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The Impact of Corporate ESG Performance on Sustainable Brand Management: Research Progress and Future Directions

Youyou Li[1], Youngmi Kim[2,*]

[1]*Department of Business Administration, Dongshin University, Naju-si, 58245, South Korea*
[2]*Department of Tourism Management, Dongshin University, Naju-si, 58245, South Korea*
**Corresponding author*

Abstract: *Against the backdrop of the deepening integration of sustainable development principles, corporate brand management is gradually shifting from a traditional market-oriented approach to a responsibility-driven and long-term value-oriented strategy. As a key non-financial indicator assessing corporate environmental, social, and governance (ESG) performance, ESG not only reflects a firm's capacity to fulfill its social responsibilities but also exerts a profound impact on the shaping and management of sustainable brands. This paper systematically reviews the relevant literature, defines the core concepts and theoretical foundations, and explores in depth the mechanisms through which ESG performance contributes to sustainable brand management. It also summarizes the main research progress and emerging trends in the field. Furthermore, the paper identifies existing gaps in the literature, particularly regarding the construction of influence mechanisms, contextual adaptability, and methodological innovation. Based on these observations, the study proposes future research directions, including the deepening of mediating and dynamic mechanisms, expanding research into cross-cultural contexts, and strengthening perspectives related to digital communication and consumer co-creation. This study aims to provide a theoretical framework and pathway guidance for future academic research, as well as practical insights for firms seeking to develop sustainable brand strategies under a responsibility-oriented paradigm.*

Keywords: *Environmental, Social, and Governance (ESG); ESG performance; sustainable branding; brand management*

1. Introduction

Against the backdrop of sustainable development becoming a global consensus, the connotation and scope of brand management are undergoing continuous transformation. Companies are no longer solely relying on traditional marketing approaches to enhance brand value; instead, they are placing increasing emphasis on the long-term vitality of their brands and the construction of a socially responsible brand image, known as sustainable branding [1]. Sustainable brand management not only reflects a firm's long-term stability in market competition but also demonstrates its overall performance in environmental protection, social contribution, and governance practices.

Meanwhile, Environmental, Social, and Governance (ESG) performance, as a key indicator for evaluating corporate sustainability, has gradually become a focal point of attention among internal and external stakeholders [2]. High-quality ESG performance not only enhances a company's risk resilience but also improves corporate reputation and strengthens public trust, thus exerting a positive influence on the brand′s long-term development.

In recent years, the impact of corporate ESG performance on brand management has emerged as a prominent topic in academic research. Some studies have shown that companies' proactive actions in environmental protection, social responsibility, and corporate governance help establish responsible and accountable brand images in consumers′ minds, thereby enhancing brand loyalty and market recognition [3]. However, most existing studies focus primarily on the direct effects of ESG on brand value or brand reputation, with limited systematic exploration of how ESG performance drives sustainable brand management. Moreover, there remains a lack of comprehensive review regarding the mechanisms across different ESG dimensions and their variations across industries, regions, and firm types.

In response to these gaps, this paper provides a systematic review of the relationship between ESG

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performance and sustainable brand management. It comprehensively examines core concepts, theoretical foundations, influence mechanisms, and key research findings, summarizes research hotspots and development trends, and aims to offer theoretical references for future research as well as practical insights for firms seeking to integrate ESG strategies effectively into brand management practices.

2. Literature Review

2.1. Sustainable Branding

Sustainable branding refers to a company's ability to maintain the vitality, credibility, and competitive advantage of its brand over the long term in an ever-changing market and social environment. Unlike traditional brand value, which mainly focuses on short-term financial returns, sustainable branding emphasizes a firm's systematic commitment to environmental protection, social responsibility, and ethical governance [4]. Today′s consumers are increasingly concerned about corporate ethical images and social contributions. Brands are no longer perceived merely as commercial symbols but are evolving into reflections of a company's core values and responsibility consciousness.

Existing studies generally agree that sustainable branding encompasses key dimensions such as brand trust, brand loyalty, perceived social responsibility, value congruence, and brand resilience [3,5]. Firms that achieve value alignment with both consumers and society across multiple dimensions are more likely to achieve stable, long-term brand development in highly competitive and uncertain markets.

2.2. Environmental, Social, and Governance (ESG)

Corporate ESG performance is a critical non-financial indicator used to assess a company's sustainability capabilities and is widely applied in corporate strategy development, investment analysis, and public evaluation [2]. The environmental dimension focuses on corporate initiatives related to resource conservation, pollution prevention, green innovation, and climate change mitigation. The social dimension emphasizes corporate responsibility toward employee welfare, consumer rights protection, supply chain management, and public welfare participation. The governance dimension reflects corporate arrangements regarding governance structures, information disclosure, internal control, and compliance mechanisms.

Together, these three dimensions form the core of corporate responsibility management, representing firms' systematic responses to social and ecological expectations beyond economic objectives. High ESG performance not only enhances corporate reputation and reduces operational risks but also strengthens public trust and brand identification, providing a solid foundation for sustainable brand development.

2.3. Theoretical Foundations

In exploring the impact of ESG performance on sustainable branding, existing studies have drawn on several classical theories, including stakeholder theory, signaling theory, and the theory of planned behavior (TPB), to provide theoretical support for understanding their relationship.

Stakeholder theory posits that companies should address and balance the interests of multiple stakeholders, including shareholders, employees, consumers, governments, and the general public. ESG practices, as responsible actions coordinating various stakeholder interests, contribute to enhancing brand identification and trust among these groups, thus promoting brand recognition and sustainable development [6]. This theory provides a crucial basis for understanding the positive linkage between corporate responsibility and brand trust.

Signaling theory emphasizes that in a market environment characterized by information asymmetry, companies convey their true intentions and value positions to external stakeholders through observable actions. Proactive ESG practices serve as external signals of a company's ethical commitment and sustainable development strategy, helping to reduce cognitive uncertainty among consumers and investors, and enhancing their trust and loyalty toward the brand [7].

The TPB argues that individual behaviors are jointly influenced by attitudes, subjective norms, and perceived behavioral control. In the context of brand management, TPB can explain how consumers, after perceiving corporate ESG activities, form brand attitudes and behavioral intentions [8]. Specifically, strong ESG performance improves consumers′ positive evaluations of the brand (attitudes), enhances their social identification with the brand (subjective norms), and makes positive behavioral choices easier (perceived behavioral control), thereby promoting sustainable consumption behavior. TPB thus provides a psychological mechanism for understanding how ESG performance affects consumer brand behavior.

3. The Impact of ESG Performance on Sustainable Branding

3.1. Impact of Environmental Performance

Environmental performance, as a reflection of a company's ecological responsibility, is the ESG dimension most readily perceived by consumers. In the context of increasingly severe challenges such as global climate change and resource depletion, consumers are paying growing attention to corporate environmental initiatives. By engaging in green production, improving energy efficiency, achieving carbon neutrality, and adopting eco-friendly packaging, companies can not only reduce operational costs and compliance risks but also send strong signals of environmental responsibility. These efforts contribute to building a green and responsible brand image, thereby enhancing consumer identification with and loyalty toward the brand [9].

Strong environmental performance can also attract positive attention from policymakers, the media, and the public, while appealing to environmentally conscious consumer segments and achieving brand premium effects [10]. In light of the growing trend toward green consumption, environmental initiatives have become a critical component of brand differentiation strategies. Moreover, the accumulation of environmental performance enhances a company's ability to effectively manage crises related to environmental incidents and accelerates brand reputation recovery, thereby strengthening brand resilience and ensuring long-term brand stability.

3.2. Impact of Social Performance

Social performance reflects a company's responsibility toward various stakeholders, including employees, consumers, supply chains, and local communities, and serves as a critical foundation for constructing brand social value [9]. Proactive engagement in employee welfare, product safety, and public welfare initiatives can enhance the brand′s moral image and increase public trust. Internally, strong employee relations and a healthy organizational culture contribute to improving service quality and brand communication. Externally, a focus on protecting consumer rights and advancing public welfare can foster emotional identification among consumers, promoting brand loyalty and positive word-of-mouth.

Moreover, social performance enhances consumers′ perceptions of a brand′s moral and emotional value. Companies that actively engage in social welfare and support vulnerable groups are more likely to evoke value resonance and positive associations among consumers. In the highly developed social media environment, corporate social responsibility activities can quickly be transformed into brand reputation assets, becoming key factors influencing consumers′ purchase intentions and brand preferences [3].

3.3. Impact of Governance Performance

Governance performance reflects a company's capabilities in organizational structuring, role and responsibility definition, and compliance management, serving as an institutional safeguard for sustainable branding. A well-structured and transparent governance system improves decision-making efficiency, strengthens public and investor trust, and contributes to building a stable and credible brand reputation [3]. When brands face crises, companies with higher governance performance are typically better equipped to identify risks, disclose information transparently, and repair their reputations, enabling them to respond quickly to public concerns and mitigate potential brand damage.

Furthermore, governance performance influences the consistency of brand values and the stability of the brand′s ethical image [11]. For example, strong performance in areas such as data privacy protection, anti-corruption initiatives, and anti-monopoly compliance directly shapes consumers′ perceptions of a brand′s ethical standards. Companies that integrate ESG principles into their governance systems and align governance performance closely with brand strategy can achieve a two-way synergy between responsibility management and brand development, thereby enhancing their long-term competitiveness and social influence.

4. Research Progress

4.1. Overall Impact and Multidimensional Mechanisms of ESG Performance

The majority of current studies indicate that corporate ESG performance has a significant positive effect on enhancing sustainable branding. Strong performance in environmental practices, social responsibility, and corporate governance not only strengthens a company's overall reputation but also helps build consumer trust and loyalty toward the brand [3,12]. Especially against the backdrop of the growing prevalence of green consumption concepts, consumers are increasingly inclined to support brands that demonstrate strong responsibility awareness and sustainable performance.

From a dimensional perspective, environmental performance is more easily perceived by the public and plays a prominent role in promoting the construction of a green brand image. Social performance strengthens the brand′s humanistic attributes and emotional connections through initiatives such as employee care, consumer rights protection, and social welfare activities. Governance performance, in turn, reflects a company's compliance, transparency, and long-term stability, providing an institutional foundation for building brand trust. Some recent studies have started to adopt multidimensional models to compare the differential impacts of ESG dimensions on branding and to explore potential synergistic effects [13].

4.2. Contextual Differences and the Evolution of Empirical Methods

Beyond universal mechanisms, researchers have increasingly examined how the relationship between ESG performance and branding varies across industries, regions, and organizational types. For example, in green-sensitive industries such as food, personal care, and textiles, consumers tend to be more sensitive to ESG performance, making sustainable brand building more strongly affected [14,15]. In contrast, in asset-heavy or business-to-business (B2B)-oriented industries, the governance dimension may play a more critical role [16]. Furthermore, consumer expectations regarding corporate responsibility differ across national and cultural contexts, leading to a growing number of empirical studies adopting cross-cultural perspectives.

In terms of research methods, with the increasing availability of ESG rating data and brand management metrics, research has gradually evolved from descriptive and case-based approaches to more sophisticated empirical analyses. In recent years, scholars have extensively applied methods such as multiple regression analysis, structural equation modeling, and panel data analysis. In addition, the incorporation of mediating variables (e.g., brand identification) and moderating variables (e.g., environmental consciousness) has enhanced the explanatory power and theoretical applicability of models in this field.

4.3. Emerging Perspectives in the Context of Digital Transformation

With the widespread adoption of social media and digital technologies, companies are encountering new opportunities for disseminating ESG information and building sustainable brand images [17]. An increasing number of studies are focusing on how companies leverage digital platforms to enhance ESG communication through storytelling, visualization, and interactive methods, thereby strengthening consumers′ perceptions of brand responsibility and emotional connection.

In the digital environment, consumers are no longer passive recipients but active co-creators of brand responsibility images. Their comments, shares, and participatory behaviors on social media not only influence others′ perceptions but also shape the brand′s reputation. Particularly among younger consumers, a company's digital responsibility performance is increasingly perceived as a reflection of its brand values, significantly impacting brand favorability and purchase intentions. Therefore, digital communication has become an essential component of sustainable brand management and deserves continuous academic attention [18].

5. Future Research Directions

5.1. Deepening Mechanisms and Exploring Dynamic Processes

Most existing studies have focused on verifying the direct relationship between ESG performance and sustainable branding, and although a positive linkage has been preliminarily established, the

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underlying mediating mechanisms remain insufficiently explored. Future research could incorporate psychological variables such as brand trust, emotional identification, perceived value, and moral congruence, and develop multi-level models to reveal how ESG performance influences consumers′ attitudes, emotions, and behaviors, ultimately enhancing the long-term value of brands. In addition, future studies could investigate the bridging roles of brand reputation and social identification between different ESG dimensions, thereby identifying the relative importance and effectiveness of distinct mechanisms.

Moreover, the impact of ESG performance on branding exhibits a clear cumulative effect over time. Such effects are often not immediate but are gradually built through long-term fulfillment of corporate responsibilities, fostering public trust and recognition. Therefore, future research should strengthen dynamic perspectives by employing longitudinal designs or panel data methods to explore how ESG performance influences the evolution of brand trust, brand resilience, and brand lifecycle performance, thereby enriching the temporal dimension of sustainable branding theories.

5.2. Expanding Contextual Adaptability

The impact of ESG performance on sustainable branding is not static but highly contingent upon the interaction between external contexts and internal characteristics. Significant differences exist across countries and regions in terms of cultural values, regulatory environments, media ecosystems, and public awareness of corporate responsibility, all of which may moderate the influence of ESG performance on sustainable branding. For example, in cultures with a strong emphasis on social responsibility, the social dimension of ESG may exert a greater impact on brand identification, while in countries with highly transparent regulatory systems, the governance dimension may play a more prominent role in enhancing brand credibility.

Future research should strengthen comparative studies across cultures and institutional settings, examining how contextual factors such as cultural values, regulatory strength, and responsibility preferences moderate the ESG-brand relationship. In addition, given the varying degrees of ESG sensitivity and public attention across industries, studies should consider industry-specific attributes—such as green-sensitive sectors (e.g., food, personal care, apparel) versus capital-intensive industries (e.g., energy, manufacturing)—to improve the granularity and practical applicability of research conclusions.

At the organizational level, research on ESG performance among small and medium-sized enterprises (SMEs) or emerging brands remains limited. Compared to large corporations, SMEs face greater constraints in resource allocation, information disclosure, and system development, yet they often rely more heavily on public trust and value congruence during brand growth. Future studies could explore how SMEs build responsibility-based brand identification through flexible and targeted ESG practices or examine how start-up brands leverage responsible brand images to rapidly penetrate markets, thereby expanding the applicability of ESG strategies across different organizational contexts.

5.3. Focusing on the Digital Context

With the rapid development of social media, short video platforms, and mobile internet technologies, the interaction between companies and consumers has fundamentally changed, shifting ESG communication from one-way transmission to multi-directional co-creation. Against this backdrop, how companies effectively convey their ESG philosophies and guide consumer perceptions and behaviors in digital environments has become a new topic in sustainable brand management. Although some studies have begun to explore corporate ESG communication strategies on social media platforms—such as live streaming of public welfare initiatives and short videos promoting green products—comprehensive research remains relatively scarce.

Digital media has also empowered consumers to play increasingly active roles in constructing brand responsibility images. User-generated content (UGC) and consumer sharing and commentary behaviors have gradually become mechanisms for the reproduction of brand images. Consumers not only evaluate corporate responsibility actions but also co-create brand value through content creation. Future research could combine text mining, sentiment analysis, and social network data to explore how consumers′ roles shift in the ESG communication process and how these changes drive brand perception, trust, and loyalty.

Furthermore, attention could be directed toward how digital tools such as artificial intelligence and big data support brand responsibility management. Topics worthy of further exploration include whether intelligent recommendation systems exacerbate biases related to brand responsibility, whether false responsibility claims trigger brand trust crises, and how companies can leverage data analytics to predict ESG-related reputational risks. Addressing these issues will help promote the deeper integration of brand management, sustainable communication, and corporate strategy.

6. Conclusion

Against the backdrop of sustainable development becoming increasingly embedded in corporate strategies and public consciousness, brand management has shifted from a purely market-oriented approach to one that emphasizes responsibility and long-term value creation. As a key indicator of corporate performance beyond financial metrics, ESG performance not only reflects a company's fulfillment of its social and environmental responsibilities but has also become an increasingly important factor influencing sustainable brand management. This study systematically reviewed the core concepts, theoretical foundations, influencing mechanisms, and research trends in the relevant field, aiming to provide a comprehensive overview of the current research landscape and future directions.

In terms of research content, corporate ESG performance positively impacts sustainable branding by strengthening brand trust, conveying value congruence, and enhancing emotional identification across the environmental, social, and governance dimensions. Existing studies have preliminarily established the pathways linking ESG performance to sustainable branding and have explored the differences in mechanisms across dimensions. However, much of the research remains at a macro level, lacking deeper investigations into mediating mechanisms and systematic analyses of contextual variables. Additionally, there remains room for methodological innovation and dynamic process exploration.

Future research should further deepen the construction of mechanism pathways and extend the time dimension, expanding empirical foundations across different cultures, industries, and types of enterprises. Particular attention should be paid to the expression of ESG performance and consumer co-creation of brand value in digital communication environments. Moreover, the responsibility practices of SMEs, emerging brands, and new technology platforms offer valuable perspectives for extending the research boundaries. By integrating theoretical innovation with methodological advancement, future research can more effectively uncover how corporate ESG performance supports the long-term sustainable development of brands in increasingly diverse social contexts.

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