



Revista Pensamento Contemporâneo em Administração  
ISSN: 1982-2596  
jmoraes@id.uff.br  
Universidade Federal Fluminense  
Brasil

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ESG AND ITS RELATIONSHIP WITH THE BRAND FROM THE MANAGER #S PERSPECTIVE  
Revista Pensamento Contemporâneo em Administração, vol. 19, núm. 2, 2025, pp. 58-72  
Universidade Federal Fluminense  
Rio de Janeiro, Brasil

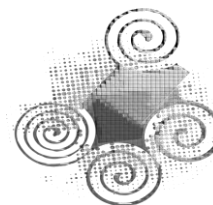
DOI: <https://doi.org/10.12712/rpca.v.192.67610>

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## ESG AND ITS RELATIONSHIP WITH THE BRAND FROM THE MANAGER'S PERSPECTIVE

O ESG E A SUA RELAÇÃO COM A MARCA SOB A ÓTICA DOS GESTORES

Recebido em 30.04.2025 Aprovado em 03.07.2025

Avaliado pelo sistema *double blind review*

DOI: <https://doi.org/10.12712/rpca.v.192.67610>

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### Abstract

This study analyzed the relationship between Environmental, Social, and Governance (ESG) practices and brand perception from managers' perspectives in large Brazilian companies using an exploratory qualitative method involving in-depth interviews with fifteen senior leaders operating in the retail, industrial, and transportation sectors. The findings reveal that managers view ESG as an increasingly important brand value driver associated with trust, transparency, social responsibility, and competitive advantage.

**Keywords:** ESG. Brand. Managers.

### Resumo

Este estudo teve como objetivo analisar a relação entre o ESG (ambiental, social e de governança) e a marca sob a ótica de gestores de grandes empresas brasileiras. Para isso, foi realizada uma pesquisa qualitativa de caráter exploratório, por meio de entrevistas em profundidade com quinze líderes que atuam em empresas dos setores varejista, industrial e de transportes. Os resultados evidenciam que os gestores percebem o ESG como fator crescente de valorização da marca, associado à confiança, transparência, responsabilidade social e diferencial competitivo.

**Palavras-chave:** ESG. Marca. Gestores.

## Introduction

In the global context, an increasing number of organizations have taken responsibility for the impacts generated by their activities. Incorporating ESG (Environment, Social, and Governance) has become increasingly frequent in business agendas and social debates (Globocnik et al., 2020; Junsheng et al., 2020).

The term ESG was first discussed in 2004 in the United Nations report entitled "Who Cares Wins." This report resulted from a collaboration between the UN Global Compact and the World Bank after UN Secretary-General Kofi Annan challenged CEOs of large financial institutions to integrate socio-environmental and governance factors into the capital markets (United Nations Global Compact, 2004). At the same time, UNEP-FI launched the Freshfield Report, demonstrating the importance of adopting ESG for financial evaluation and highlighting the benefits these principles bring to society and business.

The ESG approach has become increasingly important for modern investors in the last two decades, as an increasing number of executives have allocated time and resources to business strategy matters involving the environment, social responsibility, and governance in organizations (Nirino et al., 2021). Porter and Van der Linde (1995) already stated, in the 90s, that we were going through a transition phase in corporate history, in which executives began to perceive the need for investments in socio-environmental factors as an economic and competitive opportunity instead of viewing it as a cost or threat.

Companies have been becoming aware of the importance of adopting ESG criteria, especially in this transformative context resulting from climate change, biodiversity loss, social movements in favor of inclusion, equity, diversity, and better working conditions, in addition to the COVID-19 pandemic, which has further accelerated this agenda. Expectations regarding the role of companies in corporate Sustainability and best practices brought ESG as a business agenda present in board meetings and senior management planning (WEF, 2020). Although the topic is not new, combining and applying the concepts of corporate governance, environmental impact management, and social development have been fundamental for building any organization's image, brand, and trust. With the Davos Manifesto (Schwab, 2019), a company is more than an economic unit that generates wealth; it also fulfills human and social aspirations in the collective ecosystem. Thus, its performance must be measured in terms of financial return to shareholders and conjunction with environmental, social, and good governance objectives.

There is a growing demand for more robust disclosures on how companies address environmental, social, and governance policy issues, including risks and opportunities. These good practices enable a dignified life for society and combat environmental impacts and social inequalities, a movement that strengthens the company and its brand (Naidoo & Abratt, 2018). In the opinion of Cowan and Guzmán (2020), consumers tend to value companies that adopt ESG, and such satisfaction generates a recurrence of acquisition, making them brand ambassadors. Employees agree on the same values, develop a sense of belonging, and become more productive and better serve consumers. Moreover, with all this, more profit is generated for the company.

A Google Trends survey (Cohen, 2023) revealed that the search for subjects that relate ESG to other topics has grown more than 1200% in the last two years. A recent survey by Aberje showed that, currently, 95% of Brazilian companies surveyed have ESG as a priority on their agendas. A survey by IBM with the Institute for Business Value (IBV) found that this issue is being treated as a top priority by 48% of the leading Brazilian CEOs, representing an increase of 65% compared to the previous year. In its surveys, the Nielsen consultancy, which operates in more than 60 countries, identified that 66% of people said they were willing to pay more for products and services from companies committed to

these issues (Mariano, 2023).

Improving the image of companies that adopt ESG not only reflects on consumers and investors but is also a powerful tool for managers to motivate and engage employees, especially those from younger generations (Mariano, 2023). Professionals are currently looking for adequate salaries and companies that have a purpose and do some good for society (Martiningo et al., 2023). By adopting good practices, the organization retains its talents and wins over the best candidates in the market (Redecker & Trindade, 2021).

For Sgri (2021), ESG is not just about implementing sustainable practices but about creating a corporate culture that internalizes these values. The leader must be able to align ESG objectives with the company's mission and vision, ensuring that all team members are committed to the sustainable journey (Martiningo et al., 2023).

According to Santos and Dietrich (2010), ESG studies are essential to strengthening companies' brands. They provide a theoretical foundation, empirical data, and practical guidelines so that organizations can effectively adopt and communicate their Sustainability, social responsibility, and corporate governance initiatives.

In this plan, managers' role in adopting ESG to strengthen the brand covers supervising and coordinating initiatives and actions related to environmental, social, and governance issues (Redecker & Trindade, 2021).

Based on this background, the present study raises the following research question: What is the perception of managers of large companies about the relationship between ESG and brand reputation? Given the problem raised, this study analyzed managers' perceptions of the relationship between ESG and the brand. To respond to this research, this study developed qualitative research with managers of companies that adopt ESG and are in the process of implementing it in the organizations in which they work.

### **ESG as a Competitive Advantage: Impacts and Benefits for the Market and Organizations**

The term ESG originated from the concept of Socially Responsible Investment (SRI), which dates back to the 1960s and 1970s. The interest of publicly-held companies in being economically responsible began in the 1960s with the creation of the first investment funds focused exclusively on this category, such as the Trillium and Pax funds in the United States. These companies realized that environmental issues could pose a risk to the market (Junior et al., 2022). From that moment on, according to Petrakis et al. (2022), a new market movement emerged, driven by the Socially Responsible Investments Organization (ISR). The ISR consists of analyzing the risk factors of a given investment and considering a company's performance in environmental, social, and corporate governance issues. Initially, this approach was linked only to ethical values (Junior et al., 2022).

ESG, on the other hand, consists of practices that a company adopts considering environmental, social, and governance aspects, that is, following principles of not only worrying about financial ratios but also evaluating the environmental and social impacts of actions on the social ecosystem (Martiningo et al., 2023). Regarding the acronym ESG, Leite (2020) highlights the areas that each one covers, namely:

1. Environmental (E): Refers to the way the company deals with environmental issues and their effects on the environment, such as, for example, the management of the use and consumption of water and electricity, the emission of CO<sup>2</sup> and the management of solid waste (recycling or reuse initiatives);

2. Social(S): Encompasses diversity and inclusion actions and policies, employee development and engagement programs, customer relationship and satisfaction, concern for human rights, encouraging people to do volunteer work, valuing employee health and safety, data protection, choosing suppliers with the same values, and social responsibility;

3. Governance (G): It is related to the company's organizational structure, the composition of the board of directors, the performance of audits, the company's relationship with government and political entities, and other factors such as executive compensation, profit sharing, and the existence and operation of whistleblowing channels within the company.

In 2015, the ESG movement gained even more strength by introducing the UN 2030 Agenda and the Paris Agreement, both focused on the Sustainable Development Goals (SDGs) (Silva, 2022). Subsequently, with the advent of the COVID-19 pandemic, the discussion materialized as a reminder of the imbalance between environmental, social, and economic systems (Donthu & Gustafsson, 2020). For Niemoller (2021), ESG has become a mandatory agenda in business agendas, leading to changes in business logic, because, in addition to the economic and financial priority, social and environmental costs have been included in evaluations and decisions, mitigating risks and expanding the value of the brand to consumers.

## **The Brand and its association with ESG**

The importance of the brand for companies that adopt ESG lies in its ability to reflect and communicate the environmental, social, and governance principles that the organization is committed to following (Luo & Bhattacharva, 2006). When aligned with ESG values, the brand can strengthen the company's reputation, attract socially responsible investors, gain consumer trust, and create a positive image before the community and stakeholders (Sajeesh et al., 2020). In this way, the brand becomes a strategic tool to demonstrate the company's commitment to sustainable and ethical practices.

Brand perception as ESG not only meets ethical customer expectations but can also be a key factor in long-term success, differentiating the company in the market and building a strong base of loyal customers (Swaminathan et al., 2020). Understanding the elements that influence consumer perception and generate value for the brand is one of the main tasks of many entrepreneurs and retail managers. After all, having a strong brand and investing in marketing are important for a company to grow. Even so, brand perception is still something that is often ignored by some companies (Sen & Bhattacharva, 2006).

The perception of brands by customers who value ESG (Environmental, Social, and Governance) practices is notably striking, significantly influencing their purchasing decisions (Wang, 2019). These consumers, increasingly aware of and engaged with environmental and social issues, seek companies that share their sustainable values. Park (2010) reinforces the positioning, stating that the preferential choice for brands aligned with ESG reflects the search for transparency, accountability, and positive impact. When a company incorporates ESG principles into its strategy, it meets ethical consumer expectations and creates an emotional connection, strengthening brand loyalty.

The perspective of authenticity and commitment to Sustainability becomes a decisive differential, consolidating the brand's position as a conscious and responsible choice in the market (Chen et al., 2017). For Bian (2011), consumers' perception of the brand refers to the tangible and intangible parts or even the impression they form about the company from which they are purchasing a product/service, helping them in decision-making and influencing them for behavior and purchase decision. Attitude toward the brand refers to the positive or negative evaluation of consumers based on their stimuli, beliefs, benefits, and losses, aligned with their needs, expectations, and experiences (Park, 2010). Wang (2019) adds that the indirect influence of the opinion of other consumers can also form

this evaluation.

Consumers' belief in brand marketing plays an important role for all companies, especially those who adopt the ESG approach, as they seek to integrate their financial objectives with a positive social and environmental impact (Freeman & McGuire, 2020). These companies strive to consciously build and communicate an image and desire and attract and retain talent committed to Sustainability and social responsibility. For Bhatti et al. (2023), marketing is an important tool for any company, but especially for companies committed to ESG, as they seek to reconcile their financial objectives with positive social and environmental impact, build and communicate their image and reputation consciously, and sustainably, and attract and retain talent committed to Sustainability and social responsibility.

The better the brand image in the consumer market, the greater the influence on the attitude of choice towards the competition, and ESG is a positive element in this context, given the social and Sustainability appeal it impacts on investors, employees, and consumers (Chen et al.; 2017). Ha and Kim (2013) conclude in their research that the ESG effect on brands demonstrates emotional value with positive effects (brand preference and prestige). The brand's ESG appeal becomes a general consumer evaluation index and provides opportunities for a good relationship between commercially connected agents (Kim, 2021). Consumers with brand attachment do not change their attitude or easily migrate to another brand when they realize the value of ESG (Na et al., 2017).

Companies committed to ESG can build a positive image with their stakeholders, which translates into greater brand value, customer loyalty, and competitive advantage (Grönroos, 2006). It is clear that companies that adopt ESG have competitive advantages and are well regarded by the consumer market compared to competitors that do not. Consumers are increasingly looking for products from sustainable companies with practices that reduce pollutants and collaborate with good social practices (Newell & Dale, 2021).

Cause-related marketing combines a company's interests in improving its profits by including relevant social actions (Bhatti et al., 2023). This activity benefits the company (increasing its profit) and the causes it supports (making social and environmental improvements). In addition to cause marketing, for Marins (2020), the business that seeks to be an ESG company must use more marketing approaches, such as environmental marketing, green marketing, ecological marketing, and sustainable marketing. The purpose of these approaches is to understand more broadly everything the organization can and/or needs to do to be successful in its pursuit of being ESG.

Companies have responsibilities to society and the environment, in addition to their shareholders, and effective management of these issues can lead to better long-term outcomes (Freire & Andrade, 2020). Therefore, it is common to associate the actions of ESG Companies with the approach to marketing social causes, among others. For Marins (2020), Meirelles (2020), and Moraes (2019), it is possible to understand that companies that develop an ESG approach are those that seek to create economic value while promoting Sustainability and social responsibility as part of their business identity. With this initiative, for example, they can reduce reputational risks, attract and retain talent, improve customer loyalty and investor confidence, and promote sustainable development by strengthening the company's image (brand) in society.

## **Methodological procedures**

For the elaboration of this study, the approach of exploratory qualitative research was chosen due to the possibility of a greater approximation of human relations and their meanings, in addition to seeking to understand the phenomena being studied from the participants' perspective. The choice for the qualitative methodology is justified by the perceived need for the researcher to get closer to the interviewee's perceptions through his desires and expectations and in the interpretation of texts,

sounds, images, and even non-verbal language (Guba; Lincoln, 2005) to answer the research problem.

## Data collection strategy

In this study, we opted for opinion research in the form of an interview as an investigation method based on a semi-structured script. For Manzini (1991), a semi-structured interview has its script developed on the focus of the proposed theme, with some main questions. The selection of participants was initially carried out strategically by contacting several company leaders and supplier networks, and the interviews were conducted in the second half of 2024. The inclusion criteria considered for the selection of the participants in this study were: being a team manager in a large retail, industrial, or transport company with more than five hundred employees; working in the company for at least three full years; having basic knowledge about ESG; the company should be located in Brazil, with at least three branches in different states and the business organization may be ESG certified or in the process of implementation and/or approval. The saturation method was used to compose the number of respondents.

The names of the companies where the professional's work was kept confidential, in the same way that the interviewees had their identities protected; that is, their names were coded, for example, E01, which means manager interview 01, and so on. Chart 1 presents the characteristics of the interviewee profile and the segment in which the company is inserted in the market. Table 1 presents the characteristics of the profile of the interviewees and the segment of the companies.

Table 1

### Profile of the interviewees

| Interviewee | Gender | Age | Position    | Time in office | Segment       |
|-------------|--------|-----|-------------|----------------|---------------|
| E01         | M      | 40  | Manager     | 04 years       | Refrigeration |
| E02         | M      | 29  | Manager     | 08 years       | Transport     |
| E03         | F      | 44  | Manager     | 06 years       | Transport     |
| E04         | F      | 42  | Manager     | 03 years       | Refrigeration |
| E05         | M      | 48  | Manager     | 05 years       | Industry      |
| E06         | F      | 46  | Manager     | 03 years       | Industry      |
| E07         | M      | 52  | Manager     | 20 years       | Transport     |
| E08         | F      | 51  | Manager     | 16 years       | Refrigeration |
| E09         | M      | 52  | Manager     | 03 years       | Refrigeration |
| E10         | M      | 45  | Manager     | 14 years       | Retail        |
| E11         | M      | 33  | Manager     | 05 years       | Refrigeration |
| E12         | M      | 29  | Coordinator | 04 years       | Retail        |
| E13         | M      | 26  | Coordinator | 05 years       | Industry      |
| E14         | M      | 42  | Manager     | 05 years       | Refrigeration |
| E15         | M      | 39  | Manager     | 03 years       | Retail        |

## Data analysis technique

In this work, Bardin's (2011) content analysis technique was used, one of the techniques for analyzing information in qualitative research where a priori categories were used. This approach seeks to understand and present conceptions around an object of study, analyzing what was mentioned during the investigation. The analysis followed three phases defined by the author: pre-analysis, exploration of the material, and treatment of the results. These stages culminated in the dismemberment and subsequent categorization or regrouping of the units of record in the text. Table 2 presents the categories elaborated in this study.

Table 2

### Category of analysis and association with the literature

| Category                                | Reference                                                                                                                      |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| ESG and Brand Influencer Elements       | Churchill and Peter (2000)<br>Swaminathan <i>et al.</i> (2020)<br>Sajeesh <i>et al.</i> (2020)<br>Redecker and Trindade (2021) |
| Adding brand value through ESG adoption | Gentile (2010)<br>Freire and Andrade (2020)<br>Marins and Meirelles (2020)                                                     |
| Relevance of ESG by leaders             | Avery and Bergsteiner (2011)                                                                                                   |
|                                         |                                                                                                                                |

## Results and discussions

### Elements Influencing ESG and Brand

Consumers tend to choose brands with which they identify culturally, which bring durability, competitive prices, good recommendations, transparency, and credibility (Sajeesh et al., 2020). According to the analysis of the answer of interviewee E01, this reality was verified:

E01: [...] To be unique, the experience must meet expectations and surpass the competition. Of course, everything is interconnected with the customer's perception of use, their expectations, and what they expect to obtain. The purpose that influences it is linked to quality, durability, the meaning of the product/brand/service, and especially the expected result, which is to generate credibility and indication in the social environment. It needs to offer advantages over the competitor so that the experience is remarkable, captivates the consumer, and gives a sense of exclusivity and status.

ESG aims to promote sustainable practices by fostering an organizational culture that is strongly aligned with its principles. Leadership faces the challenge of integrating ESG objectives into the company and ensuring the engagement of the entire team in pursuing a more responsible path (Sgri, 2021). Redecker and Trindade (2021) comment that generating a positive consumer experience with the brand involves understanding and meeting customer needs, creating positive interactions and feelings during the purchase journey, thus standing out from the competition, adding value to the brand, and building lasting relationships, aiming at loyalty and referral to other customers. Based on the analysis of the answers of interviewees E04 and E09, this reality was verified when the interviewees stated that:

E04: It is essential to grow in the market, to create pleasant moments in the commercial service experience, the purchase journey needs to be fast, competitive and convey to the customer that the company is ethically correct, fair to its employees and society. These communications arouse pleasant feelings and leverage the brand in communication (purchase,

service, website, etc.).

E09: [...] the points of contact with customers and society must be efficient to position the brand in the consumer's mind. Involving all stages of the customer journey, from communication, sales, consumption and after-sales is to build genuine and lasting connections with the market, being specialized, proactive and a need solver is a somewhat laborious challenge, but when it achieves loyalty and promotes referrals to others.

ESG has become an essential topic on corporate agendas, as it encompasses economic, social, and environmental factors that inform decision-making, help mitigate risks, and enhance brand value in the eyes of consumers (Niemoller, 2021). When seeking to generate a unique experience for the customer, it is necessary to adopt a holistic approach, which involves deep knowledge of the customer, offering quality products/services, exceptional service, building trust and security, exceeding expectations, and harmoniously integrating all these elements (Swaminathan et al., 2020). After a thorough analysis of the answers provided by interviewees E03 and E10, it was possible to verify this reality when they said:

E03: [...] Knowing the customer deeply means understanding their needs, expectations, and purchasing power. You cannot sell a Ferrari if he wants a popular car to use daily. Mapping and understanding the consumer's needs is more listening than talking; it is observing their perspectives, not just your own. The customer has to feel satisfied and convinced that he made the best deal he could with the price he paid.

E10: I understand that exceeding customer expectations needs to be present in avant-garde companies, and it is in providing a sense of exclusivity, status, and positive remembrance. Only in this way can a lasting relationship and customer loyalty be established. [...] integrate the above aspects harmoniously and consistently to ensure that no stage of the shopping experience fails, seeking excellence to intensify the positive experience and the presence of the brand in the mind of the market.

The growing emphasis on environmental, social, and governance (ESG) practices has transformed the way companies build and position their brands in the market. From a managerial perspective, ESG has evolved from an optional trend to a fundamental strategic element in managing organizational image and reputation (Mariano, 2023).

To generate a differentiated experience, it is perceived that the new generations are more likely to analyze whether the brand publishes sustainable, social, and governance conducts; these must be included and integrated into the company at all hierarchical scales by the media, as it can add value to the image and brand in the perception of these customers who are quick in their publications on social media and advertising channels (Mowen & Minor, 2003). However, the above depends on the local culture, the activity sector, and the consuming public's income (Na et al., 2017). The opinions of the authors of the surveys converge, with the reports of interviewees E07 and E10 informed below:

E07: [...] Social responsibility actions, such as sponsoring cultural projects and supporting charities, can reinforce the company's positive image with customers. I believe it is important that sustainable and social initiatives are aligned with products/services and brand identity, being communicated transparently to customers and employees to create organizational culture.

E10: [...] Ethical conduct, transparency, and compliance with legal obligations are also fundamental to generating a positive and trusting experience for customers who choose brands and tend to pay a little more. Integrating sustainable and socially responsible practices can be important in building a unique and positive customer experience, as long as it is consistent with the company's performance and the value is recognized and accepted by customers. Developed countries with high-quality education, higher per capita income, and high public and private administration committed to ESG causes promote brands with this appeal; Brazil sees very little yet... Who knows, maybe in 10 to 15 years, it will change.

The brand enhances corporate reputation, attracts investors, and builds consumer trust, while also conveying a positive image to society (Sajeesh et al., 2020). Ioannou and Serafeim (2017) demonstrate

in their publications that there is appreciation in the market for companies that combine pioneering vision, ethics, innovation, technology, and Sustainability, aligned with the company's market strategy, being fundamental for brand positioning, differentiation, and valuation in publicly traded or investment funds. According to the analysis of the answers of interviewees E01 and E7, this reality was verified when the interviewees announced that:

E01: [...] the ideal brand image to influence the consumer to buy must convey trust, quality, innovation, social responsibility and meet the needs of the target audience, in order to establish the brand as the consumer's preferred choice, without renouncing the price that needs to be aligned with the market.

E07: [...] reputation, credibility, and competitive pricing policy significantly influence brand positioning. It is necessary to align competitive differentials with the brand's strategy, target audience, and market trends; in Brazil, ESG will take time to be present in the requirements of end consumers in commodities. Even Natura, Itaú, Vale, Braskem, and Petrobras apply segmented requirements and do much advertising. However, when you analyze it in detail, you realize they are not as committed as they formalize – see negative examples on Google.

Managers who are attuned to contemporary demands recognize that aligning the brand with ESG values is an effective strategy for standing out in an increasingly competitive and purpose-driven business environment (Redecker & Trindade, 2021).

### **Adding value to the brand by adopting ESG**

Respondents agree that ESG values the brand and how to do business when presenting the benefits to customers through an efficient internal (employees) and external (customers, suppliers, and society) marketing strategy. However, transport services it is very competitive in prices, as announced by respondents E03 and E05 below:

E03: [...] I believe ESG practices improve reputation, strengthen the company's brand and image, and attract and retain talent engaged in this cause. ESG can help leverage new businesses and attract new audiences in sales to developed countries, especially those that value social and environmental practices. It is important to work on the brand and product, such as the Havaianas sandals.

E05: [...] Companies with ESG practices stand out and can retain customers more easily than those that do not have sustainable practices in the long term. ESG provides competitive advantage and financial Sustainability when products are directed to the target audience that values such practices. ESG brings several benefits to the brand but also faces some challenges, especially consumer willingness to pay more for sustainable products/services.

By addressing ethical factors, the brand can become a key driver of long-term business success, establishing a strong foundation for competitiveness and a loyal customer base when aligned with ESG principles (Swaminathan et al., 2020). Companies committed to ESG practices create value in their image and are more financially valued by publicly traded investors; their ecosystem includes Sustainability, social responsibility, and security actions for shareholders. Based on the answers of the interviewees, it was possible to observe some predominant perceptions of the benefits of ESG (environmental, social, and governance) practices in the view of leaders toward their companies:

E07: [...] Generally, the prevailing perception is that more informed and aware consumers tend to value companies' ESG practices positively, although this trend is not yet universal. I believe it would increase the company's good image if they used social media, corporate website, and marketing materials more transparently and consistently to communicate ESG practices and initiatives internally and outside the company. Establishing direct communication with stakeholders, such as employees, customers, and suppliers, through sustainability reports, meetings, and other forms of interaction is important.

E10: [...] valuing and highlighting the company's environmental, social and governance practices, in order to attract and retain customers who care about these issues is paramount for

a vanguard company. I believe that seeking to obtain recognized certifications and participate in Sustainability and social responsibility initiatives to validate and expand the reach of ESG actions is a smart long-term strategy to have a competitive advantage. Therefore, the disclosure of ESG actions must be done strategically and integrated, using various communication channels and highlighting the company's efforts and results in these areas.

According to Freire and Andrade (2020), generating a unique consumer experience with ESG practice can positively affect the perception of the brand by consumers when the products or services meet the needs of consumers in terms of quality, delivery time, and price aligned with the market in which they operate and becomes a competitive differential and strengthens the company's brand and image when it is associated with innovation and sustainable, social and governance practices. Based on the analysis of the answers of interviewees E02 and E10, this reality was verified when the interviewees stated that:

E02: [...] In my view, ESG has a significant impact on brand perception, as it demonstrates the company's commitment to important values such as Sustainability, social responsibility, and business ethics. Organizations that adopt solid ESG practices are seen by consumers as more responsible, aware, and engaged, which can strengthen brand image and generate trust and customer loyalty.

E10: [...] To harness the benefits of ESG in brand perception, companies need to have a genuine commitment and strategic approach, not just a superficial action.

I understand that ESG can significantly affect consumers' perception of the brand, strengthen the image, and generate trust and loyalty as long as the adoption of ESG practices is authentic and aligned with the company's strategy. This can create a positive and differentiated experience for the customer.

They understand that ESG can serve as a catalyst for innovation and long-term business sustainability. By promoting sustainable and transparent practices, the company mitigates risks and builds a strong foundation of trust with its key stakeholders. In this context, marketing plays a crucial role in clearly and consistently communicating the brand's commitments and progress toward ESG goals (Junior et al., 2022).

## Relevance of ESG by Leaders

The growing interest in the supply chain in ESG practices has led organizations' business leaders to consider all points of contact with the consumer, from the origin of raw materials to the delivery of products to customers. Analyzing the answers of the interviewed leaders, it was possible to highlight the following main points of the interviewees E03 and E08:

E03: [...] companies must develop shared responsibility with their suppliers and customers, generating a gradual positive impact over time. All the executives I have been talking to emphasize the importance of shared responsibility, in which companies demonstrate a deep commitment to correct and responsible practices, positively impacting the company's image and attracting customers and partners to ESG.

E08: [...] ESG is an important ally of organizations, as it promotes the need to think about the risks that impact the business, in addition to bringing satisfaction to customers and protection of the planet. It is not enough to produce and sell, it is necessary to have sustainable practices to ensure quality of life for future generations, it is an urgent issue, with the need for everyone to contribute.

In summary, the leaders interviewed show that adopting ESG practices in the supply chain is seen positively, as it demonstrates a commitment by companies to social and environmental responsibility, strengthens consumer trust and preference, and promotes a more ethical, efficient, and resilient supply chain. The managers interviewed understand that ESG influences the choice of brand in consumer attitudes when value is perceived, in purchase intention, in ethics, and brings some advantages to society when well communicated:

E03: [...] implementing ESG practices is not enough; it is crucial to communicate them clearly and consistently to the market to create influence with consumers. Companies must invest in internal communication and communication with the market periodically, aligning with ESG principles and projects for their differential in success, so it is important to understand how people relate to the brand. Many say, "I'm Green" and, therefore, I deliver more value to the customer, but sustainable actions go hand in hand with good social practices and governance.

The interviews contributed to leaders' different perceptions and attitudes toward consumers based on exposure to ESG activities, offering a nuanced understanding of how these factors impact consumer decision-making when companies disclose the practices of others that do not have and do not disclose.

Marketing is a key tool that, when aligned with ESG principles, aims to communicate the company's image in a sustainable and responsible manner (Bhatti et al., 2023). Neglecting to integrate ESG factors into long-term strategies can lead to governance challenges and new exposures to risks, including reputational risk, for companies.

Factors such as the presence of non-local CEOs, corporate governance practices such as board of directors independence, the percentage of non-executive members, and the existence of a corporate social responsibility committee all play a significant role in defining ESG ratings and performance. Additionally, transparency and disclosure of ESG information have been found to positively impact a company's financial performance, particularly regarding return on assets and equity.

It was observed that personal guidance regarding sustainability issues and exposure to sustainability information influence retail investors to consider ESG factors when making investment decisions. Overall, these elements collectively contribute to the decision-making processes of ESG and non-ESG companies, highlighting the importance of integrating sustainability practices into corporate strategies for long-term success.

The final considerations of this study summarize the key findings, acknowledge its limitations, highlight the theoretical and managerial contributions, and suggest directions for future research.

### Final Considerations

This study analyzed the relationship between ESG and the brand from the managers' perspective. The main results obtained in the survey confirm that several factors that act as facilitators and hindrances in the search for influencing elements demonstrated that there is a preference of consumers for brands engaged with ESG practices and tend to choose brands with which they identify culturally, which offer durability, good recommendations, transparency, and credibility. However, the pricing factor is still very important and decisive in the final choice.

The study highlights the growing importance of ESG practices for companies' long-term success, especially in challenging and emerging markets such as Brazil. The research shows that the factors that hinder ESG practice can be transformed into opportunities before they become problems and that existing facilitating factors must be enhanced. Effective leadership and proper disclosure of ESG practices inspire the search for new ideas and practical approaches, strengthening the brand and arousing consumer preference in the purchase decision.

Companies that have not yet adopted ESG practices are influenced by several elements, such as implementation costs, training, operationalization, regulation, and organizational culture change, only after deciding on their environmental, social, and governance (ESG) performance. Factors such as investment in the project, lack of corporate agenda, clients not requiring it, lack of knowledge in the administrative organization chart, corporate governance practices centered on the independence of the president and some directors, lack of interest in transparency, disclosure, and publication of information to the market. Understanding that personal guidance about Sustainability, social, and

governance issues requires the exposure of information to influence the market, investors, and professionals to consider ESG practices.

Overall, these elements collectively contribute to the decision-making processes of companies with ESG practices and those that do not have ESG practices, highlighting the importance of integrating sustainability practices into corporate strategies for long-term success.

Aiming to raise awareness about the importance of ESG in strengthening the brand from the perspective of leaders, the results also offered practical insights for managers and strategic areas, suggesting that the factors that hinder the practice of ESG can be transformed into opportunities before they become problems. In addition, existing facilitating factors must be enhanced, not left to chance. The research revealed a dissatisfaction with organizational and cultural aspects, especially the lack of knowledge and inclusion in directive agendas, which will contribute to the success of ESG practices to strengthen the brand and add competitive differential.

The leaders interviewed underscore the importance of effective outreach that guides and inspires the search for new ideas and practical approaches. Leadership transcends mere supply chain management, becoming an essential pillar for the advancement and evolution of the ecosystem that supports ESG practices to strengthen brands and arouse consumer preference in the purchase decision. Cutting-edge, innovative companies that seek to raise more attractive financial resources or go public on the stock exchange, ESG practices directly impact and value the brand in the view of the interviewees.

Quality, price, and delivery time are considered of greater importance in the purchase decision, even if this means only existing products and businesses, instead of creating an image of an environmentally and socially correct company that is ethical in disclosing financial and social information. Consumers are increasingly likely to prefer brands that adopt ESG practices, strengthen brand image, attract talent, improve customer loyalty and investor trust, and contribute to sustainable development.

For companies, the results of this survey offer some practical indications that can be expanded and applied to improve their strategies: Companies committed to ESG practices are more financially valued by investors, are sought after by new talent, and can reduce reputational risks in addition to promoting a more ethical, efficient, and resilient supply chain. These results highlight the growing importance of ESG practices for the long-term success of companies, especially in a challenging market like Brazil. The research suggests that the factors that hinder the practice of ESG, such as the cost of implementation and operational maintenance, can be gradually developed and transformed into opportunities perceived by the ecosystem, as by market trends and appreciation of the new generations of consumers and professionals who are engaged in this practice; and that the existing facilitating factors should be enhanced in internal education and marketing to the interested public.

This study had some limitations that should be considered: the analysis was conducted only with leaders of three specific segments, retail, industry, and transportation, in large companies in Brazil. This delimitation may have influenced the results since different sectors and company profiles may have different dynamics regarding ESG practices and their brand valuation by consumers. In addition, the survey focused exclusively on business managers, which restricts the understanding of the perceptions of other important actors in the context, such as entrepreneurs, financial investors, consumers, and employees of the line of operation; these were not included in this study, which limits the scope of the conclusions. Including these profiles could provide a more holistic and diverse view of the impact of ESG practices on the brand.

For future studies, the scope of analysis should be expanded to include other market segments and different respondents' profiles. For example, investigating sectors such as technology, healthcare, and financial services could reveal new perspectives and enrich understanding of the adoption and effects of ESG practices. These future researches could provide valuable complementary results for both

academia and business by a broader and deeper understanding of ESG and brand practices, helping to formulate more effective strategies and promote sustainable and responsible development, benefiting companies and society as a whole.

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## Appendix

### Interview Script

1. What does it mean to generate a consumer experience with the brand?
2. When looking to generate a unique experience for the customer, what are the points to worry about?
3. In this process of generating a differentiated experience: are sustainable and social behaviors included? Comment it.
4. What are the competitive differentials (e.g., pioneering, technological innovation, Sustainability, etc.) associated with brand positioning? Explain them.
5. What brand image do you want to create for consumers by influencing them to buy? Comment.
6. What are the benefits of ESG, and how do they significantly influence the way business is done in the company? How do you evaluate these benefits for the brand?
7. In your view, how do consumers perceive these benefits?
8. How can companies disclose their ESG actions to attract and retain customers? Has your company been doing this promotion? In what way?
9. When looking to generate an experience for the consumer, how does ESG affect consumers' perception of the brand? Comment it.
10. The growing interest in the supply chain due to ESG concerns has led companies to consider all consumer touchpoints, from the origin of raw materials to the delivery of products to customers. What is your assessment of this position?