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# Stakeholder relationships, brand equity, firm performance: A resource-based perspective<sup>☆</sup>

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## ABSTRACT

The present research investigates the links among stakeholder relationships, corporate brand equity, and firm performance. Using the resource-based theory (RBT), the authors propose an integrative conceptual framework in which a firm's relationships with multiple stakeholders drive corporate brand equity, which then leads to firm performance. The empirical analysis features firm-level, secondary data from a sample of 282 firm-year observations obtained from 81 multinational companies during 2005–2008. The empirical results indicate a positive relationship between the quality of stakeholder relations and brand equity. Furthermore, brand equity mediates the link between stakeholder relations and firm performance. This research thus offers new insights into the strategic effects of stakeholder relationships in a brand domain.

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## 1. Introduction

The evolution of the marketing domain, to go beyond the customer, includes a broad set of stakeholders (Frow & Payne, 2011; Hillebrand, Driessen, & Koll, 2015; Hult, 2011; Hult, Mena, Ferrell, & Ferrell, 2011). A firm's relationships with stakeholders, such as investors, employees, suppliers, distributors, customers, and partners, are valuable resources that can help the firm compete better in the marketplace (Hillebrand et al., 2015) and serve as important precursors of stakeholder value. Accordingly, recent research devotes more attention to the role of stakeholders as brand value co-creators (e.g., Vallaster & von Wallpach, 2013). More than affecting the product brand, stakeholder relations help shape a firm's corporate brand (Schwaiger & Sarstedt, 2011).

Despite this growing research interest, the conceptual development of the link between stakeholders and brands remains in an early stage (Kornum & Mühlbacher, 2013). Extant research notes the active roles of multiple stakeholders in brand value creation processes (e.g., Gyrd-Jones & Kornum, 2013; Iglesias, Ind, & Alfaró, 2013). However, the question remains as to how stakeholders can create brand value. Marketing scholars suggest that higher-order organizational effects can arise from certain processes, such as customer relationship

management (e.g., Payne, Storbacka, Frow, & Knox, 2009), but brand literature largely ignores this line of inquiry.

In the resource-based theory (RBT), resources and capabilities that are valuable, rare, and imperfectly imitable result in sustainable competitive advantages (Barney, 1991). Marketing strategy literature applies the RBT logic to investigate the effect of marketing resources and capabilities in areas such as brand and customer-firm relationship on firm performance (e.g. Kaleka, 2011; Morgan, Slotegraaf, & Vorhies, 2009; Vorhies, Orr, & Bush, 2011). While this literature enhances understanding of how brand equity gets created, most studies either adopt a customer-centric brand view (e.g., Vorhies et al., 2011) and/or narrowly focus on specific stakeholder group(s) such as distributors and suppliers (e.g. Kim & Cavusgil, 2009; Zou, Fang, & Zhao, 2003). There is a dearth of research that adopts a more inclusive, interactive brand perspective to examine the role of stakeholders as marketing resources. Similarly, no empirical evidence reveals how multiple stakeholder relationships can be converted into brand advantages, and then into firm performance (Kozlenkova, Samaha, & Palmatier, 2014).

The objectives of the current study thus are two-fold: (1) to delineate conceptually how a firm's relationships with multiple stakeholders can drive corporate brand equity and (2) to test empirically the extent to which stakeholder relationships can be converted into corporate brand equity and then into firm performance. With an RBT perspective, the proposed, integrated, conceptual framework connects stakeholder relationships, corporate brand equity, and firm performance. The test of this framework involves an empirical analysis at the firm level, using secondary data assembled from multiple sources that include

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282 firm-year observations from 81 multinational companies during 2005–2008.

In turn, several integration-based contributions to brand and RBT studies stem from the current research (MacInnis, 2011; Yadav, 2014). First, this research extends the concept of brand equity with an RBT perspective. The revised concept shifts the focus to the strategic aspects of brand equity formation and enables theoretical linkages of brand equity with stakeholder relations and firm performance in a single framework. Second, this work adopts a dynamic capabilities approach to conceptualize the role of stakeholder relationships in creating brand value, which provides novel insights. Third, this study extends RBT literature in marketing by considering stakeholder relations as marketing resources and broadens understanding of how marketing resources can lead to brand equity. Fourth, this article provides empirical evidence of the theoretical pathway from marketing resources to competitive advantage to firm performance. The concurrent inclusion of three strategic variables in the same empirical model, taking their interdependencies into account, supports a better assessment of the chain of effects.

The next section provides a review of brand equity literature and the RBT studies in brand and stakeholder management. Following the conceptual framework and the empirical findings, this article concludes with a discussion of implications and limitations.

## 2. Literature review

### 2.1. Brand equity

Marketing literature contains various conceptualizations of brand equity (Davicik, da Silva, & Hair, 2015; Veloutsou, Christodoulides, & de Chernatony, 2013). For example, Ailawadi, Lehmann, and Neslin (2003, p. 1) refer to brand equity as “the marketing effects or outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name.” Extant literature mostly approaches the effects or outcomes from a consumer- or firm-based perspective. The consumer-based perspective indicates that brand value creation stems from consumer-level outcomes, such as perceptions, attitudes, knowledge, and behavior (e.g., Christodoulides & de Chernatony, 2010). The firm's point of view instead concentrates on firm-level outcomes such as price, market share, revenues, and cash flows (Ailawadi et al., 2003). The firm-based perspective also comprises considerations of both product markets and financial markets (Keller & Lehmann, 2006). The former reflects a brand's performance in a product marketplace, whereas the latter refers to the brand's future ability to attract profits or cash flows to the company (Ailawadi et al., 2003).

In contrast with traditional output-oriented views, a contemporary perspective argues that brand value arises continuously through interactions among the firm, its brands, and all stakeholders (Davicik et al., 2015; Merz, He, & Vargo, 2009). This stakeholder cooperative perspective – by addressing how firms, consumers and other groups co-create brand value simultaneously – encompasses both firm- and consumer-based perspectives (Iglesias et al., 2013; Nguyen, Dadzie, Davari, & Guzman, 2015). The current study therefore relies on this broad stakeholder cooperative perspective on brand equity.

Emergent research in brand co-creation explores various ways that multiple stakeholders co-create brand equity. For example, brand meaning often results from simultaneous interactions among interdependent stakeholders in a brand's network (Iglesias & Bonet, 2012; Vallaster & von Wallpach, 2013). Iglesias et al. (2013) suggest that stakeholders co-create brand value through conversations and negotiations. Gyrd-Jones and Kornum (2013) also explore the processes of brand equity co-creation, which invoke stakeholder interactions embedded in multiple stakeholder systems. These authors suggest that stakeholder interactions allow for the co-exploration of new modes of representation and expression for the brand and the co-development of new products.

The current research focuses on brand equity at the corporate level for several reasons. A stakeholder approach is in line with corporate branding literature, which highlights the role of the corporate brand in creating sustainable relationships between a company and multiple stakeholders (Balmer & Gray, 2003; Schwaiger & Sarstedt, 2011). In addition, stakeholder effects are most prominent in areas such as the corporate identity, image, and reputation of the firm, which comprise the corporate brand construct (Brown, Dacin, Pratt, & Whetten, 2006). Finally, from a managerial viewpoint, resource allocation decisions across a broad array of stakeholder groups mostly take place at a corporate level.

### 2.2. The RBT perspective in brand and stakeholder management

Capabilities are subsets of firm resources (Kozlenkova et al., 2014), defined as complex bundles of skills and accumulated knowledge, exercised through organizational processes that enable firms to coordinate activities and make the most efficient and competitive use of their assets (Day, 1994). In particular, Teece (2014) proposes the concept of dynamic capabilities, which represent higher-level activities that enable the firm to recognize opportunity, reconfigure resources, and adapt to changing markets and business environments. Dynamic capabilities can lead to the development of new practices, processes, or markets and contribute to firm performance (Drnevich & Kriauciunas, 2011).

A growing body of research focuses on dynamic marketing capabilities (for a review, see BARRALES-MOLINA, MARTINEZ-LOPEZ, & GAZQUEZ-ABAD, 2014). Some studies note the role of dynamic marketing capabilities in performance (e.g., Palmatier, Houston, Dant, & Grewal, 2013), whereas others address the nature and generating mechanisms of dynamic capabilities (e.g., Wang, Hu, & Hu, 2013). A core dynamic capability in marketing pertains to building brands (Maklan & Knox, 2009). Extant research on dynamic capabilities related to branding considers the processes of customer relationship management (e.g., Vorhies et al., 2011), new product development (e.g., Zou et al., 2003) and supply chain management (e.g., Kim & Cavusgil, 2009). The generally accepted components of dynamic capabilities that emerge in these processes include innovation (Im, Montoya, & Workman, 2013), organization learning (Frow & Payne, 2011; Vorhies et al., 2011), and knowledge integration (Dangelico, Pontrandolfo, & Pujari, 2013; Kim & Cavusgil, 2009).

Stakeholder management research also suggests that stakeholder relationships constitute organizational resources that help firms develop new capabilities (e.g., Aragón-Correa & Sharma, 2003; Surroca, Tribó, & Waddock, 2010). In addition to innovation and learning, scholars propose a stakeholder integration capability, or an ability to establish collaborative relationships and manage complex interactions with a wide range of stakeholders, especially those with non-economic goals (e.g. Hart & Sharma, 2004; Sharma & Vredenburg, 1998).

In summary, though RBT studies identify capabilities with similar characteristics in the respective areas of brand management and stakeholder relationships, most of these studies appear in parallel.

## 3. Conceptual framework and hypotheses

Fig. 1 presents the conceptual model, grounded in RBT perspectives. First, the RBT focuses on firm performance as a key outcome variable. Second, the RBT provides a sound argument that connects stakeholder relations to competitive advantage through capabilities.

This conceptual framework guides the hypothesis development, designed to validate the pathway from stakeholder relationships to brand equity and then to firm performance. Using the RBT as a theoretical grounding renders the firm the unit of analysis for this empirical assessment.

### 3.1. Brand equity as competitive advantage

According to the RBT, brands are firm assets that are valuable, rare, and imperfectly imitable (Kozlenkova et al., 2014). A brand constitutes

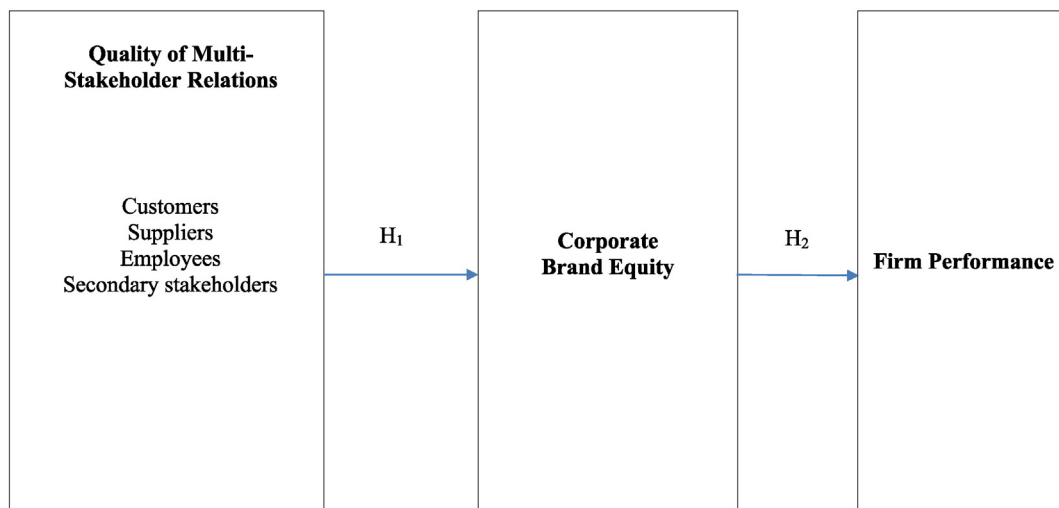


Fig. 1. Conceptual framework.

a source of competitive advantage, because branding enables a firm to create economic value that it otherwise would not be able to create (Barney, 2014). Thus, branding creates equity, as a form of competitive advantage. The RBT perspective suggests two approaches to brand equity at the firm level (Barney, 2001). First, competitive advantage exists with respect to the actions of other firms; when an organization can leverage a brand to increase its efficiency and effectiveness in ways that competing firms cannot, that organization possesses a competitive advantage. Therefore, brand equity may reflect various strategic advantages that accrue to the brand, relative to competitors. This approach corresponds with traditional concepts of brand equity, related to customer and product market outcomes. For example, brand equity occurs when consumers respond more strongly to a brand's actions, relative to competing brands' actions (Capon, 2013).

Second, an approach to competitive advantage based on the expected returns of shareholders refers to economic rent (Barney, 1986, 2001). If a firm can use a brand to generate greater returns relative to the expectation of investors, that firm has a competitive advantage. This approach corresponds to the financial-based brand equity concept. For example, brand equity is “the brand's current and future ability to attract paying customers and increase shareholder value” (Capon, 2013, p. 176).

What is the nature of the competitive advantage that corresponds to the stakeholder cooperative view of brand equity (Davicik et al., 2015; Merz et al., 2009)? Applying a dynamic capabilities perspectives (Barrales-Molina et al., 2014; Maklan & Knox, 2009; Teece, 2014), the present research argues that one way to characterize the continuous and interactive nature of brand value is with the firm's acquisition of superior dynamic marketing capabilities, relative to rivals. That is, a firm obtains a competitive advantage when that firm can interact with stakeholders and manage stakeholder knowledge better than competitors, as well as more effectively use and integrate stakeholder knowledge across functions to change processes and routines or reconfigure the resource base to create stakeholder value in the brand network.

### 3.2. Dynamic capabilities: linking stakeholder relationships and brand equity

In developing the rationale for a link between stakeholder relations and brand equity (Davicik et al., 2015; Iglesias et al., 2013), this study uses a dynamic capabilities perspective as a bridging construct. This perspective leverages the idea from stakeholder management literature that stakeholder relationships result in dynamic capabilities. Combining this idea with the argument that dynamic capabilities give rise to brand equity, this study proposes a conceptual

pathway: stakeholder relations → dynamic capabilities → brand equity. Accordingly, each stakeholder group and process combination can promote dynamic capabilities in the brand domain. The presentation of this rationale starts with each primary stakeholder group individually and ends with the secondary stakeholder group as a whole. Specifically, primary stakeholders are those who are essential to the operation of the business such as customers, employees, suppliers, and shareholders (Clarkson, 1995; Hult et al., 2011); secondary stakeholders refer to those who can influence the firm's primary stakeholders (e.g., non-governmental organizations) (Freeman, Harrison, & Wicks, 2008; Godfrey, Merrill, & Hansen, 2009).

#### 3.2.1. Customers

The process of customer relationship management can promote learning and innovation capabilities. For example, research suggests that companies can learn how to create increased brand meaning in the process of managing consumer experiences (e.g. Iglesias et al., 2013; Payne et al., 2009). In addition, customer involvement in the product development process can enhance the firm's innovation skills (Ramaswami, Srivastava, & Bhargava, 2009). By managing and implementing customer co-creation and interaction activities, a firm can enhance its learning and innovation skills, as well as develop the ability to actively listen and adapt brand strategies (Hoyer, Chandy, Dorotic, Krafft, & Singh, 2010; Iglesias et al., 2013).

#### 3.2.2. Employees

Embedded in employee–customer interactions, brand value results because employees deliver brand experiences (Gyrd-Jones & Kornum, 2013) and communicate brand values and meanings to customers (Harris & de Chernatony, 2001). Because employees perform tasks related to markets, customer information exchange, and customer acquisition (Jayachandran, Sharma, Kaufman, & Raman, 2005), these stakeholders have an important role in knowledge management processes. The knowledge and skills of employees are foundations for dynamic capabilities (Andries & Czarnitzki, 2014; Ayuso, Rodríguez, & Ricart, 2006).

#### 3.2.3. Suppliers

Value creation opportunities for suppliers include customer relationship experiences and new product development. Suppliers help the firm sense changes in customer needs and enhance information acquisition (Kim, Cavusgil, & Cavusgil, 2013), which should cultivate the firm's learning capability. Furthermore, supplier relationships support the firm's ability to generate product innovations (Roy, Sivakumar, & Wilkinson, 2004). Early collaborations with suppliers in the product

development process can provide a firm with improved, integrative problem-solving capabilities (Takeishi, 2001). Scholars suggest that the supply chain management process promotes dynamic marketing capabilities, in the form of learning, innovation, and knowledge integration (Barrales-Molina et al., 2014; Lusch, Vargo, & Tanniru, 2010).

### 3.2.4. Secondary stakeholders

Dialogue and collaborations with secondary stakeholder groups can build a firm's ability to cultivate trust-based relationships with diverse constituent groups with non-economic goals. Such experiences also provide opportunities for firms to test new ideas, methods, or processes and expand their knowledge and skills beyond their current capabilities. For example, Dahan, Doh, Oetzel, and Yaziji (2010) suggest that when partnering with nongovernmental organizations (NGOs) to overcome social constraints, firms can access new knowledge and skills from the NGO partners and adapt to developing local markets. These collaborations also grant firms opportunities to improve their understanding of local markets, develop combinative skills, and introduce novel products that reflect local constraints, which constitute unique dynamic capabilities (Teece, 2014).

In summary, each stakeholder group has the potential to promote dynamic branding capabilities. Combining this idea with the foregoing argument that brand equity embodies dynamic capabilities, this study proposes the first hypothesis:

**H<sub>1</sub>.** The overall quality of stakeholder relations is positively associated with brand equity.

### 3.3. Brand equity and firm performance

Brand equity is a strong antecedent of firm performance (Madden, Fehle, & Fournier, 2006; Morgan et al., 2009), but different types of competitive advantages exist in functions other than marketing, such as a management leadership strategy, the unit cost of manufacturing, inventory turnover, delivery, flexibility to change volume, or access to working capital (cf. Saeidi, Sofian, Saeidi, & Saeidi, 2015). Even if strong brand equity exists, some desired performance outcomes (e.g., cash flows, profitability) may not result, due to technological or market changes or poor execution of marketing programs. Feng, Morgan, and Rego (2015) contend that brand equity depends on the firm's capabilities to maintain and improve equity in the long run, which may require trade-offs in a firm's short-term profitability and cash flows. These authors also highlight the role of leveraging capabilities for transforming brand equity into superior firm performance.

Although brand equity cannot be the sole driver of firm performance, and the effects are contingent on firm and market factors, brand equity nevertheless has great strategic importance, because dynamic marketing capabilities, resulting from stakeholder interactions and embodied in brand equity, can improve firm performance (Morgan et al., 2009; Vorhies et al., 2011). A firm that is better able to absorb and manage new market knowledge also likely uses that knowledge to reconfigure organizational resources and change operating routines and processes (Barrales-Molina et al., 2014). For example, innovation capabilities and their effects in combination with learning capabilities can improve the speed, efficiency and effectiveness of new product development and supply chain management processes, thereby improving firm performance (Bruni & Verona, 2009; Ngo & O'Cass, 2012; Olavarrieta & Friedmann, 2008). Additionally, firms that are able to successfully collaborate with a multitude of stakeholders and integrate stakeholder intelligence are more likely to identify and respond to opportunities through new products, services and processes, which may increase firm revenues (Ayuso et al., 2006; Dangelico et al., 2013; Weerawardena, O'Cass, & Julian, 2006). Therefore, this logic leads to the following hypothesis:

**H<sub>2</sub>.** Brand equity is positively associated with firm performance.

## 4. Data and measures

The empirical analysis uses secondary data assembled from three databases. The first database is Innovest, an independent evaluation agency, which provides financial and sustainability-based investment research and specializes in stakeholder relations ratings. The second data source is Interbrand, which provides brand value estimates for the 100 most valuable global brands published annually in *BusinessWeek*. Finally, the data to compute firm performance and other financial variables come from the Compustat database, which contains financial accounting and market data for listed companies. Firms with complete information from all three databases appear in the final sample, which consists of 282 observations from 81 multinational firms during 2005–2008. Of the firms analyzed, 46 are from the United States, 25 from Europe, and the remainder from Asia. Details about the specific measures and databases follow.

### 4.1. Quality of multi-stakeholder relations (MSR) variable

Prior research employs various approaches to measure the quality of stakeholder relations. A recent measure (e.g. Derwall, Guenster, Bauer, & Koedijk, 2005; Guenster, Bauer, Derwall, & Koedijk, 2011) relies on the Innovest approach, which measures a firm's ability to manage stakeholder issues in terms of risks and profit opportunities. Eleven stakeholder attributes relate to stakeholder interactions in the Innovest database (see the Appendix A for the components). The component scores range from 1 (worst) to 10 (best). The analysis instead excludes issues pertaining to strategic governance, which do not correspond to specific stakeholder areas. In addition, environment as a non-human stakeholder category is less relevant for this study. To construct a measure that reflects the overall quality of multi-stakeholder relations (MSR), this study uses an average measure of the ratings across all chosen items. The data include average annual evaluations from 2005 to 2008 for the brands in the sample.

### 4.2. Corporate brand equity variable

Corporate brand equity estimates came from Interbrand's "Most Valuable Brand" listing. To qualify for Interbrand's rankings, a product or service must achieve brand value in excess of \$1 billion, with at least one-third of its sales from outside its home country. Previous academic research uses similar measures (e.g. Chu & Keh, 2006; Kerin & Sethuraman, 1998; Madden et al., 2006). Regarding the operationalization of the brand equity variable (BE), the process for constructing the ratio of brand value relative to total assets first removes the scale effect, then involves a logarithm transformation on the rescaled variable to reduce skewness in the distribution.

### 4.3. Firm performance variable

Following recommendations in prior marketing literature, this study employs Tobin's Q (TQ) to measure firm performance (Angulo-Ruiz, Donthu, Prior, & Rialp, 2014; Srinivasan & Hanssens, 2009). This forward-looking metric provides a market-based measure of investors' expectations of the firm's future profit potential (Rao, Agarwal, & Dahlhoff, 2004), using the ratio of the market value of the firm to the replacement cost of the firm's assets, which indicates how much value the firm creates with its assets. Servaes and Tamayo (2013) argue that the benefit of using Tobin's Q rather than profitability is that the latter is a short-term measure, whereas the former is a long-term measure based on the market value of the firm. This study follows Rao et al.'s (2004) approach to construct the Tobin's Q measure.

4.4. Other variables

Firm size may affect firm performance and brand equity, because larger firms have economies of scale advantages (Choi & Wang, 2009) and incur more risks. The logarithm of sales is a proxy for the firm size variable. In addition, following previous research (e.g., Angulo-Ruiz et al., 2014), this study uses an accounting variable that captures the effect of short-term or operational performance on future firm performance. The operationalization of this variable uses the one-period lagged return on asset (ROA).

Furthermore, this study controls for the effects of R&D and advertising expenditures on firm performance and brand equity (e.g. Chu & Keh, 2006; Hull & Rothenberg, 2008). To deal with missing data about advertising expenditures, previous research (Berman, Wicks, Kotha, & Jones, 1999) suggest using general selling and administration (GSA) expenses as a proxy for advertising. Because systematic bias may arise between firms that report these expenses and those that do not, the current study relies on dummy variables to indicate whether R&D and GSA expenditures are available for each firm observation (Luo & Bhattacharya, 2009). The ratio of R&D and GSA expenditures relative to total assets in the empirical analysis removes the potential scale effect. Finally, following previous studies (e.g., McWilliams & Siegel, 2000), this research includes R&D intensity as a control variable to account for variations in the measure of stakeholder relationships (MSR) across firms.

A dummy industry variable controls for the potential effects on all dependent variables. Specifically, a two-group classification designates all sample firms as either consumer goods/services (GICS values 25 and 30, coded 1) or others (coded 0). Firms in consumer-oriented industries may have systematically higher average brand equity than those in other industries. Year dummies in the brand equity and firm performance models control for time-specific effects on the two variables. Regions such as the European Union may exert different regulatory, cultural-cognitive, and normative pressures on a firm's operations (local and overseas). To control for such potential regional effects on all dependent variables, this study also includes a regional dummy variable, coded 1 to indicate firms domiciled in European countries and 0 otherwise.

Table 1 presents the descriptive statistics and correlations of the key variables. The correlations do not indicate any serious multicollinearity issues.

5. Model specification and results

The test of the concurrent effects of stakeholder relations, brand equity, and firm performance relies on a simultaneous equations method. The model estimation uses a three-stage least squares technique, in which the instrument variables include all independent variables. This approach can account for endogeneity biases associated with the stakeholder relation and brand equity variables, as well as the simultaneous effects of other unobserved variables (Barth, Clement, Foster, & Kasznik, 1998; Shaver, 2005). To further alleviate endogeneity concerns, the analysis includes one-period lagged values of stakeholder relations

Table 1  
Descriptive statistics and correlations for continuous variables.

Variables	M	SD	1	2	3	4	5	6
1. Multi-stakeholder relations	6.5	1.44	1.00					
2. Brand equity (\$ billion)	13.6	13.99	.16	1.00				
3. Tobin's Q	1.8	1.48	.03	.02	1.00			
4. Firm size (\$ billion)	50.4	60.43	.16	.14	-.46	1.00		
5. ROA	9.3	6.11	.17	.04	.59	-.36	1.00	
6. R&D intensity	2.7	3.67	.26	.16	.28	-.09	.30	1.00
7. Advertising intensity	19.5	18.47	.22	-.11	.45	-.37	.42	.02

Notes: Correlations ≥.14 are significant at  $p < .05$ .

and brand equity variables, when used as independent measures. The overall model consists of three equations:

$$MSR_t = \alpha_{01} + \alpha_1 BE_{t-1} + \text{controls}_1(\text{R\&D, Firm Size, Industry, Region, Year}) \quad (1)$$

$$BE_t = \beta_0 + \beta_1 MSR_{t-1} + \text{controls}_2(\text{R\&D, Advertising, Firm Size, Industry, Region, Year}) \quad (2)$$

$$TQ_t = \gamma_0 + \gamma_1 BE_{t-1} + \gamma_2 MSR_{t-1} + \text{controls}_3(\text{ROA, R\&D, Advertising, Firm Size, Industry, Region, Year}) \quad (3)$$

Table 2 presents the estimation results of the simultaneous equations model. First, the parameter estimate for the effects of the quality of multi-stakeholder relations on brand equity in Eq. (2) is positive and significant, in support of H1. Second, brand equity significantly and positively affects firm performance in Eq. (3), in support of a mediating effect that links stakeholder relations to firm performance and in support of H2.

The coefficient of the brand equity parameter in Eq. (1) is positive and significant, suggesting a positive effect of brand equity on stakeholder relationships. Firms with greater brand equity may be more effective in building higher quality multi-stakeholder relations. Among the control variables, larger firms are associated with lower brand equity, possibly because relatively smaller firms in the sample had greater flexibility and could deploy their resources more efficiently to enhance their brand advantages. In addition, firm size significantly and positively affects multi-stakeholder relations; larger firms in general have more slack resources dedicated to stakeholder issues. Firms that invest more in R&D appear to achieve higher brand values, indicating a positive effect of innovation on brand equity (Chu & Keh, 2006). In addition, the study results show that industry characteristics underlie some differences in the dependent variables. The sample firms in consumer-oriented industries, relative to those of non-consumer ones, seem to possess higher brand equity and lower quality multi-stakeholder relations. As expected, prior firm profitability (ROA) positively affects firm performance. Finally, firms from European countries appear to have lower brand equity and higher quality of multi-stakeholder relations relative to those domiciled in other countries.

Table 2  
Results of simultaneous equations model estimation.

Dependent variables in Eqs. (1–3)	Multi-stakeholder relations	Brand equity	Firm performance
Brand equity	.70*** (.08)		.37*** (.04)
Multi-stakeholder relations (MSR)		.34*** (.04)	.01 (.02)
Firm size	.85*** (.09)	-.83*** (.05)	-.06 (.04)
ROA			.04*** (.01)
R&D	-.00 (.03)	.07*** (.02)	-.00 (.01)
Advertising		.00 (.00)	.00 (.00)
Industry control	-.52*** (.19)	.60*** (.12)	-.14 (.07)
Region control	.70*** (.23)	-.43*** (.16)	.12 (.09)
Intercept	-1.06 (.88)	3.32*** (.52)	.87*** (.35)
Year dummies	Yes	Yes	Yes
System weighted R-square (%)	72		

\*\*\*  $p < .01$ .  
\*\*  $p < .05$ .

## 6. Discussion

### 6.1. Theoretical and managerial implications

This study has important implications for brand and RBT research in marketing. The first implication pertains to the RBT-based perspective of brand equity. This revised concept opens a new way for brand researchers to characterize the features that constitute the underlying branding resources stemming from stakeholder interactions. Moreover, this revised concept enables the link of brand equity with stakeholder relationships and firm performance in an integrative model. The inclusion of these linkages answers scholars' calls for research on brand equity models that include stakeholders, marketing assets, and financial performance perspectives (Davicik et al., 2015). The second implication pertains to the dynamic capabilities approach to connect stakeholder relations and brand equity, according to which brand researchers should consider broad strategic aspects when examining stakeholder–brand equity connections. In particular, this view implicitly highlights the importance of accounting for the fast-changing, complex nature of stakeholder interactions and a firm's adaptive ability. This view also aligns with brand literature that identifies the importance of being more adaptive and flexible in stakeholder interactions (Iglesias et al., 2013). Considering the finding of reciprocal effects between the quality of stakeholder relations and brand equity, and to the extent that dynamic capabilities give rise to brand equity, another implication is a potential, theoretical, virtuous cycle in which the capabilities development operates in both ways (Surroca et al., 2010). That is, if a firm possesses superior capabilities in managing stakeholder relations, this resource may support the development of new capabilities in brand building, and vice versa.

This article also offers implications for RBT research in marketing. First, the findings encourage the use of a stakeholder theoretical lens to explore dynamic marketing capabilities that may emerge in multiple stakeholder interactions. Using the perspectives developed herein may help broaden the definition of dynamic marketing capabilities. Second, the empirical feature of this work tests the mediating pathway from marketing resources to performance. This analysis differs from previous RBT research that concentrates on the direct effects of marketing resources on firm performance (cf. Kozlenkova et al., 2014). The empirical finding of a chain of effects, from marketing resource (stakeholder relations) to competitive advantage (brand equity) to organizational performance, highlights the importance of including appropriate mediators to provide more accurate indications of the overall effects of marketing resources.

In terms of managerial implications, this study suggests that the brand benefits of stakeholder investment are not limited to reputation or legitimacy improvement. Stakeholder demands constitute opportunities (Carroll & Shabana, 2010); brands can serve as opportunity platforms for firms to create profits by engaging in different stakeholder activities. A stakeholder cooperative branding concept thus implies that brand managers should not assume that customer-oriented strategies automatically translate into tangible gains or overemphasize customer-focused marketing activities. Instead, brand managers should assign more weight to the potential of engaging stakeholders to build brand value, in the form of dynamic capabilities. To achieve competitive advantage, brand managers should develop stakeholder strategies that cultivate unique dynamic capabilities. Finally, managers seeking to leverage stakeholder relations should not assume that all others are equally effective in transforming specific stakeholder investments into brand equity. Stakeholder relationships can contribute to the development of valuable capabilities, but the relative effects of specific stakeholder activities may be contingent on other firm resources, organizational structures and cultures, and the nature of business environments (e.g., industry characteristics). Therefore, when designing stakeholder strategies, managers should

prioritize areas that match the focal firm's unique strengths, resources, and organizational culture in the competitive context.

### 6.2. Further research and limitations

The data that this research uses to test the hypotheses has some limitations. For example, the stakeholder relationship measure may not fully capture the complex interactions in the stakeholder system. Furthermore, the measure for the brand equity variable is constructed at the corporate level with an investor emphasis. Future research can adopt a different approach such as the social network analysis (e.g., Wasserman & Faust, 1994) to study the stakeholder interactions in the brand network. In addition, researchers can explore granular dimensions of value as perceived by various stakeholder groups and/or at the product brand level. Furthermore, this paper draws on the dynamic capabilities perspective in developing the conceptual model. A limitation pertains to the lack of measurement of dynamic capabilities in the empirical analysis. Further research could develop and obtain direct measures of dynamic capabilities in the branding context and thereby test the theoretical pathway from stakeholder relationships to dynamic capabilities to brand equity.

The empirical context involves large, well-known corporate brands of multinational enterprises. The findings thus might not transfer to other contexts involving small or medium enterprises; the roles of stakeholders as value creators likely vary depending on specific firm resources and business situations. Different findings and insights might surface with a broader, larger sample of firms with greater variation in firm size, industry, or home country.

## Appendix A. Attributes included in the measure of quality of multi-stakeholder relations (MSR)

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Employee motivation & development  
 Labor relations  
 Health & safety  
 Customer/stakeholder partnerships  
 Local communities  
 Supply chain  
 Product development  
 Product safety  
 Emerging markets strategy  
 Human rights/child and forced labor  
 Oppressive regimes

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