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Institute for Economy and the Environment



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Sustainability branding: challenges with building and maintaining stakeholder trust

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Branding, Eco-Labeling and Eco-Friendly Consumption
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From insight to impact.

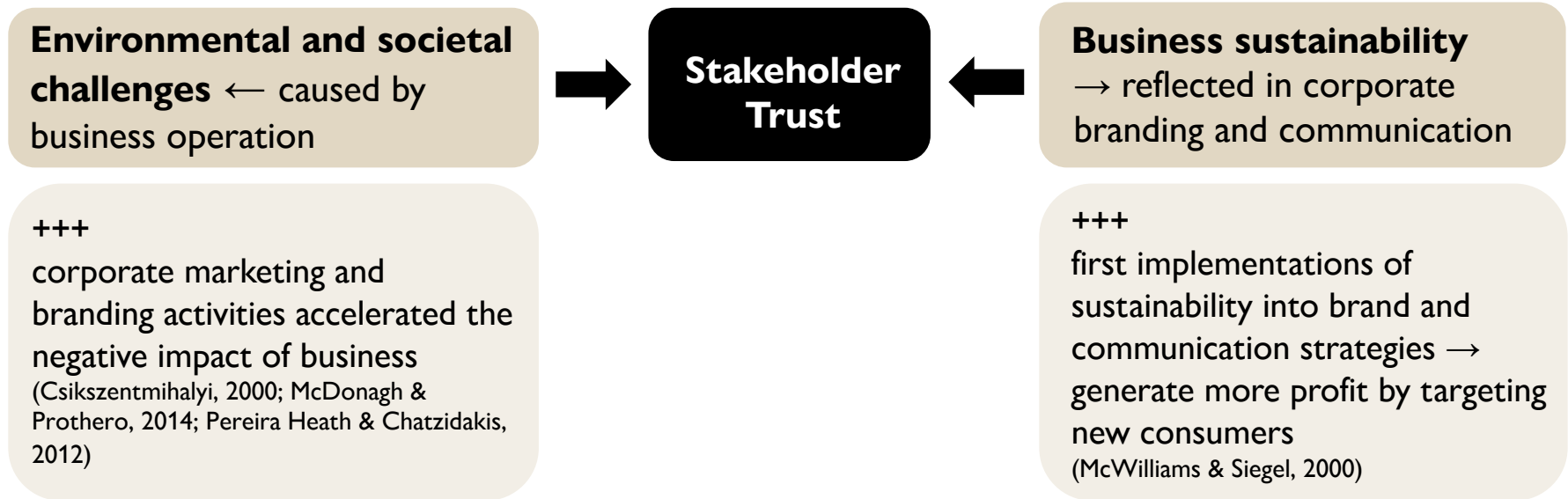
According to an Ipsos
Survey in 2021, 12% of
consumers stopped buying
Nespresso as they perceived
the brand as not sustainable



In the same year (2021)
Nespresso was titled as the
“Most Sustainable
Company in the Coffee
Processing Industry”
(World Finance Sustainability
Awards 2021)



1/1. Motivation, Research Question and Relevance



RQ: How the three different dimensions of trust are influenced by sustainability and how corporate branding versus corporate sustainability activities differ in their trust building?

1/2. Motivation, Research Question and Relevance

Why is trust so important?

- **trust-based collaboration**
 - allow firms to achieve goals in cooperation with stakeholders
 - stakeholders as collaborative partners

(Andriof & Waddock, 2002; Luhmann, 1979)

- **success of sustainability strategies** often depends on stakeholder cooperation
 - eg. circular economy

(Reike et. al, 2018; Coderoni & Perito, 2020; Hull et al., 2021)

Why is it so complicated to build?

- **trust is complex** → multifaceted character (affective, cognitive and behavioral dimension)
(Lewis & Weigert, 1985; Van der Merwe & Puth, 2014)
- **sustainability is complex** → local/global and → social/environmental
(Polonsky & Jevons, 2006)
- **multiple stakeholder audiences** of corporate brands operating on global level
 - divergent needs (eg. local/global)
 - corporate brand image formed by a wide variety of stakeholders

(Balmer & Greyser, 2006; Esch et al., 2014; Hatch & Schultz, 2001; Jones 2005; Vallaster et al., 2012)

2. Theoretical background: stakeholder and trust theory

Stakeholders “any group or individual who can affect or is affected by the achievement of the firm's objectives”
(Freeman, 1984 p. 25)

Stakeholder trust - the willingness of stakeholders to be vulnerable to the actions of an organization based on expectation that the latter will act in good faith
(Mayer et al. 1995; Pirson & Malhotra, 2011; Zaheer et al. 1998)

Trust is a multi-dimensional construct that arises in one single social experience through affective, cognitive and behavioral dimensions (Lewis & Weigert; 1985; Van Der Merwe and Puth; 2014).

AFFECTIVE DIMENSION

- **feelings, care and concern**
(Dowell et al., 2015; Mayer et al., 1995)
- **companies moral character**
(Baier, 1994; Becker, 1996; Hosmer, 1995; Luhman, 1979; Wicks et al., 1999)

COGNITIVE DIMENSION

- **rational choice**
(Hardin, 2001; McAllister, 1995; Rousseau et al., 1998; Williams, 2001)
- **trustworthiness: ability, benevolence & integrity**
(Dowel et al., 2015; Lewis & Weigert, 1985; Mayer et al., 1995; Sako, 1992)

BEHAVIORAL DIMENSION

- **practical element to trust**
- **cooperative behavior = manifestation of behavioral trust**
(Axelrod, 1984; Flores & Solomon, 1998)

3/1. Theory development and Propositions

Affective trust in Corporate Sustainability Branding (CSB)

The heart: feelings, social skills, moral, responsibility, fairness

- **branding often builds on affect-based trust**
(Johnson & Grayson, 2005; Iglesias et al., 2011; Jung & Soo, 2012)
- **stakeholders' perceptions of companies' moral character**
(Baier, 1994; Hosmer, 1995; Luhman, 1979; Wicks et al., 1999)
- **practical example:** support for Black Lives Matter and LGBTQ-related issues → risk of rainbow washing/pink washing

P1a: CSB that reflects a firm's moral character strengthens affective stakeholder trust.

- **shared values contribute to trust**
(Deshpande & Webster, 1989; Dowling, 1993; Dwyer et al., 1987; Morgan & Hunt, 1994)
- **influence of sustainability on values**
→ problem of 'hollow values'
(Urde, 2009)
→ divergent value system of different stakeholders
(Gyrd-Jones et al., 2013)

P1b: CSB that does not embed congruent value systems of stakeholders erodes affective stakeholder trust.

3/2. Theory development and Propositions

Cognitive trust in Corporate Sustainability Branding (CSB)

The head: rational choices, experience, knowledge, integrity, ability, and goodwill

- **trust is domain specific**
(Zand, 1972)

main factors of perceived trustworthiness:
(Mayer et al., 1995)

- **ability** → capability and expertise of the trustee to complete a task (Mayer et al., 1995; Braeshear, et al., 2003)
- **integrity** → contractual trust, delivering what is promised (Dowell et al., 2025; Sako, 1992)
- **benevolence (goodwill)** → overcoming the tension caused by branding (McWilliams & Siegel, 200)

P2a: CSB that meets a wide range of stakeholders' expectations strengthens cognitive stakeholder trust.

- **stakeholder connectedness** (Crane, 2020)
eg. connectedness on social media (global/local)
- **corporate brands have to deal with stakeholders as multiple trustors**
(Van Der Merwe & Puth, 2014)
- **stakeholders' joint interests:**
how firm can create value simultaneously for multiply stakeholders (Freeman, 2010)

P2b: CSB that addresses the joint interests of connected stakeholders strengthens cognitive stakeholder trust.

3/3. Theory development and Propositions

Behavioral trust in Corporate Sustainability Branding (CSB)

The action: behavior, practice, cooperation, interdependency

- **benevolence and integrity are not enough, responsible behavior is what counts** (Bailey, 2002)

- **consequences of lacking behaviour → greenwashing literature**

(Delmas & Burbano, 2011; Lyon & Maxwell, 2011; Oliver, 1991)

P3a: Backing up CSB with substantive sustainability action strengthens behavioral stakeholder trust.

- **trusting in a business = being willing to cooperate** (Meeker, 1984; Hosmer, 1995)

- **attitude-behavior gap** (Gleim & Lawson, 2014)

- **trust can be used to overcome risk created due to dependency** (Van Der Merwe & Puth, 2014)

- **advantages of mutually trusting relationships** (Wicks et. al. 1999)

P3b: CSB that builds mutual (behav.) trust strengthens stakeholders willingness to engage in substantive sustainability action.

4. Contribution, limitation and future research

Scholarly contribution:

- stakeholder trust, especially on mutuality
- influential factor of sustainability
- different trust-building techniques

Limitations:

- divergent literature streams
- level of the analysis

Managerial contribution:

- sustainability business models require trust-based stakeholder relations
- stakeholders, taking the role of trustors → firms depend on stakeholder's cooperation
- corporate brands operate on a global level → arising challenges in trust building

Further research:

- influential factor of sustainability
- growing complexity of the business environment requires to build on all dimensions of trust
- empirical research

5. Summary and conclusion

- Sustainability is a game changer in business relations
- There is a growing influence of sustainability on stakeholder trust
- There is a growing tension in building and maintaining stakeholder trust
 - due to the impact and interest of business
 - due to different trust building techniques (corporate branding vs. corporate sustainability)
- In corporate sustainability branding is crucial to build on all three dimension of trust, but especially behavioral

Thank you.

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