Restated, firms are increasingly evaluated in terms of both the economic and societal benefits that result from corporate actions, sometimes through the application of today's standards to yesterday's actions. Where the economic and societal outcomes overlap, maximum utility results, a win-win situation that Porter and Kramer (2002, p. 67) refer to as "strategic philanthropy." As they argued:

"The acid test of good corporate philanthropy is whether the desired social change is so beneficial to the company that the organization would pursue the change even if no one ever knew about it."

As we move further into the 21st century, we contend that profit maximization and CSR will become increasingly inseparable. Ultimately, CSR impacts both social legitimacy and stakeholder perceptions, which in turn affect economic performance, especially for brand-based businesses.

4. Global brands and CSR

Today, it is insufficient to say, as Davis argued in 1960, that social responsibility detracts from a firm's primary obligation: maximizing profits. That

perspective ignores the social and economic progress registered since that time. Increasingly, profit maximization strategies need to be tempered by CSR considerations, especially for strategies based on global brands. This phenomenon, the rising strategic importance of CSR, springs from three identifiable trends:

4.1. The shifting face of societal expectations

Archie Carroll (Carroll, 1991) has observed that a firm's social responsibilities vary in magnitude, ranging in importance from economic and legal to ethical and discretionary. Over time, few things are absolute. What was once discretionary can become an ethical consideration, particularly when a consensus exists that previously discretionary actions were abusive. Equally, ethical judgments can easily become legal requirements. Consider two examples from employment-related legislation:

- In 1806, merely joining a union was prosecuted as a criminal conspiracy. But 120 years later, the *Railway Labor Act* of 1926 gave selected workers a federally protected right to join unions—a right later extended to most employees with the *National Labor Relations Act* of 1935, as amended.
- Prior to the *Equal Pay Act* of 1963, it was legally permissible to discriminate against women by paying them less than men doing the same job.

Today, issues of unionization, equal pay, and discrimination have moved from discretionary responsibilities to legally enforceable mandates. Driven by increased literacy and the explosion of mass media in the last century, changing perceptions that once evolved slowly over generations now take place from one generation to the next, if not sooner. For evidence, one need only look at the contentious debates over social security in the 1930s or racial discrimination in the 1960s, both of which achieved near universal consensus in the following generation. As societal expectations evolve from discretionary to ethical to legal, handling societal expectations gains in strategic importance to the firm.

Information technology and always-on communications accelerate the shifting social consciousness, adding to the importance of CSR concerns among stakeholders and, therefore, among leaders. Rhein-gold (2002) points out that one social consequence of new Internet-enabling technological capabilities is "smart mobs," which go beyond chat room affinity groups to pools of like-minded people who

pursue a common agenda, sometimes with earth-shattering effects. The efficient Internet-based organization of the antiglobalization movement and protests at the WTO meeting in Seattle and Turin demonstrate one impact of this phenomenon. Social expectations and the minimum standards of socially acceptable behavior now shift at an electrifying pace. And, if the issue has a constituency (such as ill smokers or animal lovers), activists accelerate awareness of the issue via both centralized and decentralized electronic media.

4.2. Growing affluence

Affluence affords greater discretion to increasingly selective customers and permits consumers to include societal externalities that are reflected in neither the price nor purchase. At the extreme, consumer activism (say, in the form of product boycotts) illustrates that consumers will consider the public consequences of their private purchase decisions, such as the maltreatment of people (consider the impact of 'sweatshop' allegations) or animals (i.e., the fur industry). Not only are corporate decision makers required to have a greater sensitivity to today's changing values, they need to incorporate CSR viewpoints into strategic and branding decisions to anticipate tomorrow's values as well.

As societies have become more affluent, organizations that externalize their social costs have become less acceptable. For example, where corporate pollution of a river was once considered the price a community paid for jobs and economic security, this attitude has rapidly disappeared in all but the poorest societies. Affluence further reshapes the competitive landscape because consumer purchase decisions of brands are made less on the basis of necessity and more on the basis of emotionally laden choices or perceptions. When you visit a *Starbucks*, you are not simply drinking coffee but capturing the essence of the continental café culture. To the extent that people choose among branded goods and services for the psyche benefits, switching costs are trivial compared with the potential loss of self-esteem that might result from supporting brands perceived as embodying the wrong social values.

4.3. Globalization as amplifier

Growth strategies, economies of scale, or other competitive forces typically drive brands to expand globally. Competitive advantages come from different employment, environmental, or cultural practices. However, 'local standards' can be considered

unacceptable when the 'always-on' media evaluate overseas operations through the lens of home country standards. For example, *NIKE's* assertion that it commonly pays double the minimum wage in host countries may still seem exploitative from a western perspective, as [Parloff \(2002\)](#) observed—especially when actual wages amount to less than 3 dollars a day in Indonesia or around \$30 a month in Vietnam. By 'local standards,' *NIKE's* behavior may be exemplary; their actions benefit host country nationals with superior jobs, pay, and working conditions. But, as [Martin \(2002\)](#) argues, if affluent consumers *perceive NIKE's* behavior to be socially irresponsible or exploitative (particularly when contrasted with multimillion dollar endorsement contracts), then *NIKE's* brand is in danger.

Besides the embarrassment to corporate officials, a tarnished brand image or even lost sales, lawsuits may also compel more socially responsible actions. [Magnusson \(2002\)](#) discusses a relatively obscure 1789 law, the *Alien Tort Claims Act*, which more recently has been used by foreign nationals to file suits in US courts for overseas actions committed by US entities. Although the courts have not resolved these issues with finality, [Schrage \(2002\)](#) suggests that ultimately, due to perceived social transgressions, *IBM, Citibank, Unocal, J. C. Penny, Levi Strauss, The Gap, The Limited, Pfizer, Texaco, and Coca-Cola* all face legal actions and substantial negative publicity.

Beyond legal entanglements, globalization has amplified additional countervailing forces. In today's news-hungry environment, antiglobalization activists combine with modern media to utilize the Internet and bring the obscure acts of giant corporations to worldwide attention. Local firms in local markets operating to local standards are not news. But globalization presents a situation where first-world corporations are applying local, third world standards so corporate officials can maximize profits back home. That's news! And it is news in the home, host, and other developed countries where the name brands are distributed. As [Will Hutton \(2002, p. 30\)](#) notes:

"While it may be true that governments have never been more in thrall to business and its priorities, out there in civil society the very idea of the company is becoming less legitimate... Companies are more mindful that their reputation is a precious asset which today's media can destroy in hours, hence their interest in responding to the demand for CSR."

5. The strategic defense of brands

Globalization trends, growing affluence, and shifting social expectations make CSR a strategic

consideration in brand-based strategies because CSR helps establish an organization's social legitimacy. In turn, social legitimacy strengthens the brand's sustainable competitive advantage among key stakeholder groups, particularly socially conscious consumers. As a result, global brands have become so pivotal to corporate success that their financial value forms an important component in evaluating the overall value of the firm.

The fourth annual, 2004 *BusinessWeek*/Interbrand report (Brady et al., 2004) calculates brand value based on the risk-adjusted, discounted present value of the estimated earnings derived from brand name products. At *Coca-Cola*, consistently the number one brand in the report, value is calculated only for products with the name *Coca-Cola* attached, not *Sprite*, *Minute Maid*, *Powerade*, or other brands in the company's stable. The results are staggering. *Coca-Cola* has a brand value estimated at \$67.39 billion: over two-thirds the firm's October 2004 market capitalization of \$93 billion. What happens to the multibillion-dollar value of the owners' investment if global perceptions deem *Coca-Cola*'s treatment of migrant fruit pickers at its *Minute Maid* division to be exploitative?

While many brand managers might agree, 'the best defense is a strong offense,' strategic brand defense itself merits consideration. More specifically, we are concerned with the diminution of brand value. Strategic brand defense protects against the loss of the brand's franchise value. Beyond an integrated CSR policy, the firm's response must be appropriate, sometimes putting social concerns above economic ones. *Johnson & Johnson*'s masterful recall of tainted *Tylenol* is a classic example. Alternately, in a case study discussing the *Bridgestone/Firestone* reluctant recall of tires fitted on *Ford Explorer S.U.V.s*, *Xenophon Strategies* (2001) reports that *Bridgestone/Firestone* suffered a rapid drop in earnings (80% in 2000) and a \$10 billion drop in stock value in one month—not to mention legal costs that ran into the hundreds of millions of dollars.

Typically, unless potential threats transform into reality, resources are unlikely to be diverted from *building* the brand to *defending* it. Today, however, the brand and parent company are increasingly interdependent, as the *Coca-Cola* and *Bridgestone/Firestone* examples suggest. Damage to the brand is, more often than not, damage to the firm. For many global companies, their brand is the business, intangible and vulnerable. Why? Because brand loyalty is often based on taste, fashion, consumer whim and, most importantly, individual perception.

Although Carroll (1991) suggests that CSR responses can range from reactive to proactive,

brand-driven corporations may no longer have the luxury of a choice. Can *Coca-Cola* or other global brands afford to wait for criticism of their operations before acting? Today, reaction is often too late; the damage to the brand might not be contained, given the explosive communications potential of current and emerging media. Instead, CSR must be built into the firm's strategies in anticipation of real or perceived management lapses. That is, some form of brand insurance is necessary to protect what has often become a central component of firm value: the brand.

6. CSR as brand insurance

CSR as 'brand insurance' is needed because even the most prestigious brands have substitutes. Do *NIKE*'s shoes do the job any better than *Adidas*'? Is *Starbucks*' coffee any better quality than the coffee served at *Tully's*? Would car engines run any less efficiently if, instead of *BP*'s gasoline, they had to run on *Shell*'s? A CSR mindset throughout the organization heightens the brand-user bond, reducing the brand's vulnerability to internal management lapses.

Savvy nongovernmental organizations (NGOs) and consumer activists that know how to engage the 'always-on' media are able to multiply the impact of CSR lapses. Their actions can severely threaten the implicit contract between the brand and its users. These groups can carry the threat of conveying detailed and often emotive 'evidence' of CSR lapses further and faster than ever before. John Passacantando, Executive Director of *Greenpeace USA*, expresses the new sense among activists of their growing relevance in the global debate:

"You have to skip the middleman and find a way to put on pressure that becomes unbearable for these companies. Don't just write to your congressman. Take it straight to the brand. (Gilding, 2001)"

The linkage between stakeholders and brands is the purpose of branding. As the value of this relationship grows, so does the strategic importance of CSR. This simple relationship can be summarized in what we label *The Branding Law of Corporate Social Responsibility*:

The Branding Law of Corporate Social Responsibility
The importance of CSR to any organization is directly related, and rises in proportion, to the value of the firm's global brand.

Executives find it difficult to apply cost–benefit analysis to avoid future problems of uncertain likelihood. But these are the ideal conditions for insurance, not an insurance that pays off after a crisis but more like traditional boiler insurance that focuses on preventative protection. The reason why firms need CSR is not because they necessarily have a pressing problem at the moment but so that they can avoid (or at least lessen) problems that undermine their brand going forward. As the ancient Chinese philosopher Sun Tzu (2002, p. 177) observed, “Subjugating the enemy’s army without fighting is the pinnacle of excellence.” Simply put, CSR represents conflict prevention and can be thought of as modern day boiler insurance.

7. The integration of strategy, brand management, and CSR

The right balance of strategy, brand management, and CSR leads to a sustainable competitive advantage for the firm. For this result to occur, however, CSR must be effectively integrated throughout a business’ operations. Conceptually, CSR must be introduced from the top–down, from the very highest levels of the strategic decision-making process. CEOs, strategists, and brand managers should aim to re-craft their companies into what Nussbaum (2002, p. 67) terms “... paragons of corporate responsibility, luring investors via their virtue.”

Integrating CSR into a branded firm begins with a genuine commitment to change and self-analysis. The goal is to integrate CSR into strategy and operations in ways that are cost effective and provide insurance from attacks on visible brands. An ideal implementation plan changes the corporate culture by ensuring financial and career rewards are based on economic performance and socially responsible methods of achieving that performance. Leaders begin by creating awareness through an organization-wide dialog about CSR. The executive-led dialog seeks answers to the following questions:

- What is the leader’s vision of an ethical and socially responsible firm?
- How is the leader’s vision expressed?
- Is the vision backed by action? Compliance? Rewards? Penalties?
- How does the leader envision the firm’s CSR policies unfolding in the future?
- What are the company and stakeholder benefits from CSR?
- Are CSR activities tracked and benchmarked? Reported to stakeholders?

Bluntly put, the leader repeatedly asks: ‘what does it mean for the firm to be socially responsible?’ as well as the equally important question, ‘what is in it for us?’ The goal is to create economic and social benefits by addressing the concerns of key stakeholders. Otherwise, “no message” is a message: a message of social indifference that may be reflected in reduced legitimacy for the firm and its brands.

The executive dialog continues until awareness of CSR evolves into a consensus about its importance to the firm, its brands, its stakeholders, and its legitimacy. This initial cultural reorientation should be followed by a six-point plan.

7.1. Internal CSR voice

First, establish a high-ranking ‘voice’ for CSR within the company by appointing a CSR Officer who reports directly to the CEO. Leaving CSR as a ‘stated goal’ for each department without leadership is unlikely to result in meaningful change. A CSR advocate is needed as a counterweight to balance other managers whose decisions are rooted more narrowly within their departments’ concerns: production, sales, finance, and the like. Over time, the goal is to diffuse awareness of CSR throughout the organization.

7.2. Measures and consequences

Second, the voice of CSR must begin by engaging internal and external stakeholders to develop, track, and report measures of CSR commitment, along with associated penalties and rewards. A CSR Report, integrated as a prominent component of the company’s annual report, helps institutionalize the ongoing CSR dialog. It provides tangible measurables, allowing progress to be gauged. Without explicit measurements, the press of urgent concerns drives out important CSR issues from the decision-making mix; without rewards and penalties, managers are more likely to pursue myopic functional and profit goals.

7.3. Institutionalized stakeholder perspectives

A third component integrates a multi-stakeholder perspective into day-to-day operations. Beyond internal voice, measurements, and consequences, a multi-stakeholder perspective must be institutionalized within the firm’s culture and structure. For example, decisions need to be viewed from the perspectives of buyers, suppliers, and other stakeholders, and vetted against CSR concerns. Refocusing the ‘Investor Relations’ office to take charge of

‘Stakeholder Relations’ heightens awareness of CSR concerns and encourages a close working relationship with NGOs and activists. The firm gains by NGO involvement because NGOs often reflect the views of key consumer segments, provide insight from a different perspective, and allow the company to monitor emerging social and market trends. Engaging NGOs is not intended to neutralize their voice, but to address those mutual concerns constructively, rather than critically in the media.

7.4. Proactive visibility

Strengthening an internal commitment through external visibility reinforces the firm’s commitment and increases awareness among internal and external stakeholders. For example, going public through the incorporation of a CSR Report within the company’s annual report increases CSR awareness, internal compliance, and communication with external stakeholders. Passive reporting is not enough, however. Needed are proactive efforts designed to alert stakeholders and build a reservoir of social goodwill and the organizational legitimacy that attaches to these outcomes. Ongoing examples of action-oriented CSR commitments reinforce the belief that the company means what it says. A quick review of the press releases posted on *NIKE*’s website, for example, indicates this process is already well established [*NIKE* is also a good example of another trend we have observed, that those companies who are the most progressive in the developing area of CSR today tend to be those brand-based companies that have been most heavily criticized for CSR lapses in the past. Effective action after the event is to be welcomed. However, preventative action averting disaster is the preferred route].

7.5. Deliverables exceed promise

Of course, for proactive publicity to have a favorable impact assumes that socially responsible contributions exceed the firm’s promises, both implicit and explicit. Restated, CSR goals should under-promise and over-deliver. CSR is a tool for corporations to manage stakeholder expectations. Just as excessive and discretionary financial puffery inevitably leads to regulation and lawsuits, ‘over-selling’ by over-promising can damage stakeholder perceptions of the firm. The all-pervasive nature of the media and alert NGOs can translate today’s exaggerated promises into tomorrow’s bad publicity.

7.6. Repositioning

Ultimately, corporate leadership must associate the brand and the firm in the minds of stake-

holders as being a contributing asset to society—an asset that adds value beyond jobs and profit-oriented branded products or services. This repositioning begins with a dialog that reshapes the assumptive world of internal stakeholders, eventually spilling over to visible outcomes that evidence the firm’s commitment to CSR. While a proactive pursuit of CSR—rather than the more common reactive stance of defending past actions that are criticized—is the behavioral evidence of this change, repositioning begins with an attitudinal shift among leaders, strategists, and brand managers that profit maximization demands both the brand and the firm retain social legitimacy among various stakeholders.

Given the central role corporations play in generating the wealth and well-being of society, a greater awareness of their positive impact helps create a more receptive societal context—a step [Handy \(2002\)](#) argues is crucial. [Porter and Kramer \(2002\)](#) focus on gaining community visibility through “strategic philanthropy.” Here, leaders seek economic benefit for the firm from socially oriented actions. Equally, the goal of serving profitably the world’s poorest markets (those at the “bottom-of-the-pyramid,” an argument spearheaded by [Prahalad and Hammond, 2002](#)) offers economic and social benefits from corporate innovation and success.

These ideas channel considerable financial and organizational resources into finding mutually beneficial solutions to business issues facing the firm and social issues facing the community. The intent should be to move businesses and their brands to the forefront of the societies in which they operate—part of the solution, rather than being seen as part of the problem. In general, the integration of strategy, brand, and CSR demands that leaders demonstrate their organization’s genuine commitment to both internal and external constituents. The resulting aim should be both economic and social payoffs.

8. Strategic CSR: Good business sense

For brand-based firms, Archie Carroll’s ([Carroll, 1979](#)) four-stage hierarchy of social responsibility collapses into one of economic viability and social legitimacy. As [Bansal and Bogner \(2002, p. 277\)](#) reason:

“An organization’s image is the cumulative assessments of the firm by its stakeholders over time. If the firm conforms to stakeholder expectations, it builds legitimacy. ... this helps build stronger relationships and trust with its stakeholders, and ... can assist the organization in the face of adverse ... conditions.”

This legitimacy can be bought or built *after* adverse conditions occur, but only with extreme difficulty. Worse, varied constituencies determine legitimacy across multiple cultures and countries. Legitimacy is not just a home country phenomenon; it must be viewed globally. Worse still, the foundations of legitimacy are built on the shifting sands of what is perceived to be socially acceptable *today*. As a result, profit maximization is increasingly being redefined to embrace both financial *ends* and the socially responsible *methods* that confer legitimacy. Economic gains must strike a balance with the discretionary and ethical concerns of multiple constituents. Otherwise, legitimacy is lost, taking brand value with it, as increasingly informed and activist stakeholders react.

CSR, in terms of brand management, is not a question of businesses trying to attain some kind of higher plane or 'social good.' Global companies do not have to commit themselves to 'saving the whales' or even extend their sphere of concern any wider than their immediate operations and geographic location. Nor is CSR a question of 'right' over 'wrong' in any absolute sense. Rather, it is a relative question of what constitutes good business practices now, with an eye for emerging societal demands that shape tomorrow's expectations.

CSR is about incorporating common sense policies into corporate strategy, culture, and day-to-day decision making to meet stakeholders' needs, broadly defined. It is about creating strategies that will make firms and their brands more successful in their turbulent environments. Stripped of the emotionalism and name calling, we see strategic CSR as *global brand insurance*.

References

- Allen, J., & Root, J. (2004, September 7). The new brand tax. *Wall Street Journal*, B2.
- Bansal, P., & Bogner, W. (2002). Deciding on ISO 14001: Economics, institutions, and context. *Long Range Planning*, 35, 269-277.
- Brady, D., Hof, R. D., Reinhardt, A., Ihlwan, M., Holmes, S., Capell K., et al. (2004, August 2). Cult brands. *BusinessWeek*, 3894, 64-71.
- Carroll, A. (1979). A three-dimensional conceptual model of corporate performance. *Academy of Management Review*, 4(4), 497-505.
- Carroll, A. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39-48.
- Davis, K. (1960). Can business afford to ignore social responsibilities? *California Management Review*, 2(3), 70-76.
- Freeman, E. (1984). *Strategic management: A stakeholder approach*. Marshfield, MA: Pitman.
- Gilding, P. (2001, June). Making market magic. Retrieved from <http://www.ecoscorporation.com>
- Handy, C. (2002). What's a business for? *Harvard Business Review*, 80(12), 49-55.
- Hutton, W. (2002, November 24). Capitalism must put its house in order. *Observer*, 30.
- Klein, N. (2000). *No logo: Taking aim at the brand bullies*. New York: Picador.
- Licha, R. (2003, March 23). How we can sell brand USA abroad. *The Miami Herald*, 5L.
- Magnusson, P. (2002). Making a federal case out of overseas abuses. *BusinessWeek*, 3809, 78.
- Martin, R. (2002). The virtue matrix. *Harvard Business Review*, 80(3), 68-75.
- Nussbaum, B. (2002). Why the world needs new thinking. *BusinessWeek*, 3796, 66-67.
- Parloff, R. (2002). Nike, can we talk? *Fortune*, 146(4), 102-110.
- Porter, M., & Kramer, M. (2002). The competitive advantage of corporate philanthropy. *Harvard Business Review*, 80(12), 57-68.
- Prahalad, C., & Hammond, A. (2002). Serving the world's poor, profitably. *Harvard Business Review*, 80(9), 48-58.
- Rheingold, H. (2002). *Smart mobs: The next social revolution*. New York: Basic Books.
- Schrage, E. (2002, July 17). A long way to find justice. *The Washington Post in The Daily Yomiuri*, 20.
- Sun Tzu, S. (2002). *The art of war* (The Denma Translation). Boston: Shambhala.
- Tischler, L. (2004). Brand the good brand. *Fast Company*, 85, 47-49.
- Xenophon strategies, 2001. Bridgestone/Firestone tire recall: A case study.