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# Corporate Reputation and its Social Responsibility: a Comprehensive Vision

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## ABSTRACT

How a firm is portrayed in the context in which it operates is the most important element regarding the present and future perception that consumers, suppliers, and all stakeholders have of such a company. Furthermore, the actions carried out by an enterprise significantly affect the image, reputation, awareness and opinion that others have, that is the firm's reputation. Literature has analyzed the evolution of corporate reputation identifying major research lines and frameworks published until nowadays. However, there is still lack of a unified comprehensive review analyzing the relation between CR and Corporate Social Responsibility. The present study covers this gap by complementing Fetscherin and Usunier's (2012) study. Specifically, focusing on: i) workplace (employees); ii) marketplace and financial performance; iii) operations, innovation and stakeholder relations; iv) corporate image, branding, and marketing; we establish a link between the different factors that affect Corporate Reputation and their interrelations. Additionally, it is detailed the managerial implications of the evidenced relation, in order to improve the business strategy and achievement of a competitive advantage.

**Keywords:** Corporate Brand, Brand Management, Corporate Social Responsibility, Literature Review.

## Reputación corporativa y su responsabilidad social: una visión comprehensiva

### RESUMEN

Uno de los elementos más importantes a la hora de determinar la percepción que los consumidores, proveedores y los grupos de interés tienen sobre una compañía es la manera en que la misma es representada en el contexto en el que opera. Del mismo modo, las acciones llevadas a cabo por la empresa afectan de manera significativa a la imagen, reputación, renombre y opinión que otros tienen de la compañía, es decir su reputación corporativa. La literatura ha analizado la evolución de la reputación corporativa, identificando las principales líneas de investigación y marcos teóricos. Sin embargo, es necesario realizar una visión integradora que analice la relación existente entre la reputación corporativa y la responsabilidad social corporativa de una empresa. El presente estudio aboga por tratar esta problemática complementando el trabajo de Fetscherin y Usunier (2012). En concreto, el análisis llevado a cabo en este trabajo se centra en i) ambiente de trabajo (empleados); ii) mercado y resultados económicos; iii) operaciones, innovaciones y relaciones con los stakeholders y finalmente, iv) branding y marketing. Este estudio establece un vínculo entre los distintos factores que afectan a la reputación corporativa y cómo se encuentran interrelacionados. También se analizan las implicaciones prácticas, con el fin de mejorar la estrategia empresarial y el alcance de una ventaja competitiva.

**Summary:** 1. Introduction 2. How CRS influences CR? 3. Discussion and Conclusions. Bibliography

### 1. INTRODUCTION

During the 20th century, there has been an increasing research trend towards the importance and value of corporate reputation (CR) (Balmer and Gray, 2003). In particular, there has been an evolution in the understanding of the influence and role of firms' brand in several aspects among practitioners (see, i.e., Macrae, 1996; Ind, 1997; Mitchell, 1997), and academia (Hatch and Schultz, 1997; Keller, 1998; Keller and Aaker, 1998; De Chernatony, 1999; Bickerton, 2000; Balmer, 2001; Harris and De Chernatony, 2001; Newman, 2001; Kitchen and Laurence, 2003). In this sense, Daniels (1991) determined research to be cyclical, reason why Fetscherin and Usunier (2012) deemed necessary to examine how literature had evolved and which is today's situation in corporate branding's and reputation field.

More specifically, Gotsi and Wilson (2001) carried out a study in which they analyzed the different definitions that had been previously established to define CR, and defined as the stakeholder's overall evaluation of a company over time. This evaluation is based on the stakeholder's direct experiences with the company as well as any other form of communication and symbolism that provides information about the firm's actions and/or a comparison with the actions of other leading rivals. In addition, it was argued that the elements which most affect CR are its external environment, namely the political, economic, social, technological and competitive environment; and its internal elements, which consist of the images that the firm generates based on its symbolism, behavior and communication to the external agents.

Based on the above arguments, companies should constantly pay attention to their CR and the factors that influence it. Particularly, the information stakeholders get from an organization, whether through official or unofficial sources. In this context, the CR is influenced and at the same time influences the way in which it projects its image through its conduct, communication and symbolism (Walker, 2010), which are determined by the company's stakeholders. In order to determine the link between CR and firm's stakeholders (i.e. its context) it is important to understand that any organization has an implicit commitment with the socio-economic and environmental context in which operates. This context and the actions that firms carry out and how they impact it are commonly referred to as Corporate Social Responsibility (CSR).

CSR has been defined by the United Nations organization, as the obligations a person or organization has towards its socio-economic context. These duties arise when conducting any activity whose consequences will affect the subject that carries it out and other individuals. Particularly, for companies, this comprises a responsibility towards all its stakeholders, as well as towards the environment and the footprint derived from all its productive and economic activities. Carroll (1979) also specified that firms have four different types of social responsibilities: economic, legal, ethical and philanthropic/discretionary. Following on this, Aupperle (1985) enlarged that the legal, ethical and philanthropic responsibilities are the ones that show a company's commitment with society and stated that depending on the importance that these three aspects has in the firm's strategy defines the social orientation of that enterprise.

Based on the above arguments, it also became important to understand the relationship between CR and the opinion, awareness and overall perception that stakeholders have over the firm's actions and strategy. Clarkson (1995) explained that a firm's operations would be obstructed if such company fails to fulfil its major stakeholders' demands. Along these lines, it was identified that employees are the most important group within a firm's stakeholders given that they constitute the enterprises' public figure with customers, suppliers and other individuals in the social context. This premise proves to be especially true in the case of service

industries, where employees are a key element in communicating the firm's essence and message (Summer, 2005).

In other words, CSR appears to be a factor that determines stakeholder's perception of the firm, hence its reputation. In line with this argument, it is important for these reports to be externally verified (audited), otherwise they will be considered as part of a "greenwashing" or "bluwashing" initiatives (Lydenberg, 2002). The lack of international standards, which enforce sustainability reports being audited by third parties, withdraws trust and transparency to such reports. To this extent, Balmer et al. (2007) argue that firms have an 'ethical identity' based on the relationship with stakeholders and CSR actions conducted. This identity also affects the firm's CR and the stakeholder's perception of CSR, due to the fact that a company's ethical identity relies on the enterprise's effective communication with external audiences (Stanaland, Lwin and Murphy, 2011).

In other words, due to the fact that stakeholders demand's for companies to demonstrate economic, legal, ethical and other responsibilities are increasing through time (Carroll, 2004; Margolis and Walsh, 2003), CSR has become the main element of concern for managers. Based on these, in order to show the interrelation between CR and CSR, firms must tackle diverse actions regarding i) their workplace (employees); ii) marketplace (branding, product, and services); iii) operations, innovation and stakeholder relations; iv) financial performance; v) corporate image; vi) marketing and corporate branding, vii) trustworthiness and loyalty. All they will be discussed in the following section.

## 2. HOW CSR INFLUENCES CR?

### a) Workplace

Academia has enlarged studies by analyzing in which way companies can review the image any individual applying to that firm has towards that entity (as a place to potentially work in) (Highhouse et al.; 1999). In this sense, Cable (2003) assesses whether corporate reputation influences the number of applicants and their qualifications that the organization receives. Results showed that there was a higher quality of applicants as well as a greater number for those companies with better reputations.

Moreover, during late 20th and early 21st century, studies focusing on the work environment and the experience for employees within that company. Specifically, analysis were aimed at understanding whether staff members felt identified with the firm or not (values, corporate ethics, etc.) and the image (reputation) that the company has in the general public (Highhouse et al., 1999; Andriopoulos and Gotsi, 2001). In addition, other studies addressed the image that business

graduates' had of specific corporations and the image they had of the stereotypical characteristics of an employee in such an organization (Lemmink et al. 2003). Findings demonstrate both types of image have positive effects in the former student's intentions to apply. Consequently corporate image is a valuable tool to attract qualified job seekers.

Additionally, having top qualified and talented employees in a company has a significant positive impact. That is, if the environment that surrounds the firm is composed by a high degree of agents who are in charge of creating and disseminating knowledge, such as universities, other companies, research centers, etc. a knowledge-based community is generated that greatly contributes to a firm's success (David and Foray, 2002; Yusuf, 2009). Hence, human capital represents the enterprise's stakeholders, mainly employees and direct individuals collaborating with the firm, but extensible to other members of the community.

The knowledge contributed through each individual directly or indirectly related to the company is complemented with social capital, understood as the collective way in which companies organize themselves in order to produce, integrate and transfer knowledge. In short, combining stakeholder's knowledge with firms' social capital, allows the integration of stakeholders and the generation of a solid competitive advantage. Yet if collaboration is sustained over time, such a firm's competitive advantage will be sustained in the future.

#### b) Marketplace and Financial Performance

Related to the insurance service sector, past research explored how company's reputation and information on its buyer's service expectations (Yoon et al., 1993). Results conclude that a consumer's response is consistent with the perception he/she has on the firm's reputation. Furthermore, when assessing value proposition offered to customers and employees, researchers argue there is external as well as internal branding; which should be jointly assessed (Fleming and Apslund, 2007).

CSR was also deemed influential to consumer's decisions on non-CSR-related matters (for instance, new service); especially for CSR-sensitive publics (Klein and Dawar, 2004). Moreover, Becker-Olsen et al. (2006) state proactive CSR initiatives result in consumers' beliefs, attitudes and intentions to improvement. In addition, incorporating CSR as a means of stakeholder engagement could generate a firm's competitive advantage (Harrington, 2008).

This would in turn contribute to the stakeholder's perception of the firm, increasing the positive image and as a consequence the overall CR. This argument is consistent with Podnar and Golob's (2007) study which concluded that consumers expect firms to comply with their ethical and philanthropic outlook besides being fulfilling their legal obligations. Additionally, it has been shown that CSR and customer-related marketing both have a positive effect on consumer's attitudes (Seikh and Beise-Zee, 2011), and the company's brand (Mattera, Baena and Cerviño, 2014).

The relation between corporate performance and improved corporate image has also been thoroughly studied to determine whether firm's image affects its financial performance. In particular, McWilliams and Siegel (2001) assessed firms in different sizes, industries, sector-orientation, and whether they were state-owned or not, and concluded that there is an optimal level of CSR that can be determined via cost-benefit analysis, while through an abstract analysis of CSR and financial performance reflects a neutral relationship. Moreover, Roberts and Dowling (2002) determine a good CR not only creates value but it makes it more difficult for competitors to imitate their competitive advantages. Furthermore, Von Arx and Ziegler (2009) analyzed stock market's reaction to firms with CSR policies. They concluded U.S. and European stock exchange's traders rewarded firms with higher intensity of social and environmental activities by investing more in these than firms without such practices.

More recently, it was revealed that firms emphasizing sustainability practices have higher financial performance in comparison with those companies not carrying out CSR-related activities (Ameer and Othman, 2011). Besides, Brunk and Blumelhuber (2011) as well as Melo and Galan (2011) proved there was a significant association between firm's CSR activities and consumer's brand awareness in the company's overall performance, thus enhancing the CR. However, previous to the aforementioned studies, Lemmink, Schuijf. and Streukens (2003) had evaluated whether social responsibility mitigated the negative effect that the Enron scandal had on its auditing company (Arthur Andersen) and concluded there is no association between social responsibility and firm value. However, it should be noted that CSR is understood as a proactive approach that is undertaken because it is inherent to a firm's culture and value. In the case of Arthur Andersen, the CSR actions that they carried out were a consequence of a complete lack of ethical values (one of the basis of CSR), hence the firm's stakeholders did not believe their new CSR as it was a reactive approach to compensate for damage, and not a proactive approach based on the firm's set of core values.

### c) Operations, Innovation and Stakeholder Relations

One of the most important aspects that influencing CR, is how a firm conducts its business, and in doing so, how it relates to each of the stakeholders. Therefore, companies should have a multi-dimensional perspective of CSR in order to integrate organizational values and culture, management processes and operations (Maon, Lindgreen and Swaen, 2010).

Additionally, CSR-related values should become deeply integrated into the management philosophy and organizational culture. Additionally, Vilanova et al. (2009) identified through an in-depth study of the European financial sector that through learning and innovation, CSR is a tool that through an appropriate implementation can increase the level of competitiveness of a specific company.

Specifically, incorporating CSR to the business practice generates a learning process that assimilates stakeholder's interests into the innovative process. In doing so, firms generate new products and services, together with innovative practices that lead to higher competitiveness. Consequently, through an appropriate management of CSR actions and by incorporating it to the overall corporate strategy, firms can boost the degree of innovations they produce, resulting in higher financial performance (Vilanova et al., 2009).

In addition, the firm's innovations and awareness of environmental issues influence the image that stakeholders, mainly consumers, have of the company (Hillestad et al., 2010). Along these lines, the firm's CR in terms of mean employee relations, diversity issues, product issues, community relations and environmental issues is greatly influenced by CSR (Melo and Garrido-Morgado, 2011). It was understood that from the diverse elements that affect CR, diversity of the workforce as well as product issues are two highly important factors in defining CR, which shows that CSR and stakeholder management are key issues to address (Sneider et al., 2003).

Complementary to the abovementioned, social innovations, - understood as those innovations that are directly aimed at solving a social need or issue, whether related to the community, environment, etc.- have been found to be the most profound form of innovations in terms of their market impact (Collins, 2010). Provided that these forms of innovations have a significant impact, firms that chose to take this approach in creating new products or services are using a highly powerful market tool.

Companies that are able to undertake this path, and at the same time seek global partners, can understand global needs better and create innovations aimed at an international market. Through engaging in business ethics decisions, they can address global stakeholders' needs, ideas, suggestions, etc. and incorporate this knowledge as part of their assets (Nwanji and Howell, 2004). Considering that stakeholders' interests are interrelated, by tackling society, natural environment and future generations, a single firm can effectively manage its stakeholders' relations.

#### d) Corporate Image and Branding

Literature has addressed the consistency between companies' policies and actions with their corporate image (Williams and Barrett, 2000; Werther and Chandler, 2005; Sacconi, 2007). Particularly, Dowling (1993) determined the firm's vision, corporate strategy, culture, organizational design, and marketing communications shall be coordinated and aligned. Complementing this, Schmitt et al. (1995) provided a corporate aesthetics strategic framework, enabling firms to manage visual outputs, such as logos, products, advertisements, buildings, company uniforms or packaging.

More recently, the service firms' brand management related to CSR actions was analyzed. Findings showed that customers' loyalty is higher towards firms perceived as more socially responsible analyzed (He and Li, 2011). Meanwhile, Bigné-Alcañiz et al. (2012) identified image based on CSR has two core antecedents: credibility and altruistic contribution; factors that firms shall take into account when incorporating socially-responsible activities and practices. It is then concluded firms shall integrate CSR into its strategy, mission and culture (transferring it to all the organization's members and actions).

Relationship between firm's corporate names, reputation and strategy was firstly addressed by Fombrun and Shanley, 1990). De Chernatony (1999) conceptualized brand building as a brand identity-reputation gap model of brand management, a process which should minimize the mentioned gap. Based on this argument, Harris and de Chernatony (2001) determined stakeholders should be presented with a coherent brand identity, thus requiring greater emphasis on internal brand resources for an appropriate branding. Nowadays, the study and categorization of corporate identity's dimensions fully covered (see, e.g. Balmer, 2001; Davies et al. 2001; Melewar and Karaosmanoglu, 2006; Balmer and Greysler, 2006), as well as the interactions between both dimensions.

Furthermore, analysis on customer's attitudes towards the firm based on cause-related marketing (Nan and Kwangjun, 2007), as well as consumer's corporate image perception is key area of interest (Kitchin, 2003; Lewis, 2003; Argenti and Druckenmiller, 2004); especially in services sectors where corporate brand is dominant (Yoon, 1993; LeBlanc and Nguyen, 1996; Davies et al. 2004). This helps to identify CSR as a clear brand awareness and enhancement driver (Middlemiss, 2003). Also, a firm's marketing and CSR actions create a synergy in brand enhancement (Blimenthal and Bergstrom, 2003). In particular, it's is worth mentioning that "the brand manager uses consumer concern for business responsibility as a means for securing competitive advantage" (Smith and Higgins, 2000, p. 309). Following this reasoning, it can be argued that the perceptions of CSR practices about an industrial company by buyers can positively increase its brand equity. Additionally, 'brand satisfaction' is a highly relevant element in determining brand equity, especially in the case of industrial firm (Wang et al., 2006). Because there are positive effects of CSR participation and negative ones of CSR violation, firms should take this into account to build strong brands. Based on this, Lai et al. (2010) explained there is a direct relation between CSR, CR and brand performance.

It is also important for companies to highlight philanthropic aspects of its culture and values, as well as its corporate social responsibility. They are essential when building stronger consumer-company bond and a positive brand attitude (Bhattacharya and Sen 2003; Marin and Ruiz 2007; Lii and Lee, 2012). For instance, Dumwright (1996) and Maignan et al., (2005), show one of the most useful firm's competitive advantages are a socially-responsible brand position.



Additionally, Chaney and Philipich (2002) studied the reaction of Arthur Andersen's clients after the Enron scandal. They concluded that investors downgraded the quality of audits performed for any firm, regardless of the reputation that this entity had. This was due to the fact that the auditing firm had failed to perform the services accurately and had been involved in corruption, hence there was a fear of this being extended to other companies, not only Enron. . This shows a negative market reaction was and because of this Arthur Andersen's reputation damaged, and per extension also its clients.

Table 1 summarizes the above discussion, classifying previous literature on corporate brand and its social responsibility depending on its main contributions to academia and practitioners.

**Table 1.** Overview of CR and corporate social responsibility

AREA OF KNOWLEDGE	MAIN STUDIES COVERING THIS AREA	MAJOR FINDINGS
<b>Workplace (employees)</b>	Thomas and Ely (1996); Robinson and Dechant (1997); Berman et al. (1999); Highhouse et al. (1999); Andriopoulos and Gotsi (2001); Lemmink et al. (2003); Cable and Turbain (2003); Smith (2005); Glavas and Piderit (2009); Jones (2010)	<ul style="list-style-type: none"> <li>✓ People wish to work in a company which has a good reputation.</li> <li>✓ Firms seen as more responsible with their context (community, environment and employees) will receive applicants with higher qualifications.</li> <li>✓ Companies that offer equal employment opportunities (which is a form of CSR) can enhance long/term shareholder value by reducing costs and risks. A lack of diversity may cause absenteeism from dissatisfied employees.</li> <li>✓ Firms involved in CSR tend to have higher employee creative involvement and in-role performance.</li> <li>✓ Talented teams within a company and the knowledge-based communities in which a firm operates are key to corporate success .</li> </ul>

<p><b>Marketplace and Financial Performance</b></p>	<p>McGuire, Sundgren and Schneeweis (1988); Yoon <i>et al.</i> (1993); Griffin and Mahon (1997); ) Mc Williams and Siegel (2001); Roberts and Dowling (2002); Dean (2003); Lemmink, Schuijf. and Streukens (2003); Orlitzky, Schmidt and Rynes (2003); Klein and Dawar (2004); Schnietz and Epstein (2005); Becker-Olsen <i>et al.</i> (2006); Fleming and Apslund (2007); Podnar and Golob (2007); Harrington (2008); Von Arx and Ziegel (2009); Ameer and Othman (2011); Blumelhuber (2011); Melo and Galan (2011); Sheikh and Beise-Zee (2011)</p>	<ul style="list-style-type: none"> <li>• In the service sector, consumers are driven to firms perceived as with higher reputation.</li> <li>• External and internal branding (firm’s employees) should be unified.</li> <li>• Consumers expect firms to comply with legal obligations and altruistic outlook.</li> <li>• With CSR-sensitive consumers, CSR actions influence consumer judgments non-related to this cause, e.g. evaluating new product.</li> <li>• The effect that social performance has over firm’s financial performance vary from one industry to another.</li> <li>• Firm’s measures of risk are closely associated with social responsibility.</li> <li>• Corporate virtue, through social and environmental responsibility, has a positive effect in firm’s financial performance.</li> <li>• There is an ‘ideal’ level of CSR (supply-demand model), which can be determined through a cost-benefit analysis.</li> <li>• Good CR creates value – thus increasing financial performance - and a hardly replicable competitive advantage.</li> <li>• Using CSR to mitigate bad ethical behavior previously conducted may not be effective.</li> <li>• CSR and consumers’ brand awareness influences the firm’s overall performance.</li> <li>• Companies emphasizing sustainability practices have higher financial performance than those who do not.</li> </ul>
<p><b>Operations, Innovation and Stakeholder Relations</b></p>	<p>David and Foray (2002); McElroy (2002); Sneider et al. (2003); Nwanji and Howell (2004); Husted and Allen</p>	<ul style="list-style-type: none"> <li>▪ Stakeholders’ interests are interrelated; hence by tackling society, natural environment and future generations, a single firm can effectively manage its stakeholders’</li> </ul>

	<p>(2007); Turker (2009); Vilanova et al. (2009); Yusuf (2009); Collins (2010); Hillestad et al. (2010); Maon, Lindgreen and Swaen (2010); Frow and Payne (2011); Melo and Garrido-Morgado (2011)</p>	<p>relations.</p> <ul style="list-style-type: none"> <li>▪ Through an analysis of the evolution of CSR, it can be understood how it affected operations and stakeholder relations.</li> <li>▪ A three-phase CSR cultural model is established based on cultural reluctance, grasp and embedment that provide a new approach in which CSR is the basis for value creation and operations.</li> <li>▪ By addressing society’s needs and demands through the inclusion of CSR-related activities, firms are able to provide better products and services.</li> <li>▪ Collaboration between firms to innovate generates a value co-creation process between companies and stakeholders due to the globalization and internationalization of firms.</li> <li>▪ Companies are able to seek and tackle global-stakeholders as part of their assets by engaging in business ethics decisions.</li> <li>▪ Social innovations are the most profound form of innovations, hence the most powerful ones.</li> </ul>
<p><b>Corporate Image, Branding and Marketing (Trustworthiness and Loyalty)</b></p>	<p>Fombrun and Shanley (1990); Dowling (1993); Schmitt <i>et al.</i> (1995); Dumwright (1996); De Chernatony (1999); Williams and Barrett (2000); Balmer (2001); Davies <i>et al.</i> (2001); Harris and de Chernatony (2001); Chaney and Philipich (2002); Blumenthal and Bergstrom (2003); Bhattacharya and Sen (2003); Kitchin (2003); Middlemiss (2003); Lewis</p>	<ul style="list-style-type: none"> <li>○ Corporate aesthetics shall be managed in a unique strategic framework.</li> <li>○ Firm’s image based on CSR should consider credibility and altruistic contribution.</li> <li>○ Incorporating socially responsible activities and practices should be integrated into corporative strategy, mission and culture.</li> <li>○ Social actions and practices; and effectively communicating them, result in stronger consumer-company bonds.</li> <li>○ Brand-building: process through which the</li> </ul>

	<p>(2003); Argenti and Druckenmiller (2004); Maignan <i>et al.</i> (2005); Werther and Chandler (2005); Balmer and Greyser (2006); Melewar and Karaosmanoglu (2006); Marin and Ruiz (2007); Nan and Kwangjun (2007); Sacconi (2007); Lai <i>et al.</i> (2010); Bigné-Alcañiz <i>et al.</i> (2011); Bronn and Vrioni (2011); He and Li (2011); Stanaland, Lwin and Murphy (2011); Lii and Lee (2012); Mattera, Baena and Cerviño (2014).</p>	<p>gap between brand reputations and brand identity is minimized.</p> <ul style="list-style-type: none"> <li>○ Stakeholders should be presented with a coherent brand identity.</li> <li>○ Customers in the service industry are more loyal to firms they perceive as socially responsible.</li> <li>○ Positioning the brand as socially responsible is one of the firm's most useful competitive advantages.</li> <li>○ Industrial brand equity acts as a mediating element between CSR actions and brand performance.</li> <li>○ CSR and CR have positive effects on industrial brand equity and brand performance.</li> <li>○ When firms fail to be transparent, this not only negatively affects the company's report but also investor's confidence in the firm.</li> <li>○ Accurate CSR and well communicated practices enhance the perceived CSR, which in turn increases consumer trust and loyalty – leading to a reduction of consumer's perceived risk in buying and using products/services from a given firm – increasing CR.</li> </ul>
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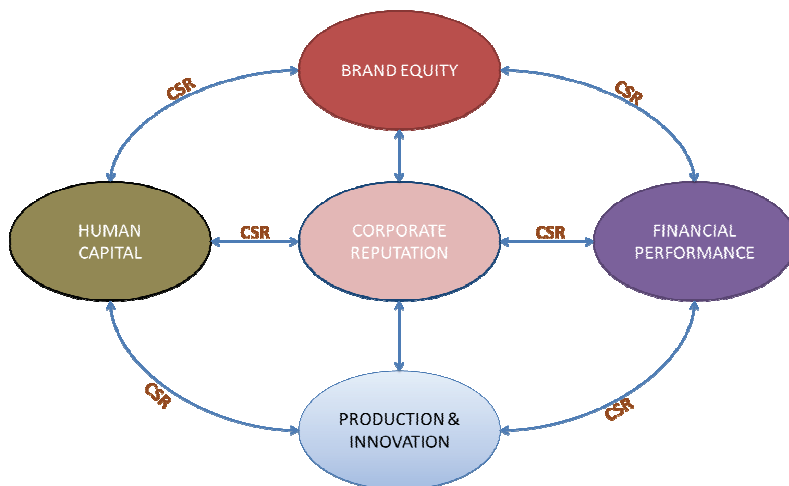
### 3. DISCUSSION AND CONCLUSIONS

Nowadays, CSR affects the firm's corporate brand and brand management. It is then one of the most important factors influencing how managers run their business. This aspect has generally received limited academic attention in spite of recent high efforts to examine the scope of this issue. As it was herein disclosed, CR is based on many elements, which are all related directly or indirectly with the company's stakeholders. Some of the most common ones are strengthening legitimacy and reputation, building a competitive advantage, reducing cost and the

risk associated with conducting business, etc. In short, academia has studied the various perspectives and elements that can influence CR, mainly its financial performance, employees that work for such firm, consumers, investors, etc. Hence, the socio-economic and environmental context plays a significant role in CR as it will be the key element to define how a company is portrayed and the perspectives for future growth and permanence in a specific community.

It is through CSR that firms can directly tackle stakeholders' matters and interest, thus engaging with the community and specifically affecting CR in a highly positive way. The firm's reputation and legitimacy can be strengthened through CSR as it is a practical way for firms to demonstrate that it can achieve profitability while also meeting stakeholders' demands and needs. Furthermore, when firms adopt certain CSR activities, it can build strong relationships with stakeholders, which will result in significant benefits for firms in many different areas, such as access to a higher talent pool, customer loyalty, employee turnover, etc. In this context, companies not only achieve strong relationships for future implementation, but it generates strong support and respect from the community, highly important in the event a negative situation impacts the company. These ideas are in line with Carroll and Shabana (2010), who concluded that pursuing improvements in the firm's performance, relationships, environment, access to investment, etc. would only be possible through CSR.

According to the above arguments, companies which prove to be strongly committed to CSR initiatives and activities tend to have higher consumer loyalty and trust (Stanaland, Lwin and Murphy, 2011). Additionally, strengthening CR through ethical values and an ethical basis can generate higher levels of trust and loyalty while strengthening CR (Balmer and Greyser, 2006; Balmer et al., 2007). Figure 1 summarizes this discussion and illustrates how CSR creates the greater ecosystem in which then all the variables influencing and being influenced by CR co-exist. Contrary to the portrayals carried out by prior literature, the present study points out that the relationship between CR, CSR, and strategy-related elements (namely production, brand performance, innovation, etc.) is bilateral, and it can affect any of the other elements in their surroundings. This is the reason why it is concluded that CSR generates a positive ecosystem through which companies can greatly benefit.

**Figure 1.** CSR and CR's Ecosystem

Source: own elaboration

In an attempt to shed light on this topic, this work aims to highlight corporate brand and its social responsibility as two key aspects when creating firm's competitive advantage and sustainable growth. In particular, firms shall evaluate the consequences of each of their actions in the areas described in Figure 1, and how it will affect the CR. For instance, a company with a hostile work environment which does not provide the necessary elements for employees to be able to create new products and services, together with other innovations, may find difficulties in financial performance that will later on affect the brand equity. This is because the absence of an appropriate work environment usually deteriorates the reputation of the company, as their employees (one of the most important firm's stakeholders) will not have a good image of the company. At the same time, not being able to market innovations and thus having a poor financial performance may negatively affect the opinion that consumers, investors and the general public have about the company; thus lowering the value of the brand (brand equity) in particular, and the firm's CR in general. Moreover, this reduction in corporate reputation as well as the diminished financial performance derives in a loss of interest from the investors. This puts the company in a risky position as it is through investment that firms innovate and deliver new products/services to increase the company's profitability. In sum, a low performance in one of the above mentioned areas (brand equity, human capital, financial results or innovations) may drive a negative reaction that directly impacts the remaining elements, as well as CR, creating a vicious cycle.

Based on the findings herein disclosed and the interrelations that take place between the different elements, companies can undertake specific actions initially addressed at one of these key elements yet benefit from them in many aspects, thus generating synergies. As an example, companies can establish collaborations with other enterprises in order to create new products/services. This generates a value co-creation process between companies and stakeholders due to the globalization and internationalization of firms. But this is not the sole benefit. In particular, if stakeholders value positively the innovations generated, both firms engaging in the collaboration will see an increase in their financial performance that will then raise their brand equity. Additionally, this can attract job seekers to the firm, as people wish to work for companies that have a good image and are considered to be successful. In all these cases, the image of the corporation is being enhanced, thus increasing the CR.

As an example of the above discussion, the Reputation Institute elaborates an index to rank the firms in terms of their CR. The variables that are taken into account are the product and/or service offering, the integrity of the firm, the degree of innovation, leadership, financial results, workplace, and commitment with society. All of these elements are interrelated and it is no surprise that firms who score high in one category also had high performance in other categories. Related to the Spanish market, Mercadona is one of the firms showing the highest level of CR. In particular, the company has a strong orientation towards the community, which is evidenced in the way in which it conducts business. By doing so, it has excelled in those areas in comparison with other Spanish firms. The greater the synergies generated between all the aspects, the higher the benefits that companies can derive, hence increased and more solid CR.

In sum, the present work provides a comprehensive vision of the interrelations and interactions that exist between the various elements that affect the CR, as well as how they are all linked to specific CSR actions. To the author's knowledge, there is no previous study gathering the evolution of the professional and academic research on corporate brand together with the evolution of influential effects CSR up to date. We thus propose it as future research avenue. In addition, the present work provides a comprehensive vision for managers to understand how CSR links to CR, what actions can be carried out in order to increase the CR and improve other business areas, together with a greater understanding of how failing to tackle matters in certain areas can trigger negative effects in other elements other than directly affecting CR. We encourage researchers to explore this topic in order to propose a model that empirically test the influence that each of these relations has. In short, we hope that our findings contribute to the development of a robust research agenda and move literature on corporate social responsibility from purely conceptual studies to those providing enlightenment on the corporate reputation and its social responsibility.

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