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Self-claimed sustainability: Building social and environmental reputations with words

Mauro Fracarolli Nunes*, Camila Lee Park

ESCP Europe, Paris campus. 79, avenue de la République, 75543 Paris Cedex 11, France

A B S T R A C T

In the attempt of benefiting from positioning themselves as sustainable enterprises, some companies have indiscriminately claimed to operate under sustainable management. At the same time, diverse sustainability indexes have been developed to state the practice, as consumers and general stakeholders seem to value this attitude toward businesses. In that sense, studies have demonstrated the gap between corporate strategic intention and its actual implementation, as well as the use of short-term image building strategies through punctual promotional marketing activities, arguably disconnected of a consistent sustainability strategy. While some companies indeed seek to attain stakeholders' expectations on sustainable practices, others seem to restrain sustainability merely to their public communication. Within this reasoning some questions emerge: How may corporate social and environmental reputations possibly be built over sustainable and unsustainable operations? What would be the antecedents of corporate reputation allowing for both constructions? In order to offer theoretical bases for the approach of these issues, the present work proposes two theoretical frameworks for the building of "true" and "false" social and environmental corporate reputations. Ultimately we aim to demonstrate that, based on corporate speech, the construction of sustainable reputations disconnected from real sustainable operations is logically possible.

Keywords: Self-claimed sustainability; Corporate discourse; Social and environmental reputations; Operational image; Strategic positioning; Sustainability indexes

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1. Introduction

The building of corporate reputation may not depend strictly on the attributes of the products delivered by firms (West et al., 2015). Instead, rather than stating for high standards of quality, durability, precision or any other characteristic of operational outcomes, from a processual perspective the building of reputation around sustainability would be closely linked to patterns of organizational behavior (Zou et al., 2015) and to the idea of how products or services are operationalized in order to meet stakeholders demands (Hussainey and Salama, 2010). More specifically, beyond the assessment of the nature of the inputs employed or

the recyclability of products (among other measures), it shall depend mostly on stakeholders' recognition of the overall economic, social and environmental impact that the operations of firms may have to societies (West et al., 2015; Morales-Raya et al., 2013).

However, defining whether the operations of a company are sustainable or not might be a challenging and possibly tricky task (Drake and Spinler, 2013). In that sense, despite many firms claim to be sustainable, an effective assessment of the consequences of their businesses may be troublesome (Lee and Saen, 2012; Labuschagne et al., 2005). Based on the level and on the quality of information they receive, different stakeholders, such as employees, customers, investors and

* Corresponding author.

E-mail addresses: m.fracarollinunes@gmail.com (M. Fracarolli Nunes), camilapark@gmail.com (C. Lee Park).

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supply chain partners may build their own perceptions around the sustainable practices of companies (McDonald and Oates, 2006), not necessarily coherent with day-to-day businesses operations (Kessler et al., forthcoming).

Among these informational inputs, firms' self-claimed communication in the form of punctual marketing initiatives (Kushwaha and Sharma, 2015), commercial advertising (Leonidou and Leonidou, 2015), web sites (Ki and Shin, 2015) and sustainability reports (Kumar et al., 2015; Junior et al., 2014) may be comprehended as forms of strategic positioning tools (Dasgupta and Ghatge, 2015; Peattie, 2015; Polonsky et al., 2014), rationally employed in the building of positive corporate reputations (Aula and Heinonen, 2016). Due to low operational transparencies (Beulens et al., 2005) or to the difficulties in implementing precise external controls (Pope et al., 2015), in many cases this sort of inside-out communication may be the main information around the sustainable practices of firms stakeholders count or rely on (Ki and Shin, 2015; Berthelot et al., 2012). Inner to this view, social and environmental corporate reputations shall be built upon self-claimed statements (Dangelico, 2015) and corporate rhetoric (Stevenson and Steckler, 2015), regardless the operational reality of firms (Christensen and Askegaard, 2001; Christensen and Cheney, 2006). In those cases, in contrast with sustainable reputations rooted on effective sustainable operations – which are here simplistically called “true” – sustainable reputations not backed on accurate correspondent sustainable operations are also simplistically called “false”.

Once firms are presumably interested in the transmission of positive information around themselves (Ilhen, 2015), the inputs sourced from strategic positioning may be seen with distrust by stakeholders interested in valuing the real sustainability of firms (Christensen et al., 2013). As a step forward on the assessment of sustainable operations, many sustainability indicators indexes have emerged (e.g. Dow Jones Sustainability Index; S&P/TSX Renewable Energy and Clean Technology Index; Global Compact 100 Index; STOXX Global ESG Leaders Index; SXI Switzerland Sustainability 25 Index; Jantzi Social Index), as, arguably, the companies behind them have the means and the credibility to rank enterprises on their practices (Chelli and Gendron, 2013). By offering an independent judgment, external sustainability assurance providers may add to a possibly more accurate assessment of firms' activities (Global Reporting Initiative, 2013).

Nevertheless, the value of the statements and ranks may be conditioned to the technical and ethical credibility these firms share among stakeholders (Gürtürk and Hahn, in press). Beyond that, a closer look into the methodologies applied shows that, in many cases, these indexes are built over the information provided by evaluated firms themselves, through the filling of extensive questionnaires (e.g. CSA Guide—RobecoSAM's Corporate Sustainability Assessment Methodology, 2015). In those cases, sustainability indexes would arguably represent no more than an indirect form of firms' possible self-claimed sustainability, eventually disconnected of their operational realities.

To date, the literature on sustainability communication has focused on specific and arguably disconnected issues. The main themes addressed within this sub-field are: the means employed by firms to communicate sustainability (Ki and Shin, 2015; Kumar et al., 2015; Kushwaha and Sharma, 2015; Leonidou and Leonidou, 2015; Junior et al., 2014), the

process through which stakeholders' perception around sustainability is built (Moreno-Peñaranda et al., 2015; Ranängen, 2015; Peloza et al., 2012), the gap between sustainability rhetoric and the implementation of real sustainable management (Cho et al., 2015), investors' reaction to sustainability indexes (Srinivasan, 2016; Oberndorfer et al., 2013) and to the increased reliability of information (Lackmann et al., 2012), among others. However, a gathered comprehension of the logics linking sustainable operations to all these factors in the building of social and environmental reputations has not yet been offered. This article focuses then on discussing how each of these elements contribute to the building of “true” and possibly “false” social and environmental corporate reputations. In the search to further comprehend the logics supporting each construction, the present work aims to address the following research questions: How may corporate social and environmental reputations possibly be built over sustainable and unsustainable operations? What would be the antecedents of corporate reputation allowing for both constructions?

Through the discussion of the relationship of five distinct reputational related elements (i.e. corporate identity, corporate image, operational image, strategic positioning and sustainability indexes), theoretical frameworks for the building of “true” and “false” social and environmental corporate reputations are proposed. Beyond this introduction, the article is organized as follows: Section 2 presents a literature review on sustainable operations, corporate reputation and strategic positioning. Based on the theoretical discussion, Section 3 presents the propositions for the construction of the proposed frameworks. Section 4, in turn, discusses their practical and theoretical implications. Finally, Section 5 presents the conclusions followed by the limitations and suggestions for future research.

2. Literature review

2.1. Sustainable operations

From a macro perspective and coherent with Elkington's (1997) triple bottom line, sustainable operations are considered as those that are capable to simultaneously meet economic, social and environmental goals (Piercy and Rich, 2015; Sarkis and Dhavale, 2015). Considering that sustainability shall be comprehended as a broad area (Subramanian and Gunasekaran, 2015), defining what sustainable operations really are may not be a trivial exercise though (Drake and Spinler, 2013). In that sense, sustainable operations have been linked to the most diverse set of practices. As discussed by Pagell and Wu (2009, 37), “it seems as if almost every study posits a different task/behavior/investment as being the key to being sustainable”. However, the assessment of the practices usually related in the literature as sustainable (or as possibly enabling sustainability) may be useful in delimiting the concept.

Based on the assessment of recent discussion present on prominent journals focused on Operations Management, sustainability and corporate social responsibility (i.e. Sustainable Production and Consumption, Journal of Cleaner Production, Industrial and Commercial Training, Energy Policy, Renewable and Sustainable Energy Reviews, The International Journal of Advanced Manufacturing Technology, Journal of Supply Chain Management, International Journal of Production Economics, and Interfaces), Table 1 illustrates how wide the discussion around the sustainability of firms' operations may be.

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