Enhancing Global Brand Equity through Strategic CSR and Cross-Sector Alliances: A Stakeholder Perspective

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ABSTRACT

In today’s age of societal and environmental consciousness, global brands have to continuously find ways of enhancing value for multiple stakeholders. This paper makes a case for global brands to incorporate “strategic CSR” as well as cross-sector alliances as part of their branding strategy and offer solutions that cater not only to the end-user but to a multiplicity of stakeholders including community members. CSR activities can be strategic in nature where a company can address specific social or environmental issues in ways that fit strategically with its long-term vision, core competencies, intellectual property and other resources (Porter and Kramer, 2006).

Global brands that align their business strategy with the interests of stakeholders - customers, partners, employees, investors, and communities or society at large, can reap higher sales and revenues, attract/retain both employees and consumers, and earn support from the entire ecosystem e.g., communities, government, regulators and society. The concept of ‘doing good’ is not new to many companies but the idea that such practices are an investment, rather than a cost, suggests that companies can ‘do well by doing good’ (Sisodia, Wolfe, & Sheth, 2007). By adopting this philosophy and by communicating with stakeholders and learning from them, global brands can influence as well as be influenced by stakeholders. By achieving a multidimensional set of objectives such as being a great place to work, being innovative, engaging in fair trade practices, or reducing its carbon footprint, rather than just concerning itself with market share or share price, companies can also create great brand value (Chakravorti, 2010).

The author further proposes that global brands can create value by forming cross-sector alliances (CSAs) especially with non-profit organizations (NPOs). Companies may be adept at building relationships with customers, investors, and supply chain members, but when they need to expand their sphere of influence to communities or even the environment, their skill sets may fall short and partnering with experts such as non-profit organizations may become necessary. Such partnerships are called cross-sector alliances (CSA) and are defined as collaborations between for-profit businesses and non-profit organizations (NPOs). Resource dependency theory suggests that collaborations can occur when organizations seek to obtain externally what they do not
possess (Pfeffer & Salancik, 1978). In a complex and rapidly evolving socio-economic environment, global brands can develop partnerships with stakeholders in non-profit organizations. These partnerships themselves can help global brands develop sustainable competitive advantage as the resources, skills and capabilities generated through collaboration would not have been possible for the firm to have developed on its own (Zaheer & Bell, 2005).

CSAs can cooperatively attempt to effectively address social problems of mutual concern (Sakarya, Bodur, & Öktem, 2012). Such collaborations at the level of individuals or at the corporate level can often result in social innovations (Austin & Reavis, 2002). Such partnerships have the potential to create transformational collaboration and social change (Stafford & Hartman, 2001). CSAs can also enable and encourage global brands and multinationals to adopt and practice codes of conduct benefitting local communities and society at large, which helps the firm succeed as it learns to create and maintain relationships with multiple stakeholders and create value through CSAs. Successful CSAs would be able to leverage the core competencies of each partner. For example, businesses share their technology, marketing or finance related expertise with NPOs that could in turn provide access to local communities and projects.

According to Austin & Seitanidi (2012) CSAs can lead to the following types of value creation: (i) associational value, (ii) transferred resource value, (iii) interaction value and (iv) synergistic value. Associational value is derived purely based on a partnership between two entities. Global business corporations, operating in diverse countries can derive social and political benefits through their association with local NPOs. Through transferred resource value one partner may receive an asset from another. This can include cash or transfer of company specific skills. Interaction value is a benefit that accrues as a consequence of two partners working together and can include intangible assets such as reputation, trust and transparency. Synergistic value is created when collaborating entities jointly achieve more than they could have done individually. Thus, global brands that partner with NPOs can generate synergistic value in the social and environmental domains.

References:


**Keywords**: Global Brands, CSR, Cross-Sector Alliances, Non-Profit Organizations, Brand Equity

**Relevance to Marketing Educators, Researchers and Practitioners:**
This research adopts a new approach to studying global branding by incorporating strategic CSR and cross-sector alliances. It will provide practical guidelines to decision makers to formulate collaborative strategies that benefit multiple stakeholders.

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