Brands with a Conscience

A research study into
how business can do the right thing
and be profitable

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Medinge Group is a think-tank of brand experts and visionaries from around the world whose purpose is to influence business to become more humane and conscious in order to help humanity progress and prosper.

It is our belief that organizations have a broad responsibility to all their stakeholders. Yet many organizations still treat their customers and other audiences as objects and try to control their brands. Our argument is that a brand is created together with others for the benefit of the organization, its stakeholders and society.

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W E LIVE IN DIFFICULT TIMES, when some of the seeming certainties of the past are unravelling, and new challenges are confronting us. We are faced with the existential issue of climate change, a long-tailed pandemic, the problems of social exclusion and inequality, and concerns over the viability of capitalism and democracy. Tackling these problems is the concern of international organizations, governments, citizens—and increasingly businesses. Whereas once business was simply seen as the source of many of the challenges the world faces, now it is recognized that business is integral to the solution. Businesses have the resources, the capabilities and the innovation expertise to help transform the way we live and to contribute to the sustainability of the planet. The underlying question here is, will they?

Our argument is that this is a matter of conscience; of business recognizing a moral responsibility to meet the needs of all its stakeholders. And then acting upon that in a consistent and coherent way.

Medinge Group has been working with the idea of brands with a conscience since 2005 by hosting conferences, running courses, conducting research and writing books. In 2021, the Group initiated a series of research studies looking at how conscience is understood by consumers, experts, marketing consultants and, in this study, business managers. We deliberately chose the word 'brand' (which also encompasses corporate brands), rather than 'organization', because it orients the idea of conscience towards creating value for people, society and the planet. However, in this context, 'brand' and 'organization' have strong overlaps.

To conduct this managerial study we, identified companies around the world who engaged with social and environmental issues, and interviewed senior managers (see Table 1). This has provided us with the insight to better understand the role of business purpose, the influence of different stakeholders, the challenges of implementation and the meaning of brands with a conscience.

Table 1

	Job title of interviewee	Industry/Sector	Ownership	Size/Employees	B Corp status
Company 1	Senior Vice President of Marketing	Financial services	Public company Employee share scheme	Large	
Company 2	Head of Brand and Marketing	Food and drink	Family business	Medium	
Company 3	Chief Marketing and Client Experience Officer	Financial services	Public company	Large	
Company 4	Global Brand and Communications Director	Food and drink	Public company	Large	
Company 5	Global Social Impact Team	Food and drink	Public company	Large	
Company 6	Director of Consumer Marketing	Pharmeceutical	Public company	Large	
Company 7	Sustainability Retail Operations, Group Sustainability	Home furnishings and lifestyle	Private foundation	Large	
Company 8	Head of Marketing and Communications	Home furnishings and lifestyle	80% family 20% one investor	Medium	Y
Company 9	Brand and Marketing Strategy Lead	FinTech	Public company	Medium	
Company 10	Mission Director	Home furnishings and lifestyle	Employee-owned	Large	
Company 11	Proprietor	Skin care	Self-employed Sole shareholder	Small	
Company 12	CEO	Food and drink	Private limited company	Small	
Company 13	Programme Director—Cocoa Life	Food and drink	Public company	Large	
Company 14	Executive VP, Communications and Public Affairs	Automotive	Private company	Large	
Company 15	Head of Corporate Social Responsibility	Software	Public company	Large	
Company 16	International Brand and Communication Director	Travel and tourism	Owned by investors	Medium	
Company 17	Winemaker	Food and drink	Family business	Small	
Company 18	Product Development Manager	Fashion	Private limited company	Medium	Y
Company 19	Compliance Director and Head of Brand and Central Marketing	Internet provider	Limited company	Medium	Y

Small = <50; Medium = 50–499; Large = 500+

Can a brand have a conscience?

Before investigating how conscience might influence organizational behaviour, it is useful to consider whether an entity such as an organization or a brand can actually have a conscience. Writers diverge on this point. Some argue that organizational entities do not have moral agency and therefore cannot have a conscience, while others suggest, from a legal perspective, that moral responsibility lies with the people in the organization and not the organization itself.[1] Countering these views, others suggest organizations can have a conscience, because they have sufficient unity to act with moral conscience.[2] Perhaps, not surprisingly, managers' views also diverge on this point. Most recognize that while a brand is an abstract idea, it can have a conscience.

'My own personal belief is that brand can have a conscience, yes. And conscience for me is that you cared about something more than the end role. So, something more than just revenue, but basically thinking that the success of the people that you're trying to help or sell to et cetera. I mean, their success should be as important as your own success as a company.'

'I think businesses have to have a conscience and I think that I think it also we have to accept that we're not gonna get things right all the time you know.'

'You need to deeply care about the environment and socially to start to make that change and I think once you've got that sort of built into your DNA of the business and the brand, then I think you can say that the brand has a conscience.'

On the opposing side, some argue that it is only the people in the organization that can have a conscience, not the brand. But the naysayers also qualify their response with thinking out loud about the nature of the relationship between people, brand and conscience.

'I don't think the brand itself can have a conscience. That's … you're basically saying something that is inanimate can have a conscience. I do think that the people involved with it could have a conscience, but I also think it's the collective community and how they perceive it. That's something that can be a conscience.'

'Yeah, I think, but the conscience is also from the people who make the brand. It's a functional answer maybe, but there has to be a good team behind it. And then the brand can have a conscience because people make brands and brands make people. it's a personal business to drive a brand, personal collective business … A human act … A brand is a statement of a collective of humans.'

These views recognize that individuals bring their own conscience and values to the organization and that the conscience of the organization, together with the people and culture, influence the moral life of individuals as part of their social identity and strengthen in turn their identification with the brand.[3]

1. T. Köllen: 'Acting Out of Compassion, Egoism, and Malice: a Schopenhauerian View on the Moral Worth of CSR and Diversity Management Practices', *Journal of Business Ethics*, vol. 138, no. 2, 2016, pp. 215–29; M. Velasquez: 'Debunking Corporate Moral Responsibility', *Business Ethics Quarterly*, vol. 13, no. 4, 2003, pp. 531–62.

2. K. E. Goodpaster and J. B. Matthews: 'Can a Corporation Have a Conscience?', *Harvard Business Review*, vol. 6, no. 1, 1982, pp. 132–41; D. P. Sulmasy: 'What Is Conscience and Why Is Respect for It So Important?' in *Theoretical Medicine and Bioethics,* no. 29. Dordrecht: Springer Netherlands 2008, pp. 135–49.

3. N. Ellemers, J. van der Toorn, Y. Paunov, and T. van Leeuwen: 'The Psychology of Morality: a Review and Analysis of Empirical Studies Published from 1940 through 2017', *Personality and Social Psychology Review*, vol. 23, no. 4, 2019, pp. 332–66; D. Yagil and T. Shultz: 'Service with a Conscience: Moral Dilemmas in Customer Service Roles', *Journal of Service Theory and Practice*, vol. 27, no. 3, 2017, pp. 689–711.

SAP: making sustainability part of the ecosystem

The software company, SAP, is an apt example of a brand with a conscience that has made sustainability central to its activities. SAP's original purpose was rooted in the efficacy of its software, to 'help the world run better', but over time it evolved to include the benefits it delivers others, such that the purpose became 'help the world run better and to improve people's lives.'

The implication of this expansion was twofold. First, the idea of improving people's lives could not simply be realized by the company on its own. A powerful attribute of SAP is its ecosystem of 440,000 customers and 21,000 partners and it is by working together with these stakeholders that the purpose comes to life. In its articulation of how it gives the purpose meaning, SAP states, 'By enabling a business led-global purpose network at scale (the "SAP Purpose Network") to co-innovate with customers, partners, government agencies, non-profits, consumers and influencers to discover new solutions to pressing global issues.' Second, SAP saw that the UN's Sustainable Development Goals (SDGs) provided a framework for its broader commitment to its stakeholders, to society and the environment. This helps to give the company strategic focus as it works to align its purpose with specific SDGs with products and activation programmes, together with partner organizations.

For example, in support of SDG 12 (Responsible Consumption and Production), SAP is working with the World Economic Forum's Global Plastic Action Partnership to provide the software tools and solutions to enable others to eliminate and reduce plastic waste in the oceans. Through its Plastics Cloud, SAP helps companies to shift away from single use plastics, design better for circularity and reduce ocean pollution. Similarly in support of the SDGs tackling poverty and inequality and promoting inclusion, in 2020, SAP joined the advocacy organization, Global Citizen (which acts to end extreme poverty) and took a clear stance on social justice.

For SAP, this sort of commitment is not tangential but is embedded into its business and stakeholder relationships. This typifies a brand with a conscience in that SAP takes environmental and social issues seriously, measures the impacts of what it does and enables its ecosystem to effect transformative change on a global scale. As our SAP interviewee noted, 'We're very aware of our limitations and in terms of how much we can truly contribute as a single organization towards any given issue ... You know, we believe very strongly in collective impact and in particular, also driving multi-company collaboration.'

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IKEA: changing the way we live

Every year, IKEA Retail welcomes more than 657 million customers through its doors. The way the company designs and sources the 100 million pieces of furniture it sells annually and the way it influences the use, reuse and disposal of what consumers buy has a significant impact on society and the environment. To ameliorate this, IKEA has an ambitious sustainability strategy for 2030, that aims to inspire and enable more than 1 billion people to live a better everyday life within the boundaries of the planet, to become circular and climate positive and to create a positive social impact across its value chain. While such commitments are long term, there are also specific shorter term goals, that employees engage with and that impact on customer behaviour.

A key facet of IKEA's approach is its willingness to listen and lead. The company has embraced a co-creative approach that encourages participation and the involvement of consumers and other stakeholders in identifying social and environmental challenges and seeking relevant solutions that benefit people and planet. Armed with deep insights into the way people live, and the things that matter to them, IKEA has the confidence to take an ethical stance on issues that affect them, such as social justice, where it supports Black Lives Matter, and waste reduction, where it promotes the use of renewable and recycled materials and encourages reselling and furniture hacking. The company recognizes that by taking a stand there is a risk it will lose customers, but it adopts a science-based approach, that gives it the ammunition to argue its case and to inform and educate people how they can in turn live in a better and more responsible way.

This is how our IKEA interviewee describes it: 'Our purpose has been the same for the past 75 years, and that's to create a better everyday life for the many people … what does that mean? … You know that is about equality and it's about having respect for the resources in the world. It's a great vision to open up to the bigger world, as in this is our home, the planet, but also it brings it down to a really nice level of this is what it means to me in my home.'

Drivers of purpose

WHERE DOES a brand's purpose come from? Who or what decides the purpose? Do brands choose to have a purpose, or is it something imposed?

From our research, we have found that there are multiple routes to discovering purpose and that the driver of an individual brand's purpose is highly dependent on business structure, on the influence of stakeholders, and on the industry.

Purpose can be driven by the founding individual or individuals, whose values are so strong, that they become integral to the way the brand does business. In these cases, care for people and planet, as well as profit, comes not as an afterthought, a project, or a new department, but it is rooted in the core of the business. The risk of losing this strong purpose when the founder moves away from the business is easily mitigated when it is formalized, such as in articles of association or staff training policies. One of our interviewees neatly summarises this approach: 'Anybody that takes over the business … would have to fulfil that legal obligation to make sure that we take those things into consideration when making decisions.'

In some cases, the need for working with purpose comes from inside. '[I]t's really important to have a purpose because it does give everybody a sense of a mission in the organization.' This is especially important for large companies, where many employees do not have the opportunity to see the on-the-ground impact of their organization. By having a strong and clearly communicated purpose, employees have sense of why they do what they do and are likely to be more motivated. This is a top–down approach, a tool for senior leaders to inspire their workforce, but internal pressure can also come from the workforce itself.

Companies are starting to see a growth in pressure from existing and new employees. The ability to clearly and honestly demonstrate a commitment to people and planet can tip the scale when it comes to decisions about remaining with or applying to join a business. A medium-sized internet provider told us that although 'the data is not quite there at the moment,' 'it's showing that it's going to, it's going to come in the next few months or years.' A financial services company that we spoke to told us that 'there is a lot more influence from recruits and employees—they want to know what we are doing on CSR, charitable giving, and our higher purpose.' And, a large home furnishings brand explained that 'people from across the organization really wanted their organization [...] to be part of the solution to big global challenges'. There is a real sense the pressure is building internally, and that the employee voice is a powerful driver of purpose.

Now, if we take a look outside a brand and business, the influence of external stakeholders is also increasingly evident. Investors are interested in understanding an organization's impact, particularly on environmental issues. A global food and drink brand explained that their investor relations team are seeing 'a ton of growing interest around soil health, and there's a lot of talk about kind of building resilience into the food system.' Unsurprisingly, a shift to a more people and planet focus within one organization can influence or even force the actions of other brands; especially if they are business customers or are part of same supply ecosystem. One technology company told us that 'we've seen a bit of a shift in the last year of even big, best cost business customers asking us what we are doing about the environment.' And, finally, but on a smaller scale according to this research, is the push from the individual consumer. 'I think what's changing is our customers have become more aware of what we're doing' noted one of our interviewees from a sustainable fashion brand. Overall, while consumers have better access to information, and to platforms where they can apply pressure to brands, most consumers don't seem to really exercise their influence, just yet.

The final driver of purpose lies in the nature of the brand, product, or service itself. Some brands have purpose woven into their business 'because we deal with agricultural products', because they 'are really trying to preserve the natural resources on which our long-term success as a business relies', or because 'the long-term sustainability of the business is tied to the long-term sustainability of the land, really, and the ocean'. This is particularly true for businesses that deal with food or drink products because, the planet directly sustains the very product that they intend to sell. However, indirectly every brand benefits from people or the planet and it is through defining a wider purpose, beyond profit, that these resources are respected and protected.

Auping: bringing a purpose statement to life

Since March 2020, Auping has been B Corp-certified; a status that in itself demonstrates the fact that successful business can be combined with social and environmental good. However, its impact driven approach has been at the core since the company was founded in 1888. The first mattress was created when Johannes Auping was tasked with developing a product that would help people to recover quicker in hospital. A comfortable position and good ventilation helped the curing process, and so Auping was born.

What stands out about Auping is how the company perceives its own purpose. 'Bringing rest to the world' isn't just about selling mattresses to as many customers as possible. It's also about stress relief and better sleep quality. It's about a restful communication style with franchise partners, who feel calm in the knowledge that a bed sold via the Auping online store will result in earnings for their in-house customer consultation. It's also about working towards zero homelessness, and it's about literally bringing rest to the world through environmentally conscious, sustainable practices.

Auping has a keen awareness of its role within the wider industry, and economy as a whole. It sees itself as a 'front runner company in the circular economy'. Not only did it develop the world's first cradle-to-cradle (C2C) bed over 10 years ago, but it has also been following a 'take back system' for that same time period. It doesn't matter who made the mattress, Auping will make sure that it gets recycled. This approach then 'became a standard in the market'.

Another example of their sense of wider responsibility is a story that, accidentally, became headline news last year. They decided to return their COVID support to the government 'because in the end we didn't need it. We had a good year last year.' There was no intention to promote this fact 'because pffft, why is it news? We feel it's normal,' and it was only after the CEO mentioned in in an interview that the media shared it and comments came flooding in.

When it comes to the question of brands having a conscience, our Auping interviewee explained that 'there has to be a good team behind it'. The interconnectedness of brands and people cannot be separated because, ultimately, 'people make brands and brands make people'. For such an important human act, like sleeping, conscience and purpose are integral to the company's work.

Zen: from a founder's ethos to a company's culture

Richard Tang founded Zen in 1995, when the internet was still a novelty, with strong, personal values around people before profit. It's no surprise, therefore, that the company has a long-standing objective to ensure 'Happy Staff, Happy Customers, Happy Suppliers.'

What's important about Zen, however, is that the business is not reliant on its founder to maintain these values in how it conducts itself. Zen—which is also a B Corp—has a clear commitment to being a responsible business, and many of Richard's beliefs have since been translated into formalized practices.

One example is the 'Living Leader' course that most employees go through when joining the company, which is founded on the premise that everyone is a leader in some form of their life or work and the course also provides the platform for Zen to share and discuss the ethos of the company.

It's not just internally that Zen are questioning norms. Senior leaders have challenged competitors to consider B Corp status as part of their future development, and they've also been pushing Consumer Champion organizations to incorporate environmental impact into their ratings of broadband providers. There seems to be shared feeling in the company that they are 'leading the charge' in this space but that, given their efforts, they won't be the only ones in the future.

Furthermore, there are employee groups that focus on holding Zen to account when it comes to being a responsible business. There's an environmental steering group that ensures that Zen not only reduces environmental impact, but actually creates positive impact, and a community steering group that focuses on making sure that they serve their local community.

On the topic of brands with a conscience, the Compliance Manager told us that 'brands are just people' and 'it's the actions of [those] people that make you ethical or not ethical'. At Zen, those people make up a brand that is 'living proof that you can make a profit and you can do good business through focusing on what actually matters and doing the right thing'.

Leadership and stakeholders

IN OUR INTERVIEWS three other key factors emerged that influence a brand's ability to be conscientious. First, leaders play a vital role in helping to ensure that a business listens, reflects critically and then acts in line with its conscience to meet environmental and social needs. Second, the UN Sustainable Development Goals (SDGs) are discussed as an important framework in setting and implementing strategy. Third, the move from shareholder primacy to a stakeholder perspective has become a central tenet in the way that organizations think about their role and the way in which they can balance the needs of different stakeholders.

Leadership

There is an important difference between leading within your business, and leading within your industry. The latter requires a leader to truly be at the forefront of change, to be the first to speak up when nobody else is doing so. A small food producer that we interviewed told us that '[W]e're happy that we inspire the brands to follow our plastic-free lead'; they were the first to sell their product type, plastic-free in 2010–11. Another, much larger, drinks producer made the decision to withdraw from paid social media advertising 'as a direct result of harmful content in the wake of the Black Lives Matter movement'. Despite the impact on the visibility of the brand, 'we felt that as an advertiser, as a big advertiser we had a responsibility to play our part in that and make sure that, you know, it was understood.' The words *bravery* and *courage* were mentioned multiple times during our interviews, because taking a stand on topics of importance, and often of controversy, is making 'this kind of mark that you can't go back from'.

Of course, not all businesses can be at the forefront of their industry, but their leaders can still demonstrate qualities that align with being purpose-driven. Our research showed that one important characteristic of such leaders is the ability to consider people and planet alongside, if not before, profit. This does not mean making non-sensical commercial decisions; a business needs to remain financially sustainable as well. However, it does require leaders to reflect on different options available to them and, where possible, choose actions that will benefit all three Ps. In the case that a people and planet-based decision would be commercially damaging, then a purpose-driven leader should take ownership of this choice and be transparent about how and why it was made. Leaders have to avoid the mindset of 'let's not tell customers about that bit because if we keep them in the dark and we don't have to tell them about this … it's about integrity'.

Even before being able to make business decisions based on people, planet, and profit, it is necessary for leaders to have an awareness and understanding of the 'interconnectedness of how the world operates and the role that the private sector plays in that.' This is a lot to expect from leaders, who are also trying to manage the day-to-day running of organizations. We learnt about different training provisions through our interview process; one employee told us that they had been through three to four leadership development programmes during their 13-year tenure and that 'each programme has been built on the values and purpose of the organization and how, as a leader, you connect to them'. Another interviewee told us that the company had invested significant time and resources into the creation of their leadership development course, which 'is thinking about personal leadership and accountability', and is rolled out to almost the entire workforce. This dedicated time away from 'work' helps all employees, not only leaders, to view their organization in a broader sense and to connect to purpose.

Various other key characteristics appeared time and again throughout our interview process. We heard about how having 'a very defined, clear vision and purpose for the company gives you the parameters you can work with'. When leaders clearly convey purpose, then employees 'know in the back of our minds what we are allowed and not allowed to do'; this really shows the potential power of purpose in an organization. Unsurprisingly, listening was another leadership skill that was mentioned during our research. Specifically, 'listening and responding instead of going 'we're a big corporate company, we've got loads of money, we're going to give this nice press piece, that's it done'.

It is interesting to consider where leaders sit in terms of purposeful leadership. From the basic, almost expected skills, through awareness of people and planet, and up to the business and then industry level. Still, today, purposeful leadership comes with risk. We live in a 'cancel culture' where one mistake can cost a person's or even a brand's reputation, and so true leaders in this space struggle to thrive, 'otherwise, everyone's just like a little seedling, they'll pop up but then there'll be a hailstorm and they'll die, and we're never going to get anywhere.'

SUSTAINABLE DEVELOPMENT GOALS

The role of the SDGs

Since 2015, when the United Nations launched the Sustainable Development Goals (SDGs) business has come to be seen as a partner rather than an adversary in effecting positive environmental and social change. The SDGs recognize that business can bring resources, innovative approaches and specific competences to the challenges that the world faces, that would be insurmountable without their commitment. The interesting question here is how do companies understand and use the SDGs? Certainly, the larger brands that we interviewed are aware of the SDGs and many use them as a framework for their activity in the sustainability arena and integrate them into their strategies. One major international retailer noted they are, 'Most influential on strategy … the UN SDGs are there in every presentation we reference and in every kind of action,' while a foods company manager having mentioned environmental commitments, said we strive to make a 'positive difference and support the delivery of the SDGs. Inclusion and diversity are incredibly important to us,' Yet, while the majority of larger brands pay attention to the SDGs, it is clear that for others, the SDGs are in the background and are not embedded into the core.

For small- and medium-sized brands, there is less awareness of the SDGs, but for some there is an interest in, and active use of, them. A telecoms brand responded to a question about the SDGs, with this comment, 'So they come in really with our carbon footprint and our offsets. So, we are trying to reduce our environmental footprint as much as we possibly can. And then we offset the remainder and we make sure that we choose projects, which underpin those sustainable development goals. And we make sure that we are sort of hitting as many as possible. So, you know, around eradicating poverty and equality for women as well as climate change.'

Brands of all sizes do see value in the SDGs as a way of focusing their social and environmental activities to where they can 'have the greatest impact and therefore the greatest opportunity to make a difference.' It seems clear that for many brands, the SDGs play a key role in shaping their activity and providing a point of accountability.

One large UK-based retailer told us, 'So we used the SDGs as a way of mapping that landscape and trying to you know, focus in on the areas that, that we felt had had sort of best overlap with.' This approach to curating the SDGs came through in several interviews as people cited specific sustainable development goals:

'And you cannot focus on all of them. So, what we did is, related to our own strategy and, our own vision and mission, we highlighted where we really want to put an extra focus on. It's 3, 12, 13, and 17.' (Travel and tourism retailer)

'We try to see what the expectations are from our stakeholders. From that point then we say, okay number 9, number 8, number 17 is really close to what we are doing.' (Automotive retailer)

Balancing stakeholder needs

Truly conscientious brands take their direct stakeholders into account but can also look beyond themselves and demonstrate awareness of, and consideration for, stakeholders that are indirectly impacted by their work. This was simply put by one interviewee who said, 'we're driven by sustainability, so social, environmental, and financial sustainability for a better future for everyone and the planet. I guess in that way, everyone is a stakeholder'.

Another interviewee talked about their support for local communities during the COVID-19 pandemic. 'Instead of going we're a big corporate company, we've got loads of money, we're going to give this nice press piece; that's it done,' they went to people and asked them what they needed most. Unsurprisingly, the results were different across the world. For example, a company that provided support to women suffering from domestic abuse in England but focused on sanitation in India. The beneficiaries were not necessarily employees or customers of the company but simply part of the wider society for which the brand feels responsibility.

Another company took a more local approach to their interactions with indirect stakeholders by supporting the town's theatre, a cycling team, and other small initiatives. Furthermore, it is a partner of the nearby National Park because 'we consider it our front garden, front yard, backyard, whatever direction you come from'. As a B Corp, this organization not only considers the wider society and planet in its business activities, but it also sees itself as a key actor on a local scale. This same company engaged with another key stakeholder, the government, to push for systemic change. 'We talk to the … government or sometimes even more European governments about challenges that we have or issues that we want to solve', which suggests that there is a real dedication to trying to making a positive transformative change.

Not all the brands we spoke with were at the stage of looking beyond their direct stakeholders, but almost all of our interviewees cited employees as an influential stakeholder group. One aspect of this is, that employees have the potential to influence other important stakeholders; 'we absolutely believe that if you have a good people experience, that in turn rubs off on our customers and our suppliers'. Another aspect is talent attraction and retention; happy employees will stay longer in the business, and a positive employee experience is an important attractor to potential recruits. These two reasons apply pressure to a company in terms of employee experience and wellbeing, but there are signs that employees might also have influence when it comes to environmental sustainability. One company told us about a recent recruit; what had 'tipped the scale for them in terms of joining us' was their B Corp status and carbon neutral credentials.

Less commonly mentioned, but still important, are customers. 'We are very focused on customers and making sure that we stand by our customers through difficult times, like the last few years' one company representative told us. Two of our conversations turned to the growing influence of the customer stakeholder group; one interviewee revealed that 'what's changing is our customers have become more aware of what we're doing'. On the positive side, this can mean increased accountability, but one company that we spoke to told us that 'one of the things that holds brands back' from taking steps on the journey towards being a more responsible brand 'is the fear that they're going to get shouted at by the hardcore people'. It may be the case that customers can both influence an organization to be responsible, while also instilling fear about the risks of making a commitment.

It was clear from our interviews that shareholders and investors are hugely important stakeholders. 'We wouldn't do anything if it hurt a stakeholder, but our focus is 100 per cent on growth'. Increasing financial value for shareholders is the ultimate goal here, even if other stakeholders are considered along the way. However, one global technology company explained that 'we see an increasing number of ESG investors and increasing demand from shareholders to take the environment and social impact very seriously'. It was the same story from a large food and drinks business, and a travel and tourism company. It is certainly encouraging to know that there is pressure from such an influential stakeholder group, but it raises a difficult question. This approach might ensure that brands will never do what is worst for the environment and society, but will they ever do what is best, even if there is a negative financial impact?

Measurement

ALL THE BRANDS that we spoke to appear to be on a journey when it comes to measuring impact: from a place of comfort, through discovery, and into the uncomfortable.

Let's start at the beginning of that journey, where metrics are still primarily financial or related to financial performance. Here companies might also measure brand perception, employee engagement and client satisfaction. Furthermore, companies are increasingly required, or at least expected, to report on topics like the gender pay gap or on diversity and inclusion data.

All the companies that we spoke to show some movement along this continuum. 'We don't yet have an annual sustainability report or anything like that, but I'm sure that is not far down the line because we're in the phase now where we're thinking, OK, where do we have the biggest impact?' This comment reflects a state of awareness, but not action, which was shared by other research participants as well.

Then, we spoke with some brands who were trying to better understand how to measure and report on their impact. There's not a clear format, and it is bound to be different depending on the type of business. There needs to be a willingness to research and learn how to do this because people and the planet cannot wait for a perfect solution. As one company put it, 'we've been looking at various other organizations to try and understand what does "good" look like in this arena. Honestly, it's so nascent, I don't know how we're going to do it yet.'

There is another stop along this measurement journey, which came out clearly in two interviews; doing good, but not wanting to shout about it. One brand told us: 'Do we measure the plastic-free impact we have? Maybe we should put it in tonnages of plastic that we've saved. I think we're a little bit too humble, but we need to actually measure it and put it onto paper'. We need these visionaries not only to think about their environmental and human impact, but also to measure it, and promote it. We need them to show other companies how it is done.

And finally, somewhere near the end of this journey, we see brands that are leading with purpose and measuring their activities beyond financials, beyond customers, and beyond employees. These brands 'try to be front runners doing activities and in the way [we] are reporting'. Whether it's a trip bottom line, a complete climate impact report, carbon footprint reporting, or some other new metric, these brands are leading the way so that others behind them can learn.

There are certainly challenges to reaching the point where you can confidently provide reliable metrics for all aspects of business activity. We don't know how to measure everything, and 'there's a challenge with how you measure; so how robust is it?' What is clear is that we must keep moving along this journey of discovery. One interview participant clearly summarizes the need: 'I think we need it because otherwise we are never going to be able to integrate social responsibility and social impact completely into a business strategy; because otherwise, no matter how strategic you're trying to be with it, it will be seen as a cost and expense'.

A case for action

THERE ARE COMPELLING REASONS for brands to seize the opportunity to tackle the challenges the world faces. Some organizations see this as a cost, whereas others see opportunities to think anew about their business models and to refine their products and services. Such businesses create ways of doing the right thing and benefitting commercially. However, to realize the opportunity, brands cannot simply make token gestures. They need to consider three actions:

1
Be aware

Companies have long practised corporate social responsibility (CSR), but it is often tangential. As one manager of a technology company we interviewed, noted, 'I don't really talk all that much about CSR, right? Because sometimes I actually think it's misleading because people immediately have certain limitations with it and they also they think of it more as a function rather than sort of as an overarching concept.' Instead of CSR, brands need to be aware of their role in the world and the needs of the planet. They need to aspire to become brands with a conscience.

2
Make conscience live

Using conscience involves critical thinking and action. It requires a brand to look inwards to what matters most and outwards to understand the needs of all stakeholders. Conscience should then guide the articulation of a purpose (the reason for existing) and a set of principles (the fundamental tenets) that lead to action that is consistent with conscience.

3
Embed conscience in actions

Embedding conscience requires leaders and employees to engage with the purpose and principles, integrating them into strategy, processes and culture. Often this embedding is driven by committed leaders, but also employees exert their influence on a brand by pushing it to change.