

Sustainability in Business Communication: An Overview

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Abstract

The aim of this article is to provide an overview of the field of sustainability in business communication by looking at it from five very different angles, which nevertheless form a comprehensive view of the field. The first part investigates how the use of lexical items which express the sustainability idea have developed in business communication. The second part looks at the development of sustainability communication within employer branding. Part three focuses on current trends of sustainability in marketing and advertising and finds that sustainability is not quite as frequently used here as it is in reporting, employer branding or investor relations communication. In the fourth part, sustainability communication is scrutinized as reflections of the development within investor relations communication. Those historic developments show a very clear increase in the use and the significance of sustainability in business communication. Part five then adds a cultural and a political dimension to sustainability communication and thus broadens the perspective. By investigating those different angles of sustainability in business communication by empirical analyses, exploratory studies, literature reviews and discussions, the article aims at drawing a picture of sustainability in business communication that captures discursive manifestations of sustainability, historic developments and current trends, sustainability communications towards internal and external audiences, and intercultural and political implications.

1. Introduction

In 2010, *Harvard Business Review* identified sustainability as a ‘business megatrend’ that needs to be integrated into corporate strategies in order for companies to remain competitive and survive. In addition, companies need to communicate their sustainability activities and the financial implications of these initiatives to satisfy the information needs of all stakeholders (Lubin/Esty 2010).

Whenever we speak of sustainability, the term needs to be clearly defined. The present contribution takes outset in the Brundtland Commission’s 1987 report ‘Our Common Future’ (UN General Assembly 1987) that defines three pillars of sustainability. ‘People’ refers to the social, ‘planet’ to the environmental and ‘profit’ to economic and financial aspects which, together, are to create future sustainable societies. In line with several chapters of this edited volume, we contribute to the consolidation of ‘culture’ as a fourth pillar of sustainability, as suggested by recent research (e.g. Parodi et al. 2010).

The purpose of this section is twofold. Firstly, we look at corporate and intercultural communicative practices and how they are related to the pillars of

sustainability. Five investigations into CSR reporting, employer branding, marketing, investor relations communication and environmental policies document that the business trend ‘sustainability’ evolved from being a question of sugar coating to being an integrated and significant element of business strategies. Secondly, we contextualize the studies and their findings, as we take stock of sustainability in research.

In the first part, we investigate the evolution of sustainability related terms in CSR reports and find that sustainability has overtaken CSR as the main term used in this context. In the second part, we review the research literature on employer branding and outline how the notion of sustainability has profoundly changed the relations between organizations, employees and society. In part three, we take a look at the sustainability factor in contemporary marketing and advertising. In the fourth section, we analyse the presence and influence of CSR and sustainability in the annual reports of a listed Danish company over a period of time and show how the increasing importance of CSR and sustainability within business and industry in general is expressed communicatively in the annual report as an important means of investor relations. In the final section, we analyse an environmental policy and show that policy making has to be inclusive of all four pillars in order to be successful.

2. Sustainability Terminology

Both scholars and practitioners use an array of terms to refer to companies' social and environmental responsibilities and initiatives. These are variously summarized under the heading of sustainability, corporate social responsibility (CSR), accountability, corporate citizenship, triple bottom line, or stewardship. Numerous authors have lamented the confusing and inconsistent use of these overlapping concepts (e.g. Palazzo/Scherer 2006; Moreno/Capriotti 2009; Waddock 2004; Carroll 1999). We will first review the origin of these terms as they occur in the Anglo-Saxon literature and then investigate the use of these terms in corporate reports in order to gain an understanding of the importance of these concepts in corporate discourses.

Sustainability has its origin in sustainable development, which was first defined in the UN Brundtland Commission's report (UN General Assembly 1987). Sustainability has been used in the academic literature from the mid-1990s, referring mainly to environmental sustainability in the beginning (e.g. Shrivastava 1995; McDonagh 1998). Later on, sustainability was defined more broadly, capturing the notion that systems should be economically, environmentally, and socially sustainable (UN General Assembly 2005). Carroll (1999) has identified

a book by Bowen (1953) as the beginning of corporate social responsibility as a management concept, although the social responsibilities of corporations have already been discussed as early as in the 1920s (Donham 1927). Clearly, both societal expectations and companies' understandings of their social responsibilities have evolved, as new social problems have emerged. Since the 1980s the term accountability has also been used to refer to corporate responsibilities toward society (e.g. Filios 1985). The concept of corporate citizenship can be traced back to a speech given by business executive John Barr (1957), who argued that every company should be "a good citizen in our communities" and presented the Seven Commandments of Corporate Citizenship. The concept of a triple bottom line can be attributed to John Elkington (1997) and denotes the measurement of corporate success based on financial performance, social performance, and environmental performance. Stewardship has its origin in property rights, where an agent assumes a stewardship responsibility towards the owner. This concept has been adopted in financial accounting to describe the financial responsibility of managers towards investors and was later broadened to include a company's responsibilities towards society (Chen 1975).

We investigate the corporate use of the above terms based on a sample of 1,668 corporate social and environmental disclosures (75 m words) published by 288 companies in the period from 1997 to 2010. The companies in the sample were taken from the *Forbes 2000* list and include all US and European companies from a number of different industries, including banking, food, drink, tobacco, retailing, household & personal products, oil & gas, aviation, and transportation. Their disclosures include both CSR reports and – for those companies that do not publish CSR reports – annual reports and have all been published in English. The empirical investigation is grounded in issues lifecycle theory, which suggests that issues develop in the public arena, mature, and peak out as companies and policy makers address them. Thus, issues follow an evolutionary cycle of insignificance, heightened awareness and institutionalization (Mahon/Waddock 1992; Zyglidopoulos 2003). Since issues do not exist in isolation, but co-occur with other issues, the evolutionary path of an issue may be stopped or interrupted by the emergence of a new issue (Bigelow et al. 1993). In order to gain an understanding of the evolution of CSR terms in corporate practice, we study whether the above terms constitute such issues that companies adopt, address, and drop.

Figure 1 displays the frequencies with which the terms CSR and sustainability appear in the different reports over the period from 1997 to 2010, while Figure 2 displays the frequencies of the remaining terms. These frequencies were averaged, i.e. they indicate how many times the companies in the sample use the different terms for a particular year on average. It turned out that companies use

sustainability and corporate social responsibility or its abbreviation CSR more frequently than any of the other terms. As Figure 1 indicates, sustainability has been the dominant term since 2005. The remaining terms were used very infrequently, on average, compared to sustainability and CSR and were therefore displayed in a separate figure with a smaller scale (see Figure 2).

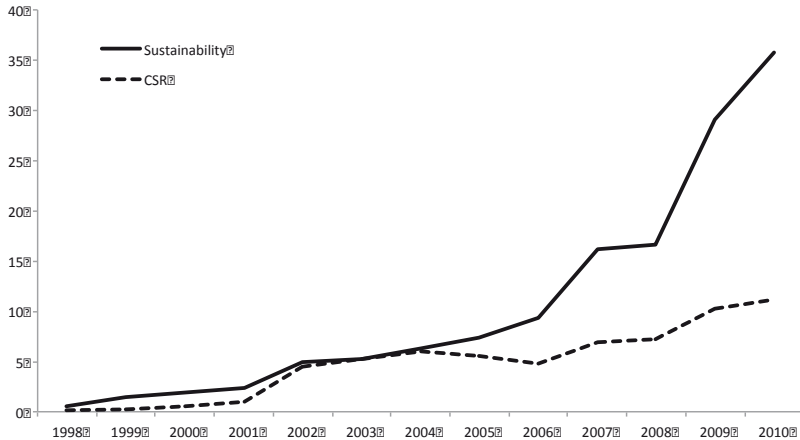


Figure 1: Average Word Frequency of Sustainability and CSR.

Figure 2 indicates that a lifecycle can be observed only for the term accountability, which peaked out around 2003, while citizenship and stewardship have not necessarily reached a peak yet. The term triple bottom line has almost never been.

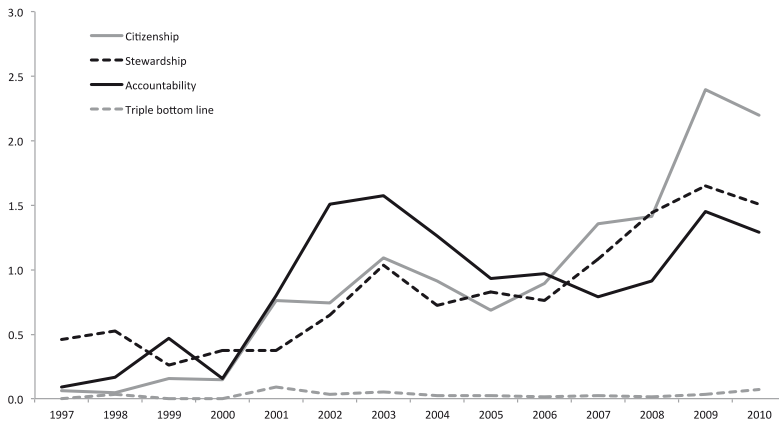


Figure 2: Average Word Frequency of Citizenship, Stewardship, Accountability, and Triple Bottom Line.

Given the increasing importance of the term sustainability in corporate CSR discourses, we also examined all uses of the adjective ‘sustainable’ qualitatively in the corpus of corporate reports. The dictionary definition of the word sustainable is “capable of being sustained”. In the corporate reports, ‘sustainable’ takes on different meanings in different word combinations. For example, when companies commit themselves to “sustainable yields”, “sustainable profits” or “sustainable earing streams”, they refer to growth, whereas “sustainable resource use”, “sustainable mobility”, or “sustainable tourism” implies an envisioned decline. In addition, sustainable is used to refer to improved conditions, e.g. as in “sustainable society”, “sustainable world”, “sustainable future”, or “sustainable stakeholder relationships”. Considering this semantic flexibility and the fact the word stem sustain* can form a verb, an adjective, an adverb and a noun, it stands to reason that the term sustainability has overtaken CSR as *the* main term to refer to corporate social and environmental commitments and activities.

3. Sustainability and Employer Branding

The evolution of sustainability discourses in corporate contexts reflects a new way of conceptualising the relation between a corporation and its stakeholders. In this section, we focus on the relation between corporations and employees. Through close readings of the research literature (consisting of the combination

of ‘employ*’ and ‘brand*’ in the main title) we outline the development of the employer branding discipline and explore how the notion of CSR and sustainability has entered the field of employer branding. While researchers agree upon the strategic values of a strong employer brand (Aggerholm et al. 2011), the research literature reveals fundamental differences in defining what an employer brand is, its goal and concepts. The review identifies three research streams – or waves – of employer branding, marking an evolution of the role of CSR and sustainability in employer branding from non-existing to all-embracing and illustrates how the introduction of sustainability and ethics to the HRM department profoundly changes the relation between organisations, employees and society.

3.1 From selling jobs and aligning values...

In 1996 Ambler and Barrow introduced the concept of employer branding in their seminal article “The employer brand”. Drawing a close definitional link to conventional marketing and product brand management, employer branding was initially understood as the application of terminologies, vocabularies and tools from the well-known brand and marketing management discipline tool kit to human resource management: the aim was to market and sell jobs by identifying and differentiating the employing company from its competitors. Backhaus and Tikoo (2004) later adapt the Ambler-and-Barrow definition and introduce a three-step process towards creating a strong employer brand. This includes:

- 1) The development of the employer brand proposition
- 2) External marketing of the employer brand value proposition to external markets
- 3) Internal marketing of the employer brand value proposition ensuring that the employees are committed to the organisational values and goals

The authors emphasize the value of internal marketing (step three) arguing that

“(…) by systematically exposing workers to the value proposition of the employer brand, the workplace culture is moulded around the corporate goals, enabling the firm to achieve a unique culture focused on doing business the firm’s way” (Backhaus/Tikoo 2004: 503).

The quote illustrates the underlying assumption of what may be termed as the first wave, where employer branding is concerned with exposing workers to employer branding propositions, transmitting a predefined set of corporate values to the employees. Consequently, employees are conceptualised as raw mate-

rials to be moulded according to predefined templates of corporate behaviour with the aim of enhancing customer experiences. From an employee perspective, the employer brand is thus reduced to a static entity or product, designed to serve external customers. However, as argued by Schultz et al. (2005), brand values do not automatically mobilise employee commitment. On the contrary, Mosley (2007) argues that transactions of (employer) brand values to employees risk the danger of positioning employees as nothing more than “a channel to market” (Mosley 2007: 128). Mosley further argues that a dominating internal marketing logic runs the risk of reducing employee loyalty and engagement, leading ultimately to the failure of the employees in creating customer-service-based experiences.

Unintentionally, Knox and Freeman (2006) deliver yet another critique of employer branding. In studying the relation between employer brand value propositions and internal employer brand image and between internal and external employer brand image among approx. 1300 part-time recruiters and potential recruits the authors detect no correlations. The study is framed by ideas and ideals of the first wave, but simultaneously demonstrates its insufficiency in grasping the complexity of constructing an employer brand image. These critiques pave the way for alternative conceptions of building and managing the employer brand – a second wave.

The second wave is characterised by a more nuanced and contextually attentive approach to understanding the employer branding processes. Whereas the first wave of employer branding is framed within a product branding perspective, the second wave adapts a more integrated perspective at a corporate level. Within recent years, the disciplines of marketing and branding have undergone a profound shift from a marketer dominated logic based on seductive transmission strategies, to more dynamic approaches in terms of emergent and process-based strategies, reflecting different paradigmatic views on the role, scope and conceptualizations of the marketing and branding disciplines (e.g. Balmer/Gray 2003; Balmer/Greyser 2006).

According to Hatch and Schultz (2003), corporate branding is imbued with the entire company and is hence not just a means to enhance the external brand image. Rather, corporate branding is the process of aligning strategic vision, organisational culture and corporate image and provides a procedure for continuous organisational change with the aim of creating long-term relationships with all stakeholders. Consequently, the role of employees is given greater priority. Compared to earlier employer brand practices, Mosley (2007) suggests a new stream of employer brand management characterised as

“(...) a more integrated approach, aligning external recruitment promises with the internal employee experience, and the employer brand development with the corporate and customer brand” (Mosley 2007: 130).

The quote suggests a move away from merely brand value distribution among employees and the notion of employees as “channel to customers” towards the creation of a shared employer brand understanding (cf. Punjaisri/Wilson 2007): The second wave of employer branding evolves around the process of negotiating and aligning mutual expectations in the employee-employer relation and is rooted in corporate values and integrated in organizational behaviour.

Reflecting upon the question “Who is responsible for the employment branding?”, Pla (2007) takes on a practitioner’s perspective and argues that the answer is “part HR – part marketing” (Pla 2007: 17). The step towards a more integrated approach breaks down the notion of organizational silo functions and recognizes the ways in which people actually work together in organizations. However, according to a qualitative interview study by Kimpakorn and Dimmitt (2007) on the perception and practice of employer branding among management and employees at luxury hotels in Thailand, the ideal of integration is not always practised. The study shows that hotels in general have failed to commit to cross-functional branding initiatives and demonstrates a gap between the employer branding concerns at top management level and human resource managers’ focus on recruitment and training. Based on these findings, the authors conclusively argue that

“(...) employer branding is not just about communication and traditional human resource management functions. Employer branding must be encompassed in every business and service process” (Kimpakorn/Dimmitt 2007: 62).

Karmark (2005) distinguishes between a marketing and communication based perspective and a norm and value based perspective on the notion of employees living brand. Whereas the first perspective revolves around what we term the first wave (including disciplines of internal marketing and internal branding, cf. Mangold/Miles 2007), the latter spins on the second wave and has evolved around value-based management and employee identification processes (cf. Mosley 2007). However, whereas the first imposes organizational values onto employees with the aim of creating enhanced customer services and experiences, the value-based perspective adopts a more dynamic approach to the employer-employee relation and emphasizes the processes of negotiation and co-development aiming at developing long term employer-employee relationship. Thus, in the latter perspective, the employee takes on the role as co-creator of organizational values and norms. This makes employee identification crucial to

the success of the employer brand as employees are “expected to align their personal values with the identity of the corporate brand” (Christensen et al. 2008: 70). Stated differently, employees are expected to incorporate their own identities into the corporate soul (Morsing 2006). Reflections upon the potential downsides of such ultimate employee identification and identity co-creation pave the way for the third wave of employer branding.

3.2 ... towards sustainable employer branding

The third wave of employer branding transcends the product and corporate perspective, realized within the first and second wave respectively, and redefines the organization in relation to its role in society. The third wave incorporates and integrates a contextual perspective as an integrated part of how to do business, and thereby reinterprets the role of business in society as transcendental to economic responsibilities. Rather, organizations must engage with society and address its responsibilities towards all stakeholders as well as society at large. Consequently, the third wave of employer branding is constituted within a frame of corporate responsibility and sustainable branding strategies.

Drawing on theories of narrative identity and identification in organizations, Mark and Toelken (2009) explore the consequences of ITC, a Fortune 100 information technology consulting firm that failed to live up to its employer brand promises. One of the main points taken in approaching the case is the importance of acting morally responsibly in relation to all stakeholders and the study demonstrates the critical costs of senior executives failing to balance the competing demands of all stakeholders, especially in the context of crises. Beside drawing on the less economic, and more ‘soft’, interpretive terminologies of the second wave of employer branding (including words and concepts such as “values”, “identity”, “interactions”, “meaning management” etc.), Mark and Toelken (2009) also introduce words such as “ethics”, “sustainable”/“sustainability”, “responsibility” etc., thereby introducing a whole new vocabulary to the concept of employer branding. The new vocabulary signifies what some have introduced as the ethical turn (Shipley 1998) in society in general and in the workplace in particular. On that notion, Shipley introduces “working people as ethical agents in action at work” (1998: 1). The work by Mark and Toelken (2009) can thus be seen as part of a broader corporate attention towards human and social issues in doing business as well as in the employer-employee relation.

From a HRM perspective, the evolution of employer branding towards sustainability is supported by Freitas et al. (2011), who suggest that the HRM dis-

cipline has evolved from being merely a question of personnel management to a strategic discipline, which is now moving towards sustainable HRM, which aims at balancing “economic prosperity, social equity and environmental integrity” (Freitas et al. 2011: 232). In a broader research context, this is supported by several studies, which demonstrate how certain employees care about corporate social responsibility programs (Rodrigo/Arenas 2008), how corporate social performance is positively related to employer attractiveness for job seekers (Albinger/Freeman 2000) and how employees are in fact motivated and committed to the effective delivery of CSR practices. However the optimal delivery is provided when the organizational culture and context support “the self-understanding of employees as moral agents who are motivated to take into consideration the ‘good’ as well as the ‘efficient’ in every situation” (Collier/Esteban 2007: 31). The latter, thus, provides a new mode of employment and a new role for the employee. Consequently, the idea of the socially responsible corporation in the context of employer branding reconceptualises the employee towards a morally acting and responsible human being. Bourne et al. (2009) conclude that organizations must embrace the whole individual and respond to concerns related to the whole individual, including work and non-work related issues as they argue that humans face struggling challenges in balancing potentially competing roles in life, e.g. the role as parent, spouse, volunteer, employee, caregiver etc. Their study show that by approaching the employees as whole individuals with both work-related and non-work related agendas, organizations will potentially improve and enhance employee well-being, and as a result thereof potentially reduce the overall cost of turnover.

The third wave of employer branding in other words is framed by a holistic and sustainable perspective on branding, thus being concerned with its obligations and responsibilities towards all stakeholders, striving to generate sustainable relations with all stakeholders and create and balance corporate and organizational values, stakeholder values as well as societal values. This is emphasised by Aggerholm et al. (2011) who conceptualise this new stream of employer branding in the intersection of corporate branding, human resource management and CSR and define employer branding as

“(…) strategic branding processes which creates, negotiates and enacts sustainable relationships between organization and its potential and existing employees under the influence of the varying corporate contexts with the purpose of co-creating sustainable values for the individual, the organization and the society as a whole” (Aggerholm et al. 2011: 115).

As a way of enacting sustainable strategies, the third wave of employer branding dissolves the boundaries between the organization and its surroundings; it repositions the organization as an integrated part of the society and reconceptualises

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