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The importance and impact of ESG in marketing strategies for organizational transformation

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SUMMARY
This article examines the integration of Environmental, Social, and Governance (ESG) practices into companies' marketing strategies, highlighting the significant impact of these practices on organizational transformation. The main objective is to explore the effectiveness of ESG strategies in redefining marketing practices and organizational transformation. Using a methodology that combines literature review and exploratory analysis of case studies, the study provides a comprehensive overview of the application and results of ESG strategies in various organizations. The article is structured in chapters that discuss the concept and evolution of ESG, the impact of these practices on organizations, ESG-related marketing strategies, and practical case studies that demonstrate the implementation and benefits of ESG practices. In conclusion, the article reaffirms that the effective adoption of ESG practices is crucial to the success of contemporary companies, providing not only competitive advantages but also contributing positively to society and the environment.

Keywords: ESG, Sustainable Marketing, Organizational Transformation, Corporate Strategies, Corporate Sustainability.

ABSTRACT
This article examines integrating Environmental, Social, and Governance (ESG) practices into corporate marketing strategies, highlighting their significant impact on organizational transformation. The main objective is to explore how ESG practices meet ethical and social responsibilities, strengthen brands, and deepen relationships with customers and investors.

Using a methodology combined with a bibliographic review and exploratory case study analysis, the study provides a comprehensive view of the application and results of ESG strategies in various organizations. The article is structured in chapters that discuss the concept and evolution of ESG, the impact of these practices on organizations, ESG-related marketing strategies, and practical case studies that demonstrate the implementation and benefits of ESG practices. In conclusion, the article reaffirms that effective adoption of ESG practices is crucial for the success of contemporary businesses, providing competitive advantages and positively contributing to society and the environment.

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SUMMARY

This article examines the integration of Environmental, Social, and Governance (ESG) practices into companies' marketing strategies, highlighting the significant impact of these practices on organizational transformation. The main objective is to explore the effectiveness of ESG strategies in redefining marketing practices and organizational transformation. Using a methodology that combines bibliographic review and exploratory analysis of case studies, the study offers a comprehensive view of the application and results of ESG strategies in various organizations. The article is structured in chapters that discuss the concept and evolution of ESG, the impact of these practices on organizations, marketing strategies related to ESG, and practical case studies that demonstrate the implementation and benefits of ESG practices. In conclusion, the article reaffirms that the effective adoption of ESG practices is crucial for the success of contemporary companies, providing not only competitive advantages but also contributing positively to society and the environment.

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1 INTRODUCTION

Integrating Environmental, Social, and Governance (ESG) practices into modern companies' operations and corporate strategies is more than a trend; it is a crucial evolution in management and marketing practices. This article investigates how the effective adoption of ESG practices can transform organizations, strengthen their brand, and deepen relationships with customers and investors through a holistic approach that encompasses the pursuit of profit, social and environmental responsibility, and governance.

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To support this analysis, we used a methodology that includes a comprehensive literature review and an exploratory analysis of case studies that illustrate the practical application of these strategies in different business contexts.

The main objective of this study is to explore the effectiveness of ESG strategies in redefining marketing practices and organizational transformation, with a particular focus on how these practices impact corporate performance and contribute to social well-being. According to Eccles and Krzus (2010), ESG practices can potentially improve companies' reputations and drive sustainable change in the business environment.

The article is structured into five main chapters, beginning with a discussion of the concept and historical evolution of ESG, detailing how it originated and developed in the context of global financial markets, as Schaltegger and Wagner (2017) described. Chapter 3 examines the impact of these practices on organizations, highlighting both the quantifiable benefits and the challenges companies face when implementing ESG policies, as Dyllick and Muff (2016) pointed out. Chapter 4 is dedicated to ESG marketing strategies, focusing on how these practices are integrated into marketing strategies to strengthen brands and engage more effectively with stakeholders, an analysis supported by the findings of Porter and Kramer (2011)

Finally, Chapter 5 presents a series of practical case studies demonstrating how companies implement and benefit from ESG practices. These cases, selected for their relevance and diversity, offer valuable insights into how theory is applied in practice and what tangible results can be expected.

In addition, the study highlights how implementing ESG can be a crucial strategy for companies seeking financial success and a positive and lasting impact on society and the environment. According to the Boston Consulting Group (2019), companies that have successfully integrated ESG practices into their operations have seen significant improvements, a positive impact on society and the environment, and a positive response from the market.

In summary, this article confirms the importance of ESG practices for contemporary business success. It underlines how these practices can be implemented strategically to generate lasting benefits for companies, society, and the environment. By analyzing the integration of ESG into corporate strategies, this paper contributes to a deeper understanding of current market dynamics and the expectations of modern consumers and investors, reinforcing the idea that sustainability is an essential competitive advantage in the contemporary era.

2 ASPECTS AND CONCEPT OF ESG

The concept of ESG (Environmental, Social, and Governance) began to be discussed globally after the 2004 "Who Cares Wins" report, the result of a partnership between the United Nations (UN) and various financial institutions under the aegis of the "UN Global Compact." This report aimed to develop guidelines to improve the integration of environmental, social, and corporate governance practices into asset management and other financial functions. The main objective was to strengthen financial markets, contribute to sustainable development, raise awareness of these issues, and explore ways to increase trust in financial institutions (Global Compact, 2004).

According to the report, the essence of the new ESG paradigm is incorporating environmental concerns into financial market strategies. The industry had not yet reached a consensus on enhancing this integration, partly due to the complexity and diversity of the topics involved (Global Compact, 2004, p. 1). This reflects the emerging need to address these issues more systematically and integrated within corporate operations.

In addition, according to Chen and Scott (2021), the report proposes a series of environmental, social, and governance considerations that should be considered to generate value in future investments, establishing a direct relationship between social and environmental issues and organizational risks.

ISSN: 1696-8352

This considers the environmental and social dimensions as strategic and essential in the business environment (Global Compact, 2004).

By analyzing these emerging challenges, the report offers recommendations based on case studies and curating initiatives already implemented globally. Among the recommendations is a set of results or "drivers" which, with good management of ESG issues, can create significant value for investors (Chen and Scott, 2021)

The "drivers" identified include early identification of emerging risks, threats, and management failures as part of operational risks; discovery of new business opportunities and improvements in customer satisfaction and loyalty, all associated with marketing; and benefits such as the reputation of being an attractive employer, strengthening of alliances and partnerships, and enhancement of reputation and brands, again linked to marketing. Also cited are the reduction of regulatory intervention under the governance aspect, cost savings and access to capital at a lower cost under the financial aspect, and better risk management and lower risk levels related to operational risks (Global Compact, 2004).

Thus, Chen and Scott (2021) point out that ESG constitutes a series of standards that socially conscious investors use to select potential impact investments. These standards can help avoid companies that may pose a greater financial risk due to environmental or other poor practices.

3 ESG IN ORGANIZATIONS

Adopting Environmental, Social, and Governance (ESG) practices in organizations has profoundly transformed how companies are perceived and operate in the global marketplace. Organizations that adopt robust ESG practices tend to experience an improvement in their corporate reputation and tangible benefits such as increased efficiency, reduced costs, and improved stakeholder relations.

In addition, as noted by Bonini *et al.* (2009), ESG indicators can also serve as a competitive differentiator, identifying companies that have greater potential to maintain profitability in the long term. Companies with high ESG standards generally achieve a higher market valuation, reflecting investors' growing preference for organizations committed to sustainable and ethical practices.

The importance of ESG extends beyond simple regulatory compliance, directly influencing companies' perception of value. Redondo *et al.* (2022) point out that the European market, a pioneer in ESG regulations, has seen a series of legislations motivated by the Paris Agreement that have been well received by civil society. These regulations have led to reporting and transparency standards adopted by many European countries. These regulations help foster a more transparent and trustworthy business environment, crucial for attracting sustainable investments.

As such, the growth of ESG funds, particularly in Europe, illustrates the growing importance of these practices. According to Bioy *et al.* (2020), assets in sustainable funds in Europe grew by approximately 52% in 2020, reaching the 1.1 trillion euro mark. This growth is a testament to the value investors place on sustainable practices and the trust these practices engender in the financial market.

In this way, ESG has proven to be more than a passing trend; it is a crucial evolution in how companies are evaluated and operate. Organizations that adapt to these expectations improve their sustainability and strengthen their competitive position in the global market, demonstrating that responsibility and profitability can go hand in hand.

3.1 GUIDANCE FOR RESOURCE MANAGERS ON IMPLEMENTING ESG CRITERIA

The growing adoption of ESG criteria by companies worldwide highlights a robust and growing movement, leading to a strategic orientation of asset managers towards investments aligned with these criteria. According to Schaltegger and Wagner (2017), this increase is driven by a virtuous cycle that strengthens corporate sustainability.

ISSN: 1696-8352

Data from the PRI (Principles for Responsible Investment) exemplifies this trend, indicating a growing preference for sustainable and responsible assets, as Sparkes and Cowton (2004) pointed out in their study on the impact of socially responsible investment.

The PRI principles, detailed by Haigh and Hazelton (2004), require asset managers to integrate ESG criteria into investment analysis and decisions, promoting management beyond compliance to achieve sustainable innovation. As managers adopt these practices, they positively influence the companies in their portfolios to follow suit, generating an impact beyond financial returns, as Richardson (2009) discussed.

Adopting these principles is a commitment that leads to an evolution in corporate practices, as Schaltegger and Wagner (2017) explored. They argue that integrating ESG criteria redefines investment practices and sets new expectations for consumers, investors, and the market in general. This contributes to an environment where transparency and accountability become the pillars of a new market economy.

According to Busch, Bauer, and Orlitzky (2016), asset managers who follow the PRI principles also actively promote and foster the acceptance and adoption of these principles throughout the investment industry. This engagement raises the standard of management practices and encourages companies to compete in developing innovative and sustainable solutions, as indicated by Sparkes and Cowton (2004).

In addition, as reported by Richardson and Cragg (2010), the demand for detailed reports on the implementation of ESG practices encourages positive competitiveness among companies, pushing them to stand out as leaders in corporate responsibility. This dynamism redefines the success metrics in the business world, putting sustainability at the center of corporate strategies.

As such, asset managers' role in promoting responsible investment is fundamental to transforming the global market. They direct capital towards companies that demonstrate a commitment to sustainable practices and shape future investment and corporate governance trends, as noted by Haigh and Hazelton (2004). The expectation is that, in the long term, this orientation will become the norm, ensuring that social and environmental responsibility are inextricably integrated into market practices, as discussed by Schaltegger and Wagner (2017).

3.2 THE NEW GENERATIONS AND THEIR INFLUENCE ON THE IMPLEMENTATION OF THE ESG CRITERIA

The new generations, especially millennials and Generation Z, play a transformative role in the business world, especially when implementing ESG criteria. According to a study by Kiron et al. (2015), these generations value transparency and corporate responsibility more than previous generations, shaping global companies' policies. They seek jobs in companies that reflect their values and are willing to invest in and consume from brands that demonstrate a genuine commitment to sustainable practices.

This behavior is corroborated by the study "The Millennial Impact Report: 10 Years Looking Back" (2018), which reveals millennials' strong loyalty to social causes, which affects their career and consumption decisions. This alignment with ESG values forces companies to rethink their operations and marketing strategies to attract and retain this crucial demographic, as explained by Nielsen (2014), who highlights the growing purchasing power of millennials.

Research by Marsh & McLennan (2020) adds that by 2029, with 72% of the workforce of millennials and Generation Z, these generations will significantly influence corporate policies. This underlines the importance of companies adopting and reporting ESG practices robustly and transparently to maintain their competitiveness and relevance in the market.

In addition, the expectations of these new generations are reshaping the investment environment. According to research by Mercer (2018), younger investors demand that their pension funds and personal investments reflect their ethical and environmental values, which promotes a large inflow of capital into sustainable and responsible investment funds.

This scenario creates a virtuous circle in which the adoption of ESG is not just a trend but a strategic necessity, as Winston (2016) described. Companies that align themselves with these criteria improve their image and attractiveness to young investors and strengthen their foundations for long-term growth in an increasingly conscious market.

ISSN: 1696-8352

Therefore, according to the Boston Consulting Group report (2019), companies that recognize and integrate the expectations of new generations into their ESG practices can capitalize on an emerging market and lead the next wave of sustainable innovations. This strategy is essential for companies wishing to remain relevant and competitive in the new global economy.

3.3 MATERIALITY AND SEWAGE

Materiality analysis in the ESG context is fundamental for companies seeking to comply with regulations and optimize their social and environmental impact. As explained by the SASB (Sustainability Accounting Standards Board), materiality helps companies identify which ESG issues are most relevant to their specific sector and where they should focus their efforts and investments.

According to Eccles and Krzus (2010), this approach improves the efficiency of sustainability investments and increases transparency and corporate responsibility. By focusing on material issues, companies can demonstrate to investors and stakeholders that they are proactively managing risks and opportunities associated with their environmental and social impacts.

As Heede (2014) highlighted, the oil and gas sector, for example, faces significant challenges related to climate change and greenhouse gas emissions. Companies in this sector that recognize and address these material issues not only mitigate risks but can also position themselves as sustainability leaders.

As indicated by Stevenson (2017), social issues such as access and equity in education are predominant in the education sector. Companies and institutions focusing on these areas can significantly improve their social impact and strengthen their position in the market.

Therefore, as pointed out in the report by the World Business Council for Sustainable Development (WBCSD, 2010), implementing a well-founded materiality strategy aligned with ESG criteria is essential for any company seeking to lead in sustainability in its sector. This approach ensures that ESG investments are strategic and effective and provide the maximum return in financial terms and socio-environmental impact.

ISSN: 1696-8352

4 MARKETING STRATEGIES FOR ESG

ESG marketing strategies, which encompass cause, environmental, green, ecological, and sustainable marketing, are essential for shaping the public perception of companies and ensuring an ethical approach to their operations. Zambon, Freitas, and Carvalho (2023) point out that these approaches are crucial to avoiding greenwashing and promoting sustainable practices.

Cause marketing focuses on social, environmental, or cultural causes and is a powerful strategy for engaging customers and stakeholders. According to Kotler and Keller (2016), successful campaigns in this direction can significantly increase consumer engagement and build a reputation as a responsible brand committed to important social values.

In environmental marketing, Levin, McDaniels, and Lee (2018) argue that adopting sustainable practices can significantly reduce the impact of this type of marketing, which is especially relevant to consumers concerned about the environmental practices of the brands they choose to support.

Green marketing and ecological marketing are also critical approaches. Grant (2019) described that these strategies not only communicate the environmental benefits of products but also influence the development of products to minimize negative impacts, reinforcing the authenticity of the company's environmental claims.

Sustainable marketing, which integrates business operations' economic, social, and environmental aspects, is fundamental to open and responsible management. According to Elkington (1997), who coined the term "Triple Bottom Line," this approach allows companies to achieve their financial objectives and positively contribute to society and the environment. Thus, when implemented with authenticity and transparency, these marketing strategies are vital for the development of companies seeking to be recognized as ESG.

ISSN: 1696-8352

ESG CASE STUDIES

Adopting ESG (Environmental, Social, and Governance) practices represents an important strategic approach for companies committed to fulfilling their ethical and social responsibilities, strengthening their brands, and deepening their engagement with customers and investors. Several case studies show a range of strategies and impacts resulting from implementing these practices, highlighting both the benefits achieved and the challenges encountered.

For example, as explored by Ferreira *et al.* (2023), doceria Belo Brigadeiro adopted ESG marketing strategies to improve its image and attract a clientele that values sustainability.

Initiatives such as ecological packaging and donation campaigns not only solidified their existing customer base but also captured the interest of new consumers who were attentive to the companies' sustainable practices. This case also reveals a recurring challenge: the limited initial recognition of the importance of ESG by companies and the public, a gap filled with the development of educational materials and awareness-raising actions.

In addition, the study by Redondo *et al.* (2022) highlights the European market's vanguard in ESG regulations, demonstrating how clear guidelines can improve market perception and raise companies' value in investors' eyes.

The authors point out that companies with robust ESG indicators are more valued in the financial market. This shows that adherence to these practices transcends regulatory compliance and is a vital strategy for business growth and sustainability.

The challenges in implementing ESG, particularly for small companies, include significant upfront costs and the complexity of fully integrating these practices into everyday business life. However, the long-term benefits, such as customer loyalty, improved market positioning, and attracting investment, outweigh these barriers.

ISSN: 1696-8352

ESG practices involve a holistic strategy beyond internal operations to embrace interactions with the community and the environment on a broader scale. Companies that practice transparent governance and proactively engage stakeholders in decisions tend to develop lasting and robust trust.

In summary, the case studies by Ferreira *et al.* (2023) and Redondo *et al.* (2022) illustrate the growing integration of ESG practices into corporate strategies worldwide.

Although the challenges are notable, the rewards - such as brand strengthening, stakeholder trust, and financial performance - justify investments in sustainable and responsible practices. ESG strategies are, therefore, indispensable for companies that aim not only for financial success but also for a positive and lasting impact on society and the environment.

5 FINAL CONSIDERATIONS

At the end of this study, the objective of exploring the effectiveness of ESG strategies in redefining marketing practices and organizational transformation has been achieved. The methodology, combined with a comprehensive literature review and an exploratory analysis of case studies, provided a detailed overview of how ESG practices are implemented in organizations and their significant impacts on companies' internal environments and society.

This study showed how the effective adoption of ESG practices meets companies' ethical and social responsibilities, strengthens brands, and deepens relationships with customers and investors.

The article's chapters have been meticulously constructed to cover everything from the concept and evolution of ESG to the practical application of these strategies in real corporate environments. Each section contributed to an understanding of the influence of ESG in the modern corporate environment, highlighting the interconnection between sustainability and business practices.

ESG-related marketing strategies proved key for companies aiming for commercial success and positively contributing to society and the environment. Detailed discussions of cause, environmental, green, ecological, and sustainable marketing revealed how these approaches can be integrated to strengthen ESG initiatives.

The case studies presented served as concrete examples of implementing ESG strategies, showing both the challenges and benefits of these practices. Companies from different sectors and sizes demonstrated how integrating ESG considerations can substantially improve operational efficiency, brand reputation, and customer satisfaction.

The importance of a strategic approach to ESG implementation was emphasized, showing that successful practices require more than simple regulatory compliance; they require a genuine commitment to sustainability at all organizational levels.

The final considerations also reflect the need for companies to continually adapt to new ESG-related demands and expectations, which can determine their success or failure in today's competitive market. The ability to anticipate and respond to changes in regulations and consumer and investor preferences related to ESG was highlighted as a crucial strategic differentiator. In addition, this study reiterates the idea that adherence to ESG practices is an essential evolution in doing business in the 21st century, offering a significant competitive advantage to companies that genuinely commit to these practices.

In summary, the article's final considerations reinforce that ESG strategies are indispensable for any company that aspires to sustainable and ethical success. Adopting these practices is not just a response to a trend but a strategic imperative that aligns companies with our time's ethical, social, and environmental imperatives.

The article concludes with a call for more research in ESG, especially studies that can explore the nuances of its implementation in different cultural and economic contexts, providing an even broader and deeper insight into this topic.

ISSN: 1696-8352

The analysis showed that although there are challenges in integrating ESG practices, especially in terms of initial costs and cultural adaptation, the long-term benefits, such as strengthening the brand, deepening engagement with stakeholders, and improving financial performance, are evident and substantial. These benefits reinforce the need and importance of adopting sustainable and responsible practices, confirming that ESG is more than a trend - it is an important evolution in how we do business in the 21st century.

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