

Sovereign brands' contribution to corporate CSR objectives: proposed definitions and operating methods

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RESUME

Cet article de recherche défend dans une série de propositions à caractère exploratoire la thèse selon laquelle les marques souveraines ont une contribution positive aux objectifs RSE des entreprises. Alors que la notion de souveraineté renvoie dans l'inconscient collectif à des valeurs d'égoïsme national, la RSE est davantage associée à des valeurs positives, vertueuses et transnationales. Nous montrons, après avoir soigneusement défini la marque souveraine et son mode opératoire, que la marque souveraine contribue au développement harmonieux, protège les droits sociaux, et s'inscrit dans les objectifs du développement durable, lorsqu'elle agit dans le cadre de l'écodéveloppement.

MOTS-CLES : RSE, marque, dépendance, souveraineté, économie, développement durable

SUMMARY

In a series of exploratory propositions, this research article argues the thesis that sovereign brands make a positive contribution to corporate CSR (Corporate Social Responsibility) goals. While sovereignty is commonly associated with national selfishness in the collective unconscious, CSR is linked to positive, virtuous, and transnational values. After carefully defining the sovereign brand and its mode of operation, we demonstrate that it contributes to harmonious development, protects social rights, and aligns with sustainable development goals when operating within the eco-development framework.

KEYWORDS: CSR, brand, dependence, sovereignty, economy, sustainable development.

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INTRODUCTION

Economic sovereignty is commonly assumed to be difficult to reconcile with social and environmental concerns. Therefore, the concept of a sovereign brand may unconsciously evoke notions of national selfishness in the consumer's mind (Agarwal, 2014). In contrast, a CSR (Corporate Social Responsibility) brand is more likely associated with positive, virtuous, and transnational values (Vogel, 2006), a perception mediated by felt gratitude and moderated by the magnitude of altruistic values held by consumers (Romani et alii, 2013). Our article takes the opposite stance by addressing a fundamental question: how can a brand, as the spokesperson (and guarantor) of an economic actor, adopt a responsible attitude toward the environment or its customers if its political, strategic, or economic dependencies prevent it from exercising this responsibility? Ultimately, the question posed is one of purposes: a brand must be economically sovereign to claim to promote ethically and environmentally responsible behaviors in line with the values and desires of its customers. Conversely, how can a brand promote these behaviors if its destiny is not in its hands but remains dependent on decisions made elsewhere regarding sourcing, production, technical choices, or marketing decisions? Numerous examples abound, exacerbated by the COVID-19 health crises (masks, medicines, etc.) or recent international tensions in Ukraine (inflation of food brands, raw material shortages, rising energy costs, etc.) . This article argues that brands that genuinely and wholeheartedly engage in a Corporate Social Responsibility (CSR) policy cannot escape the need to be economically sovereign because responsibility cannot exist without sovereignty.

As a result of the health and economic crises, consumers are increasingly giving importance to the dependency criteria of a brand . Dependency creates constraints that deprive the brand of its ability to fulfill its CSR commitments, especially in terms of sustainability (Lins & alii, 2017), as illustrated by the resurgence of carbon-intensive electricity production in Europe since the war in Ukraine. A brand that does not control its value chain or is unable to reconfigure it faces threats to its sustainability, which consumers are increasingly aware of today (shortages of masks, medicines, energy, rampant inflation, etc.). This is precisely the *raison d'être* of a sovereign brand: to reduce dependency factors.

After defining the concept of a sovereign brand, we will demonstrate its role as an innovative lever for an ambitious CSR (Corporate Social Responsibility) strategy. The embodiment of CSR through economic sovereignty enhances the legitimacy of brands in various areas of intervention, such as social justice, regional development, and environmental preservation, thus contributing to sustainable development. Our article positions itself upstream of confirmatory research on the subject. Therefore, we will approach the impact of the sovereign brand on CSR from the perspective of research proposals rather than hypotheses, as our approach falls within an exploratory framework.

THE SOVEREIGN BRAND: A DEFINITION PROPOSAL

The sovereign brand as the opposite of the dependent brand.

At the microeconomic level, economic dependence, the antonym of economic sovereignty, is defined as "the impossibility for a company to have a technically and economically equivalent solution to the contractual relationships it has established with another company" (Haas & Renaud-Chouraqui, 2021). A brand is in a state of dependence when three conditions are met under Article L402-2 of the Commercial Code: there is a situation of dependence, a third-party brand unduly benefits from this situation, and this situation affects the functioning or competitive structure of a given market (DGCRF, 2021). The issue of dependence among competitors is subject to debate, as is its use by competition authorities (Marty and Reis, 2013). Dependency between brands is not inherently problematic. However, it becomes problematic when its value in a given market is not substitutable in the short and medium term.

Beyond the legal definition, it is indeed the concept of the brand's strategic destiny that is at stake. Indeed, whether applied to a brand or a state, the concept of sovereignty always refers to the capacity for action, and for the company, to its ability to fulfill its mission. Every strategy requires the preservation of a specific capacity for action at a given moment through the possession of certain resources. These resources may vary over time and do not always lead, in the medium and long term, to those famous dynamic capabilities as revealed by Teece and Pisano (1994). Faced with numerous challenges, including environmental ones that jeopardize their very survival, brands must be sovereign, meaning they must be capable of developing resources that ensure their adaptation to these new constraints. According to Barney (1991), a resource is strategic only if it allows the exploitation of an opportunity or the mitigation of a threat. From this perspective, the new environmental challenges constitute both opportunities and threats.

Sovereign brand: a proposed definition

As rightly emphasized by Keohane and Nye (1987) in an article dedicated to a critical review of their work "Power and Interdependence" (1977), interdependence is a characteristic of the contemporary world. The authors highlight that one of the features of modern economies is the complexity and depth of economic relations between states, which undermine the power of states and, conversely, strengthen the power of non-state actors, be they sub-national, national, or transnational. Global brands are among these transnational non-state actors, especially the GAFAM (Google, Apple, Facebook, Amazon, Microsoft), or "tech giants" in the technology and digital realm. Our concept of the sovereign brand does not aim to extract brands from the interdependent relationships inherent in markets within a liberal economy: no brand in any market can claim self-sufficiency today, an economic regime characterized by a lack of exchanges. The sovereign brand would, therefore, exist between these two extremes: total dependence on one side and complete autarky on the other, in a continuum between deemed unacceptable submission and unrealistic absolute independence.

From a marketing perspective, and by analogy with the definition of state sovereignty (Vie publique, 2019), we formulate the following proposition:

[P1] - *A brand is sovereign if it has the capacity to make commitments and uphold them without relying on others and by organizing itself freely.*

This definition encompasses the two inherent principles of sovereignty: non-interference and freedom of choice. However, suppose we accept that a strong brand is only valuable through its ability to defend a substantial, differentiating, and sustainable competitive advantage expressed in its positioning (Porter, 2023). In that case, economic sovereignty is an indispensable prerequisite for a strong and enduring brand.

However, the sovereign brand does not embrace autarky, a regime of self-sufficiency characterized by a lack of exchanges (Plesia, 1937). The sovereign brand also does not align with the rejection of interdependencies, which characterize relationships among brands in a globalized world (Kuenne, 1992 ; Leontief, 1986), defined by Boulanger as "solidarity ties" among different sectors of an economy (1953). In this regard, the sovereign brand positions its development within a delicate balance between "the ability to act autonomously when necessary and with partners whenever possible," akin to the concept of strategic autonomy advocated by the European Council (2016). However, it is essential to note that the sovereign and autonomous brands are not synonymous, as autonomy is the prerequisite for sovereignty, defined as the rejection of harmful forms of dependency and subjugation.

The sovereign brand preserves economic players' ability to act

Regardless of the term chosen, be it "sovereign brand" or "autonomous brand," the need for freedom of choice to act in one's best interests is always present. Therefore, a brand's sovereignty serves only one purpose: preserving its ability to act to implement its strategy. As perfectly articulated by Desportes (2018), "the art of thinking about action is only of interest if it is free to be implemented." For a brand, the greater the freedom to act, the greater the leeway to execute its strategy. On a microeconomic level, a brand's "reserves" encompass all the human, technological, industrial, financial, and other resources it can mobilize in a given competitive context to "maneuver" while maintaining its freedom of action. In a context of strong dependence, the only strategy available to a brand is a reactive stance. However, in a world characterized by profound and rapid disruptions on many fronts—demographic, climatic, economic, technological, and so on—a mere reactive stance is insufficient; proactivity must be pursued. This is precisely the interpretation of the Economic Sovereignty Barometer conducted by the Vélite firm (2022). The ranking index developed includes three dimensions based on the adopted strategy's offensive, defensive, and contributive orientation and actions taken. Therefore, we propose the following:

[P2]- *The sovereign brand's purpose is to preserve a company's ability to act to implement its own strategy while having the necessary leeway to carry it out.*

A strong brand should be able to adapt to various situations without compromising its values and goals. This means that it should have the capacity to replenish its resources over time, as per the demands of its environment, to fulfill its mission.

A strong brand must prioritize the development of dynamic capabilities, which are essential for the brand's adaptation over time and for creating proactive strategies. The key to preserving freedom of action lies in how well the company's mission aligns with the development of these dynamic capabilities. This requires two main things: a clear understanding of the environmental challenges and how they affect the resources and competencies of the brand, as well as the ability to reconfigure its resources and competencies to ensure the sustainability of its mission in the long run. A brand's existence depends on its ability to maintain its mission over time. This involves mobilizing all available resources to make the brand's mission operational for all stakeholders. A strong brand can successfully rally its stakeholders around the promises of its mission. Such a brand is agile and more focused on its mission than its business. Ultimately, the mission ensures a brand's survival, not its business, which is subject to change with technological advancements.

[P3] - *A sovereign brand prioritizes its dynamic capabilities to ensure the sustainability of its mission, which defines what it is and whom it intends to satisfy in the long term beyond its current business trends.*

THE SOVEREIGN BRAND CONTRIBUTES TO CSR OBJECTIVE

The sovereign brand contributes to harmonious development

The approach of the French government drew inspiration relatively late, in 2014 and then in 2018, from the American Foreign Investment and National Security Act (2007) to define a set of sectors whose strategic assets must be protected from external interference: defense, security, energy, water, transportation, electronic communications, healthcare, and digital technologies. The definition of what is strategic and what is not has continued to pose a problem since then because it should not be subject to the arbitrariness of successive ministries. We propose a simple definition: a sector is strategic when its mastery is necessary to ensure harmonious economic, social, and environmental development. By "harmonious development," we mean an actor's capacity, whether public or private, to achieve objectives beyond purely economic purposes and encompass social justice and environmental preservation issues. Our definition of "harmonious development" aligns well with the framework of the Triple Bottom Line (TBL) advocated by Elkington (1994), in which a company should be "economically viable, socially responsible, and environmentally sound," and more broadly within the framework of corporate social responsibility (CSR) adopted by the European Commission (2011), which addresses "the responsibility of companies for the impact they have on society." Therefore, we propose the following:

[P4] - *The sovereign brand contributes to preserving strategic sectors whose mastery is necessary to ensure harmonious economic, social, and environmental development.*

The sovereign brand protects social rights

Karl Polanyi (1944), in his prescient work "The Great Transformation," highlighted a significant shift in market practices in the 19th century: in a capitalist economy, the economy is no longer embedded in social relations; instead, social relations are embedded in the economy, as he succinctly summarizes with the phrase, "a market economy can only function

within a market society." Once land, labor, and money became commodities, society became an extension of the economic system. Consequently, the fragmentation of value chains resulting from the globalization of economies affects social life. This idea is the rationale behind Proposal n°505 regarding the decree on foreign investments in France and the protection of strategic industrial groups: "A nation's industrial power is the guarantee of its economic independence, its ability to innovate, provide sustainable employment for its people, and create wealth to finance social solidarity sustainably" (page 1).

The challenges to social relations, as highlighted by the social movements of the Yellow Vests ("Gilets jaunes") in November 2020, are part of a reality finely analyzed by Christophe Guilluy in his work "La France périphérique" (2015): the downward mobility of entire social categories (Maurin, 2009) and a territorial divide that threatens the cohesion of the country, exacerbated by the lack of renewal of elites in a stagnant society (Crozier, 1972). While companies are not meant to replace the state, they can, at their level, mitigate inequalities and address, for example, the causes of workplace discontent, which is more pronounced in France than in other countries (Fourquet et al., 2018): disparities between qualifications and job positions, responsibilities limited to mere execution, inadequate managerial methods, bureaucratic burdens, etc. These realities, which influence the sense of social decline, must be corrected where they are most keenly felt, namely within companies. How could a company incapable of meeting its employees' legitimate aspirations claim to play a role in sustainable development or environmental transformation? The recent example of Danone proves that when the internal and external dimensions are too disconnected, a mission-driven company exposes itself to severe setbacks (Lévêque & Segrestin, 2021). Within the framework of CSR, the sovereign brand must address its employees' legitimate aspirations, and we propose the following:

[P5]- *The sovereign brand, when integrated into a coordinated value chain reconfiguration scheme, contributes to reducing social inequalities and workplace dissatisfaction.*

The sovereign brand contributes to sustainable development

Does the sovereign brand contribute to environmental protection and, more broadly, to the objectives assigned to CSR (Corporate Social Responsibility)? Several viewpoints allow us to address this question. Firstly, it is essential to question the legitimacy of specific outsourcing policies due to the negative externalities they generate, namely the induced effects of such policies on the human, social, and environmental levels. Beyond the economists' perspective, it is essential to adopt the sociologist's viewpoint on negative externalities that Friedberg and Musselin (1999) describe as the externalization of cooperation costs. In the subcontracting of products and services, it is evident that many actors offload onto subcontractors in developing countries, leaving them to bear the regulatory costs they are unwilling to shoulder: excessive working hours, personal risk-taking, regulatory fraud, and this also applies to environmental protection and the fight against pollution.

However, if environmental quality and, more broadly, social rights are to be considered a global public good (Darrigues & Montaud, 2011), relinquishing sovereignty for often short-term reasons has significant consequences for the planet. Let us not be naive. The restoration of economic sovereignty does not guarantee an "ecological and social rupture," to use the terms

of an Attac France report (2022). One of the conditions is to embed economic sovereignty in sustainable development, which Ignacy Sachs (1980) defines as eco-development: "the development of populations by themselves, making the best use of natural resources, adapting to an environment they transform without destroying it." For the author, it is up to each human group in a specific situation to devise its unique strategy based on its resources. It means to "implement a life project deemed the best socio-politically." This perspective is appealing because it establishes an undeniable link between eco-development and economic sovereignty. Therefore, we propose the following:

[P6]- *The sovereign brand, when operating within the framework of eco-development, makes a positive contribution to sustainable development.*

CONCLUSION

The economic and diplomatic shift imposed on the world by the COVID crisis and the war in Ukraine has highlighted the weaknesses of interdependent economies. The challenges of sustainable development, the threats posed by climate change, and the worsening of social inequalities have led to a growing awareness of the urgency of these issues. We are only mentioning a few of the negative externalities caused or exacerbated by the globalization of economies. While we have agreed that economic interdependence is a reality that cannot be challenged, the level of dependence accepted can no longer be such that it permanently deprives companies, and consequently brands, of any maneuvering room regarding the social and environmental components of CSR (Corporate Social Responsibility). Our article aims to open up a new field of research around the idea that there can be no sustainable development without economic sovereignty and no CSR without sustainable development. We have endeavored to show in a series of propositions, which will soon need to be translated into hypotheses for validation, that the reconstruction of value chains that allow nations and companies to preserve their leeway now integrates, more than ever, objectives that are precisely those of CSR. In this regard, the sovereign brand protects social rights, contributes to environmental protection, and is an essential component of sustainable development. The legitimate concern for "Made in France," an attribute of the sovereign brand, must be combined with "Made Differently." We do not purchase a product solely for its (re)localization but because this localization reflects a set of distinctive attributes. We believe that developing sovereign brands is the means to construct this "differently" by integrating concerns inherent to CSR.

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